Regional Transportation Authority

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

Special -Purpose Combining Financial Statements

2016 Report

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(See Independent Accountant's Compilation Report)

Prepared by:

Department of Finance, Innovation and Technology

Bea Reyna-Hickey, CFO
Senior Deputy Executive Director

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	1
SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS:	
Statement of Net Position	2 - 3
Statement of Revenues and Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Special-Purpose Combining Financial Statements	6 - 44
SUPPLEMENTARY INFORMATION:	
Special-Purpose Combining Government-Wide Schedules of Revenues and Expenses	45
Special-Purpose Combining Region-Wide Schedules of Revenues and Expenses—Budget and Actual (Budgetary Basis)	46
STATISTICAL SECTION:	
RTA Revenue by Source	47
Distribution of Expenditures	48
Sales Tax Revenue Source by County/City of Chicago	49
Legal Debt Capacity	50
Comparison of Sales Tax Revenue to Debt Service Requirement	51
Ratio of Annual Debt Service Requirements for General Obligation Bonds to Total Expenditures	52
Federal Allocation of Capital Funds to Northeastern Illinois	52
RTA and Service Boards Operating Characteristics	53
System Ridership—Unlinked Passenger Trips	54
Financial Results of Purchased Services Agencies	55 - 57

Regional Transportation Authority

June 23, 2017

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

Dear Directors:

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ended December 31, 2016. This Report fulfills the requirements of Section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region.

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

Sincerely,

Bea Reyna-Hickey
CFO, Senior Deputy Executive Director,
Finance, Innovation and Technology
Regional Transportation Authority

cta
Metra
pace

RSM

RSM US LLP

Independent Accountant's Compilation Report

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

Management is responsible for the accompanying special-purpose combining statement of net position of the Regional Transportation Authority and Service Boards as of December 31, 2016, and the related special-purpose combining statements of revenues and expenses and changes in net position, and special-purpose combining statement of cash flows for the year then ended, the related notes to the special purpose combining financial statements (collectively, the special purpose combining financial statements), in accordance with the Regional Transportation Authority Act (Act) and for determining that the requirements of the Act is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the accompanying special purpose combining financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion nor provide any form of assurance on these special purpose combining financial statements.

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

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

RSM US LLP

Chicago, Illinois
June 23, 2017

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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

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

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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

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

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

(Concluded)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

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

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

NOTE 1. PRESCRIBED BASIS FOR REPORTING

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

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

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

NOTE 2. ORGANIZATIONAL STRUCTURE

RTA

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

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

CTA

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

Metra

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

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

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

Pace

The Regional Transportation Authority Act, as amended effective November 9, 1983, established a Suburban Bus Division Board empowered to operate bus service serving suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

On July 29, 2005, the governor signed House Bill 1663 making Pace Suburban Bus the sole provider of all ADA (American with Disabilities Act) services in the City of Chicago and the surrounding six counties. The Bill states that Pace becomes the official operator of CTA's (Chicago Transit Authority) ADA services on July 1, 2006.

The Suburban Bus Board determines the level, nature and kind of public bus transportation services that should be provided in the suburban region. Independent operations of the Suburban Bus Division (Pace) commenced July 1, 1984 and after June 30, 2006 for ADA service in the entire RTA region. In January 2008, Public Act 95-0708 was passed which addressed the financial crisis for transit and provided additional funding for both Suburban and ADA services.

Pace operates suburban bus services in Northeastern Illinois using rolling stock and structures and equipment purchased through capital grants funded by the Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA) and Pace's own funds.

Reporting Periods

The RTA, CTA, Metra and Pace (the Combined Entities) all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2016 year-end.

NOTE 3. REPORTING ENTITY

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

In the judgment of the management of each of the entities and their analysis and application of Statement No. 14 and Statement No. 61 criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards in the United States of America. In arriving at this conclusion, the following factors were considered:

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

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

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

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

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements under Statement No. 14 and Statement No. 61. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant policies:

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

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

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

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

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

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

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

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

Revenue/Sales Taxes

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

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

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

The RTA Sales Tax is collected by the Illinois Department of Revenue (the "Department of Revenue"), and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasurer on the order of the State Comptroller.

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

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

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

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

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

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

Public Transportation Fund—In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the "Public Transportation Fund," an amount equal to 30% of net revenues realized from sales taxes (or, as the

case may be, gasoline or parking taxes) and RETT. These amounts may be paid to the RTA only upon State appropriation.

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

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

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

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

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

Reduced Fare Reimbursement— In the State's fiscal year 2016, which ends June 30, 2016, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation (IDOT) is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal year ended June 30, 2016, the grant was in the amount of $17.57 million.

Additional State Assistance/Additional Financial Assistance—The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $40 million of ASA in 2016.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance (AFA) to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $100 million in the State's fiscal years 2016 and 2017, per year. The RTA recognized $90.4 million of AFA in 2016.

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

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

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

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

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

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

Implementation of New Accounting Standards-

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

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

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

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

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

GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

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

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

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

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

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenses in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenses and total administration appropriations/expenses. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenses and the total administration appropriations/expenses. It is generally the policy of the RTA (ordinance 91-9) to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. However, unfavorable economic conditions created the need to waive this policy for purposes of the adoption of the 2016 budget and 2017-2018 financial plan and the 2017 budget and 2018-2019 financial plan. Also waived for the purpose of the adoption of the 2017 budget and 2018-2019 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires that the RTA annual budget and two-year financial plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period.

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

- The first source of funds to be credited against the budgeted funding amount is from Service Board sales tax receipts;
- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and
- The third source of funds credited against the budgeted funding amount is from unallocated RTA sales tax receipts and other discretionary receipts.

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

NOTE 6. LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multi-year leases for vehicles and bus tires.

CTA

Capital Lease – 2008 Bus Lease: During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 sixty foot New Flyer articulated hybrid buses and certain related parts and equipment with a book value of $42.1 million and $51.8 million at December 31, 2016 and 2015, respectively. The terms of the 2008 agreement allow CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year. During 2013, CTA terminated the 2008 agreement and entered into a 2013 lease-purchase agreement with the same term and reduced rental payments. A deferred loss on refunding of $3.2 million was recorded at the time of the 2013 transaction. The remaining unamortized loss of $943 thousand is recorded as a deferred outflow of resources. The present value of the future payments to be made by the CTA under the lease of approximately $43.9 million is reflected in the accompanying December 31, 2016 Statements of Net Position as a capital lease obligation.

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

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to and including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388 thousand, resulting in an economic gain of approximately $20.4 million. Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of $2.4 million. The remaining unamortized portion of $796 thousand is recorded as a deferred outflow of resources in the accompanying December 31, 2016 Statements of Net Position.

The bonds are payable from and secured by the lease entered into between the Commission and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. The bond premium related to this transaction is presented as such on the Statements of Net Position. The present value of the future payments to be made by the CTA under the lease of approximately $69.8 million is reflected in the accompanying December 31, 2016 Statements of Net Position as a capital lease obligation.

Capital Lease – Lease and Leaseback Transactions: During 1998, the CTA entered into lease and leaseback agreements with three third party investors pertaining to certain property, railway tracks and train stations on the Green Line, with a book value of $145.9 million and $157.2 million at December 31, 2016 and 2015, respectively. The 1998 Agreement, which provides certain cash and tax benefits to the third parties, also provides for a trust established by the CTA to lease the rail line to an equity investor trust (the 1998 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1998 Lease). In 2008, one of the three investors chose to unwind the transaction and the

corresponding agreements were terminated. On March 6, 2015, another investor chose to unwind the transaction and the corresponding agreements were terminated. The present value of the future payments to be made by the CTA under the single remaining lease and leaseback of approximately $77 million is reflected in the accompanying December 31, 2016 Statements of Net Position as a capital lease obligation.

During 1997, the CTA entered into four lease and leaseback agreements (the 1997 Agreements) with a third party pertaining to certain of its facilities having a book value of $26.5 million and $33.3 million at December 31, 2016 and 2015, respectively. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (the Leases). The CTA received certain funds as prepayment by the Equity Trust. The funds were deposited in designated investment accounts sufficient to meet the payments required under the Leases and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due by the CTA and may take possession of the facilities upon a default by the CTA under the Lease. No other lease payments are required until the end of each lease. On April 7, 2015, CTA exercised an option to early terminate the 1997 Agreements and therefore no capital lease obligation is reflected as of December 31, 2016.

During 1996, the CTA entered into similar lease and leaseback agreements (the 1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of $33.3 million and $35.8 million at December 31, 2016 and 2015, respectively. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the 1996 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1996 Lease). On April 7, 2015, CTA exercised an option to early terminate the 1997 Agreements and therefore no capital lease obligation is reflected as of December 31, 2016.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2016 are as follows (in thousands of dollars):

The following table sets forth the aggregate amounts due under the sublease agreements:

2016	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
1998 (Green)	$ 78,629	$ 5,630	$ (7,268)	$ 76,991	$ 5,630	$ -
2006 PBC Lease	72,285	-	(2,530)	69,755	3,659	2,660
2008 Bus Lease	55,799	-	(11,934)	43,865	1,152	12,195
Total capital lease obligation	$ 206,713	$ 5,630	$ (21,732)	$ 190,611	$ 10,441	$ 14,855

* Additions include accretion of interest.

Future Minimum Lease Payments: As of December 31, 2016, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

Year Ending December 31	Amount
2017	$ 14,855
2018	99,717
2019	15,651
2020	9,537
2021	3,225
2022-2026	18,850
2027-2031	24,505
2032-2033	11,750
Total future minimum payments	198,090
Less interest	7,479
Present value of minimum lease payments	$ 190,611

The present value of all future payments to be made by the CTA under all its leases of approximately $190.6 million is reflected in the accompanying December 31, 2016 statement of net position as capital lease obligations.

Pace

In 2003, Pace entered into two lease and leaseback agreements and realized a gain of $2.4 million from the proceeds. The transactions allowed Pace to earn an up-front economic cash benefit for transferring ownership (not legal title) of a group of assets to a taxpayer that could take advantage of the benefits of tax ownership.

The first lease and leaseback agreement with a third party pertained to certain buses (lot 1, 2, and 3) having an original cost of $62.2 million has been fully depreciated as of December 31, 2015. Under the bus lease agreements, Pace entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. All payments were made in 2016 resulting in no capital lease obligation as of December 31, 2016.

The second lease and leaseback agreement with a third party pertained to certain buses (lot 4) having an original cost of $29.0 million has been fully depreciated as of December 31, 2016. Under the bus lease agreements, Pace entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. All payments were made in 2016 resulting in no capital lease obligation as of December 31, 2016.

2016	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	$ 30,068	$ 291	$ 30,359	$ -	$ 291	$ -
2003 (Buses)	37,999	378	38,377	-	378	-
Total	$ 68,067	$ 669	$ 68,736	$ -	$ 669	$ -

As described above, Pace entered into two lease financing agreements with a third party in 2003.

NOTE 7. COMMITMENTS AND CONTINGENCIES

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

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

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

CTA

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt was $57.6 million as of December 31, 2016.

Lease Transactions: Green Line - During 1998, the CTA entered into three lease and leaseback transactions, 1998-NL, 1998-PB and 1998- JH with third party investors pertaining to certain property, railway tracks and train stations on the Green Line. The CTA's payments associated with these agreements were guaranteed by American International Group Inc. (AIG) as the "Debt Payment Undertaker." During 2008, AIG's credit rating was downgraded amid the U.S. mortgage meltdown and global economic crisis. This rating downgrade provided the third party investors with the option under their respective agreements to require CTA to replace AIG as the Debt Payment Undertaker. In 2008, one of the three investors chose to unwind the transaction and the corresponding 1998-NL agreement was terminated. Another transaction, 1998-PB, was terminated on March 6, 2015. The remaining investor, on the 1998-JH transaction, entered into a conditional forbearance agreement that allows CTA to continue to use AIG as long as the rating does not fall below BB by Standard & Poor's and Ba2 by Moody's.

Metra

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

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

At December 31, 2016, Metra had $382.7 million in obligations related to federal, state, and local capital grant contracts that are in progress.

Leases: Metra has entered into several noncancelable operating leases, primarily for the use of passenger terminals, which expire on various dates through 2045. Future minimum rental payments under all noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2016 were as follows:

Year Ending December 31	Amount
2017	$ 10,484
2018	10,486
2019	4,830
2020	2,003
2021	2,005
2022-2026	9,352
2027-2031	5,936
2032-2036	5,936
Thereafter	10,685
Total	$ 61,717

Total rent expense aggregated $16.1 million and $16.4 million for the years ended December 31, 2016 and 2015, respectively.

Pace

Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, $3.00 per ride, or up to 75% of defined operating deficits incurred, within defined service guidelines, in the provision of specified demand response public transportation services.

Grant agreements with Pace's public contract carriers provide that Pace reimburse defined operating expenses, limited to their approved budget level, incurred in providing public transportation services.

Pace receives significant financial assistance from federally assisted programs, principal of which is FTA. These programs are subject to audit under the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for which a separate report is issued.

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

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

A requirement of the bond covenant is that Pace deposit $1.2 million into a reserve account. In addition, Pace is required to make a monthly deposit that represents one-twelfth of the annual principal payment and one-sixth of the semiannual interest payment into a debt service account held at the bond depository bank. Semi-annual interest payments began on June 15, 2015 and continued semi-annually each June and December going forward. The annual principal payment was made on December 31, 2016.

Bond Issuance	Fund Debt Retired By	Beginning Balance	Issuances	Retirements	Ending Balance at 12/31/06	Due in One Year
Taxable Revenue Bond Series of 2015, the South cook compressed Natural Gas facility project, authorized issue of $12 million, due in annual installments of $1.2 million, interest payable June 15 and December 15 at rates ranging from 1.40% to 3.50% through December 15, 2024	Suburban Services	$ 10,800,000	$ -	$ 1,200,000	$ 9,600,000	$ 1,200,000

Annual requirements to amortize all debt outstanding as of December 31, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 1,200,000	$ 264,000	$ 1,464,000
2018	1,200,000	241,800	1,441,800
2019	1,200,000	216,000	1,416,000
2020	1,200,000	186,600	1,386,600
2021	1,200,000	154,200	1,354,200
2022	1,200,000	119,400	1,319,400
2023	1,200,000	82,200	1,282,200
2024	1,200,000	42,000	1,242,000
Total	$ 9,600,000	$ 1,306,200	$ 10,906,200

Pledged Revenues – Pace has pledged future portions of the Suburban Service Fund's operating revenue to repay the Special Revenue Bonds Series 2015 bonds. Proceeds from the bonds provided financing to convert the South Division location into a compressed natural gas facility. The bonds are payable from 2015 through years ended 2024. If the pledged revenues from these sources are insufficient to provide for the principal and interest payments on the bonds, a debt service reserve fund would be used to make the payments. Annual principal and interest payments on the bonds are expected to require less than 2.7% of the operating revenue. The total principal and interest remaining to be paid on the bonds is $10.9 million. Principal and interest paid for the current year is $1.5 million, and the Suburban Service Funds' operating revenue for the current year is $55.1 million

RTA

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

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

NOTE 8. CASH AND INVESTMENTS

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

The Combined Entities have on hand, as of December 31, 2016; $1.0 billion of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $337.6 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 9. GENERAL OBLIGATION BONDS PAYABLE

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

(In thousands)	January 1, 2016	New Issues	Current Retirements	December 31, 2016	Due Within One Year
1990A	$ 33,395	$ -	$ 5,785	$ 27,610	$ 6,200
1991A	37,660	-	5,305	32,355	5,660
1994A* & 1994B	24,395	-	11,725	12,670	12,670
1994C* & 1994D	39,410	-	7,955	31,455	8,600
1997 Refunding	37,140	-	3,980	33,160	4,230
1999* Refunding	188,715	-	10,425	178,290	11,045
2000A*	186,030	-	7,870	178,160	8,345
2001A*	72,245	-	2,895	69,350	3,060
2001B* Refunding	25,080	-	2,560	22,520	2,710
2002A*	120,270	-	4,350	115,920	4,600
2003A*	202,955	-	6,940	196,015	7,320
2003B	117,005	-	4,010	112,995	4,225
2004A*	208,535	-	6,575	201,960	6,920
2005B Refunding	90,825	-	685	90,140	720
2006A*	216,415	-	5,285	211,130	5,615
2010A	39,935	-	4,905	35,030	5,150
2010B	112,925	-	-	112,925	-
2011A Refunding	58,035	-	13,560	44,475	14,165
2014A	97,775	-	1,575	96,200	1,640
2014A1 Cash Note	225,000	-	225,000	-	-
2016 A	-	95,470	-	95,470	1,450
2016C Cash Note	-	150,000	-	150,000	-
2016A Direct Placement	-	101,250	101,250	-	-
Subtotal	2,133,745	346,720	432,635	2,047,830	114,325
Unamortized bond premium	99,344	11,011	7,048	103,307	3,963
Total	$ 2,233,089	$ 357,731	$ 439,683	$ 2,151,137	$ 118,288

* Strategic Capital Improvement Program (SCIP) Bonds

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

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

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

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

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

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

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

Debt service requirements on the Series 1990A Bonds to maturity are set forth below:

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 8,600	$ 2,105	$ 10,705
2018	9,295	1,411	10,706
2019	10,040	662	10,702
2020-2025	3,520	136	3,656
Total	$ 31,455	$ 4,314	$ 35,769

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

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

Debt service requirements on the Series 1997 Refunding Bonds to maturity are set forth below:

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

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2017	$ 11,045	$ 9,990	$ 21,035
2018	21,400	9,057	30,457
2019	22,650	7,790	30,440
2020	23,980	6,450	30,430
2021	29,170	4,922	34,092
2022-2025	70,045	5,932	75,977
Total	$ 178,290	$ 44,141	$ 222,431

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

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

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

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

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

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

Debt service requirements on the Series 2001A Bonds to maturity are set forth below:

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

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

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

Debt service requirements on the Series 2001B Refunding Bonds to maturity are set forth below:

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

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

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

Debt service requirements on the Series 2002A Bonds to maturity are set forth below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt service requirements on the Series 2005B Refunding Bonds to maturity are set forth below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 10. OTHER LONG-TERM LIABILITIES

CTA

In August 2008, Certificates of Participation (COP) totaling $78.4 million were issued on behalf of the CTA. The COPs were used to finance the purchase of 200 (40 ft.) New Flyer low floor buses and certain related parts and equipment. On August 1, 2008, the CTA entered into an installment purchase agreement. The obligation of the CTA to make installment payments is an unconditional obligation of the CTA and is payable from legally available funds. The installment agreement requires the CTA to make annual COP payments which are remitted to the COP holders. Scheduled maturity dates occur at various times through December 1, 2020. During 2013, CTA terminated the original 2008 agreement and entered into three new agreements with the same terms and reduced interest rates. The total principal and interest remaining to be paid on the COPs as of December 31, 2016, is $31.6 million. Principal and interest paid in 2016 was approximately $7.9 million.

As of December 31, 2016, debt service requirements to maturity are as follows (in thousands of dollars):

Year Ending December 31	Principal	Interest	Total
2017	$ 7,142	$ 770	$ 7,912
2018	7,339	572	7,911
2019	7,543	369	7,912
2020	7,751	160	7,911
Total	$ 29,775	$ 1,871	$ 31,646

CTA entered into a purchase agreement to finance a fare collection system with a value of $102.9 million. Under the purchase agreement, the CTA will make monthly payments of approximately $1.1 million over the ten year term to finance the design, acquisition and installation of the open standards fare system. The present value of the future payments to be made by the CTA under the purchase agreement of approximately $76.5 million is reflected in the accompanying December 31, 2016 Statements of Net Position as another long term liability.

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

Year Ending December 31	Principal	Interest	Total
2017	$ 9,483	$ 3,328	$ 12,811
2018	9,929	2,882	12,811
2019	10,397	2,414	12,811
2020	10,886	1,925	12,811
2021	11,398	1,413	12,811
2022-2023	24,432	1,190	25,622
Total	$ 76,525	$ 13,152	$ 89,677

TIFIA Loan Agreement

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

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

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

NOTE 11. PENSION PLANS

CTA

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

General Information about the Retirement Plan for Chicago Transit Authority Employees

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

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

Actual contributions made to the Employees' Plan during the years ended December 31, 2016 and 2015 are as follows (in thousands of dollars):

	Employees' Plan	
	2016	2015
Employer contributions	$ 83,855	$ 82,800
Employee contributions	59,253	58,993
Total	$ 143,108	$ 141,793

Net Pension Liability
The CTA's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

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

	Employee Plan
Actuarial valuation date	January 1, 2015
Measurement date	December 31, 2015. Census data was collected as of January 1, 2015. Liabilities measured as of the census date were projected to December 31, 2015, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.25% per annum
Salary increases	Service graded table starting at 9% with 4% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	RP-2000 Blue Collar Table, generational to 2016 based on Scale BB and then fully generational
Early retirement age	55
Normal retirement age	65
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2013.

Best estimates of arithmetic real rates of return for each major asset class included in the Employees' Plan target asset allocation as of January 1, 2016 are summarized in the following table (note that the rates shown below include the inflation components):

	Employees' Plan		
	Target Allocation	2016 Estimate of Expected Long-Term Rate of Return	2015 Estimate of Expected Long-Term Rate of Return
Fixed income	17 %	1.45 %	1.45 %
Domestic equities	28	9.27	9.27
International equities	21	8.62	8.66
Venture capital and partnerships	10	12.40	12.41
Real estate	12	6.91	6.83
Hedge funds	7	4.68	4.72
Infrastructure	5	6.61	6.61

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

SUPPLEMENTAL PLANS PENSION DISCLOSURES

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

General Information about the Supplemental Plans

Plan Description. The CTA also maintains separate single-employer, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board) (2) closed (Non-Qualified) supplemental plan for members that retired or terminated employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for active employees and members retiring after March 2005. All plans are closed to new entrants. CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified Supplemental Retirement Plan is reported in a fiduciary fund, whereas the activities for the Non-Qualified and Board plans are included in the financial statements of the CTA's business-type activities.

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

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

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

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

For the year ended December 31, 2016 and 2015, the annual money-weighted rate of return on Qualified plan assets, net of pension plan investment expense, was 7.47% and -2.7%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The RTA, Metra and Pace

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

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

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

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

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

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

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

Contributions and Vesting —The Plan is funded solely by employer contributions, which are actuarially determined under the entry age actuarial cost method. Contributions to the plan from the Authority were $1,496 for the year ended December 31, 2016.

Participating employees do not contribute to the Plan. If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer.

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

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

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

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

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

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

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2015 and experience study for the period January 1, 2009 through January 1, 2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2015 are summarized in the following table:

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

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

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

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

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

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

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

NOTE 12. RISK MANAGEMENT

RTA

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

The Workers' Compensation and Employers' Liability Insurance Policy is held through The Hartford. The RTA is insured for $500,000 each accident for bodily injury by accident, $500,000 each employee for bodily injury by disease and $500,000 policy limit. The RTA procured property, general liability, automobile, and umbrella insurance policies with Zurich American Insurance Company. Under these policies, the RTA is insured for $1,000,000 each occurrence with a general aggregate limit of $2,000,000, and a personal and advertising injury limit of $1,000,000. The RTA also procured public officials and employment practices liability coverage

through ACE American Insurance Company with an aggregate coverage limit of $3,000,000; cyber liability coverage through Illinois Union Insurance Company with an aggregate coverage limit of $3,000,000; and fidelity and crime coverage through Great American Insurance Group with an aggregate coverage limit of $5,000,000. The RTA had no settlements in excess of this insurance coverage in the past three years. There have been no significant reductions in the amount of coverage from the prior year.

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

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

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

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

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

Further, the Plan purchases excess liability insurance on behalf of all four participating agencies, with self-insured retention limits of up to $15,000,000 and coverage for losses from $15,000,000 to $100,000,000.

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

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

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

CTA

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

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

CTA purchases property insurance for damage to CTA property including rolling stock. This insurance program is effective July 29, 2015 to July 29, 2016. Property limit of liability is $130 million per occurrence, and is purchased in two layers. The first/primary layer provides a $25 million limit. The excess layer provides the $105 million limit excess and above the primary. The basic policy deductible is $250 thousand per each occurrence, with some exceptions as defined more fully in the policy.

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

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are three insurance policies in effect from June 15, 2016 to June 15, 2017. The first policy provided $15 million in excess of the $15 million self-insured retention and $30 million in the aggregate. The second policy provides $20 million in excess of the $30 million and $40 million in the aggregate. The third policy provides $50 million in excess of $50 million and $100 million in the aggregate. In 2016 and 2015, no CTA claim existed that is expected to exceed the $15 million self-insured retention under this insurance policy.

The CTA participates in a Joint Self-Insurance Fund (the Fund) with the RTA that permits the CTA to receive monies necessary to pay injury and damage claims in excess of $2.5 million per occurrence up to a maximum of $47.5 million from the Fund. The CTA is obligated to reimburse the Fund for the principal amount borrowed plus a floating interest rate. However, reimbursement payments, including interest, cannot exceed $3.5 million in any one year. No borrowings were made from the Fund in fiscal years 2016 or 2015.

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

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The estimate for injury and damage claims is adjusted for a current trend rate and discount factor of 2.0% and 2.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 4.5% and 3.0%, respectively. Changes in the balance of claims liabilities during the past two years are as follows (in thousands of dollars):

	Injury and Damage	Group Health and Dental	Workers' Compensation	Total
Balance at January 1, 2014	$ 81,747	$ 18,300	$ 162,091	$ 262,138
Funded*	3,500	144,337	57,603	205,440
Funding (excess)/deficiency per actuarial requirement	21,395	-	8,695	30,090
Payments*	(13,379)	(144,699)	(59,336)	(217,414)
Balance at December 31, 2014	93,263	17,938	169,053	280,254
Funded*	13,000	142,050	60,498	215,548
Funding (excess)/deficiency per actuarial requirement	7,724	-	1,244	8,968
Payments*	(17,867)	(140,305)	(62,757)	(220,929)
Balance at December 31, 2015	96,120	19,683	168,038	283,841
Funded*	10,500	147,992	58,229	216,721
Funding (excess)/deficiency per actuarial requirement	(1,548)		(7,538)	(9,086)
Payments*	(16,230)	(147,713)	(58,266)	(222,209)
Balance at December 31, 2016	$ 88,842	$ 19,962	$ 160,463	$ 269,267

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

NOTE 13. REGION-WIDE FINANCIAL INFORMATION

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

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

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

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

For 2016, the region-wide system-generated revenue recovery ratio is calculated from the combining region-wide schedules of revenues and expenses—(budget and actual budget basis) as follows:

System-generated Revenue Recovery Ratio (in thousands)	Revenues	Expenses
CTA[(a)(d)]	$ 726,309	$ 1,315,473
Metra[(b)]	380,736	701,118
Pace[(c)]	67,525	227,698
RTA	22,967	35,956
Total	$ 1,197,537	$ 2,280,245

The region-wide system-generated revenue recovery ratio for 2016 equals 51.16%.

a) The system-generated revenue recovery ratio for the CTA included leasehold revenues of $844 thousand and excluded Senior/Circuit Breaker Free Rides revenue of $27.7 million, but excluded CTA expenses for security costs of $14.1 million and Pension Obligation Bond debt service of $156.6 million. It also included in-kind services of $22 million, both as revenues and expenses.

b) Metra's system-generated revenue recovery ratio excluded Senior/Circuit Breaker Free Rides revenue of $2 million and $18.9 million of security costs, $18.7 million for lease of transportation facilities, $3.1 million for depreciation expense to carriers and bond service fees of $63 thousand.

c) Pace's system-generated revenue recovery ratio included an in-kind service of $9.9 million both as revenues and expenses but excluded Senior/Circuit Breaker Free Rides revenue of $2.1 million.

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

Also, RTA Act section 4.01(b) requires the RTA Board to determine that the level of fares charged for ADA paratransit services is sufficient to cause the aggregate of all projected revenues from such fares charged and received in each fiscal year to equal at least 10% of the aggregate costs of providing such ADA paratransit services in fiscal years 2016. Pace ended the year with a 10% recovery ratio for Regional ADA Paratransit Services. The 2016 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 14. RECONCILIATION OF GOVERNMENT-WIDE TO REGION-WIDE REVENUES AND EXPENSES

RTA's government-wide financial statements do not include fiduciary fund financial statement information which is added in the region-wide presentation. As also stated in Note 14, in-kind services are added in the system-generated revenues and expenses.

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

	RTA	CTA	Metra	Pace
Government-wide revenues (page 45)	$ 711,132	$ 1,969,834	$ 1,012,509	$ 446,368
Sales tax agency fund	1,220,360	-	-	-
Pension trust fund	31,307	1,596	-	-
Senior free rides	-	27,737	-	2,106
In-kind services	-	22,000	2,000	9,868
GASB 34	(11,660)		-	-
ADA Regional Paratransit funding	-	-	-	160,819
Region-wide revenues (page 46)	1,951,139	2,021,167	1,014,509	619,162
Government-wide expenses (page 45)	667,201	2,049,346	970,356	419,597
Sales tax agency fund	1,220,360	-	-	-
Pension trust fund	16,037	-	-	-
In-kind services	-	22,000	-	9,868
Security costs	-	(14,095)	(18,879)	-
Lease of transportation facilities	-	-	(18,667)	-
Pension and other employee benefits	-	(154,975)	(63)	-
Capital (depreciation, disposals/additions)	-	-	(3,075)	-
GASB 34	(10,085)	-	-	-
ADA Regional Paratransit funding	-	-	-	16,070
Region-wide expenses (page 46)	1,893,513	1,902,276	929,672	445,536
Net revenues (expenses)	$ 57,626	$ 118,891	$ 84,837	$ 173,626

NOTE 15. SUBSEQUENT EVENTS

CTA

In January 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of $296,220,000, along with a premium of $18,108,000. The bonds were issued to (i) finance certain capital projects contemplated by the CTA's capital improvement plan, (ii) capitalize interest on the 2017 Second Lien Bonds and (iii) pay costs in connection with the issuance of the 2017 Second Lien Bonds. The Series 2017 bonds bear interest ranging from 4.0% to 5.0%

RTA

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

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 625,050	$ 378,736	$ 71,008	$ 167	$ -	$ 1,074,627
RTA financial assistance	-	809,748	392,096	306,835	1,274,227	-	234,452
Other public funding	-	46,138	145,487	4,174	-	-	195,799
Gain on Sale of assets	-	3,771	-	-	-	-	3,771
Capital grants	-	478,081	96,190	61,719	231,526	-	404,464
Sales taxes	131,623	-	-	-	-	1,196,596	1,328,219
Interest on sales taxes	116	-	-	-	-	-	116
Public Transportation Fund	398,221	-	-	-	171,690	-	226,531
Operating assistance	12,062	-	-	-	12,062	-	-
State assistance	130,234	-	-	-	-	-	130,234
Investment income	19,203	3,785	-	331	-	-	23,319
Program revenues and other	19,673	844	-	1,632	-	-	22,149
Interest revenue from leasing transactions	-	2,417	-	669	-	-	3,086
Total revenues	711,132	1,969,834	1,012,509	446,368	1,689,672	1,196,596	3,646,767
EXPENSES:							
Operating	-	1,397,536	741,804	378,366	-	350	2,517,356
Depreciation	-	446,039	228,552	40,562	-	-	715,153
Financial Assistance to Service Boards	225,231	-	-	-	-	225,231	-
Operating Assistance - CTA & Pace	48,287	-	-	-	-	48,287	-
Capital grants—discretionary	207	-	-	-	-	207	-
Capital grants—bonds	213,155	-	-	-	-	213,155	-
Insurance (JSIF)	5,846	-	-	-	-	5,846	-
Administrative and other expenses	20,342	-	-	-	-	-	20,342
Regional expenses	28,006	-	-	-	-	-	28,006
Technology program	2,058	-	-	-	-	-	2,058
Bond interest/Prepaid Ins Bond	124,069	196,217	-	-	-	-	320,286
Interest expense from leasing transactions	-	9,554	-	669	-	-	10,223
Total expenses	667,201	2,049,346	970,356	419,597	-	493,076	3,613,424
NET REVENUES (EXPENSES)	$ 43,931	$ (79,512)	$ 42,153	$ 26,771	$ 1,689,672	$ 1,689,672	$ 33,343

Note 1—Changes in net position shown on page 4 and net revenues and expenses shown on this page are similar.
Note 2—Government-wide to region-wide revenues and expenses shown on this page are reconciled in Note 15.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENSES—BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2016
(In Thousands)

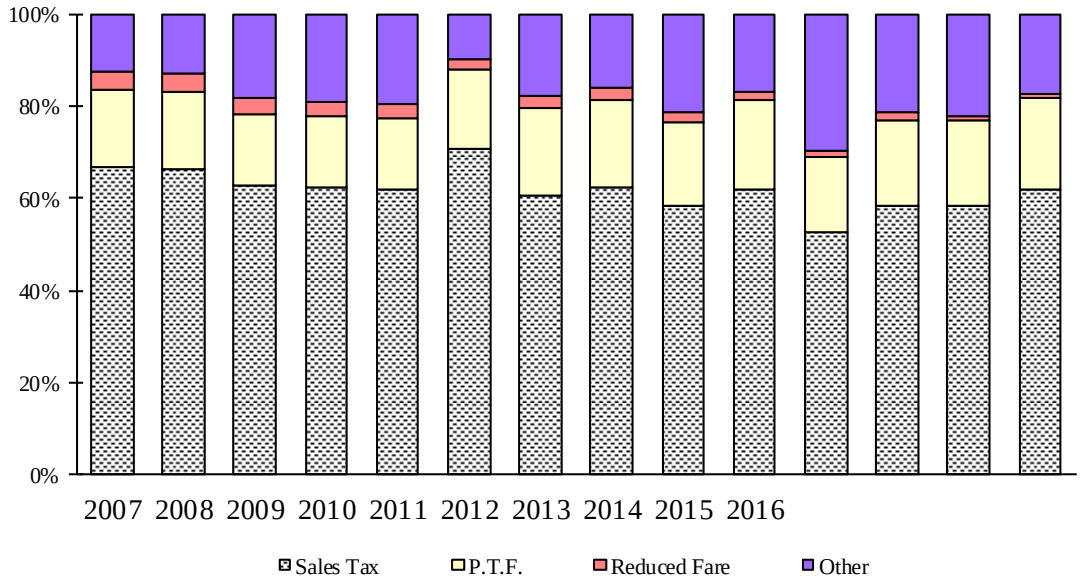
	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance	$ -	$ 809,748	$ 392,096	$ 306,835	$ 1,274,227	$ -	$ 234,452	$ -
Other public funding	-	-	145,487	4,174	-	-	149,661	-
Gain on Sale of assets	-	3,771	-	-	-	-	3,771	-
Capital grants	-	478,081	96,190	61,720	231,526	-	404,465	-
Interest revenue from leasing transactions	-	2,417	-	669	-	-	3,086	-
Sales taxes	1,173,120	-	-	-	-	-	1,173,120	1,194,747
Public Transportation Fund	405,294	-	-	-	171,690	-	233,604	377,490
General State Revenue	147,315	-	-	-	-	-	147,315	-
Operating Assistance	22,625	-	-	-	12,062	-	10,563	-
State Assistance Inc.	130,234	-	-	160,820	-	-	291,054	130,167
State reduced fare reimbursement	17,570	-	-	-	17,570	-	-	34,070
Pension contribution	10,834	-	-	-	-	-	10,834	-
Pension and other employee benefits	-	841	-	-	-	-	841	-
Pension investment income	20,473	-	-	-	-	-	20,473	-
Other revenues	540	-	-	17,419	-	-	17,959	-
Interest on sales taxes to Service Boards	167	-	-	-	167	-	-	-
Subtotal	1,928,172	1,294,858	633,773	551,637	1,707,242	-	2,701,198	1,736,474
Investment income	19,203	-	-	-	-	-	19,203	12,252
Other revenues	15,308	-	-	-	-	-	15,308	-
Interest on sales taxes	116	-	-	-	-	-	116	148
Service Boards revenues	-	676,569	378,736	55,551	348	-	1,110,508	1,135,346
GASB 34 conversion	(11,660)	-	-	-	-	-	(11,660)	-
Add (Subtract):								
Senior Free Ride	-	27,740	2,000	2,106	-	-	31,846	-
In-kind services	-	22,000	-	9,868	-	-	31,868	-
Subtotal	22,967	726,309	380,736	67,525	348	-	1,197,189	1,147,746
Total revenues	1,951,139	2,021,167	1,014,509	619,162	1,707,590	-	3,898,387	2,884,220
EXPENSES:								
Depreciation	-	441,237	228,552	40,562	-	-	710,351	-
Interest expenses from leasing transactions	-	9,554	-	669	-	-	10,223	-
Interest expenses from bond transactions	-	100,124	-	-	-	-	100,124	-
Operating grants to Service Boards	1,246,428	-	-	-	-	1,246,428	-	-
CTA & PACE (PTF) expenditures	229,713	-	-	-	-	229,713	-	-
Capital grants—discretionary	207	-	-	-	-	207	-	-
Capital grants—bonds	213,155	-	-	-	-	213,155	-	-
State reduced fare reimbursement	17,570	-	-	-	-	17,570	-	-
Bond-related expenses	124,069	-	-	160,819	-	-	284,888	222,300
Pension and other employee benefits	16,037	35,888	-	-	-	-	51,925	-
Miscellaneous expense	10,211	-	-	15,788	-	-	25,999	-
Interest on sales taxes to Service Boards	167	-	-	-	-	167	-	-
Subtotal	1,857,557	586,803	228,552	217,838	-	1,707,240	1,183,510	222,300
Operating expenses	-	1,464,142	741,804	217,830	-	350	2,423,426	2,637,779
Pension and other employee benefits	-	-	-	-	-	-	-	17,696
Administrative expenses	15,977	-	-	-	-	-	15,977	17,271
Regional expenses	28,006	-	-	-	-	-	28,006	143
Technology program	2,058	-	-	-	-	-	2,058	-
GASB 34	(10,085)	-	-	-	-	-	(10,085)	-
Add (Subtract):								
In-kind services	-	22,000	-	9,868	-	-	31,868	31,868
Cost of contracting	-	-	-	-	-	-	15,788	15,788
Security costs	-	(14,095)	(18,879)	-	-	-	(32,974)	(32,974)
Pension Obligation Bond Debt Service	-	(156,574)	(63)	-	-	-	(156,637)	(156,637)
Lease of transportation facilities	-	-	(18,667)	-	-	-	(18,667)	(18,667)
Capital (depreciation, disposals/additions)	-	-	(3,075)	-	-	-	(3,075)	(3,075)
Subtotal	35,956	1,315,473	701,120	227,698	-	350	2,295,685	2,509,192
Total expenses	1,893,513	1,902,276	929,672	445,536	-	1,707,590	3,479,195	2,731,492
NET REVENUES (EXPENSES)	$ 57,626	$ 118,891	$ 84,837	$ 173,626	$ 1,707,590	$ (1,707,590)	$ 419,192	$ 152,728

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

Table 1

RTA REVENUE BY SOURCE

2007-2016



Last Ten Years *(In Thousands)*

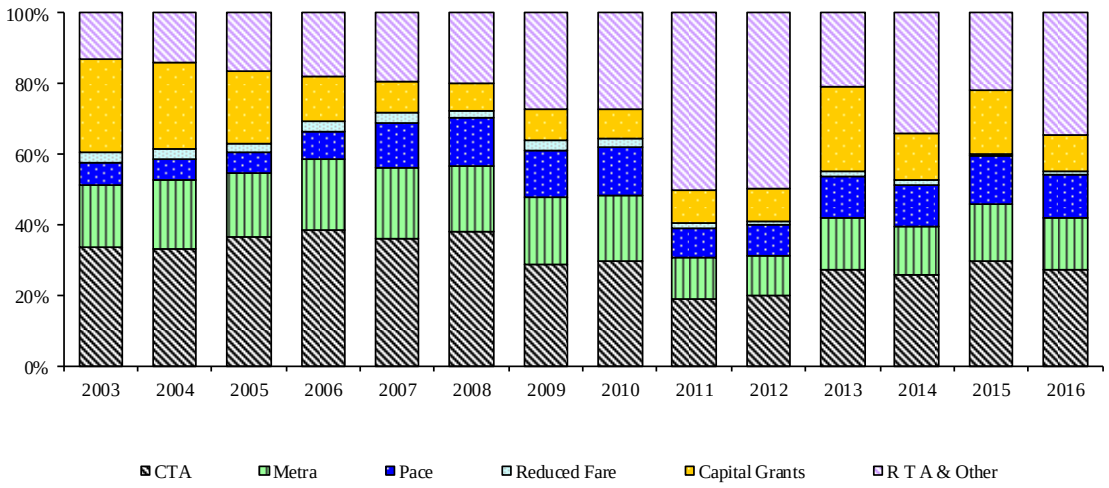
	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/07	$ 752,922	$ 188,931	$ 36,678	$241,262	$ 1,219,793
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	243,845	1,496,254
Percentage of Total	62.25%	19.21%	2.24%	16.30%	100%
12 Months Ended 12/31/11	975,670	305,395	34,070	360,002	1,675,137
Percentage of Total	58.24%	18.23%	2.03%	21.49%	100%
12 Months Ended 12/31/12	1,021,686	319,892	34,070	279,571	1,655,219
Percentage of Total	61.73%	19.33%	2.06%	16.89%	100%
12 Months Ended 12/31/13	1,071,225	339,188	25,820	604,173	2,040,406
Percentage of Total	52.50%	16.62%	1.27%	29.61%	100%
12 Months Ended 12/31/14	1,121,275	357,711	34,070	410,449	1,923,505
Percentage of Total	58.29%	18.60%	1.77%	21.34%	100%
12 Months Ended 12/31/15	1,169,268	376,897	17,570	443,582	2,007,317
Percentage of Total	58.25%	18.78%	0.88%	22.10%	100%
12 Months Ended 12/31/16	1,185,182	382,748	17,570	335,398	1,920,898
Percentage of Total	61.70%	19.93%	0.91%	17.46%	100%

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

Table 2

DISTRIBUTION OF EXPENDITURES

2007-2016



Last Ten Years *(In Thousands)*

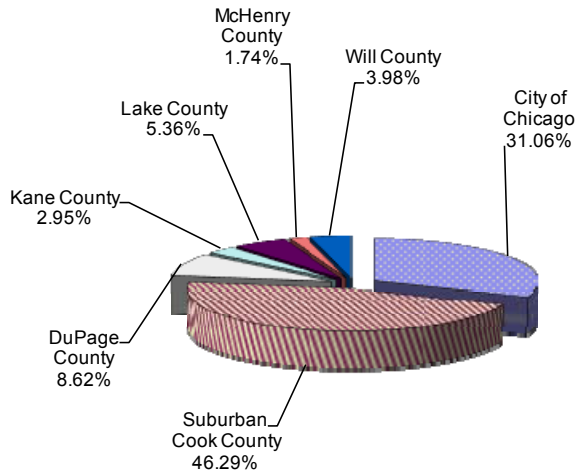
	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/07	$ 468,349	$ 257,374	$ 164,202	$ 889,925	$ 36,678	$ 113,328	$ 252,301	$ 1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	398,531	1,471,534
Percentage of Total	29.66%	18.86%	13.76%	62.28%	2.28%	8.36%	27.08%	100%
12 Months Ended 12/31/11	485,117	289,179	212,253	986,549	34,070	241,047	1,258,260	2,519,926
Percentage of Total	19.25%	11.48%	8.42%	39.15%	1.35%	9.57%	49.93%	100%
12 Months Ended 12/31/12	538,594	297,369	233,872	1,069,835	34,070	237,717	1,333,074	2,674,696
Percentage of Total	20.14%	11.12%	8.74%	40.00%	1.27%	8.89%	49.84%	100%
12 Months Ended 12/31/13	576,678	308,812	252,133	1,137,623	25,820	508,343	442,732	2,114,518
Percentage of Total	27.27%	14.60%	11.92%	53.80%	1.22%	24.04%	20.94%	100%
12 Months Ended 12/31/14	597,363	322,518	268,657	1,188,538	34,070	314,780	785,469	2,322,856
Percentage of Total	25.72%	13.88%	11.57%	51.17%	1.47%	13.55%	33.81%	100%
12 Months Ended 12/31/15	631,806	337,773	283,751	1,253,330	17,570	379,755	458,601	2,109,256
Percentage of Total	29.95%	16.01%	13.45%	59.42%	0.83%	18.00%	21.74%	100%
12 Months Ended 12/31/16	642,155	336,898	287,674	1,266,728	17,570	242,086	806,311	2,332,695
Percentage of Total	27.53%	14.44%	12.33%	54.30%	0.75%	10.38%	34.57%	100%

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

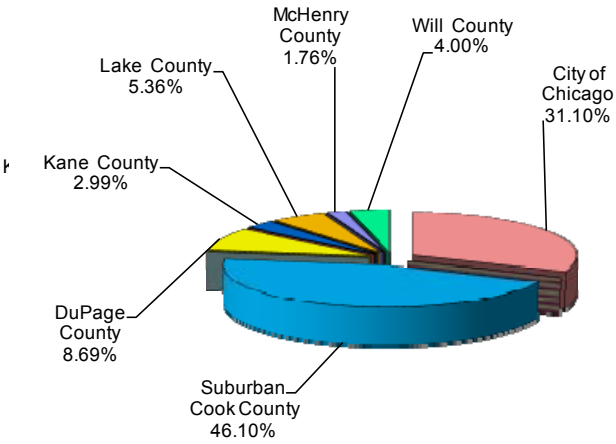
Table 3

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2015



2016



Last Ten Years *(In Thousands)*

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/07	$236,783	$395,163	$46,592	$16,015	$29,058	$9,494	$19,817	$752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%
12 Months Ended 12/31/11	295,770	453,866	85,937	29,799	52,994	17,712	39,592	975,670
Percentage of Total	30.31%	46.52%	8.81%	3.05%	5.43%	1.82%	4.06%	100%
12 Months Ended 12/31/12	312,519	474,249	88,845	30,569	56,169	18,284	41,051	1,021,686
Percentage of Total	30.59%	46.42%	8.70%	2.99%	5.50%	1.79%	4.02%	100%
12 Months Ended 12/31/13	327,809	497,997	94,329	31,667	57,650	19,077	42,696	1,071,225
Percentage of Total	30.60%	46.49%	8.81%	2.96%	5.38%	1.78%	3.99%	100%
12 Months Ended 12/31/14	343,832	521,593	97,995	33,208	62,156	19,964	45,249	1,123,997
Percentage of Total	30.59%	46.41%	8.72%	2.95%	5.53%	1.78%	4.03%	100%
12 Months Ended 12/31/15	363,131	541,214	100,795	34,482	62,705	20,385	46,555	1,169,267
Percentage of Total	31.06%	46.29%	8.62%	2.95%	5.36%	1.74%	3.98%	100%
12 Months Ended 12/31/16	368,589	546,376	102,966	35,476	63,521	20,801	47,453	1,185,182
Percentage of Total	31.10%	46.10%	8.69%	2.99%	5.36%	1.76%	4.00%	100%

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

Table 4

LEGAL DEBT CAPACITY

(In Thousands)

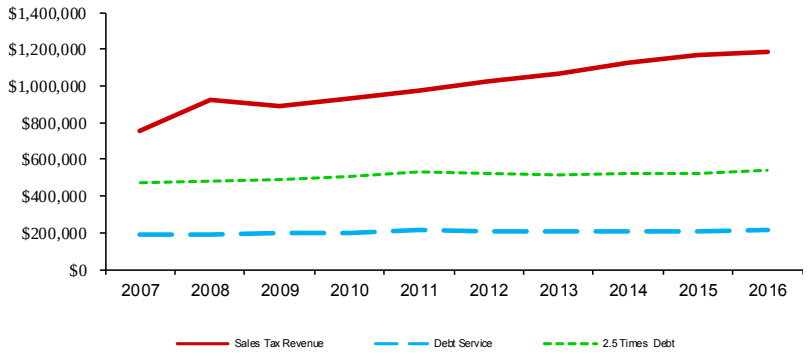
2016

Legal Debt Margin:	Balance Outstanding at December 31, 2016	Issued	Working Cash Notes	Total
Debt Limitation per Act for General Obligations				
Debt applicable to limitation :				$ 2,600,000
Non-SCIP Bonds:				
1990A General Obligation Bonds	$27,610			
1991A General Obligation Bonds	32,355			
1994B General Obligation Bonds	3,685			
1994D General Obligation Bonds	18,875			
1997 General Obligation Refunding Bonds	33,160			
2003B General Obligation Bonds	112,995			
2005B General Obligation Refunding Bonds	90,140			
2010A General Obligation Bonds	35,030			
2010B General Obligation Bonds	112,925			
2011A General Obligation Refunding Bonds	44,475			
2014A General Obligation Bonds	96,200			
2016A General Obligation Bonds	95,470			
Total RTA Bonds Applicable to Limitation	702,920			(702,920)
SCIP Bonds:				
1992A General Obligation Bonds	-	188,000		
1993A General Obligation Bonds	-	55,000		
1994A General Obligation Bonds	8,985	195,000		
1994C General Obligation Bonds	12,580	62,000		
1999 General Obligation Refunding Bonds	178,290	-		
2000 General Obligation Bonds	178,160	260,000		
2001A General Obligation Bonds	69,350	100,000		
2001B General Obligation Refunding Bonds	22,520	-		
2002A General Obligation Bonds	115,920	160,000		
2003A General Obligation Bonds	196,015	260,000		
2004A General Obligation Bonds	201,960	260,000		
2006A General Obligation Bonds	211,130	250,030		
	1,194,910			
Total SCIP Bonds Applicable to Limitation		1,790,030		(1,790,030)
Total SCIP Bonds Outstanding				
Total Bonds Outstanding	$1,897,830			
Debt Margin for General Obligations				107,050
Debt Limitation per Act for Working Cash Notes			$400,000	
Total RTA Working Cash Notes Applicable to Limitation	150,000		(150,000)	
Debt Margin for Working Cash Notes				250,000
Total Legal Debt Margin				$357,050

Table 5

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2007 - 2016
(In Thousands)



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

Last Ten Years *(In Thousands)*

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

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

Table 6

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

Last Ten Years *(In Thousands)*

	Debt Service Requirements			Total	Ratio of Debt Service to Total
Year	Principal	Interest	Total	Expenditures	Expenditures
2007	$ 59,135	$ 129,416	$ 188,551	$ 1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%
2011	79,110	133,331	212,441	2,519,926	8.43%
2012	84,375	124,337	208,712	2,679,696	7.79%
2013	88,800	117,428	206,228	2,119,518	9.73%
2014	93,740	115,245	208,985	2,322,856	9.00%
2015	100,610	110,431	211,041	2,109,256	10.01%
2016	106,385	108,599	214,984	2,332,695	9.22%

Table 7

FEDERAL ALLOCATION OF CAPITAL FUNDS
TO NORTHEASTERN ILLINOIS

Last Ten Calendar Years

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

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Regional Transportation Authority
2007	449.49	288.61	128.45	32.43	-
2008	489.91	279.38	169.55	40.98	-
2009	917.78	535.32	297.57	84.89	-
2010	459.25	266.23	154.97	38.05	-
2011	489.37	299.50	145.02	44.85	-
2012	537.26	306.46	149.63	41.39	39.78
2013	629.76	403.73	158.59	67.44	-
2014	533.43	317.02	161.55	54.86	-
2015*	1,034.69	826.16	161.32	47.21	-
2016	528.31	295.30	190.69	42.32	-
Total	$ 7,059.03	$ 4,389.50	$ 2,054.08	$ 575.67	$ 39.78

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

** 2016 data includes $557.00 TIFIA funding for CTA. Out of $557.00applied for, CTA received $374.90*

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2016

Chicago Transit Authority

Rapid Transit

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

Motor Bus

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

CTA Totals

- *1.5* billion rail passenger miles per year
- *642.6* million bus passenger miles per year
- *128.3* million vehicle revenue miles per year
- *4,345* without STO* positions

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

Metra Commuter Rail Division*

Commuter Rail

- *11* rail lines
- *488* route miles
- *1,155* miles of track
- *241* stations
- *149* locomotives
- *845* passenger cars
- *186* electric cars
- *709* weekday trains operated
- *80.1* million riders per year
- *4,870* full-time employees
- *1.8* billion passenger miles per year
- *45.7* million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route Bus

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

ADA Paratransit

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

Dial-a-Ride

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

Vanpool

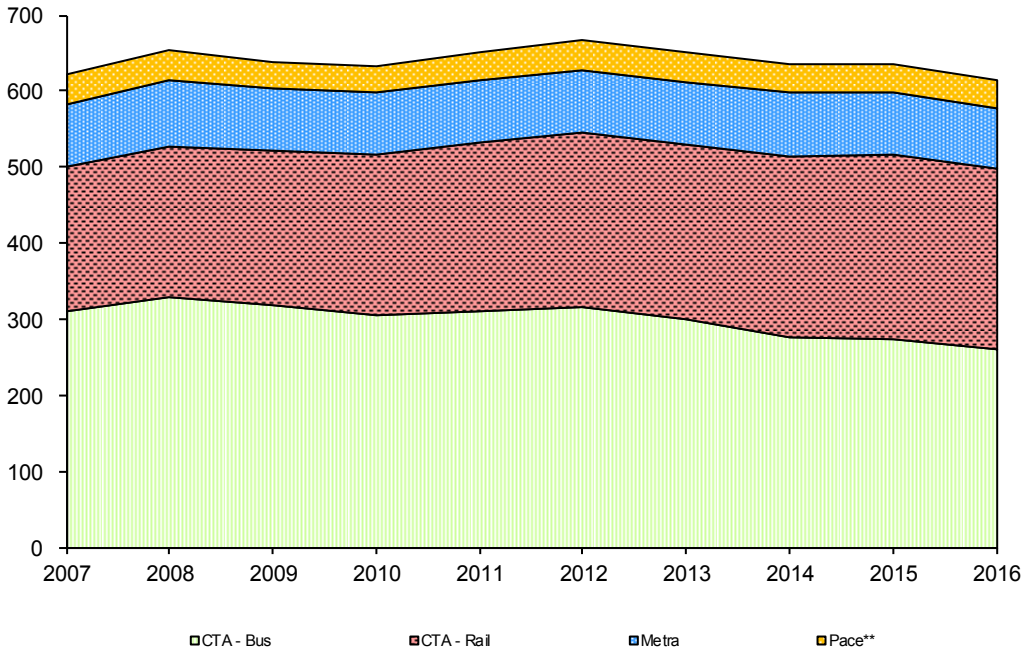
- *635* vanpool vehicles in operation
- *1.6* million riders per year

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

Table 9

System Ridership and Unlinked Passenger Trips

2007-2016
(In Millions)



Last Ten Years *(In Millions)*

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

CTA ridership includes rail-to-rail transfers.

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

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency, which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2015.

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	$ 120,081	$ 228,060	$ (107,979)	$ 107,979	$ -
Burlington Northern/Santa Fe	70,073	85,972	(15,899)	15,899	-
Total Metra	$ 190,154	$ 314,032	$ (123,878)	$ 123,878	$ -
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 1,413	$ 3,157	$ (2,036)	$ 3,510	$ 2,036
Fixed Route - Private Contract Carriers	1,925	6,889	(4,889)	-	-
Total Fixed Route Service	3,338	10,046	(6,925)	3,510	2,036
Private Contract Carriers					
DAR Services	1,585	13,607	(12,021)	6,149	5,872
DAR and Stable Services	11,166	146,127	(134,961)	134,961	-
Total Private Contract Carriers	12,751	159,734	(146,982)	141,110	5,872
Paratransit - Municipal Carriers	-	-	(4,234)	789	3,444
Total Pace	$ 16,089	$ 169,780	$ (158,141)	$ 145,409	$ 11,352
Pace					
Detail of Services					
Fixed Route - Public Funded Carriers					
City of Highland Park	$ 667	$ 1,443	$ (776)	$ 1,442	$ 775
Village of Niles	533	1,678	(1,145)	1,678	1,146
Village of Schaumburg	276	391	(115)	390	115
Total	$ 1,476	$ 3,512	$ (2,036)	$ 3,510	$ 2,036
Private Contract Carriers - Fixed Route					
First Student	$ 1,080	$ 3,867	$ (2,787)	$ -	$ -
First Transit	31	532	(501)	-	-
M V Transportation	764	2,365	(1,601)	-	-
Total	$ 1,875	$ 6,764	$ (4,889)	$ -	$ -

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Passenger Revenue	Contract Expense	Operating Deficit	Service Board Funding	Other Public Funding
Private Contract Carriers - Dial-a-Ride Services					
Bloomingdale Township	28	307	(279)	192	87
Call Centers	-	758	(758)	758	-
Call in Rides	116	1,487	(1,371)	1,371	-
Central Lake	13	76	(63)	44	19
Central Will	46	447	(401)	294	107
Community Service Transit	108	82	26	(25)	-
Downers Grove	23	104	(81)	56	25
Dupage County	2	15	(13)	13	-
Dupage Township	6	119	(113)	81	31
Elk Grove	15	334	(319)	57	262
Freemont Township	-	1	(1)	-	-
Leyden Township	10	124	(114)	23	91
McHenry County	16	309	(293)	(16)	309
Milton Township	70	272	(202)	194	8
Naperville/Lisle	235	1,048	(813)	184	629
Northeast Lake	19	347	(327)	304	23
Northeast Lake-Zion	5	64	(59)	49	10
Northwest Kane-Hampshire	1	19	(18)	13	4
Northwest Lake	28	170	(142)	142	-
Northwest Lake Demo	38	240	(202)	31	171
North Surburban Cook-Non-ADA	6	73	(67)	47	20
North Surburban Cook-Trip	32	221	(189)	189	-
Pioneer Center	4	256	(252)	253	-
Ride DuPage	222	1,731	(1,509)	576	933
Ride In Kane	348	2,792	(2,444)	601	1,843
Ride In Lake	6	52	(46)	(5)	51
Ride In McHenry	154	1,613	(1,459)	626	834
Shields Township	4	27	(23)	16	7
South Cook	-	41	(41)	42	-
Southwest Lake-Wauconda	-	13	(13)	13	-
Southwest Will	1	10	(9)	6	2
TriState Park Shuttle	-	3	(3)	3	-
Wayne Township	5	56	(51)	35	15
West Cook	-	131	(131)	9	122
Will County	24	265	(241)	(27)	269
Total	$ 1,585	$ 13,607	$ (12,021)	$ 6,149	$ 5,872

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

Pace

Detail of Services, continued

(In Thousands)

	Passenger Revenue	Contract Expense	Net Contract Cost	Service Board Funding	Other Public Funding
Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)					
South Cook	$ 881	$ 9,313	$ (8,432)	$ 8,432	$ -
North Suburban Cook	855	7,655	(6,800)	6,800	-
West Cook (Surburban)	318	2,641	(2,323)	2,323	-
North Lake	153	1,228	(1,075)	1,075	-
Kane County	64	716	(652)	652	-
Southwest/Central Will	65	665	(600)	600	-
DuPage County	186	1,887	(1,701)	1,701	-
Chicago ADA	8,644	122,022	(113,378)	113,378	-
Total	$ 11,166	$ 146,127	$ (134,961)	$ 134,961	$ -

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Paratransit - Municipal Carriers					
Bensenville	$ 20	$ 259	$ (239)	$ 50	$ 188
Bloom	18	264	(246)	48	199
Crestwood	5	84	(79)	16	63
Forest Park	23	121	(98)	68	30
Lemont	7	90	(83)	16	67
Lyons	16	315	(299)	39	260
Norridge	8	126	(118)	20	98
Oak Park	27	397	(370)	76	294
Orland Park	20	246	(226)	29	196
Palatine	18	175	(157)	24	134
Palos Hills	9	66	(57)	13	43
Park Forest	19	103	(84)	38	46
Rich Township	34	469	(435)	50	384
Schaumburg	94	1,161	(1,067)	190	877
Stickney	22	263	(241)	59	182
Tinley Park	8	79	(71)	20	51
Vernon Township	4	140	(136)	11	127
Worth	7	235	(228)	22	205
Total	$ 359	$ 4,593	$ (4,234)	$ 789	$ 3,444

Regional Transportation Authority

175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Phone: 312-913-3200

RTAChicago.org

Follow us on

cta

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

Metra

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

pace

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