REGIONAL
TRANSPORTATION
AUTHORITY
AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

2018 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 24, 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

cta
Metra
pace

RSM

Independent Accountant's Compilation Report

RSM US LLP

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

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

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

Other Matter

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

RSM US LLP

Chicago, Illinois
June 24, 2019

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)	(4,776,958)	(460,409)	-	-	(12,964,654)
Total capital assets	2,700	4,936,546	2,950,462	327,825	-	-	8,217,533
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	3,478,529	466,689	-	181,544	10,879,521
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred loss on refunding	-	13,317	-		-	-	13,317
Pension related amounts	4,824	171,722	12,242	9,827	-	-	198,615
OPEB related amounts	-	-	10	1,278	-	-	1,288
Total assets and deferred outflows of resources	$ 1,057,458	$ 6,248,252	$ 3,490,781	$ 477,794	$ -	$ 181,544	$ 11,092,741

(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	26,666	2,141,007	92,664	74,377	-	-	2,334,714
Total long-term liabilities	1,960,924	6,260,931	92,664	80,377	-	-	8,394,896
Total liabilities	2,467,218	7,019,207	323,168	141,712	181,544	-	9,769,761
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	2,950,463	320,625	-	-	5,784,603
Net position restricted for:							
Payment on obligations and others	212,862	73,101	-	1,200	-	-	287,163
Unrestricted (deficit)	(1,633,191)	(3,354,874)	210,133	9,975	1,689,539	1,689,539	(4,767,957)
TOTAL NET POSITION (DEFICIT)	$ (1,417,632)	$ (770,955)	$ 3,160,596	$ 331,800	$ 1,689,539	$ 1,689,539	$ 1,303,809

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	255,853	51,843	-	-	767,143
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	18,759	-	-	-	-	-	18,759
Regional expenses	24,025	-	-	-	-	-	24,025
Technology program	577	-	-	-	-	-	577
Interest expense	95,740	-	-	-	-	-	95,740
Total expenses	591,864	1,894,501	1,034,433	443,191	-	448,884	3,515,105
OPERATING INCOME (LOSS)	110,538	(1,238,425)	(617,376)	(372,689)	166,712	1,689,539	(595,125)
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	110,538	(137,645)	43,623	1,744	1,689,539	1,689,539	18,260
NET POSITION (DEFICIT):							
Beginning of year	(1,527,765)	(626,846)	3,124,742	338,284	-	-	1,308,415
Restatement due to implementation of GASB 75	(405)	(6,464)	(7,769)	(8,228)	-	-	(22,866)
Beginning of year, as restated	(1,528,170)	(633,310)	3,116,973	330,056	-	-	1,285,549
End of year	$ (1,417,632)	$ (770,955)	$ 3,160,596	$ 331,800	$ 1,689,539	$ 1,689,539	$ 1,303,809

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)	(523,360)	(154,138)	(1,778,483)
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)	(333,103)	(321,393)	(1,433,725)
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)	$ (617,376)	$ (372,689)	$ (2,233,914)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	-	459,447	255,853	51,842	767,142
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)	$ (333,103)	$ (321,393)	$ (1,433,725)
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 objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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 Statement 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 Statement 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 Statement of Net Position, respectively, as a capital lease obligation.

Capital Lease – Lease and Leaseback Transactions: During 1998, the CTA entered into lease and leaseback agreements with three third-party investors pertaining to certain property, railway tracks and train stations on the Green Line, with a book value of $125.9 million 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.

Change in Capital Lease Obligations: 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, $436.0 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	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

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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 December 31	Debt Service Requirements 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	Debt Service Requirements		
December 31	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	Debt Service Requirements		
December 31	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	Debt Service Requirements		
December 31	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 Statement 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 reports issued for any of the Supplemental Plans.

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

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

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

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

The RTA, Metra and Pace

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

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

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

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, 2019.

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 inflation	7.50 percent, net of pension plan investment expense, including

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, and $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	(24,160)	-	-	-
Region-wide revenues (page 47)	1,932,245	2,006,832	1,080,156	458,028
Government-wide expenses (page 46)	591,864	2,093,437	1,034,433	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	(6,743)	-	-	-
Region-wide expenses (page 47)	1,865,908	1,905,670	991,539	451,640
Net revenues	$ 66,337	$ 101,162	$ 88,617	$ 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)

	RTA Government-Wide	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 656,076	$ 417,057	$ 70,502	$ 1,545	$ -	$ 1,142,090
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	1,689,539	1,240,655	3,732,301
EXPENSES:							
Operating	-	1,435,054	778,580	391,348	-	1,545	2,603,437
Depreciation	-	459,447	255,853	51,843	-	-	767,143
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	18,759	-	-	-	-	-	18,759
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	591,864	2,093,437	1,034,433	443,191	-	448,884	3,714,041
NET REVENUES (EXPENSES)	$ 110,538	$ (137,645)	$ 43,623	$ 1,744	$ 1,689,539	$ 1,689,539	$ 18,260

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)

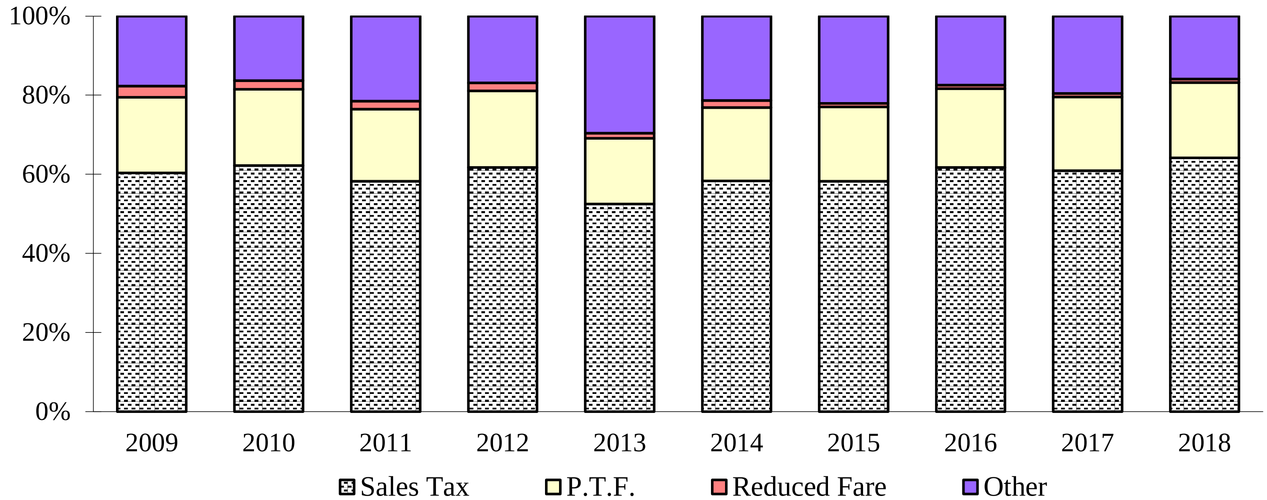
	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance	$ -	$ 809,352	$ 403,236	$ 324,642	$ 1,312,984	$ -	$ 224,246	$ -
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	11,059	7,945	-	14,118	-	-	33,122	-
Interest on sales taxes to Service Boards	1,545	-	-	-	1,545	-	-	-
Subtotal	1,922,184	1,258,459	660,999	387,375	1,705,839	-	2,523,178	1,768,518
Investment income	10,363	-	-	-	-	-	10,363	1,374
Other revenues	22,784	-	-	-	-	-	22,784	-
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	(24,160)	-	-	-	-	-	(24,160)	-
Add (Subtract):								
Senior Free Ride	-	29,040	2,100	2,293	-	-	33,433	-
In-kind services	-	22,000	-	10,800	-	-	32,800	-
Subtotal	10,061	748,373	419,157	70,653	390	-	1,247,854	1,194,443
Total revenues	1,932,245	2,006,832	1,080,156	458,028	1,706,229	-	3,771,032	2,962,961
EXPENSES:								
Depreciation	-	454,644	255,853	51,843	-	-	762,340	-
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	255,853	224,512	-	1,705,839	1,199,041	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	18,759	-	-	-	-	-	18,759	17,588
Regional expenses	24,025	-	-	-	-	-	24,025	-
Technology program	577	-	-	-	-	-	577	-
GASB 34 conversion	(6,743)	-	-	-	-	-	(6,743)	-
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	991,539	451,640	-	1,706,229	3,508,528	2,755,500
NET REVENUES (EXPENSES)	$ 66,337	$ 101,162	$ 88,617	$ 6,388	$ 1,706,229	$ (1,706,229)	$ 262,504	$ 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)*

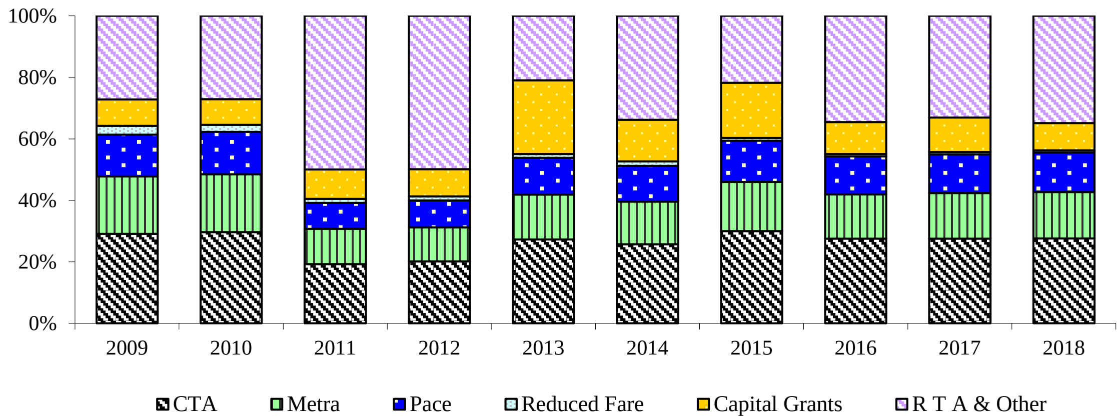
	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/09	$ 894,238	$ 282,541	$ 41,970	$ 262,098	$ 1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	243,845	1,496,254
Percentage of Total	62.25%	19.21%	2.24%	16.30%	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

Table 2

DISTRIBUTION OF EXPENDITURES

2008-2017



Last Ten Years *(In Thousands)*

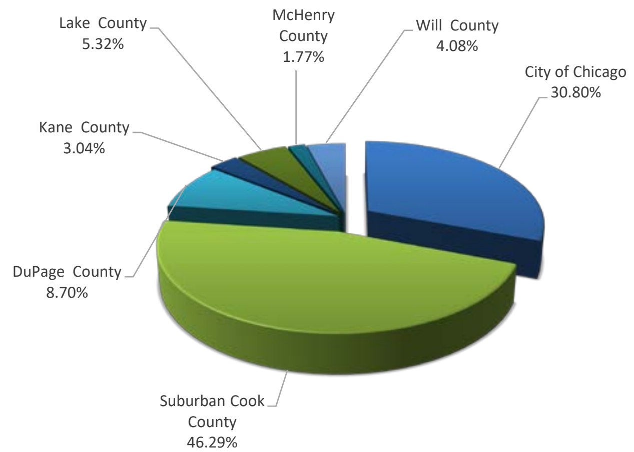
	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/09	$ 417,288	$ 267,576	$ 194,698	$ 879,562	$ 41,970	$ 123,069	$ 389,857	$ 1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	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

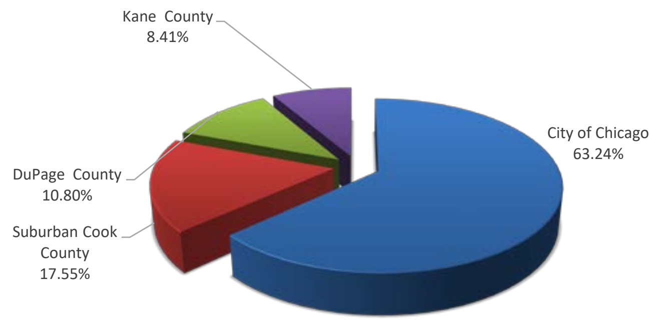
Table 3

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)

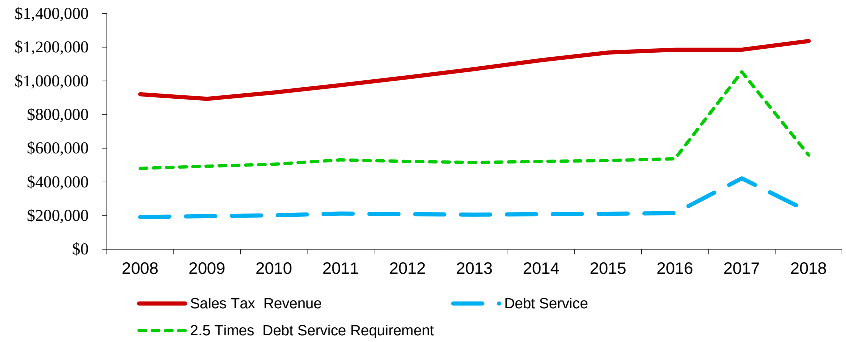
2018

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			
##### 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		
##### General Obligation Refunding Bonds	145,845	-		
##### 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)*

Year	Debt Service Requirements: Principal	Interest	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 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

#########

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

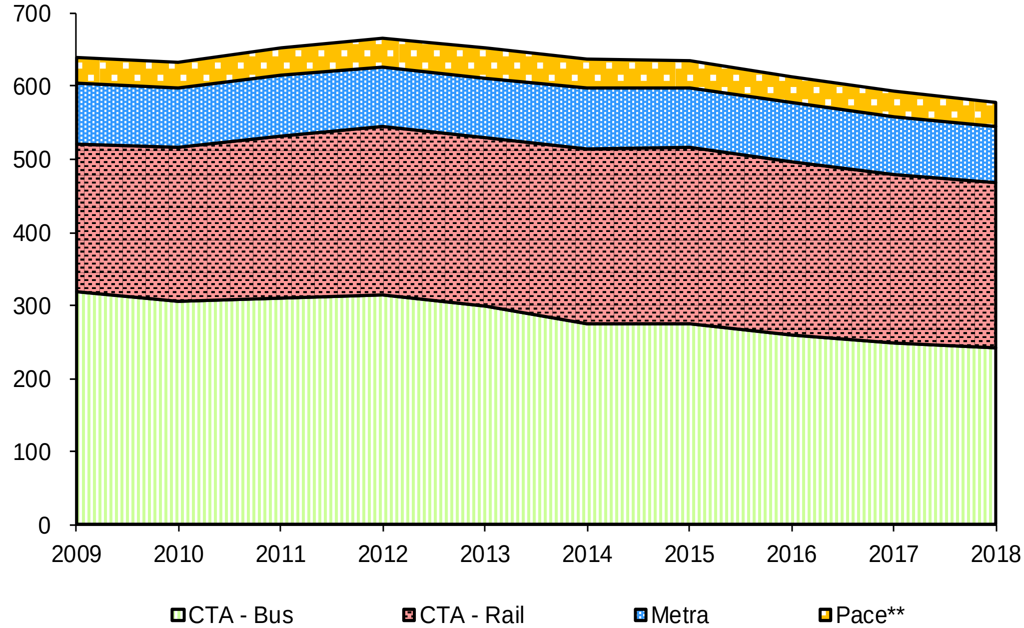
Source of data: Information obtained from the Service Boards, the NTD, and RTA records.

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

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