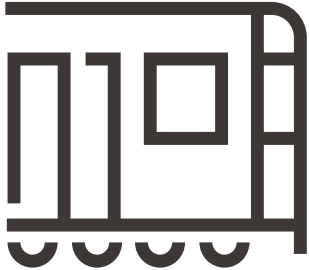


Special Purpose Combining Financial Statements 2023 Report

Northeastern Illinois
December 2023



**REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2023

(See Independent Accountant's Compilation Report)

Prepared by:

Department of Finance, Innovation and Technology

**Kevin Bueso, CFO
Senior Deputy Executive Director**

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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June 28, 2024

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, 2023. 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,

Kevin Bueso
CFO, Senior Deputy Executive Director
Finance, Innovation and Technology
Regional Transportation Authority





RSM US LLP

Independent Accountant's Compilation Report

Board of Directors
Regional Transportation Authority
Chicago, Illinois

Management is responsible for the accompanying special-purpose financial statements combining the Regional Transportation Authority and Service Boards, which comprise the special-purpose combining statement of net position (deficit) as of December 31, 2023, and the related special-purpose combining statements of revenues and expenses and changes in net position (deficit), and special-purpose combining statement of cash flows for the year then ended, and 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 (RTA 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 (RTA Act), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

The accompanying supplementary information and statistical information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose combining financial statements. The supplementary information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information

RSM US LLP

Chicago, Illinois
June 28, 2024

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (DEFICIT)

DECEMBER 31, 2023

(In Thousands)

	Service Boards				Combining		Total Combined
	RTA	Chicago	Commuter	Suburban	Adjustments		
	Government - Wide	Transit Authority	Rail Division	Bus Division	Debit	Credit	
ASSETS:							
CURRENT ASSETS:							
Cash and investments:							
Cash and cash equivalents	\$ 208,383	\$ 136,326	\$ -	\$ -	\$ -	\$ -	\$ 344,709
Unrestricted - cash and cash equivalents	-	71,484	59,882	310,839	-	-	442,205
Restricted - cash and investments	128,991	-	119,460	1,212	-	-	249,663
Unrestricted - investments	331,001	20,511	-	-	-	-	351,512
Receivables:							
Intergovernmental receivables	182,774	-	-	-	-	-	182,774
Grant projects	-	-	153,841	4,184	-	3,485	154,540
RTA financial assistance	-	350,185	123,142	80,444	-	348,870	204,901
Other receivables	-	271,213	28,459	7,273	-	-	306,945
Accrued interest on investments	660	-	-	-	-	-	660
Materials and supplies inventory	-	22,459	36,555	13,206	-	-	72,220
Prepaid expenses and other assets	4,372	7,251	15,404	3,422	-	-	30,449
Lease receivables	62	3,350	713	-	-	-	4,125
Total current assets	856,243	882,779	537,456	420,580	-	352,355	2,344,703
Capital assets:							
Plant, property and equipment	12,588	15,078,374	8,942,723	897,940	-	-	24,931,625
Capital projects in progress	-	803,582	338,123	26,815	-	-	1,168,520
SBITA	2,406	-	-	5,440	-	-	7,846
Less accumulated depreciation	(10,017)	(10,634,963)	(5,865,528)	(549,828)	-	-	(17,060,336)
Total capital assets	4,977	5,246,993	3,415,318	380,367	-	-	9,047,655
Other assets:							
Prepaid insurance bonds	1,532	1,116	-	-	-	-	2,648
Lease receivables	43	11,400	18,130	-	-	-	29,573
Long-term Investment	-	-	13,788	-	-	-	13,788
Right of use asset, net of accumulated amortization	10,217	-	107,356	-	-	-	117,573
Restricted cash and investments with Trustee	-	452,418	-	-	-	-	452,418
Total other assets	11,792	464,934	139,274	-	-	-	616,000
TOTAL ASSETS	873,012	6,594,706	4,092,048	800,947	-	352,355	12,008,358
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred loss on refunding	3,676	15,155	-	-	-	-	18,831
Pension related amounts	12,491	384,803	82,504	56,081	-	-	535,879
OPEB related amounts	177	-	11,069	1,391	-	-	12,637
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,344	399,958	93,573	57,472	-	-	567,347
Total assets and deferred outflows of resources	\$ 889,356	\$ 6,994,664	\$ 4,185,621	\$ 858,419	\$ -	\$ 352,355	\$ 12,575,705

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (DEFICIT) (Continued)

DECEMBER 31, 2023

(In Thousands)

	RTA Government- Wide	Service Boards			Combining Adjustments		Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
LIABILITIES:							
CURRENT LIABILITIES:							
Accrued expenses	\$ 244,777	\$ 691,738	\$ 191,064	\$ 85,219	\$ -	\$ -	\$ 1,212,798
Accrued interest payable	20,005	21,249	-	-	-	-	41,254
Intergovernmental payables	220,531	-	-	-	352,355	-	(131,824)
Unearned revenues	-	-	7,602	6,269	-	-	13,871
Current portion of all long-term liabilities	2,174	253,356	-	2,205	-	-	257,735
Total current liabilities	487,487	966,343	198,666	93,693	352,355	-	1,393,834
LONG-TERM LIABILITIES:							
Long-term portion of general obligation bond, net	1,118,594	6,924,336	292,006	127,187	-	-	8,462,123
Other long-term liabilities	41,542	20	-	-	-	-	41,562
Total long-term liabilities	1,160,136	6,924,356	292,006	127,187	-	-	8,503,685
TOTAL LIABILITIES	1,647,623	7,890,699	490,672	220,880	352,355	-	9,897,519
DEFERRED INFLOWS OF RESOURCES:							
Deferred gain on refunding	3,382	-	-	-	-	-	3,382
Pension related amounts	679	-	3,710	3,781	-	-	8,170
OPEB related amounts	119	-	17,671	4,921	-	-	22,711
Leases	102	14,750	18,478	-	-	-	33,330
TOTAL DEFERRED INFLOWS OF RESOURCES	4,282	14,750	39,859	8,702	-	-	67,593
NET POSITION (DEFICIT):							
Net investment in capital assets	2,476	2,176,505	3,474,447	376,481	-	-	6,029,909
Net position restricted for:							
Debt service and other obligations	109,067	62,393	-	1,200	-	-	172,660
Unrestricted (deficit)	(874,092)	(3,149,683)	180,643	251,156	2,559,495	2,559,495	(3,591,976)
TOTAL NET POSITION (DEFICIT)	\$ (762,549)	\$ (910,785)	\$ 3,655,090	\$ 628,837	\$ 2,559,495	\$ 2,559,495	\$ 2,610,593

(Concluded)

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (DEFICIT)

YEAR ENDED DECEMBER 31, 2023

(In Thousands)

	Service Boards				Combining Adjustments		Total Combined
	RTA Government-Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
	REVENUES:						
Service Boards operating revenues	\$ -	\$ 368,828	\$ 214,044	\$ 47,793	\$ 4,603	\$ -	\$ 626,062
Sales taxes	173,483	-	-	-	-	1,631,328	1,804,811
Interest on sales taxes	3,224	-	-	-	-	-	3,224
Public Transportation Fund	313,128	-	-	-	207,983	-	105,145
IDOT Capital Grant - PACE (ADA)	32,536	-	-	-	-	-	32,536
Innovation, Coordination & Enhancement (ICE)	16,598	-	-	-	-	-	16,598
General state revenue	497,271	-	-	-	-	-	497,271
State assistance (ASA/AFA)	117,369	-	-	-	-	-	117,369
Investment income	22,748	-	-	-	-	-	22,748
Program revenues and others	5,408	-	-	-	-	-	5,408
Total revenues	1,181,765	368,828	214,044	47,793	212,586	1,631,328	3,231,172
EXPENSES:							
Operating expenses	-	1,700,818	911,755	504,804	-	4,603	3,112,774
Depreciation and amortization	-	722,962	241,529	59,132	-	-	1,023,623
Financial assistance to Service Boards	355,818	-	-	-	-	355,818	-
Capital grants—discretionary	-	-	-	-	-	-	-
Capital grants—bonds	518,058	-	-	-	-	518,058	-
IDOT Capital Grant - PACE (ADA)	12,949	-	-	-	-	12,949	-
Innovation, Coordination & Enhancement (ICE)	16,598	-	-	-	-	16,598	-
Service board funding	20,141	-	-	-	-	20,141	-
Insurance (JSIF)	9,363	-	-	-	-	-	9,363
Administrative expenses	20,903	-	-	-	-	-	20,903
Regional and technology expenses	21,616	-	-	-	-	-	21,616
Interest expense	57,798	-	-	-	-	-	57,798
Miscellaneous	62	-	-	-	-	-	62
Total expenses	1,033,306	2,423,780	1,153,284	563,936	-	928,167	4,246,139
OPERATING INCOME (LOSS)	148,459	(2,054,952)	(939,240)	(516,143)	212,586	2,559,495	(1,014,967)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance	-	1,058,386	710,243	450,609	1,776,671	-	442,567
Interest expense on bond transactions	-	(175,364)	-	-	-	-	(175,364)
Other public funding	-	274,285	-	2,628	-	-	276,913
Capital grants	-	957,532	343,211	54,404	570,238	-	784,909
Investment income	-	31,375	-	14,950	-	-	46,325
Total nonoperating revenue (expense)	-	2,146,214	1,053,454	522,591	2,346,909	-	1,375,350
CHANGE IN NET POSITION	148,459	91,262	114,214	6,448	2,559,495	2,559,495	360,383
NET POSITION (DEFICIT):							
Beginning of year	(911,008)	(1,002,047)	3,540,876	622,389	-	-	2,250,210
End of year	\$ (762,549)	\$ (910,785)	\$ 3,655,090	\$ 628,837	\$ 2,559,495	\$ 2,559,495	\$ 2,610,593

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

(In Thousands)

	RTA Joint Self-Insurance Fund	Service Boards			Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Fares received from passengers	\$ -	\$ 330,486	\$ 206,043	\$ 43,233	\$ 579,762
Payments to employees	-	(1,201,386)	(629,685)	(185,764)	(2,016,835)
Payments to vendors	(9,408)	(392,901)	(288,054)	(336,968)	(1,027,331)
Other receipts and payments	-	28,526	(25,586)	10,874	13,814
Net cash used in operating activities	(9,408)	(1,235,275)	(737,282)	(468,625)	(2,450,590)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating	10,474	1,343,188	708,512	539,559	2,601,733
Net cash provided by noncapital financing activities	10,474	1,343,188	708,512	539,559	2,601,733
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Repayment of Public Building Commission payable	-	(6,123)	-	-	(6,123)
Financial assistance—grant projects	-	949,660	344,079	46,307	1,340,046
Proceeds from issuance of bonds	-	-	-	-	-
Proceeds from line of credit - note purchase agreement	-	60,000	-	-	60,000
Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	-	5,649	-	-	5,649
Interest expense on Bonds and Leases	-	(183,573)	-	(125)	(183,698)
Repayment of bonds and lease payable	-	(131,085)	-	(2,150)	(133,235)
Repayment of line of credit - not purchase agreement	-	(3,800)	-	-	(3,800)
Repayment of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	-	(1,721)	-	-	(1,721)
Repayment of other long-term liabilities	-	(12,497)	-	-	(12,497)
Payments for capital acquisition	-	(881,514)	(414,546)	(59,938)	(1,355,998)
Build America Bond subsidy	-	9,538	-	-	9,538
Proceeds from the sale of property and equipment	-	1,304	-	-	1,304
Net cash provided by (used in) capital and related financing activities	-	(194,162)	(70,467)	(15,906)	(280,535)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	580	31,375	467,048	15,157	514,160
Sales and purchases of investments, net	(8,696)	94,295	(374,378)	-	(288,779)
Net cash provided by (used in) investing activities	(8,116)	125,670	92,670	15,157	225,381
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(7,050)	39,421	(6,567)	70,185	95,989
CASH AND CASH EQUIVALENTS—Beginning of year					
	7,412	168,389	66,449	241,866	484,116
CASH AND CASH EQUIVALENTS—End of year					
	\$ 362	\$ 207,810	\$ 59,882	\$ 312,051	\$ 580,105
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	\$ (9,363)	\$ (2,054,952)	\$ (939,240)	\$ (516,144)	\$ (3,519,699)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	-	722,962	241,529	59,132	1,023,623
Changes in current assets and liabilities	(45)	96,715	(39,571)	(11,613)	45,486
NET CASH USED IN OPERATING ACTIVITIES	\$ (9,408)	\$ (1,235,275)	\$ (737,282)	\$ (468,625)	\$ (2,450,590)
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Retirement of fully depreciated capital assets	\$ -	\$ 49,137	\$ -	\$ -	\$ 49,137
Purchases of capital assets in accounts payable at year-end	-	137,717	-	4,141	141,858
Unbilled work in progress	-	350,185	-	-	350,185
RTA operating assistance not received	-	218,704	-	-	218,704
NET NONCASH INVESTING AND FINANCING ACTIVITIES	\$ -	\$ 755,743	\$ -	\$ 4,141	\$ 759,884

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

(See Independent Accountant's Compilation Report)

NOTE 1. PRESCRIBED BASIS FOR REPORTING

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

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

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

NOTE 2. ORGANIZATIONAL STRUCTURE

RTA

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 2. ORGANIZATIONAL STRUCTURE (Continued)

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 (Americans 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 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 2. ORGANIZATIONAL STRUCTURE (Continued)

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, 2023 year-end.

NOTE 3. REPORTING ENTITY

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

As defined by accounting principles generally accepted in the United States established by the GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

Appointment of a voting majority of the component unit's board, and either: (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or fiscal dependency on the primary government.

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

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 3. REPORTING ENTITY (Continued)

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

- The Service Boards maintain separate management, exercise control over all operations (including the fare structures), and are accountable for fiscal matters, including ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.
- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA.
- The Illinois statutes require the RTA Board to approve the budgets of the Service Boards to determine if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.
- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

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

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant policies:

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

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Deferred Outflows of Resources and Deferred Inflows of Resources—are a consumption (outflow) or acquisition (inflow) of net position by the government that are applicable to a future reporting period. Deferred outflows and (inflows) of resources relate to pension and OPEB amounts as well as gains and losses on debt refunding. In addition, deferred inflows of resources related to long-term leases where the organizations are the lessor.

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.

Leases—All of the entities, in one form or another have lease agreements for which they may be a lessee as well as a lessor. The entities are a lessee because they lease assets from other entities. As a lessee, the entities report right of use assets and corresponding lease liabilities in the government-wide financial statements. The entities are a lessor because they may sublease assets to another entity. As a lessor, the entities report a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. Key estimates and judgments related to the lease agreements include defining the lease term, valuing the fixed lease payments and determining the discount rate associated with the agreement. The entities estimated each based on the facts and circumstances associated with each agreement at the time of inception.

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.

RTA 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The RTA Sales Tax is collected by the Illinois Department of Revenue (the Department of Revenue), and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasurer on the order of the State Comptroller. Effective July 1, 2018, the State reduced the permanent administrative surcharge on RTA sales tax receipts to 1.5%, which was imposed July 1, 2017 at 2%. Through December 2023, the reduced amount of sales tax provided to the RTA and Service Boards was approximately \$21 million.

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Effective April 1, 2008, the RETT in the City of Chicago was increased by 40% (i.e. for every \$500 in sales price and additional \$1.50 in tax is collected).

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

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

While the RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as for regional Innovation, Coordination and Enhancement (ICE) and Suburban Community Mobility Fund (SCMF) initiatives. Funds for ADA Paratransit, ICE and SCMF are by statute set aside before distributions to the CTA, Metra and Pace.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2023, which ends June 30, 2023, 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, 2023, the grant was in the amount of \$17.6 million.

Additional State Assistance/Additional Financial Assistance—The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP I bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP I bonds, less interest earned on the unspent bond proceeds, or (ii) \$55 million per year. The RTA recognized \$22 million of ASA in 2023.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance (AFA) to pay for debt service requirements for SCIP II bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) \$100 million in the State's fiscal years 2023 and 2024, per year. The RTA recognized \$95 million of AFA in 2023.

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to \$31.9 million for the year ended December 31, 2023.

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

Cash Flows—For purposes of the statement of cash flows for proprietary funds, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents aggregated \$361 thousand at December 31, 2023 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net position (deficit).

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

New Accounting Pronouncements—During fiscal year 2023, the RTA adopted the following GASB Statements:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, will be effective for the RTA with its year ending December 31, 2023. This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement will improve financial reporting by establishing a definition for a SBITA and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. See Note 8 for impact related to GASB 96 implementation.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the RTA with its year ending December 31, 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement did not have a material impact on the financial statements for the RTA.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the RTA with its year ending December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infra-structure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The adoption of this statement did not have a material impact on the financial statements for the RTA.

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

GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement were effective on different timelines as requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance, requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent,

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Statement No. 101, *Compensated Absences*, will be effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103 *Financial Reporting Model Improvements*. Statement No. 103 was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING (Continued)

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It had previously been the policy of the RTA (ordinance 91-9) to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. However, this policy was rescinded by ordinance 2015-55, which also rescinded the provision of the RTA funding

policy adopted by Ordinance 98-15 that required the RTA annual budget and two-year financial plan to show a year-end unassigned fund balance equal to 5% of RTA operating expenditures by no later than the end of the three-year planning period. The Service Boards now maintain their own fund balance and reserve plans.

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

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

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

In late 2021, the Illinois legislature granted temporary recovery ratio relief for fiscal years 2021, 2022, and 2023 due to the ongoing pandemic. Per Public Act 102-0678, the aggregate of all projected fare revenues from such fares and charges received in fiscal years 2021, 2022, and 2023 may be less than 50% of the aggregate costs of providing such public transportation in those fiscal years.

NOTE 6. PUBLIC BUILDING COMMISSION PAYABLE

CTA

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 used by 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 6. PUBLIC BUILDING COMMISSION PAYABLE (Continued)

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately \$388 thousand resulting in an economic gain of approximately \$20.4 million.

Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of \$2.4 million. The remaining unamortized portion \$95 thousand are recorded as deferred outflows of resources in the accompanying Statements of Net Position as of December 31, 2022. There was no remaining unamortized portion as of December 31, 2023.

The bonds are payable from and secured by the agreement entered 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 (Deficit). The present value of the future payments to be made by the CTA under the agreement of approximately \$48.2 million and \$51.7 million is reflected in the accompanying December 31, 2023, and 2022 Statements of Net Position, respectively, as a liability.

Principal and interest requirements to maturity: As of December 31, 2023, future principal, and interest payments for the PBC payable are as follows (in thousands of dollars):

Year Ending December 31,	Principal	Interest
2024	\$ 3,760	\$ 2,429
2025	3,960	2,227
2026	4,175	2,013
2027	4,400	1,788
2028	4,635	1,551
2029-2033	27,220	3,722
	<u>\$ 48,150</u>	<u>\$ 13,730</u>

NOTE 7. LEASES

Metra

Leases—Metra on January 1, 2022, implemented GASB Statement No. 87, *Leases*. This change in accounting principle requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 7. LEASES (Continued)

As Lessor—Metra leases space in its 547 building and locations throughout the Milwaukee, Metra Electric, Rock Island, and South West Service districts, which are managed by the Real Estate department. These leases have terms between 1 and 89 years with payments required monthly, quarterly, semi-annually and annually. In addition to these payments, Metra also received variable payments for common area maintenance associated with the spaces of \$21.1 thousand, as of December 31, 2023, that are not included in the measurement of lease receivable.

The total amount of inflows of recognized for year ended December 31, 2023 is as follows (in thousands of dollars):

	<u>Inflows</u>
Lease revenue	\$ 1,171
Interest income	259
Other variable	21

As Lessee – Metra leases facilities, equipment, and storage spaces from others. These leases have terms between 5 years and 40 years. Metra records a right-of-use lease asset and lease liability based on the present value of the expected payments over the lease term. The expected payments are discounted using an estimated incremental borrowing rate. The incremental borrowing rate is simply an estimate of the rate charged for borrowing the lease payment amounts during the lease term.

As of December 31, 2023, the total amount of right-of-use lease asset by major class, and the related accumulated amortization, disclosed separately from other capital assets is as follows:

<u>(in thousands)</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Lease assets being amortized:				
Lease-real estate	\$ 9,830	\$ 98,684	\$ -	\$ 108,514
Lease-equipment (license)	977	81	-	1,058
Lease-storage	159	9	-	168
Total leased assets being amortized	<u>10,966</u>	<u>98,774</u>	<u>-</u>	<u>109,740</u>
Lease accumulated amortization:				
Lease-real estate	(1,254)	(10,507)	-	(11,761)
Lease-equipment (license)	(132)	(153)	-	(285)
Lease-storage	(32)	(36)	-	(68)
Total leased assets being amortized	<u>(1,418)</u>	<u>(10,696)</u>	<u>-</u>	<u>(12,114)</u>
Total, net of accumulated amortization	<u>\$ 9,548</u>	<u>\$ 88,078</u>	<u>\$ -</u>	<u>\$ 97,626</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 7. LEASES (Continued)

The real estate right to use assets above are leased from various lessors in Chicago, Arlington Heights, Homewood and Hayford, Illinois.

As of December 31, 2023, the principal and interest requirements to maturity for the lease liability are as follows (in thousands of dollars):

Year Ending December 31,	Principal	Interest	Total
2024	\$ 7,279	\$ 3,572	\$ 10,851
2025	8,036	3,318	11,354
2026	8,748	3,031	11,779
2027	8,703	1,227	9,930
2028	9,416	1,065	10,481
2029-2032	57,627	2,434	60,061
2033-2038	1,396	190	1,586
2039-2042	1,235	36	1,271
Total	<u>\$ 102,440</u>	<u>\$ 14,873</u>	<u>\$ 117,313</u>

**RTA
LESSOR**

The RTA as a sublessor, leases building space under long-term agreements to the Board of Elections Commissioners for the City of Chicago. The term of this lease commenced on January 1, 2016, and ends on August 31, 2025. The adoption of GASB Statement No. 87 standard resulted in the recognition of a lease receivable and corresponding deferred inflow of resources.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 7. LEASES (Continued)

The RTA's lease receivable is measured at the present value of future fixed lease payments expected to be received under the long-term lease agreements discounted using the RTA's incremental borrowing rate as of the implementation date. At the initiation of the lease, the deferred inflow of resources is recorded at an amount equal to the initial recording of the lease receivable and is amortized on a straight-line basis over the lease term.

On December 31, 2023, the RTA has recorded a lease receivable of \$105 thousand. On December 31, 2023 the RTA has recorded a deferred inflow of resources related to leases of \$102 thousand. In fiscal year 2023, the RTA recognized \$61 thousand of lease revenue and \$3 thousand of interest income from the lease.

LESSEE

The RTA entered into two long-term leases of buildings 175 Jackson L.L.C. and the County of Cook. The term of lease for 175 Jackson L.L.C. commenced on November 15, 2001, and ends on November 1, 2029. The term of lease for the County of Cook begins on September 1, 2013, and terminates on August 31, 2029, which includes five years option to extend the term of this lease. The adoption of this standard resulted in the recognition of lease liabilities and intangible right-to-use lease assets. No debt has been issued that is secured by these lease payments.

The RTA measured the lease liabilities as the present value of payments expected to be made under the long-term lease agreements discounted using the RTA's incremental borrowing rate as of the implementation date. Subsequently, the lease assets are amortized on a straight-line basis over the lease terms.

On December 31, 2023, the RTA has the net of the right to use assets in the amount of \$10 thousand and lease liabilities in the amount of \$11 thousand. 175 Jackson L.L.C Lease payments are composed of fixed payments and variable payments. The fixed payments contain only the base rent fees and reduce the liability. The variable payments are taxes and operating expenses. In 2023, the tax recovery payment was \$88 thousand and operating expense was \$35 thousand, these amounts were reported as expenditures as incurred.

A summary of the leased asset activity for the year ended December 31, 2023 is as follows (in thousands):

Leased Assets	Amount
Right to use assets - buildings	\$ 13,724
Accumulated amortization:	
Amortization on right to use assets - buildings	<u>3,507</u>
Total leased assets, net	<u><u>\$ 10,217</u></u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 7. LEASES (Continued)

A summary of changes in the lease payables during the year ended December 31, 2023 is as follows (in thousands):

	January 1, 2023	New Issues	Current Retirements	December 31, 2023	Due Within One Year
Leases payable*	\$ 12,168	\$ -	\$ 1,595	\$ 10,573	\$ 1,657

*The lease payables balances was restated as of January 1, 2022 for the implementation of GASB Statement No. 87, *Leases*.

Future annual lease payments are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	\$ 1,657	\$ 159	\$ 1,816
2025	1,720	132	1,852
2026	1,785	103	1,888
2027	1,852	74	1,926
2028	1,921	43	1,964
2029	1,638	12	1,650
Total	<u>\$ 10,573</u>	<u>\$ 523</u>	<u>\$ 11,096</u>

Pace

Pace entered into lease agreements for the use of building and radio tower space. These agreements are considered leases for accounting purposes under GASB Statement No. 87, *Leases*. In a restatement relating to the implementation of GASB Statement No. 87 "Leases", a right to use building lease asset and lease obligation was recorded for the leases below in fiscal year 2023. There was no stated interest rate in any of the lease agreements so an implicit interest rate of 3.0% was used for all of the leases.

Lessor	Description of Right to Use Asset	Start Date	End Date	Initial Liability	Lease Liability at 12/31/2023
Evoque Data Center Solutions*	Data Center	6/1/2019	6/1/2024	\$ 137	\$ 70
Chicago Tower Leasing Corp.	Radio Tower	9/1/2020	9/1/2032	63	55
Crown Castle International Corp.	Radio Tower	6/1/2020	6/1/2032	107	92
HMC CHP 76 Lively, LLC	Graphics Office	3/1/2020	3/1/2026	376	213
				<u>\$ 683</u>	<u>\$ 430</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant’s Compilation Report)

NOTE 7. LEASES (Continued)

Lease liability outstanding as of December 31, 2023 is as follows:

	Beginning Balance		Principal Payments Payments		Ending Balance		Due Within One Year
Lease liability	\$ 596	\$	166	\$	430	\$	177

The annual lease liability payment schedule is as follows:

Fiscal Year	Principal		Interest		Total
2024	\$ 178	\$	13	\$	191
2025	115		8		123
2026	33		4		37
2027	16		3		19
2028	17		3		20
2029	19		2		21
2030	20		2		22
2031	21		1		22
2032	11		-		11
	<u>\$ 430</u>	\$	<u>36</u>	\$	<u>466</u>

NOTE 8. COMMITMENTS AND CONTINGENCIES

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

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

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

CTA

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

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA for \$91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The defeased debt had a balance of zero as of December 31, 2023.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

2019 Line of Credit

On July 12, 2019, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of \$150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes had an initial commitment expiration date of July 11, 2022. This line of credit was replaced with an NPA with Wells Fargo, National Association.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

No principal was outstanding on the Notes as of December 31, 2023.

2021 Line of Credit

On September 24, 2021, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of \$150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of September 24, 2026. This line of credit replaced the Authority's prior line of credit with Bank of America, National Association, which expired on September 30, 2021.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

The principal of outstanding Notes was \$66.6 million as of December 31, 2023. The unused 2021 line of credit was \$83.4 million as of December 31, 2023.

2022 Line of Credit

On July 8, 2022, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with Wells Fargo, National Association in a not-to-exceed amount of \$150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of July 8, 2025. This line of credit replaced the Authority's prior line of credit with PNC Bank, National Association, which expired on July 11, 2022.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

The principal of outstanding Notes was \$88.5 million as of December 31, 2023. The unused 2022 line of credit was \$61.5 million as of December 31, 2023.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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.

Union Pacific (UP) Litigation – Metra and the UP have filed legal actions against each other related to the UP's obligation to provide commuter rail service. While the filings are being litigated, negotiations continue regarding the transfer of commuter services, activities and assets that Metra currently contracts with the UP under the PSA. The outcome of the legal actions and the negotiations are currently unknown along with any potential financial impacts.

Grants: On December 31, 2023, Metra had \$465.2 million in contractual commitments to be funded through grant funding; this amount has not been spent.

Chicago Region Environmental and Transportation Efficiency Program (CREATE)—The CREATE program is a public-private partnership between the rail industry and all levels of government to increase and improve efficiency, capacity, and safety within Chicago's railroad network. In 2019, Metra has partnered with U.S. Department of Transportation, the State of Illinois, City of Chicago, Amtrak, and national freight railroads through CREATE and committed \$23 million. In 2023, Metra spent \$2.7 million for the CREATE capital project.

Chicago Union Station (CUS)—Metra entered into a project with Amtrak in 2019 to address the capacity limitations at CUS during peak travel times. Metra has committed to contribute \$3.0 million in capital contributions, \$10.0 million for station and rail infrastructure operations under this project.

Subscription-based information technology arrangements (SBITAs) - On January 1, 2023, Metra implemented GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. This change in accounting principle requires recognition of certain subscription assets and liabilities for subscriptions that previously were classified as operating subscriptions and recognized as outflows of resources based on the payment provisions of the contract. Under this statement, a borrower is required to recognize subscription liability and an intangible subscription asset.

Metra borrows Subscription-Based Information Technology Arrangements (SBITAs) from others. These SBITA's have terms between 2 years and 10 years. Metra records a subscription asset and subscription liability based on the present value of the expected payments over the subscription term. The expected payments are discounted using an estimated incremental borrowing rate. The incremental borrowing rate is simply an estimate of the rate charged for borrowing the subscription payment amounts during the subscription term.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

As of December 31, 2023, the total amount of subscriptions assets, and the related accumulated amortization, disclosed separately from other capital assets is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Subscription assets being amortized:				
Subscriptions	\$ 3,752	\$ 8,434	\$ -	\$ 12,186
Less accumulated amortization:				
Subscriptions	-	(2,456)	-	(2,456)
Total, net of accumulated amortization	<u>\$ 3,752</u>	<u>\$ 5,978</u>	<u>\$ -</u>	<u>\$ 9,730</u>

As of December 31, 2023, the principal and interest requirements to maturity for the SBITA liability are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,700	\$ 339	\$ 4,039
2025	3,166	216	3,382
2026	2,576	39	2,615
2027	259	10	269
2028	154	-	154
Total	<u>\$ 9,855</u>	<u>\$ 604</u>	<u>\$ 10,459</u>

Pace

Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, \$3.25 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
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NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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

A requirement of the bond covenant is that Pace deposit \$1.2 million into a reserve account. In addition, Pace is required to make a monthly deposit that represents one-twelfth of the annual principal payment and one-sixth of the semiannual interest payment into a debt service account held at the bond depository bank. Semi-annual interest payments began on June 15, 2015 and continued semi-annually each June and December going forward. The annual principal payment was made on December 17, 2018. Revenue bonds currently outstanding as of year ended December 31, 2023 are as follows (in thousands of dollars):

Bond Issuance	Fund Debt Retired By	Beginning Balance	Issuances	Retirements	Ending Balance	Due in One Year
Taxable Revenue Bond Series of 2015, the South cook compressed Natural Gas facility project, authorized issue of \$12 million, due in annual installments of \$1.2 million, interest payable June 15 and December 15 at rates ranging from 1.40% to 3.50% through December 15, 2024	Suburban Services	\$ 2,400	\$ -	\$ 1,200	\$ 1,200	\$ 1,200

Annual requirements to amortize all debt outstanding as of December 31, 2023 are as follows (in thousands of dollars):

Fiscal Year	Principal	Interest	Total
2024	\$ 1,200	\$ 42	\$ 1,242

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 \$1.3 million. Principal and interest paid for the current year is \$1.3 million, and the Suburban Service Funds’ operating revenue for the current year is \$36.7 million.

RTA

From time to time, the RTA may be involved in various litigation matters for which any claims are generally covered by insurance. In the opinion of management, there are no current or pending litigation matters which would have a material adverse effect on the financial position or changes in financial position of the RTA.

The RTA has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 9. 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, 2023, \$1.388 billion of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, \$250 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE

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

	January 1, 2023	New Issues	Current Retirements	December 31, 2023	Due Within One Year
1997 Refunding	\$ 3,550	\$ -	\$ 3,550	\$ -	\$ -
1999* Refunding	39,155	-	16,975	22,180	17,960
2000A*	119,690	-	11,975	107,715	12,725
2001A*	48,200	-	4,255	43,945	4,495
2001B* Refunding	3,775	-	3,775	-	-
2002A*	84,040	-	6,440	77,600	6,815
2003A*	145,600	-	10,095	135,505	10,650
2003B	83,965	-	5,790	78,175	6,100
2004A*	154,420	-	9,485	144,935	9,995
2005B Refunding	40,100	-	14,615	25,485	15,380
2010B	112,925	-	6,885	106,040	7,140
2016A	85,610	-	1,950	83,660	2,050
2017A	158,180	-	10,145	148,035	17,025
2018B	130,080	-	2,545	127,535	2,675
2021A Refunding	86,445	-	2,850	83,595	2,935
Subtotal	1,295,735	-	111,330	1,184,405	115,945
Unamortized bond premium	57,749	-	7,615	50,134	-
Total	\$ 1,353,484	\$ -	\$ 118,945	\$ 1,234,539	\$ 115,945

* Strategic Capital Improvement Program (SCIP) Bonds

On December 31, 2023, the total general obligation bonds, notes payable and premiums of \$1.2 billion are classified as current and long-term in the Statement of Net Position (Deficit) in the amounts of \$116 million and \$1.1 billion, respectively.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
 YEAR ENDED DECEMBER 31, 2023
 (See Independent Accountant’s Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2024	\$ 115,945	\$ 60,828	\$ 176,773
2025	101,490	55,192	156,682
2026	91,960	50,072	142,032
2027	97,050	44,899	141,949
2028	102,465	39,403	141,868
2029-2033	401,300	116,882	518,182
2034-2038	136,685	37,703	174,388
2039-2043	78,010	19,207	97,217
2044-2048	59,500	4,999	64,499
Total	\$ 1,184,405	\$ 429,185	\$ 1,613,590

All amounts in the individual series debt service requirement reported in the tables below, and on the following pages for Note 9, are expressed in thousands.

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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
 YEAR ENDED DECEMBER 31, 2023
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NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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
2024	\$ 17,960	\$ 792	\$ 18,752
2025	4,220	127	4,347
Total	\$ 22,180	\$ 919	\$ 23,099

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
2024	\$ 12,725	\$ 7,001	\$ 19,726
2025	13,520	6,174	19,694
2026	14,370	5,296	19,666
2027	15,270	4,362	19,632
2028	16,235	3,369	19,604
2029-2030	35,595	3,506	39,101
Total	\$ 107,715	\$ 29,708	\$ 137,423

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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,495	\$ 2,637	\$ 7,132
2025	4,750	2,367	7,117
2026	5,020	2,082	7,102
2027	5,300	1,781	7,081
2028	5,600	1,463	7,063
2029-2031	18,780	2,295	21,075
Total	<u>\$ 43,945</u>	<u>\$ 12,625</u>	<u>\$ 56,570</u>

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.

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:

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,815	\$ 4,656	\$ 11,471
2025	7,205	4,247	11,452
2026	7,625	3,815	11,440
2027	8,065	3,357	11,422
2028	8,530	2,873	11,403
2029-2032	39,360	6,070	45,430
Total	<u>\$ 77,600</u>	<u>\$ 25,018</u>	<u>\$ 102,618</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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:

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,650	\$ 8,021	\$ 18,671
2025	11,205	7,435	18,640
2026	11,795	6,819	18,614
2027	12,415	6,111	18,526
2028	13,065	5,366	18,431
2029-2032	76,375	14,216	90,591
Total	<u>\$ 135,505</u>	<u>\$ 47,968</u>	<u>\$ 183,473</u>

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:

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,100	\$ 4,261	\$ 10,361
2025	6,430	3,917	10,347
2026	6,780	3,553	10,333
2027	7,145	3,170	10,315
2028	7,530	2,757	10,287
2029-2033	44,190	6,620	50,810
Total	<u>\$ 78,175</u>	<u>\$ 24,278</u>	<u>\$ 102,453</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
 (See Independent Accountant’s Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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:

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,995	\$ 7,912	\$ 17,907
2025	10,535	7,373	17,908
2026	11,100	6,791	17,891
2027	11,700	6,164	17,864
2028	12,330	5,488	17,818
2029-2034	89,275	16,185	105,460
Total	<u>\$ 144,935</u>	<u>\$ 49,913</u>	<u>\$ 194,848</u>

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:

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2024	\$ 15,380	\$ 587	\$ 15,967
2025	10,105	167	10,272
Total	<u>\$ 25,485</u>	<u>\$ 754</u>	<u>\$ 26,239</u>

* Interest was calculated using a rate of 3.3%.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

2010B General Obligation Bonds—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
2024	\$ 7,140	\$ 6,250	\$ 13,390
2025	7,400	5,857	13,257
2026	7,680	5,443	13,123
2027	7,970	5,005	12,975
2028	8,275	4,542	12,817
2029-2033	46,385	14,916	61,301
2034-2035	21,190	1,920	23,110
Total	<u>\$ 106,040</u>	<u>\$ 43,933</u>	<u>\$ 149,973</u>

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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2024	\$ 2,050	\$ 3,661	\$ 5,711
2025	2,155	3,556	5,711
2026	2,265	3,445	5,710
2027	2,380	3,329	5,709
2028	2,505	3,207	5,712
2029-2033	14,570	13,975	28,545
2034-2038	18,635	9,916	28,551
2039-2043	22,955	5,598	28,553
2044-2046	16,145	986	17,131
Total	\$ 83,660	\$ 47,673	\$ 131,333

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2024	\$ 17,025	\$ 6,931	\$ 23,956
2025	18,120	6,079	24,199
2026	19,245	5,173	24,418
2027	20,480	4,211	24,691
2028	21,815	3,187	25,002
2029-2033	16,540	8,051	24,591
2034-2035	34,810	1,859	36,669
Total	\$ 148,035	\$ 35,491	\$ 183,526

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2024	\$ 2,675	\$ 5,734	\$ 8,409
2025	2,815	5,597	8,412
2026	2,960	5,452	8,412
2027	3,110	5,301	8,411
2028	3,270	5,141	8,411
2029-2033	19,045	23,012	42,057
2034-2038	24,455	17,601	42,056
2039-2043	31,090	10,958	42,048
2044-2048	38,115	3,933	42,048
Total	<u>\$ 127,535</u>	<u>\$ 82,729</u>	<u>\$ 210,264</u>

2021 General Obligation Refunding Bond – In October 2021, the RTA issued \$89.2 million in General Obligation Bonds, Series 2021A, to provide funds to advance refund the RTA's outstanding Series 2014A Bonds, as well as to fund pay the costs of issuance of the 2021A refunding bonds.

The RTA advance refunded Series 2014A in order to take advantage of more favorable interest rates which provide the RTA and the Service Boards with cost savings. The RTA reduced the total debt service payments for 2014A by approximately \$26.2 million and achieved an economic gain of approximately \$10.9 million (difference between net present value of the debt service payments on the old and the new debt).

The Series 2021A Bonds mature on June 1, 2044 and interest is payable at rates ranging from 2.40% to 3.05% on December 1, 2021 and semi-annually thereafter on June 1 and December 1 in each remaining year.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 10. RTA GENERAL OBLIGATION BONDS AND NOTES PAYABLE (Continued)

Debt service requirements on the Series 2021A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2024	\$ 2,935	\$ 2,385	\$ 5,320
2025	3,030	2,296	5,326
2026	3,120	2,203	5,323
2027	3,215	2,108	5,323
2028	3,310	2,010	5,320
2029-2033	18,085	8,522	26,607
2034-2038	20,695	5,922	26,617
2039-2043	23,965	2,651	26,616
2044	5,240	80	5,320
Total	<u>\$ 83,595</u>	<u>\$ 28,177</u>	<u>\$ 111,772</u>

The bonds and notes payable 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, \$129 million in investments are restricted and available to service principal and interest payments of the RTA’s long-term debt as of December 31, 2023.

NOTE 11. CTA BONDS PAYABLE

2008A Series (Pension Funding) and 2008B Series (Retiree Health Care Funding) Sales and Transfer Tax Receipts Revenue Bonds: On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of \$1,936.8 million to fund the employee retirement plan and to create a retiree health care trust. The bonds were sold in two tranches, a \$1.3 billion Series A to fund the employee’s retirement plan and a \$640 million Series B to fund a permanent trust that was established to cover other postemployment benefits for retirees’ health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-705.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

Public Act 94-839 required the CTA to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, were sufficient to bring the total assets of the retirement system up to 90% of its total actuarial liabilities by the end of fiscal year 2058. Additionally, Public Act 94-839 required that the Retirement Plan's pension and retiree health care programs be separated into two distinct trusts by December 31, 2008.

Public Act 95-708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust will be created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90% funded by 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60% by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions.

Fourth, Public Act 95-708 authorized the CTA to issue \$1.9 billion in pension obligation bonds to fund the pension and retiree health care. Finally, the legislation provides that CTA will have no future responsibility for retiree healthcare costs after the bond funding. In accordance with Public Act 95-708, all retiree healthcare benefits are now paid from the newly established Retiree Health Care Trust.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay any amounts remaining in the Sales Tax Receipt Fund and the Transfer Tax Receipts Fund, as defined by the bond agreement, and all tax receipts as promptly as practicable after receipt.

The Series 2008A and 2008B bonds bear interest ranging from 5.1% to 6.9%. Scheduled interest on the 2008A and 2008B bonds will be funded through June 1, 2009 and June 1, 2010, respectively, with bond proceeds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2013 through June 1, 2040.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

Year Ending December 31,	Principal	Interest	Total
2024	\$ 50,370	\$ 106,205	\$ 156,575
2025	53,845	102,730	156,575
2026	57,560	99,015	156,575
2027	61,530	95,044	156,574
2028	65,775	90,799	156,574
2029	70,310	86,261	156,571
2030	75,165	81,410	156,575
2031	80,350	76,225	156,575
2032	85,895	70,681	156,576
2033	91,820	64,755	156,575
2034	98,150	58,421	156,571
2035	104,925	51,649	156,574
2036	112,165	44,411	156,576
2037	119,905	36,672	156,577
2038	128,170	28,400	156,570
2039	137,015	19,558	156,573
2040	146,470	10,105	156,575
Total	\$ 1,539,420	\$ 1,122,341	\$ 2,661,761

2010A Sales Tax Receipts Revenue Bonds and Taxable Series 2010B Sales Tax Receipts Revenue Bonds (Build America Bonds): On March 23, 2010, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B Build America Bonds, in the amount of \$550 million along with a premium of \$5.2 million. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to the purchase of new rail cars, overhaul and rehabilitation of existing rail cars, and the purchase and installation of upgrades for rail system components. The American Recovery and Reinvestment Act of 2009 created the Build America Bond (BAB) Program. This program allows state and local governments to issue taxable bonds for capital projects and to receive a federal subsidy payment from the U.S. Treasury Department for a portion of their borrowing costs.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

The Series 2010A and 2010B bonds bear interest ranging from 4.0% to 6.2%. Scheduled interest on the 2010 bonds was funded through December 1, 2010 with proceeds of the 2010 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2015 through June 1, 2040. The bond debt service requirements to maturity are as follows (in thousands of dollars):

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 14,135	\$ 28,167	\$ 42,302
2025	14,930	27,372	42,302
2026	15,855	26,447	42,302
2027	16,835	25,464	42,299
2028	17,880	24,420	42,300
2029	18,985	23,311	42,296
2030	20,155	22,134	42,289
2031	21,400	20,885	42,285
2032	22,725	19,558	42,283
2033	24,135	18,149	42,284
2034	31,820	16,653	48,473
2035	33,785	14,680	48,465
2036	35,875	12,585	48,460
2037	38,090	10,361	48,451
2038	40,455	7,999	48,454
2039	42,955	5,491	48,446
2040	45,610	2,828	48,438
	<hr/>		
Total	\$ 455,625	\$ 306,504	\$ 762,129

There are no bond debt service requirements on the Series 2010A bonds as of December 31, 2023.

2014 Sales Tax Receipts Revenue Bonds: On July 10, 2014, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds, Series 2014 in the amount of \$550 million along with a premium of \$45.2 million. The bonds were issued to provide funds to finance, in whole or in part, capital projects contemplated by the Authority's Capital Plan.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2014 bonds bear interest ranging from 5.0% to 5.25%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2049. The bond debt service requirements to maturity are as follows (in thousands of dollars):

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
 YEAR ENDED DECEMBER 31, 2023
 (See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

Year Ending December 31,	Principal	Interest	Total
2024	\$ -	\$ 28,597	\$ 28,597
2025	-	28,597	28,597
2026	-	28,597	28,597
2027	-	28,597	28,597
2028	-	28,597	28,597
2029	-	28,597	28,597
2030	-	28,597	28,597
2031	-	28,597	28,597
2032	-	28,597	28,597
2033	-	28,597	28,597
2034	-	28,597	28,597
2035	-	28,597	28,597
2036	-	28,597	28,597
2037	-	28,597	28,597
2038	-	28,597	28,597
2039	-	28,597	28,597
2040	-	28,597	28,597
2041	50,180	28,597	78,777
2042	52,690	26,088	78,778
2043	55,325	23,453	78,778
2044	58,090	20,687	78,777
2045	60,995	17,783	78,778
2046	64,195	14,580	78,775
2047	67,565	11,210	78,775
2048	71,115	7,663	78,778
2049	74,845	3,929	78,774
Total	\$ 555,000	\$ 640,139	\$ 1,195,139

2015 Refunding Series Capital Grant Receipts Revenue Bonds: On September 16, 2015, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of \$176.9 million along with a premium of \$21.6 million, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund a portion of the outstanding 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

The Series 2015 bond bear interest at 5.00%. Interest is payable semiannually on June 1 and December 1, commencing December 1, 2015 and the bonds mature serially June 1, 2018 through June 1, 2026.

The remaining net proceeds of \$197.2 million were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2015 Series bonds which reduced its total debt service payments over the next 10 years by \$10.0 million and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9.9 million. The defeased debt had a zero balance as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2015 of \$12.3 million was deferred and is being amortized over the next 10 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was \$796 thousand and \$1.3 million, respectively. Amortization of the deferred amount on the refunding was \$522 thousand and \$526 thousand for the years ended December 31, 2023 and 2022, respectively.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>2015 (5337)</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 13,855	\$ 1,838
2025	14,550	1,128
2026	15,275	382
Total	<u>\$ 43,680</u>	<u>\$ 3,348</u>

There are no bond debt service requirements on the Series 205 (5307) bonds as of December 31, 2023.

2017 Second Lien Sales Tax Receipts Revenue Bonds: On January 10, 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of \$296.2 million along with a premium of \$18.1 million. 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.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2017 bonds was funded through December 1, 2018, with proceeds of the 2017 bonds and interest thereon. Interest is

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041, through December 1, 2051.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 14,711	\$ 14,711
2025	-	14,711	14,711
2026	-	14,711	14,711
2027	-	14,711	14,711
2028	-	14,711	14,711
2029	-	14,711	14,711
2030	-	14,711	14,711
2031	-	14,711	14,711
2032	-	14,711	14,711
2033	-	14,711	14,711
2034	-	14,711	14,711
2035	-	14,711	14,711
2036	-	14,711	14,711
2037	-	14,711	14,711
2038	-	14,711	14,711
2039	-	14,711	14,711
2040	-	14,711	14,711
2041	20,910	14,711	35,621
2042	21,945	13,681	35,626
2043	23,025	12,599	35,624
2044	24,160	11,464	35,624
2045	25,350	10,273	35,623
2046	26,600	9,023	35,623
2047	27,910	7,712	35,622
2048	29,310	6,316	35,626
2049	30,775	4,851	35,626
2050	32,310	3,312	35,622
2051	33,925	1,696	35,621
	<hr/>		
Total	\$ 296,220	\$ 345,725	\$ 641,945

2017 Refunding Series Capital Grant Receipts Revenue Bonds: On July 18, 2017, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of \$225.8 million along with a premium of \$31.3 million in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund the Series 2008A 5307 bonds maturing June 1, 2022 through 2026 as well as refunding the

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

Series 2008 5337 bonds maturing June 1, 2019 through 2026 and the Series 2008A 5337 bonds maturing June 1, 2019 through 2023.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 2.0% to 5.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially June 1, 2018 through June 1, 2026.

Net proceeds of \$255.4 million were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position (Deficit). The CTA refunded the various bonds using the proceeds from the 2017 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of \$30.5 million and an economic gain (present value of the difference in debt service cash flows payments) of \$27.1 million. The defeased debt had a balance of zero as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2017 of \$4.9 million was deferred and is being amortized over the next 9 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was \$516 thousand and \$929 thousand, respectively. Amortization of the deferred amount on the refunding was \$413 thousand and 559 thousand, for the years ended December 31, 2023 and 2022, respectively

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>2017 (5307)</u>		<u>2017 (5337)</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 18,065	\$ 2,848	\$ 10,130	\$ 1,597	\$ 28,195	\$ 4,445
2025	18,970	1,944	10,635	1,090	29,605	3,034
2026	19,915	996	11,165	558	31,080	1,554
Total	<u>\$ 56,950</u>	<u>\$ 5,788</u>	<u>\$ 31,930</u>	<u>\$ 3,245</u>	<u>\$ 88,880</u>	<u>\$ 9,033</u>

2020A Second Lien Sales Tax Receipts Revenue Bonds: On September 3, 2020, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2020A, in the amount of \$367.9 million along with a premium of \$43.6 million. The bonds were issued to pay for projects included in the Capital Improvement Plan and repay a portion of CTA’s Second Lien Sales Tax Receipts Capital Improvement Notes.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2020A bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2020A bonds was funded through September 1, 2023 with proceeds of the 2020A bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2041 through December 1, 2055.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 16,279	\$ 16,279
2025	-	16,279	16,279
2026	-	16,279	16,279
2027	-	16,279	16,279
2028	-	16,279	16,279
2029	-	16,279	16,279
2030	-	16,279	16,279
2031	-	16,279	16,279
2032	-	16,279	16,279
2033	-	16,279	16,279
2034	-	16,279	16,279
2035	-	16,279	16,279
2036	-	16,279	16,279
2037	-	16,279	16,279
2038	-	16,279	16,279
2039	-	16,279	16,279
2040	-	16,279	16,279
2041	17,590	16,279	33,869
2042	18,470	15,399	33,869
2043	19,395	14,476	33,871
2044	20,360	13,506	33,866
2045	21,380	12,488	33,868
2046	22,450	11,419	33,869
2047	23,345	10,521	33,866
2048	24,280	9,587	33,867
2049	25,250	8,616	33,866
2050	26,265	7,606	33,871
2051	27,315	6,556	33,871
2052	28,515	5,355	33,870
2053	29,765	4,103	33,868
2054	31,075	2,794	33,869
2055	32,440	1,427	33,867
Total	<u>\$ 367,895</u>	<u>\$ 416,875</u>	<u>\$ 784,770</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 11. CTA BONDS PAYABLE (Continued)

2020B Taxable Series Sales Tax Receipts Revenue Refunding Bonds: On September 3, 2020, the CTA issued the Taxable Sales Tax Receipts Revenue Refunding Bonds, Series 2020B, in the amount of \$534 million. The bonds were issued to refund the outstanding Sales Tax Receipts Revenue Bonds Series 2011 and to repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2020B bonds bear interest ranging from 1.7% to 3.9%. Scheduled interest on the 2020B bonds was funded through June 1, 2021, with proceeds of the 2020B bonds and interest thereon. Interest on the 2020 bonds is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2022, through December 1, 2040.

Net proceeds of \$513.6 million were deposited into an irrevocable trust with an escrow agent to provide for debt services payments on the Sales Tax Receipts Revenue (Series 2011) bonds. As a result, a portion of the Sales Tax Receipts Revenue (Series 2011) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the Series 2011 bonds using the proceeds from the 2020B Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of \$47.6 and an economic gain (present value of the difference in debt service cash flow payments) of \$47 million. The defeased debt had a zero balance as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Taxable Sales Tax Receipts Revenue Bonds, Refunding Series 2020B of \$17.9 million was deferred and is being amortized over the next 20 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was \$13.1 million and \$14.5 million, respectively. Amortization of the deferred amount on the refunding was \$1.4 million and \$1.5 million for the years ended December 31, 2023 and 2022, respectively.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 22,590	\$ 16,435	\$ 39,025
2025	23,060	15,968	39,028
2026	23,565	15,458	39,023
2027	24,160	14,873	39,033
2028	24,825	14,213	39,038
2029	25,560	13,481	39,041
2030	26,345	12,700	39,045
2031	27,175	11,883	39,058
2032	28,075	10,986	39,061
2033	29,030	10,031	39,061
2034	30,055	9,014	39,069
2035	31,130	7,947	39,077
2036	32,255	6,825	39,080
2037	33,525	5,564	39,089
2038	34,845	4,252	39,097
2039	36,210	2,889	39,099
2040	37,635	1,472	39,107
Total	<u>\$ 490,040</u>	<u>\$ 173,991</u>	<u>\$ 664,031</u>

2021 Refunding Series Capital Grant Receipts Revenue Bonds: On June 10, 2021, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Funds and Section 5337 State of Good Repair Formula Funds, in the amount of \$121 million along with a premium of \$27.8 million. The bonds were issued to refund the Series 2010 5307 bonds maturing June 1, 2027 through 2028, the Series 2011 5307 bonds maturing June 1, 2022 through 2029, and the Series 2010 5309 bonds maturing June 1, 2027 through 2028.

The bonds contain a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2021 bonds bear interest at 5.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially June 1, 2022 through June 1, 2029.

Net proceeds of \$147.7 million were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds. As a result, a portion of the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds then outstanding are defeased and the related liability has been removed from the Statements of Net Position (Deficit). The CTA refunded the various bonds using the proceeds from the 2021 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of \$34.1 million and an economic gain (present value of the difference in debt service cash flows

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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payments of \$32.5 million. The defeased debt had a balance of zero as of December 31, 2023 and 2022.

NOTE 11. CTA BONDS PAYABLE (Continued)

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2021 of \$1.2 million was deferred and is being amortized over the next 8 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was \$727 thousand and \$912 thousand, respectively. Amortization of the deferred amount on the refunding was \$185 thousand and \$200 thousand for the years ended December 31, 2023 and 2022, respectively.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>2021 (5307)</u>		<u>2021 (5337)</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,475	\$ 4,172	\$ 285	\$ 1,055	\$ 8,760	\$ 5,227
2025	-	3,749	300	1,041	300	4,790
2026	-	3,748	315	1,026	315	4,774
2027	22,295	3,748	6,465	1,010	28,760	4,758
2028	32,700	2,634	13,730	686	46,430	3,320
2029	19,975	999	-	-	19,975	999
Total	<u>\$ 83,445</u>	<u>\$ 19,050</u>	<u>\$ 21,095</u>	<u>\$ 4,818</u>	<u>\$ 104,540</u>	<u>\$ 23,868</u>

2022A Second Lien Sales Tax Receipts Revenue Bonds: On March 31, 2022, the CTA issues the Second Lien Sales Tax Receipts Revenue Bonds, Series 2022A, in the amount of \$350 million, along with a premium of \$37.9 million. The bonds were issued to pay for projects included in the Capital Improvement Plan and repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2022A bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2022A bonds was funded through December 1, 2024 with proceeds of the 2022A bonds and interest thereon.

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NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

Interest is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2041 through December 1, 2057.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 16,923	\$ 16,923
2025	-	16,923	16,923
2026	-	16,923	16,923
2027	-	16,923	16,923
2028	-	16,923	16,923
2029	-	16,923	16,923
2030	-	16,923	16,923
2031	-	16,923	16,923
2032	-	16,923	16,923
2033	-	16,923	16,923
2034	-	16,923	16,923
2035	-	16,923	16,923
2036	-	16,923	16,923
2037	-	16,923	16,923
2038	-	16,923	16,923
2039	-	16,923	16,923
2040	-	16,923	16,923
2041	13,790	16,923	30,713
2042	14,480	16,234	30,714
2043	15,205	15,510	30,715
2044	15,965	14,749	30,714
2045	16,760	13,951	30,711
2046	17,600	13,113	30,713
2047	18,480	12,233	30,713
2048	19,220	11,494	30,714
2049	19,990	10,725	30,715
2050	20,790	9,926	30,716
2051	21,825	8,886	30,711
2052	22,920	7,795	30,715
2053	24,065	6,649	30,714
2054	25,270	5,446	30,716
2055	26,530	4,182	30,712
2056	27,860	2,856	30,716
2057	29,250	1,462	30,712
Total	<u>\$ 350,000</u>	<u>\$ 459,825</u>	<u>\$ 809,825</u>

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

The total bond debt service requirements to maturity for all outstanding bonds are as follows (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 137,905	\$ 238,827	\$ 376,732
2025	136,290	231,532	367,822
2026	143,650	224,140	367,790
2027	131,285	216,649	347,934
2028	154,910	209,262	364,172
2029-2033	667,100	925,999	1,593,099
2034-2038	905,150	697,983	1,603,133
2039-2043	768,900	409,313	1,178,213
2044-2048	655,130	239,772	894,902
2049-2053	418,555	90,005	508,560
2054-2057	172,425	18,167	190,592
Total	<u>\$ 4,291,300</u>	<u>\$ 3,501,649</u>	<u>\$ 7,792,949</u>

Future Revenue Pledges: The CTA has pledged the following future revenues to secure outstanding balances of bond issuances as of December 31, 2023 and 2022, in accordance with bond security requirements:

- Real Estate Transfer Tax (RETT) Receipts received from the City of Chicago are pledged to secure the Series 2008A and 2008B Sales and Transfer Tax Receipts Revenue Bonds; Sales Tax Receipts received from the Regional Transportation Authority (RTA) are pledged to secure remaining debt service unpaid by RETT receipts. Debt service for the bonds outstanding were \$2,662 million and \$2,818 million as of December 31, 2023 and 2022, respectively. Total real estate transfer tax funds were approximately \$53.3 million and \$79.9 million as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	<u>Principal</u>	<u>Interest</u>
2023	\$ 47,120	\$ 109,455
2022	44,080	112,496

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NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

- Sales Tax Receipts are also pledged to secure the First Lien Series 2010B, 2014, and 2020B as well as Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and 2017 Tax-Exempt Note Purchase Agreement (NPA). Sales Tax Receipts secure balances due on the Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and the 2017 Tax-Exempt Note NPA after satisfying balances due on First Lien Obligations. Debt service for the bonds outstanding were \$4,857.8 million and \$5,015.7 million as of December 31, 2023 and 2022, respectively. Total sales tax receipts funds were approximately \$1,005.1 million and \$966.2 million as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	<u>2010B</u>		<u>2014</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,405	\$ 28,900	\$ -	\$ 28,597
2022	12,720	29,583	-	28,597
	<u>2017</u>		<u>2020A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 14,711	\$ -	\$ 16,279
2022	-	14,711	-	16,279
	<u>2020B</u>		<u>2022A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 22,170	\$ 16,842	\$ -	\$ 16,923
2022	21,795	17,214	-	11,329

- Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula funds received from the FTA are pledged to secure the Series 2010, 2011, 2015, 2017, and 2021 FTA Section 5307 Urbanized Area Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were \$165.2 million and \$198.8 million as of December 31, 2023, and 2022, respectively. Total Federal Transit Administration Section 5307 Urbanized Area Formula funds were approximately \$438.6 million and \$272.4 million as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made December 31, 2023 and 2022 (in thousands of dollars):

	<u>2017</u>		<u>2022</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 17,205	\$ 3,708	\$ 8,070	
2022	16,385	4,527	7,810	4,842

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
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NOTE 11. CTA BONDS PAYABLE (Continued)

- As such, FTA Section 5337 State of Good Repair Federal Funds also received from the FTA are pledged to secure the Series 2010 FTA Section 5309 Fixed Guideway Modernization Capital Grant Receipts Revenue Bonds as well as the Series 2015, 2017, and 2021 FTA Section 5337 State of Good Repair Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were \$108.1 million and \$137.2 million as of December 31, 2023 and 2022, respectively. Total Federal Transit Administration Section 5337 State of Good Repair Formula funds were approximately \$162.1 million and \$185.5 million as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	<u>2015 (5337)</u>		<u>2017 (5337)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 370	\$ 2,193	\$ 22,475	\$ 2,720
2022	350	2,211	21,405	3,791

	<u>2021 (5337)</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 270	\$ 1,068
2022	285	1,005

NOTE 12. OTHER LONG-TERM DEBT OBLIGATIONS

CTA

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.

There were no future payments to be made by the CTA under the purchase agreement as of December 31, 2023.

As of September 2019, CTA has entered into another purchase agreement to replace the majority of the fare collection system equipment. No amounts are due and payable under the agreement for the new system until it is delivered operational, which is not anticipated to occur for several years. The payment for such replacement will be a separate capital costs to be paid in addition to the foregoing financed amounts.

TIFIA Loan Agreement

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 12. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

CTA borrowed \$79.2 million in 2018 and is capitalizing interest through 2020. Total capitalized interest of \$5.3 million will be added to the principal repayments over the life of the loan.

The TIFIA loan debt service requirements to maturity are as follows (in thousands of dollars):

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,782	\$ 2,728	\$ 4,510
2025	1,844	2,666	4,510
2026	1,908	2,601	4,509
2027	1,975	2,535	4,510
2028	2,044	2,466	4,510
2029-2033	11,346	11,203	22,549
2034-2038	13,475	9,073	22,548
2039-2043	16,005	6,545	22,550
2044-2048	19,009	3,541	22,550
2049-2050	8,567	453	9,020
Total	<u>\$ 77,955</u>	<u>\$ 43,811</u>	<u>\$ 121,766</u>

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 12. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

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

As of December 31, 2023, CTA had drawn down \$101.2 million on the 2105 TIFIA loan. Total capitalized interest of \$117 thousand will be added to the principal repayments over the life of the loan. The payment schedule below assumes that the entire balance will be down and will require payment. As a result, the payment schedule includes amounts that have not yet been drawn down and that the CTA is not yet obligated to pay.

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,771	\$ 2,217	\$ 8,988
2025	6,908	2,081	8,989
2026	7,048	1,941	8,989
2027	7,190	1,799	8,989
2028	7,336	1,653	8,989
2029-2033	7,484	6,921	14,405
2034-2038	-	6,770	6,770
2039-2043	13,184	6,470	19,654
2044-2048	24,084	4,160	28,244
2049-2052	21,350	1,247	22,597
Total	<u>\$ 101,355</u>	<u>\$ 35,259</u>	<u>\$ 136,614</u>

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

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 12. OTHER LONG-TERM DEBT OBLIGATIONS (Continued)

As of December 31, 2023, no drawdowns had occurred on the 2016 TIFIA loan. No balance is presented on the Statement of Net Position (Deficit) as of December 31, 2023.

NOTE 13. PENSION PLANS

CTA

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, 2023 and 2022 are as follows (in thousands of dollars):

	Employees' Plan	
	2023	2022
Employer contributions	\$ 146,556	\$ 143,591
Employee contributions	94,070	91,779
Total	<u>\$ 240,626</u>	<u>\$ 235,370</u>
Employer contribution rate	20.647%	20.647%
Employee contribution rate	13.324%	13.324%

Benefit terms. Substantially all non-temporary, full-time employees who have completed one year of continuous service (Service) participate in the Employee Plan. Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage, not to exceed 70%, of their average annual compensation in the highest four of the 10 preceding years. For employees retiring on or after January 1, 2001, the percentage is 2.15% multiplied by the employee's number of continuous years of participating service. The Employee Plan permits early retirement at age 55 with three years of service, generally with reduced benefits. However, in the event of early retirement by an employee who has 25 years or more of continuous service, regardless of their age, benefits will not be reduced. In accordance with Public Act 095-0708, for all employees hired on or after January 18, 2008, eligibility for an unreduced pension benefit has changed to age 64 with 25 years of service and early retirement is age 55 with 10 years of service. Benefits are paid monthly equal to one-twelfth of the annual benefit for the retiree's lifetime. Married employees can elect to receive their pension benefits in the form of a joint and survivor option. In addition to retirement benefits, the Employee Plan also provides disability and death benefits.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant’s Compilation Report)

NOTE 13. PENSION PLANS (Continued)

Employees covered by the benefit terms. The following participants were covered by the benefit terms as of January 1, 2022 and January 1, 2021:

	<u>Employees' Plan</u>
Participants as of January 1, 2022	
Retirees and beneficiaries currently receiving benefits	10,633
Terminated employees entitled to but not yet receiving benefits	146
Active plan members	<u>7,725</u>
Total	<u><u>18,504</u></u>
Participants as of January 1, 2021	
Retirees and beneficiaries currently receiving benefits	10,616
Terminated employees entitled to but not yet receiving benefits	160
Active plan members	<u>8,078</u>
Total	<u><u>18,854</u></u>

Net Pension Liability

The CTA’s net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

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

<u>Employee Plan</u>	
January 2, 2023 Actuarial Valuation	
Actuarial valuation date	January 1, 2022
Measurement date	December 31, 2022. Census data was collected as of January 1, 2022. Liabilities measured as of the census date were projected to December 31, 2022, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.10% per annum
Salary increases	Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	SOA Public Mortality General Below Median generational with Improvement Scale MP-2018
Early retirement age	Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However, if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

Normal retirement age	65
Actuarial cost method	Entry age normal - level percentage of pay
Asset valuation method	5-year smoothed actuarial value of assets
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

From 2022 to 2023, there were no changes in the actuarial assumptions. 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, 2023 and 2022 are summarized in the following table (note that the rates shown below include the inflation components):

	Employees' Plan			
	December 31, 2023		December 31, 2022	
	Target Allocation	Estimate of Expected Long-Term Rate of Return	Target Allocation	Estimate of Expected Long-Term Rate of Return
Fixed income	15%	4.36%	15%	3.85%
Domestic equities	30%	8.45%	30%	8.35%
International equities	26%	8.97%	26%	6.90%
Venture capital and partnerships	10%	12.90%	10%	8.48%
Real estate	12%	7.28%	12%	6.16%
Infrastructure	7%	6.37%	7%	4.87%

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate. The discount rate used to measure the total pension liability was 8.25% for both 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that Employees' Plan members and employer contributions will continue to follow the current funding policy. Based on those assumptions, the Employees' Plan 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.

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*.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

General Information about the Supplemental Plans

Plan Description. The CTA also maintains separate single employer, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board), (2) closed (Non-Qualified) supplemental plan for members that retired or terminated employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for active employees and members retiring after March 2005. All plans are closed to new entrants. CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified Supplemental Retirement Plan is reported in a fiduciary fund, whereas the activities for the Non-Qualified and Board plans are included in the financial statements of the CTA's business-type activities. There are no separate stand-alone financial reports issued for any of the Supplemental Plans.

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

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

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

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

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).

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

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 \$61 million for the year ended December 31, 2023.

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, 2023, the Authority reported a liability of \$13,424 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date, the Authority's proportion was 8.50%, which was a decrease of 0.30% from its proportion measured as of the prior year measurement date.

The net pension liability reflected in the RTA Pension Plan's Financial Report as of December 31, 2023, is \$101 million, of which the RTA's estimated proportionate share will be approximately \$9 million. This amount will be reflected as a liability in the Authority's financial statements next year.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

For the year ended December 31, 2023, the Authority recognized pension expense of \$4,966 thousand. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$ 1,339	\$ 421
Change of assumptions	2,654	28
Net difference between projected and actual earnings on pension plan investments	2,602	-
Change in proportion and differences between Authority contributions and proportionate share of contributions	756	230
Authority contributions subsequent to the measurement date	<u>5,140</u>	<u>-</u>
Total	<u>\$ 12,491</u>	<u>\$ 679</u>

The \$5,140 thousand 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 ending December 31, 2024.

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

<u>Year ended December 31:</u>	<u>Amount</u>
2024	\$ 2,331
2025	2,136
2026	940
2027	<u>1,264</u>
Total	<u>\$ 6,671</u>

The net pension liability reflected in the individual fund statements of the RTA, Metra and Pace as of December 31, 2023 is measured as of December 31, 2022 and is \$157.9 million, of which the estimated proportions include \$13.4 million for RTA, \$92.2 million for Metra and \$52.3 million for Pace. These amounts are reflected as a liabilities along with the additional pension amounts, such as deferred outflows (inflows) of resources and pension expense as applicable.

Actuarial assumptions. The total pension liability was determined using an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	2.85 percent to 8.60 percent including inflation
Investment rate of return	6.00 percent, net of pension plan investment expense, including inflation

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

Mortality rates were based on the Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and the Pub-2010 (General Employees) Healthy Retiree Mortality table for post-retirement mortality sex distinct, with mortality improvement projected from 2010 using projection scale MP-2018.

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 various actuarial assumptions included in the actuarial valuation report as of January 1, 2019 were updated according to an actuarial experience study for the period January 1, 2013 through January 1, 2018. A summary of changes from the prior valuation includes decreasing the inflation rate to 2.5% from 2.75%, lowering future salary increases from a range of 3.25% to 8.75% to 2.85% to 8.6% and updating the mortality tables utilized from RP-2014 to Pub 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These arithmetic real rates of return are combined to produce the long-term expected rate of return by weighing 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 the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28%	8.7%
Developed Foreign Equity	16%	9.8%
Emerging Markets Equity	15%	10.0%
Private Equity	4%	11.0%
Investment Grade Bonds	11%	4.7%
Long-Term Government Bonds	3%	5.0%
TIPS	3%	4.5%
High-Yield Bonds	3%	7.3%
Emerging Markets Bonds (local)	2%	6.0%
Emerging Markets Bonds (major)	2%	6.4%
Real Estate	8%	7.8%
Real Assets	5%	8.0%

Discount rate. A single discount rate of 6.0% 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 6.0%. 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 13. PENSION PLANS (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.00%, 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 (5.00%) or 1-percentage-point higher (7.00%) than the current rate (amounts in thousands):

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Collective Net Pension Liability	\$ 18,394	\$ 13,424	\$ 9,217

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 1550
Chicago, IL 60604

NOTE 14. 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 million, 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 14. RISK MANAGEMENT (Continued)

The limit of liability to the Fund is established at \$50 million, subject to the availability of funds in the Fund, less the retained limit (deductible portion) as described below:

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

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

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

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

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

Director, Officer and Employee Liability—All directors, officers or employees of each Participating Entity are covered, with certain defined exclusions, by the Plan. The retained limits are \$100,000,000 for each Wrongful Act. 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 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, 2023 to July 29, 2024. Property limit of liability is \$180 million per occurrence and is purchased in three layers. The first/primary layer provides a \$25 million limit. The first excess layer provides a \$105 million limit excess and above the primary. The second excess layer provides the final \$50 million limit excess. The basic policy deductible is \$1 million per each occurrence, with a \$5 million deductible for each rail car collision or derailment claim.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 14. RISK MANAGEMENT (Continued)

For its 45 underground storage tanks ("UST"), CTA purchases UST insurance to provide coverage in the event of soil or groundwater contamination from a UST leak. This insurance policy is effective January 28, 2023 to January 28, 2024 and provides a limit of \$1,000,000 per UST incident and \$2,000,000 total policy aggregate, with a tiered deductible based on the age of the UST.

The CTA is also self-insured for general liability, workers' compensation, employee accidents, environmental, automotive liability losses, 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 five insurance policies in effect from June 15, 2023 to June 15, 2024. The first policy provides \$10 million in excess of the \$15 million self-insured retention and \$20 million in the aggregate. The second policy provides \$5 million in excess of the \$25 million and \$10 million in the aggregate. The third policy provides \$10 million in excess of \$30 million and \$20 million in the aggregate. The fourth policy provides \$10 million in excess of \$40 million and \$20 million in the aggregate. The fifth policy provides \$50 million in excess of \$50 million and \$100 million in the aggregate. As of December 31, 2022, one CTA claim existed that is expected to exceed the \$15,000,000 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 the total balance in the Fund or a maximum of \$47.5 million. The CTA is obligated to reimburse the Fund for the principal amount borrowed plus a floating interest rate. However, the CTA is not obligated to make reimbursement payments, including interest, in excess of \$3.5 million in any one year. No borrowings were made from the Fund in fiscal years 2023 or 2022.

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 3.5% and 3.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 2.0% and 3.0%, respectively. Changes in the balance of claims liabilities during the past two years are as follows (in thousands of dollars):

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
 YEAR ENDED DECEMBER 31, 2023
 (See Independent Accountant's Compilation Report)

NOTE 14. RISK MANAGEMENT (Continued)

	Injury and Damage	Group Health and Dental	Workers' Compensation	Total
Balance at January 1, 2022	\$ 107,692	\$ 9,525	\$ 171,421	\$ 288,638
Funded*	31,680	170,256	60,998	262,934
Funding (excess)/deficiency per actuarial requirement	(24,521)	-	(1,865)	(26,386)
Payments*	(12,656)	(168,539)	(60,998)	(242,193)
Balance at December 31, 2022	102,195	11,242	169,556	282,993
Funded*	20,200	165,846	58,651	244,697
Funding (excess)/deficiency per actuarial requirement	25,898	-	11,244	37,142
Payments*	(35,730)	(163,634)	(58,651)	(258,015)
Balance at December 31, 2023	\$ 112,563	\$ 13,454	\$ 180,800	\$ 306,817

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.

Metra

A liability for each retained risk is provided based upon the estimated cost of settling claims using a case-by-case review and historical perspective. Changes in the retained risk portion of injury and damage, and Federal Employers Liability Act (FELA) accounts were as follows (amounts in thousands):

Balance, December 31, 2022	\$ 71,442
2023 provision	28,292
2023 payments	25,586
Balance, December 31, 2023	\$ 74,148

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant’s Compilation Report)

NOTE 14. RISK MANAGEMENT (Continued)

PACE

Pace’s basic risk financing policy is to retain a portion of the financial risk of loss for its General Liability, Automobile Liability, and Workers’ Compensation exposures. Pace does purchase aggregate insurance coverage in excess of specific self-insured retentions for each of the liability exposures highlighted below. Pace also purchases conventional insurance for its property, environmental, crime, employment practice, directors & officers and cyber liability exposures. The basic premise of Pace’s Risk Management program is to make risk control and risk financing decisions that minimize the adverse effects that accidental losses have on our organization. The employee health plan and workers’ compensation programs are administered primarily by third-party administrators that provide claims management services in exchange for a service fee.

There were no settlements in the past three years that exceeded the allotted coverage. There were also no significant reductions in coverage in 2023. Pace’s specific self-insured retentions as of December 31, 2023 are structured as follows:

General Liability	\$2,500,000 Each Occurrence
Pollution Legal Liability	\$25,000 Each Occurrence
Underground Storage Tank Liability	\$50,000 Each Occurrence Tanks Under 30 Years Old \$250,000 Each Occurrence Tanks Over 30 Years Old
Automobile Liability	\$5,000,000 Each Occurrence
Excess Workers Compensation	\$1,000,000 Each Occurrence
Property	\$25,000 Per Occurrence Deductible - All Other Risks Various Deductibles for Catastrophic Risks (Earthquake, Flood, and Wind/Hail)
Employment Practice Liability	\$100,000 Each Occurrence
Cyber Liability	\$100,000 Each Occurrence

Pace also has assumed the financial risk for its employee health and welfare coverage. The stop loss coverage at December 31, 2023 is as follows (amounts in thousands):

	<u>Specific Stop Loss</u>	<u>Aggregate Stop Loss</u>
Corporate and all Divisions	\$150,000.00	\$5,216,463.00

Claim reserves (liabilities) for general liability, automobile liability, and workers’ compensation are established based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and for claims that have been incurred but not reported (IBNR). For general and automobile liability, case reserves are established by the claim adjuster at the time the claim file is established and are modified throughout the life cycle of the claim

The reserves on larger cases, particularly those in litigation, are reviewed with legal staff. Reserves are reviewed regularly by the Pace General Counsel and adjusted on an as needed basis.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 14. RISK MANAGEMENT (Continued)

General liability, automobile liability, and workers' compensation claim reserves reflect the ultimate settlement value of the claim. For workers' compensation claims, reserves for temporary total disability (TTD), permanent partial disability, permanent total disability and medical expenses are established in accordance with the benefit structure outlined in the Illinois Workers' Compensation Act. If permanency is involved on the case, the reserves will be increased to reflect the appropriate amount as determined by previous cases settled at the Illinois Workers' Compensation Commission. Reserves are updated as necessary and reflect the ultimate settlement value of the claim.

General liability, automobile liability, and workers' compensation claim liabilities for incurred losses to be settled by a lump-sum payment or other agreement, represent their present value using an expected future investment yield of 2% per year. Reserves for employee health and welfare coverage are established based on historical claim experience. The ultimate liability for general liability, automobile liability, workers' compensation, and the employee health and welfare plan is approximately \$34 million and \$33 million as of December 31, 2023 and 2022, respectively. Cash is intended to pay for general liability, automobile liability, and workers' compensation at a present value of \$32 million and \$30 million for this liability at December 31, 2023 and 2022, respectively.

Changes in the balances of claims liabilities were as follows (amounts in thousands):

Balance at beginning of year	\$	33,500
Current year claims and changes in estimates		9,264
Claim payments		(11,116)
Balance at end of year	\$	<u>31,648</u>
Current portion of insurance reserves	\$	8,488
Non-current portion of insurance reserves		23,160
Total insurance reserves	\$	<u>31,648</u>

NOTE 15. 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 15. REGION-WIDE FINANCIAL INFORMATION (Continued)

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 2023, 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)	\$ 674,317	\$ 1,490,309
Metra ^(b)	366,938	850,488
Pace ^(c)	58,979	250,992
RTA	24,850	36,844
Total	<u>\$ 1,125,084</u>	<u>\$ 2,628,633</u>

The region-wide system-generated revenue recovery ratio for 2023 equals 42.80%.

- CTA's system-generated revenue recovery ratio includes Senior/Circuit Breaker Free Rides of \$14.9 million, and in-kind service of \$21.9 million both as revenues and expenses. The ratio excluded CTA expenses for security costs, and security camera contracts were for \$74.8 million, CSA labor and security department costs were an additional \$66.3 million, the FTA provided operating assistance to CTA of \$240 million, the Pension obligation bond debt service cost of \$101.2 million.
- Metra's system-generated revenue recovery ratio includes Federal relief funding for fare revenue replacement \$152.8 million, expenses excluded \$ 39.2 million of security costs, \$17.6 million for lease of transportation facilities, and \$4 million for depreciation expense to carriers.
- Pace's system-generated revenue recovery ratio included Senior/Circuit Breaker Free Rides revenue of \$1.3 million and in-kind revenue of \$8.9 million both as revenues and expenses. The ratio excluded expenses for SSJA exclusion \$7.5 million, bond interest \$207 thousand and Pace Express Bus Service expense was \$17.9 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.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2023
(See Independent Accountant's Compilation Report)

NOTE 15. REGION-WIDE FINANCIAL INFORMATION (Continued)

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 year 2023. Pace ended the year with a 10.27% recovery ratio for Regional ADA Paratransit Services. The 2023 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 16. 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 15, 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 71)	\$ 1,181,765	\$ 2,690,406	\$ 1,267,498	\$ 570,384
Sales tax custodial fund	1,652,118	-	-	-
Pension trust fund	103,538	-	-	-
Senior free rides	-	14,904	1,611	1,256
FTA Operating Assistance	-	240,255	152,895	-
Differential between loss in system-generated Revenue and CARES funding	-	-	-	-
In-kind services	-	21,996	-	8,964
Region-wide revenues (page 72)	2,937,421	2,967,561	1,422,004	580,604
Government-wide expenses (page 71)	1,033,306	2,599,144	1,153,284	563,936
Sales tax custodial fund	1,652,118	-	-	-
Pension trust fund	24,823	-	-	-
In-kind services	-	21,996	-	-
Indirect overhead	-	-	-	(7,500)
Security costs	-	(141,150)	(39,233)	-
Lease of transportation facilities	-	-	(17,587)	-
ICE	-	-	-	-
Pension and other employee benefits	-	(101,244)	-	-
Capital (depreciation, disposals/additions)	-	-	(4,447)	-
Regional and Agency Capital	-	-	-	-
Operating	-	-	-	(17,928)
SSJA Exclusion	-	-	-	-
Region-wide expenses (page 72)	2,710,247	2,378,746	1,092,017	538,508
Net revenues	\$ 227,174	\$ 588,815	\$ 329,987	\$ 42,096

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Compilation Report)

NOTE 17. OTHER REPORTABLE EVENTS / SUBSEQUENT EVENTS

RTA

There are no significant subsequent events.

CTA

Lines of Credit

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of \$75 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, National Association in a not-to-exceed amount of \$75 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of \$150 million. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 3, 2029.

Metra

Metra has evaluated subsequent events through May 15, 2024, the date the financial statements are available for issuance.

Through May 31, 2024, Metra has requisitioned \$74.7 million of operating assistance under the ARP Act from the FTA; for the 2024 fiscal year. Through May 15, 2024, Metra has requisitioned \$74.7 million of operating assistance under the ARP Act from the FTA for the 2024 fiscal year. Additionally, Metra has not yet requisitioned the \$39.6 million under the ARP Act that was accrued for fiscal 2023. As of this date, there is \$418.5 million in federal relief funding available: \$194.3 million remaining under ARPA; \$162.3 million under the CARES Act; and \$61.9 million under CRRSAA.

Pace

There are no significant subsequent events.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 2023

(In Thousands)

	Service Boards							Total Combined
	RTA Government-Wide	Chicago	Commuter	Suburban	Combining			
		Transit Authority	Rail Division	Bus Division	Adjustments			
					Debit	Credit		
REVENUES:								
Service Boards operating revenues	\$ -	\$ 368,828	\$ 214,044	\$ 47,793	\$ 4,603	\$ -	\$ 626,062	
RTA financial assistance	-	1,058,386	710,243	450,609	1,776,671	-	442,567	
Other public funding	-	274,285	-	2,628	-	-	276,913	
Capital grants	-	957,532	343,211	54,404	570,238	-	784,909	
Sales taxes	173,483	-	-	-	-	1,631,328	1,804,811	
Interest on sales taxes	3,224	-	-	-	-	-	3,224	
Public Transportation Fund	313,128	-	-	-	207,983	-	105,145	
Operating assistance	497,271	-	-	-	-	-	497,271	
State assistance	117,369	-	-	-	-	-	117,369	
Investment income	22,748	31,375	-	14,950	-	-	69,073	
Program revenues and other	54,542	-	-	-	-	-	54,542	
Total revenues	1,181,765	2,690,406	1,267,498	570,384	2,559,495	1,631,328	4,781,886	
EXPENSES:								
Operating	-	1,700,818	911,755	504,804	-	4,603	3,112,774	
Depreciation	-	722,962	241,529	59,132	-	-	1,023,623	
Financial assistance to Service Boards	355,818	-	-	-	-	355,818	-	
Capital grants—bonds	518,058	-	-	-	-	518,058	-	
IDOT Capital Grant - PACE (ADA)	12,949	-	-	-	-	12,949	-	
Operating assistance - service boards	36,739	-	-	-	-	36,739	-	
Insurance (JSIF)	9,363	-	-	-	-	-	9,363	
Administrative and other expenses	20,965	-	-	-	-	-	20,965	
Regional and technology expenses	21,616	-	-	-	-	-	21,616	
Interest expenses	57,798	175,364	-	-	-	-	233,162	
Total expenses	1,033,306	2,599,144	1,153,284	563,936	-	928,167	4,421,503	
NET REVENUES (EXPENSES)	\$ 148,459	\$ 91,262	\$ 114,214	\$ 6,448	\$ 2,559,495	\$ 2,559,495	\$ 360,383	

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, 2023
(In Thousands)

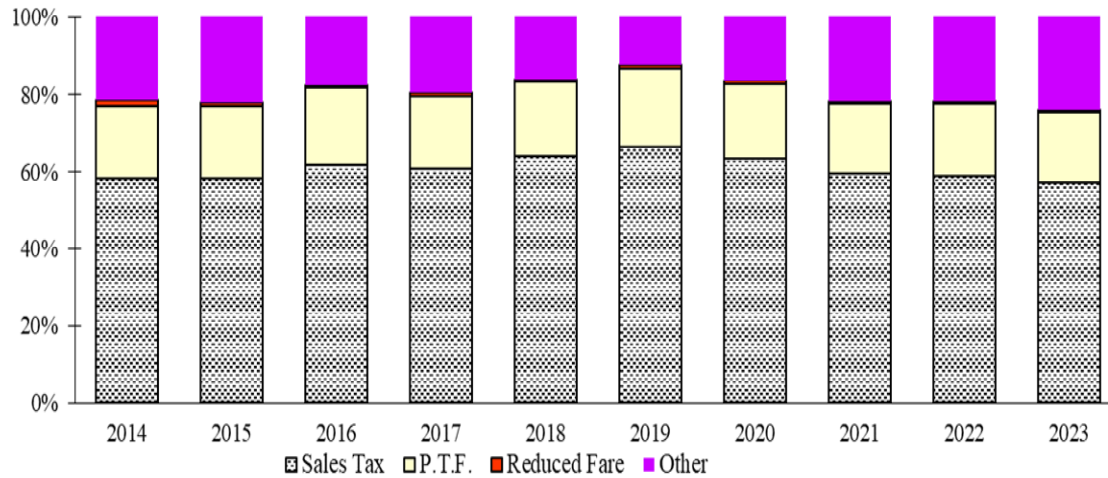
	RTA				Combining		Total Combined	Total Region-Wide Budget
	Government-Wide and Fiduciary Funds (1)	Service Boards			Adjustments			
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit		
REVENUES:								
RTA financial assistance	\$ -	\$ 1,058,386	\$ 710,243	\$ 450,608	\$ 1,776,671	\$ -	\$ 442,566	\$ -
Other public funding	-	240,255	-	-	-	-	240,255	-
Capital grants	-	957,532	343,211	54,404	551,560	-	803,587	-
Sales taxes	1,594,699	-	-	-	-	-	1,594,699	1,537,674
Public Transportation Fund	521,111	-	-	-	207,983	-	313,128	494,942
General State revenue	497,271	-	-	-	-	-	497,271	-
Operating assistance	49,134	-	-	2,629	-	-	51,763	-
State Assistance (AFA & ASA)	117,369	-	-	-	-	-	117,369	115,189
State reduced fare reimbursement	18,316	-	-	-	18,316	-	-	17,570
Pension contribution	61,062	-	-	-	-	-	61,062	-
Pension investment income (loss)	42,476	-	-	-	-	-	42,476	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-
Other revenues	5,408	22,167	-	14,950	-	-	42,525	-
Interest on sales taxes to Service Boards	4,603	-	-	-	4,603	-	-	-
Subtotal	2,911,449	2,278,340	1,053,454	522,591	2,559,133	-	4,206,701	2,165,375
Investment income	22,748	-	-	-	-	-	22,748	1,000
Interest on sales taxes	3,224	-	-	-	-	-	3,224	-
Service Boards revenues	-	412,066	214,043	47,794	-	-	673,903	637,990
Add (Subtract):								
FTA Operating Assistance (Cares and CRRSA)	-	240,255	152,895	-	-	-	393,150	-
Differential between loss in system-generated Revenue and CARES funding	-	-	-	-	-	-	-	-
Senior Free Ride	-	14,904	1,612	1,255	-	-	17,771	-
In-kind services	-	21,996	-	8,964	-	-	30,960	-
Subtotal	25,972	689,221	368,550	58,013	-	-	1,141,756	638,990
Total revenues	2,937,421	2,967,561	1,422,004	580,604	2,559,133	-	5,348,457	2,804,365
EXPENSES:								
Depreciation	-	722,969	241,529	59,132	-	-	1,023,630	-
Interest expenses from leasing transactions	-	2,435	-	-	-	-	2,435	-
Interest expenses	57,798	123,831	-	-	-	-	181,629	181,629
Financial assistance to Service Boards	2,039,307	-	-	-	-	1,997,603	41,704	-
Capital grants—bonds	518,058	-	-	-	-	538,611	(20,553)	-
State reduced fare reimbursement	18,316	-	-	-	-	18,316	-	-
Bond related expenses	62	-	-	-	-	-	62	-
Pension and other employee benefits	24,823	39,202	-	-	-	-	64,025	-
Interest on sales taxes to Service Boards	-	-	-	-	-	4,603	(4,603)	-
Subtotal	2,658,364	888,437	241,529	59,132	-	2,559,133	1,288,329	181,629
Operating expenses	9,363	1,710,707	911,755	504,804	-	-	3,136,629	3,349,393
Administrative expenses	20,904	-	-	-	-	-	20,904	17,126
Regional and Technology expenses	21,616	-	-	-	-	-	21,616	19,198
Add (Subtract):								
In-kind services	-	21,996	-	-	-	-	21,996	21,996
Indirect Overhead	-	-	-	(7,500)	-	-	(7,500)	(7,500)
Security costs	-	(141,150)	(39,233)	-	-	-	(180,383)	(180,383)
Express Bus Service Expense	-	-	-	(17,928)	-	-	(17,928)	-
Pension Obligation Bond Debt Service	-	(101,244)	-	-	-	-	(101,244)	(101,244)
Lease of transportation facilities	-	-	(17,587)	-	-	-	(17,587)	(17,587)
Capital (depreciation, disposals/additions)	-	-	(4,447)	-	-	-	(4,447)	(4,447)
Subtotal	51,883	1,490,309	850,488	479,376	-	-	2,872,056	3,096,552
Total expenses	2,710,247	2,378,746	1,092,017	538,508	-	2,559,133	4,160,385	3,278,181
NET REVENUES (EXPENSES)	\$ 227,174	\$ 588,815	\$ 329,987	42,096	\$ 2,559,133	\$ (2,559,133)	\$ 1,188,072	\$ (473,816)

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

Table 1

RTA REVENUE BY SOURCE

2014-2023

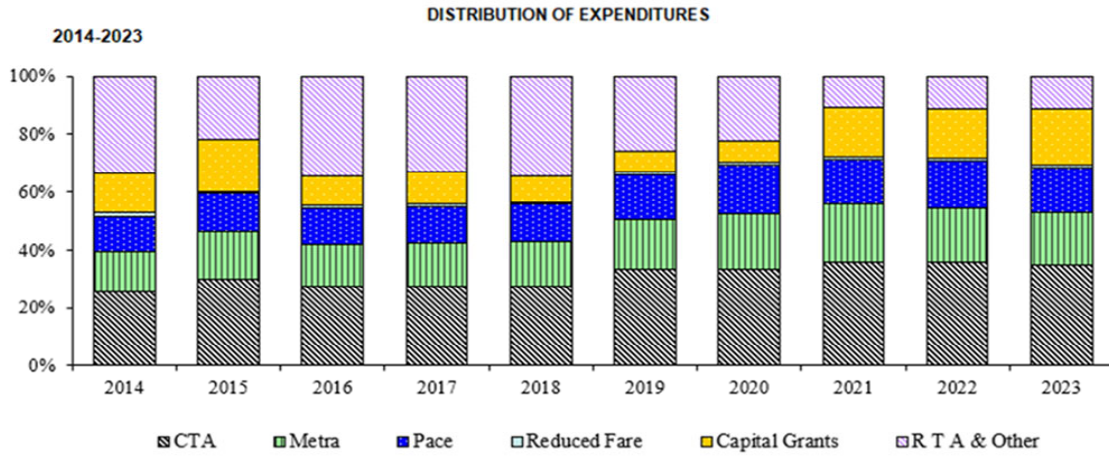


Last Ten Years

(In Thousands)

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/14	\$ 1,121,275	\$ 357,711	\$ 34,070	\$ 410,449	\$ 1,923,505
<i>Percentage of Total</i>	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
<i>Percentage of Total</i>	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
<i>Percentage of Total</i>	61.70%	19.93%	0.91%	17.46%	100%
12 Months Ended 12/31/17	1,185,986	362,647	17,570	380,963	1,947,166
<i>Percentage of Total</i>	60.91%	18.62%	0.90%	19.56%	100%
12 Months Ended 12/31/18	1,237,339	368,367	16,692	306,944	1,929,342
<i>Percentage of Total</i>	64.13%	19.09%	0.87%	15.91%	100%
12 Months Ended 12/31/19	1,254,161	381,989	17,570	233,541	1,887,261
<i>Percentage of Total</i>	66.45%	20.24%	0.93%	12.37%	100%
12 Months Ended 12/31/20	1,178,795	358,393	17,570	304,647	1,859,405
<i>Percentage of Total</i>	63.40%	19.27%	0.94%	16.38%	100%
12 Months Ended 12/31/21	1,468,807	437,268	17,570	535,752	2,459,397
<i>Percentage of Total</i>	59.72%	17.78%	0.71%	21.78%	100%
12 Months Ended 12/31/22	1,569,567	499,587	17,570	574,558	2,661,282
<i>Percentage of Total</i>	58.98%	18.77%	0.66%	21.59%	100%
12 Months Ended 12/31/23	1,611,296	521,111	18,317	675,567	2,826,291
<i>Percentage of Total</i>	57.01%	18.44%	0.65%	23.90%	100%

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

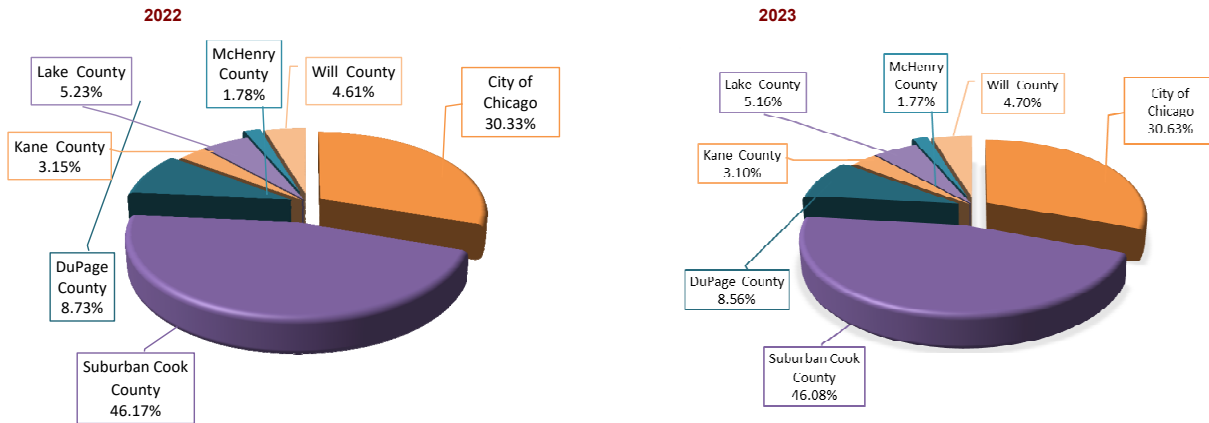


Last Ten Years (in thousands)

	Financial Assistance				Reduced Fare	Capital Grants	R T A and Other	Total
	CTA	Metra	Pace	Total				
12 Months Ended 12/31/14	597,363	322,518	268,657	1,188,538	34,070	314,780	785,469	2,322,856
<i>Percentage of Total</i>	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
<i>Percentage of Total</i>	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
<i>Percentage of Total</i>	27.53%	14.44%	12.33%	54.30%	0.75%	10.38%	34.57%	100%
12 Months Ended 12/31/17	630,467	339,865	288,253	1,258,585	17,570	256,362	758,542	2,291,059
<i>Percentage of Total</i>	27.52%	14.83%	12.58%	54.93%	0.77%	11.19%	33.11%	100%
12 Months Ended 12/31/18	650,167	352,502	303,207	1,305,876	16,692	209,061	819,100	2,350,729
<i>Percentage of Total</i>	27.66%	15.00%	12.90%	55.55%	0.71%	8.89%	34.84%	100%
12 Months Ended 12/31/19	666,766	355,446	307,272	1,329,484	17,570	149,249	524,696	2,020,999
<i>Percentage of Total</i>	32.99%	17.59%	15.20%	65.78%	0.87%	7.38%	25.96%	100%
12 Months Ended 12/31/20	606,757	347,126	299,038	1,252,921	17,570	138,313	408,815	1,817,619
<i>Percentage of Total</i>	33.38%	19.10%	16.45%	68.93%	0.97%	7.61%	22.49%	100%
12 Months Ended 12/31/21	776,857	438,818	332,812	1,548,487	17,570	376,964	235,129	2,178,150
<i>Percentage of Total</i>	35.67%	20.15%	15.28%	71.09%	0.81%	17.31%	10.79%	100%
12 Months Ended 12/31/22	858,359	462,619	394,215	1,715,193	17,570	422,066	271,934	2,426,763
<i>Percentage of Total</i>	35.37%	19.06%	16.24%	70.68%	0.72%	17.39%	11.21%	100%
12 Months Ended 12/31/23	897,834	480,427	398,773	1,777,034	18,317	520,495	291,019	2,606,865
<i>Percentage of Total</i>	34.44%	18.43%	15.30%	68.17%	0.70%	19.97%	11.16%	100%

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

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO



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 12/31/14	\$ 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%	100.00%
12 Months Ended 12/31/16	368,589	546,376	102,966	35,476	63,521	20,801	47,453	1,185,182
Percentage of Total	31.10%	46.10%	8.69%	2.99%	5.36%	1.76%	4.00%	100%
12 Months Ended 12/31/17	365,311	548,955	103,254	36,047	63,041	20,976	48,403	1,185,987
Percentage of Total	30.80%	46.29%	8.70%	3.04%	5.32%	1.77%	4.08%	100%
12 Months Ended 12/31/18	380,082	572,126	105,460	37,452	64,929	21,507	50,455	1,232,011
Percentage of Total	30.85%	46.44%	8.56%	3.04%	5.27%	1.75%	4.10%	100%
12 Months Ended 12/31/19	390,709	580,259	107,848	37,876	62,748	21,895	52,826	1,254,161
Percentage of Total	31.15%	46.27%	8.60%	3.02%	5.00%	1.75%	4.21%	100%
12 Months Ended 12/31/20	319,612	554,640	102,676	37,302	61,586	21,400	53,942	1,151,158
Percentage of Total	27.76%	48.18%	8.92%	3.24%	5.35%	1.86%	4.69%	100%
12 Months Ended 12/31/21	429,301	693,634	127,919	46,466	75,601	26,670	69,216	1,468,807
Percentage of Total	29.23%	47.22%	8.71%	3.16%	5.15%	1.82%	4.71%	100%
12 Months Ended 12/31/22	476,052	724,659	137,054	49,468	82,051	27,864	72,418	1,569,566
Percentage of Total	30.33%	46.17%	8.73%	3.15%	5.23%	1.78%	4.61%	100%
12 Months Ended 12/31/23	499,478	751,449	139,631	50,494	84,234	28,918	76,679	1,630,883
Percentage of Total	31.82%	47.88%	8.90%	3.22%	5.37%	1.84%	4.89%	104%

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

LEGAL DEBT CAPACITY

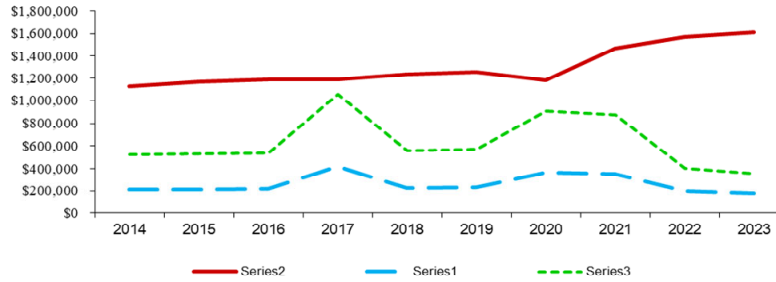
(In Thousands)

2023

Legal Debt Margin:	Balance Outstanding at December 31, 2023	Issued	Working Cash Notes	Total
Debt Limitation per Act for General Obligations				
Debt applicable to limitation :				\$ 800,000
Non-SCIP Bonds:				
2003B General Obligation Bonds	\$ 78,175			
2005B General Obligation Refunding Bonds	25,485			
2010A General Obligation Bonds	-			
2010B General Obligation Bonds	106,040			
2016A General Obligation Bonds	83,660			
2018B General Obligation Bonds	127,535			
2021A General Obligation Refunding Bonds	<u>83,595</u>			
Total RTA Bonds Applicable to Limitation	<u>504,490</u>			(504,490)
SCIP Bonds:				
1992A General Obligation Bonds	-	188,000		
1993A General Obligation Bonds	-	55,000		
1994A General Obligation Bonds	-	195,000		
1994C General Obligation Bonds	-	62,000		
1999 General Obligation Refunding Bonds	22,180	-		
2000 General Obligation Bonds	107,715	260,000		
2001A General Obligation Bonds	43,945	100,000		
2001B General Obligation Refunding Bonds	-	-		
2002A General Obligation Bonds	77,600	160,000		
2003A General Obligation Bonds	135,505	260,000		
2004A General Obligation Bonds	144,935	260,000		
2006A General Obligation Bonds	-	-		
2017A General Obligation Bonds	<u>148,035</u>	<u>250,030</u>		
Total SCIP Bonds Applicable to Limitation		<u>\$ 1,790,030</u>		
Total SCIP Bonds Outstanding	<u>679,915</u>			
Total Bonds Outstanding	<u>\$ 1,184,405</u>			
Debt Margin for General Obligations				295,510
Debt Limitation per Act for Working Cash Notes			\$ 100,000	
Total RTA Working Cash Notes Applicable to Limitation				
Debt Margin for Working Cash Notes				<u>100,000</u>
Total Legal Debt Margin				<u>\$ 395,510</u>

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

2014 - 2023
(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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales Tax Revenue	\$ 1,123,997	\$ 1,169,267	\$ 1,185,182	\$ 1,185,986	\$ 1,237,339	\$ 1,254,161	\$ 1,178,795	\$ 1,468,807	\$ 1,569,567	\$ 1,611,296
Debt Service Requirement	208,985	211,041	214,984	421,835	223,893	228,939	362,935	350,304	199,707	178,063
2.5 Times Debt Service Requirement	522,463	527,603	537,460	1,054,588	559,733	572,348	907,338	875,760	399,414	356,126

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.

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

<i>Last Ten Years</i>				<i>(In Thousands)</i>	
Year	Debt Service Requirements			Total	Ratio of Debt
	Principal	Interest	Total	Expenditures	Service to Total Expenditures
2014	\$ 93,740	\$ 115,245	\$ 208,985	\$ 2,322,856	9.00%
2015	100,610	110,431	211,041	2,109,256	10.01%
2016	106,385	108,599	214,984	2,332,695	9.22%
2017	313,870	107,965	421,835	2,291,059	18.41%
2018	121,295	102,598	223,893	2,350,729	9.52%
2019	130,070	98,869	228,939	2,020,999	11.33%
2020	271,470	91,465	362,935	1,817,619	19.97%
2021	357,585	82,249	439,834	2,617,435	16.80%
2022	127,300	72,407	199,707	2,426,763	8.23%
2023	111,330	66,733	178,063	2,602,311	6.84%

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
2014	\$ 533.43	\$ 317.02	\$ 161.55	\$ 54.86	\$ -
2015*	1,034.69	826.16	161.32	47.21	-
2016	528.31	295.30	190.69	42.32	-
2017**	504.56	294.77	169.83	39.96	-
2018***	576.66	342.48	186.29	47.89	-
2019****	549.80	322.25	183.91	43.64	-
2020*****	524.24	303.96	178.35	41.93	-
2021*--	527.36	305.46	179.55	42.35	-
2022*---	734.03	422.72	252.98	58.33	-
2023	810.76	469.05	280.89	60.82	-
Total	\$ 6,323.84	\$ 3,899.17	\$ 1,945.36	\$ 479.31	\$ -

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

* 2015 data includes \$557.00 TIFIA funding for CTA. Out of \$557.00 applied for, CTA received \$374.90

** 2017 data includes \$5.18M of reprogrammed CTA federal formula funds, \$0.06M additional Metra federal formula funds and \$0.01M additional Pace federal formula funds

*** 2018 data includes reprogrammed federal formula funds: \$0.13M for CTA, \$0.26M for Metra, and \$0.02M for Pace; for a total of \$0.41M of reprogrammed federal formula funds

**** 2019 data includes reprogrammed federal formula funds: \$8.5M for CTA, and \$0.41M for Pace; for a total of \$8.91M

*****2020 includes reprogrammed federal formula funds: \$0.17M for Metra

*- -2021 data included reprogrammed federal formula funds: \$0.18M for Metra and \$0.21M for Pace for a total of \$0.39M

*- -2022 data includes

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2023

<u>Chicago Transit Authority</u>	<u>Metra Commuter Rail Division*</u>	<u>Pace Suburban Bus Division</u>
<u>Rapid Transit</u>	<u>Commuter Rail</u>	<u>Fixed Route Bus</u>
<ul style="list-style-type: none"> • 8 rail lines • 145 stations served • 1,480 rapid transit cars • 117.4 million riders per year • 1,719 STO* positions 	<ul style="list-style-type: none"> • 11 rail lines • 488 route miles • 1,155 miles of track • 242 stations • 176 locomotives • 861 diesel passenger cars • 182 electric passenger cars • 582 weekday trains operated • 31.9 million riders per year • 4,489 full-time employees • 704.0 million passenger miles per year • 43.0 million vehicle revenue miles per year 	<ul style="list-style-type: none"> • 134 regular routes • 5 feeder routes • 0 shuttle routes • 498 vehicles in use during peak periods • 14.9 million riders per year • 701 Pace-owned buses • 1,752 full-time employees
<u>Motor Bus</u>		<u>ADA Paratransit</u>
<ul style="list-style-type: none"> • 127 bus routes • 1,859 buses • 161.7 million riders per year • 3,708 STO* positions 		<ul style="list-style-type: none"> • 446 Pace-owned lift-equipped vehicles in service • 2.9 million riders per year • 48 full-time employees
<u>CTA Totals</u>		<u>Demand-Response</u>
<ul style="list-style-type: none"> • 0.5 billion rail passenger miles per year • 296.8 million bus passenger miles per year • 119.4 million vehicle revenue miles per year • 4,869 Non-STO* positions 		<ul style="list-style-type: none"> • 44 local services • 232 Pace-owned lift-equipped vehicles in service • 130 communities served • 0.7 million riders per year
		<u>Vanpool</u>
		<ul style="list-style-type: none"> • 299 vanpool vehicles in operation • 0.5 million riders per year

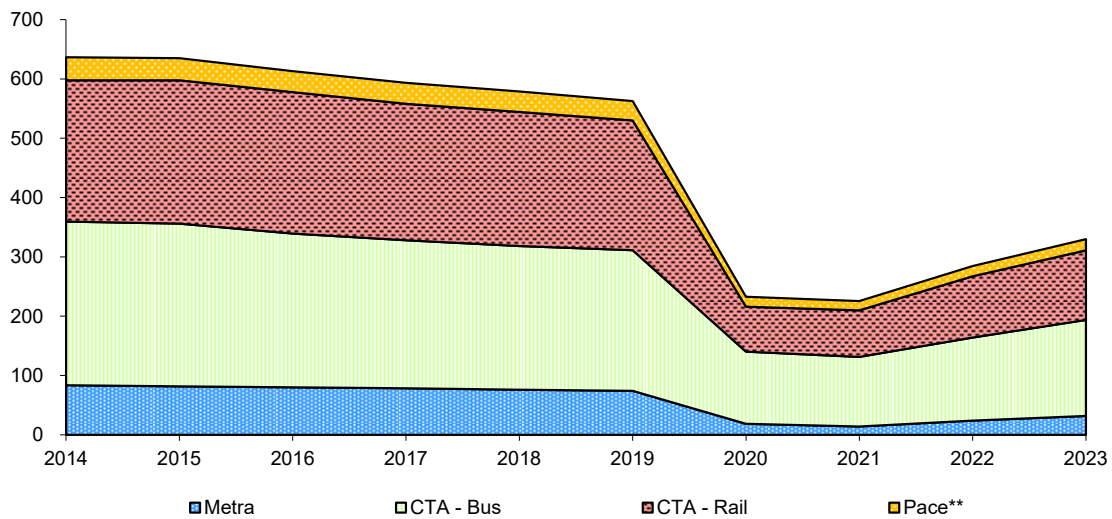
*STO is scheduled transit operators. This classification includes bus operators, motormen, conductors, and customer assistants.

*All data excludes NICTD South Shore

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

System Ridership and Unlinked Passenger Trips

2014-2023
(In Millions)



Last Ten Years

(In Millions)

Service Consumed:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CTA - Bus	276.1	274.3	259.1	249.2	242.2	237.3	121.4	117.4	140.0	161.7
CTA - Rail	238.1	241.7	238.6	230.2	225.9	218.5	76.0	78.6	103.5	117.4
Total CTA*	514.2	516.0	497.7	479.4	468.1	455.8	197.4	196.0	243.5	279.1
Metra	83.4	81.6	80.1	78.6	76.2	74.0	18.6	13.9	23.8	31.9
Pace**	38.9	37.3	35.4	35.5	34.5	32.7	16.7	15.5	17.2	19.0
System Total	636.5	634.9	613.2	593.5	578.8	562.5	232.7	225.4	284.5	329.9
Percent Change	-4.4%	-0.3%	-3.4%	-3.2%	-2.5%	-2.8%	-58.6%	-3.1%	26.2%	16.0%

*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 2023.

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
<i>Pace</i>					
<u>Summary of Services</u>					
Fixed Route - Public Funded Carriers	\$ 3,100	\$ 209	\$ 2,891	\$ 1,221	\$ 2,089
Fixed Route - Private Contract Carriers	4,065	702	3,363	-	
Total Fixed Route Service	7,165	911	6,254	1,221	2,089
Private Contract Carriers					
DAR Services	1,182	19,064	17,882	-	8,275
DAR and Stable Services	9,565	210,686	201,121	-	-
Total Private Contract Carriers	10,747	229,750	219,003	-	8,275
Paratransit - Municipal Carriers	181	3,835	3,654	754	2,899
Total Pace	\$ 18,093	\$ 234,496	\$ 228,911	\$ 1,975	\$ 13,263
<i>Pace</i>					
<u>Detail of Services</u>					
<u>Fixed Route - Public Funded Carriers</u>					
City of Highland Park	\$ 1,213	\$ 65	\$ 1,148	\$ 385	\$ 894
Village of Niles	1,383	97	1,286	502	978
Village of Schaumburg	504	47	457	334	217
Total	\$ 3,100	\$ 209	\$ 2,891	\$ 1,221	\$ 2,089
<u>Private Contract Carriers - Fixed Route</u>					
First Transit	\$ 736	\$ 10	\$ 726	\$ -	\$ 726
M V Transportation	2,529	690	1,839		1,839
River North	800	2	798	-	798
Total	\$ 4,065	\$ 702	\$ 3,363	\$ -	\$ 3,363

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					
Bloomington Township	\$ 13	\$ 344	\$ 331	\$ -	\$ 73
Call Centers		1,470	1,470	-	
Call in Rides	67	2,521	2,454	-	
Central Lake		7	7	-	
Central Will	35	865	830	-	177
Community Service Transit	106	28	(78)	-	
Downers Grove	8	125	117	-	25
Dupage County		6	6	-	
Dupage Township	2	85	83	-	17
Elk Grove	8	327	319	-	144
Leyden Township	9	188	179	-	82
McHenry County	3	130	127	-	15
Milton Township	40	390	350	-	48
Naperville/Lisle	108	823	715	-	523
Northeast Lake		3	3	-	
Northeast Lake-Zion			-	-	
Northwest Kane-Hampshire		20	20	-	5
Northwest Lake			-	-	
Northwest Lake Demo			-	-	
North Suburban Cook-Trip	27	335	308	-	
Ride DuPage	164	2,217	2,053	-	1,516
Ride In Kane	262	3,560	3,298	-	2,680
Ride In Lake	112	1,604	1,492	-	696
Ride In McHenry	191	3,443	3,252	-	1,872
Shields Township			-	-	
South Cook		32	32	-	
Southwest Lake-Wauconda		5	5	-	
TNC Customer Directed ride DuPage		62	62	-	
Southwest Will		7	7	-	
Wayne Township		34	34	-	6
West Cook			-	-	
Will County	27	433	406	-	396
Total	\$ 1,182	\$ 19,064	\$ 17,882	\$ -	\$ 8,275

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
<u>Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)</u>					
South Cook	\$ 765	\$ 12,400	\$ 11,635	\$ -	\$ -
North Suburban Cook	536	9,042	8,506	-	-
West Cook (Suburban)	239	3,013	2,774	-	-
North Lake	95	1,495	1,400	-	-
Kane County	39	752	713	-	-
Southwest/Central Will	51	948	897	-	-
DuPage County	145	3,221	3,076	-	-
TNC Customer Directed Ride DuPag	58	1,319	1,261	-	-
Chicago ADA	7,637	178,496	170,859	-	-
Total	\$ 9,565	\$ 210,686	\$ 201,121	\$ -	\$ -

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
<u>Paratransit - Municipal Carriers</u>					
Bloom	\$ 18	\$ 407	\$ 389	\$ 93	\$ 296
Crestwood	5	97	92	31	61
Forest Park	20	258	238	84	155
Lemont	4	58	54	17	37
Lyons	14	323	309	33	276
Norridge	2	46	44	10	33
Palatine	16	288	272	47	224
Palos Hills	4	65	61	14	47
Park Forest	9	84	75	27	48
Rich Township	23	463	440	90	350
Schaumburg	66	1,746	1,680	308	1,372
Vernon Township	-	-	-	-	-
Total	\$ 181	\$ 3,835	\$ 3,654	\$ 754	\$ 2,899



Regional
Transportation
Authority

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rtachicago.org



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