# Regional Transportation Authority

175 West Jackson Blvd.
Suite 1650
Chicago, Illinois 60604
312-913-3200
rtachicago.org

## Public Agenda

## Audit Committee

**Thursday, June 20, 2019** **Board Room**

**8:30 a.m.**

**1. Roll Call**

**2. Approval of Minutes**

**2.a.** From the meeting held on June 21, 2018

**3. Action Items**

**3.a.** Ordinance approving the Combining Financial Report and certifying compliance with the RTA Act recovery ratio requirement for 2018

**3.b.** Ordinance approving and releasing the RTA 2018 Comprehensive Financial Report (CAFR)

**ADJOURNMENT**

MINUTES OF A PUBLIC MEETING OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY

The Audit Committee of the Board of Directors of the Regional Transportation Authority met in public session on Thursday, June 21, 2018, at 8:55 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Vice Committee Chairman Coulson presided.

ROLL CALL

Committee members present (7): Anderson, Coulson, DeWitte, Fuentes, Higgins, Lewis, Ross
Committee members absent (1): Durante
Other Board members present: Frega, Kotel, Magalis, Melvin, Pang, Troiani, Chairman Dillard

Approval of minutes from the meeting held on February 15, 2018
Director Lewis moved, and Director Ross seconded that the minutes from the meeting held on February 15, 2018 be approved as submitted. The motion carried on the following roll call vote:

7 Yeas: Directors Anderson, Coulson, DeWitte, Fuentes, Higgins, Lewis , Ross
1 Absent: Director Durante

Ordinance approving the Combining Financial report and certifying compliance with the RTA Act recovery ratio requirement for 2017
Ms. Bea Reyna-Hickey provided background of the first ordinance as the compilation of the financial results of the RTA and Service Boards. She stated that the RTA Act requires this report in order to provide an overall financial picture of the entire RTA system. Our external auditors do not audit these financial statements, but they do review the compilation. Each Service Board's auditors issued an unmodified opinion of the Service Boards' 2017 financial statements. The ordinance certifies that, based on final audited results the RTA system achieved a 51.22% recovery ratio for region-wide mainline service and 10.00 % for regional ADA Paratransit service. Ms. Reyna-Hickey also stated that the RTA has received the certification from all three Service Boards.

Ordinance approving and releasing the RTA 2017 Comprehensive Annual Financial Report (CAFR)
The second ordinance approves the 2017 Comprehensive Annual Financial Report (CAFR). The CAFR covers only the RTA reporting entity. The RTA Act and our bond covenants require an audit of the Comprehensive Annual Report. Ms. Reyna-Hickey introduced Joe Evans, senior partner with RSM US LLP and the lead partner on the RTA audit for his audit summary presentation. During the Single audit presentation, Mr. Evans introduced Ms. Maria Prado, a partner with Prado & Renteria (DBE firm), who lead the single audit and assisted with CAFR audit including control testing and compliance procedures. Ms. Prado presented the single audit highlights and audit scope. Mr. Evans stated that the audit reports receive unmodified opinions, without any audit findings or recommendations. There were no exceptions in the single audit. The audits were completed on time and on budget.

Director Lewis moved, and Director DeWitte seconded that the proposed ordinances be recommended for Board approval as submitted. The motion carried on the following roll call vote:

7 Yeas: Directors Anderson, Coulson, DeWitte, Fuentes, Higgins, Lewis , Ross
1 Absent: Director Durante

ADJOURNMENT

There being no further business to come before the public session of the Audit Committee, Director Higgins moved, and Director Anderson seconded that the meeting adjourn. The motion carried by the following voice vote:

7 Yeas: Directors Anderson, Coulson, DeWitte, Fuentes, Higgins, Lewis , Ross
1 Absent: Director Durante

The meeting ended at 9:10 a.m.

AUDREY MACLENNAN
Secretary of the Authority

To: Audit Committee

From: Leanne P. Redden, Executive Director

Date: June 13, 2019

Re: ORDINANCE APPROVING THE COMBINING FINANCIAL REPORT AND CERTIFYING COMPLIANCE WITH THE RTA ACT RECOVERY RATIO REQUIREMENT FOR 2018

Regional Transportation Authority

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

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Action Requested

The Audit Committee is asked to recommend Board adoption of the attached ordinance, which 1) approves the 2018 Combining Financial Report for the RTA and the Service Boards and 2) certifies compliance with the RTA Act recovery ratio requirement for 2018.

Background

Section 4.05 of the RTA Act requires that the RTA annually prepare a report "consolidating the audits of the Service Boards and reviewing the State of the Authority, the Service Boards and of the public transportation provided by the various Service Boards and transportation agencies." In order to comply with the RTA Act, the Combining Financial Report is prepared and filed with the Governor, the State Comptroller, the Speaker and Minority Leader of the Illinois House of Representatives, the President and Minority Leader of the Illinois Senate, the Mayor of the City of Chicago, the President or Chairman of the county board for each county in the metropolitan region, each Service Board, and each transportation agency that has a purchase of service agreement with, or receives financial assistance from, a Service Board. The RTA Act specifies a deadline of six months after the end of each fiscal year (i.e. June 30) for the filing of this report.

Section 4.09(g) of the RTA Act requires the RTA Board to determine whether "the aggregate of all system-generated revenues for public transportation in the metropolitan region, which is provided by, or under grant or purchase of service contracts with, the Service Boards equals 50% of the aggregate of all costs of providing such public transportation."

Section 4.01 (b)(ii) of the RTA Act also 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 year 2018.

Results

The final draft of the 2018 Combining Financial Report is attached for your review and approval.

Combining Financial Report

The RTA Act also requires an audit of the financial statements for the RTA and each Service Board by an independent certified public accountant. The Combining Financial Report then consolidates these audited financial statements as required by the RTA Act. The CTA audit for 2018 was done by Crowe Horwath LLP, the PACE audit was done by Baker Tilly International and the Metra audit was done by KPMG LLP. The Combining Financial Statements were compiled by RSM US LLP, who also performed the RTA agency audit.

Recovery Ratio

The attached Combining Financial Report for 2018, which contains the consolidated audited operating results of the entire regional transportation system for 2018, reports that the 2018 final system-generated recovery ratio was 52.59% for mainline service and 10.36 % for regional ADA paratransit service, thus satisfying the legistative requirements.

Prepared by: Department of Finance, Innovation and Technology

LPR/BH/jy
Attachment.

ORDINANCE NO.

WHEREAS, Section 4.05 of the Regional Transportation Authority Act (the "Act"), requires that the Regional Transportation Authority (the "Authority") annually prepare a report "consolidating the audits of the Service Boards and reviewing the State of the Authority, the Service Boards and of the public transportation provided by the various Service Boards and transportation agencies… ."

WHEREAS, in order to comply with the Act, the Authority's and Service Boards' Combining Financial Report (the "Report") is prepared and included in the Authority's Annual Report;

WHEREAS, Section 4.09 (g) of the Act requires the Board of Directors of the Authority (the "RTA Board") to determine whether the aggregate of all system-generated revenues for public transportation in the metropolitan region, which is provided by, or under grant or purchase of service contracts with, the Service Boards equals 50% of the aggregate of all costs of providing such public transportation;

WHEREAS, Section 4.01 (b)(ii) of the Act also 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 such fiscal year;

WHEREAS, the Report for 2018, which contains the combined audited operating results of the entire regional transportation system for 2018, reports that the 2018 final system-generated revenue recovery ratio was 52.59% for mainline service and 10.36% for regional ADA paratransit service; and

WHEREAS, the RTA Act requires the Report to be filed within six months of the end of each fiscal year (i.e. June 30) with the Governor, the State Comptroller, the Speaker and Minority Leader of the Illinois House of Representatives, the President and Minority Leader of the Illinois Senate, the Mayor of the City of Chicago, the President or Chairman of the county board for each county in the metropolitan region, each Service Board, and each transportation agency that has a purchase of service agreement or receives financial assistance from a Service Board.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY that:

1. The RTA Board hereby approves the attached 2018 Combining Financial Report, as prepared by the staff of the Authority, for the year ended December 31, 2018.

2. The RTA Board hereby certifies that the 2018 aggregate of all system-generated revenues for public transportation in the metropolitan region, which is provided by, or under grant or purchase of service contracts with, the Service Boards is compliant with the RTA Act.

3. The Chairman of the Authority is hereby authorized and directed to transmit the Report to the parties specified in Section 4.05 of the Act, and to others upon request.

REGIONAL
TRANSPORTATION
AUTHORITY
AND SERVICE BOARDS




# SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

## 2018 Report

***Regional Transportation Authority and Service Boards***

*Special-Purpose Combining Financial Statements for the Year Ended December 31, 2018 and Independent Accountant's Compilation Report*

# REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

## SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2018

**(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**

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Regional Transportation Authority

June 21, 2019

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, 2018. 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

**Independent Accountant's Compilation Report**

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

Management is responsible for the accompanying special-purpose combining statement of net position of the Regional Transportation Authority and Service Boards as of December 31, 2018, 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 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.

Chicago, Illinois
REPORT DATE

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION**
**DECEMBER 31, 2018**
**(In Thousands)**

| | | Service Boards | | | Combining Adjustments | | |
|---|---|---|---|---|---|---|---|
| **ASSETS:** | **RTA Government - Wide** | **Chicago Transit Authority** | **Commuter Rail Division** | **Suburban Bus Division** | **Debit** | **Credit** | **Total Combined** |
| CURRENT ASSETS: | | | | | | | |
| Cash and investments: | | | | | | | |
| Cash and cash equivalents | $ 121,878 | $ 49,354 | $ - | $ - | $ - | $ - | $ 171,232 |
| Unrestricted - cash and cash equivalents | - | 57,769 | $ 47,516 | 56,295 | - | - | 161,580 |
| Restricted - investments | 150,468 | - | 283,943 | 1,204 | - | - | 435,615 |
| Unrestricted - investments | 336,475 | 43,691 | - | - | - | - | 380,166 |
| Receivables: | | | | | | | |
| Intergovernmental receivables | 435,972 | - | - | - | - | - | 435,972 |
| Grant projects | - | - | 71,373 | 4,211 | - | 26,199 | 49,385 |
| RTA financial assistance | - | 314,019 | 101,392 | 54,377 | - | 153,397 | 316,391 |
| Other receivables | - | 195,166 | 3,974 | 14,106 | - | 1,948 | 211,298 |
| Accrued interest on investments | 202 | - | - | - | - | - | 202 |
| Materials and supplies inventory | - | 30,702 | 14,808 | 6,719 | - | - | 52,229 |
| Prepaid expenses and other assets | 2,467 | 5,574 | 5,061 | 1,952 | - | - | 15,054 |
| Total current assets | 1,047,462 | 696,275 | 528,067 | 138,864 | - | 181,544 | 2,229,124 |
| Capital assets: | | | | | | | |
| Plant, property and equipment | 11,980 | 12,021,499 | 7,727,420 | 762,082 | - | - | 20,522,981 |
| Capital projects in progress | - | 633,054 | - | 26,152 | - | - | 659,206 |
| Less accumulated depreciation | (9,280) | (7,718,007) | (4,795,993) | (460,409) | - | - | (12,983,689) |
| Total capital assets | 2,700 | 4,936,546 | 2,931,427 | 327,825 | - | - | 8,198,498 |
| Other assets: | | | | | | | |
| Prepaid insurance bonds | 2,472 | - | - | - | - | - | 2,472 |
| Net pension asset | - | 634 | - | - | - | - | 634 |
| Restricted cash and investments with Trustee | - | 429,758 | - | - | - | - | 429,758 |
| Total other assets | 2,472 | 430,392 | - | - | - | - | 432,864 |
| TOTAL ASSETS | 1,052,634 | 6,063,213 | 3,459,494 | 466,689 | - | 181,544 | 10,860,486 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | | | |
| Deferred loss on refunding | - | 13,317 | - | | - | - | 13,317 |
| Pension related amounts | 4,824 | 171,722 | 12,242 | 9,828 | - | - | 198,616 |
| OPEB related amounts | - | - | 10 | 1,278 | - | - | 1,288 |
| Total assets and deferred outflows of resources | $ 1,057,458 | $ 6,248,252 | $ 3,471,746 | $ 477,795 | $ - | $ 181,544 | $ 11,073,707 |

(Continued)

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (Continued)**
**DECEMBER 31, 2018**
**(In Thousands)**

| | | Service Boards | | | | | |
|---|---|---|---|---|---|---|---|
| **LIABILITIES** | **RTA Government-Wide** | **Chicago Transit Authority** | **Commuter Rail Division** | **Suburban Bus Division** | **Combining Adjustments Debit** | **Combining Adjustments Credit** | **Total Combined** |
| CURRENT LIABILITIES: | | | | | | | |
| Accrued expenses | $ 66,804 | $ 526,190 | $ 230,504 | $ 60,135 | $ 1,948 | $ - | $ 881,685 |
| Accrued interest payable | 29,064 | 21,891 | - | - | - | - | 50,955 |
| Intergovernmental payables | 229,984 | - | - | - | 179,596 | - | 50,388 |
| Current portion of long-term | | | | | | | - |
| liabilities | 180,442 | 210,195 | - | 1,200 | - | - | 391,837 |
| Total current liabilities | 506,294 | 758,276 | 230,504 | 61,335 | 181,544 | - | 1,374,865 |
| LONG-TERM LIABILITIES: | | | | | | | |
| Long-term portion of general obligation bond, net | 1,934,258 | 4,119,924 | - | 6,000 | - | - | 6,060,182 |
| Other long-term liabilities | 26,677 | 2,141,007 | 92,664 | 74,377 | - | - | 2,334,725 |
| Total long-term liabilities | 1,960,935 | 6,260,931 | 92,664 | 80,377 | - | - | 8,394,907 |
| Total liabilities | 2,467,229 | 7,019,207 | 323,168 | 141,712 | 181,544 | - | 9,769,772 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Deferred gain on refunding | 4,791 | - | - | - | - | - | 4,791 |
| Pension related amounts | 3,049 | - | 4,541 | 4,274 | - | - | 11,864 |
| OPEB related amounts | 32 | - | 2,476 | 8 | - | - | 2,516 |
| Total deferred inflows of resources | 7,872 | - | 7,017 | 4,282 | - | - | 19,171 |
| **NET POSITION (DEFICIT):** | | | | | | | |
| Invested in capital assets, net of related debt | 2,697 | 2,510,818 | 2,931,428 | 320,625 | - | - | 5,765,568 |
| Net position restricted for: | | | | | | | |
| Payment on obligations and others | - | 73,101 | - | 1,200 | - | - | 74,301 |
| Unrestricted (deficit) | (1,420,340) | (3,354,874) | 210,133 | 9,975 | 1,689,539 | 1,689,539 | (4,555,106) |
| TOTAL NET POSITION (DEFICIT) | $ (1,417,643) | $ (770,955) | $ 3,141,561 | $ 331,800 | $1,689,539 | $1,689,539 | $ 1,284,763 |



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, 2018**
**(In Thousands)**

| | RTA Government-Wide Funds | 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 | $ - | $ 656,076 | $ 417,057 | $ 70,502 | $ 1,545 | $ - | $ 1,142,090 |
| Sales taxes | 137,164 | - | - | - | - | 1,240,655 | 1,377,819 |
| Interest on sales taxes | 1,074 | - | - | - | - | - | 1,074 |
| Public Transportation Fund and state assistance | 363,306 | - | - | - | 152,628 | - | 210,678 |
| Operating assistance - CTA and Pace | 26,971 | - | - | - | 12,539 | - | 14,432 |
| State assistance (ASA/AFA) | 129,681 | - | - | - | - | - | 129,681 |
| Other intergovernmental revenues | 22,784 | - | - | - | - | - | 22,784 |
| Investment income | 10,363 | - | - | - | - | - | 10,363 |
| Program revenues and others | 11,059 | - | - | - | - | - | 11,059 |
| Total revenues | 702,402 | 656,076 | 417,057 | 70,502 | 166,712 | 1,240,655 | 2,919,980 |
| EXPENSES: | | | | | | | |
| Operating expenses | - | 1,435,054 | 778,580 | 391,348 | - | 1,545 | 2,603,437 |
| Depreciation | - | 459,447 | 274,888 | 51,843 | - | - | 786,178 |
| Financial assistance to Service Boards | 218,240 | - | - | - | - | 218,240 | - |
| Capital grants—discretionary | 1,238 | - | - | - | - | 1,238 | - |
| Capital grants—bonds | 192,831 | - | - | - | - | 192,831 | - |
| Operating grant - CTA and Pace | 35,030 | - | - | - | - | 35,030 | - |
| Insurance (JSIF) | 5,424 | - | - | - | - | - | 5,424 |
| Administrative expenses | 18,756 | - | - | - | - | - | 18,756 |
| Regional expenses | 24,025 | - | - | - | - | - | 24,025 |
| Technology program | 577 | - | - | - | - | - | 577 |
| Interest expense | 95,740 | - | - | - | - | - | 95,740 |
| Total expenses | 591,861 | 1,894,501 | 1,053,468 | 443,191 | - | 448,884 | 3,534,137 |
| OPERATING INCOME (LOSS) | 110,541 | (1,238,425) | (636,411) | (372,689) | 166,712 | 1,689,539 | (614,157) |
| NONOPERATING REVENUE (EXPENSE): | | | | | | | |
| RTA financial assistance | - | 809,352 | 403,236 | 324,642 | 1,313,376 | - | 223,854 |
| Interest expense on leasing transactions | - | (5,843) | - | - | - | - | (5,843) |
| Interest expense on bond transactions | - | (193,093) | - | - | - | - | (193,093) |
| Other public funding | - | 37,774 | 154,701 | 6,470 | - | - | 198,945 |
| Interfund asset allocation | - | - | - | - | - | - | - |
| Capital grants | - | 441,162 | 103,062 | 42,145 | 209,451 | - | 376,918 |
| Investment income | - | 11,428 | - | 1,176 | - | - | 12,604 |
| Total nonoperating revenue (expense) | - | 1,100,780 | 660,999 | 374,433 | 1,522,827 | - | 613,385 |
| CHANGE IN NET POSITION | 110,541 | (137,645) | 24,588 | 1,744 | 1,689,539 | 1,689,539 | (772) |
| NET POSITION (DEFICIT): | | | | | | | |
| Beginning of year | (1,527,765) | (626,846) | 3,124,742 | 338,284 | - | - | 1,308,415 |
| Restatement due to implementaiton of GASB 75 | (419) | (6,464) | (7,769) | (8,228) | - | - | (22,880) |
| Beginning of year, as restated | (1,528,184) | (633,310) | 3,116,973 | 330,056 | - | - | 1,285,535 |
| End of year | $ (1,417,643) | $ (770,955) | $ 3,141,561 | $ 331,800 | $ 1,689,539 | $ 1,689,539 | $ 1,284,763 |

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

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2018**
**(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 | $ - | $ 596,556 | $ 371,928 | $ 59,320 | $ 1,027,804 |
| Payments to employees | - | (1,100,985) | (523,359) | (154,138) | (1,778,482) |
| Payments to vendors | (5,424) | (321,747) | (233,802) | (232,319) | (793,292) |
| Other receipts and payments | - | 52,371 | 52,131 | 5,744 | 110,246 |
| Net cash used in operating activities | (5,424) | (773,805) | (333,102) | (321,393) | (1,433,724) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Financial assistance—operating | 2,999 | 834,979 | 402,822 | 334,217 | 1,575,017 |
| Net cash provided by noncapital financing activities | 2,999 | 834,979 | 402,822 | 334,217 | 1,575,017 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Interest income from assets restricted for payment of leasehold obligations | - | - | - | - | - |
| Repayment of lease obligations | - | (103,591) | - | - | (103,591) |
| Increase in assets restricted for payment of leasehold obligations | - | 84,895 | - | - | 84,895 |
| Financial assistance—grant projects | - | 434,542 | 254,503 | 47,930 | 736,975 |
| Proceeds from line of credit - note purchase agreement | - | 49,250 | - | - | 49,250 |
| Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds | - | 80,138 | - | - | 80,138 |
| Interest expense on bonds | - | (202,782) | - | (242) | (203,024) |
| Repayment of bonds payable | - | (98,964) | - | (1,200) | (100,164) |
| Repayment of line of credit - not purchase agreement | - | (22,500) | - | - | (22,500) |
| Repayment of other long-term liabilities | - | (9,623) | - | - | (9,623) |
| Payments for capital acquisition | - | (433,990) | (265,923) | (78,534) | (778,447) |
| Net cash used in capital and related financing activities | - | (222,625) | (11,420) | (32,046) | (266,091) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment income | 350 | 11,428 | - | 1,418 | 13,196 |
| Sales and purchases of investments, net | (12,951) | 119,814 | (42,384) | - | 64,479 |
| Net cash provided by (used in) investing activities | (12,601) | 131,242 | (42,384) | 1,418 | 77,675 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (15,026) | (30,209) | 15,916 | (17,804) | (47,123) |
| CASH AND CASH EQUIVALENTS—Beginning of year | 22,269 | 137,332 | 31,600 | 75,303 | 266,504 |
| CASH AND CASH EQUIVALENTS—End of year | $ 7,243 | $ 107,123 | $ 47,516 | $ 57,499 | $ 219,381 |
| RECONCILIATION OF OPERATING ACTIVITIES: | | | | | |
| Net loss from operations | $ (5,424) | $ (1,238,425) | $ (636,410) | $ (372,689) | $ (2,252,948) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | | | | | |
| Depreciation | - | 459,447 | 274,888 | 51,842 | 786,177 |
| Claims provision and settlement | - | - | 9,429 | - | 9,429 |
| State reduced fare assistance | - | - | (1,672) | - | (1,672) |
| Changes in current assets and liabilities | - | 5,173 | 20,663 | (546) | 25,290 |
| NET CASH USED IN OPERATING ACTIVITIES | $ (5,424) | $ (773,805) | $ (333,102) | $ (321,393) | $ (1,433,724) |
| AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION: | | | | | |
| Cash | $ 3,251 | $ - | $ - | $ - | $ 3,251 |
| Cash equivalents (maturities less than 90 days): | | | | | |
| Money market fund | 3,992 | - | - | - | 3,992 |
| NET AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION | $ 7,243 | $ - | $ - | $ - | $ 7,243 |
| NONCASH INVESTING AND FINANCING ACTIVITIES: | | | | | |
| Accretion of interest on lease/leaseback obligation | $ - | $ 1,967 | $ - | $ - | 1,967 |
| Recognition of leasing proceeds | - | - | - | - | - |
| Retirement of fully depreciated capital assets | - | 35,720 | - | - | 35,720 |
| Purchases of capital assets in accounts payable at year-end | - | 78,796 | - | 5,184 | 83,980 |
| Unbilled work in progress | - | 154,922 | - | - | 154,922 |
| NET NONCASH INVESTING AND FINANCING ACTIVITIES | $ - | $ 271,405 | $ - | $ 5,184 | $ 276,589 |

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

## NOTE 1. PRESCRIBED BASIS FOR REPORTING

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

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

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



## NOTE 2. ORGANIZATIONAL STRUCTURE

### *RTA*

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

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

***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, 2018 year-end.

## NOTE 3. REPORTING ENTITY

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

As defined by accounting principles generally accepted in the United States established by the 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.

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

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

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

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

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

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

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

- The Service Boards maintain separate management, exercise control over all operations (including the fare structures), and are accountable for fiscal matters, including ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA.

- The Illinois statutes require the RTA Board to approve the budgets of the Service Boards to determine if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.

- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

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

**NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant policies:

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

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

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

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

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

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

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

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

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

***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. Effective July 1, 2017, the State imposed a permanent 2% administrative surcharge on RTA sales tax receipts, reducing the amount of sales tax provided to the RTA and Service Boards by approximately $24 million per year.

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

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

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 2018, which ends June 30, 2018, 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, 2018, the grant was in the amount of $16.7 million.

***Additional State Assistance/Additional Financial Assistance—***The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP I bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP I bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $40 million of ASA in 2018.

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 2018 and 2019, per year. The RTA recognized $90 million of AFA in 2018.

***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.

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to $25 million for the year ended December 31, 2018.

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

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

***Cash Flows*****—**For purposes of the statement of cash flows, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents aggregated $7.2 million at December 31, 2018 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net position.

***Management's Use of Estimates*****—**The preparation of financial statements in conformity with the Act requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the 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 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. 87, *Leases*. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement is effective for reporting periods beginning after December 15, 2019.

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

GASB Statement No. 89, *Accouting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It also defines a majority equity interest and specifies how it should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations.* The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

## NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

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

## NOTE 6. CAPITAL LEASE OBLIGATIONS

### *CTA*

Capital Lease – 2008 Bus Lease: During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 sixty-foot New Flyer articulated hybrid buses and certain related parts and equipment with a book value of $22 million and $32.1 million at December 31, 2018 and 2017, respectively. The terms of the 2008 agreement allow CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year. During 2013, CTA terminated the 2008 agreement, entered into a 2013 lease-purchase agreement with the same term, and reduced rental payments. A deferred loss on refunding of $3.2 million was recorded at the time of the 2013 transaction. The remaining unamortized loss of $196 thousand and $501 thousand are recorded as deferred outflows of resources as of December 31, 2018 and 2017, respectively. The present value of the future payments to be made by the CTA under the lease of approximately $19.2 million is reflected in the accompanying December 31, 2018 Statements of Net Position, respectively, 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 $91,340,000. 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 an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388 thousand resulting in an economic gain of approximately $20.4 million. Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of $2.4 million. The remaining unamortized portion of $539 thousand is recorded as deferred outflows of resources in the accompanying Statements of Net Position as of December 31, 2018.

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 $64.3 million is reflected in the accompanying December 31, 2018 Statements of Net Position, respectively, as a capital lease obligation.

<u>Capital Lease – Lease and Leaseback Transactions:</u> During 1998, the CTA entered into lease and leaseback agreements with three third-party investors pertaining to certain property, railway tracks and train stations on the Green Line, with a book value of $125.9 million and $135.5 million at December 31, 2018 and 2017, 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 last of the three Green Line lease and leaseback agreements was terminated on December 17, 2018. Therefore, no capital lease obligation is reflected as of December 31, 2018.

<u>Change in Capital Lease Obligations:</u> Changes in capital leases for the year ended December 31, 2018 are as follows (in thousands of dollars):

| 2018 | Beginning balance | Additions* | Principal paid | Ending balance | Interest paid | Due in one year |
|---|---|---|---|---|---|---|
| 2008 Bus Lease | $ 31,671 | $ - | $ (12,463) | $ 19,208 | $ 623 | $ 12,736 |
| 2006 PBC Lease | 67,095 | - | (2,785) | 64,310 | 3,404 | 2,915 |
| 1998 (Green) | 82,503 | 1,967 | (84,470) | - | 1,967 | - |
| Total capital lease obligation | $ 181,269 | $ 1,967 | $ (99,718) | $ 83,518 | $ 5,994 | $ 15,651 |

* Additions include accretion of interest.

**Future Minimum Lease Payments:** As of December 31, 2018, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

| Year Ending December 31 | Amount |
|---|---|
| 2019 | $ 15,651 |
| 2020 | 9,537 |
| 2021 | 3,225 |
| 2022 | 3,390 |
| 2023 | 3,565 |
| 2024-2028 | 20,930 |
| 2029-2033 | 27,220 |
| Total future minimum payments | 83,518 |
| Less interest | - |
| Present value of minimum lease payments | $ 83,518 |

The present value of all future payments to be made by the CTA under all its leases of approximately $83.5 million is reflected in the accompanying December 31, 2018 statement of net position as capital lease obligations.

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

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

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

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

***CTA***

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

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA for $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt as of December 31, 2018 and 2017 was $43.2 million and $50.6 million, respectively.

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

Line of Credit: 2017 Line of Credit

On December 15, 2017, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, N.A. in a not-to-exceed amount of $25,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds, and may be drawn upon at any time for operating purposes. Interest on the Notes was based upon the Daily LIBOR rate. The Notes have an initial Commitment Expiration Date of December 14, 2018.

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

2018 Line of Credit

On July 10, 2018, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, N.A. in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and the Intergovernmental Ground Transportation Tax Agreement (GTT IGA) dated January 25, 2018, and may be drawn upon at any time for 2018 Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the daily LIBOR rate. The Notes have an initial commitment expiration date of July 10, 2020.

The principal of outstanding Notes was $49.25 million as of December 31, 2018.

***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, 2018, Metra had $356.4 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, 2018 were as follows (in thousands of dollars):

| **Year Ending December 31** | **Amount** |
|---|---|
| 2019 | $ 4,830 |
| 2020 | 2,003 |
| 2021 | 2,005 |
| 2022 | 2,007 |
| 2023 | 2,009 |
| 2024-2028 | 7,710 |
| 2029-2033 | 5,936 |
| 2034-2038 | 5,936 |
| Thereafter | 8,310 |
| Total | $ 40,746 |

Total rent expense aggregated $13.1 million and $15.7 million for the years ended December 31, 2018 and 2017, 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 17, 2018.

Revenue bonds currently outstanding as of year ending December 31, 2018 are as follows:

| Bond Issuance | Fund Debt Retired By | Beginning Balance | Issuances | Retirements | Ending Balance | Due in One Year |
|---|---|---|---|---|---|---|
| Taxable Revenue Bond Series of 2015, the South cook compressed Natural Gas facility project, authorized issue of $12 million, due in annual installments of $1.2 million, interest payable June 15 and December 15 at rates ranging from 1.40% to 3.50% through December 15, 2024 | Suburban Services | $ 8,400 | $ - | $ 1,200 | $ 7,200 | $ 1,200 |

Annual requirements to amortize all debt outstanding as of December 31, 2018 are as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 1,200 | $ 216 | $ 1,416 |
| 2020 | 1,200 | 187 | 1,387 |
| 2021 | 1,200 | 154 | 1,354 |
| 2022 | 1,200 | 119 | 1,319 |
| 2023 | 1,200 | 82 | 1,282 |
| 2024 | 1,200 | 42 | 1,242 |
| Total | $ 7,200 | $ 800 | $ 8,000 |

**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 $8 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 $56.4 million**.**

***RTA***

The RTA has an operating lease agreement for its office facilities. In 2018, the total rent paid by the RTA was $1,674,959. Minimum required annual rental payments by the RTA are as follows:

| Year Ending December 31, | Amount |
|---|---|
| 2019 | $ 1,661 |
| 2020 | 1,596 |
| 2021 | 1,716 |
| 2022 | 1,749 |
| 2023 | 1,908 |
| Thereafter | 1,631 |
| Total | $ 10,261 |

## 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, 2018, $1.149 million of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $322.9 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):

| | January 1, 2018 | New Issues | Current Retirements | December 31, 2018 | Due Within One Year |
|---|---|---|---|---|---|
| 1990A | $ 21,410 | $ - | $ 6,645 | $ 14,765 | $ 7,125 |
| 1991A | 26,695 | - | 6,040 | 20,655 | 6,445 |
| 1994A* & 1994B | - | - | - | - | |
| 1994C* & 1994D | 22,855 | - | 9,295 | 13,560 | 10,040 |
| 1997 Refunding | 28,930 | - | 4,485 | 24,445 | 4,765 |
| 1999* Refunding | 167,245 | - | 21,400 | 145,845 | 22,650 |
| 2000A* | 169,815 | - | 8,860 | 160,955 | 9,405 |
| 2001A* | 66,290 | - | 3,230 | 63,060 | 3,415 |
| 2001B* Refunding | 19,810 | - | 2,865 | 16,945 | 3,025 |
| 2002A* | 111,320 | - | 4,860 | 106,460 | 5,140 |
| 2003A* | 188,695 | - | 7,720 | 180,975 | 8,145 |
| 2003B | 108,770 | - | 4,455 | 104,315 | 4,695 |
| 2004A* | 195,040 | - | 7,295 | 187,745 | 7,685 |
| 2005B Refunding | 89,420 | - | 4,735 | 84,685 | 4,955 |
| 2006A* | 5,970 | - | 5,970 | - | - |
| 2010A | 29,880 | - | 5,405 | 24,475 | 5,680 |
| 2010B | 112,925 | - | - | 112,925 | - |
| 2011A Refunding | 30,310 | - | 14,810 | 15,500 | 15,500 |
| 2014A | 94,560 | - | 1,705 | 92,855 | 1,785 |
| 2016A | 94,020 | - | 1,520 | 92,500 | 1,595 |
| 2016C Cash Note | 150,000 | - | 150,000 | - | - |
| 2017A | 191,205 | - | - | 191,205 | 5,935 |
| 2017B Direct Placement | 150,000 | 100,000 | 200,000 | 50,000 | 50,000 |
| 2018A Cash Note | - | 150,000 | - | 150,000 | - |
| 2018B | - | 139,080 | - | 139,080 | 2,085 |
| Subtotal | 2,075,165 | 389,080 | 471,295 | 1,992,950 | 180,070 |
| Unamortized bond premium | 118,040 | 11,996 | 8,658 | 121,378 | - |
| Total | $ 2,193,205 | $ 401,076 | $ 479,953 | $ 2,114,328 | $ 180,070 |

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2018, the total general obligation bonds notes payable of $2,114 million are classified as current and long-term in the Statement of Net Position in the amounts of $180 million and $1,934 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 |
|---|---|---|---|
| 2019 | $ 180,070 | $ 99,663 | $ 279,733 |
| 2020 | 271,470 | 88,452 | 359,922 |
| 2021 | 120,360 | 81,241 | 201,601 |
| 2022 | 126,605 | 74,605 | 201,210 |
| 2023 | 110,660 | 68,272 | 178,932 |
| 2024-2028 | 505,985 | 258,614 | 764,599 |
| 2029-2033 | 399,500 | 123,978 | 523,478 |
| 2034-2038 | 136,905 | 42,771 | 179,676 |
| 2039-2043 | 80,910 | 21,605 | 102,515 |
| 2044-2046 | 60,485 | 5,075 | 65,560 |
| Total | $ 1,992,950 | $ 864,276 | $ 2,857,226 |

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 |
|---|---|---|---|
| 2019 | $ 7,125 | $ 1,063 | $ 8,188 |
| 2020 | 7,640 | 550 | 8,190 |
| Total | $ 14,765 | $ 1,613 | $ 16,378 |

***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 |
|---|---|---|---|
| 2019 | $ 6,445 | $ 1,384 | $ 7,829 |
| 2020 | 6,875 | 952 | 7,827 |
| 2021 | 7,335 | 491 | 7,826 |
| Total | $ 20,655 | $ 2,827 | $ 23,482 |

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

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

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

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 10,040 | $ 662 | $ 10,702 |
| 2020 | 3,520 | 136 | 3,656 |
| Total | $ 13,560 | $ 798 | $ 14,358 |

***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 |
|---|---|---|---|
| 2019 | $ 4,765 | $ 1,324 | $ 6,089 |
| 2020 | 5,055 | 1,029 | 6,084 |
| 2021 | 5,375 | 716 | 6,091 |
| 2022 | 5,700 | 384 | 6,084 |
| 2023 | 3,550 | 107 | 3,657 |
| Total | $ 24,445 | $ 3,560 | $ 28,005 |

***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 |
|---|---|---|---|
| 2019 | $ 22,650 | $ 7,790 | $ 30,440 |
| 2020 | 23,980 | 6,450 | 30,430 |
| 2021 | 29,170 | 4,922 | 34,092 |
| 2022 | 30,890 | 3,195 | 34,085 |
| 2023 | 16,975 | 1,819 | 18,794 |
| 2024-2025 | 22,180 | 918 | 23,098 |
| Total | $ 145,845 | $ 25,094 | $ 170,939 |

***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 |
| 2019 | $ 9,405 | $ 10,329 | $ 19,734 |
| 2020 | 9,985 | 9,741 | 19,726 |
| 2021 | 10,605 | 9,117 | 19,722 |
| 2022 | 11,270 | 8,454 | 19,724 |
| 2023 | 11,975 | 7,750 | 19,725 |
| 2024-2028 | 72,120 | 26,202 | 98,322 |
| 2029-2030 | 35,595 | 3,506 | 39,101 |
| Total | $ 160,955 | $ 75,099 | $ 236,054 |

***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 |
| 2019 | $ 3,415 | $ 3,729 | $ 7,144 |
| 2020 | 3,610 | 3,542 | 7,152 |
| 2021 | 3,810 | 3,343 | 7,153 |
| 2022 | 4,025 | 3,134 | 7,159 |
| 2023 | 4,255 | 2,892 | 7,147 |
| 2024-2028 | 25,165 | 10,329 | 35,494 |
| 2029-2031 | 18,780 | 2,295 | 21,075 |
| Total | $ 63,060 | $ 29,264 | $ 92,324 |

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 |
|---|---|---|---|
| 2019 | $ 3,025 | $ 848 | $ 3,873 |
| 2020 | 3,195 | 678 | 3,873 |
| 2021 | 3,380 | 497 | 3,877 |
| 2022 | 3,570 | 306 | 3,876 |
| 2023 | 3,775 | 104 | 3,879 |
| Total | $ 16,945 | $ 2,433 | $ 19,378 |

***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 |
|---|---|---|---|
| 2019 | $ 5,140 | $ 6,388 | $ 11,528 |
| 2020 | 5,440 | 6,079 | 11,519 |
| 2021 | 5,755 | 5,753 | 11,508 |
| 2022 | 6,085 | 5,407 | 11,492 |
| 2023 | 6,440 | 5,042 | 11,482 |
| 2024-2028 | 38,240 | 18,949 | 57,189 |
| 2029-2032 | 39,360 | 6,070 | 45,430 |
| Total | $ 106,460 | $ 53,688 | $ 160,148 |

***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 |
|---|---|---|---|
| 2019 | $ 8,145 | $ 10,522 | $ 18,667 |
| 2020 | 8,595 | 10,074 | 18,669 |
| 2021 | 9,070 | 9,601 | 18,671 |
| 2022 | 9,565 | 9,102 | 18,667 |
| 2023 | 10,095 | 8,576 | 18,671 |
| 2024-2028 | 59,130 | 33,753 | 92,883 |
| 2029-2033 | 76,375 | 14,216 | 90,591 |
| Total | $ 180,975 | $ 95,844 | $ 276,819 |

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 |
|---|---|---|---|
| 2019 | $ 4,695 | $ 5,738 | $ 10,433 |
| 2020 | 4,945 | 5,472 | 10,417 |
| 2021 | 5,215 | 5,193 | 10,408 |
| 2022 | 5,495 | 4,898 | 10,393 |
| 2023 | 5,790 | 4,588 | 10,378 |
| 2024-2028 | 33,985 | 17,659 | 51,644 |
| 2029-2033 | 44,190 | 6,619 | 50,809 |
| Total | $ 104,315 | $ 50,167 | $ 154,482 |

***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 |
|---|---|---|---|
| 2019 | $ 7,685 | $ 10,294 | $ 17,979 |
| 2020 | 8,100 | 9,860 | 17,960 |
| 2021 | 8,540 | 9,402 | 17,942 |
| 2022 | 9,000 | 8,919 | 17,919 |
| 2023 | 9,485 | 8,423 | 17,908 |
| 2024-2028 | 55,660 | 33,727 | 89,387 |
| 2029-2033 | 72,375 | 15,700 | 88,075 |
| 2034 | 16,900 | 486 | 17,386 |
| Total | $ 187,745 | $ 96,811 | $ 284,556 |

***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 |
|---|---|---|---|
| 2019 | $ 4,955 | $ 2,713 | $ 7,668 |
| 2020 | 12,555 | 2,424 | 14,979 |
| 2021 | 13,190 | 1,999 | 15,189 |
| 2022 | 13,885 | 1,552 | 15,437 |
| 2023 | 14,615 | 1,082 | 15,697 |
| 2024-2025 | 25,485 | 754 | 26,239 |
| Total | $ 84,685 | $ 10,524 | $ 95,209 |

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

***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 |
|---|---|---|---|
| 2019 | $ 5,680 | $ 1,223 | $ 6,903 |
| 2020 | 5,960 | 940 | 6,900 |
| 2021 | 6,260 | 642 | 6,902 |
| 2022 | 6,575 | 329 | 6,904 |
| Total | $ 24,475 | $ 3,134 | $ 27,609 |

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 |
|---|---|---|---|
| 2019 | $ - | $ 6,621 | $ 6,621 |
| 2020 | - | 6,622 | 6,622 |
| 2021 | - | 6,622 | 6,622 |
| 2022 | - | 6,622 | 6,622 |
| 2023 | 6,885 | 6,622 | 13,507 |
| 2024-2028 | 38,465 | 27,097 | 65,562 |
| 2029-2033 | 46,385 | 14,916 | 61,301 |
| 2034-2035 | 21,190 | 1,919 | 23,109 |
| Total | $ 112,925 | $ 77,041 | $ 189,966 |

***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 | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2019 | $ 15,500 | $ 388 | $ 15,888 |

***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 | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2019 | $ 1,785 | $ 4,598 | $ 6,383 |
| 2020 | 1,875 | 4,507 | 6,382 |
| 2021 | 1,970 | 4,410 | 6,380 |
| 2022 | 2,070 | 4,310 | 6,380 |
| 2023 | 2,180 | 4,203 | 6,383 |
| 2024-2028 | 12,685 | 19,221 | 31,906 |
| 2029-2033 | 16,285 | 15,618 | 31,903 |
| 2034-2038 | 20,915 | 10,991 | 31,906 |
| 2039-2043 | 26,865 | 5,049 | 31,914 |
| 2044 | 6,225 | 156 | 6,381 |
| Total | $ 92,855 | $ 73,063 | $ 165,918 |



***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 |
| 2019 | $ 1,595 | $ 4,114 | $ 5,709 |
| 2020 | 1,675 | 4,033 | 5,708 |
| 2021 | 1,765 | 3,947 | 5,712 |
| 2022 | 1,855 | 3,856 | 5,711 |
| 2023 | 1,950 | 3,761 | 5,711 |
| 2024-2028 | 11,355 | 17,198 | 28,553 |
| 2029-2033 | 14,570 | 13,975 | 28,545 |
| 2034-2038 | 18,635 | 9,916 | 28,551 |
| 2039-2043 | 22,955 | 5,598 | 28,553 |
| 2044-2046 | 16,145 | 986 | 17,131 |
| Total | $ 92,500 | $ 67,384 | $ 159,884 |

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

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

Debt service requirements on the Series 2017A Bonds to maturity are set forth below:

| Year Ending December 31 | Debt Service Requirements | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2019 | $ 5,935 | $ 9,089 | $ 15,024 |
| 2020 | 6,275 | 8,792 | 15,067 |
| 2021 | 6,615 | 8,479 | 15,094 |
| 2022 | 14,200 | 8,148 | 22,348 |
| 2023 | 10,145 | 7,438 | 17,583 |
| 2024-2028 | 96,685 | 25,582 | 122,267 |
| 2029-2033 | 16,540 | 8,051 | 24,591 |
| 2034-2035 | 34,810 | 1,858 | 36,668 |
| Total | $ 191,205 | $ 77,437 | $ 268,642 |

***2017 Direct Placement –*** In December 2017, the RTA authorized the issuance of $250 million two-year Direct Placement Working Cash Notes, Series 2017 (Taxable) with Wells Fargo Bank, National Association to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment of existing RTA obligations (2016A Direct Placement). As of December 31, 2017, $150 million were issued and outstanding. The balance outstanding is due in December 2019 plus interest payments due monthly at a variable rate based on LIBOR.

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

Debt service requirements on Series 2018A Bonds to maturity are set forth below:

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| **December 31** | **Principal** | **Interest** | **Total** |
| 2019 | $ - | $ 4,520 | $ 4,520 |
| 2020 | 150,000 | 352 | 150,352 |
| Total | $ 150,000 | $ 4,872 | $ 154,872 |

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

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

Debt service requirements on Series 2018B Bonds to maturity are set forth below:

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| **December 31** | **Principal** | **Interest** | **Total** |
| 2019 | $ 2,085 | $ 6,326 | $ 8,411 |
| 2020 | 2,190 | 6,219 | 8,409 |
| 2021 | 2,305 | 6,107 | 8,412 |
| 2022 | 2,420 | 5,989 | 8,409 |
| 2023 | 2,545 | 5,865 | 8,410 |
| 2024-2028 | 14,830 | 27,225 | 42,055 |
| 2029-2033 | 19,045 | 23,012 | 42,057 |
| 2034-2038 | 24,455 | 17,601 | 42,056 |
| 2039-2043 | 31,090 | 10,958 | 42,048 |
| 2044-2046 | 38,115 | 3,933 | 42,048 |
| Total | $ 139,080 | $ 113,235 | $ 252,315 |



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, $150 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2018.

## 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, 2018, is $15.8 million. Principal and interest paid in 2018 was approximately $7.9 million.

As of December 31, 2018, debt service requirements to maturity are as follows (in thousands of dollars):

| Year Ending December 31 | Debt Service Requirements: Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 7,543 | $ 369 | $ 7,912 |
| 2020 | 7,751 | 160 | 7,911 |
| Total | $ 15,294 | $ 529 | $ 15,823 |

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 $57.1 million is reflected in the accompanying December 31, 2018 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 |
|---|---|---|---|
| 2019 | $ 10,396 | $ 2,415 | $ 12,811 |
| 2020 | 10,886 | 1,925 | 12,811 |
| 2021 | 11,399 | 1,412 | 12,811 |
| 2022 | 11,935 | 876 | 12,811 |
| 2023 | 12,497 | 314 | 12,811 |
| Total | $ 57,113 | $ 6,942 | $ 64,055 |

**TIFIA Loan Agreement**

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

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

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

CTA borrowed $79.2 million in 2018 and is capitalizing interest through 2020. Total capitalized interest of $5.3 million will be added to the principal repayments over the life of the loan. As of December 31, 2018, CTA had accrued $1.2 million of capitalized interest.

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

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

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

As of December 31, 2018 no drawdown had occurred on the 2015 TIFIA loan. No balance is presented for this loan on the Statements of Net Position as of December 31, 2018 or 2017.

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

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

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

As of December 31, 2018 no drawdowns had occurred on any of the three TIFIA loans. No balance is presented on the Statements of Net Position as of December 31, 2018.

## 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, 2018 and 2017 are as follows (in thousands of dollars):

| | Employees' Plan | |
|---|---|---|
| | **2018** | **2017** |
| Employer contributions | $ 117,115 | $ 104,442 |
| Employee contributions | 77,909 | 69,582 |
| Total | $ 195,024 | $ 174,024 |

| | Employees' Plan | |
|---|---|---|
| | **2018** | **2017** |
| Employer contribution rate | 18.019% | 17.925% |
| Employee contribution rate | 12.010% | 11.962% |

***Net Pension Liability***

The CTA's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

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, 2017 |
| Measurement date | December 31, 2017. Census data was collected as of January 1, 2017. Liabilities measured as of the census date were projected to December 31, 2017, 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 2000 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, 2012. |

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, 2018 and 2017 are summarized in the following table (note that the rates shown below include the inflation components):

| | Employees' Plan | | |
|---|---|---|---|
| | Target Allocation | 2018 Estimate of Expected Long-Term Rate of Return | 2017 Estimate of Expected Long-Term Rate of Return |
| Fixed income | 17 % | 1.31 % | 1.39 % |
| Domestic equities | 28 | 9.41 | 9.38 |
| International equities | 21 | 8.37 | 8.31 |
| Venture capital and partnerships | 10 | 12.54 | 12.52 |
| Real estate | 12 | 6.91 | 6.82 |
| Hedge funds | 7 | 4.66 | 4.66 |
| Infrastructure | 5 | 6.72 | 6.73 |

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. There are no separate stand-alone financial report issued for any of the Supplemental Plans.

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

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

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

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



**The RTA, Metra and Pace**

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

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

***Pension Benefits***—Participants are entitled to annual pension benefits upon normal retirement at age 65. Such benefits are generally based on a percentage of the average annual compensation in the highest three years of service, whether consecutive or not, multiplied by the number of years of credited service.

The Plan provides that, upon retirement, benefits will be reduced by a defined percentage for participants who received credit for prior service with an eligible employer.

The Plan permits early retirement with reduced benefits at age 55 after completing ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equal eighty-five or higher (known as "Rule of Eighty-Five Early Retirement).

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

***Disability Benefits—***An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

***Contributions and Vesting —***The Plan is funded solely by employer contributions, which are actuarially determined under the entry age actuarial cost method. Contributions to the plan from the Authority were $2.4 million for the year ended December 31, 2018.

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, 2018, the Authority reported a liability of $1,770 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, 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, 2017, the Authority's proportion was 9.90%, which was a decrease of 0.50% from its proportion measured as of the prior year measurement date.

For the year ended December 31, 2018, the Authority recognized pension expense of $927 thousand. At December 31, 2018, 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 | $ 744 | $ - |
| Changes of assumptions | 51 | 77 |
| Net difference between projected and actual earnings on pension plan investments | - | 572 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 1,662 | 2,400 |
| Authority contributions subsequent to the measurement date | 2,367 | - |
| Total | $ 4,824 | $ 3,049 |

The $2,367 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, 2018.

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 December 31: | Amount |
|---|---|
| 2019 | $ (160) |
| 2020 | (357) |
| 2021 | 60 |
| 2022 | (148) |
| 2023 | 13 |
| Total | $ (592) |

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP 2014 Employee Mortality Table, sex distinct, for pre-retirement mortality and the RP 2014 Healthy Annuitant Mortality table, sex distinct for post-retirement mortality. The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2016 and experience study for the period January 1, 2009 through January 1, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These arithmetic real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2018 are summarized in the following table:

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

*Discount rate.* A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the future expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 | $ 4,980 | $ 1,770 | $ (988) |

*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:

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

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

**CTA**

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

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

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

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

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are three insurance policies in effect from June 15, 2018 to June 15, 2019. The first policy provided $15 million in excess of the $15 million self-insured retention and $30 million in the aggregate. The second policy provides $20 million in excess of the $30 million and $40 million in the aggregate. The third policy provides $50 million in excess of $50 million and $100 million in the aggregate. In 2018 and 2017, 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 2018 or 2017.

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

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

| | Injury and Damage | Group Health and Dental | Workers' Compensation | Total |
|---|---|---|---|---|
| Balance at January 1, 2016 | $ 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 |
| Funded* | 3,167 | 151,765 | 55,752 | 210,684 |
| Funding (excess)/deficiency per actuarial requirement | 21,479 | - | 6,084 | 27,563 |
| Payments* | (38,591) | (152,771) | (55,752) | (247,114) |
| Balance at December 31, 2017 | 74,897 | 18,956 | 166,547 | 260,400 |
| Funded* | 5,000 | 159,769 | 53,644 | 218,413 |
| Funding (excess)/deficiency per actuarial requirement | 30,648 | - | (1,482) | 29,166 |
| Payments* | (31,882) | (159,207) | (53,644) | (244,733) |
| Balance at December 31, 2018 | $ 78,663 | $ 19,518 | $ 165,065 | $ 263,246 |

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 2018, the region-wide system-generated revenue recovery ratio is calculated from the combining region-wide schedules of revenues and expenses (budget and actual budget basis) as follows:

| **System-generated Revenue Recovery Ratio (in thousands)** | **Revenues** | **Expenses** |
|---|---|---|
| CTA[(a)] | $ 748,373 | $ 1,310,443 |
| Metra[(b)] | 419,157 | 735,686 |
| Pace[(c)] | 70,653 | 227,128 |
| RTA | 10,061 | 36,618 |
| Total | $ 1,248,244 | $ 2,309,875 |

The region-wide system-generated revenue recovery ratio for 2018 equals 52.59%.

a) The system-generated revenue recovery ratio for the excluded Senior/Circuit Breaker Free Rides revenue of $29 million, but excluded CTA expenses for security costs of $17.5 million, security camera contracts & department costs for $24.9 million, pension obligation bond debt service cost of $156.6 million, $4.8 million for depreciation and $6 million of ICE costs. 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 $2.1 million and $19.9 million of security costs, $19.5 million for lease of transportation facilities, $3.5 million for depreciation expense to carriers.

c) Pace's system-generated revenue recovery ratio included an in-kind service of $10.8 million both as revenues and expenses but excluded Senior/Circuit Breaker Free Rides revenue of $2.3 million, pension costs of $2.4 million in excess of actual contributions and bond interest costs of $242 thousand.

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

Also, RTA Act section 4.01(b) requires the RTA Board to determine that the level of fares charged for ADA paratransit services is sufficient to cause the aggregate of all projected revenues from such fares charged and received in each fiscal year to equal at least 10% of the aggregate costs of providing such ADA paratransit services in fiscal years 2018. Pace ended the year with a 10.4% recovery ratio for Regional ADA Paratransit Services. The 2018 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 13, in-kind services are added in the system-generated revenues and expenses.

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

| | RTA | CTA | Metra | Pace |
|---|---|---|---|---|
| **Government-wide revenues (page 46)** | $ 702,402 | $ 1,955,792 | $ 1,078,056 | $ 444,935 |
| Sales tax agency fund | 1,258,500 | - | - | - |
| Pension trust fund | (4,497) | - | - | - |
| Senior free rides | - | 29,040 | 2,100 | 2,293 |
| In-kind services | - | 22,000 | - | 10,800 |
| GASB 34 | (20,411) | - | - | - |
| **Region-wide revenues (page 47)** | 1,935,994 | 2,006,832 | 1,080,156 | 458,028 |
| **Government-wide expenses (page 46)** | 591,861 | 2,093,437 | 1,053,468 | 443,191 |
| Sales tax agency fund | 1,258,500 | - | - | - |
| Pension trust fund | 22,287 | - | - | - |
| In-kind services | - | 22,000 | - | 10,800 |
| Security costs | - | (42,371) | (19,905) | - |
| Lease of transportation facilities | - | - | (19,477) | - |
| ICE | - | (6,018) | - | - |
| Pension and other employee benefits | - | (156,576) | - | (2,351) |
| Capital (depreciation, disposals/additions) | - | (4,802) | (3,512) | - |
| GASB 34 | (6,740) | - | - | - |
| **Region-wide expenses (page 47)** | 1,865,908 | 1,905,670 | 1,010,574 | 451,640 |
| **Net revenues** | $ 70,086 | $ 101,162 | $ 69,582 | $ 6,388 |

## NOTE 15. SUBSEQUENT EVENTS

***CTA***

On January 31, 2019 and February 22, 2019, the CTA drew down $19,815,000 and $30,000,000, respectively, on the 2018 capital line of credit. Additionally, on April 10, 2019 the CTA Board approved an ordinance authorizing an increase in the 2018 capital line of credit total borrowing capacity from $15,000,000 to $300,000,000.

## REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

**SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | | Service Boards | | | Combining Adjustments | | |
|---|---|---|---|---|---|---|---|
| | RTA Government-Wide | Chicago Transit Authority | Commuter Rail Division | Suburban Bus Division | Debit | Credit | Total Combined |
| REVENUES: | | | | | | | |
| Service Boards operating revenues | $ - | $ 656,076 | $ 417,057 | $ 70,502 | $ 1,544 | $ - | $ 1,142,091 |
| RTA financial assistance | - | 809,352 | 403,236 | 324,642 | 1,313,376 | - | 223,854 |
| Other public funding | - | 37,774 | 154,701 | 6,470 | - | - | 198,945 |
| Capital grants | - | 441,162 | 103,062 | 42,145 | 209,451 | - | 376,918 |
| Sales taxes | 137,164 | - | - | - | - | 1,240,655 | 1,377,819 |
| Interest on sales taxes | 1,074 | - | - | - | - | - | 1,074 |
| Public Transportation Fund | 363,306 | - | - | - | 152,628 | - | 210,678 |
| Operating assistance | 26,971 | - | - | - | 12,539 | - | 14,432 |
| State assistance | 129,681 | - | - | - | - | - | 129,681 |
| Other intergovernmental revenues | 22,784 | - | - | - | - | - | 22,784 |
| Investment income | 10,363 | 11,428 | - | 1,176 | - | - | 22,967 |
| Program revenues and other | 11,059 | - | - | - | - | - | 11,059 |
| Total revenues | 702,402 | 1,955,792 | 1,078,056 | 444,935 | 1,689,538 | 1,240,655 | 3,732,302 |
| EXPENSES: | | | | | | | |
| Operating | - | 1,435,054 | 778,580 | 391,348 | - | 1,545 | 2,603,437 |
| Depreciation | - | 459,447 | 274,888 | 51,843 | - | - | 786,178 |
| Financial Assistance to Service Boards | 218,240 | - | - | - | - | 218,240 | - |
| Operating Assistance - CTA & Pace | 35,030 | - | - | - | - | 35,030 | - |
| Capital grants—discretionary | 1,238 | - | - | - | - | 1,238 | - |
| Capital grants—bonds | 192,831 | - | - | - | - | 192,831 | - |
| Insurance (JSIF) | 5,424 | - | - | - | - | - | 5,424 |
| Administrative and other expenses | 18,756 | - | - | - | - | - | 18,756 |
| Regional expenses | 24,025 | - | - | - | - | - | 24,025 |
| Technology program | 577 | - | - | - | - | - | 577 |
| Bond interest/Prepaid Ins Bond | 95,740 | 193,093 | - | - | - | - | 288,833 |
| Interest expense from leasing transactions | - | 5,843 | - | - | - | - | 5,843 |
| Total expenses | 591,861 | 2,093,437 | 1,053,468 | 443,191 | - | 448,884 | 3,733,073 |
| NET REVENUES (EXPENSES) | $ 110,541 | $ (137,645) | $ 24,588 | $ 1,744 | $ 1,689,538 | $ 1,689,539 | $ (771) |

Note 1—Changes in net position shown on page 4 and net revenues and expenses shown on this page are similar.
Note 2—Government-wide to region-wide revenues and expenses shown on this page are reconciled in Note 14.

**REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS**
**SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENSES—BUDGET AND ACTUAL (BUDGETARY BASIS)**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

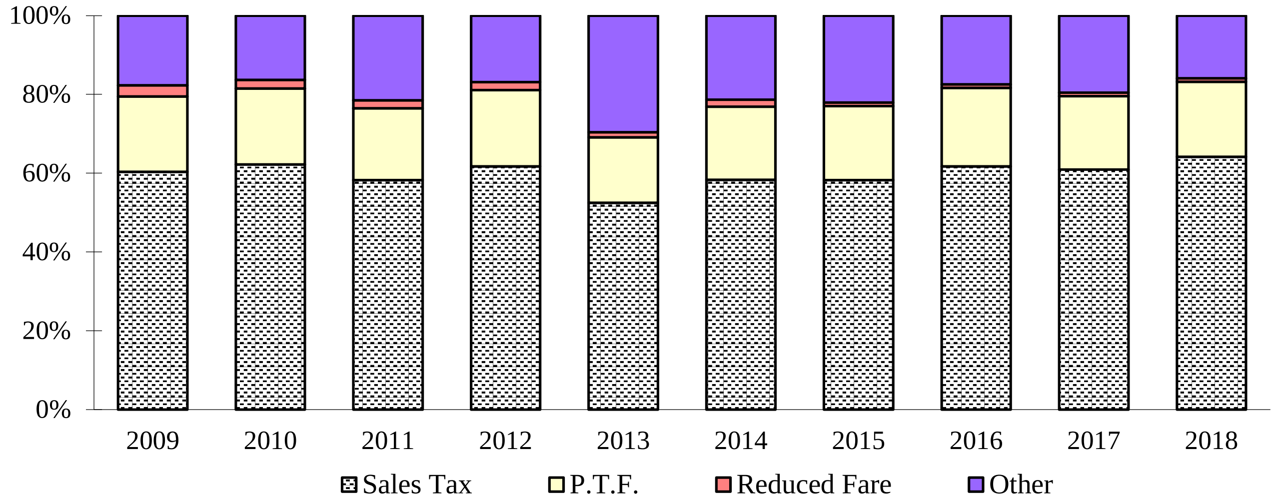
| | RTA Government-Wide and Fiduciary Funds (1) | Service Boards: Chicago Transit Authority | Service Boards: Commuter Rail Division | Service Boards: Suburban Bus Division | Combining Adjustments: Debit | Combining Adjustments: Credit | Total Combined | Total Region-Wide Budget |
|---|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | | |
| RTA financial assistance | $ - | $ 809,352 | $ 403,236 | $ 324,642 | $ 1,312,986 | $ - | $ 224,244 | $ - |
| Other public funding | - | - | 154,701 | 6,470 | - | - | 161,171 | - |
| Capital grants | - | 441,162 | 103,062 | 42,145 | 209,451 | - | 376,918 | - |
| Sales taxes | 1,224,800 | - | - | - | - | - | 1,224,800 | 1,235,755 |
| Public Transportation Fund | 368,366 | - | - | - | 152,628 | - | 215,738 | 368,410 |
| General State revenue | 147,569 | - | - | - | - | - | 147,569 | - |
| Operating assistance | 26,971 | - | - | - | 12,539 | - | 14,432 | - |
| State Assistance Inc. | 129,681 | - | - | - | - | - | 129,681 | 130,283 |
| State reduced fare reimbursement | 16,692 | - | - | - | 16,692 | - | - | 34,070 |
| Pension contribution | 12,891 | - | - | - | - | - | 12,891 | - |
| Pension investment income | (17,390) | - | - | - | - | - | (17,390) | - |
| Other revenues | 22,784 | 7,945 | - | 14,118 | - | - | 44,847 | - |
| Interest on sales taxes to Service Boards | 1,545 | - | - | - | 1,545 | - | - | - |
| Subtotal | 1,933,909 | 1,258,459 | 660,999 | 387,375 | 1,705,841 | - | 2,534,901 | 1,768,518 |
| Investment income | 10,363 | - | - | - | - | - | 10,363 | 1,374 |
| Other revenues | 11,059 | - | - | - | - | - | 11,059 | - |
| Interest on sales taxes | 1,074 | - | - | - | - | - | 1,074 | 200 |
| Service Boards revenues | - | 697,333 | 417,057 | 57,560 | 390 | - | 1,171,560 | 1,192,869 |
| GASB 34 conversion | (20,411) | - | - | - | - | - | (20,411) | - |
| Add (Subtract): | | | | | | | | |
| Senior Free Ride | - | 29,040 | 2,100 | 2,293 | - | - | 33,433 | - |
| In-kind services | - | 22,000 | - | 10,800 | - | - | 32,800 | - |
| Subtotal | 2,085 | 748,373 | 419,157 | 70,653 | 390 | - | 1,239,878 | 1,194,443 |
| Total revenues | 1,935,994 | 2,006,832 | 1,080,156 | 458,028 | 1,706,231 | - | 3,774,779 | 2,962,961 |
| EXPENSES: | | | | | | | | |
| Depreciation | - | 454,644 | 274,888 | 51,843 | - | - | 781,375 | - |
| Interest expenses from leasing transactions | - | 5,843 | - | - | - | - | 5,843 | - |
| Interest expenses from bond transactions | - | 92,556 | - | - | - | - | 92,556 | - |
| Operating grants to Service Boards | 1,280,798 | - | - | - | - | 1,280,798 | - | - |
| CTA & PACE (PTF) expenditures | 212,735 | - | - | - | - | 212,735 | - | - |
| Capital grants—discretionary | 1,238 | - | - | - | - | 1,238 | - | - |
| Capital grants—bonds | 192,831 | - | - | - | - | 192,831 | - | - |
| State reduced fare reimbursement | 16,692 | - | - | - | - | 16,692 | - | - |
| Regional expenses and other | - | - | - | 172,669 | - | - | 172,669 | 178,587 |
| Bond-related expenses | 95,740 | - | - | - | - | - | 95,740 | 221,633 |
| Pension and other employee benefits | 22,287 | 42,182 | - | - | - | - | 64,469 | - |
| Miscellaneous expense | 5,424 | - | - | - | - | - | 5,424 | - |
| Interest on sales taxes to Service Boards | 1,545 | - | - | - | - | 1,545 | - | - |
| Subtotal | 1,829,290 | 595,225 | 274,888 | 224,512 | - | 1,705,839 | 1,218,076 | 400,220 |
| Operating expenses | - | 1,498,212 | 778,580 | 218,679 | - | 390 | 2,495,081 | 2,543,805 |
| Pension and other employee benefits | - | - | - | - | - | - | - | 16,099 |
| Administrative expenses | 18,756 | - | - | - | - | - | 18,756 | 17,588 |
| Regional expenses | 24,025 | - | - | - | - | - | 24,025 | - |
| Technology program | 577 | - | - | - | - | - | 577 | - |
| GASB 34 conversion | (6,740) | - | - | - | - | - | (6,740) | - |
| Add (Subtract): | | | | | | | | |
| In-kind services | - | 22,000 | - | 10,800 | - | - | 32,800 | 32,800 |
| Security costs | - | (42,371) | (19,905) | - | - | - | (62,276) | (62,276) |
| Bond Interest expense | - | - | - | - | - | - | - | - |
| Pension Obligation Bond Debt Service | - | (156,576) | - | (2,351) | - | - | (158,927) | (158,927) |
| Lease of transportation facilities | - | - | (19,477) | - | - | - | (19,477) | (19,477) |
| ICE | - | (6,018) | - | - | - | - | (6,018) | (6,018) |
| Capital (depreciation, disposals/additions) | - | (4,802) | (3,512) | - | - | - | (8,314) | (8,314) |
| Subtotal | 36,618 | 1,310,445 | 735,686 | 227,128 | - | 390 | 2,309,487 | 2,355,280 |
| Total expenses | 1,865,908 | 1,905,670 | 1,010,574 | 451,640 | - | 1,706,229 | 3,527,563 | 2,755,500 |
| NET REVENUES (EXPENSES) | $ 70,086 | $ 101,162 | $ 69,582 | $ 6,388 | $ 1,706,231 | $ (1,706,229) | $ 247,216 | $ 207,461 |

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

Table 1

**RTA REVENUE BY SOURCE**

**2009-2018**



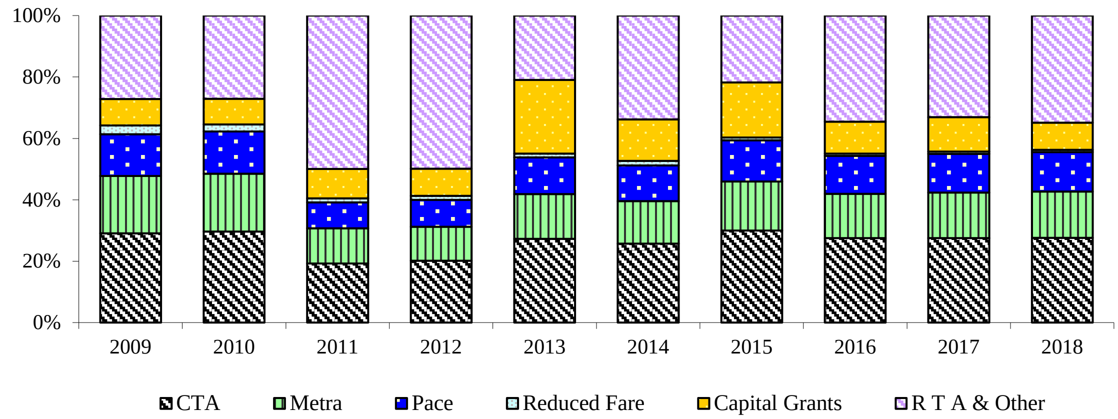

*Last Ten Years* *(In Thousands)*

| | Sales Tax | Public Transportation Fund | Reduced Fare | Other | Total |
|---|---|---|---|---|---|
| 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% |
| 12 Months Ended 12/31/17 | 1,185,986 | 362,647 | 17,570 | 380,963 | 1,947,166 |
| *Percentage of Total* | 60.91% | 18.62% | 0.90% | 19.56% | 100% |
| 12 Months Ended 12/31/18 | 1,237,339 | 368,367 | 16,692 | 306,944 | 1,929,342 |
| *Percentage of Total* | 64.13% | 19.09% | 0.87% | 15.91% | 100% |

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

**DISTRIBUTION OF EXPENDITURES**

**2008-2017**




*Last Ten Years* *(In Thousands)*

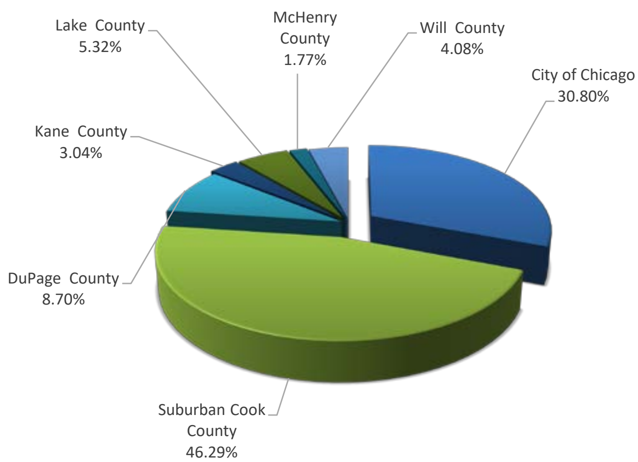
| | Financial Assistance | | | | Reduced | Capital | R T A | |
|---|---|---|---|---|---|---|---|---|
| | CTA | Metra | Pace | Total | Fare | Grants | and Other | Total |
| 12 Months Ended 12/31/09 | $ 417,288 | $ 267,576 | $ 194,698 | $ 879,562 | $ 41,970 | $ 123,069 | $ 389,857 | $ 1,434,457 |
| *Percentage 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% |
| 12 Months Ended 12/31/17 | 630,467 | 339,865 | 288,253 | 1,258,585 | 17,570 | 256,362 | 758,542 | 2,291,059 |
| *Percentage of Total* | 27.52% | 14.83% | 12.58% | 54.93% | 0.77% | 11.19% | 33.11% | 100% |
| 12 Months Ended 12/31/18 | 650,167 | 352,502 | 303,207 | 1,305,876 | 16,692 | 209,061 | 819,100 | 2,350,729 |
| *Percentage of Total* | 27.66% | 15.00% | 12.90% | 55.55% | 0.71% | 8.89% | 34.84% | 100% |

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

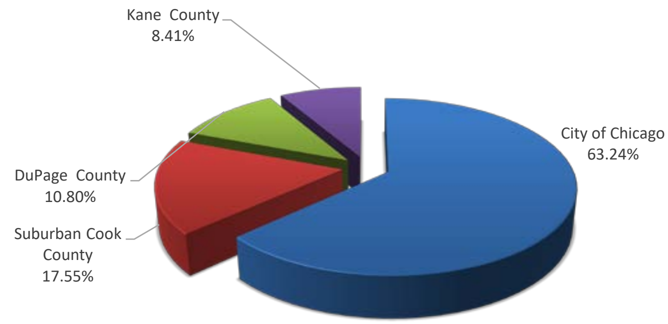
Table 3

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

**2017**




**2018**






*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 12/31/09 | $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% |
| 12 Months Ended 12/31/17 | 365,311 | 548,955 | 103,254 | 36,047 | 63,041 | 20,976 | 48,403 | 1,185,987 |
| *Percentage of Total* | 30.80% | 46.29% | 8.70% | 3.04% | 5.32% | 1.77% | 4.08% | 100% |
| 12 Months Ended 12/31/18 | 380,082 | 572,126 | 105,460 | 37,452 | 64,929 | 21,507 | 50,455 | 1,232,011 |
| *Percentage of Total* | 30.85% | 46.44% | 8.56% | 3.04% | 5.27% | 1.75% | 4.10% | 100% |

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

Table 4

**LEGAL DEBT CAPACITY**

*(In Thousands)*

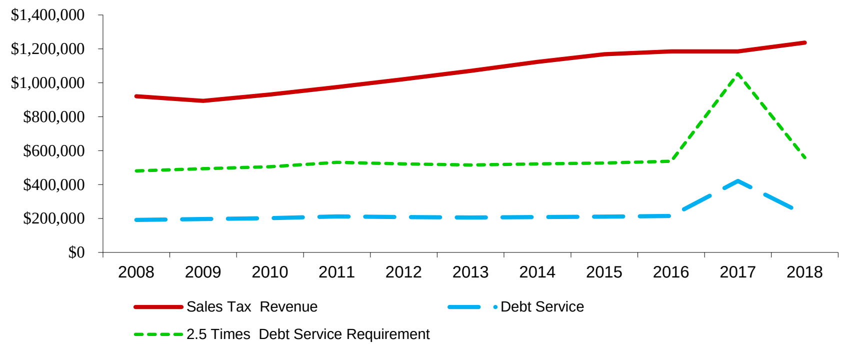
**2018**

| Legal Debt Margin: | Balance Outstanding at December 31, 2018 | 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 | $14,765 | | | |
| 1991A General Obligation Bonds | 20,655 | | | |
| 1994B General Obligation Bonds | - | | | |
| 1994D General Obligation Bonds | 13,560 | | | |
| 1997 General Obligation Refunding Bonds | 24,445 | | | |
| 2003B General Obligation Bonds | 104,315 | | | |
| 2005B General Obligation Refunding Bonds | 84,685 | | | |
| 2010A General Obligation Bonds | 24,475 | | | |
| 2010B General Obligation Bonds | 112,925 | | | |
| 2011A General Obligation Refunding Bonds | 15,500 | | | |
| 2014A General Obligation Bonds | 92,855 | | | |
| 2016A General Obligation Bonds | 92,500 | | | |
| 2018B General Obligation Bonds | 139,080 | | | |
| Total RTA Bonds Applicable to Limitation | 739,760 | | | (739,760) |
| SCIP Bonds: | | | | |
| 1992A General Obligation Bonds | - | 188,000 | | |
| 1993A General Obligation Bonds | - | 55,000 | | |
| 1994A General Obligation Bonds | - | 195,000 | | |
| 1994C General Obligation Bonds | 9,790 | 62,000 | | |
| 1999 General Obligation Refunding Bonds | 145,845 | - | | |
| 2000 General Obligation Bonds | 160,955 | 260,000 | | |
| 2001A General Obligation Bonds | 63,060 | 100,000 | | |
| 2001B General Obligation Refunding Bonds | 16,945 | - | | |
| 2002A General Obligation Bonds | 106,460 | 160,000 | | |
| 2003A General Obligation Bonds | 180,975 | 260,000 | | |
| 2004A General Obligation Bonds | 187,745 | 260,000 | | |
| 2006A General Obligation Bonds | - | 250,030 | | |
| 2017A General Obligation Bonds | 191,205 | - | | |
| | 1,062,980 | | | |
| Total SCIP Bonds Applicable to Limitation | | $1,790,030 | | (1,790,030) |
| Total SCIP Bonds Outstanding | | | | |
| Total Bonds Outstanding | $1,802,740 | | | |
| Debt Margin for General Obligations | | | | 70,210 |
| Debt Limitation per Act for Working Cash Notes | | | $400,000 | |
| Total RTA Working Cash Notes Applicable to Limitatic | 200,000 | | (200,000) | |
| Debt Margin for Working Cash Notes | | | | 200,000 |
| Total Legal Debt Margin | | | | $270,210 |

Table 5

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

**2009 - 2018**
***(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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Revenue | $ 894,238 | $ 931,435 | $ 975,670 | $ 1,021,686 | $ 1,071,225 | $ 1,123,997 | $ 1,169,267 | $ 1,185,182 | $ 1,185,986 | $ 1,237,339 |
| Debt Service Requirement | 197,529 | 201,994 | 212,441 | 208,712 | 206,228 | 208,985 | 211,041 | 214,984 | 421,835 | 223,893 |
| 2.5 Times Debt Service Requirement | 493,823 | 504,985 | 531,103 | 521,780 | 515,570 | 522,463 | 527,603 | 537,460 | 1,054,588 | 559,733 |

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 |
| 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% |
| 2017 | 313,870 | 107,965 | 421,835 | 2,291,059 | 18.41% |
| 2018 | 121,295 | 102,598 | 223,893 | 2,350,729 | 9.52% |

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 |
|---|---|---|---|---|---|
| 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 | - |
| 2017* | 504.56 | 294.77 | 169.83 | 39.96 | - |
| 2018* | 576.66 | 342.48 | 186.29 | 47.89 | - |
| Total | $ 6,700.98 | $ 4,166.35 | $ 1,945.01 | $ 549.84 | $ 39.78 |

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

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

**RTA & SERVICE BOARDS OPERATING CHARACTERISTICS**

**2018**

## Chicago Transit Authority

Rapid Transit

- *8* rail lines
- *145* stations served
- *1,492* rapid transit cars
- *225.9* million riders per year
- *1,801* STO* positions

Motor Bus

- *129* bus routes
- *1,864* buses
- *242.2* million riders per year
- *3,796* STO* positions

CTA Totals

- *1.4* billion rail passenger miles per year
- *613.0* million bus passenger miles per year
- *125.9* million vehicle revenue miles per year
- *4,300* without STO* positions

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

## Metra Commuter Rail Division*

Commuter Rail

- *11* rail lines
- *488* route miles
- *1,155* miles of track
- *242* stations
- *149* locomotives
- *855* passenger cars
- *186* electric cars
- *686* weekday trains operated
- *76.1* million riders per year
- *4,870* full-time employees
- *1.7* billion passenger miles per year
- *43.7* million vehicle revenue miles per year

**All data excludes NICTD South Shore*

## Pace Suburban Bus Division

Fixed Route Bus

- *162* regular routes
- *43* feeder routes
- *20* shuttle routes
- *626* vehicles in use during peak periods
- *27.7* million riders per year
- *780* Pace-owned buses
- *1,750* full-time employees

ADA Paratransit

- *331* Pace-owned lift-equipped vehicles in service
- *4.3* million riders per year
- *47* full-time employees

Dial-a-Ride

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

Vanpool

- *556* vanpool vehicles in operation
- *1.7* million riders per year

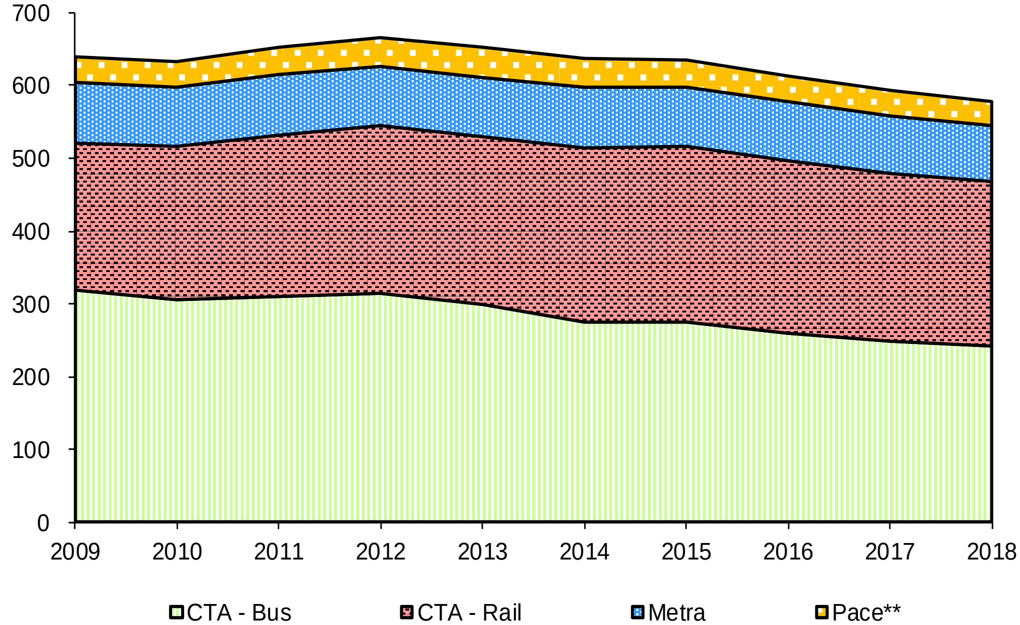
*Source of data: Information obtained from the Service Boards, the NTD, and RTA records.*

Table 9

## System Ridership and Unlinked Passenger Trips

**2009-2018**

*(In Millions)*






*Last Ten Years* *(In Millions)*

| Service Consumed: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA - Bus | 318.7 | 306 | 310.4 | 314.4 | 300.1 | 276.1 | 274.3 | 259.1 | 249.2 | 242.2 |
| CTA - Rail | 202.6 | 210.9 | 221.6 | 231.2 | 229.1 | 238.1 | 241.7 | 238.6 | 230.2 | 225.9 |
| Total CTA* | 521.3 | 516.9 | 532 | 545.6 | 529.2 | 514.2 | 516 | 497.7 | 479.4 | 468.1 |
| Metra | 82.3 | 81.4 | 82.7 | 81.3 | 82.3 | 83.4 | 81.6 | 80.1 | 78.6 | 76.2 |
| Pace** | 35.1 | 35.1 | 37.1 | 39.2 | 39.9 | 38.9 | 37.3 | 35.4 | 35.5 | 34.5 |
| System Total | 638.7 | 633.4 | 651.8 | 666.1 | 651.4 | 636.5 | 634.9 | 613.2 | 593.5 | 578.8 |
| Percent Change | -2.3% | -0.8% | 2.9% | 2.2% | -2.2% | -2.3% | -0.3% | -3.4% | -3.2% | -2.5% |

***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 2018.

*(In Thousands)*

| | Operating Revenues | Operating Expenses | Operating Deficit | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| ***Metra*** | | | | | |
| Union Pacific | $ 133,842 | $ 224,459 | $ (90,617) | $ 90,617 | $ - |
| Burlington Northern/Santa Fe | 79,260 | 83,760 | (4,500) | 4,500 | - |
| Total Metra | $ 213,102 | $ 308,219 | $ (95,117) | $ 95,117 | $ - |
| ***Pace*** | | | | | |
| **Summary of Services** | | | | | |
| Fixed Route - Public Funded Carriers | $ 1,516 | $ 3,424 | $ (1,908) | $ 3,424 | $ 1,907 |
| Fixed Route - Private Contract Carriers | 5,741 | 1,722 | 4,018 | - | - |
| Total Fixed Route Service | 7,257 | 5,146 | 2,110 | 3,424 | 1,907 |
| Private Contract Carriers | | | | | |
| DAR Services | 1,649 | 14,680 | (13,031) | 6,272 | 6,758 |
| DAR and Stable Services | 11,921 | 153,173 | (141,252) | 141,252 | - |
| Total Private Contract Carriers | 13,570 | 167,853 | (154,283) | 147,524 | 6,758 |
| Paratransit - Municipal Carriers | 288 | 4,296 | 4,008 | 714 | 3,382 |
| Total Pace | $ 21,115 | $ 177,295 | $ (148,165) | $ 151,662 | $ 12,047 |
| ***Pace*** | | | | | |
| **Detail of Services** | | | | | |
| Fixed Route - Public Funded Carriers | | | | | |
| City of Highland Park | $ 688 | $ 1,538 | $ (850) | $ 1,538 | $ 850 |
| Village of Niles | 542 | 1,410 | (868) | 1,410 | 867 |
| Village of Schaumburg | 286 | 476 | (190) | 476 | 190 |
| Total | $ 1,516 | $ 3,424 | $ (1,908) | $ 3,424 | $ 1,907 |
| Private Contract Carriers - Fixed Route | | | | | |
| First Student | $ 3,076 | $ 1,006 | $ 2,070 | $ - | $ - |
| First Transit | 554 | 27 | 526 | - | - |
| M V Transportation | 2,111 | 689 | 1,422 | - | - |
| Total | $ 5,741 | $ 1,722 | $ 4,018 | $ - | $ - |

# 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 | $ 23 | $ 277 | $ (254) | $ 172 | $ 82 |
| Call Centers | - | 762 | (762) | 763 | - |
| Call in Rides | 113 | 1,708 | (1,595) | 1,595 | - |
| Central Lake | 6 | 36 | (30) | 22 | 9 |
| Central Will | 56 | 667 | (611) | 442 | 170 |
| Community Service Transit | 112 | 61 | 51 | (52) | - |
| Downers Grove | 14 | 105 | (91) | 63 | 28 |
| Dupage County | 2 | 15 | (13) | 13 | - |
| Dupage Township | 6 | 123 | (117) | 85 | 33 |
| Elk Grove | 11 | 338 | (327) | 35 | 291 |
| Leyden Township | 7 | 109 | (102) | 11 | 91 |
| McHenry County | 19 | 345 | (326) | (11) | 338 |
| Milton Township | 64 | 277 | (213) | 202 | 11 |
| Naperville/Lisle | 249 | 1,153 | (904) | 237 | 666 |
| Northeast Lake | 16 | 311 | (295) | 269 | 27 |
| Northeast Lake-Zion | 4 | 60 | (56) | 45 | 11 |
| Northwest Kane-Hampshire | 1 | 18 | (17) | 13 | 4 |
| Northwest Lake | 19 | 120 | (101) | 101 | - |
| Northwest Lake Demo | 37 | 254 | (217) | 27 | 189 |
| North Surburban Cook-Non-ADA | 2 | 55 | (53) | 35 | 17 |
| North Surburban Cook-Trip | 28 | 183 | (155) | 154 | - |
| Pioneer Center | 2 | 270 | (268) | 268 | - |
| Ride DuPage | 227 | 1,650 | (1,423) | 360 | 1,062 |
| Ride In Kane | 344 | 2,852 | (2,508) | 496 | 2,012 |
| Ride In Lake | 15 | 120 | (105) | (9) | 114 |
| Ride In McHenry | 219 | 2,083 | (1,864) | 828 | 1,036 |
| Shields Township | 6 | 44 | (38) | 25 | 13 |
| South Cook | - | 72 | (72) | 72 | - |
| Southwest Lake-Wauconda | - | 6 | (6) | 6 | - |
| Southwest Will | 2 | 26 | (24) | 19 | 5 |
| TriState Park Shuttle | - | 3 | (3) | 3 | - |
| Wayne Township | 4 | 54 | (50) | 34 | 16 |
| West Cook | - | 120 | (120) | 5 | 114 |
| Will County | 41 | 403 | (362) | (56) | 419 |
| Total | $ 1,649 | $ 14,680 | $ (13,031) | $ 6,272 | $ 6,758 |

# 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 | $ 905 | $ 9,520 | $ (8,615) | $ 8,615 | $ - |
| North Suburban Cook | 952 | 7,145 | (6193) | 6,193 | - |
| West Cook (Surburban) | 342 | 3,537 | (3195) | 3,195 | - |
| North Lake | 173 | 1,331 | (1158) | 1,158 | - |
| Kane County | 75 | 808 | (733) | 732 | - |
| Southwest/Central Will | 66 | 772 | (706) | 707 | - |
| DuPage County | 217 | 2,368 | (2151) | 2,151 | - |
| Chicago ADA | 9,191 | 127,692 | (118501) | 118,501 | - |
| Total | $ 11,921 | $ 153,173 | $ (141,252) | $ 141,252 | $ - |

| | Operating Revenues | Operating Expenses | Operating Deficit | Service Board Funding | Other Public Funding |
|---|---|---|---|---|---|
| Paratransit - Municipal Carriers | | | | | |
| Bensenville | $ 15 | $ 263 | $ 248 | $ 21 | $ 227 |
| Bloom | 22 | 362 | 340 | 48 | 292 |
| Crestwood | 4 | 95 | 91 | 12 | 79 |
| Forest Park | 26 | 109 | 82 | 62 | 21 |
| Lemont | 5 | 63 | 58 | 14 | 43 |
| Lyons | 15 | 282 | 268 | 38 | 230 |
| Norridge | 8 | 92 | 84 | 19 | 66 |
| Orland Park | 15 | 254 | 239 | 22 | 216 |
| Palatine | 20 | 157 | 137 | 24 | 113 |
| Palos Hills | 6 | 64 | 58 | 12 | 46 |
| Park Forest | 16 | 96 | 80 | 34 | 46 |
| Rich Township | 25 | 366 | 340 | 38 | 302 |
| Schaumburg | 74 | 1,294 | 1,220 | 190 | 1,030 |
| Stickney | 18 | 333 | 315 | 46 | 269 |
| Tinley Park | 8 | 75 | 68 | 17 | 50 |
| Vernon Township | 4 | 146 | 142 | 98 | 133 |
| Worth | 7 | 245 | 238 | 19 | 219 |
| Total | $ 288 | $ 4,296 | $ 4,008 | $ 714 | $ 3,382 |

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**

To: Audit Committee

From: Leanne P. Redden, Executive Director

Date: June 13, 2019

Re: ORDINANCE APPROVING AND RELEASING THE RTA 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Regional Transportation Authority

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

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## Action Requested

The Audit Committee is being asked to recommend Board adoption of the attached ordinance, which approves and releases the RTA 2018 Comprehensive Annual Financial Report.

## Background

Section 4.05 of the RTA Act requires that the RTA, as well as the Service Boards, annually prepare financial statements audited by an independent certified public accountant. The RTA Comprehensive Annual Financial Report is prepared annually by the statutory deadline of six months after the end of each fiscal year (June 30).

## Comments

Attached is a final draft copy of this report for your review and approval. RSM US LLP has performed the audit of the 2018 financial transactions summarized in the report.

Prepared by: Department of Finance, Innovation and Technology
LPR/BH/jy
Attachment.

ORDINANCE NO.

WHEREAS, Section 4.05 of the Regional Transportation Authority (the "Authority") Act requires that the Authority annually prepare a report "consolidating the audits of the Service Boards and reviewing the State of the Authority, the Service Boards, and of the public transportation provided by the various Service Boards and transportation agencies… ."

WHEREAS, the Act further requires that, "the report shall include evaluations of public transportation in the metropolitan region and of the Authority's activities, and financial statements of the Authority's and the Service Boards' revenues and expenditures for such year and of their assets and liabilities, which financial statements shall have been audited by an independent certified public accountant."

WHEREAS, in order to comply with the Act, the Comprehensive Annual Financial Report ("CAFR") is prepared annually; and

WHEREAS, RSM US LLP, independent Certified Public Accountants, has performed the audit of the 2018 financial transactions as summarized in the CAFR.

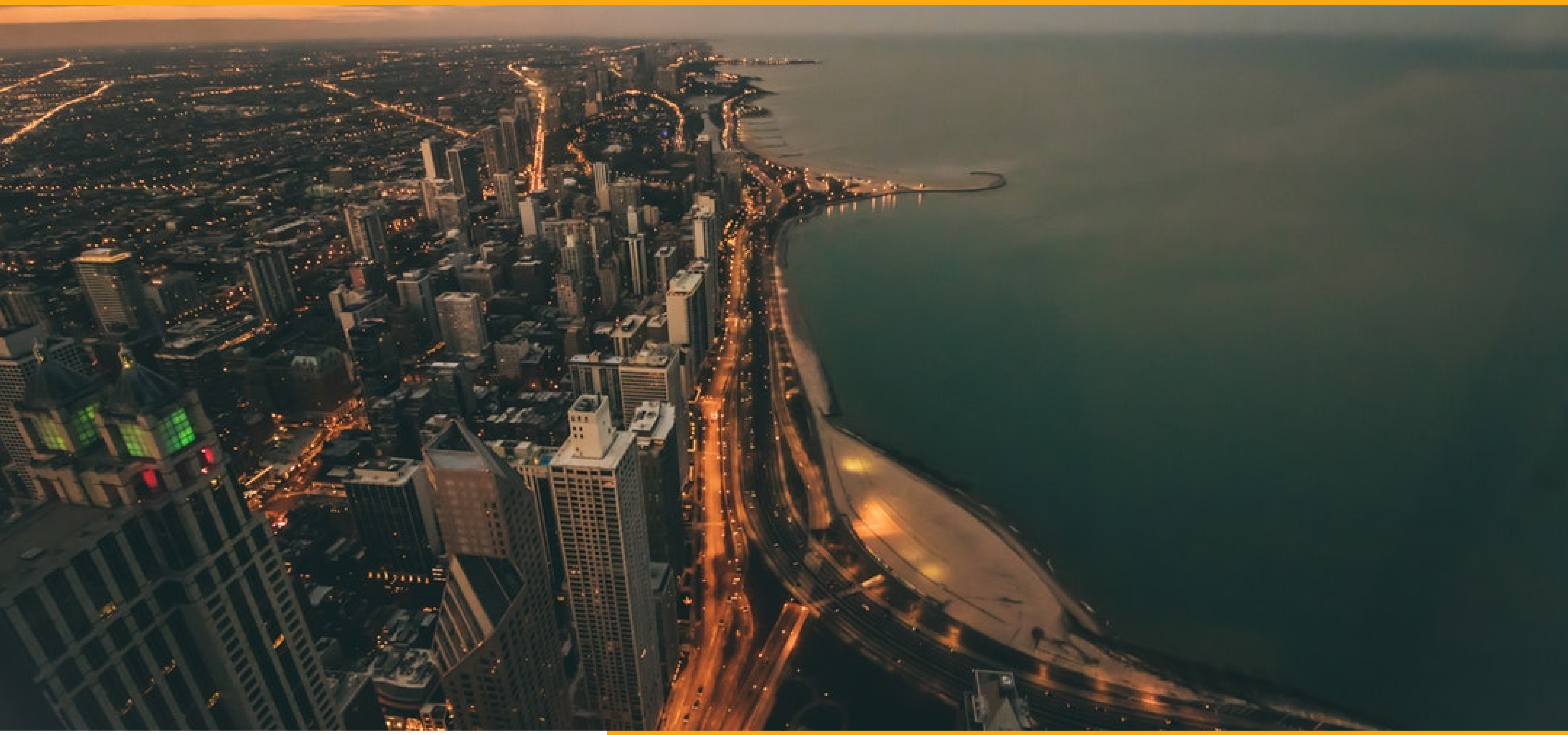
NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY that:

1. The Authority hereby approves the attached copy of the Authority's 2018 CAFR, as prepared by the staff of the Authority, for the year ended December 31, 2018. The Authority accepts the report of RSM US LLP, wherein they express the unqualified opinion that the combined financial statements contained in the CAFR present fairly the financial position of the Authority and the results of operations are in conformity with accounting principles generally accepted in the United States of America.

2. The Executive Director of the Authority is hereby authorized and directed to transmit the CAFR to the trustee designated for debt obligations of the Authority and to any holders of Authority obligations, or any other interested person upon request.

REGIONAL TRANSPORTATION AUTHORITY

NORTHEASTERN ILLINOIS



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2018

# REGIONAL TRANSPORTATION AUTHORITY
# NORTHEASTERN ILLINOIS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**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**
**2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## TABLE OF CONTENTS (Continued)

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

REPORT DATE

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, 2018. 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, 2018, 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 35 surrounding 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 Budget 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: Omnibus – an amendment of GASB Statements No. 14 and 34*, 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, *The Financial Reporting Entity*. 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 3,749 square miles. According to the Census Bureau, the population of the six-county region was 8.3 million in 2018. The U.S. Department of Commerce-Bureau of Economic Analysis reported employment for the broader Chicago Metropolitan Statistical Area (MSA) of 4.75 million during the same year. The RTA system carried 578.8 million riders in 2018, a decrease of 2.5% 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 employed a staff of 103 professionals as of December 2018. 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.

***Sales Tax Collections***

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. Effective July 1, 2017, the State imposed a 2% administrative surcharge on RTA sales tax receipts, reducing the amount of sales tax provided to the RTA and Service Boards. Effective April 1, 2018, the surcharge was reduced to 1.5% of sales tax receipts, or approximately $20 million per year.

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 increased the portion of RTA tax revenues matched by the State Public Transportation Fund ("PTF") from 25% to 30%. Effective July 1, 2017, the State instituted a temporary 10% reduction in PTF for State fiscal year 2018, reducing the amount of PTF funding provided to the RTA and Service Boards by approximately $40 million. The reduction in PTF funding was eased to 5%, or approximately $20 million per year, for State fiscal year 2019. In 2018, actual RTA sales tax receipts of $1.232 billion were 3.9% higher than prior year, but lagged the 2018 budget by 0.3%.

The RTA's 2019 operating budget approved by the Board of Directors on December 13, 2018 assumes sales tax revenues of $1.270 billion, an increase of 3.9% over the 2018 results as estimated at the time of the 2019 budget adoption, and 3.1% over 2018 actual receipts. In addition to the 30% sales tax and real estate transfer tax match from the PTF, the 2019 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. $34.1 million as partial reimbursement to the Service Boards for mandated reduced fare and free ride programs for student, elderly, and disabled riders, and $8.4 million of funding for ADA Paratransit service.

**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-six 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 a high of 11.4% in the aftermath of the 2009 recession. The regional unemployment rate improved steadily from 2011 through 2018, and stood at 3.7% in the first quarter of 2019.

The February 2019 Monthly Revenue Briefing issued by the State Commission on Government Forecasting and Accountability noted that during the first nine months of the State's 2019 fiscal year, state-wide sales tax receipts of $6.6 billion increased $438 million or 7.1% 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. Steady growth continued in 2014 through 2017, and preliminary GDP growth of 2.9% was recorded for 2018. The Congressional Budget Office ("CBO") predicts annual real GDP growth of 2.7% in 2019.

The consumer price index ("CPI"), a measure of the pace of inflation, declined by 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, 0.8% in 2014, and 0.7% in 2015. CPI growth was 1.5% in 2016, 2.1% in 2017, and is projected at 2.5% in 2018, 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 3.9% in 2018. The CBO forecasts the national unemployment rate to further improve to 3.5% in 2019.

**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, 2017. This was the twenty-fourth 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, 2018. This marks the twenty-second 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**

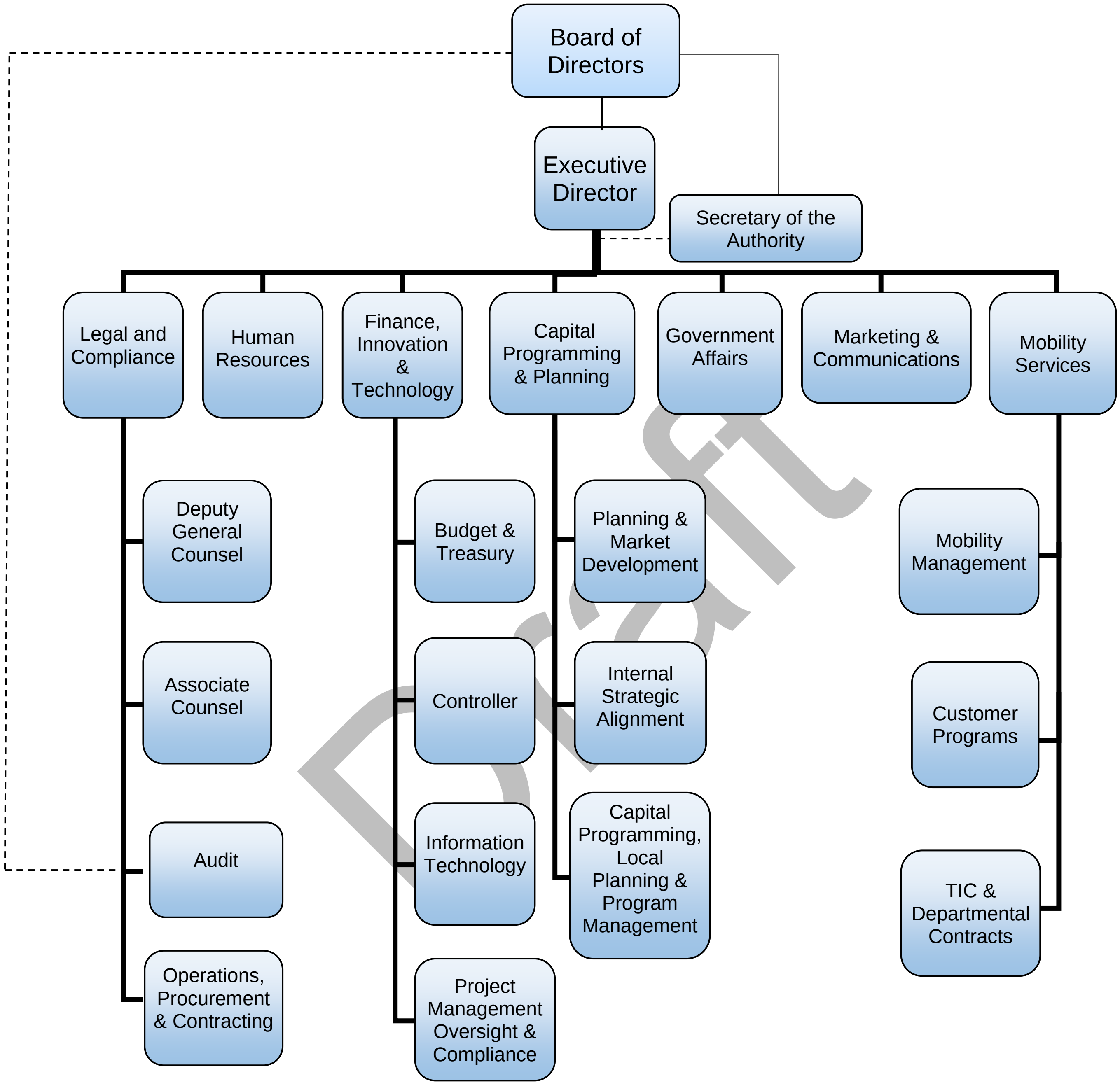
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**December 31, 2017**

Christopher P. Morrill

Executive Director/CEO

**REGIONAL TRANSPORTATION AUTHORITY**
**ORGANIZATION CHART**
**December 31, 2018**



**REGIONAL TRANSPORTATION AUTHORITY**

**LIST OF PRINCIPAL OFFICIALS**
**as of DECEMBER 31, 2018**

Board of Directors

| | |
|---|---|
| Chairman | Kirk W. Dillard |
| Directors | William R. Coulson<br>Patrick J. Durante<br>John V. Frega<br>Phil Fuentes<br>Christopher Groven<br>Ryan S. Higgins<br>Alexandra Holt<br>Thomas Kotel<br>Michael W. Lewis<br>Dwight A. Magalis<br>Christopher C. Melvin, Jr.<br>Sarah Pang<br>J.D. Ross<br>Dr. Brian Sager<br>Douglas M. Troiani |

Administration

| | |
|---|---|
| Executive Director | Leanne P. Redden |
| Senior Deputy Executive Director<br>Finance, Innovation and Technology, CFO | Bea Reyna-Hickey |
| General Counsel | Nadine Lacombe |
| Director, Government Affairs and Counsel | Jeremy LaMarche |
| Deputy Executive Director<br>Capital Programming, Planning and Performance/COS | 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, 2018, 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, 2018, 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 72 - 77) 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.



Chicago, Illinois
REPORT DATE

## 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, 2018. Please read it in conjunction with the RTA's basic financial statements which follow this section.

### Financial Highlights

- For the year ended December 31, 2018, the RTA statement of activities for the governmental activities shows expenses decreased by $48 million to $586 million from $634 million for the same period in 2017. This decrease is due to a decrease in capital grants to the CTA, Metra, and Pace ("Service Boards") by $52 million offset by an increase in operating grants by $5 million.

- The government-wide statement of net position shows assets of $1.0 billion for the governmental activities, a net increase of $73 million. This is mainly due to an increase in cash and investments of $126 million. In the government-wide statement of net position, bond-related liabilities decreased by $79 million, which reflects the decrease in general-obligation bonds payable in 2018.

- At the end of 2018, the government-wide statement of net position shows a deficit of $1.4 billion for governmental activities. In contrast, the governmental funds balance sheet presented a total fund balance of $639 million. There is a $2.0 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, 2018 AND 2017**
**(In Thousands)**

| | Governmental Activities | | | Business-type Activities | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Variance | 2018 | 2017 | Variance | 2018 | 2017 | Variance |
| Assets: | | | | | | | | | |
| Cash and investments | $ 588,127 | $ 461,778 | $ 126,349 | $ 20,694 | $ 22,269 | $ (1,575) | $ 608,821 | $ 484,047 | $ 124,774 |
| Other assets | 436,205 | 488,979 | (52,774) | 2,436 | 2,934 | (498) | 438,641 | 491,913 | (53,272) |
| Noncurrent assets | 2,472 | 2,664 | (192) | - | - | - | 2,472 | 2,664 | (192) |
| Capital assets—net | 2,700 | 2,786 | (86) | - | - | - | 2,700 | 2,786 | (86) |
| Total assets | 1,029,504 | 956,207 | 73,297 | 23,130 | 25,203 | (2,073) | 1,052,634 | 981,410 | 71,224 |
| Deferred outflow of resources | | | | | | | | | |
| Pension related amounts | 4,824 | 6,119 | (1,295) | - | - | - | 4,824 | 6,119 | (1,295) |
| Total deferred outflow of resources | 4,824 | 6,119 | (1,295) | - | - | - | 4,824 | 6,119 | (1,295) |
| Liabilities: | | | | | | | | | |
| Current non bond-related liabilities | 325,905 | 282,408 | 43,497 | - | - | - | 325,905 | 282,408 | 43,497 |
| Current bond related liabilities | 180,070 | 271,295 | (91,225) | - | - | - | 180,070 | 271,295 | (91,225) |
| Long-term non-bond-related liabilities | 26,996 | 30,987 | (3,991) | - | - | - | 26,996 | 30,987 | (3,991) |
| Long-term bond-related liabilities | 1,934,258 | 1,921,910 | 12,348 | - | - | - | 1,934,258 | 1,921,910 | 12,348 |
| Total liabilities | 2,467,229 | 2,506,600 | (39,371) | - | - | - | 2,467,229 | 2,506,600 | (39,371) |
| Deferred inflow of resources | | | | | | | | | |
| Gain on refunding | 4,791 | 5,073 | (282) | - | - | - | 4,791 | 5,073 | (282) |
| OPEB related amounts | 32 | - | 32 | - | - | - | 32 | - | 32 |
| Pension related amounts | 3,049 | 3,621 | (572) | - | - | - | 3,049 | 3,621 | (572) |
| Total deferred inflow of resources | 7,872 | 8,694 | (822) | - | - | - | 7,872 | 8,694 | (822) |
| Net position (deficit): | | | | | | | | | |
| Net investment in capital assets | 2,697 | 2,786 | (89) | - | - | - | 2,697 | 2,786 | (89) |
| Unrestricted (deficit) | (1,443,470) | (1,555,754) | 112,284 | 23,130 | 25,203 | (2,073) | (1,420,340) | (1,530,551) | 110,211 |
| Total net position (deficit) | $ (1,440,773) | $ (1,552,968) | $ 112,195 | $ 23,130 | $ 25,203 | $ (2,073) | $ (1,417,643) | $ (1,527,765) | $ 110,122 |

As of December 31, 2018, cash and investments for governmental activities increased by $126 million over the previous year. The RTA's cash balance increased from last year due to a partial catch up by the State of Illinois on unpaid RTA requisitions. As of December 31, 2018, the current bond and non-bond-related liabilities decreased by $48 million from the previous year due to short-term cash note payments made in 2018.

The presentation of financial statements under GASB Statement No. 34 requires the recognition in the statements of net position of $2.1 billion in current and long-term general obligation bonds and notes 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, 2018 will not affect the availability of RTA to fund resources for future use. In fact, the RTA maintains its operations funding levels for 2019 as established in September 2018 during the 2019 budget process.

The following table summarizes the Statement of Activities:

**SUMMARY OF ACTIVITIES**
**DECEMBER 31, 2018 AND 2017**
**(In Thousands)**

| | Governmental Activities | | | Business-type Activities | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2018** | **2017** | **Variance** | **2018** | **2017** | **Variance** | **2018** | **2017** | **Variance** |
| Expenses: | | | | | | | | | |
| Financial assistance to Service Boards | $ 218,240 | $ 216,457 | $ 1,783 | $ - | $ - | $ - | $ 218,240 | $ 216,457 | $ 1,783 |
| Capital grants to Service Boards | 194,069 | 246,520 | (52,451) | - | - | - | 194,069 | 246,520 | (52,451) |
| Operating grants to Service Boards | 35,030 | 30,112 | 4,918 | - | - | - | 35,030 | 30,112 | 4,918 |
| Administrative expenses | 18,756 | 19,270 | (514) | 5,424 | 5,553 | (129) | 24,180 | 24,823 | (643) |
| Regional and technology program expenses | 24,602 | 25,340 | (738) | - | - | - | 24,602 | 25,340 | (738) |
| Interest expense | 95,740 | 96,706 | (966) | - | - | - | 95,740 | 96,706 | (966) |
| Total expenses | 586,437 | 634,405 | (47,968) | 5,424 | 5,553 | 129 | 591,861 | 639,958 | (48,097) |
| Revenues: | | | | | | | | | |
| Sales taxes | 138,238 | 132,193 | 6,045 | - | - | - | 138,238 | 132,193 | 6,045 |
| PTF and state assistance | 492,987 | 570,837 | (77,850) | - | - | - | 492,987 | 570,837 | (77,850) |
| Operating grant - CTA/PACE | 26,971 | 21,223 | 5,748 | - | - | - | 26,971 | 21,223 | 5,748 |
| Regional expenses/grants revenue | 7,038 | 8,633 | (1,595) | - | - | - | 7,038 | 8,633 | (1,595) |
| Other intergovernmental revenues | 22,784 | - | 22,784 | - | - | - | 22,784 | - | 22,784 |
| Investment income and other | 11,033 | 8,555 | 2,478 | 3,351 | 4,207 | (856) | 14,384 | 12,762 | 1,622 |
| Total revenues | 699,051 | 741,441 | (42,390) | 3,351 | 4,207 | (856) | 702,402 | 745,648 | (43,246) |
| Change in net position | 112,614 | 107,036 | 5,578 | (2,073) | (1,346) | (727) | 110,541 | 105,690 | 4,851 |
| Net position - beginning of year | (1,552,968) | (1,660,004) | 107,036 | 25,203 | 26,549 | (1,346) | (1,527,765) | (1,633,455) | 105,690 |
| Impact of implementation of GASB 75 | (419) | - | (419) | - | - | - | (419) | - | (419) |
| Net position - beginning of year, as restated | (1,553,387) | (1,660,004) | 106,617 | 25,203 | 26,549 | (1,346) | (1,528,184) | (1,633,455) | 105,271 |
| Net position - end of year | $ (1,440,773) | $ (1,552,968) | $ 112,195 | $ 23,130 | $25,203 | $(2,073) | $ (1,417,643) | $ (1,527,765) | $ 110,122 |



In 2018, financial assistance increased by $2 million and other capital grant to the Service Boards decreased by $52 million from 2017, which reflects the activity in capital expenses to the Service Boards during 2018. Furthermore, the amount of bond interest expense decreased by $1 million from $97 million to $96 million in 2018. The PTF and state assistance decreased by $78 million, which reflects the decrease in activities for capital expenses to the Service Boards in 2018. The sales tax increased by $6 million, an increase in investment income and other of $2.5 million was mainly due to the timing of investment cash flows. The $23 million increase in other intergovernmental revenues was a reimbursement to RTA from the service boards.

During 2018, $3 million was paid 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 $77 million from $704 million in 2017 to $627 million in 2018, mainly due to timing differences. The RTA's cash and investments balance decreased by $24 million and intergovernmental receivables decreased by $53 million due to timing of receipts on receivables.

The total fund balance of the General Fund equals $267 million at December 31, 2018. The General Fund balance decreased by $94 million primarily due to the timing of debt service payments and transfers to the Debt Service Fund.

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:

- The Regional Transit Signal Priority (TSP) Implementation Program made further progress in 2018.
    - RTA staff managed grants with Pace and CDOT to implement TSP on portions of Milwaukee Avenue and other corridors, and with the CTA and CDOT to implement TSP on Western Avenue and to design and implement TSP on the Central and Northern portions of Ashland Avenue.
    - RTA staff provided project management for RTA's contract with URS/AECOM for systems engineering and program management services. The focus of work during 2018 and 2019 is interoperability testing and documentation of performance measures.
    - RTA staff provided technical support while CTA and CDOT began implementation of TSP on the Western Avenue corridor. Installation of communication equipment was completed in 2018 and installation of new traffic signal controllers is expected to be completed by CTA and CDOT in 2019.
    - Pace completed development of the Priority Request Server (PRS) and completed bench testing of all system components in 2018 and purchased equipment in preparation for TSP implementation on Milwaukee Avenue in 2019.
- The RTA Interagency Signage Program made further progress in 2018.
    - Completed fabrication and installation of signage at Bundle 1 locations; Elgin, Harvey, Lake-Cook Road, Lisle, Mayfair-Montrose, Museum Campus, and Naperville.
    - Prepared design plans and Information for Bid (IFB) package for Bundle 2 locations; Irving Park, Jefferson Park, Main Street-Evanston, Oak Park, Waukegan, and Wheaton.

- Advanced design plans for Bundle 3 location: Ogilvie Transportation Center
- Updated timetables and maps at Joliet, Davis and Van Buren.
- Prepared part of the final bid drawings using the RTA Signage Standards for City of Chicago Department of Transportation Walk to Transit program for Chicago Union Station-Greyhound.
- Coordinated with Metra, CTA and Amtrak and provided updated signage artwork for the Chicago Union Station signage installed in 2017.
- Developed in-house database to track signage changes and provide automated maintenance work orders.

***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, 2018, the RTA has twenty-five series of general obligation bonds/notes outstanding. Each respective bond/note agreement sets forth the debt service funding requirements. The 2018 Debt Service Fund balance increased by $5 million in 2018 to $150 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 2018, the Capital Projects Fund increased by $122 million. The increase in investment for the Capital Projects Fund reflects the issuance of capital bonds for future projects during 2018.

***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 2018, the actual change in revenues over expenditures of $224 million, excluding other financing (Debt Service) use, was $2 million higher than the budget figure of $222 million.

In the General Fund, total revenues were over budget by $4 million. The variance in the General Fund is mainly due to the receipt of higher investment returns and other revenues in 2018.

## 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 578.8 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 $160 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 2018, the RTA has issued $1.8 billion in SCIP bonds, with total SCIP bonds outstanding of $1.06 billion. The remaining $733.0 million of bonds outstanding are Non-SCIP bonds.

As of 2018, 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, 2018**
**(In Thousands)**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS: | | | |
| Current portion of: | | | |
| Cash and investments: | | | |
| Cash and cash equivalents | $ 114,635 | $ 7,243 | $ 121,878 |
| Restricted—investments | 150,468 | - | 150,468 |
| Unrestricted—investments | 323,024 | 13,451 | 336,475 |
| Intergovernmental receivables | 435,972 | - | 435,972 |
| Accrued interest on investments | 194 | 8 | 202 |
| Prepaid expenses and other assets | 39 | 2,428 | 2,467 |
| Total current assets | 1,024,332 | 23,130 | 1,047,462 |
| Non-current portion of: | | | |
| Prepaid insurance-bonds | 2,472 | - | 2,472 |
| Capital assets—net of accumulated depreciation | 2,700 | - | 2,700 |
| Total non-current assets | 5,172 | - | 5,172 |
| Total assets | 1,029,504 | 23,130 | 1,052,634 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related amounts | 4,824 | - | 4,824 |
| Total deferred outflows of resources | 4,824 | - | 4,824 |
| LIABILITIES: | | | |
| Current portion of: | | | |
| General obligation bonds payable | 180,070 | - | 180,070 |
| Unearned revenue | 1,999 | - | 1,999 |
| Due to fiduciary funds | 40,958 | - | 40,958 |
| Intergovernmental payables | 229,984 | - | 229,984 |
| Advances from the State | 14,537 | - | 14,537 |
| Accrued interest payable | 29,064 | - | 29,064 |
| Accrued other expenses | 9,310 | - | 9,310 |
| Compensated absences | 372 | - | 372 |
| Total current liabilities | 506,294 | - | 506,294 |
| Noncurrent portion of: | | | |
| Accrued other expenses: | | | |
| Total OPEB liability | 511 | - | 511 |
| Net pension liability | 1,770 | - | 1,770 |
| Unearned revenue | 24,396 | - | 24,396 |
| General obligation bonds payable plus unamortized bond premium of $121,378 | 1,934,258 | - | 1,934,258 |
| Total non-current liabilities | 1,960,935 | - | 1,960,935 |
| Total liabilities | 2,467,229 | - | 2,467,229 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Gain on refunding | 4,791 | - | 4,791 |
| OPEB related amounts | 32 | - | 32 |
| Pension related amounts | 3,049 | - | 3,049 |
| Total deferred inflows of resources | 7,872 | - | 7,872 |
| NET POSITION (DEFICIT): | | | |
| Net investment in capital assets | 2,697 | - | 2,697 |
| Unrestricted (deficit) | (1,443,470) | 23,130 | (1,420,340) |
| TOTAL NET POSITION (DEFICIT) | $ (1,440,773) | $ 23,130 | $ (1,417,643) |

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

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | | Program | Net Expense (Revenue) and Changes in Net Position | | |
|---|---|---|---|---|---|
| | Expenses | Operating Grants/ Revenues | Governmental Activities | Business-type Activities | Total |
| FUNCTIONS/PROGRAMS: | | | | | |
| Governmental activities: | | | | | |
| Financial assistance to Service Boards | $ 218,240 | $ - | $ 218,240 | $ - | $ 218,240 |
| Capital grants to Service Boards | | | | | |
| Discretionary | 1,238 | - | 1,238 | - | 1,238 |
| Bonds | 192,831 | - | 192,831 | - | 192,831 |
| Operating grants to Service Boards | | | | | |
| CTA/PACE | 35,030 | 26,971 | 8,059 | - | 8,059 |
| Administrative expenses | 18,756 | - | 18,756 | - | 18,756 |
| Regional expenses | 24,025 | 7,038 | 16,987 | - | 16,987 |
| Technology program expenses | 577 | - | 577 | - | 577 |
| Interest expense | 95,740 | - | 95,740 | - | 95,740 |
| Total governmental activities | 586,437 | 34,009 | 552,428 | - | 552,428 |
| Business-type activities: | | | | | |
| Insurance financing | 5,424 | - | - | 5,424 | 5,424 |
| TOTAL PRIMARY GOVERNMENT | $ 591,861 | $ 34,009 | 552,428 | 5,424 | 557,852 |
| GENERAL REVENUES: | | | | | |
| General revenues: | | | | | |
| Sales taxes | | | 137,164 | - | 137,164 |
| Interest on sales taxes | | | 1,074 | - | 1,074 |
| State assistance (PTF) | | | 215,739 | - | 215,739 |
| General state revenue | | | 147,567 | - | 147,567 |
| State assistance (ASA/AFA) | | | 129,681 | - | 129,681 |
| Other intergovernmental revenues | | | 22,784 | - | 22,784 |
| Investment income | | | 10,011 | 352 | 10,363 |
| Other revenues | | | 1,022 | 2,999 | 4,021 |
| Total general revenues | | | 665,042 | 3,351 | 668,393 |
| CHANGES IN NET POSITION (DEFICIT) | | | 112,614 | (2,073) | 110,541 |
| NET POSITION (DEFICIT): | | | | | |
| Beginning of year, as restated | | | (1,553,387) | 25,203 | (1,528,184) |
| End of year | | | $ (1,440,773) | $ 23,130 | $ (1,417,643) |

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

**REGIONAL TRANSPORTATION AUTHORITY**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2018**
**(In Thousands)**

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and cash equivalents | $ 114,635 | $ - | $ - | $ 114,635 |
| Investments: | | | | |
| Restricted investments | - | 150,468 | - | 150,468 |
| Unrestricted—investments | 76,338 | - | 246,686 | 323,024 |
| Intergovernmental receivables | 435,972 | - | - | 435,972 |
| Accrued interest on investments | 47 | - | 147 | 194 |
| Other receivable | 39 | - | - | 39 |
| TOTAL ASSETS | $ 627,031 | $ 150,468 | $ 246,833 | $ 1,024,332 |
| LIABILITIES: | | | | |
| Vouchers payable | $ 388 | $ - | $ - | $ 388 |
| Due to fiduciary funds | 40,958 | - | - | 40,958 |
| Intergovernmental payables | 203,784 | - | 26,200 | 229,984 |
| Advances from State | 14,537 | - | - | 14,537 |
| Accrued items | 8,922 | - | - | 8,922 |
| Unearned revenue | 26,395 | - | - | 26,395 |
| Total liabilities | 294,984 | - | 26,200 | 321,184 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - ASA AFA | 64,573 | - | - | 64,573 |
| Total deferred inflows of resources | 64,573 | - | - | 64,573 |
| FUND BALANCES: | | | | |
| Restricted: | | | | |
| Debt service | 91,458 | 150,468 | - | 241,926 |
| Committed: | | | | |
| CTAP capital | 6,995 | - | - | 6,995 |
| RTA non-cap tech | 3,962 | - | - | 3,962 |
| Debt service deposit agreement (DSDA) | 20,594 | - | - | 20,594 |
| Service Board capital (discretionary) | 5,540 | - | - | 5,540 |
| ICE reserve | 13,681 | - | - | 13,681 |
| RTA capital projects | 10,485 | - | - | 10,485 |
| Bond capital projects for Service Boards | - | - | 220,633 | 220,633 |
| Strategic capital investment account (SCIA) | 115,791 | - | - | 115,791 |
| ADA Paratransit Reserve | 40,958 | - | - | 40,958 |
| Professional services | 21,926 | - | - | 21,926 |
| Unassigned | (63,916) | - | - | (63,916) |
| Total fund balances | 267,474 | 150,468 | 220,633 | 638,575 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 627,031 | $ 150,468 | $ 246,833 | $ 1,024,332 |

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, 2018**
**(In Thousands)**

| | |
|---|---|
| TOTAL FUND BALANCE—GOVERNMENTAL FUNDS | $ 638,575 |
| 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. | 2,700 |
| Revenues which are reported as deferred inflows of resources in the governmental funds (unavailable), are recognized as revenue in the government-wide financial statements. | 64,573 |
| Long-term liabilities and related deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and therefor are not reported as fund liabilities: | |
| Bonds and notes payable | (1,992,950) |
| Premiums on bonds | (121,378) |
| Deferred gain on refunding (inflow) | (4,791) |
| Compensated absences | (372) |
| Total OPEB liability | (511) |
| Net pension liability | (1,770) |
| Prepaid expenses - bond insurance | 2,472 |
| Accrued Interest | (29,064) |
| Deferred outflows of resources related to pensions and OPEB are not reported in governmental funds because they do not use current financial resources. Similarly, deferred inflows ofr resources related to pensions and OPEB do not provide current financial resources: | |
| Deferred outflow (Pension) | 4,824 |
| Deferred inflow (Pension) | (3,049) |
| Deferred inflow (OPEB) | (32) |
| TOTAL NET DEFICIT—GOVERNMENTAL ACTIVITIES | $ (1,440,773) |

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, 2018**
**(In Thousands)**

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|
| REVENUES: | | | | |
| Sales taxes | $ 137,164 | $ - | $ - | $ 137,164 |
| Interest on sales taxes | 1,074 | - | - | 1,074 |
| Public Transportation Fund | 215,739 | - | - | 215,739 |
| General State revenue | 147,567 | - | - | 147,567 |
| Innovation, Coordination & Enhancement (ICE) | 12,539 | - | - | 12,539 |
| IDOT State Grant - PACE (ADA) | 7,975 | - | - | 7,975 |
| Pace ADA Surplus Refund | 6,457 | - | - | 6,457 |
| State assistance | 130,215 | - | - | 130,215 |
| Intergovernmental | 7,038 | - | 22,784 | 29,822 |
| Investment income | 4,586 | 3,539 | 1,886 | 10,011 |
| Other revenues | 1,022 | - | - | 1,022 |
| Total revenues | 671,376 | 3,539 | 24,670 | 699,585 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Financial assistance to Service Boards | 218,240 | - | - | 218,240 |
| Administrative | 16,240 | - | - | 16,240 |
| Intergovernmental: | | | | |
| Capital grants-discretionary | 1,238 | - | - | 1,238 |
| South Suburban Job Access Program (PACE) | 7,500 | - | - | 7,500 |
| Capital grants- State bonds | 147,567 | - | 44,944 | 192,511 |
| RTA Capital grants- Metra | 320 | - | - | 320 |
| Innovation, Coordination & Enhancement (ICE) | 12,538 | - | - | 12,538 |
| State General Revenue MOU | 560 | - | - | 560 |
| IDOT Cap Grant - PACE (ADA) | 7,975 | - | - | 7,975 |
| PACE ADA Surplus | 6,457 | - | - | 6,457 |
| Regional | 24,088 | - | - | 24,088 |
| Distributions to JSIF | 2,999 | - | - | 2,999 |
| Capital outlay | 1,387 | - | - | 1,387 |
| Debt service: | | | | |
| Principal | - | 471,295 | - | 471,295 |
| Interest | - | 102,598 | - | 102,598 |
| Debt related costs | - | 1,568 | - | 1,568 |
| Total expenditures | 447,109 | 575,461 | 44,944 | 1,067,514 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 224,267 | (571,922) | (20,274) | (367,929) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of debt | - | 250,000 | 139,080 | 389,080 |
| Premium on issuance of debt | - | - | 11,996 | 11,996 |
| Transfers in | - | 327,218 | - | 327,218 |
| Transfers out | (318,077) | - | (9,141) | (327,218) |
| Total other financing sources (uses) | (318,077) | 577,218 | 141,935 | 401,076 |
| NET CHANGE IN FUND BALANCES | (93,810) | 5,296 | 121,661 | 33,147 |
| FUND BALANCES: | | | | |
| Beginning of year | 361,284 | 145,172 | 98,972 | 605,428 |
| End of year | $ 267,474 | $ 150,468 | $ 220,633 | $ 638,575 |

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, 2018**
**(In Thousands)**

| | |
|---|---|
| NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS | $ 33,147 |
| 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 ($2,001) is less than depreciation ($959) in the current period. | 1,042 |
| 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. | (1,128) |
| Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financials. This amount represents the changes in unavailable revenue over the prior year | (534) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of all prepaid bond insurance, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the differences in the treatment of long-term debt and related items: | |
| Issuance of general obligation bonds | (139,080) |
| Issuance of notes payable | (250,000) |
| Premium on issuance of bonds | (11,996) |
| Debt service principal payments | 471,295 |
| Amortization of premiums on bonds | 8,658 |
| Change in prepaid bond insurance | (192) |
| Change in accrued interest on bonds | (322) |
| Amortization of gain on refunding | 282 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources such as changes in compensated absences and pension and OPEB liabilities, and are not reported as expenditures in the governmental funds. | |
| Compensated absences | 6 |
| OPEB expense | (3) |
| Pension expense | 1,439 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | $ 112,614 |

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, 2018**
**(In Thousands)**

| | | |
|---|---|---|
| ASSETS: | | |
| Current: | | |
| Cash and cash equivalents | $ | 7,243 |
| Investments | | 13,451 |
| Accrued interest on investments | | 8 |
| Prepaid insurance | | 2,428 |
| Total assets | | 23,130 |
| NET POSITION - Unrestricted | $ | 23,130 |

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, 2018**
**(In Thousands)**

| | |
|---|---|
| OPERATING EXPENSES: | |
| Insurance expense | $ 5,339 |
| Professional services | 82 |
| Bank charges and miscellaneous | 3 |
| Total operating expenses | 5,424 |
| OPERATING LOSS | (5,424) |
| NONOPERATING REVENUES: | |
| Investment income | 352 |
| Contributions from RTA General Fund | 2,999 |
| Total nonoperating revenues | 3,351 |
| CHANGE IN NET POSITION | (2,073) |
| NET POSITION: | |
| Beginning of year | 25,203 |
| End of year | $ 23,130 |

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, 2018**
**(In Thousands)**

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Payments to insurance vendor | $ | (5,339) |
| Payments to other vendors | | (85) |
| Net cash flows from operating activities | | (5,424) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | | (13,201) |
| Proceeds from sales and maturities of investments | | 250 |
| Investment income | | 350 |
| Net cash flows from investing activities | | (12,601) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Contributions received from RTA | | 2,999 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (15,026) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | | 22,269 |
| End of year | $ | 7,243 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss from operations | $ | (5,424) |
| Changes in: | | |
| Prepaid insurance | | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | $ | (5,424) |
| Amounts reported in the Statement of Net Position | | |
| Cash | $ | 3,251 |
| Cash Equivalents (maturities less than 90 days): | | |
| U.S. Agencies | | 3,992 |
| Total amounts reported as cash and cash equivalents | $ | 7,243 |

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

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**DECEMBER 31, 2018**
**(In Thousands)**

| | Pension Trust Fund | Sales Tax Agency Fund |
|---|---|---|
| ASSETS: | | |
| Cash and cash equivalents | $ 5,794 | $ - |
| Investments, at fair value: | | |
| Corporate fixed income mutual fund | 63,134 | - |
| Collective equity funds | 94,385 | - |
| Common stocks | 31,037 | - |
| Venture capital | 13,574 | - |
| Balanced funds | 62,468 | - |
| Total Investments | 264,598 | - |
| Intergovernmental receivables: | | |
| Sales taxes | - | 205,849 |
| New sales tax | - | 73,652 |
| Interest on sales taxes | - | 320 |
| Due from General Fund | - | 40,958 |
| Reduced fare reimbursement | - | 8,875 |
| PTF (new sales tax/RETT) | - | 67,718 |
| Advances to Service Boards | - | 87,930 |
| Other receivables | 131 | - |
| Total Receivables | 131 | 485,302 |
| Total assets | 270,523 | 485,302 |
| LIABILITIES: | | |
| Intergovernmental payables: | | |
| Sales taxes due to Service Boards | - | 205,849 |
| New sales tax due to Service Boards | - | 73,652 |
| ADA Paratransit Funding (Future Years) SBD | - | 40,958 |
| Interest on sales taxes due to Service Boards | - | 320 |
| Reduced fare reimbursement | - | 8,875 |
| PTF (new sales tax/RETT) | - | 67,718 |
| Advances from State | - | 87,930 |
| Accrued other items | 412 | - |
| Total liabilities | 412 | 485,302 |
| Net position restricted for pensions | $ 270,111 | $ - |

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, 2018**
**(In Thousands)**

| | Pension Trust Fund |
|---|---|
| ADDITIONS: | |
| Investment gain: | |
| Net appreciation in fair value of investments | $ (22,218) |
| Interest and dividends | 4,828 |
| | (17,390) |
| Less investment expenses: | |
| Investment managers | 525 |
| Trust fees | 4 |
| Investment advisor | 95 |
| Total investment expenses | 624 |
| Net investment loss | (18,014) |
| Contributions: | |
| Metra pension contributions | 6,352 |
| Pace pension contributions | 4,173 |
| RTA pension contributions | 2,366 |
| Total contributions | 12,891 |
| Total net additions | (5,123) |
| DEDUCTIONS: | |
| Benefit payments | 21,190 |
| Administrative expenses | 473 |
| Total deductions | 21,663 |
| NET DECREASE IN PLAN NET POSITION RESTRICTED FOR PENSIONS | (26,786) |
| PLAN NET POSITION RESTRICTED FOR PENSIONS | |
| Beginning of year | 296,897 |
| End of year | $ 270,111 |

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

**REGIONAL TRANSPORTATION AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**
**YEAR ENDED DECEMBER 31, 2018**

## 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 35 surrounding 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.

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

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

**NOTE 1. REPORTING ENTITY (Continued)**

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

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

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

In the judgment of the 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 Financial Statements***—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:

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Governmental Funds*—The RTA's Governmental Fund Types consist of the General Fund, Debt Service Fund, and Capital Projects Fund, the following funds are reported as major governmental funds:

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—This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for all debt issuances.

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.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***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, the 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 180 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 only 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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. The results of fiduciary activities are included in aggregate remaining fund information.

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position***

*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 Statement No. 72, *Fair Value Measurement and Application*, 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) and have a useful life of at least one year following the date of acquisition. Purchased capital assets are recorded at historical cost, donated works of art and similar items and capital assets received in a service concession arrangement, if applicable, are recorded at acquisition value. 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.

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

*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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2018 were as follows (amounts in thousands):

| | Balance January 1, 2018 | Increases | Decreases | Balance December 31, 2018 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences payable | $ 378 | $ 562 | $ 568 | $ 372 | $ 372 |

*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 and Treasury 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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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. Effective July 1, 2018, the State reduced the permanent administrative surcharge on RTA sales tax receipts to 1.5%, which was imposed July 1, 2017 at 2%. Through December 2018, the reduced amount of sales tax provided to the RTA and Service Boards was approximately $17.0 million.

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

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

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

While the RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as for regional Innovation, Coordination and Enhancement ("ICE") and Suburban Community Mobility Fund ("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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2018, which ends June 30, 2018, 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, 2018, the grant was in the amount of $16.7 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 2018.

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 2018 and 2019, per year. The RTA recognized $90 million of AFA in 2018.

***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 $25.0 million for the year ended December 31, 2018.

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 Benefit Program, Americans with Disabilities Act ("ADA"), reduced fare registration, capital development and other program costs incurred on behalf of the Service Boards and not for the benefit of RTA itself.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***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 $7.2 million at December 31, 2018 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, deferred outflows or resources, liabilities and deferred inflows of resources 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. 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 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. 87, *Leases*. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement is effective for reporting periods beginning after December 15, 2019.

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

GASB Statement No. 89, *Accouting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It also defines a majority equity interest and specifies how it should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations.* The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Unless stated otherwise, 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

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. A summary of cash and investments as of December 31, 2018 is as follows (amounts are in thousands):

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Demand deposits | $ 114,635 | $ 3,251 | $ 117,886 |
| Certificates of deposit | 2,350 | 500 | 2,850 |
| Commercial paper | 40,938 | - | 40,938 |
| Illinois Funds | 12,088 | - | 12,088 |
| Money market funds | 56,802 | - | 56,802 |
| U.S. Treasuries | 349,598 | - | 349,598 |
| Government agencies | 11,716 | 16,943 | 28,659 |
| Total cash and investments | $ 588,127 | $ 20,694 | $ 608,821 |

**NOTE 3. CASH AND INVESTMENTS (Continued)**

***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 – external investment pools managed by the Illinois State Treasurer.
- 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"). As of December 31, 2018, all of RTA's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

***Investments***

***Custodial Credit Risk —*** For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2018, the RTA's investments are exposed to custodial credit risk because they are held by a third-party, in the name of the RTA.

***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, 2018, the RTA's investments subject to interest rate risk were as follows (amounts in thousands):

| Investment Type | Carrying Value |
|---|---|
| Commercial paper | $ 40,938 |
| Illinois Funds | 12,088 |
| Money market funds | 56,802 |
| U.S. treasuries | 349,598 |
| Government agencies | 28,659 |
| Total | $ 488,085 |

The RTA treats all investments with an initial term of less than 90 days as cash and cash equivalents. As of December 31, 2018, there are no investments held by the Authority with maturities greater than one year.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

***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. Investments in U.S. Treasury securities are backed by the faith and credit of the U.S. Government and are not considered to have credit risk.

As of December 31, 2018, the RTA's investments were as follows (amounts in thousands):

| | | Credit Rating | | |
|---|---|---|---|---|
| **Investment Type** | **Carrying Value** | **Moody's** | **Standard & Poor's** | **Fitch** |
| Commercial paper | $ 40,938 | P-2 | A-2 | F-2 |
| Illinois Funds | 12,088 | * | AAAm | * |
| Money market funds | 56,802 | Aaa-mf | AAAm | AAAmmf |
| U.S. treasuries | 349,598 | Aaa | AA+ | AAA |
| Government agencies | 28,659 | P-1 | A-1+ | F1+ |
| Total | $ 488,085 | | | |

* 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 exceeds 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:

**NOTE 3. CASH AND INVESTMENTS (Continued)**

**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, 2018 (amounts in thousands):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| Money market - mutual fund | $ 56,802 | $ 56,802 | $ - | $ - |

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, for deposits and investments, is the risk that in the event of the failure of the depository financial institution or counterparty to a securities transaction, the RTA Pension Plan will not be able to recover the deposits or value of the securities or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured or unregistered by the counterparty's trust department or agent, but not in the name of the customer.

As of December 31, 2018, the Plan's deposits are covered in full by federal depository insurance and the Plan's investments are exposed to custodial credit risk because they are held by the Plan's trust operations administrator in the name of the Plan.

***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.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

As of December 31, 2018, 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 | $ | 63,134 | 100 |
| Money market fund | | 5,794 | 1 |
| Total fair value | $ | 68,928 | |

***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, 2018, the credit ratings for RTA pension debt securities were as follows (amounts in thousands):

| Investment Type | | Total Fair Value (Amounts in Thousands) | Credit Rating (where available) | | |
|---|---|---|---|---|---|
| | | | Moody's | Standard & Poor's | Fitch |
| Corporate fixed income mutual fund | $ | 63,134 | NR | NR | NR |
| Money market fund | | 5,794 | Aaa-mf | AAAm | NR |
| Total | $ | 68,928 | | | |

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, 2018, 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.

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 Plan'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.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

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, 2018 (amounts in thousands):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Investment by Fair Value Level** | **Fair Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| Fixed income investments | | | | |
| Mutual funds - fixed income | $ 63,134 | $ 63,134 | $ - | $ - |
| Total Fixed Income Investments | 63,134 | 63,134 | - | - |
| Equity investments | | | | |
| Common stock | 31,037 | 26,775 | 4,262 | - |
| Collective equity funds | 94,385 | - | 94,385 | - |
| Total Equity Investments | 125,422 | 26,775 | 98,647 | - |
| Commingled funds | | | | |
| Balanced funds | 32,621 | 62,468 | - | - |
| Total investments by fair value level | 221,177 | **$ 152,377** | **$ 98,647** | **$ -** |
| **Investment Measured at the Net Asset Value (NAV)** | | | | |
| Commingled funds | $ 29,847 | | | |
| Real estate funds | 12,227 | | | |
| Private equity | 1,096 | | | |
| Hedge Funds | 251 | | | |
| Total investments by NAV | 43,421 | | | |
| Total investments | **$ 264,598** | | | |

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

| **Investments Measured at the Net Asset Value (NAV)** | **Fair Value** | **Unfunded Commitments** | **Redemption Frequency (if Currently Eligible)** | **Redemption Notice Period** |
|---|---|---|---|---|
| Commingled fixed income funds (1) | $ 29,847 | $ - | Daily | 1 day |
| Real estate funds (2) | 12,227 | 12,000 | Quarterly - Biannually | 30 days |
| Private equity funds (3) | 1,096 | 12,400 | N/A | N/A |
| Hedge funds (4) | 251 | - | Quarterly - Biannually | 65 - 90 days |
| Total | $ 43,421 | $ 24,400 | | |

*(1) Commingled Funds* – There is one fixed income fund, which is considered commingled in nature. Each are valued at net asset value of the units held at the end of the period based upon fair value of the underlying securities.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

(2) *Real Estate Funds* – There is one real estate fund that invests primarily in office, industrial, retail and residential real estate in the United States with a focus on San Francisco and New York City. The fund is classified as a liquid real estate fund due to the open-end structure of the fund. Open-end funds generally offer periodic distributions of net cash flow, which can be reinvested, as well as quarterly redemption windows.

(3) *Private Equity Funds* – Consisting of one private equity fund investing in secondary private markets with asymmetric risk/reward profiles, offering enhanced downside protection and meaningful upside optionality. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the life of the fund.

(4) *Hedge Funds* - This type invests in one hedge fund, in 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 | $ | 46,333 |
| State assistance (ASA & AFA) | | 188,141 |
| General State Revenue (MOU) | | 16,027 |
| Public Transportation Fund (PTF) | | 172,301 |
| Interest on sales tax | | 223 |
| Illinois Department of Transportation (IDOT) grants and others | | 6,382 |
| PACE (ADA) surplus | | 6,457 |
| Due from service boards | | 108 |
| Total Intergovernmental Receivables | $ | 435,972 |
| **Payable** | | |
| General Fund: | | |
| Operating Assistance | $ | 133,097 |
| State PTF overpayment | | 33,389 |
| State bond payable SB | | 23,618 |
| Capital assistance | | 13,680 |
| Total General Fund | | 203,784 |
| Capital Projects Fund: | | |
| Capital grants | | 26,200 |
| Total Intergovernmental Payables | $ | 229,984 |

**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, 2018, 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) |
|---|---|---|
| Fiduciary - Sales Tax Agency | General | $ 40,958 |

**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) |
|---|---|---|
| General | Debt Service | $ 318,077 |
| Capital Projects | Debt Service | 9,141 |

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 principal 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 | $ 41,283 |
| Metra | 35,433 |
| Pace | 11,214 |
| Total Service Board Advances | $ 87,930 |

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, 2018 | Additions | Retirements/ Adjustments | Balance at December 31, 2018 |
|---|---|---|---|---|
| Depreciable: | | | | |
| Office furniture and equipment | $ 1,078 | $ 614 | $ - | $ 1,692 |
| Computer equipment | 6,737 | 1,377 | - | 8,114 |
| Leasehold improvements | 2,163 | 10 | - | 2,173 |
| Subtotal | 9,978 | 2,001 | - | 11,979 |
| Less accumulated depreciation: | | | | |
| Office furniture and equipment | 929 | 169 | - | 1,098 |
| Computer equipment | 5,768 | 702 | - | 6,470 |
| Leasehold improvements | 1,623 | 88 | - | 1,711 |
| Subtotal | 8,320 | 959 | - | 9,279 |
| Total Depreciable | 1,658 | 1,042 | - | 2,700 |
| Non-depreciable: | | | | |
| Capital in progress -Technology Program | 1,128 | - | 1,128 | - |
| Total capital assets—net of accumulated depreciation | $ 2,786 | $ 1,042 | $ 1,128 | $ 2,700 |

All capital assets are associated with governmental activities.

During 2018, the total depreciation allocated to administrative expense was $959 thousand.

**NOTE 9. GENERAL OBLIGATION BONDS AND NOTES PAYABLE**

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

| | January 1, 2018 | New Issues | Current Retirements | December 31, 2018 | Due Within One Year |
|---|---|---|---|---|---|
| 1990A | $ 21,410 | $ - | $ 6,645 | $ 14,765 | $ 7,125 |
| 1991A | 26,695 | - | 6,040 | 20,655 | 6,445 |
| 1994C* & 1994D | 22,855 | - | 9,295 | 13,560 | 10,040 |
| 1997 Refunding | 28,930 | - | 4,485 | 24,445 | 4,765 |
| 1999* Refunding | 167,245 | - | 21,400 | 145,845 | 22,650 |
| 2000A* | 169,815 | - | 8,860 | 160,955 | 9,405 |
| 2001A* | 66,290 | - | 3,230 | 63,060 | 3,415 |
| 2001B* Refunding | 19,810 | - | 2,865 | 16,945 | 3,025 |
| 2002A* | 111,320 | - | 4,860 | 106,460 | 5,140 |
| 2003A* | 188,695 | - | 7,720 | 180,975 | 8,145 |
| 2003B | 108,770 | - | 4,455 | 104,315 | 4,695 |
| 2004A* | 195,040 | - | 7,295 | 187,745 | 7,685 |
| 2005B Refunding | 89,420 | - | 4,735 | 84,685 | 4,955 |
| 2006A* | 5,970 | - | 5,970 | - | - |
| 2010A | 29,880 | - | 5,405 | 24,475 | 5,680 |
| 2010B | 112,925 | - | - | 112,925 | - |
| 2011A Refunding | 30,310 | - | 14,810 | 15,500 | 15,500 |
| 2014A | 94,560 | - | 1,705 | 92,855 | 1,785 |
| 2016A | 94,020 | - | 1,520 | 92,500 | 1,595 |
| 2016C Cash Note | 150,000 | - | 150,000 | - | - |
| 2017A | 191,205 | - | - | 191,205 | 5,935 |
| 2017B Direct Placement | 150,000 | 100,000 | 200,000 | 50,000 | 50,000 |
| 2018A Cash Note | - | 150,000 | - | 150,000 | - |
| 2018B | - | 139,080 | - | 139,080 | 2,085 |
| Subtotal | 2,075,165 | 389,080 | 471,295 | 1,992,950 | 180,070 |
| Unamortized bond premium | 118,040 | 11,996 | 8,658 | 121,378 | - |
| Total | $ 2,193,205 | $ 401,076 | $ 479,953 | $ 2,114,328 | $ 180,070 |

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2018, the total general obligation bonds and notes payable of $2,114 million are classified as current and long-term in the Statement of Net Position in the amounts of $180 million and $1,934 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.

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

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

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 180,070 | $ 99,663 | $ 279,733 |
| 2020 | 271,470 | 88,452 | 359,922 |
| 2021 | 120,360 | 81,241 | 201,601 |
| 2022 | 126,605 | 74,605 | 201,210 |
| 2023 | 110,660 | 68,272 | 178,932 |
| 2024-2028 | 505,985 | 258,614 | 764,599 |
| 2029-2033 | 399,500 | 123,978 | 523,478 |
| 2034-2038 | 136,905 | 42,771 | 179,676 |
| 2039-2043 | 80,910 | 21,605 | 102,515 |
| 2044-2046 | 60,485 | 5,075 | 65,560 |
| Total | $ 1,992,950 | $ 864,276 | $ 2,857,226 |

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 |
|---|---|---|---|
| 2019 | $ 7,125 | $ 1,063 | $ 8,188 |
| 2020 | 7,640 | 550 | 8,190 |
| Total | $ 14,765 | $ 1,613 | $ 16,378 |

***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.

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

Debt service requirements on the 1991A Bonds to maturity are set forth below:

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 6,445 | $ 1,384 | $ 7,829 |
| 2020 | 6,875 | 952 | 7,827 |
| 2021 | 7,335 | 491 | 7,826 |
| Total | $ 20,655 | $ 2,827 | $ 23,482 |

***1994 General Obligation Bonds*—**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 twenty-six 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 |
|---|---|---|---|
| 2019 | $ 10,040 | $ 662 | $ 10,702 |
| 2020 | 3,520 | 136 | 3,656 |
| Total | $ 13,560 | $ 798 | $ 14,358 |



***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.

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

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 |
|---|---|---|---|
| 2019 | $ 4,765 | $ 1,324 | $ 6,089 |
| 2020 | 5,055 | 1,029 | 6,084 |
| 2021 | 5,375 | 716 | 6,091 |
| 2022 | 5,700 | 384 | 6,084 |
| 2023 | 3,550 | 107 | 3,657 |
| Total | $ 24,445 | $ 3,560 | $ 28,005 |

***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 |
|---|---|---|---|
| 2019 | $ 22,650 | $ 7,790 | $ 30,440 |
| 2020 | 23,980 | 6,450 | 30,430 |
| 2021 | 29,170 | 4,922 | 34,092 |
| 2022 | 30,890 | 3,195 | 34,085 |
| 2023 | 16,975 | 1,819 | 18,794 |
| 2024-2025 | 22,180 | 918 | 23,098 |
| Total | $ 145,845 | $ 25,094 | $ 170,939 |

***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.

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

Debt service requirements on the Series 2000A Bonds to maturity are set forth below:

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 9,405 | $ 10,329 | $ 19,734 |
| 2020 | 9,985 | 9,741 | 19,726 |
| 2021 | 10,605 | 9,117 | 19,722 |
| 2022 | 11,270 | 8,454 | 19,724 |
| 2023 | 11,975 | 7,750 | 19,725 |
| 2024-2028 | 72,120 | 26,202 | 98,322 |
| 2029-2030 | 35,595 | 3,506 | 39,101 |
| Total | $ 160,955 | $ 75,099 | $ 236,054 |

***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 |
|---|---|---|---|
| 2019 | $ 3,415 | $ 3,729 | $ 7,144 |
| 2020 | 3,610 | 3,542 | 7,152 |
| 2021 | 3,810 | 3,343 | 7,153 |
| 2022 | 4,025 | 3,134 | 7,159 |
| 2023 | 4,255 | 2,892 | 7,147 |
| 2024-2028 | 25,165 | 10,329 | 35,494 |
| 2029-2031 | 18,780 | 2,295 | 21,075 |
| Total | $ 63,060 | $ 29,264 | $ 92,324 |

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.

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

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 |
|---|---|---|---|
| 2019 | $ 3,025 | $ 848 | $ 3,873 |
| 2020 | 3,195 | 678 | 3,873 |
| 2021 | 3,380 | 497 | 3,877 |
| 2022 | 3,570 | 306 | 3,876 |
| 2023 | 3,775 | 104 | 3,879 |
| Total | $ 16,945 | $ 2,433 | $ 19,378 |

***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 |
|---|---|---|---|
| 2019 | $ 5,140 | $ 6,388 | $ 11,528 |
| 2020 | 5,440 | 6,079 | 11,519 |
| 2021 | 5,755 | 5,753 | 11,508 |
| 2022 | 6,085 | 5,407 | 11,492 |
| 2023 | 6,440 | 5,042 | 11,482 |
| 2024-2028 | 38,240 | 18,949 | 57,189 |
| 2029-2032 | 39,360 | 6,070 | 45,430 |
| Total | $ 106,460 | $ 53,688 | $ 160,148 |

***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.

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

Debt service requirements on the Series 2003A Bonds to maturity are set forth below:

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 8,145 | $ 10,522 | $ 18,667 |
| 2020 | 8,595 | 10,074 | 18,669 |
| 2021 | 9,070 | 9,601 | 18,671 |
| 2022 | 9,565 | 9,102 | 18,667 |
| 2023 | 10,095 | 8,576 | 18,671 |
| 2024-2028 | 59,130 | 33,753 | 92,883 |
| 2029-2033 | 76,375 | 14,216 | 90,591 |
| Total | $ 180,975 | $ 95,844 | $ 276,819 |

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 |
|---|---|---|---|
| 2019 | $ 4,695 | $ 5,738 | $ 10,433 |
| 2020 | 4,945 | 5,472 | 10,417 |
| 2021 | 5,215 | 5,193 | 10,408 |
| 2022 | 5,495 | 4,898 | 10,393 |
| 2023 | 5,790 | 4,588 | 10,378 |
| 2024-2028 | 33,985 | 17,659 | 51,644 |
| 2029-2033 | 44,190 | 6,619 | 50,809 |
| Total | $ 104,315 | $ 50,167 | $ 154,482 |

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

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

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

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

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 7,685 | $ 10,294 | $ 17,979 |
| 2020 | 8,100 | 9,860 | 17,960 |
| 2021 | 8,540 | 9,402 | 17,942 |
| 2022 | 9,000 | 8,919 | 17,919 |
| 2023 | 9,485 | 8,423 | 17,908 |
| 2024-2028 | 55,660 | 33,727 | 89,387 |
| 2029-2033 | 72,375 | 15,700 | 88,075 |
| 2034 | 16,900 | 486 | 17,386 |
| Total | $ 187,745 | $ 96,811 | $ 284,556 |

***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 |
|---|---|---|---|
| 2019 | $ 4,955 | $ 2,713 | $ 7,668 |
| 2020 | 12,555 | 2,424 | 14,979 |
| 2021 | 13,190 | 1,999 | 15,189 |
| 2022 | 13,885 | 1,552 | 15,437 |
| 2023 | 14,615 | 1,082 | 15,697 |
| 2024-2025 | 25,485 | 754 | 26,239 |
| Total | $ 84,685 | $ 10,524 | $ 95,209 |

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

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

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

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

Debt service requirements on the Series 2010A Bonds to maturity are set forth below:

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2019 | $ 5,680 | $ 1,223 | $ 6,903 |
| 2020 | 5,960 | 940 | 6,900 |
| 2021 | 6,260 | 642 | 6,902 |
| 2022 | 6,575 | 329 | 6,904 |
| Total | $ 24,475 | $ 3,134 | $ 27,609 |

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 |
| 2019 | $ - | $ 6,621 | $ 6,621 |
| 2020 | - | 6,622 | 6,622 |
| 2021 | - | 6,622 | 6,622 |
| 2022 | - | 6,622 | 6,622 |
| 2023 | 6,885 | 6,622 | 13,507 |
| 2024-2028 | 38,465 | 27,097 | 65,562 |
| 2029-2033 | 46,385 | 14,916 | 61,301 |
| 2034-2035 | 21,190 | 1,919 | 23,109 |
| Total | $ 112,925 | $ 77,041 | $ 189,966 |

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

***2011 General Obligation Bonds*—**In July 2011, the RTA issued $95.6 million in General Obligation Bonds, Series 2011A, to pay when due, or refund in advance of their maturities a portion of the RTA's Outstanding General Obligation Bonds, Series 2002B 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** | **Debt Service Requirements** | | |
|---|---|---|---|
| **December 31** | **Principal** | **Interest** | **Total** |
| 2019 | $ 15,500 | $ 388 | $ 15,888 |

***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.

Debt service requirements on the Series 2014A Bonds to maturity are set forth below:

| **Year Ending** | **Debt Service Requirements** | | |
|---|---|---|---|
| **December 31** | **Principal** | **Interest** | **Total** |
| 2019 | $ 1,785 | $ 4,598 | $ 6,383 |
| 2020 | 1,875 | 4,507 | 6,382 |
| 2021 | 1,970 | 4,410 | 6,380 |
| 2022 | 2,070 | 4,310 | 6,380 |
| 2023 | 2,180 | 4,203 | 6,383 |
| 2024-2028 | 12,685 | 19,221 | 31,906 |
| 2029-2033 | 16,285 | 15,618 | 31,903 |
| 2034-2038 | 20,915 | 10,991 | 31,906 |
| 2039-2043 | 26,865 | 5,049 | 31,914 |
| 2044 | 6,225 | 156 | 6,381 |
| Total | $ 92,855 | $ 73,063 | $ 165,918 |

***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.

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

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

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 1,595 | $ 4,114 | $ 5,709 |
| 2020 | 1,675 | 4,033 | 5,708 |
| 2021 | 1,765 | 3,947 | 5,712 |
| 2022 | 1,855 | 3,856 | 5,711 |
| 2023 | 1,950 | 3,761 | 5,711 |
| 2024-2028 | 11,355 | 17,198 | 28,553 |
| 2029-2033 | 14,570 | 13,975 | 28,545 |
| 2034-2038 | 18,635 | 9,916 | 28,551 |
| 2039-2043 | 22,955 | 5,598 | 28,553 |
| 2044-2046 | 16,145 | 986 | 17,131 |
| Total | $ 92,500 | $ 67,384 | $ 159,884 |

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

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

Debt service requirements on the Series 2017A Bonds to maturity are set forth below:

| Year Ending December 31 | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 5,935 | $ 9,089 | $ 15,024 |
| 2020 | 6,275 | 8,792 | 15,067 |
| 2021 | 6,615 | 8,479 | 15,094 |
| 2022 | 14,200 | 8,148 | 22,348 |
| 2023 | 10,145 | 7,438 | 17,583 |
| 2024-2028 | 96,685 | 25,582 | 122,267 |
| 2029-2033 | 16,540 | 8,051 | 24,591 |
| 2034-2035 | 34,810 | 1,858 | 36,668 |
| Total | $ 191,205 | $ 77,437 | $ 268,642 |

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

***2017 Direct Placement –*** In December 2017, the RTA authorized the issuance of $250 million two-year Direct Placement Working Cash Notes, Series 2017 (Taxable) with Wells Fargo Bank, National Association to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment of existing RTA obligations (2016C Cash Note). During the year, the Authority issued $100 million and redeemed $200 million. As of December 31, 2018, $50 million were outstanding. The balance outstanding is due in December 2019 plus interest payments due monthly at a variable rate based on LIBOR.

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

Debt service requirements on the Series 2018A Notes to maturity are set for below:

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2019 | $ - | $ 4,520 | $ 4,520 |
| 2020 | 150,000 | 352 | 150,352 |
| Total | $ 150,000 | $ 4,872 | $ 154,872 |

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

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

Debt service requirements on Series 2018B Bonds to maturity are set forth below:

| Year Ending | Debt Service Requirements | | |
|---|---|---|---|
| December 31 | Principal | Interest | Total |
| 2019 | $ 2,085 | $ 6,326 | $ 8,411 |
| 2020 | 2,190 | 6,219 | 8,409 |
| 2021 | 2,305 | 6,107 | 8,412 |
| 2022 | 2,420 | 5,989 | 8,409 |
| 2023 | 2,545 | 5,865 | 8,410 |
| 2024-2028 | 14,830 | 27,225 | 42,055 |
| 2029-2033 | 19,045 | 23,012 | 42,057 |
| 2034-2038 | 24,455 | 17,601 | 42,056 |
| 2039-2043 | 31,090 | 10,958 | 42,048 |
| 2044-2046 | 38,115 | 3,933 | 42,048 |
| Total | $ 139,080 | $ 113,235 | $ 252,315 |

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

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

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

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

In the Debt Service Fund, $150 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2018.

## NOTE 10. PENSION

***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.

**NOTE 10. PENSION (Continued)**

***Contributions and Vesting —***The Plan is funded solely by employer contributions, which are actuarially determined under the entry age actuarial cost method. Contributions to the plan from the Authority were $2.4 million for the year ended December 31, 2018.

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, 2018, the Authority reported a liability of $1,770 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, 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 the measurement date, the Authority's proportion was 9.90%, which was a decrease of 0.50% from its proportion measured as of the prior year measurement date.

For the year ended December 31, 2018, the Authority recognized pension expense of $927 thousand. At December 31, 2018, 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 | $ 744 | $ - |
| Changes of assumptions | 51 | 77 |
| Net difference between projected and actual earnings on pension plan investments | - | 572 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 1,662 | 2,400 |
| Authority contributions subsequent to the measurement date | 2,367 | - |
| Total | $ 4,824 | $ 3,049 |

The $2,366 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, 2018.

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 December 31:** | **Amount** |
|---|---|
| 2019 | $ (160) |
| 2020 | (357) |
| 2021 | 60 |
| 2022 | (148) |
| 2023 | 13 |
| Total | $ (592) |

**NOTE 10. PENSION (amounts in thousands) (Continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP 2014 Employee Mortality Table, sex distinct, for pre-retirement mortality and the RP 2014 Healthy Annuitant Mortality table, sex distinct for post-retirement mortality. The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2016 and experience study for the period January 1, 2009 through January 1, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These arithmetic real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2018 are summarized in the following table:

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

*Discount rate.* A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the future expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 10. PENSION (amounts in thousands) (Continued)

*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 | $ 4,980 | $ 1,770 | $ (988) |

*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 (OPEB)

***Plan Description****.* The Regional Transportation Authority's ("RTA") defined benefit OPEB plan, Retiree Medical Benefit Plan (RMBP or Plan) provides limited health care insurance coverage for its eligible retired employees. The Plan is a single-employer defined benefit OPEB plan administered by the executive director of the RTA. The RTA Board of Directors through ordinance grants the authority to establish and amend benefit terms and financing requirements to the executive director of the RTA. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Benefits Provided****.* The Plan provides limited healthcare insurance coverage for retirees. Retirees can retain coverage through COBRA if under the age of 65 under the same medical plans available to active employees. Once a retiree is Medicare eligible, retirees can seek supplemental Medicare coverage through Benistar, where they pay the full cost of Medicare coverage. Retirees can seek outside insurance and are eligible to receive $78 monthly stipend (reimbursement) from the RTA. Dependent coverage ends at the same time as that of the retiree.

***Employees Covered by Benefit Terms****.*

At December 31, 2018, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 28 |
| Inactive employees entitled to but not yet receiving benefit payments | 8 |
| Active employees | 117 |
| Total | 153 |

## NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

***Total OPEB Liability***

The RTA's total OPEB liability of $511 thousand was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.5 percent |
| Salary increases | 2.5 percent, average, including inflation |
| Discount rate | Beginning of year 3.44 percent |
| | End of year 4.10 percent |
| Healthcare cost trend rates | 2.6 percent for 2018, 6 percent for 2019 decreasing 0.5 percent in 2021 and 2023 to an ultimate rate of 5.0 percent for 2023 anc later years |

For plans that are not held in trust and have accumulated no assets, the discount rate used is the same as the tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average credit rating of AA as of the measurement date. For this valuation, the "The Bond Buyer 20-Year GO Index" was used.

Mortaility Rates: Active IMRF Mortality follows Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment, with adjustments for mortality improvements using MP-2016 improvement rates.

Retirees and Spousal IMRF Mortality follows Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment, with adjustments for mortality improvements using MP-2014 improvement rates.



The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 20__.

***Changes in the Total OPEB Liability (amounts in thousands)***

| | |
|---|---|
| Total OPEB Liability at December 31, 2017 | $ 540 |
| Changes for the year: | |
| Service cost | 19 |
| Interest | 18 |
| Changes of benefit terms | - |
| Differences between expected and actuarial experience | - |
| Changes in assumptions or other inputs | (38) |
| Benefit payments | (28) |
| Net changes | (29) |
| Balances at December 31, 2018 | $ 511 |

Changes in assumptions or other inputs reflect the change in the discount rate. The beginning of year rate (3.44 percent) is the December 28, 2017 rate, and the end of year rate (4.10 percent) is the December 27, 2018 rate. The 20-Year GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and S&P's AA.

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.***
The following presents the total OPEB liability of the RTA, as well as what the RTA's total OPEB liability would be if it were calculated using a discount rate of 1-percentage-point lower (3.10 percent) or 1-percentage-point higher (5.10 percent) than the current discount rate (amounts in thousands):

| | 1% Decrease (3.10%) | Discount Rate (4.10%) | 1% Increase (5.10%) |
|---|---|---|---|
| Total OPEB liability | $ 570 | $ 511 | $ 461 |

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***.
The following presents the total OPEB liability of the RTA, as well as what the RTA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.5 percent decreasing to 4.5 percent) or 1-percentage-point higher (10.5 percent decreasing to 6.5 percent) than the current healthcare cost trend rates (amounts in thousands):

| | 1% Decrease (varies) | Healthcare Cost Trend Rates (varies) | 1% Increase (varies) |
|---|---|---|---|
| Total OPEB liability | $ 450 | $ 511 | $ 586 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the RTA recognized OPEB expense of $31 thousand. At December 31, 2018, the RTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Differences between expected and actual experience | $ - | $ - |
| Changes of assumptions | - | 32.1 |
| Total | $ - | $ 32.1 |

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

| **Year Ended December 31,** | **Amount** |
|---|---|
| 2019 | $ 5.5 |
| 2020 | 5.5 |
| 2021 | 5.5 |
| 2022 | 5.5 |
| 2023 | 5.5 |
| Thereafter | 4.6 |
| Total | $ 32.1 |

## 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.

**NOTE 12. RISK MANAGEMENT (Continued)**

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

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

***Director, Officer and Employee Liability—***All directors, officers or employees of each Participating Entity are covered, with certain defined exclusions, by the Plan. The retained limits are $100,000 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 2018, the total rent paid by the RTA was $1,674,959. Minimum required annual rental payments by the RTA are as follows:

| Year Ending December 31 | Amount (in thousands) |
|---|---|
| 2019 | $ 1,661 |
| 2020 | 1,596 |
| 2021 | 1,716 |
| 2022 | 1,749 |
| 2023 | 1,908 |
| Thereafter | 1,631 |
| Total | $ 10,261 |

**NOTE 14. RESTATEMENT**

In accordance with the Authority's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the other postemployment benefit (OPEB) liability, deferred outflows or resources, deferred inflows of resources, and OPEB expense have been recognized in the financial statements, see Note 11 for details. Therefore, the financial statements have been restated as of January 1, 2018 as follows:

| | Governmental Activities |
|---|---|
| Net Position, December 31, 2017, as previously reported | $ (1,552,968) |
| Reporting of total other postemployment benefit (OPEB) liability | (540) |
| Write-off of net other postemployment benefit (OPEB) obligation | 121 |
| Net Position, January 1, 2018, as restated | $ (1,553,387) |

The restatement does not include deferred inflows and outflows of resources related to the measurement of the total OPEB liability as permitted by Statement No. 75.

## REQUIRED SUPPLEMENTARY INFORMATION

**Regional Transportation Authority**
**RTA Pension Plan**

**Schedule of the Employer Contributions**
**(in Thousands)**

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Contractually required contribution | $ 1,066 | $ 1,048 | $ 991 | $ 1,644 |
| Contributions in relation to the contractually required contribution | (2,366) | (2,348) | (2,291) | (1,644) |
| Contribution deficiency (excess) | $ (1,300) | $ (1,300) | $ (1,300) | $ - |
| Authority's covered payroll | $ 9,301 | $ 9,221 | $ 9,183 | $ 8,984 |
| Contributions as a percentage of covered payroll | 25.44% | 25.46% | 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**
**(Measurement Date December 31, 2017)**
**(in Thousands)**

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Authority's proportion of the net pension liability | 9.90% | 10.40% | 11.00% | 12.00% |
| Authority's proportionate share of the net pension liability | $ 1,770 | $ 3,932 | $ 3,804 | $ 8,406 |
| Authority's covered payroll | $ 9,301 | $ 9,221 | $ 9,183 | $ 8,984 |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 19.03% | 42.64% | 41.42% | 93.56% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.32% | 87.38% | 87.67% | 73.51% |

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 Other Postemployment Benefits (OPEB) Plan**

**Schedule of Changes in Total OPEB Liability and Related Ratios**
**(in Thousands)**

| | 2018 |
|---|---|
| ***Total OPEB liability*** | |
| Service cost | $ 19 |
| Interest | 18 |
| Changes of assumptions or other inputs | (38) |
| Benefit payments | (28) |
| **Net change in total OPEB liability** | (29) |
| **Total OPEB liability - beginning** | 540 |
| **Total OPEB liability - ending** | $ 511 |
| **Covered employee payroll** | $ 8,881 |
| **Total OPEB liability as a percentage of covered employee payroll** | 5.75% |



**Notes to Schedule:**

The RTA implemented GASB 75 in FY 2018. Information is not available prior to 2018. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

*Changes of assumptions*. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 4.10 percent
2017 3.44 percent

**REGIONAL TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) BUDGET AND ACTUAL—GENERAL FUND YEAR ENDED DECEMBER 31, 2018 (In Thousands)**



| | General Fund | | |
|---|---|---|---|
| | Original Budget | Actual | Variance |
| REVENUES: | | | |
| Sales taxes | $ 137,239 | $ 137,164 | $ (75) |
| Interest on sales taxes | 100 | 1,074 | 974 |
| Public Transportation Fund | 215,895 | 215,739 | (156) |
| Innovation, Coordination & Enhancement (ICE) | 12,577 | 12,539 | (38) |
| State assistance (AFA & ASA) | 130,283 | 130,215 | (68) |
| IDOT State Grant Pace (ADA) | 8,500 | 7,975 | (525) |
| Investment income | 200 | 4,586 | 4,386 |
| Other revenue | 1,074 | 1,022 | (52) |
| Total revenues | 505,868 | 510,314 | 4,446 |
| EXPENDITURES: | | | |
| Financial assistance to Service Boards | 218,395 | 218,240 | 155 |
| South Suburban Job Access Program | 7,500 | 7,500 | - |
| Innovation, Coordination & Enhancement (ICE) | 12,577 | 12,538 | 39 |
| IDOT State Cap Grant-PACE (ADA) | 8,500 | 7,975 | 525 |
| Administration | 16,099 | 16,240 | (141) |
| Non-administration: | | | |
| Regional services and coordination programs | 16,358 | 15,065 | 1,293 |
| Regional Technical Assistance Programs | 1,230 | 5,349 | (4,119) |
| Distributions to JSIF | 2,999 | 2,999 | - |
| Total expenditures | 283,658 | 285,906 | (2,248) |
| EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS | 222,210 | 224,408 | (2,198) |
| NET CHANGE IN FUND BALANCE—BUDGETARY BASIS | $ 222,210 | 224,408 | $ 2,198 |
| Budgetary basis to GAAP basis adjustments | | (318,218) | |
| NET CHANGE IN FUND BALANCE—GAAP BASIS | | (93,810) | |
| FUND BALANCE: | | | |
| Beginning of year | | 361,284 | |
| End of year | | $ 267,474 | |

**REGIONAL TRANSPORTATION AUTHORITY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**YEAR ENDED DECEMBER 31, 2018**

## 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.

**Note 1. BUDGET AND BUDGETARY ACCOUNTING (Continued)**

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 | $ 224,408 |
| Adjustments: | |
| Capital grant expenditures incurred in current year but considered in prior years' budgets | (1,238) |
| RTA capital expenditures expected to be incurred in future years but considered in current year operating budget | (810) |
| Capital grants received that were not in the budget | 157,388 |
| Capital grants disbursed to the Service Boards/Others that were not in the budget | (155,481) |
| Net transfers in and out between the General Fund and Debt Service Fund not in the budget | (318,077) |
| Budgetary basis to GAAP basis adjustments | (318,218) |
| Net change in fund balance - GAAP basis | $ (93,810) |

## 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 (BUDGETARY BASIS) —**
**BUDGET AND ACTUAL — GENERAL FUND**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | General Fund | | |
|---|---|---|---|
| | **Budget** | **Actual** | **Variance** |
| EXPENDITURES: | | | |
| Financial assistance to Service Boards | $ 218,395 | $ 218,240 | $ 155 |
| South Suburban Job Access Program (PACE) | 7,500 | 7,500 | - |
| Innovation, Coordination & Enhancement (ICE) | 12,577 | 12,538 | 39 |
| IDOT State Cap Grant - PACE (ADA) | 8,500 | 7,975 | 525 |
| Administration | 16,099 | 16,240 | (141) |
| Non-administration: | | | |
| Regional Services and Coordination Programs | 16,358 | 15,065 | 1,293 |
| Regional Technical Assistance Programs | 1,230 | 5,349 | (4,119) |
| Distributions to JSIF | 2,999 | 2,999 | - |
| TOTAL EXPENDITURES | $ 283,658 | $ 285,906 | $ (2,248) |

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) BUDGET AND ACTUAL—GENERAL AND SALES TAX AGENCY FUNDS YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | General Fund | | |
|---|---|---|---|
| | **Budget** | **Actual** | **Variance** |
| REVENUES: | | | |
| Sales taxes | $ 137,239 | $ 137,164 | $ (75) |
| Interest on sales taxes | 100 | 1,074 | 974 |
| Public Transportation Fund | 215,895 | 215,739 | (156) |
| Innovation, Coordination & Enhancement (ICE) | 12,577 | 12,539 | (38) |
| State assistance (AFA & ASA) | 130,283 | 130,215 | (68) |
| Reduced fare reimbursement | - | - | - |
| IDOT State Grant -PACE (ADA) | 8,500 | 7,975 | (525) |
| Investment income | 200 | 4,586 | 4,386 |
| Other revenue | 1,074 | 1,022 | (52) |
| Total revenues | 505,868 | 510,314 | 4,446 |
| EXPENDITURES: | | | |
| Financial assistance to Service Boards | 218,395 | 218,240 | 155 |
| 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) | 12,577 | 12,538 | 39 |
| Reduced fare reimbursement | - | - | - |
| IDOT State Cap Grant-PACE (ADA) | 8,500 | 7,975 | 525 |
| Administration | 16,099 | 16,240 | (141) |
| Non-administration: | | | |
| Regional services and coordination programs | 16,358 | 15,065 | 1,293 |
| Regional Technical Assistance Program | 1,230 | 5,349 | (4,119) |
| Interest on sales taxes to Service Boards | - | - | - |
| Distributions to JSIF | 2,999 | 2,999 | - |
| Total expenditures | 283,658 | 285,906 | (2,248) |
| EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS | $ 222,210 | 224,408 | $ 2,198 |
| Budgetary basis to GAAP basis adjustments | | (318,218) | |
| NET CHANGE IN FUND BALANCE—GAAP BASIS | | (93,810) | |
| FUND BALANCE: | | | |
| Beginning of year | | 361,284 | |
| End of year | | $ 267,474 | |

| Sales Tax Agency Fund | | | Totals | | |
|---|---|---|---|---|---|
| **Budget** | **Actual** | **Variance** | **Budget** | **Actual** | **Variance** |
| $ 1,085,939 | $ 1,087,636 | $ 1,697 | $ 1,223,178 | $ 1,224,800 | $ 1,622 |
| 200 | 1,545 | 1,345 | 300 | 2,619 | 2,319 |
| 152,515 | 152,627 | 112 | 368,410 | 368,366 | (44) |
| - | - | - | 12,577 | 12,539 | (38) |
| - | - | - | 130,283 | 130,215 | (68) |
| 34,070 | 16,692 | (17,378) | 34,070 | 16,692 | (17,378) |
| - | - | - | 8,500 | 7,975 | (525) |
| - | - | - | 200 | 4,586 | 4,386 |
| - | - | - | 1,074 | 1,022 | (52) |
| 1,272,724 | 1,258,500 | (14,224) | 1,778,592 | 1,768,814 | (9,778) |
| 901,815 | 900,440 | 1,375 | 1,120,210 | 1,118,680 | 1,530 |
| 152,515 | 152,627 | (112) | 152,515 | 152,627 | (112) |
| 158,970 | 162,119 | (3,149) | 158,970 | 162,119 | (3,149) |
| 25,153 | 25,077 | 76 | 25,153 | 25,077 | 76 |
| - | - | - | 7,500 | 7,500 | - |
| - | - | - | 12,577 | 12,538 | 39 |
| 34,070 | 16,692 | 17,378 | 34,070 | 16,692 | 17,378 |
| - | - | - | 8,500 | 7,975 | 525 |
| - | - | - | 16,099 | 16,240 | (141) |
| - | - | - | 16,358 | 15,065 | 1,293 |
| - | - | - | 1,230 | 5,349 | (4,119) |
| 200 | 1,545 | (1,345) | 200 | 1,545 | (1,345) |
| - | - | - | 2,999 | 2,999 | - |
| 1,272,723 | 1,258,500 | 14,223 | 1,556,381 | 1,544,406 | 11,975 |
| $ - | - | $ - | $ 222,211 | 224,408 | $ 2,197 |
| | - | | | (318,218) | |
| | - | | | (93,810) | |
| | - | | | 361,284 | |
| | $ - | | | $ 267,474 | |

## 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.

*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.

*2017A* –to account for transfers received, investment income and principal and interest payments made for 2017 refunding general obligation bonds.

*2017B* –to account for transfers received, investment income and principal and interest payments made for 2017B direct placement cash note borrowings.

2018A- to account for transfers received, investment income and principal and interest payments made for 2018A cash note borrowings.

*2018B* –to account for transfers received, investment income and principal and interest payments made for 2018B general obligation bonds.

*Strategic Capital Improvement Program (SCIP) Bonds

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS**
**December 31, 2018**
**(In Thousands)**

| | 1990A | 1991A | 1994 C&D | 1997 | 1999 | 2000A | 2001 A | 2001 B | 2002 A | 2003 A | 2003 B | 2004 A |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSETS: | | | | | | | | | | | | |
| Cash and investments | $ 1,542 | $ 1,449 | $ 6,497 | $ 3,181 | $ 15,232 | $ 10,306 | $ 3,732 | $ 2,019 | $ 6,004 | $ 9,715 | $ 3,588 | $ 5,526 |
| Accrued interest | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | $ 1,542 | $ 1,449 | $ 6,497 | $ 3,181 | $ 15,232 | $ 10,306 | $ 3,732 | $ 2,019 | $ 6,004 | $ 9,715 | $ 3,588 | $ 5,526 |
| LIABILITIES: | | | | | | | | | | | | |
| Accrued items | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| FUND BALANCES: | | | | | | | | | | | | |
| Restricted for debt service | 1,542 | 1,449 | 6,497 | 3,181 | 15,232 | 10,306 | 3,732 | 2,019 | 6,004 | 9,715 | 3,588 | 5,526 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 1,542 | $ 1,449 | $ 6,497 | $ 3,181 | $ 15,232 | $ 10,306 | $ 3,732 | $ 2,019 | $ 6,004 | $ 9,715 | $ 3,588 | $ 5,526 |

(Continued)

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS (Continued)**
**December 31, 2018**
**(In Thousands)**

| | 2005 B | 2006A | 2010A | 2010B | 2011A | 2014A | 2016A Bonds | 2016C | 2017A | 2017B | 2018A | 2018B | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSETS: | | | | | | | | | | | | | |
| Cash and investments | $ 3,251 | $ - | $ 8,521 | $ 13,158 | $ 11,105 | $ 8,033 | $ 7,175 | $ - | $ 27,505 | $ 119 | $ 904 | $ 1,906 | $ 150,468 |
| Accrued interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | $ 3,251 | $ - | $ 8,521 | $ 13,158 | 11,105 | 8,033 | $ 7,175 | $ - | $ 27,505 | $ 119 | $ 904 | $ 1,906 | $ 150,468 |
| LIABILITIES: | | | | | | | | | | | | | |
| Accrued items | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| FUND BALANCES: | | | | | | | | | | | | | |
| Restricted for debt service | 3,251 | - | 8,521 | $ 13,158 | 11,105 | 8,033 | 7,175 | - | 27,505 | 119 | 904 | 1,906 | 150,468 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 3,251 | $ - | $ 8,521 | $ 13,158 | $ 11,105 | $ 8,033 | $ 7,175 | $ - | $ 27,505 | $ 119 | $ 904 | $ 1,906 | $ 150,468 |

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | 1990A | 1991A | 1994 C&D | 1997 |
|---|---|---|---|---|
| REVENUE: | | | | |
| Investment income | $ 1 | $ - | $ 10 | $ 5 |
| Total revenue | 1 | - | 10 | 5 |
| EXPENDITURES: | | | | |
| Debt Service - principal | 6,645 | 6,040 | 9,295 | 4,485 |
| Debt Service - interest | 1,542 | 1,789 | 1,411 | 1,601 |
| Other debt related costs | - | - | - | - |
| Total expenditures | 8,187 | 7,829 | 10,706 | 6,086 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (8,186) | (7,829) | (10,696) | (6,081) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of debt | - | - | - | - |
| Premium on issuance of debt | - | - | - | - |
| Transfers in - principal | 6,732 | 6,114 | 9,769 | 4,663 |
| Transfers in - interest | 1,446 | 1,708 | 1,330 | 1,569 |
| Transfers in/(out) - CPF | - | - | - | - |
| Transfers in/(out) - GF | - | - | - | - |
| Transfers in/(out) - DSF | - | - | - | - |
| Total other financing sources (uses) | 8,178 | 7,822 | 11,099 | 6,232 |
| NET CHANGE IN FUND BALANCES | (8) | (7) | 403 | 151 |
| FUND BALANCES: | | | | |
| Beginning of year | 1,550 | 1,456 | 6,094 | 3,030 |
| End of year | $ 1,542 | $ 1,449 | $ 6,497 | $ 3,181 |

(Continued)

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | 1999 | 2000 A | 2001 A | 2001 B | 2002 A |
|---|---|---|---|---|---|
| REVENUE: | | | | | |
| Investment income | $ 27 | $ 18 | $ 7 | $ 3 | $ 11 |
| Total revenue | 27 | 18 | 7 | 3 | 11 |
| EXPENDITURES: | | | | | |
| Debt Service - principal | 21,400 | 8,860 | 3,230 | 2,865 | 4,860 |
| Debt Service - interest | 9,056 | 10,882 | 3,907 | 1,011 | 6,679 |
| Other debt related costs | - | - | - | - | - |
| Total expenditures | 30,456 | 19,742 | 7,137 | 3,876 | 11,539 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (30,429) | (19,724) | (7,130) | (3,873) | (11,528) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of debt | - | - | - | - | - |
| Premium on issuance of debt | - | - | - | - | - |
| Transfers in - principal | 22,195 | 9,157 | 3,331 | 2,967 | 5,012 |
| Transfers in - interest | 8,908 | 10,588 | 3,812 | 992 | 6,523 |
| Transfers in/(out) - CPF | - | - | - | - | - |
| Transfers in/(out) - GF | - | - | - | - | - |
| Transfers in/(out) - DSF | (40) | - | - | - | - |
| Total other financing sources (uses) | 31,063 | 19,745 | 7,143 | 3,959 | 11,535 |
| NET CHANGE IN FUND BALANCES | 634 | 21 | 13 | 86 | 7 |
| FUND BALANCES: | | | | | |
| Beginning of year | 14,598 | 10,285 | 3,719 | 1,933 | 5,997 |
| End of year | $ 15,232 | $ 10,306 | $ 3,732 | $ 2,019 | $ 6,004 |

(Continued)

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | 2003 A | 2003 B | 2004A | 2005 B | 2006 A |
|---|---|---|---|---|---|
| REVENUE: | | | | | |
| Investment income | $ 17 | $ 10 | $ 82 | $ 10 | $ 40 |
| Total revenue | 17 | 10 | 82 | 10 | 40 |
| EXPENDITURES: | | | | | |
| Debt Service - principal | 7,720 | 4,455 | 7,295 | 4,735 | 5,970 |
| Debt Service - interest | 10,946 | 5,989 | 10,714 | 1,410 | 299 |
| Other debt related costs | - | - | - | 66 | - |
| Total expenditures | 18,666 | 10,444 | 18,009 | 6,211 | 6,269 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (18,649) | (10,434) | (17,927) | (6,201) | (6,229) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of debt | - | - | - | - | - |
| Premium on issuance of debt | - | - | - | - | - |
| Transfers in - principal | 7,952 | 4,607 | 7,543 | 4,875 | 2,714 |
| Transfers in - interest | 10,717 | (452) | 10,090 | 1,408 | 41 |
| Transfers in/(out) - CPF | - | 6,404 | - | - | 106 |
| Transfers in/(out) - GF | - | - | - | 66 | - |
| Transfers in/(out) - DSF | - | - | 40 | - | (63) |
| Total other financing sources (uses) | 18,669 | 10,559 | 17,673 | 6,349 | 2,798 |
| NET CHANGE IN FUND BALANCES | 20 | 125 | (254) | 148 | (3,431) |
| FUND BALANCES: | | | | | |
| Beginning of year | 9,695 | 3,463 | 5,780 | 3,103 | 3,431 |
| End of year | $ 9,715 | $ 3,588 | $ 5,526 | $ 3,251 | $ - |

(Continued)

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND ACCOUNTS (Continued)**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | 2010 A | 2010 B | 2011A | 2014A | 2016A |
|---|---|---|---|---|---|
| REVENUE: | | | | | |
| Investment income | $ 85 | $ 2,307 | $ 14 | $ 91 | $ 82 |
| Total revenue | 85 | 2,307 | 14 | 91 | 82 |
| EXPENDITURES: | | | | | |
| Debt Service - principal | 5,405 | - | 14,810 | 1,705 | 1,520 |
| Debt Service - interest | 1,494 | 6,622 | 1,145 | 4,677 | 4,192 |
| Other debt related costs | - | - | - | - | - |
| Total expenditures | 6,899 | 6,622 | 15,955 | 6,382 | 5,712 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (6,814) | (4,315) | (15,941) | (6,291) | (5,630) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of debt | - | - | - | - | - |
| Premium on issuance of debt | - | - | - | - | - |
| Transfers in - principal | 5,555 | - | 15,249 | 1,756 | 1,568 |
| Transfers in - interest | 1,229 | 4,263 | 1,058 | 4,386 | 3,449 |
| Transfers in/(out) - CPF | 60 | 115 | - | 225 | 686 |
| Transfers in/(out) - GF | - | - | - | - | - |
| Transfers in/(out) - DSF | - | - | - | - | - |
| Total other financing sources (uses) | 6,844 | 4,378 | 16,307 | 6,367 | 5,703 |
| NET CHANGE IN FUND BALANCES | 30 | 63 | 366 | 76 | 73 |
| FUND BALANCES: | | | | | |
| Beginning of year | 8,491 | 13,095 | 10,739 | 7,957 | 7,102 |
| End of year | $ 8,521 | $ 13,158 | $ 11,105 | $ 8,033 | $ 7,175 |

Continued)

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**
**DEBT SERVICE FUND ACCOUNTS (Continued)**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | 2016C Note | 2017A | 2017B Note | 2018A Note | 2018B | Total |
|---|---|---|---|---|---|---|
| REVENUE: | | | | | | |
| Investment income | $ 52 | $ 549 | $ 94 | $ 7 | $ 17 | $ 3,539 |
| Total revenue | 52 | 549 | 94 | 7 | 17 | 3,539 |
| EXPENDITURES: | | | | | | |
| Debt Service - principal | 150,000 | - | 200,000 | - | - | 471,295 |
| Debt Service - interest | 1,110 | 8,104 | 3,287 | 1,896 | 2,835 | 102,598 |
| Other debt related costs | - | 3 | 162 | 278 | 1,059 | 1,568 |
| Total expenditures | 151,110 | 8,107 | 203,449 | 2,174 | 3,894 | 575,461 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (151,058) | (7,558) | (203,355) | (2,167) | (3,877) | (571,922) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | - | - | 100,000 | 150,000 | - | 250,000 |
| Premium on issuance of debt | - | - | - | - | - | - |
| Transfers in - principal | - | 3,238 | - | - | 1,251 | 126,248 |
| Transfers in - interest | 374 | 9,026 | 3,144 | 2,793 | 2,987 | 91,389 |
| Transfers in/(out) - CPF | - | - | - | - | 1,545 | 9,141 |
| Transfers in/(out) - GF | 49,934 | - | 85,162 | (34,722) | - | 100,440 |
| Transfers in/(out) - DSF | 100,000 | 63 | 15,000 | (115,000) | - | - |
| Total other financing sources (uses) | 150,308 | 12,327 | 203,306 | 3,071 | 5,783 | 577,218 |
| NET CHANGE IN FUND BALANCES | (750) | 4,769 | (49) | 904 | 1,906 | 5,296 |
| FUND BALANCES: | | | | | | |
| Beginning of year | 750 | 22,736 | 168 | - | - | 145,172 |
| End of year | $ - | $ 27,505 | $ 119 | $ 904 | $ 1,906 | $ 150,468 |

## 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, 2016, and 2017 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, 2018**
**(In Thousands)**

| | SCIP Bonds | Non-SCIP Bonds | Total |
|---|---|---|---|
| ASSETS: | | | |
| Cash and investments | $ 13,636 | $ 233,050 | $ 246,686 |
| Due from other funds | 2 | 145 | 147 |
| TOTAL ASSETS | $ 13,638 | $ 233,195 | $ 246,833 |
| LIABILITIES: | | | |
| Due to Service Boards | $ 593 | $ 25,607 | $ 26,200 |
| Total liabilities | 593 | 25,607 | 26,200 |
| FUND BALANCES: | | | |
| Committed-capital projects | 13,045 | 207,588 | 220,633 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 13,638 | $ 233,195 | $ 246,833 |

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUND ACCOUNTS**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | SCIP Bonds | Non-SCIP Bonds | Total |
|---|---|---|---|
| REVENUES: | | | |
| Intergovernmental | $ - | $ 22,784 | $ 22,784 |
| Investment income | 225 | 1,661 | 1,886 |
| Total revenues | 225 | 24,445 | 24,670 |
| EXPENDITURES: | | | |
| Capital grants—bonds | 1,516 | 43,428 | 44,944 |
| Total expenditures | 1,516 | 43,428 | 44,944 |
| Deficiency of revenues over expenditures | (1,291) | (18,983) | (20,274) |
| OTHER FINANCING SOURCES: | | | |
| Bond Proceeds | - | 139,080 | 139,080 |
| Bond Premium | - | 11,996 | 11,996 |
| Transfer out | (106) | (9,035) | (9,141) |
| Total other financing sources | (106) | 142,041 | 141,935 |
| NET CHANGE IN FUND BALANCES | (1,397) | 123,058 | 121,661 |
| FUND BALANCES: | | | |
| Beginning of year | 14,442 | 84,530 | 98,972 |
| End of year | $ 13,045 | $ 207,588 | $ 220,633 |

## 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.

**REGIONAL TRANSPORTATION AUTHORITY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**
**SALES TAX AGENCY FUND**
**YEAR ENDED DECEMBER 31, 2018**
**(In Thousands)**

| | Balance January 1, 2018 | Additions | Deductions | Balance December 31, 2018 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Intergovernmental receivables: | | | | |
| Sales taxes | $ 198,356 | $ 773,263 | $ 769,770 | $ 201,849 |
| New sales tax | 71,636 | 310,373 | 308,357 | 73,652 |
| Interest on sales taxes | 142 | 1,544 | 1,366 | 320 |
| Due from General Fund | 34,495 | 6,457 | - | 40,952 |
| Reduced fare reimbursement | 8,785 | 16,692 | 16,602 | 8,875 |
| PTF (new sales tax/RETT) | 73,419 | 152,627 | 158,328 | 67,718 |
| Advances to Service Boards | 86,736 | 1,194 | - | 87,930 |
| Other Receivables | 6 | - | - | 6 |
| TOTAL ASSETS | $ 473,575 | $ 1,262,150 | $ 1,254,423 | $ 481,302 |
| LIABILITIES: | | | | |
| Intergovernmental payables: | | | | |
| Sales taxes due to Service Boards | $ 198,356 | $ 773,263 | $ 769,770 | $ 201,849 |
| New sales tax due to Service Boards | 71,636 | 123,177 | 121,161 | 73,652 |
| Interest on sales taxes due to Service Boards | 142 | 1,544 | 1,366 | 320 |
| Reduced fare reimbursement | 8,785 | 16,692 | 16,602 | 8,875 |
| PTF (new sales tax /RETT) | 73,419 | 152,627 | 158,328 | 67,718 |
| Advances from State | 86,736 | 1,194 | - | 87,930 |
| Paratransit funding PACE | - | 162,119 | 162,119 | - |
| Paratransit funding PACE-Future Years | 34,501 | 6,457 | - | 40,958 |
| Suburban Community Mobility Fund-SBD | - | 25,077 | 25,077 | - |
| TOTAL LIABILITIES | $ 473,575 | $ 1,262,150 | $ 1,254,423 | $ 481,302 |

## STATISTICAL SECTION
## (UNAUDITED)

CONTENTS

Financial Trends (Tables 1, 2, 3, 4)

*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.*

Revenue and Expense Capacity (Tables 5, 6, 7)

*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.*

Debt Capacity (Tables 8, 9, 10, 11, 12)

*Schedules in this section provide an overview of RTA's general obligation bonds (SCIP versus Non-SCIP) outstanding balances as of December 31, 2018 and a 10-year analysis of the debt service requirement to revenues and expenses.*

Demographic and Economic Information (Tables 13, 14, 15)

*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.*

Operating Information (Tables 16, 17, 18)

*Schedules in this section provide various statistics on passenger services offered by the service boards for fiscal year 2018, 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)**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities— | | | | | | | | | | |
| Net investment in capital assets | $ 12,660 | $ 15,265 | $ 14,491 | $ 14,809 | $ 14,359 | $ 11,524 | $ 11,692 | $ 3,590 | $ 2,786 | $ 2,697 |
| Restricted Net Position | 270,019 | 83,277 | 326,598 | 17,174 | 16,738 | 16,203 | 15,535 | - | - | - |
| Unrestricted Net Position | (2,234,127) | (1,972,190) | (2,133,577) | (1,819,368) | (1,779,889) | (1,714,890) | (1,732,590) | (1,663,594) | (1,555,754) | (1,443,470) |
| Total Net Position— Governmental Activities | $ (1,951,448) | $ (1,873,648) | $ (1,792,488) | $ (1,787,385) | $ (1,748,792) | $ (1,687,163) | $ (1,705,363) | $ (1,660,004) | $ (1,552,968) | $ (1,440,773) |
| Business-type activities— | | | | | | | | | | |
| Unrestricted Net Position | $ 29,067 | $ 28,963 | $ 28,703 | $ 27,845 | $ 27,116 | $ 27,682 | $ 27,977 | $ 26,549 | $ 25,203 | $ 23,130 |
| Total Net Position— Business-Type Activities | $ 29,067 | $ 28,963 | $ 28,703 | $ 27,845 | $ 27,116 | $ 27,682 | $ 27,977 | $ 26,549 | $ 25,203 | $ 23,130 |
| Primary government— | | | | | | | | | | |
| Net investment in capital assets | $ 12,660 | $ 15,265 | $ 14,491 | $ 14,809 | $ 14,359 | $ 11,524 | $ 11,692 | $ 3,590 | $ 2,786 | $ 2,697 |
| Restricted Net Position | 270,019 | 83,277 | 326,598 | 17,174 | 16,738 | 16,203 | 15,535 | - | - | - |
| Unrestricted Net Position | (2,205,060) | (1,943,227) | (2,104,874) | (1,791,523) | (1,752,773) | (1,687,208) | (1,704,613) | (1,637,045) | (1,530,551) | (1,420,340) |
| Total Net Position— Primary government | $ (1,922,381) | $ (1,844,685) | $ (1,763,785) | $ (1,759,540) | $ (1,721,676) | $ (1,659,481) | $ (1,677,386) | $ (1,633,455) | $ (1,527,765) | $ (1,417,643) |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| EXPENSES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Financial assistance to Service Boards | $ 93,453 | $ 97,648 | $ 128,786 | $ 171,700 | $ 196,116 | $ 200,500 | $ 225,805 | $ 225,231 | $ 216,457 | $ 218,240 |
| Administration capital grants | | | | | | | | | | |
| Discretionary | 19,166 | 15,310 | 7,039 | 5,410 | 897 | 254 | 631 | 207 | 583 | 1,238 |
| Bonds | 47,957 | 103,456 | 229,890 | 213,394 | 472,874 | 306,026 | 341,462 | 213,155 | 245,937 | 192,831 |
| Administration of operating grant | | | | | | | | | | |
| CTA/PACE | 74,138 | 27,230 | 21,680 | 36,687 | 52,974 | 27,440 | 57,061 | 48,287 | 30,112 | 35,030 |
| Administrative expenses | 12,014 | 8,551 | 8,918 | 16,507 | 19,079 | 17,002 | 16,079 | 20,342 | 19,270 | 18,756 |
| Regional expenses | 19,793 | 21,576 | 25,558 | 17,542 | 20,294 | 23,284 | 18,512 | 28,006 | 23,423 | 24,025 |
| Technology program expenses | 1,416 | 1,979 | 2,356 | 1,473 | 2,038 | 2,192 | 3,566 | 2,058 | 1,917 | 577 |
| CTA loan write-off receivable | - | - | - | - | 56,147 | - | - | | | |
| Interest expense | 131,775 | 135,530 | 139,314 | 125,722 | 115,957 | 110,168 | 103,048 | 124,069 | 96,706 | 95,740 |
| Miscellaneous | - | - | 397 | - | - | - | - | - | - | - |
| Total governmental activities | 399,712 | 411,280 | 563,938 | 588,435 | 936,376 | 686,866 | 766,164 | 661,355 | 634,405 | 586,437 |
| Business-type activities: | | | | | | | | | | |
| Insurance financing | 3,827 | 4,740 | 6,137 | 5,942 | 5,815 | 5,800 | 5,929 | 5,846 | 5,553 | 5,424 |
| Total business-type activities | 3,827 | 4,740 | 6,137 | 5,942 | 5,815 | 5,800 | 5,929 | 5,846 | 5,553 | 5,424 |
| Total primary government expenses | $ 403,539 | $ 416,020 | $ 570,075 | $ 594,377 | $ 942,191 | $ 692,666 | $ 772,093 | $ 667,201 | $ 639,958 | $ 591,861 |
| REVENUES: | | | | | | | | | | |
| General: | | | | | | | | | | |
| Sales taxes | $ 99,027 | $ 103,168 | $ 107,977 | $ 113,152 | $ 118,817 | $ 121,798 | $ 129,842 | $ 131,623 | $ 131,789 | $ 137,164 |
| Interest on sales taxes | 309 | 137 | 167 | 119 | 79 | 81 | 102 | 116 | 404 | 1,074 |
| Operating grant -(ADA) | 9,101 | 9,480 | 9,930 | 10,398 | 10,902 | 11,440 | 11,900 | 12,062 | 21,223 | 26,971 |
| Public Transportation Fund | 228,501 | 242,318 | 375,500 | 355,159 | 650,103 | 470,815 | 217,930 | 250,906 | 217,972 | 215,739 |
| General State Revenue | - | - | - | - | - | - | 285,143 | 147,315 | 222,643 | 147,567 |
| State assistance | 123,008 | 130,115 | 130,088 | 86,984 | 173,472 | 130,219 | 86,882 | 130,234 | 130,222 | 129,681 |
| Regional program reimbursement | 2,904 | 582 | 2,385 | 4,077 | 3,639 | 3,352 | 10,341 | 11,483 | 8,633 | 7,038 |
| Other intergovernmental revenue | - | - | - | - | - | - | - | - | - | 22,784 |
| Investment income | 39,174 | 8,607 | 19,350 | 22,213 | 20,769 | 10,474 | 9,472 | 19,150 | 8,331 | 10,011 |
| Other revenues | 1,437 | 2,269 | 5,081 | 6,436 | 2,188 | 6,644 | 8,394 | 3,825 | 224 | 1,022 |
| Transfers (out) | (3,575) | (4,425) | (5,380) | (5,000) | (5,000) | (6,328) | (6,180) | - | - | - |
| Total governmental activities revenues | 499,886 | 492,251 | 645,098 | 593,538 | 974,969 | 748,495 | 753,826 | 706,714 | 741,441 | 699,051 |
| Business-type activities: | | | | | | | | | | |
| General: | | | | | | | | | | |
| Investment income | 402 | 164 | 95 | 77 | 48 | 38 | 44 | 53 | 151 | 352 |
| Other revenues | 58 | 47 | 402 | 7 | 38 | - | - | - | - | - |
| Transfers in | 3,575 | 4,425 | 5,380 | 5,000 | 5,000 | 6,328 | 6,180 | 4,365 | 4,056 | 2,999 |
| Total business-type activities revenues | 4,035 | 4,636 | 5,877 | 5,084 | 5,086 | 6,366 | 6,224 | 4,418 | 4,207 | 3,351 |
| Total primary government revenues | 503,921 | 496,887 | 650,975 | 598,622 | 980,055 | 754,861 | 760,050 | 711,132 | 745,648 | 702,402 |
| Governmental activities: | | | | | | | | | | |
| CHANGES IN NET POSITION (DEFICIT) | 100,174 | 80,971 | 81,160 | 5,103 | 38,593 | 61,629 | (12,338) | 45,359 | 107,036 | 112,614 |
| NET POSITION (DEFICIT): | | | | | | | | | | |
| Beginning of year, as restated | (1,829,123) | (1,732,120) | (1,651,149) | (1,569,989) | (1,564,886) | (1,526,293) | (1,693,025) | (1,705,363) | (1,660,004) | (1,553,387) |
| End of year | (1,732,120) | (1,651,149) | (1,569,989) | (1,564,886) | (1,526,293) | (1,464,664) | (1,705,363) | (1,660,004) | (1,552,968) | (1,440,773) |
| Business-type activities: | | | | | | | | | | |
| CHANGES IN NET POSITION (DEFICIT) | 208 | (104) | (260) | (858) | (729) | 566 | 295 | (1,428) | (1,346) | (2,073) |
| NET POSITION (DEFICIT): | | | | | | | | | | |
| Beginning of year | 40,087 | 40,295 | 40,191 | 39,931 | 39,073 | 38,344 | 38,910 | 27,977 | 26,549 | 25,203 |
| End of year | 40,295 | 40,191 | 39,931 | 39,073 | 38,344 | 38,910 | 39,205 | 26,549 | 25,203 | 23,130 |
| Total primary government | $ (1,691,825) | $ (1,610,958) | $ (1,530,058) | $ (1,525,813) | $ (1,487,949) | $ (1,425,754) | $ (1,666,158) | $ (1,633,455) | $ (1,527,765) | $ (1,417,643) |
| CHANGE IN NET POSITION: | | | | | | | | | | |
| Governmental activities | $ 100,174 | $ 80,971 | $ 81,160 | $ 5,103 | $ 38,593 | $ 61,629 | $ (12,338) | $ 45,359 | $ 107,036 | $ 112,614 |
| Business-type activities | 208 | (104) | (260) | (858) | (729) | 566 | 295 | (1,428) | (1,346) | (2,073) |
| Total primary government | $ 100,382 | $ 80,867 | $ 80,900 | $ 4,245 | $ 37,864 | $ 62,195 | $ (12,043) | $ 43,931 | $ 105,690 | $ 110,541 |

TABLE 3

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | | | |
| Reserved | $ 155,551 | $ 160,895 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved | (27,893) | 7,318 | - | - | - | - | - | - | - | - |
| Nonspendable (1) | - | - | 568 | 327 | 3 | - | - | - | - | - |
| Restricted (1) | - | - | 28,740 | 17,173 | 16,738 | 16,203 | 15,535 | - | 197,227 | 91,458 |
| Committed (1) | - | - | 157,345 | 204,895 | 193,745 | 212,642 | 188,497 | 228,118 | 234,494 | 239,932 |
| Assigned (1) | - | - | - | - | 93,363 | 8,888 | 42,312 | - | - | - |
| Unassigned (1) | - | - | 98,376 | 176,554 | 9,110 | 4,443 | 3,455 | (17,610) | (70,437) | (63,916) |
| Total general fund balances | $ 127,658 | $ 168,213 | $ 285,029 | $ 398,949 | $ 312,959 | $ 242,176 | $ 249,799 | $ 210,508 | $ 361,284 | $ 267,474 |
| All other governmental funds | | | | | | | | | | |
| Reserved | $ 468,582 | $ 756,233 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Restricted (1) | - | - | 297,858 | 158,469 | 188,333 | 211,498 | 193,036 | 122,938 | 145,172 | 150,468 |
| Committed (1) | - | - | 208,301 | 179,063 | 132,671 | 177,283 | 111,005 | 120,443 | 98,972 | 220,633 |
| Total all other governmental funds | $ 468,582 | $ 756,233 | $ 506,159 | $ 337,532 | $ 321,004 | $ 388,781 | $ 304,041 | $ 243,381 | $ 244,144 | $ 371,101 |

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

TABLE 4

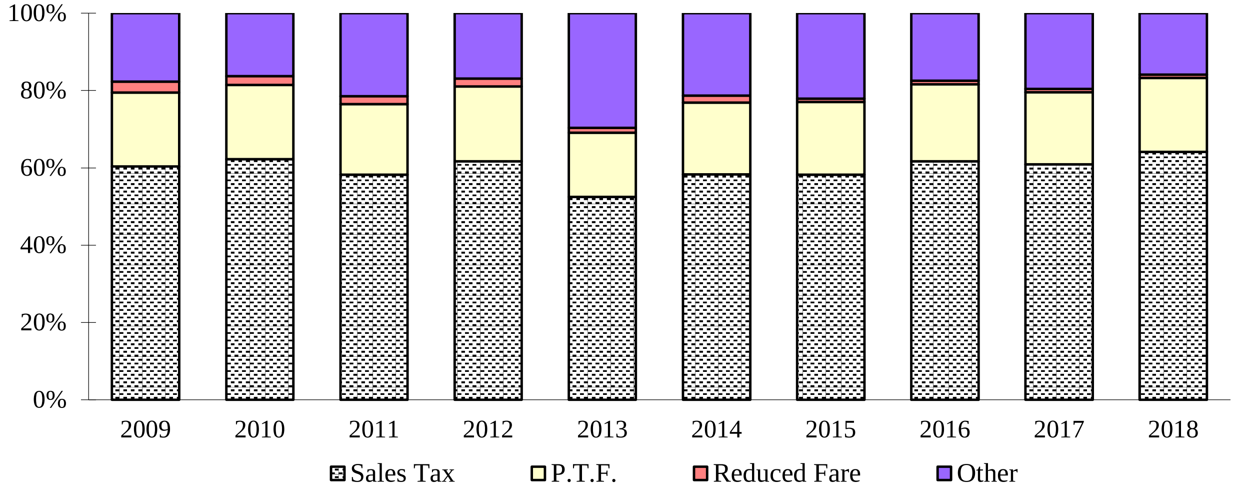
**REGIONAL TRANSPORTATION AUTHORITY**
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**LAST TEN YEARS**
**(In Thousands)**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | | | | |
| Sales taxes | $ 99,027 | $ 103,168 | $ 107,977 | $ 113,152 | $ 118,817 | $ 121,798 | $ 129,842 | $ 131,623 | $ 131,789 | $ 137,164 |
| Interest on sales taxes | 309 | 137 | 166 | 119 | 79 | 82 | 102 | 116 | 404 | 1,074 |
| Public Transportation Fund | 169,354 | 171,169 | 181,428 | 189,523 | 198,640 | 210,013 | 217,930 | 221,621 | 212,643 | 215,739 |
| New 5% PTF Advance Recovery | - | - | - | - | - | - | - | - | - | - |
| General State Revenue | - | 65,149 | 194,072 | 155,369 | 441,191 | 245,298 | 285,143 | 147,314 | 222,643 | 147,567 |
| Innovation, Coordination, & Enhancement (ICE) | 9,101 | 9,480 | 9,930 | 10,398 | 10,902 | 11,439 | 11,900 | 12,062 | 12,070 | 12,539 |
| Operating assistance -CTA/PACE | - | - | - | - | - | - | - | - | - | - |
| 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 | 3,825 | 7,975 |
| Pace ADA 2012 Surplus Refund | - | - | - | 1,767 | 1,772 | 7,004 | - | 29,285 | 5,328 | 6,457 |
| State assistance | 123,008 | 130,115 | 130,088 | 86,983 | 130,185 | 130,182 | 130,206 | 65,118 | 130,231 | 130,215 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | 29,822 |
| Investment income | 39,174 | 16,799 | 19,101 | 18,703 | 18,964 | 13,761 | 13,819 | 15,769 | 8,331 | 10,011 |
| Other revenues | 4,341 | 2,852 | 7,466 | 10,518 | 5,827 | 7,847 | 8,187 | 10,403 | 14,185 | 1,022 |
| Total revenues | 503,461 | 504,869 | 650,228 | 595,032 | 934,877 | 755,924 | 805,524 | 637,136 | 741,449 | 699,585 |
| EXPENDITURES: | | | | | | | | | | |
| Financial assistance to Service Boards | 93,453 | 97,648 | 128,786 | 171,700 | 196,116 | 200,500 | 225,805 | 225,231 | 216,457 | 218,240 |
| Capital grants—discretionary | 19,166 | 15,310 | 6,907 | 5,414 | 897 | 254 | 631 | 207 | 582 | 1,238 |
| Capital Projects Expense-Working Cash Note | 56,147 | - | - | - | - | - | - | - | - | - |
| PACE Discr (CMAQ) Grant RTA share | - | - | 132 | - | - | - | - | - | - | - |
| South Suburban Job Access Program - (PACE) | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| 5% PTF/RETT & ADA Paratransit (New Sales Tax) | - | - | - | - | - | - | - | | | |
| Innovation, Coordination, & Enhancement (ICE) | 9,101 | 9,480 | 9,930 | 10,278 | 10,902 | 11,439 | 11,900 | 12,062 | 12,770 | 12,538 |
| State General Revenue MOU | - | - | - | 7,969 | 26,072 | 96,988 | - | 14,337 | 689 | 560 |
| IDOT Cap Grant - PACE (ADA) | - | - | - | 10,940 | 8,500 | 8,500 | 8,395 | 3,825 | 3,825 | 7,975 |
| PACE (PTF) expenditures | 1,390 | 10,250 | 4,250 | - | - | - | - | - | - | - |
| Capital grants—bonds | 47,957 | 103,456 | 229,890 | 213,392 | 460,448 | 149,259 | 337,549 | 208,679 | 244,756 | 192,511 |
| RTA Capital grants—CTA | - | - | - | - | 12,264 | 56,257 | 912 | 1,058 | - | - |
| RTA Capital grants—Metra | - | - | - | - | 162 | 3,522 | 3,002 | 3,418 | 1,181 | 320 |
| PACE ADA Surplus | - | - | - | - | - | - | 29,266 | 10,563 | 5,328 | 6,457 |
| Administrative | 11,441 | 7,699 | 8,231 | 15,713 | 17,530 | 16,192 | 17,085 | 16,433 | 15,504 | 16,240 |
| Regional | 22,105 | 25,689 | 27,102 | 19,785 | 22,332 | 22,817 | 22,373 | 21,581 | 25,101 | 24,088 |
| Distribution to JSIF | - | - | - | - | - | - | - | 4,365 | 4,056 | 2,999 |
| Capital outlay | 1,110 | 1,323 | 762 | 295 | 1,530 | 599 | 644 | 1,299 | 262 | 1,387 |
| Write off CTA loan receivable | - | - | - | - | 56,147 | - | - | - | - | - |
| Debt service: | | | | | | | | | | |
| Principal | 68,455 | 74,060 | 919,110 | 999,375 | 98,800 | 443,737 | 100,610 | 432,635 | 413,870 | 471,295 |
| Interest | 135,361 | 134,121 | 139,215 | 129,884 | 117,428 | 115,246 | 110,432 | 108,599 | 107,965 | 102,598 |
| Debt related costs | - | - | - | 942 | 5,767 | 2,092 | 357 | 23,026 | 1,524 | 1,568 |
| Debt issuance costs | 2,965 | 2,982 | 4,912 | - | - | - | - | - | - | - |
| Miscellaneous | - | - | 397 | 1,552 | - | - | - | - | - | - |
| Total expenditures | 476,151 | 489,518 | 1,487,124 | 1,594,739 | 1,042,395 | 1,134,902 | 876,461 | 1,094,818 | 1,061,370 | 1,067,514 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 27,310 | 15,351 | (836,896) | (999,707) | (107,518) | (378,978) | (70,937) | (457,682) | (319,921) | (367,929) |
| 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 | 30,255 | 11,996 |
| Note proceeds | 260,000 | 140,000 | - | - | - | - | - | - | - | - |
| Debt issuance | - | - | - | - | - | - | - | 346,720 | 441,205 | 389,080 |
| Transfers out | | | | | | | | | | |
| Capital Projects Fund | - | - | - | - | - | (7,211) | - | (6,459) | (599) | (9,141) |
| Debt Service Fund | 195,261 | 228,065 | (186,365) | (173,137) | (7) | - | (20,037) | (160,403) | (250,000) | - |
| General Fund | (198,836) | (217,174) | (335,567) | (212,457) | (295,433) | (306,029) | (216,754) | (373,934) | (319,792) | (318,077) |
| 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 | 320,391 | 327,218 |
| General Fund | - | - | 186,339 | 173,130 | - | - | 20,000 | 160,403 | 250,000 | - |
| Transfers in | - | - | 26 | - | - | - | - | - | - | - |
| Total other financing (uses) sources | 256,425 | 317,521 | 703,640 | 945,000 | 5,000 | 375,972 | (6,180) | 357,731 | 471,460 | 401,076 |
| NET CHANGE IN FUND BALANCES | $ 283,735 | $ 332,872 | $ (133,256) | $ (54,707) | $ (102,518) | $ (3,006) | $ (77,117) | $ (99,951) | $ 151,539 | $ 33,147 |
| Debt Service as a percentage of noncapital expenditures | 42.99% | 42.84% | 71.17% | 70.88% | 20.79% | 49.34% | 24.11% | 49.52% | 49.20% | 53.86% |

Table 5

**RTA REVENUE BY SOURCE**

**2009-2018**



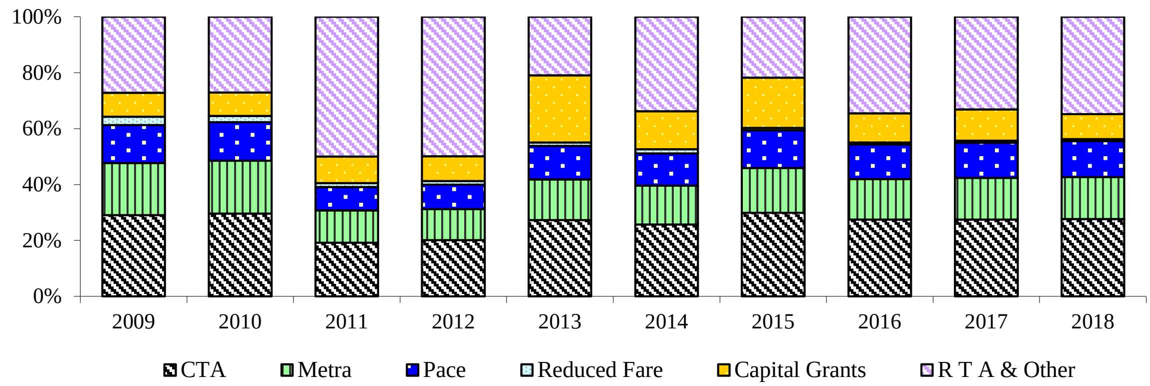

*Last Ten Years* *(In Thousands)*

| | Sales Tax | Public Transportation Fund | Reduced Fare | Other | Total |
|---|---|---|---|---|---|
| 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% |
| 12 Months Ended 12/31/17 | 1,185,986 | 362,647 | 17,570 | 380,963 | 1,947,166 |
| *Percentage of Total* | 60.91% | 18.62% | 0.90% | 19.56% | 100% |
| 12 Months Ended 12/31/18 | 1,237,339 | 368,367 | 16,692 | 306,944 | 1,929,342 |
| *Percentage of Total* | 64.13% | 19.09% | 0.87% | 15.91% | 100% |

Table 6

**DISTRIBUTION OF EXPENDITURES**

**2009-2018**




*Last Ten Years* *(In Thousands)*

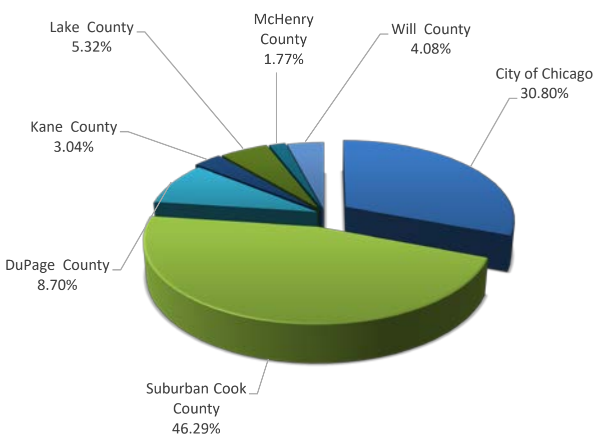
| | Financial Assistance | | | | Reduced | Capital | R T A | |
|---|---|---|---|---|---|---|---|---|
| | CTA | Metra | Pace | Total | Fare | Grants | and Other | Total |
| 12 Months Ended 12/31/09 | $ 417,288 | $ 267,576 | $194,698 | $ 879,562 | $ 41,970 | $ 123,069 | $ 389,857 | $ 1,434,457 |
| *Percentage 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% |
| 12 Months Ended 12/31/17 | 630,467 | 339,865 | 288,253 | 1,258,585 | 17,570 | 256,362 | 758,542 | 2,291,059 |
| *Percentage of Total* | 27.52% | 14.83% | 12.58% | 54.93% | 0.77% | 11.19% | 33.11% | 100% |
| 12 Months Ended 12/31/18 | 650,167 | 352,502 | 303,207 | 1,305,876 | 16,692 | 209,061 | 819,100 | 2,350,729 |
| *Percentage of Total* | 27.66% | 15.00% | 12.90% | 55.55% | 0.71% | 8.89% | 34.84% | 100% |

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

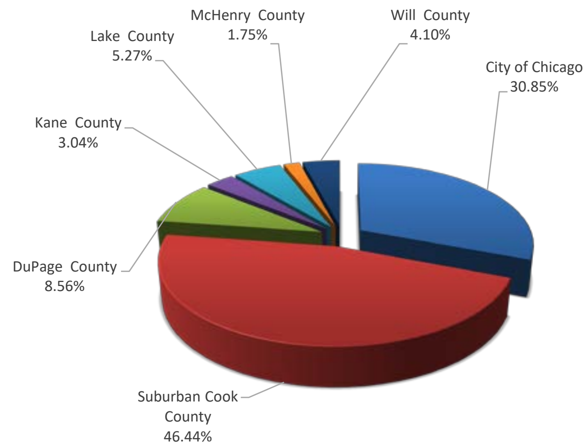
Table 7

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

**2017**




**2018**




*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 12/31/09 | $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% |
| 12 Months Ended 12/31/17 | 365,311 | 548,955 | 103,254 | 36,047 | 63,041 | 20,976 | 48,403 | 1,185,987 |
| *Percentage of Total* | 30.80% | 46.29% | 8.70% | 3.04% | 5.32% | 1.77% | 4.08% | 100% |
| 12 Months Ended 12/31/18 | 380,082 | 572,126 | 105,460 | 37,452 | 64,929 | 21,507 | 50,455 | 1,232,011 |
| *Percentage of Total* | 30.85% | 46.44% | 8.56% | 3.04% | 5.27% | 1.75% | 4.10% | 100% |

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]** | **Unamortized Premiums** | **Total Primary Government** | **Percentage of Sales Tax** | **Percentage of Personal Income [b]** |
| 2009 | $ 2,419,120 | $ - | $ - | $ 2,419,120 | 38.50 % | 0.46 % |
| 2010 | 2,260,160 | 400,000 | - | 2,660,160 | 36.68 | 0.49 |
| 2011 | 2,176,975 | 265,000 | - | 2,441,975 | 41.84 | 0.43 |
| 2012 | 2,092,600 | 300,000 | - | 2,392,600 | 44.77 | 0.41 |
| 2013 | 2,003,800 | 300,000 | - | 2,303,800 | 48.79 | 0.38 |
| 2014 | 2,009,355 | 225,000 | - | 2,234,355 | 50.31 | 0.36 |
| 2015 | 1,908,745 | 225,000 | - | 2,133,745 | 54.80 | 0.34 |
| 2016 | 1,897,830 | 150,000 | - | 2,047,830 | 57.88 | 0.31 |
| 2017 | 2,075,165 | - | - | 2,075,165 | 57.15 | 0.31 |
| 2018 | 1,842,950 | 150,000 | 121,378 | 2,114,328 | 58.52 | 0.29 |

**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.

Table 9

## LEGAL DEBT CAPACITY

*(In Thousands)*

**2018**

| Legal Debt Margin: | Balance Outstanding at December 31, 2018 | 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 | $14,765 | | | |
| 1991A General Obligation Bonds | 20,655 | | | |
| 1994B General Obligation Bonds | - | | | |
| 1994D General Obligation Bonds | 13,560 | | | |
| 1997 General Obligation Refunding Bonds | 24,445 | | | |
| 2003B General Obligation Bonds | 104,315 | | | |
| 2005B General Obligation Refunding Bonds | 84,685 | | | |
| 2010A General Obligation Bonds | 24,475 | | | |
| 2010B General Obligation Bonds | 112,925 | | | |
| 2011A General Obligation Refunding Bonds | 15,500 | | | |
| 2014A General Obligation Bonds | 92,855 | | | |
| 2016A General Obligation Bonds | 92,500 | | | |
| 2018B General Obligation Bonds | 139,080 | | | |
| Total RTA Bonds Applicable to Limitation | 739,760 | | | (739,760) |
| SCIP Bonds: | | | | |
| 1992A General Obligation Bonds | - | 188,000 | | |
| 1993A General Obligation Bonds | - | 55,000 | | |
| 1994A General Obligation Bonds | - | 195,000 | | |
| 1994C General Obligation Bonds | 9,790 | 62,000 | | |
| 1999 General Obligation Refunding Bonds | 145,845 | - | | |
| 2000 General Obligation Bonds | 160,955 | 260,000 | | |
| 2001A General Obligation Bonds | 63,060 | 100,000 | | |
| 2001B General Obligation Refunding Bonds | 16,945 | - | | |
| 2002A General Obligation Bonds | 106,460 | 160,000 | | |
| 2003A General Obligation Bonds | 180,975 | 260,000 | | |
| 2004A General Obligation Bonds | 187,745 | 260,000 | | |
| 2006A General Obligation Bonds | - | 250,030 | | |
| 2017A General Obligation Bonds | 191,205 | - | | |
| | 1,062,980 | | | |
| Total SCIP Bonds Applicable to Limitation | | $1,790,030 | | (1,790,030) |
| Total SCIP Bonds Outstanding | | | | |
| Total Bonds Outstanding | $1,802,740 | | | |
| Debt Margin for General Obligations | | | | 70,210 |
| Debt Limitation per Act for Working Cash Notes | | | $400,000 | |
| Total RTA Working Cash Notes Applicable to Limitation | 200,000 | | (200,000) | |
| Debt Margin for Working Cash Notes | | | | 200,000 |
| Total Legal Debt Margin | | | | $270,210 |

TABLE 10

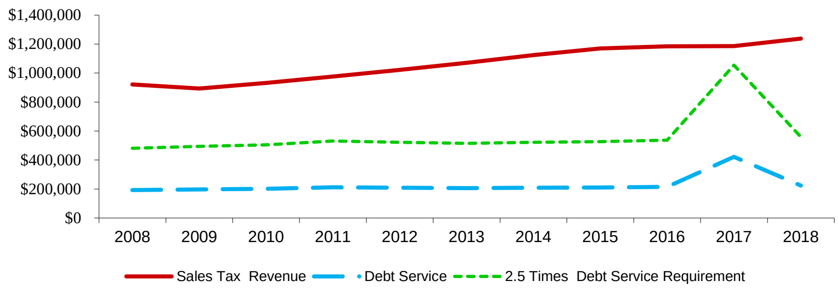
**REGIONAL TRANSPORTATION AUTHORITY**
**LEGAL DEBT MARGIN INFORMATION**
**LAST TEN YEARS**
**(In Thousands)**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| 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 | 2,411,155 | 2,553,355 | 2,513,670 | 2,475,325 | 2,435,275 | 2,492,385 | 2,446,390 | 2,492,950 | 2,440,335 | 2,529,790 |
| Debt margin for General Obligations | 188,845 | 46,645 | 86,330 | 124,675 | 164,725 | 107,615 | 153,610 | 107,050 | 159,665 | 70,210 |
| Debt limit for Working Cash Notes | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Total net debt applicable to limit | 260,000 | 400,000 | 265,000 | 300,000 | 300,000 | 225,000 | 225,000 | 150,000 | 300,000 | 200,000 |
| | 140,000 | - | 135,000 | 100,000 | 100,000 | 175,000 | 175,000 | 250,000 | 100,000 | 200,000 |
| Legal debt margin | $ 328,845 | $ 46,645 | $ 221,330 | $ 224,675 | $ 264,725 | $ 282,615 | $ 328,610 | $ 357,050 | $ 259,665 | $ 270,210 |
| Total legal debt margin as a percentage of debt limit | 10.96% | 1.55% | 7.38% | 7.49% | 8.82% | 9.42% | 10.95% | 11.90% | 8.66% | 9.01% |

Table 11

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

**2009 - 2018**
***(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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Revenue | 894,238 | 931,435 | 975,670 | 1,021,686 | 1,071,225 | 1,123,997 | 1,169,267 | 1,185,182 | 1,185,986 | 1,237,339 |
| Debt Service Requirement | 197,529 | 201,994 | 212,441 | 208,712 | 206,228 | 208,985 | 211,041 | 214,984 | 421,835 | 223,893 |
| 2.5 Times Debt Service Requirement | 493,823 | 504,985 | 531,103 | 521,780 | 515,570 | 522,463 | 527,603 | 537,460 | 1,054,588 | 559,733 |

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)*

| Year | Debt Service Requirements: Principal | Debt Service Requirements: Interest | Debt Service Requirements: Total | Total Expenditures | Ratio of Debt Service to Total Expenditures |
|---|---|---|---|---|---|
| 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% |
| 2017 | 313,870 | 107,965 | 421,835 | 2,291,059 | 18.41% |
| 2018 | 121,295 | 102,598 | 223,893 | 2,350,729 | 9.52% |



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 |
|---|---|---|---|---|---|
| 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 | - |
| 2017* | 504.56 | 294.77 | 169.83 | 39.96 | - |
| 2018* | 576.66 | 342.48 | 186.29 | 47.89 | - |
| Total | $ 6,700.98 | $ 4,166.35 | $ 1,945.01 | $ 549.84 | $ 39.78 |

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

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

**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] |
|---|---|---|---|---|
| 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% |
| 2017 | 12,802,023 | 676,053,010 | 52,808 | 4.9% |
| 2018 | 12,741,080 | 725,393,900 | 56,933 | 4.3% |

(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 2018 | | | Nine Years Ago 2009 | | |
|---|---|---|---|---|---|---|
| **Employer [1]** | **Employees** | **Rank** | **% of Total Region Employment** | **Employees** | **Rank** | **% of Total Region Employment** |
| United States Government | 41,500 | 1 | 0.97% | 77,000 | | 1.99% |
| Chicago Public Schools | 36,415 | 2 | 0.85% | 43,740 | | 1.13% |
| City of Chicago | 31,854 | 3 | 0.74% | 36,242 | | 0.94% |
| Cook County | 22,438 | 4 | 0.52% | 23,416 | | 0.60% |
| Advocate Health Care | 19,886 | 5 | 0.46% | 19,990 | | 0.52% |
| Northwestern Memorial Healthcare | 19,513 | 6 | 0.45% | 14,784 | | 0.38% |
| University of Chicago | 17,345 | 7 | 0.40% | 13,281 | | 0.34% |
| JP Morgan Chase & Co. | 16,231 | 8 | 0.38% | 13,142 | | 0.34% |
| State of Illinois | 14,582 | 9 | 0.34% | 13,000 | | 0.34% |
| Amazon.com Inc | 14,018 | 10 | 0.33% | 13,000 | | 0.34% |
| Total | 233,782 | | 5.44% | 267,595 | | 6.91% |

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

## RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

**2018**

### Chicago Transit Authority

Rapid Transit

- *8* rail lines
- *145* stations served
- *1,492* rapid transit cars
- *225.9* million riders per year
- *1,801* STO* positions

Motor Bus

- *129* bus routes
- *1,864* buses
- *242.2* million riders per year
- *3,796* STO* positions

CTA Totals

- *1.4* billion rail passenger miles per year
- *613.0* million bus passenger miles per year
- *125.9* million vehicle revenue miles per year
- *4,300* without STO* positions

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

### Metra Commuter Rail Division*

Commuter Rail

- *11* rail lines
- *488* route miles
- *1,155* miles of track
- *242* stations
- *149* locomotives
- *855* passenger cars
- *186* electric cars
- *686* weekday trains operated
- *76.1* million riders per year
- *4,870* full-time employees
- *1.7* billion passenger miles per year
- *43.7* million vehicle revenue miles per year

**All data excludes NICTD South Shore*

### Pace Suburban Bus Division

Fixed Route Bus

- *162* regular routes
- *43* feeder routes
- *20* shuttle routes
- *626* vehicles in use during peak periods
- *27.7* million riders per year
- *780* Pace-owned buses
- *1,750* full-time employees

ADA Paratransit

- *331* Pace-owned lift-equipped vehicles in service
- *4.3* million riders per year
- *47* full-time employees

Dial-a-Ride

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

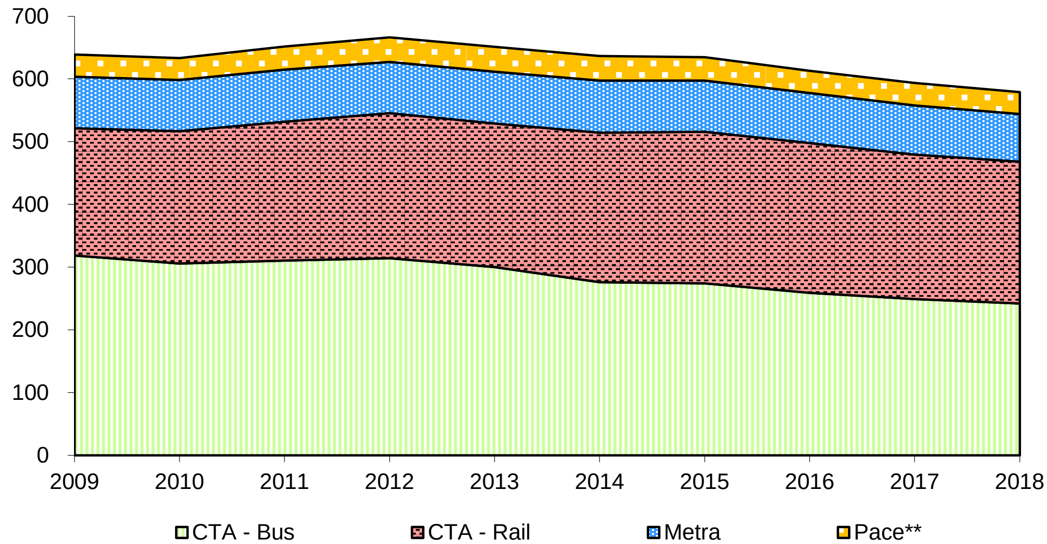
Vanpool

- *556* vanpool vehicles in operation
- *1.7* million riders per year

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

**System Ridership and Unlinked Passenger Trips**

**2009-2018**
*(In Millions)*






*Last Ten Years* *(In Millions)*

| Service Consumed: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA - Bus | 318.7 | 306 | 310.4 | 314.4 | 300.1 | 276.1 | 274.3 | 259.1 | 249.2 | 242.2 |
| CTA - Rail | 202.6 | 210.9 | 221.6 | 231.2 | 229.1 | 238.1 | 241.7 | 238.6 | 230.2 | 225.9 |
| Total CTA* | 521.3 | 516.9 | 532 | 545.6 | 529.2 | 514.2 | 516 | 497.7 | 479.4 | 468.1 |
| Metra | 82.3 | 81.4 | 82.7 | 81.3 | 82.3 | 83.4 | 81.6 | 80.1 | 78.6 | 76.2 |
| Pace** | 35.1 | 35.1 | 37.1 | 39.2 | 39.9 | 38.9 | 37.3 | 35.4 | 35.5 | 34.5 |
| System Total | 638.7 | 633.4 | 651.8 | 666.1 | 651.4 | 636.5 | 634.9 | 613.2 | 593.5 | 578.8 |
| Percent Change | -2.3% | -0.8% | 2.9% | 2.2% | -2.2% | -2.3% | -0.3% | -3.4% | -3.2% | -2.5% |

***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**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Audit | 4 | 0 | 0 | 0 | 0 |
| Executive Office | 2 | 2 | 2 | 2 | 2 |
| Capital Programming Planning & Performance | 0 | 24 | 24 | 25 | 21 |
| Communications and Public Affairs | 2 | 3 | 2 | 4 | 0 |
| Customer Service/Mobility Services | 36 | 32 | 28 | 29 | 29 |
| Finance & Performance Management | 22 | 0 | 0 | 0 | 0 |
| Finance Innovation & Technology | 0 | 24 | 25 | 23 | 27 |
| Human Resources | 3 | 3 | 3 | 3 | 3 |
| Information Technology | 9 | 0 | 0 | 0 | 0 |
| Legal | 7 | 0 | 0 | 0 | 0 |
| Legal and Compliance | 0 | 13 | 13 | 13 | 14 |
| Goverrnment Affairs | 0 | 3 | 3 | 3 | 3 |
| Government and Community Affairs | 5 | 0 | 5 | 0 | 0 |
| Marketing and Communications | 0 | 0 | 0 | 0 | 4 |
| Planning and Market Development | 22 | 0 | 0 | 0 | 0 |
| Totals | **112** | **104** | **105** | **102** | **103** |

*Source: RTA HR records*

Regional Transportation Authority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Phone: 312-913-3200

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