NEW ISSUE-BOOK ENTRY ONLY | **RATINGS: SEE "RATINGS" HEREIN**
TAXABLE NOTES

Interest on the Notes is not excludable from gross income for federal income tax purposes. Noteholders should consult their tax advisors with respect to the inclusion of interest on the Notes in gross income for federal income tax purposes. The Notes are not exempt from present Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion of the foregoing.

$150,000,000
REGIONAL TRANSPORTATION AUTHORITY
COOK, DUPAGE, KANE, LAKE, MCHENRY AND WILL COUNTIES, ILLINOIS
GENERAL OBLIGATION WORKING CASH NOTES, SERIES 2018A (TAXABLE)

Dated:	**Interest Rate**:	**Price**:	**Yield**:	**Due**:	**CUSIP**:
Date of Delivery	3.013%	100%	3.013%	May 29, 2020	7599113H1

The General Obligation Working Cash Notes, Series 2018A (Taxable) (the "*Notes*"), will be issued by the Regional Transportation Authority (the "*RTA*" or the "*Authority*") only as fully registered notes without coupons and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository for the Notes. Individual purchases will be made in global book-entry form, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical notes representing their interest in the Notes.

Principal of and interest (payable November 1, 2018, and semiannually thereafter on May 1 and November 1 of each year and at maturity) on the Notes are payable by U.S. Bank National Association, Chicago, Illinois, or any successor or assign, as trustee for the Notes (the "*Trustee*"), to DTC, which will remit such principal and interest to DTC Participants, who in turn will be responsible for remitting such payments to the Beneficial Owners of the Notes, as described herein.

The Notes are not subject to optional or mandatory redemption prior to maturity.

The proceeds of the Notes will be used by the Authority to manage the cash flow needs of the Authority and the Service Boards (as defined herein) and to pay underwriters' discount on the Notes.

The Notes are general obligations of the Authority to which its full faith and credit is pledged. The General Ordinance provides for the assignment and direct payment to the Trustee of the Sales Tax Revenues and Public Transportation Fund Revenues to secure payment of principal of and interest on the Notes and the other obligations issued or to be issued thereunder. **The Authority does not have the power to levy ad valorem property taxes.**

Certain information in the Preliminary Official Statement dated April 27, 2018, has been updated in this Official Statement. See "INTRODUCTION—Supplementary Disclosure Information."

The Notes are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal, or modification of the offer without notice, to the approval of legality of the Notes by Pugh, Jones & Johnson, P.C., Chicago, Illinois, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Reyes Kurson Ltd., Chicago, Illinois, Underwriter's Counsel. Columbia Capital Management LLC, Chicago, Illinois is serving as financial advisor to the Authority. It is expected that the Notes will be available for delivery through DTC on or about May 30, 2018.

Loop Capital Markets | **Ramirez & Co., Inc.**

Drexel Hamilton, LLC | **Siebert Cisneros Shank & Co., L.L.C.**

The date of this Official Statement is May 8, 2018

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REGARDING THE USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized by the Authority or the Underwriter to give any information or make any representations other than those contained in this Official Statement in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority and from other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Service Boards since the date hereof.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Notes at a level above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

This Official Statement should be considered in its entirety, and no one factor should be considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding matters to which reference is made.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority. Such statements are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE GENERAL ORDINANCE OR THE SERIES ORDINANCE, BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE

PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION *INVESTORS* MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

For purposes of compliance with Rule 15c2-12 of the United States Securities Exchange Commission, this document constitutes an official statement of the Authority with respect to the Notes that have been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "*FORWARD-LOOKING STATEMENTS*." ALL FORWARD-LOOKING STATEMENTS ARE PREDICTIONS AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES. NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "*ESTIMATE*", "*PROJECT*", "*ANTICIPATE*", "*EXPECT*", "*INTEND*", "*BELIEVE*", AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. GIVEN THEIR UNCERTAINTY, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH STATEMENTS.

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OFFICIAL STATEMENT

$150,000,000
REGIONAL TRANSPORTATION AUTHORITY
COOK, DUPAGE, KANE, LAKE, MCHENRY AND WILL COUNTIES, ILLINOIS
GENERAL OBLIGATION WORKING CASH NOTES, SERIES 2018A (TAXABLE)

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover page and the Appendices, is to set forth certain information in connection with the issuance and sale by the Regional Transportation Authority (the *"RTA" or the "Authority")*, a unit of local government existing under the Constitution and statutes of the State of Illinois (the *"State"*) of its $150,000,000 General Obligation Working Cash Notes, Series 2018A (Taxable) (the *"Notes"*). The Notes are issued pursuant to the Bond and Note General Ordinance adopted by the Board of Directors of the Authority (the *"Board"*) on August 8, 1985, as supplemented and amended (the *"General Ordinance"*), and the Series Ordinance adopted by the Board on April 19, 2018 (the *"Series Ordinance"*).

The Authority was created by law enacted in 1973 and approved at a referendum held in Cook, DuPage, Kane, Lake, McHenry and Will Counties (the "*Region*"). Originally, the Authority was authorized both to operate service and to provide public subsidies to local government entities, principally the Chicago Transit Authority (the "*CTA*") and private bus and rail carriers serving the Region. In 1983, the Act was amended to create three separate operating entities: the CTA, the Commuter Rail Division ("*Metra*") and the Suburban Bus Division ("*Pace*" and together, with the CTA and Metra, each a "*Service Board*" and collectively, the "*Service Boards*") to operate public transportation in the Region. The Authority was charged with allocating public funds as subsidies for the Service Boards and overseeing their financial performance and regional transit planning issues. Guiding the Authority's oversight responsibility is a Board of Directors who approves an annual budget and two-year financial plan. The Board consists of 15 members and a chairman appointed from the six-county region. The Authority Board is also required annually to review and approve a five-year capital plan, which is a blueprint of the capital activities to be funded by the Authority and executed by the CTA, Metra and Pace. The Authority is the third largest public transportation system in the US, providing more than two million rides per workday.

The Notes are general obligations of the Authority, whose full faith and credit has been pledged to the payment of the principal of and interest on the Notes. The Notes are secured by a first lien on, and security interest in all lawfully available Revenues (as hereinafter defined) and all other lawfully available funds received or held by the Authority. See "SECURITY FOR THE NOTES" herein. The Authority has the power to impose and cause to be collected, and has duly imposed, certain sales taxes (collectively, the *"Authority Sales Tax"*), as discussed below in the section captioned "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES–Sales Tax Revenues." The Authority Sales Tax is collected by the State on behalf of the Authority and, together with portions of certain sales taxes imposed by the State and all Public Transportation Fund Revenues (as hereinafter defined), less 2% of the Authority Sales Tax, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use (see "**SECURITY FOR THE NOTES** - STATE FISCAL YEAR 2018 BUDGET IMPACT – AUTHORITY SALES TAX") is paid by the State to U.S. Bank National Association, Chicago, Illinois, or any successor or assign, as trustee (the *"Trustee"*), for deposit in the Debt Service Fund (as hereinafter defined) established to provide for payment of principal of and interest on the Notes and other Authority Obligations (as hereinafter defined).

The Authority does not have the power to levy *ad valorem* property taxes.

The Notes are being issued on a parity with the Authority's Outstanding Bonds and Additional Authority Obligations which may be issued in the future. See "SECURITY FOR THE NOTES–INDEBTEDNESS OF THE AUTHORITY–Additional Authority Obligations."

SUPPLEMENTARY DISCLOSURE INFORMATION - Prior to the delivery of this Official Statement, the Authority issued a Preliminary Official Statement related to the Notes dated April 27, 2018 (the "*Preliminary Official Statement").* This Official Statement includes the information contained in the Preliminary Official Statement, certain pricing information and certain supplementary information which became available to the Authority subsequent to the date of the Preliminary Official Statement and is contained in (i) the second full paragraph under the caption "THE REGIONAL TRANSPORTATION AUTHORITY – AUTHORITY FINANCES – *Public Transportation Fund Revenues*"; (ii) the fifth full paragraph of "THE REGIONAL TRANSPORTATION AUTHORITY – AUTHORITY FINANCES – *State Assistance*"; (iii) the sixth full paragraph of "THE REGIONAL TRANSPORTATION AUTHORITY – HISTORICAL FINANCIAL RESULTS"; and (iv) "CERTAIN INVESTMENT CONSIDERATIONS – STATE OF ILLINOIS FINANCIAL CONDITION – *State Payment Delays".*

Certain factors that may affect an investment decision concerning the Notes are described throughout this Official Statement, including descriptions of the Authority's financial results and projected financial results and the security for the Notes. Persons considering a purchase of the Notes should read this Official Statement in its entirety.

Certain capitalized terms used in this Official Statement are defined in APPENDIX E– "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND THE SERIES ORDINANCE."

THE NOTES

AUTHORITY

The Notes are being issued pursuant to the Regional Transportation Authority Act, 70 Illinois Compiled Statutes 3615 (the *"Act"*), the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the *"Debt Reform Act"*), the General Ordinance and the Series Ordinance.

PURPOSE

The proceeds of the Notes will be used by the Authority to manage the cash flow needs of the Authority and the Service Boards (as defined herein) and to pay underwriters' discount on the Notes. See "PLAN OF FINANCE."

GENERAL

The Notes are issuable as fully registered notes each in the denomination of $5,000 or any integral multiple thereof. The Notes will be dated the date of delivery and will bear interest at the rates and mature on the dates and in the amounts specified by the successful bidder. Interest shall be payable semi-annually on each May 1 and November 1 commencing on November 1, 2018, and at maturity. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. The record date for each payment of interest on the Notes shall be the fifteenth day of the month next preceding the interest payment date. Neither the Authority nor the Trustee shall be obligated to make any exchange or transfer of the Notes during the period from any record date to the next interest payment date on the Notes.

WORKING CASH FUND

The General Ordinance establishes the Working Cash Fund of the Authority. All proceeds received upon the issuance of the Notes (other than amounts deposited in the Debt Service Fund) will be deposited in a separate account in the Working Cash Fund designated as the Series 2018A Notes Working Cash Account (the *"2018A Working Cash Account"*) established pursuant to the Series Ordinance. All funds in the 2018A Working Cash Account will be held by the Trustee and (i) paid out on the order of an Authorized Officer (which shall include the Executive Director and Chief Financial Officer of the Authority) for the purposes of paying Operating Expenses to cover the anticipated cash flow deficits of the Authority and the Service Boards; or (ii) transferred on the order of an Authorized Officer (which shall include the Executive Director and Chief Financial Officer of the Authority) to the Debt Service Fund for the payment of the principal of and interest on the Notes and other Outstanding Authority Obligations.

REGISTRATION

The Notes will be issued only as fully registered notes without coupons and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (*"DTC"*). See APPENDIX F–"CERTAIN PROVISIONS RELATING TO GLOBAL BOOK-ENTRY ONLY SYSTEM."

REDEMPTION

The Notes are not subject to optional or mandatory redemption prior to maturity.

PLAN OF FINANCE

Since 2008, the Authority has issued working cash notes to manage the cash flow needs of the Authority and the Service Boards and to refinance certain of its outstanding working cash notes from time to time. Such working cash notes are issued pursuant to the Act, which provides the Authority with on-going authority to issue up to $100,000,000 in working cash notes, and with short-term authority to issue up to an additional $300,000,000 in working cash notes. Initially, the Authority issued such working cash notes in conjunction with the implementation of the revenue increases authorized by the Amendatory Legislation (as hereinafter defined). More recently, the Authority has issued working cash notes to provide liquidity during the delays of the State in making payments of Public Transportation Fund Revenues and other State funds to the Authority.

Currently, the Authority has outstanding its General Obligation Working Cash Notes, Series 2017B (Taxable) (the "*Series 2017B Notes*"), currently outstanding in the principal amount of $250,000,000, to manage the cash flow needs of the Authority and the Service Boards. The Series 2017B Notes mature on December 12, 2019.

The ability of the Authority under the Act to issue an additional $300,000,000 in working cash notes expires on July 1, 2018. The Authority may elect to refund the Notes with a future issuance of short-term debt or may provide for payment of principal and interest on the Notes from lawfully available Revenues. If so required, the Authority will reduce amounts otherwise to be paid to the Service Boards to which proceeds from the 2018A Working Cash Account have been disbursed in an amount necessary to repay principal and interest on the Notes. The proceeds from the Notes will not be available to fund capital projects of the Service Boards.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds resulting from the Notes are shown below:

Sources:		
Principal Amount	$	150,000,000.00
Total Sources of Funds	$	150,000,000.00
Uses:		
Deposit to Series 2018A Working Cash Account	$	149,721,866.32
Underwriter's Discount*	$	278,133.68
Total Uses of Funds	$	150,000,000.00

* Other issuance costs will be paid from other lawfully available funds of the Authority.

SECURITY FOR THE NOTES

SECURITY AND SOURCES OF PAYMENT

The Notes are general obligations of the Authority to which the full faith and credit of the Authority are pledged.

The Notes, together with the Outstanding Bonds and any other notes or bonds that may be issued on a parity therewith (collectively, the *"Authority Obligations"*), are payable from all lawfully available Revenues (as defined below) and all other lawfully available funds received or held by the Authority.

The Notes and other Authority Obligations are not payable from Additional State Assistance or Additional Financial Assistance (each as hereinafter defined and referred to herein collectively as *"State Assistance"*), amounts in the Authority's Joint Self-Insurance Fund or amounts required to be held or used with respect to Separate Ordinance Obligations (as hereinafter defined). See "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES."

The Authority does not have the power to levy *ad valorem* property taxes.

The Notes and other Authority Obligations are secured by an assignment of and lien on Sales Tax Revenues and Public Transportation Fund Revenues (each as hereinafter defined). Sales Tax Revenues are collected by the State of Illinois Department of Revenue (the *"Department of Revenue"*) and paid directly to the Trustee by the State Treasurer for deposit in the Debt Service Fund. See "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES–Sales Tax Revenues." Public Transportation Fund Revenues are subject to a continuing appropriation by the Illinois General Assembly, and are paid directly to the Trustee by the State Treasurer for deposit in the Debt Service Fund. See "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES–Public Transportation Fund Revenues."

All Sales Tax Revenues and Public Transportation Fund Revenues paid directly to the Trustee by the State Treasurer are deposited directly into the Debt Service Fund, from which the Trustee shall make deposits, pursuant to the General Ordinance, *first*, to each of the respective accounts established within the Debt Service Fund for each series of Outstanding Authority Obligations, as required, to meet the monthly debt service requirements for such account, *second*, to the applicable Rebate Accounts, as required, to meet rebate obligations to the United States of America of the respective series of Outstanding Authority Obligations, *third*, to the applicable accounts within the Debt Service Reserve Fund, as required, to meet the Reserve Requirement with respect to the applicable series of Outstanding Authority Obligations and *fourth*, to the Authority. See "APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND THE 2018A SERIES ORDINANCE – Establishment of Accounts in Debt Service Fund."

"Revenues" means all Sales Tax Revenues, all Public Transportation Fund Revenues, all amounts received from other taxes as are or shall be imposed by the Authority, all other receipts, revenues or funds granted, paid, appropriated or otherwise disbursed to the Authority from the State or any department or agency of the State or any unit of local government or the federal government or from any other source, for the purpose of carrying out the Authority's responsibilities, purposes and powers, all revenues and receipts derived from the Authority's operations (including interest and other investment income) and any other revenues or receipts of the Authority. Revenues, however, shall not include State Assistance, amounts in or payments to the Authority from the Service Boards for deposit in the Authority's Joint Self-Insurance Fund, or any Secured Government Payments or receipts from any *ad valorem* real property taxes levied on behalf of the Authority, to the extent such Secured Government Payments or tax receipts have been assigned or pledged by the Authority to a trustee for the purpose of paying principal, redemption price or purchase price of or interest on Separate Ordinance Obligations, or for the purpose of reimbursing a provider of a Credit Support Instrument or Reserve Fund Credit

Instrument or reinstating coverage under such an instrument in respect of Separate Ordinance Obligations for payment made under such an instrument, or investment earnings on amounts held by such a trustee to pay debt service on or to secure Separate Ordinance Obligations. See "SECURITY FOR THE NOTES–INDEBTEDNESS OF THE AUTHORITY."

"Sales Tax Revenues" means all tax receipts received by or on behalf of the Authority from the Authority Sales Tax or any taxes imposed (including by the State) in lieu of those taxes, including Replacement Revenues. See "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES–Sales Tax Revenues."

"Public Transportation Fund Revenues" means the amounts paid to or on behalf of the Authority from the Public Transportation Fund in the Treasury of the State, but shall not include State Assistance. See "THE REGIONAL TRANSPORTATION AUTHORITY–AUTHORITY FINANCES–Public Transportation Fund Revenues."

DEBT SERVICE FUND

The General Ordinance creates a Debt Service Fund to be maintained by the Trustee and used to pay debt service on the Notes and other Outstanding Authority Obligations. Separate accounts in the Debt Service Fund are required to be established for each series of obligations. If the required deposits to the Debt Service Fund are not made in any month, the Authority immediately shall deposit with the Trustee from all moneys on hand or available to the Authority from which Authority Obligations are payable an amount sufficient to make up the deficiency. The Series Ordinance establishes the Series 2018A Notes Account (the *"2018A Notes Account"*) and a monthly deposit requirement for the Notes in the 2018A Notes Account as further described in APPENDIX E hereto.

INDEBTEDNESS OF THE AUTHORITY

The Authority is authorized under the Act (i) to issue up to $1.8 billion of bonds to finance public transportation projects (*"SCIP Bonds"*) which have been approved to receive Additional State Assistance (*"ASA"*) and Additional Financial Assistance (*"AFA"*) by the Governor of the State as part of the Authority's Strategic Capital Improvement Program ("*SCIP Program*") (See "STATE ASSISTANCE"), of which authorization $9,650,000 remains available with no expiration, (ii) to issue and have outstanding from time to time $800 million of notes and bonds for public transportation projects not part of the SCIP Program (the *"non-SCIP Bonds"*) for which the Authority is responsible for paying all of the debt service on with no financial assistance from the State and (iii) to issue and have outstanding from time to time up to $100 million of short term working cash notes that are permitted to be issued in anticipation of tax receipts or other Authority revenue in order to provide money for the Authority or the Service Boards to cover anticipated cash flow deficits. This $100 million has been extended several times in the past few years to $400 million to allow the Authority to borrow money to cover the delay in state payments due to the Authority. Each time this borrowing limit has been extended to $400 million, it has only been extended for two years at a time (currently until July 1, 2018).

The Authority has $1,125,180,000 of SCIP Bonds Outstanding and $649,985,000 of non-SCIP Bonds Outstanding. Currently, the Authority has no SCIP Bonds Outstanding or non-SCIP

Bonds Outstanding that bear interest at a variable rate, other than the Series 2005B Bonds. The Authority has issued its Series 2017B Notes in the aggregate principal amount of $250,000,000, which mature on December 12, 2019.

The table below sets forth a list of the Outstanding Authority Obligations and the Principal Amount Outstanding as of May 8, 2018:

OUTSTANDING AUTHORITY OBLIGATIONS

Obligations	Outstanding Principal Amount	Type
Series 1990A	$21,410,000	non-SCIP
Series 1991A	26,695,000	non-SCIP
Series 1994C	9,790,000	SCIP
Series 1994D	13,065,000	non-SCIP
Series 1997	28,930,000	non-SCIP
Series 1999	167,245,000	SCIP
Series 2000A	169,815,000	SCIP
Series 2001A	66,290,000	SCIP
Series 2001B	19,810,000	SCIP
Series 2002A	111,320,000	SCIP
Series 2003A	188,695,000	SCIP
Series 2003B	108,770,000	non-SCIP
Series 2004A	195,040,000	SCIP
Series 2005B	89,420,000	non-SCIP
Series 2006A	5,970,000	SCIP
Series 2010A	29,880,000	non-SCIP
Series 2010B (BABs)	112,925,000	non-SCIP
Series 2011A	30,310,000	non-SCIP
Series 2014A	94,560,000	non-SCIP
Series 2016A	94,020,000	non-SCIP
Series 2017A	191,205,000	SCIP
Series 2017B	250,000,000	Working cash notes(1)
Total	$2,025,165,000	

(1) Direct Placement.

In June 2009 the Authority remarketed $132,770,000 of its outstanding Series 2005B Bonds as Extendible Reset Securities (*"ERS"*) which are currently outstanding in the principal amount of $89,420,000. The ERS bear interest at a variable rate, currently reset monthly. Each month the holder may decide not to retain the ERS, in which case it will be remarketed. The ERS are not secured by any credit or liquidity support. If there is a failure to remarket the ERS the holder is required to hold the ERS at a premium for up to 9 months, after which the Authority will be obligated to purchase the ERS (the *"ERS Mandatory Purchase Date"*). In such an event, not later than 90 days prior to the occurrence of the ERS Mandatory Purchase Date, the Authority has agreed to either issue obligations to refund the ERS that are subject to mandatory tender for purchase, provide a liquidity facility under which sufficient funds may be drawn in connection with such mandatory tender for purchase, or effect a mode change or period change in such manner as to provide sufficient remarketing proceeds to provide for payment of the purchase price of the applicable ERS upon such mandatory tender for purchase.

Under the Act, Authority Obligations, which include the Notes, are superior to and have priority over all other obligations of the Authority, except Separate Ordinance Obligations that have a prior claim to Secured Government Payments (as hereinafter defined), or receipts of *ad valorem* property taxes levied on behalf of the Authority to the extent provided for under the Act and the authorizing ordinances establishing the Separate Ordinance Obligations.

Additional Authority Obligations. Under the General Ordinance, the Authority may issue Additional Authority Obligations from time to time for any lawful purpose, which Additional Authority Obligations shall be on a parity with Outstanding Bonds and the Notes. Continued funding of the Authority's capital program at recent levels will require the issuance of Additional Authority Obligations.

The Authority intends to issue its General Obligation Bonds, Series 2018B (the "Series 2018B Bonds"), in an aggregate principal amount not to exceed $150,000,000, in June 2018. The Series 2018B Bonds will be issued in order to pay or reimburse the Authority for costs of its capital program, to fund a debt service reserve for the Series 2018B Bonds, and to pay costs of issuance of the Series 2018B Bonds.

Generally, Additional Authority Obligations may be issued only if (i) there is no default in payment of Outstanding Authority Obligations or in making deposits to the Debt Service Fund, (ii) upon the issuance of Additional Authority Obligations which are Bonds, the value of each Account in the debt service reserve fund created pursuant to the General Ordinance for the benefit of such Bonds (the *"Debt Service Reserve Fund"*) is not less than the Reserve Requirement (as such term is defined in the General Ordinance) for such Account, and (iii) the "Revenues test" is met. Pursuant to the General Ordinance, there is no Reserve Requirement for the Notes.

The "Revenues test" is met if, at the date the contract is made to sell the Additional Authority Obligations, (a) Sales Tax Revenues equal or exceed 2.5 times the maximum Annual Debt Service Requirements for the then current or any future twelve-month period ending April 30 for all Authority Obligations to be Outstanding upon the issuance of the Additional Authority Obligations, and (b) Sales Tax Revenues shall equal or exceed the Authority's obligation to repay due and owing policy costs required pursuant to the Municipal Bond Debt Service Reserve Fund Policies deposited into the respective Debt Service Reserve Accounts to satisfy the Reserve Requirements for the Series 1990A Bonds, the Series 1991A Bonds, the Series 1994C&D Bonds, the Series 1997 Bonds, the Series 1999 Bonds, the Series 2000A Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2004A Bonds, the Series 2005B Bonds, the Series 2006A Bonds, and the Series 2011A Bonds.

For purposes of the "Revenues test," "Sales Tax Revenues" shall be an amount equal to one-half of the sales tax revenues for the most recently completed 24 months for which the Authority has financial statements available, shall be calculated consistent with generally accepted accounting principles and shall be evidenced either by an accountants' certificate (or for months for which audited financial statements are not available by a certificate of an Authorized Officer of the Authority). See "THE REGIONAL TRANSPORTATION AUTHORITY – AUTHORITY FINANCES – Sales Tax Revenues."

The Authority may, without meeting these tests, but only to the extent permitted by the Act, issue refunding Authority Obligations to avoid a default in payment of Authority Obligations or if the refunding results in deposit requirements in each Fiscal Year while any previously Outstanding Authority Obligations remain Outstanding not in excess of those prevailing before the refunding.

While the Authority is not currently pursuing any such transactions, the Authority monitors prevailing market conditions in order to determine when and if any opportunities exist to obtain debt service savings through the refunding of Outstanding Bonds. The foregoing notwithstanding, the Authority is under no obligation to refund any Bonds to obtain debt service savings and, in the event such a refunding were to occur, there can be no assurances given relating to the impact thereof on the Authority's operations or financial condition.

Pursuant to the provisions of Public Law No. 115-97, which amended the Internal Revenue Code of 1986, as previously amended (the "*Code*"), the Authority may not issue obligations to advance refund its Outstanding Bonds on a tax-exempt basis if such obligations are issued more than 90 days before a call date of the Outstanding Bonds.

Subordinate Obligations. In addition, the Authority may, without meeting these tests, but only to the extent permitted by the Act, issue subordinate obligations. On December 12, 2017, the Authority issued its $250,000,000 maximum aggregate principal amount General Obligation Subordinate Working Cash Notes, Series 2017B (Taxable) (the "*Subordinate Notes*") as a direct placement with Wells Fargo Bank, National Association ("*Wells Fargo*"). The subordinate Notes are drawdown notes and contain a revolving feature allowing for repayment and re-borrowing on an ongoing basis. As of the date hereof, the Authority has $250,000,000 of subordinate Notes outstanding which are anticipated to be repaid on or about December 12, 2019.

Separate Ordinance Obligations. The General Ordinance provides that nothing contained therein prohibits the Authority from issuing Separate Ordinance Obligations, which may (but need not) be general obligations of the Authority, and from assigning, pledging, and granting a first lien on and first security interest in Secured Government Payments or *ad valorem* real property tax receipts, or both, as well as amounts in a debt service fund and a debt service reserve fund for such Obligations, for the payment thereof, and for reimbursing a provider of a credit support instrument or reserve fund credit instrument for such Obligations and for reinstating coverage under such an instrument, but only to the extent that such Secured Government Payments and tax receipts have not been specifically and explicitly pledged to Authority Obligations. However, the Act would need to be amended before Separate Ordinance Obligations which are secured by *ad valorem* real property tax receipts could lawfully be issued. As of the date hereof, there are no Separate Ordinance Obligations outstanding.

Rate Protection Contracts. Both the Act and the Bond Authorization Act, 30 Illinois Compiled Statutes 305 (the "*Bond Authorization Act*"), authorize the Authority to enter into rate protection contracts. The Act authorizes the Authority to enter into such contracts to reduce the risk of loss to the Authority, to protect, preserve or enhance the value of its assets or to provide compensation for losses resulting from changes in interest rates. The Bond Authorization Act authorizes the Authority to enter into such contracts for the benefit of providing (i) an interest rate, cash flow or other basis different from that provided in such bonds for the payment of interest, or (ii) with respect to a future delivery of bonds, one or more of a guaranteed interest rate, interest rate basis, cash flow basis, or purchase price.

In connection with its use of rate protection contracts, the Authority has adopted its "RTA Interest Rate Risk Management Policy" pursuant to Ordinance No. 2016-35 on June 23, 2016. Pursuant to its interest rate risk management policy, the aggregate notional amount of rate protection contracts resulting in variable interest rate exposure may not exceed 20% of the Authority's aggregate outstanding indebtedness. The policy also requires the Authority to enter into rate protection contracts with counterparties that have sufficient technical expertise and a credit rating equal to or better than the Authority's credit rating. Copies of the "RTA Interest Rate Risk Management Policy" are available from the Authority upon request.

As of the date hereof, the Authority is not party to any rate protection contracts. However, the Authority maintains the authority to enter into rate protection contracts in order to achieve the level of fixed and floating rate debt it considers appropriate, based upon prevailing market conditions. If the Authority enters into any rate protection contracts in the future, in the event such market conditions undergo a change that is materially adverse to the Authority's position, there is a risk that the Authority would be required to pay higher effective interest costs, pledge collateral or make a payment to terminate the contract.

Other Financing Alternatives. The Authority also has the power to acquire real or personal property by lease, sublease or installment or conditional purchase contract payable in annual installments during a period not exceeding forty years. In connection with the acquisition of public transportation equipment (including, but not limited to, rolling stock, vehicles, locomotives, buses or rapid transit equipment), the Authority is authorized to execute equipment trust certificates, equipment leases, conditional purchase agreements and other security agreements in the form customarily used to effect such acquisitions. These obligations do not constitute bonds or notes within the meaning of the Act, are not Additional Authority Obligations and are payable only after all required deposits and credits have been made to the various accounts in the Debt Service Fund for Authority Obligations. As of the date hereof, the Authority does not have any of the aforementioned financing alternatives outstanding.

Debt Service Reserve Fund Policy Agreements. For each series of Outstanding Authority Obligations, the Authority may acquire a Reserve Fund Credit Instrument to satisfy the Reserve Requirement for such series of Bonds. In the event of a payment under any of the Reserve Fund Credit Instruments, the Authority is obligated to reimburse the policy issuer for such payment, together with interest thereon until paid. The Authority's obligation to pay such interest is subordinate to the Authority's obligation to pay Authority Obligations and to replenish the Debt Service Reserve Fund. **THERE IS NO DEBT SERVICE RESERVE FUND REQUIREMENT FOR WORKING**

CASH NOTES, WHICH INCLUDES THE NOTES, AND NONE OF THE RESERVE FUND CREDIT INSTRUMENTS MAY BE USED TO PAY DEBT SERVICE ON THE NOTES.

AGREEMENTS OF THE STATE

In the Act, the State pledges to and agrees with the Holders of the Authority Obligations (including the Notes) that the State will not limit or alter the rights and powers vested in the Authority by the Act so as to impair the terms of any contract made by the Authority with such Holders, or in any way to impair the rights and remedies of such Holders, until the Authority Obligations (including the Notes), together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the Holders thereof, are fully met and discharged. In addition, in the Act the State pledges to and agrees with the Holders of the Authority Obligations (including the Notes) that the State will not limit or alter the basis on which State funds are to be paid to the Authority, as provided in the Act, or the use of such funds, so as to impair the terms of any such contract.

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ANNUAL DEBT SERVICE

The annual debt service (representing payments to the Bondholders, rather than payments by the Authority to the Debt Service Fund) for the Outstanding Bonds for each calendar year is set forth below as of May 8, 2018,* assuming the issuance of the Notes:

Bond Year	Outstanding	Outstanding	Series 2018A Notes			Total Debt
(Ending 4/30)	Bonds	Notes	Principal	Interest	Total	Service
2018	220,618,623	256,960,246	-	-	-	477,578,869
2019	221,168,495	157,009,375	-	1,895,679	1,895,679	380,073,549
2020	220,432,581	255,900,000	-	4,519,500	4,519,500	480,852,081
2021	204,230,041		150,000,000	2,611,267	152,611,267	356,841,308
2022	195,461,636					195,461,636
2023	194,045,310					194,045,310
2024	170,978,909					170,978,909
2025	168,772,001					168,772,001
2026	147,849,564					147,849,564
2027	132,777,553					132,777,553
2028	132,583,705					132,583,705
2029	132,385,213					132,385,213
2030	119,623,538					119,623,538
2031	108,405,806					108,405,806
2032	94,490,538					94,490,538
2033	81,998,356					81,998,356
2034	69,965,394					69,965,394
2035	64,917,200					64,917,200
2036	35,097,550					35,097,550
2037	12,094,800					12,094,800
2038	12,089,325					12,089,325
2039	12,090,050					12,090,050
2040	12,092,650					12,092,650
2041	12,091,325					12,091,325
2042	12,095,150					12,095,150
2043	12,093,175					12,093,175
2044	12,094,475					12,094,475
2045	12,088,125					12,088,125
2046	5,711,600					5,711,600
2047	5,712,000					5,712,000
2048	-					-
2049	-					-

Notes

(1) Debt service on Series 2005B is calculated at the maximum interest rate of 9.00%

(2) Includes the Series 2016A Subordinate Notes that were replaced by the Series 2017B Subordinate Notes on December 12, 2017

(3) Debt service on the Series 2017B Subordinate Notes is estimated and the full $250 million is assumed to be drawn down

(4) Excludes the Series 2018B Bonds that are expected to be issued in June of 2018

*The Authority expects to issue its Series 2018B Bonds in June 2018 in an aggregate principal amount of $150,000,000. Debt service on such obligations are not included in this chart.

ESTIMATED DEBT SERVICE COVERAGE

The Authority's 2018 Budget is based upon estimates of projected Sales Tax Revenues and projected Public Transportation Fund Revenues. These two projections taken together constitute the projected revenues available in any year for the payment of debt service on the Authority Obligations, including the Notes. See "THE REGIONAL TRANSPORTATION AUTHORITY—Authority FINANCES–Sales Tax Revenues," "–Public Transportation Fund Revenues" and "–2018 BUDGET AND 2019-20 FINANCIAL PLAN." Should 2018 Sales Tax Revenues and Public Transportation Fund Revenues be less than projected, such shortfall could also affect the projections for calendar years 2019 and beyond. The Authority's projections for calendar years 2020 and beyond assume an annual compound growth rate of 3.0%. See APPENDIX A – "AUTHORITY HISTORICAL AND PROJECTED SALES TAX REVENUES."

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The following table shows projected debt service coverage by projected available Sales Tax Revenues and by projected Available Revenues. The Authority makes no representation by the inclusion of the following table that the actual Available Revenues for debt service coverage will be equal to the projected amounts shown. Over the term of the Notes, Available Revenues will be impacted by a number of economic and other factors, some of which are described in APPENDIX A. Changes in such factors in any year or over the term of the Notes could result in a material change in the amounts of actual Available Revenues.

Estimated Debt Service Coverage*

Bond Year	Total Debt Service(1)(2)(3)	Projected Sales Tax Revenues(4)	Times Coverage By Sales Tax Revenues	Projected Available Revenues(5)	Times Coverage By Projected Available Revenues(1)
2018	477,578,869	1,235,755,000	2.6	1,604,166,000	3.4
2019	380,073,549	1,272,828,000	3.3	1,683,058,000	4.4
2020	480,852,081	1,311,013,000	2.7	1,733,550,000	3.6
2021	356,841,308	1,350,343,390	3.8	1,785,556,500	5.0
2022	195,461,636	1,390,853,692	7.1	1,839,123,195	9.4
2023	194,045,310	1,432,579,302	7.4	1,894,296,891	9.8
2024	170,978,909	1,475,556,682	8.6	1,951,125,798	11.4
2025	168,772,001	1,519,823,382	9.0	2,009,659,572	11.9
2026	147,849,564	1,565,418,083	10.6	2,069,949,359	14.0
2027	132,777,553	1,612,380,626	12.1	2,132,047,839	16.1
2028	132,583,705	1,660,752,045	12.5	2,196,009,275	16.6
2029	132,385,213	1,710,574,606	12.9	2,261,889,553	17.1
2030	119,623,538	1,761,891,844	14.7	2,329,746,239	19.5
2031	108,405,806	1,814,748,600	16.7	2,399,638,627	22.1
2032	94,490,538	1,869,191,058	19.8	2,471,627,785	26.2
2033	81,998,356	1,925,266,789	23.5	2,545,776,619	31.0
2034	69,965,394	1,983,024,793	28.3	2,622,149,918	37.5
2035	64,917,200	2,042,515,537	31.5	2,700,814,415	41.6
2036	35,097,550	2,103,791,003	59.9	2,781,838,847	79.3
2037	12,094,800	2,166,904,733	179.2	2,865,294,013	236.9
2038	12,089,325	2,231,911,875	184.6	2,951,252,833	244.1
2039	12,090,050	2,298,869,231	190.1	3,039,790,418	251.4
2040	12,092,650	2,367,835,308	195.8	3,130,984,131	258.9
2041	12,091,325	2,438,870,367	201.7	3,224,913,655	266.7
2042	12,095,150	2,512,036,478	207.7	3,321,661,064	274.6
2043	12,093,175	2,587,397,573	214.0	3,421,310,896	282.9
2044	12,094,475	2,665,019,500	220.4	3,523,950,223	291.4
2045	12,088,125	2,744,970,085	227.1	3,629,668,730	300.3
2046	5,711,600	2,827,319,187	495.0	3,738,558,792	654.6
2047	5,712,000	2,912,138,763	509.8	3,850,715,556	674.1

*Prior to issuance of the Series 2018B Bonds.

Notes

(1) Debt service on Series 2005B is calculated at the maximum interest rate of 9.00%

(2) Includes the Series 2016A Subordinate Notes that were replaced by the Series 2017B Subordinate Notes on December 12, 2017

(3) Debt service on the Series 2017B Subordinate Notes is estimated and the full $250 million is assumed to be drawn down

(4) Reflects a reduction of 2% in the amount of Authority Sales Tax, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use, and an amendment to the Act reducing the amount of Public Transportation Fund Revenues to be paid to the RTA for State Fiscal Year 2018 by 10%.

(5) Sales Tax and Public Transportation Funds related to Sales Tax and RETT.

STATE FISCAL YEAR 2018 BUDGET IMPACT

Authority Sales Tax. On July 6, 2017, the State passed its Fiscal Year 2018 budget (ending June 30, 2018) pursuant to Public Act 100-0023 ("*State Fiscal Year 2018 Budget*"). Included in the State Fiscal Year 2018 Budget, are statutory amendments to the Act (70 ILCS 3615/4.03(n)) and the State Finance Act (30 ILCS 105/6z-20) mandating the Department of Revenue to transfer 2% of the monthly distribution of Authority Sales Tax to the State Tax Compliance and Administration Fund to be used for State purposes. The impact of this 2% surcharge was a $12 million reduction in Sales Tax Revenues for 2017, and the Authority estimates that it will result in a $24 million reduction in Sales Tax Revenues in all subsequent years.

Public Transportation Fund Revenues. The State Fiscal Year 2018 Budget also includes an amendment to the Act (70 ILCS 3615/4.09(a)) that reduces the amount of Public Transportation Fund Revenues to be paid to the Authority by 10% for State Fiscal Year 2018. The impact of this 10% reduction was a $19.4 million reduction of Public Transportation Fund Revenues in 2017, and the Authority estimates that there will be an $18.8 million reduction of Public Transportation Fund Revenues in 2018. The State Fiscal Year 2018 Budget will have no impact on Public Transportation Fund Revenues after 2018.

Disbursements from the State Road Fund. The State Fiscal Year 2018 Budget directs all State Assistance (Additional State Assistance and Additional Financial Assistance), and the first $100 million of Public Transportation Fund Revenues, be paid to the RTA directly from the State's Road Fund not through the State's General Revenue Fund, as has historically been the procedure. The State has paid the Authority the first $100 million of Public Transportation Fund Revenues as part of its 2018 budget in this fashion.

THE REGIONAL TRANSPORTATION AUTHORITY

GENERAL POWERS

The Illinois Constitution recognizes that public transportation is an essential public purpose for which public funds may be expended. To implement that public policy, the State has enacted legislation creating government entities to operate and fund public transportation and providing funding from State resources for the operating and capital needs of public transportation. Those services are available for the 8.4 million residents of the Region. Public transportation is vital to the economic well-being of the Region.

In 2008 the State of Illinois General Assembly (the "*Legislature*") enacted and the Governor approved legislation (the *"Amendatory Legislation"*) that changed the composition of the boards of directors of the Authority and Service Boards, increased the financial and capital planning responsibilities of the Authority, strengthened financial oversight by the Authority, authorized increases in local taxes to fund public transportation in the Region, and increased its subsidies of public transportation throughout the State. See "–ORGANIZATION AND MANAGEMENT," "–AUTHORITY FINANCES," and "–FINANCIAL CONTROLS OVER SERVICE BOARDS."

The Authority is a unit of local government, body politic, political subdivision and municipal corporation of the State. By law, the Authority is responsible for planning, coordinating and funding public transportation services in the Region. Under the Act, it is charged with adopting plans to implement the policies of the State with respect to public transportation, setting goals and standards for service provided by the Service Boards, developing performance measures to inform the public whether public transportation services meet those goals and standards, allocating operating and capital funds to support public transportation in the Region, providing financial oversight of the Service Boards, and coordinating service and investment in facilities to achieve integration of public transportation throughout the Region. The exercise of these responsibilities is evidenced in three public documents adopted by the Board from time to time: a Strategic Plan, a Five-Year Capital Program, an Annual Budget and Two-Year Financial Plan.

The Act allocates the responsibility for setting fares and providing service among the CTA, Metra and Pace. The CTA provides bus and rail service in Chicago and those suburbs close to Chicago. Metra provides commuter rail service between the Chicago Central Business District and 236 Chicago and suburban locations. Pace provides bus service throughout the suburbs and to the City of Chicago. Since 2007 Pace has also provided ADA paratransit service throughout the Region. The public transportation services operated by the Service Boards, as coordinated by the Authority to the extent provided in the Act, are referred to herein as the *"System."*

The Act requires the Authority to adopt and regularly update a Strategic Plan that identifies goals and objectives with respect to increasing usage of transit services, coordinating the provision of and investment in those services by the Service Boards, coordinating fare policy to promote transfers among transit modes, achieving a state of good repair of System assets, providing improved access to the services by transit-dependent persons, preserving the financial viability of the System, limiting road congestion, and in general advancing the policy of the State to provide adequate, efficient and coordinated public transportation in the Region. The Authority has adopted a Strategic Plan as required and has and will continue to adopt enhancements and updates to this plan.

Central to the Authority's funding and oversight responsibilities, the Act requires the Authority to prepare and adopt each year an annual operating budget and two-year financial plan for the System balancing the anticipated revenues from all sources with anticipated expenditures. See "THE REGIONAL TRANSPORTATION AUTHORITY—2018 Budget and 2019-20 Financial Plan." Further, the Authority and the Service Boards are required by the Act to maintain a "system generated revenue recovery ratio" of 50% (the *"System Generated Revenue Recovery Ratio"*), *i.e.* at least 50% of the System's operating costs must be recovered through (1) revenues generated by the System, including fare box receipts, (2) revenues from certain other sources, such as investment income and concessions, and (3) reduced fare reimbursements by the State. A separate revenue recovery ratio of 10% has been established by the Act for ADA paratransit services. It is the Authority's responsibility to ensure that these ratios are maintained through the review and approval of each Service Board's budgets and ratios. On an on-going basis, the Authority monitors the budgetary and operational performance of the Service Boards to ensure compliance with their budgets and the ratios. See "THE REGIONAL TRANSPORTATION AUTHORITY—FINANCIAL CONTROLS OVER SERVICE BOARDS."

The Act designates the Authority as the primary public body in the Region to secure funds for public transportation. The Authority is authorized to impose taxes in the Region and to issue debt to provide funding for public transportation facilities. The Authority is also responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transportation in the Region. The Act also requires the Authority to prepare and adopt each year a Five-Year Capital Program. The Service Boards are prohibited from undertaking any capital project unless the project has been incorporated in that Program.

The Service Boards have from time to time been granted statutory authority to issue debt for various purposes. Any pledge of Revenues by a Service Board as security for obligations issued by such Service Board would be on a subordinate basis to the security for the Notes.

ORGANIZATION AND MANAGEMENT

A 16-person Board governs the Authority. As described in more detail in the following paragraphs, the Amendatory Legislation allocates appointment authority equally among elected officials from three areas – the City of Chicago, suburban Cook County, and the Counties of DuPage, Kane, Lake, McHenry and Will (the *"Collar Counties"*), and requires the appointment of a Chairman with votes from each of these areas:

> Five directors are appointed by the Mayor of the City of Chicago with the advice and consent of the City Council. Each of these directors must reside in the City of Chicago. None of these directors may be the Chairman or director of the CTA.
>
> Four directors are appointed by the commissioners of the Cook County Board of Commissioners elected from districts a majority of the electors of which reside outside the City of Chicago. A fifth director is appointed by the President of the Cook County Board with the advice and consent of the Cook County Board. Each of the Cook County appointees must reside in suburban Cook County.
>
> Five Directors are appointed by the Chairmen of the Collar Counties; one each by the Chairmen of DuPage, Kane, Lake and McHenry Counties and the County Executive of Will County, each with the advice and consent of the respective County Board. Each Collar County appointee must reside in the county of the appointing authority.
>
> The sixteenth member, who is the Chairman of the Board of the Authority, is elected by the other 15 directors and must receive no fewer than 11 votes, two of which must come from directors from each of the City of Chicago, suburban Cook County and the Collar Counties.

The Chairman and each director serve five-year terms and until his or her successor has been appointed and qualified.

The Authority maintains a staff of approximately 114 non-bargaining unit transportation professionals.

Kirk Dillard has served as the Chairman of the Board of Directors since June of 2014. Prior to his role as Chairman, Senator Dillard served as the senator for the 24th District of the

Illinois State Senate for nearly 20 years, sponsoring the Secretary of State's Railroad Safety Initiatives, and serving on the Transportation Committee and a myriad of other committees, including as Co-Chairperson of the Judiciary Committee and Chairman of the High Technology Task Force. Prior to serving as senator, Chairman Dillard served with distinction as Chief of Staff to former Governor Jim Edgar and as Legislative Director to former Governor James Thompson. He is currently a partner at the law firm of Locke Lord LLP and has been recognized in Crain's Chicago Business' "Who's Who in Chicago Business." Chairman Dillard has a B.A. from Western Illinois University, a J.D. from the DePaul University College of Law and served as a Public Policy Mentor for the University of Chicago.

Leanne Redden has served as Executive Director since March 2014. Prior to her role as Executive Director, Ms. Redden was Senior Deputy Director of Planning and Regional Programs for the Authority since 2005, and prior to that, served as Chief of Planning at the Illinois State Toll Highway Authority and Director of Transportation for the Village of Schaumburg. Ms. Redden received her Master's Degree in Urban and Regional Planning from the University of Illinois Urbana Champaign and a Bachelor's Degree from the University of New South Wales, Australia.

Bea Reyna-Hickey has served as the Chief Financial Officer since September 2012 overseeing a $4.8 billion combined operating and capital annual regional transit operating budget. Ms. Reyna-Hickey has worked collaboratively to foster agreement with the Service Boards on funding allocation, budget development and implementation. Prior to joining the Authority, Ms. Reyna-Hickey had more than 25 years overseeing various City of Chicago departments. During the last 14 years with the City of Chicago, she was responsible for the revenue and financial operations of the City of Chicago. She distinguished herself by spearheading the application of technological solutions to streamline operations, improve efficiency, and enhance customer service. In 2000, she was appointed the City of Chicago's Department of Revenue Director after serving as the Director of Revenue and Administration at the Department of Aviation (DOA) and Director of Personnel at the Department of Housing. Ms. Reyna-Hickey earned her Master of Science and Bachelor of Arts degrees in Public Service Administration from DePaul University.

William Lachman has served as the Treasurer since March 2016. Since joining the Authority in March 2003 as a Principal Analyst in Financial Planning & Analysis, Mr. Lachman has served as a Treasury Analyst, Manager of Funding, Investments & Pensions, and Division Manager of Budget, Financial Analysis & Pension Management. Mr. Lachman earned an MBA in Finance from the Kellogg School of Management at Northwestern University and Master's and Bachelor's degrees in Operations Research and Industrial Engineering from Cornell University.

Ridership Trends

System ridership for calendar year 2017 was 593.5 million, a 3.2% decrease from the same period in 2016. Each Service Board's ridership declined in 2017. As required by the Amendatory Legislation, the Service Boards in 2008 began to provide free fixed route transportation service to persons 65 years and older and to persons with disabilities who fall within statutory income limits. Those riders are included in the 2007-2017 data provided in the figure below. In September 2011, free fixed route transportation service for persons 65 years and older was also restricted to persons who fall within statutory income limits.

Yearly Ridership Unlinked Passenger Trips
(In Millions)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CTA Bus	309.3	328.2	318.7	306.0	310.4	314.4	300.1	276.1	274.3	259.1	249.2
CTA Rail (1)	190.3	198.1	202.6	210.9	221.6	231.2	229.1	238.1	241.7	238.6	230.2
Total CTA	499.6	526.3	521.3	516.9	532.0	545.6	529.2	514.2	516.0	497.7	479.4
Metra	83.3	86.8	82.3	81.4	82.7	81.3	82.3	83.4	81.6	80.1	78.6
Pace	36.6	37.8	32.3	32.3	33.7	35.4	35.9	34.8	33.1	31.3	31.4
Regional ADA Paratransit	2.6	2.7	2.8	2.8	3.4	3.8	4.0	4.1	4.2	4.1	4.1
System Total	622.1	653.6	638.7	633.4	651.8	666.1	651.4	636.5	634.9	613.2	593.5
Percent Change	1.5%	5.1%	(2.3%)	(0.8%)	2.9%	2.2%	(2.2%)	(2.3%)	(0.3%)	(3.4%)	(3.2%)

(1) CTA rail ridership includes cross-platform transfers.

AUTHORITY FINANCES

Revenues. The Authority has the following principal sources of revenues: (i) Sales Tax Revenues; (ii) Replacement Revenues; (iii) Public Transportation Fund Revenues; (iv) State Assistance; and (v) Miscellaneous Revenues, all as described below. Sales Tax Revenues, Replacement Revenues and Public Transportation Fund Revenues are pledged under the General Ordinance and paid directly to the Trustee as security for Authority Obligations, including the Notes. Under the General Ordinance, the Replacement Revenues are also assigned by the Authority and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Notes. Other Authority funds, such as State Assistance, are not available for payments on Authority Obligations, including the Notes.

Sales Tax Revenues. Proceeds of the Authority Sales Tax are pledged as security for the Notes and other Authority Obligations and are assigned by the Authority and paid directly by the State to the Trustee for payment of debt service on Authority Obligations, including the Notes. Before enactment of the Amendatory Legislation in 2008, the Authority Sales Tax was imposed at the following rates: (i) in Cook County, a tax of 1.00%, and 0.25% in the Collar Counties, 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*"); (ii) a tax of 0.75% in Cook County, and 0.25% in the Collar Counties, of the gross receipts from all other taxable retail sales (a "*General Sales Tax*"); (iii) a tax of 0.75% on the use in Cook County, and 0.25% on the use in the Collar Counties, 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 incident to a sale of a service (a "*Service Occupation Tax.*") (The proceeds of the Authority Sales Tax at these rates are referred to as the "*Original Sales Tax Proceeds.*")

As authorized by the Amendatory Legislation, on April 1, 2008, the Authority increased the rates of the Authority Sales Tax to the following levels: (i) a Food and Drug Tax of 1.25% in

Cook County and 0.75% in the Collar Counties; (ii) a General Sales Tax of 1.0% in Cook County and 0.75% in the Collar Counties; (iii) a Use Tax of 1.0% in Cook County and 0.75% in the Collar Counties; and (iv) a Service Occupation Tax in the same locations and at the same rates as the Food and Drug Tax and the General Sales Tax. The Collar Counties retain one-third (0.25%) of the 0.75% Authority Sales Tax.

The Authority Sales Tax, net of applicable retailers' discount, is collected by the Department of Revenue and paid to the Treasurer of the State to be held in trust for the Authority outside the State Treasury in the Authority Tax Fund created under the Act (the *"Authority Tax Fund"*). Except as provided in this paragraph, Authority Sales Tax proceeds in the Authority Tax Fund are payable monthly, without appropriation, by the State Treasurer on the order of the State Comptroller directly to the Trustee for any necessary payments of debt service on the Notes or other Authority Obligations, before being paid to the Authority. See "SECURITY FOR THE NOTES—SECURITY AND SOURCES OF PAYMENT." One-third of the Authority Sales Tax collected in the Collar Counties is not available for payment of debt service on Notes nor is it security therefore. It is paid directly by the State to the Collar Counties based on the point of collection and is used by those counties to fund operating and capital costs of public safety and transportation services or facilities. (The proceeds of the Authority Sales Tax, less the amounts distributed to the Collar Counties as described in the previous sentence, less the Original Sales Tax Proceeds, are referred to as the *"Increased Sales Tax Proceeds."*)

Replacement Revenues. The Replacement Revenues are pledged as security for the Notes and other Authority Obligations. Under the General Ordinance, the Replacement Revenues are assigned by the Authority and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Notes.

In order to compensate local governments, including the Authority, for any revenues lost by a 1990 legislative simplification of the rate structures and tax base for sales taxes imposed by the State and local governments, including the Authority, the State provided for additional annual payments to local governments from receipts collected under the State Retailers Occupation Tax, State Service Occupation Tax and State Use Taxes (collectively, the *"State Sales Tax"*). As a result, specified percentages from State Sales Tax receipts (the *"Replacement Revenues"*) are paid monthly into the Authority Occupation and Use Tax Replacement Fund and Authority Tax Fund held by the State Treasurer to offset Authority revenue loss resulting from that restructuring. Replacement Revenues are paid monthly by the State Treasurer to or on behalf of the Authority. The State has pledged that it will not limit or alter the basis on which State funds are paid to the Authority in a manner that would impair the contractual rights and remedies of the Holders of Authority Obligations. See "SECURITY FOR THE NOTES—AGREEMENTS OF THE STATE" above.

For a discussion of the Authority's projection of Sales Tax Revenues and Replacement Revenues, see APPENDIX A—"Authority HISTORICAL AND PROJECTED SALES TAX REVENUES."

The Authority is also authorized by the Act to impose certain other taxes which it currently does not impose, including, but not limited to: (i) a tax on the gross receipts from automobile rentals at a rate not to exceed 1% in Cook County and 0.25% in the Collar Counties; (ii) a tax on the sale of motor fuel at a rate not to exceed 5% of the gross receipts of such sales; and (iii) a tax on the privilege of parking motor vehicles at off-street parking facilities. The tax on motor fuel and the tax on the use of off-street parking facilities cannot by law be imposed concurrently with the Authority Sales Taxes currently imposed by the Authority.

Public Transportation Fund Revenues. The Public Transportation Fund Revenues are pledged as security for the Notes and other Authority Obligations and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Notes. Each month the State Comptroller orders and the State Treasurer transfers from the State General Revenue Fund to the Public Transportation Fund in the State Treasury an amount equal to 30% of the net revenues realized from the Authority Sales Tax, but not including the portion of the Authority Sales Tax paid directly to the Collar Counties, 30% of the net Replacement Revenues and 30% of the net revenues realized by the CTA as financial assistance from the City of Chicago from the proceeds of the Chicago Real Estate Transfer Tax imposed by the City (these amounts are collectively referred to as *"Public Transportation Fund Revenues."*)

The Amendatory Legislation provides that the provisions directing the distributions of Public Transportation Fund Revenues to the Authority constitute an irrevocable and continuing appropriation of those revenues. However, by law Public Transportation Fund Revenues may not be paid to the Authority until the Authority has certified to the Governor, the State Comptroller and the Mayor of the City of Chicago that it has adopted for that Fiscal Year a budget and financial plan meeting the requirements of the Act. In each year since the Authority has been statutorily required to do so, it has certified that its budget has met the requirements of the Act. In recent years the State has been delayed in making transfers of Public Transportation Fund Revenues to the Authority. As of May 1, 2018, the last Public Transportation Fund payment received from the State was in April 2018. Such receipt, totaling $34.3 million, represented a portion of payments for May and June 2017. Some payments due since July 2017 are still outstanding. The amount of Public Transportation Fund Revenues in arrears and owed to the RTA as of May 1, 2018, is $293.6 million. See "THE REGIONAL TRANSPORTATION AUTHORITY–2018 BUDGET AND 2019-20 FINANCIAL PLAN" for a discussion of how the Authority has accounted for this in its 2018 Budget. The State has pledged that it will not limit or alter the basis on which State funds are paid to the Authority in a manner that would impair the contractual rights and remedies of the Holders of Authority Obligations. See "SECURITY FOR THE NOTES—AGREEMENTS OF THE STATE" above.

As an additional condition to receipt of Public Transportation Fund Revenues, the Authority is required to determine, within six months following the end of each calendar year, whether the System's aggregate System Generated Revenue Recovery Ratio equals at least 50%. To the extent that this coverage test is not met, the Authority is required to refund the amount of the deficiency in such coverage to the State, and the Public Transportation Fund Revenues paid by the Authority to a Service Board not meeting its System Generated Revenue Recovery Ratio are reduced in proportion to the amount of the Service Board's deficiency. Since the enactment of the System Generated Revenue Recovery Ratio requirement, the System has met the coverage tests required by law.

State Assistance. The Act provides supplemental State funding in the forms of additional state assistance (*"Additional State Assistance"*) and additional financial assistance (*"Additional Financial Assistance"*) to the Authority in connection with its issuance of SCIP Bonds (collectively, *"State Assistance"*). State Assistance received by the Authority may not be pledged as security for payment of debt service on Authority Obligations, including the Notes. Under the

Act, the Authority may not assign its right to receive State Assistance payments or direct their payment to the Trustee or any other entity for payment of debt service Authority Obligations, including the Notes. State Assistance is paid directly to the Authority and may be spent at its discretion for its corporate purposes.

The amount of State Assistance available to the Authority in any year is limited by the Act to the lesser of statutorily specified ceilings or amounts derived from application of a formula, both described in the following paragraphs.

With respect to the SCIP Bonds issued prior to calendar year 2000, the annual statutory ceiling for State Assistance is $55 million. However, the formula described below effectively limits State Assistance with respect to those SCIP Bonds to $40 million. With respect to the $1.3 billion in SCIP Bonds authorized to be issued after January 1, 2000, the annual statutory ceiling for State Assistance after 2000 is $100 million.

To obtain State Assistance payments, the Authority must certify to the State (i) the amount required during that State fiscal year to pay debt service on outstanding SCIP Bonds and on SCIP Bonds to be issued during that State fiscal year; (ii) any debt service savings during the preceding State fiscal year from the issuance of refunding or advance refunding SCIP Bonds; and (iii) the amount of interest earned by the Authority during the previous State fiscal year on the proceeds of SCIP Bonds, other than refunding or advance refunding SCIP Bonds. Subject to appropriation, State Assistance is paid monthly to the Authority so that by the end of the State fiscal year the lesser of the statutorily specified ceilings or an amount equal to the sum of clauses (i) and (ii), minus clause (iii), as certified by the Authority, has been paid to the Authority.

The Authority has filed its certification with respect to State Fiscal Year 2018. As of May 1, 2018, the last Additional State Assistance payments received from the State were in April 2018. Such receipts, totaling $6.6 million, represented payments due through May, 2017. The amount in arrears and owing to the Authority as of May 1, 2018, was $36.5 million. As of May 1, 2018, the last Additional Financial Assistance payments received from the State were in April 2018. Such receipts, totaling $30.1 million, represented payments through December 2016. The amount in arrears and owing to the RTA as of May 1, 2018, is $120.5 million. The Authority intends to continue to file the required certifications for each State fiscal year in order to obtain State Assistance payments in the amounts available under the Act. Although the amount of State Assistance the Authority may receive is measured in part by the debt service on the Authority's SCIP Bonds, State Assistance is not pledged for payment of or as security for any Authority Obligations, including any SCIP Bonds.

Miscellaneous Revenues. Miscellaneous Revenues include (i) revenues from certain other sources, such as investment income and revenues from concessions and advertisements, and (ii) additional operating assistance from the State to the Authority for distribution to the Service Boards representing partial reimbursements to the Service Boards for discounts provided to students, elderly and riders with disabilities mandated by law (*"Reduced Fare Reimbursements"*). The proceeds of Reduced Fare Reimbursements are not pledged as security for and are not available for payment of debt service on Authority Obligations, including the Notes.

Chicago Real Estate Transfer Tax. In 2008, pursuant to the Amendatory Legislation, the City of Chicago increased its real estate transfer tax by a rate of $1.50 per $500 of value for the purpose of providing financial assistance to the CTA. The proceeds of this tax are paid by the City directly to the CTA and are not pledged as security for and are not available for payment of debt service on Authority Obligations, including the Notes.

Operating Grants to Service Boards for General Services. Under the Act and the General Ordinance, the State pays all Sales Tax Revenues and Public Transportation Fund Revenues directly to the Trustee as security for debt service on Authority Obligations, including the Notes. Only amounts in excess of the required deposits are to be transmitted by the Trustee to the Authority for its corporate purposes, including distribution to the Service Boards. See "SECURITY FOR THE NOTES—DEBT SERVICE FUND."

After requiring that the Authority first provide for the payment of its obligations with respect to the Notes and other Authority Obligations from the Sales Tax Revenues and other revenues available for that purpose, the Act allocates Authority revenue to the Service Boards and for various statutory purposes. The Amendatory Legislation preserved the allocation of the Original Sales Tax Proceeds, specifically, the following: the Authority withholds 15% of (i) 80% of the Authority Sales Taxes collected in Cook County at the rate of 1.25%, (ii) 75% of the Authority Sales Taxes collected in Cook County at a rate of 1%, (iii) 50% of the receipts of the Authority Sales Taxes collected in the Collar Counties, and (iv) the Replacement Revenues. Those withheld amounts are deposited into the Authority's general fund and used at the Authority's discretion. After withholding 15% of the above described amounts, the Authority is required to pay the amounts remaining as follows: (i) the balance remaining from proceeds collected within the City of Chicago is allocated and paid to the CTA; (ii) the balance remaining from proceeds collected in suburban Cook County is allocated and paid 30% to the CTA, 55% to Metra and 15% to Pace; and (iii) the balance remaining from proceeds collected in the Collar Counties is allocated and paid 70% to Metra and 30% to Pace.

That portion of the Public Transportation Fund Revenues measured by the Original Sales Tax Proceeds and the Replacement Tax Revenues, as well as State Assistance, investment income and other revenues are allocated at the discretion of the Authority Board in connection with the review and approval of the annual and revised budgets of each Service Board.

The Amendatory Legislation fully allocates the Increased Sales Tax Proceeds to the Service Boards or for specific programs as follows: (i) 20% of the taxes collected in Cook County at the rate of 1.25%, (ii) 25% of the taxes collected in Cook County at the rate of 1%, and (iii) 50% of the taxes collected in the Collar Counties, together with that portion of the Public Transportation Fund Revenues measured by 5% of the Original Sales Tax Proceeds and the Replacement Tax Revenues, 30% of the Increased Sales Tax Proceeds and 5% of the Chicago Real Estate Transfer Tax are allocated as follows: after depositing $100 million in the ADA Paratransit Fund, $20 million in the Suburban Community Mobility Fund and $10 million in the Innovation, Coordination and Enhancement Fund, the balance of the moneys from the Increased Sales Tax Proceeds are allocated 48% to the CTA, 39% to Metra and 13% to Pace. The Authority must pay all of the Public Transportation Fund Revenues measured by 25% of the Chicago Real Estate Transfer Tax to the CTA. The fixed dollar amounts are required by the Amendatory Legislation to be deposited in the named funds in 2008 and increase or decrease in subsequent years based on the growth or decline in Authority Sales Tax Revenues in the previous year. Legislation in 2011 set the 2012 ADA Paratransit Fund deposit at $115 million in 2012 and for each year thereafter to an amount equal to the final budgeted funding for ADA paratransit services for the current year.

The amounts of such funds allocated to the Service Boards are payable as soon as may be practicable upon their receipt, *provided* that (i) the Authority has adopted a balanced budget pursuant to the Act; and (ii) the Service Board which is to receive these funds is in compliance with the budget requirements imposed upon the Service Boards pursuant to the Act.

The Act requires that no moneys be released by the Authority to the CTA in any Fiscal Year, except for the proceeds of taxes imposed by the Authority and distributed by formula, unless ". . . a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribution for such year of at least $5 million for public transportation." The City of Chicago and Cook County also must continue to provide services to the CTA at the same level and on the same basis as services were provided as of the effective date of the Act or as otherwise approved by the Authority Board. Funds received from this local assistance are not available for the payment of debt service on Authority Obligations, including the Notes.

Operating Grants to Pace for ADA Paratransit Service. In 2005, legislation was enacted that reorganized the responsibility for provision of transportation services to individuals with disabilities unable to use fixed route service and eligible for services under the Americans With Disabilities Act (*"ADA Paratransit Service")*. The Authority is responsible for funding, review and oversight of that service and Pace is responsible for providing that service throughout the Region. The Act established a separate revenue recovery ratio for such services which now is fixed at 10%. The Act contemplates that ADA Paratransit Service is to be funded with amounts set aside in the ADA Paratransit Fund.

Capital Grants. From its revenues, the Authority makes discretionary capital grants to the Service Boards. These amounts are separate from the proceeds of bonds issued by the Authority.

Administration and Regional Expenses. Administration costs reflect expenditures for the Authority staff and offices. The regional (also referred to as non-administration) expenses relate to functions undertaken by the Authority for the Service Boards, such as a Travel Information Center and the certification of individuals for Reduced Fare ridership cards, which provide service to the region, transit technology and coordination initiatives.

Debt Service. The total annual debt service payments on Outstanding Authority Obligations and the Notes is set forth in the table entitled "SECURITY FOR THE NOTES—ANNUAL DEBT SERVICE" above.

AUTHORITY PENSION PLAN

General

The Authority contributes to the Regional Transportation Authority Pension Plan (the *"Pension Plan"*), which the Authority has established and maintains pursuant to the Act. The Pension Plan provides retirement and disability benefits for the employees of the Authority and for the employees of Metra and Pace not otherwise covered by a union pension plan. Employees of the CTA are not eligible to participate in the Pension Plan. The Pension Plan is a cost-sharing, multi-employer, defined benefit public employee retirement plan. "Multi-employer" refers to the fact that multiple employers, namely the Authority, Metra, and Pace, contribute to the Pension Plan and share in the costs of the Pension Plan, and not as the term is formally defined by the Internal Revenue Service. "Defined benefit" refers to the fact that the Pension Plan pays a periodic benefit to retired employees in a fixed amount determined at the time of retirement. The Pension Plan is considered a multiple employer defined benefit plan for financial reporting purposes only, but not pursuant to tax regulations. The amount of the periodic benefit is generally determined pursuant to a formula on the basis of each employee's service credits and salary. The benefit is reduced as applicable in cases of prior service with an eligible employer or early retirement as provided for in the Pension Plan. In addition, the Pension Plan provides that vested participants who have reached the age of 65 and were hired prior to December 31, 2010, may take a lump-sum benefit (the *"Lump Sum Benefit"*) instead of receiving the defined benefit annuity described above.

Responsibilities for establishing, administering, and amending the Pension Plan are divided among a Board of Trustees of the Pension Plan, a plan administrator, a retirement committee, and the Board of Directors of the Authority (collectively, the *"Plan Administrators"*).

As of January 1, 2017, the Pension Plan had a total membership of 2,372, consisting of 1,156 active employees, 730 retirees and beneficiaries currently receiving benefits, and 486 non-active employees.

Actuarial Calculations, Assumptions and Methods

The Authority's contributions to the Pension Plan are determined on an actuarial basis, which is based on the outcome of an actuarial valuation (the *"Actuarial Valuation"*). The primary purpose of the Actuarial Valuation is to determine the *"Annually Required Contribution,"* which is the contribution necessary for the current year to satisfy the current and future obligations to pay benefits to eligible members of the Pension Plan. The Annually Required Contribution is equal to the value of benefits earned during the current period, referred to as the *"Normal Cost,"* plus an amortization of the UAAL (as hereinafter defined) over a rolling thirty-year period. To determine the Annually Required Contribution, the Pension Plan's actuary (the *"Actuary"*) calculates the following: (i) the *"Actuarial Value of Assets"* or *"AVA,"* which is the value of the assets of the Pension Plan at the time of the Actuarial Valuation, (ii) the *"Actuarial Accrued Liability"* or *"AAL,"* which is the portion of the actuarial present value of pension benefits owed by the Pension Plan that is not allocated to future years by the actuarial cost method, as described below, (iii) the *"Unfunded Actuarial Accrued Liability"* or *"UAAL,"* which is the dollar amount by which the Actuarial Accrued Liability exceeds the Actuarial Value of Assets, and (iv) the *"Funded Ratio,"* which is the ratio of the AVA to the AAL, generally expressed as a percentage.

To make these calculations, the Actuary uses various assumptions regarding future events affecting pension assets and liabilities. Specifically, the Actuary uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated salary and interest rates) and decrement assumptions (including employee turnover, mortality and retirement rates) to provide a basis for calculating the AAL and the Annually Required Contribution. Certain of the specific actuarial assumptions employed by the Actuary in the Actuarial Valuations for each of the past three years is set forth in Note 10 to the audited financial statements of the Authority for the period ended December 31, 2016, attached hereto as APPENDIX B.

In addition, the Actuary uses certain actuarial methods to calculate the AAL and the AVA. For purposes of calculating the AAL, the Actuary employs an actuarial cost method, which allocates the total present value of future pension benefits to the current period and prior periods. For the Actuarial Valuations completed as of January 1 through 2014, the Actuary used the projected unit credit actuarial cost method, under which the projected benefits earned by each individual are allocated to each valuation year. For the Actuarial Valuation completed as of January 1, since 2015, the Actuary used the entry age normal actuarial cost method.

Finally, the Actuary employs the *"Asset Smoothing Method"* to calculate the AVA. This method smoothes investment gains and losses over a period of years, which is five years in the case of the Pension Plan. The Asset Smoothing Method delays the immediate effect of market fluctuations on the AVA, the UAAL and the Funded Ratio that occur as a result of market volatility. However, because the Asset Smoothing Method delays recognition of gains and losses, it does not reflect the true value of pension plan assets at the time of measurement. As a result, presenting the AVA as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses as they occur.

With respect to the Pension Plan, as of January 1, 2017, the AVA measured in accordance with the Asset Smoothing Method was $275,792,027, whereas the market value of the Pension Plan's assets (the "MVA") was $261,710,577. As a result of this difference between applying the Asset Smoothing Method or using the market value, the Pension Plan's UAAL was $14,081,450 lower. As of January 1, 2016, the AVA was $265,692,481 and the MVA was $246,440,267, resulting in a UAAL that was $19,252,214 lower.

Contributions to and Funded Status of the Pension Plan

The Pension Plan is a non-contributory pension plan, which means that participating employees are not required to provide funding for the pension benefits they will receive. The assets in the Pension Plan derive solely from contributions by the Authority, Metra, and Pace, along with the investment earnings thereon. The Authority contributes to the Pension Plan on an actuarial basis as described above. The Authority, Metra, and Pace have contributed the full Annually Required Contribution in each of the last ten years, as shown in the table below.

The Pension Plan's Funded Ratio significantly exceeded 100% throughout the late 1990's, peaking at 159% as of January 1, 1999. As a result of this significant overfunding, no employer contributions were made to the Pension Plan in 1999, 2000, or 2001. This lack of contributions, combined with poor investment returns in 2001 and 2002, reduced the Funded Ratio below 100%. Furthermore, changes in actuarial assumptions, investment returns below expected and other negative actuarial experience caused the Funded Ratio to decline further in the mid-2000s. The Funded Ratio declined between January 1, 2008 and January 1, 2009 primarily due to poor investment performance as a result of the worldwide economic downturn. In 2011, 2012 and 2015, the projected rate of return was reduced from 8.5% to 8.25%, 7.75% and 7.5% respectively. Effective January 1, 2012, the accrual basis of accounting is used to determine the market value of assets. The funded rate increased in 2014 as a result of strong market performance and supplemental contributions by the employers. The funded ratio decline in 2015 reflects changes resulting from revisions to the actuarial assumptions, particularly the change in the actuarial cost method from projected unit credit to entry age normal. The Authority's share of the 2016 ARC is approximately 10%.

Schedule of Employer Contributions
Fiscal Years 2007-2017
(As of 12/31/2017)

Year Ended 12/31	Annual Required Contribution	Supplemental (in excess of the ARC) Contributions	Percentage Contributed
2007	$9,137,000		100%
2008	9,195,000		100%
2009	10,827,000		100%
2010	11,288,000		100%
2011	12,547,000		100%
2012	13,493,395	$6,746,698	150%
2013	14,795,180	7,397,590	150%
2014	13,689,196		100%
2015	13,598,896	63,496,104	567%
2016	9,534,166	1,300,000	114%
2017	10,581,706	1,300,000	112%

Source: For years through 2011 – the Actuarial Valuation Report as of January 1, 2012 (the "2012 Actuarial Valuation") as prepared by Gabriel Roeder Smith & Company in its capacity as consulting actuary to the Pension Plan; and for years since 2012, - the Actuarial Valuation Report as of January 1, 2017 (the "2017 Actuarial Valuation") as prepared by Gabriel Roeder Smith & Company in its capacity as consulting actuary to the Pension Plan, and the Authority.

The Authority, Metra, and Pace have amortized the UAAL as required by the Actuary since January 1, 2001. As of January 1, 2017, none of the Pension Plan's UAAL is related to a failure to contribute the Annually Required Contribution, as evidenced by a net pension obligation, which is the cumulative difference between the annual pension cost‡ and the actual employer contribution, on such date of $0.

As of January 1, 2017, the Pension Plan had an AVA as determined under the Asset Smoothing Method of $275,792,027 and a MVA of $261,710,577. The Pension Plan's AAL as of such date was $302,074,097. As a result, the Pension Plan's UAAL was $26,282,070, which corresponds to a Funded Ratio of 91.3% on an actuarial basis.

‡ Annual pension cost for an employer with an NPO is equal to (a) the Actuarially Required Contribution, (b) one year's interest on the NPO, and (c) an adjustment to the Actuarially Required Contribution to offset the effect of actuarial amortization of past under- or over-contributions.

The following table provides a schedule of funding progress as of January 1, 2007, through January 1, 2017.

Schedule of Funding Progress
Fiscal Years 2007-2017

As of 1/1	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
2007	$102,523,735	$133,905,851	$31,382,116	76.56%	$61,357,214	51.15%
2008	114,031,540	146,417,404	32,385,864	77.88%	61,364,198	52.78%
2009	106,021,198	153,284,576	47,263,378	69.17%	66,010,613	71.60%
2010	118,805,281	166,663,123	47,857,842	71.28%	68,389,409	69.98%
2011	127,343,037	185,373,843	58,030,806	68.70%	66,490,058	87.28%
2012	141,387,904	200,844,966	59,457,062	70.40%	67,176,064	88.51%
2013	155,997,793	221,397,986	65,400,193	70.46%	70,634,459	92.59%
2014	180,317,254	233,751,698	53,434,444	77.14%	74,809,822	71.43%
2015	196,142,829	270,324,403	74,181,574	72.56%	83,485,618	88.86%
2016	265,692,481	286,457,946	20,765,465	92.75%	88,663,051	23.42%
2017	275,792,027	302,074,097	26,282,070	91.30%	93,950,500	27.97%

Source: The 2012 and 2017 Actuarial Valuations.
(1) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "– Actuarial Calculations, Assumptions and Methods" above.

Pension Code Contribution Requirement

The Illinois Pension Code, as amended (the *"Pension Code"*), requires that the Authority, Metra, and Pace make additional contributions to any pension plans they participate in, together or individually, including the Pension Plan, if such pension plans had a Funded Ratio of less than 90% as of January 1, 2009, or if such pension plans fall below a 90% Funded Ratio at any time in the future. This statute applies to the Pension Plan because its Funded Ratio was 69.17% on January 1, 2009. The Funded Ratio was 91.30% as of January 1, 2017.

As a result, the Pension Code requires that the Authority, Metra, and Pace agree on a schedule to amortize the amount of the Pension Plan's UAAL necessary to achieve a Funded Ratio of 90% within a maximum of 50 years. The Pension Plan's actuary continued to calculate the Pension Plan's contribution in accordance with applicable accounting standards which require amortization of the entire UAAL over a closed thirty-year period. The Authority expects to continue making contributions in accordance with actuarial requirements, which the Authority expects will be sufficient to meet its statutory requirements. Such contribution amounts are reviewed on an annual basis and adjusted as needed to meet the applicable actuarial funding requirements.

Performance Audit

In March 2007, the Office of the Auditor General of the State (the *"Auditor General"*) released a report entitled "Performance Audit of the Mass Transit Agencies of Northeastern

Illinois: RTA, CTA, Metra, and Pace" (the *"Performance Audit Report"*). In the Performance Audit Report, the Auditor General provided recommendations on, among other things, certain aspects of the Pension Plan. Specifically, the Auditor General recommended that the Authority, Metra, and Pace: (i) continue to take actions necessary to ensure that the pension plan is adequately funded, (ii) periodically review the 8.5% investment return assumption, and (iii) phase out the Lump Sum Benefit. The Authority, Metra, and Pace all agreed with these recommendations in the Performance Audit Report.

As of the date of the most recent Actuarial Valuation, the Authority, Metra, and Pace have continued to fund the Pension Plan in accordance with actuarial requirements, the investment return assumption was changed from 8.50% to 8.25% for use in the January 1, 2011, valuation, reduced to 7.75% for first use in the January 1, 2012, valuation and lowered to 7.5% for first use in the January 1, 2015 valuation. The Lump Sum Benefit has been eliminated for new employees hired after December 31, 2010.

AUTHORITY'S RESPONSIBILITY FOR SERVICE BOARD PENSION PLANS

The Authority is not generally responsible for making contributions to pension plans of the Service Boards, other than the Pension Plan. However, Sections 4.02a and 4.02b of the Act require the Authority to continually review the payment of the required employer contributions to the pension plans of the Service Boards and, if the Authority determines that such payments are more than one month overdue, to pay the amount of such overdue contributions to the trustee of the affected pension plan on behalf of that Service Board out of moneys otherwise payable to that Service Board. The Authority does not retain any liability to the applicable Service Board for any amounts paid as required in these sections of the Act.

OTHER POST-EMPLOYMENT BENEFITS

The Authority offers eligible retirees the option to continue participation in its group health insurance plan for employees (the *"Health Plan"*). The Authority subsidizes up to $78 per month for each eligible employee who elects to participate in the Health Plan. The Authority recognizes these expenses as they are paid and does not incur any additional obligations under the Health Plan.

As of December 31, 2016, 27 participants were eligible to receive benefits. For such year, the Authority incurred $22,320 in expenses related to the Health Plan. The Authority's auditor considers the amount of the liability for the Health Plan to be immaterial to the Authority.

RISK MANAGEMENT

The Authority's Risk Management practices include a portfolio of insurance policies to protect against losses due to crime, fire and other casualty, terrorism, cyber-related liability and public officials' liability. Further, the Authority administers a Joint Self Insurance Fund and Loss Financing Plan, governed by the Authority and all three Service Boards, which secures excess liability insurance in case of catastrophic occurrences.

INVESTMENT POLICIES AND PRACTICES

The Authority's investments are made in strict compliance with the provisions of the Illinois Public Funds Investment Act, 30 Illinois Compiled Statutes 235. Further, the Board of Directors has adopted a series of ordinances delineating Investment and Portfolio Policies more conservative than those required by Illinois law.

FINANCIAL CONTROLS OVER SERVICE BOARDS

The Act vests responsibility for financial oversight in the Authority and responsibility for operations and day-to-day management of rail and bus service in the Service Boards. The Authority's financial oversight responsibility is implemented principally through the budget process, in which each Service Board submits an annual budget and two-year financial plan for approval by the Authority. The Act sets criteria by which proposed budgets and financial plans are to be reviewed and requires that the System Generated Revenue Recovery Ratio equals or exceeds 50% and the ADA paratransit revenue recovery ratio equals or exceeds 10%. On a quarterly basis, the Service Boards must report their financial condition and results of operations to the Authority. The Authority Board, by the affirmative vote of 12 of its Directors, must determine whether the results are substantially in accordance with the adopted budget and if so, certify that determination to the Governor, the Mayor of the City of Chicago and the Auditor General of the State. If a Service Board is found not to be substantially in compliance with its budget, the Authority may direct that Service Board to submit a revised budget meeting the mandated criteria. If a Service Board's budget does not meet the criteria, the Authority must withhold 25% of the Service Board's allocation of Authority Sales Taxes and 25% of the Public Transportation Fund Revenues estimated to be available to that Service Board until a compliant budget and financial plan is approved. See "THE REGIONAL TRANSPORTATION AUTHORITY—2018 Budget and 2019-20 Financial Plan."

The Act confers upon the Authority Board powers to adopt regulations requiring that the Service Boards submit specific information in connection with the budget, financial plan and capital program, base that budget, financial plan and capital program on those assumptions and projections set out by the Authority, and comply with Authority prescribed financial practices in the budgeting and expenditure of public funds. The Act also empowers the Authority to evaluate public transportation services operated by the Service Boards against the goals and objectives of the Authority Strategic Plan and to assess the efficiency and adequacy of those services.

The Amendatory Legislation requires the Authority to conduct audits of each of the Service Boards no less than every five years. Those audits may include management, performance, financial, and infrastructure condition audits. Similar audits may be conducted of transportation agencies that provide services on behalf of a Service Board. In 2010, the Authority Board approved the development of a cost-effective and timely five-year service board audit program which complies with the Amendatory Legislation but does not duplicate the Service Boards' own efforts. Guided by a risk assessment completed in 2011, the Authority developed the five-year 2012-2016 audit program. After completion of the initial five-year plan, the RTA currently updates the initial risk assessment at least annually and develops an audit plan that is coordinated with the Service Boards.

The Act directs the Authority to review the payment of required employer contributions to pension plans established by the Service Boards and, if those payments are more than one month overdue, to pay those overdue contributions to the pension plan from amounts otherwise payable to that Service Board from Authority revenues. Currently, all contributions are being made as required. See "AUTHORITY PENSION PLAN–AUTHORITY'S RESPONSIBILITIES FOR SERVICE BOARD PENSION PLANS" above.

The Authority Board has established certain principles to guide the Authority/Service Board fiscal relationship. The primary principle established by the Authority Board is that if a Service Board performs better than budget in a given Fiscal Year, either as a result of higher than budgeted revenues or lower than budgeted expenses, the Authority will not reduce such Service Board's budgeted funding. Thus, the results of good performance flow through to the Service Board in the form of positive budget surpluses. These funds may be directed by a Service Board in a subsequent Fiscal Year to address high priority needs, either for operating or capital purposes, upon the approval of the Authority.

HISTORICAL FINANCIAL RESULTS

The Amendatory Legislation authorized a significant increase in public funding for operation of public transportation in the Region. The Amendatory Legislation became law on January 18, 2008. The Authority increased the Authority Sales Tax, as authorized by the Amendatory Legislation, effective April 1, 2008, and the Authority began to receive revenues from those increases in July 2008. Additionally, the Amendatory Legislation authorized the City of Chicago to impose an increase in the Chicago Real Estate Transfer Tax on April 1, 2008, for the benefit of the CTA.

Table I contains Statements of Revenues and Expenditures for the Authority (including funding for the Service Boards) for the years from 2012 through 2017. The financial information is presented on a funding basis which is non-GAAP and differs in certain respects from the presentation of the financial statements contained in APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AUTHORITY FOR THE PERIOD ENDED DECEMBER 31, 2016" as explained in the footnotes to Table I. For the financial results of the individual Service Boards, see APPENDIX C – "SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS OF THE AUTHORITY AND THE SERVICE BOARDS FOR THE PERIOD ENDED DECEMBER 31, 2016" and APPENDIX D – "SERVICE BOARD HISTORICAL FINANCIAL RESULTS AND 2018 BUDGETS AND 2019-20 FINANCIAL PLANS." Not all of the amounts shown under the heading "REVENUES" in the Table constitute security for the Authority Obligations, including the Notes. See "SECURITY FOR THE NOTES."

As shown in Table I, for the period 2012 through 2017, Authority revenues grew by approximately $203 million, an annual compound growth rate of 3.2%. Sales Tax Revenues and Public Transportation Fund Revenues grew at an annual compound growth rate of approximately 4.1% from 2012 through 2017.

Because the State subsidy that comprises the Public Transportation Fund is calculated in part based on the level of Sales Tax Revenues, the Public Transportation Fund amount increases or decreases with the sales tax receipts. In 2008 the increase in Authority Sales Tax rates caused a change in the base by which the State subsidy is measured. Prior to 2008, the State subsidy rate was 25%, but the Amendatory Legislation increased the rate to 30%. State Assistance, which reimburses the Authority for debt service on SCIP Bonds, has stabilized as all but a small portion of authorized SCIP Bonds have been issued.

The severe decline in the economy since 2008 was reflected in a decline in the total volume of retail sales in the Region and real estate transfers in the City of Chicago in calendar years 2008 and 2009. Therefore, even accounting for the increase in the sales tax rate, the revenues fell short of amounts estimated by the Authority and used as the basis for 2009 budgets adopted by the Service Boards and approved by the Authority. Following the recession of 2009, Sales Tax growth exceeded 4.0% in 2012 through 2015; however, in 2016 to current, there has been a slight decline in Sales Tax growth due to marketplace competition, rescinding population, and State imposed fees. The Authority has weighted these economic challenges, and has reflected the continuing growth to be slightly lower in the revenue estimates on which the 2018 Budget and 2019-2020 Financial Plans have been based. See "THE REGIONAL TRANSPORTATION AUTHORITY–2018 BUDGET AND 2019-20 FINANCIAL PLAN."

Since 2010 the State was not timely in making payments to the Authority of its transit funding obligations. As of May 1, 2018, the Authority has recorded a receivable of $450.6 million representing transfers of outstanding Public Transportation Fund Revenues, Additional State Assistance and Additional Financial Assistance.

Operating expenditures were approximately $1.522 billion in 2017, an increase of approximately $23 million compared to operating expenditures for 2016. Operating expenditures for 2016 decreased by only $4 million compared to 2015. The Authority has been resilient over controlling and managing operating expenses.

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Table I*
RTA Statements of Revenues and Expenditures
(Including Funding for the Service Boards)
2012-2017 Financial Information
(Dollars in Thousands)

	2012	2013	2014	2015	2016	2017 Estimate
System-Generated Revenue						
RTA Sales Tax (Part I)	$754,348	$792,112	$830,134	$865,614	$877,486	$890,337
RTA Sales Tax (Part II) (1)	267,338	279,114	293,863	303,654	307,697	312,327
RTA Public Transportation Fund (Part I)	189,523	198,640	207,291	217,930	221,621	219,212
RTA PTF (Part II) (1) (2)	130,369	140,548	147,698	158,967	161,127	155,043
State Financial Assistance (ASA/AFA)	130,071	130,185	130,167	130,167	130,234	130,283
State Free Rides/Reduced Fare Reimbursement	33,980	26,099	34,581	16,386	17,570	17,570
State Funding for ADA Paratransit	8,500	8,500	8,500	8,395	3,825	3,825
RTA Regional Capital Project Reserves	5,144	22,921	2,921	–	2,555	500
RTA Reserves	–	–	–	6,000	2,000	8,175
ICE Reserves/Carryover	–	–	–	22,795	1,632	988
Other RTA Revenue	21,818	25,198	20,813	16,679	19,665	6,134
Total Revenue	$1,541,091	$1,623,317	$1,675,968	$1,746,587	$1,745,411	$1,744,393
Operating Expenditures						
RTA Total Funds for CTA Operations	$606,241	$640,252	$676,087	$734,938	$735,475	$734,326
RTA Total Funds for Metra Operations	344,411	358,155	374,248	405,670	396,800	404,167
RTA Total Funds for Pace Suburban Service Operations(3)	142,052	148,085	154,734	164,181	165,287	165,088
RTA Total Funds for Pace ADA Paratransit Operations	124,173	134,495	140,162	139,376	144,749	161,586
RTA Funding for Innovation, Coordination, and Enhancement (ICE)	10,398	10,902	11,439	-	-	0
State Free Rides/Reduced Fare Reimbursement	33,980	26,099	34,581	16,386	17,570	17,570
RTA Agency Administration, Regional Services & Programs	34,253	41,290	43,356	42,600	37,803	38,902
Total Operating Expenditures	$1,295,508	$1,359,278	$1,434,607	$1,503,151	$1,497,684	$1,521,639
Debt Service & Capital Expenditures						
Principal and Interest	$211,307	$220,000	$214,511	$215,900	$215,900	$222,359
Regional Technology and Agency Capital	10,990	–	–	–	2,555	500
Transfer Capital – Metra	4,700	7,000	2,000	–	–	–
Transfer Capital – CTA	–	15,000	–	–	–	–
Grant Incentive Program	2,162	1,615	1,786	–	–	–
RTA Joint Self-Insurance Fund (JSIF) (4)	5,000	5,000	6,329	6,180	6,365	6,556
Total Debt Service, Capital & JSIF Expenditures	$234,159	$248,615	$224,626	$222,080	$224,820	$229,415
Total Expenditures	$1,529,667	$1,607,893	$1,659,233	$1,725,231	$1,722,504	$1,751,054
Fund Balance						
Beginning Balance (Unassigned)	$34,815	$5,122	$9,110	$4,441	$3,455	$7,569
Total Revenues Less Total Expenditures	11,423	15,424	16,734	21,355	22,907	(6,661)
Net Transfers (To)/From Reserves	(23,767)	(22,185)	(19,308)	(29,998)	(24,239)	6,661
Reconciliation to Budgetary Basis	(17,349)	10,749	(2,095)	7,657	5,446	–
Ending Fund Balance (Unassigned)	$5,122	$9,110	$4,441	$3,455	$7,569	$7,569
% of Total Operating Expenditures	0.40%	0.70%	0.30%	0.20%	0.50%	0.50%
Total System-Generated Revenue Recovery Ratio(5)	56.60%	54.10%	52.60%	51.90%	51.20%	50.30%
ADA Paratransit Recovery Ratio(5)	10.70%	10.00%	10.00%	10.70%	10.00%	10.00%

* Any discrepancies between Table I and the Combining Special Purpose Financial Statements for the respective fiscal year result from difference in presentation of the numbers. The numbers in Table I are presented on a budgetary basis and the numbers in the Combining Special Purpose Financial Statements are presented on a modified accrual basis.

(1) Incremental amounts generated by Amendatory legislation.

(2) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT).

(3) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds.

(4) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

(5) The Act defines a "system generated revenue recovery ratio," representing the portion of costs covered by revenues. The ratio must equal at least 50% Region-wide excluding ADA Paratransit Service and 10% for ADA Paratransit Service. The 2017 Special-Purpose Combining Financial Statements present the calculation of this ratio on page 41-42 of Note 13.

2018 BUDGET AND 2019-20 FINANCIAL PLAN

By December 31 of each year, the Authority is required to adopt, after holding a public hearing, an annual Authority budget and appropriation ordinance for the following year and a two-year financial plan. This annual budget for the Authority includes direct expenditures for the Authority and funding of each Service Board's operating deficit. This annual budget must evidence a System Generated Revenue Recovery Ratio of no less than 50% and an ADA Paratransit Services Revenue Recovery Ratio of no less than 10%.

In determining the funding amounts to be available during the period of the annual budget and two-year financial plan, the Authority reviews economic forecasts for the region and customized sales tax forecasts from the Chicago Federal Reserve Bank and a private econometric forecasting service. In addition, the Governor's Office of Management and Budget supplies the Authority with a sales tax revenue projection in July of each year. By September 15 of each year, the Authority Board considers a recommended funding level for the Service Boards for the next fiscal year and the times at which such amounts are expected to be available. In August 2017 the Authority informed the Service Boards of the amounts projected to be available with respect to the 2018 Budget and 2019-20 Financial Plan.

Each Service Board develops a proposed annual budget and two-year financial plan consistent with the funding levels established by the Authority. After holding public hearings on its proposed annual budget and two-year financial plan, each Service Board is required to submit its proposed budget and two-year financial plan to the Authority on or before November 15 of that year. The Act requires that such annual budget and two-year financial plan project or assume revenues from the Authority in amounts no greater than those set forth in the funding estimates provided by the Authority. In accordance with the Authority Act, the Authority reviews and approves the proposed annual budget and two-year financial plan of each Service Board.

Each Service Board presented its 2018 Budget and 2019-20 Financial Plan to the Authority for approval under the Act. On December 14, 2017, the Authority adopted an ordinance approving the 2018 budgets and 2019-20 financial plans of the Service Boards, adopting the 2018 Budget and Financial Plan of the Authority and appropriating funds for the 2018 Budgets, and adopting the Five Year Capital Program.

The 2018 Budget and 2019-20 Financial Plan have been established using public funding estimates of the Authority that reflect recent improving trends and take into account economic forecasts from various sources. In the development of the 2018 Budget and 2019-2020 Financial Plan, the Authority and the respective Service Boards have maintained service levels aided by robust sales tax growth and effective control of operating expenses. For a seventh consecutive year, the budget does not utilize transfers from capital funding to support operations preserving those funds for their intended use.

By law, the Service Boards must prepare balanced budgets, and the Service Boards' proposed 2018 budgets meet this requirement. Additionally, State law requires that one-half of the Authority System operating costs, apart from ADA Paratransit service, are paid for with system-generated revenues. The 2018 regional operating budget meets this requirement with a projected system-generated recovery ratio of 51.7%.

The 2018 Budget and 2019-20 Financial Plan conform to the Authority requirements concerning system-generated recovery ratios. The 2018 budgeted ratio of 51.7% for mainline service exceeds the statutory requirement of 50%. Note that this reflects $32.5 million in revenue credits and $243.6 million in cost exclusions as established by the Authority Act. Without the use of credits or exclusions the Regional Recovery Ratio is budgeted to be 46.0% in 2018. The Authority has also used debt financing to provide for operating funds on a short-term basis, including the Subordinate Notes and the Series 2018A Notes.

As more fully described in APPENDIX A hereto, the Authority monitors the receipt of Sale Tax Revenues and Public Transportation Fund Revenues on an ongoing basis throughout the year. In 2017, annual Sales Tax Revenues of $1.186 billion exceeded prior year by 0.1%, but lagged budget by 5.5%. As of January 2018, Sales Tax Revenues were $90.2 million, which is 5.1% greater than budget, and 5.6% greater than actual Sales Tax Revenues received during the corresponding period of 2017. The table set forth below shows the comparison of actual 2018 Sales Tax Receipts to budgeted 2018 Sales Tax Receipts and actual Sales Tax Receipts in 2017.

RTA 2018 YTD Sales Tax Receipts
(Dollars in thousands)

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	Full Year
2018 Actual	90,248												90,248	
2017 Actual(1)	85,457	84,219	98,421	95,488	101,831	104,467	98,161	102,619	100,663	98,571	99,346	116,744	0	1,185,987
$ Change	4,791												4,791	
% Change	5.6												5.6	
2018 Budget(2)	85,904	88,519	101,695	98,807	106,555	109,094	103,949	107,218	106,251	103,513	102,685	121,565	0	1,235,755
$ Change	4,344												4,344	
% Change	5.1												5.1	

(1) Reflects a reduction of 2% in the amount of Authority Sales Tax, commencing, May, 2017, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use, and an amendment to the Act reducing the amount of Public Transportation Fund Revenues to be paid to the RTA for State Fiscal Year 2018 by 10%.

(2) Adopted by the RTA Board on December 14, 2017.

The information presented in Table II is based on the 2018 budgets and 2019-20 Financial Plan presented by the Service Boards and was adopted by the Authority as its 2018 Budget and 2019-20 Financial Plan at its December 14, 2017, meeting. The 2018 Budget and 2019-2020 Financial Plans of the Service Boards presented in APPENDIX D were submitted to the Authority by the Service Boards and were approved by the Authority at the December 14, 2017 meeting.

In the event that Sales Tax Revenues are materially lower than projected in the 2018 Budget and 2019-20 Financial Plan, the Authority staff would recommend to the Board that revisions of its funding estimates for the balance of 2018 and subsequent periods be made and direct the Service Boards to develop new budgets and financial plans reflecting such revisions. The range of actions available to the Authority and the Service Boards to respond to a decrease in revenues includes measures to reduce costs through service cuts and other actions, fare increases, reprogramming of federal subsidies currently planned for long-term capital projects to ongoing operating costs, like preventive maintenance or capital costs of contracting service, as permitted by federal law, freeing up other revenues to fund operating costs, and reprogramming of restricted cash balances held by the Authority. The 2018 Budget and 2019-20 Financial Plans are shown in Table II and APPENDIX D. The Authority will continue to monitor the level of Sales Tax Revenues.

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Table II
RTA 2018 Budget and 2019-2020
Financial Plan*
(Dollars in Thousands)

System-Generated Revenue	2018 Budget	2019 Plan	2020 Plan
RTA Revenue			
RTA Sales Tax (Part I)	$914,929	$942,377	$970,648
RTA Sales Tax (Part II)(1)	320,826	330,451	340,365
RTA Public Transportation Fund (PTF - Part I)	215,895	240,402	247,614
RTA PTF (Part II)(1)(2)	152,515	169,828	174,923
State Financial Assistance (ASA/AFA)	130,283	130,300	130,300
State Free Rides/Reduced Fare Reimbursement	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500
RTA Regional Capital Project Reserves	250	-	-
RTA Reserves	2,500	-	-
ICE Carryover (2015)	-	-	-
Other RTA Revenue	1,374	1,424	1,452
Total Revenue	$1,781,142	$1,857,352	$1,907,872
Operating Expenditures			
RTA Total Funds for CTA Operations	$740,288	$784,072	$806,486
RTA Total Funds for Metra Operations	409,798	422,691	434,471
RTA Total Funds for Pace Suburban Service Operations(3)	167,871	174,100	178,798
RTA Total Funds for Pace ADA Paratransit Operations	165,291	174,563	185,948
State Free Rides/Reduced Fare Reimbursement	34,070	34,070	34,070
RTA Agency Administration, Regional Services and Programs	34,264	35,874	36,757
Total Operating Expenditures	$1,551,581	$1,625,371	$1,676,530
Debt Service & Capital Expenditures			
Principal and Interest	$229,519	$232,798	$223,124
RTA Agency Regional Capital Program	$250	0	0
Total Debt Service and Capital Expenditures	$229,769	$232,798	$223,124
Total Expenditures	$1,781,350	$1,858,168	$1,899,654
Fund Balance			
Beginning Balance (Unassigned)	$7,569	$7,569	$7,569
Total Revenues Less Total Expenditures	5,707	6,480	2,384
RTA Joint Self Insurance Fund (JSIF)(4)	(5,707)	(6,480)	(2,384)
Ending Fund Balance (Unassigned)	$7,569	$7,569	$7,569
% of Total Operating Expenditures	0.5%	0.5%	0.5%
Total System-Generated Revenue Recovery Ratio(5)	51.70%	51.50%	51.30%
ADA Paratransit Recovery Ratio	10.00%	10.00%	10.00%

(1) Incremental amounts generated by Amendatory Legislation.

(2) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT).

(3) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds.

(4) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

(5) The Act defines a "system generated revenue recovery ratio," representing the portion of costs covered by revenues. The ratio must equal at least 50% Region-wide excluding ADA Paratransit Service and 10% for ADA Paratransit Service. The 2016 Special-Purpose Combining Financial Statements present the calculation of this ratio on page 41-42 of Note 13.

* Reflects a reduction of 2% in the amount of Authority Sales Tax, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use, and an amendment to the Act reducing the amount of Public Transportation Fund Revenues to be paid to the RTA for State Fiscal Year 2018 by 10%. [Discuss where to footnote in table]

CAPITAL PROGRAM

GENERAL DESCRIPTION OF THE CAPITAL PROGRAM

The System provided close to 600 million passenger trips in calendar year 2017. This level of ridership has the beneficial impact of reducing road congestion, and so improving the flow of goods and services as well as air quality. In addition, the System provides essential mobility to those persons unable to utilize other modes of transportation. The System represents an asset with a replacement value of approximately $162 billion. To continue these public benefits, the Authority strives to maximize the amount of resources devoted to investment in the System for it to remain in good working order, as well as to respond to changing markets. The Authority five-year capital program embodies the detail of this investment, updated and adopted annually by the Authority Board, as required by the Act.

Sources of funds for capital investment include federal and State programs as well as funds from the Authority, the Service Boards and local governments. Federal funding levels are currently governed by the Fixing America's Surface Transportation Act (FAST Act) legislation. At this time, the final federal appropriations for 2018 have not been determined. Once the *Federal Register* containing the final federal fiscal year 2018 federal apportionments is published, the capital program will be amended to correspond to funds made available by the apportionment. The Service Boards will then revise their capital programs to reflect actual appropriation levels.

The State of Illinois approved capital bills in 2009 that programmed the Authority system with $2.7 billion in capital funds. These funds will enable the Authority to replace of aging trains, buses, track, stations and other infrastructure to improve the reliability of the system. Since 2010, the Authority has contracted with the state for $2.13 billion. In 2016, the state reduced the available balance eligible for spending to $2.05 billion. Since 2010, State of Illinois funds have been utilized on projects such as: CTA's Dan Ryan Track and Station Renewal, Wilson Station, Blue Line (Your New Blue) and 95th Street Station Reconstruction projects; Metra's procurement of new Highliner car, locomotive and rail car rehabilitation initiative, and station reconstruction projects; and Pace's replacement of aging buses. See "SECURITY FOR THE NOTES – AUTHORITY OBLIGATIONS."

FIVE YEAR CAPITAL PROGRAM

The most recent five-year capital program, adopted by the Authority Board on December 14, 2017, covers years 2018 through 2022. The estimated capital funds total $4.2 billion over the five years of the program with $1.2 billion estimated for 2018. Replacement and rehabilitation of rolling stock represents the largest single category of investment, followed by stations and passenger facilities, and then by support facilities and equipment. The primary emphasis of the Capital Program is to continue efforts to bring the System's assets to a State of Good Repair.

Capital programs for the CTA during this five-year period total approximately $2.7 billion, including the following major projects:

- Begin Phase I implementation of the Red-Purple Modernization project
- Repair of track and structures
- Purchase of new rail cars
- Rehabilitate and overhaul of rail cars
- Purchase of new full-size buses
- Rehabilitation and overhaul of buses
- Rehabilitate rail stations
- Replacement and upgrade of power distribution and signal equipment

Capital programs for Metra during this period total approximately $1.2 billion, including the following major projects:

- Purchase of new locomotives and commuter rail cars
- Rehabilitate commuter rail cars
- Rehabilitate and improve locomotives
- Rehabilitate and renew bridges
- Construction and renewal of track, structure, yards, shops and facilities
- Upgrades to their signal system
- Installation of federally mandated Positive Train Control (PTC)

Capital programs for Pace during this period total approximately $299 million, including the following major projects:

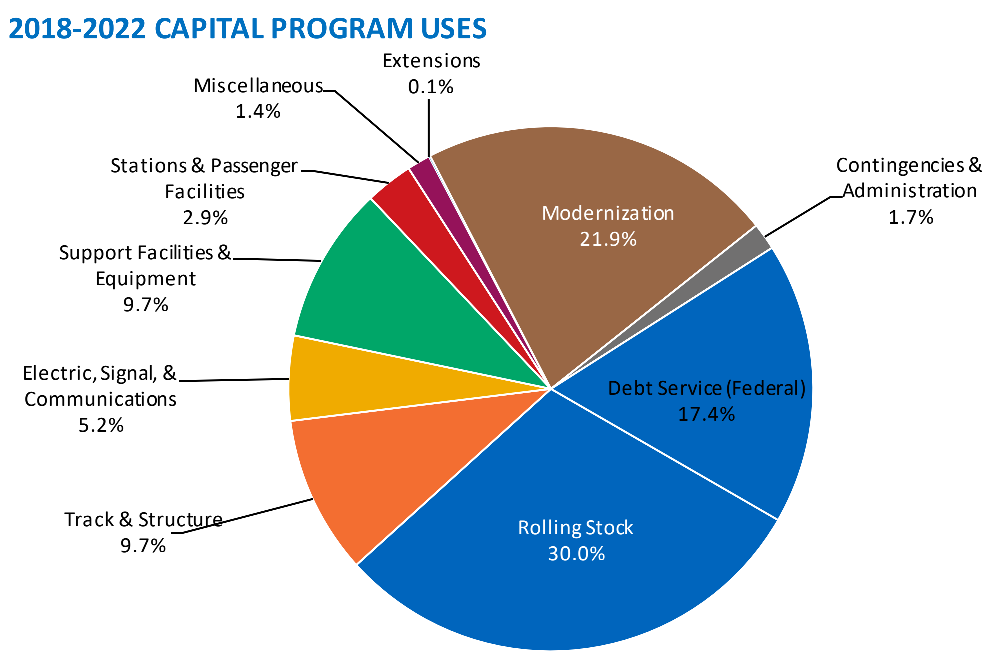
- Purchase and rehabilitate bus rolling stock
- Purchase paratransit vehicles and van rolling stock
- Construct and improve garages and facilities.

2018-2022 Capital Program
by Asset Category
(In Millions)

Asset Category	CTA	Metra	Pace	Authority	Total
Rolling Stock	$510.8	$603.2	$131.9	$0.0	$1,245.9
Track & Structure	230.2	175.1	0.0	0.0	405.3
Electric, Signal, & Communications	72.6	139.7	5.1	0.0	217.4
Support Facilities & Equipment	169.6	95.4	137.1	0.0	402.1
Stations & Passenger Facilities	36.0	62.6	23.2	0.3	122.1
Miscellaneous	12.6	45.8	1.3	0.0	59.7
Extensions	3.0	0.0	0.0	0.0	3.0
Modernization	912.2	0.0	0.0	0.0	912.2
Contingencies & Administration	32.9	36.0	0.0	0.0	68.9
Debt Service	721.9	0.0	0.0	0.0	721.9
Total	$2,701.8	$1,157.8	$298.6	$0.3	$4,158.4

Source: Authority 2018-2022 Capital Program.

The chart below illustrates the anticipated uses of the Authority 2018-2022 Capital Program.



CERTAIN INVESTMENT CONSIDERATIONS

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Authority to pay principal of and interest on the Notes, and which could also affect the marketability of, or the market price for, the Notes to an extent that cannot be determined.

The purchase of the Notes involves certain investment considerations that are discussed throughout this Official Statement. Certain of these considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of information presented in the Official Statement. **Each prospective purchaser of any Notes should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing investments such as the Notes.**

LIMITATIONS ON REMEDIES OF BONDHOLDERS

The remedies available upon an event of default under the General Ordinance or the Series Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. The various legal opinions to be delivered concurrently with delivery of the Notes will be qualified as to the enforceability of the various documents by bankruptcy, insolvency or other similar laws affecting the rights of creditors generally.

NO ACCELERATION PROVISION

The General Ordinance and Series Ordinance do not contain provisions allowing for the acceleration of the Notes in the event of a default in the payment of principal and interest on the Notes when due. In the event of a default, the Bond Registrar will have the right to exercise the remedies provided in the General Ordinance.

CREDIT, LIQUIDITY AND SURETY PROVIDER DOWNGRADES

The Rating Agencies could issue statements leading to a change in rating outlook, a review for downgrade or downgrades or further downgrades of credit enhancers or surety providers. Authority's exposure to the credit of downgraded credit enhancers and surety providers could have negative effects on Authority's debt portfolio. In addition to an increase in the interest rates on variable rate bonds secured by the subject credit enhancers or surety providers, such downgrades, especially downgrades to below investment grade, could lead to termination events or other negative effects under related agreements including, but not limited to swap agreements, letters of credit and/or reserve fund surety policies. Payments required under these agreements in the event of any termination could be substantial and could have a negative impact on revenues and/or the liquidity position of the Authority. Furthermore, any impairment of the security on the Obligations of the Authority may have an impact on the credit rating thereof. The Authority has no obligation to replace any surety provider or credit enhancer upon a ratings downgraded thereof.

NO SECONDARY MARKET

There can be no assurance that a secondary market for the Notes will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Notes to maturity.

FACTORS AFFECTING SALES TAX RECEIPTS

The following represent some of the factors that may affect the actual amount of Authority Sales Tax collections available for payment of debt service on the Notes. A significant change from historical results in any one of these factors may have a material impact on the availability of Sales Tax Receipts and the ability of the Authority to pay debt service on the Notes.

Legislative Action. The Illinois General Assembly has the authority to amend the provisions of the State law governing the Authority Sales Taxes. Changes to the tax base and the exemptions could adversely affect the amount of Authority Sales Taxes collected.

Hartney Fuel Oil Company et al., v. Brian A. Hamer, Director of the Illinois Department of Revenue, et al. On November 21, 2013, the Supreme Court of the State of Illinois found that the corporate practice of artificially shifting the official point of purchase from the area where the taxpayer conducts the bulk of its selling activity to a municipality with lower sales tax inconsistent with state law. The Supreme Court also declared that the regulations promulgated by the Illinois Department of Revenue interpreting the taxing statute were impermissibly narrow and restricted local governments from collecting appropriate sales taxes from retailers in their jurisdictions. The Illinois Department of Revenue has issued new rules pursuant to the Supreme Court's decision in Hartney. These changes to the tax regulations may materially impact sales tax revenue collections for the City of Chicago, Cook County and the Authority. While the Authority has experienced an increase in sales tax revenue which is likely related to the litigation, there can be no assurance that this Supreme Court decision or any new tax regulations translate into higher sales tax revenues.

Changes in Economic and Demographic Conditions. Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recession, when higher unemployment adversely affects consumption. Demographic changes in the population of the Region may adversely affect the level of commercial and industrial activity in the Region and could reduce the number and value of taxable transactions and thus reduce the amount of Sales Tax Receipts.

Competition. Increases in sales tax rates in the Region may create incentives for certain purchases to be made and delivered in jurisdictions with lower overall sales tax rates. As a result, increasing sales tax rates may not result in corresponding percentage increases in revenues.

Internet sales. An increasing numbers of sales transactions have been taking place over the Internet. Recent slower sales tax growth is attributable in part to the growing substitution of Internet purchases for purchases at brick-and-mortar retailers. Many Internet purchases where products and goods are shipped to consumers in the RTA region are taxed at a lower rate than the corresponding sale at a retailer located in the RTA region. As a result, the RTA in many cases receives less sales tax revenue from an internet sale than the equivalent sale at a retail store.

Authority's Right to Intercept Sales Tax Revenues. Pursuant to the Authority Act and the General Ordinance, the Authority has the right (using the bond trustee) to intercept Authority Sales Tax and Public Transportation Fund (PTF) allocable to the Service Boards and the Agency in order to make debt service payments. Such occurrence may result in the Authority withholding, delaying or not making payments to the Service Boards of their share of Authority Sales Taxes and PTF. To date, the Authority has never had to exercise this right.

STATE OF ILLINOIS FINANCIAL CONDITION

The financial condition of the State has been in decline in recent years due to, among other reasons, the inability to pass a fully enacted budget, and unfunded pension liabilities. The financial condition of the State has caused delays in certain payments due to the Authority, as described herein, and can have an impact on market conditions within the State that could affect the market and demand for the Notes.

State Budget. The State enacted a State Fiscal Year 2018 Budget after the House voted on July 6, 2017, to override the Governor's original veto of the budget plan. Prior to the enactment of the State Fiscal Year 2018 Budget, the State had been operating since July 1, 2015, without a fully enacted budget. Although certain spending continued to occur without the budget, the lack of a budget increased delays in the State's payment of bills, which grew State's backlog of bills significantly. The State's financial condition was materially adversely affected by this two-year budget impasse. Included in the State Fiscal Year 2018 Budget are certain reductions in the payments to be received by the RTA from the State of Authority Sales Tax and Public Transportation Fund Revenues. See "**SECURITY FOR THE NOTES** – STATE FISCAL YEAR 2018 BUDGET IMPACT."

Severe Underfunding of the State's Retirement Systems. There is severe underfunding of the State's retirement systems. Over the past ten years, the funding levels for the State's retirement systems have deteriorated dramatically and are the lowest in the nation among state pension plans. The State's contributions to the retirement systems, while in conformity with State law, have been less than the contributions that historically would have been actuarially calculated in accordance with the financial reporting standards developed by the Governmental Accounting Standards Board. Based on actuarial assumption changes by certain of the State's retirement systems combined with investment returns in the State's Fiscal Year 2016 significantly lower than assumed for such retirement systems, the State anticipates that such retirement systems' certified contributions will increase significantly beginning with the State's Fiscal Year 2018.

State Payment Delays. As the State's financial condition has declined in recent years, the timeliness in which the State makes payments due to the Authority has been delayed. These delays include (i) Public Transportation Fund payments, which are subject to a continuing State appropriation and are pledged as security for Authority Obligations, including the Notes and (ii) State Assistance, which reimburses the Authority for debt service payments made on outstanding SCIP Bonds, and is not pledged security for Authority Obligations, including the Notes. As of May 1, 2018, the last Public Transportation Fund payment received from the State was in April 2018, however, some payments due since July 2017 are still outstanding. The amount of Public Transportation Fund Revenues in arrears and owing to the RTA as of May 1, 2018, was $293.6 million. As of May 1, 2018, the last Additional State Assistance payments received from the State were in April 2018. The amount of Additional State Assistance in arrears and owing to the RTA as of May 1, 2018, was $36.5 million. As of May 1, 2018, the last Additional Financial Assistance payments received from the State were in April 2018. Such receipts, totaling $30.1 million, represented payments through December 2016. The amount in arrears and owing to the RTA as of May 1, 2018, is $120.5 million. See "**THE REGIONAL TRANSPORTATION AUTHORITY** – RTA FINANCES – PUBLIC TRANSPORTATION FUND REVENUES" and "- STATE ASSISTANCE." Any increase in the delay of the State making Public Transportation Fund and State Assistance payments due to the Authority may have an adverse impact on the financial condition of the Authority.

LITIGATION

The Authority is a party to a number of lawsuits and proceedings arising out of its operations or the operations of the Service Boards. However, the Authority does not believe that the outcome of such litigation will have a material adverse effect on the ability of the Authority to pay debt service on outstanding Authority Obligations, including the Notes. At the time of the sale of the Notes, the Authority will furnish a certificate, in form and substance satisfactory to Bond Counsel, to that effect.

At the time of issuance of the Notes, counsel to the Authority will deliver a certificate that there is no litigation pending that seeks to restrain or enjoin the issuance, sale and delivery of the Notes or that materially affects the validity of the Notes or the validity of the security for the Notes.

TAX MATTERS

Interest on the Notes is not excludable from gross income for federal income tax purposes. Ownership of the Notes may result in other federal income tax consequences to certain taxpayers. Noteholders should consult their own tax advisors concerning tax consequences of ownership of the Notes. Interest on the Notes is also includible in the calculation of Illinois state income tax for Noteholders who are residents of Illinois. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any collateral consequences arising with respect to the Notes.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Notes to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. A copy of the form of Undertaking is attached as APPENDIX H.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Pugh, Jones & Johnson, P.C., Chicago, Illinois, as Bond Counsel and Disclosure Counsel, who has been retained by, and acts as, Bond Counsel and Disclosure Counsel to the Authority. The proposed form of the opinion of Bond Counsel is attached as APPENDIX G. Certain legal matters will be passed upon for the Underwriters by Reyes Kurson Ltd., Chicago, Illinois, Underwriter's Counsel.

RATINGS

S&P and Fitch have assigned their municipal bond ratings of "AA" (stable outlook) and "AA" (stable outlook), respectively, to the Notes. The Authority has not requested a rating from any other rating agency with respect to the Notes.

An explanation of the significance of each such rating may be obtained only from the rating agency furnishing the same. The Authority furnished to the rating agencies certain information and materials regarding itself and the Notes. Generally, the rating agencies base their ratings on certain studies and assumptions. There is no assurance that the ratings will continue to be in effect for any given period of time, or that such ratings will not be lowered or withdrawn by the rating agencies, if, in the judgment of the rating agencies, circumstances so warrant. Any such downward change in or withdrawal of such ratings could adversely affect the market price of the Notes.

FINANCIAL ADVISOR

Columbia Capital Management LLC, Chicago, Illinois has served as financial advisor (the *"Financial Advisor"*) to the Authority in connection with the issuance and sale of the Notes. The Financial Advisor has participated in the preparation of this Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the Authority for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely on the Financial Advisor's participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein. The compensation to be received by the Financial Advisor from the Authority for services provided in connection with the planning, structuring, execution and delivery of the Notes is contingent upon the sale and delivery of the Notes.

UNDERWRITING

The Notes are being purchased by the Underwriters listed on the cover page of this Official Statement (the *"Underwriters"*), led by Loop Capital Markets LLC. The Underwriters have agreed to purchase the Notes at a purchase price of $149,721.866.32, representing the aggregate principal amount of the Notes ($150,000,000) less $278,133.68 of Underwriters' discount. The Underwriters will be obligated to purchase all of the Notes if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Notes to the public.

The obligation of the Underwriters to accept delivery of and pay for the Notes is subject to various conditions set forth in the Bond Purchase Agreement to be entered into in connection with the Notes, including, among others, the delivery of specified opinions of counsel and a certificate of the Authority that there has been no material adverse changes in its conditions (financial or otherwise) from that set forth in this Official Statement.

MISCELLANEOUS

The references, excerpts and summaries of documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Notes, the security for the Notes and the rights and obligations of the Holders thereof.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of its date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as a representation of fact; no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

Further information regarding the Authority is available upon request to the Regional Transportation Authority, 175 West Jackson Boulevard, Suite 1650, Chicago, Illinois, 60604; Attention: Executive Director.

The execution and delivery of this Official Statement by the Chairman of the Authority has been duly authorized by the Board of the Authority.

REGIONAL TRANSPORTATION AUTHORITY

By: /s/ Kirk Dillard ______________________________
Chairman

APPENDIX A

AUTHORITY HISTORICAL AND PROJECTED SALES TAX REVENUES

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APPENDIX A

AUTHORITY HISTORICAL AND PROJECTED SALES TAX REVENUES

Actual Revenues. As shown in Table A-I, Sales Tax Revenues grew from approximately $577 million in 1998 to approximately $1.20 billion in 2017. While Table A-I shows the absolute value of Sales Tax Revenues for the period 1998 to 2017, Table A-II shows the percentage change on a year-to-year basis. For the years 1998 through 2017, Sales Tax Revenues grew at a compound growth rate of approximately 2.2% excluding the increase in Sales Tax Revenues received as a result of the Amendatory Legislation.

Projected Revenues. The projection of sales tax for the Region uses forecasts of population growth, total personal income, wages, and salaries for the Chicago metropolitan area. In addition, sales tax projections reflect estimated consumption expenditures for durable goods, nondurable goods, and services. See "FACTORS AFFECTING SALES TAX REVENUES" below. The Authority used these factors for projections from 2018 through 2020 as shown in Table A-III. A significant change in any one of these factors may have a material impact on these projections.

The new year-to-year percentage change in Sales Tax Revenues for years 2018-2021 is shown in Table A-IV. However, there may be differences between forecasted and actual Sales Tax Revenues and these differences may be material.

Caution should be exercised in examining these forecasts; they are conditioned upon general economic conditions in the United States, the State of Illinois and the City of Chicago. The Authority makes no representation that any forecast of Sales Tax Revenues, Available Revenues or sales tax growth set forth herein will be realized by the Authority. Further, this information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this Official Statement are cautioned not to place undue reliance on the projected financial information. Such forecast or projected information will be impacted by a number of economic and other factors, some of which are described below. Changes in such factors in any year or over the term of the Notes could result in a material change in the Sales Tax Revenues. Management of the Authority has prepared the projected financial information set forth below to present the projected Sales Tax Revenues for fiscal year 2018 as the basis for the 2018 Budget and the 2019-2020 Financial Plan revenue estimates adopted on December 14, 2017. The accompanying projected financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to projected financial information, but, in the view of the Authority's management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Authority.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion on any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information.

Table A-I
Sales Tax Revenues
Actual – 1998 to 2017*
(In Thousands of Dollars)

Year	Total	Year	Total
1998	$576,704	2008	$921,245
1999	613,514	2009	894,238
2000	650,284	2010	931,435
2001	653,522	2011	975,670
2002	647,686	2012	1,021,686
2003	654,988	2013	1,071,226
2004	675,628	2014	1,123,998
2005	700,395	2015	1,169,268
2006	746,829	2016	1,185,182
2007	752,922	2017*	1,185,987

* Reflects 2% State surcharge effective May 2017.

Table A-II
Sales Tax Growth Rates (%)
Actual – 1998 to 2017*

Year	Total	Year	Total
1998	3.818	2008	22.356
1999	6.383	2009	(2.932)
2000	5.993	2010	4.160
2001	0.498	2011	4.749
2002	(0.893)	2012	4.716
2003	1.127	2013	4.849
2004	3.151	2014	4.926
2005	3.666	2015	4.028
2006	6.630	2016	1.361
2007	0.816	2017**	0.068

* Sales tax from the Amendatory Legislation became effective April 1, 2008; for 2008, receipts from the increased Sales Tax Revenues rates totaled $194.6 million.

** Reflects 2% State surcharge effective May 2017.

Table A-III
Sales Tax Revenues
Projected – 2018-2020*
(In Thousands)

Year	Total
2018	$1,235,755
2019	1,272,828
2020	1,311,013

* Reflects a reduction of 2% in the amount of Authority Sales Tax, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use.

Table A-IV
Sales Tax Growth Rates (%)
Projected – 2018-2021*

2018	4.20%
2019	3.00%
2020	3.00%
2021 and beyond	3.00%

* Reflects a reduction of 2% in the amount of Authority Sales Tax, which is transferred on a monthly basis to the State Tax Compliance and Administration Fund for State use.

Factors Affecting Sales Tax Revenues

The following categories of information represent some of the factors that may affect the actual amount of Sales Tax Revenues realized by the Authority. A significant change from historical results in any one of these factors may have a material impact on the Authority forecast of Sales Tax Revenues.

Demographic Trends. Between 1990 and 2010, the United States Census Bureau indicates that the Region grew from approximately 7.3 million residents to 8.3 million residents, an increase of 14.6% as shown in Table A-V.

Table A-V
Population Trend By County
(In Thousands)

County	1990	% of Total	2000	% of Total	2010	% of Total	% Change
Cook	5,105	70.3	5,377	66.5	5,195	62.5	1.8
DuPage	782	10.8	904	11.2	917	11	17.3
Kane	317	4.4	404	5	515	6.2	62.5
Lake	516	7.1	644	7.9	704	8.5	36.4
McHenry	183	2.5	260	3.2	309	3.7	68.9
Will	357	4.9	502	6.2	678	8.1	89.9
Total	7,260	100.00%	8,091	100.00%	8,318	100.00%	14.60%

Source: U.S. Census Bureau, 2010 Census, Census 2000, 1990 Census.

Employment. Employment totals for 1990, 2000 and 2010 by County are presented in Table A-VI. The 15.8% employment growth in the Region shown between 1990 and 2000 outpaced the 14.6 % population growth recorded by the United States Census Bureau over that same time span. The Region's employment level in 2010 was nearly the same as in 2000. In February 2018 the unemployment rate (seasonally adjusted) for the Region was 5.1%, compared to 4.7% for the State of Illinois and 4.14% for the United States.

Table A-VI
Employment Trends By County
(In Thousands)

Area	1990	% of Total	2000	% of Total	2010	% of Total
Cook	3,108	72.40	3,322	66.90	3,203	64.50
DuPage	505	11.80	697	14.00	694	14.00
Kane	174	4.10	240	4.80	257	5.20
Lake	297	6.90	415	8.40	434	8.70
McHenry	83	1.90	111	2.20	124	2.50
Will	124	2.90	184	3.70	256	5.10
Total	4,291	100.00	4,969	100.00	4,968	100.00

Source: U.S. Department of Commerce-Bureau of Economic Analysis, "Local Area Personal Income CA04".

Suburban jurisdictions have led the Region in employment growth since 1990. The total employment in the five "*collar*" counties is approximately 35% of the Region's total. Cook County now makes up about 65% of the total, compared to 1990, when Cook County made up 73% of the Region's workforce. Employment levels were at 4.3 million for the Region in 1990, and have remained at roughly 5.0 million since 2000. The employment distribution trend in the Region by economic sectors is illustrated in Table A-

VII. The most dynamic growth has taken place in the service sector, with the biggest loss in the manufacturing sector.

Table A-VII
Employment Distribution By Industry
(In Thousands)

Industry	1990	% of Total	2000	% of Total	2010	% of Total
Services*	1,273	29.4	1,738	34.7	2,261	45.5
Retail	666	15.4	726	14.5	446	9.0
Manufacturing	667	15.4	629	12.5	367	7.4
Government	501	11.6	535	10.7	539	10.8
Finance, Insurance, & Real Estate	437	10.1	504	10.1	583	11.7
Wholesale	297	6.9	294	5.9	229	4.6
Transportation and Utilities	246	5.7	296	5.9	213	4.3
Construction	204	4.7	242	4.8	204	4.1
Other**	36	0.8	50	0.9	126	2.6
Total	4,327	100.00%	5,014	100.00%	4,968	100.00%

Source: U.S. Department of Commerce-Bureau of Economic Analysis, Regional Economic Accounts, CA25N - Total full-time and part-time employment by NAICS industry.

* "Services" include NAICS categories 1100-1900.

** "Other" includes NAICS categories 70, 100, 200 and 700.

Income. The Region experienced steady growth in wages and salaries throughout the 2000s. The income levels of residents of the Region are relatively higher than the nation as a whole. Within the six counties of the Region, per capita income is highest in DuPage and Lake Counties, as illustrated in Table A-VIII.

Table A-VIII
Region Per Capita Income

County	1990	2000	2005	2015
Cook	$22,206	$33,921	$40,549	$54,714
DuPage	28,093	46,239	49,587	64,059
Kane	21,244	30,690	33,522	45,156
Lake	29,271	46,247	50,163	69,827
McHenry	21,988	33,342	36,164	49,457
Will	19,010	29,966	33,788	46,823

Source: U.S. Department of Commerce-Bureau of Economic Analysis

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APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AUTHORITY FOR THE PERIOD ENDED DECEMBER 31, 2016

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RTA-Northeastern Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2016 CAFR

Regional Transportation Authority

Fiscal Year Ended December 31, 2016
Prepared by the Department of
Finance, Innovation & Technology

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REGIONAL TRANSPORTATION AUTHORITY
NORTHEASTERN ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Prepared by:

Department of Finance, Innovation and Technology

Bea Reyna-Hickey
Chief Financial Officer and
Senior Deputy Executive Director

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY
2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Regional Transportation Authority
175 W. Jackson Blvd,
Suite 1650
Chicago, IL 60604
312-913-3200
rtachicago.org

June 23, 2017

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

I have the pleasure to submit to you the Comprehensive Annual Financial Report ("CAFR") of the Regional Transportation Authority ("RTA") for the year ended December 31, 2016. The RTA staff has prepared this report as required by, and in accordance with, the RTA Act. This state law requires that the RTA publish financial statements presented in conformity with generally accepted accounting principles and audited by an independent certified public accountant.

This report consists of RTA management's representations concerning its finances. The responsibility for the accuracy, completeness, and fairness of the data rests with management. To the best of our knowledge and belief, this report contains data complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of the RTA has established an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss, theft, or misuse, and that adequate and reliable accounting data is compiled to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits of that control, and that the valuation of costs and benefits requires estimates and judgments by management.

In addition to the statutory requirement of the RTA Act for an annual audit by independent certified public accountants, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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), require the RTA to undergo an annual Single Audit. The RTA has engaged the firm of RSM US LLP to meet these requirements. The firm followed auditing standards generally accepted in the United States of America and the standards set forth in the above circular in conducting the engagement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the RTA's financial statements for the year ended December 31, 2016, are presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first part of the financial section of this report.

A separately issued single audit report contains a schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws, regulations, contracts and grants, a schedule of findings and questioned costs, and other information related to the single audit.

Accounting principles generally accepted in the United States of America require that management provide a discussion and analysis to accompany the financial statements. This letter of transmittal complements management's discussion and analysis, and should be read in conjunction with it. The RTA management's discussion and analysis ("MD&A") can be found immediately following the report of the independent auditors.

OVERVIEW OF THE REGIONAL TRANSPORTATION AUTHORITY

Illinois State law (the RTA Act, as amended) created the RTA as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system for Northeastern Illinois.

> "It is the purpose of [the RTA] Act to provide for, aid and assist public transportation in the northeastern area of the State without impairing the overall quality of existing public transportation by providing for the creation of a single authority responsive to the people and elected officials of the area and with the power and the competence to provide financial review of the providers of public transportation in the metropolitan region and facilitate public transportation provided by Service Boards which is attractive and economical to users, comprehensive, coordinated among its various elements, economical, safe, efficient and coordinated with area and State plans."

History

In 1974, upon approval of a referendum in the six counties of metropolitan Chicago (Cook, DuPage, Kane, Lake, McHenry, and Will), the Act created the RTA as a unit of local government, body politic, political subdivision, and municipal corporation. Initially, the RTA provided financial assistance to the then existing public transportation operators. Subsequently, the role of the RTA expanded to include the acquisition and operation of such public transportation providers, as well as contract with operators to provide service through the purchase of service agreements.

In 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The Act placed operating responsibilities with the Chicago Transit Authority ("CTA") and two operating divisions of the RTA: the Commuter Rail Division ("Metra") and the Suburban Bus Division ("Pace"). These three entities are defined in the Act as the "Service Boards.

The CTA provides bus and rail transportation services within Chicago and 38 adjacent suburbs. Illinois State law (the Metropolitan Transportation Authority Act) created the CTA in 1945. The law established the CTA as an Illinois municipal corporation "separate and apart from all other government agencies" to consolidate Chicago's public and private transportation carriers. The CTA commenced operations in 1947 and completed the consolidation of public transportation in 1952 upon purchasing the Chicago Motor Coach System.

The Northeast Illinois Regional Commuter Railroad Corporation ("NIRCRC"), a public corporation created in 1980 and operating under the service name of Metra following the 1983 reorganization, provides public transportation by commuter rail. The 1983 RTA restructuring formed a Commuter Rail Division, "responsible for providing public transportation by commuter rail." The Commuter Rail Division continued the operation of NIRCRC to provide this transportation. Metra contracts with the Union Pacific Railroad, Burlington Northern Santa Fe, and Northern Indiana Commuter Transportation District to provide service through the purchase of service agreements. In addition, Metra operates the services provided on its North Central Service Heritage Corridor and South West Service rail lines, as well as the services formerly provided by the Rock Island, Milwaukee Road, and Illinois Central Gulf.

The 1983 RTA restructuring also formed a Suburban Bus Division "responsible for providing public transportation by bus and as may be provided in [the RTA] Act." As such, the Division - operating under the service name Pace - provides non-rail public transportation throughout DuPage, Kane, Lake, McHenry, and Will counties, as well as the suburban area of Cook County.

Collectively, we refer to the RTA, the CTA, Metra, and Pace as the “RTA System.”

Mission

The Act sets forth the responsibilities of the RTA. These responsibilities encompass planning, funding, and oversight duties. The Board of Directors has developed the following goals to carry out the RTA legislative mandates:

Plan**—**Ensure an integrated regional public transportation system through comprehensive planning and coordination with the service providers.

Fund**—**Develop and allocate resources among the Service Boards to ensure they provide quality and cost-effective service.

Oversee**—**Monitor and evaluate Service Boards’ performance to ensure that service is provided efficiently and effectively.

The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a five-year capital program. This obligation incorporates planning, funding, and oversight duties. The Act enumerates a number of requirements with respect to the budget, plan, and program. These include a requirement that the budget and plan reflect operating revenues of at least 50% of operating costs (a farebox recovery ratio of at least 50%). In addition, the budget and plan must show a balance between revenues, including subsidies, and costs (a balanced budget).

Other responsibilities include establishing policies regarding the allocation of public transportation funding in the Chicago metropolitan region, developing system-wide plans and service standards, coordinating services among different modes of transportation, and ensuring compliance with Federal and State mandates.

Budget

The Act establishes budgetary controls. The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a five-year capital program.

> “Each year the Authority shall prepare and publish a comprehensive annual budget and program document describing the state of the Authority and presenting for the forthcoming fiscal year the Authority’s plans for such operations and capital expenditures as the Authority intends to undertake and the means by which it intends to finance them.”

The Act establishes certain criteria for the budget, including subsequent monitoring for compliance. Further, the five-year capital program must specify each capital improvement undertaken by or on behalf of the Service Boards. The budget calendar, as adopted by the RTA Business Plan Call and statutory requirements govern the budget development process leading up to adoption of the budget. Subsequent activities involve oversight and amendment of the budget.

Budget Calendar

Based upon the estimate of tax receipts and revenues from other sources, “the Board shall, not later than September 15 prior to the beginning of the Authority’s next fiscal year” advise each Service Board of the amounts estimated to be available during the upcoming fiscal year and the next two following years, the times when the amounts will be available, and the cost recovery ratio for the next year. The recovery ratio for the region must meet a minimum standard of 50%.

Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, program document, and a financial plan for the two following years. "The proposed budget and financial plan shall be based on the RTA's estimate of funds that will be available to the Service Boards by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting its budget to the RTA, each Service Board must hold at least one public hearing in each of the counties in which it provides service, and at least one meeting with each respective county board. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA. "Not later than... November 15 prior to the commencement of such fiscal year, each Service Board shall submit to the Authority its proposed budget for the fiscal year and its proposed financial plan for the two following years."

The RTA must also hold at least one public hearing in the metropolitan region and one meeting with each county board on its own proposed budget. After conducting these hearings and taking into consideration the comments, the RTA must adopt its budget and the budgets submitted by the Service Boards, each of which meets the statutory criteria summarized below. Unless the RTA passes a budget and financial plan for a Service Board, "the Board shall not release to that Service Board any funds for the periods covered by such budget and financial plan," except for the sales tax directly allocated to the Service Board by statute.

Statutory Requirements

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are:

- *Balanced Budget*: A balance between anticipated revenues from all sources, including operating subsidies and the costs of providing the services and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

- *Cash-Flow*: Cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred;

- *Recovery Ratio*: A level of fares or charges, and operating or administrative costs, to allow the Service Board to meet its required recovery ratio;

- *Assumptions*: Employ assumptions and projections which are reasonable and prudent;

- *Financial Practices*: Prepared in accordance with sound financial practices as determined by the Board;

- *Strategic Plan:* Maintain consistency with the goals and objectives adopted by the RTA in the Strategic Plan; and

- *Other Requirements*: Other financial, budgetary, or fiscal requirements that the Board may establish by rule or regulation.

Oversight

After adoption of the budgets, the RTA has continuing oversight powers concerning the budget and the financial condition of each Service Board and the region as a whole. On a monthly basis, the RTA monitors the budgetary and operations performance of the Service Boards to ensure compliance with their budget and recovery ratios. On a quarterly basis, the RTA makes the following assessments:

- After the end of each fiscal quarter, each Service Board must report to the RTA "its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction" for such quarter. If in compliance, the Board so states and approves each Service Board's compliance by adopted resolution.

- If in the judgment of the Board these results are not substantially in accordance with the Service Board's budget for such period as adopted by the RTA, the Board shall so advise the Service Board and the Service Board "shall, within the period specified by the Board, submit a revised budget incorporating such results."

- Once a Service Board submits a revised budget, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA must withhold from the Service Board (i) 25% of the cash proceeds of taxes imposed by the RTA and (ii) 25% of any state matching funds that are allocated to each Service Board.

- If a Service Board then submits a revised budget and plan which shows that the statutory budget criteria will be met within a four quarter period, the RTA "shall release any such withheld funds to the Service Board."

Amendment

When prudent, the RTA Board may revise estimates of amounts of funds available to the Service Boards during a fiscal year due to shifts in the economic climate, governmental funding programs, or new projects. Upon receiving notice of such a revision, the Service Boards must submit amended budgets to the RTA Board within 30 days. The RTA Board must approve all proposed amendments. If approved, the RTA then monitors actual results compared to the amended budget.

Reporting Entity

As defined by Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (the RTA, as legally defined), as well as its component units—legally separate entities for which the primary government has financial accountability.

Although part of the RTA System, the CTA, Metra, and Pace do not represent component units of the RTA under GASB Statement No. 14. Accordingly, the Comprehensive Annual Financial Report of the Regional Transportation Authority does not include the financial statements of the Service Boards. However, a Combining Annual Financial Report does combine the financial statements of the RTA, the CTA, Metra, and Pace as required by the RTA Act.

RTA System Characteristics

The six-county area served by the RTA system covers 3,700 square miles. According to the Census Bureau, the population of the region was 8.4 million in 2016. The U.S. Department of Commerce-Bureau of Economic Analysis reported regional employment of 5 million during the same year. The RTA system carried 613.2 million riders in 2016, a decrease of 3.4% from the prior year.

Governance

The RTA Act specifies the composition of the RTA Board of Directors. The RTA Board consists of fifteen appointed members and a Chairman. The Mayor of the City of Chicago appoints five directors. The suburban members of the Cook County Board appoint four directors and one director is appointed by the President of the Cook County Board. The chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry and Will counties, each appoint a director. These fifteen directors, with a minimum concurrence of eleven directors, elect the Chairman of the RTA Board of Directors from outside their numbers.

The RTA employs a professional staff of approximately one hundred and ten employees. The RTA Act limits the amount of administrative costs that the RTA may incur annually. The limit was set at $5 million for 1985 and increases at a rate of 5% per year. The RTA has always held its administrative expenses under the prescribed limit.

The Chicago Transit Board, consisting of seven members, governs the CTA. Its members are appointed pursuant to the Metropolitan Transit Authority Act. The Governor of Illinois appoints three members, subject to the approval of the Illinois Senate and the Mayor of the City of Chicago. The Mayor of the City of Chicago, with the consent of the Chicago City Council and the Governor of Illinois, appoints four members, including the CTA Chairman.

The RTA Act specifies the composition of the Metra (Commuter Rail Division) and Pace (Suburban Bus Division) Boards. The Commuter Rail Board, consisting of eleven members, governs Metra. The suburban members of the Cook County Board appoint four members. The Chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry and Will counties each appoint one director. The Mayor of the City of Chicago, with the consent of the Chicago City Council, appoints one member. These eleven directors, with a minimum concurrence of eight directors, elect the Chairman of the Commuter Rail Board from among their members.

The Suburban Bus Board, consisting of thirteen members, governs Pace. The suburban members of the Cook County Board appoint six members. The Chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry, and Will counties each appoint one director. The RTA Act requires that each of these directors must be a current or former “chief executive officer of a municipality” from the area that appoints the member. One director is the Commissioner of the Mayor's Office for People with Disabilities for the City of Chicago. The Chairman or executive of each of the County Boards of DuPage, Kane, Lake, McHenry, and Will, plus the suburban members of the Cook County Board, by simple majority, appoint the Chairman of the Suburban Bus Board from outside their numbers.

Financing

The RTA Act specifies the funding responsibilities of the RTA, appointing the RTA as the primary public body in the metropolitan region to secure funds for public transportation.

Sections 4.03 and 4.03.1 of the Regional Transportation Act, 70 ILCS 3615, authorize the RTA to impose a series of taxes within the six-county metropolitan region by a vote of twelve of its directors: a sales tax, a car rental tax, a motor fuel tax, an off-street parking tax, and a replacement vehicle tax.

Sales Taxes

The Act authorizes the RTA to impose a retailers' occupation tax "ROT," a service occupation tax "SOT," and a use tax "UT." The RTA imposed this tax at the maximum permissible rate in 1979. The 2008 legislation increased the sales tax by .25% in Cook County and .50% in the collar counties. The individual collar counties keep .25% of the increase. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 1% in Cook County and .75% in the collar counties. The RTA tax base is identical to the State retailers' occupation tax "State ROT" base, except that unlike the State ROT, the RTA ROT also applies to the sale of food and drugs. Consequently, when the state base is expanded or contracted by taxing or exempting the sale of tangible personal property, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA. Unlike the tax on tangible personal property, the RTA tax on food and drugs is imposed at a rate of 1.25% in Cook, but remains .75% in the collar counties.

The SOT is imposed on the gross receipts from the sale of tangible personal property as an incident to the sale of a service. The tax rate and tax base are identical to the ROT.

The UT is imposed on persons living in the six county area for the privilege of using a vehicle purchased outside the six county area that must be registered with the State. Unlike the state use tax, the RTA UT is limited to registered property, largely automobiles. The tax is imposed on the selling price of the property at the same rates as the ROT.

Car Rental Tax

Section 4.03.1 of the Act authorizes the RTA to impose an automobile rental occupation and use tax. This occupation tax, paralleling the state and local car rental taxes, may be imposed at a rate of 1% in Cook County and 0.25% in the collar counties of the gross receipts from car rentals. The use tax may be imposed at the same rates on the privilege of using in the region a car rented outside, but titled in, Illinois. Any car leasing tax would be collected by the Illinois Department of Revenue.

This taxing power was added to the RTA Act in 1982, when the legislature imposed a state-wide car rental tax and authorized cities, counties, and certain special districts that had the power to impose sales taxes to tax the car rental occupation. This taxing power has never been exercised by the RTA.

Motor Fuel Tax

The Act authorized the RTA to impose a tax on retail sales and use of motor fuel at a rate of 5% of gross receipts. Section 4.03 (p) of the Act prohibits the RTA from imposing the motor fuel tax if it has imposed the broader sales taxes described above.

Off-Street Parking Tax

The Act authorizes the RTA to impose a tax on the privilege of parking a motor vehicle in a public or private fee-charging lot in the six-county area. The RTA has never imposed this tax as it is prohibited by statute to be enacted simultaneously with the RTA sales tax.

Replacement Vehicle Tax

The Act authorizes the RTA to impose a $50 tax on any passenger car purchased within the metropolitan area by an insurance company in settlement of a total loss claim of its insured. Any such tax would be collected by the State. This taxing power has never been exercised by the RTA.

As indicated above, the RTA imposes a sales tax in the six-county Northeastern Illinois region. The Illinois Department of Revenue collects this tax and remits the collections to the Illinois State Treasurer. The Treasurer holds the funds in trust for the RTA outside the State Treasury. As dictated by statute, the Treasurer disburses the funds monthly to the RTA, upon order of the State Comptroller.

The amounts of funding and taxes received, together with revenues from the provision of transit services by the Service Boards and other operating revenues, provide the resources to cover operating costs of the RTA System.

FACTORS AFFECTING ECONOMIC CONDITION

Financing

The RTA's primary source of operating funding is a regional (occupation and use) sales tax and a sales tax match from the State of Illinois. Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region (from the equivalent of 1.0% in Cook County and 0.25% in the remainder of the region to the equivalent of 1.25% in Cook County and 0.5% in the remainder of the region) beginning on April 1, 2008, increased the real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25% to 30% the portion of RTA tax revenues matched by the State Public Transportation Fund ("PTF"). In 2016, actual RTA sales tax receipts of $1.185 billion increased 1.4% from prior year but lagged budget by 0.8%.

The RTA's 2017 operating budget approved by the Board of Directors on December 15, 2016 assumes sales tax revenues of $1.255 billion, an increase of 4.0% over 2016 results as estimated at the time of 2017 budget adoption, and 5.9% over 2016 actual receipts. In addition to the 30% sales tax and real estate transfer tax match from the PTF, the 2017 budget anticipates these funds from the State of Illinois: $130.3 million to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program ("SCIP") bonds and $34.1 million as partial reimbursement to the Service Boards for mandated reduced fare and free ride programs for student, elderly, and disabled riders.

Regional and Illinois Economy

The Chicago region comprises one of the most diversified economies in the United States. The region is home to more than 400 major corporate headquarters, including thirty-one Fortune 500 companies. A global leader in options, futures, and derivatives trading, the Chicago area economy's strengths include business and financial services, manufacturing, information technology, health services, and transportation and distribution. Chicago is not only a leader in sustainable business but also ranks as one of the most sustainable cities in the country. The unemployment rate in the Chicago region increased from 4.7% in 2006 to 10.5% in 2010 before declining to 9.8% in 2011 and 8.9% in 2012. Unemployment in the region increased slightly to 9.2% in 2013 before falling to 7.1% in 2014, 6.0% in 2015, and 5.9% in 2016. Unemployment in the Chicago region has hovered around 6% in the first quarter of 2017.

The February 2017 Monthly Revenue Briefing issued by the State Commission on Government Forecasting and Accountability noted that during the first eight months of the State's 2017 fiscal year, state-wide sales tax receipts of $5.4 billion increased $52 million or 1.0% compared to the same period of the previous fiscal year.

National Economy

Annual growth of real gross domestic product ("GDP"), the output of goods and services produced in the United States, declined from 5.8% in 2006 to -2.8% in 2009. GDP growth then accelerated, growing by nearly 4% in 2010, 2011, 2012, and 2013. Growth continued in 2014 and 2015, as GDP increased by 4.2% and 3.7%, respectively. Preliminary GDP growth of 2.9% was experienced in 2016, and the Congressional Budget Office ("CBO") predicts annual real GDP growth of 1.7% in 2017.

The consumer price index ("CPI"), a measure of the pace of inflation, declined 0.4% in 2009, at the height of the financial crisis. CPI bounced back in 2010, increasing by 1.6%, and then by 3.2% and 2.1% in 2011 and 2012, respectively. CPI then stabilized, growing by 1.5% in 2013 and by 0.8% in 2014. CPI growth was 0.7% in 2015, 1.5% in 2016, and is projected at 2.4% in 2017, according to the CBO.

The national unemployment rate rose from 4.6% in 2006 to 9.9% in 2009, the highest average annual rate since 1983. As the economy recovered, national unemployment declined each year, reaching 4.9% in 2016. The CBO forecasts the national unemployment rate to further improve to 4.7% in 2017.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTA for its Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2015. This was the twenty-second consecutive year that the RTA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the RTA received the GFOA Award for Distinguished Budget Presentation for its annual budget for the year ending December 31, 2016. This marks the twentieth consecutive year that the RTA has achieved this accomplishment. The Distinguished Budget Presentation Award requires that the GFOA judge the budget document as proficient in several categories, including policy documentation, financial planning, and organization.

I would like to express my appreciation to the RTA staff for their efforts in preparing this report.

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Regional Transportation Authority

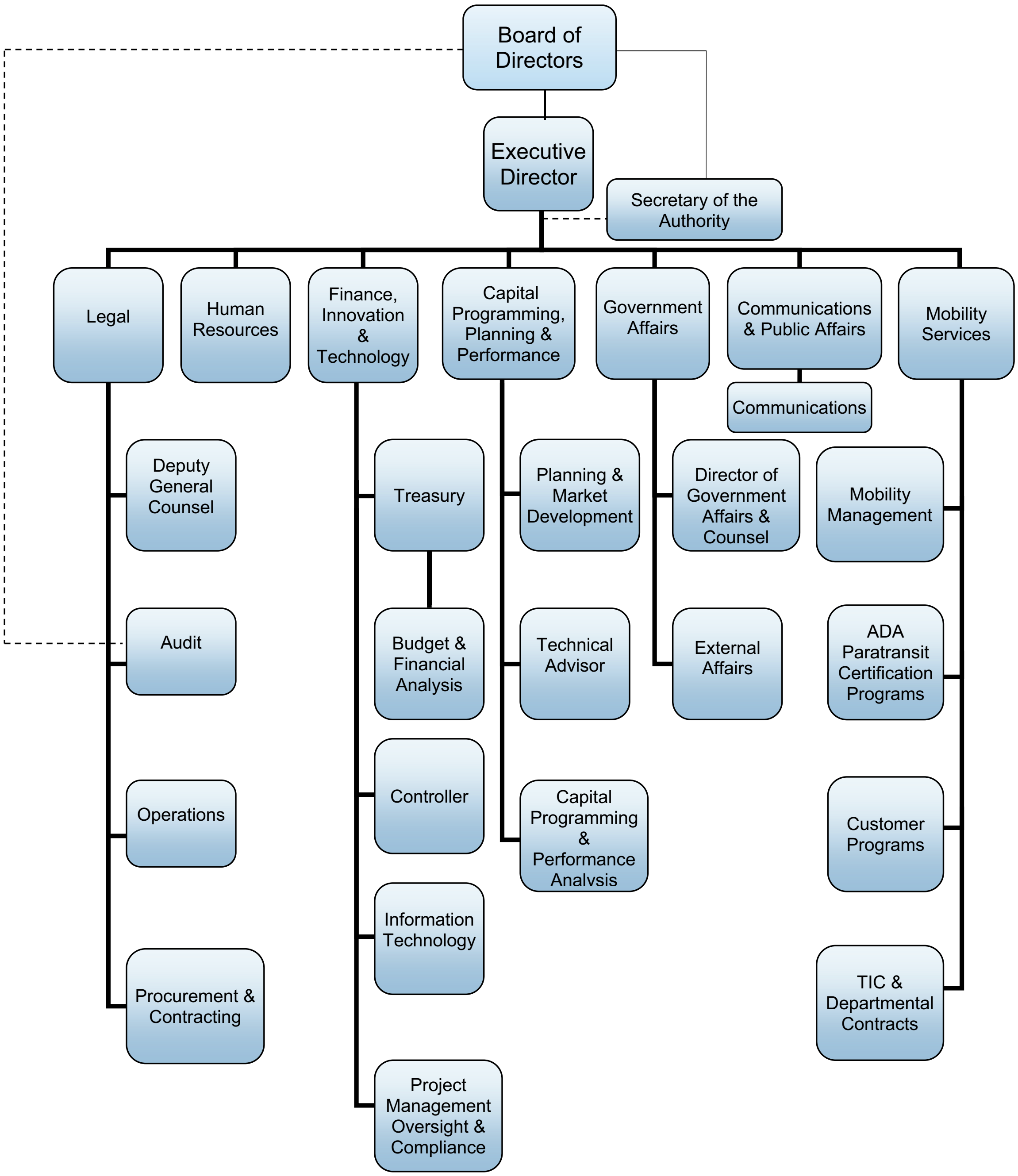
Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

REGIONAL TRANSPORTATION AUTHORITY
ORGANIZATION CHART
December 31, 2016



REGIONAL TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2016

Board of Directors

Chairman	Kirk W. Dillard
Directors	Anthony K. Anderson James Buchanan William R. Coulson Donald P. DeWitte Patrick J. Durante John V. Frega Phil Fuentes Blake Hobson Michael W. Lewis Dwight A. Magalis Christopher C. Melvin, Jr. Sarah Pang J.D. Ross Ryan S. Higgins Douglas M. Troiani

Administration

Executive Director	Leanne P. Redden
Senior Deputy Executive Director Finance, Innovation and Technology, CFO	Bea Reyna-Hickey
General Counsel	Nadine Lacombe
Director, Government Affairs and Counsel	Jeremy LaMarche
Deputy Executive Director Capital Programming, Planning and Performance	Jill Leary
Director, Human Resources	Julia Patterson
Director, Marketing and Communications	Susan Massel
Director, Mobility Services	Michael VanDekreke

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

Board of Directors
Regional Transportation Authority
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Transportation Authority ("RTA"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise RTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of RTA, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 15-21), pension related information, budgetary comparison information and other postemployment benefits information (pages 69-74) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RTA's basic financial statements. The introductory section, combining and individual fund schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Chicago, Illinois
June 23, 2017

REGIONAL TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") provides an overview of the financial activity affecting the operation of the Regional Transportation Authority ("RTA") for the fiscal year ended December 31, 2016. Please read it in conjunction with the RTA's basic financial statements which follow this section.

Financial Highlights

- For the year ended December 31, 2016, the RTA statement of activities for the governmental activities shows expenses decreasing $111 million to $661 million from $772 million for the same period in 2015. This decrease is due to a decrease in financial assistance and operating grant to the CTA, Metra, and Pace ("Service Boards") by $9 million and a decrease in capital grants by $129 million. Interest expense was higher by $21 million and the Regional and Technology Program expenses were also higher by $8 million. Also, the PTF and the State Assistance Revenues decreased by $62 million from 2015.

- The government-wide statement of net position shows assets of $771 million for the governmental activities, a net decrease of $126 million. This is mainly due to a decrease in cash and investments of $140 million offset by an increase in other assets of $40 million. The decrease in cash and investments were due to the timing of receipts. In the government-wide statement of net position, bond-related liabilities decreased by $82 million, which reflects the decrease in general-obligation bonds payable in 2016.

- At the end of 2016, the government-wide statement of net position shows a deficit of $1.7 billion for governmental activities. In contrast, the governmental funds balance sheet presented a total fund balance of $453 million. There is a $2.1 billion difference between the fund balance and the net deficit. GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires RTA's general obligation bonds to be presented in the government-wide statement of net position. The RTA has the obligation to pay the bonds it has issued to fund the Service Boards' capital expenditures. These expenditures and the related assets appear in the Service Boards' financial statements. The sales taxes imposed by the RTA in the region represent the primary source of payment for the bond obligations.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Overview of the CAFR—The RTA CAFR consists of three parts:

1. Introductory Section—This section includes the letter of transmittal, the GFOA Certificate of Achievement, the organizational chart, and the list of principal officials.

2. Financial Section—This section is comprised of the independent auditor's report, the management's discussion and analysis, the basic financial statements, and the required supplementary information and combining and individual fund schedules.

3. Statistical Section (Unaudited)—This section provides additional analysis and is not a required part of the basic financial statements of the RTA.

The basic financial statements contain three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. A discussion of the basic financial statements is included in this CAFR as follows:

Government-wide Financial Statements—The government-wide financial statements provide a broad overview of the RTA's finances in a manner similar to those of a private-sector business. The statements are prepared following the full accrual basis of accounting.

- ***Statement of Net Position—***The statement of net position presents information on all of the RTA's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The statement subtracts liabilities and deferred inflows from assets and deferred outflows to compute—in the case of the RTA—a net deficit. This net deficit reflects the recording of bonds issued by the RTA for capital grants to the Service Boards to acquire and construct assets used to provide public transportation. These assets appear in the financial statements of the Service Boards. The bonds represent general obligations of the RTA to which the RTA has pledged its full faith and credit.

  The size of the net deficit will increase as the RTA continues to issue bonds to fund the RTA System's capital program.

- ***Statement of Activities—***The statement of activities shows the change in net position of the governmental and business-type activities. Governmental activities include operating and capital asset funding (capital grants) to the Service Boards, RTA administrative expenses, the RTA Travel Information Center, certification of riders for paratransit service under the Americans with Disabilities Act (regional expenses), and interest expense on bonds issued by the RTA. Business-type activities consist of the RTA Joint Self-Insurance Fund.

  The government-wide financial statements include only the RTA (the "primary government"). There are no "component units" (separate legal entities for which the RTA is financially accountable) that the RTA government-wide financial statements are required to include.

  The RTA does not consider the CTA, Metra, or Pace to be component units, therefore, the RTA government-wide financial statements do not incorporate the financial data of the Service Boards. (See Letter of Transmittal and Note 1 to the financial statements for further details.)

Fund Financial Statements—A fund refers to a set of related self-balancing accounts used to maintain control over resources segregated for specific activities or objectives. The RTA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RTA's funds are accounted for in three fund types: governmental funds, proprietary funds, and fiduciary funds. These financial statements are prepared following the modified accrual basis of accounting.

- ***Governmental Funds—***Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year.

  Unlike the information presented for governmental funds, information presented for governmental activities in the government-wide financial statements includes the long-term impact of near-term financing decisions. The governmental funds financial statements provide reconciliations to facilitate comparison between governmental funds and government-wide financial statements.

In the fund level basic financial statements, the RTA presents three major governmental funds: a general fund, a debt service fund, and a capital projects fund. The governmental funds financial statements present information for each major fund separately. Individual fund data for each of the RTA governmental funds is presented in this CAFR in the section labeled “Combining and Individual Fund Schedules.”

The RTA adopts an annual appropriated budget for its general fund. The Required Supplementary Information and Combining and Individual Fund Schedules include a budgetary comparison.

- ***Proprietary Funds—***The RTA maintains a proprietary fund to account for the RTA Joint Self-Insurance Fund. This type of proprietary fund, referred to as an enterprise fund, reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. As required by Article II of the Loss Financing Plan, the RTA Joint Self-Insurance Fund issues separate annual audited financial statements.

- ***Fiduciary Funds—***Fiduciary funds account for resources held for the benefit of parties outside the government activity. In the case of the RTA, the fiduciary fund accounts for the assets of the RTA defined-benefit Pension Plan and the Sales Tax Agency Fund. The government-wide financial statements do not reflect fiduciary funds as these funds are not available to support the programs and operations of the RTA. The RTA Pension Plan issues annual audited financial statements separately.

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table summarizes the Statement of Net Position:

SUMMARY OF NET POSITION
DECEMBER 31, 2016 AND 2015
(In Thousands)

	Governmental Activities			Business-type Activities			Total		
	2016	2015	Variance	2016	2015	Variance	2016	2015	Variance
Assets:									
Cash and investments	$ 387,744	$ 528,048	$ (140,304)	$ 23,985	$ 19,101	$ 4,884	$ 411,729	$ 547,149	$ (135,420)
Other assets	376,973	337,009	39,964	2,564	8,876	(6,312)	379,537	345,885	33,652
Noncurrent assets	2,891	20,499	(17,608)	-	-	-	2,891	20,499	(17,608)
Capital assets—net	3,590	11,692	(8,102)	-	-	-	3,590	11,692	(8,102)
Total assets	771,198	897,248	(126,050)	26,549	27,977	(1,428)	797,747	925,225	(127,478)
Deferred outflow of resources									
Accumulated decrease in fair value of hedging derivatives	-	20,802	(20,802)	-	-	-	-	20,802	(20,802)
Pension related amounts	5,924	4,571	1,353	-	-	-	5,924	4,571	1,353
Total deferred outflow of resources	5,924	25,373	(19,449)	-	-	-	5,924	25,373	(19,449)
Liabilities:									
Current non bond-related liabilities	248,455	291,677	(43,222)	-	-	-	248,455	291,677	(43,222)
Current bond related liabilities	118,288	338,066	(219,778)	-	-	-	118,288	338,066	(219,778)
Long-term non-bond-related liabilities	32,776	80,902	(48,126)	-	-	-	32,776	80,902	(48,126)
Long-term bond-related liabilities	2,032,849	1,895,023	137,826	-	-	-	2,032,849	1,895,023	137,826
Total liabilities	2,432,368	2,605,668	(173,300)	-	-	-	2,432,368	2,605,668	(173,300)
Deferred inflow of resources									
Accumulated increase in fair value of hedging derivatives	-	22,071	(22,071)	-	-	-	-	22,071	(22,071)
Pension related amounts	4,758	245	4,513	-	-	-	4,758	245	4,513
Total deferred inflow of resources	4,758	22,316	(17,558)	-	-	-	4,758	22,316	(17,558)
Net position (deficit):									
Net investment in capital assets	3,590	11,692	(8,102)	-	-	-	3,590	11,692	(8,102)
Restricted	-	15,535	(15,535)	-	-	-	-	15,535	(15,535)
Unrestricted (deficit)	(1,663,594)	(1,732,590)	68,996	26,549	27,977	(1,428)	(1,637,045)	(1,704,613)	67,568
Total net position (deficit)	$ (1,660,004)	$ (1,705,363)	$ 45,359	$ 26,549	$ 27,977	$ (1,428)	$ (1,633,455)	$ (1,677,386)	$ 43,931

As of December 31, 2016, cash and investments for governmental activities decreased by $140 million over the previous year. The RTA’s cash balance decreased from last year due to the timing of the receipts from the State. During 2016, the Capital Projects Fund increased by $9.4 million, and the Debt Service Fund decreased by $70 million, mainly due to the timing of cash note payment.

As of December 31, 2016, the current bond and non-bond-related liabilities decreased by $263 million from the previous year due to the timing of note payments.

The presentation of financial statements under GASB Statement No. 34 requires the recognition in the statements of net position of $2.2 billion in current and long-term general obligation bonds payable. The issuance of these bonds was for the specific purpose of funding capital grants to acquire and construct assets used to provide public transportation within the RTA region.

The RTA net deficit at December 31, 2016 will not affect the availability of RTA fund resources for future use. In fact, the RTA maintains its operations funding levels for 2017 as established in September 2016 during the 2017 budget process.

The following table summarizes the RTA Statement of Activities presented in this CAFR:

SUMMARY OF ACTIVITIES
DECEMBER 31, 2016 AND 2015
(In Thousands)

	Governmental Activities			Business-type Activities			Total		
	2016	2015	Variance	2016	2015	Variance	2016	2015	Variance
Expenses:									
Financial assistance to Service Boards	$ 225,231	$ 225,805	$ (574)	$ -	$ -	$ -	$ 225,231	$ 225,805	$ (574)
Capital grants to Service Boards	213,362	342,093	(128,731)	-	-	-	213,362	342,093	(128,731)
Operating grants to Service Boards	48,287	57,061	(8,774)	-	-	-	48,287	57,061	(8,774)
Administrative expenses	20,342	22,259	(1,917)	5,846	5,929	(83)	26,188	28,188	(2,000)
Regional and technology program expenses	30,064	22,078	7,986	-	-	-	30,064	22,078	7,986
Interest expense	124,069	103,048	21,021	-	-	-	124,069	103,048	21,021
Total expenses	661,355	772,344	(110,989)	5,846	5,929	83	667,201	778,273	(111,072)
Revenues:									
Sales taxes	131,739	129,944	1,795	-	-	-	131,739	129,944	1,795
PTF and state assistance	528,455	589,955	(61,500)	-	-	-	528,455	589,955	(61,500)
Operating grant - CTA/PACE	12,062	11,900	162	-	-	-	12,062	11,900	162
Regional expenses	11,483	18,735	(7,252)	-	-	-	11,483	18,735	(7,252)
Investment income and other	22,975	9,472	13,503	4,418	6,224	(1,806)	27,393	15,696	11,697
Total revenues	706,714	760,006	(53,292)	4,418	6,224	(1,806)	711,132	766,230	(55,098)
Excess (deficiency) of revenues over expenses before transfers	45,359	(12,338)	57,697	(1,428)	295	(1,723)	43,931	(12,043)	55,974
Transfers	-	-	-	-	-	-	-	-	-
Change in net position	45,359	(12,338)	57,697	(1,428)	295	(1,723)	43,931	(12,043)	55,974
Net position - beginning of year, as restated	(1,705,363)	(1,693,025)	(12,338)	27,977	27,682	295	(1,677,386)	(1,665,343)	(12,043)
Net position - end of year	$ (1,660,004)	$ (1,705,363)	$ 45,359	$ 26,549	$ 27,977	$ (1,428)	$ (1,633,455)	$ (1,677,386)	$ 43,931

In 2016, financial assistance and other capital grant to the Service Boards decreased by $129 million from 2015, which reflects the activity in capital expenses to the Service Boards during 2016. Furthermore, the amount of bond interest expense increased by $21 million from $103 million to $124 million in 2016. The PTF and state assistance decreased by $62 million, which reflects the decrease in activities for capital expenses to the Service Boards in 2016. The sales tax increased by $2 million, an increase in investment income and other of $12 million was mainly due to the market value of investments.

During 2016, $4.4 million was transferred to the Joint Self-Insurance Fund for excess liability. Insurance premiums representing the only major expense, and investment income represents the only revenue for the Business-type activities (insurance financing).

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

As noted earlier, the RTA employs three fund types: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds*—**Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the year. See the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for further details.

***General Fund*—**Assets in the General Fund primarily represent the amounts for Service Boards' operations and capital projects. Assets decreased by $44 million from $564 million in 2015 to $520 million in 2016, mainly due to timing differences. The RTA's cash balance decreased by $31 million and intergovernmental receivables increased by $23 million due to timing of receipts on receivables.

The total fund balance of the General Fund equals $210 million at December 31, 2016. The General Fund balance decreased by $40 million primarily due the timing of receipts from the State of Illinois for ASA and AFA see Note 2 on page 40 for more information and due to lower intergovernmental payables.

The amount committed for RTA capital projects is for projects focusing on the application of advanced technology on transportation systems to improve the efficiency of such systems. The transit industry views such technology as having the potential for increasing ridership and revenues by making transit systems more attractive to customers.

These applications include the following:

- Regional Transit Signal Priority (TSP) Implementation Program make a continuing progress in 2016

    - RTA developed and executed grant amendments with Pace to design, purchase and install TSP on 11 corridors, and with the CTA and the City of Chicago (including CDOT and OEMC) to purchase and install TSP equipment on the Western Avenue corridor. The CTA/CDOT work on Western Avenue will begin in 2017.

    - RTA staff provided project management for RTA's contract with AECOM for systems engineering and program management services. The primary consultant effort during 2016 was collection and analysis of TSP performance measure data for CTA and Pace TSP corridors - using AVL data and automated analysis tools. Negotiations were initiated with AECOM for a contract amendment/ extension, with execution of the amendment anticipated in 1st Quarter 2017.

    - RTA staff completed a major overhaul of the TSP program content on the RTAMS.org website, including background information, corridor details and an interactive map application.

    - CTA and CDOT jointly implemented TSP on the South Ashland Avenue corridor (from Cermak Road to 95th Street).

    - Pace initiated contracts for AVL system modifications and for systems integration and design, and began limited bench testing in preparation for their interoperability and proof-of-concept testing on Milwaukee Avenue in 2017.

- Continued to make progress on the RTA's Interagency Signage Program. The objective of this program is to deploy signage and informational panels at major multi-modal transit hubs to help our customers more easily navigate the regional transit system by making transfer connections as seamless as possible. This interagency signage initiative is being led by the RTA working in collaboration with CTA, Metra, Pace, municipalities and other partners. Funding to expand to nineteen additional multi-modal locations is provided through a CMAQ grant.

- Over 40 interagency signs and informational products installed in and around LaSalle interagency location; Metra LaSalle Street Station, CTA LaSalle Blue Line station, CTA LaSalle and Library elevated stations, and Bus Stops A, B, and C.
- Sign location plans for Bundle 1A locations; Elgin, Harvey, Lake-Cook Rd., Lisle, Mayfair-Montrose, Museum Campus, and Naperville completed.
- Bundle 1A construction bid package prepared and issued.
- Progress made on sign location plans for Bundle 2 locations; Jefferson Park, Irving Park, Main Street-Evanston, Oak Park, Waukegan, and Wheaton. (Designs for Bundle 2 locations at 50% to 80% complete depending on location.)
- Working with Metra and CTA, prepared and submitted completed interior wayfinding signage plan for Chicago Union Station to Amtrak for their review and approval.

Debt Service Fund—The RTA has established a Debt Service Fund to receive transfers from the General Fund and investment income. Disbursements of principal and interest payments made for each of its outstanding series bonds. As of December 31, 2016, the RTA has twenty-four series of general obligation bonds/notes outstanding. Each respective bond/note agreement sets forth the debt service funding requirements. The 2016 Debt Service Fund balance decreased by $70 million in 2016 to $123 million.

Capital Projects Fund—The RTA has established a Capital Projects Fund to account for bond proceeds, earnings on the investment of such proceeds, and the expenditure of such monies for capital assets of the Service Boards. During 2016, the Capital Projects Fund increased by $9.4 million. The increase in cash and investment for the Capital Projects Fund reflects the activity in bond capital expenditure during 2016.

Proprietary Fund—The RTA has established a proprietary fund to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one proprietary fund which relates to the activities of the Joint Self-Insurance Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2016, the actual change in revenues over expenditures of $172 million, excluding other financing (Debt Service) use, was $57 million lower than the budget figure of $229 million.

In the General Fund, total revenues were under budget by $58 million. The variance in the General Fund is mainly due the timing of receipts from the State of Illinois for ASA and AFA. In the current year, delays in State funding due to the ongoing budget impasse at the State level has led receipts for ASA and AFA revenues to be delayed past the availability period of 180 days for recognition in the general fund, which leads to a deferred inflow of resources being reported. The ASA and AFA funds are legally required under the RTA Act and are anticipated to be received by December 31, 2017.

SERVICE BOARDS CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The financial statements of the Service Boards reflect the capital assets discussed in this section. The statement of net position for the RTA reflects the RTA bonds issued to provide a portion of the funding for these assets. The details of the RTA bond program are discussed further in Note 9 of this report.

Service Boards Capital Assets—The RTA System provides 613.2 million unlinked passenger trips annually. This has the beneficial impact of reducing road congestion, improving the flow of goods and services, and enhancing air quality. In addition, the RTA System provides essential mobility to those persons unable to utilize other transportation. The System represents an asset with replacement cost estimated at more than $158 billion for the entire region. To continue these public benefits, the RTA strives to maximize the amount of resources devoted to investment in its System for it to remain in good working order. The RTA Five-Year Capital Program report contains the details of this investment. The Five-Year Capital Program report is updated and adopted annually by the RTA Board, as required by the RTA Act.

Sources of funds for capital investment include federal programs, proceeds of RTA bonds, and State of Illinois programs. The level of capital funding from Federal as well as State programs has risen, reflecting the increasing recognition of the importance of public transportation. In recent years, the RTA and the Service Boards have also been able to direct funds to capital projects by successfully constraining operating costs.

RTA Capital Assets—For more detailed information on capital asset activity, please see Note 8 in the notes to the financial statements.

Long-Term Debt Activity—Under the RTA Act, the RTA has authority to issue General Obligation Bonds for the improvement and expansion of the RTA System. This authority resulted from successful RTA efforts to demonstrate to the State legislature the need for capital reinvestment. The authorization identified two types of bonds: Strategic Capital Improvement Program ("SCIP") bonds and RTA ("Non-SCIP") bonds.

Prior to January 1, 2000, the RTA had the authority to issue up to $500 million in SCIP bonds and to have up to $500 million in Non-SCIP bonds outstanding. Effective January 1, 2000, the RTA Act was amended to increase the RTA authorization by an additional $1.2 billion of SCIP bonds (limited to $260 million per year going forward). In 2000, the RTA Act was further amended to increase Non-SCIP bonds outstanding by $300 million to $800 million. As of year-end 2016, the RTA has issued $1.8 billion in SCIP bonds, with total SCIP bonds outstanding of $1.2 billion. The remaining $703 million of bonds outstanding are Non-SCIP bonds.

As of 2016, the fixed-rate bonds/note, issued by the RTA carried a rating of AA from Standard & Poor's, Aa3 by Moody's Investors Service, Inc. and AA by Fitch, Inc. the one variable-rate bond is rated A-1+ from Standard & Poor's, P-1 by Moody's Investors Service and F1+ by Fitch.

For more detailed information on debt activity, please see Note 9 in the Notes to Financial Statements.

CONTACTING THE FINANCIAL MANAGEMENT OF THE REGIONAL TRANSPORTATION AUTHORITY

This CAFR provides a general overview of the finances of the RTA. Users of the CAFR should address questions concerning the information, or requests for additional financial information, to the Regional Transportation Authority, c/o Senior Deputy Executive Director, Finance, Innovation and Technology/CFO, 175 West Jackson Blvd., Suite 1650, Chicago, Illinois 60604 or visit our website at www.rtachicago.org.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2016
(In Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current portion of:			
Cash and investments:			
Cash and cash equivalents	$ 86,746	$ 23,235	$ 109,981
Restricted—investments	122,685	-	122,685
Unrestricted—investments	178,313	750	179,063
Intergovernmental receivables	366,318	-	366,318
Accrued interest on investments	35	7	42
Prepaid expenses and other assets	10,622	2,555	13,177
Internal balances	(2)	2	-
Total current assets	764,717	26,549	791,266
Non-current portion of:			
Prepaid insurance-bonds	2,891	-	2,891
Capital assets—net of accumulated depreciation	2,223	-	2,223
Capital assets—non-depreciable	1,367	-	1,367
Total non-current assets	6,481	-	6,481
Total assets	771,198	26,549	797,747
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	5,924	-	5,924
Total deferred outflows of resources	5,924	-	5,924
LIABILITIES:			
Current portion of:			
General obligation bonds payable plus unamortized bond premium of $3,963	118,288	-	118,288
Unearned revenue	1,999	-	1,999
Due to other funds	39,829	-	39,829
Intergovernmental payables	154,300	-	154,300
Advances from the State	14,214	-	14,214
Accrued interest payable	31,302	-	31,302
Accrued other expenses	6,749	-	6,749
Compensated absences	62	-	62
Total current liabilities	366,743	-	366,743
Noncurrent portion of:			
Accrued other expenses:			
Compensated absences	252	-	252
Net OPEB obligation	100	-	100
Net pension liability	3,804	-	3,804
Unearned revenue	28,392	-	28,392
Non-statutory capital	228	-	228
General obligation bonds payable plus unamortized bond premium of $99,344	2,032,849	-	2,032,849
Total non-current liabilities	2,065,625	-	2,065,625
Total liabilities	2,432,368	-	2,432,368
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	4,758	-	4,758
Total deferred inflows of resources	4,758	-	4,758
NET POSITION (DEFICIT):			
Net investment in capital assets	3,590	-	3,590
Unrestricted (deficit)	(1,663,594)	26,549	(1,637,045)
TOTAL NET POSITION (DEFICIT)	$ (1,660,004)	$ 26,549	$ (1,633,455)

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

		Program Operating Grants/	Net Expense (Revenue) and Changes in Net Position		
	Expenses	**Revenues**	**Governmental Activities**	**Business-type Activities**	**Total**
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Financial assistance to Service Boards	$ 225,231	$ -	$ 225,231	$ -	$ 225,231
Capital grants to Service Boards					
Discretionary	207	-	207	-	207
Bonds	213,155	-	213,155	-	213,155
Operating grants to Service Boards					
CTA/PACE	48,287	12,062	36,225	-	36,225
Administrative expenses	20,342	-	20,342	-	20,342
Regional expenses	28,006	11,483	16,523	-	16,523
Technology program expenses	2,058	-	2,058	-	2,058
Interest expense	124,069	-	124,069	-	124,069
Total governmental activities	661,355	23,545	637,810	-	637,810
Business-type activities:					
Insurance financing	5,846	-	-	5,846	5,846
TOTAL PRIMARY GOVERNMENT	$ 667,201	$ 23,545	$ 637,810	$ 5,846	$ 643,656
GENERAL REVENUES:					
General revenues:					
Sales taxes			131,623	-	131,623
Interest on sales taxes			116	-	116
State assistance (PTF)			250,906	-	250,906
General state revenue			147,315	-	147,315
State assistance (ASA/AFA)			130,234	-	130,234
Investment income			19,150	53	19,203
Other revenues			3,825	4,365	8,190
Total general revenues			683,169	4,418	687,587
CHANGES IN NET POSITION (DEFICIT)			45,359	(1,428)	43,931
NET POSITION (DEFICIT):					
Beginning of year			(1,705,363)	27,977	(1,677,386)
End of year			$ (1,660,004)	$ 26,549	$ (1,633,455)

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 86,746	$ -	$ -	$ 86,746
Investments:				
Restricted investments	-	122,685	-	122,685
Unrestricted—investments	56,365	-	121,947	178,312
Due from other funds	-	245	-	245
Intergovernmental receivables	366,318	-	-	366,318
Accrued interest on investments	27	8	-	35
Other receivable	10,622	-	-	10,622
TOTAL ASSETS	$ 520,078	$ 122,938	$ 121,947	$ 764,963
LIABILITIES:				
Vouchers payable	$ 402	$ -	$ -	$ 402
Due to other funds	39,831	-	245	40,076
Intergovernmental payables	153,041	-	1,259	154,300
Advances from State	14,214	-	-	14,214
Accrued items	6,347	-	-	6,347
Unearned revenue	30,619	-	-	30,619
Total liabilities	244,454	-	1,504	245,958
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - ASA AFA	65,116	-	-	65,116
Total deferred inflows or resources	65,116	-	-	65,116
FUND BALANCES:				
Restricted:				
Debt service	-	122,938	-	122,938
Committed:				
CTAP capital	8,559	-	-	8,559
RTA non-cap tech	4,021	-	-	4,021
Debt service deposit agreement (DSDA)	16,596	-	-	16,596
Service Board capital (discretionary)	9,467	-	-	9,467
ICE reserve	18,328	-	-	18,328
RTA capital projects	10,194	-	-	10,194
Bond capital projects for Service Boards	-	-	120,443	120,443
Strategic capital investment account (SCIA)	115,879	-	-	115,879
ADA Paratransit Reserve	29,266	-	-	29,266
Professional services	15,808	-	-	15,808
Unassigned	(17,610)	-	-	(17,610)
Total fund balances	210,508	122,938	120,443	453,889
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 520,078	$ 122,938	$ 121,947	$ 764,963

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016
(In Thousands)

TOTAL FUND BALANCE—GOVERNMENTAL FUNDS	$ 453,889
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the capital assets, net of accumulated depreciation, recognized in the statement of net position.	3,590
Prepaid insurance-bond issue costs are paid in the current year and, therefore, are reported as expenditures in the governmental funds. This asset represents the unamortized portion recognized in the statement of net position.	2,891
Grant revenues from ASA and AFA are unavailable, therefore recorded as deferred inflows of resources in the governmental funds. The revenue is recognized in the Governmental Activities.	65,116
General obligation bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. This liability represents the total current and long-term portion of the general obligation bonds payable recognized in the statement of net position.	(2,047,830)
Bond premiums are paid or received in the current year and, therefore, are reported in the funds. This liability represents the unamortized portion recognized in the statement of net position.	(103,307)
Accrued interest payable on bonds is not due and payable in the current period and, therefore, is not reported in the funds. This liability is accrued in the statement of net position.	(31,302)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(314)
Other post-employment benefit obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(100)
Net pension liability benefit obligations and pension related deferred inflows of resources or deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(2,637)
TOTAL NET DEFICIT—GOVERNMENTAL ACTIVITIES	$ (1,660,004)

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Sales taxes	$ 131,623	$ -	$ -	$ 131,623
Interest on sales taxes	116	-	-	116
Public Transportation Fund	221,621	-	-	221,621
General State revenue	147,314	-	-	147,314
Innovation, Coordination & Enhancement (ICE)	12,062	-	-	12,062
IDOT State Grant - PACE (ADA)	3,825	-	-	3,825
Pace ADA Surplus Refund	29,285	-	-	29,285
State assistance	65,118	-	-	65,118
Investment income	14,054	1,669	46	15,769
Other revenues	10,403	-	-	10,403
Total revenues	635,421	1,669	46	637,136
EXPENDITURES:				
Current:				
Financial assistance to Service Boards	225,231	-	-	225,231
Administrative	16,433	-	-	16,433
Intergovernmental:				
Capital grants-discretionary	207	-	-	207
South Suburban Job Access Program (PACE)	7,500	-	-	7,500
Capital grants- State bonds	118,049	-	90,630	208,679
RTA Capital grants- CTA	1,058	-	-	1,058
RTA Capital grants- Metra	3,418	-	-	3,418
Innovation, Coordination & Enhancement (ICE)	12,062	-	-	12,062
State General Revenue MOU	14,337	-	-	14,337
IDOT Cap Grant - PACE (ADA)	3,825	-	-	3,825
PACE ADA Surplus	10,563	-	-	10,563
Regional	21,581	-	-	21,581
Distributions to JSIF	4,365	-	-	4,365
Capital outlay	1,299	-	-	1,299
Debt service:				
Principal	-	432,635	-	432,635
Interest	-	108,599	-	108,599
Debt related costs	21,253	1,773	-	23,026
Total expenditures	461,181	543,007	90,630	1,094,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	174,240	(541,338)	(90,584)	(457,682)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	251,250	95,470	346,720
Premium on issuance of debt	-	-	11,011	11,011
Transfers in	160,403	380,393	-	540,796
Transfers out	(373,934)	(160,403)	(6,459)	(540,796)
Total other financing sources (uses)	(213,531)	471,240	100,022	357,731
NET CHANGE IN FUND BALANCES	(39,291)	(70,098)	9,438	(99,951)
FUND BALANCES:				
Beginning of year	249,799	193,036	111,005	553,840
End of year	$ 210,508	$ 122,938	$ 120,443	$ 453,889

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS	$ (99,951)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($1,937) exceeded depreciation ($917) in the current period.	1,020
Proceeds (if any) from disposals of capital assets are reported as financing sources in governmental funds; however, the gain (loss) on sale of disposal is recorded in the Statement of Activities	(9,122)
Prepaid insurance-bond issue costs are reported as expenditures in the governmental funds in the year the bonds are issued. This amount represents the prepaid insurance costs recognized as expense in the governmental activities in the current year.	(227)
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	65,116
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction has no effect on net position	(346,720)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net position.	432,635
Accrued interest on bonds reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	735
This amount represents the amount of contribution recognized in the governmental funds of $2,553 that exceeded the amount of $1,111 recognized as pension expense in the statement of activities in accordance with GASB 68	1,442
Governmental funds report bond premiums as other financing sources. However, in the statement of activities, the bond premiums are amortized over the life of the bonds.	(3,963)
Compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(51)
Net pension employee benefit obligations reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.	(18)
Increases (decreases) in the fair values of investment derivative instruments do not provide (use) financial resources and are not reported in the fund financial statements.	4,463
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 45,359

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
DECEMBER 31, 2016
(In Thousands)

ASSETS:		
Current:		
Cash and cash equivalents	$	23,235
Investments		750
Accrued interest on investments		7
Due from General Fund		2
Prepaid insurance		2,555
Total assets		26,549
LIABILITIES		-
NET POSITION - Unrestricted	$	26,549

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

OPERATING EXPENSES:	
Insurance expense	$ 5,753
Professional services	84
Bank charges and miscellaneous	9
Total operating expenses	5,846
OPERATING LOSS	(5,846)
NONOPERATING REVENUES	
Investment income	53
Contributions from RTA General Fund	4,365
Total nonoperating revenues	4,418
CHANGE IN NET POSITION	(1,428)
NET POSITION:	
Beginning of year	27,977
End of year	$ 26,549

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF CASH FLOWS
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments to insurance vendor	$ (5,619)
Payments to other vendors	(92)
Net cash flows from operating activities	(5,711)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(15,479)
Proceeds from sale and maturities of investments	23,477
Investment income	52
Net cash flows from investing activities	8,050
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Contributions received from RTA	10,543
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,882
CASH AND CASH EQUIVALENTS:	
Beginning of year	10,353
End of year	$ 23,235
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	$ (5,846)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Changes in:	
Prepaid insurance	135
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (5,711)

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016
(In Thousands)

	Pension Trust Fund	Sales Tax Agency Fund
ASSETS:		
Cash and cash equivalents	$ 4,912	$ -
Investments, at fair value:		
Mutual funds - fixed income	60,682	-
Mutual funds - equity	138,460	-
Common stocks	14,773	-
Venture capital	8,072	-
Balanced funds	34,907	-
Total Investments	256,894	-
Intergovernmental receivables:		
Sales taxes	-	197,423
New sales tax	-	71,636
Interest on sales taxes	-	28
Due from General Fund	-	39,829
Reduced fare reimbursement	-	8,785
PTF (new sales tax/RETT)	-	81,448
Advances to Service Boards	-	85,811
Accrued dividends and interest	80	-
Total Receivables	80	484,960
Total assets	261,886	484,960
LIABILITIES:		
Intergovernmental payables:		
Sales taxes due to Service Boards	-	197,423
New sales tax due to Service Boards	-	71,636
ADA Paratransit Funding (Future Years) SBD	-	39,829
Interest on sales taxes due to Service Boards	-	28
Reduced fare reimbursement	-	8,785
PTF (new sales tax/RETT)	-	81,448
Advances from State	-	85,811
Accrued other items	176	-
Total liabilities	176	484,960
Net position held in trust for pension benefits	$ 261,710	$ -

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	Pension Trust Fund
ADDITIONS:	
Investment gain:	
Net depreciation in fair value of investments	$ 16,287
Interest and dividends	4,186
	20,473
Less investment expenses:	
Investment managers	321
Trust fees	4
Investment advisor	177
Total investment expenses	502
Net investment gain	19,971
Contributions:	
Metra pension contributions	5,062
Pace pension contributions	3,480
RTA pension contributions	2,292
Total contributions	10,834
Total net additions	30,805
DEDUCTIONS:	
Benefit payments	15,068
Administrative expenses	467
Total deductions	15,535
NET INCREASE IN PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	15,270
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	246,440
End of year	$ 261,710

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1. REPORTING ENTITY

The Regional Transportation Authority ("RTA" or "Authority") was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act ("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, on November 9, 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"), the Commuter Rail Division ("Metra") and the Suburban Bus Division ("Pace"), each having its own independent board of directors. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the "Service Boards."

The Service Boards provide services to different geographic areas within the six-county region. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburban metropolitan area and commuting into the City of Chicago. Pace's primary service area is the suburban communities, with limited service within the City of Chicago. The CTA provides service to the City of Chicago and 38 neighboring suburbs within Cook County. Although programs are underway to encourage riders to transfer between the service entities, trips of this type presently represent a minority of those taken.

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. For purposes of the recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with generally accepted accounting principles, with certain exceptions. Capitalized expenditures are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act. 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.

As defined by accounting principles generally accepted in the United States established by the Governmental Accounting Standards Board ("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.

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 RTA 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.

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 required the RTA Board to approve the budgets of the Service Boards to determine if such budgets meet specified system-generated revenues 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 deficits.

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. The RTA is not aware of any entity which is financially accountable for the RTA that would result in the RTA's being considered a component unit of such entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RTA conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the significant policies:

Fund Accounting—The accounts of the RTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled. In the financial statements, the various funds are grouped into three broad fund types and six generic fund categories as follows:

Governmental Fund Types—The RTA's Governmental Fund Types consist of the General Fund, Debt Service Fund, and Capital Projects Fund.

General Fund—The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not accounted for in another fund.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund—In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of $500 million of Strategic Capital Improvement Program ("SCIP") bonds, and to have a maximum of $500 million RTA bonds outstanding. The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of the bond issues. The Capital Projects Fund was first established in 1990 with the issuance of $100 million of RTA bonds to fund capital projects at the Service Boards. The proceeds from the bonds issued under the General Assembly's authorization were allocated by the RTA as follows: 50% for capital projects of the CTA; 45% for capital projects of Metra; and 5% for capital projects of Pace. Projects included in approved five-year Capital

Programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

In 1999, the Illinois General Assembly passed additional bonding authorization, thereby increasing the RTA bond authority to $800 million outstanding effective January 1, 2000. It also increased SCIP bond issues by $1.3 billion not to exceed $260 million per year beginning in 2000.

Proprietary Fund Type—Proprietary Funds are used to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one Proprietary Fund which relates to the activities of the Joint Self-Insurance Fund.

Joint Self-Insurance Fund—The Joint Self-Insurance Fund ("Fund") is used to account for the financing of claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. The Fund is essentially a financing mechanism providing a source from which to borrow or to pay for the first $5 million of catastrophic losses and other claims incurred by the Service Boards and the RTA arising out of personal injuries, property damage, and certain other losses. This Fund is reported as an Enterprise Fund since the predominant participants are outside of the RTA.

Fiduciary Fund Type—Fiduciary Funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA's Fiduciary Funds consist of one Agency (Sales Tax) Fund and a Pension Trust Fund.

Agency Fund—The Sales Tax Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers' Occupation and Use Tax (sales taxes), interest on sales taxes, and reduced fare reimbursement grants. For RTA budgetary purposes, sales tax receipts are recorded in the Sales Tax Agency Fund and are equally offset by amounts recorded as disbursements reflecting the pass-through to the Service Boards.

Pension Trust Fund—The Pension Trust Fund is used to account for the accumulation of resources for, and payments of, retirement benefits to employees participating in the RTA Pension Plan.

Government-wide and Fund Financial Statements—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the RTA in a manner similar to a private-sector business. The effect of interfund activities has been removed from these statements. Governmental activities which are supported by sales taxes and intergovernmental revenues are reported separately from the insurance activities. The insurance activities include interest charges for loans advanced for claims of the Service Boards. Likewise, the fiduciary fund type - RTA Pension Trust Fund and Sales Tax Agency Fund are presented separately and are not included in the government-wide financial statements of the RTA.

The statement of activities shows certain direct program expenses which are offset by program revenues. Governmental program activities include expenses such as financial assistance and capital asset funding (capital grants) to CTA, Metra, and Pace; administrative expenses; operating the RTA Travel Information Center, certifying riders for paratransit service under the Americans with Disabilities Act ("ADA") and other services (regional expenses); and payment of debt service on bonds issued by the RTA. Program revenues include operating grants and contributions that are restricted to meeting the operational requirements of a particular program (i.e., technology and non-technology programs). Sales taxes, Public Transportation Fund ("PTF"), state assistance ("ASA/AFA"), investment income and other items properly excluded from program revenues are reported instead as general revenues.

Fund level financial statements are provided for governmental funds, proprietary fund, and fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—**The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (Joint Self-Insurance Fund) and the Pension Trust Fund financial statements. 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.

The Joint Self-Insurance Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues (interest charged to Service Boards) and expenses (administrative expenses including insurance premium and professional services) generally result from providing services in connection with the proprietary fund's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Sales Tax Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Governmental fund financial statements use the current financial resources measurement focus. The funds are accounted for using the modified accrual basis of accounting; i.e., revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or shortly thereafter to pay liabilities of the current period. Sales taxes are considered measurable and available if collected by the retailer by year-end and received by the RTA within 80 days after year-end. ASA/AFA is considered measurable and available if billed and received within 180 days after year-end. Additionally, certain compensated absences, claims and judgments, debt service principal and interest, pension and OPEB are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The RTA reports three major governmental funds—General Fund, Debt Service Fund, and Capital Projects Fund; one major proprietary fund—Joint Self-Insurance Fund; and two fiduciary funds—Pension Trust Fund and Sales Tax Agency Fund.

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. This only applies to governmental and proprietary funds.

Assets, Liabilities and Fund Equity

Cash and Investments—All excess General Fund cash is invested and earnings are credited to the General Fund for use in financing general RTA operations. In accordance with GASB No. 72, *Fair Value Measurement and Application*, implemented by the Authority as required in fiscal year 2016, the RTA reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted market prices by independent pricing services.

Intergovernmental Receivables—Receivables include amounts due from State and local governments for sales taxes, specific programs or projects, and services.

Capital Assets—The RTA sets a capitalization threshold of no less than $5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least one year following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation. The RTA uses the straight-line method for computing depreciation expense. Leasehold improvements made to RTA's office facilities are capitalized, and their costs amortized over the life of the lease. Leasehold improvements and major equipment repairs, if any, are also capitalized during the remaining life of the lease or the extended useful life of the equipment. The Capital-Technology Program's capitalized assets are for projects in progress; therefore, the assets are non-depreciable.

Description	Useful Life
Furniture and equipment	5 years
Computer equipment and software	5 years
Leasehold improvements	Life of the lease

Restricted Assets and Restricted Net Position—Bond proceeds and amounts set aside for general obligation debt service are classified as restricted assets since their use is limited by the bond indentures. When both restricted and unrestricted resources are available for use, it is RTA's policy to use restricted resources first, then unrestricted resources as needed.

Compensated Absences—Compensation for holidays, illness, and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest. The RTA accounts for compensated absences under GASB No. 16, entitled "Accounting for Compensated Absences", whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability. Compensated absences are recorded in the General Fund only if they have matured (i.e., unused leave still outstanding at time of an employee's resignation or retirement). Compensated absences are recorded in the governmental activities as current liabilities when the obligation is due. The RTA's policy is compensated absences have to be used by the end of the following fiscal year.

Changes in compensated absences for the year ended December 31, 2016 were as follows (amounts in thousands):

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Due Within One Year
Compensated absences payable	$ 263	$ 529	$ 478	$ 314	$ 62

Intergovernmental Payables—These amounts include accrued financial assistance, sales taxes, capital and other grants due to the Service Boards.

Unearned Revenue—-These amounts include debt service deposit agreement receipts, which are recorded as liabilities and revenue recognition is based on certain time requirements based on the required timing of the related debt service payments.

Fund Balances—In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. The RTA did not have amounts reported within this category.

Restricted – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts constrained by limitations that the Authority imposes upon itself through resolution by its board of directors. The commitment amount will be binding unless removed or amended in the same manner.

Assigned – This consists of net amounts that are constrained by the Authority's intent to be used for specific purpose, but that are neither restricted nor committed. Assigned amounts are determined by the Executive Director upon recommendation of the Budget, Performance and Business Analysis division based on the year-end Positive Budget Variance.

Unassigned – This consists of residual fund balances.

In instances where restricted, committed and assigned fund balances are available for use, RTA's policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed.

***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).

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.

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.

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.

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 2016, which ends June 30, 2016, 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, 2016, the grant was in the amount of $17.57 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 currently 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 2016.

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 2016 and 2017, per year. The RTA recognized $90 million of AFA in 2016.

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. This amount is presented in the Sales Tax Agency Fund.

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to $22.7 million for the year ended December 31, 2016.

Non-administration, listed as regional and technology program expenses in the statement of activities, 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 Check 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.

Cash Flows—For purposes of the statement of cash flows, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents totaled $23.2 million at December 31, 2016 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 accounting principles generally accepted in the United States 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transactions—The governmental fund's balance sheet reports all outstanding balances between funds, as "due to/from other funds." The government-wide financial statements report any residual balances outstanding between the governmental activities and business-type activities as "internal balances." Government-wide financial statements and the Statement of Fiduciary Net Position report a "due to/from general fund" outstanding for pension contributions.

New Accounting Pronouncements:

Accounting standards that the Authority is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits ("OPEB")) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the December 31, 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits ("OPEB")). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the December 31, 2018 financial statements.

GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority is currently evaluating GASB Statement No. 80 and, if applicable, will implement in the appropriate period

GASB issued 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.

GASB issued 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.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pension and other post-employment benefits ("OPEB")). Where applicable, RTA will adopt GASB Statement No. 85 for its December 31, 2018 financial statements.

GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

NOTE 3. CASH AND INVESTMENTS

Governmental and Joint Self-Insurance Fund Investments

Cash and investments in the statement of net position may be restricted by bond covenants or through action of the RTA board as to their use. Unrestricted cash and investments may be used for any purpose.

Deposits and Investments—Section 2.20(a)(ii) of the RTA Act authorizes the RTA to invest any funds or monies not required for immediate use or disbursement. The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et seq.

The RTA investment policy is in accordance with the Illinois statutes and allows the RTA to invest in:

- Certain obligations of the U.S. Government and its agencies.
- Interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any FDIC insured bank as defined by the Illinois Banking Act.
- Short-term obligations of corporations organized in the United States with assets exceeding $500 million and rated within the highest two classifications established by at least two standard rating services.
- Certain money market mutual funds.
- The Illinois Funds.
- Repurchase agreements.

Custodial Credit Risk — Custodial credit risk is the risk that in the event of a bank failure, the RTA's deposits may not be returned to it. The RTA's policy for custodial credit risk states collateral will be valued at market value (excluding accrued interest) on the trade date. Collateral required will be 100% of the investment or such greater percentage as may be appropriate based upon the financial stability of the institution and the term of the collateral (i.e., maturity), less any insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). The RTA has no deposits or investments subject to custodial credit risk as of fiscal year end.

Investments

Interest Rate Risk — To mitigate losses caused by changing interest rates, the maturities of the RTA's investments is limited. Per the RTA's investment policy, investments in corporations are limited to maturities of 180 days or less. Other investment maturities cannot exceed three years.

As of December 31, 2016, the RTA's investments were as follows (amounts in thousands):

Investment Type	Carrying Value
Illinois Funds	$ 5,224
Money market funds	166,790
U.S. Treasuries	74,555
Government Agencies	35,469
Total	$ 282,038

The weighted average maturity of the above investments is less than 90 days, for each investment category.

Credit Risk — The RTA's policy for credit risk states no investment shall be made in short-term obligations of corporations unless such obligations are rated at the time of purchase within the highest classification established by at least two standard rating services, the investment matures no later than 180 days from the date of purchase and the issuer is domiciled in the United States. Investments in Agencies will be limited to obligations of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks.

As of December 31, 2016, the RTA's investments were as follows (amounts in thousands):

		Credit Rating		
Investment Type	Carrying Value	Moody's	Standard & Poor's	Fitch
Illinois Funds	$ 5,224	*	AAAm	*
Money market funds	166,790	Aaa-mf	AAAm	AAAmmf
U.S. Treasuries	74,555	Aaa	AA++	AAA
Government Agencies	35,469	P-1	A-1+	F1+
Total	$ 282,038			

* Rating not available

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Except for commercial paper, the RTA's investment policy does not specifically address a limitation of investments in a single issuer; instead the policy addresses credit risk using broad categories of investments. The RTA's policy states the maximum percentage of the portfolio invested in commercial paper should not exceed 33.3%, money market mutual funds should not exceed 20.0%, U.S. Government Agency obligations should not exceed 20.0%, the Illinois Funds should not exceed 20% and Repurchase Agreements should not exceed 50.0%.

The RTA has no investments that exceed the individual limitations noted with the policy noted above. In addition, the RTA has no individual investment that exceed 5% of the total cash and investments.

The RTA's investments in money market funds are for liquidity and offer an alternative to other investment vehicles. Management has reviewed the investments in the money market funds and has determined that the types of investments included in the money market funds are consistent with the RTA's investment policy. These funds consist of U.S. Treasury Securities and Agencies.

The Illinois Funds investment pool (2a7-like pool) is managed by the Treasurer of the State of Illinois and is not registered with the SEC. The Illinois Funds targets maintaining a $1 per share net asset value ("NAV") at all times. The Illinois Funds are recorded at amortized costs.

Fair Value measurement

The RTA categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The RTA's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments.

The following summarizes the valuation of the RTA's investments by the fair value hierarchy levels as of December 31, 2016:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
Money market - mutual fund	$ 166,790	$ 166,790	$ -	$ -

The RTA's remaining investments are reported at amortized cost which as stated in Note 2 approximates fair value and is not subject to the fair value hierarchy.

Pension Funds

Risk Posture - The RTA evaluated the assets and liabilities of the Pension Plan in order to determine an asset allocation that provides a high likelihood of achieving the responsibilities noted above. The obligations of current and future beneficiaries were evaluated under various market scenarios to develop an allocation that can be expected to generate a solid rate of return without incurring undue risk. In general, the risk posture of the Pension Plan is such that the portfolio is structured to maintain funding requirements and modestly grow assets through a low to moderate level of risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the RTA's pension deposits may not be returned to it. The RTA's Pension Plan policy does not explicitly address custodial credit risk. As of December 31, 2016, none of the Plan's cash and investments was exposed to custodial risk.

Interest Rate Risk — Per the RTA's Pension Plan investment policy, the duration of the fixed income portfolio should be within 20% of the duration of the benchmark index.

As of December 31, 2016, the RTA's pension investments exposed to interest rate risk were as follows (amounts in thousands):

Investment Type		Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	$	60,682	97
Money market fund		4,912	1
Total fair value	$	65,594	

Credit Risk — The RTA's pension policy for credit risk states at least 85% of the fixed income investments should be limited to securities with ratings of at least investment grade as defined by both Moody's and Standard & Poor's. Split rated bonds are to be governed by the lower rating. Unrated securities of the U.S. Treasury and government agencies are a permissible investment. No more than 15% of the portfolio may be invested in investment-grade securities of foreign entities domiciled in countries included in the Salomon Brothers World Government Bond Index.

As of December 31, 2016, the credit ratings for RTA pension debt securities were as follows:

Investment Type		Total Fair Value (Amounts in Thousands)	Credit Rating (where available) Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	$	60,682	NR	NR	NR
Money market fund		4,912	Aaa-mf	AAAm	NR
Total	$	65,594			

NR - not rated

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations, and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. As of December 31, 2016, the pension fund did not have any investment in a single issuer which was greater than 5% of the Plan's investment portfolio.

Fair Value measurement

The RTA Pension Plan categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Trust's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

The following table summarizes the valuation of the Plan's investments by the fair value hierarchy levels as of December 31, 2016:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investment by Fair Value Level				
Fixed income investments				
Mutual funds - fixed income	$ 60,682	$ 60,682	$ -	$ -
Total Fixed Income Investments	60,682	60,682	-	-
Equity investments				
Common Stock	14,773	12,875	1,898	-
Mutual funds - equity	16,630	16,630	-	-
Collective equity funds	121,830	-	121,830	-
Total Equity Investments	153,233	29,505	123,728	-
Commingled funds				
Balanced funds	34,907	34,907	-	-
Total investments by fair value level	**$ 248,822**	**$ 125,094**	**$ 123,728**	**$ -**
Investment Measured at the Net Asset Value (NAV)				
Hedge funds	$ 8,072			
Total Investments measured at the NAV	8,072			
Total Investments measured by fair value	**$ 256,894**			

Investments measured at the NAV per share (or its equivalent) are as follows:

Investments Measured at the Net Asset Value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedged Funds(1)	$ 8,072	-	Quarterly - Biannually	65 - 90 days

(1) *Hedge Funds* - This type invests in 2 hedge funds which managers employ bottom-up stock picking, seeking returns in excess of public markets. Some of these managers have the ability to employ dedicated exposure to a particular sector in which they exhibit expertise.

NOTE 4. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The intergovernmental receivables and payables in the statement of net position comprise the following:

Receivable		**Amount (In Thousands)**
General Fund:		
Sales taxes	$	44,469
State assistance (ASA & AFA)		134,454
General State Revenue (MOU)		7
Public Transportation Fund (PTF)		184,582
Interest on sales tax		19
Illinois Department of Transportation (IDOT) grants and others		2,764
Due from service boards		23
Total Intergovernmental Receivables	$	366,318
Payable		
General Fund:		
Operating Assistance	$	138,836
RTA SB Cap Pay		-
State bond payable SB		14,205
Total General Fund		153,041
Capital Projects Fund:		
Capital grants		1,259
Total Intergovernmental Payables	$	154,300

NOTE 5. DUE TO/FROM OTHER FUNDS

Various transactions result in “due to/from other funds” balances. In most cases, the General Fund advances payments on behalf of other funds.

The General Fund makes monthly transfers to the Debt Service Fund and occasionally makes transfers to the Joint Self-Insurance Fund. The General Fund owes the Pension Trust Fund for its share of contributions during the period. Cash receipts and payments on behalf of the Sales Tax Agency Fund originate in the General Fund.

On December 31, 2016, the amounts due to/from other funds presented in the Governmental Funds Balance Sheet, the Joint Self-Insurance Fund Statement of Net Position, and the Fiduciary Funds Statement of Fiduciary Net Position are as follows:

Receivable Fund	Payable Fund	Amount (In Thousands)
Agency	General	$ 39,829
Joint Self-Insurance	General	2
Debt Service	Capital Projects	245

NOTE 6. INTERFUND TRANSFERS

Various transactions result in "transfer in/out" balances from funds. Transfer in/out balances presented on the Governmental Fund's Statement of Revenues, Expenditures and Changes in Fund Balances and the Business Type Activities Fund's Statement of Revenues, Expenses and Changes in Net Position are as follows:

Transfer Out Fund	Transfer In Fund	Amount (In Thousands)
Capital projects	Debt Service	$ 6,459
Debt Service	General	160,403
General	Debt Service	373,934

The purpose of interfund transfers from the General Fund to Debt Service is to satisfy the RTA's obligations to bondholders for principal and interest. The purpose of the interfund transfer from the General Fund to the Joint Self-Insurance Fund is to make a capital contribution to the fund to purchase insurance. The transfer from Debt Service to the General Fund was made to make principle and interest payments on outstanding debt.

NOTE 7. ADVANCES TO SERVICE BOARDS

The Illinois Department of Revenue ("IDOR") sends a "13th month" sales tax advance to compensate for the delayed processing of sales tax payments to the RTA. Each year, IDOR calculates the amount and the RTA verifies that calculation. The allocations to the Service Boards are set forth below (amounts in thousands):

CTA	$ 40,250
Metra	34,610
Pace	10,951
Total Service Board Advances	$ 85,811

Sales tax advances have also been reported as current liabilities in the Agency Sales Tax Fund.

NOTE 8. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year (amounts in thousands):

	Balance at January 1, 2016	Additions	Retirements	Balance at December 31, 2016
Depreciable:				
Office furniture and equipment	$ 852	$ 163	$ -	$ 1,015
Computer equipment	5,801	735	-	6,536
Leasehold improvements	1,762	401	-	2,163
Subtotal	8,415	1,299	-	9,714
Less accumulated depreciation:				
Office furniture and equipment	839	40	-	879
Computer equipment	4,396	694	-	5,090
Leasehold improvements	1,339	183	-	1,522
Subtotal	6,574	917	-	7,491
Total Depreciable	1,841	382	-	2,223
Non-depreciable:				
Capital in Progress -Technology Program	9,851	638	9,122	1,367
Total Capital assets—net of accumulated depreciation	$ 11,692	$ 1,020	$ 9,122	$ 3,590

All capital assets are associated with governmental activities.

During 2016, the total depreciation allocated to administrative expense was $917 thousand.

NOTE 9. GENERAL OBLIGATION BONDS AND NOTES PAYABLE

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

	January 1, 2016	New Issues	Current Retirements	December 31, 2016	Due Within One Year
1990A	$ 33,395	$ -	$ 5,785	$ 27,610	$ 6,200
1991A	37,660	-	5,305	32,355	5,660
1994A* & 1994B	24,395	-	11,725	12,670	12,670
1994C* & 1994D	39,410	-	7,955	31,455	8,600
1997 Refunding	37,140	-	3,980	33,160	4,230
1999* Refunding	188,715	-	10,425	178,290	11,045
2000A*	186,030	-	7,870	178,160	8,345
2001A*	72,245	-	2,895	69,350	3,060
2001B* Refunding	25,080	-	2,560	22,520	2,710
2002A*	120,270	-	4,350	115,920	4,600
2003A*	202,955	-	6,940	196,015	7,320
2003B	117,005	-	4,010	112,995	4,225
2004A*	208,535	-	6,575	201,960	6,920
2005B Refunding	90,825	-	685	90,140	720
2006A*	216,415	-	5,285	211,130	5,615
2010A	39,935	-	4,905	35,030	5,150
2010B	112,925	-	-	112,925	-
2011A Refunding	58,035	-	13,560	44,475	14,165
2014A	97,775	-	1,575	96,200	1,640
2014A1 Cash Note	225,000	-	225,000	-	-
2016 A	-	95,470	-	95,470	1,450
2016C Cash Note	-	150,000	-	150,000	-
2016A Direct Placement	-	101,250	101,250	-	-
Subtotal	2,133,745	346,720	432,635	2,047,830	114,325
Unamortized bond premium	99,344	11,011	7,048	103,307	-
Total	$ 2,233,089	$ 357,731	$ 439,683	$ 2,151,137	$ 114,325

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2016, the total general obligation bonds payable of $2,047.8 million are classified as current and long-term in the Statement of Net Position in the amounts of $114.3 million and $1,933.5 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).

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 114,325	$ 105,311	$ 219,636
2018	271,295	97,663	368,958
2019	128,345	89,451	217,796
2020	119,655	82,495	202,150
2021	118,450	75,730	194,180
2022-2026	533,680	288,032	821,712
2027-2031	447,420	153,633	601,053
2032-2036	225,505	45,398	270,903
2037-2041	45,490	14,969	60,459
2042-2044	43,665	4,034	47,699
Total	$ 2,047,830	$ 956,716	$ 3,004,546

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 6,200	$ 1,988	$ 8,188
2018	6,645	1,542	8,187
2019	7,125	1,063	8,188
2020	7,640	550	8,190
Total	$ 27,610	$ 5,143	$ 32,753

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 5,660	$ 2,168	$ 7,828
2018	6,040	1,789	7,829
2019	6,445	1,384	7,829
2020	6,875	952	7,827
2021	7,335	491	7,826
Total	$ 32,355	$ 6,784	$ 39,139

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 Series 1994A and 1994B Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 3.75% to 8.00% on December 1, 1994 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994A and 1994B Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 12,670	$ 507	$ 13,177

In December 1994, the RTA issued $62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued $130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA's rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

The 1994C and 1994D Bonds mature on June 1 over a thirty-year 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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 8,600	$ 2,105	$ 10,705
2018	9,295	1,411	10,706
2019	10,040	662	10,702
2020	3,520	136	3,656
Total	$ 31,455	$ 4,314	$ 35,769

***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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 4,230	$ 1,863	$ 6,093
2018	4,485	1,601	6,086
2019	4,765	1,324	6,089
2020	5,055	1,029	6,084
2021	5,375	716	6,091
2022-2023	9,250	491	9,741
Total	$ 33,160	$ 7,024	$ 40,184

***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.

Debt service requirements on the Series 1999 Refunding Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 11,045	$ 9,990	$ 21,035
2018	21,400	9,057	30,457
2019	22,650	7,790	30,440
2020	23,980	6,450	30,430
2021	29,170	4,922	34,092
2022-2025	70,045	5,933	75,978
Total	$ 178,290	$ 44,142	$ 222,432

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:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 8,345	$ 11,404	$ 19,749
2018	8,860	10,883	19,743
2019	9,405	10,329	19,734
2020	9,985	9,741	19,726
2021	10,605	9,117	19,722
2022-2026	63,860	34,676	98,536
2027-2030	67,100	11,236	78,336
Total	$ 178,160	$ 97,386	$ 275,546

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.

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 3,060	$ 4,091	$ 7,151
2018	3,230	3,907	7,137
2019	3,415	3,729	7,144
2020	3,610	3,542	7,152
2021	3,810	3,343	7,153
2022-2026	22,545	13,111	35,656
2027-2031	29,680	5,539	35,219
Total	$ 69,350	$ 37,262	$ 106,612

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 2,710	$ 1,164	$ 3,874
2018	2,865	1,011	3,876
2019	3,025	848	3,873
2020	3,195	678	3,873
2021	3,380	497	3,877
2022-2023	7,345	410	7,755
Total	$ 22,520	$ 4,608	$ 27,128

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.

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 4,600	$ 6,944	$ 11,544
2018	4,860	6,679	11,539
2019	5,140	6,388	11,528
2020	5,440	6,079	11,519
2021	5,755	5,753	11,508
2022-2026	34,170	23,167	57,337
2027-2031	45,270	11,659	56,929
2032	10,685	641	11,326
Total	$ 115,920	$ 67,310	$ 183,230

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 7,320	$ 11,349	$ 18,669
2018	7,720	10,946	18,666
2019	8,145	10,522	18,667
2020	8,595	10,074	18,669
2021	9,070	9,601	18,671
2022-2026	53,310	39,953	93,263
2027-2031	68,945	22,706	91,651
2032-2033	32,910	2,988	35,898
Total	$ 196,015	$ 118,139	$ 314,154

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 4,225	$ 6,228	$ 10,453
2018	4,455	5,989	10,444
2019	4,695	5,738	10,433
2020	4,945	5,472	10,417
2021	5,215	5,193	10,408
2022-2026	30,595	21,218	51,813
2027-2031	39,785	11,435	51,220
2032-2033	19,080	1,111	20,191
Total	$ 112,995	$ 62,384	$ 175,379

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.

Debt service requirements on the Series 2004A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 6,920	$ 11,123	$ 18,043
2018	7,295	10,715	18,010
2019	7,685	10,294	17,979
2020	8,100	9,860	17,960
2021	8,540	9,401	17,941
2022-2026	50,115	39,418	89,533
2027-2031	65,155	23,588	88,743
2032-2034	48,150	4,250	52,400
Total	$ 201,960	$ 118,649	$ 320,609

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest*	Total
2017	$ 720	$ 2,963	$ 3,683
2018	4,735	2,873	7,608
2019	4,955	2,713	7,668
2020	12,555	2,424	14,979
2021	13,190	1,999	15,189
2022-2025	53,985	3,388	57,373
Total	$ 90,140	$ 16,360	$ 106,500

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

2006 General Obligation Bonds—In October 2006, the RTA issued $250 million in General Obligation Bonds, Series 2006A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

The Series 2006A Bonds mature on July 1, over a thirty-year period and interest is payable at rates ranging from 4.25% to 5.00% on January 1, 2007 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2006A Bonds to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ 5,615	$ 10,302	$ 15,917
2018	5,970	10,021	15,991
2019	6,295	9,723	16,018
2020	6,650	9,408	16,058
2021	7,010	9,076	16,086
2022-2026	81,025	36,436	117,461
2027-2031	60,545	14,796	75,341
2032-2035	38,020	5,572	43,592
Total	$ 211,130	$ 105,334	$ 316,464

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ 5,150	$ 1,752	$ 6,902
2018	5,405	1,494	6,899
2019	5,680	1,223	6,903
2020	5,960	940	6,900
2021	6,260	642	6,902
2022-2026	6,575	329	6,904
Total	$ 35,030	$ 6,380	$ 41,410

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ -	$ 6,622	$ 6,622
2018	-	6,622	6,622
2019	-	6,621	6,621
2020	-	6,621	6,621
2021	-	6,622	6,622
2022-2026	29,105	30,793	59,898
2027-2031	43,020	20,145	63,165
2032-2035	40,800	6,238	47,038
Total	$ 112,925	$ 90,284	$ 203,209

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 maturing from 2013 through 2019 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.

Debt service requirements on the Series 2011A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 14,165	$ 1,870	$ 16,035
2018	14,810	1,145	15,955
2019	15,500	388	15,888
Total	$ 44,475	$ 3,403	$ 47,878

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
2017	$ 1,640	$ 4,744	$ 6,384
2018	1,705	4,677	6,382
2019	1,785	4,598	6,383
2020	1,875	4,506	6,381
2021	1,970	4,410	6,380
2022-2026	11,480	20,429	31,909
2027-2031	14,735	17,168	31,903
2032-2036	18,925	12,982	31,907
2037-2041	24,300	7,606	31,906
2042-2044	17,785	1,363	19,148
Total	$ 96,200	$ 82,483	$ 178,683

2016 General Obligation Bonds - 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.

Debt service requirements on the Series 2016A Bonds to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ 1,450	$ 4,259	$ 5,709
2018	1,520	4,192	5,712
2019	1,595	4,114	5,709
2020	1,675	4,033	5,708
2021	1,765	3,947	5,712
2022-2026	10,275	18,280	28,555
2027-2031	13,185	15,361	28,546
2032-2036	16,935	11,616	28,551
2037-2041	21,190	7,363	28,553
2042-2046	25,880	2,671	28,551
Total	$ 95,470	$ 75,836	$ 171,306

2016C Working Cash Notes - In April 2016, the RTA issued $150 million Working Cash Notes, Series 2016C (Taxable) to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment of existing RTA obligations and pay costs of issuance of the Notes.

Debt service requirements on the Series 2016C Working Cash Notes to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ -	$ 1,875	$ 1,875
2018	150,000	1,109	151,109
Total	$ 150,000	$ 2,984	$ 152,984

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, $123 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2016.

NOTE 10. PENSION (amounts in thousands)

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.

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 $1,496 for the year ended December 31, 2016.

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.

At December 31, 2016, the Authority reported a liability of $3,804 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Authority's proportion was 11.00%, which was a decrease of 1.00% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Authority recognized pension expense of $849 thousand. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 541	$ -
Changes of assumptions	-	4,588
Net difference between projected and actual earnings on pension plan investments	3,031	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	61	170
Authority contributions subsequent to the measurement date	2,291	-
Total	$ 5,924	$ 4,758

The $2,291 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the average remaining service life of plan members or a fixed five year period as follows (amounts in thousands):

Year ended June 30:	Amount
2017	$ 208
2018	208
2019	208
2020	425
2021	76
Total	$ 1,125

Actuarial assumptions. The total pension liability in the December 31, 2016 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, 2015 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 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Large Cap U.S. Equity	15.0 %	4.37%
Small/Mid Cap Equities	10.0 %	4.61%
International Equity	15.0 %	4.85%
Emerging Market International Equity	10.0 %	6.07%
Core Bonds	23.5 %	1.20%
Multi-Sector Fixed Income	10.0 %	1.20%
Hedge Funds	5.0 %	3.64%
Global Asset Allocation	5.0 %	3.98%
Real Assets	5.0 %	3.92%

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.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (amounts in thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 7,012	$ 3,804	$ 1,044

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 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Regional Transportation Authority ("RTA") provides limited health care insurance coverage for its eligible retired employees. This is a single-employer plan. The plan does not issue a publicly available financial report.

Funding Policy. The required contribution is based on projected pay-as-you-go financing requirements. Eligible disabled pensioners receive coverage under the RTA's health plan with an employer contribution rate of 100% of the premiums for the coverage elected by the retiree. There is also an implicit rate subsidy of 20% related to all RTA retirees. The RTA contributed $0 to the plan during fiscal year 2016.

Annual OPEB Cost and Net OPEB Obligation. The RTA's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the *annual required contribution of the employer ("ARC")*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of RTA's annual OPEB cost for the year ended December 31, 2016, the amount actually contributed to the plan, and changes in RTA's net OPEB obligation to the plan:

	Amount (In thousands)
Annual required contribution (ARC)	$ 37
Interest on net OPEB obligation	3
Adjustment to annual required contribution	(3)
Annual OPEB cost	37
Contribution made	(19)
Increase in net OPEB obligation	18
Net OPEB obligation beginning of year	82
Net OPEB obligation end of year	$ 100

RTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 is as follows (in thousands):

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	$ 37	51.0%	$ 19	$ 100
12/31/2015	36	52.0%	19	82
12/31/2014	34	70.0%	24	65

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $431,840 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability ("UAAL") of $431,840. The covered payroll (annual payroll of active employees covered by the Plan) was $8,081,742 and the ratio of the UAAL to the covered payroll was 5.35%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined reporting the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions**.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employee and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate (includes inflation at 4.0%) annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.5%, and anticipated participation of 20.0% to 100% based on position of employee. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

NOTE 12. RISK MANAGEMENT

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 $500,000 each accident for bodily injury by accident, $500,000 each employee for bodily injury by disease and $500,000 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 $1,000,000 each occurrence with a general aggregate limit of $2,000,000, and a personal and advertising injury limit of $1,000,000. The RTA also procured public officials and employment practices liability coverage through ACE American Insurance Company with an aggregate coverage limit of $3,000,000; cyber liability coverage through Illinois Union Insurance Company with an aggregate coverage limit of $3,000,000; and fidelity and crime coverage through Great American Insurance Group with an aggregate coverage limit of $5,000,000. 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, subject to the availability of funds in the Fund, 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 $15,000,000 and coverage for losses from $15,000,000 to $100,000,000.

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 $100,000 for each Wrongful Act. If a loss is covered under both types of liability, then the retained limit for general liability will apply.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The RTA has an operating lease agreement for its office facilities. In 2016, the total rent paid by the RTA was $1,608,574. Minimum required annual rental payments by the RTA are as follows:

Year Ending December 31	Amount (in thousands)
2017	$ 1,572
2018	1,603
2019	1,661
2020	1,596
2021	1,716
Thereafter	4,986
Total	$ 13,134

NOTE 14. SUBSEQUENT EVENTS

On March 1, 2017, the RTA withdrew the entire $150 million of the 2016A Working Cash Notes Direct Placement with Wells Fargo due to the increasing delays in State funding (ASA, AFA, and PTF).

On April 20, 2017, the RTA Board approved Ordinance 2017-12 authorizing an increase of the RTA's 2016A Working Cash Notes Direct Placement with Wells Fargo from $150 million to $250 million. This increase is necessary due to delays in funds authorized to be paid by the State of Illinois. The purchaser of the notes has agreed to lend the additional $100 million under the same terms as the original $150 million. The RTA drew the additional $100 million at closing on May 9, 2017.

On June 13, 2017, Moody's Investor Service downgraded the RTA's outstanding general obligation bonds to A2 from Aa3.

REQUIRED SUPPLEMENTARY INFORMATION

Regional Transportation Authority
RTA Pension Plan

Schedule of the Employer Contributions
(in Thousands)

	2016	2015
Contractually required contribution	$ 2,291	$ 1,644
Contributions in relation to the contractually required contribution	(2,291)	(1,644)
Contribution deficiency (excess)	$ -	$ -
Authority's covered-employee payroll	$ 9,183	$ 8,984
Contributions as a percentage of covered-employee payroll	24.95%	18.30%

Note: The RTA implemented GASB 68 in FY 2015. Information is not available prior to 2015. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

Regional Transportation Authority
RTA Pension Plan

Schedule of the Employer's Proportionate Share of the Net Pension Liability (in Thousands)

	2016	2015
Authority's proportion of the net pension liability	11.00%	12.00%
Authority's proportionate share of the net pension liability	$ 3,804	$ 8,406
Authority's covered-employee payroll	$ 9,183	$ 8,984
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.50%	93.56%
Plan fiduciary net position as a percentage of the total pension liability	87.67%	73.55%

Note: The RTA implemented GASB 68 in FY 2015. Information is not available prior to 2015. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	General Fund		
	Original Budget	Actual	Variance
REVENUES:			
Sales taxes	$ 132,517	$ 131,623	$ (894)
Interest on sales taxes	103	116	13
Public Transportation Fund	220,862	221,621	759
Innovation, Coordination & Enhancement (ICE)	12,159	12,062	(97)
State assistance (AFA & ASA)	130,167	65,118	(65,049)
IDOT State Grant Pace (ADA)	8,500	3,825	(4,675)
Investment income	9,297	14,054	4,757
Other revenue	2,852	10,403	7,551
Total revenues	516,457	458,822	(57,635)
EXPENDITURES:			
Financial assistance to Service Boards	224,474	225,231	(757)
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	12,159	12,062	97
IDOT State Cap Grant-PACE (ADA)	8,500	3,825	4,675
Administration	17,696	16,433	1,263
Non-administration:			
Regional services and coordination programs	14,280	12,027	2,253
Regional Technical Assistance Programs	2,991	7,496	(4,505)
Distributions to JSIF	-	4,365	(4,365)
Technology program	143	2,058	(1,915)
Total expenditures	287,743	290,997	(3,254)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	228,714	167,825	60,889
NET CHANGE IN FUND BALANCE—BUDGETARY BASIS	$ 228,714	167,825	$ (60,889)
Budgetary basis to GAAP basis adjustments		(207,116)	
NET CHANGE IN FUND BALANCE—GAAP BASIS		(39,291)	
FUND BALANCE:			
Beginning of year		249,799	
End of year		$ 210,508	

REGIONAL TRANSPORTATION AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2016

Note 1. BUDGET AND BUDGETARY ACCOUNTING

The budgetary basis of the General Fund's budget and actual presentation is included as required supplementary information. For comparison of the combined budgets as required for board presentation, the combined schedule of revenues, expenditures, and changes in fund balance—budget and actual—in the general and the sales tax agency funds are presented in the combining and individual fund schedules section of the CAFR. Additional budget detail is used by management for monitoring purposes which is provided in this section as the schedule of expenditures—budget and actual—General Fund.

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 General Fund and 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.

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 expenditures.

Note 2. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING

The accompanying schedule of revenues, expenditures, and changes in fund balance, budget and actual-general fund (this section), and combining schedule of revenues, expenditures and changes in fund balance-budget and actual-general and agency funds (in combining and individual fund schedules section) present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ with accounting principles generally accepted in the United States of America, a reconciliation of timing differences in the excess of revenues over expenditures and other financing uses is presented below:

	General Fund (in thousands)
Net change in fund balance - budgetary basis	$ 167,825
Adjustments:	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(184)
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(1,299)
Capital grants received that were not in the budget	176,599
Capital grants disbursed to the Service Boards/Others that were not in the budget	(147,449)
Debt related costs incurred not in the budget	(21,253)
Net transfers in and out between the General Fund and Debt Service Fund not in the budget	(213,530)
Budgetary basis to GAAP basis adjustments	(207,116)
Net change in fund balance - GAAP basis	$ (39,291)

REGIONAL TRANSPORTATION AUTHORITY

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2016

Analysis of Funding Progress
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
12/31/11	$ -	$ 109	$ 109	$ -	$ 8,232	1.32 %
12/31/12	-	-	-	-	-	-
12/31/13	-	-	-	-	-	-
12/31/14	-	432	432	-	8,082	5.35
12/31/15	-	-	-	-	-	-
12/31/16	-	-	-	-	-	-

Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/11	$ 19	- %
12/31/12	18	-
12/31/13	18	-
12/31/14	34	-
12/31/15	35	-
12/31/16	37	-

Information is presented for as many years as is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

A. GENERAL FUND

The general fund is used to account for resources traditionally associated with the RTA which are not accounted for in another fund. A budget and actual schedule of general fund expenditures is presented in this section.

The RTA Board approves a comprehensive budget which includes the activity in the general fund and the sales tax agency fund. For comparison of the combined budgets, the combined budget and actual schedule of revenues, expenditures and changes in fund balance for both funds is also presented in this section.

REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES—
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	General Fund		
	Budget	Actual	Variance
EXPENDITURES:			
Financial assistance to Service Boards	$ 224,474	$ 225,231	$ (757)
South Suburban Job Access Program (PACE)	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	12,159	12,062	97
IDOT State Cap Grant - PACE (ADA)	8,500	3,825	4,675
Administration	17,696	16,433	1,263
Non-administration:			
Regional Services and Coordination Programs	14,280	12,027	2,253
Regional Technical Assistance Programs	2,991	7,496	(4,505)
Technology program	143	2,058	(1,915)
Distributions to JSIF	-	4,365	(4,365)
TOTAL EXPENDITURES	$ 287,743	$ 290,997	$ (3,254)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—GENERAL AND SALES TAX AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
REVENUES:			
Sales taxes	$ 132,517	$ 131,623	$ (894)
Interest on sales taxes	103	116	13
Public Transportation Fund	220,862	221,621	759
Innovation, Coordination & Enhancement (ICE)	12,159	12,062	(97)
State assistance (AFA & ASA)	130,167	65,118	(65,049)
Reduced fare reimbursement	-	-	-
IDOT State Grant -PACE (ADA)	8,500	3,825	(4,675)
Investment income	9,297	14,054	4,757
Other revenue	2,852	10,403	7,551
Total revenues	516,457	458,822	(57,635)
EXPENDITURES:			
Financial assistance to Service Boards	224,474	225,231	(757)
PTF (new sales tax/RETT)	-	-	-
Paratransit funding - PACE	-	-	-
Suburban Community Mobility Fund	-	-	-
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	12,159	12,062	97
Reduced fare reimbursement	-	-	-
IDOT State Cap Grant-PACE (ADA)	8,500	3,825	4,675
Administration	17,696	16,433	1,263
Non-administration:			
Regional services and coordination programs	14,280	12,027	2,253
Regional Technical Assistance Program	2,991	7,496	(4,505)
Interest on sales taxes to Service Boards	-	-	-
Technology program	143	2,058	(1,915)
Distributions to JSIF	-	4,365	(4,365)
Total expenditures	287,743	290,997	(3,254)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	$ 228,714	167,825	$ (60,889)
Budgetary basis to GAAP basis adjustments		(207,116)	
NET CHANGE IN FUND BALANCE—GAAP BASIS		(39,291)	
FUND BALANCE:			
Beginning of year		249,799	
End of year		$ 210,508	

Sales Tax Agency Fund			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
$ 1,050,071	$ 1,041,497	$ (8,574)	$ 1,182,588	$ 1,173,120	$ (9,468)
148	167	19	251	283	32
156,628	161,127	4,499	377,490	382,748	5,258
-	-	-	12,159	12,062	(97)
-	-	-	130,167	65,118	(65,049)
34,070	17,570	(16,500)	34,070	17,570	(16,500)
-	-	-	8,500	3,825	(4,675)
-	-	-	9,297	14,054	4,757
-	-	-	2,852	10,403	7,551
1,240,917	1,220,361	(20,556)	1,757,374	1,679,183	(78,191)
874,265	865,886	8,379	1,098,739	1,091,117	7,622
156,628	161,127	(4,499)	156,628	161,127	(4,499)
151,487	151,487	-	151,487	151,487	-
24,319	24,124	195	24,319	24,124	195
-	-	-	7,500	7,500	-
-	-	-	12,159	12,062	97
34,070	17,570	16,500	34,070	17,570	16,500
-	-	-	8,500	3,825	4,675
-	-	-	17,696	16,433	1,263
-	-	-	14,280	12,027	2,253
-	-	-	2,991	7,496	(4,505)
148	167	(19)	148	167	(19)
-	-	-	143	2,058	(1,915)
-	-	-	-	4,365	(4,365)
1,240,917	1,220,361	20,556	1,528,660	1,511,358	17,302
$ -	-	$ -	$ 228,714	167,825	$ (60,889)
	-			(207,116)	
	-			(39,291)	
	-			249,799	
	$ -			$ 210,508	

B. DEBT SERVICE FUND

Debt Service Fund Accounts:
1990A—to account for transfers received, investment income and principal and interest payments made for 1990A general obligation bonds.

1991A—to account for transfers received, investment income and principal and interest payments made for 1991A general obligation bonds.

1994A and B*—to account for transfers received, investment income and principal and interest payments made for 1994A & B general obligation bonds.

*1994C * and D*—to account for transfers received, investment income and principal and interest payments made for 1994C & D general obligation bonds.

1997—to account for transfers received, investment income and principal and interest payments made for 1997 refunding general obligation bonds.

1999—to account for transfers received, investment income and principal and interest payments made for 1999 refunding general obligation bonds.

*2000A**—to account for transfers received, investment income and principal and interest payments made for 2000A general obligation bonds.

*2001A**—to account for transfers received, investment income and principal and interest payments made for 2001A general obligation bonds.

*2001B**—to account for transfers received, investment income and principal and interest payments made for 2001B refunding general obligation bonds.

*2002A**—to account for transfers received, investment income and principal and interest payments made for 2002A general obligation bonds.

*2003A** —to account for transfers received, investment income and principal and interest payments made for 2003A refunding general obligation bonds.

2003B—to account for transfers received, investment income and principal and interest payments made for 2003B refunding general obligation bonds.

*2004A** — to account for transfers received, investment income and principal and interest payments made for 2004A refunding general obligation bonds.

2005B—to account for transfers received, investment income and principal and interest payments made for 2005B refunding general obligation bonds.

*2006A**—to account for transfers received, investment income and principal and interest payments made for 2006A general obligation bonds.

2010A –to account for transfers received, investment income and principal and interest payments made for 2010A general obligation bonds.

2010B –to account for transfers received, investment income and principal and interest payments made for 2010B general obligation bonds.

2011A –to account for transfers received, investment income and principal and interest payments made for 2011A cash note borrowings.

2014A – to account for transfers received, investment income and principal and interest payments made for 2014A general obligation bonds.

2016A –to account for transfers received, investment income and principal and interest payments made for 2016A general obligation bonds.

2016A –to account for transfers received, investment income and principal and interest payments made for 2016A direct placement cash note borrowings.

2016C –to account for transfers received, investment income and principal and interest payments made for 2016C cash note borrowings.

*Strategic Capital Improvement Program (SCIP) Bonds

SCHEDULE B-1

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS
December 31, 2016
(In Thousands)

	1990A	1991A	1994 A&B	1994 C&D	1997	1999	2000A	2001 A	2001 B	2002 A	2003 A
ASSETS:											
Cash and investments	$ 1,559	$ 1,463	$ 8,164	$ 5,719	$ 2,893	$ 8,071	$ 10,265	$ 3,718	$ 1,850	$ 5,987	$ 9,677
Accrued interest	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 1,559	$ 1,463	$ 8,164	$ 5,719	$ 2,893	$ 8,071	$ 10,265	$ 3,718	$ 1,850	$ 5,987	$ 9,677
LIABILITIES:											
Accrued items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES:											
Restricted for debt service	1,559	1,463	8,164	5,719	2,893	8,071	10,265	3,718	1,850	5,987	9,677
TOTAL LIABILITIES AND FUND BALANCES	$ 1,559	$ 1,463	$ 8,164	$ 5,719	$ 2,893	$ 8,071	$ 10,265	$ 3,718	$ 1,850	$ 5,987	$ 9,677

(Continued)

SCHEDULE B-1

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS (Continued)
December 31, 2016
(In Thousands)

	2003 B	2004 A	2005 B	2006A	2010A	2010B	2011A	2014A	2016A	2016C	Total
ASSETS:											
Cash and investments	$ 3,333	$ 5,063	$ 524	$ 8,226	$ 8,463	$ 11,980	$ 10,399	$ 7,877	$ 6,891	$ 563	$ 122,685
Due from other funds	-	-	-	37	7	-	-	51	150	-	245
Accrued interest	-	-	-	-	-	-	-	-	8	-	$ 8
Total assets	$ 3,333	$ 5,063	$ 524	$ 8,263	8,470	11,980	$ 10,399	$ 7,928	$ 7,049	$ 563	$ 122,938
LIABILITIES:											
Accrued items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES:											
Restricted for debt service	3,333	5,063	524	$ 8,263	8,470	11,980	10,399	7,928	7,049	563	122,938
TOTAL LIABILITIES AND FUND BALANCES	$ 3,333	$ 5,063	$ 524	$ 8,263	$ 8,470	$ 11,980	$ 10,399	$ 7,928	$ 7,049	$ 563	$ 122,938

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DEBT SERVICE FUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	1990A	1991A	1994 A&B	1994 C&D	1997
REVENUE:					
Investment income	$ -	$ -	$ 1	$ 1	$ -
Total revenue	-	-	1	1	-
EXPENDITURES:					
Debt Service - principal	5,785	5,305	11,725	7,955	3,980
Debt Service - interest	2,404	2,523	1,483	2,746	2,109
Other debt related costs	-	-	-	-	-
Total expenditures	8,189	7,828	13,208	10,701	6,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,189)	(7,828)	(13,207)	(10,700)	(6,089)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	5,860	5,370	12,326	8,365	4,139
Transfers in - interest	2,299	2,434	1,389	2,684	2,085
Transfers in/(out) - CPF	-	-	-	-	-
Transfers (out) - DSF	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	8,159	7,804	13,715	11,049	6,224
NET CHANGE IN FUND BALANCES	(30)	(24)	508	349	135
FUND BALANCES:					
Beginning of year	1,589	1,487	7,656	5,370	2,758
End of year	$ 1,559	$ 1,463	$ 8,164	$ 5,719	$ 2,893

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	1999	2000 A	2001 A	2001 B	2002 A
REVENUE:					
Investment income	$ 1	$ 1	$ -	$ -	$ -
Total revenue	1	1	-	-	-
EXPENDITURES:					
Debt Service - principal	10,425	7,870	2,895	2,560	4,350
Debt Service - interest	10,607	11,896	4,264	1,309	7,194
Other debt related costs	-	-	-	-	-
Total expenditures	21,032	19,766	7,159	3,869	11,544
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,031)	(19,765)	(7,159)	(3,869)	(11,544)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	10,820	8,129	2,985	2,655	4,486
Transfers in - interest	10,546	11,650	4,177	1,296	7,069
Transfers in/(out) - CPF	-	-	-	-	-
Transfers out - GF	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	21,366	19,779	7,162	3,951	11,555
NET CHANGE IN FUND BALANCES	335	14	3	82	11
FUND BALANCES:					
Beginning of year	7,736	10,251	3,715	1,768	5,976
End of year	$ 8,071	$ 10,265	$ 3,718	$ 1,850	$ 5,987

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DEBT SERVICE FUND ACCOUNTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	2003 A	2003 B	2004A	2005 B	2006 A
REVENUE:					
Investment income	$ 1	$ -	$ 4	$ -	$ 73
Total revenue	1	-	4	-	73
EXPENDITURES:					
Debt Service - principal	6,940	4,010	6,575	685	5,285
Debt Service - interest	11,731	6,454	11,511	603	10,566
Other debt related costs	-	-	-	136	-
Total expenditures	18,671	10,464	18,086	1,424	15,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,670)	(10,464)	(18,082)	(1,424)	(15,778)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	7,147	4,147	6,795	707	5,465
Transfers in - interest	11,539	6,432	11,471	766	10,361
Transfers in/(out) - CPF	-	-	-	-	-
Transfers out - GF	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	18,686	10,579	18,266	1,473	15,826
NET CHANGE IN FUND BALANCES	16	115	184	49	48
FUND BALANCES:					
Beginning of year	9,661	3,218	4,879	477	8,215
End of year	$ 9,677	$ 3,333	$ 5,063	$ 526	$ 8,263

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	2010 A	2010 B	2011A	2014A1 Working Cash Notes
REVENUE:				
Investment income	$ 39	$ 1,107	$ -	$ 24
Total revenue	39	1,107	-	24
EXPENDITURES:				
Debt Service - principal	4,905	-	13,560	225,000
Debt Service - interest	1,997	6,622	2,563	651
Other debt related costs	-	-	-	1
Total expenditures	6,902	6,622	16,123	225,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,863)	(5,515)	(16,123)	(225,628)
OTHER FINANCING SOURCES (USES):				
Transfers in - principal	5,039	-	13,945	-
Transfers in - interest	1,852	4,461	2,496	56,466
Transfers in/(out) - CPF	-	(9)	-	(928)
Transfers out - GF	-	-	-	-
Issuance of debt	-	-	-	91,250
Total other financing sources (uses)	6,891	4,452	16,441	146,788
NET CHANGE IN FUND BALANCES	28	(1,063)	318	(78,840)
FUND BALANCES:				
Beginning of year	8,442	13,043	10,081	78,840
End of year	$ 8,470	$ 11,980	$ 10,399	$ -

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	2014A	2016A	2016A Notes	2016C Note	Total
REVENUE:					
Investment income	$ 156	$ 261	$ -	$ -	$ 1,669
Total revenue	156	261	-	-	1,669
EXPENDITURES:					
Debt Service - principal	1,575	-	101,250	-	432,635
Debt Service - interest	4,808	3,621	171	766	108,599
Other debt related costs	-	761	241	634	1,773
Total expenditures	6,383	4,382	101,662	1,400	543,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,227)	(4,121)	(101,662)	(1,400)	(541,338)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	1,617	923	91,510	-	202,430
Transfers in - interest	14,655	10,247	152	1,436	177,963
Transfers in/(out) - CPF	(9,991)	-	-	525	(10,403)
Transfers out - GF	-	-	-	(150,000)	(150,000)
Issuance of debt	-	-	10,000	150,000	251,250
Total other financing sources (uses)	6,281	11,170	101,662	1,961	471,240
NET CHANGE IN FUND BALANCES	54	7,049	-	561	(70,098)
FUND BALANCES:					
Beginning of year	7,874	-	-	-	193,036
End of year	$ 7,928	$ 7,049	$ -	$ 561	$ 122,938

C. CAPITAL PROJECTS FUND

Capital Projects Fund Accounts:

Strategic Capital Improvement Bonds (SCIP)—to account for 1992, 1994, 2000, 2001, 2002, 2003, 2004 and 2006 bond sales proceeds and related SCIP capital grants made to the Service Boards as expenditures are incurred. Investment income earned on SCIP bonds is recorded in the related Debt Service Fund accounts.

Non-SCIP Bonds—to account for 1990, 1991, 1992, 1994, 2002, 2010, 2014, and 2016 bond sale proceeds, investment income earned and related Non-SCIP investment income capital grants made to the Service Boards as expenditures are incurred.

Investment Income on Bonds—to account for transfers of investment income from SCIP Bonds fund accounts through June 30, 1999 and Non-SCIP Bonds fund accounts except those issued under Illinois First program and related capital grants made to the Service Boards as expenditures are incurred.

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE
CAPITAL PROJECTS FUND ACCOUNTS
DECEMBER 31, 2016
(In Thousands)

	SCIP Bonds	Non-SCIP Bonds	Investment Income on Bonds	Eliminations	Total
ASSETS:					
Cash and investments	$ 18,160	$ 103,787	$ -	$ -	$ 121,947
Due from other funds	3	14	4,791	(4,808)	-
TOTAL ASSETS	$ 18,163	$ 103,801	$ 4,791	$ (4,808)	$ 121,947
LIABILITIES:					
Due to Service Boards	$ 1,259	$ -	$ -	$ -	$ 1,259
Due to other funds	50	5,003	-	(4,808)	245
Total liabilities	1,309	5,003	-	(4,808)	1,504
FUND BALANCES:					
Committed-capital projects	16,854	98,798	4,791	-	120,443
TOTAL LIABILITIES AND FUND BALANCES	$ 18,163	$ 103,801	$ 4,791	$ (4,808)	$ 121,947

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	SCIP Bonds	Non-SCIP Bonds	Investment Income on Bonds	Total
REVENUES:				
Investment income	$ -	$ 46	$ -	$ 46
Total revenues	-	46	-	46
EXPENDITURES:				
Capital grants—bonds	5,999	84,629	2	90,630
Total expenditures	5,999	84,629	2	90,630
Deficiency of revenues over expenditures	(5,999)	(84,583)	(2)	(90,584)
OTHER FINANCING SOURCES:				
Bond Proceeds		95,470	-	95,470
Bond Premium	-	11,011	-	11,011
Transfer out		(6,459)	-	(6,459)
Total other financing sources	-	100,022	-	100,022
NET CHANGE IN FUND BALANCES	(5,999)	15,439	(2)	9,438
FUND BALANCES:				
Beginning of year	22,853	83,359	4,793	111,005
End of year	$ 16,854	$ 98,798	$ 4,791	$ 120,443

D. AGENCY FUND

***Sales Tax Agency Fund*—**to account for the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers' Occupation and Use Tax (sales taxes), interest on sales taxes, reduced fare reimbursement grants and advances to Service Boards.

SCHEDULE D-1

REGIONAL TRANSPORTATION AUTHORITY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SALES TAX AGENCY FUND
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
ASSETS:				
Intergovernmental receivables:				
Sales taxes	$ 194,493	$ 690,318	$ 687,388	$ 197,423
New sales tax	70,651	295,634	294,649	71,636
Interest on sales taxes	19	167	158	28
Due from General Fund	29,266	10,563	-	39,829
Reduced fare reimbursement	8,785	17,570	17,570	8,785
PTF (new sales tax/RETT)	69,400	161,127	149,079	81,448
Advances to Service Boards	81,727	4,084		85,811
TOTAL ASSETS	$ 454,341	$ 1,179,463	$ 1,148,844	$ 484,960
LIABILITIES:				
Intergovernmental payables:				
Sales taxes due to Service Boards	$ 194,493	690,318	$ 687,388	$ 197,423
New sales tax due to Service Boards	70,651	120,023	119,038	71,636
Interest on sales taxes due to Service Boards	19	167	158	28
Reduced fare reimbursement	8,785	17,570	17,570	8,785
PTF (new sales tax /RETT)	69,400	161,127	149,079	81,448
Advances from State	81,727	4,084	-	85,811
Paratransit funding PACE	-	151,487	151,487	-
Paratransit funding PACE-Future Years	29,266	10,563	-	39,829
Suburban Community Mobility Fund-SBD	-	24,124	24,124	-
TOTAL LIABILITIES	$ 454,341	$ 1,179,463	$ 1,148,844	$ 484,960

STATISTICAL SECTION
(UNAUDITED)

CONTENTS

An analysis of Net Position by component, Change in Net Position, Governmental Fund Balances and Change in Fund Balances presented as an indicator of RTA's financial performance and to show the overall change in financial position over time.

Revenues and expenditures presented in the following tables include the activities in the government-wide and fiduciary fund statements. Additions to and disbursements from the Sales Tax Agency Fund are considered to be revenues and expenditures, respectively, for the purpose of presentation in these tables. The schedules show the overall distribution of expenses and revenues by source over the past 10 years, the breakout of revenues by county and the federal allocation of capital funds.

Schedules in this section provide an overview of RTA's general obligation bonds (SCIP versus Non-SCIP) outstanding balances as of December 31, 2016 and a 10-year analysis of the debt service requirement to revenues and expenses.

Schedules in this section provide economic information on the population and the ten largest employers in the six-county area to help readers understand the environment within which the RTA's financial activities take place.

Schedules in this section provide various statistics on passenger services offered by the service boards for fiscal year 2016, a look at system ridership over the last ten years and the RTA's full-time employees by function over the last five years.

TABLE 1

REGIONAL TRANSPORTATION AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities—										
Net investment in capital assets	$ 9,754	$ 11,118	$ 12,660	$ 15,265	$ 14,491	$ 14,809	$ 14,359	$ 11,524	$ 11,692	$ 3,590
Restricted Net Assets	-	-	270,019	83,277	326,598	17,174	16,738	16,203	15,535	-
Unrestricted Net Assets	(1,947,173)	(2,062,740)	(2,234,127)	(1,972,190)	(2,133,577)	(1,819,368)	(1,779,889)	(1,714,890)	(1,732,590)	(1,663,594)
Total Net Position— Governmental Activities	$ (1,937,419)	$ (2,051,621)	$ (1,951,448)	$ (1,873,648)	$ (1,792,488)	$ (1,787,385)	$ (1,748,792)	$ (1,687,163)	$(1,705,363)	$(1,660,004)
Business-type activities—										
Unrestricted Net Position	$ 28,393	$ 28,859	$ 29,067	$ 28,963	$ 28,703	$ 27,845	$ 27,116	$ 27,682	$ 27,977	$ 26,549
Total Net Position— Business-Type Activities	$ 28,393	$ 28,858	$ 29,067	$ 28,963	$ 28,703	$ 27,845	$ 27,116	$ 27,682	$ 27,977	$ 26,549
Primary government—										
Net investment in capital assets	$ 9,754	$ 11,118	$ 12,660	$ 15,265	$ 14,491	$ 14,809	$ 14,359	$ 11,524	$ 11,692	$ 3,590
Restricted Net Position	-	-	270,019	83,277	326,598	17,174	16,738	16,203	15,535	-
Unrestricted Net Position	(1,918,780)	(2,033,882)	(2,205,060)	(1,943,227)	(2,104,874)	(1,791,523)	(1,752,773)	(1,687,208)	(1,704,613)	(1,637,045)
Total Net Position— Primary government	$ (1,909,026)	$ (2,022,764)	$ (1,922,381)	$ (1,844,685)	$ (1,763,785)	$ (1,759,540)	$ (1,721,676)	$ (1,659,481)	$(1,677,386)	$(1,633,455)

STATISTICAL SECTION (UNAUDITED)

TABLE 2

REGIONAL TRANSPORTATION AUTHORITY
CHANGE IN NET POSITION
LAST TEN YEARS
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Financial assistance to Service Board$ $	209,931	$ 249,948	$ 93,453	$ 97,648	$ 128,786	$ 171,700	$ 196,116	$ 200,500	$ 225,805	$ 225,231
Administration capital grants										
Discretionary	25,272	26,288	19,166	15,310	7,039	5,410	897	254	631	207
Bonds	88,056	93,085	47,957	103,456	229,890	213,394	472,874	306,026	341,462	213,155
Administration of operating grant										
CTA/PACE	40,010	58,142	74,138	27,230	21,680	36,687	52,974	27,440	57,061	48,287
Administrative expenses	6,967	7,532	12,014	8,551	8,918	16,507	19,079	17,002	16,079	20,342
Regional expenses	20,243	20,656	19,793	21,576	25,558	17,542	20,294	23,284	18,512	28,006
Technology program expenses	1,409	2,467	1,416	1,979	2,356	1,473	2,038	2,192	3,566	2,058
CTA loan write-off receivable	-	-	-	-	-	-	56,147	-	-	
Interest expense	130,079	127,495	131,775	135,530	139,314	125,722	115,957	110,168	103,048	124,069
Miscellaneous	-	-	-	-	397	-	-	-	-	
Total governmental activities	521,967	585,613	399,712	411,280	563,938	588,435	936,376	686,866	766,164	661,355
Business-type activities:										
Insurance financing	4,855	4,375	3,827	4,740	6,137	5,942	5,815	5,800	5,929	5,846
Total business-type activities	4,855	4,375	3,827	4,740	6,137	5,942	5,815	5,800	5,929	5,846
Total primary government expenses	$ 526,822	$ 589,988	$ 403,539	$ 416,020	$ 570,075	$ 594,377	$ 942,191	$ 692,666	$ 772,093	$ 667,201
REVENUES:										
General:										
Sales taxes	$ 112,938	$ 109,003	$ 99,027	$ 103,168	$ 107,977	$ 113,152	$ 118,817	$ 121,798	$ 129,842	$ 131,623
Interest on sales taxes	376	1,081	309	137	167	119	79	81	102	116
Operating grant -(ADA)	54,252	14,441	9,101	9,480	9,930	10,398	10,902	11,440	11,900	12,062
Public Transportation Fund	188,931	227,201	228,501	242,318	375,500	355,159	650,103	470,815	217,930	250,906
General State Revenue	-	-	-	-	-	-	-	-	285,143	147,315
State assistance	117,807	121,870	123,008	130,115	130,088	86,984	173,472	130,219	86,882	130,234
Regional program reimbursement	1,153	1,361	2,904	582	2,385	4,077	3,639	3,352	10,341	11,483
Investment income	31,534	(1,495)	39,174	8,607	19,350	22,213	20,769	10,474	9,472	19,150
Other revenues	2,006	1,868	1,437	2,269	5,081	6,436	2,188	6,644	8,394	3,825
Transfers (out)	-	(3,920)	(3,575)	(4,425)	(5,380)	(5,000)	(5,000)	(6,328)	(6,180)	-
Total governmental activities revenues	508,997	471,410	499,886	492,251	645,098	593,538	974,969	748,495	753,826	706,714
Business-type activities:										
General:										
Investment income	1,210	770	402	164	95	77	48	38	44	53
Other revenues	207	151	58	47	402	7	38	-	-	-
Transfers in	-	3,920	3,575	4,425	5,380	5,000	5,000	6,328	6,180	4,365
Total business-type activities revenues	1,417	4,841	4,035	4,636	5,877	5,084	5,086	6,366	6,224	4,418
Total primary government revenues	510,414	476,251	503,921	496,887	650,975	598,622	980,055	754,861	760,050	711,132
Governmental activities:										
CHANGES IN NET POSITION (DEFICIT)	(12,970)	(114,203)	100,174	80,971	81,160	5,103	38,593	61,629	(12,338)	45,359
NET POSITION (DEFICIT):										
Beginning of year	(1,714,920)	(1,727,890)	(1,842,093)	(1,745,090)	(1,664,119)	(1,582,959)	(1,577,856)	(1,539,263)	(1,693,025)	(1,705,363)
End of year	(1,727,890)	(1,842,093)	(1,745,090)	(1,664,119)	(1,582,959)	(1,577,856)	(1,539,263)	(1,477,634)	(1,705,363)	(1,660,004)
Business-type activities:										
CHANGES IN NET POSITION (DEFICIT)	(3,438)	466	208	(104)	(260)	(858)	(729)	566	295	(1,428)
NET POSITION (DEFICIT):										
Beginning of year	39,621	36,183	36,649	36,857	36,753	36,493	35,635	34,906	35,472	27,977
End of year	36,183	36,649	36,857	36,753	36,493	35,635	34,906	35,472	35,767	26,549
Total primary government	$ (1,691,707)	$ (1,805,444)	$ (1,708,233)	$ (1,627,366)	$ (1,546,466)	$ (1,542,221)	$ (1,504,357)	$ (1,442,162)	$ (1,669,596)	$ (1,633,455)
CHANGE IN NET POSITION:										
Governmental activities	$ (12,970)	$ (114,203)	$ 100,174	$ 80,971	$ 81,160	$ 5,103	$ 38,593	$ 61,629	$ (12,338)	$ 45,359
Business-type activities	(3,438)	466	208	(104)	(260)	(858)	(729)	566	295	(1,428)
Total primary government	$ (16,408)	$ (113,737)	$ 100,382	$ 80,867	$ 80,900	$ 4,245	$ 37,864	$ 62,195	$ (12,043)	$ 43,931

STATISTICAL SECTION (UNAUDITED)

TABLE 3

REGIONAL TRANSPORTATION AUTHORITY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	$ 107,948	$ 106,822	$ 155,551	$ 160,895	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	41,220	(53,482)	(27,893)	7,318	-	-	-	-	-	-
Nonspendable (1)	-	-	-	-	568	327	3	-	-	-
Restricted (1)	-	-	-	-	28,740	17,173	16,738	16,203	15,535	-
Committed (1)	-	-	-	-	157,345	204,895	193,745	212,642	188,497	228,118
Assigned (1)	-	-	-	-	-	-	93,363	8,888	42,312	-
Unassigned (1)	-	-	-	-	98,376	176,554	9,110	4,443	3,455	(17,610)
Total general fund balances	$ 149,168	$ 53,340	$ 127,658	$ 168,213	$ 285,029	$ 398,949	$ 312,959	$ 242,176	$ 249,799	$ 210,508
All other governmental funds										
Reserved	$ 349,402	$ 259,165	$ 468,582	$ 756,233	$ -	$ -	$ -	$ -	$ -	$ -
Restricted (1)	-	-	-	-	297,858	158,469	188,333	211,498	193,036	122,938
Committed (1)	-	-	-	-	208,301	179,063	132,671	177,283	111,005	120,443
Total all other governmental funds	$ 349,402	$ 259,165	$ 468,582	$ 756,233	$ 506,159	$ 337,532	$ 321,004	$ 388,781	$ 304,041	$ 243,381

(1) New fund balance categories used in FY11 due to the implementation of GASB 54

TABLE 4

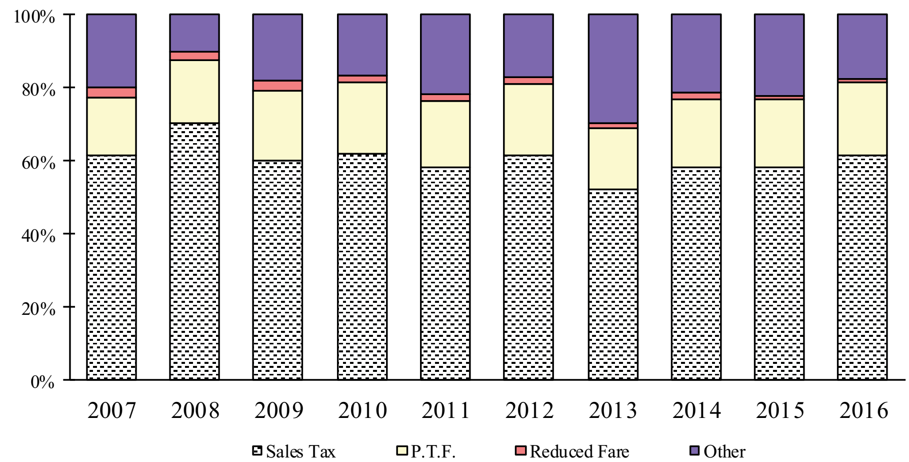
REGIONAL TRANSPORTATION AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Sales taxes	$ 112,938	$ 109,003	$ 99,027	$ 103,168	$ 107,977	$ 113,152	$ 118,817	$ 121,798	$ 129,842	$ 131,623
Interest on sales taxes	376	1,081	309	137	166	119	79	82	102	116
Public Transportation Fund	188,931	188,829	169,354	171,169	181,428	189,523	198,640	210,013	217,930	221,621
New 5% PTF Advance Recovery	-	38,372	-	-	-	-	-	-	-	-
General State Revenue	-	-	-	65,149	194,072	155,369	441,191	245,298	285,143	147,314
Innovation, Coordination, & Enhancement (ICE)	-	10,000	9,101	9,480	9,930	10,398	10,902	11,439	11,900	12,062
Operating assistance -CTA/PACE	54,252	4,441	-	-	-	-	-	-	-	-
PACE Loan PTF Advance Recovery	-	-	3,000	6,000	-	-	-	-	-	-
CTA Loan PTF Advance Recovery	-	-	56,147	-	-	-	-	-	-	-
IDOT State Grant - PACE (ADA)	-	-	-	-	-	8,500	8,500	8,500	8,395	3,825
Pace ADA 2012 Surplus Refund	-	-	-	-	-	1,767	1,772	7,004	-	29,285
State assistance	117,807	121,870	123,008	130,115	130,088	86,983	130,185	130,182	130,206	65,118
Investment income	31,534	(1,495)	39,174	16,799	19,101	18,703	18,964	13,761	13,819	15,769
Other revenues	3,159	3,229	4,341	2,852	7,466	10,518	5,827	7,847	8,187	10,403
Total revenues	508,997	475,330	503,461	504,869	650,228	595,032	934,877	755,924	805,524	637,136
EXPENDITURES:										
Financial assistance to Service Boards	209,931	249,948	93,453	97,648	128,786	171,700	196,116	200,500	225,805	225,231
Capital grants—discretionary	25,272	26,288	19,166	15,310	6,907	5,414	897	254	631	207
Capital Projects Expense-Working Cash Note	-	-	56,147	-	-	-	-	-	-	-
PACE Discr (CMAQ) Grant RTA share	-	-	-	-	132	-	-	-	-	-
South Suburban Job Access Program - (PACE)	-	3,750	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
5% PTF/RETT & ADA Paratransit (New Sales Tax)	-	42,813	-	-	-	-	-	-	-	
Innovation, Coordination, & Enhancement (ICE)	-	10,000	9,101	9,480	9,930	10,278	10,902	11,439	11,900	12,062
State General Revenue MOU	-	-	-	-	-	7,969	26,072	96,988	-	14,337
IDOT Cap Grant - PACE (ADA)	-	-	-	-	-	10,940	8,500	8,500	8,395	3,825
PACE (PTF) expenditures	40,010	1,579	1,390	10,250	4,250	-	-	-	-	-
Capital grants—bonds	88,055	93,086	47,957	103,456	229,890	213,392	460,448	149,259	337,549	208,679
RTA Capital grants—CTA	-	-	-	-	-	-	12,264	56,257	912	1,058
RTA Capital grants—Metra	-	-	-	-	-	-	162	3,522	3,002	3,418
PACE ADA Surplus	-	-	-	-	-	-	-	-	29,266	10,563
Administrative	6,772	7,258	11,441	7,699	8,231	15,713	17,530	16,192	17,085	16,433
Regional	22,528	24,509	22,105	25,689	27,102	19,785	22,332	22,817	22,373	21,581
Distribution to JSIF	-	-	-	-	-	-	-	-	-	4,365
Capital outlay	610	263	1,110	1,323	762	295	1,530	599	644	1,299
Write off CTA loan receivable	-	-	-	-	-	-	56,147	-	-	-
Debt service:										
Principal	59,135	64,685	68,455	74,060	919,110	999,375	98,800	443,737	100,610	432,635
Interest	131,233	131,705	135,361	134,121	139,215	129,884	117,428	115,246	110,432	108,599
Debt related costs	-	-	-	-	-	942	5,767	2,092	357	23,026
Debt issuance costs	1,529	1,590	2,965	2,982	4,912	-	-	-	-	-
Miscellaneous	-	-	-	-	397	1,552	-	-	-	-
Total expenditures	585,075	657,474	476,151	489,518	1,487,124	1,594,739	1,042,395	1,134,902	876,461	1,094,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(76,078)	(182,144)	27,310	15,351	(836,896)	(999,707)	(107,518)	(378,978)	(70,937)	(457,682)
OTHER FINANCING SOURCES (USES):										
Bond proceeds (gross)	-	-	-	175,100	705,000	-	-	-	-	-
Refunding bond proceeds (gross)	-	-	-	-	-	300,000	-	-	-	-
Issuance of refunding bonds	-	-	-	-	95,550	650,000	10,000	374,295	-	-
Payment to refunded bond escrow agent	-	-	-	-	(103,104)	-	-	-	-	-
SCIP II bond proceeds (gross)	-	-	-	-	-	-	-	-	-	-
Other financing sources (premium)	-	-	-	6,846	11,574	-	-	8,006	-	11,011
Note proceeds	-	-	260,000	140,000	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	346,720
Transfers out										
Capital Projects Fund	-	-	-	-	-	-	-	(7,211)	-	(6,459)
Debt Service Fund	(179,116)	186,268	195,261	228,065	(186,365)	(173,137)	(7)	-	(20,037)	(160,403)
General Fund	179,116	(190,188)	(198,836)	(217,174)	(335,567)	(212,457)	(295,433)	(306,029)	(216,754)	(373,934)
Joint Self-Insurance Fund	-	-	-	-	-	-	-	-	-	
Capital Projects Fund	-	-	-	(15,316)	-	-	-	-	-	-
Transfers in										
Capital Projects Fund	-	-	-	-	-	7	7	-	37	-
Debt Service Fund	-	-	-	-	330,187	207,457	290,433	306,911	210,574	380,393
General Fund	-	-	-	-	186,339	173,130	-	-	20,000	160,403
Transfers in	-	-	-	-	26	-	-	-	-	-
Total other financing (uses) sources	-	(3,920)	256,425	317,521	703,640	945,000	5,000	375,972	(6,180)	357,731
NET CHANGE IN FUND BALANCES	$ (76,078)	$ (186,064)	$ 283,735	$ 332,872	$ (133,256)	$ (54,707)	$ (102,518)	$ (3,006)	$ (77,117)	$ (99,951)
Debt Service as a percentage of noncapital expenditures	32.68%	29.99%	43.04%	42.76%	71.29%	70.93%	20.80%	49.37%	24.24%	49.75%

Table 5

RTA REVENUE BY SOURCE

2007-2016



Last Ten Years *(In Thousands)*

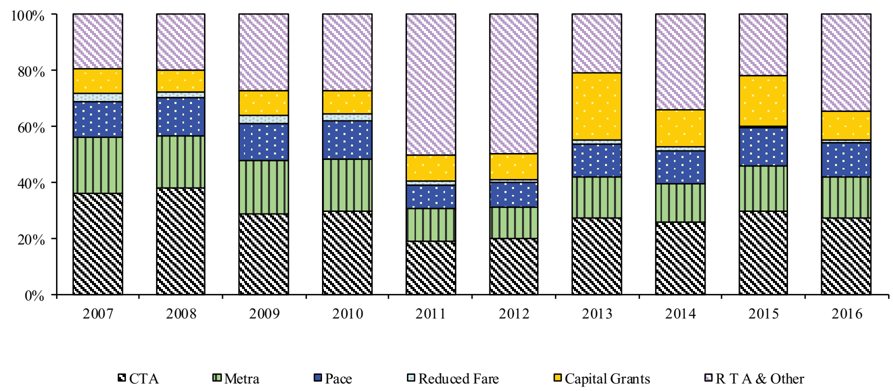
	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/07	$ 752,922	$ 188,931	$ 36,678	$241,262	$ 1,219,794
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
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%

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

Table 6

DISTRIBUTION OF EXPENDITURES

2007-2016



Last Ten Years *(In Thousands)*

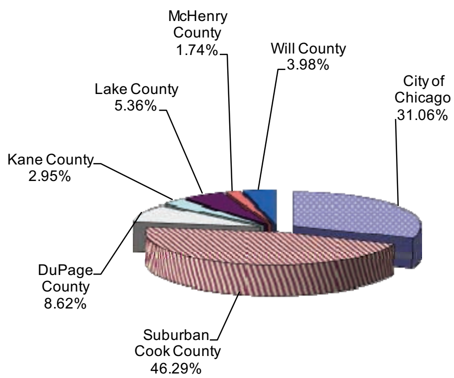
	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/07	$ 468,349	$ 257,374	$ 164,202	$ 889,925	$ 36,678	$ 113,328	$ 252,301	$ 1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
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%

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

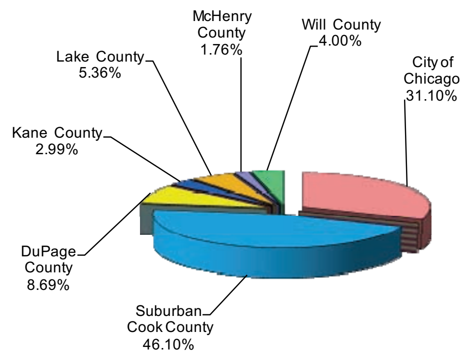
Table 7

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2015



2016



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 12/31/07	$236,783	$395,163	$46,592	$16,015	$29,058	$9,494	$19,817	$752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
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%
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%

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

Table 8

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental Activities					
Fiscal Year	**General Obligation Bonds [a]**	**Working Cash Notes [a]**	**Total Primary Government**	**Percentage of Sales Tax**	**Percentage of Personal Income [b]**	**Per Capita [b]**
2007	$2,292,260	$ 56,000	$ 2,348,260	39.23 %	0.44 %	18
2008	2,227,575	40,000	2,267,575	39.44	0.41	18
2009	2,419,120	-	2,419,120	38.50	0.46	19
2010	2,260,160	400,000	2,660,160	36.68	0.49	21
2011	2,176,975	265,000	2,441,975	41.84	0.43	19
2012	2,092,600	300,000	2,392,600	44.77	0.41	19
2013	2,003,800	300,000	2,303,800	48.79	0.38	18
2014	2,009,355	225,000	2,234,355	50.31	0.36	17
2015	1,908,745	225,000	2,133,745	54.80	0.34	17
2016	1,897,830	150,000	2,047,830	54.89	0.31	16

Note:

[a] Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

[b] See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

LEGAL DEBT CAPACITY

(In Thousands)

2016

Legal Debt Margin:	Balance Outstanding at December 31, 2016	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	$27,610			
1991A General Obligation Bonds	32,355			
1994B General Obligation Bonds	3,685			
1994D General Obligation Bonds	18,875			
1997 General Obligation Refunding Bonds	33,160			
2003B General Obligation Bonds	112,995			
2005B General Obligation Refunding Bonds	90,140			
2010A General Obligation Bonds	35,030			
2010B General Obligation Bonds	112,925			
2011A General Obligation Refunding Bonds	44,475			
2014A General Obligation Bonds	96,200			
2016A General Obligation Bonds	95,470			
Total RTA Bonds Applicable to Limitation	702,920			(702,920)
SCIP Bonds:				
1992A General Obligation Bonds	-	188,000		
1993A General Obligation Bonds	-	55,000		
1994A General Obligation Bonds	8,985	195,000		
1994C General Obligation Bonds	12,580	62,000		
1999 General Obligation Refunding Bonds	178,290	-		
2000 General Obligation Bonds	178,160	260,000		
2001A General Obligation Bonds	69,350	100,000		
2001B General Obligation Refunding Bonds	22,520	-		
2002A General Obligation Bonds	115,920	160,000		
2003A General Obligation Bonds	196,015	260,000		
2004A General Obligation Bonds	201,960	260,000		
2006A General Obligation Bonds	211,130	250,030		
	1,194,910			
Total SCIP Bonds Applicable to Limitation		1,790,030		(1,790,030)
Total SCIP Bonds Outstanding				
Total Bonds Outstanding	$1,897,830			
Debt Margin for General Obligations				107,050
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				$357,050

TABLE 10

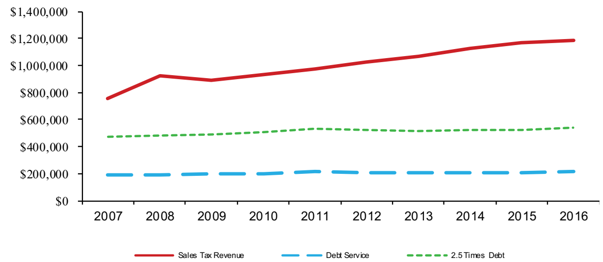
REGIONAL TRANSPORTATION AUTHORITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(In Thousands)

	Fiscal Year									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Debt limit for General Obligations	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000	$ 2,600,000
Total net debt applicable to limit	2,468,755	2,440,700	2,411,155	2,553,355	2,513,670	2,475,325	2,435,275	2,492,385	2,446,390	2,492,950
Debt margin for General Obligations	131,245	159,300	188,845	46,645	86,330	124,675	164,725	107,615	153,610	107,050
Debt limit for Working Cash Notes	100,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total net debt applicable to limit	40,000	56,000	260,000	400,000	265,000	300,000	300,000	225,000	225,000	150,000
	60,000	344,000	140,000	-	135,000	100,000	100,000	175,000	175,000	250,000
Legal debt margin	$ 191,245	$ 503,300	$ 328,845	$ 46,645	$ 221,330	$ 224,675	$ 264,725	$ 282,615	$ 328,610	$ 357,050
Total legal debt margin as a percentage of debt limit	7.08%	16.78%	10.96%	1.55%	7.38%	7.49%	8.82%	9.42%	10.95%	11.90%

Table 11

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2007 - 2016
(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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax Revenue	$752,922	$921,245	$894,238	$931,435	$975,670	$1,021,686	$1,071,225	$1,123,997	$1,169,267	$1,185,182
Debt Service Requirement	$188,551	$192,555	$197,529	$201,994	$212,441	$208,712	$206,228	$208,985	$211,041	$214,984
2.5 Times Debt Service Requirement	$471,378	$481,388	$493,823	$504,985	$531,103	$521,780	$515,570	$522,463	$527,603	537,460

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 12

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

Last Ten Years *(In Thousands)*

	Debt Service Requirements			Total	Ratio of Debt Service to Total
Year	Principal	Interest	Total	Expenditures	Expenditures
2007	$ 59,135	$ 129,416	$ 188,551	$ 1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
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%

Table 13

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
2007	449.49	288.61	128.45	32.43	-
2008	489.91	279.38	169.55	40.98	-
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	-
Total	$ 7,059.03	$ 4,389.50	$ 2,054.08	$ 575.67	$ 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*

REGIONAL TRANSPORTATION AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate [2]
2007	12,695,866	$ 532,587,009	$ 41,950	5.1%
2008	12,747,038	554,521,494	43,502	6.4%
2009	12,796,778	522,945,597	40,865	10.0%
2010	12,841,980	539,680,018	42,025	10.5%
2011	12,869,257	562,662,480	43,721	9.8%
2012	12,875,255	577,008,488	44,815	8.9%
2013	12,882,135	602,627,109	46,780	9.2%
2014	12,880,580	619,808,386	48,120	7.1%
2015	12,861,699	636,280,652	49,471	5.9%
2016	12,801,539	666,935,503	52,098	5.9%

(1) Source: Bureau of Economic Analysis U.S. Department of Commerce

(2) Source: Bureau of Labor Statistics Data U.S. Department of Labor

TABLE 15

REGIONAL TRANSPORTATION AUTHORITY
PRINCIPAL EMPLOYERS

	CURRENT YEAR 2016				Eight Years Ago 2008		
Employer [1]	Employees	Rank	% of Total Region Employment	Employer [1]	Employees	Rank	% of Total Region Employment
United States Government	42,663	1	0.98%	United States Government	78,000	1	1.99%
Chicago Public Schools	35,862	2	0.82%	Chicago Public Schools	43,910	2	1.12%
City of Chicago	30,754	3	0.71%	City of Chicago	35,570	3	0.91%
Cook County	20,716	4	0.48%	Wal-Mart Stores	23,453	4	0.60%
Advocate Health Care	18,930	5	0.44%	Cook County	22,142	5	0.56%
University of Chicago	16,374	6	0.38%	Advocate Health Care	15,660	6	0.40%
Northwestern Memorial Healthcar	15,747	7	0.36%	University of Chicago	15,660	7	0.40%
JP Morgan Chase & Co.	15,229	8	0.35%	Walgreen	14,287	8	0.36%
United Continental Holdings Inc	15,157	9	0.35%	AT&T	14,254	9	0.36%
State of Illinois	13,524	10	0.31%	United Airlines	14,000	10	0.36%
Total	224,956		5.17%		276,936		7.06%

Note: RTA service area includes Cook and the five collar Counties.
The information obtained from the sources below has been adjusted
to reflect only employers from these areas.

(1) Crain's Chicago Business

Table 16

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2016

Chicago Transit Authority

Rapid Transit

- *8* rail lines
- *145* stations served
- *1,499* rapid transit cars
- *238.6* million riders per year
- *1,770* STO* positions

Motor Bus

- *129* bus routes
- *1,881* buses
- *259.1* million riders per year
- *3,754* STO* positions

CTA Totals

- *1.5* billion rail passenger miles per year
- *642.6* million bus passenger miles per year
- *128.3* million vehicle revenue miles per year
- *4,345* 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
- *241* stations
- *149* locomotives
- *845* passenger cars
- *186* electric cars
- *709* weekday trains operated
- *80.1* million riders per year
- *4,870* full-time employees
- *1.8* billion passenger miles per year
- *45.7* million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route Bus

- *155* regular routes
- *42* feeder routes
- *15* shuttle routes
- *613* vehicles in use during peak periods
- *28.6* million riders per year
- *730* Pace-owned buses
- *1,604* full-time employees

ADA Paratransit

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

Dial-a-Ride

- *65* local services
- *197* Pace-owned lift-equipped vehicles in service
- *210* communities served
- *1.1* million riders per year

Vanpool

- *635* vanpool vehicles in operation
- *1.6* million riders per year

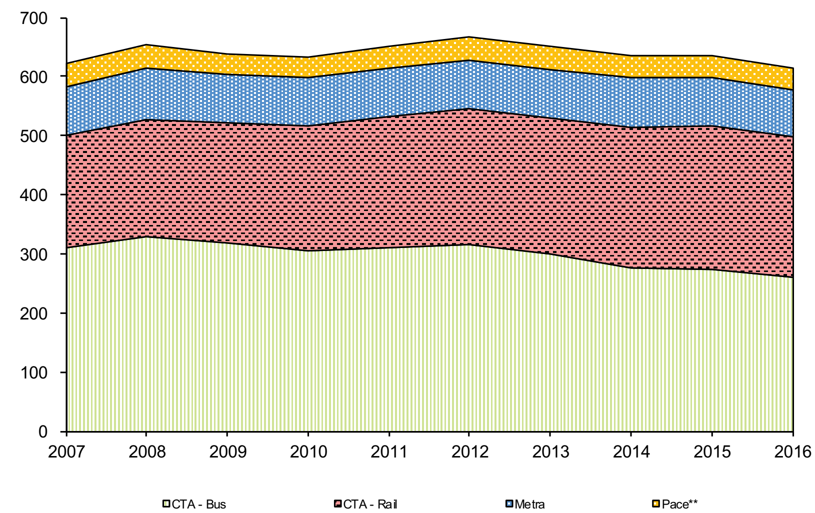
Source of data: Information obtained from the Service Boards, the NTD, and RTA records.

Table 17

System Ridership and Unlinked Passenger Trips

2007-2016

(In Millions)



Last Ten Years *(In Millions)*

Service Consumed:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CTA - Bus	309.3	328.2	318.7	306	310.4	314.4	300.1	276.1	274.3	259.1
CTA - Rail	190.3	198.1	202.6	210.9	221.6	231.2	229.1	238.1	241.7	238.6
Total CTA*	499.6	526.3	521.3	516.9	532.0	545.6	529.2	514.2	516.0	497.7
Metra	83.3	86.8	82.3	81.4	82.7	81.3	82.3	83.4	81.6	80.1
Pace**	39.2	40.5	35.1	35.1	37.1	39.2	39.9	38.9	37.3	35.4
System Total	622.1	653.6	638.7	633.4	651.8	666.1	651.4	636.5	634.9	613.2
Percent Change	1.6%	5.1%	-2.3%	-0.8%	2.9%	2.2%	-2.2%	-2.3%	-0.3%	-3.4%

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.

Table 18

Regional Transportation Authority
Full-time Employee by Function

Last Five Fiscal Years

	2012	2013	2014	2015	2016
Audit	3	3	4	0	0
Executive Office	2	2	2	2	2
Capital Programming Planning & Performance	0	0	0	24	24
Communications and Public Affairs	11	0	2	3	2
Customer Service/Mobility Services	0	34	36	32	28
Finance & Performance Management	26	25	22	0	0
Finance Innovation & Technology	0	0	0	24	25
Human Resources	3	3	3	3	3
Information Technology	7	9	9	0	0
Legal	6	6	7	0	0
Legal and Compliance	0	0	0	13	13
Goverrnment Affairs	0	0	0	3	3
Government and Community Affairs	6	8	5	0	5
Planning	47	0	0	0	0
Planning and Market Development	0	20	22	0	0
Totals	**111**	**110**	**112**	**104**	**105**

Source: RTA HR records

Regional Transportation Authority

175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Phone: 312-913-3200

RTAChicago.org

Follow us on

Chicago Transit Authority
567 W. Lake St.
Chicago, IL 60661
888-968-7282
www.transitchicago.com

Metra
547 W. Jackson Blvd.
Chicago, IL 60661
312-322-6777
www.metrarail.com

Pace
550 W. Algonquin Rd.
Arlington Heights, IL 60005
847-364-7223
www.pacebus.com

APPENDIX C

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS OF THE AUTHORITY AND THE SERVICE BOARDS FOR THE PERIOD ENDED DECEMBER 31, 2016

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Regional Transportation Authority

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

Special -Purpose Combining Financial Statements

2016 Report

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(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 23, 2017

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, 2016. 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
CFO, Senior Deputy Executive Director,
Finance, Innovation and Technology
Regional Transportation Authority

cta
Metra
pace

RSM

Independent Accountant's Compilation Report

RSM US LLP

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, 2016, 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.

Other Matter
The accompanying supplementary information and statistical information, as listed in the table of contents is presented for the 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 23, 2017

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016
(In Thousands)

		Service Boards			Combining		
	RTA	Chicago	Commuter	Suburban	Adjustments		Total
ASSETS:	Government - Wide	Transit Authority	Rail Division	Bus Division	Debit	Credit	Combined
CURRENT ASSETS:							
Cash and investments:							
Restricted - cash and cash equivalents	$ 109,981	$ 103,755	$ -	$ -	$ -	$ -	$ 213,736
Unrestricted - cash and cash equivalents	-	79,127	132	95,088	-	-	174,347
Restricted - investments	122,685	-	191,793	1,201	-	-	315,679
Unrestricted - investments	179,063	119,942	40,081	-	-	-	339,086
Receivables:							
Intergovernmental receivables	366,318	-	-	-	-	10,563	355,755
Grant projects	-	-	69,859	6,046	-	1,259	74,646
RTA financial assistance	-	315,372	98,715	52,894	-	137,343	329,638
Other receivables	-	141,259	4,875	11,805	-	1,211	156,728
Accrued interest on investments	42	-	-	-	-	-	42
Materials and supplies inventory	-	30,622	14,674	6,348	-	-	51,644
Prepaid expenses and other assets	-	5,575	2,130	2,101	-	-	9,806
Assets restricted for repayment of leasing commitments - current	13,404	-	-	-	-	-	13,404
Total current assets	791,493	795,652	422,258	175,483	-	150,376	2,034,511
Capital assets:							
Plant, property and equipment	9,714	11,168,397	7,241,837	641,063	-	-	19,061,011
Capital projects in progress	1,367	680,258	10,413	30,495	-	-	722,533
Less accumulated depreciation	(7,491)	(6,872,782)	(4,279,706)	(433,295)	-	-	(11,593,274)
Total capital assets	3,590	4,975,873	2,972,544	238,263	-	-	8,190,270
Other assets:							
Prepaid insurance bonds	2,664	-	-	-	-	-	2,664
Derivative instrument	-	-	-	-	-	-	-
Net pension asset	-	616	-	-	-	-	616
Restricted cash and investments with Trustee	-	275,197	-	-	-	-	275,197
Restricted assets under sale/leaseback	-	79,842	-	1,156	-	-	80,998
Total other assets	2,664	355,655	-	1,156	-	-	359,475
TOTAL ASSETS	797,747	6,127,180	3,394,802	414,902	-	150,376	10,584,256
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred loss on refunding	-	15,587	-	-	-	-	15,587
Pension related amounts	5,924	256,050	23,975	22,439	-	-	308,388
Total assets and deferred outflows of resources	$ 803,671	$ 6,398,817	$ 3,418,777	$ 437,341	$ -	$ 150,376	$ 10,908,230

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2016
(In Thousands)

		Service Boards			Combining Adjustments		
LIABILITIES	RTA Government-Wide	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	Total Combined
CURRENT LIABILITIES:							
Accrued expenses	$ 62,791	$ 472,390	$ 200,537	$ 89,393	$ 11,774	$ -	$ 813,337
Accrued interest payable	31,302	21,421	-	-	-	-	52,723
Intergovernmental payables	154,300	-	-	-	138,602	-	15,698
Current portion of long-term liabilities	118,350	205,341	-	1,200	-	-	324,891
Total current liabilities	366,743	699,152	200,537	90,593	150,376	-	1,206,649
LONG-TERM LIABILITIES:							
Long-term portion of general obligation bond, net	2,032,849	4,012,477	-	8,400	-	-	6,053,726
Other long-term liabilities	32,776	2,103,963	81,413	50,432	-	-	2,268,584
Total long-term liabilities	2,065,625	6,116,440	81,413	58,832	-	-	8,322,310
Total liabilities	2,432,368	6,815,592	281,950	149,425	150,376	-	9,528,959
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows of resources - pension related	4,758	-	770	2,113	-	-	7,641
Accumulated increase in fair value of hedging derivatives/others	-	-	-	-	-	-	-
Total deferred inflows of resources	4,758	-	770	2,113	-	-	7,641
NET POSITION (DEFICIT):							
Invested in capital assets, net of related debt	3,590	2,707,945	2,972,544	229,819	-	-	5,913,898
Net position restricted for:							
Payment on obligations and others	-	33,138	-	1,200	-	-	34,338
Unrestricted (deficit)	(1,637,045)	(3,157,858)	163,513	54,783	1,689,672	1,689,672	(4,576,607)
TOTAL NET POSITION (DEFICIT)	$ (1,633,455)	$ (416,775)	$ 3,136,057	$ 285,802	$ 1,689,672	$ 1,689,672	$ 1,371,629

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, 2016
(In Thousands)

		Service Boards			Combining Adjustments		
	RTA Government-Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 625,050	$ 378,736	$ 71,008	$ 167	$ -	$ 1,074,627
Sales taxes	131,623	-	-	-	-	1,196,596	1,328,219
Interest on sales taxes	116	-	-	-	-	-	116
Public Transportation Fund and state assistance	398,221	-	-	-	171,690	-	226,531
Operating assistance - CTA and Pace	12,062	-	-	-	12,062	-	-
State assistance (ASA/AFA)	130,234	-	-	-	-	-	130,234
Investment income	19,203	-	-	-	-	-	19,203
Program revenues and others	19,673	-	-	-	-	-	19,673
Total revenues	711,132	625,050	378,736	71,008	183,919	1,196,596	2,798,603
EXPENSES:							
Operating expenses	-	1,397,536	741,804	378,366	-	350	2,517,356
Depreciation	-	446,039	228,552	40,562	-	-	715,153
Financial assistance to Service Boards	225,231	-	-	-	-	225,231	-
Capital grants—discretionary	207	-	-	-	-	207	-
Capital grants—bonds	213,155	-	-	-	-	213,155	-
Operating grant - CTA and Pace	48,287	-	-	-	-	48,287	-
Insurance (JSIF)	5,846	-	-	-	-	5,846	-
Administrative expenses	20,342	-	-	-	-	-	20,342
Regional expenses	28,006	-	-	-	-	-	28,006
Technology program	2,058	-	-	-	-	-	2,058
Interest expense	124,069	-	-	-	-	-	124,069
Total expenses	667,201	1,843,575	970,356	418,928	-	493,076	3,406,984
OPERATING INCOME (LOSS)	43,931	(1,218,525)	(591,620)	(347,920)	183,919	1,689,672	(608,381)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance	-	809,748	392,096	306,835	1,274,227	-	234,452
Leasehold revenue	-	844	-	-	-	-	844
Interest revenue from leasing transactions	-	2,417	-	669	-	-	3,086
Interest expense on leasing transactions	-	(9,554)	-	(669)	-	-	(10,223)
Interest expense on bond transactions	-	(196,217)	-	-	-	-	(196,217)
Interest expense	-	-	-	1,632	-	-	1,632
Other public funding	-	46,138	145,487	4,174	-	-	195,799
Capital grants	-	478,081	96,190	61,719	231,526	-	404,464
Gain on sale of assets	-	3,771	-	-	-	-	3,771
Investment income	-	3,785	-	331	-	-	4,116
Total nonoperating revenue (expense)	-	1,139,013	633,773	374,691	1,505,753	-	641,724
CHANGE IN NET POSITION	43,931	(79,512)	42,153	26,771	1,689,672	1,689,672	33,343
NET POSITION (DEFICIT):							
Beginning of year	(1,677,386)	(337,263)	3,093,904	259,032	-	-	1,338,287
End of year	$ (1,633,455)	$ (416,775)	$ 3,136,057	$ 285,803	$ 1,689,672	$ 1,689,672	$ 1,371,630

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(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	$ -	$ 580,214	$ 342,043	$ 58,653	$ 980,910
Payments to employees	-	(1,001,439)	(495,312)	(137,550)	(1,634,301)
Payments to vendors	(5,711)	(322,091)	(207,903)	(243,696)	(779,401)
Other receipts and payments	-	65,531	41,322	8,299	115,152
Net cash used in operating activities	(5,711)	(677,785)	(319,850)	(314,294)	(1,317,640)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating	10,543	853,130	392,225	310,802	1,566,700
Net cash provided by noncapital financing activities	10,543	853,130	392,225	310,802	1,566,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest income from assets restricted for payment of leasehold obligations	-	2,417	-	-	2,417
Repayment of lease obligations	-	(25,403)	-	-	(25,403)
Increase/decrease in assets restricted for payment of leasehold obligations	-	4,850	-	-	4,850
Financial assistance—grant projects	-	485,657	238,755	64,723	789,135
Interest expense on bonds	-	(204,022)	-	(283)	(204,305)
Repayment of bonds payable	-	(88,465)	-	(1,200)	(89,665)
Proceeds from long-term liabilities	-	7,146	-	-	7,146
Payments for capital acquisition	-	(451,347)	(262,256)	(68,342)	(781,945)
Net cash provided by (used in) capital and related financing activities	-	(269,167)	(23,501)	(5,102)	(297,770)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	52	3,785	-	614	4,451
Sales and purchases of investments, net	7,998	90,471	(53,144)	-	45,325
Net cash provided by (used in) investing activities	8,050	94,256	(53,144)	614	49,776
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,882	434	(4,270)	(7,980)	1,066
CASH AND CASH EQUIVALENTS—Beginning of year	10,353	182,448	4,402	105,426	302,629
CASH AND CASH EQUIVALENTS—End of year	$ 23,235	$ 182,882	$ 132	$ 97,446	$ 303,695
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	$ (5,846)	$ (1,218,525)	$ (591,620)	$ (347,921)	$ (2,163,912)
Adjustments to reconcile operating loss to net cash flow s from operating activities:					
Depreciation	-	446,039	228,552	40,562	715,153
Claims provision and settlement	-	-	6,377	-	6,377
State reduced fare assistance	-	-	(1,004)	-	(1,004)
Changes in current assets and liabilities	135	94,701	37,845	(6,935)	125,746
NET CASH USED IN OPERATING ACTIVITIES	$ (5,711)	$ (677,785)	$ (319,850)	$ (314,294)	$ (1,317,640)
AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION:					
Cash	$ 19,671	$ -	$ -	$ -	$ 19,671
Cash equivalents(maturities less than 90 days):					
Money market fund	3,563	-	-	-	3,563
NET AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION	$ 23,234	$ -	$ -	$ -	$ 23,234
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Accretion of interest on lease/leaseback obligation	$ -	$ 6	$ -	$ -	$ -
Retirement of fully depreciated capital assets	-	86	-	-	86
Purchases of capital assets in accounts payable at year-end	-	35	-	895	930
RTA assistance not received	-	315	-	-	315
Capital grant assistance not received Unbilled w ork in progress	-	101	-	-	101
NET NONCASH INVESTING AND FINANCING ACTIVITIES	$ -	$ 543	$ -	$ 895	$ 1,438

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 RTA 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.

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 (American with Disabilities Act) services in the City of Chicago and the surrounding six counties. The Bill states that Pace becomes the official operator of 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.

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, 2016 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*.

In the judgment of the management of each of the entities and their analysis and application of Statement No. 14 and Statement No. 61 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 governmental accounting and financial reporting standards in the United States of America. In arriving at this conclusion, the following factors were considered:

- The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), 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, 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.

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements under Statement No. 14 and Statement No. 61. 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.

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.

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.

Revenue/Sales Taxes

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).

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.

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.

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.

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 2016, which ends June 30, 2016, 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, 2016, the grant was in the amount of $17.57 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 bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $40 million of ASA in 2016.

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 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 2016 and 2017, per year. The RTA recognized $90.4 million of AFA in 2016.

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.

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 Check 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, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents aggregated $23.2 million at December 31, 2016 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net position. The remaining $750 thousand constitutes investments in the Joint Self-Insurance Fund with original maturities in excess of three months.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits ("OPEB")) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the December 31, 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits ("OPEB")). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the December 31, 2018 financial statements.

GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority is currently evaluating GASB Statement No. 80 and, if applicable, will implement in the appropriate period

GASB issued 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.

GASB issued 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.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pension and other post-employment benefits ("OPEB")). Where applicable, RTA will adopt GASB Statement No. 85 for its December 31, 2018 financial statements.

GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

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 sales tax agency fund.

The annual budget and related appropriations are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America except for RTA capital expenses and capital grants to the Service Boards. The RTA capital expenses 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 expenses 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 expenses. 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 expenses in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenses and total administration appropriations/expenses. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenses and the total administration appropriations/expenses. It is generally 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, unfavorable economic conditions created the need to waive this policy for purposes of the adoption of the 2016 budget and 2017-2018 financial plan and the 2017 budget and 2018-2019 financial plan. Also waived for the purpose of the adoption of the 2017 budget and 2018-2019 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires that the RTA annual budget and two-year financial plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period.

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 expenses and the payment of PTF funds, unallocated RTA sale 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. LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multi-year leases for vehicles and bus tires.

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 $42.1 million and $51.8 million at December 31, 2016 and 2015, 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 and 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 $943 thousand is recorded as a deferred outflow of resources. The present value of the future payments to be made by the CTA under the lease of approximately $43.9 million is reflected in the accompanying December 31, 2016 Statements of Net Position as a capital lease obligation.

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.

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 and 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 $796 thousand is recorded as a deferred outflow of resources in the accompanying December 31, 2016 Statements of Net Position.

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 $69.8 million is reflected in the accompanying December 31, 2016 Statements of Net Position 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 $145.9 million and $157.2 million at December 31, 2016 and 2015, respectively. 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 present value of the future payments to be made by the CTA under the single remaining lease and leaseback of approximately $77 million is reflected in the accompanying December 31, 2016 Statements of Net Position as a capital lease obligation.

During 1997, the CTA entered into four lease and leaseback agreements (the 1997 Agreements) with a third party pertaining to certain of its facilities having a book value of $26.5 million and $33.3 million at December 31, 2016 and 2015, respectively. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (the Leases). The CTA received certain funds as prepayment by the Equity Trust. The funds were deposited in designated investment accounts sufficient to meet the payments required under the Leases and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due by the CTA and may take possession of the facilities upon a default by the CTA under the Lease. No other lease payments are required until the end of each lease. On April 7, 2015, CTA exercised an option to early terminate the 1997 Agreements and therefore no capital lease obligation is reflected as of December 31, 2016.

During 1996, the CTA entered into similar lease and leaseback agreements (the 1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of $33.3 million and $35.8 million at December 31, 2016 and 2015, respectively. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the 1996 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1996 Lease). On April 7, 2015, CTA exercised an option to early terminate the 1997 Agreements and therefore no capital lease obligation is reflected as of December 31, 2016.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2016 are as follows (in thousands of dollars):

The following table sets forth the aggregate amounts due under the sublease agreements:

2016	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
1998 (Green)	$ 78,629	$ 5,630	$ (7,268)	$ 76,991	$ 5,630	$ -
2006 PBC Lease	72,285	-	(2,530)	69,755	3,659	2,660
2008 Bus Lease	55,799	-	(11,934)	43,865	1,152	12,195
Total capital lease obligation	$ 206,713	$ 5,630	$ (21,732)	$ 190,611	$ 10,441	$ 14,855

* Additions include accretion of interest.

Future Minimum Lease Payments: As of December 31, 2016, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

Year Ending December 31	Amount
2017	$ 14,855
2018	99,717
2019	15,651
2020	9,537
2021	3,225
2022-2026	18,850
2027-2031	24,505
2032-2033	11,750
Total future minimum payments	198,090
Less interest	7,479
Present value of minimum lease payments	$ 190,611

The present value of all future payments to be made by the CTA under all its leases of approximately $190.6 million is reflected in the accompanying December 31, 2016 statement of net position as capital lease obligations.

Pace

In 2003, Pace entered into two lease and leaseback agreements and realized a gain of $2.4 million from the proceeds. The transactions allowed Pace to earn an up-front economic cash benefit for transferring ownership (not legal title) of a group of assets to a taxpayer that could take advantage of the benefits of tax ownership.

The first lease and leaseback agreement with a third party pertained to certain buses (lot 1, 2, and 3) having an original cost of $62.2 million has been fully depreciated as of December 31, 2015. Under the bus lease agreements, Pace entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. All payments were made in 2016 resulting in no capital lease obligation as of December 31, 2016.

The second lease and leaseback agreement with a third party pertained to certain buses (lot 4) having an original cost of $29.0 million has been fully depreciated as of December 31, 2016. Under the bus lease agreements, Pace entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. All payments were made in 2016 resulting in no capital lease obligation as of December 31, 2016.

2016	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	$ 30,068	$ 291	$ 30,359	$ -	$ 291	$ -
2003 (Buses)	37,999	378	38,377	-	378	-
Total	$ 68,067	$ 669	$ 68,736	$ -	$ 669	$ -

As described above, Pace entered into two lease financing agreements with a third party in 2003.

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

Defeased Debt: On October 26, 2006, the 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 outstanding balance of the defeased debt was $57.6 million as of December 31, 2016.

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. The remaining investor, on the 1998-JH transaction, entered into a conditional forbearance agreement that allows CTA to continue to use AIG as long as the rating does not fall below BB by Standard & Poor's and Ba2 by Moody's.

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, 2016, Metra had $382.7 million in obligations related to federal, state, and local capital grant contracts that are in progress.

Leases: Metra has entered into 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, 2016 were as follows:

Year Ending December 31	Amount
2017	$ 10,484
2018	10,486
2019	4,830
2020	2,003
2021	2,005
2022-2026	9,352
2027-2031	5,936
2032-2036	5,936
Thereafter	10,685
Total	$ 61,717

Total rent expense aggregated $16.1 million and $16.4 million for the years ended December 31, 2016 and 2015, respectively.

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 31, 2016.

Bond Issuance	Fund Debt Retired By	Beginning Balance	Issuances	Retirements	Ending Balance at 12/31/06	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	$ 10,800,000	$ -	$ 1,200,000	$ 9,600,000	$ 1,200,000

Annual requirements to amortize all debt outstanding as of December 31, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 1,200,000	$ 264,000	$ 1,464,000
2018	1,200,000	241,800	1,441,800
2019	1,200,000	216,000	1,416,000
2020	1,200,000	186,600	1,386,600
2021	1,200,000	154,200	1,354,200
2022	1,200,000	119,400	1,319,400
2023	1,200,000	82,200	1,282,200
2024	1,200,000	42,000	1,242,000
Total	$ 9,600,000	$ 1,306,200	$ 10,906,200

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 $10.9 million. Principal and interest paid for the current year is $1.5 million, and the Suburban Service Funds' operating revenue for the current year is $55.1 million

RTA

The RTA has an operating lease agreement for its office facilities. In 2016, the total rent paid by the RTA was $1,608,574. Minimum required annual rental payments by the RTA are as follows:

Year Ending December 31,	Amount
2017	$ 1,572
2018	1,603
2019	1,661
2020	1,596
2021	1,716
Thereafter	4,986
Total	$ 13,134

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, 2016; $1.0 billion of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $337.6 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 9. GENERAL OBLIGATION BONDS PAYABLE

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

(In thousands)	January 1, 2016	New Issues	Current Retirements	December 31, 2016	Due Within One Year
1990A	$ 33,395	$ -	$ 5,785	$ 27,610	$ 6,200
1991A	37,660	-	5,305	32,355	5,660
1994A* & 1994B	24,395	-	11,725	12,670	12,670
1994C* & 1994D	39,410	-	7,955	31,455	8,600
1997 Refunding	37,140	-	3,980	33,160	4,230
1999* Refunding	188,715	-	10,425	178,290	11,045
2000A*	186,030	-	7,870	178,160	8,345
2001A*	72,245	-	2,895	69,350	3,060
2001B* Refunding	25,080	-	2,560	22,520	2,710
2002A*	120,270	-	4,350	115,920	4,600
2003A*	202,955	-	6,940	196,015	7,320
2003B	117,005	-	4,010	112,995	4,225
2004A*	208,535	-	6,575	201,960	6,920
2005B Refunding	90,825	-	685	90,140	720
2006A*	216,415	-	5,285	211,130	5,615
2010A	39,935	-	4,905	35,030	5,150
2010B	112,925	-	-	112,925	-
2011A Refunding	58,035	-	13,560	44,475	14,165
2014A	97,775	-	1,575	96,200	1,640
2014A1 Cash Note	225,000	-	225,000	-	-
2016 A	-	95,470	-	95,470	1,450
2016C Cash Note	-	150,000	-	150,000	-
2016A Direct Placement	-	101,250	101,250	-	-
Subtotal	2,133,745	346,720	432,635	2,047,830	114,325
Unamortized bond premium	99,344	11,011	7,048	103,307	3,963
Total	$ 2,233,089	$ 357,731	$ 439,683	$ 2,151,137	$ 118,288

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2016, the total general obligation bonds payable of $2,047.8 million are classified as current and long-term in the Statement of Net Position in the amounts of $114.3 million and $1,933.5 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 include sinking fund payments the RTA must deposit with the trustee.

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 114,325	$ 105,311	$ 219,636
2018	271,295	97,663	368,958
2019	128,345	89,451	217,796
2020	119,655	82,495	202,150
2021	118,450	75,730	194,180
2022-2026	533,680	288,032	821,712
2027-2031	447,420	153,633	601,053
2032-2036	225,505	45,398	270,903
2037-2041	45,490	14,969	60,459
2042-2044	43,665	4,034	47,699
Total	$ 2,047,830	$ 956,716	$ 3,004,546

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 6,200	$ 1,988	$ 8,188
2018	6,645	1,542	8,187
2019	7,125	1,063	8,188
2020	7,640	550	8,190
Total	$ 27,610	$ 5,143	$ 32,753

***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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 5,660	$ 2,168	$ 7,828
2018	6,040	1,789	7,829
2019	6,445	1,384	7,829
2020	6,875	952	7,827
2021	7,335	491	7,826
Total	$ 32,355	$ 6,784	$ 39,139

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 Series 1994A and 1994B Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 3.75% to 8.00% on December 1, 1994 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994A and 1994B Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 12,670	$ 507	$ 13,177

In December 1994, the RTA issued $62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued $130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA’s rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace’s construction of bus garages and purchase of new buses and paratransit vehicles.

The 1994C and 1994D Bonds mature on June 1 over a thirty-year 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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 8,600	$ 2,105	$ 10,705
2018	9,295	1,411	10,706
2019	10,040	662	10,702
2020-2025	3,520	136	3,656
Total	$ 31,455	$ 4,314	$ 35,769

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ 4,230	$ 1,863	$ 6,093
2018	4,485	1,601	6,086
2019	4,765	1,324	6,089
2020	5,055	1,029	6,084
2021	5,375	716	6,091
2022-2023	9,250	491	9,741
Total	$ 33,160	$ 7,024	$ 40,184

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.

Debt service requirements on the Series 1999 Refunding Bonds to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2017	$ 11,045	$ 9,990	$ 21,035
2018	21,400	9,057	30,457
2019	22,650	7,790	30,440
2020	23,980	6,450	30,430
2021	29,170	4,922	34,092
2022-2025	70,045	5,932	75,977
Total	$ 178,290	$ 44,141	$ 222,431

***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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 8,345	$ 11,404	$ 19,749
2018	8,860	10,883	19,743
2019	9,405	10,329	19,734
2020	9,985	9,741	19,726
2021	10,605	9,117	19,722
2022-2026	63,860	34,676	98,536
2027-2030	67,100	11,236	78,336
Total	$ 178,160	$ 97,386	$ 275,546

***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.

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 3,060	$ 4,091	$ 7,151
2018	3,230	3,907	7,137
2019	3,415	3,729	7,144
2020	3,610	3,542	7,152
2021	3,810	3,343	7,153
2022-2026	22,545	13,111	35,656
2027-2031	29,680	5,539	35,219
Total	$ 69,350	$ 37,262	$ 106,612

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:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 2,710	$ 1,164	$ 3,874
2018	2,865	1,011	3,876
2019	3,025	848	3,873
2020	3,195	678	3,873
2021	3,380	497	3,877
2021-2023	7,345	410	7,755
Total	$ 22,520	$ 4,608	$ 27,128

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.

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:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 4,600	$ 6,944	$ 11,544
2018	4,860	6,679	11,539
2019	5,140	6,388	11,528
2020	5,440	6,079	11,519
2021	5,755	5,753	11,508
2022-2026	34,170	23,167	57,337
2027-2031	45,270	11,659	56,929
2032	10,685	641	11,326
Total	$ 115,920	$ 67,310	$ 183,230

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 7,320	$ 11,349	$ 18,669
2018	7,720	10,946	18,666
2019	8,145	10,522	18,667
2020	8,595	10,074	18,669
2021	9,070	9,601	18,671
2022-2026	53,310	39,953	93,263
2027-2031	68,945	22,706	91,651
2032-2033	32,910	2,988	35,898
Total	$ 196,015	$ 118,139	$ 314,154

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 4,225	$ 6,228	$ 10,453
2018	4,455	5,989	10,444
2019	4,695	5,738	10,433
2020	4,945	5,472	10,417
2021	5,215	5,193	10,408
2022-2026	30,595	21,218	51,813
2027-2031	39,785	11,435	51,220
2032-2033	19,080	1,111	20,191
Total	$ 112,995	$ 62,384	$ 175,379

***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.

Debt service requirements on the Series 2004A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 6,920	$ 11,123	$ 18,043
2018	7,295	10,715	18,010
2019	7,685	10,294	17,979
2020	8,100	9,860	17,960
2021	8,540	9,401	17,941
2022-2026	50,115	39,418	89,533
2027-2031	65,155	23,588	88,743
2032-2034	48,150	4,250	52,400
Total	$ 201,960	$ 118,649	$ 320,609

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:

Year Ending December 31	Debt Service Requirements Principal	Interest*	Total
2017	$ 720	$ 2,963	$ 3,683
2018	4,735	2,873	7,608
2019	4,955	2,713	7,668
2020	12,555	2,424	14,979
2021	13,190	1,999	15,189
2022-2025	53,985	3,388	57,373
Total	$ 90,140	$ 16,360	$ 106,500

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

2006 General Obligation Bonds—In October 2006, the RTA issued $250 million in General Obligation Bonds, Series 2006A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

The Series 2006A Bonds mature on July 1, over a thirty-year period and interest is payable at rates ranging from 4.25% to 5.00% on January 1, 2007 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2006A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 5,615	$ 10,302	$ 15,917
2018	5,970	10,021	15,991
2019	6,295	9,723	16,018
2020	6,650	9,408	16,058
2021	7,010	9,076	16,086
2022-2026	81,025	36,436	117,461
2027-2031	60,545	14,796	75,341
2032-2035	38,020	5,572	43,592
Total	$ 211,130	$ 105,334	$ 316,464

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 5,150	$ 1,752	$ 6,902
2018	5,405	1,494	6,899
2019	5,680	1,223	6,903
2020	5,960	940	6,900
2021	6,260	642	6,902
2021-2022	6,575	329	6,904
Total	$ 35,030	$ 6,380	$ 41,410

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ -	$ 6,622	$ 6,622
2018	-	6,622	6,622
2019	-	6,621	6,621
2020	-	6,621	6,621
2021	-	6,622	6,622
2022-2026	29,105	30,793	59,898
2027-2031	43,020	20,145	63,165
2032-2035	40,800	6,238	47,038
Total	$ 112,925	$ 90,284	$ 203,209

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.

Debt service requirements on the Series 2011A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ 14,165	$ 1,870	$ 16,035
2018	14,810	1,145	15,955
2019	15,500	388	15,888
Total	$ 44,475	$ 3,403	$ 47,878

***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
2017	$ 1,640	$ 4,744	$ 6,384
2018	1,705	4,677	6,382
2019	1,785	4,598	6,383
2020	1,875	4,506	6,381
2021	1,970	4,410	6,380
2022-2026	11,480	20,429	31,909
2027-2031	14,735	17,168	31,903
2032-2036	18,925	12,982	31,907
2037-2041	24,300	7,606	31,906
2042-2044	17,785	1,363	19,148
Total	$ 96,200	$ 82,483	$ 178,683

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.

Debt service requirements on the Series 2016A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 1,450	$ 4,259	$ 5,709
2018	1,520	4,192	5,712
2019	1,595	4,114	5,709
2020	1,675	4,033	5,708
2021	1,765	3,947	5,712
2022-2026	10,275	18,280	28,555
2027-2031	13,185	15,361	28,546
2032-2036	16,935	11,616	28,551
2037-2041	21,190	7,363	28,553
2042-2046	25,880	2,671	28,551
Total	$ 95,470	$ 75,836	$ 171,306

2016C Working Cash Notes - In April 2016, the RTA issued $150 million Working Cash Notes, Series 2016C (Taxable) to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment of existing RTA obligations and pay costs of issuance of the Notes.

Debt service requirements on the Series 2016C Working Cash Notes to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2017	$ -	$ 1,875	$ 1,875
2018	150,000	1,109	151,109
Total	$ 150,000	$ 2,984	$ 152,984

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, $123 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2016.

NOTE 10. OTHER LONG-TERM LIABILITIES

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, 2016, is $31.6 million. Principal and interest paid in 2016 was approximately $7.9 million.

As of December 31, 2016, debt service requirements to maturity are as follows (in thousands of dollars):

Year Ending December 31	Principal	Interest	Total
2017	$ 7,142	$ 770	$ 7,912
2018	7,339	572	7,911
2019	7,543	369	7,912
2020	7,751	160	7,911
Total	$ 29,775	$ 1,871	$ 31,646

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 $76.5 million is reflected in the accompanying December 31, 2016 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
2017	$ 9,483	$ 3,328	$ 12,811
2018	9,929	2,882	12,811
2019	10,397	2,414	12,811
2020	10,886	1,925	12,811
2021	11,398	1,413	12,811
2022-2023	24,432	1,190	25,622
Total	$ 76,525	$ 13,152	$ 89,677

TIFIA Loan Agreement

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.

NOTE 11. 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).

Actual contributions made to the Employees' Plan during the years ended December 31, 2016 and 2015 are as follows (in thousands of dollars):

	Employees' Plan	
	2016	**2015**
Employer contributions	$ 83,855	$ 82,800
Employee contributions	59,253	58,993
Total	$ 143,108	$ 141,793

Net Pension Liability
The CTA's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

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, 2015
Measurement date	December 31, 2015. Census data was collected as of January 1, 2015. Liabilities measured as of the census date were projected to December 31, 2015, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.25% per annum
Salary increases	Service graded table starting at 9% with 4% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	RP-2000 Blue Collar Table, generational to 2016 based on Scale BB and then fully generational
Early retirement age	55
Normal retirement age	65
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2013.

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, 2016 are summarized in the following table (note that the rates shown below include the inflation components):

	Employees' Plan		
	Target Allocation	2016 Estimate of Expected Long-Term Rate of Return	2015 Estimate of Expected Long-Term Rate of Return
Fixed income	17 %	1.45 %	1.45 %
Domestic equities	28	9.27	9.27
International equities	21	8.62	8.66
Venture capital and partnerships	10	12.40	12.41
Real estate	12	6.91	6.83
Hedge funds	7	4.68	4.72
Infrastructure	5	6.61	6.61

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.

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 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.

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.

For the year ended December 31, 2016 and 2015, the annual money-weighted rate of return on Qualified plan assets, net of pension plan investment expense, was 7.47% and -2.7%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

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 $1,496 for the year ended December 31, 2016.

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.

At December 31, 2016, the Authority reported a liability of $3,804 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Authority's proportion was 11.00%, which was a decrease of 1.00% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Authority recognized pension expense of $849 thousand. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 541	$ -
Changes of assumptions	-	4,588
Net difference between projected and actual earnings on pension plan investments	3,031	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	61	170
Authority contributions subsequent to the measurement date	2,291	-
Total	$ 5,924	$ 4,758

The $2,291 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Year ended June 30:	**Amount**
2017	$ 208
2018	208
2019	208
2020	425
2021	76
Total	$ 1,125

Actuarial assumptions. The total pension liability in the December 31, 2016 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, 2015 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 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, 2015 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large Cap U.S. Equity	15.0 %	4.37%
Small/Mid Cap Equities	10.0 %	4.61%
International Equity	15.0 %	4.85%
Emerging Market International Equity	10.0 %	6.07%
Core Bonds	23.5 %	1.20%
Multi-Sector Fixed Income	10.0 %	1.20%
Hedge Funds	5.0 %	3.64%
Global Asset Allocation	5.0 %	3.98%
Real Assets	5.0 %	3.92%

Asset Class	Target Allocation	Expected Real Rate of Return
Large Cap U.S. Equity	15.0 %	4.37%
Small/Mid Cap Equities	10.0 %	4.61%
International Equity	15.0 %	4.85%
Emerging Market International Equity	10.0 %	6.07%
Core Bonds	23.5 %	1.20%
Multi-Sector Fixed Income	10.0 %	1.20%
Hedge Funds	5.0 %	3.64%
Global Asset Allocation	5.0 %	3.98%
Real Assets	5.0 %	3.92%

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.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (amounts in thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 7,012	$ 3,804	$ 1,044

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 12. 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 $500,000 each accident for bodily injury by accident, $500,000 each employee for bodily injury by disease and $500,000 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 $1,000,000 each occurrence with a general aggregate limit of $2,000,000, and a personal and advertising injury limit of $1,000,000. The RTA also procured public officials and employment practices liability coverage through ACE American Insurance Company with an aggregate coverage limit of $3,000,000; cyber liability coverage through Illinois Union Insurance Company with an aggregate coverage limit of $3,000,000; and fidelity and crime coverage through Great American Insurance Group with an aggregate coverage limit of $5,000,000. 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 $15,000,000 and coverage for losses from $15,000,000 to $100,000,000.

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

CTA	$	3,500	*(in thousands)*
Metra		3,000	
Pace		1,000	
RTA		500	

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, 2015 to July 29, 2016. 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, 2016 to June 15, 2017. 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 2016 and 2015, no CTA claim existed that is expected to exceed the $15 million self-insured retention under this insurance policy.

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 2016 or 2015.

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 2.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 4.5% 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, 2014	$ 81,747	$ 18,300	$ 162,091	$ 262,138
Funded*	3,500	144,337	57,603	205,440
Funding (excess)/deficiency per actuarial requirement	21,395	-	8,695	30,090
Payments*	(13,379)	(144,699)	(59,336)	(217,414)
Balance at December 31, 2014	93,263	17,938	169,053	280,254
Funded*	13,000	142,050	60,498	215,548
Funding (excess)/deficiency per actuarial requirement	7,724	-	1,244	8,968
Payments*	(17,867)	(140,305)	(62,757)	(220,929)
Balance at December 31, 2015	96,120	19,683	168,038	283,841
Funded*	10,500	147,992	58,229	216,721
Funding (excess)/deficiency per actuarial requirement	(1,548)		(7,538)	(9,086)
Payments*	(16,230)	(147,713)	(58,266)	(222,209)
Balance at December 31, 2016	$ 88,842	$ 19,962	$ 160,463	$ 269,267

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.

NOTE 13. 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 2016, 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)(d)]	$ 726,309	$ 1,315,473
Metra[(b)]	380,736	701,118
Pace[(c)]	67,525	227,698
RTA	22,967	35,956
Total	$ 1,197,537	$ 2,280,245

The region-wide system-generated revenue recovery ratio for 2016 equals 51.16%.

a) The system-generated revenue recovery ratio for the CTA included leasehold revenues of $844 thousand and excluded Senior/Circuit Breaker Free Rides revenue of $27.7 million, but excluded CTA expenses for security costs of $14.1 million and Pension Obligation Bond debt service of $156.6 million. It also included in-kind services of $22 million, both as revenues and expenses.

b) Metra's system-generated revenue recovery ratio excluded Senior/Circuit Breaker Free Rides revenue of $2 million and $18.9 million of security costs, $18.7 million for lease of transportation facilities, $3.1 million for depreciation expense to carriers and bond service fees of $63 thousand.

c) Pace's system-generated revenue recovery ratio included an in-kind service of $9.9 million both as revenues and expenses but excluded Senior/Circuit Breaker Free Rides revenue of $2.1 million.

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 2016. Pace ended the year with a 10% recovery ratio for Regional ADA Paratransit Services. The 2016 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 14. 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 14, 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 45)	$ 711,132	$ 1,969,834	$ 1,012,509	$ 446,368
Sales tax agency fund	1,220,360	-	-	-
Pension trust fund	31,307	1,596	-	-
Senior free rides	-	27,737	-	2,106
In-kind services	-	22,000	2,000	9,868
GASB 34	(11,660)		-	-
ADA Regional Paratransit funding	-	-	-	160,819
Region-wide revenues (page 46)	1,951,139	2,021,167	1,014,509	619,162
Government-wide expenses (page 45)	667,201	2,049,346	970,356	419,597
Sales tax agency fund	1,220,360	-	-	-
Pension trust fund	16,037	-	-	-
In-kind services	-	22,000	-	9,868
Security costs	-	(14,095)	(18,879)	-
Lease of transportation facilities	-	-	(18,667)	-
Pension and other employee benefits	-	(154,975)	(63)	-
Capital (depreciation, disposals/additions)	-	-	(3,075)	-
GASB 34	(10,085)	-	-	-
ADA Regional Paratransit funding	-	-	-	16,070
Region-wide expenses (page 46)	1,893,513	1,902,276	929,672	445,536
Net revenues (expenses)	$ 57,626	$ 118,891	$ 84,837	$ 173,626

NOTE 15. SUBSEQUENT EVENTS

CTA

In January 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. The Series 2017 bonds bear interest ranging from 4.0% to 5.0%

RTA

On March 1, 2016, the RTA withdrew the entire $150 million of the 2016A Working Cash Notes Direct Placement with Wells Fargo due to the increasing delays in State funding (ASA, AFA, and PTF).

On April 20, 2017, the RTA Board approved Ordinance 2017-12 authorizing an increase of the RTA's 2016A Working Cash Notes Direct Placement with Wells Fargo from $150 million to $250 million. This increase is necessary due to delays in funds authorized to be paid by the State of Illinois. The purchaser of the notes has agreed to lend the additional $100 million under the same terms as the original $150 million. The RTA drew the additional $100 million at closing on May 9, 2017.

On June 13, 2017, Moody's Investor Service downgraded the RTA's outstanding general obligation bonds to A2 from Aa3.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	RTA Government-Wide and Fiduciary Funds (1)	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	$ -	$ 625,050	$ 378,736	$ 71,008	$ 167	$ -	$ 1,074,627
RTA financial assistance	-	809,748	392,096	306,835	1,274,227	-	234,452
Other public funding	-	46,138	145,487	4,174	-	-	195,799
Gain on Sale of assets	-	3,771	-	-	-	-	3,771
Capital grants	-	478,081	96,190	61,719	231,526	-	404,464
Sales taxes	131,623	-	-	-	-	1,196,596	1,328,219
Interest on sales taxes	116	-	-	-	-	-	116
Public Transportation Fund	398,221	-	-	-	171,690	-	226,531
Operating assistance	12,062	-	-	-	12,062	-	-
State assistance	130,234	-	-	-	-	-	130,234
Investment income	19,203	3,785	-	331	-	-	23,319
Program revenues and other	19,673	844	-	1,632	-	-	22,149
Interest revenue from leasing transactions	-	2,417	-	669	-	-	3,086
Total revenues	711,132	1,969,834	1,012,509	446,368	1,689,672	1,196,596	3,646,767
EXPENSES:							
Operating	-	1,397,536	741,804	378,366	-	350	2,517,356
Depreciation	-	446,039	228,552	40,562	-	-	715,153
Financial Assistance to Service Boards	225,231	-	-	-	-	225,231	-
Operating Assistance - CTA & Pace	48,287	-	-	-	-	48,287	-
Capital grants—discretionary	207	-	-	-	-	207	-
Capital grants—bonds	213,155	-	-	-	-	213,155	-
Insurance (JSIF)	5,846	-	-	-	-	5,846	-
Administrative and other expenses	20,342	-	-	-	-	-	20,342
Regional expenses	28,006	-	-	-	-	-	28,006
Technology program	2,058	-	-	-	-	-	2,058
Bond interest/Prepaid Ins Bond	124,069	196,217	-	-	-	-	320,286
Interest expense from leasing transactions	-	9,554	-	669	-	-	10,223
Total expenses	667,201	2,049,346	970,356	419,597	-	493,076	3,613,424
NET REVENUES (EXPENSES)	$ 43,931	$ (79,512)	$ 42,153	$ 26,771	$ 1,689,672	$ 1,689,672	$ 33,343

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 15.

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, 2016
(In Thousands)

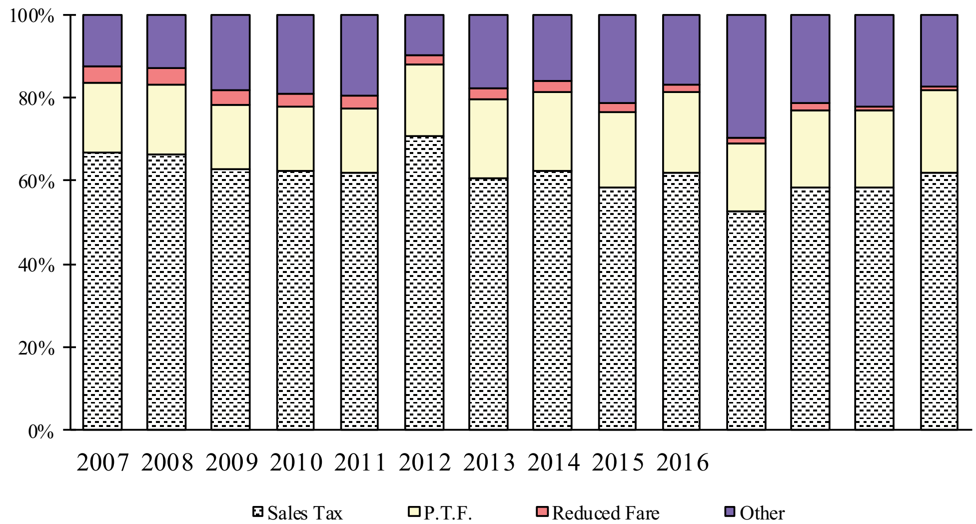
	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance	$ -	$ 809,748	$ 392,096	$ 306,835	$ 1,274,227	$ -	$ 234,452	$ -
Other public funding	-	-	145,487	4,174	-	-	149,661	-
Gain on Sale of assets	-	3,771	-	-	-	-	3,771	-
Capital grants	-	478,081	96,190	61,720	231,526	-	404,465	-
Interest revenue from leasing transactions	-	2,417	-	669	-	-	3,086	-
Sales taxes	1,173,120	-	-	-	-	-	1,173,120	1,194,747
Public Transportation Fund	405,294	-	-	-	171,690	-	233,604	377,490
General State Revenue	147,315	-	-	-	-	-	147,315	-
Operating Assistance	22,625	-	-	-	12,062	-	10,563	-
State Assistance Inc.	130,234	-	-	160,820	-	-	291,054	130,167
State reduced fare reimbursement	17,570	-	-	-	17,570	-	-	34,070
Pension contribution	10,834	-	-	-	-	-	10,834	-
Pension and other employee benefits	-	841	-	-	-	-	841	-
Pension investment income	20,473	-	-	-	-	-	20,473	-
Other revenues	540	-	-	17,419	-	-	17,959	-
Interest on sales taxes to Service Boards	167	-	-	-	167	-	-	-
Subtotal	1,928,172	1,294,858	633,773	551,637	1,707,242	-	2,701,198	1,736,474
Investment income	19,203	-	-	-	-	-	19,203	12,252
Other revenues	15,308	-	-	-	-	-	15,308	-
Interest on sales taxes	116	-	-	-	-	-	116	148
Service Boards revenues	-	676,569	378,736	55,551	348	-	1,110,508	1,135,346
GASB 34 conversion	(11,660)	-	-	-	-	-	(11,660)	-
Add (Subtract):								
Senior Free Ride	-	27,740	2,000	2,106	-	-	31,846	-
In-kind services	-	22,000	-	9,868	-	-	31,868	-
Subtotal	22,967	726,309	380,736	67,525	348	-	1,197,189	1,147,746
Total revenues	1,951,139	2,021,167	1,014,509	619,162	1,707,590	-	3,898,387	2,884,220
EXPENSES:								
Depreciation	-	441,237	228,552	40,562	-	-	710,351	-
Interest expenses from leasing transactions	-	9,554	-	669	-	-	10,223	-
Interest expenses from bond transactions	-	100,124	-	-	-	-	100,124	-
Operating grants to Service Boards	1,246,428	-	-	-	-	1,246,428	-	-
CTA & PACE (PTF) expenditures	229,713	-	-	-	-	229,713	-	-
Capital grants—discretionary	207	-	-	-	-	207	-	-
Capital grants—bonds	213,155	-	-	-	-	213,155	-	-
State reduced fare reimbursement	17,570	-	-	-	-	17,570	-	-
Bond-related expenses	124,069	-	-	160,819	-	-	284,888	222,300
Pension and other employee benefits	16,037	35,888	-	-	-	-	51,925	-
Miscellaneous expense	10,211	-	-	15,788	-	-	25,999	-
Interest on sales taxes to Service Boards	167	-	-	-	-	167	-	-
Subtotal	1,857,557	586,803	228,552	217,838	-	1,707,240	1,183,510	222,300
Operating expenses	-	1,464,142	741,804	217,830	-	350	2,423,426	2,637,779
Pension and other employee benefits	-	-	-	-	-	-	-	17,696
Administrative expenses	15,977	-	-	-	-	-	15,977	17,271
Regional expenses	28,006	-	-	-	-	-	28,006	143
Technology program	2,058	-	-	-	-	-	2,058	-
GASB 34	(10,085)	-	-	-	-	-	(10,085)	-
Add (Subtract):								
In-kind services	-	22,000	-	9,868	-	-	31,868	31,868
Cost of contracting	-	-	-	-	-	-	15,788	15,788
Security costs	-	(14,095)	(18,879)	-	-	-	(32,974)	(32,974)
Pension Obligation Bond Debt Service	-	(156,574)	(63)	-	-	-	(156,637)	(156,637)
Lease of transportation facilities	-	-	(18,667)	-	-	-	(18,667)	(18,667)
Capital (depreciation, disposals/additions)	-	-	(3,075)	-	-	-	(3,075)	(3,075)
Subtotal	35,956	1,315,473	701,120	227,698	-	350	2,295,685	2,509,192
Total expenses	1,893,513	1,902,276	929,672	445,536	-	1,707,590	3,479,195	2,731,492
NET REVENUES (EXPENSES)	$ 57,626	$ 118,891	$ 84,837	$ 173,626	$ 1,707,590	$ (1,707,590)	$ 419,192	$ 152,728

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

Table 1

RTA REVENUE BY SOURCE

2007-2016



Last Ten Years *(In Thousands)*

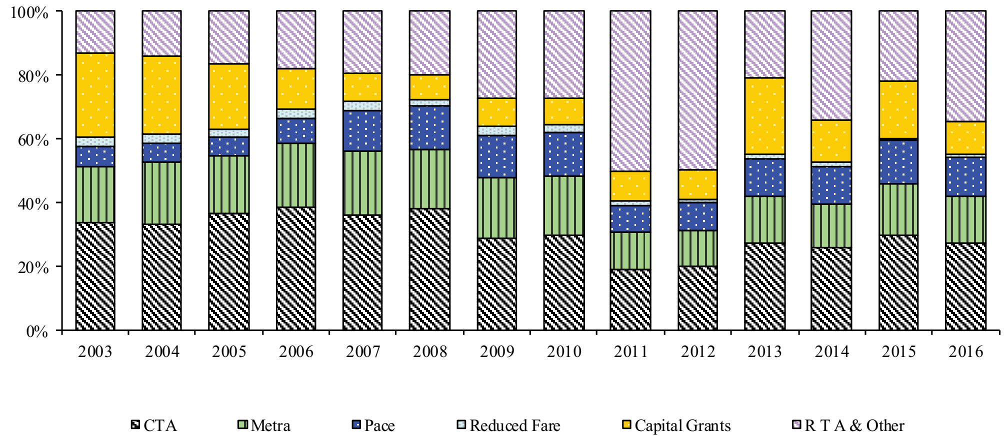
	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/07	$ 752,922	$ 188,931	$ 36,678	$241,262	$ 1,219,793
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
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%

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

Table 2

DISTRIBUTION OF EXPENDITURES

2007-2016



Last Ten Years *(In Thousands)*

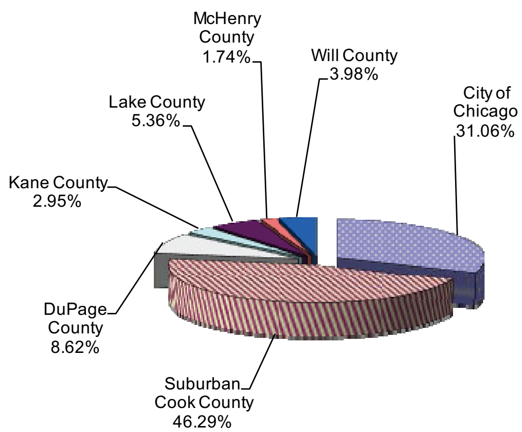
	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/07	$ 468,349	$ 257,374	$ 164,202	$ 889,925	$ 36,678	$ 113,328	$ 252,301	$ 1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
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%

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

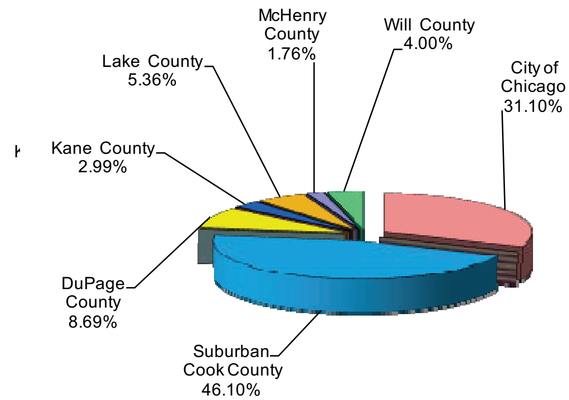
Table 3

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2015



2016



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 12/31/07	$236,783	$395,163	$46,592	$16,015	$29,058	$9,494	$19,817	$752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
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%
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%

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

Table 4

LEGAL DEBT CAPACITY

(In Thousands)

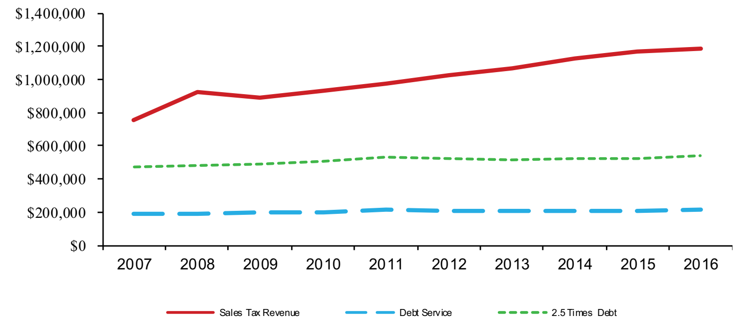
2016

Legal Debt Margin:	Balance Outstanding at December 31, 2016	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	$27,610			
1991A General Obligation Bonds	32,355			
1994B General Obligation Bonds	3,685			
1994D General Obligation Bonds	18,875			
1997 General Obligation Refunding Bonds	33,160			
2003B General Obligation Bonds	112,995			
2005B General Obligation Refunding Bonds	90,140			
2010A General Obligation Bonds	35,030			
2010B General Obligation Bonds	112,925			
2011A General Obligation Refunding Bonds	44,475			
2014A General Obligation Bonds	96,200			
2016A General Obligation Bonds	95,470			
Total RTA Bonds Applicable to Limitation	702,920			(702,920)
SCIP Bonds:				
1992A General Obligation Bonds	-	188,000		
1993A General Obligation Bonds	-	55,000		
1994A General Obligation Bonds	8,985	195,000		
1994C General Obligation Bonds	12,580	62,000		
1999 General Obligation Refunding Bonds	178,290	-		
2000 General Obligation Bonds	178,160	260,000		
2001A General Obligation Bonds	69,350	100,000		
2001B General Obligation Refunding Bonds	22,520	-		
2002A General Obligation Bonds	115,920	160,000		
2003A General Obligation Bonds	196,015	260,000		
2004A General Obligation Bonds	201,960	260,000		
2006A General Obligation Bonds	211,130	250,030		
	1,194,910			
Total SCIP Bonds Applicable to Limitation		1,790,030		(1,790,030)
Total SCIP Bonds Outstanding				
Total Bonds Outstanding	$1,897,830			
Debt Margin for General Obligations				107,050
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				$357,050

Table 5

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2007 - 2016
(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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax Revenue	$752,922	$921,245	$894,238	$931,435	$975,670	$1,021,686	$1,071,225	$1,123,997	$1,169,267	$1,185,182
Debt Service Requirement	$188,551	$192,555	$197,529	$201,994	$212,441	$208,712	$206,228	$208,985	$211,041	$214,984
2.5 Times Debt Service Requirement	$471,378	$481,388	$493,823	$504,985	$531,103	$521,780	$515,570	$522,463	$527,603	537,460

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)*

	Debt Service Requirements			Total	Ratio of Debt Service to Total
Year	Principal	Interest	Total	Expenditures	Expenditures
2007	$ 59,135	$ 129,416	$ 188,551	$ 1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
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%

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
2007	449.49	288.61	128.45	32.43	-
2008	489.91	279.38	169.55	40.98	-
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	-
Total	$ 7,059.03	$ 4,389.50	$ 2,054.08	$ 575.67	$ 39.78

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

** 2016 data includes $557.00 TIFIA funding for CTA. Out of $557.00applied for, CTA received $374.90*

Table 8

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2016

Chicago Transit Authority

Rapid Transit

- *8* rail lines
- *145* stations served
- *1,499* rapid transit cars
- *238.6* million riders per year
- *1,770* STO* positions

Motor Bus

- *129* bus routes
- *1,881* buses
- *259.1* million riders per year
- *3,754* STO* positions

CTA Totals

- *1.5* billion rail passenger miles per year
- *642.6* million bus passenger miles per year
- *128.3* million vehicle revenue miles per year
- *4,345* 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
- *241* stations
- *149* locomotives
- *845* passenger cars
- *186* electric cars
- *709* weekday trains operated
- *80.1* million riders per year
- *4,870* full-time employees
- *1.8* billion passenger miles per year
- *45.7* million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route Bus

- *155* regular routes
- *42* feeder routes
- *15* shuttle routes
- *613* vehicles in use during peak periods
- *28.6* million riders per year
- *730* Pace-owned buses
- *1,604* full-time employees

ADA Paratransit

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

Dial-a-Ride

- *65* local services
- *197* Pace-owned lift-equipped vehicles in service
- *210* communities served
- *1.1* million riders per year

Vanpool

- *635* vanpool vehicles in operation
- *1.6* million riders per year

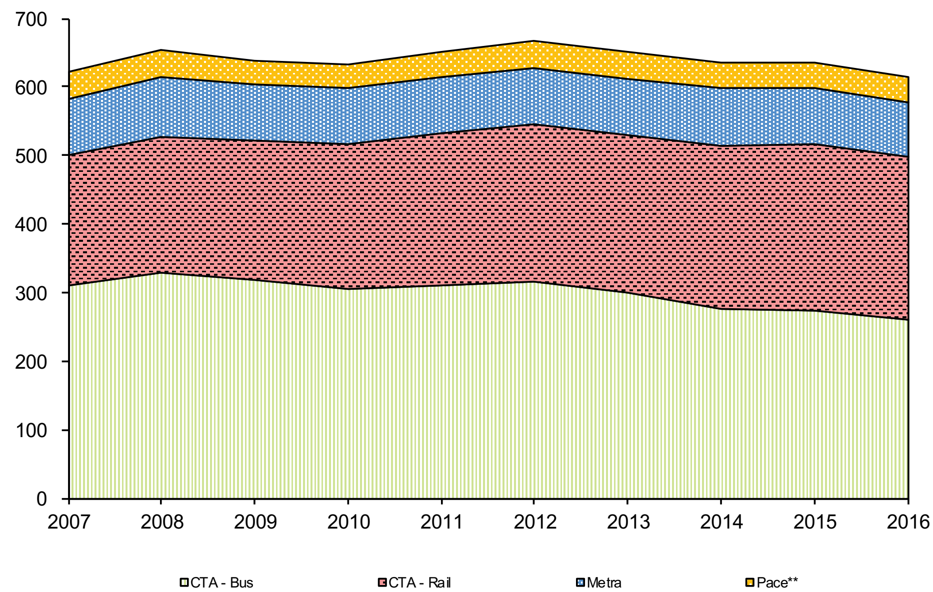
Source of data: Information obtained from the Service Boards, the NTD, and RTA records.

Table 9

System Ridership and Unlinked Passenger Trips

2007-2016

(In Millions)



Last Ten Years *(In Millions)*

Service Consumed:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CTA - Bus	309.3	328.2	318.7	306	310.4	314.4	300.1	276.1	274.3	259.1
CTA - Rail	190.3	198.1	202.6	210.9	221.6	231.2	229.1	238.1	241.7	238.6
Total CTA*	499.6	526.3	521.3	516.9	532.0	545.6	529.2	514.2	516.0	497.7
Metra	83.3	86.8	82.3	81.4	82.7	81.3	82.3	83.4	81.6	80.1
Pace**	39.2	40.5	35.1	35.1	37.1	39.2	39.9	38.9	37.3	35.4
System Total	622.1	653.6	638.7	633.4	651.8	666.1	651.4	636.5	634.9	613.2
Percent Change	1.6%	5.1%	-2.3%	-0.8%	2.9%	2.2%	-2.2%	-2.3%	-0.3%	-3.4%

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 2015.

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	$ 120,081	$ 228,060	$ (107,979)	$ 107,979	$ -
Burlington Northern/Santa Fe	70,073	85,972	(15,899)	15,899	-
Total Metra	$ 190,154	$ 314,032	$ (123,878)	$ 123,878	$ -
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 1,413	$ 3,157	$ (2,036)	$ 3,510	$ 2,036
Fixed Route - Private Contract Carriers	1,925	6,889	(4,889)	-	-
Total Fixed Route Service	3,338	10,046	(6,925)	3,510	2,036
Private Contract Carriers					
DAR Services	1,585	13,607	(12,021)	6,149	5,872
DAR and Stable Services	11,166	146,127	(134,961)	134,961	-
Total Private Contract Carriers	12,751	159,734	(146,982)	141,110	5,872
Paratransit - Municipal Carriers	-	-	(4,234)	789	3,444
Total Pace	$ 16,089	$ 169,780	$ (158,141)	$ 145,409	$ 11,352
Pace					
Detail of Services					
Fixed Route - Public Funded Carriers					
City of Highland Park	$ 667	$ 1,443	$ (776)	$ 1,442	$ 775
Village of Niles	533	1,678	(1,145)	1,678	1,146
Village of Schaumburg	276	391	(115)	390	115
Total	$ 1,476	$ 3,512	$ (2,036)	$ 3,510	$ 2,036
Private Contract Carriers - Fixed Route					
First Student	$ 1,080	$ 3,867	$ (2,787)	$ -	$ -
First Transit	31	532	(501)	-	-
M V Transportation	764	2,365	(1,601)	-	-
Total	$ 1,875	$ 6,764	$ (4,889)	$ -	$ -

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	28	307	(279)	192	87
Call Centers	-	758	(758)	758	-
Call in Rides	116	1,487	(1,371)	1,371	-
Central Lake	13	76	(63)	44	19
Central Will	46	447	(401)	294	107
Community Service Transit	108	82	26	(25)	-
Downers Grove	23	104	(81)	56	25
Dupage County	2	15	(13)	13	-
Dupage Township	6	119	(113)	81	31
Elk Grove	15	334	(319)	57	262
Freemont Township	-	1	(1)	-	-
Leyden Township	10	124	(114)	23	91
McHenry County	16	309	(293)	(16)	309
Milton Township	70	272	(202)	194	8
Naperville/Lisle	235	1,048	(813)	184	629
Northeast Lake	19	347	(327)	304	23
Northeast Lake-Zion	5	64	(59)	49	10
Northwest Kane-Hampshire	1	19	(18)	13	4
Northwest Lake	28	170	(142)	142	-
Northwest Lake Demo	38	240	(202)	31	171
North Surburban Cook-Non-ADA	6	73	(67)	47	20
North Surburban Cook-Trip	32	221	(189)	189	-
Pioneer Center	4	256	(252)	253	-
Ride DuPage	222	1,731	(1,509)	576	933
Ride In Kane	348	2,792	(2,444)	601	1,843
Ride In Lake	6	52	(46)	(5)	51
Ride In McHenry	154	1,613	(1,459)	626	834
Shields Township	4	27	(23)	16	7
South Cook	-	41	(41)	42	-
Southwest Lake-Wauconda	-	13	(13)	13	-
Southwest Will	1	10	(9)	6	2
TriState Park Shuttle	-	3	(3)	3	-
Wayne Township	5	56	(51)	35	15
West Cook	-	131	(131)	9	122
Will County	24	265	(241)	(27)	269
Total	$ 1,585	$ 13,607	$ (12,021)	$ 6,149	$ 5,872

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	$ 881	$ 9,313	$ (8,432)	$ 8,432	$ -
North Suburban Cook	855	7,655	(6,800)	6,800	-
West Cook (Surburban)	318	2,641	(2,323)	2,323	-
North Lake	153	1,228	(1,075)	1,075	-
Kane County	64	716	(652)	652	-
Southwest/Central Will	65	665	(600)	600	-
DuPage County	186	1,887	(1,701)	1,701	-
Chicago ADA	8,644	122,022	(113,378)	113,378	-
Total	$ 11,166	$ 146,127	$ (134,961)	$ 134,961	$ -

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Paratransit - Municipal Carriers					
Bensenville	$ 20	$ 259	$ (239)	$ 50	$ 188
Bloom	18	264	(246)	48	199
Crestwood	5	84	(79)	16	63
Forest Park	23	121	(98)	68	30
Lemont	7	90	(83)	16	67
Lyons	16	315	(299)	39	260
Norridge	8	126	(118)	20	98
Oak Park	27	397	(370)	76	294
Orland Park	20	246	(226)	29	196
Palatine	18	175	(157)	24	134
Palos Hills	9	66	(57)	13	43
Park Forest	19	103	(84)	38	46
Rich Township	34	469	(435)	50	384
Schaumburg	94	1,161	(1,067)	190	877
Stickney	22	263	(241)	59	182
Tinley Park	8	79	(71)	20	51
Vernon Township	4	140	(136)	11	127
Worth	7	235	(228)	22	205
Total	$ 359	$ 4,593	$ (4,234)	$ 789	$ 3,444

Regional Transportation Authority

175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Phone: 312-913-3200

RTAChicago.org

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APPENDIX D

SERVICE BOARDS' HISTORICAL FINANCIAL RESULTS AND 2018 BUDGET AND 2019-20 FINANCIAL PLANS

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The following tables, D-I through D-VIII, are referred to earlier in this Official Statement. See "**THE REGIONAL TRANSPORTATION AUTHORITY,**" " - HISTORICAL FINANCIAL RESULTS" and " - 2018 BUDGET AND 2019-2020 FINANCIAL PLAN" herein.

Table D-I

CTA
2011-2017 Financial Results*
(Thousands)

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Estimate
Revenues:							
Passenger Revenue	$527,853	$548,799	$574,029	$583,299	$587,108	$577,007	$560,377
Reduced Fare Reimbursement	26,026	27,780	21,948	28,321	14,606	14,385	14,606
Other Revenue	58,438	69,403	72,986	69,055	73,804	85,177	75,714
Total Revenues	$612,317	$645,982	$668,963	$680,675	$675,518	$676,569	$650,697
Expenses							
Labor	$893,834	$921,884	$948,272	$965,868	$1,002,486	$1,027,047	$1,038,392
Material	67,919	85,437	60,353	80,963	83,507	82,921	87,555
Fuel	57,273	62,908	61,836	59,476	49,830	32,738	28,930
Power	28,099	25,020	26,174	33,568	28,818	29,283	28,062
Insurance & Claims	15,000	24,000	-	3,500	13,000	10,500	3,167
Other	230,209	172,257	269,489	256,538	266,485	281,653	281,107
Total Operating Expenses	$1,292,334	$1,291,506	$1,366,124	$1,399,913	$1,444,126	$1,464,142	$1,467,213
Operating Deficit	$680,017	$645,524	$697,161	$719,238	$768,608	$787,573	$816,516
Recovery Ratio %	57.3%	60.8%	59.2%	58.5%	56.0%	55.2%	54.8%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

Table D-II*

CTA
2018 Budget and 2019-2020 Financial Plan
(Dollars in Thousands)

	2018 Budget	2019 Plan	2020 Plan
Revenues			
Passenger Revenue	$583,105	$586,021	$590,951
Reduced Fare Reimbursement	28,322	28,322	28,322
Other Revenue	96,149	109,345	117,086
Total Revenues	$707,576	$723,687	$736,359
Expenses			
Labor	$1,046,059	$1,066,980	$1,088,320
Material	92,425	96,600	97,082
Fuel	33,576	34,583	35,620
Power	31,369	32,624	33,929
Insurance & Claims	5,000	10,000	10,000
Other	306,067	335,603	348,582
Total Expenses	$1,514,495	$1,576,389	$1,613,533
Operating Deficit	$806,919	$852,702	$877,175
Recovery Ratio %(1)	57.1%	55.8%	55.2%

* Prepared by the RTA from budgetary information. The 2019-2020 Plan figures represent indicative amounts for financial planning.

(1) The recovery ratios are established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the Act. By policy, the revenue figure for the CTA excludes the gain from leasing transactions restricted by ordinance for capital projects. Expenses exclude certain items as provided by the Act.

Table D-III

Metra
2011-2017 Financial Results*
(Dollars in Thousands)

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Estimate*
Revenues:							
Passenger Revenue	$245,500	$301,132	$309,448	$311,685	$337,413	$341,966	$356,500
Reduced Fare Reimbursement	3,400	3,571	2,173	3,138	1,618	1,004	1,618
Other Revenue	54,400	51,845	52,370	60,711	37,962	35,765	36,000
Total Revenues	$303,300	$356,548	$363,991	$375,534	$376,993	$378,735	$394,118
Expenses							
Operations	$221,000	$225,632	$237,946	$247,510	$250,582	$259,481	$265,700
Fuel/Power	82,200	83,500	83,686	85,501	77,766	54,903	50,400
Maintenance(1)	261,000	271,953	277,984	294,886	288,266	309,846	329,200
Administration(2)	66,000	73,245	86,677	82,631	94,434	100,785	101,700
Insurance & Claims/Other	14,100	22,164	18,077	17,382	14,985	16,787	18,100
Total Operating Expenses	$644,300	$676,494	$704,370	$727,910	$726,033	$741,802	$765,100
Operating Deficit	$341,000	$319,946	$340,379	$352,376	$349,040	$363,067	$370,982
Recovery Ratio %	54.9%	56.2%	54.8%	54.6%	55.1%	54.3%	54.7%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

(1) Beginning in 2015, Other Revenue & Maintenance expenses are reported at a lower level due to an accounting change for crossing project work on behalf of the State.

(2) Includes Regional Services.

Table D-IV*

Metra
2018 Budget and 2019-2020 Financial Plan
(Dollars in Thousands)

	2018 Budget	2019 Plan	2020 Plan
Revenues			
Passenger Revenue	$374,700	$399,300	$415,000
Reduced Fare Reimbursement	3,138	3,138	3,138
Other Revenue	33,300	34,800	35,800
Total Revenues	$411,138	$437,238	$453,938
Expenses			
Operations	$281,000	$290,600	$300,600
Fuel/Power	54,700	56,400	58,600
Maintenance	339,200	350,700	362,600
Administration (1)	108,300	112,000	115,800
Insurance & Claims/Other	14,000	14,500	15,000
Total Expenses	$797,200	$824,200	$852,600
Operating Deficit	$386,062	$386,962	$398,662
Recovery Ratio % (2)	54.7%	56.2%	56.3%

* Prepared by the RTA from budgetary information. The 2019-2020 Plan figures represent indicative amounts for financial planning.

(1) Includes Regional Services.

(2) The recovery ratios are established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the Act.

Table D-V

Pace
2011-2017 Financial Results*
(Dollars in Thousands)

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Estimate*
Revenues							
Passenger Revenue	$34,651	$35,211	$36,290	$39,554	$39,422	$38,031	$38,977
Reduced Fare Reimbursement	2,571	2,629	1,978	3,121	162	1,346	1,346
Other Revenue	17,999	18,646	18,952	18,934	16,331	16,176	15,648
Total Revenues	$55,221	$56,486	$57,220	$61,609	$55,915	$55,553	$55,971
Expenses							
Labor	$107,222	$116,009	$120,516	$130,161	$123,781	$138,926	$150,246
Purchased Transportation Suburban Service	26,919	27,181	27,545	28,235	27,937	27,156	24,956
Fuel	20,252	20,770	20,925	20,646	12,548	9,886	11,931
Insurance	7,752	7,572	7,059	7,829	7,643	13,522	8,520
Other	17,045	18,790	19,787	23,081	26,232	28,340	28,731
Total Expenses	$179,190	$190,322	$195,832	$209,952	$198,141	$217,830	$224,384
Operating Deficit	$123,969	$133,836	$138,612	$148,343	$142,226	$162,277	$168,413
Recovery Ratio %	36.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

Table D-VI*

Pace
2018 Budget and 2019-2020 Financial Plan
(Dollars in Thousands)

	2018 Budget	2019 Plan	2020 Plan
Revenues			
Passenger Revenue	$41,844	$42,177	$42,515
Reduced Fare Reimbursement	2,610	2,610	2,610
Other Revenue	16,408	16,601	16,877
Total Revenues	$60,862	$61,388	$62,002
Expenses			
Labor (l)	$155,156	$160,352	$166,527
Purchased Transportation Suburban Service	24,855	25,190	25,539
Fuel	12,363	12,760	13,526
Insurance	9,296	9,914	10,576
Other	30,412	30,722	28,185
Total Expenses	$232,082	$238,938	$244,353
Operating Deficit	$171,220	$177,550	$182,351
Recovery Ratio % (2)	30.3%	30.3%	30.3%

* Prepared by the RTA from budgetary information. The 2019-2020 Plan figures represent indicative amounts for financial planning.

(1) Includes health insurance and other expenditures previously included in other line items.

(2) The recovery ratios are established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the Act.

Table D-VII

ADA Paratransit (1)
2011-2017 Financial Results*
(Dollars in Thousands)

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Estimate*
Revenues							
Passenger Revenue	$8,873	$9,289	$9,978	$10,475	$10,809	$11,167	$10,586
Other Revenue	4,889	3,551	3,656	3,804	5,750	4,904	1,564
Total Revenues	$13,762	$12,840	$13,634	$14,279	$16,559	$16,071	$12,150
Expenses							
Labor	$2,766	$3,228	$3,492	$3,491	$2,409	$2,773	$7,328
Purchased Transportation	115,666	124,104	132,542	140,022	140,649	146,128	155,590
Fuel	2,512	2,578	2,863	3,718	2,384	1,083	2,090
Insurance	353	147	246	264	267	349	304
Other	6,812	6,957	8,986	9,586	9,109	10,487	8,424
Total Expenses	$128,109	$137,014	$148,129	$157,081	$154,818	$160,820	$173,736
Operating Deficit	$114,347	$124,174	$134,495	$142,802	$138,259	$144,749	$161,586
Recovery Ratio % (2)	10.0%	10.0%	10.0%	10.0%	10.7%	10.0%	0.0%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation

(1) On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the Region. Previously, ADA paratransit was included in Pace and CTA results.

(2) Recovery ratio in 2011-2014 includes expense credit for capital cost of contracting.

* Beginning in 2017, Health Insurance and Admin Expenses included in Labor instead of Other.

Table D-VIII*

ADA Paratransit
2018 Budget and 2019-2020 Financial Plan
(Dollars in Thousands)

	2018 Budget	2019 Plan	2020 Plan
Revenues			
Passenger Revenue	$11,688	$11,892	$12,100
Other Revenue	1,608	1,660	1,717
Total Revenues	$13,296	$13,552	$13,817
Expenses			
Labor	$8,412	$8,503	$8,580
Purchased Transportation	158,837	168,108	179,512
Fuel	2,274	2,438	2,613
Insurance	371	380	388
Other	8,693	8,686	8,672
Total Expenses	$178,587	$188,115	$199,765
Plan/Budget Balancing Actions			
Operating Deficit	$165,291	$174,563	$185,948
Recovery Ratio % (1)	10.0%	10.0%	10.0%

* Prepared by the RTA from budgetary information. The 2019-2020 Plan figures represent indicative amounts for financial planning.

(1) The recovery ratios are established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the Act.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND THE SERIES 2018A ORDINANCE

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APPENDIX E

**SUMMARY OF CERTAIN PROVISIONS OF
THE GENERAL ORDINANCE AND THE SERIES 2018A ORDINANCE**

The following is a summary of certain provisions of the General Ordinance and the Series Ordinance. This summary is not a full statement of the terms of the General Ordinance or the Series Ordinance and accordingly is qualified by reference to the General Ordinance and the Series Ordinance and is subject to the full text of the General Ordinance and the Series Ordinance. Capitalized terms not defined in this summary or in the Official Statement have the respective meanings set forth in the General Ordinance or the Series Ordinance.

GENERAL DEFINITIONS

The following are definitions of certain terms used in the General Ordinance and the Series Ordinance.

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants selected or approved by the Authority.

"Accountant's Certificate" means an opinion signed by an Accountant.

"Act" means the Regional Transportation Authority Act, as supplemented and amended (70 ILCS 3615/1.01 *et seq.*).

"Additional Authority Obligations" means any Authority Obligations issued after the time of issuing the initial Series of Authority Obligations.

"Additional Financial Assistance" shall have the meaning set forth in the Act. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–AUTHORITY FINANCES-*State Assistance*" in this Official Statement.

"Additional State Assistance" shall have the meaning set forth in the Act. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–AUTHORITY FINANCES-*State Assistance*" in this Official Statement.

"Annual Debt Service Requirements" means, for any twelve-month period ending on an April 30 and with respect to any Series of Authority Obligations, the amount required during that period to be deposited in the account of the Debt Service Fund in respect of principal and interest for that Series of Authority Obligations. With respect to Authority Obligations which bear interest at variable rates, the deposits shall be calculated in respect of interest as if the Authority Obligations would bear interest at the maximum rate which those Obligations may bear pursuant to law or the applicable authorizing Series Ordinance, or if there is no such maximum rate at a rate equal to 20% per year. With respect to Authority Obligations for which there is a purchase, unscheduled mandatory redemption or similar unscheduled requirement which is provided to be paid by use of a Credit Support Instrument, the deposits shall be calculated in respect of principal on the basis of scheduled payments of principal (at maturity or pursuant to Sinking Fund Installments) and not pursuant to the purchase, redemption or similar unscheduled requirements provided so to be paid through the Credit Support Instrument.

"Authority Obligations" means the Bonds and the Notes.

"Authorized Officer" in respect of any act or duty, means the Chairman, the Treasurer, and in addition any director, officer or employee of the Authority authorized by the bylaws or a resolution of the Authority to perform that particular act or duty. With respect to any investment of funds, Authorized Officer also includes any investment advisor appointed by resolution of the Authority.

"Board" means the Board of Directors of the Authority.

"Bond" or *"Bonds"* means any of the Authority's General Obligation Bonds which are issued pursuant to the Act, the General Ordinance and a Series Ordinance.

"Bond Anticipation Notes" means any of the Authority's General Obligation Bond Anticipation Notes issued in anticipation of Bonds, which notes are issued pursuant to the Act, the General Ordinance and a Series Ordinance.

"Capital Asset Purposes" means any or all of the following purposes as provided in the Act: to pay costs to the Authority or a Service Board of constructing or acquiring any public transportation facilities (including funds and rights relating to those facilities, as provided in the Act); to repay advances to the Authority or a Service Board made for those purposes; to pay other expenses of the Authority or a Service Board incident to or incurred in connection with such construction or acquisition; to provide funds for any transportation agency to pay principal of or interest or redemption premium on any bonds or notes by such transportation agency to construct or acquire any public transportation facilities or to provide funds to purchase such bonds or notes; and to provide funds for any transportation agency to construct or acquire public transportation facilities, to repay advances made for such purposes, and to pay other expenses to or incurred in connection with such construction or acquisition.

"Chairman" means the Chairman of the Board.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compound Accreted Value" means, with respect to a Bond issued at an original issue discount in excess of 2%, the principal amount of the Bond at maturity less the unaccrued original issue discount. The amount of the discount shall be accrued on a constant interest rate basis (that is, actuarially on a geometric progression) from the date of issuance of the initially issued Bonds of that Series until the date specified in the applicable Series Ordinance as that date on which those Bonds shall have achieved a compound accreted value equal to their full principal amount (either at the final maturity date of the Bond or earlier, as the case may be).

"Costs of Issuance" means all fees and costs incurred by the Authority relating to the issuance of Authority Obligations including, without limitation, printing costs, administrative costs, Trustee's initial fees and charges, paying agent's initial fees, legal fees, rating costs, accounting fees and financial advisory fees, the cost of any bond insurance premium to insure any Authority Obligations and any amounts to be paid to obtain a Credit Support Instrument or Reserve Fund Credit Instrument.

"Counsel's Opinion" means an opinion signed by a lawyer or firm of lawyers, not employees of the Authority.

"Credit Support Instrument" means a letter of credit, line of credit, insurance policy, guaranty, surety bond or other obligation issued by a Qualified Provider which guarantees or otherwise ensures the ability of the Authority or the Trustee to pay the principal, Redemption Price of or interest on or Purchase Price of, any Authority Obligations or by which the institution shall be obligated to purchase Authority Obligations from the Holders of the Authority Obligations.

"Debt Service Fund" means the Bond Debt Service Fund established in the General Ordinance. See "**SECURITY FOR THE NOTES**–DEBT SERVICE FUND" in this Official Statement.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established in the General Ordinance.

"Events of Default" means the occurrence of an event specified in the General Ordinance and described herein which shall give the Trustee the power to take steps to protect, enhance or enforce rights granted in the General Ordinance, a Series Ordinance or an Authority Obligation. See "**DEFAULT PROVISIONS; REMEDIES OF HOLDERS**" in this APPENDIX E.

"Fiscal Year" means the period of twelve calendar months ending with December 31 of any year, or such other period as may by the Authority be established from time to time.

"Fitch" means, Fitch Ratings, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Government Obligations" means the obligations referred to in clauses (a) and (g) of the definition of Investment Obligations; *provided* that the obligations referred to in clause (g) shall be accompanied by (i) an opinion of a firm of nationally recognized independent certified public accountants to the effect that the escrow is sufficient to pay the obligations when due and (ii) the approving opinion of bond counsel delivered at the time of the issuance of such obligations.

"Holder" when used with respect to any Authority Obligations means the registered owner of Authority Obligations. "Bondholder" means a holder of a Bond; "Noteholder" means a holder of a Note.

"Investment Obligations" means any of the following obligations which at the time of investment of any amounts in any Fund or Account established pursuant to the General Ordinance are legal investments under the laws of the State for that Fund or Account:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations described in (b) below to the extent unconditionally guaranteed by the United States of America; or any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (a) as long as the receipt, certificate or other evidence of an ownership interest represents a direct interest in future principal and interest payments on obligations unconditionally guaranteed by the United States of America and such obligations are held by a custodian in safekeeping on behalf of the holders of the receipt, certificate or other evidence of an ownership interest therein;

(b) obligations of the Export-Import Bank of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Finance Bank, the Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, the Farmers Home Administration, the Federal Farm Bank and the Federal Home Loan Mortgage Association, including obligations of any other agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which obligations of such agency or corporation have been approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations; or any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (b), which receipt, certificate or other evidence of an ownership interest shall be first approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations;

(c) direct and general obligations of the State;

(d) direct and general obligations of any state, other than Illinois, which obligations are rated in either of the two highest rating categories by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations;

(e) repurchase agreements for obligations described in clauses (a) and (b) of this definition, *provided* that the entity which agrees to repurchase such obligations from the Authority must be a Qualified Financial Institution or a government bond dealer reporting to, trading with and recognized as a primary dealer by a Federal Reserve Bank, in any case with capital and surplus aggregating at least $50,000,000, and *provided* that the agreement provides for the Authority to be secured by such obligations (by delivery to the Trustee or its agent in that capacity or by other steps which, as evidenced by a Counsel's Opinion, shall have the effect of securing the Trustee to the same effect as if it or its agent in that capacity were the holder of the underlying obligations) with a market value at least equal to the repurchase amount;

(f) negotiable or non-negotiable time deposits evidenced by certificates of deposit, or investment agreements, or similar banking arrangements, issued or made by banks, savings and loan associations, trust companies or national banking associations (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, *provided* that such time deposits, investment agreements, or similar banking arrangements in any such bank, savings and loan association, trust company or national banking association either (i) are continuously secured by obligations described in subparagraphs (a), (b), (c) or (d) of this definition (by physical delivery to the Trustee or its agent in that capacity or by other steps which, as evidenced by a Counsel's Opinion, shall have the effect of securing the Trustee to the same effect as if it or its agent were in that capacity the physical holder of the underlying obligations), and *provided* that such obligations at all times have a market value at least equal to the maturity value of the deposits so secured, including accrued interest or (ii) are continuously and fully insured by the Federal Deposit Insurance Corporation;

(g) (i) obligations of States or political subdivisions of States (within the meaning of the United States Internal Revenue Code, as amended) which are fully secured and defeased as to principal and interest by an irrevocable escrow of direct obligations of the United States of America and rated in the highest rating category by S&P if S&P at the time maintains a rating of any of the Authority Obligations and (ii) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (i) of this clause (g), which receipt, certificate or other evidence of an ownership interest shall be first approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations;

(h) investment agreements with Qualified Financial Institutions;

(i) obligations of the International Bank for Reconstruction and Development (the World Bank);

(j) corporate securities, including commercial paper and fixed income obligations, which are rated in the highest rating category by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations; and

(k) any other investment permitted by Illinois law rated investment grade by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations; *provided* that no investment of funds in the Debt Service Fund shall be made pursuant to the fifth paragraph of 30 ILCS 235/2(e) (formerly Ill. Rev. Stat. ch. 85, par. 902), as in effect on May 18, 1990; *provided, however,* that the investments described in subparagraphs (e) and (f) above constitute permitted Investment Obligations only for certain accounts in the Capital Assets Fund.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Notes" means Bond Anticipation Notes or Working Cash Notes, or any other general obligation notes as may be authorized to be issued by the Authority pursuant to the Act.

"Operating Expenses" means day to day operating expenses of the Authority or of a Service Board consisting of wages, salaries and fringe benefits, professional and technical services

(including legal, audit, engineering and other consulting services), office rentals, furniture, fixtures and equipment, insurance premiums, claims for self-insured amounts under insurance policies, public utility obligations for telephone, light, heat and similar items, travel expenses, office supplies, postage, dues, subscriptions, fuel purchases, and payments of grants and payments under purchase of service agreements for operations of transportation agencies (as defined in the Act).

"Outstanding" means, when used with reference to Authority Obligations, all such obligations which have been issued, except (a) Authority Obligations which have been paid or redeemed in full both as to principal and interest or (b) Authority Obligations provision for the payment or redemption of which has been made pursuant to the General Ordinance, as described under "**DEFEASANCE**" in this APPENDIX E. For a list of all Outstanding Authority Obligations, see "**SECURITY FOR THE NOTES**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement

"Policy Costs" means draws and payment of expenses on the Reserve Fund Policy and accrued interest thereon.

"Public Transportation Fund Revenues" shall have the meaning set forth under "**SECURITY FOR THE NOTES**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"Purchase Price" means the price at which a Holder of an Authority Obligation shall have the right pursuant to a Series Ordinance to have the Obligation purchased from the Holder by the Authority or the Trustee.

"Qualified Financial Institution" means a bank, trust company, national banking association, insurance company or other financial services company whose long-term debt obligations or whose claims-paying abilities are rated in any of the three highest rating categories (without reference to subcategories) by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations. For purposes of the General Ordinance, the term "financial services company" shall include any investment banking firm or any affiliate or division thereof which may be legally authorized to enter into the transactions described in the General Ordinance pertaining, applicable or limited to a Qualified Financial Institution.

"Qualified Provider" means a bank (including without limitation, a national banking association or a foreign bank authorized to do business in the United States), insurance company or other institution, which bank, company or institution provides letters of credit, lines of credit, insurance policies, guarantees, surety bonds or other similar obligations for municipal bonds, which obligation of the institution is rated in one of the top three full rating categories by Moody's and S&P.

"Rebate Account" or *"Rebate Accounts"* means the account or accounts of that name with respect to the various Series of Authority Obligations established pursuant to the General Ordinance.

"Redemption Price" means, with respect to any Authority Obligation (or portion of any Authority Obligation) the price on any redemption date, exclusive of accrued and unpaid interest, at which the Authority Obligation (or a portion of it) may or must be redeemed pursuant to the

General Ordinance and the Series Ordinance pursuant to which the Authority Obligation was issued.

"Reserve Fund Credit Instrument" means a non-cancelable insurance policy, a noncancelable surety bond or an irrevocable letter of credit which may be delivered to the Trustee in lieu of or in partial substitution for cash or securities required to be on deposit in the Debt Service Reserve Fund. In the case of an insurance policy or surety bond, the company providing the policy or bond shall be an insurer which, at the time of the issuance of the policy or bond, has been assigned a credit rating which is within one of the two highest ratings accorded insurers by both Moody's and S&P. In the case of a letter of credit, it shall be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of the issuance of the letter of credit, a credit rating on its long-term unsecured debt within one of the two highest rating categories from both Moody's and S&P. The insurance policy, surety bond or letter of credit shall grant to the Trustee the right to receive payment for the purposes for which the Debt Service Reserve Fund may be used and shall be irrevocable during its term.

"Reserve Fund Credit Instrument Coverage" means, with respect to any Reserve Fund Credit Instrument, at any date of determination, the amount available to pay principal, Redemption Price or Purchase Price of and interest on the Bonds secured by such Reserve Fund Credit Instrument.

"Revenues" shall have the meaning set forth under "**SECURITY FOR THE NOTES**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"S&P" means S&P Global Ratings, its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Sales Tax Revenues" shall have the meaning set forth under "**SECURITY FOR THE NOTES**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"Secured Government Payments" means payments made to the Authority, or to a trustee for holders of bonds or notes of the Authority, from the State or from the Federal government (or any agency of the State or the Federal government), pursuant to a contract between the Authority or a Service Board and the State or the Federal government (or any agency of the State or the Federal government), as described in the next two sentences of this definition. Such a contract shall provide for the payments from the State or the Federal government (or any agency of the State or the Federal government) to be on account of either: (i) public transportation service provided by or financed by the Authority or a Service Board, or (ii) public transportation facilities purchased or acquired by the Authority or a Service Board. Such a contract shall allow payments under it to be assigned or pledged to a trustee for holders of bonds or notes of the Authority. Secured Government Payments shall not mean any Public Transportation Fund Revenues, any taxes by or on behalf of the Authority collected by the Illinois Department of Revenue or any Additional State Assistance.

"Separate Ordinance Obligations" means any bonds or notes of the Authority, whether or not issued under Section 4.04 of the Act, as amended from time to time, the authorizing ordinance for which bonds or notes states that they are not issued pursuant to the General Ordinance, and which bonds or notes are secured by a pledge or assignment of Secured Government Payments or *ad valorem* property tax receipts.

"Series Ordinance" means an ordinance of the Authority authorizing the issuance of a series of Bonds or Notes in accordance with the terms and provisions of the General Ordinance.

"Series 2018A Notes" means the General Obligation Working Cash Notes, Series 2018A (Taxable) of the Authority.

"Service Board" means the Chicago Transit Authority, the Commuter Rail Division of the Authority or the Suburban Bus Division of the Authority.

"Sinking Fund Installments" means, with respect to any date, the principal amount of Term Bonds of any Series which are required to be redeemed by the Authority on that date pursuant to and in the amounts provided by the Series Ordinance for that Series, or which are required to be paid at maturity and not required previously to be redeemed.

"State" means the State of Illinois.

"Supplemental Ordinance" means an ordinance supplemental to the General Ordinance adopted by the Authority in accordance with the conditions described under "MODIFICATION OF GENERAL ORDINANCE" in this APPENDIX E.

"Trusteed Money" means the Sales Tax Revenues, Public Transportation Fund Revenues and any other money or funds which may be assigned by the Authority for direct payment to the Trustee. It also means all amounts held by the Trustee in the Debt Service Fund and the Debt Service Reserve Fund pursuant to the General Ordinance, a Series Ordinance or a Supplemental Ordinance.

"Working Cash Notes" means any of the Authority's general obligation Working Cash Notes issued pursuant to the Act, the General Ordinance and a Series Ordinance.

ORDINANCES CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of any Authority Obligations issued under the General Ordinance by their Holders from time to time, the General Ordinance shall constitute a contract between the Authority and the Holders of the Authority Obligations. The pledges, grants, assignments, covenants, liens and security interests provided for and set forth in the General Ordinance to be performed by the Authority will be for the benefit, protection and security of the Holders of any and all of the Authority Obligations. Each Series Ordinance will constitute a contract between the Authority and the Holders of the Authority Obligations of that Series.

By the Act, the State of Illinois pledges to and agrees with the Holders of Authority Obligations that the State will not limit or alter the rights and powers vested in the Authority by the Act so as to impair the terms of any contract made by the Authority with the Holders or in any way impair the rights and remedies of the Holders until the Authority Obligations, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Holders, are fully met and discharged. In addition, by the Act the State of Illinois pledges to and agrees with the Holders of the Authority Obligations that the State of Illinois will not limit or alter the basis on which State of Illinois funds are to be paid to the Authority as provided in the Act, or the use of such funds, so as to impair the terms of any such contract.

CUSTODY AND APPLICATION OF BOND AND NOTE PROCEEDS

The General Ordinance authorizes the issuance of the Bonds, Bond Anticipation Notes and Working Cash Notes of the Authority.

Capital Assets Fund. The General Ordinance establishes a Capital Assets Fund as a separate and distinct fund to be used as provided in the General Ordinance and in any Series Ordinances authorizing the issuance of Bonds or Notes other than Working Cash Notes. All proceeds of any Series of Authority Obligations which are designated by the Series Ordinance authorizing the issuance of that Series of Authority Obligations to be used for Capital Asset Purposes may be deposited in the Capital Assets Fund. The Authority may, in the Series Ordinance authorizing any such Series of Authority Obligations, provide for the creation of separate and distinct accounts within the Capital Assets Fund, to be used as provided in the applicable Series Ordinance. All moneys deposited in the Capital Assets Fund will be held by either the Trustee or the Authority as shall be directed by the Series Ordinance and will be disbursed as provided in the applicable Series Ordinance. All interest and other investment income earned on the Capital Assets Fund will be deposited in the Capital Assets Fund (to the credit of the Accounts within the Capital Assets Fund, if any, on the basis of their contribution to the cost of the relevant investment).

Working Cash Fund. The General Ordinance establishes a Working Cash Fund as a separate and distinct fund to be used as provided in the General Ordinance and the Series Ordinances authorizing the issuance of Working Cash Notes, to pay Costs of Issuance and Operating Expenses to cover anticipated cash flow deficits. All proceeds of any Series of Working Cash Notes, which are designated by the Series Ordinance authorizing the issuance of that Series of Notes to be used for Costs of Issuance or Operating Expenses may be deposited in the Working Cash Fund. A Series Ordinance may provide for separate and distinct Accounts in the Working Cash Fund, to be used as provided in the Series Ordinance. All moneys deposited in the Working Cash Fund will be held by the Trustee or the Authority as shall be directed in the Series Ordinance and will be disbursed as provided in the applicable Series Ordinance. All interest and other investment income earned on the Working Cash Fund will be deposited as received in the Working Cash Fund (to the credit of the accounts within the Working Cash Fund, if any, on the basis of their contribution to the cost of the relevant investment), and may be applied by the Authority in the manner as provided in the Series Ordinance.

If a Series Ordinance provides for money deposited in any Account in the Capital Assets Fund or the Working Cash Fund to be held by the Trustee, those amounts, and interest and other investment income on those amounts, will be disbursed as provided in that Series Ordinance. No

Series Ordinance so providing such deposits to be held by the Trustee shall be effective without the consent of the Trustee as to that deposit and method of disbursement.

Additional Funds. The Authority may, in the Series Ordinance authorizing the issuance of any Series of Authority Obligations, establish additional Funds to be held, invested and disbursed by the Trustee as provided in the Series Ordinance.

NATURE AND SOURCE OF PAYMENT OF AUTHORITY OBLIGATIONS

The General Ordinance provides that all Authority Obligations are general obligations of the Authority to which is pledged the full faith and credit of the Authority. All Authority Obligations are superior to and have priority over any other obligations of the Authority, except Separate Ordinance Obligations to the extent that under the Act and their authorizing ordinances they have a prior claim to Secured Government Payments or *ad valorem* property tax receipts.

Authority Obligations are payable as to principal, Redemption Price, Purchase Price and interest from all Revenues and from all Funds received or held by the Authority, including, without limitation, amounts in the appropriate accounts of the Debt Service Fund and Debt Service Reserve Fund with respect to a Series of Authority Obligations, or otherwise on hand at the Authority, which are in any event legally available to be so applied. Authority Obligations are not payable from Additional State Assistance, Additional Financial Assistance, amounts in the Authority's Joint Self-Insurance Fund or from amounts required by ordinances authorizing Separate Ordinance Obligations to be on deposit in any debt service fund or debt service reserve fund for such Separate Ordinance Obligations or from amounts payable upon any credit support instrument or reserve fund credit instrument in respect of Separate Ordinance Obligations.

EQUALITY OF AUTHORITY OBLIGATIONS

All Authority Obligations authorized pursuant to the General Ordinance rank equally as to security, regardless of the time or times of their issue, and are entitled to no priority one over another between Authority Obligations within the same maturity, with respect to any funds pledged as security for or available for the payment of the Authority Obligations, other than as expressly provided in the General Ordinance. Nothing shall prohibit the Authority from providing Credit Support Instruments solely for certain Authority Obligations and not others. As provided by the General Ordinance, the Debt Service Reserve Fund is available for the payment of principal, Redemption Price and Purchase Price of and interest only on Bonds.

ASSIGNMENT OF TRUSTEED MONEY

The Authority has irrevocably assigned the Trusteed Money to the Trustee, for the benefit of the Holders from time to time of the Authority Obligations, to be held, invested and used as provided in the General Ordinance. The State Treasurer, the State Department of Revenue and the State Comptroller are authorized and directed to pay and cause to be paid directly to the Trustee and not to the Authority all Trusteed Money coming into the hands of any of them or into the Treasury of the State. The Chairman or the Secretary of the Authority is authorized and directed to cause a certified copy of the General Ordinance and of each Series Ordinance to be filed with the State Treasurer, the Comptroller and the State Department of Revenue. Upon receipt thereof, the State Treasurer, the State Department of Revenue and the Comptroller will subsequently, notwithstanding any other provisions of the Act, provide for the Trusteed Money held or received by any of them or in the Treasury of the State to be paid directly to the Trustee instead of the Authority. After such notice, the assignment will be valid and binding from the date of the General Ordinance without any physical delivery or further act, and will be valid and binding as against and prior to the claims of all other parties having claims of any kind against the Authority or any other person irrespective of whether the other parties have notice of the assignment. When the assignment is discharged in accordance with the General Ordinance with respect to all of the Authority Obligations, the Trustee will promptly deliver to the State Treasurer, the Comptroller and the State Department of Revenue written notice of that fact and subsequently all Trusteed Money will again be paid to the Authority the same as before the assignment.

While any of the Authority Obligations are Outstanding, the Authority will pay to the Trustee for deposit in the Debt Service Fund all Trusteed Money received by the Authority (other than amounts withdrawn from the Debt Service Fund in accordance with the General Ordinance).

PLEDGE EFFECTED BY THE GENERAL ORDINANCE

For the benefit of the Holders from time to time of the Authority Obligations, the Authority pledges and grants to the Trustee a first lien on and first security interest in all Trusteed Money, all Revenues and all of its funds on hand from which Authority Obligations are payable as provided in the General Ordinance (which Revenues and funds lawfully may be so used) for payment in full of the principal, Redemption Price and Purchase Price of and interest on Authority Obligations, as such amounts become due and payable. Amounts required to be deposited in any Account, other than a Rebate Account, of the Debt Service Fund secure and will be used for only the Authority Obligations with respect to which the Account is established. The pledge, lien and security interest with respect to any Authority Obligation will be valid and binding from the time that Authority Obligation is issued, without any physical delivery or further act, and will be valid and binding as against and prior to the claims of all other parties having claims of any kind against the Authority or any other person irrespective of whether such other parties have notice of such pledge, lien and security interest. In furtherance of this pledge, lien and security interest, in the event any Authority Obligation will not be paid when due as to principal, Redemption Price, Purchase Price or interest, the Trustee may require any such Revenues and funds on hand, excluding the Joint Self-Insurance Fund referred to in the definition of "Revenues," to be paid directly to the Trustee for such application.

Such pledge and grant of lien and security interest is subject to the right of the Authority to apply any amounts which it has on hand and which are not required by the terms of the General Ordinance and the Series Ordinances to remain on deposit or to be deposited in the Debt Service Fund and the Debt Service Reserve Fund for its other legal purposes.

ESTABLISHMENT OF DEBT SERVICE FUND

The General Ordinance establishes the Debt Service Fund as a separate and distinct fund, to be maintained by the Trustee in trust for the Holders from time to time of the Authority Obligations, and will be invested and used, all as provided by the General Ordinance. Such trust will be irrevocable so long as any of the Authority Obligations are outstanding. All receipts of Trusteed Money will be deposited by the Trustee in the Debt Service Fund, or, as hereinafter described, in the Debt Service Reserve Fund. Other Revenues and funds of the Authority will be deposited in the Debt Service Fund and the Debt Service Reserve Fund as required by the General Ordinance and any Series Ordinance.

ESTABLISHMENT OF ACCOUNTS IN DEBT SERVICE FUND

The General Ordinance provides that the Authority will, in each Series Ordinance, provide for the establishment of separate Accounts within the Debt Service Fund relating to particular Series of Authority Obligations. The creation of separate Accounts in the Debt Service Fund will not create any preference of one Series of Authority Obligations over any other Series, except that amounts required to be deposited in any Account of the Debt Service Fund secure and will be used for only the Authority Obligations with respect to which the Account is established. The deposits to be made to the various Accounts of the Debt Service Fund will be made each month proportionately on the basis of the amounts required to be deposited in each Account. The investments and deposits of any of the Accounts of the Debt Service Fund may be commingled, except with respect to Rebate Accounts, as provided in the General Ordinance.

In each Series Ordinance establishing an Account in the Debt Service Fund, the Authority will provide a monthly deposit requirement with respect to such Account (other than the Rebate Account). The monthly deposit requirement may be expressed in absolute dollar terms or as a formula, but will provide for the deposit of amounts sufficient to pay the principal, Redemption Price and Purchase Price of, and interest on the Authority Obligations of the relevant Series as those amounts come due. With respect to Authority Obligations for which a purchase or redemption requirement is provided to be paid through a Credit Support Instrument the Series Ordinance need not set forth specific deposit requirements in respect of those amounts, but the Authority will make, in any event, deposits in the Debt Service Fund sufficient to meet all obligations of the Authority with respect to those requirements.

The monthly deposit requirements with respect to each Series of Authority Obligations will not be less than the following amounts:

(a) The amount in respect of interest will not be less than the product of the interest coming due on the next interest payment date on that Series and a fraction, the numerator of which is one and the denominator of which is the number of months less one from the preceding interest payment date on that Series or, in respect of interest on the first interest payment date, from the date of delivery of the Series to that next interest payment date, until the full amount of that interest on the next interest payment date has been provided so to be deposited. The deposit requirements in respect of interest may be reduced (including to zero) to the extent that amounts specified in a Series Ordinance are deposited in the Debt Service Fund to the credit of the Account in that Fund. With respect to Authority Obligations which will bear interest at variable rates, the monthly deposit requirements in respect of interest will be calculated as provided in the Series Ordinance for such Obligations.

(b) The amount in respect of principal, except for the first principal payment date for a Series, will not be less than the product of the principal coming due (whether at maturity or pursuant to Sinking Fund Installments) on the next such principal payment date and a fraction, the numerator of which is one and the denominator of which is the number of months less one from the preceding principal payment date to the next principal payment date until the full amount of that principal on the next principal payment date has been provided so to be deposited. The amount in respect of principal on the first principal payment date will be the amounts specified in the Series Ordinance for that Series, which will be sufficient so that the full amount of that principal will have been provided to have been deposited (based on dates for deposit of Sales Tax Revenues as anticipated by the Board) not less than 20 days prior to that principal payment date.

(c) With respect to Authority Obligations for which there is a purchase, mandatory redemption or similar requirement which is provided to be paid through a Credit Support Instrument, the required deposits described in paragraph (b) above in respect of principal will be based on scheduled principal payments (at maturity or pursuant to Sinking Fund Installments) and not based on purchase, redemption or similar requirements provided so to be paid through such an instrument.

The Series Ordinance establishes deposit requirements for the Notes in the Notes Account of the Debt Service Fund as follows:

(i) For each month prior to the first interest payment date on the Series 2018A Notes, the Authority shall deposit into the Series 2018A Notes Account an amount equal to the amount of interest coming due on the first interest payment date for the Series 2018A Notes (minus the amount of accrued interest and capitalized interest, as may be applicable to the first interest payment, deposited in the Series 2018A Notes Account upon the issuance and delivery of the Series 2018A Notes) multiplied by a fraction, the numerator of which shall be one and the denominator of which shall equal the number of full calendar months between the date of delivery of the Series 2018A Notes and the first interest payment date for the Series 2018A Notes, minus one, until the full amount of the interest payment for the Series 2018A Notes is on deposit in the Series 2018A Notes Account.

(ii) For each month beginning in the month of the first interest payment date on the Series 2018A Notes, the Authority shall deposit into the Series 2018A Notes Account an amount equal to the amount of the interest coming due on the next interest payment date with respect to the Series 2018A Notes (minus the amount of capitalized interest, as may be applicable to such interest payment date, deposited in the Series 2018A Notes Account upon the issuance and delivery of the Series 2018A Notes) multiplied by a fraction, the numerator of which shall be one and the denominator of which shall be equal to the number of full calendar months between the last interest payment date and the next interest payment date, minus one, until the full amount of the interest payment for the Series 2018A Notes is on deposit in the Series 2018A Notes Account.

(iii) At least 20 days prior to the maturity date of the Series 2018A Notes, the Authority shall make a deposit into the Series 2018A Notes Account in an amount equal to the principal amount coming due on such date.

There will be deposited in the Debt Service Fund to the credit of the Rebate Accounts, after there are no deficiencies in any of the other Accounts in the Debt Service Fund or the Debt Service Reserve Fund, the amounts as will be required to be held available for rebate to the United States of America with respect to each Series of Authority Obligations. The amount so to be held available will be determined from time to time by the Authority pursuant to the Series Ordinances, as certified by an Authorized Officer to the Trustee.

In any period in which there is any deficiency in any Account in the Debt Service Fund, the amount of the deficiency will be added to and be a part of the monthly deposit requirement for such Account for that and all succeeding periods until there no longer remains any such deficiency.

In any month after all of the required deposits and credits to all Accounts in the Debt Service Fund have been made (other than Rebate Accounts) and there is no deficiency in any of the Accounts (other than Rebate Accounts), the Trustee will pay from the Debt Service Fund proportionately to the Accounts in the Debt Service Reserve Fund any remaining amounts in the Debt Service Fund until the value of each Account in the Debt Service Reserve Fund, calculated as provided in the General Ordinance, will equal the Reserve Requirement for such Account, and then will credit to the Rebate Accounts proportionately until there are no deficiencies in any such Accounts, and then will pay any remaining amounts in the Debt Service Fund after all of the required deposits and credits to all accounts in the Debt Service Fund (including the Rebate Accounts) have been made and there are no deficiencies in any such Accounts, to the Authority, or upon the Authority's direction.

If for any reason in any month the required deposits and credits are not made to the Debt Service Fund and all Accounts in it and to the Debt Service Reserve Fund and all Accounts in it, then the Authority will immediately deposit with the Trustee any and all other money and funds which it has on hand or available to it, from which Authority Obligations are payable as provided in the General Ordinance, to make up such deficiency which lawfully may be so used. The Trustee will deposit in and credit such funds first to the Debt Service Fund Accounts other than the Rebate Accounts, proportionately on the basis of the amount of the deficiency in each such Account, then to the Debt Service Reserve Fund Accounts proportionately on the basis of the amount of the deficiency in each such Account, and then proportionately to the Rebate Accounts. The Authority will not use any such other moneys or funds for any other purpose until such deficiency is made up.

If for any reason in any month the required deposits and credits are not made to the Debt Service Fund and all Accounts in it and to the Debt Service Reserve Fund and all Accounts in it by the last date in the month in which the Sales Tax Revenues are normally received by the Trustee, and in any event by the 25th day of the month, then the Trustee will so notify the Authority and, whether or not it receives that notice, the Authority will make all required deposits as provided in the preceding paragraph.

USE AND WITHDRAWAL OF MONEY FROM THE ACCOUNTS IN THE DEBT SERVICE FUND

From the amounts deposited in or credited to the Accounts in the Debt Service Fund, the Trustee will pay first out of the Account (other than the Rebate Account) and then out of the Rebate Account, in each case pertaining to each Series of Authority Obligations to the Paying Agents for that Series of Authority Obligations, on the business day preceding each interest payment date or principal payment date (whether at maturity or pursuant to Sinking Fund Installments) or mandatory redemption date or date of required purchase, not being made by a Credit Support Instrument, an amount equal to the principal, Redemption Price, Purchase Price and interest on the

Series of Authority Obligations coming due on the following business day. In lieu of making such payments to a Paying Agent on the business day prior to the day that a payment with respect to Authority Obligations is due, the Trustee at the direction of the Treasurer or other Authorized Officer, and with the approval of the Paying Agent, may on that prior business day deposit Investment Obligations maturing on the day of payment sufficient for that payment.

The Trustee will use, upon the written direction of the Treasurer or other Authorized Officer of the Authority, amounts in any Account, other than a Rebate Account, to purchase Authority Obligations of the Series to which such Account pertains at a price not in excess of the principal amount (or Compound Accreted Value with respect to Authority Obligations sold at a discount in excess of 2%) plus accrued interest to the date of purchase; *provided, however*, that amounts in an Account may be so used only if after any purchase there will remain on deposit in such Account an amount equal to the amount which would have been required to have been deposited had the purchased Authority Obligations never been Outstanding. The principal amount of the Authority Obligations so purchased will be applied against the Sinking Fund Installments for the Series of Authority Obligations purchased as provided in the Series Ordinance authorizing the issuance of that Series.

Amounts in Rebate Accounts will be used at the direction of an Authorized Officer to make rebate payments to the United States of America. Amounts in a Rebate Account in excess of the amounts which the Authority will determine is needed for making rebates, will no longer be required to be deposited into that Rebate Account and will be used first to make up any deficiencies in the Debt Service Fund and the Debt Service Reserve Fund and then will be paid to the Authority.

In each month, the Trustee, upon required deposits to the Debt Service Fund and the Debt Service Reserve Fund having been made, will immediately pay to the Authority amounts in the Debt Service Fund in excess of the then required deposits and credits in all Accounts in the Debt Service Fund.

DEBT SERVICE RESERVE FUND

The General Ordinance establishes the Debt Service Reserve Fund, to be maintained by the Trustee. The Authority may, in any Series Ordinance, provide for the establishment of separate Accounts within the Debt Service Reserve Fund relating to particular Series of Bonds. The creation of separate Accounts in the Debt Service Reserve Fund for particular Series of Bonds will not create any preference of one Series of Bonds over any other Series, except that amounts required to be deposited in any Account of the Debt Service Reserve Fund will secure and will be used only for the Bonds with respect to which the Account is established. Transfers or deposits to be made to the various Accounts will be made proportionately on the basis of the amount of the deficiency in each Account prior to any such transfer or deposit. The investments and deposits of any of the various Accounts in the Debt Service Reserve Fund may be commingled with any other Accounts in the Debt Service Reserve Fund, but may not be commingled with other funds or accounts of the Authority.

In connection with the issuance of any Bonds, the General Ordinance requires an amount, if any, to be deposited in the respective Debt Service Reserve Fund Account so that the value of the Debt Service Reserve Fund Account at least equals the Reserve Requirement on all Bonds outstanding immediately after the delivery of such Series of Bonds and secured by such Account.

Each month, the Trustee is required to pay to and deposit in each Debt Service Reserve Fund Account, if the amount on deposit is less than the Reserve Requirement for such Account, all amounts in the Debt Service Fund in excess of the amounts required to be on deposit in the Debt Service Fund. If in any month after the required deposits to the Accounts (other than the Rebate Accounts) in the Debt Service Fund have been made and any transfers from the Debt Service Fund to the Debt Service Reserve Fund have been made (as described in the preceding sentence) and the value of any Account in the Debt Service Reserve Fund is less than the Reserve Requirement for such Account, the Authority is required immediately to deposit with the Trustee any and all other money which it has on hand or available to it to make up the deficiency which lawfully may be so used.

Amounts in the respective Debt Service Reserve Fund Account will be transferred by the Trustee to the credit of the respective Debt Service Fund Account at the times and in the amounts as required in order to pay principal of the Bonds secured by such Debt Service Reserve Fund Account at maturity or on Sinking Fund Installment or purchase dates and to pay interest on such Bonds as it falls due, if there are not sufficient amounts in the Debt Service Fund Account for that purpose.

On May 1 of each year, and also on each date that any refunding Bonds are issued under the General Ordinance or that any Reserve Fund Credit Instrument is deposited with the Trustee, or as soon after those dates as feasible, the Trustee will pay to and deposit in the Debt Service Fund proportionately to the credit of the various Accounts with respect to the various Series of Bonds all amounts in any Debt Service Reserve Fund Account to the extent the value of the Debt Service Reserve Fund Account is in excess of the Reserve Requirement for such Account.

Whenever the Trustee determines that the total amount in the Debt Service Reserve Fund, together with all amounts in the Debt Service Fund (other than in Rebate Accounts), will be sufficient to pay or to redeem or to provide for the payment or redemption of all the Outstanding Bonds, the Trustee will pay to and deposit in the Debt Service Fund to the credit of the various accounts with respect to the various Series of Bonds (other than the Rebate Accounts) such remaining amounts in the Debt Service Reserve Fund.

All or any part of the Reserve Requirement may be met by deposit with the Trustee of a Reserve Fund Credit Instrument. A Reserve Fund Credit Instrument will, for purposes of determining the value of a Debt Service Reserve Fund Account, be valued at the Reserve Fund Credit Instrument Coverage for that Reserve Fund Credit Instrument, except as provided in the next two sentences. If a Reserve Fund Credit Instrument is to terminate (or is subject to termination) prior to the last principal payment date on any Outstanding Bond secured by the Debt Service Reserve Fund Account, then the Reserve Fund Credit Instrument Coverage of that Instrument will be reduced by the amount provided in the next sentence. The amount of the reduction will be the amount, if any, by which the value of the Debt Service Reserve Fund Account, not counting the value of the Reserve Fund Credit Instrument Coverage of that Instrument, is less than the Reserve Requirement for such Account after the first date that the Reserve Fund Credit Instrument is so to terminate (or is subject to termination); *provided, however,* if the Series Ordinance with respect to such Bonds requires deposits to be made in the Debt Service Reserve Fund Account equal in each year, starting not less than three years prior to the termination date, to not less than one-third of the original Reserve Fund Credit Instrument Coverage of the

Instrument, until such deposits equal the amount of that original Coverage, then the reduction will be only by that amount from time to time that deposits have so been required to have been made in the Debt Service Reserve Fund Account; and *provided further,* if by the terms of the Reserve Fund Credit Instrument and the terms of the related Series Ordinance, the Trustee has the right and duty to draw upon the Reserve Fund Credit Instrument prior to its termination for deposit in the Debt Service Reserve Fund Account all or part of its Coverage then the reduction will be only by that amount as the Trustee will not have the right and duty so to draw.

Any amounts in a Debt Service Reserve Fund Account which are not required to be transferred to the corresponding Debt Service Fund Account in order to pay principal of or interest on the Bonds secured by such Debt Service Reserve Fund Account may, from time to time, be used to pay costs of acquiring a Reserve Fund Credit Instrument or to make payments due under a reimbursement agreement or to reinstate coverage with respect to a Reserve Fund Credit Instrument, but only if, after such payment, the value of each Account in the Debt Service Reserve Fund will not be less than the Reserve Requirement for such Account. The Authority may provide for the pledge and assignment and grant of a lien on or any security interest in the amounts on deposit in the Debt Service Reserve Fund Account to any provider of a Reserve Fund Credit Instrument deposited in such Account to secure the Authority's obligation to make payments under a related reimbursement agreement; *provided, however*, that any such lien or security interest will be junior in priority to the claim of the Trustee for the benefit of the Holders of the Bonds secured by such Account.

Security for Deposits and Investment of Funds

The General Ordinance provides that all moneys held under the General Ordinance by the Trustee will be continuously and fully secured for the benefit of the Authority and the Holders of the Authority Obligations, as their respective interests may appear, by Investment Obligations of a market value at least equal at all times to the amount of the deposit so held by the Trustee. However, it will not be necessary for the Trustee to give security for any amount of moneys as is insured by federal deposit insurance, for the Trustee to give security for any moneys which will be represented by Investment Obligations purchased under the provisions of the General Ordinance as an investment of such moneys, or for any Paying Agent to give security for the deposit of any moneys held by it in trust for the Holders of Authority Obligations.

The General Ordinance provides that, upon direction of an Authorized Officer, moneys in the Funds and Accounts established by the General Ordinance will be invested by the Trustee in Investment Obligations so that the maturity date or date of redemption at the option of the holder of such Investment Obligations will coincide, as nearly as practicable, with the times at which moneys in the Funds and Accounts will be required for the purposes provided in the General Ordinance.

The Trustee will maintain all amounts in each Fund established by the General Ordinance in investments and moneys which are separate and distinct from those of any other Fund. The Trustee will maintain all amounts in each Rebate Account in investments and deposits which are separate and distinct from those of any other Fund or Account.

Moneys in the Debt Service Reserve Fund will be invested by the Trustee upon direction of an Authorized Officer, in Investment Obligations the maximum maturity of which will not be more than ten (10) years from the date of such investment; *provided, however,* that at least 25% of the moneys in each Account of the Debt Service Reserve Fund will from time to time be invested in Investment Obligations the average maturity of which will not be more than two (2) years from the date of any investment. A Reserve Fund Credit Instrument will be treated as an investment in an Investment Obligation of a maturity equal to the number of days of advance notice which must be given in order to obtain payments on it.

All interest and other investment earnings on amounts in the Debt Service Fund or any Account in it or in the Debt Service Reserve Fund or any Account therein will be deposited in and credited to the Fund and the Account in which it was earned and will be used in the same manner as other amounts in that Fund and that Account.

In computing the value of any Fund or Account held by the Trustee under the provisions of the General Ordinance, obligations purchased as an investment of moneys in such Fund or Account will be valued at the cost or market price of such obligations, whichever is lower, exclusive of accrued interest, except that with respect to the Debt Service Reserve Fund, obligations will be valued at par or, if purchased at less than par, at their cost to the Authority.

NO INCONSISTENT SECURITY INTERESTS

The Authority covenants in the General Ordinance that it will not secure any obligation other than Authority Obligations with a pledge of, nor will it create or suffer to exist a lien on or security interest in, nor will it assign, any Trusteed Money, any Revenues or any other of its funds on hand from which Authority Obligations are payable in such a way that the claims for those other obligations on the Trusteed Money or such other Revenues or funds will be senior to or on a parity with the claims of the Holders of the Authority Obligations, but only in such a manner as would cause such claims for such other obligations to be junior and subordinate to the claims of the Holders of Authority Obligations to such amounts.

ADDITIONAL AUTHORITY OBLIGATIONS

Under the provisions of the General Ordinance the Authority covenants with the Holders from time to time of all Authority Obligations that it will not issue any Additional Authority Obligations except as described below.

1. Any Additional Authority Obligations must be issued under Section 4.04 of the Act, as it may be amended from time to time, or a successor to that Section.

2. The Authority may issue at any time Additional Authority Obligations for any lawful purpose allowed by the Act if there is no default in payment of Authority Obligations or in making all required deposits to the Debt Service Fund, if upon the issuance of the Additional Authority Obligations which are Bonds the value of each Account in the Debt Service Reserve Fund is not less than the Reserve Requirement for such Account and if the "Revenues test" is met.

The "Revenues test" is met if, at the date the contract is made to sell the Additional Authority Obligations, Sales Tax Revenues equal or exceed 2.5 times the maximum Annual Debt Service Requirements for the then current or any future twelve-month period ending April 30 for all Authority Obligations to be Outstanding upon the issuance of the Additional Authority Obligations.

For purposes of the "Revenues test," "Sales Tax Revenues" will be an amount equal to one-half of the sales tax revenues for the most recently completed 24 months for which the Authority has financial statements available, will be calculated consistent with generally accepted accounting principles and will be evidenced either by an Accountant's Certificate or (for months for which audited financial statements are not available) by a certificate of an Authorized Officer of the Authority.

3. Notwithstanding paragraphs (2) and (4), the Authority may issue Additional Authority Obligations to pay, purchase, redeem or refund Authority Obligations if there will be in the judgment of the Authority no money available to make payments of interest on or principal of those Authority Obligations (at maturity or on Sinking Fund Installment dates or pursuant to other mandatory redemption or purchase obligations) as such amounts come due.

4. In addition to Additional Authority Obligations that may be issued pursuant to paragraphs (2) and (3) above, the Authority may issue Additional Authority Obligations to pay, purchase, redeem or refund any Authority Obligations if the total amount of the required deposits in the Debt Service Fund with respect to all Authority Obligations after the issuance of the Additional Authority Obligations will be not in excess of the required deposits in the Fund for all Authority Obligations Outstanding prior to the issuance of those Additional Authority Obligations in each Fiscal Year in which any of those Authority Obligations Outstanding prior to the issuance are to remain Outstanding.

The General Ordinance provides that nothing therein will prohibit the Authority from issuing Separate Ordinance Obligations which may (but need not) be general obligations of the Authority, and from assigning, pledging, and granting a first lien on and first security interest in Secured Government Payments or *ad valorem* real property tax receipts, or both, as well as amounts in a debt service fund and a debt service reserve fund for such Obligations, for the payment of principal, redemption price, purchase price of and interest on such Separate Ordinance Obligations, and for reimbursing a provider of a credit support instrument or reserve fund credit instrument for such Obligations and for reinstating coverage under such an instrument but only to the extent that such Secured Government Payments and receipts have not been specifically and explicitly pledged by a Series Ordinance to Authority Obligations.

MAINTENANCE OF EXISTENCE

The Authority covenants that it will not take any action to cause itself to be terminated or dissolved. It will take all necessary actions to maintain its existence under the Act.

IMPOSITION OF TAXES

The Authority covenants that it will impose and continue to impose taxes, as provided in Section 4.03 of the Act and, in addition, further taxes as subsequently authorized by law, sufficient to make the required deposits in and credits to the various Accounts in the Debt Service Fund and to pay the principal of and all interest on and to meet other debt service requirements of the Authority Obligations as they become due, and will take any steps necessary for the collection and receipt of those taxes.

Obtaining Funds

The Authority will take all necessary steps to obtain and to apply as provided in the General Ordinance in a timely fashion all amounts which it is entitled to receive as are required in order to pay the principal, Redemption Price, Purchase Price and interest on all Authority Obligations.

Budgets and Annual Appropriation Ordinances

The Authority will adopt, in the manner provided by the Act, budgets and annual appropriation ordinances in conformity with the Act which will make all needed provisions in them for the payment of principal, Redemption Price, Purchase Price and interest on all Authority Obligations.

Financial Statements

The Authority will keep proper books and accounts relating to, among other things, the amount of its revenues and expenses, in conformity to the Act, and will cause an audit of its annual financial statements to be prepared by an independent firm of certified public accountants within 120 days of the end of each Fiscal Year. The Authority will furnish a copy of those financial statements, together with that audit report, to the Trustee and to any other Holder of the Authority Obligations who will request a copy.

Default Provisions; Remedies of Holders

Proceedings Brought by Trustee. The General Ordinance provides that if default is made by the Authority in the performance or observance of any of the covenants, agreements or conditions on its part contained in the General Ordinance, any Series Ordinance or in the Authority Obligations, or upon the filing by or on behalf of the Authority of a petition for the bankruptcy of the Authority, or some other similar proceeding such as for receivership of the Authority or a substantial part of its assets shall have been undertaken, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than 25% in principal amount of the Authority Obligations Outstanding will proceed, to protect and enforce its rights and the rights of the Holders of those Authority Obligations under the General Ordinance by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the General Ordinance, or in aid of the execution of any power granted in the General Ordinance or any Series Ordinance or any remedy granted under the Act or for a writ of mandamus, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the General Ordinance.

All rights of action under the General Ordinance or any Series Ordinance may be enforced by the Trustee without the possession or protection of any of the Authority Obligations on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee will be brought in its name.

The Holders of a majority in principal amount of the Authority Obligations at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee will have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Holders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the General Ordinance or any Series Ordinance, the Trustee will be entitled to exercise any and all rights and powers conferred in the General Ordinance and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Holders of a majority in principal amount of the Authority Obligations then Outstanding, and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the General Ordinance or any Series Ordinance by any acts which may be unlawful or in violation of the General Ordinance or any Series Ordinance, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interests of the Holders of the Authority Obligations, including, without limitation, steps with regard to any Credit Support Instrument.

For purposes of these paragraphs describing remedies, the principal amount of any Authority Obligations issued at an original issue discount of more than 2% of its face amount will be its Compound Accreted Value.

Application of Moneys After Default. In the General Ordinance, the Authority has covenanted that if an Event of Default occurs and is not remedied, the Authority, upon the demand of the Trustee, will cause to be paid over to the Trustee all moneys, securities and funds then held by or available to the Authority which are legally able to be used to pay debt service on the Authority Obligations and which are needed for that purpose. During the continuance of an Event of Default, the Trustee will apply all moneys, securities, and funds received by the Trustee as follows and in the following order: (a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee and Paying Agents; (b) to the payment of the interest and principal then due on the Authority Obligations, as follows: (i) to the payment to the persons entitled to such payments of all interest then due in the order that the interest became due, together with accrued and unpaid interest on the Authority Obligations previously called for redemption, and, if the amount available shall not be sufficient to pay in full any interest which became due on the same date, then to the payment of such interest ratably, according to the amounts due, to the persons entitled to such payments, without any discrimination or preference; and (ii) to the payment to the persons entitled to such payments of the unpaid principal or Redemption Price or Purchase Price of any Authority Obligations which shall have become due, whether at maturity or pursuant to Sinking Fund Installments or otherwise, in the order of such due dates, and, if the amount available shall not be sufficient to pay in full all the Authority Obligations due on any date, then to the payment of such principal or Redemption Price or Purchase Price ratably, according to the amounts of principal or Redemption Price due, to the persons entitled to such payments, without any discrimination or preference.

No remedy by the terms of the General Ordinance or any Series Ordinance conferred upon or reserved to the Trustee or the Holders of the Authority Obligations is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the General Ordinance or any Series Ordinance or existing law, including under the Act, or in equity or by statute.

No delay or omission of the Trustee or any Holder to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or shall be construed to be a waiver of or an acquiescence in any such Event of Default.

The Trustee will promptly mail written notice of the occurrence of any Event of Default to each Holder of Authority Obligations then Outstanding at his or her address, if any, appearing upon the registry books of the Authority.

MODIFICATION OF GENERAL ORDINANCE

The General Ordinance includes provisions by which the Authority may, by Supplemental Ordinance, modify the General Ordinance or any Series Ordinance without the consent of the Holders of Authority Obligations in order to further secure or provide for payment of Authority Obligations, to impose further limitations on the issuance of Authority Obligations and incurring of obligations by the Authority, to surrender any right, power or privilege reserved to or conferred upon the Authority under the General Ordinance, to take any action for the collection and application of moneys sufficient to pay principal and interest on the Authority Obligations as they fall due, to confirm as further assurance any covenant, assignment, lien, or security interest in the General Ordinance, and with the consent of the Trustee, to correct ambiguities, defects or inconsistent provisions in the General Ordinance or any Series Ordinance.

Other than these modifications, the General Ordinance may not be amended except with the consent of the Holders of 66-2/3% in principal amount of all the Bonds then Outstanding (other than Bonds of a Series which is unaffected by such modification or amendment) and the consent of the Holders of 66-2/3% in principal amount of all the Notes then Outstanding (other than Notes of a Series which is unaffected by such modification or amendment) by written instrument. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Authority to pay the principal, redemption or Purchase Price, if any, of or interest on any Authority Obligation at the time and place and at the rate and in the currency provided in such Authority Obligation without the express consent of the Holder of such Authority Obligation, nor permit the preference or priority of any Authority Obligation over any other Authority Obligation, nor reduce the percentages of Bonds and Notes required for the written consent to an amendment or modification, nor modify any of the rights or obligations of the Trustee or any Paying Agent at the time acting pursuant to the General Ordinance, without the written assent of such Agent. For purposes of this paragraph, the principal amount any Authority Obligation issued at an original issue discount of more than 2% of its face amount will be its Compound Accreted Value.

RESIGNATION OR REMOVAL OF TRUSTEE OR PAYING AGENTS; SUCCESSOR TRUSTEES; SUCCESSOR PAYING AGENTS

The Trustee may at any time, except during such time as the Authority shall have failed to pay (and shall continue to fail to pay) principal on any Authority Obligations at maturity or on Sinking Fund Installment dates or to pay interest on any Authority Obligation as it comes due or to make any required deposits into the Debt Service Fund, resign and be discharged of the duties and obligations under the General Ordinance by giving not less than sixty (60) days' written notice to the Authority and publishing notice of the resignation, specifying the date when such resignation will take effect, once in a daily newspaper of general circulation in the City of Chicago. Such resignation will take effect upon the day specified in such notice unless previously a successor will have been appointed, in which event such resignation will take effect immediately on the appointment of the successor.

The Trustee will be removed by the Authority if at any time the Authority is so requested by an instrument or concurrent instruments in writing filed with the Trustee and the Authority, and signed by the Holders of a majority in principal amount of the Authority Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Authority Obligations held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during such time as the Authority will have failed to pay (and will continue to fail to pay) principal of any Authority Obligation (at maturity or on Sinking Fund Installment dates) or to pay interest on any Authorized Obligation as it comes due or to make any required deposits into the Debt Service Fund, for such cause as will be determined by the Authority by filing with the Trustee an instrument of removal signed by an Authorized Officer of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Authority shall then by resolution appoint a successor Trustee. The Authority will publish notice of any such appointment made by it in a daily newspaper of general circulation in the City of Chicago, such publication in each case to be made within twenty (20) days after such appointment. If appointment of a successor Trustee shall not be made within forty-five (45) days after the Trustee shall have given to the Authority written notice, or after a vacancy in the office of the Trustee shall have otherwise occurred, the Trustee or any Holder of the Authority Obligations may apply to any court of competent jurisdiction to appoint a successor Trustee. That court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee. Any Trustee appointed in succession to the Trustee shall be a bank or trust company organized under the laws of the State or a national banking association doing business and having its principal office in Cook, DuPage, Kane, Lake, McHenry or Will Counties, Illinois, shall have significant prior experience as a trustee under bond resolutions or indentures of trust, shall have a capital and surplus aggregating at least Twenty Million Dollars ($20,000,000), and shall be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Ordinance. No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of the Trustee.

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the General Ordinance by giving at least sixty (60) days' written notice to the Authority and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least Twenty Million Dollars ($20,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Ordinance. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor then appointed, to the Trustee until such successor is appointed. The Authority shall notify the Trustee and the Holders of the Authority Obligations, in the manner provided for notification of redemption, as to the appointment of a successor Paying Agent.

MAINTENANCE OF BOND INSURANCE, CREDIT SUPPORT INSTRUMENTS AND RESERVE FUND CREDIT INSTRUMENTS

The Authority will enforce or cause to be enforced, as provided under the General Ordinance, the provisions of each policy of bond insurance insuring the payment of principal of and interest on the Authority Obligations, each Credit Support Instrument and each Reserve Fund Credit Instrument. The Authority will, as provided under the General Ordinance, duly perform its covenants and agreements pertaining to such policies or Instruments so that each will remain in full force and effect during their term or as provided in a Series Ordinance. The Authority will not consent, agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with such bond insurance policy, Credit Support Instrument or Reserve Fund Credit Instrument which would in any manner materially impair or materially adversely affect the rights of the Authority or the Trustee under such bond insurance policies, Credit Support Instrument or Reserve Fund Credit Instrument or the rights or security of the Holders of the Authority Obligations.

DEFEASANCE

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Authority Obligations then Outstanding, the principal and interest and Redemption Price, if any, to become due on the Authority Obligations, at the times and in the manner stipulated in the Authority Obligations, the General Ordinance and the Series Ordinances, then and in that event the covenants, agreements and other obligations of the Authority to the Holders of the Authority Obligations, shall be discharged and satisfied.

Authority Obligations for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or redemption date of such Authority Obligations, shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Authority Obligations of any Series shall, prior to their maturity or redemption date, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if there shall have been deposited with such Trustee or Paying Agents either moneys in an amount which shall be sufficient, or Government Obligations the principal of and interest on which when due will provide moneys which, when added to the moneys, if any, deposited with such Trustee or Paying Agents at the same time, shall be sufficient (as evidenced by an Accountant's Certificate) to pay the principal of those Authority Obligations at maturity, or on Sinking Fund Installment dates for Term Bonds, or Redemption Price, if applicable, and interest due and to become due on those Authority Obligations on and prior to the redemption date or maturity date (or Sinking Fund Installment dates for Term Bonds) thereof, as the case may be, and in case any of the Authority Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give any required notice of redemption on that date of such Authority Obligations as provided in the General Ordinance. Neither Government Obligations nor moneys deposited with the Trustee as described in these paragraphs concerning defeasance nor principal or interest payments of any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on those Authority Obligations; *provided* that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in principal amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on those Authority Obligations on and prior to such redemption date or maturity date of the Authority Obligations, as the case may be. With respect to Authority Obligations for which there are purchase or similar obligations of the Authority or redemption provisions other than pursuant to Sinking Fund Installments or at the option of the Authority, the Series Ordinance shall prescribe the extent to which and the manner in which this paragraph shall be applicable to those obligations.

Under the General Ordinance, any moneys held by the Trustee or Paying Agents in trust for the payment and discharge of any of the Authority Obligations which remain unclaimed for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agents after the date when the Authority Obligations become due and payable will, at the written request of the Authority, be repaid by the Trustee or Paying Agents to the Authority (after notice thereof having been published twice, commencing at least 30 days prior to such repayment as provided in the General Ordinance), as its absolute property and free from trust, and the Trustee or Paying Agents will thereupon be released and discharged with respect to such amounts and the Holders shall look only to the Authority for the payment of such Authority Obligations.

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APPENDIX F

CERTAIN PROVISIONS RELATING TO GLOBAL BOOK-ENTRY ONLY SYSTEM

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APPENDIX F

CERTAIN PROVISIONS RELATING TO GLOBAL BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company, New York, New York ("DTC") and its book-entry is based solely on information provided by DTC. Accordingly, no representation is made by the Authority, the Trustee or the Underwriter as to the accuracy or completeness of such information, or as to the absence of changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the transaction documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Notes certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE NOTES; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Dated Date of Issuance]

The Board of Directors of the
Regional Transportation Authority

Dear Members:

We have examined a record of proceedings relating to the issuance of $150,000,000 aggregate principal amount of General Obligation Working Cash Notes, Series 2018A (Taxable) (the "Notes") of the Regional Transportation Authority, a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois (the "Authority") duly organized and existing under the Regional Transportation Authority Act, 70 Illinois Compiled Statutes 3615 (the "Act"). The Notes are authorized and issued under and pursuant to the Act and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of an ordinance adopted by the Board of Directors (the "Board") of the Authority on August 8, 1985, and entitled: "An Ordinance Authorizing the Issuance of Bonds and Notes of the Regional Transportation Authority", as amended and supplemented (the "General Ordinance") and an ordinance adopted by the Board on April 19, 2018, and entitled: "A Series Ordinance Authorizing the Issuance of Not to Exceed $150,000,000 Regional Transportation Authority General Obligation Working Cash Notes, Series 2018A (Taxable)" (the "Series Ordinance"). The Notes are "Authority Obligations" and "Working Cash Notes" under the General Ordinance.

The Notes are dated May 30, 2018, and mature (without option of prior redemption) on May 29, 2020. The Notes bear interest from their date at the rate of three and thirteen thousandths percentum (3.013%) per annum payable on November 1, 2018, on each May 1 and November 1 occurring thereafter and at maturity.

Pursuant to the General Ordinance the Authority has previously issued Authority Obligations (the "Outstanding Authority Obligations"). The Notes, the Outstanding Authority Obligations and other Authority Obligations hereafter issued under the General Ordinance are ratably and equally entitled to the benefits and security of the General Ordinance, including the pledge of "Revenues" as defined in the General Ordinance.

Based upon our examination of said record of proceedings, we are of the opinion that:

1. The Authority has all requisite power and authority under the Constitution and the laws of the State of Illinois to adopt the General Ordinance and the Series Ordinance, to issue the Notes thereunder, and to perform all of its obligations under the General Ordinance and the Series Ordinance in those respects.

2. The General Ordinance and the Series Ordinance have been duly adopted by the Board, are in full force and effect and constitute valid and binding contractual obligations of the Authority enforceable in accordance with their terms.

3. The Notes have been duly authorized and issued, are the legal, valid and binding general obligations of the Authority, are payable from Revenues, are entitled to the benefits and security of the Act, the General Ordinance and the Series Ordinance and are enforceable in accordance with their terms.

4. All Authority Obligations, including the Notes, are ratably and equally secured under the General Ordinance by the pledges and assignments created by the General Ordinance. The General Ordinance creates a valid pledge of and lien on the Revenues for the benefit and security of all Authority Obligations, subject to the application of the funds held under the General Ordinance in accordance with the terms of the General Ordinance.

Interest on the Notes is not exempt from Federal or Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Notes, the General Ordinance and the Series Ordinance (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the *"Undertaking"*) is executed and delivered by the Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois (the *"Issuer"*), in connection with the issuance of $150,000,000 General Obligation Working Cash Notes, Series 2018A (Taxable) (the *"Notes"*) by the Issuer. The Notes are being issued pursuant to the Bond and Note General Ordinance adopted by the Board of Directors of the Issuer (the *"Board"*) on August 8, 1985, as supplemented and amended (the *"General Ordinance"*), and the Series Ordinance adopted by the Board on April 19, 2018 (the *"Series Ordinance"*). In consideration of the issuance of the Notes by the Issuer and the purchase of such Notes by the beneficial owners thereof, the Issuer covenants and agrees as follows.

1. PURPOSE OF THIS UNDERTAKING. This Undertaking is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Notes at the time the Notes are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Notes.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

IRS means the United States Internal Revenue Service.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated May 8, 2018, relating to the Notes.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Notes.

Reportable Event means the occurrence of any of the Events with respect to the Notes set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBER. The CUSIP Number of the Notes are set forth in *Exhibit III* hereto.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Undertaking, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Undertaking, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Undertaking, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires

all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Series Ordinance or the General Ordinance, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Undertaking, the Issuer by resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Notes, as determined by parties unaffiliated with the Issuer (such as the nationally recognized bond counsel), or by an approving vote of Bondholders pursuant to the terms of the General Ordinance at the time of the amendment.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Undertaking.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Notes under the General Ordinance or the Series Ordinance. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may

discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Undertaking has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Notes, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the General Ordinance or the Series Ordinance unless the transferee agrees to assume all obligations of the Issuer under this Undertaking or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Undertaking shall be governed by the laws of the State.

REGIONAL TRANSPORTATION AUTHORITY

By: ________________________________
Kirk Dillard, Chairman

By: ________________________________
Bea Reyna-Hickey, Chief Financial Officer

Address: 175 West Jackson Boulevard
Suite 1650
Chicago, Illinois 60604

Date: May __, 2018

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

I. Annual Financial Information means the information included in APPENDIX B and APPENDIX C and information of the type set forth in the Official Statement under the following headings:

Authority Statements of Revenues and Expenditures
(Including Funding for the Service Boards) 2012-2017 Financial Information
2018 Budget and 2019-20 Financial Plan

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in an Official Statement, the Official Statement must be available from the MSRB; the Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA so that such entities receive the information within 210 days after the end of each fiscal year of the Issuer. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

II. Audited Financial Statements.

Within 210 days after the end of each fiscal year, the Issuer will submit to EMMA its Audited Financial Statements prepared in accordance with generally accepted accounting principles. If audited financial statements are not available, unaudited financial statements will be provided and the audited financial statements will be filed promptly after they become available.

III. If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, the Issuer will provide a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE NOTES FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

EXHIBIT III

CUSIP† Numbers
$150,000,000.00
General Obligation Working Cash Notes, Series 2018A (Taxable)

Maturity	CUSIP[†] Number
May 29, 2020	7599113H1

[†] CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw–Hill Financial, Inc.

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REGIONAL TRANSPORTATION AUTHORITY, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois • General Obligation Working Cash Notes, Series 2018A (Taxable)

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