



THE SUBURBAN BUS DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY



ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

Pace
The Suburban Bus Division of the Regional Transportation Authority
2025 Annual Financial Report
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pace, the Suburban Bus Division of the Regional Transportation Authority

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Pace, the Suburban Bus Division of the Regional Transportation Authority (Pace), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Pace's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Pace, as of December 31, 2025, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pace, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pace's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pace's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pace's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Pace's 2024 financial statements, and we expressed an unmodified opinion on the financial statements of Pace in our report dated May 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Pace's basic financial statements. The Other Supplementary Exhibits as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Exhibits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Other Information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2026 on our consideration of Pace's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pace's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pace's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Oakbrook Terrace, Illinois
May 26, 2026

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Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

Our discussion and analysis of Pace Suburban Bus Service's ("Pace") financial performance provides an overview of the agency's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the agency's basic financial statements and notes that begin on page 18.

Using This Report

This annual report consists of a series of financial statements. The *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position* and the *Statement of Cash Flows* (on pages 18 - 23) provide information about the activities of Pace as a whole and present a long term view of the agency's finances. Since Pace operates as a single governmental program in two enterprise funds, fund financial statements are not required.

Reporting on the Agency as a Whole

Our analysis of Pace as a whole – which consists of two enterprise funds – begins on page 6. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* can be used to determine whether Pace as a whole is better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements show the agency's net position and changes in them. The net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. This is one way to measure Pace's financial health or financial position. Over time, increases or decreases in Pace's net position are one indicator of whether its financial health is improving or deteriorating. Other financial factors should be considered as well including the level of public funding received from the RTA, sales tax revenues, external funding for capital projects and working cash balances. The agency's overall net position increased in 2025 due to several factors which are outlined in the following pages.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

Financial Highlights

Overall, there was a \$15.4 million increase in Unrestricted Net Position in 2025. Some of the factors contributing to that increase and Pace's overall financial position are shown below.

- **Total Net Position increased by \$46.7 million** in 2025. Net Position represents Total Assets and Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows of Resources.
- **Total Operating Revenues for 2025 were \$56.8 million** which represented a 5.2% increase over 2025.
- **Non-Operating Revenues and Expenses increased \$60.3 million** (or 11.5%) to \$582.9 million in 2025. Increased sales tax revenues and additional funding for Regional ADA Paratransit services contributed to the increase.
- **Total Operating Expenses increased by \$64.9 million** (or 10.6%) to \$675.3 million during 2025.
- **Pace achieved a farebox recovery ratio of 23.8%** for Suburban Services and 11.1% for Regional ADA Paratransit Services in 2025. An emergency ruling was put in place in 2021 that amended the RTA Act to acknowledge that the system wide recovery ratio of 50% may not be achieved in outlying years due to the fiscal impacts of the COVID-19 pandemic. There were no specific recovery ratio requirements mandated for Pace in 2025. Information pertaining to the farebox recovery ratio calculations can be found on pages 100 and 101.

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For the Year Ended December 31, 2025

Ridership and Operations

Pace's overall ridership increased in 2025. The highlights are as follows:

Highlights:

- **Pace served 23.9 million passengers** in 2025 which reflected a 3.6% increase over the 2024 ridership total of 23.0 million.
- **Ridership on Fixed Route Service decreased 2.9%** to 16.5 million in 2025. In late 2025, Pace implemented service improvements to expand the frequency for six fixed bus routes in the northern and southern suburbs.
- **ADA Paratransit ridership increased 26.2% to 6.1 million** in 2025 for Chicago and Suburban ADA service. The Rideshare Access Program (RAP) which launched in early 2024 continued to grow with 1.3 million additional rides in 2025. The RAP subsidy offers riders with disabilities a more affordable and convenient way to travel.
- **Vanpool ridership increased slightly in 2025** to 689,668 rides (or .9%) with the Advantage program accounting for the majority of the increase. Pace, in partnership with the City of Joliet, launched a new VanGo service which allows commuters to reserve a vehicle for round trip travel within the service zones surrounding the transit center.
- **Pace Board of Directors authorized a Regional Day Pass** in collaboration with the Chicago Transit Authority (CTA), Metra and the Regional Transportation Authority (RTA). The Regional Day Pass will provide riders with a cost-effective option for unlimited rides on all three systems for a single day.
- **Pace officially opened the region's first ADA Paratransit Transfer Facility** at the Northwest Transportation Center in Schaumburg. The transfer facility will provide a safe and comfortable transfer point for riders with disabilities. In addition, the facility also has an indoor waiting area with real-time travel signage, a Ventra vending machine and expanded park-n-ride capacity.
- **Pace broke ground on the renovation of the North Division Garage** which will create the region's first bus facility that will support an all-electric fleet. The electrification project is funded through Rebuild Illinois and federal grants. This project is part of Pace's larger effort to convert its entire bus fleet to zero-emissions technology by 2040.

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Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

The Agency as a Whole

	<u>2025</u>	<u>2024</u>	<u>Change</u>
ASSETS			
Current Assets	\$ 463,214,390	\$ 423,086,198	\$ 40,128,192
Noncurrent Assets	388,442,344	355,955,219	32,487,125
Total Assets	<u>851,656,734</u>	<u>779,041,417</u>	<u>72,615,317</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	17,223,321	32,905,756	(15,682,435)
Deferred Outflows - OPEB	629,378	1,263,586	(634,208)
Total Deferred Outflows of Resources	<u>17,852,699</u>	<u>34,169,342</u>	<u>(16,316,643)</u>
LIABILITIES			
Current Liabilities	97,987,788	82,294,560	15,693,228
Noncurrent Liabilities	96,893,203	101,756,544	(4,863,341)
Total Liabilities	<u>194,880,991</u>	<u>184,051,104</u>	<u>10,829,887</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	2,918,683	3,418,198	(499,515)
Deferred Inflows - OPEB	3,359,144	4,098,470	(739,326)
Total Deferred Inflows of Resources	<u>6,277,827</u>	<u>7,516,668</u>	<u>(1,238,841)</u>
NET POSITION			
Net Investment in Capital Assets	384,803,898	353,507,618	31,296,280
Unrestricted	283,546,717	268,135,369	15,411,348
Total Net Position	<u>\$ 668,350,615</u>	<u>\$ 621,642,987</u>	<u>\$ 46,707,628</u>

Net Position at December 31, 2025 increased to \$668.4 million from \$621.6 million due to a \$31.3 million increase in Net Investment in Capital Assets and a \$15.4 million increase in Unrestricted Net Position. The increase in Net Investment in Capital Assets is comprised of \$82.4 million in capital grants reimbursements, a \$2.5 million increase in operating funded lease assets, a \$1.3 million increase in operating funded subscription-based information technology arrangements (SBITA) assets and \$5.0 million in Pace funded capital projects offset by a \$1.3 million increase in lease and SBITA liability and \$58.6 million in depreciation and amortization. Information regarding Net Position can be found on page 80 of the notes to the financial statements.

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For the Year Ended December 31, 2025

The Agency as a Whole (Continued)

Total Assets increased \$72.6 million in 2025 to \$851.7 million. The \$40.1 million increase in Current Assets is attributed to a \$19.2 million increase in the receivable from the RTA, a \$37.0 million increase in capital grants and other receivables, a \$7.0 million increase in prepaid expenses and a \$1.7 million increase in parts inventory offset by \$24.8 million decrease in cash. Noncurrent Assets increased \$32.5 million which was comprised of a \$23.3 million increase in Capital Projects in Progress and a \$9.2 million increase in Capital Assets. The increase in Capital Assets is due to a \$23.2 million increase in buildings and improvements, a \$31.4 million increase in equipment, a \$2.5 million increase in building right to use lease assets and a \$1.5 million increase in SBITA right to use assets offset by a \$49.4 million in accumulated depreciation and amortization. Information regarding capital asset activity can be found on page 10.

Deferred outflows of resources decreased \$16.3 million in 2025. The decrease consisted of a \$15.7 million decrease in deferred outflows for pension and a \$.6 million decrease in deferred outflows for other post employment benefits (OPEB).

Current Liabilities increased \$15.7 million in 2025. The increase is comprised of a \$3.1 million increase in capital accounts payable, a \$1.2 million increase in accrued payroll expenses, a \$15.0 million increase in other accrued expenses and a \$.3 million increase in current SBITA liability offset by a \$3.5 million decrease in operating accounts payable, a \$.2 million decrease in unearned revenue, a \$.1 million decrease in current lease liability and a \$.1 million decrease in the current portion of insurance reserves.

Noncurrent Liabilities decreased \$4.9 million as of the end of 2025. The decrease was due to a \$3.5 million increase in the noncurrent portion of insurance reserves, a \$.5 million increase in advance from state, a \$1.2 million increase in noncurrent lease liability and a \$.9 million increase in other liabilities offset by a \$10.2 million decrease in net pension liability, a \$.6 million decrease in other post employment benefits, and a \$.2 million decrease in the noncurrent SBITA liability.

Deferred inflows of resources decreased \$1.2 million in 2025. The decrease is comprised of a \$.5 million decrease in deferred inflows for pension and a \$.7 million decrease in deferred inflows for OPEB.

Information regarding the defined benefit pension plans and the associated pension liability, the OPEB liability and the associated OPEB expense along with the deferred outflows of resources and deferred inflows of resources can be found beginning on page 42 of the notes to the financial statements and pages 82 - 93 in the Required Supplementary Information section.

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Capital Assets

Pace received \$82.4 million in capital grant reimbursements in 2025 including:

- \$63.2 million from the Federal Transit Administration (FTA),
- \$18.7 million from the Regional Transportation Authority (RTA)
- \$.5 million from Cook County Department of Transportation

In addition, Pace used \$5.0 million for capital projects from its positive budget variance in 2025.

These capital grant reimbursements were primarily used for:

- \$35.0 million in building and improvements,
- \$7.6 million in architecture and engineering,
- \$6.8 million for 136 vanpool vehicles,
- \$6.7 million for 6 thirty five foot hybrid vehicles,
- \$4.4 million for progress payments for electric vehicles,
- \$4.3 million for 37 paratransit vehicles,
- \$4.0 million in transit signal priority equipment,
- \$3.9 million in computer equipment and software,
- \$3.5 million for 30 community transit vehicles,
- \$3.4 million in consulting services,
- \$1.0 million in bus equipment,
- \$.8 million in bus shelters,
- \$.6 million for 9 non-revenue vehicles,
- \$.2 million in farebox system and equipment,
- \$.1 million in Trapeze equipment, and
- \$.1 million in project administration.

Information regarding capital asset activity for 2025 can be found in the notes to the financial statements on pages 31 - 32 and page 36 as well as in Schedule 7 on page 107.

Unrestricted Net Position is used to fund capital projects that do not have an external funding source. Information regarding Unrestricted Net Position can be found on page 80.

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Long Term Obligations

In 2022, Pace implemented Governmental Accounting Standards Board Statement No. 87 "Leases". This Statement requires that certain leases previously accounted for as operating leases be recognized as a right to use lease asset and associated lease liability. At December 31, 2025, the total lease liability is \$1,406,969.

In 2023, Pace implemented Governmental Accounting Standards Board Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA)". This Statement requires that certain subscription based software and licenses previously accounted for as operating expenses be recognized as a right to use SBITA asset and associated SBITA liability. At December 31, 2025, the total SBITA liability is \$2,231,476.

Details regarding long term debt can be found on pages 39 - 41 of the notes to the financial statements.

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	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>%</u>
<u>Operating Revenue</u>				
Pace-Owned Service Revenue	\$ 18,772,681	\$ 19,422,876	\$ (650,195)	-3.3%
CMAQ/JARC Services	250,937	363,464	(112,527)	-31.0%
Fixed Route Carrier Revenue	1,855,937	2,191,962	(336,025)	-15.3%
Paratransit Revenue	28,024,786	25,781,283	2,243,503	8.7%
Vanpool Revenue	1,008,441	991,118	17,323	1.7%
Reduced Fare Reimbursement	1,759,612	1,460,256	299,356	20.5%
Advertising Revenue	2,004,729	774,259	1,230,470	158.9%
Miscellaneous	3,097,559	2,988,659	108,900	3.6%
Total Operating Revenue	<u>56,774,682</u>	<u>53,973,877</u>	<u>2,800,805</u>	<u>5.2%</u>
<u>Operating Expenses:</u>				
Pace-Owned Service Expenses	148,235,247	134,189,625	14,045,622	10.5%
CMAQ/JARC Expenses	3,536,942	6,237,308	(2,700,366)	-43.3%
Contract Payments:				
Fixed Route Carriers	6,354,929	7,387,303	(1,032,374)	-14.0%
Paratransit Carriers	315,220,730	274,912,966	40,307,764	14.7%
Vanpool Expenses	1,704,373	1,568,984	135,389	8.6%
Centralized Operations	90,482,535	75,697,395	14,785,140	19.5%
Administrative Expenses	51,181,465	52,251,770	(1,070,305)	-2.0%
Depreciation/Amortization	58,593,783	58,116,314	477,469	0.8%
Total Operating Expenses	<u>675,310,004</u>	<u>610,361,665</u>	<u>64,948,339</u>	<u>10.6%</u>
Operating Income (Loss)	<u>(618,535,322)</u>	<u>(556,387,788)</u>	<u>(62,147,534)</u>	<u>11.2%</u>
<u>Non-Operating Revenue (Expenses)</u>				
Retailers' occupation and use tax from RTA (85% Formula)	148,044,045	132,005,540	16,038,505	12.1%
RTA Sales Tax/PTF (PA 95-0708)	26,554,980	21,485,794	5,069,186	23.6%
RTA PTF Funding I	17,712,488	13,866,398	3,846,090	27.7%
RTA PTF Funding II	29,481,102	25,986,470	3,494,632	13.4%
Regional ADA Paratransit Funding	244,691,165	252,365,641	(7,674,476)	-3.0%
Regional ADA Paratransit Supplemental Funding	34,065,000	-	34,065,000	
Regional ADA Paratransit Reserve Fund	8,260,007	-	8,260,007	
Suburban Community Mobility Fund (SCMF)	39,559,962	34,779,466	4,780,496	13.7%
South Suburban Job Access Fund	7,500,000	7,500,000	-	0.0%
ADA State Funding	10,759,998	9,108,396	1,651,602	18.1%
Federal Operating Grants	3,585,582	9,058,043	(5,472,461)	-60.4%
Interest on Investments	12,831,081	16,674,881	(3,843,800)	-23.1%
Interest Expense	(154,125)	(232,791)	78,666	-33.8%
Total Non-Operating Revenue (Expenses)	<u>582,891,285</u>	<u>522,597,838</u>	<u>60,293,447</u>	<u>11.5%</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(35,644,037)</u>	<u>(33,789,950)</u>	<u>(1,854,087)</u>	<u>5.5%</u>
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	<u>82,351,665</u>	<u>26,595,960</u>	<u>55,755,705</u>	<u>209.6%</u>
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>82,351,665</u>	<u>26,595,960</u>	<u>55,755,705</u>	<u>209.6%</u>
Change in Net Position	46,707,628	(7,193,990)	53,901,618	-749.3%
Beginning Net Position	621,642,987	628,836,977	(7,193,990)	-1.1%
Ending Net Position	<u>\$ 668,350,615</u>	<u>\$ 621,642,987</u>	<u>\$ 46,707,628</u>	<u>7.5%</u>

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
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Comparison of Results: FY2025 vs. FY2024

Operating Revenue

Total Operating Revenue increased \$2.8 million or 5.2% in 2025. Significant changes in operating revenue are noted as follows:

- **Pace-Owned Service Revenue** – There was a decrease of \$650,195 or 3.3% in revenue which is a result of the 3% ridership decrease.
- **CMAQ/JARC Services** – There was a slight decrease of \$112,527 in CMAQ revenue due to the funding for CMAQ routes ending in September 2025.
- **Paratransit Revenue** – There was an increase of \$2.2 million or 8.7% in 2025 due to increased usage of the Rideshare Access Program (RAP).
- **Advertising Revenue** – The \$1.2 million increase is due to a settlement from a previous vendor for prior year revenues.

Operating Expenses

Total Operating Expenses increased by \$64.9 million (or 10.6%) in 2025 which is comprised primarily of the following changes:

- **Pace-Owned Service Expense** – The \$14.0 million increase in expense is primarily due to increases in salaries and fringe benefits, pension and OPEB expenses, bus parts expenses and a reduction in salary credits related to CMAQ routes.
- **CMAQ/JARC Expense** – The \$2.7 million decrease is due to the funding for the routes ending in September 2025.
- **Fixed Route Carrier Expense** – The \$1.0 million decrease is due to a ridership decrease in 2025 and one of the municipal contractors suspending service in September.
- **Paratransit Carrier Expense** – The \$40.3 million increase is due to the service costs associated with the ridership increase which primarily related to the Taxi Access Program and Rideshare Access Program.
- **Centralized Operations** – The \$14.8 million increase is comprised of increases in health insurance costs, workers compensation and liability claims expenses, vehicle repairs and building repairs.
- **Administrative Expenses** – The \$1.1 million decrease is due to \$1.5 million in increased salaries and fringe benefits offset by a \$1.1 million decrease in pension expense and \$1.5 million decrease in consulting services.

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Non-Operating Revenue (Expenses)

Non-Operating Revenue (Expenses) increased \$60.3 million or 11.5% to \$582.9 million in 2025. Factors contributing to the increase for 2025 are outlined below:

- **Operating Assistance from the RTA** – RTA Sales Tax under the 85% Formula increased \$16.0 million or 12.1% in 2025.
- **RTA Sales Tax/PTF (PA 95-0708)** –RTA Sales Tax/PTF funding increased \$5.1 million or 23.6% in 2025.
- **RTA PTF Funding** – RTA PTF Funding increased \$3.8 million or 27.7% in 2025.
- **RTA PTF II Funding** - RTA PTF Funding II increased \$3.5 million or 13.4% in 2025.
- **Regional ADA Paratransit Funding** –Regional ADA Paratransit Funding decreased \$7.7 million or 3.0%. Pace received additional Regional ADA Paratransit Funding totaling \$42.3 million as part of an RTA budget amendment passed in late 2025.
- **Suburban Community Mobility Fund (SCMF)** –SCMF funding increased \$4.8 million or 13.7% in 2025.
- **South Suburban Job Access Fund** – Pace received \$7.5 million in funding from the RTA for services in South Suburban Cook County in 2025.
- **ADA State Funding** – Pace received \$10.8 million in ADA State Funding in 2025.
- **Federal Operating Grants** – Funding for federal operating grants decreased by \$5.5 million in 2025.
- **Interest on Investments** – Interest earned on investments decreased \$3.8 million in 2025.

Other Revenues, Expenses, Gains, Losses and Transfers

- **Capital Grant Reimbursements** – The \$55.8 million increase is due to increased capital assets acquired in 2025 and capital projects.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

Economic Trends

RTA Sales Tax

The RTA Sales Tax is the primary source of revenue for Pace. The tax is authorized by Illinois statute, imposed by the RTA in the six-county area, and collected by the state. Historically, the Service Board statutory share is 85% of RTA Sales Tax and is apportioned to the three Service Boards: Pace, Metra and CTA. Pace receives 15% of the Service Board statutory share of sales tax collected in Suburban Cook County, and 30% of the share collected in the collar counties of DuPage, Kane, Lake, McHenry and Will. Pace received \$148.0 million in RTA Sales Tax in 2025 under the 85% Formula.

On January 17, 2008, Public Act (PA) 95-0708 was signed into law. The legislative action amended the RTA Act by establishing key RTA reforms and providing additional funding for the RTA and its three Service Boards. A new sales tax and PTF was established that identified funding for the following:

- *ADA Paratransit Fund* - The ADA Paratransit Fund started at \$100 million in 2008 and adjusts annually based on regional sales tax performance. For 2025, the RTA provided \$244.7 million in funding from the ADA Paratransit Fund. Pace received additional funding for Regional ADA Paratransit services totaling \$42.3 million.
- *Suburban Community Mobility Fund (SCMF)* - The fund is intended to support new and existing non-traditional service activities such as demand response, vanpool, reverse commute and others. The SCMF started at \$20 million in 2008 and adjusts annually based on the regional sales tax performance. For 2025, the RTA provided \$39.6 million in funding.
- *Innovation, Coordination and Enhancement Fund (ICE)* – The fund was established for projects intended to improve or enhance ridership or customer service, for transit improvements intended to promote transfers, increase ridership and for transit-oriented land development. The ICE Fund started at \$10 million for 2008 and adjusts annually based on regional sales tax performance. Pace did not receive any ICE funding in 2025.
- *New Sales Tax and Public Transportation Funds (PTF)* – After all monies are allocated to the above funds, the remaining amount is distributed as a New Sales Tax and PTF to the three Service Boards. Pace's allocation of the New Sales Tax and PTF is equal to 13% of the remaining amount. For 2025, Pace received \$73.7 million in New Sales Tax and PTF funding.

In addition to the above, the 2008 legislation also provided funding for the South Suburban Job Access program which is directed to pay for transit services in South Cook County that support employment opportunities. For 2025, the RTA provided \$7.5 million in funding for the South Suburban Job Access program. Pace also received \$10.8 million in ADA State Funding.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

The allocation of the funds established for 2025 and 2024 is as follows:

RTA OPERATING FUNDING (000's)

Suburban Services Fund	<u>2025</u>	<u>2024</u>
RTA Sales Tax (85% Formula)	\$ 148,044	\$ 132,006
RTA Sales Tax/PTF (PA-95-0708)	26,555	21,486
RTA PTF Funding I	17,712	13,866
RTA PTF Funding II	29,481	25,986
Suburban Community Mobility Fund	39,560	34,779
South Suburban Job Access Fund	7,500	7,500
Total Suburban Services Funding	<u>\$ 268,852</u>	<u>\$ 235,623</u>
Regional ADA Paratransit Fund:		
RTA Paratransit Fund and Reserve Fund	<u>287,016</u>	<u>252,366</u>
Total RTA Funding	<u><u>\$ 555,868</u></u>	<u><u>\$ 487,989</u></u>

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2025

Contacting Pace's Financial Management

If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Pace Suburban Bus Service, 550 West Algonquin Road, Arlington Heights, IL 60005.

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024

ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current Assets</u>		
Cash:		
Cash and Investments	\$ 262,574,891	\$ 287,340,382
Total Cash	<u>262,574,891</u>	<u>287,340,382</u>
Accounts Receivable:		
Regional Transportation Authority	124,530,338	105,328,115
Capital Grant Projects	38,483,948	2,636,924
Other	8,304,344	7,113,099
Total Accounts Receivable	<u>171,318,630</u>	<u>115,078,138</u>
<u>Other Current Assets</u>		
Prepaid Expenses	12,177,617	5,182,138
Inventory - Spare Parts	17,143,252	15,485,540
Total Other Current Assets	<u>29,320,869</u>	<u>20,667,678</u>
Total Current Assets	<u>463,214,390</u>	<u>423,086,198</u>
<u>Noncurrent Assets</u>		
Capital Assets not Being Depreciated/Amortized		
Land	34,108,698	34,108,698
Capital Projects in Progress	51,209,270	27,920,120
Total Capital Assets not Being Depreciated/Amortized	<u>85,317,968</u>	<u>62,028,818</u>
Capital Assets Being Depreciated/Amortized, Net		
Equipment	573,297,058	541,907,006
Building and Improvements	363,105,496	339,869,280
Buildings Right To Use Lease Assets	9,855,730	7,386,738
SBITA Right To Use Assets	8,922,436	7,417,839
Less Accumulated Depreciation/Amortization	<u>(652,056,344)</u>	<u>(602,654,462)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>303,124,376</u>	<u>293,926,401</u>
Total Noncurrent Assets	<u>388,442,344</u>	<u>355,955,219</u>
Total Assets	<u>851,656,734</u>	<u>779,041,417</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	17,223,321	32,905,756
Deferred Outflows - OPEB	629,378	1,263,586
Total Deferred Outflows of Resources	<u>17,852,699</u>	<u>34,169,342</u>

See accompanying notes to the Financial Statements.

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024

LIABILITIES	<u>2025</u>	<u>2024</u>
<u>Current Liabilities</u>		
Accounts Payable:		
Operating	\$ 3,203,673	\$ 6,678,061
Capital	12,867,518	9,727,984
Accrued Payroll Expenses	13,474,723	12,261,942
Other Accrued Expenses	53,248,714	38,262,293
Unearned Revenue	6,133,393	6,343,681
Lease Liability - Current	32,655	115,382
SBITA Liability - Current	1,121,071	871,173
Insurance Reserves - Current	7,906,041	8,034,044
	<hr/>	<hr/>
Total Current Liabilities	97,987,788	82,294,560
<u>Noncurrent Liabilities</u>		
Insurance Reserves - Noncurrent	20,849,999	17,279,445
Net Pension Liability	39,617,770	49,852,528
Total Other Post Employment Benefits (OPEB) Liability	13,548,741	14,171,491
Advance From State	15,961,732	15,449,503
Lease Liability - Noncurrent	1,374,314	137,665
SBITA Liability - Noncurrent	1,110,405	1,323,378
Other Liabilities	4,430,242	3,542,534
	<hr/>	<hr/>
Total Noncurrent Liabilities	96,893,203	101,756,544
	<hr/>	<hr/>
Total Liabilities	194,880,991	184,051,104
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	2,918,683	3,418,198
Deferred Inflows - OPEB	3,359,144	4,098,470
	<hr/>	<hr/>
Total Deferred Inflows of Resources	6,277,827	7,516,668
NET POSITION		
Net Investment in Capital Assets	384,803,898	353,507,618
Unrestricted	283,546,717	268,135,369
	<hr/>	<hr/>
Total Net Position	\$ 668,350,615	\$ 621,642,987

See accompanying notes to the Financial Statements.

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PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2025</u>	<u>2024</u>
<u>Operating Revenue</u>		
Pace-Owned Service Revenue	\$ 18,772,681	\$ 19,422,876
CMAQ/JARC Services	250,937	363,464
Fixed Route Carrier Revenue	1,855,937	2,191,962
Paratransit Revenue	28,024,786	25,781,283
Vanpool Revenue	1,008,441	991,118
Reduced Fare Reimbursement	1,759,612	1,460,256
Advertising Revenue	2,004,729	774,259
Miscellaneous	3,097,559	2,988,659
Total Operating Revenue	<u>56,774,682</u>	<u>53,973,877</u>
<u>Operating Expenses:</u>		
Pace-Owned Service Expenses	148,235,247	134,189,625
CMAQ/JARC Expenses	3,536,942	6,237,308
Contract Payments:		
Fixed Route Carriers	6,354,929	7,387,303
Paratransit Carriers	315,220,730	274,912,966
Vanpool Expenses	1,704,373	1,568,984
Centralized Operations	90,482,535	75,697,395
Administrative Expenses	51,181,465	52,251,770
Depreciation/Amortization	58,593,783	58,116,314
Total Operating Expenses	<u>675,310,004</u>	<u>610,361,665</u>
Operating Income (Loss)	<u>(618,535,322)</u>	<u>(556,387,788)</u>
<u>Non-Operating Revenue (Expenses)</u>		
Retailers' occupation and use tax from RTA (85% Formula)	148,044,045	132,005,540
RTA Sales Tax/PTF (PA 95-0708)	26,554,980	21,485,794
RTA PTF Funding I	17,712,488	13,866,398
RTA PTF Funding II	29,481,102	25,986,470
Regional ADA Paratransit Funding	244,691,165	252,365,641
Regional ADA Paratransit Supplemental Funding	34,065,000	-
Regional ADA Paratransit Reserve Fund	8,260,007	-
Suburban Community Mobility Fund (SCMF)	39,559,962	34,779,466
South Suburban Job Access Fund	7,500,000	7,500,000
ADA State Funding	10,759,998	9,108,396
Federal Operating Grants	3,585,582	9,058,043
Interest on Investments	12,831,081	16,674,881
Interest Expense	(154,125)	(232,791)
Total Non-Operating Revenue (Expenses)	<u>582,891,285</u>	<u>522,597,838</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(35,644,037)</u>	<u>(33,789,950)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Grant Reimbursements	82,351,665	26,595,960
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>82,351,665</u>	<u>26,595,960</u>
Change in Net Position	46,707,628	(7,193,990)
Beginning Net Position	621,642,987	628,836,977
Ending Net Position	<u>\$ 668,350,615</u>	<u>\$ 621,642,987</u>

See accompanying notes to the Financial Statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2025</u>	<u>2024</u>
Increase (Decrease) in cash and investments		
Cash flows from operating activities:		
Cash received from fares	\$ 49,994,806	\$ 50,088,230
Cash received from other operating items	21,316,813	3,894,824
Cash payments to and on behalf of employees for services	(200,491,181)	(179,479,310)
Cash payment to contractual service providers and suppliers	<u>(403,685,356)</u>	<u>(378,561,281)</u>
Net cash used for operating activities	<u>(532,864,918)</u>	<u>(504,057,537)</u>
Cash flows from non-capital financing activities:		
Cash received from R.O.T. and use tax	166,323,197	149,044,228
Cash received from RTA Sales Tax/PTF	47,193,590	39,852,868
Cash received from Suburban Community Mobility Funding	38,782,599	34,002,103
Cash received from South Suburban Job Access	7,500,000	7,500,000
ADA Regional Paratransit Funding from RTA	272,275,000	235,972,867
Cash received from Federal Funding	3,585,582	16,673,077
Cash Advance on Sales Tax	<u>512,229</u>	<u>600,307</u>
Net cash provided by non-capital financing activities	<u>536,172,197</u>	<u>483,645,450</u>
Cash flows from capital and related financing activities:		
Capital contributed from capital grants	46,000,800	26,595,962
Acquisition of assets	(84,396,948)	(44,123,757)
Interest on lease liability	(8,313)	(12,955)
Principal payments on lease liability	(1,315,071)	(177,309)
Interest on SBITA liability	(145,812)	(177,836)
Principal payments on SBITA liability	(1,038,507)	(1,835,688)
Payment of bond interest	-	(42,000)
Principal payments on bonds payable	<u>-</u>	<u>(1,200,000)</u>
Net cash used by capital and related financing activities	<u>(40,903,851)</u>	<u>(20,973,583)</u>
Cash flows from investing activities:		
Cash received from interest on investments	<u>12,831,081</u>	<u>16,674,881</u>
Net cash provided by investing activities	<u>12,831,081</u>	<u>16,674,881</u>
Net increase (decrease) in cash and investments	(24,765,491)	(24,710,789)
Cash and investments at beginning of year	<u>287,340,382</u>	<u>312,051,171</u>
Cash and short-term investments at end of year	<u>\$ 262,574,891</u>	<u>\$ 287,340,382</u>

See the accompanying notes to the Financial Statements.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating Income (Loss)	(\$618,535,322)	(\$556,387,788)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation/Amortization Expense	58,593,783	58,116,314
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	14,664,747	(66,959)
(Increase) decrease in inventory	(1,657,712)	(2,279,305)
(Increase) decrease in other assets	(6,995,479)	(1,760,137)
(Increase) decrease in deferred outflows related to pension	15,682,435	23,175,443
(Increase) decrease in deferred outflows related to OPEB	634,208	127,713
Increase (decrease) in accounts payable	(3,474,388)	(5,463,241)
Increase (decrease) in accrued payroll	1,130,596	11,193,182
Increase (decrease) in self insurance liability	3,442,551	(6,335,284)
Increase (decrease) in pension and other post employment obligations	(10,744,440)	(21,484,598)
Increase (decrease) in noncurrent liabilities	15,632,944	(1,706,640)
Increase (decrease) in deferred inflows related to pension	(499,515)	(363,246)
Increase (decrease) in deferred inflows related to OPEB	<u>(739,326)</u>	<u>(822,991)</u>
Total adjustments	<u>85,670,404</u>	<u>52,330,251</u>
Net cash used for operating activities	<u>\$ (532,864,918)</u>	<u>\$ (504,057,537)</u>
 Non-cash Operating, Investing and Financing Activities:		
Purchase of capital assets in accrued expenses at year end	\$ 12,743,105	\$ 12,196,604

See the accompanying notes to the Financial Statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF OPERATIONS

The Regional Transportation Authority Act, as amended effective November 9, 1983, established a Suburban Bus Division Board empowered to operate bus service serving suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

On July 29, 2005, the governor signed House Bill 1663 making Pace Suburban Bus the sole provider of all ADA (American with Disabilities Act) services in the City of Chicago and the surrounding six counties. The Bill states that Pace becomes the official operator of the Chicago Transit Authority (CTA) ADA services on July 1, 2006.

The Suburban Bus Division Board consisted of twelve directors from suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will. For the collar counties, each of the directors is appointed by the Chairman of the County Board in which his or her municipality is located. In Cook County, each of the directors is appointed by the Suburban members of the Cook County Board. The Chairman of the Board is appointed by a majority of suburban Cook County Board Members and Chairmen of the Collar County Boards. In August 2008, Senate Bill 1920 was passed which called for the appointment of the City of Chicago's Commissioner of the Mayor's Office for People with Disabilities to serve on the Pace Board as its thirteenth director. Each director must be a chief executive officer, or former chief executive officer, of a municipality within the county, or portion of the county, that appointed him or her. This restriction does not apply to the appointed Chairman or the City of Chicago's Commissioner of the Mayor's Office for People with Disabilities. Each Board Member serves a four year term.

The Suburban Bus Board determines the level, nature and kind of public bus transportation services that should be provided in the suburban region. Independent operations of the Suburban Bus Division (Pace) commenced July 1, 1984 and after June 30, 2006 for ADA service in the entire RTA region. In January 2008, Public Act 95-0708 was passed which addressed the financial crisis for transit and provided additional funding for both Suburban and ADA services.

Pace operates suburban bus services in Northeastern Illinois using rolling stock and structures and equipment purchased through capital grants funded by the Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA) and Pace's own funds.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pace maintains its accounting records and prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting policies:

a. Reporting Entity

As defined by Governmental Accounting Standards Board (GASB) Statement No. 14 – “The Financial Reporting Entity,” and amended by GASB Statement No. 61 – “The Financial Reporting Entity: Omnibus”, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Under GASB Statement No. 14, financial accountability is defined as:

- (a) Appointment of a voting majority of the component unit’s board, and either (1) the ability to impose will by the primary government, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (b) Fiscal dependency on the primary government.

GASB Statement No. 61 amends GASB Statement No. 14 in regard to fiscal dependency by requiring that a financial benefit or burden relationship would have to be present with the primary government. A financial benefit exists when the primary government is either legally entitled to the assets of the potential component unit or effectively has access to them. A financial burden would exist if the primary government was legally obligated or assumed an obligation to finance deficits of a potential component unit.

Under the RTA Act, the RTA Board has no control over the selection or the appointment of any of Pace’s directors or management. Further, directors of Pace are excluded from serving on the Board of Directors of the RTA.

In addition, Pace maintains separate management, exercises control over all operations (including the passenger fare structure), and is accountable for fiscal matters including: ownership of assets, issuance of debt, relations with federal and state transportation funding agencies that provide financial assistance, and the preparation of the operating budget. Pace is also responsible for the purchase of services and approval of contracts relating to its operation.

Applying the aforementioned criteria used to determine financial accountability, management does not consider Pace to be a component unit of the RTA. Pace is a separate legal entity from the RTA.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Based on this criteria Pace has defined its reporting entity as set forth below. The basic financial statements include the accounts of Pace’s wholly owned operating divisions. This includes a total of nine operating divisions: Pace North, Waukegan; Pace South, Markham; Pace Southwest, Bridgeview; Pace West, Melrose Park; Pace Fox Valley, North Aurora; Pace Heritage, Plainfield; Pace Northwest, Des Plaines; Pace River, Elgin and Pace North Shore, Evanston. Pace also has an acceptance facility in South Holland, an outstation in East Dundee, a paratransit garage in McHenry and an administrative office in Chicago.

b. Change in Accounting Principles

In December 2023, GASB issued Statement No. 102, “Certain Risk Disclosures”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. It is effective for fiscal years beginning after June 15, 2024. This statement did not have a material impact on Pace’s financial statements.

In April 2024, GASB issued Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information for decision making and accountability. This GASB Statement is effective for fiscal years beginning after June 15, 2025. Management has not determined the full impact that this GASB statement might have on its financial statements.

In September 2024, GASB issued Statement No. 104, “Disclosure of Certain Capital Assets”. The objective of this Statement is to present information regarding capital assets by major class to users of the financial statements with essential information about certain types of capital assets. This GASB Statement is effective for fiscal years beginning after June 15, 2025. Management has not determined the full impact that this GASB statement might have on its financial statements.

In December 2025, GASB issued Statement No. 105, “Subsequent Events”. This Statement defines subsequent events and modifies the subsequent events time frame. The Statement outlines the impact recognized and unrecognized events have on financial reporting and the note disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. Management has not determined the full impact that this GASB statement might have on its financial statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

The financial activities of Pace are organized on a basis of an individual fund which is an accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The financial activities of Pace accounted for in the accompanying financial statements have been classified into the following fund type:

Proprietary Fund Type

Pace operates as an Enterprise Fund, a type of Proprietary Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Net Position is segregated into Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. Revenues and expenses of the proprietary fund types are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred.

Pace's operating revenues are made up of farebox revenue, local subsidies, state fare subsidies, advertising revenue and miscellaneous revenue. Operating expenses for Pace include the costs of operating the transit system, administrative expenses and depreciation of capital assets. All other revenues and expenses are reported as non-operating.

Pace segregates activities into two separate enterprise sub-funds, Suburban Services Fund and Regional ADA Paratransit Services Fund. The Suburban Services Enterprise Fund includes revenues and expenses generated from its Fixed Route, Dial-A-Ride and Vanpool Services. The Regional ADA Paratransit Services Enterprise Fund includes revenues and expenses related to the ADA services provided in the City of Chicago and the six county region. Separate activity for each Enterprise Fund is presented in the supplementary exhibits presented on pages 94 - 101.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Public Funding

Public funding for Pace's operations is provided by Sales and Use Taxes, payments from the State's Public Transportation Fund (PTF), Federal Operating Assistance under the Transit Act (FTA), Suburban Community Mobility Funding, South Suburban Job Access Program Funding and a dedicated source of funding from the RTA for the Regional ADA Paratransit Program.

Sales and use taxes are collected by retailers in the six-county area and remitted to the State of Illinois. In 2017, the State began deducting a 2% surcharge from the sales tax collections prior to remitting them to the RTA. In 2018, the State reduced the surcharge to 1.5%. The State remits the tax collections net of the surcharge to the RTA in the second month following collection by the retailers. The RTA then distributes the taxes to Pace and the other Service Boards based on a formula set by statute. Pace accrues its share of the sales and use taxes based on the budget amounts for these funds and then reconciles amounts actually received with the budget figure at the end of the year.

Revenues provided to Pace under the FTA are recognized by Pace in the fiscal years to which they apply. Pace also recognizes in the fiscal years to which they apply distributions from the RTA which are made from other funds over which the RTA has discretionary authority.

The Service Boards are collectively entitled to a distribution by the RTA of the PTF revenues which the RTA receives from the State. The portion of these revenues which is allocated by the RTA to Pace is recognized by Pace in the fiscal year to which the distribution applies.

On July 29, 2005, the Illinois General Assembly amended the RTA Act with regard to ADA Paratransit service. Based on the amendment, the RTA is responsible for the funding of all ADA Paratransit services within the RTA region.

In January 2008, Public Act 95-0708 was passed which established an increase of .25% in regional sales tax throughout the six county region along with a new PTF grant from the State equal to 5% of total sales tax collections. The funds from this additional sales tax and PTF is first allocated to the Regional ADA Paratransit Fund, Suburban Community Mobility Fund, and Innovation Coordination and Enhancement Fund. The remaining balance is allocated to the Service Boards under a new distribution in which Pace receives 13%. In addition to this funding, the RTA is also required to provide additional funding to Pace for the South Suburban Job Access Program.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Reimbursement of Public Contract Carriers Expense

Pace has agreements with certain municipal carriers to provide transportation in return for their budgeted expense reimbursement, which confirmed Pace ownership of collected revenue. Agreements between Pace and the particular transportation carriers defined the allowed expense reimbursement. Pace's financial statements recognize the ownership of these revenues and the reimbursement of their budgeted expenses.

f. Contract Payments to Private Transportation Carriers

Contract carriers expense is recognized as the purchased service is provided.

g. Compensated Absences

Vacation benefits have been accounted for in conformity with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101. GASB Statement No. 101 provides that employee vacation, sick and other leave benefits that accumulate and are more likely than not to be used as time off or settled during or upon separation from employment, must be recognized as expenses and liabilities in the year in which the benefits are earned rather than in the year in which they are used or settled. Statement No. 101 also requires additional amounts to be accrued for certain salary-related payments associated with the payment of compensated absences, for example, the employer's share of social security and medicare taxes. Accrued vacation and the associated employer's share of social security and medicare taxes are presented in current liabilities.

Effective in 2009, Pace implemented a policy that allows for the conversion of sick time to a 401k account upon voluntary termination of employment. The provisions of the policy require that the employee have a minimum of 10 years of credited service as defined by the RTA Pension Plan. An employee who leaves Pace employment with 10 years of credited service but is not retirement eligible under the RTA Pension Plan receives 60% of the value of their accrued sick time as a contribution to their 401k account. Employees who leave Pace with 10 years of credited service and are retirement eligible will receive 100% of the value of the accrued sick time as a contribution to their 401k account. In September 2016, the policy was amended to allow a cash payout of the sick pay balance upon termination instead of a 401k contribution. The eligibility requirements did not change. The maximum total sick time that can be accrued by an employee is 72 days. The policy was amended in 2020 to increase the sick time maximum to 80 days for employees who exceeded the 72 day maximum in 2020. For all other employees, the maximum total sick days reverted back to 72 days in 2021. The compensated absences for sick pay are presented in current and long term liabilities.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Compensated Absences (Continued)

In 2024, Pace implemented GASB Statement No. 101 “Compensated Absences”. This Statement requires recognition of compensated absences that have been used in the current fiscal year but not yet settled. This includes compensated absences for vacation, leave, sick, floating holidays, holidays and bereavement pay and the associated Social Security and Medicare Taxes. In 2025, an accrual was made to recognize compensated absences earned in 2025 but paid in a subsequent year. These compensated absences are presented in current liabilities.

h. Inventories - Spare Parts

Inventories are valued at cost based on the first-in, first-out method. The inventories are located at the suburban bus system's operating divisions and public contract transportation agencies.

i. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost associated with prepaid items is recorded as an expense when consumed rather than when purchased.

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(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Property and Equipment and Accumulated Depreciation/Amortization

Property and equipment are recorded at historical cost. Pace capitalizes assets with a useful life of one year or more that is either (a) capital equipment, (b) operation equipment with a unit cost of \$5,000 or more, (c) costs incurred to extend an asset's useful life as part of a fleet enhancement or major rebuild/rehabilitation program, or (d) an item determined to be highly susceptible to theft. Most of the assets have been acquired through capital grant projects funded by FTA, IDOT and the RTA. Costs funded by capital grants are recorded as capital items and are included in capital assets. The asset costs may include costs related to the administration of the project.

The depreciation expense recorded on Pace's statement of revenues, expenses and changes in net position represents depreciation on assets purchased by Pace through the use of operating funds and capital grant funds. As required by GASB, depreciation expense has been classified as an operating expense for all depreciable capital assets, including those acquired through capital grants. Depreciation is computed on a straight-line basis using estimated useful lives listed below.

The estimated useful lives are as follows:

Buildings	20 - 30 years
Improvements	7 - 20 years
Equipment	3 - 12 years

Pace records intangible assets that meet the cost threshold of \$100,000 or greater. The amortization period for intangible assets ranges from 5 years to 20 years and is computed on a straight-line basis. Pace has elected not to retroactively record development costs related to internally generated software that were incurred prior to January 1, 2010.

Right to Use Lease Assets established in fiscal year 2022 as part of GASB Statement No. 87 Leases are amortized over the remaining lease term. New leases established after 2022 are amortized over the full lease term. Right to Use SBITA Assets recorded in 2023 as part of GASB Statement No. 96 Subscription Based Information Technology Arrangements (SBITA) are amortized over the remaining contract term. SBITA assets recorded in 2024 and forward are amortized over the full contract term.

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(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Projects in Progress

Capital projects in progress represent ongoing capital grant projects in various stages of completion. Capital projects in progress totaled \$51,209,270 at December 31, 2025 and \$27,920,120 at December 31, 2024. The balance at December 31, 2025 represents the following projects in process: North Division Garage Electrification Construction for \$5,168,885; Electric Bus Charging Equipment for \$2,432,808; Metra Homewood Transit Facility Renovation for \$1,779,313; Bus Wash System at McHenry for \$201,632; South Division Storage Tank Installation for \$163,633; Internally Generated Software for Oracle Cloud Update for \$1,342,536; and Electric Bus equipment for \$1,408. The remaining balance consists of thirty-four 28-foot Coach & Equipment vehicles totaling \$3,932,812, twelve 35-foot Gillig electric buses totaling \$13,462,133, thirty-five 40-foot electric buses totaling \$18,627,270, sixty-six 17-foot Vanpool Vans totaling \$3,203,640, and eleven 22-foot Vanpool Vans totaling \$893,200. In 2025, Pace had contracts in place with National Auto Fleet Group for \$6,067,500 to purchase Vanpool Vans, National Auto Fleet Group for \$1,456,200 to purchase Vanpool Vans, Eldorado National (America) for \$26,694,976 to purchase 40-foot CNG and Pulse buses, Coach & Equipment for \$33,145,563 to purchase 15 passenger paratransit buses, Phoenix Cars for \$26,972,061 to purchase 40-foot electric buses, and three contracts with Gillig for \$39,270,792 to purchase 35-foot hybrid electric buses, \$54,590,960 to purchase 35-foot and 40-foot hybrid electric buses and \$39,484,854 to purchase 40-foot electric buses.

l. Capital and Operating Grants

Pace receives capital grants for asset acquisition, rehabilitation and construction of public transportation facilities and equipment from the Federal Transit Administration through 5307 Urbanized Area Formula Grants, 5309 Capital Investment Grants, 5310 Transit Services Program Grants, 5317 New Freedom Grants, 5339 Buses and Bus Facilities Grants, Community Project Funding/Congressionally Directed Spending and USC 149 Congestion Mitigation and Air Quality Improvement (CMAQ) Program. The Illinois Department of Transportation continues to contribute capital grant funding from past years' appropriations in addition to the RTA for the acquisition of certain capital assets. Pace may fund from its own accumulated resources a portion of a capital grant project when federal, state, and RTA grants are not sufficient or eligible for the total cost of the project. Pace funded \$4,952,148 for capital projects from its positive budget variance account in 2025.

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(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Centralized Operations

Pace incurs costs of operations such as fuel, insurance, maintenance, etc. which, to the extent that they may be specifically identified, are allocated to funded carriers and considered additional assistance.

n. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in Pace's financial position and operations. However, comparative data has not been presented in all exhibits because their inclusion would make certain exhibits unduly complex.

o. Deposits and Investments

Permitted Deposits and Investments Statutes authorize Pace to make deposits and investments in insured/collateralized commercial banks, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Metropolitan Investment Fund and The Illinois Funds. State statutes require this fund to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

Pace categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are valued using the market valuation method.

Pace had no investment, described above, that required determining the fair value measurements as of December 31, 2025.

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NOTE 3 DEPOSITS AND INVESTMENTS

a. Cash

The carrying amount of cash was \$34,517,003 at December 31, 2025, while the bank balances were \$34,813,767. At December 31, 2025, Pace’s petty cash fund totaled \$3,810. All account balances aside from petty cash were either insured by the Federal Deposit Insurance Corporation (FDIC) or had pledge collateral held in a third-party institution in the name of Pace. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 105% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

b. Certificates of Deposit

Certificates of Deposit amounted to \$99,336,187 at December 31, 2025. All Certificates of Deposit were insured by the Federal Deposit Insurance Corporation (FDIC), by a Federal Home Loan Bank (FHLB) line of credit or had pledged collateral held in a third-party institution in the name of Pace.

c. Investments

Investments are governed by 30 ILCS 235, Public Funds Investment Act. The Board of Directors maintains a formal Investment Policy which addresses the governing provisions of the state law as well as specifying additional guidelines for the investment process. The allowable investments per Pace’s policy mirror those specified in the State statute. In general, these investments include instruments issued by the U.S. Government, federal agencies, high grade commercial paper, bank deposits, investment pools created under the State Treasurer’s Act, and selected money market mutual funds.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for Pace’s investments at December 31, 2025.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			<u>Quality Rating</u>
		<u>Less Than 1</u>	<u>1-2</u>	<u>3-5</u>	
Illinois Funds	<u>\$128,717,891</u>	<u>\$128,717,891</u>	<u>—</u>	<u>—</u>	AAAmf

Illinois Funds – Is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are rated AAAmf and are valued at Illinois Funds’ share price, which is the price for which the investment could be sold.

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(CONTINUED)**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk. As a means of limiting its exposure to fair market value losses arising from rising interest rates, investments of Pace shall be limited to instruments maturing no longer than five years from the time of purchase.

Credit Risk. Pace's Investment Policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Pace's Investment Policy limits investments in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 270 days from the date of purchase; (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations.

Concentration of Credit Risk. Pace places no limit on the amount that may be invested in any one issuer. As of December 31, 2025, Pace did not have any funds placed in instruments that would be considered investments.

NOTE 4 RELATIONSHIP WITH REGIONAL TRANSPORTATION AUTHORITY

Transactions with the RTA include receipt of Pace's portion of sales tax revenues, state operating and federal operating assistance grants and funding for the ADA program. Pace also receives reimbursements from the RTA for amounts expended by Pace on behalf of the RTA.

	<u>2025</u>
Amounts Due from RTA:	
Sales Tax and Public Funding	\$80,545,244
Operating and Capital Grants	8,882,933
Regional and ADA Funding	34,951,836
Other	<u>150,325</u>
Total Due from RTA	<u>\$ 124,530,338</u>

**PACE
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NOTE 5 CHANGES IN CAPITAL ASSETS

<u>Type</u>	<u>1/1/2025 Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>12/31/2025 Balance</u>
Capital Assets not Being Depreciated/Amortized					
Land	\$ 34,108,698	\$ -	\$ -	\$ -	\$ 34,108,698
Capital Projects in Progress	27,920,120	51,209,270	(27,920,120)	-	51,209,270
Total Capital Assets not Being Depreciated/Amortized	<u>62,028,818</u>	<u>51,209,270</u>	<u>(27,920,120)</u>	<u>-</u>	<u>85,317,968</u>
Capital Assets Being Depreciated/Amortized					
Equipment	541,907,006	35,850,458	4,731,495	(9,191,901)	573,297,058
Buildings and Improvements	339,869,280	47,591	23,188,625	-	363,105,496
Buildings Right to Use Lease Assets	7,386,738	2,468,992	-	-	9,855,730
SBITA Right to Use Assets	7,417,839	1,504,597	-	-	8,922,436
Total Capital Assets Being Depreciated/Amortized	<u>896,580,863</u>	<u>39,871,638</u>	<u>27,920,120</u>	<u>(9,191,901)</u>	<u>955,180,720</u>
Accumulated Depreciation/Amortization					
Equipment	(475,984,861)	(47,391,406)	-	9,191,901	(514,184,366)
Buildings and Improvements	(119,984,691)	(7,848,751)	-	-	(127,833,442)
Buildings Right to Use Lease Assets	(3,401,496)	(1,111,678)	-	-	(4,513,174)
SBITA Right to Use Assets	(3,283,414)	(2,241,948)	-	-	(5,525,362)
Total Accumulated Depreciation/Amortization	<u>(602,654,462)</u>	<u>(58,593,783)</u>	<u>-</u>	<u>9,191,901</u>	<u>(652,056,344)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>293,926,401</u>	<u>(18,722,145)</u>	<u>27,920,120</u>	<u>-</u>	<u>303,124,376</u>
Net Capital Assets	<u>\$ 355,955,219</u>	<u>\$ 32,487,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,442,344</u>

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NOTE 6 RISK MANAGEMENT

Pace's basic risk financing policy is to retain a portion of the financial risk of loss for its automobile liability, general liability, and workers' compensation exposures and to purchase aggregate insurance coverage in excess of specific self-insured retentions for each of these exposures. Pace also purchases conventional insurance with various deductibles or retentions for its crime, cyber liability, directors and officers liability, employment practices liability, pollution liability and property exposures.

The basic premise of Pace's Risk Management program is to make risk control and risk financing decisions that minimize the adverse effects that accidental losses have on the organization. The employee health plan and workers' compensation programs are administered primarily by third-party administrators that provide claims management services in exchange for a service fee.

There were no losses that were greater than the commercial insurance coverage in the last three years. There were no reductions in coverage in 2025. Pace's retentions for Automobile Liability, General Liability and Workers Compensation as of December 31, 2025 are structured as follows:

Automobile Liability	\$5,000,000 each occurrence
General Liability	\$2,500,000 each occurrence
Workers' Compensation	\$1,000,000 each occurrence

Pace also has assumed the financial risk for its employee health and welfare coverage. The stop loss coverage at December 31, 2025 is as follows:

	<u>Specific Stop Loss</u>	<u>Aggregate Stop Loss</u>
Corporate and all Divisions	<u>\$150,000</u>	<u>\$5,965,537</u>

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NOTE 6 RISK MANAGEMENT (Continued)

Claim reserves (liabilities) for general liability, automobile liability, and workers compensation are established based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and for claims that have been incurred but not reported (IBNR). For general and automobile liability, case reserves are established by the claim adjuster at the time the claim file is established and are modified throughout the life cycle of the claim.

The reserves on larger cases, particularly those in litigation, are reviewed with legal staff. Reserves are reviewed regularly by the Pace General Counsel and adjusted on an as needed basis.

General liability, automobile liability, and workers compensation claim reserves reflect the ultimate settlement value of the claim. For workers compensation claims, reserves for temporary total disability (TTD), permanent partial disability, permanent total disability and medical expenses are established in accordance with the benefit structure outlined in the Illinois Workers Compensation Act. If permanency is involved on the case, the reserves will be increased to reflect the appropriate amount as determined by previous cases settled at the Illinois Workers Compensation Commission. Reserves are updated as necessary and reflect the ultimate settlement value of the claim.

General liability, automobile liability, and workers compensation claim liabilities for incurred losses to be settled by a lump-sum payment or other agreement, represent their present value using an expected future investment yield of 3% per year. Reserves for employee health and welfare coverage are established based on historical claim experience. The ultimate liability for general liability, automobile liability, workers compensation, and the employee health and welfare plan is approximately \$28,756,040 and \$25,313,489 as of December 31, 2025 and 2024, respectively. Cash is intended to pay for general liability, automobile liability, and workers compensation at a present value of \$26,270,423 and \$22,873,004 for this liability at December 31, 2025 and 2024, respectively.

Changes in the balances of claims liabilities were as follows:

	For the Year Ended	
	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 25,313,489	\$ 31,648,773
Current year claims and changes in estimates	9,222,450	(1,233,817)
Claim payments	<u>(5,779,899)</u>	<u>(5,101,467)</u>
	<u>\$ 28,756,040</u>	<u>\$ 25,313,489</u>
Current portion of insurance reserves	\$ 7,906,041	\$ 8,034,044
Non-current portion of insurance reserves	<u>20,849,999</u>	<u>17,279,445</u>
Total insurance reserves	<u>\$ 28,756,040</u>	<u>\$ 25,313,489</u>

**PACE
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NOTE 7 LONG TERM OBLIGATIONS

a. Leases

Pace entered into lease agreements for the use of building and radio tower space. These agreements are considered leases for accounting purposes under GASB Statement No. 87, Leases. In a restatement relating to the implementation of GASB Statement No. 87 "Leases", a right to use building lease asset and lease obligation was recorded for existing leases. Right to use lease assets and lease obligations are established for new leases in the year the agreement commences. There was no stated interest rate in any of the lease agreements so an implicit interest rate of 3.0% is used for all of the leases.

<u>Lessor</u>	<u>Right to Use Lease Asset</u>	<u>Start Date</u>	<u>End Date</u>	<u>Initial Liability</u>	<u>Lease Liability at 12/31/2025</u>
Chicago Tower Leasing Corp.	Radio Tower	09/01/20	09/01/32	\$ 63,377	\$ 45,262
Crown Castle International	Radio Tower	06/01/20	06/01/32	106,531	74,868
HMC CHP 76 Lively, LLC	Graphics Office	03/01/20	03/01/26	376,355	17,535
PAL 401	East Dundee	04/01/25	04/01/29	<u>2,468,993</u>	<u>1,269,304</u>
	TOTAL			<u>\$ 3,015,256</u>	<u>\$ 1,406,969</u>

Lease Liability outstanding as of December 31, 2025 is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 253,047	\$ 2,468,993	\$ 1,315,071	\$ 1,406,969	\$ 32,655

The annual lease liability payment schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 32,655	\$ 4,161	\$ 36,816
2027	16,272	53,457	69,729
2028	518,966	35,672	554,638
2029	672,871	4,059	676,930
2030	133,544	1,664	135,208
2031	21,304	1,016	22,320
2032	11,357	186	11,543
	<u>\$ 1,406,969</u>	<u>\$ 100,215</u>	<u>\$ 1,507,184</u>

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NOTE 7 LONG TERM OBLIGATIONS (Continued)

b. Subscription Based Information Technology Arrangements (SBITAs)

Pace entered into SBITA agreements for Software as a Service (SaaS) and subscription licenses for a number of information technology related software. These agreements are considered SBITAs for accounting purposes under GASB Statement No. 96 "Subscription-Based Information Technology Arrangements". In a restatement relating to the implementation of GASB Statement No. 96, a right to use SBITA asset and SBITA liability were recorded for the agreements listed below in fiscal year 2023. Right to use SBITA assets and SBITA obligations are established for new agreements in the year they commence. None of the agreements had a stated interest rate so an implicit interest rate of 6.22% was used.

The active SBITA agreements at December 31, 2025 are as follows:

<u>Vendor</u>	<u>Right To Use SBITA Asset</u>	<u>Start Date</u>	<u>End Date</u>	<u>Initial Liability</u>	<u>SBITA Liability at 12/31/2025</u>
Carahsoft	Email Alert Subscription	06/26/24	06/25/28	\$ 130,399	\$ 86,406
CDW	Citrix Xen App Virtual Saas	03/08/23	03/08/25	251,905	-
Deloitte Consulting	Customer Relations Software	03/03/22	03/02/27	464,804	126,571
DemandTrans	Mobility on Demand	10/01/24	09/30/29	224,310	181,160
eBuilders	Subscription License	08/01/21	08/01/28	924,913	390,300
Genfare	Farebox System	12/01/23	06/13/27	647,645	267,558
Lytix	Drivecam License	01/01/23	12/31/26	1,083,642	295,566
Presidio	CiscoDuel Advantage	01/08/25	01/07/28	257,356	176,834
S & A	Fleetwatch Fuel Management	07/05/25	07/04/30	304,912	247,463
Transit	Mobility on Demand (FR/DR)	06/01/25	06/30/28	405,782	360,735
Transit	Mobility on Demand Trip Tracker	10/01/25	05/31/28	107,382	98,883
Transit	Royale Trip Planning	10/01/22	09/30/25	56,281	-
Transit	On Demand Deeplink	09/01/23	09/30/25	123,819	-
Transit	Paratransit Integration	07/01/23	07/01/25	56,281	-
vSoft *	Sharepoint	01/01/24	12/31/26	770,901	-
TOTAL				\$ 5,810,332	\$ 2,231,476

*The subscription liability for vSoft was paid in full in 2024 resulting in no SBITA Liability at 12/31/2025.

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NOTE 7 LONG TERM OBLIGATIONS (Continued)

b. Subscription Based Information Technology Arrangements (SBITAs) (Continued)

SBITA Liability outstanding as of December 31, 2025 is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 2,194,551	\$ 1,075,432	\$ 1,038,507	\$ 2,231,476	\$ 1,121,071

The annual SBITA liability payment schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,121,072	\$ 115,649	\$ 1,236,721
2027	750,507	53,863	804,370
2028	245,817	15,537	261,354
2029	114,080	5,714	119,794
	<u>\$ 2,231,476</u>	<u>\$ 190,763</u>	<u>\$ 2,422,239</u>

NOTE 8 ADVANCE FROM STATE

Pace receives a one month advance from the Illinois Department of Revenue to compensate for the delay in the processing of sales tax payments. The advance is forwarded to the Regional Transportation Authority and is then allocated among the three Service Boards. Pace reported a liability of \$15,961,732 and \$15,449,503 respectively, for this advance for the year ended December 31, 2025 and December 31, 2024.

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NOTE 9 PENSION PLANS

Pace participates in two single-employer defined benefit pension plans that are administered through a trust: The Amalgamated Transit Union Local 900 Pension Plan for Pace North Division and the Retirement Plan for Pace West Division Employees. Pace also participates in The Regional Transportation Authority (“RTA”) Pension Plan which is a governmental multiple-employer, defined benefit pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Amalgamated Transit Union Local 900 Pension Plan, the Retirement Plan for Pace West Division Employees and RTA Pension Plan (“the plans”) and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The aggregate amount of pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for the North Division and West Division single-employer plans and Pace’s proportionate share for the RTA Pension Plan as of December 31, 2025 are as follows:

	Amalgamated Transit Union Local 900 Pension Plan	Retirement Plan for Pace West Division Employees	The Regional Tranportation Authority (“RTA”) Pension Plan	Total
Net Pension Liability	\$ 1,438,372	\$ 13,104,219	\$ 25,075,179	\$ 39,617,770
Deferred Outflows of Resources related to Pensions	\$ 676,512	\$ 3,386,837	\$ 13,159,972	\$ 17,223,321
Deferred Inflows of Resources related to Pensions	\$ 84,576	\$ -	\$ 2,834,107	\$ 2,918,683
Pension Expense	\$ 248,183	\$ 1,663,943	\$ 12,832,026	\$ 14,744,152

Details regarding each pension plan are outlined in the note disclosures below.

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NOTE 9 PENSION PLANS (Continued)

a. North Division

The Amalgamated Transit Union Local 900 Pension Plan (Plan) is a single-employer defined benefit pension plan covering substantially all union employees of Pace North Division. Wells Fargo Bank, NA is the trustee of the Plan. Wells Fargo holds and manages the assets and maintains all records of the Plan. The Plan is administered by a Pension Committee that reports to the plan trustees and is comprised of a member appointed by the Employer and a member appointed by the Amalgamated Transit Union Local 900. The Collective Bargaining Agreement is approved by the Union and, if ratified, then approved by the Pace Board of Directors. After it is ratified by both parties, a pension plan amendment is prepared and goes to the Plan Trust Committee for vote and approval to enact the plan amendment. The Plan issues a separate financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Pace, 500 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130.

All Pace employees who are covered by the Collective Bargaining Agreement are eligible to participate in the Plan upon completing one year of service. Under the Collective Bargaining Agreement, plan participants are required to contribute 5% of their compensation. Such employee contributions are treated as pick-up contributions (pre-tax) under Section 414(h) of the Internal Revenue Code. The Employer also contributes 4% of an employee's compensation to the Plan under the Collective Bargaining Agreement.

The participant's vested interest in his/her employee contribution account balance is 100%. A participant's vested interest in employer contributions is determined in accordance with the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Interest</u>
0 to 4 years	0%
5 or more years	100%

The Plan provides normal early retirement and disability benefits based upon years and hours of service credited to the participant during each year of service. Benefits fully vest upon attaining 5 years of service. Normal retirement age is 65 or age 62 with 30 years of benefit service and entitles an employee to 100% of his vested benefits. An employee may retire early at age 55 when they have five years of vesting service and 10 years of benefit service. Pension benefit payments are based upon the employee's benefit service and monthly benefit rates. The benefit level for all service is \$36 for each year of service not to exceed 40 years. The Post-1997 service is \$30 for each year of service after December 31, 1997, in which an employee works 1,500 hours or more, and \$22 for each year of service after December 31, 1997, in which an employee works 1,000 to 1,499 hours.

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NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

The actuarial valuation report date is January 1, 2024. Measurements as of the reporting date are based on fair value of assets as of December 31, 2024 and the Total Pension Liability as of the valuation date of January 1, 2024, updated to December 31, 2024. The table below shows the changes in Total Pension Liability, the Plan Fiduciary Net Position and the Net Pension Liability during the measurement year based on the measurement date of December 31, 2024.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 01/01/2024	\$ 9,088,280	\$ 7,511,322	\$ 1,576,958
Changes for year:			
Service Cost	182,591	-	182,591
Interest	643,835	-	643,835
Changes of Benefits	-	-	-
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	(40,330)	-	(40,330)
Contributions - Employer	-	204,186	(204,186)
Contributions - Member	-	255,320	(255,320)
Net Investment Income (Loss)	-	566,088	(566,088)
Benefit Payments	(700,122)	(700,122)	-
Administrative Expense	-	(100,912)	100,912
Net Changes	<u>85,974</u>	<u>224,560</u>	<u>(138,586)</u>
Balances at 12/31/2024	<u>\$ 9,174,254</u>	<u>\$ 7,735,882</u>	<u>\$ 1,438,372</u>

During the measurement year there was an experience gain of \$40,330 and investment gain of \$38,207 resulting in a decrease in the Net Pension Liability. The investment gain and experience gain offset by service cost, interest cost and administrative expenses resulted in a decrease in the Net Pension Liability of \$138,586.

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was a difference between projected and actual investment earnings of \$38,207 that resulted in an investment gain. Approximately \$7,641 of that difference was recognized in the current year and an identical amount will be recognized in each of the next four years resulting in a deferred inflow of resources of \$30,566. In addition, there was \$85,823 recognized from the prior years' investment gains and losses resulting in a remaining deferred outflow of resources of \$448,683. The deferred inflow from the gain is netted with deferred outflow from the prior year gains and losses for a deferred outflow of \$418,117.

The impact of losses due to assumption changes is recognized over the average expected remaining service life of all active and inactive members. During the measurement year there were no assumption changes. Unrecognized assumption change losses from prior periods were \$48,949 with the full amount recognized as an increase in pension expense in the current year.

The impact of experience gains or losses is recognized over the average expected remaining service life of all active and inactive members. During the measurement year, there was an experience gain of \$40,330. Approximately \$10,083 of that gain was recognized in the current year and the remaining amount will be recognized in the next three years resulting in a deferred inflow of \$30,246. In addition, there was \$28,618 recognized from prior years' experience gains resulting in a remaining deferred inflow of resources of \$54,330. The total deferred inflow of resources for experience gains is \$84,576.

During the measurement year there was \$15,617 recognized as an increase in pension expense from prior years' experience losses resulting in a remaining deferred outflow of resources of \$15,618.

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

The table below summarizes the current balance of deferred outflows and deferred inflows of resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Subsequent to the Measurement Date	\$ 242,777	\$ -
Differences Between Expected and Actual Experience	15,618	84,576
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>418,117</u>	<u>-</u>
Total	<u>\$ 676,512</u>	<u>\$ 84,576</u>

In 2025, there was \$242,777 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date. The contribution will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2026. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

Year Ended December 31:		
2026	\$	196,735
2027		240,780
2028		(80,713)
2029		(7,643)

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

At December 31, 2024 and 2023, the number of participants were:

	<u>2024</u>	<u>2023</u>
Current Employees	83	82
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	76	71
Terminated employees entitled to, but not yet receiving, benefits	<u>18</u>	<u>18</u>
	<u>177</u>	<u>171</u>

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2024, updated to December 31, 2024, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2024
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Market value of assets
Amortization Method	Unfunded Actuarial Liability (UAL) is amortized as a level dollar amount over 20-year periods
Life expectancy	115% of RP-2014 Combined Mortality Tables with no projected future mortality improvement
Investment Rate of Return	7.25%
Salary increases	2.00%
Inflation	Included in the salary increases
Retirement Age	Age 65 or age 62 with 30 year of benefit service

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

Long-term Expected Rate of Return. The long-term expected rate of return is developed through the use of proprietary software designed to simulate and assess potential risk of return characteristics of portfolios. The software is based on a Monte Carlo simulation of macroeconomic factors, which are used to model monthly return outcomes of capital markets. Data is simulated on a monthly basis; the simulation is based on historical monthly figures dating back to 1926. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	7.20%	80.0%
Real Estate	6.60%	10.0%
Fixed Income	4.60%	10.0%
Cash	2.30%	-

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan participant contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Employer, calculated using the discount rate of 7.25%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's Net Pension Liability	\$ 2,308,459	\$ 1,438,372	\$ 691,441

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division

The Retirement Plan for Pace West Division Employees is a single-employer defined benefit pension plan covering substantially all union employees of Pace's West Division. Wells Fargo Bank, NA is the trustee of the Plan. Wells Fargo holds and manages the assets and maintains all records of the Plan. The Plan is administered by the Retirement Allowance Committee, which is comprised of three members appointed by the Employer, two members appointed by the Amalgamated Transit Union Local 241, and one member who is a non-bargained employee of the Employer. Benefit terms are established and/or amended through the Collective Bargaining Agreement. The Collective Bargaining Agreement is approved by the Union and, if ratified, then approved by the Pace Board of Directors. After it is ratified by both parties, a pension plan amendment is prepared and goes to the Retirement Allowance Committee for vote and approval to enact the plan amendment. The Plan issues a separate financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Pace, 500 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130.

Generally, an employee who is represented by the Amalgamated Transit Union Local No. 241 and is covered for all fringe benefits under the Collective Bargaining Agreement becomes a participant in the Plan as of the first day of employment. Contributions to the Plan by the employer and employees are subject to labor negotiations which consider, among other things, the actuarial valuation of the Plan. Under the Collective Bargaining Agreement effective January 1, 2022, plan participants are required to contribute 7.2% of their compensation and Pace contributes 6.8% as an employer contribution. Employee contributions are deducted from payroll and employee and employer contributions are to be paid to the trustee monthly.

A participant's vested interest in his/her employee contribution account balance is at all times 100%. A participant's vested interest in employer contributions is determined in accordance with the following schedule:

<u>Year of Vesting Service</u>	<u>Vested Interest</u>
0 to 9 years	0%
10 or more years	100%

The normal retirement benefit is 1.875% of compensation for each year of service, but not more than 70% of the average of the employee's highest five plan years of earnings. Under the terms of the Plan, the normal retirement date is the date the participant reaches his/her sixty-fifth (65th) birthday, or the first day of the calendar month following the date on which a participant has completed 25 years of credited service, regardless of age. The Plan also provides for early retirement at reduced benefits for participants with three years of service who have attained age 57. In addition, the Plan provides for death benefits payable to surviving spouses and certain disability benefits.

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NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

The actuarial valuation report date is January 1, 2024. Measurements as of the reporting date are based on fair value of assets as of December 31, 2024 and the Total Pension Liability as of the valuation date of January 1, 2024, updated to December 31, 2024. The table below shows the changes in Total Pension Liability, the Plan Fiduciary Net Position and the Net Pension Liability during the measurement year based on the measurement date of December 31, 2024.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 01/01/2024	\$ 43,483,208	\$ 29,044,205	\$ 14,439,003
Changes for year:			
Service Cost	1,291,008	-	1,291,008
Interest	3,133,321	-	3,133,321
Differences Between Expected and Actual Experience	75,453	-	75,453
Contributions - Employer	-	1,383,202	(1,383,202)
Contributions - Member	-	1,462,502	(1,462,502)
Net Investment Income (Loss)	-	3,117,943	(3,117,943)
Benefit Payments	(3,262,889)	(3,262,889)	-
Administrative Expense	-	(129,081)	129,081
Net Changes	<u>1,236,893</u>	<u>2,571,677</u>	<u>(1,334,784)</u>
Balances at 12/31/2024	<u>\$ 44,720,101</u>	<u>\$ 31,615,882</u>	<u>\$ 13,104,219</u>

During the measurement year, there was an experience loss of \$75,453 resulting in an increase to Net Pension Liability. The investment gain in the measurement year netted with the experience loss, service cost, interest cost and employer and employee contributions resulted in a decrease in the Net Pension Liability of \$1,334,784.

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NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of \$1,040,130. Approximately \$208,026 of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$832,104 in deferred inflows. In addition, there was \$655,635 recognized from the prior years' net investment gains and losses which resulted in a remaining deferred outflow of \$1,852,932. The deferred outflows from investment losses netted with the deferred inflows from the investment gains resulted in a remaining deferred outflow of \$1,020,828.

Unrecognized assumption change losses from prior periods were \$540,185 of which \$180,061 was recognized in the current year resulting in a deferred outflow of \$360,124.

During the measurement year, there was an experience loss of \$75,453. Approximately, \$15,091 of this experience loss will be recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$60,362 in deferred outflows. In addition, there was \$158,370 recognized from the prior years' experience losses resulting in a remaining deferred outflow of resources of \$426,481. The total deferred outflows for experience losses is \$486,843.

Unrecognized experience gains from prior periods were \$150,824 with the full amount recognized as a decrease in pension expense in the current year.

The table below summarizes the current balance of deferred outflows and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Contributions Made Subsequent to the Measurement Date	\$ 1,519,042	\$ -
Differences Between Expected and Actual Experience	486,843	-
Changes in Assumptions	360,124	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,020,828	-
	<hr/>	<hr/>
Total	<u>\$ 3,386,837</u>	<u>\$ -</u>

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NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

In 2025, there was \$1,519,042 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date. The contribution will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2026. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

Year Ended December 31:		
2026	\$	1,094,963
2027		1,325,478
2028		(359,709)
2029		(192,937)

At December 31, 2024 and 2023, the number of participants were:

	<u>2024</u>	<u>2023</u>
Current Employees	308	291
Retirees, disabled participants and beneficiaries		
of deceased retirees currently receiving benefits	233	227
Terminated employees entitled to, but not yet receiving, benefits	<u>40</u>	<u>40</u>
	<u>581</u>	<u>558</u>

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2024, updated to December 31, 2024, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2024
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Five-year smoothing with asset gains or losses recognized at 20% per year
Amortization Method	Unfunded Actuarial Liability (UAL) is amortized as a level dollar amount over a 20-year period.
Life expectancy	115% of RP-2014 Combined Mortality Table with no assumed mortality improvement
Assumed Rate of Return	7.25% (established by the Collective Bargaining Agreement)
Salary increases	3.50%
Inflation	Included in salary increases
Retirement Age	Age 65 or 25 years of service

Long-term Expected Rate of Return. The long term expected rate of return was determined by establishing best-estimate ranges of expected future real rates of return. Real returns differ from total returns in that real returns are calculated net of plan investment expenses and inflation. Expected real returns are determined using a geometric means assumption for each asset class in which the Plan has exposure. Best estimates of real rates of return for each major asset class, included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	3.96%	62.0%
Fixed Income	1.38%	33.0%
Cash or Cash Equivalents	0.75%	5.0%

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NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25% at December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that plan participant contributions will be made at the current contribution rate and that Employer contributions will be made at a rate equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employer's Net Pension Liability	\$ 17,382,492	\$ 13,104,219	\$ 9,410,113

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan

The Regional Transportation Authority Pension Plan is a governmental cost sharing multiple-employer, defined benefit pension plan. The Plan covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions (“Metra” and “Pace”, respectively), who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (“RTA Board”). Benefit terms are established and/or amended by approval of the RTA Board of Directors. The Plan issues a separate financial report that includes financial statements and required supplementary information. More information regarding the elements of the Plan’s basic financial statements can be obtained by writing to Pace, 550 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130 to request a copy of the financial report.

Employees are eligible for participation on the first day of the month that coincides with or follows their date of employment. Participants are entitled to annual pension benefits upon normal retirement at age 65, generally a percentage of the average annual compensation in the highest three years of service, whether consecutive or not, multiplied by the number of years of credited service. At January 1, 2024 the number of participants were:

	<u>2024</u>
Active	1,234
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	1,035
Terminated employees entitled to, but not yet receiving, benefits	<u>563</u>
	<u><u>2,832</u></u>

The Plan provides that, upon retirement, benefits will be reduced by a defined percentage for participants who received credit for prior service with an eligible employer. The Plan permits early retirement with reduced benefits at age 55 after completing ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as “Rule of Eighty Five Early Retirement”). The Plan provides for benefit payments to beneficiaries subject to the election of the participant. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. Effective July 1, 2016, a change was made to provide additional pre-retirement death benefits for the survivors of plan members along with additional forms of benefit payment options. An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

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(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Contributions. The Plan is funded solely by employer contributions, which are actuarially determined under the entry age normal method. The pension plan document defines the employers' funding policy as contributions at least equal to an amount determined advisable by the Plan's actuary to maintain the Plan on a sound actuarial basis. For the purpose of determining contributions, the Plan uses an asset smoothing method which smooths asset gains and losses over a 5-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability. If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer. The calculation of the recommended annual contribution requirements for the measurement year is as follows:

	<u>2024</u>
Annual Normal Cost as of Valuation Date	\$ 15,139,377
Normal Cost Expense Load	693,461
Interest on Normal Cost to End of Year	949,970
30-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability at End of Year	<u>7,594,295</u>
Total Recommended Annual Contribution for the Current Plan Year	<u>\$ 24,377,103</u>
Total Covered Payroll	\$ 123,927,504
Recommended Annual Contribution (as a percentage of pay)	19.670%

The allocation of the recommended annual contribution requirements for the measurement year is shown below:

	2023	Allocation	Allocated Recommended Annual Contribution Requirements for Fiscal Year 2024
	Pensionable Payroll	Percent	
Metra	\$ 61,139,000	58.8%	\$ 14,333,736
Pace	34,063,193	32.7%	7,971,313
RTA	8,844,535	8.5%	2,072,054
Total	<u>\$ 104,046,728</u>	100.0%	<u>\$ 24,377,103</u>

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Net Pension Liability. The table below shows Pace's proportion of the changes in the collective Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability during the measurement year based on the measurement date of December 31, 2024. Measurements as of the reporting date are based on fair value of assets as of December 31, 2024 and the total pension liability is based on an actuarial valuation performed as of January 1, 2024 with liabilities rolled forward to the measurement date of December 31, 2024.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 01/01/2024	\$ 191,701,611	\$ 157,865,044	\$ 33,836,567
Changes for year:			
Service Cost	4,950,589	-	4,950,589
Interest	10,029,006	-	10,029,006
Changes of Benefits	-	-	-
Changes of Assumptions	(947,864)	-	(947,864)
Differences Between Expected and Actual Experience	418,452	-	418,452
Changes in Employer Proportionate Share	(709,152)	-	(709,152)
Contributions - Employer	-	13,530,313	(13,530,313)
Net Investment Income (Loss)	-	9,164,032	(9,164,032)
Benefit Payments	(7,499,246)	(7,499,246)	-
Administrative Expense	-	(191,926)	191,926
Net Changes	<u>6,241,785</u>	<u>15,003,173</u>	<u>(8,761,388)</u>
Balances at 12/31/2024	<u>\$ 197,943,396</u>	<u>\$ 172,868,217</u>	<u>\$ 25,075,179</u>

During the measurement year, there was an experience loss of \$418,452 which resulted in an increase to Net Pension Liability. This increase along with service cost and administrative expenses netted with the assumption gain resulted in a decrease in the Net Pension Liability of \$8,761,388.

Pace's proportion of the collective Net Pension Liability is consistent with the manner in which contributions to the pension plan were determined. The recommended annual contribution allocation shown on the previous page presents the actual fiscal year 2024 contributions used within the proportionate share calculation for each employer and the respective allocation percentage.

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

The table below summarizes Pace’s proportionate share of the deferred outflows and deferred inflows of resources that are to be recognized in future pension expenses:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to Measurement Date	\$ 8,047,654	\$ -
Changes in Assumptions	59,119	1,454,775
Difference Between Expected and Actual Experience	3,189,696	412,886
Difference Between Projected and Actual Earnings on Pension Plan Investments	1,645,869	-
Change in Employer Proportionate Share	217,634	966,446
Total	\$ 13,159,972	\$ 2,834,107

In 2025, there was \$8,047,654 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2026. Amounts reported as deferred outflows and deferred inflows will be recognized as pension expense in the following periods:

Year Ended December 31:

2026	\$ 1,613,950
2027	3,204,200
2028	(2,142,765)
2029	(397,174)

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Deferred Outflows and Inflows. Deferred outflows and inflows of resources can arise from differences between expected and actual experiences, changes in assumptions, differences between projected and actual earnings, changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate share of contributions as well as contributions made subsequent to the measurement date. The difference between projected and actual earnings on investments is recognized over a period of five years. The net effect of changes in assumptions, the difference between expected and actual experience and the change in the employer proportionate share are amortized over the average of the expected remaining service lives of all employees. The average expected remaining service life by year is as follows:

<u>Year</u>	<u>Average Remaining Service Life</u>
2020	4.9422
2021	4.6817
2022	4.5086
2023	4.4907
2024	4.5259

Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2024
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Fair Market Value
Amortization Method	Level dollar closed
Life expectancy	Pub-2010 (General Employees) Employee Mortality Table for pre-retirement mortality and Pub-2010 (General Employees) Healthy Retiree Mortality Table for post-retirement mortality, sex distinct, with mortality improvement projected from 2010 using projection scale MP-2021
Investment Rate of Return	6.0%
Salary increases	2.85% to 7.5% including inflation
Inflation	2.50%
Retirement Age	First day of the calendar month coinciding with or following a participant's 65 th birthday; or age 55 with 10 years of vesting service.

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Discount rate. A single discount rate of 6.0% was used to measure the total pension liability. This single discount rate was based on the future expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents Pace's proportionate share of the Plan's collective net pension liability, calculated using a single discount rate of 6.0%, as well as what the proportionate share would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> (5.00%)	<u>Current Discount Rate</u> (6.00%)	<u>1% Increase</u> (7.00%)
Employer's Net Pension Liability	\$ 45,826,923	\$ 25,075,179	\$ 7,452,529

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NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Long-term Expected Rate of Return. The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2024. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real arithmetic rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the RTA Pension Plan Committee. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2024, these best estimates are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	8.50%	28.00%
Developed Foreign Equity	8.90%	16.00%
Emerging Markets Equity	8.90%	12.00%
Private Equity	11.20%	7.00%
Investment Grade Bonds	4.80%	12.00%
Long-Term Government Bonds	5.00%	3.00%
TIPS	4.70%	3.00%
High-Yield Bonds	6.80%	2.00%
Emerging Market Bonds (local)	6.80%	2.00%
Emerging Market Bonds (major)	6.20%	2.00%
Real Estate	8.00%	8.00%
Real Assets	7.80%	5.00%

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NOTE 10 DEFINED CONTRIBUTIONS PLANS

a. Pace Administrative Defined Contribution Plan

In addition to the RTA Defined Benefit Plan, all Pace employees who are not covered by a retirement plan which is the subject of a Collective Bargaining Agreement, are eligible to participate in a voluntary 401(K) Plan. Employees are eligible to participate after 60 days of service. A participant is fully vested in his/her account immediately. Contributions to the plan are voluntary for each participant. The Internal Revenue Code places limits on the amounts which employees may elect to contribute. There is no employer obligation to contribute. Plan provisions and contribution requirements are established and may be amended by the Administrative Plan Committee. For 2025, Pace contributed \$462,746 and the participants contributed \$2,289,859 which includes \$545,009 contributed to the Roth 401(K).

In 2022, the RTA implemented a new benefit for employees hired after January 1, 2022. Eligible new hires can elect to receive an employer contribution of 7% of eligible earnings in lieu of participating in the RTA Defined Benefit Plan. Employee who elect the 401(K) employer contribution are fully vested after 3 years of service. For 2025, Pace contributed \$90,314 in employer contributions.

In 2022, Pace implemented a new 457(B) defined contribution plan. Employees are eligible to make contributions to the 457(B) plan in addition to the 401(K) plan. There is no employer obligation to contribute. In 2025, Pace contributed \$31,000 in employer contributions and participants contributed \$505,780.

b. Union 401(K) and Defined Contribution Plans

The operating divisions of the Pace Suburban Bus Division have established 401(K) plans and defined contribution plans through their respective Collective Bargaining Agreements with the bargained for (union) employees at the divisions. Each division contributes a percentage of compensation for each participant as provided in their respective Collective Bargaining Agreement. In some cases, there is a required employee 401(K) contribution pursuant to the Collective Bargaining Agreement. Each 401(K) plan allows the employee participant to elect to contribute a percentage of the participant's compensation up to a maximum percentage. The defined contribution plans provide only for an employer contribution at the percentage of compensation specified in the Collective Bargaining Agreement. The plans can be amended by the Collective Bargaining Agreement or in writing by the parties to the Collective Bargaining Agreement. The plans issue a financial report that includes financial statements and required supplementary information.

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. The plans are all self-directed by the participant from a selection of mutual funds. All assets of the plan are valued at fair value.

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NOTE 10 DEFINED CONTRIBUTIONS PLANS (Continued)

b. Union 401(K) and Defined Contribution Plans (Continued)

Contributions. The following table provides additional information regarding these defined contribution plans:

<u>Plan Name</u>	<u>Type of Plan</u>	<u>Number of Covered Employees</u>	<u>Employer Contribution Requirement</u>	<u>Employee Contribution Requirement</u>	<u>Employer Contribution Amount</u>	<u>Employee Contribution Amount</u>
Fox Valley	401(K)	73	4% of Compensation	None	\$184,252	\$78,955
Heritage	401(K)	68	4.5% of Compensation	4.5% of Compensation	\$178,246	\$231,299
North Shore	401(K)	65	4.5% of Compensation	None	\$192,726	\$211,684
Northwest	401(K)	242	4.5% of Compensation	4% of Compensation	\$840,858	\$967,434
River Bus Operators	401(K)	96	4.5% of Compensation	None	\$314,885	\$285,012
River Maintenance	401(K)	20	4% of Compensation	None	\$64,049	\$54,512
River	Defined Contribution	2	4% of Compensation	4% of Compensation	\$6,140	\$6,140
South	401(K)	240	4% of Compensation	4% of Compensation	\$612,129	\$763,292
Southwest	401(K)	109	4% of Compensation	2% of Compensation	\$272,014	\$203,123

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Pace offers two single employer retiree health plans to bargained for union employees that are not administered through a trust. The North Division Retiree Health Plan is offered to employees in Amalgamated Transit Union Local 900 and the West Division Retiree Health Plan is offered to employees in Pace West Division and Local 241, Amalgamated Transit Union.

For purposes of measuring the total Other Post Employment Benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense of the North Division Retiree Health Plan and the West Division Retiree Plan (“the plans”) have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as these are pay-as-you-go plans.

In 2022, Pace implemented a Medical Insurance Premium Reimbursement Program for non-bargained employees who meet certain requirements upon retirement. Employees who retired from Pace employment on or after January 1, 2021 are eligible.

The aggregate amount of OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the North Division and West Division Retiree Health Plans and the Administrative Medical Insurance Premium Reimbursement Plan as of December 31, 2025 are as follows:

	<u>North Division Retiree Health Plan</u>	<u>West Division Retiree Health Plan</u>	<u>Administrative Non-Bargained For Health Plan</u>	<u>Total</u>
Total OPEB Liability	\$ 444,732	\$ 11,034,495	\$ 2,069,514	\$ 13,548,741
Deferred Outflows of Resources	75,009	380,419	173,950	629,378
Deferred Inflows of Resources	196,439	2,020,008	1,142,697	3,359,144
OPEB Expense (Income)	18,375	(178,688)	57,025	(103,288)

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan

Pace provides a retiree health plan upon retirement to bargained for employees in Amalgamated Transit Union Local 900 after completion of 10 years of service. The plan includes Hospital, Surgical, Health and Accident Insurance for retired employees age 62 to 65. Pace contributes 50% of the premium for the retirees and the North Division Pension Plan pays the other 50%. Spouses are not covered under the plan. This plan is not administered by a trust and does not have a separate financial report.

At December 31, 2025, total OPEB liability totaled \$444,732. The reporting date for determining plan assets and obligations is December 31, 2025. The valuation date is January 1, 2025. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2025	\$ 357,746
Changes for year:	
Service Cost	27,479
Interest	17,125
Benefit Changes	-
Assumption Changes	24,303
Differences Between Expected and Actual Experience	18,079
Benefit Payments	-
Net Changes	86,986
Balances at 12/31/2025	\$ 444,732

At January 1, 2025 and January 1, 2024 the number of participants were:

	<u>2025</u>	<u>2024</u>
Actives not yet Fully Eligible to Retire	53	49
Actives Fully Eligible to Retire	6	4
Retirees Receiving Coverage	-	-
Total	59	53

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

Sensitivity of the total OPEB liability to changes in healthcare trend rate and discount rate.
The following represents the effect of increasing or decreasing both the assumed annual healthcare trend rate and the discount rate by 1%.

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 412,967	\$ 444,732	\$ 480,860

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 470,976	\$ 444,732	\$ 420,221

At December 31, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 16,435	\$ 142,324
Changes in Assumptions	58,574	54,115
Total	<u>\$ 75,009</u>	<u>\$ 196,439</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,		
2026	\$	(26,229)
2027		(26,225)
2028		(26,524)
2029		(26,522)
2030		(19,771)
Total Thereafter		3,841

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

The OPEB Expense recorded at December 31, 2025 is comprised of the following:

	<u>2025</u>
Service Cost	
Beginning of year service cost	\$ 26,351
Interest on service cost to end of year	1,128
Service Cost and Interest for Measurement Period adjustment	-
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 400,128
Benefit payments	-
Average OPEB Liability for the year	400,128
Interest on average OPEB liability for the year	17,125
Interest cost for Measurement Period adjustment	-
Recognition of Deferred (Inflows)/Outflows from:	
Experience	(24,534)
Asset (Gain)/Loss	-
Assumption Changes	(1,695)
Total Amortization	<u>(26,229)</u>
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	<u><u>\$ 18,375</u></u>

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

Assumptions. The OPEB liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions:

Measurement Date	December 31, 2025
Reporting Date	December 31, 2025
Actuarial Cost Method	Entry age normal, level percent of pay
Asset Valuation Method	Not applicable
Amortization Method	Closed, straight line for average remaining service period
Mortality	SOA Pub-2016 General Employees Headcount Weighted Mortality Table fully generational using Scale MP-2021
Discount Rate	4.28%
Salary increases	3.00%
Retirement Age	Age 62 with 10 years of service
Participation	100% of all eligible active and retired participants
Changes Since Last Valuation	Discount rate was changed from 4.00% to 4.28%. Per capita costs changed to those shown below. Healthcare trend rates and mortality rates were updated.

The discount rate is the equivalent index rate for 20-year Municipal Bonds with an average rate of AA or higher. The S&P Municipal Bond 20-Year High Grade Rate Index is used. Additional assumptions used are:

Health Care Cost Trend Rates

<u>Fiscal Year</u>	<u>Medical</u>	<u>Dental</u>	<u>Fiscal Year</u>	<u>Medical</u>	<u>Dental</u>
2025 - 2026	8.00%	4.00%	2033 - 2034	6.00%	4.00%
2026 - 2027	7.75%	4.00%	2034 - 2035	5.75%	4.00%
2027 - 2028	7.50%	4.00%	2035 - 2036	5.50%	4.00%
2028 - 2029	7.25%	4.00%	2036 - 2037	5.25%	4.00%
2029 - 2030	7.00%	4.00%	2037 - 2038	5.00%	4.00%
2030 - 2031	6.75%	4.00%	2038 - 2039	4.75%	4.00%
2031 - 2032	6.50%	4.00%	2040+	4.50%	4.00%
2032 - 2033	6.25%	4.00%			

2025 Annual Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>	<u>Dental</u>
62	6,574	242
63	6,862	242
64	7,136	242

Retirement Rates

<u>Age</u>	<u>Rate</u>
62	50.0%
63	50.0%
64	50.0%
65	100.0%

Withdrawal Rates

<u>Age</u>	<u>Unisex</u>
20	10.00%
30	8.00%
40	6.00%
50	3.00%
60	0.00%

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan

The contractual obligation to provide retiree health coverage is under the Collective Bargaining Agreement with Pace West Division and Local 241, Amalgamated Transit Union. Effective January 1, 2004, a retiree health plan was established where Pace contributes 2.5% of earnings to cover the costs of retirees' health coverage per the Collective Bargaining Agreement. On August 2, 2013, a new Collective Bargaining Agreement was signed which resulted in an increase to the employer retiree health contribution. Effective the first full pay period after January 1, 2011, the employer contribution increased to 3.5%. The most recent Collective Bargaining Agreement effective January 1, 2022 did not increase the contribution and it remains at 3.5%. In the event such amount is insufficient to pay the cost of retirees' health coverage, Pace will advance the funds. If the insufficiency is \$10,000 or less, Pace agrees to pay. If the insufficiency is greater, then Pace and Local 241 Amalgamated Transit Union will resolve the insufficiency. This plan is not administered by a trust and does not have a separate financial report.

Active employees hired prior to December 5, 2003 are eligible to receive HMO benefits from the retiree health plan either upon attainment of age 55 and completion of 25 years of service or attainment of age 62 with completion of 20 years of service. Former employees who were age 57 or older on or before the ratification of the Collective Bargaining Agreement that also qualify as a deferred vested pensioner under the Retirement Plan for Pace West Division are eligible for retiree health and life insurance coverage subject to the terms of the agreement. Retiree health coverage consists of enrollment in Pace's HMO plan or payment of a single coverage cash equivalent ("stipend") as outlined in the Collective Bargaining Agreement. Retirees also qualify for a \$2,000 life insurance benefit. Retirees can maintain spouse coverage provided the retiree pays 50% of the difference between single and spouse coverage. Spouse coverage is available until the retiree reaches age 65.

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

At December 31, 2025, total OPEB liability totaled \$11,034,495. The reporting date for determining plan assets and obligations is December 31, 2025. The valuation date is January 1, 2025. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2025	\$ 11,893,517
Changes for year:	
Service Cost	119,645
Interest	460,354
Changes of Benefits	-
Changes of Assumptions	(140,112)
Differences Between Expected and Actual Experience	(696,081)
Benefit Payments	(602,828)
Net Changes	(859,022)
Balances at 12/31/2025	\$ 11,034,495

At January 1, 2025 and January 1, 2024, the number of participants were:

	<u>2025</u>	<u>2024</u>
Actives not yet Fully Eligible to Retire	21	29
Actives Fully Eligible to Retire	17	17
Retirees Receiving a Stipend	94	91
Retirees Receiving Medical Coverage	8	16
Spouses	-	-
Total	140	153

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

Sensitivity of the total OPEB liability to changes in healthcare trend rate and discount rate.
The following represents the effect of increasing or decreasing both the assumed annual healthcare trend rate and the discount rate by 1%.

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 10,013,723	\$ 11,034,495	\$ 12,229,706

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 12,181,312	\$ 11,034,495	\$ 10,054,100

At December 31, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 52,755	\$ 911,924
Changes in Assumptions	327,664	1,108,084
Total	<u>\$ 380,419</u>	<u>\$ 2,020,008</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2026	\$ (1,245,256)
2027	(185,285)
2028	(209,048)

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NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

The OPEB Expense recorded at December 31, 2025 is comprised of the following:

	<u>2025</u>
Service Cost	
Beginning of year service cost	\$ 114,734
Interest on service cost to end of year	4,911
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 11,057,324
Benefit payments	602,828
Average OPEB Liability for the year	10,755,910
Interest on average OPEB liability for the year	460,352
Recognition of Deferred (Inflows)/Outflows from:	
Experience	(434,256)
Asset (Gain)/Loss	-
Assumption Changes	(324,429)
Total Amortization	<u>(758,685)</u>
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense (Income)	<u>\$ (178,688)</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

Assumptions. The OPEB liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions:

Measurement Date	December 31, 2025
Reporting Date	December 31, 2025
Actuarial Cost Method	Entry age normal, level percent of pay
Asset Valuation Method	Not applicable
Amortization Method	Closed, straight line for average remaining service period
Mortality	SOA Pub-2016 General Employees Headcount Weighted Mortality Table fully generational using Scale MP-2021
Discount Rate	4.28%
Salary increases	3.00%
Participation	100% of all eligible active and retired participants
Stipend Trend Rate	Stipend amount is assumed to increase \$120 per year
Change Since Last Valuation	Discount rate was changed from 4.00% to 4.28%. Healthcare trend rates and mortality rates were updated.

The discount rate used is the equivalent index rate for 20-year Municipal Bonds with an average rate of AA or higher. The S&P Municipal Bond 20-Year High Grade Rate Index is used. Additional assumptions used are:

Health Care Cost Trend Rates

<u>Fiscal Year</u>	<u>Pre-65</u>	<u>65+</u>	<u>Fiscal Year</u>	<u>Pre-65</u>	<u>65+</u>
2025 - 2026	8.00%	6.50%	2034 - 2035	5.75%	4.25%
2026 - 2027	7.75%	6.25%	2035 - 2036	5.50%	4.50%
2027 - 2028	7.50%	6.00%	2036 - 2037	5.25%	4.50%
2028 - 2029	7.25%	5.75%	2037 - 2038	5.00%	4.50%
2029 - 2030	7.00%	5.50%	2038 - 2039	4.75%	4.50%
2030 - 2031	6.75%	5.25%	2040+	4.50%	4.50%
2031 - 2032	6.50%	5.00%			
2032 - 2033	6.25%	4.75%			
2033 - 2034	6.00%	4.50%			

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

For stipend election, 50% are assumed to take the stipend and 50% are assumed to take the medical benefit. Actual elections were used for current retirees. For retirement marriage assumptions, 80% of actives are assumed to be married with husbands three years older than wives. Actual spouse data was used for current retirees.

Retirement Rates			Withdrawal Rates		
<u>Age</u>	<u>Less Than 25 Years of Service</u>	<u>25 or More Years of Service</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
57	5.0%	33.0%	20	9.80%	14.40%
58	5.0%	33.0%	30	3.70%	4.50%
59	5.0%	33.0%	40	1.20%	2.30%
60	20.0%	33.0%	50	0.20%	0.30%
61	5.0%	33.0%	60	0.00%	0.00%
62	50.0%	33.0%			
63	25.0%	33.0%			
64	50.0%	33.0%			
65	100.0%	100.0%			

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

c. Medical Insurance Premium Reimbursement Plan

In fiscal year 2022, Pace implemented a medical insurance premium reimbursement program (“Program”) for retired non-bargained employees. The benefit provides eligible employees with a non-taxable reimbursement that can be used toward their premiums for supplemental medical coverage in retirement.

Non-bargained employees are eligible to apply for reimbursement under the Program if they retire from Pace employment on or after January 1, 2021. At date of retirement the employee must be either:

- 65 years old or older, or
- 55 to 64 years old and have completed at least 10 years of continuous, full-time employment with Pace, or
- 65 years old or older if they elected early retirement under Pace’s Early Retirement Incentive Program.

Employees must also be fully vested in the RTA Pension Plan and be enrolled in Medicare Part B, Medicare supplemental insurance, and/or alternative medical insurance and have paid the premiums for their coverage.

Eligible employees who are approved for reimbursement under the Program will receive up to \$78.00 per month toward their paid premiums. The amount of reimbursement will not exceed the cost of coverage.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

c. Medical Insurance Premium Reimbursement Plan (Continued)

At December 31, 2025, total OPEB liability totaled \$2,069,514. The reporting date for determining plan assets and obligations is December 31, 2025. The valuation date is January 1, 2025. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2025	\$ 1,920,228
Changes for year:	
Service Cost	113,129
Interest	81,008
Changes of Benefits	-
Changes of Assumptions	(139,250)
Differences Between Expected and Actual Experience	120,607
Benefit Payments	(26,208)
Net Changes	149,286
Balances at 12/31/2025	\$ 2,069,514

At January 1, 2025, the number of participants were:

	<u>2025</u>	<u>2024</u>
Actives not yet Fully Eligible to Retire	297	296
Actives Fully Eligible to Retire	129	120
Retirees Receiving Medical Coverage	28	14
Total	454	430

Sensitivity of the total OPEB liability to changes in discount rate. The following represents the effect of increasing or decreasing the discount rate by 1%.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,361,411	\$ 2,069,514	\$ 1,827,815

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

**c. Medical Insurance Premium Reimbursement Program for Retired Employees
(Continued)**

The OPEB Expense for fiscal year 2025 is comprised of the following:

	<u>2025</u>
Service Cost	
Beginning of year service cost	\$ 104,177
Interest on service cost to end of year	4,459
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 1,906,067
Benefit payments	26,208
Average OPEB Liability for the year	1,892,963
Interest on average OPEB liability for the year	81,019
Recognition of Deferred (Inflows)/Outflows from:	
Experience	(54,165)
Asset (Gain)/Loss	-
Assumption Changes	(78,465)
Total Amortization	<u>(132,630)</u>
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	<u><u>\$ 57,025</u></u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

**c. Medical Insurance Premium Reimbursement Program for Retired Employees
(Continued)**

At December 31, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 108,778	\$ 508,572
Changes in Assumptions	65,172	634,125
Total	<u>\$ 173,950</u>	<u>\$ 1,142,697</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2026	\$ (132,630)
2027	(132,630)
2028	(132,630)
2029	(132,630)
2030	(132,630)
Total Thereafter	(305,597)

Assumptions. The OPEB liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions:

Measurement Date	December 31, 2025
Reporting Date	December 31, 2025
Actuarial Cost Method	Entry age normal, level percent of pay
Asset Valuation Method	Not applicable
Amortization Method	Closed, straight line for average remaining service period
Mortality	SOA Pub-2016 General Employees Headcount Weighted Mortality Table fully generational using Scale MP-2021
Discount Rate	4.28%
Salary increases	3.00%
Participation	100% of all eligible active and retired participants
Change Since Last Valuation	Discount rate was changed from 4.00% to 4.28%. Mortality rates were updated.

The discount rate used is the equivalent index rate for 20-year Municipal Bonds with an average rate of AA or higher. The S&P Municipal Bond 20-Year High Grade Rate Index is used.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

**c. Medical Insurance Premium Reimbursement Program for Retired Employees
(Continued)**

Additional actuarial assumptions used are:

Withdrawal Rates

Five or More Years of Service			First Four Years of Service		
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
30	8.00%	8.00%	1	14.00%	12.00%
35	5.50%	7.50%	2	10.00%	10.00%
40	4.00%	6.00%	3	10.00%	10.00%
45	2.75%	4.75%	4	8.00%	8.00%
50	2.00%	3.00%			
55	2.00%	3.00%			

Retirement Rates

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	5.00%	65	30.00%
56	5.00%	66	30.00%
57	5.00%	67	30.00%
58	5.00%	68	30.00%
59	5.00%	69	30.00%
60	20.00%	70	30.00%
61	18.00%	71	35.00%
62	18.00%	72	35.00%
63	18.00%	73	35.00%
64	18.00%	74	35.00%
		75+	100.00%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 12 NET POSITION

a. Unrestricted Net Position

The change in Unrestricted Net Position for fiscal year 2025 is as follows:

Unrestricted Net Position at 12/31/2024	\$ 268,135,369
Suburban Services Surplus	22,949,746
Pace Capital Grants	(4,952,148)
Change in Lease Liability	1,153,910
Change in SBITA Liability	36,925
GASB 87 Leases Operating Funded Asset Addition	(2,468,993)
GASB 96 SBITA Operating Funded Asset Additions	<u>(1,308,092)</u>
Unrestricted Net Position at 12/31/2025	<u><u>\$ 283,546,717</u></u>

b. Working Capital Policy

In December 2018, the Board of Directors approved a Working Capital Policy for the Suburban Services Fund that replaces the previous Working Cash Policy. The policy adopts best practices outlined by the Government Finance Officers Association (GFOA). Working Capital is defined by GFOA as the difference between current assets and current liabilities, or cash availability. For Pace's policy, the current unexpended, approved PBV capital projects balance is also deducted from current assets. The policy requires a working capital of between 45 and 90 days.

At December 31, 2025, the Working Capital calculation for Suburban Services is as follows:

Current Assets	\$ 417,718,423
Less: Current Liabilities	(53,652,102)
Less: PBV Projects	<u>(30,111,080)</u>
	\$ 333,955,241
Operating Expenses	\$ 353,347,197
Working Capital Ratio	95%
Days of Liquidity	345

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 12 NET POSITION (Continued)

c. Designated Net Position

While net position represents residual equity in addition to investment in capital assets, it is important to note that management has designated a portion of this balance for future commitments. These obligations are not legal restrictions on net position and therefore are not segregated on the statement of net position, but are for future consideration. Refer to Schedule 7 on page 107 for the detail of these designations.

NOTE 13 COMMITMENTS AND CONTINGENCIES

- a. Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, \$3.25 per ride, or up to 75% of defined operating deficits incurred, within defined service guidelines, in the provision of specified demand response public transportation services.
- b. Grant agreements with Pace's public contract carriers provide that Pace reimburse defined operating expenses, limited to their approved budget level, incurred in providing public transportation services.
- c. Pace receives significant financial assistance from federally assisted programs, principal of which is FTA. These programs are subject to audit under the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for which a separate report is issued.

NOTE 14 SUBSEQUENT EVENTS

Effective June 1, 2026, the Northern Illinois Transit Authority (NITA) will be established pursuant to Senate Bill 2111 to replace the Regional Transportation Authority (RTA) as the regional transit oversight agency. NITA will assume responsibilities for regional transit planning, fare setting, budgeting, capital programming, debt issuance, and safety coordination across the CTA, Metra, and Pace. Pace's service board composition will change to include appointments from the Governor (1), Mayor of Chicago (2), Cook County (3), DuPage County (1), Kane County (1), Lake County (1), McHenry County (1), and Will County (1) with seven of the eleven appointees also serving on the NITA board. A six-year funding transition will phase out current statutory formulas, with future allocations based on regional Service Standards and Service Plans.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AMALGAMATED TRANSIT UNION LOCAL 900 PENSION PLAN

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 182,591	\$ 159,203	\$ 156,349	\$ 164,786	\$ 170,518	\$ 180,056	\$ 170,220	\$ 179,341	\$ 186,026	\$ 195,168
Interest	643,835	635,894	632,288	613,595	595,415	575,551	546,461	518,429	487,814	449,547
Changes of benefit terms	-	-	-	85,068	-	-	-	-	-	-
Differences between expected and actual experience	(40,330)	(108,659)	62,469	(5,811)	31,006	144,499	(43,211)	15,719	(2,557)	10,612
Changes of assumptions	-	-	-	195,793	-	-	101,203	-	-	-
Benefit payment, including refunds of employee contributions	(700,122)	(637,137)	(629,057)	(520,083)	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)
Net change in total pension liability	85,974	49,301	222,049	533,348	295,543	377,082	331,369	411,039	424,411	461,424
Total pension liability - beginning	9,088,280	9,038,979	8,816,930	8,283,582	7,988,039	7,610,957	7,279,590	6,868,551	6,444,141	5,982,717
Total pension liability - ending (a)	<u>\$ 9,174,254</u>	<u>\$ 9,088,280</u>	<u>\$ 9,038,979</u>	<u>\$ 8,816,930</u>	<u>\$ 8,283,582</u>	<u>\$ 7,988,039</u>	<u>\$ 7,610,959</u>	<u>\$ 7,279,590</u>	<u>\$ 6,868,552</u>	<u>\$ 6,444,141</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 204,186	\$ 191,742	\$ 192,989	\$ 160,945	\$ 172,095	\$ 175,889	\$ 178,389	\$ 169,821	\$ 164,182	\$ 165,936
Contributions - employee	255,320	240,394	241,237	201,181	211,910	219,862	222,987	212,279	205,226	204,980
Net investment income (loss)	566,088	807,768	(1,145,971)	851,525	1,201,645	1,111,779	(231,782)	887,068	358,789	6,897
Benefit payments, including refunds of employee contributions	(700,122)	(637,137)	(629,057)	(520,083)	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)
Administrative expense	(100,912)	(86,811)	(76,583)	(93,981)	(70,006)	(77,447)	(88,973)	(85,266)	(96,731)	(76,406)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	224,560	515,956	(1,417,385)	599,587	1,014,248	907,059	(362,683)	881,452	384,594	107,504
Plan fiduciary net position - beginning	7,511,322	6,995,366	8,412,751	7,813,164	6,798,916	5,891,857	6,254,540	5,373,088	4,988,494	4,880,990
Plan fiduciary net position - ending (b)	<u>\$ 7,735,882</u>	<u>\$ 7,511,322</u>	<u>\$ 6,995,366</u>	<u>\$ 8,412,751</u>	<u>\$ 7,813,164</u>	<u>\$ 6,798,916</u>	<u>\$ 5,891,857</u>	<u>\$ 6,254,540</u>	<u>\$ 5,373,088</u>	<u>\$ 4,988,494</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 1,438,372</u>	<u>\$ 1,576,958</u>	<u>\$ 2,043,613</u>	<u>\$ 404,179</u>	<u>\$ 470,418</u>	<u>\$ 1,189,123</u>	<u>\$ 1,719,102</u>	<u>\$ 1,025,050</u>	<u>\$ 1,495,464</u>	<u>\$ 1,455,647</u>
Plan fiduciary net position as a percentage of the total pension liability	84.32%	82.65%	77.39%	95.42%	94.32%	85.11%	77.41%	85.92%	78.23%	77.41%
Covered payroll	\$ 5,105,622	\$ 4,877,324	\$ 4,889,063	\$ 4,026,708	\$ 4,276,772	\$ 4,314,849	\$ 4,514,789	\$ 4,140,722	\$ 4,104,533	\$ 4,121,289
Net pension liability as a percentage of covered-employee payroll	28.17%	32.33%	41.80%	10.04%	11.00%	27.56%	38.08%	24.76%	36.43%	35.32%

See Independent Auditors' Report

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
RETIREMENT PLAN FOR PACE WEST DIVISION EMPLOYEES

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 1,291,008	\$ 1,139,029	\$ 1,064,454	\$ 1,039,740	\$ 1,004,289	\$ 1,035,862	\$ 933,694	\$ 849,708	\$ 807,716	\$ 808,140
Interest	3,133,321	3,043,237	2,925,397	2,857,963	2,760,288	2,714,014	2,539,774	2,588,128	2,488,260	2,376,281
Changes of benefit terms	-	-	192,138	-	-	-	-	-	-	-
Differences between expected and actual experience	75,453	618,721	103,097	70,032	(751,412)	924,050	(506,487)	(72,392)	(217,077)	(449,032)
Changes of assumptions	-	-	900,307	-	-	-	564,986	-	-	-
Benefit payment, including refunds of employee contributions	(3,262,889)	(3,071,425)	(3,044,113)	(2,703,524)	(2,431,951)	(2,267,857)	(2,085,121)	(2,051,407)	(1,983,048)	(1,937,718)
Net change in total pension liability	1,236,893	1,729,562	2,141,280	1,264,211	581,214	2,406,069	1,446,846	1,314,037	1,095,851	797,671
Total pension liability - beginning	43,483,208	41,753,646	39,612,366	38,348,155	37,766,941	35,360,872	33,914,027	32,599,990	31,504,140	30,706,469
Total pension liability - ending (a)	\$ 44,720,101	\$ 43,483,208	\$ 41,753,646	\$ 39,612,366	\$ 38,348,155	\$ 37,766,941	\$ 35,360,873	\$ 33,914,027	\$ 32,599,991	\$ 31,504,140
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,383,202	\$ 1,323,317	\$ 1,116,050	\$ 1,057,641	\$ 1,105,921	\$ 1,054,746	\$ 1,070,037	\$ 900,263	\$ 889,323	\$ 846,152
Contributions - employee	1,462,502	1,398,121	1,116,007	1,056,869	1,105,790	1,054,759	1,069,998	900,222	888,736	850,243
Net investment income (loss)	3,117,943	3,324,915	(5,128,624)	3,404,875	3,431,682	4,280,546	(867,620)	2,765,608	1,569,326	(271,311)
Benefit payments, including refunds of employee contributions	(3,262,889)	(3,071,425)	(3,044,113)	(2,703,524)	(2,431,951)	(2,267,857)	(2,085,121)	(2,051,407)	(1,983,048)	(1,937,718)
Administrative expense	(129,081)	(103,166)	(90,239)	(91,132)	(96,323)	(99,510)	(90,901)	(89,884)	(119,224)	(102,386)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,571,677	2,871,762	(6,030,919)	2,724,729	3,115,119	4,022,684	(903,607)	2,424,802	1,245,113	(615,020)
Plan fiduciary net position - beginning	29,044,205	26,172,443	32,203,362	29,478,633	26,363,514	22,340,830	23,244,437	20,819,635	19,574,522	20,189,542
Plan fiduciary net position - ending (b)	\$ 31,615,882	\$ 29,044,205	\$ 26,172,443	\$ 32,203,362	\$ 29,478,633	\$ 26,363,514	\$ 22,340,830	\$ 23,244,437	\$ 20,819,635	\$ 19,574,522
Net Pension Liability - ending (a) - (b)	\$ 13,104,219	\$ 14,439,003	\$ 15,581,203	\$ 7,409,004	\$ 8,869,522	\$ 11,403,427	\$ 13,020,043	\$ 10,669,590	\$ 11,780,356	\$ 11,929,618
Plan fiduciary net position as a percentage of the total pension liability	70.70%	66.79%	62.68%	81.30%	76.87%	69.81%	63.18%	68.54%	63.86%	62.13%
Covered payroll	\$ 20,326,457	\$ 20,668,718	\$ 16,977,131	\$ 15,942,095	\$ 16,682,665	\$ 15,835,729	\$ 16,531,830	\$ 14,056,417	\$ 13,640,822	\$ 12,899,438
Net pension liability as a percentage of covered-employee payroll	64.47%	69.86%	91.78%	46.47%	53.17%	72.01%	78.76%	75.91%	86.36%	92.48%

See Independent Auditors' Report

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**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS
REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	32.7000%	33.4000%	33.1000%	36.1000%	35.6000%	36.0000%	36.0000%	35.8000%	36.5000%	39.1000%
Proportionate share of the net pension liability (asset)	\$ 25,075,179	\$ 33,836,567	\$ 52,273,323	\$ 29,284,572	\$ 40,093,743	\$ 18,238,882	\$ 21,735,562	\$ 6,399,210	\$ 13,798,380	\$ 13,520,828
Covered payroll	34,063,193	32,837,670	\$ 36,612,270	\$ 35,194,375	\$ 37,888,869	\$ 36,975,759	\$ 35,470,140	\$ 33,774,264	\$ 33,890,431	\$ 31,278,732
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.61%	103.04%	142.78%	83.21%	105.82%	49.33%	61.28%	18.95%	40.71%	43.23%
Plan fiduciary net position as a percentage of the total pension liability	85.51%	80.03%	67.45%	82.22%	74.91%	86.00%	81.73%	94.32%	87.38%	87.67%

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
AMALGAMATED TRANSIT UNION LOCAL 900 PENSION PLAN**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	Not Available	\$ 171,366	\$ 193,647	\$ 48,410	\$ 124,726	\$ 171,957	\$ 245,009	\$ 150,323	\$ 208,938	\$ 204,842
Contributions in relation to the actuarially determined contribution	242,777	204,186	191,742	192,989	160,945	170,670	175,889	178,389	169,821	164,182
Contribution deficiency (excess)	Not Available	\$ (32,820)	\$ 1,905	\$ (144,579)	\$ (36,219)	\$ 1,287	\$ 69,120	\$ (28,066)	\$ 39,117	\$ 40,660
Covered payroll	Not Available	\$ 5,105,622	\$ 4,877,324	\$ 4,889,063	\$ 4,026,708	\$ 4,276,772	\$ 4,314,849	\$ 4,514,789	\$ 4,140,722	\$ 4,104,533
Contribution as a percentage of covered payroll		4.00%	3.93%	3.95%	4.00%	3.99%	4.08%	3.95%	4.10%	4.00%

Valuation Date:	Not Available	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line
Remaining amortization period	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years
Asset valuation method	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Inflation	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases
Salary increases	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%
Investment rate of return	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65
Mortality	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2012 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2012 using Scale AA
	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement		

Note:
The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.
An actuarial valuation with the actuarially determined contribution for fiscal year 2025 is not available.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
RETIREMENT PLAN FOR PACE WEST DIVISION EMPLOYEES**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	Not available	\$ 1,120,235	\$ 1,007,669	\$ 1,053,637	\$ 1,073,568	\$ 1,028,463	\$ 1,158,835	\$ 886,516	\$ 1,022,858	\$ 779,214
Contributions in relation to the actuarially determined contribution	1,519,042	1,383,202	1,323,317	1,116,050	1,057,636	1,105,921	1,054,746	1,070,037	900,263	889,323
Contribution deficiency (excess)	<u>Not Available</u>	<u>\$ (262,967)</u>	<u>\$ (315,648)</u>	<u>\$ (62,413)</u>	<u>\$ 15,932</u>	<u>\$ (77,458)</u>	<u>\$ 104,089</u>	<u>\$ (183,521)</u>	<u>\$ 122,595</u>	<u>\$ (110,109)</u>
Covered payroll	Not Available	\$ 20,326,457	\$ 20,668,718	\$ 16,977,131	\$ 15,942,095	\$ 16,682,665	\$ 15,835,729	\$ 16,531,830	\$ 14,056,417	\$ 13,640,822
Contribution as a percentage of covered payroll		6.80%	6.40%	6.57%	6.63%	6.63%	6.66%	6.47%	6.40%	6.52%

Valuation Date:	Not Available	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line
Remaining amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value
Inflation	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment rate of return	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%
Retirement age	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65
Mortality	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2000 Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA
	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement		

Note:

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. An actuarial valuation with the actuarially determined contribution for fiscal year 2025 is not available.

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**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 8,047,654	\$ 7,971,313	\$ 8,904,765	\$ 8,185,139	\$ 8,586,995	\$ 6,095,031	\$ 4,530,458	\$ 4,173,155	\$ 3,788,251	\$ 3,479,971
Contributions in relation to the actuarially determined contribution	8,047,654	7,971,313	8,904,765	8,185,139	8,586,995	6,095,031	4,530,458	4,173,155	3,788,251	3,479,971
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 36,510,057	\$ 34,063,193	\$ 32,837,670	\$ 36,612,270	\$ 35,194,375	\$ 37,888,869	\$ 36,975,759	\$ 35,470,140	\$ 33,774,264	\$ 33,890,431
Contribution as a percentage of covered payroll	22.04%	23.40%	27.12%	22.36%	24.40%	16.09%	12.25%	11.77%	11.22%	10.27%

Valuation Date:	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed
Remaining amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.45%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.85% to 8.60% including inflation	2.85% to 8.60% including inflation	2.85% to 8.60% including inflation	2.85% to 8.60% including inflation	2.85% to 8.60% including inflation	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.00%	6.00%	6.00%	6.00%	6.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition
Mortality	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2021	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2021	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2018	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2018	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2018	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.

Notes:

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

In 2023, employer contributions of \$20,404,765 were made and will be reflected in the Net Pension Liability as of December 31, 2023. These contributions were \$11,500,000 in excess of the actuarially determined contribution.

In 2024, employer contributions of \$13,571,313 were made and will be reflected in the Net Pension Liability as of December 31, 2024. These contributions were \$5,600,000 in excess of the actuarially determined contribution.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
NORTH DIVISION RETIREE INSURANCE PLAN**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 27,479	\$ 47,519	\$ 53,960	\$ 31,898	\$ 27,070	\$ 32,483	\$ 35,985	\$ 30,750
Interest	17,125	24,455	18,154	6,479	10,028	12,287	11,639	12,257
Differences between expected and actual experience	18,079	(34,309)	(60,940)	(36,484)	(45,790)	(38,696)	(32,162)	(9,009)
Changes of assumptions	24,303	17,053	(31,271)	(6,265)	40,890	(31,865)	(42,083)	11,963
Benefit payment, including refunds of employee contributions	<u>-</u>	<u>(1,051)</u>	<u>(5,131)</u>	<u>(4,080)</u>	<u>(4,080)</u>	<u>(4,221)</u>	<u>(4,078)</u>	<u>(11,960)</u>
Net change in total OPEB liability	86,986	53,667	(25,228)	(8,452)	28,118	(30,012)	(30,699)	34,001
Total OPEB liability - beginning	<u>357,746</u>	<u>304,079</u>	<u>329,307</u>	<u>337,759</u>	<u>309,641</u>	<u>339,654</u>	<u>370,353</u>	<u>336,352</u>
Total OPEB liability - ending	<u>\$ 444,732</u>	<u>\$ 357,746</u>	<u>\$ 304,079</u>	<u>\$ 329,307</u>	<u>\$ 337,759</u>	<u>\$ 309,642</u>	<u>\$ 339,654</u>	<u>\$ 370,353</u>
Covered payroll	\$ 5,048,316	\$ 4,901,278	\$ 4,828,889	\$ 4,026,208	\$ 4,282,511	\$ 4,398,507	\$ 4,457,984	\$ 4,121,289
Net OPEB liability as a percentage of covered payroll	8.8%	7.3%	6.3%	8.2%	7.9%	7.0%	7.6%	9.0%

Notes:

There are no assets accumulated in a trust and therefore no fiduciary net position is reported.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
WEST DIVISION RETIREE INSURANCE PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 119,645	\$ 145,941	\$ 490,626	\$ 341,355	\$ 264,401	\$ 268,824	\$ 334,146	\$ 289,842
Interest	460,354	465,401	839,082	303,659	430,077	479,956	450,875	487,210
Differences between expected and actual experience	(696,081)	(560,283)	(438,885)	263,774	(315,995)	500,452	(150,559)	62,153
Changes of assumptions	(140,112)	655,328	(3,364,007)	(809,992)	2,748,838	(704,445)	(1,244,745)	766,909
Benefit payment, including refunds of employee contributions	(602,828)	(705,726)	(1,177,919)	(576,970)	(595,498)	(480,142)	(464,489)	(476,025)
Net change in total OPEB liability	(859,022)	661	(3,651,103)	(478,174)	2,531,823	64,645	(1,074,772)	1,130,089
Total OPEB liability - beginning	11,893,517	11,892,856	15,543,959	16,022,133	13,490,310	13,425,667	14,500,439	13,370,350
Total OPEB liability - ending	<u>\$ 11,034,495</u>	<u>\$ 11,893,517</u>	<u>\$ 11,892,856</u>	<u>\$ 15,543,959</u>	<u>\$ 16,022,133</u>	<u>\$ 13,490,312</u>	<u>\$ 13,425,667</u>	<u>\$ 14,500,439</u>
Covered payroll	\$ 20,216,651	\$ 19,627,817	\$ 17,273,244	\$ 16,513,742	\$ 17,206,897	\$ 16,503,427	\$ 16,652,222	\$ 14,101,334
Net OPEB liability as a percentage of covered payroll	54.6%	60.6%	68.9%	94.1%	93.1%	81.7%	80.6%	102.8%

Notes:

There are no assets accumulated in a trust and therefore no fiduciary net position is reported.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

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**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
MEDICAL INSURANCE PREMIUM REIMBURSEMENT PLAN**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability				
Service cost	\$ 113,129	\$ 105,679	\$ 108,590	\$ 169,166
Interest	81,008	70,189	83,754	59,900
Changes of benefits	-	-	-	2,664,853
Differences between expected and actual experience	120,607	(447,833)	(214,427)	-
Changes of assumptions	(139,250)	81,493	(726,892)	-
Benefit payment, including refunds of employee contributions	<u>(26,208)</u>	<u>(20,748)</u>	<u>(8,268)</u>	<u>(5,226)</u>
Net change in total OPEB liability	149,286	(211,220)	(757,243)	2,888,693
Total OPEB liability - beginning	<u>1,920,228</u>	<u>2,131,448</u>	<u>2,888,693</u>	<u>-</u>
Total OPEB liability - ending	<u><u>\$ 2,069,514</u></u>	<u><u>\$ 1,920,228</u></u>	<u><u>\$ 2,131,450</u></u>	<u><u>\$ 2,888,693</u></u>
Covered payroll	\$ 40,406,705	\$ 39,229,811	\$ 36,612,270	\$ 35,194,375
Net OPEB liability as a percentage of covered payroll	5.12%	4.89%	5.82%	8.21%

Notes:

Fiscal Year 2022 was the first year the benefit was provided.

There are no assets accumulated in a trust and therefore no fiduciary net position is reported.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION BY FUND
DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024**

ASSETS	Suburban Services Fund <u>2025</u>	Regional ADA Paratransit Services Fund <u>2025</u>	Total <u>2025</u>	Unaudited Total <u>2024</u>
<u>Current Assets</u>				
Cash:				
Cash and Investments	\$ 252,298,601	\$ 10,276,290	\$ 262,574,891	\$ 287,340,382
Cash and Investments	<u>252,298,601</u>	<u>10,276,290</u>	<u>262,574,891</u>	<u>287,340,382</u>
Accounts Receivable:				
Regional Transportation Authority	89,578,502	34,951,836	124,530,338	105,328,115
Interfund Receivable	960,486	-	960,486	894,679
Capital Grant Projects-FTA & IDOT	38,483,948	-	38,483,948	2,636,924
Other	8,036,382	267,962	8,304,344	7,113,099
Total Accounts Receivable	<u>137,059,318</u>	<u>35,219,798</u>	<u>172,279,116</u>	<u>115,972,817</u>
<u>Other Current Assets</u>				
Prepaid Expenses	11,217,252	960,365	12,177,617	5,182,138
Inventory-Spare Parts	17,143,252	-	17,143,252	15,485,540
Total Other Current Assets	<u>28,360,504</u>	<u>960,365</u>	<u>29,320,869</u>	<u>20,667,678</u>
Total Current Assets	<u>417,718,423</u>	<u>46,456,453</u>	<u>464,174,876</u>	<u>423,980,877</u>
<u>Noncurrent Assets</u>				
Capital Assets not Being Depreciated/Amortized				
Land	34,108,698	-	34,108,698	34,108,698
Capital Projects in Progress	51,209,270	-	51,209,270	27,920,120
Total Capital Assets not Being Depreciated/Amortized	<u>85,317,968</u>	<u>-</u>	<u>85,317,968</u>	<u>62,028,818</u>
Capital Assets Being Depreciated/Amortized, Net				
Equipment	545,760,597	27,536,461	573,297,058	541,907,006
Building and Improvements	363,105,496	-	363,105,496	339,869,280
Building Right to Use Lease Assets	5,148,833	4,706,897	9,855,730	7,386,738
SBITA Right to Use Assets	8,721,622	200,814	8,922,436	7,417,839
Less Accumulated Depreciation	(632,022,154)	(20,034,190)	(652,056,344)	(602,654,462)
Total Capital Assets Being Depreciated/Amortized, Net	<u>290,714,394</u>	<u>12,409,982</u>	<u>303,124,376</u>	<u>293,926,401</u>
Total Noncurrent Assets	<u>376,032,362</u>	<u>12,409,982</u>	<u>388,442,344</u>	<u>355,955,219</u>
Total Assets	<u>793,750,785</u>	<u>58,866,435</u>	<u>852,617,220</u>	<u>779,936,096</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow - Pension	16,142,272	1,081,049	17,223,321	32,905,756
Deferred Outflow - OPEB	629,378	-	629,378	1,263,586
Total Deferred Outflows of Resources	<u>16,771,650</u>	<u>1,081,049</u>	<u>17,852,699</u>	<u>34,169,342</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION BY FUND (Continued)
DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024

LIABILITIES	Suburban Services Fund <u>2025</u>	Regional ADA Paratransit Services Fund <u>2025</u>	Total <u>2025</u>	Unaudited Total <u>2024</u>
<u>Current Liabilities</u>				
Accounts Payable:				
Operating	\$ 2,628,431	\$ 575,242	\$ 3,203,673	\$ 6,678,061
Capital	12,867,518	-	12,867,518	9,727,984
Accrued Payroll Expenses	13,155,938	318,785	13,474,723	12,261,942
Other Accrued Expenses	11,729,323	41,519,391	53,248,714	38,262,293
Unearned Revenue	4,418,771	1,714,622	6,133,393	6,343,681
Interfund Payable	-	960,486	960,486	894,679
Lease Liability - Current	32,655	-	32,655	115,382
SBITA Liability - Current	1,121,071	-	1,121,071	871,173
Current Portion of Insurance Reserves	7,698,395	207,646	7,906,041	8,034,044
Total Current Liabilities	<u>53,652,102</u>	<u>45,296,172</u>	<u>98,948,274</u>	<u>83,189,239</u>
<u>Noncurrent Liabilities</u>				
Insurance Reserve, Non-Current Portion	20,849,999	-	20,849,999	17,279,445
Net Pension Liability	37,557,925	2,059,845	39,617,770	49,852,528
Total Other Post Employment Benefits (OPEB) Liability	13,548,741	-	13,548,741	14,171,491
Advance From State	15,961,732	-	15,961,732	15,449,503
Lease Liability, Non-Current	1,374,314	-	1,374,314	137,665
SBITA Liability, Non-Current	1,110,405	-	1,110,405	1,323,378
Other Liabilities	4,349,032	81,210	4,430,242	3,542,534
Total Noncurrent Liabilities	<u>94,752,148</u>	<u>2,141,055</u>	<u>96,893,203</u>	<u>101,756,544</u>
Total Liabilities	<u>148,404,250</u>	<u>47,437,227</u>	<u>195,841,477</u>	<u>184,945,783</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow - Pension	2,818,408	100,275	2,918,683	3,418,198
Deferred Inflow - OPEB	3,359,144	-	3,359,144	4,098,470
Total Deferred Inflows of Resources	<u>6,177,552</u>	<u>100,275</u>	<u>6,277,827</u>	<u>7,516,668</u>
NET POSITION				
Net Investment in Capital Assets	372,393,916	12,409,982	384,803,898	353,507,618
Unrestricted	283,546,717	-	283,546,717	268,135,369
Total Net Position	<u>\$ 655,940,633</u>	<u>\$ 12,409,982</u>	<u>\$ 668,350,615</u>	<u>\$ 621,642,987</u>

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PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION BY FUND FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024

	Suburban Services Fund 2025	Regional ADA Paratransit Services Fund 2025	Total 2025	Total 2024
Operating Revenue				
Pace-owned service revenue	\$ 18,772,681	\$ -	\$ 18,772,681	\$ 19,422,876
CMAQ/JARC Services	250,937	-	250,937	363,464
Fixed route carrier revenue	1,855,937	-	1,855,937	2,191,962
Paratransit revenue	13,246,474	14,778,312	28,024,786	25,781,283
Vanpool revenue	1,008,441	-	1,008,441	991,118
Reduced fare reimbursement	1,759,612	-	1,759,612	1,460,256
Advertising revenue	2,004,729	-	2,004,729	774,259
Miscellaneous	991,493	2,106,066	3,097,559	2,988,659
Total Operating Revenue	39,890,304	16,884,378	56,774,682	53,973,877
Operating expenses:				
Pace-owned service expenses	148,235,247	-	148,235,247	134,189,625
CMAQ/JARC expenses	3,536,942	-	3,536,942	6,237,308
Contract Payments:				
Fixed route carriers	6,354,929	-	6,354,929	7,387,303
Paratransit carriers	25,154,292	290,066,438	315,220,730	274,912,966
Vanpool expenses	1,704,373	-	1,704,373	1,568,984
Centralized operations	81,685,650	8,796,885	90,482,535	75,697,395
Administrative expenses	42,010,213	9,171,252	51,181,465	52,251,770
Depreciation/Amortization	55,152,115	3,441,668	58,593,783	58,116,314
Indirect overhead allocation	(10,486,564)	10,486,564	-	-
Total Operating Expenses	353,347,197	321,962,807	675,310,004	610,361,665
Operating Income (Loss)	(313,456,893)	(305,078,429)	(618,535,322)	(556,387,788)
Non-Operating Revenue (Expenses)				
Retailers' occupation and use tax from RTA (85% Formula)	148,044,045	-	148,044,045	132,005,540
RTA Sales Tax/PTF (PA 95-0708)	26,554,980	-	26,554,980	21,485,794
RTA PTF Funding I	17,712,488	-	17,712,488	13,866,398
RTA PTF Funding II	29,481,102	-	29,481,102	25,986,470
Regional ADA Paratransit Funding	-	244,691,165	244,691,165	252,365,641
Regional ADA Paratransit Supplemental Funding	-	34,065,000	34,065,000	-
Regional ADA Paratransit Reserve Fund	-	8,260,007	8,260,007	-
ADA State Funding	-	10,759,998	10,759,998	9,108,396
Suburban Community Mobility Fund (SCMF)	36,800,962	2,759,000	39,559,962	34,779,466
South Suburban Job Access Fund	7,500,000	-	7,500,000	7,500,000
Federal Operating Grants	3,585,582	-	3,585,582	9,058,043
Interfund Asset Allocation	(2,292,435)	2,292,435	-	-
Interest on Investments	11,729,490	1,101,591	12,831,081	16,674,881
Interest Expense	(154,125)	-	(154,125)	(232,791)
Total Non-Operating Revenue (Expenses)	278,962,089	303,929,196	582,891,285	522,597,838
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	(34,494,804)	(1,149,233)	(35,644,037)	(33,789,950)
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	82,351,665	-	82,351,665	26,595,960
Total Other Revenues, Expenses, Gains, Losses and Transfers	82,351,665	-	82,351,665	26,595,960
Change in Net Position	47,856,861	(1,149,233)	46,707,628	(7,193,990)
Beginning Net Position	608,083,772	13,559,215	621,642,987	628,836,977
Ending Net Position	\$ 655,940,633	\$ 12,409,982	\$ 668,350,615	\$ 621,642,987

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
SUBURBAN SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Final Amended Budget	Variance
<u>Operating Revenue</u>			
Pace-Owned Service Revenue	\$ 18,772,681	\$ 20,439,039	\$ (1,666,358)
CMAQ/JARC/ICE Passenger Revenue	250,937	308,173	(57,236)
Fixed Route Carrier Revenue	1,855,937	2,271,046	(415,109)
Paratransit Revenue	13,246,474	12,068,972	1,177,502
Vanpool Revenue	1,008,441	1,061,268	(52,827)
Reduced Fare Reimbursement	1,759,612	1,606,286	153,326
Advertising Revenue	2,004,729	845,000	1,159,729
Miscellaneous/Other Revenue	991,493	1,118,801	(127,308)
Total Operating Revenue	<u>39,890,304</u>	<u>39,718,585</u>	<u>171,719</u>
<u>Operating Expenses</u>			
Pace-Owned Service Expenses	148,235,247	148,498,806	263,559
CMAQ/JARC/ICE Expenses	3,536,942	6,310,752	2,773,810
Contract Payments:		-	
Fixed Route Carriers	6,354,929	10,930,655	4,575,726
Paratransit Carriers	25,154,292	26,949,182	1,794,890
Vanpool Expenses	1,704,373	1,892,773	188,400
Centralized Operations	81,685,650	92,151,002	10,465,352
Indirect Overhead Allocation	(10,486,564)	(11,661,884)	(1,175,320)
Administrative Expenses	42,010,213	63,913,044	21,902,831
Total Operating Expenses	<u>298,195,082</u>	<u>338,984,330</u>	<u>40,789,248</u>
Operating Income (Loss)	<u>(258,304,778)</u>	<u>(299,265,745)</u>	<u>40,960,967</u>
<u>Non-Operating Revenue</u>			
Retailers' occupation and use tax from RTA (85% Formula)	148,044,045	135,394,461	12,649,584
RTA Sales Tax/PTF (PA 95-0708)	26,554,980	18,451,794	8,103,186
RTA PTF Funding I	17,712,488	17,111,129	601,359
RTA PTF Funding II	29,481,102	26,458,553	3,022,549
Suburban Community Mobility Fund (SCMF)	36,800,962	32,527,603	4,273,359
South Suburban Job Access Fund	7,500,000	7,500,000	-
Positive Budget Variance	-	43,806,381	(43,806,381)
Federal Operating Grants - Suburban Services	3,585,582	6,002,579	(2,416,997)
Interest on Investments	11,729,490	12,013,245	(283,755)
Interest Expense	(154,125)	-	(154,125)
Total Non-Operating Revenue	<u>281,254,524</u>	<u>299,265,745</u>	<u>(18,011,221)</u>
Increase (Decrease) in Net Position	<u>\$ 22,949,746</u>	<u>\$ -</u>	<u>\$ 22,949,746</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Provision for Depreciation	(55,152,115)		
Capital Grant Reimbursements	82,351,665		
Interfund Asset Allocation	(2,292,435)		
Increase (Decrease) in Net Position - GAAP Basis	<u>\$ 47,856,861</u>		

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
REGIONAL ADA PARATRANSIT SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Final Amended Budget	Variance
<u>Operating Revenue</u>			
ADA Service Revenue	\$ 14,778,312	\$ 16,260,193	\$ (1,481,881)
Miscellaneous/Other Revenue	2,106,066	1,971,986	134,080
Total Operating Revenue	<u>16,884,378</u>	<u>18,232,179</u>	<u>(1,347,801)</u>
<u>Operating Expenses</u>			
ADA Service Expenses	290,066,438	297,502,200	7,435,762
Centralized Operations	8,796,885	10,540,094	1,743,209
Indirect Overhead Allocation	10,486,564	11,661,884	1,175,320
Administrative Expenses	9,171,252	10,393,764	1,222,512
Total Operating Expenses	<u>318,521,139</u>	<u>330,097,942</u>	<u>11,576,803</u>
Operating Income (Loss)	<u>(301,636,761)</u>	<u>(311,865,763)</u>	<u>10,229,002</u>
<u>Non-Operating Revenue</u>			
RTA Sales Tax/PTF (PA 95-0708)			
Regional ADA Paratransit Funding from RTA	244,691,165	256,180,350	(11,489,185)
Regional ADA Paratransit Supplemental Funding from RTA	34,065,000	34,065,503	(503)
Regional ADA Paratransit Reserve Fund from RTA	8,260,007	8,260,007	-
Suburban Community Mobility Fund (SCMF)	2,759,000	2,758,927	73
ADA State Funding	10,759,998	10,020,000	739,998
Interest on Investments	1,101,591	580,976	520,615
Total Non-Operating Revenue	<u>301,636,761</u>	<u>311,865,763</u>	<u>(10,229,002)</u>
Increase (Decrease) in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Provision for Depreciation	(3,441,668)		
Interfund Asset Allocation	2,292,435		
Increase (Decrease) in Net Position - GAAP Basis	<u><u>\$ (1,149,233)</u></u>		

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SUBURBAN SERVICES FUND
SCHEDULE OF FAREBOX RECOVERY RATIO
FOR THE YEAR ENDED DECEMBER 31, 2025

REVENUE	
Pace-Owned Service Revenue	\$ 18,772,681
CMAQ/JARC Passenger Revenue	250,937
Fixed Route Carrier Revenue	1,855,937
Paratransit Revenue	13,246,474
Van Pool Revenue	1,008,441
Reduced Fare Reimbursement	1,759,612
Advertising Revenue	2,004,729
Interest on Investments	11,729,490
Miscellaneous	991,493
¹ Senior's Ride Free	1,158,508
² Not-For-Profit Service Providers Revenue	11,798,466
Total System Generated Revenue	\$ 64,576,768
OPERATING EXPENSES	
Pace-Owned Service Expenses	\$ 148,235,247
CMAQ/JARC Expenses	3,536,942
Contract Payments:	
Fixed Route Carriers	6,354,929
Paratransit Carriers	25,154,292
Van Pool Expenses	1,704,373
Centralized Operations	81,685,650
Administrative Expenses	42,010,213
Indirect Overhead Allocation	(10,486,564)
Interest Expense	154,125
² Not-For-Profit Service Providers Expense	11,798,466
³ Pension Expense in Excess of Actual Contributions	(4,784,372)
⁴ South Cook Job Access Expense Credit	(7,500,000)
⁵ Bus Rapid Transit Expense Credit	(26,520,525)
Interest Expense Credit	(154,125)
Total Operating Expenses	\$ 271,188,651
FAREBOX RECOVERY RATIO	23.8%

¹ Legislation was created in 2011 for the Seniors Circuit Ride Free program and the Seniors Reduced Fare program. Due to the revenue lost from these free and reduced fare rides, the RTA has allowed Pace to reflect the uncollected fares in its recovery ratio calculation.

² Pace has a relationship with entities involved in the Advantage Program in which Pace leases a vehicle to that entity in order to provide public transportation. Revenues and expenses incurred by such entities can be included in the recovery ratio calculation.

³ It is the opinion of the RTA that pension expense in excess of actual contributions can be excluded from Operating Expenses for recovery ratio calculation purposes.

⁴ The 2025 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for South Cook Job Access funded services.

⁵ The 2025 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for the expense of operating bus rapid transit service.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
REGIONAL ADA PARATRANSIT SERVICES FUND
SCHEDULE OF FAREBOX RECOVERY RATIO
FOR THE YEAR ENDED DECEMBER 31, 2025**

REVENUE	
ADA Services Revenue	\$ 14,778,312
Interest on Investments	1,101,591
Miscellaneous	2,106,066
¹ TAP/TNC Fare Credit	2,406,138
Total System Generated Revenue	\$ 20,392,107
OPERATING EXPENSES	
ADA Services Expenses	\$ 290,066,438
Centralized Operations	8,796,885
Administrative Expenses	9,171,252
Indirect Overhead Allocation	10,486,564
² Capital Cost of Contracting	(134,492,967)
Total Operating Expenses	\$ 184,028,172
FAREBOX RECOVERY RATIO	11.1%

¹ The 2025 Budget approved by RTA included a revenue recovery credit to offset fare revenue losses associated with temporary reduction of Taxi Access Program (TAP) and other user-directed Transportation Network Company (TNC) service fares. TAP and user-directed TNC services are cost-effective alternatives to traditional ADA Paratransit service and the \$3 per ride fare was temporarily reduced to \$2 to encourage ADA Paratransit customers to shift modes to these services. This credit was no longer applied after TAP/TNC fares were increased to \$3.25 on October 1, 2025. Actual 2025 TAP/TNC ridership from January 1 - September 30, 2025 was 2,406,138, resulting in a revenue credit of \$2,406,138.

² Under a 2008 change in legislation, the ADA Paratransit recovery ratio calculation now includes an expense credit for costs incurred by ADA Paratransit contractors for their capital expenses. For 2025, an expense credit of \$134,492,967 in Capital Cost of Contracting is included in the recovery ratio calculation.

**THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF FIXED ROUTE CARRIER FINANCIAL
RESULTS - PUBLIC FUNDED CARRIERS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Direct Expense</u>	<u>Total Centralized Expense</u>	<u>PACE Funding</u>	<u>Net Passenger Revenue</u>	<u>Public Funding</u>
City of Highland Park	\$ 1,397,705	\$ 57,773	\$ 1,455,478	\$ 313,289	\$ 1,142,189
Village of Niles	998,542	60,532	1,059,074	357,834	701,240
Village of Schaumburg	577,064	41,312	618,376	397,136	221,240
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 2,973,311</u>	<u>\$ 159,617</u>	<u>\$ 3,132,928</u>	<u>\$ 1,068,259</u>	<u>\$ 2,064,669</u>

**PACE
 THE SUBURBAN BUS DIVISION OF THE
 REGIONAL TRANSPORTATION AUTHORITY
 COMBINING SCHEDULE OF FIXED ROUTE CARRIER
 FINANCIAL RESULTS - PRIVATE CONTRACT CARRIERS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>Regular Fixed Route</u>	<u>Operating Expenses</u>	<u>Passenger Revenue</u>	<u>Net Expenses</u>
Cook Dupage Transportation	\$ 697,466	\$ 646,929	\$ 50,537
First Transit	769,844	8,570	761,274
MV Transportation	<u>1,914,308</u>	<u>132,179</u>	<u>1,782,129</u>
 TOTALS	 <u><u>\$ 3,381,618</u></u>	 <u><u>\$ 787,678</u></u>	 <u><u>\$ 2,593,940</u></u>

**PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF
PARATRANSIT MUNICIPAL - CARRIER EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>CARRIER</u>	<u>TOTAL REVENUE</u>	<u>TOTAL EXPENSE</u>	<u>OPERATING DEFICIT</u>	<u>PACE ASSISTANCE</u>	<u>NON-PACE ASSISTANCE</u>
Bloom	\$ 13,921	\$ 356,367	\$ 342,446	\$ 95,618	\$ 246,828
Crestwood	3,678	110,553	106,875	27,631	79,244
Forest Park	16,000	259,644	243,644	147,617	96,027
Lemont	2,993	85,773	82,780	22,435	60,345
Norridge	1,455	49,118	47,663	9,524	38,139
Palos Hills	4,151	71,185	67,034	20,410	46,624
Park Forest	9,357	106,770	97,413	49,178	48,235
Rich Township	28,684	434,991	406,307	86,652	319,655
Schaumburg	56,079	1,910,409	1,854,330	285,049	1,569,281
Total	\$ 136,318	\$ 3,384,810	\$ 3,248,492	\$ 744,114	\$ 2,504,378

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF PARATRANSIT CARRIER FINANCIAL
RESULTS - PRIVATE CONTRACT CARRIERS - NON -ADA SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Project</u>	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Non - Pace Assistance</u>	<u>Net Contract Cost</u>
Bloomington Township	\$ 296,898	\$ 10,121	\$ 82,395	\$ 204,382
Call Centers	2,224,851	-	-	2,224,851
Call in Rides	2,949,286	38,308	60,678	2,850,300
Central Lake	911	-	-	911
Central Will	718,803	23,766	193,122	501,915
Community Service Transit	50,848	109,095	-	(58,247)
Downers Grove	137,395	7,038	37,001	93,356
DuPage County	3,478	390	-	3,088
DuPage Township	64,127	1,480	17,788	44,859
Elk Grove	247,773	7,268	64,856	175,649
Leyden Township	151,503	8,661	38,615	104,227
McHenry County	116,892	2,308	14,314	100,270
Milton Township	5,053	152	1,407	3,494
RAP	1,789,766	451,590	1,337,830	346
Northwest Kane - Hampshire	26,079	475	6,401	19,203
North Suburban Cook - Non-ADA	273,464	16,260	-	257,204
Ride DuPage	2,881,611	267,230	1,814,015	800,366
Ride In Kane	3,319,632	303,650	1,607,882	1,408,100
Ride Lake	1,860,686	131,606	982,910	746,170
Ride McHenry	3,658,184	219,658	1,904,000	1,534,526
Southwest Lake-Wauconda	2,667	-	-	2,667
Southwest Will	8,045	308	2,114	5,623
Wayne Township	52,294	1,213	14,382	36,699
Will County	929,236	49,978	775,513	103,745
Total	<u>\$ 21,769,482</u>	<u>\$ 1,650,555</u>	<u>\$ 8,955,223</u>	<u>\$ 11,163,704</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF PARATRANSIT CARRIER FINANCIAL
RESULTS - PRIVATE CONTRACT CARRIERS - ADA SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Project</u>	<u>ADA SERVICES</u>		
	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Net Contract Cost</u>
South Cook	\$ 16,858,542	\$ 838,276	16,020,266
North Suburban Cook	10,441,180	498,908	9,942,272
West Cook (Suburban)	2,999,121	235,138	2,763,983
North Lake	1,478,373	94,296	1,384,077
Kane County	990,482	43,391	947,091
Southwest/Central Will			-
DuPage County	3,008,746	131,745	2,877,001
Will County	1,494,540	61,792	1,432,748
RAP	9,530,747	875,274	8,655,473
TNC Regional Access Program	35,420,811	3,047,712	32,373,099
Chicago ADA	207,843,896	8,951,780	198,892,116
Total	\$ 290,066,438	\$ 14,778,312	\$ 275,288,126

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PROJECTS FUNDED/TO BE FUNDED
FROM UNRESTRICTED NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

The Unrestricted Net Position detailed in footnote 12 on pages 80 is comprised of the unexpended portion of the accumulated positive budget variance.

	<u>2025</u>	<u>2024</u>
Group I: Approved and Completed	\$ 45,690,016	\$ 45,130,889
Group II: Approved and in Progress		
Electric 40 Foot Fixed Route Buses	\$ 5,298,039	\$ 6,337,539
IEPA - 27 FR Electric Replacement Vehicles	9,000,018	
Purchase Hybrid Buses (Replacement)	5,445,000	
Computer Equipment - IT Equipment	0	214,152
Bus Shelters/Pads	985,118	985,118
Bus Stop Shelters/Signs	868,490	868,490
Bus Stop Infrastructure Improvements	1,246,804	1,246,804
MNWTC - Mid Life Improvements	-	365,634
Sales proceeds designated for Capital Projects	5,334,167	5,207,099
A/E for Capital Projects	4,281,692	4,281,692
South Div CNG Construction/General Contingency	2,014,554	2,014,554
A/E for Capital Projects	1,341,470	1,273,770
River Land Acquisition	-	630,000
Transit Signal Priority	1,273,437	357,824
Improvements to Facilities	1,040,353	1,040,353
Improvements to Facilities	18,296	18,296
Improvements to Facilities	63,245	63,245
Improvements to Facilities	-	579,341
Improvements to Facilities	6,228,524	6,104,636
Improvements to Garages	461,371	461,371
Bus Charging Installation	421,192	
Unanticipated Capital - Multiple Years	4,489,913	3,989,913
Totals Approved and in Progress	<u>49,811,683</u>	<u>36,039,831</u>
Group III: Approved But Not Yet Started		
Training for Maintaining Hybrid Buses	14,000	-
Bus Charging Installation	-	488,892
Totals Approved But Not Yet Started	<u>14,000</u>	<u>488,892</u>
Total Commitments	95,515,699	81,659,612
Previously Recognized Expenditures	<u>(65,404,619)</u>	<u>(61,484,940)</u>
Net Commitments	<u>\$ 30,111,080</u>	<u>\$ 20,174,672</u>