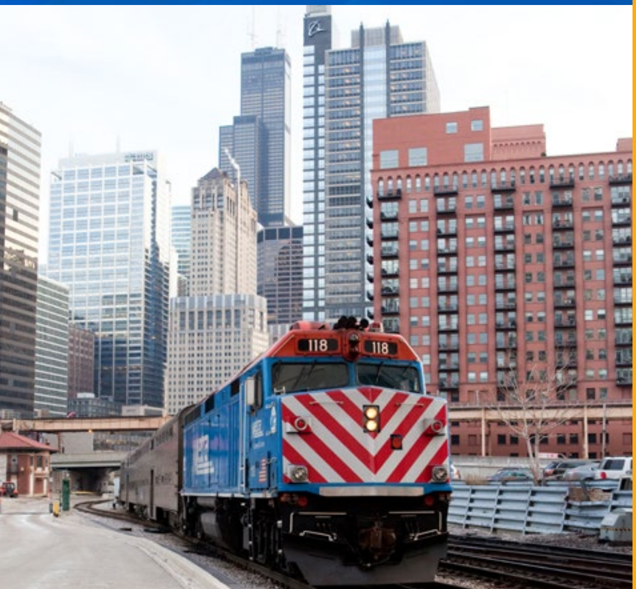
REGIONAL
TRANSPORTATION
AUTHORITY
AND SERVICE BOARDS

# SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

## 2019 Report

# REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

## SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2019

**(See Independent Accountant's Compilation Report)**

**Prepared by:**

**Department of Finance, Innovation and Technology**

**Bea Reyna-Hickey, CFO**
**Senior Deputy Executive Director**

**and**

**Controller Division**

**REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS**

**TABLE OF CONTENTS**

Regional Transportation Authority

June 24, 2020

Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Dear Directors:

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ended December 31, 2019. This report fulfills the requirements of Section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region.

The RTA's independent accountants have compiled the Combining Financial Statements Report. They have not subjected these statements to audit. The audited financial statements of each individual organization are available upon request. As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.

Sincerely,

**Bea Reyna-Hickey**
Chief Financial Officer and
Senior Deputy Executive Director,
Finance, Innovation and Technology

## Independent Accountant's Compilation Report

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

Management is responsible for the accompanying special-purpose combining statement of net position of the Regional Transportation Authority and Service Boards as of December 31, 2019, and the related special-purpose combining statements of revenues and expenses and changes in net position, and special-purpose combining statement of cash flows for the year then ended, the related notes to the special-purpose combining financial statements (collectively, the special-purpose combining financial statements), in accordance with the Regional Transportation Authority Act (Act) and for determining that the requirements of the Act is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the accompanying special-purpose combining financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these special-purpose combining financial statements.

We draw attention to Note 1 of the special-purpose combining financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Regional Transportation Authority Act, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit certain disclosures relating to the Regional Transportation Authority and Service Board's participation in pension and other postemployment benefit (OPEB) plans included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

**Other Matter**

The accompanying supplementary information and statistical information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

RSM US LLP

Chicago, Illinois
June 24, 2020

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION**
**DECEMBER 31, 2019**
**(In Thousands)**

| ASSETS: | RTA Government - Wide | Service Boards: Chicago Transit Authority | Service Boards: Commuter Rail Division | Service Boards: Suburban Bus Division | Combining Adjustments: Debit | Combining Adjustments: Credit | Total Combined |
|---|---|---|---|---|---|---|---|
| CURRENT ASSETS: | | | | | | | |
| Cash and investments: | | | | | | | |
| Cash and cash equivalents | $ 123,749 | $ 111,639 | $ - | $ - | $ - | $ - | $ 235,388 |
| Unrestricted - cash and cash equivalents | - | 50,071 | 97,735 | 73,800 | - | - | 221,606 |
| Restricted - cash and investments | 142,431 | - | - | 1,206 | - | - | 143,637 |
| Unrestricted - investments | 297,698 | 14,900 | 258,904 | - | - | - | 571,502 |
| Receivables: | | | | | | | |
| Intergovernmental receivables | 266,088 | - | - | - | - | - | 266,088 |
| Grant projects | - | - | 84,250 | 2,871 | - | 13,977 | 73,144 |
| RTA financial assistance | - | 235,674 | 89,942 | 50,896 | - | 97,378 | 279,134 |
| Other receivables | - | 186,377 | 11,010 | 15,573 | - | - | 212,960 |
| Accrued interest on investments | 96 | - | - | - | - | - | 96 |
| Materials and supplies inventory | - | 29,133 | 20,155 | 6,825 | - | - | 56,113 |
| Prepaid expenses and other assets | 3,420 | 5,841 | 5,273 | 4,717 | - | - | 19,251 |
| Total current assets | 833,482 | 633,635 | 567,269 | 155,888 | - | 111,355 | 2,078,919 |
| Capital assets: | | | | | | | |
| Plant, property and equipment | 13,946 | 12,603,240 | 8,027,415 | 751,470 | - | - | 21,396,071 |
| Capital projects in progress | - | 601,571 | - | 3,183 | - | - | 604,754 |
| Less accumulated depreciation | (10,520) | (8,144,882) | (4,994,670) | (450,097) | - | - | (13,600,169) |
| Total capital assets | 3,426 | 5,059,929 | 3,032,745 | 304,556 | - | - | 8,400,656 |
| Other assets: | | | | | | | |
| Prepaid insurance bonds | 2,280 | - | - | - | - | - | 2,280 |
| Net pension asset | - | 698 | - | - | - | - | 698 |
| Restricted cash and investments with Trustee | - | 353,926 | 24,945 | - | - | - | 378,871 |
| Total other assets | 2,280 | 354,624 | 24,945 | - | - | - | 381,849 |
| TOTAL ASSETS | 839,188 | 6,048,188 | 3,624,959 | 460,444 | - | 111,355 | 10,861,424 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | | | |
| Deferred loss on refunding | - | 10,153 | - | - | - | - | 10,153 |
| Pension related amounts | 7,625 | 302,102 | 25,776 | 21,092 | - | - | 356,595 |
| OPEB related amounts | 73 | - | 7,006 | 568 | - | - | 7,647 |
| Total assets and deferred outflows of resources | $ 846,886 | $ 6,360,443 | $ 3,657,741 | $ 482,104 | $ - | $ 111,355 | $ 11,235,819 |

(Continued)

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (Continued)**
**DECEMBER 31, 2019**
**(In Thousands)**

| LIABILITIES | RTA Government-Wide | Service Boards: Chicago Transit Authority | Service Boards: Commuter Rail Division | Service Boards: Suburban Bus Division | Combining Adjustments: Debit | Combining Adjustments: Credit | Total Combined |
|---|---|---|---|---|---|---|---|
| CURRENT LIABILITIES: | | | | | | | |
| Accrued expenses | $ 69,992 | $ 415,736 | $ 263,050 | $ 63,693 | $ - | $ - | $ 812,471 |
| Accrued interest payable | 27,323 | 21,529 | - | - | | - | 48,852 |
| Intergovernmental payables | 117,232 | - | - | - | 111,355 | - | 5,877 |
| Unearned revenues | 1,999 | 119,017 | 18,523 | 3,534 | - | - | 143,073 |
| Current portion of all long-term liabilities | 271,897 | 291,633 | - | 1,200 | - | - | 564,730 |
| Total current liabilities | 488,443 | 847,915 | 281,573 | 68,427 | 111,355 | - | 1,575,003 |
| LONG-TERM LIABILITIES: | | | | | | | |
| Long-term portion of general obligation bond, net | 1,654,130 | 4,006,526 | - | 4,800 | - | - | 5,665,456 |
| Other long-term liabilities | 28,545 | 2,372,071 | 125,227 | 94,037 | - | - | 2,619,880 |
| Total long-term liabilities | 1,682,675 | 6,378,597 | 125,227 | 98,837 | - | - | 8,285,336 |
| Total liabilities | 2,171,118 | 7,226,512 | 406,800 | 167,264 | 111,355 | - | 9,860,339 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Deferred gain on refunding | 4,509 | - | - | - | - | - | 4,509 |
| Pension related amounts | 1,368 | 20,094 | 1,385 | 1,899 | - | - | 24,746 |
| OPEB related amounts | 27 | - | 5,196 | 675 | - | - | 5,898 |
| Total deferred inflows of resources | 5,904 | 20,094 | 6,581 | 2,574 | - | - | 35,153 |
| **NET POSITION (DEFICIT):** | | | | | | | |
| Invested in capital assets, net of related debt | 3,426 | 2,372,455 | 3,032,744 | 298,556 | - | - | 5,707,181 |
| Net position restricted for: | | | | | | | |
| Payment on obligations and others | 178,078 | 73,858 | - | 1,200 | - | - | 253,136 |
| Unrestricted (deficit) | (1,511,640) | (3,332,476) | 211,616 | 12,510 | 1,657,457 | 1,657,457 | (4,619,990) |
| TOTAL NET POSITION (DEFICIT) | $ (1,330,136) | $ (886,163) | $ 3,244,360 | $ 312,266 | $ 1,657,457 | $ 1,657,457 | $ 1,340,327 |

See notes to special-purpose combining financial statements and independent accountant's compilation report.

(Concluded)

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION**
**YEAR ENDED DECEMBER 31, 2019**
**(In Thousands)**

| | | Service Boards | | | | | |
|---|---|---|---|---|---|---|---|
| | RTA Government-Wide Funds | Chicago Transit Authority | Commuter Rail Division | Suburban Bus Division | Combining Adjustments Debit | Combining Adjustments Credit | Total Combined |
| REVENUES: | | | | | | | |
| Service Boards operating revenues | $ - | $ 654,009 | $ 411,839 | $ 68,856 | $ 1,567 | $ - | $ 1,133,137 |
| Sales taxes | 139,881 | - | - | - | - | 1,258,408 | 1,398,289 |
| Interest on sales taxes | 1,086 | - | - | - | - | - | 1,086 |
| Public Transportation Fund and state assistance | 299,581 | - | - | - | 156,520 | - | 143,061 |
| Operating assistance - CTA and Pace | 25,338 | - | - | - | 12,764 | - | 12,574 |
| State assistance (ASA/AFA) | 129,474 | - | - | - | - | - | 129,474 |
| Investment income | 15,181 | - | - | - | - | - | 15,181 |
| Program revenues and others | 8,701 | - | - | - | - | - | 8,701 |
| Total revenues | 619,242 | 654,009 | 411,839 | 68,856 | 170,851 | 1,258,408 | 2,841,503 |
| EXPENSES: | | | | | | | |
| Operating expenses | - | 1,451,594 | 802,210 | 409,650 | - | 1,567 | 2,661,887 |
| Depreciation | - | 500,475 | 221,622 | 51,238 | - | - | 773,335 |
| Financial assistance to Service Boards | 227,969 | - | - | - | - | 227,969 | - |
| Capital grants—discretionary | 472 | - | - | - | - | 472 | - |
| Capital grants—bonds | 136,203 | - | - | - | - | 136,203 | - |
| Operating grant - CTA and Pace | 32,838 | - | - | - | - | 32,838 | - |
| Insurance (JSIF) | 5,594 | - | - | - | - | - | 5,594 |
| Administrative expenses | 16,629 | - | - | - | - | - | 16,629 |
| Regional expenses | 22,589 | - | - | - | - | - | 22,589 |
| Technology program | 610 | - | - | - | - | - | 610 |
| Interest expense | 88,842 | - | - | - | - | - | 88,842 |
| Total expenses | 531,746 | 1,952,069 | 1,023,832 | 460,888 | - | 399,049 | 3,569,486 |
| OPERATING INCOME (LOSS) | 87,496 | (1,298,060) | (611,993) | (392,032) | 170,851 | 1,657,457 | (727,983) |
| NONOPERATING REVENUE (EXPENSE): | | | | | | | |
| RTA financial assistance | - | 818,211 | 495,528 | 337,804 | 1,336,985 | - | 314,558 |
| Interest expense on leasing transactions | - | (3,193) | - | - | - | - | (3,193) |
| Interest expense on bond transactions | - | (186,931) | - | (216) | - | - | (187,147) |
| Other public funding | - | 39,346 | - | 6,692 | - | - | 46,038 |
| Capital grants | - | 502,238 | 200,229 | 26,402 | 149,621 | - | 579,248 |
| Investment income | - | 13,181 | - | 1,816 | - | - | 14,997 |
| Total nonoperating revenue (expense) | - | 1,182,852 | 695,757 | 372,498 | 1,486,606 | - | 764,501 |
| CHANGE IN NET POSITION | 87,496 | (115,208) | 83,764 | (19,534) | 1,657,457 | 1,657,457 | 36,518 |
| NET POSITION (DEFICIT): | | | | | | | |
| Beginning of year | (1,417,632) | (770,955) | 3,160,596 | 331,800 | - | - | 1,303,809 |
| End of year | $ (1,330,136) | $ (886,163) | $ 3,244,360 | $ 312,266 | $ 1,657,457 | $ 1,657,457 | $ 1,340,327 |

See notes to special-purpose combining financial statements and independent accountant's compilation report.

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2019**
**(In Thousands)**

| | RTA Joint Self-Insurance Fund | Service Boards: Chicago Transit Authority | Service Boards: Commuter Rail Division | Service Boards: Suburban Bus Division | Total Combined |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Fares received from passengers | $ - | $ 585,865 | $ 371,270 | $ 62,151 | $ 1,019,286 |
| Payments to employees | - | (1,105,361) | (529,512) | (149,195) | (1,784,068) |
| Payments to vendors | (5,731) | (297,746) | (227,328) | (248,822) | (779,627) |
| Other receipts and payments | - | 54,968 | 35,839 | 6,608 | 97,415 |
| Net cash used in operating activities | (5,731) | (762,274) | (349,731) | (329,258) | (1,446,994) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Financial assistance—operating | 3,164 | 927,445 | 430,558 | 349,252 | 1,710,419 |
| Net cash provided by noncapital financing activities | 3,164 | 927,445 | 430,558 | 349,252 | 1,710,419 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Interest income from assets restricted for payment of leasehold obligations | - | - | - | - | - |
| Repayment of lease obligations | - | (18,976) | - | - | (18,976) |
| Increase in assets restricted for payment of leasehold obligations | - | - | - | - | - |
| Financial assistance—grant projects | - | 516,629 | 276,649 | 26,744 | 820,022 |
| Proceeds from line of credit - note purchase agreement | - | 158,915 | - | - | 158,915 |
| Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds | - | 12,967 | - | - | 12,967 |
| Interest expense on bonds | - | (195,912) | - | (216) | (196,128) |
| Repayment of bonds payable | - | (105,403) | - | (1,200) | (106,603) |
| Repayment of other long-term liabilities | - | (10,396) | - | - | (10,396) |
| Payments for capital acquisition | - | (586,148) | (307,351) | (29,631) | (923,130) |
| Net cash used in capital and related financing activities | - | (228,324) | (30,702) | (4,303) | (263,329) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment income | 356 | 13,181 | 1,480,194 | 1,816 | 1,495,547 |
| Sales and purchases of investments, net | 9,549 | 104,559 | (1,480,100) | - | (1,365,992) |
| Net cash provided by investing activities | 9,905 | 117,740 | 94 | 1,816 | 129,555 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 7,338 | 54,587 | 50,219 | 17,507 | 129,651 |
| CASH AND CASH EQUIVALENTS—Beginning of year | 7,243 | 107,123 | 47,516 | 57,500 | 219,382 |
| CASH AND CASH EQUIVALENTS—End of year | $ 14,581 | $ 161,710 | $ 97,735 | $ 75,007 | $ 349,033 |
| RECONCILIATION OF OPERATING ACTIVITIES: | | | | | |
| Net loss from operations | $ (5,594) | $ (1,298,060) | $ (611,993) | $ (392,032) | $ (2,307,679) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | | | | | |
| Depreciation | - | 500,475 | 221,622 | 51,238 | 773,335 |
| Claims provision and settlement | - | - | 3,434 | - | 3,434 |
| Prepaid insurance | (140) | - | - | - | (140) |
| Due from general fund | 3 | - | - | - | 3 |
| Changes in current assets and liabilities | - | 35,311 | 37,206 | 11,536 | 84,053 |
| NET CASH USED IN OPERATING ACTIVITIES | $ (5,731) | $ (762,274) | $ (349,731) | $ (329,258) | $ (1,446,994) |
| AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION: | | | | | |
| Cash | $ 14,581 | $ - | $ - | $ - | $ 14,581 |
| NONCASH INVESTING AND FINANCING ACTIVITIES: | | | | | |
| Accretion of interest on lease/leaseback obligation | $ - | $ - | $ - | $ - | - |
| Retirement of fully depreciated capital assets | - | 73,604 | - | - | 73,604 |
| Purchases of capital assets in accounts payable at year-end | - | 116,506 | - | 3,523 | 120,029 |
| Unbilled work in progress | - | 142,821 | - | - | 142,821 |
| NET NONCASH INVESTING AND FINANCING ACTIVITIES | $ - | $ 332,931 | $ - | $ 3,523 | $ 336,454 |

See notes to special-purpose combining financial statements and independent accountant's compilation report.

## NOTE 1. PRESCRIBED BASIS FOR REPORTING

The accompanying special purpose combining financial statements are presented as required by the Regional Transportation Authority (RTA) Act (Act) and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. These financial statements combine the assets, liabilities, net position, revenues and expenses of the RTA and the Service Boards (CTA, Metra and PACE). The special purpose combining financial statements are not in accordance with accounting principles generally accepted in the United States of America (GAAP) primarily due to a different entity perspective and due to the omission of significant disclosures. The RTA and each individual Service Board receive a separate audit of their financial statements in accordance with accounting principles generally accepted in the United States of America. These individual statements are prepared in accordance with GAAP and include all required footnote disclosures.

Inter-agency receivables, payables, revenues, and expenses have generally been eliminated in the combining adjustments columns; however, there are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these combining financial statements, such differences are recorded as combining adjustments to net position.

The columns presenting the combined balances for the RTA and Service Boards are statutorily required and do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

## NOTE 2. ORGANIZATIONAL STRUCTURE

### *RTA*

The Regional Transportation Authority (RTA or Authority) was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois Region. The operating responsibilities of the RTA are set forth in the Act. The RTA is a unit of local government, body politic, political subdivision, and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning, funding, and oversight entity. The reorganization placed all operating responsibilities in the Chicago Transit Authority (CTA) and two operating divisions of the RTA: the Commuter Rail Division (Metra) and the Suburban Bus Division (Pace), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the "Service Boards."

The Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA system as a whole achieves annually a "system-generated revenues recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of transportation services. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA is responsible for monitoring the budgets and financial performance of the Service Boards.

## NOTE 2. ORGANIZATIONAL STRUCTURE (Continued)

### *CTA*

The Chicago Transit Authority (CTA) was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

### *Metra*

The Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC), a public corporation, was established in 1980 to serve as the RTA's commuter rail service. The RTA Act, as amended effective November 9, 1983, established the Commuter Rail Division (CRD) to operate commuter rail transportation services. Both the NIRCRC and the CRD act under the registered service mark known as "Metra."

Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for its operations. Metra is responsible for the administration of all commuter rail activities in the metropolitan Chicago area, including deficit funding, capital grant application, and administration activities. Metra is directly responsible for the operation and management of the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Metra Southwest Service commuter lines.

Metra also provides commuter rail service under Purchase of Service Agreements (PSA) with Union Pacific Railroad, Burlington Northern Santa Fe Railway Company, and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined) or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of the PSA carriers, other than capital improvements funded by federal and state agencies, the RTA, and Metra, is vested with the carriers. Accordingly, such assets are not reflected in these financial statements.

### *Pace*

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 (Americans with Disabilities Act) services in the City of Chicago and the surrounding six counties. The Bill states that Pace becomes the official operator of CTA's (Chicago Transit Authority) ADA services on July 1, 2006.

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.

## NOTE 2. ORGANIZATIONAL STRUCTURE (Continued)

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.

### *Reporting Periods*

The RTA, CTA, Metra and Pace (the Combined Entities) all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2019 year-end.

## NOTE 3. REPORTING ENTITY

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's (GASB) Statement No. 14 (Statement No. 14), *The Financial Reporting Entity* and GASB Statement No. 61 (Statement No. 61), *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

As defined by accounting principles generally accepted in the United States established by the GASB*,* 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. Financial accountability is defined as:

> Appointment of a voting majority of the component unit's board, and either: (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or fiscal dependency on the primary government.

Financial benefit or burden is created if any one of the following relationships exist:

1) The primary government is legally entitled to or has access to the component unit's resources.

2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.

3) The primary government is obligated in some manner for the other component unit's debt.

In addition, a component unit also includes certain organizations that the primary government is not financially accountable for if the nature and significance of their relationship, including ongoing financial support are such that exclusion from the financial reporting entity would render the entity's financial statements incomplete or misleading

In the judgment of the management of each of the entities and their analysis and application of the GASB Statements criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with generally accepted accounting principles in the United States.

## NOTE 3. REPORTING ENTITY (Continued)

In arriving at this conclusion, the following factors were considered:

- The Service Boards maintain separate management, exercise control over all operations (including the fare structures), and are accountable for fiscal matters, including ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.
- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA.
- The Illinois statutes require the RTA Board to approve the budgets of the Service Boards to determine if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.
- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

Based on these factors and applying the aforementioned criteria used to determine financial accountability, management of the RTA does not consider the Service Boards to be component units and, accordingly, the financial data of the Service Boards have been excluded from the RTA reporting entity. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant policies:

***Basis of Accounting*—**The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues if collected by the retailers by year-end. Grants and similar items are recognized as revenues when qualifying expenditures have been incurred and as soon as all eligibility requirements imposed by the grantors have been met. Prepaid expenses are recorded using the consumption method.

***Cash and Cash Equivalents*—**All investments of the Combined Entities are recorded at fair market value, except short-term investments which are reported at cost or amortized cost which reasonably approximates fair market value.

For purposes of the combining statement of cash flows, the Combined Entities consider all investments with original maturities of three months or less to be cash equivalents. Such amounts are included in the "Cash and Cash Equivalents" line items on the accompanying combining statement of net position.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Capital Assets—***All capital assets are recorded at cost. Costs funded by Federal Capital Grants are recorded as capital items and are included in capital assets. In calculating depreciation, the Combined Entities use the straight-line method. The estimated useful lives vary depending on the type of capital asset. These useful lives range from more than one year to forty years.

***Deferred Outflows of Resources and Deferred Inflows of Resources—*** are a consumption (outflow) or acquisition (inflow) of net position by the government that are applicable to a future reporting period.

***Materials and Supplies Inventory—***Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average-cost method and Pace uses the first-in/first-out method to determine cost.

***Compensated Absences—***All four entities have recorded liabilities for vested vacation time in the year the time was earned. The entities account for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences,* whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability.

***Revenues—***The Combined Entities have five principal sources of revenue: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Taxes); (3) funds appropriated to the RTA by statute through the state's Public Transportation Fund (PTF) established under the RTA Act; (4) state or federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

***Farebox Revenue—***A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

***RTA Revenues—*** The RTA has four principal sources of revenue: (1) retailer's occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Tax); (2) funds appropriated to the RTA by statute through the PTF established under the Act; (3) State or Federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the Act; and (4) investment income on unexpended funds held by the RTA, and other miscellaneous revenue.

***Sales Tax—*** Prior to 2008**,** the RTA Sales Tax consisted of (i) in Cook County, (a) a tax of 1% of the gross receipts from sales of drugs, certain medical supplies and food prepared for consumption off the premises (other than for immediate consumption) imposed on all persons selling tangible personal property at retail (a Food and Drug Tax) and (b) a tax of 0.75% of the gross receipts from all other taxable retail sales; (ii) in counties within Northeastern Illinois other than Cook County, a tax of 0.25% of the gross receipts from all taxable retail sales (together with (i) (b), a General Sales Tax); and (iii) a tax of 1% on the use in Cook County, and 0.25% on the use in Northeastern Illinois other than Cook County of tangible personal property purchased from a retailer outside Northeastern Illinois and titled or registered with a State agency by a person with a Northeastern Illinois address (a Use Tax); and (iv) a tax imposed in the same locations and at the same rates as the Food and Drug Tax and the General Sales Tax on persons engaged in a sale of service pursuant to which property in the form of tangible personal property or in the form of real estate is transferred incidental to a sale of a service (a Service Occupation Tax).

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The taxes described in (i) and (ii) above are also imposed on persons engaged in making sales of services pursuant to which tangible personal property or real estate (as incident to a sale of a service) is transferred (with respect to the taxes in (i) and (ii), a Service Occupation Tax).

The RTA Sales Tax is collected by the Illinois Department of Revenue (the Department of Revenue), and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury.

Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasurer on the order of the State Comptroller. Effective July 1, 2017, the State imposed a permanent 2% administrative surcharge on RTA sales tax receipts, reducing the amount of sales tax provided to the RTA and Service Boards by approximately $24 million per year.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the State and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax, and State Service Occupation Tax portions of the RTA Sales Tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the Sales Tax Reform Act) aimed at simplifying the base and rate structure of taxes imposed by the State and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA Sales Tax in Cook County were reduced from 1% to 0.75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA Sales Tax, the Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the State, but registered or titled with a State agency within the State (i.e., 0.25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the CMTD Fund). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (the Replacement Fund). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax, and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside the State but registered or titled with a State agency within the State, are deposited in the State and Local Sales Tax Reform Fund (the Reform Fund). Of the money paid into the Reform Fund, 10% is transferred into the Replacement Fund.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Act provides that the RTA withhold 15% of these tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

| Service Board | Collected Within Chicago | Collected within Cook County Outside Chicago | Collected in DuPage, Kane, Lake McHenry and Will Counties |
|---|---|---|---|
| CTA | 100 % | 30 % | - |
| Metra | - | 55 % | 70 % |
| Pace | - | 15 % | 30 % |

The RTA recognizes as a receivable and revenue in the General Fund only the 15% of this portion of the total sales taxes collected to which it is entitled by the amended Act. The remaining 85% of this portion of the sales tax is recorded in the Agency Fund. The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

In January 2008, Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region, increased the real estate transfer tax (RETT) in the City of Chicago, and raised the rate at which RTA sales tax revenues are matched by PTF. The RTA sales tax rate was increased 0.25% in Cook County and 0.50% in the Collar Counties effective April 1, 2008. Proceeds of the sales tax increase in the Collar Counties are divided evenly between the RTA and the county where the tax is collected. Effective April 1, 2008, the RETT in the City of Chicago was increased by 40% (i.e. for every $500 in sales price and additional $1.50 in tax is collected).

***Public Transportation Fund—***In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the "Public Transportation Fund," an amount equal to 30% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes) and RETT. These amounts may be paid to the RTA only upon State appropriation.

In February 2008, the PTF match of the pre-2008 RTA sales tax increased from 25% to 30%. In April 2008, the 5% PTF match was applied to the RETT and the RTA portion of the sales tax increase. In January 2009, the PTF match of both the RETT and the RTA portion of the sales tax increase rose from 5% to 30%.

While the RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as for regional innovation, coordination and enhancement (ICE) and suburban community mobility (SCMF) initiatives. Funds for ADA Paratransit, ICE and SCMF are by statute set aside before distributions to the CTA, Metra and Pace.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

None of the revenues from the PTF are payable to the RTA unless and until the RTA certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that it has adopted a budget and financial plan as called for by the Act. This certification has been submitted.

The amounts allocable to each of the Service Boards from funding received by the RTA from a portion of the State's PTF are allocated at the direction of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. This portion corresponds to 25% of the pre-2008 sales tax receipts. The remaining portion of the State's PTF is combined with the sales tax resulting from the 2008 rate increase and allocated by statute first to the ADA Paratransit Fund, ICE Fund, and SCMF, with the remainder distributed 48% to the CTA, 39% to Metra, and 13% to Pace.

The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

***Reduced Fare Reimbursement—*** In the State's fiscal year 2019, which ends June 30, 2019, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation (IDOT) is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal year ended June 30, 2019, the grant was in the amount of $17.6 million.

***Additional State Assistance/Additional Financial Assistance—***The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP I bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP I bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $40 million of ASA in 2019.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance (AFA) to pay for debt service requirements for SCIP II bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $100 million in the State's fiscal years 2019 and 2020, per year. The RTA recognized $89 million of AFA in 2019.

***Expenditures and Expenses—***Operating grants consist of financial assistance to the Service Boards. The RTA provides operating assistance to the Service Boards to fund, in part, their RTA-approved budgets.

Capital grants consist of the RTA local match of Federal Transit Administration (FTA) and IDOT-funded capital projects, 100% RTA-funded projects and capital projects funded by RTA, SCIP bonds, and investment income on bonds. Capital payments of approximately $10 million for sales tax funding are due to Metra based on a statutory formula. This formula consists of the budgeted sales tax revenues in excess of Metra's budgeted operating deficit.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to $26.3 million for the year ended December 31, 2019.

Non-administration, listed as regional and technology program expenses in the combining statement of revenues and expenses and changes in net position, consists of those costs of the RTA which are exempt from the statutory limit defined in the RTA Act. These costs include the operation of the Travel Information Center, Transit Benefit Program, Americans with Disabilities Act (ADA), reduced fare registration, capital development and other program costs incurred on behalf of the Service Boards and not for the benefit of RTA itself.

Expenses are recognized using the accrual basis of accounting. Expenses are recognized in the period incurred.

***Cash Flows—***For purposes of the statement of cash flows for proprietary funds, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents aggregated $14.6 million at December 31, 2019 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net position.

***Management's Use of Estimates—***The preparation of financial statements in conformity with the Act requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates reported.

***Implementation of New Accounting Standards-***
Accounting standards that the Authority is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the Guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 87, *Leases*. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement is effective for reporting periods beginning after December 15, 2019. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by eighteen months.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It also defines a majority equity interest and specifies how it should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

GASB Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective date for this Statement by one year.

GASB Statement No. 92, *Omnibus 2020.* The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The primary objectives of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Unless stated otherwise, management has not currently determined what impact, if any, these Statements may have on its financial statements.

## NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

Section 4.01(a) of the Act requires the RTA to prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The Service Boards' proposed budgets are based on the RTA's estimate of funds that will be available to the Service Boards by or through the RTA's own budget. This budget is comprehensive and includes the activity in the RTA General Fund and the Sales Tax Agency Fund.

The annual budget and related appropriations are prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States except for RTA capital expenditures and capital grants to the Service Boards. The RTA capital expenditures and capital grants to the Service Boards are budgeted on a project basis, which normally exceeds one year, and debt service payments, which are budgeted as transfers from the General Fund. Budgets for RTA capital expenditures and capital grants to the Service Boards that extend beyond one year are presented in the first year of the grants and represent the total amounts awarded. In addition, for the sales tax agency fund, additions and deletions are treated as revenues and expenditures. All appropriations lapse at year-end.

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/ expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It had previously been the policy of the RTA (ordinance 91-9) to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. However, this policy was rescinded by ordinance 2015-55, which also rescinded the provision of the RTA funding policy adopted by Ordinance 98-15 that required the RTA annual budget and two-year financial plan to show a year-end unassigned fund balance equal to 5% of RTA operating expenditures by no later than the end of the three-year planning period. The Service Boards now maintain their own fund balance and reserve plans.

## NOTE 5. BUDGET AND BUDGETARY ACCOUNTING (Continued)

The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

- The first source of funds to be credited against the budgeted funding amount is from Service Board sales tax receipts.

- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and

- The third source of funds credited against the budgeted funding amount is from unallocated RTA sales tax receipts and other discretionary receipts.

The reimbursement of Service Boards' capital expenditures and the payment of PTF funds, unallocated RTA sales tax receipts and other discretionary funds of the RTA shall be made under the terms and conditions of grant agreements governing such expenses.

## NOTE 6. CAPITAL LEASE OBLIGATIONS

### *CTA*

Capital Lease – 2008 Bus Lease: During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 sixty-foot New Flyer articulated hybrid buses and certain related parts and equipment with a book value of $14 million and $22 million at December 31, 2019 and 2018, respectively. The terms of the 2008 agreement allow CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year. During 2013, CTA terminated the 2008 agreement, entered into a 2013 lease-purchase agreement with the same term, and reduced rental payments. A deferred loss on refunding of $3.2 million was recorded at the time of the 2013 transaction. The remaining unamortized loss of $30 thousand and $196 thousand are recorded as deferred outflows of resources as of December 31, 2019 and 2018, respectively. The present value of the future payments to be made by the CTA under the lease of approximately $6.5 million is reflected in the accompanying December 31, 2019 Statement of Net Position, respectively, as a capital lease obligation.

This lease contains a provision that in the event of a termination event, the total amount of unpaid principal and accrued interest become due immediately or Lessor can demand return or repossess the buses as defined in the Lessor Remedies Upon Termination Event section.

Capital Lease – Public Building Commission: In 2003, the Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of $119 million. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building, and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and leased to the CTA for use as its headquarters. On October 26, 2006, the Public Building Commission of Chicago (PBC) issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The principal amount of the bonds refunded was $111.1 million.

## NOTE 6. CAPITAL LEASE OBLIGATIONS (Continued)

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388 thousand resulting in an economic gain of approximately $20.4 million. Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of $2.4 million. The remaining unamortized portion of $418 thousand is recorded as deferred outflows of resources in the accompanying Statement of Net Position as of December 31, 2019.

The bonds are payable from and secured by the lease entered into between the Commission and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. The bond premium related to this transaction is presented as such on the Statements of Net Position. The present value of the future payments to be made by the CTA under the lease of approximately $61.4 million is reflected in the accompanying December 31, 2019 Statement of Net Position, respectively, as a capital lease obligation.

Capital Lease – Lease and Leaseback Transactions: During 1998, the CTA entered into lease and leaseback agreements with three third-party investors pertaining to certain property, railway tracks and train stations on the Green Line, with a book value of $125.9 million at December 31, 2019. The 1998 Agreement, which provides certain cash and tax benefits to the third parties, also provides for a trust established by the CTA to lease the rail line to an equity investor trust (the 1998 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1998 Lease). In 2008, one of the three investors chose to unwind the transaction and the corresponding agreements were terminated. On March 6, 2015, another investor chose to unwind the transaction and the corresponding agreements were terminated. The last of the three Green Line lease and leaseback agreements was terminated on December 17, 2018. Therefore, no capital lease obligation is reflected as of December 31, 2019.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2019 are as follows (in thousands of dollars):

| 2019 | Beginning Balance | Additions | Principal Paid | Ending Balance | Interest Paid | Due in One Year |
|---|---|---|---|---|---|---|
| 2008 Bus Lease | $ 19,208 | $ - | $ (12,736) | $ 6,472 | $ 350 | $ 6,472 |
| 2006 PBC Lease | 64,310 | - | (2,915) | 61,395 | 3,272 | 3,065 |
| Total capital lease obligation | $ 83,518 | $ - | $ (15,651) | $ 67,867 | $ 3,622 | $ 9,537 |

## NOTE 6. CAPITAL LEASE OBLIGATIONS (Continued)

**Future Minimum Lease Payments:** As of December 31, 2019, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

| Year Ending December 31 | Amount |
|---|---|
| 2020 | $ 9,537 |
| 2021 | 3,225 |
| 2022 | 3,390 |
| 2023 | 3,565 |
| 2024 | 3,760 |
| 2025-2029 | 22,060 |
| 2030-2033 | 22,330 |
| Total future minimum payments | 67,867 |
| Less interest | - |
| Present value of minimum lease payments | $ 67,867 |

The present value of all future payments to be made by the CTA under all its leases of approximately $68 million is reflected in the accompanying December 31, 2019 statement of net position as capital lease obligations.

## NOTE 7. COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented.

Each of the entities has also established liabilities for potential legal judgments to satisfy claims against the entity.

The RTA has also established a loss-financing plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

### *CTA*

Litigation: The CTA has been named as a defendant in various other legal proceedings arising in the normal course of operations. Although the ultimate outcome of these matters cannot be presently determined, it is the opinion of management of the CTA that resolution of these matters will not have a material adverse impact on the CTA's financial statements.

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA for $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt as of December 31, 2019 and 2018 was $35.5 million and $43.2 million, respectively.

## NOTE 7. COMMITMENTS AND CONTINGENCIES (Continued)

Lease Transactions: **Green Line -** During 1998, the CTA entered into three lease and leaseback transactions, 1998-NL, 1998-PB and 1998-JH with third party investors pertaining to certain property, railway tracks and train stations on the Green Line. The CTA's payments associated with these agreements were guaranteed by American International Group Inc. (AIG) as the "Debt Payment Undertaker." During 2008, AIG's credit rating was downgraded amid the U.S. mortgage meltdown and global economic crisis. This rating downgrade provided the third party investors with the option under their respective agreements to require CTA to replace AIG as the Debt Payment Undertaker. In 2008, one of the three investors chose to unwind the transaction and the corresponding 1998-NL agreement was terminated. Another transaction, 1998-PB, was terminated on March 6, 2015. On December 27, 2017, the parties executed an Omnibus Termination Agreement under which the 1998-JH Green Line Sublease Agreement was terminated on January 3, 2018 and the 1998-JH Green Line Head Lease Agreement terminated on December 17, 2018.

Line of Credit: 2017 Line of Credit

On December 15, 2017, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, N.A. in a not-to-exceed amount of $25 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds, and may be drawn upon at any time for operating purposes. Interest on the Notes was based upon the Daily LIBOR rate. The Notes have an initial Commitment Expiration Date of December 14, 2018.

The principal of outstanding Notes was $22.5 million as of December 31, 2017 and the Notes were all repaid as of December 31, 2018.

2018 Line of Credit

On July 10, 2018, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, N.A. in a not-to-exceed amount of $150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and the Intergovernmental Ground Transportation Tax Agreement (GTT IGA) dated January 25, 2018, and may be drawn upon at any time for 2018 Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the daily LIBOR rate. The Notes have an initial commitment expiration date of July 10, 2020.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

The principal of outstanding Notes was $89.2 million as of December 31, 2019. The unused line of credit was $60.8 million as of December 31, 2019.

2019 Line of Credit

On July 12, 2019, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of $150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and the Intergovernmental Ground Transportation Tax Agreement (GTT IGA) dated January 25, 2018, and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note.

## NOTE 7. COMMITMENTS AND CONTINGENCIES (Continued)

Interest on the Notes is based upon the daily LIBOR rate. The Notes have an initial commitment expiration date of July 11, 2022.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

The principal of outstanding notes was $119.0 million as of December 31, 2019. The unused line of credit was $31.0 million as of December 31, 2019.

***Metra***

Litigation: Metra is a defendant in a number of legal actions. These actions have been considered in estimating and funding Metra's retained risk liability program. The total of amounts claimed under these legal actions, including potential settlements, could exceed the amount of the accrued claims. In the opinion of Metra's management, the retained risk funding and Metra's limited excess indemnity insurance coverage from commercial carriers are adequate to cover the ultimate liability of these legal actions, in all material respects.

Grants: Metra receives moneys from federal and state government agencies under various grants. The costs, both direct and indirect, charged to these grants are subject to audits and disallowance by the granting agency. It is the opinion of management of Metra that any disallowances or adjustments would not have a material adverse effect on the financial position of Metra.

At December 31, 2019, Metra had $213.3 million in obligations related to federal, state, and local capital grant contracts that are in progress.

Leases: Metra has entered several noncancelable operating leases, primarily for the use of passenger terminals, which expire on various dates through 2045. Future minimum rental payments under all noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2019 were as follows (in thousands of dollars):

| Year Ending December 31 | Amount |
|---|---|
| 2020 | $ 13,128 |
| 2021 | 13,147 |
| 2022 | 13,167 |
| 2023 | 13,188 |
| 2024 | 13,208 |
| 2025-2029 | 55,072 |
| 2030-2034 | 51,657 |
| 2035-2039 | 51,657 |
| Thereafter | 61,988 |
| Total | $ 286,212 |

## NOTE 7. COMMITMENTS AND CONTINGENCIES (Continued)

Total rent expense aggregated $15.9 million for the years ended December 31, 2019.

***Pace***

Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, $3.00 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.

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.

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.

On February 24, 2015, Pace issued $12 million in Special Revenue Bonds through a competitive bid process utilizing the Illinois Finance Authority's direct bank placement program. The bond proceeds are used to finance the conversion of South Division in Markham into a compressed natural gas facility. These revenue bonds are not general obligations of Pace and must be repaid with Pace operating revenue in equal annual principal payments.

State statute limits the amount of debt Pace is allowed and specifies projects for each bond issuance. Specifically, only four specific projects are allowed, with a total limit of $100 million. The bond issued in 2015 comprises the total bonding authority for one of the four projects.

A requirement of the bond covenant is that Pace deposit $1.2 million into a reserve account. In addition, Pace is required to make a monthly deposit that represents one-twelfth of the annual principal payment and one-sixth of the semiannual interest payment into a debt service account held at the bond depository bank. Semi-annual interest payments began on June 15, 2015 and continued semi-annually each June and December going forward. The annual principal payment was made on December 17, 2018.

Revenue bonds currently outstanding as of year ending December 31, 2019 are as follows (in thousands of dollars):

| Bond Issuance | Fund Debt Retired By | Beginning Balance | Issuances | Retirements | Ending Balance | Due in One Year |
|---|---|---|---|---|---|---|
| Taxable Revenue Bond Series of 2015, the South cook compressed Natural Gas facility project, authorized issue of $12 million, due in annual installments of $1.2 million, interest payable June 15 and December 15 at rates ranging from 1.40% to 3.50% through December 15, 2024 | Suburban Services | $ 7,200 | $ - | $ 1,200 | $ 6,000 | $ 1,200 |

## NOTE 7. COMMITMENTS AND CONTINGENCIES (Continued)

Annual requirements to amortize all debt outstanding as of December 31, 2019 are as follows (in thousands of dollars):

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,200 | $ 187 | $ 1,387 |
| 2021 | 1,200 | 154 | 1,354 |
| 2022 | 1,200 | 119 | 1,319 |
| 2023 | 1,200 | 82 | 1,282 |
| 2024 | 1,200 | 42 | 1,242 |
| Total | $ 6,000 | $ 584 | $ 6,584 |

**Pledged Revenues** – Pace has pledged future portions of the Suburban Service Fund's operating revenue to repay the Special Revenue Bonds Series 2015 bonds. Proceeds from the bonds provided financing to convert the South Division location into a compressed natural gas facility. The bonds are payable from 2015 through years ended 2024. If the pledged revenues from these sources are insufficient to provide for the principal and interest payments on the bonds, a debt service reserve fund would be used to make the payments. Annual principal and interest payments on the bonds are expected to require less than 2.7% of the operating revenue. The total principal and interest remaining to be paid on the bonds is $6.6 million. Principal and interest paid for the current year is $1.4 million, and the Suburban Service Funds' operating revenue for the current year is $54.5 million.

***RTA***

The RTA has an operating lease agreement for its office facilities. In 2019, the total rent paid by the RTA was $1,674,959. Minimum required annual rental payments by the RTA are as follows (in thousands of dollars):

| Year Ending December 31, | Amount |
|---|---|
| 2020 | $ 1,907 |
| 2021 | 1,716 |
| 2022 | 1,749 |
| 2023 | 1,783 |
| 2024 | 1,512 |
| Thereafter | 12 |
| Total | $ 8,679 |

## NOTE 8. CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/1, et seq. Each of the Combined Entities has established its own investment policy which is in line with the State statute or, in some cases, more restrictive.

The Combined Entities have on hand, as of December 31, 2019, $1.172 million of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $402.5 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE

Changes during the year in RTA's bonds payable were as follows (amounts in thousands):

| | January 1, 2019 | New Issues | Current Retirements | December 31, 2019 | Due Within One Year |
|---|---|---|---|---|---|
| 1990A | $ 14,765 | $ - | $ 7,125 | $ 7,640 | $ 7,640 |
| 1991A | 20,655 | - | 6,445 | 14,210 | 6,875 |
| 1994C* & 1994D | 13,560 | - | 10,040 | 3,520 | 3,520 |
| 1997 Refunding | 24,445 | - | 4,765 | 19,680 | 5,055 |
| 1999* Refunding | 145,845 | - | 22,650 | 123,195 | 23,980 |
| 2000A* | 160,955 | - | 9,405 | 151,550 | 9,985 |
| 2001A* | 63,060 | - | 3,415 | 59,645 | 3,610 |
| 2001B* Refunding | 16,945 | - | 3,025 | 13,920 | 3,195 |
| 2002A* | 106,460 | - | 5,140 | 101,320 | 5,440 |
| 2003A* | 180,975 | - | 8,145 | 172,830 | 8,595 |
| 2003B | 104,315 | - | 4,695 | 99,620 | 4,945 |
| 2004A* | 187,745 | - | 7,685 | 180,060 | 8,100 |
| 2005B Refunding | 84,685 | - | 4,955 | 79,730 | 12,555 |
| 2010A | 24,475 | - | 5,680 | 18,795 | 5,960 |
| 2010B | 112,925 | - | - | 112,925 | - |
| 2011A Refunding | 15,500 | - | 15,500 | - | - |
| 2014A | 92,855 | - | 1,785 | 91,070 | 1,875 |
| 2016A | 92,500 | - | 1,595 | 90,905 | 1,675 |
| 2016C Cash Note | - | - | | - | - |
| 2017A | 191,205 | - | 5,935 | 185,270 | 6,275 |
| 2017B Direct Placement | 50,000 | - | 50,000 | - | - |
| 2018A Cash Note | 150,000 | - | - | 150,000 | 150,000 |
| 2018B | 139,080 | - | 2,085 | 136,995 | 2,190 |
| Subtotal | 1,992,950 | - | 180,070 | 1,812,880 | 271,470 |
| Unamortized bond premium | 121,378 | - | 8,658 | 112,720 | - |
| Total | $ 2,114,328 | $ - | $ 188,728 | $ 1,925,600 | $ 271,470 |

* Strategic Capital Improvement Program (SCIP) Bonds

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE

At December 31, 2019, the total general obligation bonds notes payable of $1,926 million are classified as current and long-term in the Statement of Net Position in the amounts of $271 million and $1,655 million, respectively.

***Debt Service Requirements—***The "debt service requirements" set forth in the following tables represent payments due the bondholders, as required by the respective bond agreements. The amounts do not represent sinking fund payments the RTA must deposit with the trustee.

Following is a summary of all debt service requirements (in thousands).

| December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 271,470 | $ 90,711 | $ 362,181 |
| 2021 | 120,360 | 78,241 | 198,601 |
| 2022 | 126,605 | 74,607 | 201,212 |
| 2023 | 110,660 | 68,272 | 178,932 |
| 2024 | 115,300 | 62,534 | 177,834 |
| 2025-2029 | 485,555 | 231,184 | 716,739 |
| 2030-2034 | 366,650 | 100,958 | 467,608 |
| 2035-2039 | 89,630 | 36,444 | 126,074 |
| 2040-2044 | 84,580 | 17,931 | 102,511 |
| 2045-2046 | 42,070 | 2,992 | 45,062 |
| Total | $ 1,812,880 | $ 763,874 | $ 2,576,754 |

All amounts in the debt service requirement tables below, and on the following pages, are expressed in thousands.

***1990 General Obligation Bonds—***In May 1990, the RTA issued $100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the Service Boards.

The Series 1990A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 6.00% to 7.30% on May 1, 1990 and semiannually thereafter on November 1 and May 1 in each remaining year.

Debt service requirements on the Series 1990A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 7,640 | $ 550 | $ 8,190 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

***1991 General Obligation Bonds*—**In November 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the Service Boards.

The Series 1991A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semiannually thereafter on November 1 and May 1 in each remaining year.

Debt service requirements on the 1991A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 6,875 | $ 952 | $ 7,827 |
| 2021 | 7,335 | 491 | 7,826 |
| Total | $ 14,210 | $ 1,443 | $ 15,653 |

***1994 General Obligation Bonds*—**In May 1994, the RTA issued $195 million in General Obligation Bonds, Series 1994A, to pay the costs of purchasing and reconstructing railcars for Metra. Proceeds of Series 1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for rehabilitation of railcars for the CTA. The RTA also issued $80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The 1994C and 1994D Bonds mature on June 1 over a twenty-six period and interest is payable at rates ranging from 5.30% to 7.75% on June 1, 1995 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994C and 1994D Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 3,520 | $ 136 | $ 3,656 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

***1997 General Obligation Refunding Bonds—***In September 1997, the RTA issued $98 million in General Obligation Bonds, Series 1997, to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds, maturing November 1 in the years 2001-2002, in the aggregate amount of $4 million, Series 1991A Bonds, maturing November 1 in the years 2002-2006, 2008 and 2011, in the aggregate amount of $29 million, Series 1992B Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $18 million and Series 1993B Bonds, maturing June 1 in the years 2004-2009, 2013 and 2023, in the aggregate amount of $47 million.

The Series 1997 Refunding Bonds mature on June 1 over a twenty-six-year period and interest is payable at rates ranging from 4.00% to 6.00% on December 1, 1997 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1997 Refunding Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 5,055 | $ 1,029 | $ 6,084 |
| 2021 | 5,375 | 716 | 6,091 |
| 2022 | 5,700 | 384 | 6,084 |
| 2023 | 3,550 | 107 | 3,657 |
| Total | $ 19,680 | $ 2,236 | $ 21,916 |

***1999 General Obligation Refunding Bonds—***In August 1999, the RTA issued $299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA's outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of $10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of $143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of $22 million.

The Series 1999 Refunding Bonds mature on June 1 over a twenty-five-year period and interest is payable at rates ranging from 5.00% to 6.00% on December 1, 1999 and semiannually thereafter on June 1 and December 1 in each remaining year.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

Debt service requirements on the Series 1999 Refunding Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 23,980 | $ 6,450 | $ 30,430 |
| 2021 | 29,170 | 4,922 | 34,092 |
| 2022 | 30,890 | 3,195 | 34,085 |
| 2023 | 16,975 | 1,819 | 18,794 |
| 2024 | 17,960 | 792 | 18,752 |
| 2025 | 4,220 | 126 | 4,346 |
| Total | $ 123,195 | $ 17,304 | $ 140,499 |

***2000 General Obligation Bonds—***In June 2000, the RTA issued $260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2000A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.75% to 6.25% on January 1, 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2000A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 9,985 | $ 9,741 | $ 19,726 |
| 2021 | 10,605 | 9,117 | 19,722 |
| 2022 | 11,270 | 8,454 | 19,724 |
| 2023 | 11,975 | 7,750 | 19,725 |
| 2024 | 12,725 | 7,002 | 19,727 |
| 2025-2029 | 76,650 | 21,514 | 98,164 |
| 2030 | 18,340 | 1,192 | 19,532 |
| Total | $ 151,550 | $ 64,770 | $ 216,320 |

***2001 General Obligation Bonds—***In April 2001, the RTA issued $100 million in General Obligation Bonds, Series 2001A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

The Series 2001A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.0% to 6.0% in January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2001A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 3,610 | $ 3,542 | $ 7,152 |
| 2021 | 3,810 | 3,343 | 7,153 |
| 2022 | 4,025 | 3,134 | 7,159 |
| 2023 | 4,255 | 2,892 | 7,147 |
| 2024 | 4,495 | 2,637 | 7,132 |
| 2025-2029 | 26,590 | 8,819 | 35,409 |
| 2030-2031 | 12,860 | 1,168 | 14,028 |
| Total | $ 59,645 | $ 25,535 | $ 85,180 |

In March 2001, the RTA issued $38 million in General Obligation Bonds, Series 2001B, to provide funds to refund in advance of maturity the RTA's outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of $38 million.

The Series 2001B Refunding Bonds mature on June 1 over a twenty-three-year period and interest is payable at rates ranging from 4.00% to 5.50% on June 1, 2001 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2001B Refunding Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 3,195 | $ 678 | $ 3,873 |
| 2021 | 3,380 | 497 | 3,877 |
| 2022 | 3,570 | 306 | 3,876 |
| 2023 | 3,775 | 104 | 3,879 |
| Total | $ 13,920 | $ 1,585 | $ 15,505 |

***2002 General Obligation Bonds—***In March 2002, the RTA issued $160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

The Series 2002A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.0% to 6.0% on July 1, 2002 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2002A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 5,440 | $ 6,079 | $ 11,519 |
| 2021 | 5,755 | 5,753 | 11,508 |
| 2022 | 6,085 | 5,408 | 11,493 |
| 2023 | 6,440 | 5,042 | 11,482 |
| 2024 | 6,815 | 4,656 | 11,471 |
| 2025-2029 | 40,450 | 16,654 | 57,104 |
| 2030-2032 | 30,335 | 3,708 | 34,043 |
| Total | $ 101,320 | $ 47,300 | $ 148,620 |

***2003 General Obligation Bonds*—**In May 2003, the RTA issued $260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2003A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 2.0% to 5.5% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 8,595 | $ 10,074 | $ 18,669 |
| 2021 | 9,070 | 9,601 | 18,671 |
| 2022 | 9,565 | 9,102 | 18,667 |
| 2023 | 10,095 | 8,576 | 18,671 |
| 2024 | 10,650 | 8,021 | 18,671 |
| 2025-2029 | 62,235 | 30,315 | 92,550 |
| 2030-2033 | 62,620 | 9,633 | 72,253 |
| Total | $ 172,830 | $ 85,322 | $ 258,152 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

In January 2003, the RTA issued $150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2003B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 4.0% to 5.5% on June 1, 2003 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2003B Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 4,945 | $ 5,472 | $ 10,417 |
| 2021 | 5,215 | 5,193 | 10,408 |
| 2022 | 5,495 | 4,899 | 10,394 |
| 2023 | 5,790 | 4,588 | 10,378 |
| 2024 | 6,100 | 4,261 | 10,361 |
| 2025-2029 | 35,820 | 15,711 | 51,531 |
| 2030-2033 | 36,255 | 4,306 | 40,561 |
| Total | $ 99,620 | $ 44,430 | $ 144,050 |

***2004 General Obligation Bonds*—**In October 2004, the RTA issued $260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2004A Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.0% to 5.75% on June 1, 2005 and semiannually thereafter on June 1 and December 1 in each remaining year.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

Debt service requirements on the Series 2004A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 8,100 | $ 9,860 | $ 17,960 |
| 2021 | 8,540 | 9,402 | 17,942 |
| 2022 | 9,000 | 8,919 | 17,919 |
| 2023 | 9,485 | 8,423 | 17,908 |
| 2024 | 9,995 | 7,912 | 17,907 |
| 2025-2029 | 58,660 | 30,575 | 89,235 |
| 2030-2034 | 76,280 | 11,426 | 87,706 |
| Total | $ 180,060 | $ 86,517 | $ 266,577 |

***2005 General Obligation Bonds—*** In May 2005, the RTA issued $148 million in General Obligation Bonds, Series 2005B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of $147 million.

The Series 2005B Bonds mature on June 1 over a twenty-year period and interest is payable at variable rates which reset weekly based on current market rates.

Debt service requirements on the Series 2005B Refunding Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest* | Total |
|---|---|---|---|
| 2020 | $ 12,555 | $ 2,424 | $ 14,979 |
| 2021 | 13,190 | 1,999 | 15,189 |
| 2022 | 13,885 | 1,552 | 15,437 |
| 2023 | 14,615 | 1,082 | 15,697 |
| 2024 | 15,380 | 587 | 15,967 |
| 2025 | 10,105 | 167 | 10,272 |
| Total | $ 79,730 | $ 7,811 | $ 87,541 |

** Interest was calculated using a rate of 3.3%.*

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

***2010 General Obligation Bonds*****—**In January 2010, the RTA issued $62.2 million in General Obligation Bonds, Series 2010A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

The Series 2010A Bonds mature on July 1, over a thirteen-year period and interest is payable at rates ranging from 4.00% to 5.00% on July 1, 2010 and annually thereafter on July 1 in each remaining year.

Debt service requirements on the Series 2010A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 5,960 | $ 940 | $ 6,900 |
| 2021 | 6,260 | 642 | 6,902 |
| 2022 | 6,575 | 329 | 6,904 |
| Total | $ 18,795 | $ 1,911 | $ 20,706 |

In January 2010, the RTA issued $112.9 million in General Obligation Bonds, Series 2010B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

The Series 2010B Bonds mature on July 1, over a twenty-five-year period and interest is payable at rates ranging from 5.40% to 5.90% on July 1, 2010 and annually thereafter on July 1 in each remaining year.

Debt service requirements on the Series 2010B Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ - | $ 6,622 | $ 6,622 |
| 2021 | - | 6,622 | 6,622 |
| 2022 | - | 6,622 | 6,622 |
| 2023 | 6,885 | 6,622 | 13,507 |
| 2024 | 7,140 | 6,249 | 13,389 |
| 2025-2029 | 39,915 | 24,902 | 64,817 |
| 2030-2034 | 48,185 | 12,133 | 60,318 |
| 2035 | 10,800 | 648 | 11,448 |
| Total | $ 112,925 | $ 70,420 | $ 183,345 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

***2011 General Obligation Bonds*—**In July 2011, the RTA issued $95.6 million in General Obligation Bonds, Series 2011A, to pay when due, or refund in advance of their maturities a portion of the RTA's Outstanding General Obligation Bonds, Series 2002B and to pay Costs of Issuance of the Series 2011A Bonds.

The Series 2011A Bonds mature on June 1, over an eight-year period and interest is payable at rates ranging from 4.00% to 5.00% on December 1, 2011 and semi-annually thereafter on June 1 and December 1 in each remaining year.

***2014 General Obligation Bonds* –** In February 2014, RTA issued $99.3 million in General Obligation Bonds, Series 2014A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain transportation facilities.

The Series 2014A Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 3.00% to 5.00% on June 1, 2014 and semi-annually thereafter on June 1 and December 1 in each remaining year.

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,875 | $ 4,507 | $ 6,382 |
| 2021 | 1,970 | 4,410 | 6,380 |
| 2022 | 2,070 | 4,310 | 6,380 |
| 2023 | 2,180 | 4,203 | 6,383 |
| 2024 | 2,290 | 4,092 | 6,382 |
| 2025-2029 | 13,335 | 18,571 | 31,906 |
| 2030-2034 | 17,120 | 14,783 | 31,903 |
| 2035-2039 | 21,990 | 9,919 | 31,909 |
| 2040-2044 | 28,240 | 3,671 | 31,911 |
| Total | $ 91,070 | $ 68,466 | $ 159,536 |

***2016 General Obligation Bond* -** In January 2016, the RTA issued $95.5 million in General Obligation Bonds, Series 2016A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities. To fund the Series 2016A Bonds Reserve Account and to pay Costs of Issuance of Series 2016A Bonds.

The Series 2016A Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 4.00% to 5.00% on June 1, 2016 and semi-annually thereafter on June 1 and December 1 in each remaining year.

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

Debt service requirements on the Series 2016A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,675 | $ 4,033 | $ 5,708 |
| 2021 | 1,765 | 3,947 | 5,712 |
| 2022 | 1,855 | 3,856 | 5,711 |
| 2023 | 1,950 | 3,761 | 5,711 |
| 2024 | 2,050 | 3,661 | 5,711 |
| 2025-2029 | 11,935 | 16,617 | 28,552 |
| 2030-2034 | 15,320 | 13,227 | 28,547 |
| 2035-2039 | 19,485 | 9,064 | 28,549 |
| 2040-2044 | 23,890 | 4,661 | 28,551 |
| 2045-2046 | 10,980 | 443 | 11,423 |
| Total | $ 90,905 | $ 63,270 | $ 154,175 |

**2017A General Obligation Refunding Bond –** In August 2017, the RTA issued $191 million in General Obligation Bonds, Series 2017A, to provide funds to currently refund the RTA's outstanding Series 2006A Bonds maturing in the years 2019 through 2035, to fund the Series 2017A Bonds Reserve Account and to pay Costs of Issuance of Series 2017A Bonds.

The Series 2017A Bonds mature on and after July 1, 2028 and interest is payable at rates ranging from 4.00% to 5.00% on June 1, 2016 and semi-annually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2017A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 6,275 | $ 8,792 | $ 15,067 |
| 2021 | 6,615 | 5,479 | 12,094 |
| 2022 | 14,200 | 8,148 | 22,348 |
| 2023 | 10,145 | 7,438 | 17,583 |
| 2024 | 17,025 | 6,930 | 23,955 |
| 2025-2029 | 90,050 | 20,748 | 110,798 |
| 2030-2034 | 29,310 | 7,347 | 36,657 |
| 2035 | 11,650 | 466 | 12,116 |
| Total | $ 185,270 | $ 65,348 | $ 250,618 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

***2017 Direct Placement –*** In December 2017, the RTA authorized the issuance of $250 million two-year Direct Placement Working Cash Notes, Series 2017 (Taxable) with Wells Fargo Bank, National Association to provide funds to manage the cash flow needs of the RTA and the service boards.

***2018 Working Cash Notes –*** In April 2018, the RTA issued $150 million Working Cash Notes, Series 2018 (Taxable) to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment to underwriters' discount on the Notes.

Debt service requirements on Series 2018A Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 150,000 | $ 2,611 | $ 152,611 |

***2018 General Obligation Bonds –*** In June 2018, the RTA issued $139 million in General Obligation Bonds, Series 2018B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities; to pay costs of issuance of Series 2018B Bonds.

The Series 2018B Bonds mature on June 1, 2049 and interest is payable at rates ranging from 4.00% to 5.00% on December 1, 2018 and semi-annually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on Series 2018B Bonds to maturity are set forth below (in thousands of dollars):

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2020 | $ 2,190 | $ 6,219 | $ 8,409 |
| 2021 | 2,305 | 6,107 | 8,412 |
| 2022 | 2,420 | 5,989 | 8,409 |
| 2023 | 2,545 | 5,865 | 8,410 |
| 2024 | 2,675 | 5,734 | 8,409 |
| 2025-2029 | 15,590 | 26,465 | 42,055 |
| 2030-2034 | 20,025 | 22,035 | 42,060 |
| 2035-2039 | 25,705 | 16,347 | 42,052 |
| 2040-2044 | 32,450 | 9,599 | 42,049 |
| 2045-2046 | 31,090 | 2,549 | 33,639 |
| Total | $ 136,995 | $ 106,909 | $ 243,904 |

## NOTE 9. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

All the bonds are recorded as current and long-term liabilities, as applicable, of the governmental activities in the government-wide statement of net position, and are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The bonds are payable from all revenues and all other funds received or held by the RTA (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations) that lawfully may be used for retiring the debt.

The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State. If, for any reason, the required monthly debt service payment has not been made by the RTA, the trustee is to deduct it from the sales tax receipts. If all payments have been made, the funds are made available to the RTA for regular use.

Under the RTA Act, the Service Boards' fare box receipts and funds on hand are not available for payment of debt service.

In the Debt Service Fund, $142 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2019.

## NOTE 10. CTA BONDS PAYABLE

2008 Series (5309 Fixed Guideway Modernization Program) and 2008A Series (5307 Urbanized Area Formula Program) Capital Grant Receipts Revenue Bonds: On April 16, 2008, the CTA issued Capital Grant Receipts Revenue Bonds, "2008 Project," in the amount of $250,000,000, along with a premium of $18,637,000, in anticipation of the receipt of grants from the federal government. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to a portion of the costs of capital improvements to the Transportation System referred to as the "2008 Project." The Federal Transit Administration's section 5307 program is a formula grant program for metropolitan areas providing capital, operating or planning assistance for mass transportation. The section 5309 program is a formula grant program providing capital assistance for the modernization of existing rail systems.

The Series 2008 (5309) and 2008A (5307) bonds bear interest ranging from 3.5% to 5.25%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially through June 1, 2026.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2017 refunded the maturities dated June 1, 2019 through June 1, 2026 of the 5309 (Series 2008) bonds and the maturities dated June 1, 2022 through June 1, 2026 of the 5307 (Series 2008A) bonds.

There are no bond debt service requirements as of December 31, 2019 and 2018.

2008A Series (5309 Fixed Guideway Modernization Program) Capital Grant Receipts Revenue Bonds: On November 20, 2008, the CTA issued Capital Grant Receipts Revenue Bonds, "2008 Project," in the amount of $175,000,000, along with a premium of $3,760,000, in anticipation of the receipt of grants from the federal government. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to a portion of the costs of capital improvements to the Transportation System referred to as the "2008 Project." The section 5309 program is a formula grant program providing capital assistance for the modernization of existing rail systems.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The Series 2008A (5309) bonds bear interest ranging from 5.0% to 6.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially through June 1, 2026.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2015 5337 bonds refunded the maturities dated June 1, 2016, 2024 thru 2026 of the 5337 Series 2008A bonds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2017 refunded the maturities dated June 1, 2019 through June 1, 2023 of the 5309 (Series 2008A) bonds.

There are no bond debt service requirements as of December 31, 2019 and 2018.

2008A Series (Pension Funding) and 2008B Series (Retiree Health Care Funding) Sales and Transfer Tax Receipts Revenue Bonds: On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of $1,936,855,000 to fund the employee retirement plan and to create a retiree health care trust. The bonds were sold in two tranches, a $1.3 billion Series A to fund the employee's retirement plan and a $640 million Series B to fund a permanent trust that was established to cover other postemployment benefits for retirees' health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-705.

Public Act 94-839 required the CTA to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, were sufficient to bring the total assets of the retirement system up to 90% of its total actuarial liabilities by the end of fiscal year 2058. Additionally, Public Act 94-839 required that the Retirement Plan's pension and retiree health care programs be separated into two distinct trusts by December 31, 2008.

Public Act 95-708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust will be created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90% funded by 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60% by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions. Fourth, Public Act 95-708 authorized the CTA to issue $1.9 billion in pension obligation bonds to fund the pension and retiree health care. Finally, the legislation provides that CTA will have no future responsibility for retiree healthcare costs after the bond funding. In accordance with Public Act 95-708, all retiree healthcare benefits are now paid from the newly established Retiree Health Care Trust.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay any amounts remaining in the Sales Tax Receipt Fund and the Transfer Tax Receipts Fund, as defined by the bond agreement, and all tax receipts as promptly as practicable after receipt.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The Series 2008A and 2008B bonds bear interest ranging from 5.1% to 6.9%. Scheduled interest on the 2008A and 2008B bonds will be funded through June 1, 2009 and June 1, 2010, respectively, with bond proceeds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2013 through June 1, 2040.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 39,010 | $ 117,566 | $ 156,576 |
| 2021 | 41,465 | 115,109 | 156,574 |
| 2022 | 44,080 | 112,496 | 156,576 |
| 2023 | 47,120 | 109,455 | 156,575 |
| 2024 | 50,370 | 106,205 | 156,575 |
| 2025 | 53,845 | 102,730 | 156,575 |
| 2026 | 57,560 | 99,015 | 156,575 |
| 2027 | 61,530 | 95,044 | 156,574 |
| 2028 | 65,775 | 90,799 | 156,574 |
| 2029 | 70,310 | 86,261 | 156,571 |
| 2030 | 75,165 | 81,410 | 156,575 |
| 2031 | 80,350 | 76,225 | 156,575 |
| 2032 | 85,895 | 70,681 | 156,576 |
| 2033 | 91,820 | 64,755 | 156,575 |
| 2034 | 98,150 | 58,421 | 156,571 |
| 2035 | 104,925 | 51,649 | 156,574 |
| 2036 | 112,165 | 44,411 | 156,576 |
| 2037 | 119,905 | 36,672 | 156,577 |
| 2038 | 128,170 | 28,400 | 156,570 |
| 2039 | 137,015 | 19,558 | 156,573 |
| 2040 | 146,470 | 10,105 | 156,575 |
| Total | $ 1,711,095 | $ 1,576,967 | $ 3,288,062 |

## NOTE 10. CTA BONDS PAYABLE (Continued)

2010A Sales Tax Receipts Revenue Bonds and Taxable Series 2010B Sales Tax Receipts Revenue Bonds (Build America Bonds): On March 23, 2010, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B Build America Bonds, in the amount of $550,000,000, along with a premium of $5,186,000. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to the purchase of new rail cars, overhaul and rehabilitation of existing rail cars, and the purchase and installation of upgrades for rail system components. The American Recovery and Reinvestment Act of 2009 created the Build America Bond (BAB) Program. This program allows state and local governments to issue taxable bonds for capital projects and to receive a federal subsidy payment from the U.S. Treasury Department for a portion of their borrowing costs.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2010A and 2010B bonds bear interest ranging from 4.0% to 6.2%. Scheduled interest on the 2010 bonds was funded through December 1, 2010 with proceeds of the 2010 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2015 through June 1, 2040.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 11,510 | $ 30,798 | $ 42,308 |
| 2021 | 12,095 | 30,214 | 42,309 |
| 2022 | 12,720 | 29,583 | 42,303 |
| 2023 | 13,405 | 28,900 | 42,305 |
| 2024 | 14,135 | 28,167 | 42,302 |
| 2025 | 14,930 | 27,372 | 42,302 |
| 2026 | 15,855 | 26,447 | 42,302 |
| 2027 | 16,835 | 25,464 | 42,299 |
| 2028 | 17,880 | 24,420 | 42,300 |
| 2029 | 18,985 | 23,311 | 42,296 |
| 2030 | 20,155 | 22,134 | 42,289 |
| 2031 | 21,400 | 20,885 | 42,285 |
| 2032 | 22,725 | 19,558 | 42,283 |
| 2033 | 24,135 | 18,149 | 42,284 |
| 2034 | 31,820 | 16,653 | 48,473 |
| 2035 | 33,785 | 14,680 | 48,465 |
| 2036 | 35,875 | 12,585 | 48,460 |
| 2037 | 38,090 | 10,361 | 48,451 |
| 2038 | 40,455 | 7,999 | 48,454 |
| 2039 | 42,955 | 5,491 | 48,446 |
| 2040 | 45,610 | 2,828 | 48,438 |
| Total | $ 505,355 | $ 425,999 | $ 931,354 |

There are no bond debt service requirements on the Series 2010A bonds as of December 31, 2019.

<u>2010 (5307 Urbanized Area Formula Program & 5309 Fixed Guideway Modernization Program) Refunding Series Capital Grant Receipts Revenue Bonds</u>: On May 6, 2010, the CTA issued the tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program and 5309 Fixed Guideway Modernization Program Funds, in the amount of $90,715,000, along with a premium of $1,876,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to provide funds to refund a portion of the outstanding 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5309 Grant Receipts as promptly as practicable after receipt.

The Series 2010 bonds bear interest at 5.00%. Interest is payable semiannually on June 1 and December 1, and the bonds mature serially on June 1, 2027 and June 1, 2028.

**NOTE 10. CTA BONDS PAYABLE (Continued)**

Net proceeds of $45,778,000 were deposited into an irrevocable trust with an escrow agent to provide for 2011 debt service payments on the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the 2011 liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2010 Series bonds which increased its total debt service payments over the next 19 years by $78,528,000 and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of $3,099,000. The defeased debt had a zero balance as of December 31, 2019 and 2018.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | 2010 (5307) | | 2010 (5309) | | Total | |
|---|---|---|---|---|---|---|
| | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2020 | $ - | $ 3,195 | $ - | $ 1,341 | $ - | $ 4,536 |
| 2021 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2022 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2023 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2024 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2025 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2026 | - | 3,195 | - | 1,341 | - | 4,536 |
| 2027 | 31,170 | 2,415 | 13,085 | 1,014 | 44,255 | 3,429 |
| 2028 | 32,725 | 818 | 13,735 | 343 | 46,460 | 1,161 |
| Total | $ 63,895 | $ 25,598 | $ 26,820 | $ 10,744 | $ 90,715 | $ 36,342 |

<u>2011 (5307 Urbanized Area Formula Program) Refunding Series Capital Grant Receipts Revenue Bonds</u>: On October 26, 2011, the CTA issued the tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program, in the amount of $56,525,000, along with a premium of $1,806,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to provide funds to refund a portion of the outstanding 5307 (Series 2004B and 2006A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 Grant Receipts as promptly as practicable after receipt .

The Series 2011 bonds bear interest ranging from 4.5% to 5.25%. Interest is payable semiannually on June 1 and December 1, and the bonds mature serially from June 1, 2022 to June 1, 2029.

## NOTE 10. CTA BONDS PAYABLE (Continued)

Net proceeds of $57,535,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2011 Series bonds which increased its total debt service payments over the next 18 years by $34,252,000 and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of $9,214,000. The defeased debt had a zero balance as of December 31, 2019 and 2018.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2011 of $6,794,000 was deferred and is being amortized over 18 years. The deferred amount ending balance for the years ended December 31, 2019 and 2018 was $2,968,000 and $3,436,000, respectively, and recorded as a deferred outflow of resources in the accompanying Statements of Net Position. Amortization of the deferred amount on the refunding was $468,000 and $469,000 for the years ended December 31, 2019 and 2018, respectively.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ - | $ 2,865 | $ 2,865 |
| 2021 | - | 2,865 | 2,865 |
| 2022 | 6,595 | 2,700 | 9,295 |
| 2023 | 6,920 | 2,353 | 9,273 |
| 2024 | 7,285 | 1,980 | 9,265 |
| 2025 | 7,665 | 1,594 | 9,259 |
| 2026 | 8,060 | 1,187 | 9,247 |
| 2027 | - | 975 | 975 |
| 2028 | - | 975 | 975 |
| 2029 | 20,000 | 488 | 20,488 |
| Total | $ 56,525 | $ 17,982 | $ 74,507 |

<u>2011 Sales Tax Receipts Revenue Bonds</u>: On October 26, 2011, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2011, in the amount of $476,905,000, along with a premium of $21,392,000. The bonds were issued to pay for, or reimburse the CTA for prior expenditures relating to (i) the purchase of rail cars to replace existing cars and (ii) the finance of any other capital project designated by the CTA Board as part of the 2011 Project.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The Series 2011 bonds bear interest ranging from 5.0% to 5.25%. Scheduled interest on the 2010 bonds will be funded through December 1, 2015 with proceeds of the 2011 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on December 1, 2021 through December 1, 2040.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ - | $ 24,965 | $ 24,965 |
| 2021 | 14,090 | 24,965 | 39,055 |
| 2022 | 14,800 | 24,261 | 39,061 |
| 2023 | 15,540 | 23,521 | 39,061 |
| 2024 | 16,360 | 22,705 | 39,065 |
| 2025 | 17,220 | 21,846 | 39,066 |
| 2026 | 18,120 | 20,942 | 39,062 |
| 2027 | 19,075 | 19,991 | 39,066 |
| 2028 | 20,080 | 18,989 | 39,069 |
| 2029 | 21,135 | 17,935 | 39,070 |
| 2030 | 22,250 | 16,825 | 39,075 |
| 2031 | 23,425 | 15,657 | 39,082 |
| 2032 | 24,655 | 14,428 | 39,083 |
| 2033 | 25,950 | 13,133 | 39,083 |
| 2034 | 27,315 | 11,771 | 39,086 |
| 2035 | 28,755 | 10,337 | 39,092 |
| 2036 | 30,265 | 8,827 | 39,092 |
| 2037 | 31,860 | 7,238 | 39,098 |
| 2038 | 33,540 | 5,566 | 39,106 |
| 2039 | 35,305 | 3,805 | 39,110 |
| 2040 | 37,165 | 1,951 | 39,116 |
| Total | $ 476,905 | $ 329,658 | $ 806,563 |

2014 Sales Tax Receipts Revenue Bonds: On July 10, 2014, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds, Series 2014 in the amount of $550,000,000, along with a premium of $45,154,000. The bonds were issued to provide funds to finance, in whole or in part, capital projects contemplated by the Authority's Capital Plan.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The Series 2014 bonds bear interest ranging from 5.0% to 5.25%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2049.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ - | $ 28,597 | $ 28,597 |
| 2021 | - | 28,597 | 28,597 |
| 2022 | - | 28,597 | 28,597 |
| 2023 | - | 28,597 | 28,597 |
| 2024 | - | 28,597 | 28,597 |
| 2025 | - | 28,597 | 28,597 |
| 2026 | - | 28,597 | 28,597 |
| 2027 | - | 28,597 | 28,597 |
| 2028 | - | 28,597 | 28,597 |
| 2029 | - | 28,597 | 28,597 |
| 2030 | - | 28,597 | 28,597 |
| 2031 | - | 28,597 | 28,597 |
| 2032 | - | 28,597 | 28,597 |
| 2033 | - | 28,597 | 28,597 |
| 2034 | - | 28,597 | 28,597 |
| 2035 | - | 28,597 | 28,597 |
| 2036 | - | 28,597 | 28,597 |
| 2037 | - | 28,597 | 28,597 |
| 2038 | - | 28,597 | 28,597 |
| 2039 | - | 28,597 | 28,597 |
| 2040 | - | 28,597 | 28,597 |
| 2041 | 50,180 | 28,597 | 78,777 |
| 2042 | 52,690 | 26,088 | 78,778 |
| 2043 | 55,325 | 23,453 | 78,778 |
| 2044 | 58,090 | 20,687 | 78,777 |
| 2045 | 60,995 | 17,783 | 78,778 |
| 2046 | 64,195 | 14,580 | 78,775 |
| 2047 | 67,565 | 11,210 | 78,775 |
| 2048 | 71,115 | 7,663 | 78,778 |
| 2049 | 74,845 | 3,929 | 78,774 |
| Total | $ 555,000 | $ 754,527 | $ 1,309,527 |

## NOTE 10. CTA BONDS PAYABLE (Continued)

Capital Grant Receipts Revenue Bonds, Refunding Series 2015: On September 16, 2015, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $176,920,000 along with a premium of $21,569,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund a portion of the outstanding 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2015 bond bear interest at 5.00%. Interest is payable semiannually on June 1 and December 1, commencing December 1, 2015 and the bonds mature serially June 1, 2018 through June 1, 2026.

The remaining net proceeds of $197,159,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2015 Series bonds which reduced its total debt service payments over the next 10 years by $10,043,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $9,856,000. The defeased debt had a zero balance as of December 31, 2019 and December 31, 2018.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2015 of $12,281,000 was deferred and is being amortized over the next 10 years. The deferred amount ending balance for the years ended December 31, 2019 and 2018 was $3,835,000 and $5,427,000, respectively. Amortization of the deferred amount on the refunding was $1,592,000 and $1,943,000 for the years ended December 31, 2019 and 2018, respectively.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | 2015 (5307) | | 2015 (5337) | | Total | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | $ 31,585 | $ 2,860 | $ 320 | $ 2,245 | $ 31,905 | $ 5,105 |
| 2021 | 41,410 | 1,035 | 335 | 2,228 | 41,745 | 3,263 |
| 2022 | - | - | 350 | 2,211 | 350 | 2,211 |
| 2023 | - | - | 370 | 2,193 | 370 | 2,193 |
| 2024 | - | - | 13,855 | 1,838 | 13,855 | 1,838 |
| 2025 | - | - | 14,550 | 1,128 | 14,550 | 1,128 |
| 2026 | - | - | 15,275 | 382 | 15,275 | 382 |
| Total | $ 72,995 | $ 3,895 | $ 45,055 | $ 12,225 | $ 118,050 | $ 16,120 |

2017 Second Lien Sales Tax Receipts Revenue Bonds: On January 10, 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of $296,220,000, along with a premium of $18,108,000. The bonds were issued to (i) finance certain capital projects contemplated by the CTA's capital improvement plan, (ii) capitalize interest on the 2017 Second Lien Bonds and (iii) pay costs in connection with the issuance of the 2017 Second Lien Bonds.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2017 bonds was funded through December 1, 2018 with proceeds of the 2017 bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2051.

## NOTE 10. CTA BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ - | $ 14,711 | $ 14,711 |
| 2021 | - | 14,711 | 14,711 |
| 2022 | - | 14,711 | 14,711 |
| 2023 | - | 14,711 | 14,711 |
| 2024 | - | 14,711 | 14,711 |
| 2025 | - | 14,711 | 14,711 |
| 2026 | - | 14,711 | 14,711 |
| 2027 | - | 14,711 | 14,711 |
| 2028 | - | 14,711 | 14,711 |
| 2029 | - | 14,711 | 14,711 |
| 2030 | - | 14,711 | 14,711 |
| 2031 | - | 14,711 | 14,711 |
| 2032 | - | 14,711 | 14,711 |
| 2033 | - | 14,711 | 14,711 |
| 2034 | - | 14,711 | 14,711 |
| 2035 | - | 14,711 | 14,711 |
| 2036 | - | 14,711 | 14,711 |
| 2037 | - | 14,711 | 14,711 |
| 2038 | - | 14,711 | 14,711 |
| 2039 | - | 14,711 | 14,711 |
| 2040 | - | 14,711 | 14,711 |
| 2041 | 20,910 | 14,711 | 35,621 |
| 2042 | 21,945 | 13,681 | 35,626 |
| 2043 | 23,025 | 12,599 | 35,624 |
| 2044 | 24,160 | 11,464 | 35,624 |
| 2045 | 25,350 | 10,273 | 35,623 |
| 2046 | 26,600 | 9,023 | 35,623 |
| 2047 | 27,910 | 7,712 | 35,622 |
| 2048 | 29,310 | 6,316 | 35,626 |
| 2049 | 30,775 | 4,851 | 35,626 |
| 2050 | 32,310 | 3,312 | 35,622 |
| 2051 | 33,925 | 1,696 | 35,621 |
| Total | $ 296,220 | $ 404,569 | $ 700,789 |

**NOTE 10. CTA BONDS PAYABLE (Continued)**

Capital Grant Receipts Revenue Bonds, Refunding Series 2017: On July 18, 2017, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $225,795,000 along with a premium of $31,279,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund the Series 2008A 5307 bonds maturing June 1, 2022 through 2026 as well as refunding the Series 2008 5337 bonds maturing June 1, 2019 through 2026 and the Series 2008A 5337 bonds maturing June 1, 2019 through 2023.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 2.0% to 5.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially June 1, 2018 through June 1, 2026.

Net proceeds of $255,396,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2017 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $30,456,000 and an economic gain (present value of the difference in debt service cash flows payments) of $27,099,000. The defeased debt had a balance of zero as of December 31, 2019 and 2018.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2017 of $4,929,000 was deferred and is being amortized over the next 9 years. The deferred amount ending balance for the years ended December 31, 2019 and 2018 was $2,902,000 and $3,719,000, respectively. Amortization of the deferred amount on the refunding was $817,000 and $854,000 for the years ended December 31, 2019 and 2018, respectively

The bond debt service requirements to maturity are as follows (in thousands of dollars):

| | **2017 (5307)** | | **2017 (5337)** | | **Total** | |
|---|---|---|---|---|---|---|
| | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2020 | $ - | $ 4,527 | $ 19,415 | $ 5,781 | $ 19,415 | $ 10,308 |
| 2021 | - | 4,527 | 20,385 | 4,810 | 20,385 | 9,337 |
| 2022 | 16,385 | 4,527 | 21,405 | 3,791 | 37,790 | 8,318 |
| 2023 | 17,205 | 3,708 | 22,475 | 2,720 | 39,680 | 6,428 |
| 2024 | 18,065 | 2,848 | 10,130 | 1,597 | 28,195 | 4,445 |
| 2025 | 18,970 | 1,944 | 10,635 | 1,090 | 29,605 | 3,034 |
| 2026 | 19,915 | 996 | 11,165 | 558 | 31,080 | 1,554 |
| Total | $ 90,540 | $ 23,077 | $ 115,610 | $ 20,347 | $ 206,150 | $ 43,424 |

## NOTE 10. CTA BONDS PAYABLE (Continued)

The total bond debt service requirements to maturity for all outstanding bonds are as follows (in thousands of dollars):

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 101,840 | $ 239,451 | $ 341,291 |
| 2021 | 129,780 | 233,597 | 363,377 |
| 2022 | 116,335 | 227,413 | 343,748 |
| 2023 | 123,035 | 220,694 | 343,729 |
| 2024 | 130,200 | 213,184 | 343,384 |
| 2025 - 2029 | 706,085 | 942,085 | 1,648,170 |
| 2030 - 2034 | 675,210 | 737,225 | 1,412,435 |
| 2035 - 2039 | 953,065 | 484,119 | 1,437,184 |
| 2040 - 2044 | 535,570 | 209,472 | 745,042 |
| 2045 - 2049 | 478,660 | 93,340 | 572,000 |
| 2050 - 2051 | 66,235 | 5,008 | 71,243 |
| Total | $ 4,016,015 | $ 3,605,588 | $ 7,621,603 |

Future Revenue Pledges: The CTA has pledged the following future revenues to secure outstanding balances of bond issuances as of December 31, 2019 and 2018 in accordance with bond security requirements:

- Real Estate Transfer Tax (RETT) Receipts received from the City of Chicago are pledged to secure the Series 2008A and 2008B Sales and Transfer Tax Receipts Revenue Bonds; Sales Tax Receipts received from the Regional Transportation Authority (RTA) are pledged to secure remaining debt service unpaid by RETT receipts. Debt service for the bonds outstanding were$3,288,062,000 and $3,444,635,000 as of December 31, 2019 and 2018, respectively. Total real estate transfer tax funds were approximately $62,373,000 and $71,518,000 as of December 31, 2019 and 2018, respectively. The following principal and interest bond payments were made during December 31, 2019 and 2018 (in thousands of dollars):

| | Principal | Interest |
|---|---|---|
| 2019 | $ 366,195 | $ 119,878 |
| 2018 | 34,520 | 122,053 |

## NOTE 10. CTA BONDS PAYABLE (Continued)

- Sales Tax Receipts are also pledged to secure the First Lien Series 2010A, 2010B, 2011, and 2014 as well as Second Lien Series 2017 Sales Tax Receipts Revenue Bonds and 2017 Tax-Exempt Note Purchase Agreement (NPA). Sales Tax Receipts secure balances due on the Second Lien Series 2017 Sales Tax Receipts Revenue Bonds and the 2017 Tax-Exempt Note NPA after satisfying balances due on First Lien Obligations. Debt service for the bonds outstanding were $3,748,233,000 and $3,858,755,000 as of December 31, 2019 and 2018, respectively. Total sales tax receipts funds were approximately $749,711,000 and $731,816,000 as of December 31, 2019 and 2018, respectively. The following principal and interest bond payments were made during December 31, 2019 and 2018 (in thousands of dollars):

| | 2010A | | 2010B | | 2011 | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ 10,915 | $ 536 | $ - | $ 30,798 | $ - | $ 24,965 |
| 2018 | 10,415 | 1,034 | - | 30,798 | - | 24,965 |

| | 2014 | | 2017 | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2019 | $ - | $ 28,597 | $ - | $ 14,711 |
| 2018 | - | 28,597 | - | 14,711 |

- Federal Transit Authority (FTA) Section 5307 Urbanized Area Formula funds received from the FTA are pledged to secure the Series 2010, 2011, 2015, and 2017 FTA Section 5307 Urbanized Area Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $354,507,000 and $400,801,000 as of December 31, 2019 and 2018, respectively. Total Federal Transit Authority Section 5307 Urbanized Area Formula funds were approximately $160,330,000 and $132,469,000 as of December 31, 2019 and 2018, respectively. The following principal and interest bond payments were made during December 31, 2019 and 2018 (in thousands of dollars):

| | 2010 | | 2011 | | 2015 | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ - | $ 3,195 | $ - | $ 2,865 | $ 31,275 | $ 4,432 |
| 2018 | - | 3,195 | - | 2,865 | 27,000 | 5,889 |

| | 2017 | |
|---|---|---|
| | Principal | Interest |
| 2019 | $ - | $ 4,527 |
| 2018 | - | 3,584 |

## NOTE 10. CTA BONDS PAYABLE (Continued)

- MAP-21 restructured the Federal Transit Program in 2015 to end the FTA Section 5309 Formula Program and created a broader formula program in FTA Section 5337 that incorporates the rail modernization formula program formerly included in FTA Section 5309. Debt service for the bonds outstanding were $37,564,000 and $38,905,000 as of December 31, 2019 and 2018, respectively. Total Federal Transit Authority Section 5309 Fixed Guideway Modernization Formula funds were approximately $91,988,000 and $33,107,000 as of December 31, 2019 and 2018, respectively.

- As such, FTA Section 5337 State of Good Repair Federal Funds also received from the FTA are pledged to secure the Series 2008, 2008A, and 2010 FTA Section 5309 Fixed Guideway Modernization Capital Grant Receipts Revenue Bonds as well as the Series 2015 and 2017 FTA Section 5337 State of Good Repair Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $193,237,000 and $220,999,000 as of December 31, 2019 and 2018, respectively. Total Federal Transit Authority Section 5337 State of Good Repair Formula funds were approximately $167,664,000 and $136,208,000 as of December 31, 2019 and 2018, respectively. The following principal and interest bond payments were made during December 31, 2019 and 2018 (in thousands of dollars):

| | 2008 (5309) | | 2008A (5309) | | 2010 (5309) | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ - | $ - | $ - | $ - | $ - | $ 1,341 |
| 2018 | 8,490 | 425 | 9,935 | 546 | - | 1,341 |

| | 2015 (5337) | | 2017 (5537) | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2019 | $ 305 | $ 2,260 | $ 18,670 | $ 6,527 |
| 2018 | 290 | 2,275 | 975 | 5,183 |

- FTA receipts in excess of the annual required debt service must be used to fund FTA-eligible Capital projects, not for general purposes nor operations and maintenance (O&M) expenses.

## NOTE 11. OTHER LONG-TERM DEBT OBLIGATIONS

### *CTA*

In August 2008, Certificates of Participation (COP) totaling $78.4 million were issued on behalf of the CTA. The COPs were used to finance the purchase of 200 (40 ft.) New Flyer low floor buses and certain related parts and equipment. On August 1, 2008, the CTA entered into an installment purchase agreement. The obligation of the CTA to make installment payments is an unconditional obligation of the CTA and is payable from legally available funds. The installment agreement requires the CTA to make annual COP payments which are remitted to the COP holders. Scheduled maturity dates occur at various times through December 1, 2020. During 2013, CTA terminated the original 2008 agreement and entered into three new agreements with the same terms and reduced interest rates. The total principal and interest remaining to be paid on the COPs as of December 31, 2019, is $7.9 million. Principal and interest paid in 2019 was approximately $7.9 million.

## NOTE 11. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

As of December 31, 2019, debt service requirements to maturity are as follows (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 7,751 | $ 160 | $ 7,911 |

CTA entered into a purchase agreement to finance a fare collection system with a value of $102.9 million. Under the purchase agreement, the CTA will make monthly payments of approximately $1.1 million over the ten-year term to finance the design, acquisition and installation of the open standards fare system. The present value of the future payments to be made by the CTA under the purchase agreement of approximately $46.7 million is reflected in the accompanying December 31, 2019 Statements of Net Position as another long-term liability.

The purchase agreement requirements to maturity are as follows (in thousands of dollars):

| Year Ending December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 10,886 | $ 1,925 | $ 12,811 |
| 2021 | 11,399 | 1,412 | 12,811 |
| 2022 | 11,935 | 876 | 12,811 |
| 2023 | 12,497 | 314 | 12,811 |
| Total | $ 46,717 | $ 4,527 | $ 51,244 |

### TIFIA Loan Agreement

2014 TIFIA Loan - On April 24, 2014, CTA entered into a definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administrator under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are a part of the Authority's 95th Street Terminal Improvement Project.

The principal amount of the TIFIA Loan shall not exceed $79.2 million; provided, the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender a registered fare box receipts revenue bonds in the amount of $79.2 million dated April 24, 2014 with a maturity date of December 1, 2050 bearing an interest rate of 3.5%, with a loan amortization schedule.

## NOTE 11. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

CTA borrowed $79.2 million in 2018 and is capitalizing interest through 2020. Total capitalized interest of $5.3 million will be added to the principal repayments over the life of the loan. As of December 31, 2019, CTA had accrued $4.1 million of capitalized interest.

| Year Ending December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,552 | $ 1,479 | $ 3,031 |
| 2021 | 1,607 | 2,903 | 4,510 |
| 2022 | 1,663 | 2,847 | 4,510 |
| 2023 | 1,721 | 2,789 | 4,510 |
| 2024 | 1,782 | 2,728 | 4,510 |
| 2025-2029 | 9,887 | 12,662 | 22,549 |
| 2030-2034 | 11,743 | 10,806 | 22,549 |
| 2035-2039 | 13,947 | 8,602 | 22,549 |
| 2040-2044 | 16,565 | 5,984 | 22,549 |
| 2045-2049 | 19,674 | 2,876 | 22,550 |
| 2050 | 4,357 | 153 | 4,510 |
| Total | $ 84,498 | $ 53,829 | $ 138,327 |

2015 TIFIA Loan - On February 3, 2015, CTA entered into a definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administrator under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are a part of the Authority's "Your New Blue" capital improvement program.

The principal amount of the TIFIA Loan shall not exceed $120 million; provided the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender two fare box receipts revenue bonds in the amounts of $42.6 million with a maturity date of December 1, 2029, bearing an interest rate of 2.02%, and $77.4 million with a maturity date of December 1, 2052, bearing an interest rate of 2.31%.

As of December 31, 2019 no drawdown had occurred on the 2015 TIFIA loan. No balance is presented for this loan on the Statements of Net Position as of December 31, 2019 or 2018.

## NOTE 11. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

2016 TIFIA Loan - On March 30, 2016, CTA entered into a third definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administration under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are part of the Authority's Rail Car Purchase Program.

The aggregate principal amount of the loan shall not exceed $254.9 million, (excluding any interest that is capitalized in accordance with the terms of the loan); provided, however, in no event shall the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA Act, cannot exceed thirty-three percent (33%) of reasonable anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loan and all federal direct or indirect grants, shall not exceed eighty percent (80%) of reasonably eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender registered receipts revenue bonds in the aggregate principal amount not to exceed $254.9 million, comprising two (2) tranches in the principal amounts of $147 million ("Tranche A-1") and $107.9 million ("Tranche A-2") and bearing an interest rate of 2.64%, with corresponding loan amortization schedules for each tranche. The final maturity date for the Tranche A-1 is December 1, 2049 and the earlier of (a) the last semi-annual payment date occurring no later than thirty-four (34) years from the substantial completion date and (b) December 1, 2056.

As of December 31, 2019, no drawdowns had occurred on the 2016 TIFIA loan. No balance is presented on the Statement of Net Position as of December 31, 2019.

## NOTE 12. PENSION PLANS

### *CTA*

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

***General Information about the Retirement Plan for Chicago Transit Authority Employees***

***Plan Description -*** The CTA participates in a single employer defined benefit pension plan covering substantially all full-time permanent union and non-union employees. The Retirement Plan for Chicago Transit Authority Employees (the Employees' Plan) is governed by Illinois state statute (40 ILCS 5/22-101). Substantially all non-temporary, full-time employees who have completed one year of continuous service ("Service") participate in the Employees' Plan. The Employees' Plan issues a separate stand-alone financial report which is available at http://www.ctaretirement.org/index.asp.

***Contributions -*** Prior to 2008, contribution requirements of the Employees' Plan were governed by collective bargaining agreements. After 2008, contribution requirements are governed by Illinois state statute (40 ILCS 5/22-101).

**NOTE 12. PENSION PLANS (Continued)**

Actual contributions made to the Employees' Plan during the years ended December 31, 2019 and 2018 are as follows (in thousands of dollars):

| | Employees' Plan | |
|---|---|---|
| | **2019** | **2018** |
| Employer contributions | $ 121,668 | $ 117,115 |
| Employee contributions | 79,721 | 77,909 |
| Total | $ 201,389 | $ 195,024 |
| Employer contribution rate | 18.019% | 18.019% |
| Employee contribution rate | 12.010% | 12.010% |

*Benefit terms.* Substantially all non-temporary, full-time employees who have completed one year of continuous service ("Service") participate in the Employee Plan. Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage, not to exceed 70%, of their average annual compensation in the highest four of the 10 preceding years. For employees retiring on or after January 1, 2001, the percentage is 2.15% multiplied by the employee's number of continuous years of participating service. The Employee Plan permits early retirement at age 55 with three years of service, generally with reduced benefits. However, in the event of early retirement by an employee who has 25 years or more of continuous service, regardless of their age, benefits will not be reduced. In accordance with Public Act 095-0708, for all employees hired on or after January 18, 2008, eligibility for an unreduced pension benefit has changed to age 64 with 25 years of service and early retirement is age 55 with 10 years of service. Benefits are paid monthly equal to one-twelfth of the annual benefit for the retiree's lifetime. Married employees can elect to receive their pension benefits in the form of a joint and survivor option. In addition to retirement benefits, the Employee Plan also provides disability and death benefits.

*Employees covered by the benefit terms.* The following participants were covered by the benefit terms as of January 1, 2018 and January 1, 2017:

| | Employees' Plan |
|---|---|
| **Participants as of January 1, 2018** | |
| Retirees and beneficiaries currently receiving benefits | 10,387 |
| Terminated employees entitled to but not yet receiving benefits | 106 |
| Active plan members | 8,192 |
| Total | 18,685 |
| **Participants as of January 1, 2017** | |
| Retirees and beneficiaries currently receiving benefits | 10,150 |
| Terminated employees entitled to but not yet receiving benefits | 105 |
| Active plan members | 8,129 |
| Total | 18,384 |

## NOTE 12. PENSION PLANS (Continued)

***Net Pension Liability***

The CTA's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and calculations. The total pension liability was determined using the following actuarial assumptions, applied to the periods included in the measurement:

| | **Employee Plan** |
|---|---|
| Actuarial valuation date | January 1, 2018 |
| Measurement date | December 31, 2018. Census data was collected as of January 1, 2018. Liabilities measured as of the census date were projected to December 31, 2018, assuming no demographic gains or losses. |
| Investment return | 8.25% per annum, compounded annually, including inflation, net of expenses |
| Inflation | 3.10% per annum |
| Salary increases | Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service |
| Future ad hoc benefit increases | None assumed |
| Mortality | SOA Public Mortality General Below Median generational with Improvement Scale MP-2018 |
| Early retirement age | Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However, if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service. |
| Normal retirement age | 65 |
| Actuarial cost method | Entry age normal - level percentage of pay |
| Asset valuation method | 5-year smoothed actuarial value of assets |
| Experience study | The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017. |

From 2018 to 2019, the mortality tables changed from the RP-2000 Blue Collar Table, generational from 2000 based on Scale BB to the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018. From 2017 to 2018, the mortality tables changed from the RP-2000 Blue Collar Table, generational to 2017 based on Scale BB to the RP-2000 Blue Collar Table, generational to 2000 based on Scale BB

**NOTE 12. PENSION PLANS (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the Employees' Plan target asset allocation as of January 1, 2019 and 2018 are summarized in the following table (note that the rates shown below include the inflation components):

| | Employees' Plan | | |
|---|---|---|---|
| | Target Allocation | December 31, 2019 Estimate of Expected Long-Term Rate of Return | December 31, 2018 Estimate of Expected Long-Term Rate of Return |
| Fixed income | 17 % | 2.33 % | 1.31 % |
| Domestic equities | 28 | 8.77 | 9.41 |
| International equities | 21 | 7.77 | 8.37 |
| Venture capital and partnerships | 10 | 11.70 | 12.54 |
| Real estate | 12 | 4.60 | 6.91 |
| Hedge funds | 7 | 3.80 | 4.66 |
| Infrastructure | 5 | 5.66 | 6.72 |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

Discount rate. The discount rate used to measure the total pension liability was 8.25% for both 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that Employees' Plan members and employer contributions will continue to follow the current funding policy. Based on those assumptions, the Employees' Plan 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.

**SUPPLEMENTAL PLANS PENSION DISCLOSURES**

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

***General Information about the Supplemental Plans***

***Plan Description***. The CTA also maintains separate single-employer, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board), (2) closed (Non-Qualified) supplemental plan for members that retired or terminated employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for active employees and members retiring after March 2005. All plans are closed to new entrants. CTA received qualification under Section 401(a) of the Internal Revenue Code for

## NOTE 12. PENSION PLANS (Continued)

the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified Supplemental Retirement Plan is reported in a fiduciary fund, whereas the activities for the Non-Qualified and Board plans are included in the financial statements of the CTA's business-type activities. There are no separate stand-alone financial reports issued for any of the Supplemental Plans.

Each of the Supplemental plans are administered by the Employee Retirement Review Committee (EERC) of the CTA, whose members are appointed by the Board of Directors of the CTA, which retains oversight of the plan administration. The plans are each established by CTA ordinances, which grant the EERC operational authority and can be modified by the CTA Board.

***Contributions***. The Board and Non-Qualified plans are administered on a pay as you go basis. The CTA contributes to the Qualified plan based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

GASB Statements No. 67, *Financial Reporting for Pensions Plans—an amendment of GASB Statement No. 25*.

***Investments***. The Board and Non-Qualified plans are administered on a pay as you go basis. The Non-Qualified plan does not have any associated assets. The Board plan has a limited reserve held in cash or cash equivalents, which is not actively managed or associated with an investment policy. The Qualified plan's investment policy is established and may be amended by the CTA's Employment Retirement Review Committee. The primary objective of the policy is to provide a documented structure for the implementation of investment strategies which suggests the highest probability of maximizing the level of investment return within acceptable parameters for the total Fund's volatility and risk.

### The RTA, Metra and Pace

***Plan Description—***Effective July 1, 1976, the RTA participates, along with Metra and Pace, in a cost-sharing multi-employer noncontributory defined benefit pension plan, the Regional Transportation Authority Pension Plan (Plan), covering substantially all employees not otherwise covered by a union pension plan. The responsibilities for establishing, administering, and amending the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (Plan Administrators).

The Plan is classified as a "governmental plan" and is, therefore, generally exempt from the provisions of the Employee Retirement Income Security Act of 1974. The Internal Revenue Service has issued a letter of determination dated September 30, 1988 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (Code) and is, therefore, exempt from Federal income taxes under the provisions of Section 501(a) of the Code. The Plan operates on a calendar fiscal year.

***Pension Benefits***—Participants are entitled to annual pension benefits upon normal retirement at age 65. Such benefits are generally based on 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.

## NOTE 12. PENSION PLANS (Continued)

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 equal eighty-five or higher (known as "Rule of Eighty-Five Early Retirement).

The Plan provides for benefit payments to beneficiaries based on one of the payment methods selected by participants, as outlined in the Plan.

***Disability Benefits—***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.

***Contributions and Vesting —***The Plan is funded solely by employer contributions, which are actuarially determined under the entry age actuarial cost method. Contributions to the plan from the Authority were $2.5 million for the year ended December 31, 2019.

Participating employees do not contribute to the Plan. 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.

*Actuarial assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary increases | 3.25 percent to 8.75 percent including inflation |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP 2014 Employee Mortality Table, sex distinct, for pre-retirement mortality and the RP 2014 Healthy Annuitant Mortality table, sex distinct for post-retirement mortality.

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, 2016 and experience study for the period January 1, 2009 through January 1, 2014.

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 arithmetic real 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. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2019 are summarized in the following table:

**NOTE 12. PENSION PLANS (Continued)**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 28.0 % | 6.67 % |
| Developed Foreign Equity | 16.0 | 7.41 |
| Emerging Markets Equity | 15.0 | 10.30 |
| Private Equity | 4.0 | 10.48 |
| Investment Grade Bonds | 11.0 | 1.25 |
| Long-Term Government Bonds | 3.0 | 1.67 |
| TIPS | 3.0 | 1.11 |
| High-Yield Bonds | 3.0 | 4.29 |
| Emerging Markets Bonds (local) | 2.0 | 3.49 |
| Emerging Markets Bonds (major) | 2.0 | 3.02 |
| Real Estates | 8.0 | 5.30 |
| Real Assets | 5.0 | 4.65 |

*Discount rate.* A single discount rate of 7.50% 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 7.50%. 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.

*Pension plan fiduciary net position.* The complete Plan financial report, including all required disclosures can be obtained from the Plan Administrators at the following address:

Regional Transportation Authority Pension Plan
175 West Jackson Boulevard, Suite 1650
Chicago, IL 60604

## NOTE 13. RISK MANAGEMENT

### *RTA*

The RTA is exposed to various risks including, but not limited to, losses from workers' compensation, employee health insurance, and general liability/property. Commercial insurance coverage is procured to limit the RTA's exposure to such losses.

The Workers' Compensation and Employers' Liability Insurance Policy is held through The Hartford. The RTA is insured for $500 thousand each accident for bodily injury by accident, $500 thousand each employee for bodily injury by disease and $500 thousand policy limit. The RTA procured property, general liability, automobile, and umbrella insurance policies with Zurich American Insurance Company. Under these policies, the RTA is insured for $1 million each occurrence with a general aggregate limit of $2 million, and a personal and advertising injury limit of $1 million. The RTA also procured public officials and employment practices liability coverage through ACE American Insurance Company with an aggregate coverage limit of $3 million; cyber liability coverage through Illinois Union Insurance Company with an aggregate coverage limit of $3 million; and fidelity and crime coverage through Great American Insurance Group with an aggregate coverage limit of $5 million. The RTA had no settlements in excess of this insurance coverage in the past three years. There have been no significant reductions in the amount of coverage from the prior year.

In addition, the RTA is a participant in RTA's Loss Financing Plan (Plan) and Joint Self-Insurance Fund. The Fund was created as required by Article Two of the Plan with the RTA and the three Service Boards as participants. The Plan is intended primarily to serve as a mechanism for funding catastrophic losses and, by capitalizing the Fund in advance of such losses, to smooth their impact over time. The Fund is essentially a self-insurance program that provides a means for financing losses that are normally insured, and is included in the RTA's reporting entity as a proprietary fund type (enterprise fund). The Plan is administered by the RTA, CTA, Metra, and Pace (Participating Entities) utilizing a Fund Manager appointed by the RTA and three Fund Advisors, one appointed by each of the Service Boards.

Each participating entity (RTA, CTA, Metra, and Pace) is only responsible to repay the Fund for submitted claims paid by the Fund. The Fund acts exclusively as a claims-service, and financing mechanism, not an insurer, with respect to claims presented.

The limit of liability to the Fund is established at $50 million less the retained limit (deductible portion) as described below:

General Liability—The categories of general liability that are covered, with certain defined exclusions, by the joint agreement are:

- Personal injury
- Property damage
- Advertising injury
- Evacuation, evacuation expenses and loss of use

Further, the Plan purchases excess liability insurance on behalf of all four participating agencies, with self-insured retention limits of up to $15 million and coverage for losses from $15 million to $100 million.

## NOTE 13. RISK MANAGEMENT (Continued)

The retained limit (deductible portion) for each Participating Entity is:

| | Amount (in thousands) |
|---|---|
| CTA | $ 3,500 |
| Metra | 3,000 |
| Pace | 1,000 |
| RTA | 500 |

***Director, Officer and Employee Liability—***All directors, officers or employees of each Participating Entity are covered, with certain defined exclusions, by the Plan. The retained limits are $100 thousand for each covered person. If a loss is covered under both types of liability, then the retained limit for general liability will apply.

***CTA***

The CTA is exposed to various types of risk of loss, including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risks of loss associated with providing health, dental, and life insurance benefits to employees.

The CTA provides health insurance benefits to employees through two insured health maintenance organizations and a self-insured comprehensive PPO plan. The CTA provides dental insurance benefits through an insured dental maintenance organization and a self-insured dental indemnity plan. The CTA does not purchase stop-loss insurance for its self-insured comprehensive PPO plan. The CTA provides life insurance benefits for active employees through an insured life insurance program.

CTA purchases property insurance for damage to CTA property including rolling stock. This insurance program is effective July 29, 2018 to July 29, 2019. Property limit of liability is $130 million per occurrence and is purchased in two layers. The first/primary layer provides a $25 million limit. The excess layer provides the $105 million limit excess and above the primary. The basic policy deductible is $250 thousand per each occurrence, with some exceptions as defined more fully in the policy.

The CTA is also self-insured for general liability, workers' compensation, employee accidents, environmental, business interruption, terrorism, and automotive liability losses arising from automotive liability, property, property-related business interruption, terrorism, employment-related suits, including discrimination and sexual harassment, and management liability of board members, directors, and officers of the CTA.

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are three insurance policies in effect from June 15, 2018 to June 15, 2019. The first policy provided $15 million in excess of the $15 million self-insured retention and $30 million in the aggregate. The second policy provides $20 million in excess of the $30 million and $40 million in the aggregate. The third policy provides $50 million in excess of $50 million and $100 million in the aggregate. In 2019 and 2018, no CTA claim existed that is expected to exceed the $15 million self-insured retention under this insurance policy.

## NOTE 13. RISK MANAGEMENT (Continued)

The CTA participates in a Joint Self-Insurance Fund (the Fund) with the RTA that permits the CTA to receive monies necessary to pay injury and damage claims in excess of $2.5 million per occurrence up to a maximum of $47.5 million from the Fund. The CTA is obligated to reimburse the Fund for the principal amount borrowed plus a floating interest rate. However, reimbursement payments, including interest, cannot exceed $3.5 million in any one year. No borrowings were made from the Fund in fiscal years 2019 or 2018.

Settlements did not exceed coverage for any of the past four years, and there has been no significant reduction in coverage during that period.

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The estimate for injury and damage claims is adjusted for a current trend rate and discount factor of 2.0% and 3.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 4.0% and 3.0%, respectively. Changes in the balance of claims liabilities during the past two years are as follows (in thousands of dollars):

| | Injury and Damage | Group Health and Dental | Workers' Compensation | Total |
|---|---|---|---|---|
| Balance at January 1, 2017 | $ 88,842 | $ 19,962 | $ 160,463 | $ 269,267 |
| Funded* | 3,167 | 151,765 | 55,752 | 210,684 |
| Funding (excess)/deficiency per actuarial requirement | 21,479 | - | 6,084 | 27,563 |
| Payments* | (38,591) | (152,771) | (55,752) | (247,114) |
| Balance at December 31, 2017 | 74,897 | 18,956 | 166,547 | 260,400 |
| Funded* | 5,000 | 159,769 | 53,644 | 218,413 |
| Funding (excess)/deficiency per actuarial requirement | 30,648 | - | (1,482) | 29,166 |
| Payments* | (31,882) | (159,207) | (53,644) | (244,733) |
| Balance at December 31, 2018 | 78,663 | 19,518 | 165,065 | 263,246 |
| Funded* | 7,500 | 98,924 | 51,938 | 158,362 |
| Funding (excess)/deficiency per actuarial requirement | 21,236 | | (6,165) | 15,071 |
| Payments* | (22,112) | (106,102) | (51,938) | (180,152) |
| Balance at December 31, 2019 | $ 85,287 | $ 12,340 | $ 158,900 | $ 256,527 |

## NOTE 13. RISK MANAGEMENT (Continued)

Chapter 70, Paragraph 3605/39 of the Illinois Compiled Statutes requires the CTA to establish an injury and damage reserve in order to provide for the adjustment, defense, and satisfaction of all suits, claims, and causes of action, and the payment and satisfaction of all judgments entered against the CTA for damages caused by injury to or death of any person and for damages to property resulting from the construction, maintenance, and operation of the transportation system. The statute also requires the CTA to separately fund the current year's budgeted provision for the injury and damage reserve. See Note 5 regarding cash and investment amounts maintained in this account.

### *Metra*

A liability for each retained risk is provided based upon the estimated cost of settling claims using a case-by-case review and historical perspective. Changes in the retained risk portion of injury and damage, and Federal Employers Liability Act (FELA) accounts were as follows (amounts in thousands):

| | | |
|---|---|---|
| Balance, December 31, 2018 | $ | 54,845 |
| 2019 provision | | 16,302 |
| 2019 payments | | (12,867) |
| Balance, December 31, 2019 | $ | 58,280 |

### *PACE*

Pace's basic risk financing policy is to retain a portion of the financial risk of loss for its General Liability, Automobile Liability, and Workers Compensation exposures. Pace does purchase aggregate insurance coverage in excess of specific self-insured retentions for each of the liability exposures highlighted below.

Pace also purchases conventional insurance for its property, environmental, crime, employment practice, directors & officers and cyber liability 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 our 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 settlements in the past three years that exceeded the allotted coverage. There were also no significant reductions in coverage in 2019. Pace's specific self-insured retentions as of December 31, 2019 are structured as follows:

| | |
|---|---|
| General Liability | $2,500,000 Each Occurrence |
| Pollution Legal Liability | $25,000 Each Occurrence |
| Underground Storage Tank Liability | $50,000 Each Occurrence Tanks Under 30 Years Old |
| Automobile Liability | $5,000,000 Each Occurrence |
| Excess Workers Compensation | $1,000,000 Each Occurrence |
| Property | $25,000 Per Occurrence Deductible |
| Employment Practice Liability | $100,000 Each Occurrence |
| Cyber Liability | $50,000 Each Occurrence |

## NOTE 13. RISK MANAGEMENT (Continued)

Pace also has assumed the financial risk for its employee health and welfare coverage. The stop loss coverage at December 31, 2019 is as follows:

| | Specific Stop Loss | Aggregate Stop Loss |
|---|---|---|
| Corporate and all Divisions | $ 150,000 | $ 5,955,321 |

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 $40 million and as of December 31, 2019. Cash is intended to pay for general liability, automobile liability, and workers' compensation at a present value of $39.2 million for this liability at December 31, 2019.

Changes in the balances of claims liabilities were as follows (amounts in thousands):

| | |
|---|---|
| Balance at beginning of year | $ 37,747 |
| Current year claims and changes in estimates | 7,028 |
| Claim payments | (4,397) |
| Balance at end of year | $ 40,378 |

## NOTE 14. REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. This information includes the transportation-related results of the Service Boards' affiliated carriers. Accordingly, this region-wide information is presented in the combining region-wide schedules of revenues and expenses and the combining region-wide statement of revenues and expenses—budget and actual.

The basic financial statements of the RTA and the Service Boards used to prepare the combining statement of revenues and expenses do not include the aggregate of system-generated revenues and costs. The combining region-wide schedules of revenues and expenses include the aggregate of all system-generated revenues and costs.

For purposes of the system-generated revenues recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with accounting principles generally accepted in the United States of America, with certain allowable adjustments as enumerated in the Act. Costs funded by Federal capital grants are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act.

The Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation.

For 2019, the region-wide system-generated revenue recovery ratio is calculated from the combining region-wide schedules of revenues and expenses (budget and actual budget basis) as follows:

| **System-generated Revenue Recovery Ratio (in thousands)** | **Revenues** | **Expenses** |
|---|---|---|
| CTA[(a)] | $ 748,389 | $ 1,330,173 |
| Metra[(b)] | 413,939 | 754,593 |
| Pace[(c)] | 68,940 | 223,507 |
| RTA | 12,549 | 31,152 |
| Total | $ 1,243,817 | $ 2,339,425 |

## NOTE 14. REGION-WIDE FINANCIAL INFORMATION (Continued)

The region-wide system-generated revenue recovery ratio for 2019 equals 51.73%.

a) The system-generated revenue recovery ratio for included Senior/Circuit Breaker Free Rides revenue of $29.2 million, ratio included an in-kind service of $22 million both as revenues and expenses but excluded Senior Ride Free for $29.2 million. The ratio excluded CTA expenses for security camera contracts & department costs for $39.5 million, pension obligation bond debt service cost of $156.6 million, $4.9 million for depreciation and $6.2 million of ICE costs.

b) Metra's system-generated revenue recovery ratio included revenue of Senior/Circuit Breaker Free Rides revenue of $2.1 million and excluded Senior Ride Free for $2.1 million. The recovery ratio expenses excluded $20.8 million of security costs, $22.6 million for lease of transportation facilities, Debt Service and Fees of $39 thousand and $4.1 million for depreciation expense to carriers.

c) Pace's system-generated revenue recovery ratio included an in-kind service of $11.1 million both as revenues and expenses but excluded Senior/Circuit Breaker Free Rides revenue of $2.3 million, pension costs of $5.1 million in excess of actual contributions, SSJA exclusion $7.5 million, bond interest $216 thousand and ICE costs of $724 thousand.

These are allowable adjustments for the revenues recovery ratio computation per the Act. These adjustments are also reflected in the region-wide information, with the exception of the Senior/Circuit Breaker free ride credit, which is disallowed at the regional level.

Also, RTA Act section 4.01(b) requires the RTA Board to determine that the level of fares charged for ADA paratransit services is sufficient to cause the aggregate of all projected revenues from such fares charged and received in each fiscal year to equal at least 10% of the aggregate costs of providing such ADA paratransit services in fiscal years 2019. Pace ended the year with a 10.4% recovery ratio for Regional ADA Paratransit Services. The 2019 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

## NOTE 15. RECONCILIATION OF GOVERNMENT-WIDE TO REGION-WIDE REVENUES AND EXPENSES

RTA's government-wide financial statements do not include fiduciary fund financial statement information which is added in the region-wide presentation. As also stated in Note 13, in-kind services are added in the system-generated revenues and expenses.

The following data (in thousands) reconciles the combining government-wide to region-wide schedules of revenues and expenses:

| | RTA | CTA | Metra | Pace |
|---|---|---|---|---|
| **Government-wide revenues (page 72)** | $ 619,242 | $ 2,026,985 | $ 1,107,596 | $ 441,570 |
| Sales tax agency fund | 1,268,386 | - | - | - |
| Pension trust fund | 62,898 | - | - | - |
| Senior free rides | - | 29,212 | 2,100 | 2,260 |
| In-kind services | - | 22,000 | - | 11,085 |
| GASB 34 | (3,718) | - | - | - |
| **Region-wide revenues (page 73)** | 1,946,808 | 2,078,197 | 1,109,696 | 454,915 |
| **Government-wide expenses (page 72)** | 531,746 | 2,142,193 | 1,023,832 | 460,888 |
| Sales tax agency fund | 1,268,386 | - | - | - |
| Pension trust fund | 20,176 | - | - | - |
| In-kind services | - | 22,000 | - | 11,085 |
| Security costs | - | (39,490) | (20,791) | - |
| Lease of transportation facilities | - | - | (22,643) | - |
| ICE | - | (6,206) | - | (724) |
| Pension and other employee benefits | - | (156,576) | (39) | (5,081) |
| Capital (depreciation, disposals/additions) | - | (4,943) | (4,144) | - |
| GASB 34 | (11,840) | - | - | - |
| SSJA Exclusion | - | - | - | (7,500) |
| **Region-wide expenses (page 73)** | 1,808,468 | 1,956,978 | 976,215 | 458,668 |
| **Net revenues** | $ 138,340 | $ 121,219 | $ 133,481 | (3,753) |

## NOTE 16. SUBSEQUENT EVENTS

### *RTA*

COVID-19 Pandemic
On January 30, 2020, the World Health Organization declared a novel strain of a coronavirus outbreak, known as COVID-19, as a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and action taken to mitigate it, have had and are expected to continue to have, an adverse impact on the economies of the entire country, specifically areas of larger population, such as northeastern Illinois, where the RTA and the three service boards operate, including significant losses in revenue associated with reductions in ridership and sales tax revenues. The ultimate impact of these conditions will have on the RTA and the three service boards is unknown at this time. In an effort to mitigate the impact of COVID-19 and the actions taken to mitigate the spread, the federal government has passed the Coronavirus Aid, Relief and Economic Stability (CARES) Act which specifically provides the Federal Transit Agency (FTA) available funding in the amount of $1.4 billion, specifically designated for Chicago, Illinois. The majority of the federal assistance from the CARES Act will go straight to the three service boards to offset expenses and lost revenues.

Debt refunding
On May 4, 2020, a $250 million Direct Placement with JP Morgan closed, at which time the RTA drew $150 million. The $150 million was used to retire, the $150 million 2018A Working Cash Note which matured. The principal payment to the trustee was made on May 8 2020.

### *CTA*

Line of Credit

On March 12, 2020, the CTA drew down $43 million on the 2018 capital line of credit. Additional information on the capital lines of credit can be found in Note 7.

COVID-19 Pandemic
The United States and the State of Illinois declared a state of emergency in March 2020 due to the COVID-19 global pandemic. CTA anticipates a financial impact resulting from the effects of the COVID19 outbreak and related stay-at-home orders on the national, state, and local economies, as well as ridership. During this evolving situation, CTA continues to analyze the impact on its financial position. As of April 29, 2020, CTA has been allocated and has applied for approximately $817.5 million in emergency funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act from the Federal Transit Administration. This compares to its $1.57B annual operating budget.

## NOTE 16. SUBSEQUENT EVENTS (Continued)

***Metra***

COVID-19 Pandemic

COVID-19 was detected in Wuhan, China and first reported to the WHO on December 31, 2019. On January 30, 2020, WHO declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and subsequently declared it a pandemic on March 11, 2020. As a result, actions to help mitigate the spread of COVID-19 consists of travel restrictions, quarantines, closures of public places and non-essential businesses. The actions taken to mitigate the spread of COVID-19 have had and are expected to adversely impact the economy of northeastern Illinois, where Metra operates. The length of these conditions and the financial impact this will have on Metra is unknown; to date, Metra is experiencing a decrease in revenue due to reductions in ridership and sales tax revenue. President Donald Trump signed a federal coronavirus relief bill into law on March 27, 2020 for $2.2 trillion, the CARES Act. The amount available to Metra from the CARES Act is approximately $480 million.

Restrictions on uses of these funds are still being determined but these funds will assist towards offsetting the reduction in revenue and increase in costs. Additionally, funds not used to fill any 2020 shortfalls can be carried over to future years. Consequently, the net effect related to the financial impact and duration cannot be reasonably estimated at this time.

***Pace***

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID19, spread to the United States, including to areas impacting Pace's service areas. As of May 29, 2020, Pace's evaluation of the effects of these events is ongoing; however, based on current information we believe this situation will impact ridership significantly. In March, the Stay at Home Order was issued by Governor Pritzker and began to impact ridership. There was a 31.7% decline in ridership on Pace's fixed route service compared with March 2019. The Stay At Home Order was extended through April 30 and fixed route ridership for that month declined 71.1% compared with April 2019. In early April 2020, there were 60 routes that were temporarily suspended through December 31, 2020. The majority of the routes were operated by outside contracted providers.

In April 2020, Pace was notified that they would receive $112.8 million in funding from the FTA through the Economic Security (CARES) Act. In response to this notice, Pace has submitted a funding application to the FTA.

The extent of the impact of COVID-19 on Pace's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES**

**YEAR ENDED DECEMBER 31, 2019**

**(In Thousands)**

| | RTA Government-Wide | Service Boards: Chicago Transit Authority | Service Boards: Commuter Rail Division | Service Boards: Suburban Bus Division | Combining Adjustments: Debit | Combining Adjustments: Credit | Total Combined |
|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | |
| Service Boards operating revenues | $ - | $ 654,009 | $ 411,839 | $ 68,856 | $ 1,567 | $ - | $ 1,133,137 |
| RTA financial assistance | - | 818,211 | 495,528 | 337,804 | 1,336,985 | - | 314,558 |
| Other public funding | - | 39,346 | - | 6,692 | - | - | 46,038 |
| Capital grants | - | 502,238 | 200,229 | 26,402 | 149,621 | - | 579,248 |
| Sales taxes | 139,881 | - | - | - | - | 1,258,408 | 1,398,289 |
| Interest on sales taxes | 1,086 | - | - | - | - | - | 1,086 |
| Public Transportation Fund | 299,581 | - | - | - | 156,520 | - | 143,061 |
| Operating assistance | 25,338 | - | - | - | 12,764 | - | 12,574 |
| State assistance | 129,474 | - | - | - | - | - | 129,474 |
| Investment income | 15,181 | 13,181 | - | 1,816 | - | - | 30,178 |
| Program revenues and other | 8,701 | - | - | - | - | - | 8,701 |
| Total revenues | 619,242 | 2,026,985 | 1,107,596 | 441,570 | 1,657,457 | 1,258,408 | 3,796,344 |
| EXPENSES: | | | | | | | |
| Operating | - | 1,451,594 | 802,210 | 409,650 | - | 1,567 | 2,661,887 |
| Depreciation | - | 500,475 | 221,622 | 51,238 | - | - | 773,335 |
| Financial Assistance to Service Boards | 227,969 | - | - | - | - | 227,969 | - |
| Operating Assistance - CTA & Pace | 32,838 | - | - | - | - | 32,838 | - |
| Capital grants—discretionary | 472 | - | - | - | - | 472 | - |
| Capital grants—bonds | 136,203 | - | - | - | - | 136,203 | - |
| Insurance (JSIF) | 5,594 | - | - | - | - | - | 5,594 |
| Administrative and other expenses | 16,629 | - | - | - | - | - | 16,629 |
| Regional expenses | 22,589 | - | - | - | - | - | 22,589 |
| Technology program | 610 | - | - | - | - | - | 610 |
| Bond interest/Prepaid Ins Bond | 88,842 | 186,931 | - | - | - | - | 275,773 |
| Interest expense from leasing transactions | - | 3,193 | - | - | - | - | 3,193 |
| Total expenses | 531,746 | 2,142,193 | 1,023,832 | 460,888 | - | 399,049 | 324,388 |
| NET REVENUES (EXPENSES) | $ 87,496 | $ (115,208) | $ 83,764 | $ (19,318) | $ 1,657,457 | $ 1,657,457 | $ 3,471,956 |

Note 1—Changes in net position shown on page 4 and net revenues and expenses shown on this page are similar.

Note 2—Government-wide to region-wide revenues and expenses shown on this page are reconciled in Note 14.

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENSES—BUDGET AND ACTUAL (BUDGETARY BASIS)**
**YEAR ENDED DECEMBER 31, 2019**
**(In Thousands)**

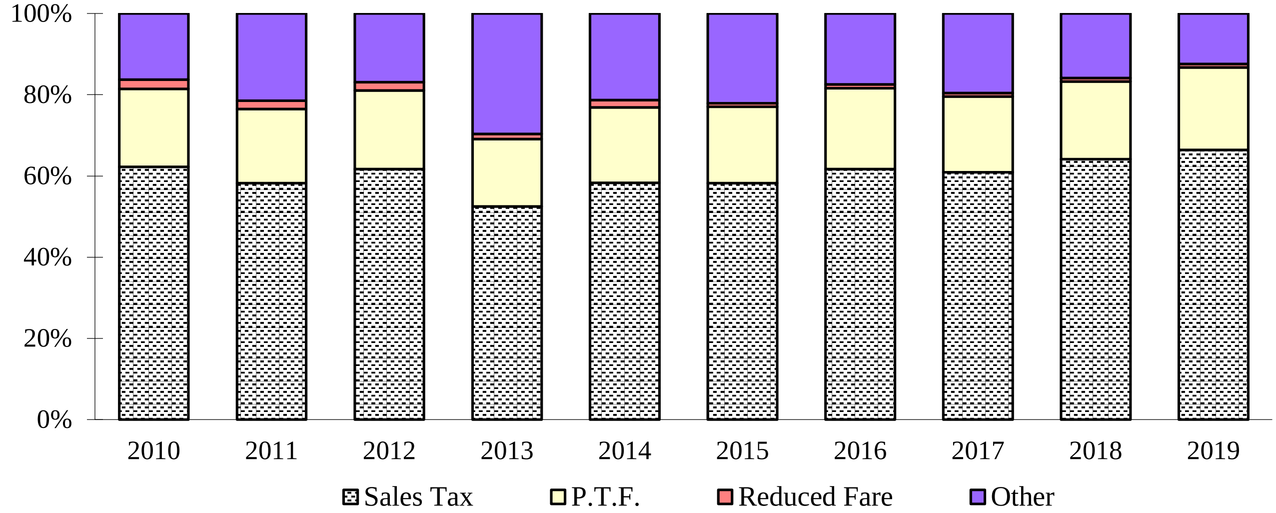
| | RTA Government-Wide and Fiduciary Funds (1) | Service Boards | | | Combining Adjustments | | | |
|---|---|---|---|---|---|---|---|---|
| | | Chicago Transit Authority | Commuter Rail Division | Suburban Bus Division | Debit | Credit | Total Combined | Total Region-Wide Budget |
| REVENUES: | | | | | | | | |
| RTA financial assistance | $ - | $ 818,211 | $ 495,528 | $ 337,804 | $ 1,336,612 | $ - | $ 314,931 | $ - |
| Other public funding | - | 39,346 | - | 6,692 | - | - | 46,038 | - |
| Capital grants | - | 502,238 | 200,229 | 26,402 | 149,621 | - | 579,248 | - |
| Sales taxes | 1,241,396 | - | - | - | - | - | 1,241,396 | 1,270,272 |
| Public Transportation Fund | 381,989 | - | - | - | 156,520 | - | 225,469 | 396,702 |
| General State revenue | 74,112 | - | - | - | - | - | 74,112 | - |
| Operating assistance | 25,338 | - | - | - | 12,764 | - | 12,574 | - |
| State Assistance Inc. | 129,474 | - | - | - | - | - | 129,474 | 130,300 |
| State reduced fare reimbursement | 8,785 | - | - | - | 8,785 | - | - | 34,070 |
| Pension contribution | 13,885 | - | - | - | - | - | 13,885 | - |
| Pension investment income | 49,013 | - | - | - | - | - | 49,013 | - |
| Other revenues | 8,701 | 9,361 | - | 14,862 | - | - | 32,924 | - |
| Interest on sales taxes to Service Boards | 1,566 | - | - | - | 1,566 | - | - | - |
| Subtotal | 1,934,259 | 1,369,156 | 695,757 | 385,760 | 1,665,868 | - | 2,719,064 | 1,831,344 |
| Investment income | 15,181 | - | - | - | - | - | 15,181 | 9,187 |
| Other revenues | - | - | - | - | - | - | - | - |
| Interest on sales taxes | 1,086 | - | - | - | - | - | 1,086 | 1,500 |
| Service Boards revenues | - | 657,829 | 411,839 | 55,810 | 372 | - | 1,125,106 | 1,192,378 |
| GASB 34 conversion | (3,718) | - | - | - | - | - | (3,718) | - |
| Add (Subtract): | | | | | | | | |
| Senior Free Ride | - | 29,212 | 2,100 | 2,260 | - | - | 33,572 | - |
| In-kind services | - | 22,000 | - | 11,085 | - | - | 33,085 | - |
| Subtotal | 12,549 | 709,041 | 413,939 | 69,155 | 372 | - | 1,204,312 | 1,203,065 |
| Total revenues | 1,946,808 | 2,078,197 | 1,109,696 | 454,915 | 1,666,240 | - | 3,923,376 | 3,034,409 |
| EXPENSES: | | | | | | | | |
| Depreciation | - | 495,532 | 221,622 | 51,238 | - | - | 768,392 | - |
| Interest expenses from leasing transactions | - | 3,193 | - | - | - | - | 3,193 | - |
| Interest expenses from bond transactions | - | 73,932 | - | - | - | - | 73,932 | - |
| Operating grants to Service Boards | 1,303,956 | - | - | - | - | 1,303,956 | - | - |
| CTA & PACE (PTF) expenditures | 214,886 | - | - | - | - | 214,886 | - | - |
| Capital grants—discretionary | 472 | - | - | - | - | 472 | - | - |
| Capital grants—bonds | 136,203 | - | - | - | - | 136,203 | - | - |
| State reduced fare reimbursement | 8,785 | - | - | - | - | 8,785 | - | - |
| Regional expenses and other | - | - | - | 183,923 | - | | 183,923 | - |
| Bond-related expenses | 88,842 | - | - | - | - | - | 88,842 | 228,105 |
| Pension and other employee benefits | 20,176 | 54,148 | - | - | - | - | 74,324 | - |
| Miscellaneous expense | 5,594 | - | - | - | - | | 5,594 | - |
| Interest on sales taxes to Service Boards | 1,566 | - | - | - | - | 1,566 | - | - |
| Subtotal | 1,780,480 | 626,805 | 221,622 | 235,161 | - | 1,665,868 | 1,198,200 | 228,105 |
| Operating expenses | - | 1,515,388 | 802,210 | 218,227 | - | 372 | 2,535,453 | 2,797,621 |
| Pension and other employee benefits | - | - | - | - | - | - | - | 16,825 |
| Administrative expenses | 16,629 | - | - | - | - | - | 16,629 | 24,181 |
| Regional expenses | 22,589 | - | - | - | - | - | 22,589 | - |
| Technology program | 610 | - | - | - | - | - | 610 | - |
| GASB 34 conversion | (11,840) | - | - | - | - | - | (11,840) | - |
| Add (Subtract): | | | | | | | | |
| In-kind services | - | 22,000 | - | 11,085 | - | - | 33,085 | 33,085 |
| Security costs | - | (39,490) | (20,791) | - | - | - | (60,281) | (60,281) |
| Bond Service & Fees | - | - | - | - | - | - | - | - |
| Pension Obligation Bond Debt Service | - | (156,576) | (39) | (5,081) | - | - | (161,696) | (161,696) |
| Lease of transportation facilities | - | - | (22,643) | - | - | - | (22,643) | (22,643) |
| ICE | - | (6,206) | - | (724) | - | - | (6,930) | (6,930) |
| Capital (depreciation, disposals/additions) | - | (4,943) | (4,144) | - | - | - | (9,087) | (9,087) |
| Subtotal | 27,988 | 1,330,173 | 754,593 | 223,507 | - | 372 | 2,335,889 | 2,611,075 |
| Total expenses | 1,808,468 | 1,956,978 | 976,215 | 458,668 | - | 1,666,240 | 3,534,089 | 2,839,180 |
| NET REVENUES (EXPENSES) | $ 138,340 | $ 121,219 | $ 133,481 | $ (3,753) | $ 1,666,240 | $ (1,666,240) | $ 389,287 | $ 195,229 |

(1) RTA amounts represent government-wide revenues and expenses and fiduciary fund increases (revenues) and decreases (expenses).

Table 1

**RTA REVENUE BY SOURCE**

**2010-2019**




*Last Ten Years* *(In Thousands)*

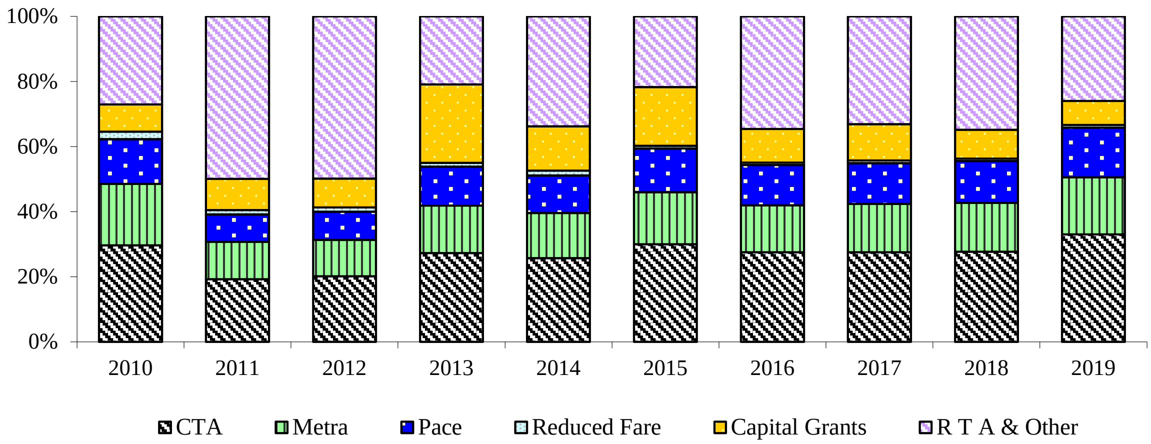
| | Sales Tax | Public Transportation Fund | Reduced Fare | Other | Total |
|---|---|---|---|---|---|
| 12 Months Ended 12/31/10 | $ 931,435 | $ 287,404 | $ 33,570 | $243,845 | $ 1,496,254 |
| *Percentage of Total* | 62.25% | 19.21% | 2.24% | 16.30% | 100% |
| 12 Months Ended 12/31/11 | 975,670 | 305,395 | 34,070 | 360,002 | 1,675,137 |
| *Percentage of Total* | 58.24% | 18.23% | 2.03% | 21.49% | 100% |
| 12 Months Ended 12/31/12 | 1,021,686 | 319,892 | 34,070 | 279,571 | 1,655,219 |
| *Percentage of Total* | 61.73% | 19.33% | 2.06% | 16.89% | 100% |
| 12 Months Ended 12/31/13 | 1,071,225 | 339,188 | 25,820 | 604,173 | 2,040,406 |
| *Percentage of Total* | 52.50% | 16.62% | 1.27% | 29.61% | 100% |
| 12 Months Ended 12/31/14 | 1,121,275 | 357,711 | 34,070 | 410,449 | 1,923,505 |
| *Percentage of Total* | 58.29% | 18.60% | 1.77% | 21.34% | 100% |
| 12 Months Ended 12/31/15 | 1,169,268 | 376,897 | 17,570 | 443,582 | 2,007,317 |
| *Percentage of Total* | 58.25% | 18.78% | 0.88% | 22.10% | 100% |
| 12 Months Ended 12/31/16 | 1,185,182 | 382,748 | 17,570 | 335,398 | 1,920,898 |
| *Percentage of Total* | 61.70% | 19.93% | 0.91% | 17.46% | 100% |
| 12 Months Ended 12/31/17 | 1,185,986 | 362,647 | 17,570 | 380,963 | 1,947,166 |
| *Percentage of Total* | 60.91% | 18.62% | 0.90% | 19.56% | 100% |
| 12 Months Ended 12/31/18 | 1,237,339 | 368,367 | 16,692 | 306,944 | 1,929,342 |
| *Percentage of Total* | 64.13% | 19.09% | 0.87% | 15.91% | 100% |
| 12 Months Ended 12/31/19 | 1,254,161 | 381,989 | 17,570 | 233,541 | 1,887,261 |
| *Percentage of Total* | 66.45% | 20.24% | 0.93% | 12.37% | 100% |

Note: Amounts above include revenues from the General Fund and the Agency Fund

Table 2

**DISTRIBUTION OF EXPENDITURES**

**2010-2019**



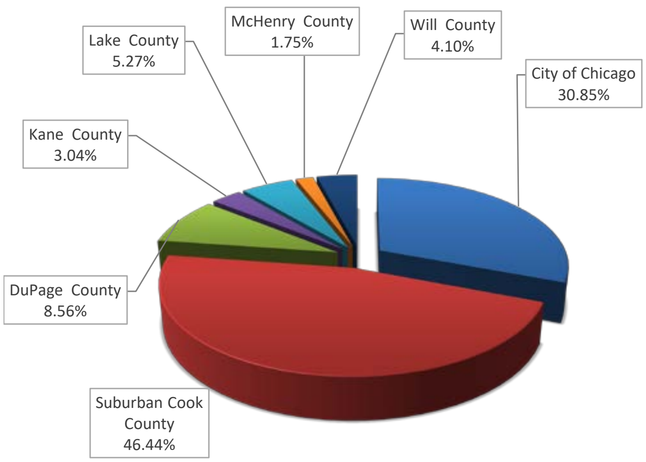

*Last Ten Years* *(In Thousands)*

| | Financial Assistance | | | | Reduced | Capital | R T A | |
|---|---|---|---|---|---|---|---|---|
| | CTA | Metra | Pace | Total | Fare | Grants | and Other | Total |
| 12 Months Ended 12/31/10 | $ 436,467 | $ 277,506 | $ 202,463 | $ 916,436 | $ 33,570 | $ 122,998 | $ 398,531 | $ 1,471,534 |
| *Percentage of Total* | 29.66% | 18.86% | 13.76% | 62.28% | 2.28% | 8.36% | 27.08% | 100% |
| 12 Months Ended 12/31/11 | 485,117 | 289,179 | 212,253 | 986,549 | 34,070 | 241,047 | 1,258,260 | 2,519,926 |
| *Percentage of Total* | 19.25% | 11.48% | 8.42% | 39.15% | 1.35% | 9.57% | 49.93% | 100% |
| 12 Months Ended 12/31/12 | 538,594 | 297,369 | 233,872 | 1,069,835 | 34,070 | 237,717 | 1,333,074 | 2,674,696 |
| *Percentage of Total* | 20.14% | 11.12% | 8.74% | 40.00% | 1.27% | 8.89% | 49.84% | 100% |
| 12 Months Ended 12/31/13 | 576,678 | 308,812 | 252,133 | 1,137,623 | 25,820 | 508,343 | 442,732 | 2,114,518 |
| *Percentage of Total* | 27.27% | 14.60% | 11.92% | 53.80% | 1.22% | 24.04% | 20.94% | 100% |
| 12 Months Ended 12/31/14 | 597,363 | 322,518 | 268,657 | 1,188,538 | 34,070 | 314,780 | 785,469 | 2,322,856 |
| *Percentage of Total* | 25.72% | 13.88% | 11.57% | 51.17% | 1.47% | 13.55% | 33.81% | 100% |
| 12 Months Ended 12/31/15 | 631,806 | 337,773 | 283,751 | 1,253,330 | 17,570 | 379,755 | 458,601 | 2,109,256 |
| *Percentage of Total* | 29.95% | 16.01% | 13.45% | 59.42% | 0.83% | 18.00% | 21.74% | 100% |
| 12 Months Ended 12/31/16 | 642,155 | 336,898 | 287,674 | 1,266,728 | 17,570 | 242,086 | 806,311 | 2,332,695 |
| *Percentage of Total* | 27.53% | 14.44% | 12.33% | 54.30% | 0.75% | 10.38% | 34.57% | 100% |
| 12 Months Ended 12/31/17 | 630,467 | 339,865 | 288,253 | 1,258,585 | 17,570 | 256,362 | 758,542 | 2,291,059 |
| *Percentage of Total* | 27.52% | 14.83% | 12.58% | 54.93% | 0.77% | 11.19% | 33.11% | 100% |
| 12 Months Ended 12/31/18 | 650,167 | 352,502 | 303,207 | 1,305,876 | 16,692 | 209,061 | 819,100 | 2,350,729 |
| *Percentage of Total* | 27.66% | 15.00% | 12.90% | 55.55% | 0.71% | 8.89% | 34.84% | 100% |
| 12 Months Ended 12/31/19 | 666,766 | 355,446 | 307,272 | 1,329,484 | 17,570 | 149,249 | 524,696 | 2,020,999 |
| *Percentage of Total* | 32.99% | 17.59% | 15.20% | 65.78% | 0.87% | 7.38% | 25.96% | 100% |

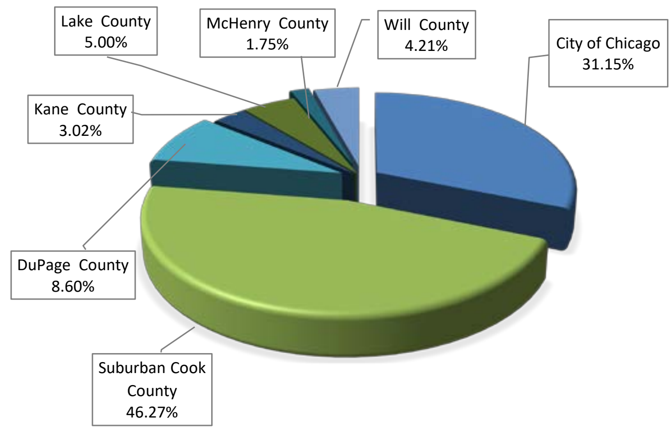
Note: Amounts above include expenditures from the General Fund and the Agency Fund

**SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO**

**2018**




**2019**




*Last Ten Years* *(In Thousands)*

| | City of Chicago | Suburban Cook County | DuPage County | Kane County | Lake County | McHenry County | Will County | Total |
|---|---|---|---|---|---|---|---|---|
| 12 Months Ended 12/31/10 | $ 278,394 | $ 438,000 | $ 81,996 | $ 28,368 | $ 50,789 | $ 17,193 | $ 36,695 | $ 931,435 |
| *Percentage of Total* | 29.89% | 47.02% | 8.80% | 3.05% | 5.45% | 1.85% | 3.94% | 100% |
| 12 Months Ended 12/31/11 | 295,770 | 453,866 | 85,937 | 29,799 | 52,994 | 17,712 | 39,592 | 975,670 |
| *Percentage of Total* | 30.31% | 46.52% | 8.81% | 3.05% | 5.43% | 1.82% | 4.06% | 100% |
| 12 Months Ended 12/31/12 | 312,519 | 474,249 | 88,845 | 30,569 | 56,169 | 18,284 | 41,051 | 1,021,686 |
| *Percentage of Total* | 30.59% | 46.42% | 8.70% | 2.99% | 5.50% | 1.79% | 4.02% | 100% |
| 12 Months Ended 12/31/13 | 327,809 | 497,997 | 94,329 | 31,667 | 57,650 | 19,077 | 42,696 | 1,071,225 |
| *Percentage of Total* | 30.60% | 46.49% | 8.81% | 2.96% | 5.38% | 1.78% | 3.99% | 100% |
| 12 Months Ended 12/31/14 | 343,832 | 521,593 | 97,995 | 33,208 | 62,156 | 19,964 | 45,249 | 1,123,997 |
| *Percentage of Total* | 30.59% | 46.41% | 8.72% | 2.95% | 5.53% | 1.78% | 4.03% | 100% |
| 12 Months Ended 12/31/15 | 363,131 | 541,214 | 100,795 | 34,482 | 62,705 | 20,385 | 46,555 | 1,169,267 |
| *Percentage of Total* | 31.06% | 46.29% | 8.62% | 2.95% | 5.36% | 1.74% | 3.98% | 100.00% |
| 12 Months Ended 12/31/16 | 368,589 | 546,376 | 102,966 | 35,476 | 63,521 | 20,801 | 47,453 | 1,185,182 |
| *Percentage of Total* | 31.10% | 46.10% | 8.69% | 2.99% | 5.36% | 1.76% | 4.00% | 100% |
| 12 Months Ended 12/31/17 | 365,311 | 548,955 | 103,254 | 36,047 | 63,041 | 20,976 | 48,403 | 1,185,987 |
| *Percentage of Total* | 30.80% | 46.29% | 8.70% | 3.04% | 5.32% | 1.77% | 4.08% | 100% |
| 12 Months Ended 12/31/18 | 380,082 | 572,126 | 105,460 | 37,452 | 64,929 | 21,507 | 50,455 | 1,232,011 |
| *Percentage of Total* | 30.85% | 46.44% | 8.56% | 3.04% | 5.27% | 1.75% | 4.10% | 100% |
| 12 Months Ended 12/31/19 | 390,709 | 580,259 | 107,848 | 37,876 | 62,748 | 21,895 | 52,826 | 1,254,161 |
| *Percentage of Total* | 31.15% | 46.27% | 8.60% | 3.02% | 5.00% | 1.75% | 4.21% | 100% |

Note: Amounts above include revenues from the General Fund and the Agency Fund

Table 4

**LEGAL DEBT CAPACITY**

*(In Thousands)*

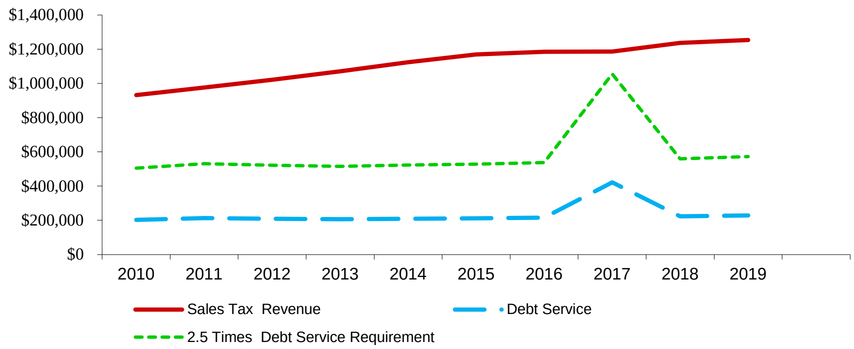
**2019**

| Legal Debt Margin: | Balance Outstanding at December 31, 2019 | Issued | Working Cash Notes | Total |
|---|---|---|---|---|
| Debt Limitation per Act for General Obligations | | | | |
| Debt applicable to limitation : | | | | $ 2,600,000 |
| Non-SCIP Bonds: | | | | |
| 1990A General Obligation Bonds | $7,640 | | | |
| 1991A General Obligation Bonds | 14,210 | | | |
| 1994B General Obligation Bonds | - | | | |
| 1994D General Obligation Bonds | - | | | |
| 1997 General Obligation Refunding Bonds | 19,680 | | | |
| 2003B General Obligation Bonds | 99,620 | | | |
| 2005B General Obligation Refunding Bonds | 79,730 | | | |
| 2010A General Obligation Bonds | 18,795 | | | |
| 2010B General Obligation Bonds | 112,925 | | | |
| 2011A General Obligation Refunding Bonds | - | | | |
| 2014A General Obligation Bonds | 91,070 | | | |
| 2016A General Obligation Bonds | 90,905 | | | |
| 2018B General Obligation Bonds | 136,995 | | | |
| Total RTA Bonds Applicable to Limitation | 671,570 | | | (671,570) |
| SCIP Bonds: | | | | |
| 1992A General Obligation Bonds | | 188,000 | | |
| 1993A General Obligation Bonds | | 55,000 | | |
| 1994A General Obligation Bonds | | 195,000 | | |
| 1994C General Obligation Bonds | 3,520 | 62,000 | | |
| 1999 General Obligation Refunding Bonds | 123,195 | - | | |
| 2000 General Obligation Bonds | 151,550 | 260,000 | | |
| 2001A General Obligation Bonds | 59,645 | 100,000 | | |
| 2001B General Obligation Refunding Bonds | 13,920 | - | | |
| 2002A General Obligation Bonds | 101,320 | 160,000 | | |
| 2003A General Obligation Bonds | 172,830 | 260,000 | | |
| 2004A General Obligation Bonds | 180,060 | 260,000 | | |
| 2006A General Obligation Bonds | - | 250,030 | | |
| 2017A General Obligation Bonds | 185,270 | - | | |
| | 991,310 | | | |
| Total SCIP Bonds Applicable to Limitation | | $ 1,790,030 | | (1,790,030) |
| Total SCIP Bonds Outstanding | | | | |
| Total Bonds Outstanding | $ 1,662,880 | | | |
| Debt Margin for General Obligations | | | | 138,400 |
| Debt Limitation per Act for Working Cash Notes | | | $400,000 | |
| Total RTA Working Cash Notes Applicable to Limitation | 150,000 | | (150,000) | |
| Debt Margin for Working Cash Notes | | | | 250,000 |
| Total Legal Debt Margin | | | | $ 388,400 |

Table 5

**COMPARISON OF SALES TAX REVENUE**
**TO DEBT SERVICE REQUIREMENT**

**2010 - 2019**
***(In Thousands)***




As defined in the Bond and Note General Ordinance, ordinance 85-39, Section 909 (3), revenue test required that all RTA revenues shall equal or exceed two and one-half (2.5) times the maximum annual debt service requirements. In the graph presented above, the RTA compares 2.5 times debt service requirement to sales tax revenues, a major RTA revenue. In effect, the RTA significantly exceeds the revenue test defined in the ordinance.

*Last Ten Years* *(In Thousands)*

| Year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Revenue | 931,435 | 975,670 | 1,021,686 | 1,071,225 | 1,123,997 | 1,169,267 | 1,185,182 | 1,185,986 | 1,237,339 | 1,254,161 |
| Debt Service Requirement | 201,994 | 212,441 | 208,712 | 206,228 | 208,985 | 211,041 | 214,984 | 223,893 | 223,893 | 228,939 |
| 2.5 Times Debt Service Requirement | 504,985 | 531,103 | 521,780 | 515,570 | 522,463 | 527,603 | 537,460 | 559,733 | 559,733 | 572,348 |

Differences, if any, between debt service amounts presented above and amounts presented in the accompanying financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

Table 6

**RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS**
**FOR GENERAL OBLIGATION BONDS TO TOTAL EXPENDITURES**

*Last Ten Years* *(In Thousands)*

| Year | Debt Service Requirements: Principal | Interest | Total | Total Expenditures | Ratio of Debt Service to Total Expenditures |
|---|---|---|---|---|---|
| 2010 | $ 74,060 | $ 127,934 | $ 201,994 | $ 1,475,959 | 13.69% |
| 2011 | 79,110 | 133,331 | 212,441 | 2,519,926 | 8.43% |
| 2012 | 84,375 | 124,337 | 208,712 | 2,679,696 | 7.79% |
| 2013 | 88,800 | 117,428 | 206,228 | 2,119,518 | 9.73% |
| 2014 | 93,740 | 115,245 | 208,985 | 2,322,856 | 9.00% |
| 2015 | 100,610 | 110,431 | 211,041 | 2,109,256 | 10.01% |
| 2016 | 106,385 | 108,599 | 214,984 | 2,332,695 | 9.22% |
| 2017 | 313,870 | 107,965 | 421,835 | 2,291,059 | 18.41% |
| 2018 | 121,295 | 102,598 | 223,893 | 2,350,729 | 9.52% |
| 2019 | 130,070 | 98,869 | 228,939 | 2,021,000 | 11.33% |

Table 7

**FEDERAL ALLOCATION OF CAPITAL FUNDS**
**TO NORTHEASTERN ILLINOIS**

*Last Ten Calendar Years*

Sections 5309, 5307/5340, 5337 and Title 1 including CMAQ and STP (Formerly Section 3, 9, & 23, respectively) *(In Millions)*

| Federal Fiscal Year | Total Awarded | Chicago Transit Authority | Commuter Rail Division | Suburban Bus Division | Regional Transportation Authority |
|---|---|---|---|---|---|
| 2009 | $ 917.78 | $ 535.32 | $ 297.57 | $ 84.89 | $ - |
| 2010 | 459.25 | 266.23 | 154.97 | 38.05 | - |
| 2011 | 489.37 | 299.50 | 145.02 | 44.85 | - |
| 2012 | 537.26 | 306.46 | 149.63 | 41.39 | 39.78 |
| 2013 | 629.76 | 403.73 | 158.59 | 67.44 | - |
| 2014 | 533.43 | 317.02 | 161.55 | 54.86 | - |
| 2015* | 1,034.69 | 826.16 | 161.32 | 47.21 | - |
| 2016 | 528.31 | 295.30 | 190.69 | 42.32 | - |
| 2017** | 504.56 | 294.77 | 169.83 | 39.96 | - |
| 2018*** | 576.66 | 342.48 | 186.29 | 47.89 | - |
| 2019**** | 549.80 | 322.25 | 183.91 | 43.64 | - |
| Total | $ 7,250.78 | $ 4,488.60 | $ 2,128.92 | $ 593.48 | $ 39.78 |

*Source of data: Information obtained from the Service Boards' records.*

** 2015 data includes $557.00 TIFIA funding for CTA. Out of $557.00 applied for, CTA received $374.90*
*** 2017 data includes $5.18M of reprogrammed CTA federal formula funds, $0.06M additional Metra federal formula funds and $0.01M additional Pace federal formula funds*
**** 2018 data includes reprogrammed federal formula funds: $0.13M for CTA, $0.26M for Metra, and $0.02M for Pace; for a total of $0.41M of reprogrammed federal formula funds*
***** 2019 data includes reprogrammed federal formula funds: $8.5M for CTA, and $0.41M for Pace; for a total of $8.91M*

Table 8

**RTA & SERVICE BOARDS OPERATING CHARACTERISTICS**

**2019**

**Chicago Transit Authority**

Rapid Transit

- *8* rail lines
- *145* stations served
- *1,458* rapid transit cars
- *218.5* million riders per year
- *1,770* STO* positions

Motor Bus

- *127* bus routes
- *1,862* buses
- *237.3* million riders per year
- *3,790* STO* positions

CTA Totals

- *1.3* billion rail passenger miles per year
- *613.0* million bus passenger miles per year
- *125.9* million vehicle revenue miles per year
- *4,654* without STO* positions

**STO is scheduled transit operators. This classification includes bus operators, motormen, conductors, and customer assistants.*

**Metra Commuter Rail Division***

Commuter Rail

- *11* rail lines
- *488* route miles
- *1,155* miles of track
- *242* stations
- *168* locomotives
- *854* passenger cars
- *186* electric cars
- *692* weekday trains operated
- *74.0* million riders per year
- *4,455* full-time employees
- *1.6* billion passenger miles per year
- *43.9* million vehicle revenue miles per year

**All data excludes NICTD South Shore*

**Pace Suburban Bus Division**

Fixed Route Bus

- *159* regular routes
- *42* feeder routes
- *19* shuttle routes
- *631* vehicles in use during peak periods
- *26.2* million riders per year
- *771* Pace-owned buses
- *1,763* full-time employees

ADA Paratransit

- *362* Pace-owned lift-equipped vehicles in service
- *4.1* million riders per year
- *45* full-time employees

Dial-a-Ride

- *71* local services
- *362* Pace-owned lift-equipped vehicles in service
- *284* communities served
- *0.8* million riders per year

Vanpool

- *536* vanpool vehicles in operation
- *1.5* million riders per year

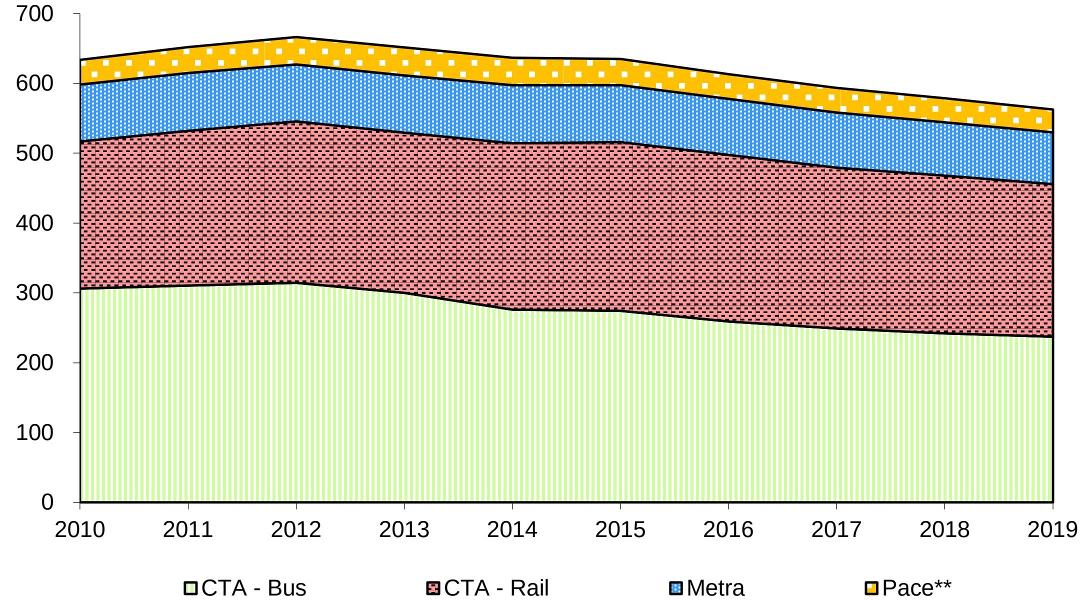
*Source of data: Information obtained from the Service Boards, the NTD, and RTA records.*

Table 9

**System Ridership and Unlinked Passenger Trips**

**2010-2019**

*(In Millions)*




*Last Ten Years* *(In Millions)*

| Service Consumed: | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA - Bus | 306 | 310.4 | 314.4 | 300.1 | 276.1 | 274.3 | 259.1 | 249.2 | 242.2 | 237.3 |
| CTA - Rail | 210.9 | 221.6 | 231.2 | 229.1 | 238.1 | 241.7 | 238.6 | 230.2 | 225.9 | 218.5 |
| Total CTA* | 516.9 | 532 | 545.6 | 529.2 | 514.2 | 516 | 497.7 | 479.4 | 468.1 | 455.8 |
| Metra | 81.4 | 82.7 | 81.3 | 82.3 | 83.4 | 81.6 | 80.1 | 78.6 | 76.2 | 74.0 |
| Pace** | 35.1 | 37.1 | 39.2 | 39.9 | 38.9 | 37.3 | 35.4 | 35.5 | 34.5 | 32.7 |
| System Total | 633.4 | 651.8 | 666.1 | 651.4 | 636.5 | 634.9 | 613.2 | 593.5 | 578.8 | 562.5 |
| Percent Change | -0.8% | 2.9% | 2.2% | -2.2% | -2.3% | -0.3% | -3.4% | -3.2% | -2.5% | -2.8% |

***CTA ridership includes rail-to-rail transfers.***

*****PACE ridership includes ADA Paratransit rides beginning in 2007.***

*Source of data: National Transit Database and Service Board reported data.*

# FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency, which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2019.

*(In Thousands)*

| | Operating Revenues | Operating Expenses | Operating Deficit | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| ***Metra*** | | | | | |
| Union Pacific | $ 136,514 | $ 205,551 | $ (69,037) | $ - | $ - |
| Burlington Northern/Santa Fe | 77,889 | 75,091 | 2,798 | - | - |
| Total Metra | $ 214,403 | $ 280,642 | $ (66,239) | $ - | $ - |
| ***Pace*** | | | | | |
| **Summary of Services** | | | | | |
| Fixed Route - Public Funded Carriers | $ 1,504 | $ 3,451 | $ (1,947) | $ 3,719 | $ 2,216 |
| Fixed Route - Private Contract Carriers | 1,713 | 7,080 | (5,367) | - | - |
| Total Fixed Route Service | 3,217 | 10,531 | (7,314) | 3,719 | 2,216 |
| Private Contract Carriers | | | | | |
| DAR Services | 1,568 | 14,641 | (13,073) | - | 6,815 |
| DAR and Stable Services | 11,989 | 162,687 | (150,698) | - | - |
| Total Private Contract Carriers | 13,557 | 177,328 | (163,771) | - | 6,815 |
| Paratransit - Municipal Carriers | 264 | 3,558 | (3,294) | 529 | 2,763 |
| Total Pace | $ 17,038 | $ 191,417 | $ (174,379) | $ 4,248 | $ 11,794 |
| ***Pace*** | | | | | |
| **Detail of Services** | | | | | |
| Fixed Route - Public Funded Carriers | | | | | |
| City of Highland Park | $ 700 | $ 1,530 | $ (830) | $ 1,656 | $ 957 |
| Village of Niles | 537 | 1,477 | (940) | 1,591 | 1,054 |
| Village of Schaumburg | 267 | 444 | (177) | 472 | 205 |
| Total | $ 1,504 | $ 3,451 | $ (1,947) | $ 3,719 | $ 2,216 |
| Private Contract Carriers - Fixed Route | | | | | |
| First Student | $ 1,015 | $ 3,930 | $ (2,915) | $ - | $ - |
| First Transit | 22 | 524 | (502) | - | - |
| M V Transportation | 676 | 2,626 | (1,950) | - | - |
| Total | $ 1,713 | $ 7,080 | $ (5,367) | $ - | $ - |

# FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

*(In Thousands)*

| | Passenger Revenue | Contract Expense | Operating Deficit | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| Private Contract Carriers - Dial-a-Ride Services | | | | | |
| Bloomingdale Township | $ 21 | $ 246 | $ (225) | $ - | $ 73 |
| Call Centers | - | 772 | (772) | - | - |
| Call in Rides | 48 | 1,860 | (1,812) | - | 67 |
| Central Lake | 4 | 27 | (23) | - | 7 |
| Central Will | 52 | 522 | (470) | - | 130 |
| Community Service Transit | 119 | 74 | 45 | - | - |
| Downers Grove | 14 | 89 | (75) | - | 24 |
| Dupage County | 1 | 9 | (8) | - | - |
| Dupage Township | 5 | 92 | (87) | - | 24 |
| Elk Grove | 11 | 327 | (316) | - | 169 |
| Leyden Township | 8 | 133 | (125) | - | 55 |
| McHenry County | 17 | 325 | (308) | - | 303 |
| Milton Township | 67 | 303 | (236) | - | 13 |
| Naperville/Lisle | 241 | 1,159 | (918) | - | 692 |
| Northeast Lake | 12 | 230 | (218) | - | 29 |
| Northeast Lake-Zion | 3 | 57 | (54) | - | 9 |
| Northwest Kane-Hampshire | - | 17 | (17) | - | 4 |
| Northwest Lake | 14 | 86 | (72) | - | - |
| Northwest Lake Demo | 34 | 243 | (209) | - | 183 |
| North Surburban Cook-Non-ADA | 1 | 48 | (47) | - | 17 |
| North Surburban Cook-Trip | 24 | 148 | (124) | - | - |
| Pioneer Center | 2 | 239 | (237) | - | - |
| Ride DuPage | 237 | 1,683 | (1,446) | - | 1,092 |
| Ride In Kane | 347 | 3,323 | (2,976) | - | 2,359 |
| Ride In Lake | 15 | 112 | (97) | - | 106 |
| Ride In McHenry | 222 | 1,841 | (1,619) | - | 938 |
| Shields Township | 7 | 48 | (41) | - | 14 |
| South Cook | - | 116 | (116) | - | - |
| Southwest Lake-Wauconda | - | 6 | (6) | - | - |
| Southwest Will | 2 | 23 | (21) | - | 7 |
| TriState Park Shuttle | - | 2 | (2) | - | - |
| Wayne Township | 5 | 20 | (15) | - | - |
| West Cook | - | 122 | (122) | - | 117 |
| Will County | 35 | 339 | (304) | - | 383 |
| Total | $ 1,568 | $ 14,641 | $ (13,073) | $ - | $ 6,815 |

# FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

***Pace***

**Detail of Services, continued**

*(In Thousands)*

| | Passenger Revenue | Contract Expense | Net Contract Cost | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services) | | | | | |
| South Cook | $ 877 | $ 10,366 | $ (9,489) | $ - | $ - |
| North Suburban Cook | 942 | 7,494 | (6,552) | - | - |
| West Cook (Surburban) | 339 | 3,563 | (3,224) | - | - |
| North Lake | 164 | 1,290 | (1,126) | - | - |
| Kane County | 74 | 888 | (814) | - | - |
| Southwest/Central Will | 63 | 746 | (683) | - | - |
| DuPage County | 220 | 2,431 | (2,211) | - | - |
| Chicago ADA | 9,310 | 135,909 | (126,599) | - | - |
| Total | $ 11,989 | $ 162,687 | $ (150,698) | $ - | $ - |

| | Operating Revenues | Operating Expenses | Operating Deficit | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| Paratransit - Municipal Carriers | | | | | |
| Bensenville | $ - | $ - | $ - | $ - | $ - |
| Bloom | 21 | 355 | (334) | 49 | 285 |
| Crestwood | 4 | 118 | (114) | 12 | 101 |
| Forest Park | 22 | 126 | (104) | 63 | 42 |
| Lemont | 6 | 72 | (66) | 15 | 51 |
| Lyons | 15 | 295 | (280) | 40 | 240 |
| Norridge | 6 | 93 | (87) | 13 | 73 |
| Orland Park | - | - | - | - | - |
| Palatine | 20 | 190 | (170) | 26 | 144 |
| Palos Hills | 6 | 66 | (60) | 11 | 49 |
| Park Forest | 16 | 98 | (82) | 31 | 51 |
| Rich Township | 26 | 359 | (333) | 32 | 301 |
| Schaumburg | 104 | 1,366 | (1,262) | 193 | 1,068 |
| Stickney | - | - | - | - | - |
| Tinley Park | 8 | 63 | (55) | 19 | 36 |
| Vernon Township | 3 | 93 | (90) | 7 | 83 |
| Worth | 7 | 264 | $ (257) | 18 | 239 |
| Total | $ 264 | $ 3,558 | $ (3,294) | $ 529 | $ 2,763 |

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