

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Regional
Transportation
Authority

Fiscal Year Ended December 31, 2015
Prepared by the Department of
Finance, Innovation & Technology

**REGIONAL TRANSPORTATION AUTHORITY
NORTHEASTERN ILLINOIS**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

Prepared by:

Department of Finance, Innovation and Technology

**Bea Reyna-Hickey
Chief Financial Officer and
Senior Deputy Executive Director**

and

Controller Division

**REGIONAL TRANSPORTATION AUTHORITY
2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**Regional
Transportation
Authority**

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June 23, 2016

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

I have the pleasure to submit to you the Comprehensive Annual Financial Report ("CAFR") of the Regional Transportation Authority ("RTA") for the year ended December 31, 2015. The RTA staff has prepared this report as required by, and in accordance with, the RTA Act. This state law requires that the RTA publish financial statements presented in conformity with generally accepted accounting principles and audited by an independent certified public accountant.

This report consists of RTA management's representations concerning its finances. The responsibility for the accuracy, completeness, and fairness of the data rests with management. To the best of our knowledge and belief, this report contains data complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of the RTA has established an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss, theft, or misuse, and that adequate and reliable accounting data is compiled to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits of that control, and that the valuation of costs and benefits requires estimates and judgments by management.

In addition to the statutory requirement of the RTA Act for an annual audit by independent certified public accountants, the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, require the RTA to undergo an annual Single Audit. The RTA has engaged the firm of RSM US LLP to meet these requirements. The firm followed auditing standards generally accepted in the United States of America and the standards set forth in the above circular in conducting the engagement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the RTA's financial statements for the year ended December 31, 2015, are presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first part of the financial section of this report.

A separately issued Single Audit report contains a schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws, regulations, contracts and grants, a schedule of findings and questioned costs, and other information related to the Single Audit.

Accounting principles generally accepted in the United States of America require that management provide a discussion and analysis to accompany the financial statements. This letter of transmittal complements management's discussion and analysis, and should be read in conjunction with it. The RTA management's discussion and analysis ("MD&A") can be found immediately following the report of the independent auditors.



pace

OVERVIEW OF THE REGIONAL TRANSPORTATION AUTHORITY

Illinois State law (the RTA Act, as amended) created the RTA as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system for Northeastern Illinois.

“It is the purpose of [the RTA] Act to provide for, aid and assist public transportation in the northeastern area of the State without impairing the overall quality of existing public transportation by providing for the creation of a single authority responsive to the people and elected officials of the area and with the power and the competence to provide financial review of the providers of public transportation in the metropolitan region and facilitate public transportation provided by Service Boards which is attractive and economical to users, comprehensive, coordinated among its various elements, economical, safe, efficient and coordinated with area and State plans.”

History

In 1974, upon approval of a referendum in the six counties of metropolitan Chicago (Cook, DuPage, Kane, Lake, McHenry, and Will), the Act created the RTA as a unit of local government, body politic, political subdivision, and municipal corporation. Initially, the RTA provided financial assistance to the then existing public transportation operators. Subsequently, the role of the RTA expanded to include the acquisition and operation of such public transportation providers, as well as contract with operators to provide service through the purchase of service agreements.

In 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The Act placed operating responsibilities with the Chicago Transit Authority (“CTA”) and two operating divisions of the RTA: the Commuter Rail Division (“Metra”) and the Suburban Bus Division (“Pace”). These three entities are defined in the Act as the “Service Boards.”

The CTA provides bus and rail transportation services within Chicago and 38 adjacent suburbs. Illinois State law (the Metropolitan Transportation Authority Act) created the CTA in 1945. The law established the CTA as an Illinois municipal corporation “separate and apart from all other government agencies” to consolidate Chicago’s public and private transportation carriers. The CTA commenced operations in 1947 and completed the consolidation of public transportation in 1952 upon purchasing the Chicago Motor Coach System.

The Northeast Illinois Regional Commuter Railroad Corporation (“NIRCRC”), a public corporation created in 1980 and operating under the service name of Metra following the 1983 reorganization, provides public transportation by commuter rail. The 1983 RTA restructuring formed a Commuter Rail Division, “responsible for providing public transportation by commuter rail.” The Commuter Rail Division continued the operation of NIRCRC to provide this transportation. Metra contracts with the Union Pacific Railroad, Burlington Northern Santa Fe, and Northern Indiana Commuter Transportation District to provide service through the purchase of service agreements. In addition, Metra operates the services provided on its North Central Service Heritage Corridor and South West Service rail lines, as well as the services formerly provided by the Rock Island, Milwaukee Road, and Illinois Central Gulf.

The 1983 RTA restructuring also formed a Suburban Bus Division “responsible for providing public transportation by bus and as may be provided in [the RTA] Act.” As such, the Division - operating under the service name Pace - provides non-rail public transportation throughout DuPage, Kane, Lake, McHenry, and Will counties, as well as the suburban area of Cook County.

Collectively, we refer to the RTA, the CTA, Metra, and Pace as the “RTA System.”

Mission

The Act sets forth the responsibilities of the RTA. These responsibilities encompass planning, funding, and oversight duties. The Board of Directors has developed the following goals to carry out the RTA legislative mandates:

Plan—Ensure an integrated regional public transportation system through comprehensive planning and coordination with the service providers.

Fund—Develop and allocate resources among the Service Boards to ensure they provide quality and cost-effective service.

Oversee—Monitor and evaluate Service Boards' performance to ensure that service is provided efficiently and effectively.

The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a five-year capital program. This obligation incorporates planning, funding, and oversight duties. The Act enumerates a number of requirements with respect to the budget, plan, and program. These include a requirement that the budget and plan reflect operating revenues of at least 50% of operating costs (a farebox recovery ratio of at least 50%). In addition, the budget and plan must show a balance between revenues, including subsidies, and costs (a balanced budget).

Other responsibilities include establishing policies regarding the allocation of public transportation funding in the Chicago metropolitan region, developing system-wide plans and service standards, coordinating services among different modes of transportation, and ensuring compliance with Federal and State mandates.

Budget

The Act establishes budgetary controls. The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a five-year capital program.

“Each year the Authority shall prepare and publish a comprehensive annual budget and program document describing the state of the Authority and presenting for the forthcoming fiscal year the Authority’s plans for such operations and capital expenditures as the Authority intends to undertake and the means by which it intends to finance them.”

The Act establishes certain criteria for the budget, including subsequent monitoring for compliance. Further, the five-year capital program must specify each capital improvement undertaken by or on behalf of the Service Boards. The budget calendar, as adopted by the RTA Business Plan Call and statutory requirements govern the budget development process leading up to adoption of the budget. Subsequent activities involve oversight and amendment of the budget.

Budget Calendar

Based upon the estimate of tax receipts and revenues from other sources, “the Board shall, not later than September 15 prior to the beginning of the Authority’s next fiscal year” advise each Service Board of the amounts estimated to be available during the upcoming fiscal year and the next two following years, the times when the amounts will be available, and the cost recovery ratio for the next year. The recovery ratio for the region must meet a minimum standard of 50%.

Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, program document, and a financial plan for the two following years. "The proposed budget and financial plan shall be based on the RTA's estimate of funds that will be available to the Service Boards by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting its budget to the RTA, each Service Board must hold at least one public hearing in each of the counties in which it provides service, and at least one meeting with each respective county board. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA. "Not later than... November 15 prior to the commencement of such fiscal year, each Service Board shall submit to the Authority its proposed budget for the fiscal year and its proposed financial plan for the two following years."

The RTA must also hold at least one public hearing in the metropolitan region and one meeting with each county board on its own proposed budget. After conducting these hearings and taking into consideration the comments, the RTA must adopt its budget and the budgets submitted by the Service Boards, each of which meets the statutory criteria summarized below. Unless the RTA passes a budget and financial plan for a Service Board, "the Board shall not release to that Service Board any funds for the periods covered by such budget and financial plan," except for the sales tax directly allocated to the Service Board by statute.

Statutory Requirements

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are:

- *Balanced Budget:* A balance between anticipated revenues from all sources, including operating subsidies and the costs of providing the services and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- *Cash Flow:* Cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred;
- *Recovery Ratio:* A level of fares or charges, and operating or administrative costs, to allow the Service Board to meet its required recovery ratio;
- *Assumptions:* Employ assumptions and projections which are reasonable and prudent;
- *Financial Practices:* Prepared in accordance with sound financial practices as determined by the Board;
- *Strategic Plan:* Maintain consistency with the goals and objectives adopted by the RTA in the Strategic Plan; and
- *Other Requirements:* Other financial, budgetary, or fiscal requirements that the Board may establish by rule or regulation.

Oversight

After adoption of the budgets, the RTA has continuing oversight powers concerning the budget and the financial condition of each Service Board and the region as a whole. On a monthly basis, the RTA monitors the budgetary and operations performance of the Service Boards to ensure compliance with their budget and recovery ratios. On a quarterly basis, the RTA makes the following assessments:

- After the end of each fiscal quarter, each Service Board must report to the RTA “it’s financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction” for such quarter. If in compliance, the Board so states and approves each Service Board’s compliance by adopted resolution.
- If in the judgment of the Board these results are not substantially in accordance with the Service Board’s budget for such period as adopted by the RTA, the Board shall so advise the Service Board and the Service Board “shall, within the period specified by the Board, submit a revised budget incorporating such results.”
- Once a Service Board submits a revised budget, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA must withhold from the Service Board (i) 25% of the cash proceeds of taxes imposed by the RTA and (ii) 25% of any state matching funds that are allocated to each Service Board.
- If a Service Board then submits a revised budget and plan which shows that the statutory budget criteria will be met within a four quarter period, the RTA “shall release any such withheld funds to the Service Board.”

Amendment

When prudent, the RTA Board may revise estimates of amounts of funds available to the Service Boards during a fiscal year due to shifts in the economic climate, governmental funding programs, or new projects. Upon receiving notice of such a revision, the Service Boards must submit amended budgets to the RTA Board within 30 days. The RTA Board must approve all proposed amendments. If approved, the RTA then monitors actual results compared to the amended budget.

Reporting Entity

As defined by Governmental Accounting Standards Board (“GASB”) Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (the RTA, as legally defined), as well as its component units—legally separate entities for which the primary government has financial accountability.

Although part of the RTA System, the CTA, Metra, and Pace do not represent component units of the RTA under GASB Statement No. 14. Accordingly, the Comprehensive Annual Financial Report of the Regional Transportation Authority does not include the financial statements of the Service Boards. However, a Combining Annual Financial Report does combine the financial statements of the RTA, the CTA, Metra, and Pace as required by the RTA Act.

RTA System Characteristics

The six-county area served by the RTA system covers 3,700 square miles. According to the Census Bureau, the population of the region was 8.4 million in 2015. The U.S. Department of Commerce-Bureau of Economic Analysis reported regional employment of 5 million during the same year. The RTA system carried 634.9 million riders in 2015, a decrease of 0.2% from the prior year.

Governance

The RTA Act specifies the composition of the RTA Board of Directors. The RTA Board consists of fifteen appointed members and a Chairman. The Mayor of the City of Chicago appoints five directors. The suburban members of the Cook County Board appoint four directors and one director is appointed by the President of the Cook County Board. The chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry and Will counties, each appoint a director. These fifteen directors, with a minimum concurrence of eleven directors, elect the Chairman of the RTA Board of Directors from outside their numbers.

The RTA employs a professional staff of approximately one hundred and ten employees. The RTA Act limits the amount of administrative costs that the RTA may incur annually. The limit was set at \$5 million for 1985 and increases at a rate of 5% per year. The RTA has always held its administrative expenses under the prescribed limit.

The Chicago Transit Board, consisting of seven members, governs the CTA. Its members are appointed pursuant to the Metropolitan Transit Authority Act. The Governor of Illinois appoints three members, subject to the approval of the Illinois Senate and the Mayor of the City of Chicago. The Mayor of the City of Chicago, with the consent of the Chicago City Council and the Governor of Illinois, appoints four members, including the CTA Chairman.

The RTA Act specifies the composition of the Metra (Commuter Rail Division) and Pace (Suburban Bus Division) Boards. The Commuter Rail Board, consisting of eleven members, governs Metra. The suburban members of the Cook County Board appoint four members. The Chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry and Will counties each appoint one director. The Mayor of the City of Chicago, with the consent of the Chicago City Council, appoints one member. These eleven directors, with a minimum concurrence of eight directors, elect the Chairman of the Commuter Rail Board from among their members.

The Suburban Bus Board, consisting of thirteen members, governs Pace. The suburban members of the Cook County Board appoint six members. The Chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry, and Will counties each appoint one director. The RTA Act requires that each of these directors must be a current or former "chief executive officer of a municipality" from the area that appoints the member. One director is the Commissioner of the Mayor's Office for People with Disabilities for the City of Chicago. The Chairman or executive of each of the County Boards of DuPage, Kane, Lake, McHenry, and Will, plus the suburban members of the Cook County Board, by simple majority, appoint the Chairman of the Suburban Bus Board from outside their numbers.

Financing

The RTA Act specifies the funding responsibilities of the RTA, appointing the RTA as the primary public body in the metropolitan region to secure funds for public transportation.

Sections 4.03 and 4.03.1 of the Regional Transportation Act, 70 ILCS 3615, authorize the RTA to impose a series of taxes within the six-county metropolitan region by a vote of twelve of its directors: a sales tax, a car rental tax, a motor fuel tax, an off-street parking tax, and a replacement vehicle tax.

Sales Taxes

The Act authorizes the RTA to impose a retailers' occupation tax "ROT," a service occupation tax "SOT," and a use tax "UT." The RTA imposed this tax at the maximum permissible rate in 1979. The 2008 legislation increased the sales tax by .25% in Cook County and .50% in the collar counties. The individual collar counties keep .25% of the increase. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 1% in Cook County and .75% in the collar counties. The RTA tax base is identical to the State retailers' occupation tax "State ROT" base, except that unlike the State ROT, the RTA ROT also applies to the sale of food and drugs. Consequently, when the state base is expanded or contracted by taxing or exempting the sale of tangible personal property, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA. Unlike the tax on tangible personal property, the RTA tax on food and drugs is imposed at a rate of 1.25% in Cook, but remains .75% in the collar counties.

The SOT is imposed on the gross receipts from the sale of tangible personal property as an incident to the sale of a service. The tax rate and tax base are identical to the ROT.

The UT is imposed on persons living in the six county area for the privilege of using a vehicle purchased outside the six county area that must be registered with the State. Unlike the state use tax, the RTA UT is limited to registered property, largely automobiles. The tax is imposed on the selling price of the property at the same rates as the ROT.

Car Rental Tax

Section 4.03.1 of the Act authorizes the RTA to impose an automobile rental occupation and use tax. This occupation tax, paralleling the state and local car rental taxes, may be imposed at a rate of 1% in Cook County and 0.25% in the collar counties of the gross receipts from car rentals. The use tax may be imposed at the same rates on the privilege of using in the region a car rented outside, but titled in, Illinois. Any car leasing tax would be collected by the Illinois Department of Revenue.

This taxing power was added to the RTA Act in 1982, when the legislature imposed a state-wide car rental tax and authorized cities, counties, and certain special districts that had the power to impose sales taxes to tax the car rental occupation. This taxing power has never been exercised by the RTA.

Motor Fuel Tax

The Act authorized the RTA to impose a tax on retail sales and use of motor fuel at a rate of 5% of gross receipts. Section 4.03 (p) of the Act prohibits the RTA from imposing the motor fuel tax if it has imposed the broader sales taxes described above.

Off-Street Parking Tax

The Act authorizes the RTA to impose a tax on the privilege of parking a motor vehicle in a public or private fee-charging lot in the six-county area. The RTA has never imposed this tax as it is prohibited by statute to be enacted simultaneously with the RTA sales tax.

Replacement Vehicle Tax

The Act authorizes the RTA to impose a \$50 tax on any passenger car purchased within the metropolitan area by an insurance company in settlement of a total loss claim of its insured. Any such tax would be collected by the State. This taxing power has never been exercised by the RTA.

As indicated above, the RTA imposes a sales tax in the six-county Northeastern Illinois region. The Illinois Department of Revenue collects this tax and remits the collections to the Illinois State Treasurer. The Treasurer holds the funds in trust for the RTA outside the State Treasury. As dictated by statute, the Treasurer disburses the funds monthly to the RTA, upon order of the State Comptroller.

The amounts of funding and taxes received, together with revenues from the provision of transit services by the Service Boards and other operating revenues, provide the resources to cover operating costs of the RTA System.

FACTORS AFFECTING ECONOMIC CONDITION

Financing

The RTA's primary source of operating funding is a regional (occupation and use) sales tax and a sales tax match from the State of Illinois. Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region (from the equivalent of 1.0% in Cook County and 0.25% in the remainder of the region to the equivalent of 1.25% in Cook County and 0.5% in the remainder of the region) beginning on April 1, 2008, increased the real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25% to 30% the portion of RTA tax revenues matched by the State Public Transportation Fund (PTF). In 2015, actual RTA sales tax receipts of \$1.169 billion increased 4.0% from prior year and exceeded budget by 2.3%.

The RTA's 2016 operating budget approved by the Board of Directors on December 17, 2015 assumes sales tax revenues of \$1.195 billion, an increase of 3.5% over 2015 results as estimated at the time of 2016 budget adoption, and 2.2% over 2015 actual receipts. In addition to the 30% sales tax and real estate transfer tax match from the PTF, the 2016 budget anticipates these funds from the State of Illinois: \$130.2 million to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program (SCIP) bonds and \$34.1 million as partial reimbursement to the Service Boards for mandated reduced fare and free ride programs for student, elderly, and disabled riders.

Regional and Illinois Economy

The Chicago region comprises one of the most diversified economies in the United States. The region is home to more than 400 major corporate headquarters, including thirty-one Fortune 500 companies. A global leader in options, futures, and derivatives trading, the Chicago area economy's strengths include business and financial services, manufacturing, information technology, health services, and transportation and distribution. Chicago is not only a leader in sustainable business but also ranks as one of the most sustainable cities in the country. The unemployment rate in the Chicago region increased from 4.7% in 2006 to 10.5% in 2010 before declining to 9.8% in 2011 and 8.9% in 2012. Unemployment in the region increased slightly to 9.2% in 2013 before falling to 7.1% in 2014 and 6.0% in 2015. Unemployment in the Chicago region has hovered around 6% in the first quarter of 2016.

The March 2016 Monthly Revenue Briefing issued by the State Commission on Government Forecasting and Accountability noted that during the first nine months of the State's 2016 fiscal year, sales tax receipts of \$6.0 billion increased \$39 million or 0.7% compared to the same period of the previous fiscal year.

National Economy

Annual growth of real gross domestic product (GDP), the output of goods and services produced in the United States, declined from 5.8% in 2006 to -2.8% in 2009. GDP growth then accelerated, growing by nearly 4% in 2010, 2011, and 2012. Growth continued in 2013 and 2014, as GDP increased by 3.4% and 3.0%, respectively. Preliminary GDP growth of 2.1% was experienced in 2015, and the Congressional Budget Office (CBO) predicts annual real GDP growth of 2.7% in 2016.

The consumer price index (CPI), a measure of the pace of inflation, declined 0.4% in 2009, at the height of the financial crisis. CPI bounced back in 2010, increasing by 1.6%, and then by 3.2% and 2.1% in 2011 and 2012, respectively. CPI then stabilized, growing by 1.5% in 2013 and by 0.8% in 2014. CPI growth was 0.7% in 2015 and is projected at 1.5% in 2016, according to the CBO.

The national unemployment rate rose from 4.6% in 2006 to 9.9% in 2009, the highest average annual rate since 1983. As the economy recovered, national unemployment declined each year, reaching 5.0% in 2015. The CBO forecasts the national unemployment rate to further improve to 4.5% in 2016.

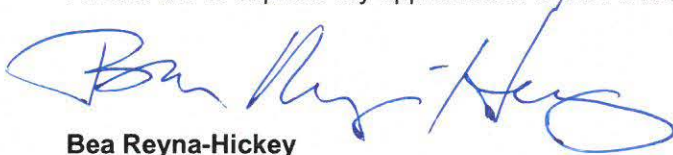
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTA for its Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2014. This was the twenty-first consecutive year that the RTA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the RTA received the GFOA Award for Distinguished Budget Presentation for its annual budget for the year ending December 31, 2015. This marks the nineteenth consecutive year that the RTA has achieved this accomplishment. The Distinguished Budget Presentation Award requires that the GFOA judge the budget document as proficient in several categories, including policy documentation, financial planning, and organization.

I would like to express my appreciation to the RTA staff for their efforts in preparing this report.



Bea Reyna-Hickey
Chief Financial Officer and
Senior Deputy Executive Director,
Finance, Innovation and Technology



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

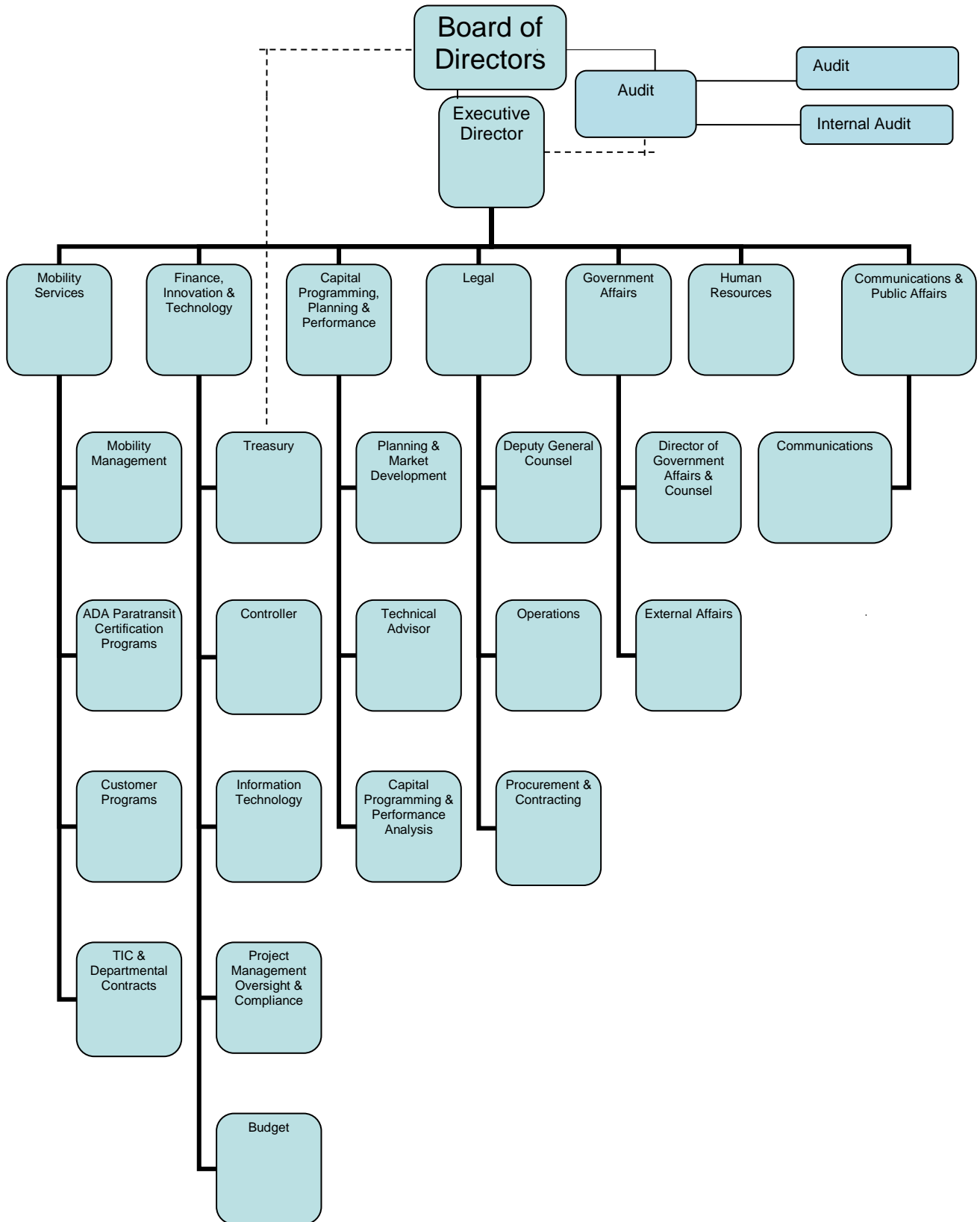
**Regional Transportation Authority
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**REGIONAL TRANSPORTATION AUTHORITY
ORGANIZATION CHART
December 31, 2015**



REGIONAL TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS DECEMBER 31, 2015

Board of Directors

Chairman	Kirk W. Dillard
Directors	Anthony Anderson James Buchanan William R. Coulson Donald DeWitte Patrick J. Durante John V. Frega Phil Fuentes Blake Hobson Michael Lewis Dwight A. Magalis Christopher Melvin Sarah Pang J.D. Ross Donald L. Totten Douglas M. Troiani

Administration

Executive Director	Leanne P. Redden
Senior Deputy Executive Director Finance, Innovation and Technology, CFO	Bea Reyna-Hickey
General Counsel	Nadine Lacombe
Director, Government Affairs and Counsel	Jeremy LaMarche
Deputy Executive Director Capital Programming, Planning and Performance	Jill Leary

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

RSM US LLP

Board of Directors
Regional Transportation Authority
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Transportation Authority ("RTA"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise RTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of RTA, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in the year ended December 31, 2015, the Authority adopted the reporting and disclosure requirements of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68*. The implementation of GASB Statement Nos. 68 and 71 resulted in a restatement of opening January 1, 2015 net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 16-23), budgetary comparison information and pension related information (pages 73-78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RTA's basic financial statements. The introductory section, combining and individual fund schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Chicago, Illinois
June 23, 2016

REGIONAL TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") provides an overview of the financial activity affecting the operation of the Regional Transportation Authority ("RTA") for the fiscal year ended December 31, 2015. Please read it in conjunction with the RTA's basic financial statements which follow this section.

Financial Highlights

- For the year ended December 31, 2015, the RTA statement of activities for the governmental activities shows expenses increasing \$79 million to \$766 million from \$687 million for the same period in 2014. This increase is due to an increase in financial assistance to the CTA, Metra, and Pace ("Service Boards") by \$25 million and an increase in capital grants by \$36 million. Interest expense was lower by \$7 million and the Regional and Technology Program expenses were also lower by \$3 million. Also, the PTF and the State Assistance Revenues decreased by \$11 million from 2014.
- The government-wide statement of net position shows assets of \$897 million for the governmental activities, a net decrease of \$36 million. This is mainly due to a decrease in cash and investments of \$129 million offset by an increase in other assets of \$101 million. The decrease in cash and investment were due to the timing of receipts. In the government-wide statement of net position, bond-related liabilities decreased by \$141 million, which reflects the decrease in general-obligation bonds payable in 2015.
- At the end of 2015, the government-wide statement of net position shows a deficit of \$1.7 billion for governmental activities. In contrast, the governmental funds balance sheet presented a total fund balance of \$554 million. There is a \$2.3 billion difference between the fund balance and the net deficit. GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires RTA's general obligation bonds to be presented in the government-wide statement of net position. The RTA has the obligation to pay the bonds it has issued to fund the Service Boards' capital expenditures. These expenditures and the related assets appear in the Service Boards' financial statements. The sales taxes imposed by the RTA in the region represent the primary source of payment for the bond obligations.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Overview of the CAFR—The RTA CAFR consists of three parts:

1. **Introductory Section**—This section includes the letter of transmittal, the GFOA Certificate of Achievement, the organizational chart, and the list of principal officials.
2. **Financial Section**—This section is comprised of the independent auditor's report, the management's discussion and analysis, the basic financial statements, and the required supplementary information and combining and individual fund schedules.
3. **Statistical Section (Unaudited)**—This section provides additional analysis and is not a required part of the basic financial statements of the RTA.

The basic financial statements contain three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. A discussion of the basic financial statements is included in this CAFR as follows:

Government-wide Financial Statements—The government-wide financial statements provide a broad overview of the RTA’s finances in a manner similar to those of a private-sector business. The statements are prepared following the full accrual basis of accounting.

- **Statement of Net Position**—The statement of net position presents information on all of the RTA’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. The statement subtracts liabilities and deferred inflows from assets and deferred outflows to compute—in the case of the RTA—a net deficit. This net deficit reflects the recording of bonds issued by the RTA for capital grants to the Service Boards to acquire and construct assets used to provide public transportation. These assets appear in the financial statements of the Service Boards. The bonds represent general obligations of the RTA to which the RTA has pledged its full faith and credit.

The size of the net deficit will increase as the RTA continues to issue bonds to fund the RTA System’s capital program.

- **Statement of Activities**—The statement of activities shows the change in net position of the governmental and business-type activities. Governmental activities include operating and capital asset funding (capital grants) to the Service Boards, RTA administrative expenses, the RTA Travel Information Center, certification of riders for paratransit service under the Americans with Disabilities Act (regional expenses), and interest expense on bonds issued by the RTA. Business-type activities consist of the RTA Joint Self-Insurance Fund.

The government-wide financial statements include only the RTA (the “primary government”). There are no “component units” (separate legal entities for which the RTA is financially accountable) that the RTA government-wide financial statements are required to include.

The RTA does not consider the CTA, Metra, or Pace to be component units, therefore, the RTA government-wide financial statements do not incorporate the financial data of the Service Boards. (See Letter of Transmittal and Note 1 to the financial statements for further details.)

Fund Financial Statements—A fund refers to a set of related self-balancing accounts used to maintain control over resources segregated for specific activities or objectives. The RTA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RTA’s funds are accounted for in three fund types: governmental funds, proprietary funds, and fiduciary funds. These financial statements are prepared following the modified accrual basis of accounting.

- **Governmental Funds**—Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year.

Unlike the information presented for governmental funds, information presented for governmental activities in the government-wide financial statements includes the long-term impact of near-term financing decisions. The governmental funds financial statements provide reconciliations to facilitate comparison between governmental funds and government-wide financial statements.

In the fund level basic financial statements, the RTA presents three major governmental funds: a general fund, a debt service fund, and a capital projects fund. The governmental funds financial statements present information for each major fund separately. Individual fund data for each of the RTA governmental funds is presented in this CAFR in the section labeled “Combining and Individual Fund Schedules.”

The RTA adopts an annual appropriated budget for its general fund. The Required Supplementary Information and Combining and Individual Fund Schedules include a budgetary comparison.

- **Proprietary Funds**—The RTA maintains a proprietary fund to account for the RTA Joint Self-Insurance Fund. This type of proprietary fund, referred to as an enterprise fund, reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. As required by Article II of the Loss Financing Plan, the RTA Joint Self-Insurance Fund issues separate annual audited financial statements.
- **Fiduciary Funds**—Fiduciary funds account for resources held for the benefit of parties outside the government activity. In the case of the RTA, the fiduciary fund accounts for the assets of the RTA defined-benefit Pension Plan and the Sales Tax Agency Fund. The government-wide financial statements do not reflect fiduciary funds as these funds are not available to support the programs and operations of the RTA. The RTA Pension Plan issues annual audited financial statements separately.

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table summarizes the Statement of Net Position:

SUMMARY OF NET POSITION DECEMBER 31, 2015 AND 2014 (In Thousands)

	Governmental Activities			Business-type Activities			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Assets:									
Cash and investments	\$ 528,048	\$ 656,923	\$ (128,875)	\$ 19,101	\$ 24,545	\$ (5,444)	\$ 547,149	\$ 681,468	\$ (134,319)
Other assets	337,009	235,995	101,014	8,876	3,137	5,739	345,885	239,132	106,753
Noncurrent assets	20,499	29,241	(8,742)	-	-	-	20,499	29,241	(8,742)
Capital assets—net	11,692	11,524	168	-	-	-	11,692	11,524	168
Total assets	897,248	933,683	(36,435)	27,977	27,682	295	925,225	961,365	(36,140)
Deferred outflow of resources									
Accumulated decrease in fair value of hedging derivatives	20,802	22,889	(2,087)	-	-	-	20,802	22,889	(2,087)
Pension related amounts	4,571	-	4,571	-	-	-	4,571	-	4,571
Total deferred outflow of resources	25,373	22,889	2,484	-	-	-	25,373	22,889	2,484
Liabilities:									
Current non bond-related liabilities									
Current bond related liabilities	291,677	186,358	105,319	-	-	-	291,677	186,358	105,319
Current bond related liabilities	338,066	135,259	202,807	-	-	-	338,066	135,259	202,807
Long-term non-bond-related liabilities									
Long-term non-bond-related liabilities	80,902	57,550	23,352	-	-	-	80,902	57,550	23,352
Long-term bond-related liabilities									
Long-term bond-related liabilities	1,895,023	2,238,444	(343,421)	-	-	-	1,895,023	2,238,444	(343,421)
Total liabilities	2,605,668	2,617,611	(11,943)	-	-	-	2,605,668	2,617,611	(11,943)
Deferred inflow of resources									
Accumulated increase in fair value of hedging derivatives	22,071	26,124	(4,053)	-	-	-	22,071	26,124	(4,053)
Pension related amounts	245	-	245	-	-	-	245	-	245
Total deferred inflow of resources	22,316	26,124	(3,808)	-	-	-	22,316	26,124	(3,808)
Net position (deficit):									
Net investment in capital assets	11,692	11,524	168	-	-	-	11,692	11,524	168
Restricted	15,535	16,203	(668)	-	-	-	15,535	16,203	(668)
Unrestricted (deficit)	(1,732,590)	(1,720,752)	(11,838)	27,977	27,682	295	(1,704,613)	(1,693,070)	(11,543)
Total net position (deficit)	\$ (1,705,363)	\$ (1,693,025)	\$ (12,338)	\$ 27,977	\$ 27,682	\$ 295	\$ (1,677,386)	\$ (1,665,343)	\$ (12,043)

As of December 31, 2015, cash and investments for governmental activities decreased by \$129 million over the previous year. The RTA's cash balance decreased from last year due to the timing of the receipts from the State. During 2015, the Capital Projects Fund decreased by \$66 million, and the Debt Service Fund decreased by \$18 million, mainly due to the 2015 cash note payment.

As of December 31, 2015, the current bond and non-bond-related liabilities increased by \$308 million from the previous year due primarily to the 2014A bond maturing in 2016 and other cash note borrowing.

The presentation of financial statements under GASB Statement No. 34 requires the recognition in the statements of net position of \$2.3 billion in current and long-term general obligation bonds payable. The issuance of these bonds was for the specific purpose of funding capital grants to acquire and construct assets used to provide public transportation within the RTA region.

The RTA net deficit at December 31, 2015 will not affect the availability of RTA fund resources for future use. In fact, the RTA maintains its operations funding levels for 2016 as established in September 2015 during the 2016 budget process.

The following table summarizes the RTA Statement of Activities presented in this CAFR:

SUMMARY OF ACTIVITIES
DECEMBER 31, 2015 AND 2014
(In Thousands)

	Governmental Activities			Business-type Activities			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Expenses:									
Financial assistance to Service Boards	\$ 225,805	\$ 200,500	\$ 25,305	\$ -	\$ -	\$ -	\$ 225,805	\$ 200,500	\$ 25,305
Capital grants to Service Boards	342,093	306,280	35,813	-	-	-	342,093	306,280	35,813
Operating grants to Service Boards	57,061	27,440	29,621	-	-	-	57,061	27,440	29,621
Administrative expenses	16,079	17,002	(923)	5,929	5,801	128	22,008	22,803	(795)
Regional and technology program expenses	22,078	25,476	(3,398)	-	-	-	22,078	25,476	(3,398)
Interest expense	103,048	110,168	(7,120)	-	-	-	103,048	110,168	(7,120)
Total expenses	766,164	686,866	79,298	5,929	5,801	(128)	772,093	692,667	79,426
Revenues:									
Sales taxes	129,944	121,879	8,065	-	-	-	129,944	121,879	8,065
PTF and state assistance	589,955	601,034	(11,079)	-	-	-	589,955	601,034	(11,079)
Operating grant - CTA/PACE	11,900	11,440	460	-	-	-	11,900	11,440	460
Regional expenses	18,735	9,997	8,738	-	-	-	18,735	9,997	8,738
Investment income and other	9,472	10,474	(1,002)	44	38	6	9,516	10,512	(996)
Total revenues	760,006	754,824	5,182	44	38	6	760,050	754,862	5,188
Excess (deficiency) of revenues over expenses before transfers	(6,158)	67,958	(74,116)	(5,885)	(5,763)	(122)	(12,043)	62,195	(74,238)
Transfers	(6,180)	(6,329)	149	6,180	6,329	(149)	-	-	-
Change in net position	(12,338)	61,629	(73,967)	295	566	(271)	(12,043)	62,195	(74,238)
Net position - beginning of year, as restated	(1,693,025)	(1,754,654)	61,629	27,682	27,116	566	(1,665,343)	(1,727,538)	62,195
Net position - end of year	<u>\$ (1,705,363)</u>	<u>\$ (1,693,025)</u>	<u>\$ (12,338)</u>	<u>\$ 27,977</u>	<u>\$ 27,682</u>	<u>\$ 295</u>	<u>\$ (1,677,386)</u>	<u>\$ (1,665,343)</u>	<u>\$ (12,043)</u>

In 2015, financial assistance to the Service Boards increased by \$25 million from 2014. The capital grants to the Service Boards increased by \$36 million from 2014 to \$342 million in 2015, which reflects the activity in capital expenses to the Service Boards during 2015. Furthermore, the amount of bond interest expense decreased by \$7 million from \$110 million to \$103 million in 2015. The PTF and state assistance decreased by \$11 million, which reflects the decrease in activities for capital expenses to the Service Boards in 2015. The sales tax increased by \$8 million, a decrease in investment income and other of \$1 million was mainly due to the market value of investments.

During 2015, \$6.1 million was transferred to the Joint Self-Insurance Fund for excess liability. Insurance premiums representing the only major expense, and investment income represents the only revenue for the Business-type activities (insurance financing).

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

As noted earlier, the RTA employs three fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds—Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the year. See the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for further details.

General Fund—Assets in the General Fund primarily represent the amounts for Service Boards' operations and capital projects. Assets increased by \$62 million from \$502 million in 2014 to \$564 million in 2015, mainly due to timing differences. The RTA's cash balance increased by \$13 million and intergovernmental receivables increased by \$107 million due to timing of receipts on receivables.

The total fund balance of the General Fund equals \$250 million at December 31, 2015. The General Fund balance increased by \$8 million primarily due to timing and increase in cash and cash equivalents.

The amount committed for RTA capital projects is for projects focusing on the application of advanced technology on transportation systems to improve the efficiency of such systems. The transit industry views such technology as having the potential for increasing ridership and revenues by making transit systems more attractive to customers.

These applications include the following:

- In 2015, the region expanded the delivery of real-time transit information systems in the region. The CTA's BusTracker and TrainTracker, Pace's Web Watch, and Metra's future next train information system were made available on the Ventra mobile app. The RTA also provided technical and funding assistance to CTA and Pace for additional installations of electronic displays at bus stops and train stations, which provide real-time "next train" and "next bus" service information. The RTA and Metra have continued on an initiative to further improve Metra's real-time information system.
- Transit Signal Priority (TSP) made significant progress in 2015.
 - Completed and executed a TSA with City of Chicago Department of Transportation (CDOT) to allow them to begin installation of TSP on South Ashland Avenue.
 - Finalized TSA with Pace to grant \$19 million for installation of TSP on 95th Street (Stony Island Avenue to 88th Avenue); 159th Street (Torrance Avenue to 94th Avenue); Cermak Road / 22nd Street / Butterfield Road (Cicero Avenue to Lambert Road); Cicero Avenue (59th Street to 167th Street); Dempster Street (Ridge Avenue to Elmhurst Road); Grand Avenue [Lake County] (Sheridan Road to U.S. 45); Halsted Street and Harvey TSP System Upgrade (95th Street to Chicago Heights Terminal); I-90 Transit Corridor Access Intersections (Rosemont CTA to Randall Road); Milwaukee Avenue (Golf Mill to Jefferson Park CTA Station); Roosevelt Road (Laramie Avenue to Carlton Avenue); Sibley Boulevard / 147th Street (State Line Road to Cicero Avenue)
 - Pace continued preliminary engineering for TSP on six corridors.
 - CTA and CDOT began implementing TSP on South Ashland Avenue (Cermak Road to 95th Street), with activation of TSP functionality anticipated in spring 2016. CDOT programmed and installed 23 new Advanced Traffic Controllers (ATC's) purchased by the CTA. The Chicago Office of Emergency Management and Communication (OEMC) installed the necessary wayside communication equipment including radios provided by the CTA.
 - RTA staff and consultants began baseline data collection and analysis for the performance measures to evaluate TSP.
- Continued work on Interagency Signage (Interagency Transit Passenger Information Design-ITPID) program. The objective of this program is to deploy a new system of signage and informational panels in high-traffic areas to help transit users make seamless transfer connections. CMAQ funding was secured to expand to nineteen locations region-wide.
 - Working with the Service Boards and host communities completed 90% design for the first set of locations to be installed: Harvey, Lake-Cook Rd., Mayfair-Montrose, Museum Campus, Elgin and Blue Island.
 - Received preliminary approval from CDOT for the installation of LaSalle Phase I signage.
 - Completed a major re-signing at Joliet to accommodate the new Rock Island and temporary Heritage Corridor/Amtrak platform. The new signs provide seamless wayfinding and indicates the accessible path between the platforms and Pace bus services.
 - Built upon the existing GIS Inventory using cell phones to directly enter pictures, GPS and existing site conditions into RTAMS. The GIS database is used to provide online signage review to the service boards and local municipalities.
 - Initiated a contract for Engineering and Construction Management Support, to begin engineering and bid package preparation for the first set expansion locations.
- In 2015, the RTA continued to operate the Multi-Modal Trip Planner System ("MMTPS") to provide users with side by side comparisons of trip itineraries using transit, driving, or any combination of non-motorized modes such as biking and walking. It remains a comprehensive decision support tool for choosing travel options that incorporate convenience, efficiency, and cost – from the traveler's perspective. The system,

which has been operating since May 2009, is available by logging onto www.tripplanner.rtachicago.org from any web-enabled computer or smart phone, including devices powered by Apple's iOS, Google's Android, and Microsoft's Windows Phone software.

Debt Service Fund—The RTA has established a Debt Service Fund to receive transfers from the General Fund and investment income. Disbursements of principal and interest payments made for each of its outstanding series bonds. As of December 31, 2015, the RTA has twenty-two series of general obligation bonds/notes outstanding. Each respective bond/note agreement sets forth the debt service funding requirements. The 2015 Debt Service Fund balance decreased by \$18 million in 2015 to \$193 million.

Capital Projects Fund—The RTA has established a Capital Projects Fund to account for bond proceeds, earnings on the investment of such proceeds, and the expenditure of such monies for capital assets of the Service Boards. During 2015, the Capital Projects Fund decreased by \$66 million. The decrease in cash and investment for the Capital Projects Fund reflects the activity in bond capital expenditure during 2015.

Proprietary Fund—The RTA has established a proprietary fund to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one proprietary fund which relates to the activities of the Joint Self-Insurance Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2015, the actual change in revenues over expenditures of \$225 million, excluding other financing (Debt Service) use, was \$3 million lower than the budget figure of \$228 million.

In the General Fund, total revenues were over budget by \$8 million. The variance in the General Fund is due to the PTF and Sales Tax.

SERVICE BOARDS CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The financial statements of the Service Boards reflect the capital assets discussed in this section. The statement of net position for the RTA reflects the RTA bonds issued to provide a portion of the funding for these assets. The details of the RTA bond program are discussed further in Note 9 of this report.

Service Boards Capital Assets—The RTA System provides 634.9 million unlinked passenger trips annually. This has the beneficial impact of reducing road congestion, improving the flow of goods and services, and enhancing air quality. In addition, the RTA System provides essential mobility to those persons unable to utilize other transportation. The System represents an asset with replacement cost estimated at more than \$158 billion for the entire region. To continue these public benefits, the RTA strives to maximize the amount of resources devoted to investment in its System for it to remain in good working order. The RTA Five-Year Capital Program report contains the details of this investment. The Five-Year Capital Program report is updated and adopted annually by the RTA Board, as required by the RTA Act.

Sources of funds for capital investment include federal programs, proceeds of RTA bonds, and State of Illinois programs. The level of capital funding from Federal as well as State programs has risen, reflecting the increasing recognition of the importance of public transportation. In recent years, the RTA and the Service Boards have also been able to direct funds to capital projects by successfully constraining operating costs.

RTA Capital Assets—For more detailed information on capital asset activity, please see Note 8 in the notes to the financial statements.

Long-Term Debt Activity—Under the RTA Act, the RTA has authority to issue General Obligation Bonds for the improvement and expansion of the RTA System. This authority resulted from successful RTA efforts to demonstrate to the State legislature the need for capital reinvestment. The authorization identified two types of bonds: Strategic Capital Improvement Program ("SCIP") bonds and RTA ("Non-SCIP") bonds.

Prior to January 1, 2000, the RTA had the authority to issue up to \$500 million in SCIP bonds and to have up to \$500 million in Non-SCIP bonds outstanding. Effective January 1, 2000, the RTA Act was amended to increase the RTA authorization by an additional \$1.3 billion of SCIP bonds (limited to \$260 million per year going forward). In 2000 the RTA Act was further amended to increase Non-SCIP bonds outstanding by \$300 million to \$800 million. As of year-end 2015, the RTA has issued \$1.8 billion in SCIP bonds, with total SCIP bonds outstanding of \$1.3 billion. The remaining \$656 million of bonds outstanding are Non-SCIP bonds.

As of 2015, the fixed-rate bonds/note, issued by the RTA carried a rating of AA from Standard & Poor's, Aa3 by Moody's Investors Service, Inc. and AA by Fitch, Inc. the one variable-rate bond is rated A-1+ from Standard & Poor's, P-1 by Moody's Investors Service and F1+ by Fitch.

For more detailed information on debt activity, please see Note 9 in the Notes to Financial Statements.

CONTACTING THE FINANCIAL MANAGEMENT OF THE REGIONAL TRANSPORTATION AUTHORITY

This CAFR provides a general overview of the finances of the RTA. Users of the CAFR should address questions concerning the information, or requests for additional financial information, to the Regional Transportation Authority, c/o Senior Deputy Executive Director, Finance, Innovation and Technology/CFO, 175 West Jackson Blvd., Suite 1650, Chicago, Illinois 60604 or visit our website at www.rtachicago.org.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2015
(In Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current portion of:			
Cash and investments:			
Cash and cash equivalents	\$ 117,665	\$ 10,353	\$ 128,018
Restricted—investments	193,020	-	193,020
Unrestricted—investments	217,363	8,748	226,111
Intergovernmental receivables	342,880	-	342,880
Prepaid insurance-bonds	228	-	228
Accrued interest on investments	29	6	35
Prepaid expenses and other assets	52	2,690	2,742
Internal balances	(6,180)	6,180	-
Total current assets	<u>865,057</u>	<u>27,977</u>	<u>893,034</u>
Non-current portion of:			
Prepaid insurance-bonds	2,891	-	2,891
Derivative instrument - asset	17,608	-	17,608
Capital assets—net of accumulated depreciation	1,841	-	1,841
Capital assets—non-depreciable	9,851	-	9,851
Total non-current assets	<u>32,191</u>	<u>-</u>	<u>32,191</u>
Total assets	<u>897,248</u>	<u>27,977</u>	<u>925,225</u>
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives/pension	20,802	-	20,802
Pension related amounts	4,571	-	4,571
Total deferred outflows of resources	<u>25,373</u>	<u>-</u>	<u>25,373</u>
LIABILITIES:			
Current portion of:			
General obligation bonds payable plus unamortized bond premium of \$6,681	338,066	-	338,066
Unearned revenue	1,999	-	1,999
Due to fiduciary fund	29,266	-	29,266
Intergovernmental payables	206,666	-	206,666
Advances from the State	13,557	-	13,557
Accrued interest payable	32,036	-	32,036
Accrued other expenses	8,153	-	8,153
Total current liabilities	<u>629,743</u>	<u>-</u>	<u>629,743</u>
Noncurrent portion of:			
Accrued other expenses:			
Compensated absences	263	-	263
Net OPEB obligation	82	-	82
Net pension liability	8,406	-	8,406
Unearned revenue	49,113	-	49,113
Derivative instrument-liability	20,802	-	20,802
Non-statutory capital	2,236	-	2,236
General obligation bonds payable plus unamortized bond premium of \$92,663	1,895,023	-	1,895,023
Total non-current liabilities	<u>1,975,925</u>	<u>-</u>	<u>1,975,925</u>
Total liabilities	<u>2,605,668</u>	<u>-</u>	<u>2,605,668</u>
DEFERRED INFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives	22,071	-	22,071
Pension related amounts	245	-	245
Total deferred inflows of resources	<u>22,316</u>	<u>-</u>	<u>22,316</u>
NET POSITION (DEFICIT):			
Net investment in capital assets	11,692	-	11,692
Restricted			
SWAP (2% notional)	15,535	-	15,535
Unrestricted (deficit)	(1,732,590)	27,977	(1,704,613)
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,705,363)</u>	<u>\$ 27,977</u>	<u>\$ (1,677,386)</u>

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

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)

	Expenses	Program Operating Grants/ Revenues	Net Expense (Revenue) and Changes in Net Position		Total
			Governmental Activities	Business-type Activities	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Financial assistance to Service Boards	\$ 225,805	\$ -	\$ 225,805	\$ -	\$ 225,805
Capital grants to Service Boards					
Discretionary	631	-	631	-	631
Bonds	341,462	-	341,462	-	341,462
Operating grants to Service Boards					
CTA/PACE	57,061	11,900	45,161	-	45,161
Administrative expenses	16,079	-	16,079	-	16,079
Regional expenses	18,512	10,341	8,171	-	8,171
Technology program expenses	3,566	-	3,566	-	3,566
Interest expense	103,048	-	103,048	-	103,048
Total governmental activities	766,164	22,241	743,923	-	743,923
Business-type activities:					
Insurance financing	5,929	-	-	5,929	5,929
TOTAL PRIMARY GOVERNMENT	\$ 772,093	\$ 22,241	743,923	5,929	749,852
GENERAL REVENUES:					
General revenues:					
Sales taxes			129,842	-	129,842
Interest on sales taxes			102	-	102
State assistance (PTF)			217,930	-	217,930
General state revenue			285,143	-	285,143
State assistance (ASA/AFA)			86,882	-	86,882
Investment income			9,472	44	9,516
Other revenues			8,394	-	8,394
Total general revenues			737,765	44	737,809
Transfers			(6,180)	6,180	-
CHANGES IN NET POSITION (DEFICIT)			(12,338)	295	(12,043)
NET POSITION (DEFICIT):					
Beginning of year, as restated			(1,693,025)	27,682	(1,665,343)
End of year			\$ (1,705,363)	\$ 27,977	\$ (1,677,386)

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

REGIONAL TRANSPORTATION AUTHORITY

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(In Thousands)**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 117,665	\$ -	\$ -	\$ 117,665
Investments:				
Restricted investments	-	193,020	-	193,020
Unrestricted—investments	103,066	-	114,297	217,363
Due from other funds	-	16	-	16
Intergovernmental receivables	342,880	-	-	342,880
Accrued interest on investments	29	-	-	29
Other receivable	52	-	-	52
TOTAL ASSETS	<u>\$ 563,692</u>	<u>\$ 193,036</u>	<u>\$ 114,297</u>	<u>\$ 871,025</u>
LIABILITIES:				
Vouchers payable	\$ 70	\$ -	\$ -	\$ 70
Due to other funds	35,446	-	16	35,462
Intergovernmental payables	203,390	-	3,276	206,666
Advances from State	13,557	-	-	13,557
Accrued items	29,040	-	-	29,040
Unearned revenue	32,390	-	-	32,390
Total liabilities	<u>313,893</u>	<u>-</u>	<u>3,292</u>	<u>317,185</u>
FUND BALANCES:				
Restricted:				
SWAP (2% Notional)	15,535	-	-	15,535
Debt service	-	193,036	-	193,036
Committed:				
CTAP capital	8,560	-	-	8,560
RTA non-cap tech	6,279	-	-	6,279
Debt service deposit agreement (DSDA)	14,597	-	-	14,597
Grant Incentive Program	350	-	-	350
Service Board capital (discretionary)	15,784	-	-	15,784
ICE reserve	17,452	-	-	17,452
RTA capital projects	8,444	-	-	8,444
Bond capital projects for Service Boards	-	-	111,005	111,005
SWAP capital (SB) expense	106,487	-	-	106,487
ADA Paratransit Reserve	10,544	-	-	10,544
Assigned				
Professional services	18,229	-	-	18,229
Debt service	24,083	-	-	24,083
Unassigned	3,455	-	-	3,455
Total fund balances	<u>249,799</u>	<u>193,036</u>	<u>111,005</u>	<u>553,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 563,692</u>	<u>\$ 193,036</u>	<u>\$ 114,297</u>	<u>\$ 871,025</u>

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

REGIONAL TRANSPORTATION AUTHORITY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015
(In Thousands)**

TOTAL FUND BALANCE—GOVERNMENTAL FUNDS \$ 553,840

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the capital assets, net of accumulated depreciation, recognized in the statement of net position. 11,692

Prepaid insurance-bond issue costs are paid in the current year and, therefore, are reported as expenditures in the governmental funds. This asset represents the unamortized portion recognized in the statement of net position. 3,118

General obligation bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. This liability represents the total current and long-term portion of the general obligation bonds payable recognized in the statement of net position. (2,133,745)

Bond premiums are paid or received in the current year and, therefore, are reported in the funds. This liability represents the unamortized portion recognized in the statement of net position. (99,344)

Accrued interest payable on bonds is not due and payable in the current period and, therefore, is not reported in the funds. This liability is accrued in the statement of net position. (32,036)

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (263)

Other post-employment benefit obligations are not due and payable in the current period and, therefore, are not reported in the funds. (82)

Derivative instruments do not provide or use current financial resources and are not reported in the fund statements. This is the amount by which derivative related liabilities exceeded assets at year-end. (4,463)

Deferred outflows of resources and deferred inflows of resources related to the pension will be recognized either as an increase or reduction of pension expense in future years. This is the amount by which deferred outflows exceeds deferred inflows. 4,326

Net pension liability benefit obligations are not due and payable in the current period and, therefore, are not reported in the funds. (8,406)

TOTAL NET DEFICIT—GOVERNMENTAL ACTIVITIES \$ (1,705,363)

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Sales taxes	\$ 129,842	\$ -	\$ -	\$ 129,842
Interest on sales taxes	102	-	-	102
Public Transportation Fund	217,930	-	-	217,930
General State revenue	285,143	-	-	285,143
Innovation, Coordination & Enhancement (ICE)	11,900	-	-	11,900
IDOT State Grant - PACE (ADA)	8,395	-	-	8,395
State assistance	130,206	-	-	130,206
Investment income	11,404	2,400	15	13,819
Other revenues	8,187	-	-	8,187
Total revenues	803,109	2,400	15	805,524
EXPENDITURES:				
Current:				
Financial assistance to Service Boards	225,805	-	-	225,805
Administrative	17,085	-	-	17,085
Intergovernmental:				
Capital grants-discretionary	631	-	-	631
South Suburban Job Access Program (PACE)	7,500	-	-	7,500
Capital grants- State bonds	271,219	-	66,330	337,549
RTA Capital grants- CTA	912	-	-	912
RTA Capital grants- Metra	3,002	-	-	3,002
Innovation, Coordination & Enhancement (ICE)	11,900	-	-	11,900
IDOT Cap Grant - PACE (ADA)	8,395	-	-	8,395
PACE ADA Surplus	29,266	-	-	29,266
Regional	22,373	-	-	22,373
Capital outlay	644	-	-	644
Debt service:				
Principal	-	100,610	-	100,610
Interest	-	110,432	-	110,432
Debt related costs	-	357	-	357
Total expenditures	598,732	211,399	66,330	876,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	204,377	(208,999)	(66,315)	(70,937)
OTHER FINANCING SOURCES (USES):				
Transfers in	20,000	210,574	37	230,611
Transfers out	(216,754)	(20,037)	-	(236,791)
Total other financing sources (uses)	(196,754)	190,537	37	(6,180)
NET CHANGE IN FUND BALANCES	7,623	(18,462)	(66,278)	(77,117)
FUND BALANCES:				
Beginning of year	242,176	211,498	177,283	630,957
End of year	<u>\$ 249,799</u>	<u>\$ 193,036</u>	<u>\$ 111,005</u>	<u>\$ 553,840</u>

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

REGIONAL TRANSPORTATION AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS	\$ (77,117)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,120) exceeded depreciation (\$769) in the current period.	350
Proceeds (if any) from disposals of capital assets are reported as financing sources in governmental funds; however, the gain (loss) on sale of disposal is recorded in the Statement of Activities.	(182)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net position.	100,610
Prepaid insurance-bond issue costs are reported as expenditures in the governmental funds in the year the bonds are issued. This amount represents the prepaid insurance costs recognized as expense in the governmental activities in the current year.	(223)
Grant revenues from ASA and AFA that was recognized in 2014 as deferred inflows of resources in the governmental funds.	(43,327)
Accrued interest on bonds reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	1,287
This amount represents the amount of contribution recognized in the governmental funds of \$3,402 that exceeded the amount of \$1,618 recognized as pension expense in the statement of activities in accordance with GASB 68.	1,784
Governmental funds report bond premiums as an other financing source. However, in the statement of activities, the premiums are amortized over the life of the bonds and recorded as a reduction of bond interest expense.	6,681
Compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	9
Net pension employee benefit obligations reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.	(18)
Increases (decreases) in the fair values of investment derivative instruments do not provide (use) financial resources and are not reported in the fund financial statements.	<u>(2,192)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (12,338)</u>

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
DECEMBER 31, 2015
(In Thousands)**

ASSETS:

Current:

Cash and cash equivalents	\$	10,353
Investments		8,748
Accrued interest on investments		6
Due from General Fund		6,180
Prepaid insurance		<u>2,690</u>

Total assets 27,977

LIABILITIES

-

NET POSITION - Unrestricted

\$ 27,977

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

OPERATING EXPENSES:	
Insurance expense	\$ 5,835
Professional services	83
Bank charges and miscellaneous	<u>11</u>
Total operating expenses	<u>5,929</u>
OPERATING LOSS	<u>(5,929)</u>
NONOPERATING REVENUES	
Investment income	44
Transfer from General Fund	<u>6,180</u>
Total nonoperating revenues	<u>6,224</u>
CHANGE IN NET POSITION	295
NET POSITION:	
Beginning of year	<u>27,682</u>
End of year	<u><u>\$ 27,977</u></u>

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF CASH FLOWS
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND
JOINT SELF-INSURANCE (PROPRIETARY) FUND
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments to insurance vendor	\$ (5,915)
Payments to other vendors	<u>(107)</u>
Net cash flows from operating activities	<u>(6,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(21,467)
Proceeds from sale and maturities of investments	23,464
Investment income	<u>48</u>
Net cash flows from investing activities	<u>2,045</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Contributions received from RTA	<u>530</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,447)
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>13,800</u>
End of year	<u><u>\$ 10,353</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	\$ (5,929)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Changes in:	
Prepaid insurance	(80)
Recoverable premium	<u>(13)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (6,022)</u></u>

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015
(In Thousands)**

	Pension Trust Fund	Sales Tax Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 68,754	\$ -
Investments, at fair value:		
Corporate fixed income mutual fund	62,872	-
Equity mutual funds and common stocks	74,813	-
Common stocks	9,588	-
Venture capital	8,080	-
Balanced funds	22,390	-
Total Investments	177,743	-
Intergovernmental receivables:		
Sales taxes	-	194,493
New sales tax	-	70,651
Interest on sales taxes	-	19
Due from General Fund	-	29,266
Reduced fare reimbursement	-	8,785
PTF (new sales tax/RETT)	-	69,400
Advances to Service Boards	-	81,727
Accrued dividends and interest	8	-
Total Receivables	8	454,341
Total assets	246,505	454,341
LIABILITIES:		
Intergovernmental payables:		
Sales taxes due to Service Boards	-	194,493
New sales tax due to Service Boards	-	70,651
ADA Paratransit Funding (Future Years) SBD	-	29,266
Interest on sales taxes due to Service Boards	-	19
Reduced fare reimbursement	-	8,785
PTF (new sales tax/RETT)	-	69,400
Advances from State	-	81,727
Accrued other items	65	-
Total liabilities	65	454,341
Net position held in trust for pension benefits	\$ 246,440	\$ -

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

REGIONAL TRANSPORTATION AUTHORITY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

	<u>Pension Trust Fund</u>
ADDITIONS:	
Investment gain:	
Net depreciation in fair value of investments	\$ (11,640)
Interest and dividends	2,954
	<u>(8,686)</u>
Less investment expenses:	
Investment managers	318
Trust fees	10
Investment advisor	86
	<u>414</u>
Total investment expenses	<u>414</u>
Net investment loss	<u>(9,100)</u>
Contributions:	
Metra pension contributions	39,849
Pace pension contributions	33,844
RTA pension contributions	3,402
	<u>77,095</u>
Total contributions	<u>77,095</u>
Total net additions	<u>67,995</u>
DEDUCTIONS:	
Benefit payments	15,658
Administrative expenses	407
	<u>16,065</u>
Total deductions	<u>16,065</u>
NET INCREASE IN PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	51,930
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>194,510</u>
End of year	<u>\$ 246,440</u>

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

REGIONAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

NOTE 1. REPORTING ENTITY

The Regional Transportation Authority (“RTA”) was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act (“Act”). The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. However, on November 9, 1983, the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning, funding, and oversight entity. The reorganization placed all operating responsibilities in the Chicago Transit Authority (“CTA”), the Commuter Rail Division (“Metra”) and the Suburban Bus Division (“Pace”), each having its own independent board of directors. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the “Service Boards.”

The Service Boards provide services to different geographic areas within the six-county region. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburban metropolitan area and commuting into the City of Chicago. Pace’s primary service area is the suburban communities, with limited service within the City of Chicago. The CTA provides service to the City of Chicago and 38 neighboring suburbs within Cook County. Although programs are underway to encourage riders to transfer between the service entities, trips of this type presently represent a minority of those taken.

The Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA System as a whole achieves annually a “system-generated revenues recovery ratio” (i.e., aggregate income for transportation services provided) of at least 50% of the cost of transportation services. For purposes of the recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with generally accepted accounting principles, with certain exceptions. Capitalized expenditures are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA is responsible for monitoring the budgets and financial performance of the Service Boards.

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

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

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

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

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

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

Based on these factors and applying the aforementioned criteria used to determine financial accountability, management of the RTA does not consider the Service Boards to be component units and, accordingly, the financial data of the Service Boards have been excluded from the RTA reporting entity. The RTA is not aware of any entity which is financially accountable for the RTA that would result in the RTA's being considered a component unit of such entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RTA conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the significant policies:

Fund Accounting—The accounts of the RTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled. In the financial statements, the various funds are grouped into three broad fund types and six generic fund categories as follows:

Governmental Fund Types—The RTA's Governmental Fund Types consist of the General Fund, Debt Service Fund, and Capital Projects Fund.

General Fund—The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not accounted for in another fund.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund—In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of Strategic Capital Improvement Program ("SCIP") bonds, and to have a maximum of \$500 million RTA bonds outstanding. The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of the bond issues. The Capital Projects Fund was first established in 1990 with the issuance of \$100 million of RTA bonds to fund capital projects at the Service Boards. The proceeds from the bonds issued under the General Assembly's authorization were allocated by the RTA as follows: 50% for capital projects of the CTA; 45% for capital projects of Metra; and 5% for capital projects of Pace. Projects included in approved five-year Capital

Programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

In 1999, the Illinois General Assembly passed additional bonding authorization, thereby increasing the RTA bond authority to \$800 million outstanding effective January 1, 2000. It also increased SCIP bond issues by \$1.3 billion not to exceed \$260 million per year beginning in 2000.

Proprietary Fund Type—Proprietary Funds are used to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one Proprietary Fund which relates to the activities of the Joint Self-Insurance Fund.

Joint Self-Insurance Fund—The Joint Self-Insurance Fund (“Fund”) is used to account for the financing of claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. The Fund is essentially a financing mechanism providing a source from which to borrow or to pay for the first \$5 million of catastrophic losses and other claims incurred by the Service Boards and the RTA arising out of personal injuries, property damage, and certain other losses. This Fund is reported as an Enterprise Fund since the predominant participants are outside of the RTA.

Fiduciary Fund Type—Fiduciary Funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA’s Fiduciary Funds consist of one Agency (Sales Tax) Fund and a Pension Trust Fund.

Agency Fund—The Sales Tax Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers’ Occupation and Use Tax (sales taxes), interest on sales taxes, and reduced fare reimbursement grants. For RTA budgetary purposes, sales tax receipts are recorded in the Sales Tax Agency Fund and are equally offset by amounts recorded as disbursements reflecting the pass-through to the Service Boards.

Pension Trust Fund—The Pension Trust Fund is used to account for the accumulation of resources for, and payments of, retirement benefits to employees participating in the RTA Pension Plan.

Government-wide and Fund Financial Statements—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the RTA in a manner similar to a private-sector business. The effect of interfund activities has been removed from these statements. Governmental activities which are supported by sales taxes and intergovernmental revenues are reported separately from the insurance activities. The insurance activities include interest charges for loans advanced for claims of the Service Boards. Likewise, the fiduciary fund type - RTA Pension Trust Fund and Sales Tax Agency Fund are presented separately and are not included in the government-wide financial statements of the RTA.

The statement of activities shows certain direct program expenses which are offset by program revenues. Governmental program activities include expenses such as financial assistance and capital asset funding (capital grants) to CTA, Metra, and Pace; administrative expenses; operating the RTA Travel Information Center, certifying riders for paratransit service under the Americans with Disabilities Act (“ADA”) and other services (regional expenses); and payment of debt service on bonds issued by the RTA. Program revenues include operating grants and contributions that are restricted to meeting the operational requirements of a particular program (i.e., technology and non-technology programs). Sales taxes, Public Transportation Fund (“PTF”), state assistance (“ASA/AFA”), investment income and other items properly excluded from program revenues are reported instead as general revenues.

Fund level financial statements are provided for governmental funds, proprietary fund, and fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (Joint Self-Insurance Fund) and the Pension Trust Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues if collected by the retailers by year-end. Grants and similar items are recognized as revenues when qualifying expenditures have been incurred and as soon as all eligibility requirements imposed by the grantors have been met. Prepaid expenses are recorded using the consumption method.

The Joint Self-Insurance Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues (interest charged to Service Boards) and expenses (administrative expenses including insurance premium and professional services) generally result from providing services in connection with the proprietary fund's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Sales Tax Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Governmental fund financial statements use the current financial resources measurement focus. The funds are accounted for using the modified accrual basis of accounting; i.e., revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or shortly thereafter to pay liabilities of the current period. Sales taxes are considered measurable and available if collected by the retailer by year-end and received by the RTA within 80 days after year-end. ASA/AFA is considered measurable and available if billed and received within 180 days after year-end. Additionally, certain compensated absences, claims and judgments, debt service principle and interest, pension and OPEB are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The RTA reports three major governmental funds—General Fund, Debt Service Fund, and Capital Projects Fund; one major proprietary fund—Joint Self-Insurance Fund; and two fiduciary funds—Pension Trust Fund and Sales Tax Agency Fund.

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. This only applies to governmental and proprietary funds.

Assets, Liabilities and Fund Equity

Cash and Investments—All excess General Fund cash is invested and earnings are credited to the General Fund for use in financing general RTA operations. Most investments are reported at fair value which is determined using various major exchange sources. Short-term investments are reported at amortized cost, which approximate fair value due to their short-term nature. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For Pension Trust Fund, see Note 3.

Intergovernmental Receivables—Receivables include amounts due from State and local governments for sales taxes, specific programs or projects, and services.

Capital Assets—The RTA sets a capitalization threshold of no less than \$5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least one year following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation. The RTA uses the straight-line method for computing depreciation expense. Leasehold improvements made to RTA's office facilities are capitalized, and their costs amortized over the life of the lease. Leasehold improvements and

major equipment repairs, if any, are also capitalized during the remaining life of the lease or the extended useful life of the equipment. The Capital-Technology Program's capitalized assets are for projects in progress; therefore, the assets are non-depreciable.

<u>Description</u>	<u>Useful Life</u>
Furniture and equipment	5 years
Computer equipment and software	5 years
Leasehold improvements	Life of the lease

Restricted Assets and Restricted Net Position—Bond proceeds and amounts set aside for general obligation debt service are classified as restricted assets since their use is limited by the bond indentures. When both restricted and unrestricted resources are available for use, it is RTA's policy to use restricted resources first, then unrestricted resources as needed.

Compensated Absences—Compensation for holidays, illness, and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest. The RTA accounts for compensated absences under GASB No. 16, entitled "Accounting for Compensated Absences", whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability. Compensated absences are recorded in the General Fund only if they have matured (i.e., unused leave still outstanding at time of an employee's resignation or retirement). Compensated absences are recorded in the governmental activities as current liabilities when the obligation is due. The RTA's policy is compensated absences have to be used by the end of the following fiscal year.

Changes in compensated absences for the year ended December 31, 2015 were as follows (amounts in thousands):

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015	Due Within One Year
Compensated absences payable	\$ 272	\$ -	\$ 9	\$ 263	\$ 63

Intergovernmental Payables—These amounts include accrued financial assistance, sales taxes, capital and other grants due to the Service Boards.

Unearned Revenue—These amounts are recorded as liabilities and revenue recognition is based on certain time requirements.

Fund Balances—In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. The RTA did not have amounts reported within this category.

Restricted – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts constrained by limitations that the Authority imposes upon itself through resolution by its board of directors. The commitment amount will be binding unless removed or amended in the same manner.

Assigned – This consists of net amounts that are constrained by the Authority’s intent to be used for specific purpose, but that are neither restricted nor committed. Assigned amounts are determined by the Executive Director upon recommendation of the Budget, Performance and Business Analysis division based on the year-end Positive Budget Variance.

Unassigned – This consists of residual fund balances.

In instances where restricted, committed and assigned fund balances are available for use, RTA’s policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed.

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

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

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

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

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

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

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

<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 0.3% (i.e. for every \$500 in sales price \$1.50 in tax is collected).

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

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

While the RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as for regional

innovation, coordination and enhancement (“ICE”) and suburban community mobility (“SCMF”) initiatives. Funds for ADA Paratransit, ICE and SCMF are by statute set aside before distributions to the CTA, Metra and Pace.

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

The amounts allocable to each of the Service Boards from funding received by the RTA from a portion of the State’s PTF are allocated at the discretion 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 2015, which ends June 30, 2015, 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, 2015, the grant was in the amount of \$17.57 million.

Additional State Assistance/Additional Financial Assistance—The State has authorized Additional State Assistance (“ASA”) which is supplemental financing for the RTA’s Strategic Capital Improvement Program (“SCIP”) bonds. The ASA available to the RTA during the State’s July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP I bonds plus any debt service savings from the issuance of currently refunding or advance refunding SCIP I bonds, less interest earned on the unspent bond proceeds, or (ii) \$55 million per year. The RTA recognized \$40 million of ASA in 2015.

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 2015 and 2016, per year. The RTA recognized \$90 million of AFA in 2015.

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

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

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to \$21.6 million for the year ended December 31, 2015.

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

Cash Flows—For purposes of the statement of cash flows, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents totaled \$10.4 million at December 31, 2015 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net position. The remaining \$8.8 million constitutes investments in the Joint Self-Insurance Fund with original maturities in excess of three months.

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

Interfund Transactions—The governmental fund’s balance sheet reports all outstanding balances between funds, as “due to/from other funds.” The government-wide financial statements report any residual balances outstanding between the governmental activities and business-type activities as “internal balances.” Government-wide financial statements and the Statement of Fiduciary Net Position report a “due to/from general fund” outstanding for pension contributions.

New Accounting Pronouncements:

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

Statement No. 72, *Fair Value Measurement and Application*, will be effective for the Authority beginning with its year ended December 31, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits (OPEB)) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits (OPEB)). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2018 financial statements.

GASB issued Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Authority does not fall within the scope of Statement 78, therefore no material impact is expected on the financial statements.

GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Authority has not yet determined the impact of this Statement. The Authority will adopt this Statement for its June 30, 2016 financial statements.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

NOTE 3. CASH AND INVESTMENTS

Governmental and Joint Self-Insurance Fund Investments

Cash and investments in the statement of net position may be restricted by bond covenants or through action of the RTA board as to their use. Unrestricted cash and investments may be used for any purpose.

Deposits and Investments—Section 2.20(a)(ii) of the RTA Act authorizes the RTA to invest any funds or monies not required for immediate use or disbursement. The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et seq.

The RTA investment policy is in accordance with the Illinois statutes and allows the RTA to invest in:

- Certain obligations of the U.S. Government and its agencies.
- Interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any FDIC insured bank as defined by the Illinois Banking Act.
- Short-term obligations of corporations organized in the United States with assets exceeding \$500 million and rated within the highest classification established by at least two standard rating services.
- Certain money market mutual funds.
- The Illinois Funds.
- Repurchase agreements.

Custodial Credit Risk — Custodial credit risk is the risk that in the event of a bank failure, the RTA's deposits may not be returned to it. The RTA's policy for custodial credit risk states collateral will be valued at market value (excluding accrued interest) on the trade date. Collateral required will be 100% of the investment or such greater percentage as may be appropriate based upon the financial stability of the institution and the term of the collateral (i.e., maturity), less any insurance provided by the Federal Deposit Insurance Corporation ("FDIC").

Investments

Interest Rate Risk — To mitigate losses caused by changing interest rates, the maturities of the RTA's investments is limited. Per the RTA's investment policy, investments in corporations are limited to maturities of 180 days or less. Other investment maturities cannot exceed three years.

As of December 31, 2015, the RTA's investments were as follows (amounts in thousands):

Investment Type	Fair Value
Commercial paper	\$ 39,989
Fixed-income securities	307,318
Illinois Funds	15,173
Money market fund	29,860
U.S. Treasuries	9,996
Government Agencies	16,994
Total	<u>\$ 419,330</u>

The weighted average maturity of the above investments is less than 90 days, for each investment category.

Credit Risk — The RTA's policy for credit risk states no investment shall be made in short-term obligations of corporations unless such obligations are rated at the time of purchase within the highest classification established by at least two standard rating services, the investment matures no later than 180 days from the date of purchase and the issuer is domiciled in the United States. Investments in Agencies will be limited to obligations of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks.

As of December 31, 2015, the RTA's investments were as follows (amounts in thousands):

Investment Type	Fair Value	Credit Rating		
		Moody's	& Poor's	Fitch
Commercial paper	\$ 39,989	P-2	A-2	F-2
Fixed Income securities	307,318	Aaa	AAAm	*
Illinois Funds	15,173	*	AAAm	*
Money market fund	29,860	Aaa-mf	AAAm	AAAmf
U.S. Treasuries	9,996	*	*	*
Government Agencies	16,994	*	*	*
Total	<u>\$ 419,330</u>			

* Rating not available

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Except for commercial paper, the RTA's investment policy does not specifically address a limitation of investments in a single issuer; instead the policy addresses credit risk using broad categories of investments. The RTA's policy states the maximum percentage of the portfolio invested in commercial paper should not exceed 33.3%, money market mutual funds should not exceed 20.0%, U.S. Government Agency obligations should not exceed 20.0%, the Illinois Funds should not exceed 20% and Repurchase Agreements should not exceed 50.0%.

In the Governmental funds, there are no investments in a single issuer that exceeds 5% of the total investments.

The RTA has investments in the following issuers that exceed 5% of the total investments:

Joint Self-Insurance Fund Investment	Amount	% of Portfolio
Torchmark Corp Disc Commercial Paper	\$ 4,998	26%

The RTA's investments in money market funds are for liquidity and offer an alternative to other investment vehicles. Management has reviewed the investments in the money market funds and has determined that the types of investments included in the money market funds are consistent with the RTA's investment policy. These funds consist of U.S. Treasury Securities and Agencies.

The Illinois Funds investment pool (2a7-like pool) is managed by the Treasurer of the State of Illinois and is not registered with the SEC. The Illinois Funds targets maintaining a \$1 per share net asset value ("NAV") at all times. The Illinois Funds are recorded at amortized costs.

Pension Funds

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the RTA's pension deposits may not be returned to it. The RTA's Pension Plan policy does not explicitly indicate custodial credit risk. As of December 31, 2015, none of the Plan's cash was at risk. Based on the type of investments, the Plan's investments were not subjected to custodial credit risk.

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

As of December 31, 2015, the RTA's pension investments were as follows (amounts in thousands):

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	\$ 62,872	103
Money market fund	68,754	1
Total fair value	<u>\$ 131,626</u>	
Portfolio weighted average maturity		50

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

As of December 31, 2015, the credit ratings for RTA pension investments were as follows:

Investment Type	Total Fair Value (Amounts in Thousands)	Credit Rating (where available)		
		Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	\$ 62,872	NR	NR	NR
Money market fund	68,754	Aaa-mf	AAAm	NR
Total	<u>\$ 131,626</u>			

NR - not rated

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

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows (amounts in thousands):

	Changes in Fair Value		Fair Value at December 31, 2015		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Fair value hedges:					
Receive-fixed interest rate swap	Deferred inflow	\$ (2,051)	Debt	\$ 5,636	\$ 64,740
Receive-fixed interest rate swap	Deferred inflow	(3,706)	Debt	3,391	90,846
Receive-fixed interest rate swap	Deferred inflow	(5,559)	Debt	5,087	136,269
Cash flow hedge:					
Pay-fixed interest rate swap	Deferred outflow	(2,087)	Debt	(20,802)	91,320
Investment derivatives:					
Basis swap	Investment revenue	889	Investment	1,233	170,782
Basis swap	Investment revenue	888	Investment	1,238	170,782
Basis swap	Investment revenue	415	Investment	327	52,000

Objective, Terms, Fair Value and Accounting of Derivative Instruments

The RTA engaged an independent pricing service with no vested interest in the interest rate swap transactions to perform the valuations, the required tests, and evaluation of all the swaps for compliance with GASB 53. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

The table below displays the objectives, terms, and fair values of the RTA's derivative instruments outstanding as of December 31, 2015, along with the counterparties and their credit ratings.

Type of Swap	Objective	RTA Pays	RTA Receives	Trade Date	Effective Date	Maturity Date	Current Notional	Counterparty	Ratings	Fair Value
Receive-fixed	Hedge of fair value changes in the Series 1990 A, 1994 B, and 1994 D bonds	SIFMA Swap Index	4.30200%	11/16/2001	11/20/2001	06/01/2020	\$64,740,000	UBS AG	A2/A/A	\$ 5,635,618
Pay-fixed	Hedge of changes in cash flows on the Series 2005 B bonds	4.95200%	70% of USD-LIBOR	12/13/2002	06/01/2005	06/01/2025	\$91,320,000	JPMorgan Chase Bank, N.A.	Aa3/A+/AA-	\$ (20,801,925)
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	78.25% of USD-LIBOR	08/07/2003	08/11/2003	06/01/2024	\$170,781,500	Merrill Lynch Capital Services, Inc. (Bank of America)	Baa2/BBB+/A	\$ 1,233,466
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	78.25% of USD-LIBOR	08/07/2003	08/11/2003	06/01/2024	\$170,781,500	UBS AG	A2/A/A	\$ 1,238,030
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	79% of USD-LIBOR	03/22/2005	03/29/2005	07/01/2023	\$52,000,000	JPMorgan Chase Bank, N.A.	Aa3/A+/AA-	\$ 327,454
Receive-fixed	Hedge of fair value changes in the Series 2000 A and 2006 A	SIFMA Swap Index	4.36700%	06/07/2007	06/11/2007	07/01/2030	\$90,846,000	JPMorgan Chase Bank, N.A.	Aa3/A+/AA-	\$ 3,391,301
Receive-fixed	Hedge of fair value changes in the Series 2000 A and 2006 A	SIFMA Swap Index	4.36700%	06/07/2007	06/11/2007	07/01/2030	\$136,269,000	Goldman Sachs Bank USA	A1/A-/A	\$ 5,086,951

The receive-fixed swap transactions are associated with fixed rate debt. Combining a receive-fixed pay-variable rate swap with fixed-rate debt results in what is termed "synthetic" variable-rate debt. It is called synthetic because the economics are similar to floating-rate debt, but an additional instrument is involved unlike traditional floating-rate debt. When the RTA created synthetic floating-rate debt, it had very little unhedged variable-rate exposure in its overall debt profile.

The three swaps where the RTA receives a fixed rate and pays a floating rate are considered fair value hedges. They all qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value as of December 31, 2015, which were all assets, were offset by a corresponding deferred inflow liability on the statement of net position.

The one swap where the RTA pays a fixed rate and receives a floating rate is considered a cash flow hedge. The swap exceeds the underlying \$125.9 million bond principal by approximately \$0.5 million of notional. This pay-fixed swap transaction is associated with variable debt. Combining a pay-fixed/receive-variable rate swap with variable-debt results in what is termed “synthetic” fixed-rate debt. It is called synthetic because the economics are similar to fixed-rate debt, but an additional instrument is involved unlike traditional fixed-rate debt. The RTA received a payment of \$11.7 million when the swap agreement was entered into.

The three swaps where the RTA pays and receives floating rates, basis swaps, are deemed investment instruments under GASB 53 and are accounted for as investment instruments.

There are three main strategies the RTA pursues with respect to each transaction. Each swap can achieve one or more of these strategies. Then as a result of execution of the derivative, its value will change with respect to how prevailing rates in each reporting period compare to when the derivative was put in place. The accumulated changes in fair value or total fair value of all the derivatives are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB 53, each swap transaction is then evaluated to determine what type of accounting treatment to apply.

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of the swap. The RTA pays a fixed rate, and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the RTA is fixed, the swap would result in a positive value to the RTA. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the RTA. The value primarily depends on the overall level of interest rates on the reporting date compared to what the RTA pays. The overall level of long-term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the RTA pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay-fixed swap, therefore, the mark-to-market value is generally more negative to the RTA.

(ii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of the swap where the RTA receives a percentage of 1-month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 1-month LIBOR (short-term taxable rates) versus tax-exempt rates, a direct function of tax rates, is approximately 70%, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than the percentage received by the RTA on the fixed-rate swap. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR plus applicable spread will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on the RTA’s hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates.

For the three basis swaps, the RTA receives 78.25% and 79% of 1-month LIBOR which is significantly higher than the historical average ratio of 70% stated above. This additional receipt to the RTA is the expected benefit and reduction to interest expense for the life of the basis swap transaction. The value of such a swap is determined by the prevailing level of taxable interest rates received versus the level of tax-exempt interest rates paid.

(iii) Converting a portion of fixed-rate debt to variable in an environment of higher long term fixed rates and lower variable interest rates, with no ongoing liquidity fees. This is the function of the swaps where the RTA receives fixed and pays the SIFMA Swap Index. The cancellation option in the two swaps mirrors the RTA’s call option on the underlying bonds. Including this option in the receive-fixed swap increased the fixed-rate receivable to the RTA. If either counterparty exercises their option and cancels the swap, interest rates will likely have declined, also allowing the RTA to refund the underlying fixed rate bonds for savings. The value of each swap is determined by the prevailing level of interest rates, and if applicable, the value of the cancellation option which is an asset to the counterparty. Interest rates have trended lower since

inception of the receive-fixed swaps; therefore, the mark-to-market value is generally more positive to the RTA.

Risks

Credit risk. This is the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the sum fair value of swaps netting, or aggregating under a contract between the RTA and each counterparty. The RTA would be exposed to credit risk on derivative instruments under a netting agreement that would sum to an asset position. As of December 31, 2015, the RTA has credit risk exposure to Goldman Sachs Bank USA and UBS AG. This is because the transactions associated with each counterparty net to a positive fair value, meaning the RTA is exposed to the counterparty in the amount of the derivative contracts' fair values. However, should interest rates change and the fair values become negative, the RTA would not be exposed to credit risk.

The RTA has no credit risk exposure on the rest of the swap contracts because the swaps under each netting agreement with each counterparty have negative fair values, meaning the counterparties are exposed to the RTA in the amount of the derivatives' fair values. However, should interest rates change and the fair values of the swaps become positive, the RTA would be exposed to credit risk.

The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

Interest rate risk. The RTA is exposed to interest rate risk on its interest rate swaps. On the receive fixed/pay variable, as interest rates increase, the risk increases. On pay fixed/receive variable, as interest rates decrease, the risk increases.

Basis risk. Basis risk is the risk that the interest rate paid by the RTA on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. The RTA bears basis risk on its fixed rate swap. The swap has basis risk since the RTA receives a percentage of LIBOR to offset the actual variable bond rate the RTA pays on its bonds. The RTA is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the RTA pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

Termination risk. The RTA or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If the fixed-rate swap is terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swaps have a negative fair value, the RTA would be liable to the counterparty for a payment equal to the swap's fair value.

Hedging derivative instrument payments and hedged debt. As of December 31, 2015, aggregate debt service requirements of the RTA's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The schedule below represents pay fixed derivative.

<u>Year Ending December 31,</u>	<u>(Amounts in Thousands)</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivatives, Net</u>	<u>Total</u>
2016	\$ 685	\$ 2,986	\$ (4,347)	\$ (676)
2017	720	2,963	(4,313)	(630)
2018	4,735	2,873	(4,204)	3,404
2019	4,955	2,713	(3,937)	3,731
2020	12,555	2,424	(3,517)	11,462
2021-2025	67,175	5,387	(7,857)	64,705
Total	<u>\$ 90,825</u>	<u>\$ 19,346</u>	<u>\$ (28,175)</u>	<u>\$ 81,996</u>

NOTE 4. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The intergovernmental receivables and payables in the statement of net position comprise the following:

Receivable	Amount (In Thousands)
General Fund:	
Sales taxes	\$ 56,501
State assistance (ASA & AFA)	65,118
General State Revenue (MOU)	64,786
Public Transportation Fund (PTF)	132,346
Interest on sales tax	13
Illinois Department of Transportation (IDOT) grants and others	5,394
Pace ADA Paratransit	18,722
Total Intergovernmental Receivables	<u>\$ 342,880</u>
Payable	
General Fund:	
Operating Assistance	\$ 122,597
RTA SB Cap Pay	1,121
State bond payable SB	79,598
Capital assistance	74
Total General Fund	203,390
Capital Projects Fund:	
Capital grants	3,276
Total Intergovernmental Payables	<u>\$ 206,666</u>

NOTE 5. DUE TO/FROM OTHER FUNDS

Various transactions result in “due to/from other funds” balances. In most cases, the General Fund advances payments on behalf of other funds.

The General Fund makes monthly transfers to the Debt Service Fund and occasionally makes transfers to the Joint Self-Insurance Fund. The General Fund owes the Pension Trust Fund for its share of contributions during the period. Cash receipts and payments on behalf of the Sales Tax Agency Fund originate in the General Fund.

On December 31, 2015, the amounts due to/from other funds presented in the Governmental Funds Balance Sheet, the Joint Self-Insurance Fund Statement of Net Position, and the Fiduciary Funds Statement of Fiduciary Net Position are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount (In Thousands)</u>
Agency	General	\$ 29,266
Joint Self-Insurance	General	6,180
Debt Service	Capital Projects	16

NOTE 6. INTERFUND TRANSFERS

Various transactions result in “transfer in/out” balances from funds. Transfer in/out balances presented on the Governmental Fund’s Statement of Revenues, Expenditures and Changes in Fund Balances and the Business Type Activities Fund’s Statement of Revenues, Expenses and Changes in Net Position are as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount (In Thousands)</u>
Debt Service	Capital projects	\$ 37
Debt Service	General	20,000
General	Debt Service	210,574
General	Joint Self-Insurance	6,180

The purpose of interfund transfers from the General Fund to Debt Service is to satisfy the RTA’s obligations to bondholders for principal and interest. The purpose of the interfund transfer from the General Fund to the Joint Self-Insurance Fund is to make a capital contribution to the fund to purchase insurance. The transfer from Debt Service to the General Fund was made to make principle and interest payments on outstanding debt.

NOTE 7. ADVANCES TO SERVICE BOARDS

The Illinois Department of Revenue (“IDOR”) sends a “13th month” sales tax advance to compensate for the delayed processing of sales tax payments to the RTA. Each year, IDOR calculates the amount and the RTA verifies that calculation. The allocations to the Service Boards are set forth below (amounts in thousands):

CTA	\$ 38,254
Metra	33,027
Pace	<u>10,446</u>
Total Service Board Advances	<u>\$ 81,727</u>

Sales tax advances have also been reported as current liabilities in the Agency Sales Tax Fund.

NOTE 8. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year (amounts in thousands):

	Balance at January 1, 2015	Additions	Retirements	Balance at December 31, 2015
<u>Depreciable:</u>				
Office furniture and equipment	\$ 852	\$ -	\$ -	\$ 852
Computer equipment	5,163	638	-	5,801
Leasehold improvements	1,757	5	-	1,762
Subtotal	<u>7,772</u>	<u>643</u>	<u>-</u>	<u>8,415</u>
Less accumulated depreciation:				
Office furniture and equipment	823	16	-	839
Computer equipment	3,792	604	-	4,396
Leasehold improvements	1,190	149	-	1,339
Subtotal	<u>5,805</u>	<u>769</u>	<u>-</u>	<u>6,574</u>
Total Depreciable	1,967	(126)	-	1,841
<u>Non-depreciable:</u>				
Capital in Progress -Technology Program	9,557	476	182	9,851
Total Capital assets—net of accumulated depreciation	<u>\$ 11,524</u>	<u>\$ 350</u>	<u>\$ 182</u>	<u>\$ 11,692</u>

All capital assets are associated with governmental activities.

During 2015, the total depreciation for administrative expense was \$769 thousand.

NOTE 9. GENERAL OBLIGATION BONDS AND NOTES PAYABLE

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

	January 1, 2015	New Issues	Current Retirements	December 31, 2015	Due Within One Year
1990A	\$ 38,790	\$ -	\$ 5,395	\$ 33,395	\$ 5,785
1991A	42,630	-	4,970	37,660	5,305
1994A* & 1994B	24,395	-	-	24,395	11,725
1994C* & 1994D	46,770	-	7,360	39,410	7,955
1997 Refunding	40,890	-	3,750	37,140	3,980
1999* Refunding	206,435	-	17,720	188,715	10,425
2000A*	193,455	-	7,425	186,030	7,870
2001A*	74,985	-	2,740	72,245	2,895
2001B* Refunding	27,505	-	2,425	25,080	2,560
2002A*	124,390	-	4,120	120,270	4,350
2003A*	209,530	-	6,575	202,955	6,940
2003B	120,810	-	3,805	117,005	4,010
2004A*	214,790	-	6,255	208,535	6,575
2005B Refunding	94,735	-	3,910	90,825	685
2006A*	221,385	-	4,970	216,415	5,285
2010A	44,605	-	4,670	39,935	4,905
2010B	112,925	-	-	112,925	-
2011A Refunding	71,035	-	13,000	58,035	13,560
2014A	99,295	-	1,520	97,775	1,575
2014A1 Cash Note	225,000	-	-	225,000	225,000
Subtotal	2,234,355	-	100,610	2,133,745	331,385
Unamortized bond premium	106,025	-	6,681	99,344	-
Total	\$ 2,340,380	\$ -	\$ 107,291	\$ 2,233,089	\$ 331,385

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2015, the total general obligation bonds payable of \$2,133.7 million are classified as current and long-term in the Statement of Net Position in the amounts of \$331.4 million and \$1,802.3 million, respectively.

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 331,385	\$ 107,014	\$ 438,399
2017	112,875	99,177	212,052
2018	119,775	92,362	212,137
2019	126,750	85,337	212,087
2020	117,980	78,462	196,442
2021-2025	553,440	298,225	851,665
2026-2030	446,990	164,383	611,373
2031-2035	278,290	48,771	327,061
2036-2040	23,115	8,791	31,906
2041-2044	23,145	2,387	25,532
Total	<u>\$ 2,133,745</u>	<u>\$ 984,909</u>	<u>\$ 3,118,654</u>

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

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,785	\$ 2,404	\$ 8,189
2017	6,200	1,988	8,188
2018	6,645	1,542	8,187
2019	7,125	1,063	8,188
2020	7,640	550	8,190
Total	<u>\$ 33,395</u>	<u>\$ 7,547</u>	<u>\$ 40,942</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,305	\$ 2,523	\$ 7,828
2017	5,660	2,168	7,828
2018	6,040	1,789	7,829
2019	6,445	1,384	7,829
2020	6,875	952	7,827
2021	7,335	491	7,826
Total	\$ 37,660	\$ 9,307	\$ 46,967

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,725	\$ 1,483	\$ 13,208
2017	12,670	507	13,177
Total	\$ 24,395	\$ 1,990	\$ 26,385

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,955	\$ 2,746	\$ 10,701
2017	8,600	2,105	10,705
2018	9,295	1,411	10,706
2019	10,040	662	10,702
2020	3,520	136	3,656
Total	<u>\$ 39,410</u>	<u>\$ 7,060</u>	<u>\$ 46,470</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,980	\$ 2,109	\$ 6,089
2017	4,230	1,863	6,093
2018	4,485	1,601	6,086
2019	4,765	1,324	6,089
2020	5,055	1,029	6,084
2021-2023	14,625	1,207	15,832
Total	<u>\$ 37,140</u>	<u>\$ 9,133</u>	<u>\$ 46,273</u>

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2016	\$ 10,425	\$ 10,607	\$ 21,032
2017	11,045	9,990	21,035
2018	21,400	9,057	30,457
2019	22,650	7,790	30,440
2020	23,980	6,450	30,430
2021-2025	99,215	10,854	110,069
Total	\$ 188,715	\$ 54,748	\$ 243,463

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
2016	\$ 7,870	\$ 11,896	\$ 19,766
2017	8,345	11,404	19,749
2018	8,860	10,883	19,743
2019	9,405	10,329	19,734
2020	9,985	9,741	19,726
2021-2025	60,095	38,497	98,592
2026-2030	81,470	16,532	98,002
Total	\$ 186,030	\$ 109,282	\$ 295,312

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,895	\$ 4,264	\$ 7,159
2017	3,060	4,091	7,151
2018	3,230	3,907	7,137
2019	3,415	3,729	7,144
2020	3,610	3,542	7,152
2021-2025	21,335	14,372	35,707
2026-2030	28,095	7,224	35,319
2031	6,605	396	7,001
Total	<u>\$ 72,245</u>	<u>\$ 41,525</u>	<u>\$ 113,770</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.

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,560	\$ 1,309	\$ 3,869
2017	2,710	1,164	3,874
2018	2,865	1,011	3,876
2019	3,025	848	3,873
2020	3,195	678	3,873
2021-2023	10,725	907	11,632
Total	<u>\$ 25,080</u>	<u>\$ 5,917</u>	<u>\$ 30,997</u>

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 December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,350	\$ 7,194	\$ 11,544
2017	4,600	6,944	11,544
2018	4,860	6,679	11,539
2019	5,140	6,388	11,528
2020	5,440	6,079	11,519
2021-2025	32,300	25,106	57,406
2026-2030	42,795	14,227	57,022
2031-2032	20,785	1,888	22,673
Total	\$ 120,270	\$ 74,505	\$ 194,775

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 December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,940	\$ 11,731	\$ 18,671
2017	7,320	11,349	18,669
2018	7,720	10,946	18,666
2019	8,145	10,522	18,667
2020	8,595	10,074	18,669
2021-2025	50,585	42,736	93,321
2026-2030	65,505	26,636	92,141
2031-2033	48,145	5,876	54,021
Total	\$ 202,955	\$ 129,870	\$ 332,825

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 December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,010	\$ 6,454	\$ 10,464
2017	4,225	6,228	10,453
2018	4,455	5,989	10,444
2019	4,695	5,738	10,433
2020	4,945	5,472	10,417
2021-2025	29,030	22,857	51,887
2026-2030	37,750	13,638	51,388
2031-2033	27,895	2,462	30,357
Total	\$ 117,005	\$ 68,838	\$ 185,843

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 December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,575	\$ 11,511	\$ 18,086
2017	6,920	11,123	18,043
2018	7,295	10,715	18,010
2019	7,685	10,294	17,979
2020	8,100	9,860	17,960
2021-2025	47,555	42,029	89,584
2026-2030	61,820	27,195	89,015
2031-2034	62,585	7,433	70,018
Total	\$ 208,535	\$ 130,160	\$ 338,695

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest*	Total
2016	\$ 685	\$ 2,986	\$ 3,671
2017	720	2,963	3,683
2018	4,735	2,873	7,608
2019	4,955	2,713	7,668
2020	12,555	2,424	14,979
2021-2025	67,175	5,387	72,562
Total	\$ 90,825	\$ 19,346	\$ 110,171

* Interest was calculated using a rate of 3.3%.

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2016	\$ 5,285	\$ 10,566	\$ 15,851
2017	5,615	10,302	15,917
2018	5,970	10,021	15,991
2019	6,295	9,723	16,018
2020	6,650	9,408	16,058
2021-2025	68,285	39,851	108,136
2026-2030	74,105	18,460	92,565
2031-2035	44,210	7,569	51,779
Total	\$ 216,415	\$ 115,900	\$ 332,315

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,905	\$ 1,997	\$ 6,902
2017	5,150	1,752	6,902
2018	5,405	1,494	6,899
2019	5,680	1,223	6,903
2020	5,960	940	6,900
2021-2022	12,835	970	13,805
Total	<u>\$ 39,935</u>	<u>\$ 8,376</u>	<u>\$ 48,311</u>

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:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 6,622	\$ 6,622
2017	-	6,622	6,622
2018	-	6,622	6,622
2019	-	6,621	6,621
2020	-	6,621	6,621
2021-2025	21,425	31,972	53,397
2026-2030	41,435	22,584	64,019
2031-2035	50,065	9,242	59,307
Total	<u>\$ 112,925</u>	<u>\$ 96,906</u>	<u>\$ 209,831</u>

2011 General Obligation Bonds—In July 2011, the RTA issued \$95.6 million in General Obligation Bonds, Series 2011A, to pay when due, or refund in advance of their maturities a portion of the RTA's Outstanding General Obligation Bonds, Series 2002B maturing from 2013 through 2019 and to pay Costs of Issuance of the Series 2011A Bonds.

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 13,560	\$ 2,563	\$ 16,123
2017	14,165	1,870	16,035
2018	14,810	1,145	15,955
2019	15,500	388	15,888
Total	<u>\$ 58,035</u>	<u>\$ 5,966</u>	<u>\$ 64,001</u>

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,575	\$ 4,808	\$ 6,383
2017	1,640	4,744	6,384
2018	1,705	4,677	6,382
2019	1,785	4,598	6,383
2020	1,875	4,506	6,381
2021-2025	10,920	20,989	31,909
2026-2030	14,015	17,887	31,902
2031-2035	18,000	13,905	31,905
2036-2040	23,115	8,791	31,906
2041-2044	23,145	2,387	25,532
Total	<u>\$ 97,775</u>	<u>\$ 87,292</u>	<u>\$ 185,067</u>

2014 Cash Notes- In May 2014, the RTA issued \$225 million Working Cash Notes, Series 2014A1 (Taxable) to provide funds to manage the cash flow needs of the RTA and the service boards, including the payment of existing RTA obligations and cost issue the notes.

The Series 2014A1 Working Cash Notes mature April 1, 2016 and May 6, 2016 and interest is payable at 0.50% and 0.55%, respectively.

Debt service requirements on the Series 2014 Working Cash Notes to maturity are set forth below:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2016	\$ 225,000	\$ 1,241	\$ 226,241

In May 2013, the RTA entered an agreement to issue commercial paper notes up to \$93 million. The notes are secured by a letter of credit issued by Wells Fargo that terminates May 2015. The letter of credit provider has a subordinate lien on the RTA sales tax revenue and the State match of the RTA's sales tax revenue. During 2013, the maximum usage of the facility was \$10 million. As of December 31, 2015, the facility balance was \$0. The interest rate floats according to the market conditions at the time of a draw and is taxable to investors.

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

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

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

In the Debt Service Fund, \$193 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2015.

NOTE 10. PENSION (amounts in thousands)

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

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

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

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

The Plan permits early retirement at age 55 after completing ten years of credited service with reduced benefits. 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 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 —The Plan is funded solely by employer contributions, which are actuarially determined under the entry age actuarial cost method. Contributions to the plan from the Authority were \$1,644 for the year ended December 31, 2015.

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, 2015, the Authority reported a liability of \$8,406 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the Authority’s proportion was 12.00%, which was an increase of 0.15% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Authority recognized pension expense of \$1,618. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	245
Net difference between projected and actual earnings on pension plan investments	1,089	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	80	-
Authority contributions subsequent to the measurement date	3,402	-
Total	\$ 4,571	\$ 245

The \$3,402 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

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

<u>Year ended June 30:</u>	<u>Amount</u>
2017	\$ 185
2018	185
2019	185
2020	185
2021	185
Total	<u>\$ 925</u>

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

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

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

The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2014 and experience study for the period January 1, 2008 through January 1, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Authority's proportionate share of the net pension liability	\$ 12,048	\$ 8,406	\$ 5,289

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

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

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Regional Transportation Authority ("RTA") provides limited health care insurance coverage for its eligible retired employees. This is a single-employer plan. The plan does not issue a publicly available financial report.

Funding Policy. The required contribution is based on projected pay-as-you-go financing requirements. Eligible disabled pensioners receive coverage under the RTA's health plan with an employer contribution rate of 100% of the premiums for the coverage elected by the retiree. There is also an implicit rate subsidy of 20% related to all RTA retirees. The RTA contributed \$0 to the plan during fiscal year 2015.

Annual OPEB Cost and Net OPEB Obligation. The RTA's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the *annual required contribution of the employer ("ARC")*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of RTA's annual OPEB cost for the year ended December 31, 2015, the amount actually contributed to the plan, and changes in RTA's net OPEB obligation to the plan:

	Amount (In thousands)
Annual required contribution (ARC)	\$ 35
Interest on net OPEB obligation	3
Adjustment to annual required contribution	<u>(2)</u>
Annual OPEB cost	36
Contribution made	<u>(19)</u>
Increase in net OPEB obligation	17
Net OPEB obligation beginning of year	<u>65</u>
Net OPEB obligation end of year	<u><u>\$ 82</u></u>

RTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows (in thousands):

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 36	52.0%	\$ 19	\$ 82
12/31/2014	34	70.0%	24	65
12/31/2013	19	0.0%	-	55

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$431,840 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$431,840. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,081,742 and the ratio of the UAAL to the covered payroll was 5.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined reporting the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employee and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate (includes inflation at 4.0 percent) annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.5 percent, and anticipated participation of 20.0 percent to 100 percent based on position of employee. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

NOTE 12. RISK MANAGEMENT

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

The Workers' Compensation and Employers' Liability Insurance Policy is held through The Hartford. The RTA is insured for \$500,000 each accident for bodily injury by accident, \$500,000 each employee for bodily injury by disease and \$500,000 policy limit. The RTA procured property, general liability, automobile, and umbrella insurance policies with Zurich American Insurance Company. Under these policies, the RTA is insured for \$1,000,000 each occurrence with a general aggregate limit of \$2,000,000, and a personal and advertising injury limit of \$1,000,000. The RTA also procured public officials and employment practices liability coverage through ACE American Insurance Company with an aggregate coverage limit of \$3,000,000; cyber liability coverage through Illinois Union Insurance Company with an aggregate coverage limit of \$3,000,000; and fidelity and crime coverage through Great American Insurance Group with an aggregate coverage limit of \$5,000,000. The RTA had no settlements in excess of this insurance coverage in the past three years. There have been no significant reductions in the amount of coverage from the prior year.

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

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

The limit of liability to the Fund is established at \$50 million 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

Officer and Employee Liability—All directors, officers or employees of each Participating Entity are covered, with certain defined exclusions, by the Plan. The retained limits are \$100,000 for each covered person. If a loss is covered under both types of liability, then the retained limit for general liability will apply.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The RTA has an operating lease agreement for its office facilities. In 2015, the total rent paid by the RTA was \$1,589,605. Minimum required annual rental payments by the RTA are as follows:

Year Ending December 31	Amount (in thousands)
2016	\$ 1,604
2017	1,628
2018	1,660
2019	1,720
2020	1,655
Thereafter	7,063
Total	<u>\$ 15,330</u>

NOTE 14. SUBSEQUENT EVENTS

1. On January 2, 2016, the Regional Transportation Authority (the "Authority") issued its \$150,000,000 Regional Transportation Authority General Obligation Subordinate Working Cash Notes, Series 2016A (Taxable) ("Notes"), through a direct placement with Wells Fargo Bank, N.A., authorized by Authority's General Bond Ordinance and Ordinance No. 2015-53 adopted by the Authority on December 17, 2015, and secured under a Trust Indenture dated as of January 1, 2016 between the Authority and Amalgamated Bank of Chicago.

The Notes are structured with a draw down revolving feature so that repayment is on an ongoing basis at a variable interest rate, which resets monthly. The Notes are subordinate to the Authority's long-term debt and other working cash notes issued on parity therewith. There is no debt service reserve requirement in connection with the Notes.

The Notes mature on January 12, 2018, and are not subject to redemption prior to maturity. The proceeds of the Notes will be used by the Authority to manage cash flow needs of the Authority and Service Boards. The Notes are not rated.

2. On January 27, 2016, the Regional Transportation Authority (the "Authority") issued its \$95,470,000 General Obligation Bonds, Series 2016A (the "Bonds"), authorized by the Authority's General Bond Ordinance and Ordinance No. 2015-52 adopted by the Authority on December 17, 2015. The Bonds are general obligations of the Authority to which its full faith and credit is pledged, and the Authority does not have the power to levy ad valorem property taxes. The Bonds are issued on parity with the Authority's long-term debt.

The average interest rate on the Bonds is 4.328%.

The Bonds mature on June 1, 2046, and any Bonds maturing on or after June 1, 2027 are subject to redemption prior to maturity at the option of the Authority, in whole or in part on any date on and after June 1, 2026. The Bonds maturing on June 1, 2046, were issued as term bonds and are subject to mandatory sinking fund redemption pursuant to the terms set forth in the closing documents.

The proceeds of the Bonds will be used by the Authority to construct, acquire, retire and replace certain public transportation facilities.

The Bonds are rated AA (stable outlook) by Fitch and S&P and Aa3 (negative outlook) by Moody's.

3. On April 4, 2016, the Regional Transportation Authority (the "Authority") issued its \$150,000,000 General Obligation Working Cash Notes, Series 2016C (Taxable) (the "Notes"), authorized by the Authority's General Bond Ordinance and Ordinance No. 2016-19 adopted by the Authority on April 21, 2016. The Notes are general obligations of the Authority to which its full faith and credit is pledged, and the Authority does not have the power to levy ad valorem property taxes. The Notes are issued on parity with the Authority's long-term debt.

There is no debt service reserve requirement in connection with the Notes.

The interest rate on the Notes is 1.25%.

The Notes mature on May 4, 2018, and are not subject to redemption prior to maturity. The proceeds of the notes will be used by the Authority to manage cash flow needs of the Authority and Service Boards.

The Notes are rated AA (stable outlook) by Fitch and S&P. The Authority did not request a rating from any other rating agency.

NOTE 15. RESTATEMENT FOR IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68* (GASB 71), which was adopted by the Authority for the year ended December 31, 2015. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. In accordance with GASB Nos. 68 and 71, the Authority now reports a net pension liability on its financial statements, as well as deferred outflows of resources and deferred inflows of resources resulting from the pension standards. In addition, the impact of implementing these statements resulted in a restatement of the beginning net position for governmental activities to record the net pension liability, and deferred inflows and outflows of resources related to pensions.

The Authority's net position at December 31, 2014 has been restated as follows (in thousands):

	Governmental Activities
Net position (deficit), December 31, 2014, as previously stated	\$ (1,687,163)
Implementation of new GASB standards	(5,862)
Net position (deficit), December 31, 2014, as restated	<u>\$ (1,693,025)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Regional Transportation Authority

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

	2015*
Contractually required contribution	\$ 1,644
Contributions in relation to the contractually required contribution	<u>(1,644)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Authority's covered-employee payroll	\$ 8,984
Contributions as a percentage of covered-employee payroll	18.30%

* The amounts presented were determined as of the prior fiscal year-end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Regional Transportation Authority

Schedule of the Employer's Proportionate Share of the Net Pension Liability (in Thousands)

	<u>2015*</u>
Authority's proportion of the net pension liability	12.00%
Authority's proportionate share of the net pension liability	\$ 8,406
Authority's covered-employee payroll	\$ 8,984
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	93.56%
Plan fiduciary net position as a percentage of the total pension liability	73.55%

* The amounts presented were determined as of the prior fiscal year-end

REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

	General Fund		
	Original Budget	Actual	Variance
REVENUES:			
Sales taxes	\$ 126,809	\$ 129,842	\$ 3,033
Interest on sales taxes	78	102	24
Public Transportation Fund	211,348	217,930	6,582
Innovation, Coordination & Enhancement (ICE)	11,636	11,900	264
State assistance (AFA & ASA)	130,167	130,206	39
IDOT State Grant Pace (ADA)	8,500	8,395	(105)
Investment income	15,022	11,404	(3,618)
Other revenue	6,892	8,187	1,295
Total revenues	510,452	517,966	7,514
EXPENDITURES:			
Financial assistance to Service Boards	219,223	225,805	(6,582)
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	11,636	11,900	(264)
IDOT State Cap Grant-PACE (ADA)	8,500	8,395	105
Administration	18,390	17,085	1,305
Non-administration:			
Regional services and coordination programs	16,269	12,903	3,366
Regional Technical Assistance Programs	7,197	5,904	1,293
Technology program	-	3,566	(3,566)
Total expenditures	288,715	293,058	(4,343)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	221,737	224,908	(3,171)
OTHER FINANCING USES			
Transfers out	-	(6,180)	(6,180)
Total other financing uses	-	(6,180)	(6,180)
NET CHANGE IN FUND BALANCE— BUDGETARY BASIS	\$ 221,737	218,728	\$ (3,009)
Budgetary basis to GAAP basis adjustments		(211,105)	
NET CHANGE IN FUND BALANCE—GAAP BASIS		7,623	
FUND BALANCE:			
Beginning of year		242,176	
End of year		<u>\$ 249,799</u>	

REGIONAL TRANSPORTATION AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED DECEMBER 31, 2015

Note 1. BUDGET AND BUDGETARY ACCOUNTING

The budgetary basis of the General Fund's budget and actual presentation is included as required supplementary information. For comparison of the combined budgets as required for board presentation, the combined schedule of revenues, expenditures, and changes in fund balance—budget and actual—in the general and the sales tax agency funds are presented in the combining and individual fund schedules section of the CAFR. Additional budget detail is used by management for monitoring purposes which is provided in this section as the schedule of expenditures—budget and actual—General Fund.

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

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

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It has generally 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, an insufficient level of cash reserves created the need to waive this policy for purposes of the adoption of the 2015 budget and 2016-2017 financial plan. Also waived for the purpose of the adoption of the 2015 budget and 2016-2017 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires 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 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 expenditures.

Note 2. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING

The accompanying schedule of revenues, expenditures, and changes in fund balance, budget and actual-general fund (this section), and combining schedule of revenues, expenditures and changes in fund balance-budget and actual-general and agency funds (in combining and individual fund schedules section) present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ with accounting principles generally accepted in the United States of America, a reconciliation of timing differences in the excess of revenues over expenditures and other financing uses is presented below:

	<u>General Fund</u> <u>(in thousands)</u>
Net change in fund balance - budgetary basis	<u>\$ 218,728</u>
Adjustments:	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(632)
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(643)
Capital grants received that were not in the budget	285,143
Capital grants disbursed to the Service Boards that were not in the budget	(304,399)
Net transfers in and out between the General Fund and Debt Service Fund not in the budget	<u>(190,574)</u>
Budgetary basis to GAAP basis adjustments	<u>(211,105)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 7,623</u></u>

REGIONAL TRANSPORTATION AUTHORITY

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

**Analysis of Funding Progress
(In thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
12/31/11	\$ -	\$ 109	\$ 109	\$ -	\$ 8,232	1.32 %
12/31/12	*	*	*	*	*	*
12/31/13	*	*	*	*	*	*
12/31/14	*	432	432	*	8,082	5.35
12/31/15	*	*	*	*	*	*

Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/11	\$ 19	- %
12/31/12	18	-
12/31/13	18	-
12/31/14	34	-
12/31/15	35	-

Information is presented for as many years as is available.

* The RTA has an actuarial study performed triennially.

COMBINING AND INDIVIDUAL FUND SCHEDULES

A. GENERAL FUND

The general fund is used to account for resources traditionally associated with the RTA which are not accounted for in another fund. A budget and actual schedule of general fund expenditures is presented in this section.

The RTA Board approves a comprehensive budget which includes the activity in the general fund and the sales tax agency fund. For comparison of the combined budgets, the combined budget and actual schedule of revenues, expenditures and changes in fund balance for both funds is also presented in this section.

REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF EXPENDITURES—
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

	General Fund		
	Budget	Actual	Variance
EXPENDITURES:			
Financial assistance to Service Boards	\$ 219,223	\$ 225,805	\$ (6,582)
South Suburban Job Access Program (PACE)	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	11,636	11,900	(264)
Reduced fare reimbursement	-	-	-
IDOT State Cap Grant - PACE (ADA)	8,500	8,395	105
Administration	18,390	17,085	1,305
Non-administration:			
Regional Services and Coordination Programs	16,269	12,903	3,366
Regional Technical Assistance Programs	7,197	5,904	1,293
Technology program	-	3,566	(3,566)
TOTAL EXPENDITURES	<u>\$ 288,715</u>	<u>\$ 293,058</u>	<u>\$ (4,343)</u>

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—GENERAL AND SALES TAX AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2015
(In Thousands)

	General Fund		
	Budget	Actual	Variance
REVENUES:			
Sales taxes	\$ 126,809	\$ 129,842	\$ 3,033
Interest on sales taxes	78	102	24
Public Transportation Fund	211,348	217,930	6,582
Innovation, Coordination & Enhancement (ICE)	11,636	11,900	264
State assistance (AFA & ASA)	130,167	130,206	39
Reduced fare reimbursement	-	-	-
IDOT State Grant -PACE (ADA)	8,500	8,395	(105)
Investment income	15,022	11,404	(3,618)
Other revenue	6,892	8,187	1,295
Total revenues	510,452	517,966	7,514
EXPENDITURES:			
Financial assistance to Service Boards	219,223	225,805	(6,582)
PTF (new sales tax/RETT)	-	-	-
Paratransit funding - PACE	-	-	-
Suburban Community Mobility Fund	-	-	-
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	11,636	11,900	(264)
Reduced fare reimbursement	-	-	-
IDOT State Cap Grant-PACE (ADA)	8,500	8,395	105
Administration	18,390	17,085	1,305
Non-administration:			
Regional services and coordination programs	16,269	12,903	3,366
Regional Technical Assistance Program	7,197	5,904	1,293
Interest on sales taxes to Service Boards	-	-	-
Technology program	-	3,566	(3,566)
Total expenditures	288,715	293,058	(4,343)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	221,737	224,908	3,171
OTHER FINANCING USES			
Transfers out	-	(6,180)	(6,180)
Total other financing uses	-	(6,180)	(6,180)
NET CHANGE IN FUND BALANCE— BUDGETARY BASIS	\$ 221,737	218,728	\$ (3,009)
Budgetary basis to GAAP basis adjustments		(211,105)	
NET CHANGE IN FUND BALANCE—GAAP BASIS		7,623	
FUND BALANCE:			
Beginning of year		242,176	
End of year		\$ 249,799	

Sales Tax Agency Fund			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 1,004,838	\$ 1,027,526	\$ 22,688	\$ 1,131,647	\$ 1,157,368	\$ 25,721
112	146	34	190	248	58
150,718	158,967	8,249	362,066	376,897	14,831
-	-	-	11,636	11,900	264
-	-	-	130,167	130,206	39
34,070	17,570	(16,500)	34,070	17,570	(16,500)
-	-	-	8,500	8,395	(105)
-	-	-	15,022	11,404	(3,618)
-	-	-	6,892	8,187	1,295
<u>1,189,738</u>	<u>1,204,209</u>	<u>14,471</u>	<u>1,700,190</u>	<u>1,722,175</u>	<u>21,985</u>
831,864	854,023	(22,159)	1,051,087	1,079,828	(28,741)
150,718	158,967	(8,249)	150,718	158,967	(8,249)
149,703	149,703	-	149,703	149,703	-
23,271	23,800	(529)	23,271	23,800	(529)
-	-	-	7,500	7,500	-
-	-	-	11,636	11,900	(264)
34,070	17,570	16,500	34,070	17,570	16,500
-	-	-	8,500	8,395	105
-	-	-	18,390	17,085	1,305
-	-	-	16,269	12,903	3,366
-	-	-	7,197	5,904	1,293
112	146	(34)	112	146	(34)
-	-	-	-	3,566	(3,566)
<u>1,189,738</u>	<u>1,204,209</u>	<u>(14,471)</u>	<u>1,478,453</u>	<u>1,497,267</u>	<u>(18,814)</u>
-	-	-	221,737	224,908	3,171
-	-	-	-	(6,180)	(6,180)
-	-	-	-	(6,180)	(6,180)
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 221,737</u>	218,728	<u>\$ (3,009)</u>
				(211,105)	
				7,623	
				242,176	
	<u>\$ -</u>			<u>\$ 249,799</u>	

B. DEBT SERVICE FUND

Debt Service Fund Accounts:

1990A—to account for transfers received, investment income and principal and interest payments made for 1990A general obligation bonds.

1991A—to account for transfers received, investment income and principal and interest payments made for 1991A general obligation bonds.

1994A and B*—to account for transfers received, investment income and principal and interest payments made for 1994A & B general obligation bonds.

1994C and D*—to account for transfers received, investment income and principal and interest payments made for 1994C & D general obligation bonds.

1997—to account for transfers received, investment income and principal and interest payments made for 1997 refunding general obligation bonds.

1999—to account for transfers received, investment income and principal and interest payments made for 1999 refunding general obligation bonds.

*2000A**—to account for transfers received, investment income and principal and interest payments made for 2000A general obligation bonds.

*2001A**—to account for transfers received, investment income and principal and interest payments made for 2001A general obligation bonds.

*2001B**—to account for transfers received, investment income and principal and interest payments made for 2001B refunding general obligation bonds.

*2002A**—to account for transfers received, investment income and principal and interest payments made for 2002A general obligation bonds.

*2003A** —to account for transfers received, investment income and principal and interest payments made for 2003A refunding general obligation bonds.

2003B—to account for transfers received, investment income and principal and interest payments made for 2003B refunding general obligation bonds.

*2004A** — to account for transfers received, investment income and principal and interest payments made for 2004A refunding general obligation bonds.

2005B—to account for transfers received, investment income and principal and interest payments made for 2005B refunding general obligation bonds.

*2006A**—to account for transfers received, investment income and principal and interest payments made for 2006A general obligation bonds.

2010A —to account for transfers received, investment income and principal and interest payments made for 2010A general obligation bonds.

2010B —to account for transfers received, investment income and principal and interest payments made for 2010B general obligation bonds.

2011A –to account for transfers received, investment income and principal and interest payments made for 2011A cash note borrowings.

2014A – to account for transfers received, investment income and principal and interest payments made for 2014A general obligation bonds.

2014A1 –to account for transfers received, investment income and principal and interest payments made for 2014A1 working cash note borrowings.

*Strategic Capital Improvement Program (SCIP) Bonds

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS
 December 31, 2015
 (In Thousands)

	<u>1990A</u>	<u>1991A</u>	<u>1994 A&B</u>	<u>1994 C&D</u>	<u>1997</u>	<u>1999</u>	<u>2000A</u>	<u>2001 A</u>	<u>2001 B</u>	<u>2002 A</u>
ASSETS:										
Cash and investments	\$ 1,589	\$ 1,487	\$ 7,656	\$ 5,370	\$ 2,758	\$ 7,736	\$ 10,251	\$ 3,715	\$ 1,768	\$ 5,976
Accrued interest	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,589</u>	<u>\$ 1,487</u>	<u>\$ 7,656</u>	<u>\$ 5,370</u>	<u>\$ 2,758</u>	<u>\$ 7,736</u>	<u>\$ 10,251</u>	<u>\$ 3,715</u>	<u>\$ 1,768</u>	<u>\$ 5,976</u>
LIABILITIES:										
Accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:										
Restricted for debt service	<u>1,589</u>	<u>1,487</u>	<u>7,656</u>	<u>5,370</u>	<u>2,758</u>	<u>7,736</u>	<u>10,251</u>	<u>3,715</u>	<u>1,768</u>	<u>5,976</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,589</u>	<u>\$ 1,487</u>	<u>\$ 7,656</u>	<u>\$ 5,370</u>	<u>\$ 2,758</u>	<u>\$ 7,736</u>	<u>\$ 10,251</u>	<u>\$ 3,715</u>	<u>\$ 1,768</u>	<u>\$ 5,976</u>

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS (Continued)
 December 31, 2015
 (In Thousands)

	2003 A	2003 B	2004 A	2005 B	2006A	2010A	2010B	2011A	2014A	2014A1	Total
ASSETS:											
Cash and investments	\$ 9,661	\$ 3,218	\$ 4,879	\$ 477	\$ 8,206	\$ 8,441	\$ 13,043	\$ 10,081	\$ 7,868	\$ 78,840	\$ 193,020
Accrued interest	-	-	-	-	9	1	-	-	6	-	16
Total assets	\$ 9,661	\$ 3,218	\$ 4,879	\$ 477	\$ 8,215	8,442	13,043	\$ 10,081	\$ 7,874	\$ 78,840	\$ 193,036
LIABILITIES:											
Accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:											
Restricted for debt service	9,661	3,218	4,879	477	\$ 8,215	8,442	13,043	10,081	7,874	78,840	193,036
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,661	\$ 3,218	\$ 4,879	\$ 477	\$ 8,215	\$ 8,442	\$ 13,043	\$ 10,081	\$ 7,874	\$ 78,840	\$ 193,036

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND ACCOUNTS
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)

	1990A	1991A	1994 A&B	1994 C&D	1997
REVENUE:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-	-
EXPENDITURES:					
Debt Service - principal	5,395	4,970	-	7,360	3,750
Debt Service - interest	2,793	2,856	1,952	3,339	2,340
Other debt related costs	-	-	-	-	-
Total expenditures	8,188	7,826	1,952	10,699	6,090
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,188)	(7,826)	(1,952)	(10,699)	(6,090)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	5,466	5,031	7,461	7,739	3,896
Transfers in - interest	2,715	2,790	1,952	3,282	2,318
Transfers in/(out) - CPF	-	-	-	-	-
Other financing sources/(uses) DSF	-	-	-	-	-
Other financing sources/(uses) GF	-	-	-	-	-
Total other financing sources (uses)	8,181	7,821	9,413	11,021	6,214
NET CHANGE IN FUND BALANCES	(7)	(5)	7,461	322	124
FUND BALANCES:					
Beginning of year	1,596	1,492	195	5,048	2,634
End of year	\$ 1,589	\$ 1,487	\$ 7,656	\$ 5,370	\$ 2,758

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND ACCOUNTS (Continued)
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)**

	<u>1999</u>	<u>2000 A</u>	<u>2001 A</u>	<u>2001 B</u>	<u>2002 A</u>
REVENUE:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-	-
EXPENDITURES:					
Debt Service - principal	17,720	7,425	2,740	2,425	4,120
Debt Service - interest	11,416	12,361	4,436	1,447	7,430
Other debt related costs	-	-	-	-	-
Total expenditures	29,136	19,786	7,176	3,872	11,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,136)	(19,786)	(7,176)	(3,872)	(11,550)
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	13,078	7,668	2,825	2,511	4,245
Transfers in - interest	11,314	12,128	4,350	1,433	7,312
Transfers in/(out) - CPF	-	-	-	-	-
Other financing sources/(uses) DSF	-	-	-	-	-
Other financing sources/(uses) GF	-	-	-	-	-
Total other financing sources (uses)	24,392	19,796	7,175	3,944	11,557
NET CHANGE IN FUND BALANCES	(4,744)	10	(1)	72	7
FUND BALANCES:					
Beginning of year	12,480	10,241	3,716	1,696	5,969
End of year	\$ 7,736	\$ 10,251	\$ 3,715	\$ 1,768	\$ 5,976

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND ACCOUNTS (Continued)
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)**

	<u>2003 A</u>	<u>2003 B</u>	<u>2004A</u>	<u>2005 B</u>	<u>2006 A</u>
REVENUE:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 55
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>
EXPENDITURES:					
Debt Service - principal	6,575	3,805	6,255	3,910	4,970
Debt Service - interest	12,093	6,668	11,881	482	10,815
Other debt related costs	-	-	-	104	-
Total expenditures	<u>18,668</u>	<u>10,473</u>	<u>18,136</u>	<u>4,496</u>	<u>15,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,668)</u>	<u>(10,473)</u>	<u>(18,136)</u>	<u>(4,496)</u>	<u>(15,730)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	6,774	3,935	6,459	1,858	5,133
Transfers in - interest	11,912	6,648	11,844	217	10,642
Transfers in/(out) - CPF	-	-	-	-	-
Other financing sources/(uses) DSF	-	-	150	450	-
Other financing sources/(uses) GF	-	-	-	104	-
Total other financing sources (uses)	<u>18,686</u>	<u>10,583</u>	<u>18,453</u>	<u>2,629</u>	<u>15,775</u>
NET CHANGE IN FUND BALANCES	18	110	317	(1,867)	45
FUND BALANCES:					
Beginning of year	<u>9,643</u>	<u>3,108</u>	<u>4,562</u>	<u>2,344</u>	<u>8,170</u>
End of year	<u>\$ 9,661</u>	<u>\$ 3,218</u>	<u>\$ 4,879</u>	<u>\$ 477</u>	<u>\$ 8,215</u>

(Continued)

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND ACCOUNTS (Continued)
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)

	2010 A	2010 B	2011A	2013 Working Cash Notes
REVENUE:				
Investment income	\$ 15	\$ 2,166	\$ -	\$ -
Total revenue	15	2,166	-	-
EXPENDITURES:				
Debt Service - principal	4,670	-	13,000	-
Debt Service - interest	2,230	6,621	3,228	-
Other debt related costs	-	-	-	253
Total expenditures	6,900	6,621	16,228	253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,885)	(4,455)	(16,228)	(253)
OTHER FINANCING SOURCES (USES):				
Transfers in - principal	4,797	-	13,356	-
Transfers in - interest	2,083	4,473	3,163	-
Transfers in/(out) - CPF	-	(37)	-	-
Other financing sources/(uses) DSF	-	-	(600)	-
Other financing sources/(uses) GF	-	-	-	253
Total other financing sources (uses)	6,880	4,436	15,919	253
NET CHANGE IN FUND BALANCES	(5)	(19)	(309)	-
FUND BALANCES:				
Beginning of year	8,447	13,062	10,390	-
End of year	\$ 8,442	\$ 13,043	\$ 10,081	\$ -

REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DEBT SERVICE FUND ACCOUNTS (Continued)
YEAR ENDED DECEMBER 31, 2015
(In Thousands)**

	<u>2014 Working Cash Notes</u>	<u>2014A1 Working Cash Notes</u>	<u>Total</u>
REVENUE:			
Investment income	\$ 125	\$ 39	\$ 2,400
Total revenue	<u>125</u>	<u>39</u>	<u>2,400</u>
EXPENDITURES:			
Debt Service - principal	1,520	-	100,610
Debt Service - interest	4,863	1,181	110,432
Other debt related costs	-	-	357
Total expenditures	<u>6,383</u>	<u>1,181</u>	<u>211,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,258)</u>	<u>(1,142)</u>	<u>(208,999)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in - principal	1,548	-	103,780
Transfers in - interest	4,721	1,140	106,437
Transfers in/(out) - CPF	-	(20,000)	(20,037)
Other financing sources/(uses) DSF	-	-	-
Other financing sources/(uses) GF	-	-	357
Total other financing sources (uses)	<u>6,269</u>	<u>(18,860)</u>	<u>190,537</u>
NET CHANGE IN FUND BALANCES	11	(20,002)	(18,462)
FUND BALANCES:			
Beginning of year	<u>7,863</u>	<u>98,842</u>	<u>211,498</u>
End of year	<u>\$ 7,874</u>	<u>\$ 78,840</u>	<u>\$ 193,036</u>

C. CAPITAL PROJECTS FUND

Capital Projects Fund Accounts:

Strategic Capital Improvement Bonds (SCIP)—to account for 1992, 1994, 2000, 2001, 2002, 2003, 2004 and 2006 bond sales proceeds and related SCIP capital grants made to the Service Boards as expenditures are incurred. Investment income earned on SCIP bonds is recorded in the related Debt Service Fund accounts.

Non-SCIP Bonds—to account for 1990, 1991, 1992, 1994, 2002, and 2010 bond sale proceeds, investment income earned and related Non-SCIP investment income capital grants made to the Service Boards as expenditures are incurred.

Investment Income on Bonds—to account for transfers of investment income from SCIP Bonds fund accounts through June 30, 1999 and Non-SCIP Bonds fund accounts except those issued under Illinois First program and related capital grants made to the Service Boards as expenditures are incurred.

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE
 CAPITAL PROJECTS FUND ACCOUNTS
 DECEMBER 31, 2015
 (In Thousands)

	<u>SCIP Bonds</u>	<u>Non-SCIP Bonds</u>	<u>Investment Income on Bonds</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:					
Cash and investments	\$ 22,993	\$ 91,304	\$ -	\$ -	\$ 114,297
Due from other funds	-	14	4,793	(4,807)	-
TOTAL ASSETS	<u>\$ 22,993</u>	<u>\$ 91,318</u>	<u>\$ 4,793</u>	<u>\$ (4,807)</u>	<u>\$ 114,297</u>
LIABILITIES:					
Due to Service Boards	\$ 117	\$ 3,159	\$ -	\$ -	\$ 3,276
Due to other funds	23	4,800	-	(4,807)	16
Total liabilities	140	7,959	-	(4,807)	3,292
FUND BALANCES:					
Committed-capital projects	<u>22,853</u>	<u>83,359</u>	<u>4,793</u>	<u>-</u>	<u>111,005</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,993</u>	<u>\$ 91,318</u>	<u>\$ 4,793</u>	<u>\$ (4,807)</u>	<u>\$ 114,297</u>

REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED DECEMBER 31, 2015
 (In Thousands)**

	SCIP Bonds	Non-SCIP Bonds	Investment Income on Bonds	Total
REVENUES:				
Investment income	\$ -	\$ 15	\$ -	\$ 15
Total revenues	-	15	-	15
EXPENDITURES:				
Capital grants—bonds	28,304	38,014	12	66,330
Total expenditures	28,304	38,014	12	66,330
Deficiency of revenues over expenditures	(28,304)	(37,999)	(12)	(66,315)
OTHER FINANCING SOURCES:				
Transfer out	-	37	-	37
Total other financing sources	-	37	-	37
NET CHANGE IN FUND BALANCES	(28,304)	(37,962)	(12)	(66,278)
FUND BALANCES:				
Beginning of year	51,157	121,321	4,805	177,283
End of year	<u>\$ 22,853</u>	<u>\$ 83,359</u>	<u>\$ 4,793</u>	<u>\$ 111,005</u>

D. AGENCY FUND

Sales Tax Agency Fund—to account for the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers' Occupation and Use Tax (sales taxes), interest on sales taxes, reduced fare reimbursement grants and advances to Service Boards.

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

SALES TAX AGENCY FUND

YEAR ENDED DECEMBER 31, 2015

(In Thousands)

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
ASSETS:				
Intergovernmental receivables:				
Sales taxes	\$ 189,373	\$ 690,319	\$ 685,199	\$ 194,493
New sales tax	78,503	291,754	299,606	70,651
Interest on sales taxes	18	146	145	19
Due from General Fund	-	29,266	-	29,266
Reduced fare reimbursement	25,820	17,570	34,605	8,785
PTF (new sales tax/RETT)	51,458	158,967	141,025	69,400
Advances to Service Boards	77,654	4,073	-	81,727
TOTAL ASSETS	\$ 422,826	\$ 1,192,095	\$ 1,160,580	\$ 454,341
LIABILITIES:				
Intergovernmental payables:				
Sales taxes due to Service Boards	\$ 189,373	690,319	\$ 685,199	\$ 194,493
New sales tax due to Service Boards	78,000	118,251	125,600	70,651
Interest on sales taxes due to Service Boards	18	146	145	19
Reduced fare reimbursement	25,820	17,570	34,605	8,785
PTF (new sales tax /RETT)	51,458	158,967	141,025	69,400
Advances from State	77,654	4,073	-	81,727
Paratransit funding PACE	-	149,703	149,703	-
Paratransit funding PACE-Future Years	-	29,266	-	29,266
Suburban Community Mobility Fund-SBD	503	23,800	24,303	-
TOTAL LIABILITIES	\$ 422,826	\$ 1,192,095	\$ 1,160,580	\$ 454,341

**STATISTICAL SECTION
(UNAUDITED)**

CONTENTS

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

An analysis of Net Position by component, Change in Net Position, Governmental Fund Balances and Change in Fund Balances presented as an indicator of RTA's financial performance and to show the overall change in financial position over time.

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

Revenues and expenditures presented in the following tables include the activities in the government-wide and fiduciary fund statements. Additions to and disbursements from the Sales Tax Agency Fund are considered to be revenues and expenditures, respectively, for the purpose of presentation in these tables. The schedules show the overall distribution of expenses and revenues by source over the past 10 years, the breakout of revenues by county and the federal allocation of capital funds.

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

Schedules in this section provide an overview of RTA's general obligation bonds (SCIP versus Non-SCIP) outstanding balances as of December 31, 2015 and a 10-year analysis of the debt service requirement to revenues and expenses.

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

Schedules in this section provide economic information on the population and the ten largest employers in the six-county area to help readers understand the environment within which the RTA's financial activities take place.

Operating Information (Tables 16, 17, 18)

Schedules in this section provide various statistics on passenger services offered by the service boards for fiscal year 2015, a look at system ridership over the last ten years and the RTA's full-time employees by function over the last five years.

STATISTICAL SECTION (UNAUDITED)

TABLE 1

**REGIONAL TRANSPORTATION AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS
(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities—										
Net investment in capital assets	\$ 8,449	\$ 9,754	\$ 11,118	\$ 12,660	\$ 15,265	\$ 14,491	\$ 14,809	\$ 14,359	\$ 11,524	\$ 11,692
Restricted Net Assets	-	-	-	270,019	83,277	326,598	17,174	16,738	16,203	15,535
Unrestricted Net Assets	<u>(1,932,898)</u>	<u>(1,947,173)</u>	<u>(2,062,740)</u>	<u>(2,234,127)</u>	<u>(1,972,190)</u>	<u>(2,133,577)</u>	<u>(1,819,368)</u>	<u>(1,779,889)</u>	<u>(1,714,890)</u>	<u>(1,732,590)</u>
Total Net Position—										
Governmental Activities	<u>\$ (1,924,449)</u>	<u>\$ (1,937,419)</u>	<u>\$ (2,051,621)</u>	<u>\$ (1,951,448)</u>	<u>\$ (1,873,648)</u>	<u>\$ (1,792,488)</u>	<u>\$ (1,787,385)</u>	<u>\$ (1,748,792)</u>	<u>\$ (1,687,163)</u>	<u>\$ (1,705,363)</u>
Business-type activities—										
Unrestricted Net Position	<u>\$ 31,831</u>	<u>\$ 28,393</u>	<u>\$ 28,859</u>	<u>\$ 29,067</u>	<u>\$ 28,963</u>	<u>\$ 28,703</u>	<u>\$ 27,845</u>	<u>\$ 27,116</u>	<u>\$ 27,682</u>	<u>\$ 27,977</u>
Total Net Position—										
Business-Type Activities	<u>\$ 31,831</u>	<u>\$ 28,393</u>	<u>\$ 28,858</u>	<u>\$ 29,067</u>	<u>\$ 28,963</u>	<u>\$ 28,703</u>	<u>\$ 27,845</u>	<u>\$ 27,116</u>	<u>\$ 27,682</u>	<u>\$ 27,977</u>
Primary government—										
Net investment in capital assets	\$ 8,449	\$ 9,754	\$ 11,118	\$ 12,660	\$ 15,265	\$ 14,491	\$ 14,809	\$ 14,359	\$ 11,524	\$ 11,692
Restricted Net Position	-	-	-	270,019	83,277	326,598	17,174	16,738	16,203	15,535
Unrestricted Net Position	<u>(1,901,067)</u>	<u>(1,918,780)</u>	<u>(2,033,882)</u>	<u>(2,205,060)</u>	<u>(1,943,227)</u>	<u>(2,104,874)</u>	<u>(1,791,523)</u>	<u>(1,752,773)</u>	<u>(1,687,208)</u>	<u>(1,704,613)</u>
Total Net Position—										
Primary government	<u>\$ (1,892,618)</u>	<u>\$ (1,909,026)</u>	<u>\$ (2,022,764)</u>	<u>\$ (1,922,381)</u>	<u>\$ (1,844,685)</u>	<u>\$ (1,763,785)</u>	<u>\$ (1,759,540)</u>	<u>\$ (1,721,676)</u>	<u>\$ (1,659,481)</u>	<u>\$ (1,677,386)</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES:										
Governmental activities:										
Financial assistance to Service Boards	\$ 162,434	\$ 209,931	\$ 249,948	\$ 93,453	\$ 97,648	\$ 128,786	\$ 171,700	\$ 196,116	\$ 200,500	\$ 225,805
Administration capital grants										
Discretionary	26,730	25,272	26,288	19,166	15,310	7,039	5,410	897	254	631
Bonds	138,706	88,056	93,085	47,957	103,456	229,890	213,394	472,874	306,026	341,462
CTA/PACE	54,252	40,010	58,142	74,138	27,230	21,680	36,687	52,974	27,440	57,061
Administrative expenses	7,561	6,967	7,532	12,014	8,551	8,918	16,507	19,079	17,002	16,079
Regional expenses	20,674	20,243	20,656	19,793	21,576	25,558	17,542	20,294	23,284	18,512
Technology program expenses	1,890	1,409	2,467	1,416	1,979	2,356	1,473	2,038	2,192	3,566
CTA loan write-off receivable	-	-	-	-	-	-	-	56,147	-	-
Interest expense	122,790	130,079	127,495	131,775	135,530	139,314	125,722	115,957	110,168	103,048
Miscellaneous	-	-	-	-	-	397	-	-	-	-
Total governmental activities	535,037	521,967	585,613	399,712	411,280	563,938	588,435	936,376	686,866	766,164
Business-type activities:										
Insurance financing	5,566	4,855	4,375	3,827	4,740	6,137	5,942	5,815	5,800	5,929
Total business-type activities	5,566	4,855	4,375	3,827	4,740	6,137	5,942	5,815	5,800	5,929
Total primary government expenses	\$ 540,603	\$ 526,822	\$ 589,988	\$ 403,539	\$ 416,020	\$ 570,075	\$ 594,377	\$ 942,191	\$ 692,666	\$ 772,093
REVENUES:										
General:										
Sales taxes	\$ 112,024	\$ 112,938	\$ 109,003	\$ 99,027	\$ 103,168	\$ 107,977	\$ 113,152	\$ 118,817	\$ 121,798	\$ 129,842
Interest on sales taxes	317	376	1,081	309	137	167	119	79	81	102
Operating grant -(ADA)	54,252	54,252	14,441	9,101	9,480	9,930	10,398	10,902	11,440	11,900
Public Transportation Fund	186,136	188,931	227,201	228,501	242,318	375,500	355,159	650,103	470,815	217,930
General State Revenue	-	-	-	-	-	-	-	-	-	285,143
State assistance	112,743	117,807	121,870	123,008	130,115	130,088	86,984	173,472	130,219	86,882
Regional program reimbursement	1,053	1,153	1,361	2,904	582	2,385	4,077	3,639	3,352	10,341
Investment income	35,534	31,534	(1,495)	39,174	8,607	19,350	22,213	20,769	10,474	9,472
Other revenues	3,118	2,006	1,868	1,437	2,269	5,081	6,436	2,188	6,644	8,394
Transfers (out)	-	-	(3,920)	(3,575)	(4,425)	(5,380)	(5,000)	(5,000)	(6,328)	(6,180)
Total governmental activities revenues	505,177	508,997	471,410	499,886	492,251	645,098	593,538	974,969	748,495	753,826
Business-type activities:										
General:										
Investment income	1,386	1,210	770	402	164	95	77	48	38	44
Other revenues	-	207	151	58	47	402	7	38	-	-
Transfers in	-	-	3,920	3,575	4,425	5,380	5,000	5,000	6,328	6,180
Total business-type activities revenues	1,386	1,417	4,841	4,035	4,636	5,877	5,084	5,086	6,366	6,224
Total primary government revenues	506,563	510,414	476,251	503,921	496,887	650,975	598,622	980,055	754,861	760,050
Governmental activities:										
CHANGES IN NET POSITION (DEFICIT)	(29,860)	(12,970)	(114,203)	100,174	80,971	81,160	5,103	38,593	61,629	(12,338)
NET POSITION (DEFICIT):										
Beginning of year	(1,894,589)	(1,924,449)	(1,937,419)	(2,051,622)	(1,954,619)	(1,873,648)	(1,792,488)	(1,787,385)	(1,748,792)	(1,693,025)
End of year	(1,924,449)	(1,937,419)	(2,051,622)	(1,954,619)	(1,873,648)	(1,792,488)	(1,787,385)	(1,748,792)	(1,687,163)	(1,705,363)
Business-type activities:										
CHANGES IN NET POSITION (DEFICIT)	(4,180)	(3,438)	466	208	(104)	(260)	(858)	(729)	566	295
NET POSITION (DEFICIT):										
Beginning of year	36,011	31,831	28,393	28,859	29,067	28,963	28,703	27,845	27,116	27,682
End of year	31,831	28,393	28,859	29,067	28,963	28,703	27,845	27,116	27,682	27,977
Total primary government	\$ (1,892,618)	\$ (1,909,026)	\$ (2,022,763)	\$ (1,925,552)	\$ (1,844,685)	\$ (1,763,785)	\$ (1,759,540)	\$ (1,721,676)	\$ (1,659,481)	\$ (1,677,386)
CHANGE IN NET POSITION:										
Governmental activities	\$ (29,860)	\$ (12,970)	\$ (114,203)	\$ 100,174	\$ 80,971	\$ 81,160	\$ 5,103	\$ 38,593	\$ 61,629	\$ (12,338)
Business-type activities	(4,180)	(3,438)	466	208	(104)	(260)	(858)	(729)	566	295
Total primary government	\$ (34,040)	\$ (16,408)	\$ (113,737)	\$ 100,382	\$ 80,867	\$ 80,900	\$ 4,245	\$ 37,864	\$ 62,195	\$ (12,043)

STATISTICAL SECTION (UNAUDITED)

TABLE 3

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 102,765	\$ 107,948	\$ 106,822	\$ 155,551	\$ 160,895	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	38,828	41,220	(53,482)	(27,893)	7,318	-	-	-	-	-
Nonspendable ⁽¹⁾	-	-	-	-	-	568	327	3	-	-
Restricted ⁽¹⁾	-	-	-	-	-	28,740	17,173	16,738	16,203	15,535
Committed ⁽¹⁾	-	-	-	-	-	157,345	204,895	193,745	212,642	188,497
Assigned ⁽¹⁾	-	-	-	-	-	-	-	93,363	8,888	42,312
Unassigned ⁽¹⁾	-	-	-	-	-	98,376	176,554	9,110	4,443	3,455
Total general fund balances	<u>\$ 141,593</u>	<u>\$ 149,168</u>	<u>\$ 53,340</u>	<u>\$ 127,658</u>	<u>\$ 168,213</u>	<u>\$ 285,029</u>	<u>\$ 398,949</u>	<u>\$ 312,959</u>	<u>\$ 242,176</u>	<u>\$ 249,799</u>
All other governmental funds										
Reserved	\$ 433,055	\$ 349,402	\$ 259,165	\$ 468,582	\$ 756,233	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted ⁽¹⁾	-	-	-	-	-	297,858	158,469	188,333	211,498	193,036
Committed ⁽¹⁾	-	-	-	-	-	208,301	179,063	132,671	177,283	111,005
Total all other governmental funds	<u>\$ 433,055</u>	<u>\$ 349,402</u>	<u>\$ 259,165</u>	<u>\$ 468,582</u>	<u>\$ 756,233</u>	<u>\$ 506,159</u>	<u>\$ 337,532</u>	<u>\$ 321,004</u>	<u>\$ 388,781</u>	<u>\$ 304,041</u>

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

STATISTICAL SECTION (UNAUDITED)

TABLE 4

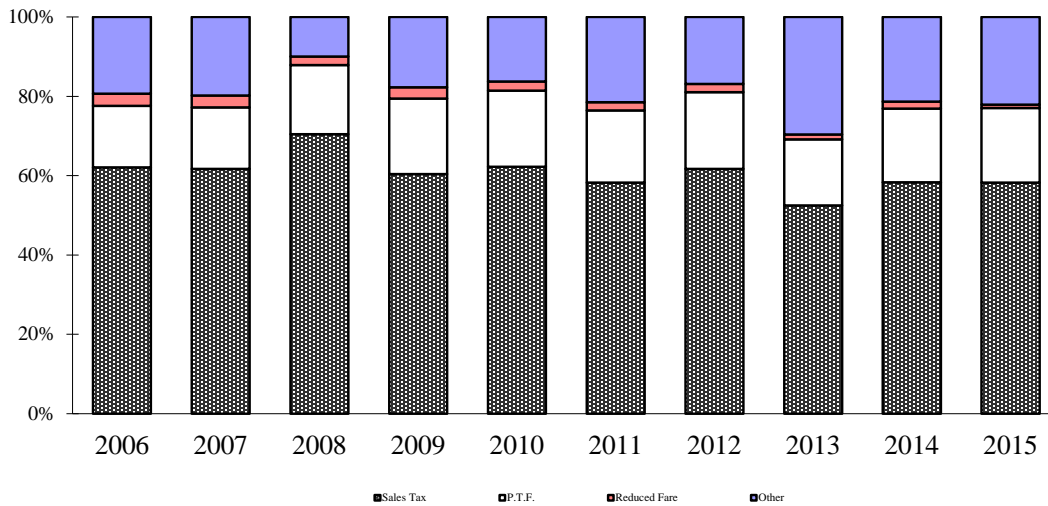
REGIONAL TRANSPORTATION AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(In Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Sales taxes	\$ 112,024	\$ 112,938	\$ 109,003	\$ 99,027	\$ 103,168	\$ 107,977	\$ 113,152	\$ 118,817	\$ 121,798	\$ 129,842
Interest on sales taxes	317	376	1,081	309	137	166	119	79	82	102
Public Transportation Fund	186,136	188,931	188,829	169,354	171,169	181,428	189,523	198,640	210,013	217,930
New 5% PTF Advance Recovery	-	-	38,372	-	-	-	-	-	-	-
General State Revenue	-	-	-	-	65,149	194,072	155,369	441,191	245,298	285,143
Innovation, Coordination, & Enhancement (ICE)	-	-	10,000	9,101	9,480	9,930	10,398	10,902	11,439	11,900
Operating assistance -CTA/PACE	54,252	54,252	4,441	-	-	-	-	-	-	-
PACE Loan PTF Advance Recovery	-	-	-	3,000	6,000	-	-	-	-	-
CTA Loan PTF Advance Recovery	-	-	-	56,147	-	-	-	-	-	-
IDOT State Grant - PACE (ADA)	-	-	-	-	-	-	8,500	8,500	8,500	8,395
Pace ADA 2012 Surplus Refund	-	-	-	-	-	-	1,767	1,772	7,004	-
State assistance	112,743	117,807	121,870	123,008	130,115	130,088	86,983	130,185	130,182	130,206
Investment income	35,533	31,534	(1,495)	39,174	16,799	19,101	18,703	18,964	13,761	13,819
Other revenues	4,172	3,159	3,229	4,341	2,852	7,466	10,518	5,827	7,847	8,187
Total revenues	505,176	508,997	475,330	503,461	504,869	650,228	595,032	934,877	755,924	805,524
EXPENDITURES:										
Financial assistance to Service Boards	162,434	209,931	249,948	93,453	97,648	128,786	171,700	196,116	200,500	225,805
Capital grants—discretionary	26,731	25,272	26,288	19,166	15,310	6,907	5,414	897	254	631
Capital Projects Expense-Working Cash Note	-	-	-	56,147	-	-	-	-	-	-
PACE Discr (CMAQ) Grant RTA share	-	-	-	-	-	132	-	-	-	-
South Suburban Job Access Program - (PACE)	-	-	3,750	7,500	7,500	7,500	7,500	7,500	7,500	7,500
5% PTF/RETT & ADA Paratransit (New Sales Tax)	-	-	42,813	-	-	-	-	-	-	-
Innovation, Coordination, & Enhancement (ICE)	-	-	10,000	9,101	9,480	9,930	10,278	10,902	11,439	11,900
State General Revenue CTA	-	-	-	-	-	-	7,969	26,072	96,988	-
IDOT Cap Grant - PACE (ADA)	-	-	-	-	-	-	10,940	8,500	8,500	8,395
PACE (PTF) expenditures	54,252	40,010	1,579	1,390	10,250	4,250	-	-	-	-
Capital grants—bonds	138,706	88,055	93,086	47,957	103,456	229,890	213,392	460,448	149,259	337,549
RTA Capital grants—CTA	-	-	-	-	-	-	-	12,264	56,257	912
RTA Capital grants—Metra	-	-	-	-	-	-	-	162	3,522	3,002
PACE ADA Surplus	-	-	-	-	-	-	-	-	-	29,266
Administrative	6,747	6,772	7,258	11,441	7,699	8,231	15,713	17,530	16,192	17,085
Regional	23,967	22,528	24,509	22,105	25,689	27,102	19,785	22,332	22,817	22,373
Capital outlay	373	610	263	1,110	1,323	762	295	1,530	599	644
Write off CTA loan receivable	-	-	-	-	-	-	-	56,147	-	-
Debt service:										
Principal	55,110	59,135	64,685	68,455	74,060	919,110	999,375	98,800	443,737	100,610
Interest	125,155	131,233	131,705	135,361	134,121	139,215	129,884	117,428	115,246	110,432
Debt related costs	44	-	-	-	-	-	942	5,767	2,092	357
Debt issuance costs	2,222	1,529	1,590	2,965	2,982	4,912	-	-	-	-
Miscellaneous	-	-	-	-	-	397	1,552	-	-	-
Total expenditures	595,740	585,075	657,474	476,151	489,518	1,487,124	1,594,739	1,042,395	1,134,902	876,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(90,563)	(76,078)	(182,144)	27,310	15,351	(836,896)	(999,707)	(107,518)	(378,978)	(70,937)
OTHER FINANCING SOURCES (USES):										
Bond proceeds (gross)	250,350	-	-	-	-	705,000	-	-	-	-
Refunding bond proceeds (gross)	-	-	-	-	-	-	300,000	-	-	-
Issuance of refunding bonds	-	-	-	-	-	95,550	650,000	10,000	374,295	-
Payment to refunded bond escrow agent	-	-	-	-	-	(103,104)	-	-	-	-
SCIP II bond proceeds (gross)	1,826	-	-	-	-	-	-	-	-	-
Other financing sources (premium)	9,652	-	-	-	6,846	11,574	-	-	8,006	-
2009B Note Proceeds	-	-	-	260,000	315,100	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers out										
Capital Projects Fund	-	-	-	-	-	-	-	-	(7,211)	-
Debt Service Fund	(175,995)	(179,116)	186,268	195,261	228,065	(186,365)	(173,137)	(7)	-	(20,037)
General Fund	-	179,116	(190,188)	(198,836)	(217,174)	(335,567)	(212,457)	(295,433)	(306,029)	(216,754)
Joint Self-Insurance Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	(41)	-	-	-	(15,316)	-	-	-	-	-
Transfers in										
Capital Projects Fund	3,315	-	-	-	-	-	7	7	-	37
Debt Service Fund	41	-	-	-	-	330,187	207,457	290,433	306,911	210,574
General Fund	172,680	-	-	-	-	186,339	173,130	-	-	20,000
Transfers in	-	-	-	-	-	26	-	-	-	-
Total other financing (uses) sources	261,827	-	(3,920)	256,425	317,521	703,640	945,000	5,000	375,972	(6,180)
NET CHANGE IN FUND BALANCES	\$ 171,264	\$ (76,078)	\$ (186,064)	\$ 283,735	\$ 332,872	\$ (133,256)	\$ (54,707)	\$ (102,518)	\$ (3,006)	\$ (77,117)

Debt Service as a percentage of noncapital

RTA REVENUE BY SOURCE

2006-2015



Last Ten Years

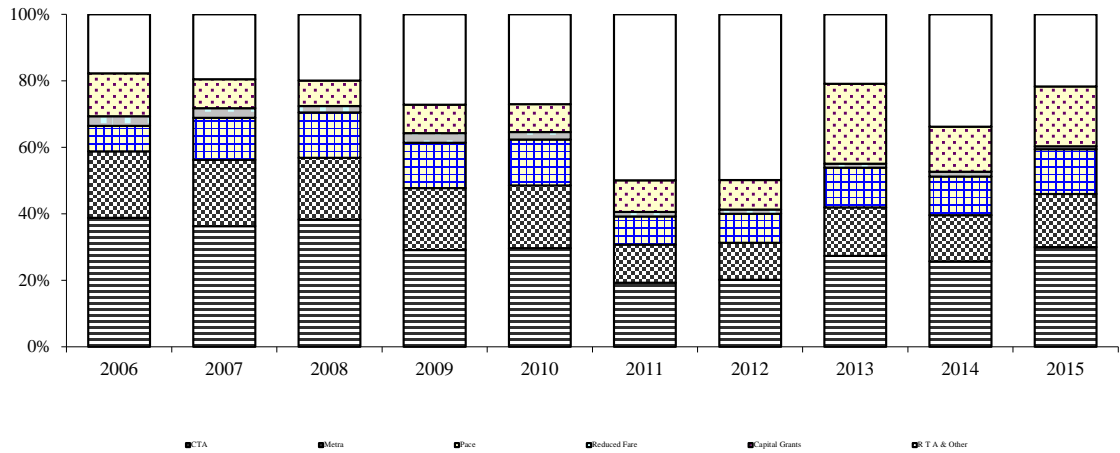
(In Thousands)

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/06	746,829	186,136	37,327	232,193	1,202,485
Percentage of Total	62.11%	15.48%	3.10%	19.31%	100%
12 Months Ended 12/31/07	752,922	188,931	36,678	241,262	1,219,794
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	243,845	1,496,254
Percentage of Total	62.25%	19.21%	2.24%	16.30%	100%
12 Months Ended 12/31/11	975,670	305,395	34,070	360,002	1,675,137
Percentage of Total	58.24%	18.23%	2.03%	21.49%	100%
12 Months Ended 12/31/12	1,021,686	319,892	34,070	279,571	1,655,219
Percentage of Total	61.73%	19.33%	2.06%	16.89%	100%
12 Months Ended 12/31/13	1,071,225	339,188	25,820	604,173	2,040,406
Percentage of Total	52.50%	16.62%	1.27%	29.61%	100%
12 Months Ended 12/31/14	1,121,275	357,711	34,070	410,449	1,923,505
Percentage of Total	58.29%	18.60%	1.77%	21.34%	100%
12 Months Ended 12/31/15	1,169,268	376,897	17,570	443,582	2,007,317
Percentage of Total	60.79%	19.59%	0.91%	23.06%	104%

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

DISTRIBUTION OF EXPENDITURES

2006-2015



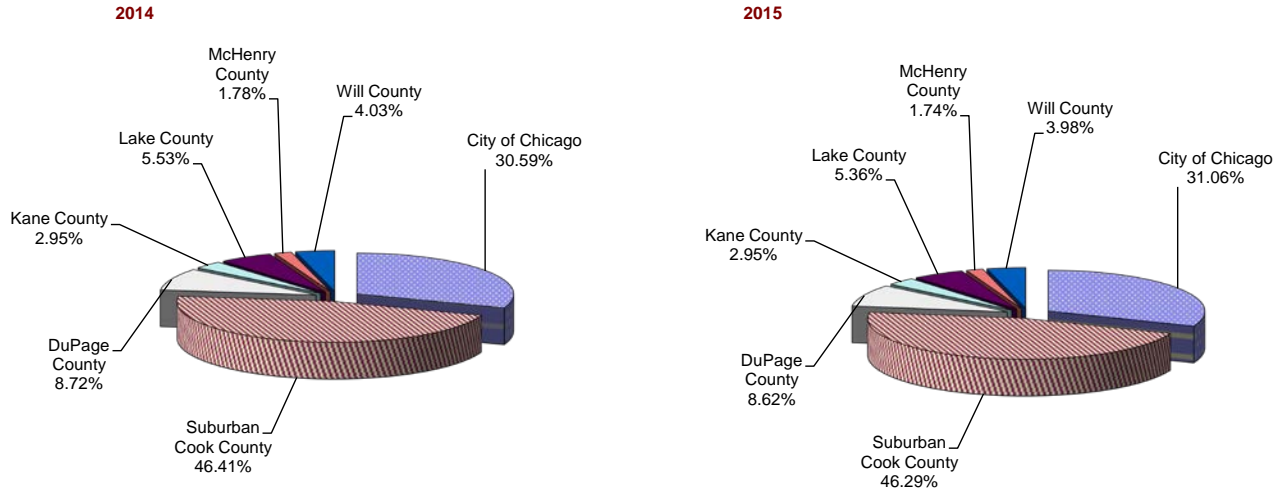
Last Ten Years

(In Thousands)

	Financial Assistance				Reduced Fare	Capital Grants	R T A and Other	Total
	CTA	Metra	Pace	Total				
12 Months Ended 12/31/06	496,690	256,301	98,500	851,490	37,327	165,436	227,481	1,281,735
Percentage of Total	38.75%	20.00%	7.68%	66.43%	2.91%	12.91%	17.75%	100%
12 Months Ended 12/31/07	468,349	257,374	164,202	889,925	36,678	113,328	252,301	1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	398,531	1,471,534
Percentage of Total	29.66%	18.86%	13.76%	62.28%	2.28%	8.36%	27.08%	100%
12 Months Ended 12/31/11	485,117	289,179	212,253	986,549	34,070	241,047	1,258,260	2,519,926
Percentage of Total	19.25%	11.48%	8.42%	39.15%	1.35%	9.57%	49.93%	100%
12 Months Ended 12/31/12	538,594	297,369	233,872	1,069,835	34,070	237,717	1,333,074	2,674,696
Percentage of Total	20.14%	11.12%	8.74%	40.00%	1.27%	8.89%	49.84%	100%
12 Months Ended 12/31/13	576,678	308,812	252,133	1,137,623	25,820	508,343	442,732	2,114,518
Percentage of Total	27.27%	14.60%	11.92%	53.80%	1.22%	24.04%	20.94%	100%
12 Months Ended 12/31/14	597,363	322,518	268,657	1,188,538	34,070	314,780	785,469	2,322,856
Percentage of Total	25.72%	13.88%	11.57%	51.17%	1.47%	13.55%	33.81%	100%
12 Months Ended 12/31/15	631,806	337,773	283,751	1,253,330	17,570	379,755	458,601	2,109,256
Percentage of Total	29.95%	16.01%	13.45%	59.42%	0.83%	18.00%	21.74%	100%

Note: Amounts above include expenditures from the General Fund and the Agency 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 12/31/06	\$231,273	\$395,727	\$46,867	\$16,008	\$28,743	\$9,194	\$19,016	\$746,828
Percentage of Total	30.97%	52.99%	6.28%	2.14%	3.85%	1.23%	2.55%	100%
12 Months Ended 12/31/07	236,783	395,163	46,592	16,015	29,058	9,494	19,817	752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%
12 Months Ended 12/31/11	295,770	453,866	85,937	29,799	52,994	17,712	39,592	975,670
Percentage of Total	30.31%	46.52%	8.81%	3.05%	5.43%	1.82%	4.06%	100%
12 Months Ended 12/31/12	312,519	474,249	88,845	30,569	56,169	18,284	41,051	1,021,686
Percentage of Total	30.59%	46.42%	8.70%	2.99%	5.50%	1.79%	4.02%	100%
12 Months Ended 12/31/13	327,809	497,997	94,329	31,667	57,650	19,077	42,696	1,071,225
Percentage of Total	30.60%	46.49%	8.81%	2.96%	5.38%	1.78%	3.99%	100%
12 Months Ended 12/31/14	343,832	521,593	97,995	33,208	62,156	19,964	45,249	1,123,997
Percentage of Total	30.59%	46.41%	8.72%	2.95%	5.53%	1.78%	4.03%	100%
12 Months Ended 12/31/15	363,131	541,214	100,795	34,482	62,705	20,385	46,555	1,169,267
Percentage of Total	31.06%	46.29%	8.62%	2.95%	5.36%	1.74%	3.98%	100%

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

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Sales Tax	Percentage of Personal Income ^b	Per Capita ^b
	General Obligation Bonds ^a	Working Cash Notes ^a				
2006	\$2,351,395	\$ -	\$ 2,351,395	32.02 %	0.47 %	19
2007	2,292,260	56,000	2,348,260	39.23	0.44	18
2008	2,227,575	40,000	2,267,575	39.44	0.41	18
2009	2,419,120	-	2,419,120	38.50	0.46	19
2010	2,260,160	400,000	2,660,160	36.68	0.49	21
2011	2,176,975	265,000	2,441,975	41.84	0.43	19
2012	2,092,600	300,000	2,392,600	44.77	0.41	19
2013	2,003,800	300,000	2,303,800	48.79	0.38	18
2014	2,009,355	225,000	2,234,355	50.31	0.36	17
2015	1,908,745	225,000	2,133,745	54.80	0.34	17

Note:

^a Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

^b See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

LEGAL DEBT CAPACITY

(In Thousands)

2015

Legal Debt Margin:	<u>Balance Outstanding at December 31, 2015</u>	<u>Issued</u>	<u>Working Cash Notes</u>	<u>Total</u>
Debt Limitation per Act for General Obligations				
Debt applicable to limitation :				\$ 2,600,000
Non-SCIP Bonds:				
1990A General Obligation Bonds	\$33,395			
1991A General Obligation Bonds	37,660			
1994B General Obligation Bonds	7,095			
1994D General Obligation Bonds	24,250			
1997 General Obligation Refunding Bonds	37,140			
2003B General Obligation Bonds	117,005			
2005B General Obligation Refunding Bonds	90,825			
2010A General Obligation Bonds	39,935			
2010B General Obligation Bonds	112,925			
2011A General Obligation Refunding Bonds	58,035			
2014A General Obligation Bonds	<u>97,775</u>			
Total RTA Bonds Applicable to Limitation	<u>656,040</u>			(656,040)
SCIP Bonds:				
1992A General Obligation Bonds	\$0	\$188,000		
1993A General Obligation Bonds	0	\$55,000		
1994A General Obligation Bonds	17,300	195,000		
1994C General Obligation Bonds	15,160	62,000		
1999 General Obligation Refunding Bonds	188,715	-		
2000 General Obligation Bonds	186,030	260,000		
2001A General Obligation Bonds	72,245	100,000		
2001B General Obligation Refunding Bonds	25,080	-		
2002A General Obligation Bonds	120,270	160,000		
2003A General Obligation Bonds	202,955	260,000		
2004A General Obligation Bonds	208,535	260,000		
2006A General Obligation Bonds	<u>216,415</u>	<u>250,350</u>		
Total SCIP Bonds Applicable to Limitation	<u>1,252,705</u>	\$1,790,350		<u>(1,790,350)</u>
Total SCIP Bonds Outstanding				
Total Bonds Outstanding	<u>\$1,908,745</u>			
Debt Margin for General Obligations				153,610
Debt Limitation per Act for Working Cash Notes			\$400,000	
Total RTA Working Cash Notes Applicable to Limitation	225,000		<u>(225,000)</u>	
Debt Margin for Working Cash Notes				<u>175,000</u>
Total Legal Debt Margin				<u>\$328,610</u>

STATISTICAL SECTION (UNAUDITED)

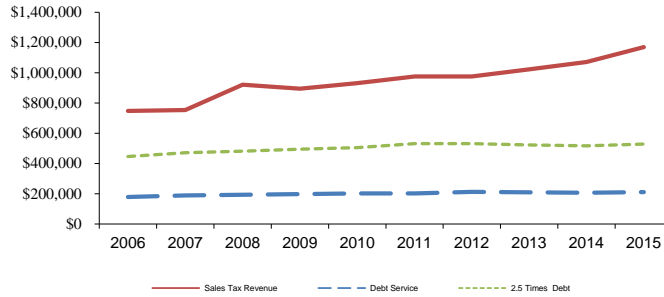
TABLE 10

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit for General Obligations	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Total net debt applicable to limit	2,495,485	2,468,755	2,440,700	2,411,155	2,553,355	2,513,670	2,475,325	2,435,275	2,492,385	2,446,390
Debt margin for General Obligations	104,515	131,245	159,300	188,845	46,645	86,330	124,675	164,725	107,615	153,610
Debt limit for Working Cash Notes	100,000	100,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total net debt applicable to limit	-	40,000	56,000	260,000	400,000	265,000	300,000	300,000	225,000	225,000
	100,000	60,000	344,000	140,000	-	135,000	100,000	100,000	175,000	175,000
Legal debt margin	\$ 204,515	\$ 191,245	\$ 503,300	\$ 328,845	\$ 46,645	\$ 221,330	\$ 224,675	\$ 264,725	\$ 282,615	\$ 328,610
Total legal debt margin as a percentage of debt limit	7.57%	7.08%	16.78%	10.96%	1.55%	7.38%	7.49%	8.82%	9.42%	10.95%

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

**2006 - 2015
(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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales Tax Revenue	\$746,829	\$752,922	\$921,245	\$894,238	\$931,435	\$975,670	\$975,670	\$1,021,686	\$1,071,225	\$1,169,267
Debt Service Requirement	\$178,086	\$188,551	\$192,555	\$197,529	\$201,994	\$201,994	\$212,441	\$208,712	\$206,228	\$211,041
2.5 Times Debt Service Requirement	\$445,215	\$471,378	\$481,388	\$493,823	\$504,985	\$531,103	\$531,103	\$521,780	\$515,570	\$527,603

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**

Last Ten Years *(In Thousands)*

Year	Debt Service Requirements			Total Expenditures	Ratio of Debt Service to Total Expenditures
	Principal	Interest	Total		
2006	\$ 55,110	\$ 122,976	\$ 178,086	\$ 1,281,765	13.89%
2007	59,135	129,416	188,551	1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%
2011	79,110	133,331	212,441	2,519,926	8.43%
2012	84,375	124,337	208,712	2,679,696	7.79%
2013	88,800	117,428	206,228	2,119,518	9.73%
2014	93,740	115,245	208,985	2,322,856	9.00%
2015	100,610	110,431	211,041	2,109,256	10.01%

Table 13

**FEDERAL ALLOCATION OF CAPITAL FUNDS
TO NORTHEASTERN ILLINOIS**

Last Ten Calendar Years

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

(In Millions)

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Regional Transportation Authority
2006	496.62	280.03	168.69	47.90	-
2007	449.49	288.61	128.45	32.43	-
2008	489.91	279.38	169.55	40.98	-
2009	917.78	535.32	297.57	84.89	-
2010	459.25	266.23	154.97	38.05	-
2011	489.37	299.50	145.02	44.85	-
2012	537.26	306.46	149.63	41.39	39.78
2013	629.76	403.73	158.59	67.44	-
2014	533.43	317.02	161.55	54.86	-
2015*	1,034.69	826.16	161.32	47.21	-
Total	\$ 6,530.72	\$ 4,094.20	\$ 1,863.39	\$ 533.35	\$ 39.78

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

* 2015 data includes \$557.00 TIFIA funding for CTA. Out of \$557.00 applied for, CTA received \$374.9

**REGIONAL TRANSPORTATION AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate ²
2006	12,643,955	\$ 504,493,021	\$ 39,900	4.7%
2007	12,695,866	532,587,009	41,950	5.1%
2008	12,747,038	554,521,494	43,502	6.4%
2009	12,796,778	522,945,597	40,865	10.0%
2010	12,841,980	539,680,018	42,025	10.5%
2011	12,869,257	562,662,480	43,721	9.8%
2012	12,875,255	577,008,488	44,815	8.9%
2013	12,882,135	602,627,109	46,780	9.2%
2014	12,880,580	619,808,386	48,120	7.1%
2015	12,861,699	636,280,652	49,471	5.9%

⁽¹⁾ Source: Bureau of Economic Analysis U.S. Department of Commerce

⁽²⁾ Source: Bureau of Labor Statistics Data U.S. Department of Labor

**REGIONAL TRANSPORTATION AUTHORITY
PRINCIPAL EMPLOYERS**

Employer ¹	CURRENT YEAR 2015			Employer ¹	Seven Years Ago 2008		
	Employees	Rank	% of Total Region Employment		Employees	Rank	% of Total Region Employment
United States Government	42,887	1	1.06%	United States Government	78,000	1	1.99%
Chicago Public Schools	37,406	2	0.93%	Chicago Public Schools	43,910	2	1.12%
City of Chicago	30,276	3	0.75%	City of Chicago	35,570	3	0.91%
Cook County	21,795	4	0.54%	Wal-Mart Stores	23,453	4	0.60%
Advocate Health Care	18,308	5	0.45%	Cook County	22,142	5	0.56%
University of Chicago	16,197	6	0.40%	Advocate Health Care	15,660	6	0.40%
JP Morgan Chase & Co.	15,015	7	0.37%	University of Chicago	15,660	7	0.40%
State of Illinois	15,136	8	0.38%	Walgreen	14,287	8	0.36%
Northwestern Memorial Healthcare	14,158	9	0.35%	AT&T	14,254	9	0.36%
United Continental Holdings Inc	14,000	10	0.35%	United Airlines Co.	14,000	10	0.36%
Total	225,178		5.59%		276,936		7.06%

Note: RTA service area includes Cook and the five collar Counties.
The information obtained from the sources below has been adjusted
to reflect only employers from these areas.

⁽¹⁾ Crain's Chicago Business

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2015

<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 • 1,492 rapid transit cars • 241.7 million riders per year • 1,679 STO* positions 	<ul style="list-style-type: none"> • 11 rail lines • 488 route miles • 1,155 miles of track • 241 stations • 146 locomotives • 843 passenger cars • 185 electric cars • 703 weekday trains operated • 81.6 million riders per year • 4,760 full-time employees • 1.8 billion passenger miles per year • 43.4 million vehicle miles per year 	<ul style="list-style-type: none"> • 153 regular routes • 41 feeder routes • 15 shuttle routes • 600 vehicles in use during peak periods • 30.1 million riders per year • 720 Pace-owned buses • 1,567 full-time employees
<u>Motor Bus</u>		<u>ADA Paratransit</u>
<ul style="list-style-type: none"> • 130 bus routes • 1,888 buses • 274.3 million riders per year • 3,733 STO* positions 		<ul style="list-style-type: none"> • 306 Pace-owned lift-equipped vehicles in service • 4.2 million riders per year • 34 full-time employees
<u>CTA Totals</u>		<u>Dial-a-Ride</u>
<ul style="list-style-type: none"> • 1.5 billion rail passenger miles per year • 680.3 million bus passenger miles per year • 123.0 million vehicle revenue miles per year • 4,369 without STO* positions 		<ul style="list-style-type: none"> • 67 local services • 197 Pace-owned lift-equipped vehicles in service • 210 communities served • 1.2 million riders per year
<i>*STO is scheduled transit operators. This classification includes bus operators, motormen, conductors, and customer assistants.</i>	<i>*All data exclude NICTD South Shore</i>	<u>Vanpool</u>
		<ul style="list-style-type: none"> • 680 vanpool vehicles in operation • 1.8 million riders per year

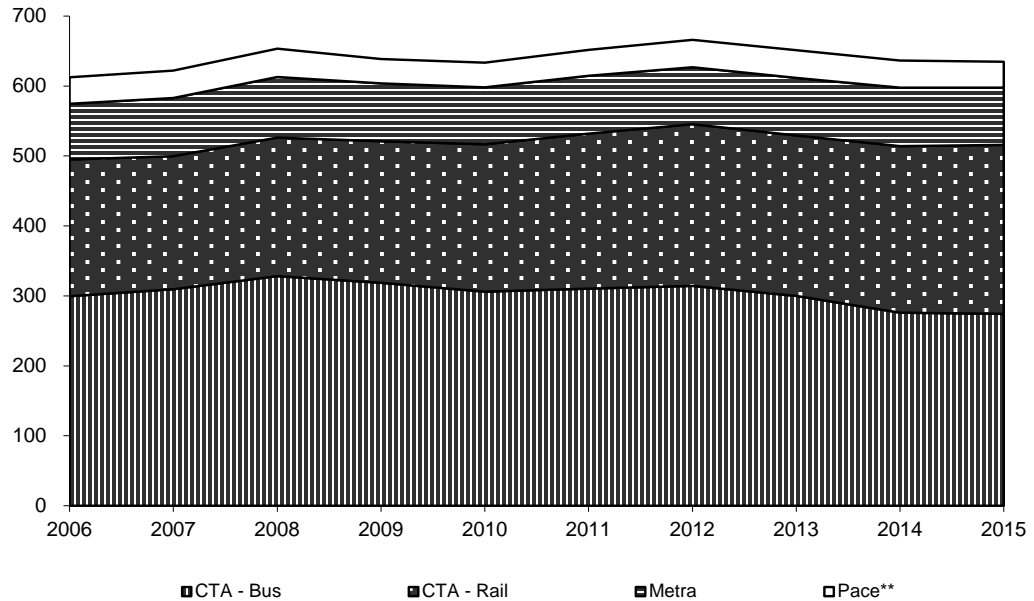
Source of data: Information obtained from the Service Boards, the NTD, and RTA records.

STATISTICAL SECTION (UNAUDITED)

Table 17

System Ridership and Unlinked Passenger Trips

2006-2015
(In Millions)



Last Ten Years

(In Millions)

Service Consumed:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CTA - Bus	299.6	309.3	328.2	318.7	306	310.4	314.4	300.1	276.1	274.3
CTA - Rail	195.2	190.3	198.1	202.6	210.9	221.6	231.2	229.1	238.1	241.7
Total CTA*	494.8	499.6	526.3	521.3	516.9	532.0	545.6	529.2	514.2	516.0
Metra	79.9	83.3	86.8	82.3	81.4	82.7	81.3	82.3	83.4	81.6
Pace**	38.0	39.2	40.5	35.1	35.1	37.1	39.2	39.9	38.9	37.3
System Total	612.7	622.1	653.6	638.7	633.4	651.8	666.1	651.4	636.5	634.9
Percent Change	1.2%	1.5%	5.1%	-2.3%	-0.8%	2.9%	2.2%	-2.2%	-2.3%	-0.2%

*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.

**Regional Transportation Authority
Full-time Employee by Function**

Last Five Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Audit	3	3	3	4	4
Executive Office	3	2	2	2	2
Communications and Public Affairs	12	11	0	2	3
Customer Service/Mobility Services	0	0	34	36	32
Finance & Performance Management	24	26	25	22	24
Human Resources	3	3	3	3	3
Information Technology	7	7	9	9	0
Administration	0	0	0	0	0
Legal	8	6	6	7	9
Government and Community Affairs	4	6	8	5	3
Planning	46	47	0	0	0
Planning and Market Development	0	0	20	22	24
Research, Analysis & Policy Development	0	0	0	0	0
Totals	110	111	110	112	104

Source: RTA HR records



**Regional
Transportation
Authority**

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