

**Regional Transportation Authority
Pension Plan
(A Pension Trust Fund of the
Regional Transportation Authority)**

Financial Report
Year Ended December 31, 2014

**Regional Transportation Authority
Pension Plan**

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
Financial Statements	
Statement of Plan Net Position	6
Statement of Changes in Plan Net Position	7
Notes to Financial Statements	8 - 14
Required Supplementary Information	
Schedule of Changes in Net Pension Liability	15
Schedule of Net Pension Liability	16
Schedule of Contributions	17
Schedule of Investment Returns	17



Independent Auditor's Report

To the Plan Administrator, the Trustees, and Retirement Committee of the Regional Transportation Authority Pension Plan, and the Board of Directors of the Regional Transportation Authority
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Transportation Authority Pension Plan ("Plan"), a pension trust fund of the Regional Transportation Authority ("RTA"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective plan net position of the Regional Transportation Authority Pension Plan, Illinois, as of December 31, 2014, and the respective changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 on page 14 of the financial statements, in 2014 the Plan adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. As required by Statement no. 67, the actuarially determined pension liability is dependent on several assumptions. These assumptions are discussed in Note 4 of the financial statements on pages 12 and 13. Our opinion is not modified with respect to this matter.

Other Matters

As discussed in Note 1 to the financial statements, the financial statements present only the Regional Transportation Authority Pension Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority as of December 31, 2014, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-5) and the schedule of changes in net pension liability, schedule of net pension liability, schedule of contributions and schedule of investment returns (pages 15-17) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McGladrey LLP

Schaumburg, Illinois
June 25, 2015

Regional Transportation Authority Pension Plan

Management's Discussion and Analysis

This section provides an overview and analysis of the basic financial statements of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") for the year ended December 31, 2014. We encourage readers to consider information in the financial statements and required supplementary information that follow this document.

Overview and Analysis of the Financial Statements

The RTA Pension Plan annual financial report consists of four parts – the independent auditor's report; management's discussion and analysis (this section); the financial statements, including notes to financial statements; and the required supplementary information. The basic financial statements of the Plan are the Statements of Plan Net Position and the Statements of Changes in Plan Net Position. These statements provide information about the nature and amount of investments available to pay the pension benefits of the Plan. The Statements of Changes in Plan Net Position account for all additions to and deductions from the net position restricted for pension benefits. These statements measure the success of the Plan in increasing the net position available for pension benefits during the year.

Financial Highlights

- The Plan's net position at December 31, 2014 was \$194.5 million
- Employer contributions of \$13.7 million decreased by \$8.5 million from the prior year
- Benefit payments were \$11.4 million, resulting in a \$2.2 million decrease from FY 2013
- The total investment gain was \$3.4 million

2014

The Statement of Plan Net Position and Statement of Changes in Plan Net Position measure the value of plan net position and the changes to them. As of December 31, 2014, the plan net position increased to \$194.5 million. The increase in net position of \$5.3 million resulted primarily from investment gain of \$3.4 million and employer contributions of \$13.7 million offset by benefits paid of \$11.4 million and administrative expenses of \$456 thousand.

2013

The Statement of Plan Net Position and Statement of Changes in Plan Net Position measure the value of plan net position and the changes to them. As of December 31, 2013, the plan net position increased to \$189.3 million. The increase in net position of \$30.5 million resulted primarily from investment gain of \$22.3 million and employer contributions of \$22.2 million offset by benefits paid of \$13.6 million and administrative expenses of \$335 thousand. Employer contributions were recorded as receivables at December 31, 2013 and are required to be paid in 2014. An additional discretionary contribution was approved by the Pension Trustees in the amount of \$7.4 million.

**Regional Transportation Authority
Pension Plan**

Management's Discussion and Analysis

Plan Net Position — The following table summarizes the Plan's Statements of Net Position:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Cash and investments	\$ 194,621,839	\$174,540,360	\$ 145,357,418
Contribution receivables	-	14,795,180	13,493,395
Other receivables	<u>2,475</u>	<u>1,639</u>	<u>11,779</u>
Total assets	194,624,314	189,337,179	158,862,592
Liabilities			
Accrued expenses and due to RTA	<u>113,883</u>	<u>77,065</u>	<u>132,524</u>
Plan net position held in trust for pension benefits	<u>\$ 194,510,431</u>	<u>\$189,260,114</u>	<u>\$ 158,730,068</u>

In 2014, the plan net position increased by 3% (\$5.3 million). The increase is due to investment gain of \$3.4 million and employer contributions of \$13.7 million, offset by benefit payments and administrative expenses of \$11.8 million. In 2013, the plan net position increased by 19% (\$30.5 million). The increase is due to investment gain of \$22.3 million and employer contributions of \$22.2 million, offset by benefit payments and administrative expenses of \$13.9 million.

Changes in Plan Net Position — The following table summarizes the Plan's Statements of Changes in Plan Net Position:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Additions:			
Employer contributions	\$ 13,689,196	\$ 22,192,769	\$ 20,240,093
Net investment gains	<u>3,377,443</u>	<u>22,266,192</u>	<u>15,278,892</u>
Total net additions	<u>17,066,639</u>	<u>44,458,961</u>	<u>35,518,985</u>
Deductions:			
Benefit payments	11,360,171	13,594,227	10,359,396
Administrative expenses	<u>456,151</u>	<u>334,688</u>	<u>454,996</u>
Total deductions	<u>11,816,322</u>	<u>13,928,915</u>	<u>10,814,392</u>
Net increase in plan net position held in trust for pension benefits	<u>\$ 5,250,317</u>	<u>\$ 30,530,046</u>	<u>\$ 24,704,593</u>

Return on investments provides additional funds to pay benefits. In 2014, the Plan incurred a gain of \$3.4 million, compared to a gain of \$22.3 million in 2013. In 2014, the net investment gain decreased by \$18.9 million from 2013. The decreases in net investment income in 2014 was the result of downward movement in the securities market. The increase in administrative expenses is due to an increase in the volume of legal services provided to the plan and a 3% increase in investment managers fee expense. There was no discretionary employer contributions made in 2014.

**Regional Transportation Authority
Pension Plan**

Management's Discussion and Analysis

CONTACTING THE FINANCIAL MANAGEMENT OF THE RTA PENSION PLAN

This financial report provides a general overview of the net position of the Regional Transportation Authority Pension Plan. Users of this report should address questions concerning the information contained herein, or requests for additional financial information, to the Regional Transportation Authority, 175 West Jackson Blvd., Suite 1650, Chicago, Illinois 60604.

**Regional Transportation Authority
Pension Plan**

**Statement of Plan Net Position
December 31, 2014**

Assets	
Cash and cash equivalents	<u>\$ 14,966,405</u>
Investments, at fair value	
Corporate fixed income mutual fund	63,210,230
Equity mutual funds	76,922,250
Common stocks	9,491,781
Venture capital	8,459,803
Balanced funds	<u>21,571,370</u>
Total investments	<u>179,655,434</u>
Receivables	
Accrued interest	142
Accrued dividends	2,333
Total receivables	<u>2,475</u>
Total assets	<u>194,624,314</u>
Liabilities	
Due to RTA	18,200
Accrued expenses	<u>95,683</u>
Total liabilities	<u>113,883</u>
Net position - restricted for pension benefits	<u><u>\$ 194,510,431</u></u>

See Notes to Financial Statements.

**Regional Transportation Authority
Pension Plan**

**Statement of Changes in Plan Net Position
Year Ended December 31, 2014**

Additions:	
Investment gain	
Net appreciation in fair value of investments	\$ 696,109
Interest and dividends	<u>3,092,717</u>
Total investment return	<u>3,788,826</u>
Less investment expenses	
Investment managers	271,733
Trust fees	7,150
Investment advisor	<u>132,500</u>
Total investment expenses	<u>411,383</u>
Net investment gain	<u>3,377,443</u>
Contributions:	
METRA pension contributions	6,466,096
PACE pension contributions	5,579,076
RTA pension contributions	<u>1,644,024</u>
Total contributions	<u>13,689,196</u>
Total net additions	<u>17,066,639</u>
Deductions:	
Benefit payments	11,360,171
Administrative expenses	<u>456,151</u>
Total deductions	<u>11,816,322</u>
Change in net position	5,250,317
Net position - beginning of year	<u>189,260,114</u>
Net position - end of year	<u><u>\$ 194,510,431</u></u>

See Notes to Financial Statements.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 1. Description of the Plan

The following description of the Regional Transportation Authority (“RTA”) Pension Plan (“Plan”) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan’s provisions.

General— The Plan, which became effective July 1, 1976, is a multiple-employer, defined benefit pension plan. The Plan covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions (“Metra” and “Pace”, respectively), collectively referred to hereinafter as the Employer, who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (“RTA Board”).

The Plan is a pension trust fund of the RTA and has no component units.

The financial statements present only the Regional Transportation Authority Pension Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority as of December 31, 2014, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Plan is classified as a “governmental plan” and is, therefore, exempt from the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Participation—Employees are eligible for participation on the first day of the month coincident with or next following their date of employment. At January 1, 2014, the number of participants was:

Participants:

Retirees, disabled participants and beneficiaries of deceased retirees, currently receiving benefits	592
Terminated employees entitled to but not yet receiving benefits	469
Current employees:	
Vested	750
Nonvested	306
	<hr/>
Total	2,117
	<hr/> <hr/>

Pension Benefits— Participants are entitled to annual pension benefits upon normal retirement at age 65, generally 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 equals eighty-five or higher (known as “Rule of Eighty Five Early Retirement”).

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 1. Description of the Plan (Continued)

The Plan provides for benefit payments to beneficiaries subject to the election of the participant. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. This change did not affect the valuation results.

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 projected unit credit method.

For the purpose of determining contributions, the Plan uses an asset smoothing method which smooths asset gains and losses over a 5-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability.

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.

The 2014 required contributions were determined as part of the January 1, 2014 actuarial valuation, using the projected unit credit actuarial cost method. The actuarial assumptions at January 1, 2014 included (a) 7.75% for 2014 investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases ranging from 3.5% to 7.5% per year depending on age and service, attributable to seniority/merit, and (c) RP2000 Mortality Table. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Related-Party Transactions—There were no securities of the RTA, Metra, Pace or related parties included in the Plan's assets.

Subsequent Events—The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 25, 2015, the date the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation— The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Cash Equivalents—Cash equivalents consist of money market accounts with original maturities of three months or less.

Investments—Investments are stated at fair value. The fair value of equity securities and mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Plan.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 2. Summary of Significant Accounting Policies (Continued)

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining realized gains or losses on the disposal of investments, the average cost of investments sold, determined at the time of sale, is used.

Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses—The RTA provides the Plan with certain administrative services, such as accounting and office facilities, at no cost to the Plan. Further detail relative to the Plan’s administrative expenses is provided in Note 6.

Income Tax Status—The Internal Revenue Service has issued a letter of determination dated September 19, 2011, stating that the Plan was designed in compliance with Section 401(a) of the Internal Revenue Code (“Code”). The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes the Plan is currently designed and operated in compliance with the applicable requirements of the Code and is therefore exempt from federal income taxes under the provisions of Section 501(a) of the Code.

Management’s Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of Plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Risks and Uncertainties—The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those such changes could materially affect the amounts reported in the Statements of Plan Net Position.

Note 3. Investments

Investment Policy – The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the RTA Pension Plan Committee. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Committee’s adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap U.S. Equity	15.0 %
Small/Mid Cap Equities	10.0
International Equity	15.0
Emerging Market International Equity	10.0
Core Bonds	23.5
Multi-Sector Fixed Income	10.0
Hedge Funds	5.0
Global Asset Allocation	5.0
Real Assets	5.0

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 3. Investments (Continued)

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the RTA’s pension deposits may not be returned to it. The RTA’s Pension Plan policy does not explicitly indicate custodial credit risk. As of December 31, 2014, none of the Plan’s cash and investments was at custodial risk.

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

As of December 31, 2014, the RTA’s pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	\$ 63,210,230	54
Money market fund	14,966,405	1
Portfolio weighted average maturity		44

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

As of December 31, 2014, the credit ratings for RTA pension investments were as follows:

Investment Type	Total Fair Value	Credit Rating (where available)		
		Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	\$ 63,210,230	NR	NR	NR
Money market fund	14,966,405	Aaa-mf	AAAm	NR

NR – Not rated

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 3. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. As of December 31, 2014, the pension fund did not have any investments in a single issuer which were greater than 5% of the total Plan's net position.

Rate of Return – For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.8% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4. Net Pension Liability

The components of the net pension liability at December 31, 2014, were as follows:

FY Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
2014	\$ 264,620,512	\$ 194,624,314	\$ 69,996,198	73.55%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	30 years
Asset Valuation Method	5 years smoothed market
Inflation	2.75 percent
Salary Increases	3.25 percent to 8.75 percent including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	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

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 4. Net Pension Liability (Continued)

Long-term expected return on plan assets: 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, 2014 and experience study for the period January 1, 2008 through January 1, 2013.

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, 2014, these best estimates are summarized in the following table:

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

Single 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

<u>1% Decrease 6.50%</u>	<u>Current Single Discount Rate Assumption 7.50%</u>	<u>1% Increase 8.50%</u>
\$ 100,322,866	\$ 69,996,198	\$ 44,038,645

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Year Ended December 31, 2014**

Note 5. Plan Termination

While it is the intent to maintain the Plan permanently, in the event the Plan terminates, the rights of all participants affected by such termination and their beneficiaries become vested to the extent of the assets then remaining.

Note 6. Administrative Expenses

The Plan's administrative expenses for the year ended December 31, 2014 consist of the following:

	<u>Amount</u>
Actuarial	\$ 104,729
Legal	93,184
Audit	36,400
Other	<u>240,038</u>
Total administrative expenses	<u>\$ 474,351</u>

Note 7. New Governmental Accounting Standards

GASB Statement No. 67, *Financial Reporting for Pension Plans*, was established to improve financial reporting by state and local governmental pension plans through enhanced note disclosures and schedules of required supplementary information. This Statement was implemented for the Plan beginning with its year ending December 31, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was established to improve the standards for measurement, recognition and display of pension expense, liabilities and assets of employers of the plan. This Statement will be effective beginning with their year ending December 31, 2015.

Management has not yet determined what impact, if any, this Statement may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Regional Transportation Authority
Pension Plan**

**Schedule of Required Supplementary Information
Schedule of Changes in Net Pension Liability**

Fiscal year ending December 31,	<u>2014</u>
Total pension liability	
Service cost	\$ 6,284,525
Interest on the total pension liability	19,632,252
Assumption changes	(2,545,057)
Benefit payments	<u>(11,360,171)</u>
Net change in total pension liability	12,011,549
Total pension liability—beginning	<u>252,608,963</u>
Total pension liability—ending (a)	<u><u>\$ 264,620,512</u></u>
Plan fiduciary net position	
Contributions - METRA	\$ 6,466,096
Contributions - PACE	5,579,076
Contributions - RTA	1,644,024
Pension plan net investment income	3,407,444
Benefit payments	(11,360,171)
Pension plan administrative expense	<u>(372,269)</u>
Net change in plan fiduciary net position	5,364,200
Plan fiduciary net position—beginning	<u>189,260,114</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 194,624,314</u></u>
Net pension liability - ending (a) - (b)	\$ 69,996,198

**Regional Transportation Authority
Pension Plan**

**Schedule of Required Supplementary Information
Schedule of Net Pension Liability as of June 30, 2014**

<u>Fiscal Year</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 264,620,512	\$ 194,624,314	\$ 69,996,198	73.55%	\$ 74,809,822	93.57%

