

MADISON COUNTY MASS TRANSIT DISTRICT

REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2015

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON BETHALTO

INDEPENDENT AUDITOR'S REPORT

October 13, 2015

Board of Trustees
Madison County Mass Transit District
Madison County, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of Madison County Mass Transit District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Agency for Community Transit, a component unit, which statements reflect total assets constituting 15 percent of combined total assets at June 30, 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Agency for Community Transit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board of Trustees
Madison County Mass Transit District

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of Madison County Mass Transit District as of June 30, 2015, and its proprietary fund type as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The present level of service of the District is dependent upon the District's ability to obtain operating assistance as described in Note 4. While resources exist to meet present obligations, revenues derived from services are not adequate to meet the expenses of continued service without such operating assistance.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 12 and 36 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

Board of Trustees
Madison County Mass Transit District

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.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information contained in the schedule of expenses by function-proprietary fund type is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements.

The schedule of expenses by function-proprietary fund type and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the schedule of expenses by function-proprietary fund type and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, on our consideration of Madison County Mass Transit District'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 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 the District's internal control over financial reporting and compliance.


Edwardsville, IL



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO BETHALTO

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

October 13, 2015

Board of Trustees
Madison County Mass Transit District
Madison County, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of Madison County Mass Transit District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Madison County Mass Transit District's basic financial statements, and have issued our report thereon dated October 13, 2015. Our report includes a reference to the other auditors. Other auditors audited the financial statements of Agency for Community Transit, as described in our report on Madison County Mass Transit District's financial statements. The financial statements of Agency for Community Transit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison County Mass Transit District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Madison County Mass Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of Madison County Mass Transit District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County Mass Transit District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Edwardsville, IL



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO BETHALTO

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

October 13, 2015

Board of Trustees
Madison County Mass Transit District
Madison County, Illinois

Report on Compliance for Each State and Major Federal Program

We have audited Madison County Mass Transit District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madison County Mass Transit District's state and major federal programs for the year ended June 30, 2015. Madison County Mass Transit District's state and major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its state and major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madison County Mass Transit District's state and major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state or major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County Mass Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Trustees
Madison County Mass Transit District

We believe that our audit provides a reasonable basis for our opinion on compliance for each state and major federal program. However, our audit does not provide a legal determination of Madison County Mass Transit District's compliance.

Opinion on Each State and Major Federal Program

In our opinion, Madison County Mass Transit District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state and major federal programs for the year ended June 30, 2015.

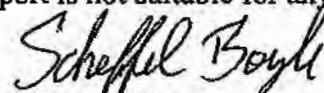
Report on Internal Control Over Compliance

Management of Madison County Mass Transit District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County Mass Transit District's internal control over compliance with the types of requirements that could have a direct and material effect on each state and major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state and major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County Mass Transit District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Edwardsville, IL

MADISON COUNTY MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The following discussion and analysis of the Madison County Mass Transit District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015, compared to the financial activities for the year ended June 30, 2014. Please review it in conjunction with the District's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements contain two funds, the General Fund and the Business-Type Activities Fund. Both funds are considered to be Major Funds. The General Fund, which is classified as a Governmental Fund, contains the financial activity of the Madison County Mass Transit District (the District). The Business-Type Activities Fund, which is classified as a Proprietary Fund, contains the financial activity of the Agency for Community Transit (the Agency). The Agency is a not-for-profit entity with a December 31 fiscal year end. It is a blended component unit of the District. Further information regarding the Agency can be found in their separately-issued audited financial statements for the year ending December 31, 2014.

Reimbursements from the District to the Agency are reported in the accompanying financial statements as Transfers to Other Funds. Additional information concerning the combining of the General and Business-Type Activities funds as well as other accounting policies is contained in the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

During the year ending June 30, 2015, construction was completed on the Illinois Route 3 Park-Ride lot and the MCT Ronald J. Foster Heritage Trail. Work progressed on base facility improvements, construction of the Troy Park-Ride lot, other bikeways projects, and implementation of an automated fare collection system. Other purchases included supervisor vans, relief vehicles, and additional bicycle lockers. Additional analysis of capital project expenditures is included on page 10 of this report.

Net Position: The District's net position reflects the difference between assets, what the District owns, and liabilities, what the District owes. During the year ending June 30, 2015, the District's combined net position increased \$414,048. Overall, the District continues to be in solid financial condition.

MADISON COUNTY MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The following table summarizes the combined net position of the District and the Agency for the years ending June 30, 2015 and June 30, 2014:

Condensed Combined Statement of Financial Position

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>Increase (Decrease)</u>
<u>Assets</u>			
Cash and Investments	\$48,711,902	\$44,423,174	\$4,288,728
Receivables	5,621,636	5,241,878	379,758
Other Assets	2,019,859	2,009,887	9,972
Fixed Assets, Net	71,323,363	75,660,264	(4,336,901)
Total Assets	<u>\$127,676,760</u>	<u>\$127,335,203</u>	<u>\$341,557</u>
<u>Liabilities</u>			
Payables	\$2,192,783	\$2,550,285	(\$357,502)
Accrued Wages and Compensated Absences	2,412,259	2,212,159	200,100
Other Liabilities	575,503	490,592	84,911
Total Liabilities	<u>\$5,180,545</u>	<u>\$5,253,036</u>	<u>(\$72,491)</u>
<u>Net Position</u>			
Investment in Fixed Assets	\$71,323,363	\$75,660,264	(\$4,336,901)
Nonspendable Fund Balance	1,772,513	1,820,936	(48,423)
Assigned Fund Balance	10,153,027	8,616,326	1,536,701
Unassigned Fund Balance	39,247,312	35,984,641	3,262,671
Total Net Position	<u>\$122,496,215</u>	<u>\$122,082,167</u>	<u>\$414,048</u>

Cash and Investments: The increase in cash and investments is primarily due to additional Certificate of Deposit investments purchased by both the District and the Agency during the year ending June 30, 2015.

Fixed Assets, Net: The main reason for the decrease in net assets was depreciation. Additional analysis of capital projects expenditures is included on page 10 of this report.

Fund Balances: Assigned fund balance increases included amounts reserved for construction projects. The increase in unassigned fund balance is largely due to approximately \$1,400,000 more revenue than expenditures in the current fiscal year.

MADISON COUNTY MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Investment in Fixed Assets: The District's investment in fixed assets reports the land, buildings, improvements, vehicles and equipment utilized in the District's operations. The depreciation assessed to these assets spreads their cost over their estimated useful lives. Additional information regarding the fixed assets is included in Note 5.

The changes in net fixed assets in the General Fund during the years ended June 30, 2015 and June 30, 2014 are summarized as follows.

Summary of Fixed Assets Activity – General Fund

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>Increase (Decrease)</u>
Fixed Assets in Service, Beginning of the Year	\$120,661,032	\$118,079,126	\$2,581,906
Additions and Adjustments	3,296,435	4,815,955	(1,519,520)
Retirements	(534,357)	(2,234,049)	1,699,692
Fixed Assets in Service, End of the Year	<u>\$123,423,110</u>	<u>\$120,661,032</u>	<u>\$2,762,078</u>
Accumulated Depreciation, Beginning of the Year	\$45,050,259	\$39,418,776	\$5,631,483
Additions and Adjustments	7,741,312	7,673,847	67,465
Retirements	(519,741)	(2,042,364)	1,522,623
Accumulated Depreciation, End of the Year	<u>\$52,271,830</u>	<u>\$45,050,259</u>	<u>\$7,221,571</u>
Net Fixed Assets at the End of the Year	<u>\$71,151,280</u>	<u>\$75,610,773</u>	<u>(\$4,459,493)</u>

Capital Projects: Many of the District's fixed assets involve projects which take longer than one year to complete. The revenues and expenditures associated with these projects vary each fiscal year depending upon the status of the project. A summary of the revenues and expenditures associated with the major capital projects in progress in the General Fund during the years ending June 30, 2015 and June 30, 2014 follows:

Capital Project Activity – General Fund

	<u>Revenues</u>		<u>Expenditures</u>	
	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>
Transit Centers and Park and Ride				
Facilities	\$516,464	\$592,760	\$740,397	\$874,016
Equipment	491,217	295,539	421,818	333,951
Vehicles	391,614	438,912	596,061	454,575
Facility Improvements	449,506	1,808,748	414,183	2,242,710
Bikeways	917,128	157,864	1,123,976	910,703
Totals	<u>\$2,765,929</u>	<u>\$3,293,823</u>	<u>\$3,296,435</u>	<u>\$4,815,955</u>

MADISON COUNTY MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Statement of Activities/Statement of Revenues, Expenditures and Changes in Fund Balance:

These Statements measure the District's performance during the year. Significant fluctuations in the District's Statements for the year ending June 30, 2015 include the following:

- General Fund Revenues increased \$1,531,073
- General Fund Expenditures decreased \$1,990,214

These changes are primarily due to increases in operating revenues, decreases in fuel and facility improvement capital projects expenditures during the year ending June 30, 2015.

The following table summarizes the District's Statement of Activities for the General Fund for the year ending June 30, 2015:

Condensed Statement of Activities/Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund			
	<u>6/30/15</u>	<u>6/30/14</u>	<u>Change</u>
Revenues:			
Transit Operating Revenues	\$1,018,763	\$1,030,620	(\$11,857)
Capital Grant Revenues	2,765,929	3,293,823	(527,894)
Operating Grants	15,873,749	14,305,288	1,568,461
Sales Tax	10,727,952	10,225,191	502,761
Interest Income	71,626	57,940	13,686
Other Revenues	85,539	99,623	(14,084)
Total Revenues	<u>\$30,543,558</u>	<u>\$29,012,485</u>	<u>\$1,531,073</u>
Expenditures:			
Transit Services	\$3,493,837	\$3,805,916	(\$312,079)
Rideshare Program	543,689	660,336	(116,647)
Bikeways	1,123,976	910,703	213,273
Transit Centers and Equipment	2,172,813	3,905,252	(1,732,439)
Management and General	601,176	643,498	(42,322)
Total Expenditures	<u>\$7,935,491</u>	<u>\$9,925,705</u>	<u>(\$1,990,214)</u>
Transfers to Other Funds	<u>\$19,285,020</u>	<u>\$17,207,928</u>	<u>\$2,077,092</u>
Net Revenues Over (Under) Expenditures	<u>\$3,323,047</u>	<u>\$1,878,852</u>	<u>\$1,444,195</u>

MADISON COUNTY MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

General Fund Budget: The District's General Fund budget has two components, the Operating Budget and the Capital Budget. The Operating Budget measures the anticipated revenues and expenditures needed to perform the daily business operations of the District. The Capital Budget is used to account for the capital projects that generate the fixed assets of the District. A multi-year capital budget was effective July 1, 2013, and has been modified, adding new projects and adjusting the anticipated revenues and costs of current projects. Resolutions were approved by the District's Board as additional capital projects were developed and related grant revenues were determined to be available.

The detailed comparison of the District's budgeted and actual expenditures is found with Schedule 1 on pages 36 and 37 of the accompanying financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Accounting Director, One Transit Way, P.O. Box 7500, Granite City, Illinois 62040-7500.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF FINANCIAL POSITION

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>JUNE 30, 2015</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>AGENCY FOR</u> <u>COMMUNITY</u> <u>TRANSIT</u> <u>DECEMBER 31, 2014</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 10,347	\$ 4,944,269	\$ 4,954,616
Investments	32,597,286	11,160,000	43,757,286
Accounts Receivable, Net	-	59,350	59,350
Interest Receivable	6,001	-	6,001
Due from Governmental Agencies	3,446,157	-	3,446,157
Transfers Due from Other Funds	-	1,953,558	1,953,558
Inventory	982,374	-	982,374
Prepaid Expenses	790,139	84,711	874,850
Other Receivable	156,570	-	156,570
Other Assets	-	162,635	162,635
Fixed Assets, Net of Accumulated Depreciation	71,151,280	172,083	71,323,363
TOTAL ASSETS	<u>\$ 109,140,154</u>	<u>\$ 18,536,606</u>	<u>\$ 127,676,760</u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES:			
Accounts Payable	\$ 337,852	\$ 136,147	\$ 473,999
Contracts Payable - Retainage	6,437	-	6,437
Transfers Due to Other Funds	1,712,347	-	1,712,347
Accrued Wages and Compensated Absences	-	2,412,259	2,412,259
Other Liabilities	-	575,503	575,503
Total Liabilities	<u>\$ 2,056,636</u>	<u>\$ 3,123,909</u>	<u>\$ 5,180,545</u>
NET POSITION:			
Investment in Fixed Assets	\$ 71,151,280	\$ 172,083	\$ 71,323,363
Restricted For:			
Local Match	10,153,027	-	10,153,027
Unrestricted	25,779,211	15,240,614	41,019,825
Total Net Position	<u>\$ 107,083,518</u>	<u>\$ 15,412,697</u>	<u>\$ 122,496,215</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 109,140,154</u>	<u>\$ 18,536,606</u>	<u>\$ 127,676,760</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF ACTIVITIES

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	CAPITAL GRANTS	OPERATING GRANTS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
Governmental Activities:							
For the Year Ended June 30, 2015							
Transportation	\$ 12,380,368	\$ 1,018,763	\$ 2,765,929	\$ 15,873,749	\$ 7,278,073	-	\$ 7,278,073
Business-Type Activities:							
For the Year Ended December 31, 2014							
Transportation	\$ 19,231,246	\$ 1,492,363	-	-	-	\$ (17,738,883)	\$ (17,738,883)
Total Primary Government	\$ 31,611,614	\$ 2,511,126	\$ 2,765,929	\$ 15,873,749	\$ 7,278,073	\$ (17,738,883)	\$ (10,460,810)
General Revenues and Transfers:							
Sales Tax					\$ 10,727,952		\$ 10,727,952
Miscellaneous					142,549	\$ 220,253	362,802
Transfers					(19,285,020)	19,069,124	(215,896)
Total General Revenues and Transfers					\$ (8,414,519)	\$ 19,289,377	\$ 10,874,858
Change in Net Position					\$ (1,136,446)	\$ 1,550,494	\$ 414,048
Net Position, Beginning of Year					108,219,964	13,862,203	122,082,167
Net Position, End of Year					\$ 107,083,518	\$ 15,412,697	\$ 122,496,215

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>GENERAL</u> <u>FUND</u>
<u>ASSETS:</u>	
Cash	\$ 10,347
Investments	32,597,286
Interest Receivable	6,001
Due from Governmental Agencies	3,446,157
Inventory	982,374
Prepaid Expenses	790,139
Other Receivable	156,570
TOTAL ASSETS	<u>\$ 37,988,874</u>
<u>LIABILITIES AND FUND BALANCES:</u>	
<u>LIABILITIES:</u>	
Accounts Payable	\$ 337,852
Contracts Payable - Retainage	6,437
Transfers Due to Other Funds	1,712,347
Total Liabilities	<u>\$ 2,056,636</u>
<u>FUND BALANCES:</u>	
Nonspendable	
Inventory	\$ 982,374
Prepaid Expense	790,139
Assigned	
Local Match	10,153,027
Unassigned	24,006,698
Total Fund Balances	<u>\$ 35,932,238</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,988,874</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

Total Fund Balances for Governmental Funds	\$ 35,932,238
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	\$ 9,337,564
Bikeways, buildings and improvements, net of \$31,182,428 accumulated depreciation	36,645,273
Vehicles, net of \$17,291,244 accumulated depreciation	24,055,440
Equipment, net of \$3,798,158 accumulated depreciation	<u>1,113,003</u>
	<u>71,151,280</u>
Total Net Position of Governmental Activities	<u>\$ 107,083,518</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

GENERAL

REVENUES:

Sales Tax	\$ 8,630,199
Interest	71,626
Illinois Department of Transportation (IDOT) Operating Assistance	14,410,403
Illinois Department of Transportation (IDOT) Local Sales Tax Reform	2,097,753
Rideshare Program	984,926
Job Access and Reverse Commute (JARC) and New Freedom	263,921
Lease and Rental Income	39,914
Federal Transit Administration (FTA) Section 5307	1,848,800
Illinois Department of Natural Resources (IDNR)	367,927
Congestion Mitigation Air Quality (CMAQ)	199,492
Fares	1,018,763
Metro East Park and Recreation District (MEPRD)	509,209
Intergovernmental Agreements	55,000
Other Revenues	45,625
Total Revenues	<u>\$ 30,543,558</u>

EXPENDITURES:

Transit Services (Note 1.A.)	\$ 3,375,751
Rideshare Program (Note 1.A.)	543,689
Professional and Other Services	216,016
Trustee Expense	16,089
District Office	369,071
Facilities Maintenance	118,086
Transit Centers and Park and Ride Facilities	936,102
Equipment	259,093
Vehicles	500,519
Facility Improvements	477,099
Bikeways	1,123,976
Total Expenditures	<u>\$ 7,935,491</u>

REVENUES OVER EXPENDITURES	<u>\$ 22,608,067</u>
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OTHER FINANCING USES:

Transfers to Other Funds (Note 1.A.)	<u>19,285,020</u>
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REVENUES OVER EXPENDITURES

AND OTHER FINANCING USES	<u>\$ 3,323,047</u>
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FUND BALANCE, BEGINNING OF YEAR

<u>32,609,191</u>

FUND BALANCE, END OF YEAR

<u>\$ 35,932,238</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balance - Total Governmental Fund	\$ 3,323,047
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.	(4,444,877)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the basis in the fixed assets disposed.	(14,616)
Change in Net Position of Governmental Activities	<u>\$ (1,136,446)</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF FINANCIAL POSITION - PROPRIETARY FUND
AGENCY FOR COMMUNITY TRANSIT
DECEMBER 31, 2014

TRANSPORTATIONASSETS

Cash	\$ 4,944,269
Investments	11,160,000
Accounts Receivable, Net	59,350
Due from Other Funds	1,953,558
Prepaid Insurance	27,487
Prepaid Expenses	57,224
Fixed Assets, Net of Accumulated Depreciation	172,083
Other Assets	<u>162,635</u>
TOTAL ASSETS	<u>\$ 18,536,606</u>

LIABILITIES

Accounts Payable	\$ 136,147
Accrued Wages and Compensated Absences	2,412,259
Other Liabilities	<u>575,503</u>
Total Liabilities	<u>\$ 3,123,909</u>

NET ASSETS

Investment in Fixed Assets	\$ 172,083
Unrestricted	<u>15,240,614</u>
Total Net Assets (Exhibit "H")	<u>\$ 15,412,697</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,536,606</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FINANCIAL POSITION - PROPRIETARY FUND
AGENCY FOR COMMUNITY TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2014

TRANSPORTATION

OPERATING REVENUES:	
Charges for Services	\$ 1,492,363
OPERATING EXPENSES:	
Transportation Program (Schedule "2")	\$ 18,143,955
Management and General Expense (Schedule "2")	1,087,291
Total Operating Expenses	\$ 19,231,246
OPERATING LOSS	\$ (17,738,883)
NON-OPERATING REVENUES :	
Interest Income	\$ 31,106
Maintenance Income	43,017
Radio Tower Repeater Fees	24,176
Miscellaneous Income	116,199
Gain on Sale of Fixed Assets	5,755
Total Non-Operating Revenues	\$ 220,253
LOSS BEFORE OPERATING TRANSFERS FROM OTHER FUNDS	\$ (17,518,630)
TOTAL OPERATING TRANSFERS FROM OTHER FUNDS	19,069,124
INCREASE IN NET ASSETS	\$ 1,550,494
TOTAL NET ASSETS, BEGINNING OF YEAR	13,862,203
TOTAL NET ASSETS, END OF YEAR	\$ 15,412,697

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
AGENCY FOR COMMUNITY TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Customers	\$ 1,701,742
Cash Paid to Employees and Suppliers	(18,937,400)
Interest Received	31,106
Net Cash Used by Operating Activities	<u>\$ (17,204,552)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Purchase of Fixed Assets	\$ (158,371)
Purchase of Investments	(2,980,000)
Proceeds from Sale of Fixed Assets	5,755
Net Cash Used by Investing Activities	<u>\$ (3,132,616)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Cash Received From Other Funds	<u>\$ 18,632,636</u>
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NET DECREASE IN CASH

\$ (1,704,532)

CASH, BEGINNING OF YEAR

6,648,801

CASH, END OF YEAR

\$ 4,944,269

RECONCILIATION OF LOSS BEFORE OPERATING TRANSFERS TO
NET CASH FLOWS FROM OPERATING ACTIVITIES:

LOSS BEFORE OPERATING TRANSFERS	\$ (17,518,630)
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ADJUSTMENTS:

Depreciation	35,779
(Gain) Loss on Sale of Fixed Assets	(5,755)

CHANGES IN ASSETS AND LIABILITIES:

(INCREASE) DECREASE IN:

Accounts Receivable, Net	25,987
Prepaid Insurance	8,220
Prepaid Expenses	5,232
Other Assets	(71,847)

INCREASE (DECREASE) IN:

Accounts Payable	31,451
Accrued Wages and Compensated Absences	200,100
Other Liabilities	<u>84,911</u>

NET CASH USED BY OPERATING ACTIVITIES

\$ (17,204,552)

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Madison County Mass Transit District was established in 1980 under the provision of the local Mass Transit District Act, as amended. The District is to provide transportation to the elderly and disabled, and fixed route transportation to the general public.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

A. Reporting Entity

The following criteria have been developed to determine whether related organizations should be included within the financial reporting entity. The criteria, as set forth in GASB No. 14, "The Financial Reporting Entity", as amended by GASB No. 39 "Determining Whether Certain Organizations Are Component Units" is financial accountability. Financial accountability is defined as appointment of a voting majority of a component unit's board and either the ability to impose its will by a primary government or the possibility that a component unit will provide a financial benefit to or impose a financial burden on a primary government. Based on this criteria, the Agency for Community Transit, a not-for-profit entity with a December 31 fiscal year end, qualifies as a component unit.

The financial statements of the Agency for Community Transit (Agency) for year ended December 31, 2014, are reported as a blended component unit, and are presented as a proprietary fund type. The Agency issues separately audited financial statements and they can be obtained from the Agency's office. The following is a brief description of activities and relationship to the District:

The District contracts with the Agency to provide transportation services to the Madison County area and provide administrative services to the District. The Agency provides services exclusively for the District. The Agency's Board of Directors are appointed by the District's Board of Directors.

All transactions and balances between the District and the Agency have been reclassified as transfers to or from other funds. These transfer accounts will not balance at June 30, 2015, due to the different reporting periods of the District and the Agency. In addition, the operating budget of the District does not reflect the reclassification of the transactions and balances.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting

The accounts of the District are organized on the basis of funds. The operation of the funds are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenue, and expenditures.

General Fund - The General Fund is the operating fund of the District. It accounts for all financial resources that are not required to be accounted for in another fund.

Proprietary Fund - The Proprietary Fund reports the activity of the component unit. The fund's objective is the determination of change in net assets and cash flows.

C. Basis of Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the District and for each governmental activity. Program revenues include charges paid by the recipients of the services offered by the programs and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. All funds are considered major.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

The modified accrual basis of accounting is used in the Governmental Fund Type. Revenues are recognized when they become "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. The economic resource focus determines costs as a means of maintaining capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Investments

Investments are carried at cost, which approximates market.

E. Inventory

Inventory consists of bus parts, fuel and lubricants and is valued at cost.

F. Fixed Assets and Depreciation

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. General fixed assets are long-lived assets of the District as a whole with a cost of \$5,000 or greater. When purchased, such assets are recorded as expenditures in the governmental fund. The valuation basis for general fixed assets is historical cost. Historical cost is the amount paid by the District for the asset. The District pays only the local portion of some bikeway projects. The local portion is the historical cost. Where historical cost is not available, estimated historical cost is based on replacement cost. Donated fixed assets are reported at their fair market value as of the date received.

Fixed assets in the proprietary fund are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund fixed assets are the same as those used for the general fixed assets.

Depreciation of fixed assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable fixed assets are as follows:

Buildings and Improvements	15 to 25 years
Vehicles	4 to 12 years
Equipment	3 to 10 years

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – Net position that is neither classified as restricted nor as invested in capital assets, net of related debt.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balance as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation. As of June 30, 2015, the District does not have restricted funds.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District board that originally created the commitment. As of June 30, 2015, the District does not have committed funds.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The District board may take action to assign amounts for a specific purpose or, 2) all remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Instead of a formal fund balance policy addressing the order in which resources are to be used when amounts are available for expenditure, the District uses the default approach allowed by Governmental Accounting Standards Board Statement No. 54. Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

H. Budget

The fiscal year 2015 operating budget was approved by the District Board of Trustees at the June 26, 2014 board meeting.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The multi-year capital budget was approved on August 29, 2013, and has been amended on various dates to record new projects and other changes to the original budget. The Board of Trustees authorizes all transfers/amendments of budgeted amounts.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Proprietary Fund have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2. CASH AND INVESTMENTS

Cash consists of cash on hand and cash in checking accounts. Investments consist of cash in high yield money market accounts, certificates of deposit, and a pooled investment account.

	<u>CARRYING</u> <u>AMOUNT</u>	<u>BANK</u> <u>BALANCE</u>
Cash:		
General Fund	\$ 10,347	\$ 490,673
Proprietary Fund	4,944,269	4,991,552
Total	<u>\$ 4,954,616</u>	<u>\$ 5,482,225</u>
Non-Pooled Investments:		
General Fund	\$ 32,587,148	\$ 32,587,148
Proprietary Fund	11,160,000	11,160,000
Pooled Investments:		
General Fund	10,138	10,138
Total	<u>\$ 43,757,286</u>	<u>\$ 43,757,286</u>

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 2. CASH AND INVESTMENTS (CONT'D)

The District is authorized to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds.

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

	<u>Remaining Maturity (in months)</u>	
	<u>Total</u>	<u>12 months or less</u>
State Investment Pool	\$ 10,138	\$ 10,138
Certificates of Deposit	41,981,500	41,981,500
Money Market Accounts	1,765,648	1,765,648
Total	<u>\$ 43,757,286</u>	<u>\$ 43,757,286</u>

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District invests in a state investment pool. The investment pool earned Standard and Poor's highest rating of AAAm.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 2. CASH AND INVESTMENTS (CONT'D)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's deposit policy states that all funds on deposit in excess of federal depository insurance must be secured by collateral held at an independent third party in the name of the District. As of June 30, 2015, the District's General Fund cash and non-pool investments are \$33,077,821. All of the General Fund's cash and non-pooled investments and the Proprietary Fund's cash balance were fully insured and collateralized.

The District's investment in the state investment pool is fully collateralized. The District maintains a separate investment account representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with each individual participant's account. The balance in the District's state investment pool as of June 30, 2015 was \$10,138.

NOTE 3. DUE FROM GOVERNMENTAL AGENCIES

The amount due from governmental agencies of \$3,446,157 represents sales tax collections from the Illinois Department of Revenue (IDOR), grant payments from the Illinois Department of Transportation (IDOT), the Missouri Department of Transportation (MoDOT), the Illinois Department of Natural Resources (IDNR), the Federal Transit Administration (FTA), and the Metro East Park and Recreation District (MEPRD).

The following details the amount due from governmental agencies:

IDOR:	Sales Tax		\$ 2,258,524
IDOT:	Operating Assistance	\$ (47,434)	
	Commuter Initiative	68,620	
	Rideshare Program	23,797	
			44,983
IDNR	Capital Grants	200,000	
			200,000
MoDOT:	Rideshare Program	193,614	
			193,614
FTA:	Capital Grants		665,589
MEPRD:	Capital Grants		83,447
			<u>\$ 3,446,157</u>

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTD)
JUNE 30, 2015

NOTE 4. STATE AND FEDERAL PROGRAMS

Operating Assistance:

During 1989, legislation passed which allowed state sales tax monies to go to the District for reimbursement of eligible operating expenditures in providing transportation services.

An annual contract is signed with the Illinois Department of Transportation (IDOT) which states the requirements necessary to receive such funds. Reimbursements requested for eligible expenditures incurred during the year ended June 30, 2015, were \$14,410,403.

Rideshare Program:

The District has agreements with the Illinois Department of Transportation (IDOT) and the Missouri Department of Transportation (MoDOT) for the purpose of increasing vehicle occupancy and decreasing vehicle miles traveled in the St. Louis Metropolitan Region. This program is funded by Congestion Mitigation and Air Quality (CMAQ). The District has entered into agreements for reimbursement of 100% of the eligible expenses incurred during the year.

The amount requested for reimbursement under the agreements for the year ended June 30, 2015, was \$984,926.

Bikeway Projects:

The District has agreements with the Illinois Department of Natural Resources (IDNR) to reimburse a portion of the local match on the construction and engineering of the District's bikeways. The amount requested for reimbursement for the year ended June 30, 2015 was \$367,927.

The District has agreements with the Metro East Park and Recreation District (MEPRD) to reimburse costs associated with a variety of bikeways. The amount reimbursed under these agreements for the year ended June 30, 2015 was \$509,209.

Federal and State Grants:

The District received monies from the Federal Transit Administration (FTA) and Illinois Department of Transportation (IDOT) through various grants. The FTA and IDOT grants were entered into for the construction of transit facilities and purchases of vehicles, equipment, and other items. The District is reimbursed for 80% - 100% of the original grant amount from FTA or IDOT, as a pass-through from FTA, with the remaining amount being reimbursed by IDOT or funded by Madison County Mass Transit District. The amount requested from FTA and IDOT for the fiscal year ended June 30, 2015 was \$1,848,800 and \$199,492, respectively.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 5. FIXED ASSETS

A summary of the Fixed Assets for the governmental activities is as follows:

	<u>BALANCE</u> <u>JUNE 30, 2014</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
Fixed Assets, not being depreciated:				
Land	\$ 8,970,139	\$ 367,425	\$ -	\$ 9,337,564
Subtotal	<u>\$ 8,970,139</u>	<u>\$ 367,425</u>	<u>\$ -</u>	<u>\$ 9,337,564</u>
Fixed Assets, being depreciated:				
Buildings and Improvements	\$ 65,916,570	\$ 1,911,131	\$ -	\$ 67,827,701
Vehicles	41,271,396	596,061	520,773	41,346,684
Equipment	4,502,927	421,818	13,584	4,911,161
Subtotal	<u>\$ 111,690,893</u>	<u>\$ 2,929,010</u>	<u>\$ 534,357</u>	<u>\$114,085,546</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 28,058,062	\$ 3,124,366	\$ -	\$ 31,182,428
Vehicles	13,379,414	4,417,987	506,157	17,291,244
Equipment	3,612,783	198,959	13,584	3,798,158
Subtotal	<u>\$ 45,050,259</u>	<u>\$ 7,741,312</u>	<u>\$ 519,741</u>	<u>\$ 52,271,830</u>
Net Fixed Assets	<u>\$ 75,610,773</u>	<u>\$ (4,444,877)</u>	<u>\$ 14,616</u>	<u>\$ 71,151,280</u>

Depreciation in the amount of \$7,741,312 was charged to the Transportation Governmental Activity.

A summary of Fixed Assets for the business-type activities is as follows:

Transit and Service Vehicles	\$ 143,625
Furniture, Fixtures, and Equipment	604,099
	<u>\$ 747,724</u>
Less, Accumulated Depreciation	(575,641)
Net Fixed Assets	<u>\$ 172,083</u>

Depreciation in the amount of \$35,779 was charged to the Transportation Business-Type Activity.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

NOTE 6. RETIREMENT PLAN

The Agency contributes to three Retirement Plans for the benefit of employees.

The Agency administers a deferred compensation plan under Section 403(b) of the Internal Revenue Code. The plan is open to all non-union employees. Participant deferrals between 2.5% and 5% of income are matched 2 for 1 by the Agency if eligibility requirements are met. The Agency contributed \$388,183 and \$366,467 to the plan for the years ended December 31, 2014 and 2013, respectively.

Agency union employees are able to participate in a union sponsored defined contribution plan under Section 401(k) of the Internal Revenue Code. The plan is open to all union employees. Participant deferrals between 1% and 5% of wages are matched 1 for 1 by the Agency if eligibility requirements are met. The Agency contributed \$120,945 and \$96,942 to the plan for the years ended December 31, 2014 and 2013, respectively.

In 2006, the Agency began making contributions to a 457(f) deferred compensation arrangement. Funds are retained in a separate bank account until the benefits are vested and the monies are withdrawn. The balance in the account, including interest, is \$160,951 and \$89,833 as of December 31, 2014 and 2013, respectively. This amount is also being recorded as a liability in the Agency's statement of financial position.

NOTE 7. RISK MANAGEMENT/CONTINGENCIES

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three fiscal years.

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the District's management the resolution of these matters will not have a material adverse effect on the financial condition of the District.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTD)
JUNE 30, 2015

NOTE 8. SELF-INSURANCE

The Agency has established a limited self-insurance program for the purpose of paying up to \$50,000 per general liability claim. Any claim in excess of the \$50,000 is covered by a supplemental insurance plan. The Agency has incurred claims (net of recoveries) of (\$31,555) and \$56,106 under this program for the years ended December 31, 2014 and 2013, respectively. A self-insurance reserve has been established for claims incurred but not paid of \$200,013 and \$189,328 for the years ended December 31, 2014 and 2013, respectively.

The Agency is required under their limited self-insurance program to fund a separate checking account designated to pay claims. The balance in this account was \$77,775 and \$35,021 for the years ended December 31, 2014 and 2013, respectively.

NOTE 9. OPERATING LEASE

The District entered into a new three-year operating lease during the fiscal year ended June 30, 2014 for the lease of five administrative vehicles for the Rideshare program. The lease agreements require monthly payments of \$1,190. Minimum future lease payments under the new lease agreement are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2016	\$ 14,280
2017	9,520
Total	<u>\$ 23,800</u>

The amount of expenditures recognized under these lease agreements for the year ended June 30, 2015, was \$14,280.

NOTE 10. NET POSITION/FUND BALANCES

Local Match

The District passed various resolutions authorizing the submittal of a Transportation Improvement Program. Funding assistance is available through various federal programs which require matching funds for the projects to be submitted. The resolutions have assigned \$10,153,027 of the Fund Balance for these matching funds.

MADISON COUNTY MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTD)
JUNE 30, 2015

NOTE 11. CAPITAL BUDGET

The capital budget is a multi-year capital budget. Approximately \$51 million of the total budgeted revenue and approximately \$50 million of the total budgeted expenditures are for capital projects. The revenue and expenditures budgeted are the grant amounts awarded to, or programmed for the District, and may take several years to complete.

NOTE 12. SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements has been evaluated through October 13, 2015, which is the date the financial statements were available to be issued.

NOTE 13. NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the District. Federal awards received directly from the federal agencies as well as passed through other government agencies are included on the schedule.

B. Non Cash Awards

None

C. Amount of Federal Insurance in Effect During the Year

None

D. Loan or Loan Guarantees Outstanding at Year End

None

E. Subrecipients

None

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND		
	BUDGET AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS
	ORIGINAL BUDGET	FINAL BUDGET	
REVENUES:			
Sales Tax	\$ 7,600,000	\$ 7,600,000	\$ 8,630,199
Interest	30,000	30,000	71,626
Illinois Department of Transportation (IDOT) Operating Assistance	14,000,000	14,513,000	14,410,403
Illinois Department of Transportation (IDOT) Local Sales Tax Reform	1,400,000	1,400,000	2,097,753
Rideshare Program	2,729,000	3,199,000	984,926
Job Access and Reverse Commute (JARC) and New Freedom	20,000	262,752	263,921
Lease and Rental Income	-	-	39,914
Federal Transit Administration (FTA) Section 5307	33,474,000	33,050,235	1,848,800
Federal Transit Administration (FTA) Section 5308	148,000	-	-
Illinois Department of Transportation (IDOT)	7,469,000	6,400,000	-
Illinois Department of Natural Resources (IDNR)	400,000	400,000	367,927
Congestion Mitigation Air Quality (CMAQ)	3,042,000	2,748,000	199,492
Enhancement	2,705,000	2,705,000	-
Fares	1,010,000	1,010,000	1,018,763
Metro East Park and Recreation District (MEPRD)	6,130,500	6,263,000	509,209
Intergovernmental Agreements	55,000	55,000	55,000
Other Revenues	14,700	14,700	45,625
Total Revenues	<u>\$ 80,227,200</u>	<u>\$ 79,650,687</u>	<u>\$ 30,543,558</u>

THIS SCHEDULE CONTINUED ON NEXT PAGE

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND		
	BUDGET AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY BASIS
EXPENDITURES:			
Transit Services (Note 1.A.)	\$ 21,525,000	\$ 22,525,000	\$ 3,375,751
Rideshare Program (Note 1.A.)	2,829,000	2,829,000	543,689
Professional and Other Services	300,000	300,000	216,016
Administrative Contract (Note 1.A.)	500,000	500,000	-
Trustee Expense	40,000	40,000	16,089
District Office	500,000	500,000	369,071
Facilities Maintenance	660,000	860,000	118,086
Transit Centers and Park and Ride Facilities	10,475,056	10,644,476	936,102
Equipment	7,221,000	7,016,042	259,093
Vehicles	1,815,000	1,915,032	500,519
Facility Improvements	17,522,000	16,063,000	477,099
Bikeways	10,344,000	10,976,791	1,123,976
Miscellaneous	3,950,000	3,950,000	-
Total Expenditures	<u>\$ 77,681,056</u>	<u>\$ 78,119,341</u>	<u>\$ 7,935,491</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 2,546,144</u>	<u>\$ 1,531,346</u>	<u>\$ 22,608,067</u>
OTHER FINANCING USES:			
Transfers to Other Funds (Note 1.A.)			<u>19,285,020</u>
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES			<u>\$ 3,323,047</u>
FUND BALANCE, BEGINNING OF YEAR			<u>32,609,191</u>
FUND BALANCE, END OF YEAR			<u>\$ 35,932,238</u>

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF EXPENSES BY FUNCTION - PROPRIETARY FUND
AGENCY FOR COMMUNITY TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
	<u>TRANSPORTATION</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
TRANSPORTATION EXPENSES:			
Gas, Oil and Lubricants	\$ 168,096	\$ 3,948	\$ 172,044
Purchased Transportation	371	551	922
Vehicle Insurance Payments and Recoveries	(29,050)	-	(29,050)
Licenses and Permits	1,170	227	1,397
Vehicle Maintenance	695,445	3,876	699,321
Rideshare	1,226,496	-	1,226,496
Total Transportation Expenses	<u>\$ 2,062,528</u>	<u>\$ 8,602</u>	<u>\$ 2,071,130</u>
SALARIES AND RELATED EXPENSES:			
Salaries	\$ 11,207,205	\$ 412,449	\$ 11,619,654
Employee Benefits	2,737,120	108,705	2,845,825
Payroll Taxes	877,335	32,274	909,609
Personnel	33,677	4,043	37,720
Total Salaries and Related Expenses	<u>\$ 14,855,337</u>	<u>\$ 557,471</u>	<u>\$ 15,412,808</u>
OTHER EXPENSES:			
Advertising	\$ 17,761	\$ -	\$ 17,761
Conferences, Meetings and Dues	16,542	11,507	28,049
Depreciation	16,209	19,570	35,779
Miscellaneous	30,764	6,761	37,525
Facilities, Office and Insurance	837,847	329,585	1,167,432
Professional, Consultant and Other	302,491	153,795	456,286
Radio Tower	4,476	-	4,476
Total Other Expenses	<u>\$ 1,226,090</u>	<u>\$ 521,218</u>	<u>\$ 1,747,308</u>
TOTAL EXPENSES (Exhibit "H")	<u><u>\$ 18,143,955</u></u>	<u><u>\$ 1,087,291</u></u>	<u><u>\$ 19,231,246</u></u>

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
US DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION:			
Direct Programs:			
Section 5307 Capital Grant # IL-90-X372	20.507		\$ 77,229
Section 5307 Capital Grant # IL-90-X589	20.507		88,269
Section 5307 Capital Grant # IL-90-X692	20.507		203,458
Section 5307 Capital Grant # IL-90-X701	20.507		287,489
Section 5307 Capital Grant # IL-90-X702	20.507		519,658
Section 5307 Capital Grant # IL-90-X733	20.507		160,563
Section 5307 Capital Grant # IL-95-X006	20.507		512,134
Section 5316 JARC Grant # IL-37-X087	20.516		242,752
Total Direct Programs			<u>\$ 2,091,552</u>
Pass-Through Programs From:			
The Bi-State Development Agency of the Missouri- Illinois Metropolitan District d/b/a Metro:			
Section 5317 New Freedom Grant	20.521	MO-57-X006	\$ 21,169
Total Pass-Through Programs Federal Transit Administration			<u>\$ 21,169</u>
Total Federal Transit Administration			<u>\$ 2,112,721</u>
FEDERAL HIGHWAY ADMINISTRATION:			
Pass-Through Programs From:			
Illinois Department of Transportation:			
Rideshare	20.205		\$ 46,104
CMAQ Grant - Commuter Initiative	20.205		199,492
Missouri Department of Highways and Transportation:			
Rideshare	20.205		<u>938,822</u>
Total Pass-Through Programs Federal Highway Administration			<u>\$ 1,184,418</u>
Total Expenditures of Federal Awards			<u>\$ 3,297,139</u>

THIS SCHEDULE CONTINUED ON NEXT PAGE

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>STATE GRANTOR / PROGRAM TITLE</u>	<u>IDENTIFYING NUMBER</u>	<u>STATE EXPENDITURES</u>
ILLINOIS DEPARTMENT OF TRANSPORTATION:		
Downstate Operating Assistance Grant	OP-15-16-IL	\$ 14,410,403
Total Illinois Department of Transportation		\$ 14,410,403
ILLINOIS DEPARTMENT OF NATURAL RESOURCES:		
Recreational Trails Program Grant	RTP 12-100	\$ 167,927
Illinois Bicycle Path Program Grant	BP 14-418	200,000
Total Illinois Department of Natural Resources		\$ 367,927
Total Expenditures of State Awards		\$ 14,778,330

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Madison County Mass Transit District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Madison County Mass Transit District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Madison County Mass Transit District expresses an unqualified opinion on all major programs.
6. There are no findings relative to major federal award programs for Madison County Mass Transit District.
7. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Federal Program Name or Cluster</u>
20.205	Highway Planning and Construction
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Madison County Mass Transit District was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

MADISON COUNTY MASS TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Madison County Mass Transit District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Madison County Mass Transit District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the state award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133.
5. The auditor's report on Compliance for the state award programs for Madison County Mass Transit District expresses an unqualified opinion on all major programs.
6. There are no findings relative to state award programs for Madison County Mass Transit District.
7. The program tested was: Downstate Operating Assistance Program.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Madison County Mass Transit District was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - State Award Program Audit

None