CHICAGO TRANSIT AUTHORITY
CHICAGO, ILLINOIS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Years Ended December 31, 2021 and 2020
(With Independent Auditor's Report Thereon)

CHICAGO TRANSIT AUTHORITY
Chicago, Illinois

FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Chicago Transit Board
Chicago Transit Authority
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Chicago Transit Authority (CTA), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the CTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the CTA, as of December 31, 2021 and 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the CTA's basic financial statements. The accompanying supplementary schedules of expenses and revenues – budget and actual for the years ended December 31, 2021 and 2020, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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.

(Continued)

The information has been subjected to the auditing procedures applied in the audits 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 accompanying supplementary schedules of expenses and revenues – budget and actual for the years ended December 31, 2021 and 2020 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 28, 2022 on our consideration of the CTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Chicago, Illinois
April 28, 2022

Introduction

The following discussion and analysis of the financial performance and activity of the Chicago Transit Authority (CTA) provide an introduction and understanding of the basic financial statements of the CTA for the fiscal years ended December 31, 2021 and 2020. This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights for 2021

- Net position totaled ($1,003,009,000) at December 31, 2021.
- Net position decreased $133,908,000 in 2021 which compares to an increase of $17,062,000 in 2020.
- Total net capital assets were $5,124,414,000 at December 31, 2021, a decrease of 0.95% over the balance at December 31, 2020 of $5,173,793,000.

Financial Highlights for 2020

- Net position totaled ($869,101,000) at December 31, 2020.
- Net position increased $17,062,000 in 2020 which compares to a decrease of $115,208,000 in 2019.
- Total net capital assets were $5,173,793,000 at December 31, 2020, an increase of 2.25% over the balance at December 31, 2019 of $5,059,929,000.

The Financial Statements

The basic financial statements provide information about the CTA's business-type activities and the Qualified Supplemental Retirement Fund (fiduciary activities). The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements for Business-Type Activities

The financial statements consist of the (1) Statements of Net Position, (2) Statements of Revenues, Expenses, and Changes in Net Position, (3) Statements of Cash Flows, and (4) Notes to the Financial Statements. The financial statements are prepared on the accrual basis of accounting, meaning that all expenses are recorded when incurred and all revenues are recognized when earned, in accordance with U.S. generally accepted accounting principles.

Statements of Net Position

The Statements of Net Position reports all financial and capital resources for the CTA (excluding fiduciary activities). The statements are presented in the format where assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and noncurrent. The focus of the Statements of Net Position is to show a picture of the liquidity and health of the organization as of the end of the year.

The Statements of Net Position are designed to present the net available liquid (noncapital) assets, deferred outflows of resources, net of liabilities, and deferred inflows of resources for the entire CTA. Net position is reported in three categories:

- *Net Investment in Capital Assets—This component of net position consists of all capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.*
- *Restricted—This component of net position consists of restricted assets where constraints are placed upon the assets by creditors (such as debt covenants), grantors, contributors, laws, and regulations, etc.*
- *Unrestricted—This component consists of net position that does not meet the definition of net investment in capital assets, or a restricted component of net position.*

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position includes operating revenues, such as bus and rail passenger fares, rental fees received from concessionaires, and the fees collected from advertisements on CTA property; operating expenses, such as costs of operating the mass transit system, administrative expenses, and depreciation on capital assets; and nonoperating revenue and expenses, such as grant revenue, investment income, and interest expense. The focus of the Statements of Revenues, Expenses, and Changes in Net Position is the changes in net position. This is similar to net income or loss and portrays the results of operations of the organization for the entire operating period.

Statements of Cash Flows

The Statements of Cash Flows discloses net cash provided by or used for operating activities, investing activities, noncapital financing activities, and from capital and related financing activities.

Notes to Financial Statements

The Notes to Financial Statements are an integral part of the basic financial statements and describe the organization, budget, significant accounting policies, related-party transactions, deposits and investments, restrictions on deposits and investments, capital assets, capital lease obligations, bonds payable, long-term liabilities, defined-benefit pension plans, other post-employment benefits, risk management, and the commitments and contingencies. The reader is encouraged to review the notes in conjunction with the management discussion and analysis and the financial statements.

Financial Analysis of the CTA's Business-Type Activities

Statements of Net Position

The following table reflects a condensed summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the CTA as of December 31, 2021, 2020, and 2019:

Table 1
Summary of Assets, Deferred Outflows of Resources, Liabilities,
Deferred Inflows of Resources, and Net Position
December 31, 2021, 2020, and 2019
(In thousands of dollars)

	2021	2020	2019
Assets:			
Current assets	$ 800,468	$ 728,508	$ 633,635
Capital assets, net	5,124,414	5,173,793	5,059,929
Noncurrent assets	421,497	591,848	354,624
Total assets	6,346,379	6,494,149	6,048,188
Total deferred outflows of resources	244,272	206,448	312,255
Total assets and deferred outflows of resouces	$ 6,590,651	$ 6,700,597	$ 6,360,443
Liabilities:			
Current liabilities	$ 992,540	$ 914,167	$ 847,915
Long-term liabilities	6,590,505	6,633,523	6,378,597
Total liabilities	7,583,045	7,547,690	7,226,512
Total deferred inflows of resources	10,615	22,008	20,094
Net position			
Net investment in capital assets	2,179,437	2,318,323	2,372,455
Restricted:			
Payment of leasehold obligations	1,819	2,032	2,227
Debt service	94,417	129,159	71,631
Unrestricted (deficit)	(3,278,682)	(3,318,615)	(3,332,476)
Total net position	(1,003,009)	(869,101)	(886,163)
Total liabilities, deferred inflows of resources, and net position	$ 6,590,651	$ 6,700,597	$ 6,360,443

Year Ended December 31, 2021

Current assets increased by $71,960,000 primarily due to higher cash and investment balances.

Capital assets (net) decreased by $49,379,000 or 0.95% to $5,124,414,000 due to increased accumulated depreciation expenses. The CTA's capital improvement projects were funded primarily by the Federal Transit Administration (FTA), U.S. Department of Transportation, the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA), and CTA bonds.

Other non-current assets decreased by 28.78% to $421,497,000 due to capital spending of bond proceeds.

Current liabilities increased 8.57% to $992,540,000 primarily due to higher accrued payroll and an increase in the capital line of credit balance due in 2022.

Long-term liabilities decreased by $43,018,000 or 0.65% to $6,590,505,000. The decrease is due to a decrease in bonds payable, which was partially offset by an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets.

The net position balances restricted for other purposes include amounts restricted for two distinct purposes. The first restriction is for the assets restricted for future payments on the lease obligations. The second restriction is for the assets restricted for debt service payments.

The deficit in unrestricted net position, which represents assets available for operations, decreased 1.20% from the prior year.

Year Ended December 31, 2020

Current assets decreased by $94,873,000 primarily due to higher capital receivable balances.

Capital assets (net) increased by $113,864,000 or 2.25% to $5,173,793,000 due to more capital funding. The CTA's capital improvement projects were funded primarily by the Federal Transit Administration (FTA), U.S. Department of Transportation, the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA), and CTA bonds.

Other non-current assets decreased by 66.89% to $591,848,000 due to the receipt of the 2020 bond proceeds.

Current liabilities increased 7.81% to $914,167,000 primarily due to higher accrued payroll.

Long-term liabilities increased by $254,926,000 or 4.00% to $6,633,523,000. The increase is due to an increase in bonds payable related to the 2020A and 2020B Series bonds.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets.

The net position balances restricted for other purposes include amounts restricted for two distinct purposes. The first restriction is for the assets restricted for future payments on the lease obligations. The second restriction is for the assets restricted for debt service payments.

The deficit in unrestricted net position, represents assets available for operations, decreased 0.41% over the prior year.

Statements of Revenues, Expenses, and Changes in Net Position

The following table reflects a condensed summary of the revenues, expenses, and changes in net position (in thousands) for the years ended December 31, 2021, 2020, and 2019:

Table 2
Condensed Summary of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2021, 2020, and 2019
(In thousands of dollars)

	2021	2020	2019
Operating revenues	$ 280,151	$ 278,469	$ 654,009
Operating expenses:			
Operating expenses	1,494,053	1,463,634	1,451,594
Depreciation	609,442	500,980	500,475
Total operating expenses	2,103,495	1,964,614	1,952,069
Operating loss	(1,823,344)	(1,686,145)	(1,298,060)
Nonoperating revenues:			
RTA operating assistance	950,394	739,933	818,211
FTA operating assistance	305,164	483,829	-
Build America Bond subsidy	9,972	10,176	10,127
Other nonoperating revenues	40,241	28,191	42,400
Total nonoperating revenues	1,305,771	1,262,129	870,738
Nonoperating expenses	(193,691)	(194,174)	(190,124)
Change in net position before capital contributions	(711,264)	(618,190)	(617,446)
Capital contributions	577,356	635,252	502,238
Change in net position	(133,908)	17,062	(115,208)
Total net position, beginning of year	(869,101)	(886,163)	(770,955)
Total net position, end of year	$ (1,003,009)	$ (869,101)	$ (886,163)

Year Ended December 31, 2021

Total operating revenues increased by $1,682,000, or 0.60% primarily due to an increase in farebox revenue.

Farebox and pass revenue increased $10,034,000 due to the gradual re-opening of the City of Chicago. CTA's ridership decreased by 0.77% or 1.5 million rides over the prior year. CTA's average fare of $1.24 was $0.06 higher than 2020.

In 2021, CTA provided approximately 39,736,000 free rides, a decrease of 13,385,000 or 25.20% over 2020. The Illinois General Assembly passed legislation to allow senior citizens aged 65 and over who live in the RTA service region to take free fixed route public transit rides on CTA, Metra and Pace beginning March 17, 2008. The Chicago City Council passed an ordinance to provide free CTA rides for active military personnel beginning May 1, 2008 and disabled veterans beginning August 1, 2008. The Illinois General Assembly also enacted legislation to require free rides on fixed-route transit to be made available to any Illinois resident who has been enrolled as a person with a disability in the Illinois Circuit Breaker program. In 2011, the free ride program was modified to subject the participants to a means test. Under this program seniors who do not qualify to ride free pay a reduced fare.

Total operating expenses increased $138,881,000, or 7.07%. The increase is primarily driven by higher depreciation expense. Depreciation expense increased $108,462,000 primarily due to the Red-Purple Modernization project assets placed into service.

Year Ended December 31, 2020

Total operating revenues decreased by $375,540,000, or 57.42% primarily due to sharply lower ridership as a result of the COVID-19 pandemic.

Farebox and pass revenue decreased $352,467,000 due to lower ridership. CTA's ridership decreased by 56.6% or 257.7 million rides over the prior year. CTA's average fare of $1.18 was $0.11 lower than 2019.

In 2020, CTA provided approximately 53,121,000 free rides, a decrease of 14,665,000 or 21.63% over 2019. The Illinois General Assembly passed legislation to allow senior citizens aged 65 and over who live in the RTA service region to take free fixed route public transit rides on CTA, Metra and Pace beginning March 17, 2008. The Chicago City Council passed an ordinance to provide free CTA rides for active military personnel beginning May 1, 2008 and disabled veterans beginning August 1, 2008. The Illinois General Assembly also enacted legislation to require free rides on fixed-route transit to be made available to any Illinois resident who has been enrolled as a person with a disability in the Illinois Circuit Breaker program. In 2011, the free ride program was modified to subject the participants to a means test. Under this program seniors who do not qualify to ride free pay a reduced fare.

Total operating expenses increased $12,545,000, or 0.64%. The increase is primarily driven by higher labor expense. Labor expense increased $12,036,000 primarily due to an increase in paid time off as a result of the COVID-19 pandemic.

Table 3, which follows, provides a comparison of amounts for these items:

Table 3
Operating Revenues and Expenses
Years ended December 31, 2021, 2020, and 2019
(In thousands of dollars)

	2021	2020	2019
Operating Revenues:			
Farebox revenue	$ 148,612	$ 132,463	$ 350,992
Pass revenue	94,252	100,367	234,305
Total farebox and pass revenue	242,864	232,830	585,297
Advertising and concessions	26,687	20,898	38,987
Other revenue	10,600	24,741	29,725
Total operating revenues	$ 280,151	$ 278,469	$ 654,009
Operating Expenses:			
Labor and fringe benefits	$ 1,181,794	$ 1,175,565	$ 1,163,529
Materials and supplies	90,499	74,800	67,652
Fuel	30,779	37,125	40,396
Electric power	25,105	24,656	31,560
Purchase of security services	15,680	19,976	14,920
Other	121,611	108,647	104,801
Operating expense before provisions	1,465,468	1,440,769	1,422,858
Provision for injuries and damages	28,585	22,865	28,736
Provision for depreciation	609,442	500,980	500,475
Total operating expenses	$ 2,103,495	$ 1,964,614	$ 1,952,069

Capital Asset and Debt Administration

Capital Assets

The CTA has $14,348,680,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2021 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2021 totaled $5,124,414,000. This amount represents a net decrease (including additions and disposals, net of depreciation) of $49,379,000, or 0.95%, over the December 31, 2020 balance primarily due to increased depreciation expenses.

The CTA has $13,799,527,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2020 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2020 totaled $5,173,793,000. This amount represents a net increase (including additions and disposals, net of depreciation) of $113,864,000, or 2.25%, over the December 31, 2019 balance primarily due to an increase in capital funding.

Additional information on the capital assets and construction commitments can be found in note 6 of the audited financial statements.

Debt Administration

Long-term obligations includes capital lease obligations payable, accrued pension costs, bonds payable, certificates of participation, and fare collection purchase agreement.

At December 31, 2021, the CTA had $55,105,000 in capital lease obligations outstanding, a decrease from the prior year due to principal payments on lease transactions. The bonds payable liability decreased by a net amount of $141,955,000 primarily due to debt service payments. Current liabilities increased 8.57% to $992,540,000 primarily due to higher accrued payroll and an increase in the capital line of credit balance due in 2022. Long-term liabilities decreased by $43,018,000 or 0.65% to $6,590,505,000. The decrease is primarily due to a decrease in bonds payable, which was partially offset by an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68.

At December 31, 2020, the CTA had $58,330,000 in capital lease obligations outstanding, a decrease from the prior year due to principal payments on lease transactions. The bonds payable liability increased by a net amount of $323,155,000 due to new debt issued in 2020. Current liabilities increased 7.81% to $914,167,000 primarily due to higher accrued payroll. Long-term liabilities increased by $254,926,000 or 4.00% to $6,633,523,000. The increase is primarily due to an increase in bonds payable, which was partially offset by a decrease in the net pension liability associated with the employee pension plan in accordance with GASB 68.

Additional information on the debt activity can be found in notes 7, 8, 9, 10, and 11 of the audited financial statements.

2022 Budget and Economic Factors

On November 17, 2021, the CTA Board adopted the fiscal year 2022 operating budget of $1.746 billion and capital budget of $3.5 billion. After adoption, the budgets were submitted to and approved by the RTA Board (the regional oversight agency) on December 16, 2021. The 2022 operating budget maintains bus and rail service levels while the capital budget continues historic investments to modernize and improve the customer experience.

Despite the financial challenges that the CTA faces due to this pandemic, the 2022 Proposed Operating Budget of $1.746 billion does not include any reductions in bus or rail service or changes to the fare structure. This budget utilizes all available sources at its disposal, including system-generated revenue, public funding, Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and the American Rescue Plan (ARP) Act federal funding, as well as other budget balancing actions.

In March 2021, President Biden signed the American Rescue Plan (ARP) Act into law. The plan provides additional relief to individuals and businesses impacted by Covid-19. ARP funding is the third emergency relief package to provide continued support to transit agencies in response to the Covid-19 pandemic. CTA was awarded ARP funds from three separate programs that include formula funds apportioned to Urbanized Areas (UZA), Discretionary funds awarded specifically to CTA, and 5309 Discretionary funds that are specific to CTA's Capital Investment Grant project "Red and Purple Line Modernization".

The Chicagoland Urbanized Area that includes the RTA region, Northwest Indiana, Southeast Wisconsin, as well as CTA, Metra and Pace, received approximately $1.5 billion of Urbanized Formula ARP funds. CTA's share of the regional allocation of the program funds total $912.1 million. As of March 7, 2022, CTA was awarded directly an additional $118.4 million of Discretionary ARP program funds. Both the Urbanized and Discretionary programs are provided to transit agencies that have demonstrated a need for ongoing financial support to cover expenses related to day-to-day operations.

The CTA is actively working with the American Public Transportation Association (APTA) and other transit agencies around the country to advocate for additional federal funding. The CTA and other transit agencies around the country continue to advocate for additional federal funding to avoid other undesirable options, which have historically included service adjustments or fare increases. As the local economy continues to reopen gradually through the year, ridership levels in 2022 are projected to be 45 percent of 2019 levels.

The Proposed 2022 Operating Budget is balanced between expenses, system generated revenues, traditional public funding, and federal COVID-19 Emergency funding. CTA continues to maintain existing service levels. In 2021, CTA reduced pricing on its most popular unlimited ride passes in recognition of how the COVID pandemic has impacted ridership patterns and will continue to look for innovative ways to best serve its riders going forward.

Public Funding has seen significant growth due to increased sales tax receipts and the inclusion of online sales tax. In addition, the State restored the 5 percent cut to Public Transportation Funds (PTF). However, the State continues to impose the 50 percent reduction to the Reduced Fare Reimbursement and the 1.5 percent surcharge to the Sales Tax revenues. The Public Funding forecast for 2021 is $897.3 million, which is $225.8 million higher than the 2021 budget. The favorable uptick in Public Funding is expected to continue in the near term, with 2022 Public Funding expected to be 47 percent higher than the 2021 budget

System Generated revenue is budgeted at $368.9 million for 2022, $30.6 million higher than 2021 budget and $55.8 million higher than 2021 forecast. Advertising, charters, and concessions revenue for 2022 is budgeted to be $26.7 million. This revenue is generated through advertisement on buses, rail cars and in rail stations. This projection also includes revenue from concessions within rail stations and revenue from Special Contract Guarantees, which are agreements for transportation services for the University of Chicago and other employers and schools.

CTA projects a gradual return to "a new normal" from the COVID-19 health pandemic. The pandemic has changed the way people live and work in the near term and is expected to continue to do so into the foreseeable future. The CTA is experiencing fundamental shifts in its ridership such as a shift from business to leisure, an expansion of "peak" travel periods, a shift away from transit trips into the central business district, all of which could impact future budget plans should these trends continue.

CTA's 2022 budget is aligned with CTA's strategic priorities of safety, customer experience and workforce development.

Safety and Security initiatives include the ongoing five-year multi-faceted program aimed at increasing safety across the system. As part of this program, the CTA is upgrading more than 3,800 existing cameras to high-definition (HD) and installing an additional 1,000 new HD cameras to expand coverage, including at up to 100 bus turnarounds. New video screens will also be added to all CTA rail stations to aid CTA personnel in monitoring their stations. New lighting, repairs, and other improvements are also being made at about 100 CTA rail stations as part of the *Safe and Secure* program. To date, more than 2,000 new HD cameras have been installed at nearly 60 stations across the Red, Blue, Brown, Green, Orange and Pink lines.

It is vital that work continues to modernize infrastructure, enhance safety and security, enrich workforce development, and improve the customer experience. Doing so will not only help play a pivotal role in restarting the local economy it will also help ensure the CTA can accommodate returning riders in a safe, reliable way. The CTA remains steadfast in its efforts to provide the cleanest and healthiest travel environment possible for customers and employees. Continuing the same measures implemented since the onset of the pandemic is a vital component of CTA's efforts towards welcoming back returning riders and encouraging new ones to use CTA for daily and occasional travel:

- Tripling the resources to allow for the cleaning and disinfecting of our buses, trains, and stations throughout the day in addition to nightly routine deep cleans.
- Implementing new cleaning tools to further enhance our already rigorous cleaning process, including the use of electrostatic sprayers which create a fine mist to clean and disinfect buses and trains more effectively.
- Filtering air circulation, air on buses and trains is filtered and exchanged about every minute, and doors frequently open to bring in fresh air.
- Saturating the system with signage as part of a targeted customer education and awareness campaign highlighting the importance of social distancing, wearing masks, and following public health guidance.
- Instituting new policies regarding vehicle capacity limits to promote social distancing and ensure the health and safety of riders and employees.
- Closely monitoring crowding conditions and designing a CTA-specific "Ridership Information Dashboard" to allow riders to choose the best time to travel.
- Piloting pop-up, essential bus lanes to allow for bus service to be prioritized
- Implemented free mask and hand sanitizer pilot programs, free masks are available aboard all CTA buses and at all rail stations in order to make it easier for customers to follow the federal masking mandate on public transportation, hand sanitizer is provided at 8 heavily traveled rail stations.
- Implemented On-Site Vaccine Program for Employees to ensure that CTA employees had convenient access to COVID-19 vaccines when they first became widely available

CTA continues to enhance the customer experience through a number of initiatives such that include the following: (1) "Fast Tracks" a targeted multi-year program of track repairs and maintenance that provides faster commutes and smoother rides for 'L' customers, reducing and preventing slow zones on the rail system; *Fast Tracks* program has already repaired and upgraded rails, rail ties, and electrical power in multiple locations throughout the system. To date more than 43,000 feet of slow zones have been removed from across the Red, Blue, Brown and Green lines since the program began in 2018. (2) CTA continues to work with the Chicago Department of Transportation on the Bus Priority Zones program aimed at improving eight major bus routes to improve bus speed and reliability. Bus Priority Zones target pinch points areas that cause delays on high ridership, frequent bus routes that span across the city; (3) Bus Vision Study, the study will examine multiple aspects of each route: the start/endpoints as well as the specific street route; the frequency and span of service; the multiple stops along the route; and the connectivity to other transit and transportation services. A key component of this initiative will be determining the best ways to provide equitable, accessible service to all parts of the city. (4) Making up to nine stations vertically accessible over the next series of years as a part of CTA's All Stations Accessibility Plan to make all stations accessible. (5) Better Streets for Buses: CTA began work with CDOT and awarded a contract to a consultant to help launch a public outreach effort to guide a comprehensive, citywide plan for bus priority streets in Chicago called *Better Streets for Buses*. The plan will identify targeted corridors where bus enhancements are most appropriate based on ridership, bus speeds, equitable geographic coverage, and other relevant factors. The *Better Streets for Buses* Plan will also include the development of a toolbox of bus-priority street treatments that would be considered for application in these corridors, ranging from small adjustments of pavement markings and curbside uses, to sophisticated signal changes and bus-only lanes The robust, citywide public outreach process will kick off in late 2021 or early 2022 to gather feedback on where communities most want to see bus improvements. The *Better Streets for Buses* Plan will complete the CDOT suite of *Complete Streets* guiding documents.

An important element of CTA's workforce development plan is the Second Chance Program. The program continues to provide valuable training, educational and career opportunities to Chicago residents who are met with challenges re-entering the workforce. To date, more than 1,500 people have participated in this invaluable program and more than 400 program participants have secured permanent employment with the CTA, with several later promoted to management-level positions. Many others have secured permanent jobs elsewhere because of their successful experience at the CTA.

In 2022, CTA will continue to pursue long-term priorities, which focus on improving service to customers. The Agency will continue to make extensive investments in its bus and rail system, along with modernizing its infrastructure.

The Red-Purple Modernization (RPM) project is one of six major construction projects the CTA has embarked on; RPM is a $2.1 billion investment to modernize and add capacity to the CTA's busiest rail corridor. CTA awarded a contract to the Walsh-Fluor Design Build Team in 2018; CTA unveiled the Red-Purple Bypass in 2021 and began demolition and reconstruction of adjacent Red and Purple Line track structures north of Belmont; Lawrence to Bryn Mawr area construction of four stations and reconstruction of 6 miles of track, structure, and viaducts to begin in 2022 through 2024; Corridor Signal testing continues, installation of new signal system on 23 miles of track to be completed in 2024; Project Completion estimated 2025; In addition, CTA continues to move forward with its planning for the proposed $2.3 billion Red Line Extension (RLE) project between 95th and 130th streets. The proposed 5.3-mile extension would include four new, fully accessible stations at 103rd Street, 111th Street, Michigan Avenue and 130th Street. In 2018, the CTA selected a preferred alignment for the extension, and awarded a Program Management Contract. The Program Manager oversees final environmental review and preliminary engineering work necessary to ultimately seek federal funding for the project. In 2019, the agency committed $310 million to advance the project beyond Project Development phase. In 2020, RLE entered the Project Development Phase. In 2022, CTA will publish a Supplemental Environmental Assessment (EA) and enter project into Engineering Phase. Furthermore, as Your New Blue (YNB) comes to an end with its final Phase 4 Signal improvements from Jefferson Park to O'Hare on the Blue Line CTA will continue to rehab other YNB stations throughout the line, CTA will begin reconstruction of the Harlem Bus Bridge at the O'Hare Harlem Station (FY2022-2024); it will also replace canopies at the Montrose and Irving Park Stations in addition to adding two new Blue Line substations and providing for traction power improvements along the O'Hare Branch. CTA will also continue with its two new initiatives to modernize and improve the rail system: The Green Line Improvements and the Forest Park Branch on the Blue Line. The Green Line Improvements will enhance its infrastructure including track, and station elements throughout the line system. The Forest Park - Blue Line Upgrades project is the first of four phases of the Forest Park Branch. It will provide for new track-work from Halsted to Illinois Medical District, rehabilitate the Racine station making it ADA compliant, advanced utility work, and add a new substation and traction power equipment at Hermitage. Lastly, continuing the agency's efforts to modernize and improve operations and delivery of service, the CTA is planning two projects to modernize two critical functions: Control Center functions, as well as Training and

Instruction. Current Control Center is outdated and in need of costly repairs, training for front-line workers occurs throughout the agency and both have significant space constraints. As a result, CTA is starting the planning for the building of a new state-of-art facility with more space, modern technology, and adequate meeting space during major events or emergencies. CTA's intention is to also start the planning for a centralized training facility that enhances the training experience for front-line employees.

Major projects completed or substantially underway in 2021:

Vehicles – As of 2021, CTA received delivery on the current contract to purchase 20 electric buses. Buses received post-delivery inspection and a HVAC upgrade; Also, in 2021 CTA awarded a contract for a base order of 100 buses with an Option up to 500 additional buses to begin replacement of the New Flyers 1,030 buses. The agency also reviewed final specs on the Mid-life bus overhaul for (100) 4300 Series buses, anticipated award contract 2022. On the rail system CTA received and began non-revenue and revenue testing on ten (10) 7000 Series Prototype railcars (this project has been delayed due to COVID-19 pandemic), CTA continues with the 5000-Series overhaul (714 cars) scheduled over 5 years (2021-2025). In addition, design and award contract for 4 Diesel Locomotives was approved with anticipated delivery in 2022. **Infrastructure** - Major construction continued thru 2021 on the new Red-Purple Bypass north of the Belmont Red, Purple and Brown Line station; CTA unveiled the Red-Purple Bypass in 2021 and began demolition and reconstruction of adjacent Red and Purple Line track structures north of Belmont; In 2021 CTA began renovation design on Cottage Grove and on three (3) All Stations Accessibility Program (ASAP) stations California, Austin and Racine; along with design of a new Non-Revenue Vehicle Maintenance Facility construction is expected to begin in early 2022. The City of Chicago awarded contract construction in September 2021 on the new Green Line station located at Damen/Lake anticipated opening date fall 2023. **Renewal of Track and Structure** –CTA continues its efforts to improve and enhance the system with the scheduled multi-year programs Fast Tracks and Safe & Secure. Work has been completed on the Nagle Curve and State Street Improvements; CTA also completed design on two new substations and new tie house at Barry, Damen and Canal on the Blue line construction to begin in 2022. Design also began for the Congress Line track improvement which is part of CTA's Forest Park Blue Line Upgrades Project. Phase I will provide for new track-work from Halsted to IMD, an accessible station at Racine, advanced utility work, and a new substation and traction power equipment upgrades at Hermitage. This work will enhance service quality via speed, reliability, and comfort, and improve operational efficiency on the Forest Park Branch of CTA's rapid transit Blue Line service.

Among the capital projects to continue or begin in FY 2022:

Vehicles - CTA anticipates to award an Option to the current Electric Bus Contract to purchase an additional 22 electric buses with charging infrastructure; Also, by mid 2022 the Authority anticipates the delivery of the first 100 buses of the current contract to purchase up to 600 new buses, to begin replacement of 1,030 New Flyers buses. The agency also anticipates in late 2022 to go for bid on the Life-extending Overhaul of (430) New Flyer-Series buses. CTA will continue revenue testing on ten (10) 7000 Series Prototype railcars; In addition, the agency continues with Phase Two of the Quarter-life Overhaul Program for the 5000-Series Rail Cars (714 cars), Second Phase began mid-year 2021 and scheduled to continue through 2025. **Infrastructure** – In FY2022, CTA will continue and complete design on the Austin, California, Racine and Cottage Grove Stations to accommodate elevators and other ADA related upgrades; construction for the Non-Revenue Shop is schedule to begin early 2022 an anticipated completion of 2023; **Renewal of Track and Structure** – Substantial completion is expected by 3rd quarter (2022) for the Signal Upgrades from Jefferson Park to O'Hare on the Blue Line. Design to be completed by early 2022 for the Substation Roof replacement, the Skokie Shops- Electronic and Hydraulic Repair Room Expansions and for the Kimball Subway Water Management and Belmont Crossover Replacement with anticipated construction completion date of late 2022 or 2023. Design to begin in 2022 for Lake Street Bridge Replacement - Track Improvements. In addition, CTA will continue its efforts to improve and enhance the system with the scheduled multi-year programs Fast Tracks and Safe & Secure completing track construction on the State

(Red), Dearborn (Blue) Subways and the Blue Line Tactical Traction Upgrades. Construction to replace the Lake Street Bridge will begin in FY2022 in coordination with Chicago Department of Transportation.

Many capital projects include distinctive architecture and public art from notable Chicago and international artists, part of ongoing efforts to make public transportation more attractive and to highlight communities.

Legislation

On January 18, 2008, Public Act 95-708 became law. This legislation provides funding for CTA operations, pension and retiree healthcare from four sources: 1) a 0.25 percent increase in the RTA sales tax in each of the six counties, 2) a $1.50 per $500 of transfer price increase in the City of Chicago's real estate transfer tax, 3) an additional 5% state match on the real estate transfer tax and all sales tax receipts except for the replacement and use tax, and 4) a 25% state match on the new sales tax and real estate transfer tax. The proceeds from the increase in the RTA sales tax will be used to fund some existing programs such as ADA paratransit services, as well as some new initiatives such as the Suburban Community Mobility Fund and the Innovation, Coordination and Enhancement Fund. The balance of these additional proceeds along with the 5% state match on: existing, additional sales tax and real estate transfer tax; and the state 25% match on the new sales tax will be divided among the CTA (48%), Metra (39%) and Pace (13%) according to the statutory formula. On February 6, 2008, the Chicago City Council authorized an increase in the real estate transfer tax in the amount of $1.50 per $500 of transfer price, the proceeds of which (after deducting costs associated with collection) will be entirely directed to the CTA. Additionally the state 25% match on the real estate transfer tax will be entirely directed to CTA as well.

Pursuant to Public Act 94-839, the CTA was required to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, were sufficient to bring the total assets of the retirement system up to 90% of its total actuarial liabilities by the end of fiscal year 2058. This legislation also required the RTA to monitor the payment by the CTA of its required retirement system contributions. If the CTA's contributions were more than one month overdue, the RTA would pay the amount of the overdue contributions directly to the trustee of the CTA's retirement system out of moneys otherwise payable by the RTA to the CTA.

Public Act 95-708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust was created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90% funded by 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60% by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions. Fourth, Public Act 95-708 authorized the CTA to issue $1.349 billion in pension obligation bonds to fund the Retirement Plan. Finally, the legislation provides that CTA will have no future responsibility for retiree healthcare costs after the bond funding.

Public Act 95-708 also addressed retiree healthcare. In addition to the separation between pension and healthcare that was mandated by Public Act 94-839, Public Act 95-708 provides funding and benefit changes to the retiree healthcare benefits. First, all CTA employees will be required to contribute 3% of their compensation into the new retiree healthcare trust. Second, all employees will be eligible for retiree healthcare, but after January 18, 2008, only those employees who retire at or after the age of 55 with 10 years of continuous service will actually receive the benefit. Third, retiree, dependent and survivor premiums can be raised up to 45% of the premium cost. Finally, the CTA has been given the authorization to issue $640 million in pension obligation bonds to fund the healthcare trust. Subsequent to the 2008 legislation, the Board of Trustees of the Retiree Healthcare Trust amended the eligibility requirements to receive postemployment health benefits. Effective January 1, 2018, employees will be eligible for retiree healthcare at or after the age of 65 with 10 years of continuous service or at or after age 55 or at pension start date (whichever is later) with 20 years of continuous service.

The pension and retiree healthcare bonds were issued on August 6, 2008 and $1.1 billion was deposited in the pension trust and $528.8 million was deposited in the healthcare trust.

In August 2021, Illinois House Bill 1428 was signed into law. This bill allows the Board of Trustees of the Retiree Healthcare Trust to lower the active employee contribution rate from 3% of compensation to 1% of compensation. After consultation with the Trust's actuary, the Board of Trustees lowered the contribution rate to 1%, beginning on January 1, 2022.

Contacting the CTA's Financial Management

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the CTA's finances and to demonstrate the CTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chicago Transit Authority's Chief Financial Officer, 567 W. Lake Street, Chicago, IL 60661.

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Net Position
December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 166,807	$ 123,994
Cash and cash equivalents restricted for damage reserve	66,529	42,451
Investments	44,959	20
Total cash, cash equivalents, and investments	278,295	166,465
Operating and capital receivables:		
Due from the RTA	321,474	209,178
Unbilled work in progress	141,403	287,081
Other	345	14
Total operating and capital receivable	463,222	496,273
Accounts receivable, net	25,136	28,936
Materials and supplies, net	27,538	30,767
Prepaid expenses and other assets	6,277	6,067
Total current assets	800,468	728,508
Noncurrent assets:		
Other noncurrent assets:		
Restricted bond proceeds held by trustee	420,722	591,140
Restricted assets held by trustee for supplemental retirement plans	775	708
Total other noncurrent assets	421,497	591,848
Capital assets:		
Capital assets not being depreciated:		
Land	173,739	173,027
Construction in process	723,097	936,139
Total Capital assets not being depreciated	896,836	1,109,166
Capital assets being depreciated	13,451,844	12,690,361
Less accumulated depreciation	(9,224,266)	(8,625,734)
Total capital assets being depreciated, net	4,227,578	4,064,627
Total capital assets, net	5,124,414	5,173,793
Total noncurrent assets	5,545,911	5,765,641
Total assets	6,346,379	6,494,149
Deferred outflows of resources		
Deferred loss on refunding	20,620	25,022
Pension outflows - CTA Retirement Plan	223,652	181,426
Total deferred outflows of resources	244,272	206,448
Total assets and deferred outflows of resources	$ 6,590,651	$ 6,700,597

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Net Position
December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 256,957	$ 266,837
Accrued payroll, vacation pay, and related liabilities	215,867	188,594
Accrued interest payable	19,670	18,815
Advances, deposits, and other	14,758	18,211
Unearned passenger revenue	82,882	75,752
Other unearned revenue	2,134	2,278
Unearned operating assistance	44,418	43,981
Current portion of long-term liabilities	355,854	299,699
Total current liabilities	992,540	914,167
Long-term liabilities:		
Self-insurance claims, less current portion	212,552	194,437
Capital lease obligations, less current portion	53,731	57,442
Bonds payable, less current portion	4,200,281	4,336,607
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	138,213	105,636
Capital line of credit - note purchase agreement	99,350	105,700
Net pension liability - CTA Employees' Retirement Plan	1,832,411	1,765,839
Net pension liability - CTA Supplemental Plans	31,131	32,857
Total other postemployment benefits liability	10,319	10,553
Other long-term liabilities	12,517	24,452
Total long-term liabilities	6,590,505	6,633,523
Total liabilities	7,583,045	7,547,690
Deferred inflows of resources		
Pension inflows - CTA Retirement Plan	8,057	20,669
Pension inflows - CTA Supplemental Plans	2,558	1,339
Total deferred inflows of resources	10,615	22,008
Net position:		
Net investment in capital assets	2,179,437	2,318,323
Restricted:		
Payment of leasehold obligations	1,819	2,032
Debt service	94,417	129,159
Unrestricted (deficit)	(3,278,682)	(3,318,615)
Total net position	(1,003,009)	(869,101)
Total liabilities, deferred inflows of resources, and net position	$ 6,590,651	$ 6,700,597

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Operating revenues:		
Fare box revenue	$ 148,612	$ 132,463
Pass revenue	94,252	100,367
Total fare box and pass revenue	242,864	232,830
Advertising and concessions	26,687	20,898
Other revenue	10,600	24,741
Total operating revenues	280,151	278,469
Operating expenses:		
Labor and fringe benefits	1,181,794	1,175,565
Materials and supplies	90,499	74,800
Fuel	30,779	37,125
Electric power	25,105	24,656
Purchase of security services	15,680	19,976
Maintenance and repairs, utilities, rent, and other	121,611	108,647
	1,465,468	1,440,769
Provisions for injuries and damages	28,585	22,865
Provision for depreciation	609,442	500,980
Total operating expenses	2,103,495	1,964,614
Operating expenses in excess of operating revenues	(1,823,344)	(1,686,145)
Nonoperating revenues (expenses):		
RTA operating assistance	950,394	739,933
FTA operating assistance	305,164	483,829
Reduced-fare subsidies	14,606	14,829
Build America Bond subsidy	9,972	10,176
Operating grant revenue	19,668	4,274
Contributions from local government agencies	5,000	5,000
Investment income	967	3,993
Gain on sale of assets	-	95
Interest expense on bonds and other financing	(190,939)	(191,241)
Interest expense on leasing transactions	(2,752)	(2,933)
Total nonoperating revenues, net	1,112,080	1,067,955
Change in net position before capital contributions	(711,264)	(618,190)
Capital contributions	577,356	635,252
Change in net position	(133,908)	17,062
Total net position – beginning of year	(869,101)	(886,163)
Total net position – end of year	$ (1,003,009)	$ (869,101)

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Cash received from fares	$ 249,994	$ 234,798
Payments to employees and benefit payments	(1,125,013)	(1,084,465)
Payments to suppliers	(288,802)	(259,730)
Other receipts	37,490	51,080
Net cash flows used in operating activities	(1,126,331)	(1,058,317)
Cash flows from noncapital financing activities:		
RTA operating assistance	838,535	767,457
FTA operating assistance	304,049	407,407
Reduced-fare subsidies	14,606	14,829
Operating grant revenue	19,668	4,274
Contributions from local governmental agencies	5,000	5,000
Net cash flows provided by noncapital financing activities	1,181,858	1,198,967
Cash flows from capital and related financing activities:		
Interest payments on bonds	(198,922)	(188,134)
Repayment of lease obligations	(6,135)	(12,723)
Proceeds from issuance of bonds	1,108	388,289
Proceeds from capital line of credit - note purchase agreement	153,600	181,835
Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	34,240	25,512
Repayment of bonds payable	(115,217)	(72,885)
Repayment of line of credit - note purchase agreement	(126,500)	(179,800)
Repayment of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	(1,607)	(1,552)
Repayment of other long-term liabilities	(11,398)	(10,887)
Payments for acquisition and construction of capital assets	(577,974)	(625,093)
Proceeds from the sale of property and equipment	-	127
Build America Bond subsidy	9,972	10,176
Capital grants	723,818	567,571
Net cash flows used in capital and related financing activities	(115,015)	82,436
Cash flows from investing activities:		
Purchases of unrestricted investments	(44,959)	(20)
Proceeds from maturity of unrestricted investments	20	14,900
Restricted cash and investment accounts:		
Purchases	(1,923,828)	(2,034,533)
Withdrawals	2,094,179	1,797,309
Investment revenue	967	3,993
Net cash flows provided (used) by investing activities	126,379	(218,351)
Net increase (decrease) in cash and cash equivalents	66,891	4,735
Cash and cash equivalents – beginning of year	166,445	161,710
Cash and cash equivalents – end of year	$ 233,336	$ 166,445

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Reconciliation of operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Operating expenses in excess of operating revenues	$ (1,823,344)	$ (1,686,145)
Adjustments to reconcile operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Depreciation	609,442	500,980
(Increase) decrease in assets:		
Accounts receivable	3,800	14,449
Materials and supplies	3,229	(1,634)
Prepaid expenses and other assets	(210)	(226)
Deferred outflow - pension	(42,226)	120,676
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	8,031	20,201
Accrued payroll, vacation pay, and related liabilities	27,273	56,928
Self-insurance reserves	30,922	1,189
Unearned passenger revenue	7,130	1,968
Other unearned revenue	(144)	(2)
Advances, deposits, and other	(3,453)	(9,006)
Net pension liability	64,846	(80,342)
Total OPEB liability	(234)	733
Deferred inflow - pension	(11,393)	1,914
Net cash flows used in operating activities	$ (1,126,331)	$ (1,058,317)
Noncash investing and financing activities:		
Retirement of fully depreciated capital assets	$ 10,910	$ 20,128
Purchases of capital assets in accounts payable at year-end	88,378	106,289
RTA operating assistance not received	321,474	209,178
Unbilled work in progress	141,403	287,081
Bonds refunded with proceeds going directly to escrow agents	147,713	513,611

CHICAGO TRANSIT AUTHORITY
Fiduciary Activities
Statements of Fiduciary Net Position
Qualified Supplemental Retirement Plan
December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Assets:		
Cash equivalents	$ 333	$ 79
Investments at fair value:		
Short-term investments	478	80
U.S. fixed income	9,350	9,369
Common stock	24,135	23,046
Real estate	3,576	3,993
Total investments at fair value	37,539	36,488
Total assets	37,872	36,567
Liabilities:		
Accounts payable and other liabilities	64	25
Total liabilities	64	25
Net position restricted for pensions	$ 37,808	$ 36,542

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Fiduciary Activities
Statements of Changes in Fiduciary Net Position
Qualified Supplemental Retirement Plan
Years ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Additions:		
Contributions:		
Employer	$ 1,016	$ 870
Total contributions	1,016	870
Investment income:		
Net increase (decrease) in fair value of investments	2,870	2,148
Investment income	1,566	1,145
Total investment income	4,436	3,293
Total additions	5,452	4,163
Deductions:		
Benefits paid to participants or beneficiaries	3,950	4,093
Administrative fees	236	215
Total deductions	4,186	4,308
Net increase (decrease)	1,266	(145)
Net position restricted for pensions		
Beginning of year	36,542	36,687
End of year	$ 37,808	$ 36,542

See accompanying notes to financial statements.

NOTE 1 - ORGANIZATION

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

The Regional Transportation Authority Act (the Act) provides for the funding of public transportation in the six-county region of Northeastern Illinois. The Act established a regional oversight board, the Regional Transportation Authority (RTA), and designated three service boards (CTA, Commuter Rail Board, and Suburban Bus Board). The Act requires, among other things, that the RTA approve the annual budget of the CTA, that the CTA obtain agreement from local governmental units to provide an annual monetary contribution of at least $5,000,000 for public transportation, and that the CTA (collectively with the other service boards) finance at least 50% of its operating costs, excluding depreciation and certain other items, from system-generated sources on a budgetary basis.

Financial Reporting Entity: As defined by U.S. generally accepted accounting principles (GAAP), the financial reporting entity consists of a 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:

1) 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

2) Fiscal dependency on the primary government.

Based upon the application of these criteria, the CTA is not a component unit of any other entity.

The CTA participates in the Employees' Retirement Plan, which is a single-employer, defined benefit pension plan covering substantially all full-time permanent union and nonunion employees. The Employees' Plan is governed by Illinois state statute (40 ILCS 5/22-101). The fund, established to administer the Employees' Retirement Plan, is not a fiduciary fund or a component unit of the CTA. This fund is a legal entity separate and distinct from the CTA. This plan is administered by its own board of trustees comprised of 5 union representatives, 5 representatives appointed by the CTA, and a professional fiduciary appointed by the RTA. The CTA has no direct authority and assumes no fiduciary responsibility with regards to the Employees' Retirement Plan. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

The CTA participates in the Retiree Health Care Trust (RHCT), which provides and administers health care benefits for CTA retirees and their dependents and survivors. The Retiree Health Care Trust was established by Public Acts 94-839 and 95-708. The RHCT is not a fiduciary fund or a component unit of the CTA. This trust is a legal entity separate and distinct from the CTA. This trust is administered by its own board of trustees comprised of three union representatives, three representatives appointed by the CTA and a professional fiduciary appointed by the RTA. The CTA has no direct authority and assumes no fiduciary responsibility with regards to the RHCT. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

(Continued)

NOTE 1 - ORGANIZATION (Continued)

The CTA administers supplemental retirement plans that are separate, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board), (2) closed (Non-Qualified) supplemental plan for members retired or terminated from employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for members retiring or terminating after March 2005. The CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified plan is administered by a committee that is appointed by the Board of Directors of the CTA. In addition, there is a financial burden as the CTA has the obligation to make contributions to the Qualified plan. Based on this, the trust for the Qualified plan is reported as a fiduciary component unit. Whereas the activities for the Non-Qualified and Board Plans are included in the financial statements of the CTA's business-type activities.

The CTA is not considered a component unit of the RTA because the CTA maintains separate management, exercises control over all operations, and is fiscally independent from the RTA. Because governing authority of the CTA is entrusted to the Chicago Transit Board, comprising four members appointed by the Mayor of the City of Chicago and three members appointed by the Governor of the State of Illinois, the CTA is not financially accountable to the RTA and is not included as a component unit in the RTA's financial statements, but is combined in pro forma statements with the RTA, as statutorily required.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The basic financial statements provide information about the CTA's business-type and fiduciary (Qualified Supplemental Retirement Plan) activities. Separate statements for each category, business-type and fiduciary, are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from operating activities are recognized in the fiscal year that the operations are provided; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

The financial statements for the CTA's business-type activities are used to account for the CTA's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the CTA maintains its records on the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the CTA are included in the Statements of Net Position.

The principal operating revenues of the CTA are bus and rail passenger fares. The CTA also recognizes as operating revenue the rental fees received from concessionaires, the fees collected from advertisements on CTA property, and miscellaneous operating revenues. Operating expenses for the CTA include the costs of operating the mass transit system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the CTA receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the CTA on a reimbursement basis.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements for the fiduciary activities are used to account for the assets held by the CTA in trust for the payment of future retirement benefits under the Qualified Supplemental Retirement Plan. The assets of the Qualified Supplemental Retirement Plan cannot be used to support CTA operations.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities dated within three months or less of year-end.

Cash and Cash Equivalents Restricted for Damage Reserve: The CTA maintained cash and investment balances to fund the annual injury and damage obligations that are required to be designated under provisions of Section 39 of the Metropolitan Transportation Authority Act.

Investments: Investments, including the supplemental retirement plan assets, are reported at fair value based on quoted market prices and valuations provided by external investment managers.

Chapter 30, Paragraph 235/2 of the Illinois Compiled Statutes authorizes the CTA to invest in obligations of the United States Treasury and United States agencies, direct obligations of any bank, repurchase agreements, commercial paper rated within the highest classification set by two standard rating services, or money market mutual funds investing in obligations of the United States Treasury and United States agencies.

Unbilled Work In Progress: Unbilled work in progress represents grant expense that has not been billed to the funding agencies as of year-end. This would include contract retentions, accruals and expenditures for which, due to requisitioning restrictions of the agencies or the timing of the expenditures, reimbursement is requested in a subsequent period.

Materials and Supplies: Materials and supplies are stated at average cost and consist principally of maintenance supplies and repair parts.

Other Noncurrent Assets: Other noncurrent assets include (a) cash and claims to cash that are restricted as to withdrawal or use for other than current operations, (b) resources that are designated for expenditure in the acquisition or construction of noncurrent assets, or (c) resources that are segregated for the liquidation of long-term debts.

> *Bond proceeds held by trustee*: During various fiscal years, the CTA issued Capital Grant Receipt Revenue Bonds. The proceeds from each sale were placed in trust accounts restricted for financing the costs of capital improvement projects associated with each issuance. For more detailed information see Note 9.

Capital Assets: All capital assets are stated at cost. Capital assets are defined as assets which (1) have a useful life of one year or more and a unit cost of more than $5,000, (2) have a unit cost of $5,000 or less, but which are part of a network or system conversion, or (3) were purchased with grant money. The cost of maintenance and repairs is charged to operations as incurred.

Interest cost capitalized prior to the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* is amortized on the same basis as the related asset is depreciated. Projects funded with bond proceeds incurred $29,366,597 of interest expense for the year ended December 31, 2020. Of those interest costs incurred, $93,032 was capitalized during the year ended December 31, 2020. The CTA implemented Statement No. 89 on January 1, 2021; as a result of that implementation, interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provision for depreciation of transportation property and equipment is calculated under the straight-line method using the respective estimated useful lives of major asset classifications, as follows:

	Years
Buildings	10-40
Elevated structures, tracks, tunnels, and power system	20-40
Transportation vehicles:	
Bus	12
Rail	25
Signal and communication	10-20
Other equipment	3-10

A full month's depreciation is taken in the month after an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded.

The transportation system operated by the CTA includes certain facilities owned by others. The CTA has the exclusive right to operate these facilities under the terms of the authorizing legislation and other agreements.

Included with the CTA's *other equipment* capital assets, the CTA has capitalized an intangible asset, computer software. The CTA follows the same capitalization policy and estimated useful life for its intangible asset as it does for its *other equipment* capital assets. The CTA also amortizes the intangible asset utilizing the straight-line method.

Deferred Outflows of Resources: A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Inflows of Resources: A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Self-insurance: The CTA is self-insured for various risks of loss, including public liability and property damage, workers' compensation, and health benefit claims, as more fully described in note 15. A liability for each self-insured risk is provided based upon the present value of the estimated ultimate cost of settling claims using a case-by-case review and historical experience. A liability for claims incurred but not reported is also provided.

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave that has been earned but not paid has been accrued in the accompanying financial statements. Compensation for holidays, illness, and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts do not accumulate or vest.

Under GASB Statement No. 16, *Accounting for Compensated Absences*, applicable salary-related employer obligations are accrued in addition to the compensated absences liability. This amount is recorded as a portion of the accrued payroll, vacation pay, and related liabilities on the Statements of Net Position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums: Bond premiums are amortized over the life of the bonds using the bonds outstanding method, which is materiality consistent with the effective interest method.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more detailed information see Notes 12 and 13.

Net Position: Net position is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of legally restricted assets by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the CTA's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted – This component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Retirement Plan: The CTA has a retirement plan for all nontemporary, full-time employees with service greater than one year. Pension expense is recorded on an annual basis based on the results of an actuarial valuation in conformity with GASB 67 and 68. For more detailed information see Note 12.

Fare Box and Pass Revenues: Fare box and pass revenues are recorded as revenue at the time services are performed.

Classification of Revenues: The CTA has classified its revenues as either operating or nonoperating. Operating revenues include activities that have the characteristics of exchange transactions, including bus and rail passenger fares, rental fees received from concessionaires, the fees collected from advertisements on CTA property, and miscellaneous operating revenues. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as federal, state, and local grants and contracts.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Reclassifications: Certain amounts from the prior year have been reclassified to conform to the current year presentation. The reclassifications had no effect on net position or change in net position.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of New Accounting Standards:

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Upon the CTA's adoption of GASB Statement No. 95, the effective date of the Statement was delayed for the CTA. The provisions of this Statement became effective for the CTA during fiscal year 2021 with no material impact for the CTA.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement changes the name of the Comprehensive Annual Financial Report and its acronym to Annual Comprehensive Financial Report (ACFR). CTA has implemented the name change for its fiscal year 2021 Financial Report, and has eliminated the use of the current acronym and will use the full title Annual Comprehensive Financial Report along with the new acronym, "ACFR."

Future Pronouncements:

In June 2017, GASB issued Statement No. 87 *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Upon the CTA's adoption of GASB Statement No. 95, the effective date of the Statement was delayed for the CTA. The Statement is now effective for reporting periods beginning after June 15, 2021.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; sets standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. Upon the CTA's adoption of GASB Statement No. 95, the effective date of the Statement was delayed for the CTA. The Statement is now effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of Statements 73 and 74 to reporting assets accumulated for postemployment benefits, the applicability of Statement 84 to postemployment benefit arrangements, measurement of liabilities and assets related to asset retirement obligations in a government acquisition, and reference to nonrecurring fair value measurements of assets and liabilities in authoritative literature. The topics within this Statement that were not effective for the CTA's fiscal year ended December 30, 2020 were, upon the CTA's adoption of GASB Statement No. 95, delayed for the CTA until reporting periods beginning after June 15, 2021.

In March 2020, GASB issues Statement No. 93, *Replacement of Interbank Rates.* The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Upon the adoption of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate is delayed for the CTA until the reporting periods ending after December 31, 2022. All other requirements of this Statement are delayed till reporting periods beginning after June 15, 2021.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). In addition, the statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria*, *and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units when a potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with reporting; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The topics within this Statement that were not effective for the CTA's fiscal year ended December 31, 2020 are effective for the CTA's fiscal year beginning after June 15, 2021.

Management has not yet determined the impact of these statements on the basic financial statements.

NOTE 3 - BUDGET AND BUDGETARY BASIS OF ACCOUNTING

The CTA is required under Section 4.01 of the Regional Transportation Authority Act to submit for approval an annual budget to the RTA by November 15 prior to the commencement of each fiscal year. The budget is prepared on a basis consistent with GAAP, except for the exclusion of certain income and expenses. For 2021 and 2020, these amounts include provision for injuries and damage in excess of (or under) budget, depreciation expense, pension expense in excess of pension contributions, actuarial adjustments, revenue from leasing transactions, interest income and expense from sale/leaseback transactions, and capital contributions.

The Act requires that expenditures for operations and maintenance in excess of budget cannot be made without approval of the Chicago Transit Board. All annual appropriations lapse at fiscal year-end. The RTA, in accordance with the RTA Act, has approved for budgetary basis presentation the CTA's recognition of the amount of the injury and damage reserve and pension contribution, funded by the RTA in the approved annual budget. Provisions in excess of the approved annual budget that are unfunded are excluded from the recovery ratio calculation.

Prior to 2009, the RTA funded the budgets of the service boards rather than the actual operating expenses in excess of system-generated revenue. Under this funding policy favorable variances from budget remain as unearned operating assistance to the CTA, and can be used in future years with RTA approval. At the end of 2009, the RTA changed the funding policy to reflect actual collections rather than the budgeted funding marks. This new policy shifts the risk of shortfalls from actual collections to the respective service boards.

NOTE 3 - BUDGET AND BUDGETARY BASIS OF ACCOUNTING (Continued)

The RTA approves the proposed budget based on a number of criteria:

- That the budget is in balance with regard to anticipated revenues from all sources, including operating subsidies and the costs of providing services and funding operating deficits;
- That the budget provides for sufficient cash balances to pay, with reasonable promptness, costs and expenses when due;
- That the budget provides for the CTA to meet its required system-generated revenue recovery ratio; and
- That the budget is reasonable, prepared in accordance with sound financial practices and complies with such other RTA requirements as the RTA Board of Directors may establish.

The RTA monitors the CTA's performance against the budget on a quarterly basis. If, in the judgment of the RTA, this performance is not substantially in accordance with the CTA's budget for such period, the RTA shall so advise the CTA and the CTA must within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements listed above.

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

NOTE 4 - BUDGETED PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY AND THE STATE OF ILLINOIS

Most of the CTA's public funding for operating needs is funneled through the RTA. The RTA allocates funds to the service boards based on a formula included in the 1983 Regional Transportation Authority Act and the 2008 Legislation (P.A. 95-0708) approved by Illinois lawmakers to provide increased operating funds to the Northeastern Illinois Transit System. Other funds are allocated based on the RTA's discretion.

The funding "marks" represent the amount of funds that each Service Board can expect to receive from the RTA and other sources.

The components of the operating assistance from the RTA were as follows (in thousands of dollars):

		2021	2020
83 Legislation	Illinois state sales tax allocation	$ 437,632	$ 336,135
83 Legislation	RTA discretionary funding and other	252,325	209,271
08 Legislation	Illinois state sales tax allocation & PTF	182,144	137,881
08 Legislation	Real estate transfer tax	71,118	51,023
08 Legislation	Innovation, Coordination and Enhancement funding (ICE)	7,175	5,623
Final operating assistance		$ 950,394	$ 739,933

Reduced-fare subsidies from the State of Illinois were $14,606,000 and $14,829,000 during the years ended December 31, 2021 and 2020, respectively, for discounted services provided to the elderly, disabled, or student riders.

(Continued)

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Investments of the Business-type Activities

Cash, cash equivalents, and investments are reported in the Statements of Net Position of the business-type activities as follows as of December 31, 2021 and 2020 (in thousands of dollars):

	2021	2020
Current assets:		
Cash and cash equivalents	$ 166,807	$ 123,994
Restricted for damage reserve	66,529	42,451
Investments	44,959	20
Noncurrent assets:		
Bond proceeds held by trustee	420,722	591,140
Held by trustee for supplemental retirement plan	775	708
Total	$ 699,792	$ 758,313

Cash, cash equivalents, and investments of the business-type activities consist of the following as of December 31, 2021 and 2020 (in thousands of dollars):

	2021	2020
Investments:		
Certificates of deposit	$ 6,040	$ 6,020
Money market mutual funds	295,131	263,818
U.S. government agencies	14,899	49,989
U.S. Treasury notes	117,807	163,621
Municipal bonds	25,063	14,954
Commercial paper	171,728	195,739
Total Investments	630,668	694,141
Deposits with financial institutions	69,124	64,172
Total deposits and investments	$ 699,792	$ 758,313

Investment Policy: CTA investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the Act) and, as required under the Act, the Chicago Transit Authority Investment Policy (the Investment Policy). The Investment Policy does not apply to the Employees Retirement Plan or the Retiree Healthcare Trust, which are separate legal entities. Additionally, the CTA Investment Policy does not apply to the Supplemental Retirement Plan, which is directed by the Employee Retirement Review Committee. In accordance with the Act and the Investment Policy, CTA can invest in the following types of securities:

1. United States Treasury Securities (Bonds, Notes, Certificates of Indebtedness, and Bills). CTA may invest in obligations of the United States government, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. United States Agencies. CTA may invest in bonds, notes, debentures, or other similar obligations of the United States or its agencies. Agencies include: (a) federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit bank, or other entities authorized to issue debt obligations under the Farm Credit Act of 1971, as amended; (b) federal home loan banks and the federal home loan mortgage corporation; and (c) any other agency created by an act of Congress.

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

3. Bank Deposits. CTA may invest in interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided that any such bank must be insured by the Federal Deposit Insurance Corporation (the FDIC) and no more than 33.33% of the maximum portfolio percentage amount allowed by the chart in Section 2B of the Investment Policy for investment in Certificates of Deposit may be invested in Certificates of Deposit of a single issuer of such Certificates.
4. Commercial Paper. CTA may invest in short-term obligations (commercial paper) of corporations organized in the United States with assets exceeding $500 million, provided that: (a) such obligations are at the time of purchase at the highest classification for short-term obligations and one of the three highest classifications for long-term obligations established by at least two standard rating services and which mature no later than 3 years from the date of purchase; (b) such purchases do not exceed 10% of the corporation's outstanding obligations; (c) no more than one-third of the Authority's funds may be invested in short term obligations of corporations; and (d) no more than 25% of the maximum portfolio percentage allowed by the chart in Section 2B of the Investment Policy for all Corporate Obligations may be invested in Corporate Obligations of a single issuer.
5. Mutual Funds. CTA may invest in mutual funds which invest exclusively in United States government obligations and agencies.
6. Investment Pool. CTA may invest in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17).
7. Repurchase Agreements. CTA may invest in repurchase agreements for securities that are authorized investments under the Investment Policy, subject to all of the requirements of the Act, provided that: (a) the securities shall be held by a custodial bank authorized by the Chicago Transit Board; and (b) each transaction must be entered into under terms of a master repurchase agreement in a form authorized by the Chicago Transit Board.
8. Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the Authority or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, no lower than 'A' category by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions. The maturity of the bonds authorized by this subsection (8) shall, at the time of purchase, not exceed 5 years; provided that a longer maturity is authorized if the Authority has a put option on the bonds to demand early repayment on the bonds within 5 years from the date of purchase. These securities shall show on their face that they are fully payable as to principal and interest, where applicable, if any, within five years from the date of purchase.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the CTA's deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the CTA will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The Investment Policy requires that investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

In addition, the Investment Policy requires that whenever funds are deposited in a financial institution in an amount which causes the total amount of the Authority's funds deposited with such institution to exceed the amount which is protected by the FDIC, all deposits which exceed the amount insured be collateralized, at the rate of 102% of such deposit, by: bonds, notes, certificates of indebtedness, Treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest or, at the rate of 110% of such deposit, by: bonds, notes, debentures, or other similar obligations of agencies of the United States of America. As of December 31, 2021 and 2020, the CTA's bank balances were fully insured or collateralized.

Interest Rate Risk: Interest rate risk is the risk that the fair value of the CTA's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy limits the allocation of the portfolio and the term of investments as follows:

Instrument type	Maximum Investment Level	Actual Investment Level	Term of investment
U.S. Treasuries	100%	19%	3 years
Repurchase Agreements	33%	0%	330 days
Certificates of Deposit	30%	1%	365 days
Corporate Obligations	33%	27%	3 years
Government Money Market Funds	50%	47%	n.a.
U.S. Government Agencies	75%	2%	5 years
Municipal Bonds (Callable)	25%	4%	5 years
Investment Pool - Illinois Fund	25%	0%	n.a.

As of December 31, 2021, the maturities for the CTA's fixed-income investments are as follows (in thousands of dollars):

		Investment maturities (by years)		
	Fair value	Less than 1	1 - 5	5+
Certificates of deposit	$ 6,040	$ 6,040	$ -	$ -
Money market mutual funds	295,131	295,131	-	-
U.S. government agencies	14,899	-	14,899	-
U.S. Treasury notes	117,807	102,957	14,850	-
Municipal bonds	25,063	-	25,063	-
Commercial paper	171,728	171,728	-	-
Total	$ 630,668	$ 575,856	$ 54,812	$ -

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2020, the maturities for the CTA's fixed-income investments are as follows (in thousands of dollars):

		Investment maturities (by years)		
	Fair value	Less than 1	1 - 5	5+
Certificates of deposit	$ 6,020	$ 6,020	$ -	$ -
Money market mutual funds	263,818	263,818	-	-
U.S. government agencies	49,989	29,997	19,992	-
U.S. Treasury notes	163,621	163,621	-	-
Municipal bonds	14,954	-	14,954	-
Commercial paper	195,739	195,739	-	-
Total	$ 694,141	$ 659,195	$ 34,946	$ -

Credit Risk: Credit risk is the risk that the CTA will not recover its investments due to the failure of the counterparty to fulfill its obligation. To address this risk, the CTA invests in accordance with its Investment Policy which states investments held by CTA are backed by the United States Government, which are valued at AAA, municipal bonds that shall be rated, at the time of purchase, no lower than 'A' category by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions, and commercial paper that are at the time of purchase at the highest classification established by at least two standard rating services and which mature not later than three years from the date of purchase.

As of December 31, 2021, the CTA had the following fixed-income investments which are rated by both Moody's and Standard and Poor's (in thousands of dollars):

		Credit ratings				
	Fair value	A1P1 or AAA	A2P2 or AA	A3P3 or A	B	Not rated
Money market mutual funds	$ 295,131	$ 295,131	$ -	$ -	$ -	$ -
U.S. government agencies	14,899	14,899	-	-	-	-
Municipal bonds	25,063	25,063	-	-	-	-
Commercial paper	171,728	171,728	-	-	-	-
Total	$ 506,821	$ 506,821	$ -	$ -	$ -	$ -

As of December 31, 2020, the CTA had the following fixed-income investments which are rated by both Moody's and Standard and Poor's (in thousands of dollars):

		Credit ratings				
	Fair value	A1P1 or AAA	A2P2 or AA	A3P3 or A	B	Not rated
Money market mutual funds	$ 263,818	$ 263,818	$ -	$ -	$ -	$ -
U.S. government agencies	49,989	49,989	-	-	-	-
Municipal bonds	14,954	14,954	-	-	-	-
Commercial paper	195,739	195,739	-	-	-	-
Total	$ 524,500	$ 524,500	$ -	$ -	$ -	$ -

(Continued)

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Concentration of Credit Risk: Except for investments in certificates of deposits and commercial paper, the CTA does not restrict the amount which may be invested in authorized investments of a single issuer or financial institution. No more than 30 percent of the maximum portfolio percentage amount allowed for investment in certificates of deposit may be invested in certificates of deposit of a single issuer of such certificates. No more than 25 percent of the maximum portfolio percentage amount allowed for investment in commercial paper may be invested in commercial paper of a single issuer of such commercial paper.

As of December 31, 2021, the CTA had investments in Goldman Sachs – Amalgamated (24.15%), Morgan Stanley – Zions Bank (22.65%), and Treasury Bill (T-Bills) (18.68%), that exceeded 5 percent of the total investment balance. As of December 31, 2020, the CTA had investments in Goldman Sachs – Amalgamated (11.26%), Morgan Stanley – Zions Bank (26.70%), Banco de Credito-BCI (5.32%), and Treasury Bill (T-Bills) (23.57%), that exceeded 5 percent of the total investment balance.

Fair Value: CTA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs and are valued using future projected cash flows. CTA has the following fair value measurements as of December 31, 2021 and 2020 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2021			
	Total Amount	**Level 1**	**Level 2**	**Level 3**
Federal Farm Credit Banks	$ 14,899	$ -	$ 14,899	$ -
US Treasury Notes	117,807	117,807	-	-
Municipal bonds	25,063	-	25,063	-
Money market mutual funds	295,131	295,131	-	-
Commercial paper	171,728	-	171,728	-
Total	$ 624,628	$ 412,938	$ 211,690	$ -

	Fair Value Measurements as of December 31, 2020			
	Total Amount	**Level 1**	**Level 2**	**Level 3**
Federal Home Loan Bank	$ 29,997	$ -	$ 29,997	$ -
Federal Farm Credit Banks	19,992	-	19,992	-
US Treasury Notes	163,621	163,621	-	-
Municipal bonds	14,954	-	14,954	-
Money market mutual funds	263,818	263,818	-	-
Commercial paper	195,739	-	195,739	-
Total	$ 688,121	$ 427,439	$ 260,682	$ -

(Continued)

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash, Cash Equivalents, and Investments of the Fiduciary Activities

Cash, cash equivalents, and investments are reported in the Fiduciary Fund as follows as of December 31, 2021 and 2021 (in thousands of dollars):

	2021	2020
Investments, at fair value:		
Short-term investments	$ 478	$ 80
U.S. fixed income	9,350	9,369
Common stock	24,135	23,046
Real estate	3,576	3,993
Total	$ 37,539	$ 36,488

Investment Policy: The Employee Retirement Review Committee has been appointed as the fiduciary having responsibility for administering the Qualified Supplemental Retirement Plan, including the responsibility for allocating the assets of the trust fund among the separate accounts, for monitoring the diversification of the investments of the trust fund, for determining the propriety of investments of the trust fund in foreign securities and of maintaining the custody of foreign investments abroad, for assuring that the plan does not violate any provisions of applicable law limiting the acquisition or holding of certain securities or other property, and for the appointment and removal of an investment fiduciary. The Qualified Supplemental Retirement Plan is a qualified plan that is not subject to the Public Funds Investment Act.

In March 2005 the Employee Retirement Review Committee engaged a registered investment adviser under the Investment Advisers Act of 1940. The Employee Retirement Review Committee engaged a new registered investment adviser in October 2015. The investment adviser is authorized to invest and reinvest the assets of the Qualified Supplemental Retirement Plan and keep the same invested, without distinction between principal and income, in any property, real, personal or mixed or share or part thereof, or part interest thereof, or part interest therein, wherever situated, and whether or not productive of income, including: capital, common and preferred stock, and short-term investments.

Interest Rate Risk: Interest rate risk is the risk that the fair value of the Qualified Supplemental Retirement Plan investments will decrease as a result of an increase in interest rates. The Employee Retirement Review Committee mitigates exposure to changes in interest rates by requiring that the assets of the Trust be invested in accordance with the following asset allocation guidelines as of December 31, 2021 and 2020.

Asset class	2021 Allocation	2020 Allocation
U.S. large cap equities	20.00%	20.00%
U.S. mid size cap equities	5.00	5.00
U.S. small cap equities	5.00	5.00
Developed non-U.S. equities	15.00	15.00
Emerging markets equities	5.00	5.00
U.S. fixed income	30.00	30.00
Real estate	10.00	10.00
Open-End Private Equity	10.00	10.00
	100.00%	100.00%

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2021, the maturities for the Plan's fixed-income investments are as follows (in thousands):

	Fair value	Investment Maturities (in years) Less than 1	1 - 5
Short-term investment funds	$ 478	$ 478	$ -
U.S. fixed income	9,350	9,350	-
Total	$ 9,828	$ 9,828	$ -

As of December 31, 2020, the maturities for the Plan's fixed-income investments are as follows (in thousands):

	Fair value	Investment Maturities (in years) Less than 1	1 - 5
Short-term investment funds	$ 80	$ 80	$ -
U.S. fixed income	9,369	9,369	-
Total	$ 9,449	$ 9,449	$ -

Credit Risk: Credit risk is the risk that the Qualified Supplemental Retirement Plan will not recover its investments due to the failure of the counterparty to fulfill its obligation.

As of December 31, 2021, the Plan had the following fixed-income investments which are not rated by either Moody's or Standard and Poor's (in thousands of dollars):

	Fair value	Credit ratings Government Secured	Not Rated
Short-term investment funds	$ 478	$ -	$ 478
U.S. fixed income	9,350	-	9,350
Total	$ 9,828	$ -	$ 9,828

As of December 31, 2020, the Plan had the following fixed-income investments which are not rated by either Moody's or Standard and Poor's (in thousands of dollars):

	Fair value	Credit ratings Government Secured	Not Rated
Short-term investment funds	$ 80	$ -	$ 80
U.S. fixed income	9,369	-	9,369
Total	$ 9,449	$ -	$ 9,449

(Continued)

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial Credit Risk – Investments: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Qualified Supplemental Retirement Plan will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The investment securities are held in trust pursuant to a written trust agreement.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. There was no foreign currency risk as of December 31, 2021 or 2020.

Fair Value: The Qualified Supplemental Plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs and are valued using future projected cash flows. The Qualified Supplemental Plan has the following fair value measurements as of December 31, 2021 and 2020 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2021			
	Total Amount	Level 1	Level 2	Level 3
Global Fixed Income	$ -	$ -	$ -	$ -
Common Stock	-	-	-	-
Total investments by fair value level	$ -	$ -	$ -	$ -
Investments measured at Net Asset Value				
U.S. Fixed Income	9,350			
Common Stock	14,823			
Common Stock - Global	9,312			
Real Estate	3,576			
Total investments	$ 37,061			

	Fair Value Measurements as of December 31, 2020			
	Total Amount	Level 1	Level 2	Level 3
Global Fixed Income	$ -	$ -	$ -	$ -
Common Stock	-	-	-	-
Total investments by fair value level	$ -	$ -	$ -	$ -
Investments measured at Net Asset Value				
U.S. Fixed Income	9,369			
Common Stock	14,801			
Common Stock - Global	8,245			
Real Estate	3,993			
Total investments	$ 36,408			

Investment in Certain Entities that Calculate Net Asset Value Per Share

CTA measures certain investments that do not have a readily determinable fair value using NAV as a practical expedient. The Real Estate, Common Stock – Global, and the U.S. Fixed Income and Common Stock are generally structured as limited partnerships, limited liability corporations, or collective trusts, respectively, with an investment manager and are created by raising pools of capital from investors that will be invested according to one or more specific investment strategies. Investors commit capital to the fund, and as the investment manager identifies investment opportunities, the committed capital is called to purchase the investments.

(Continued)

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The following table displays information regarding investments that use NAV per share (or equivalent) as their fair value measurement as of December 31, 2021 and 2020 (in thousands of dollars):

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2021	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 9,350	$ -	N/A	N/A
Common Stock	14,823	-	N/A	N/A
Common Stock - Global	9,312	-	N/A	30 Days
Real Estate	3,576	-	Quarterly on a Calendar Basis.	60 Days

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2020	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 9,369	$ -	N/A	N/A
Common Stock	14,801	-	N/A	N/A
Common Stock - Global	8,245	-	N/A	30 Days
Real Estate	3,993	-	Quarterly on a Calendar Basis.	60 Days

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NOTE 6 - CAPITAL ASSETS

The CTA has capital grant contracts with federal, state, and regional agencies, including the U.S. Department of Transportation, Federal Transit Administration (FTA), the State of Illinois Department of Transportation (IDOT), established under the Transportation Bond Act, and the RTA. Under these contracts, the CTA has acquired rapid-transit cars, buses, and equipment and is constructing, renewing, and improving various portions of track structures and related operating facilities and systems. It is anticipated that the FTA will finance approximately 80% of the total cost of the federal projects, with the balance of the cost being financed principally by IDOT, the RTA, and CTA bonds. Commitments of approximately $476,431,000 and $806,059,000 have been entered into for federal and state (including local) capital grant contracts as of December 31, 2021 and 2020, respectively.

The CTA also has additional capital grant contracts, which are 100% funded by the RTA, IDOT, FEMA, IEMA, or a capital line of credit. Commitments of approximately $1,984,384,000 and $1,542,785,000 have been entered into for these state and local capital grants as of December 31, 2021 and 2020, respectively. Changes in capital assets for the year ended December 31, 2021 are as follows (in thousands of dollars):

	January 1, 2021	Increase	Decrease	December 31, 2021
Capital assets not being depreciated:				
Land	$ 173,027	$ 712	$ -	$ 173,739
Construction in process	936,139	560,063	(773,105)	723,097
Total capital assets not being depreciated	1,109,166	560,775	(773,105)	896,836
Capital assets being depreciated:				
Land improvements	211,683	452,886	-	664,569
Buildings	3,370,366	50,655	-	3,421,021
Transportation vehicles	3,973,726	137,373	(10,566)	4,100,533
Elevated structure track	2,737,769	59,505	-	2,797,274
Signal and communication	1,530,364	33,689	(106)	1,563,947
Other equipment	866,453	38,285	(238)	904,500
Total capital assets being depreciated	12,690,361	772,393	(10,910)	13,451,844
Less accumulated depreciation for:				
Land improvements	98,872	175,373	-	274,245
Buildings	1,911,858	121,917	-	2,033,775
Transportation vehicles	2,823,843	166,899	(10,566)	2,980,176
Elevated structure track	1,867,791	60,739	-	1,928,530
Signal and communication	1,165,213	47,730	(106)	1,212,837
Other equipment	758,157	36,784	(238)	794,703
Total accumulated depreciation	8,625,734	609,442	(10,910)	9,224,266
Total capital assets being depreciated, net	4,064,627	162,951	-	4,227,578
Total capital assets, net	$ 5,173,793	$ 723,726	$ (773,105)	$ 5,124,414

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets for the year ended December 31, 2020 are as follows (in thousands of dollars):

	January 1, 2020	Increase	Decrease	December 31, 2020
Capital assets not being depreciated:				
Land	$ 173,028	$ -	$ (1)	$ 173,027
Construction in process	601,571	614,876	(280,308)	936,139
Total capital assets not being depreciated	774,599	614,876	(280,309)	1,109,166
Capital assets being depreciated:				
Land improvements	172,248	39,435	-	211,683
Buildings	3,309,706	60,660	-	3,370,366
Transportation vehicles	3,911,688	81,472	(19,434)	3,973,726
Elevated structure track	2,687,208	50,561	-	2,737,769
Signal and communication	1,517,702	12,794	(132)	1,530,364
Other equipment	831,660	35,386	(593)	866,453
Total capital assets being depreciated	12,430,212	280,308	(20,159)	12,690,361
Less accumulated depreciation for:				
Land improvements	59,942	38,930	-	98,872
Buildings	1,791,619	120,239	-	1,911,858
Transportation vehicles	2,666,485	176,782	(19,424)	2,823,843
Elevated structure track	1,797,127	70,664	-	1,867,791
Signal and communication	1,116,895	48,450	(132)	1,165,213
Other equipment	712,814	45,915	(572)	758,157
Total accumulated depreciation	8,144,882	500,980	(20,128)	8,625,734
Total capital assets being depreciated, net	4,285,330	(220,672)	(31)	4,064,627
Total capital assets, net	$ 5,059,929	$ 394,204	$ (280,340)	$ 5,173,793

(Continued)

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2021 are as follows (in thousands of dollars):

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Amount due beyond one year	Amount due within one year
Self insurance claims (note 15)	$ 257,716	$ 267,376	$ (236,454)	$ 288,638	$ 212,552	$ 76,086
Bonds payable:						
Bonds payable (note 9)	4,339,170	120,975	(262,930)	4,197,215	4,072,385	124,830
Premium on bonds payable	113,127	27,846	(13,077)	127,896	127,896	-
Total bonds payable	4,452,297	148,821	(276,007)	4,325,111	4,200,281	124,830
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (note 11)	107,243	34,240	(1,607)	139,876	138,213	1,663
Fare system purchase agreement (note 10)	35,830	-	(11,398)	24,432	12,497	11,935
Total direct borrowings	143,073	34,240	(13,005)	164,308	150,710	13,598
Other long-term liabilities:						
Capital lease obligations:						
Capital lease obligations (note 8)	58,330	-	(3,225)	55,105	51,715	3,390
Premium on capital lease obligation	2,337	-	(321)	2,016	2,016	-
Total capital lease obligations	60,667	-	(3,546)	57,121	53,731	3,390
Net pension liability (note 12 & 13)	1,798,696	64,846	-	1,863,542	1,863,542	-
Total OPEB liability (note 14)	10,553	-	(234)	10,319	10,319	-
Capital line of credit - note purchase agreement (note 16)	210,200	153,600	(126,500)	237,300	99,350	137,950
Other	20	-	-	20	20	-
Total other long-term liabilities	2,080,136	218,446	(130,280)	2,168,302	2,026,962	141,340
Total	$ 6,933,222	$ 668,883	$ (655,746)	$ 6,946,359	$ 6,590,505	$ 355,854

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended December 31, 2020 are as follows (in thousands of dollars):

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Amount due beyond one year	Amount due within one year
Self insurance claims (note 15)	$ 256,527	$ 235,425	$ (234,236)	$ 257,716	$ 194,437	$ 63,279
Bonds payable:						
Bonds payable (note 9)	4,016,015	901,900	(578,745)	4,339,170	4,223,480	115,690
Premium on bonds payable	92,351	43,580	(22,804)	113,127	113,127	-
Total bonds payable	4,108,366	945,480	(601,549)	4,452,297	4,336,607	115,690
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (note 11)	83,283	25,512	(1,552)	107,243	105,636	1,607
Certificates of participation	7,751	-	(7,751)	-	-	-
Fare system purchase agreement (note 10)	46,717	-	(10,887)	35,830	24,432	11,398
Total direct borrowings	137,751	25,512	(20,190)	143,073	130,068	13,005
Other long-term liabilities:						
Capital lease obligations:						
Capital lease obligations (note 8)	67,867	-	(9,537)	58,330	55,105	3,225
Premium on capital lease obligation	2,676	-	(339)	2,337	2,337	-
Total capital lease obligations	70,543	-	(9,876)	60,667	57,442	3,225
Net pension liability (note 12 & 13)	1,879,038	-	(80,342)	1,798,696	1,798,696	-
Total OPEB liability (note 14)	9,820	733	-	10,553	10,553	-
Capital line of credit - note purchase agreement (note 16)	208,165	181,835	(179,800)	210,200	105,700	104,500
Other	20	-	-	20	20	-
Total other long-term liabilities	2,167,586	182,568	(270,018)	2,080,136	1,972,411	107,725
Total	$ 6,670,230	$ 1,388,985	$ (1,125,993)	$ 6,933,222	$ 6,633,523	$ 299,699

NOTE 8 - CAPITAL LEASE OBLIGATIONS

Capital Lease – Public Building Commission: In 2003, the Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of $119,020,000. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building, and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and leased to the CTA for use as its headquarters. On October 26, 2006, the Public Building Commission of Chicago (PBC) issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91,340,000. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The principal amount of the bonds refunded was $111,120,000.

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388,000, resulting in an economic gain of approximately $20,404,000.

NOTE 8 - CAPITAL LEASE OBLIGATIONS (Continued)

Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of $2,395,000. The remaining unamortized portion of $197,000 and $305,000 are recorded as deferred outflows of resources in the accompanying Statements of Net Position as of December 31, 2021 and 2020, respectively.

The bonds are payable from and secured by the lease entered into between the Commission and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. The bond premium related to this transaction is presented as such on the Statements of Net Position. The present value of the future payments to be made by the CTA under the lease of approximately $55,105,000 and $58,330,000 is reflected in the accompanying December 31, 2021 and 2020 Statements of Net Position, respectively, as a capital lease obligation.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2021 are as follows (in thousands of dollars):

2021	Beginning balance	Additions	Principal paid	Ending balance	Interest paid	Due in one year
2006 PBC lease	$ 58,330	$ -	$ (3,225)	$ 55,105	$ 2,965	$ 3,390
Total capital lease obligation	$ 58,330	$ -	$ (3,225)	$ 55,105	$ 2,965	$ 3,390

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2020 are as follows (in thousands of dollars):

2020	Beginning balance	Additions	Principal paid	Ending balance	Interest paid	Due in one year
2008 Bus Lease	$ 6,472	$ -	$ (6,472)	$ -	$ -	$ -
2006 PBC lease	61,395	-	(3,065)	58,330	3,122	3,225
Total capital lease obligation	$ 67,867	$ -	$ (9,537)	$ 58,330	$ 3,122	$ 3,225

Future Minimum Lease Payments: As of December 31, 2021 future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2022	$ 3,390
2023	3,565
2024	3,760
2025	3,960
2026	4,175
2027 - 2031	24,505
2032 - 2033	11,750
Total minimum lease payments	55,105
Less interest	-
	$ 55,105

NOTE 9 - BONDS PAYABLE

2008A Series (Pension Funding) and 2008B Series (Retiree Health Care Funding) Sales and Transfer Tax Receipts Revenue Bonds: On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of $1,936,855,000 to fund the employee retirement plan and to create a retiree health care trust. The bonds were sold in two tranches, a $1.3 billion Series A to fund the employee's retirement plan and a $640 million Series B to fund a permanent trust that was established to cover other postemployment benefits for retirees' health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-705.

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

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

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

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

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

(Continued)

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
2022	$ 44,080	$ 112,496	$ 156,576
2023	47,120	109,455	156,575
2024	50,370	106,205	156,575
2025	53,845	102,730	156,575
2026	57,560	99,015	156,575
2027	61,530	95,044	156,574
2028	65,775	90,799	156,574
2029	70,310	86,261	156,571
2030	75,165	81,410	156,575
2031	80,350	76,225	156,575
2032	85,895	70,681	156,576
2033	91,820	64,755	156,575
2034	98,150	58,421	156,571
2035	104,925	51,649	156,574
2036	112,165	44,411	156,576
2037	119,905	36,672	156,577
2038	128,170	28,400	156,570
2039	137,015	19,558	156,573
2040	146,470	10,105	156,575
Total	$ 1,630,620	$ 1,344,292	$ 2,974,912

2010A Sales Tax Receipts Revenue Bonds and Taxable Series 2010B Sales Tax Receipts Revenue Bonds (Build America Bonds): On March 23, 2010, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B Build America Bonds, in the amount of $550,000,000, along with a premium of $5,186,000. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to the purchase of new rail cars, overhaul and rehabilitation of existing rail cars, and the purchase and installation of upgrades for rail system components. The American Recovery and Reinvestment Act of 2009 created the Build America Bond (BAB) Program. This program allows state and local governments to issue taxable bonds for capital projects and to receive a federal subsidy payment from the U.S. Treasury Department for a portion of their borrowing costs.

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

The Series 2010A and 2010B bonds bear interest ranging from 4.0% to 6.2%. Scheduled interest on the 2010 bonds was funded through December 1, 2010 with proceeds of the 2010 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2015 through June 1, 2040.

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	2010B Interest	Total
2022	$ 12,720	$ 29,583	$ 42,303
2023	13,405	28,900	42,305
2024	14,135	28,167	42,302
2025	14,930	27,372	42,302
2026	15,855	26,447	42,302
2027	16,835	25,464	42,299
2028	17,880	24,420	42,300
2029	18,985	23,311	42,296
2030	20,155	22,134	42,289
2031	21,400	20,885	42,285
2032	22,725	19,558	42,283
2033	24,135	18,149	42,284
2034	31,820	16,653	48,473
2035	33,785	14,680	48,465
2036	35,875	12,585	48,460
2037	38,090	10,361	48,451
2038	40,455	7,999	48,454
2039	42,955	5,491	48,446
2040	45,610	2,828	48,438
Total	$ 481,750	$ 364,987	$ 846,737

There are no bond debt service requirements on the Series 2010A bonds as of December 31, 2021 and 2020.

<u>2010 (5307 Urbanized Area Formula Program & 5309 Fixed Guideway Modernization Program) Refunding Series Capital Grant Receipts Revenue Bonds</u>: On May 6, 2010, the CTA issued the tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program and 5309 Fixed Guideway Modernization Program Funds, in the amount of $90,715,000, along with a premium of $1,876,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to provide funds to refund a portion of the outstanding 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5309 Grant Receipts as promptly as practicable after receipt.

The Series 2010 bonds bear interest at 5.00%. Interest is payable semiannually on June 1 and December 1, and the bonds mature serially on June 1, 2027 and June 1, 2028.

Net proceeds of $45,778,000 were deposited into an irrevocable trust with an escrow agent to provide for 2011 debt service payments on the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the 2011 liability has been removed from the Statements of Net Position.

NOTE 9 - BONDS PAYABLE (Continued)

The CTA refunded the various bonds using the proceeds from the 2010 Series bonds which increased its total debt service payments over the next 19 years by $78,528,000 and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of $3,099,000. The defeased debt had a zero balance as of December 31, 2021 and 2020.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2021 bond refunded the maturities dated June 1, 2027 through 2028 of the 5307 and 5309 (Series 2010) bonds.

There are no bond debt service requirements on the Series 2010 bonds as of December 31, 2021.

2011 (5307 Urbanized Area Formula Program) Refunding Series Capital Grant Receipts Revenue Bonds: On October 26, 2011, the CTA issued the tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program, in the amount of $56,525,000, along with a premium of $1,806,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to provide funds to refund a portion of the outstanding 5307 (Series 2004B and 2006A) bonds.

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

The Series 2011 bonds bear interest ranging from 4.5% to 5.25%. Interest is payable semiannually on June 1 and December 1, and the bonds mature serially from June 1, 2022 to June 1, 2029.

Net proceeds of $57,535,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2011 Series bonds which increased its total debt service payments over the next 18 years by $34,252,000 and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of $9,214,000. The defeased debt had a zero balance as of December 31, 2021 and 2020.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2011 of $6,794,000 was deferred and is being amortized over 18 years. The deferred amount ending balance for the year ended December 31, 2020 was $2,499,000 and was recorded as a deferred outflow of resources in the accompanying Statements of Net Position. There was no deferred balance as of December 31, 2021. Amortization of the deferred amount on the refunding was $469,000 for the year ended December 31, 2020.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2021 bond refunded the maturities dated June 1, 2022 through 2029 of the 5307 (Series 2011) bonds.

There are no bond debt service requirements on the Series 2011 bonds as of December 31, 2021.

NOTE 9 - BONDS PAYABLE (Continued)

2011 Sales Tax Receipts Revenue Bonds: On October 26, 2011, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2011, in the amount of $476,905,000, along with a premium of $21,392,000. The bonds were issued to pay for, or reimburse the CTA for prior expenditures relating to (i) the purchase of rail cars to replace existing cars and (ii) the finance of any other capital project designated by the CTA Board as part of the 2011 Project.

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

The Series 2011 bonds bear interest ranging from 5.0% to 5.25%. Scheduled interest on the 2010 bonds will be funded through December 1, 2015 with proceeds of the 2011 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on December 1, 2021 through December 1, 2040.

The Sales Tax Receipts Revenue Bonds, Refunding Series 2020B bonds refunded the maturities dated December 1, 2021 through December 1, 2040.

There are no bond debt service requirements on the Series 2011 bonds as of December 31, 2021 and 2020.

2014 Sales Tax Receipts Revenue Bonds: On July 10, 2014, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds, Series 2014 in the amount of $550,000,000, along with a premium of $45,154,000. The bonds were issued to provide funds to finance, in whole or in part, capital projects contemplated by the Authority's Capital Plan.

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

The Series 2014 bonds bear interest ranging from 5.0% to 5.25%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2049.

(Continued)

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
2022	$ -	$ 28,597	$ 28,597
2023	-	28,597	28,597
2024	-	28,597	28,597
2025	-	28,597	28,597
2026	-	28,597	28,597
2027	-	28,597	28,597
2028	-	28,597	28,597
2029	-	28,597	28,597
2030	-	28,597	28,597
2031	-	28,597	28,597
2032	-	28,597	28,597
2033	-	28,597	28,597
2034	-	28,597	28,597
2035	-	28,597	28,597
2036	-	28,597	28,597
2037	-	28,597	28,597
2038	-	28,597	28,597
2039	-	28,597	28,597
2040	-	28,597	28,597
2041	50,180	28,597	78,777
2042	52,690	26,088	78,778
2043	55,325	23,453	78,778
2044	58,090	20,687	78,777
2045	60,995	17,783	78,778
2046	64,195	14,580	78,775
2047	67,565	11,210	78,775
2048	71,115	7,663	78,778
2049	74,845	3,929	78,774
Total	$ 555,000	$ 697,333	$ 1,252,333

2015 Refunding Series Capital Grant Receipts Revenue Bonds: On September 16, 2015, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $176,920,000 along with a premium of $21,569,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund a portion of the outstanding 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds.

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

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

NOTE 9 - BONDS PAYABLE (Continued)

The remaining net proceeds of $197,159,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2015 Series bonds which reduced its total debt service payments over the next 10 years by $10,043,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $9,856,000. The defeased debt had a zero balance as of December 31, 2021 and December 31, 2020.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2015 of $12,281,000 was deferred and is being amortized over the next 10 years. The deferred amount ending balance for the years ended December 31, 2021 and 2020 was $1,844,000 and $2,621,000, respectively. Amortization of the deferred amount on the refunding was $777,000 and $1,214,000 for the years ended December 31, 2021 and 2020, respectively.

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

	2015 (5337)	
	Principal	Interest
2022	$ 350	$ 2,211
2023	370	2,193
2024	13,855	1,838
2025	14,550	1,128
2026	15,275	382
Total	$ 44,400	$ 7,752

There are no bond debt service requirements on the Series 2015 (5307) bonds as of December 31, 2021.

<u>2017 Second Lien Sales Tax Receipts Revenue Bonds:</u> On January 10, 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of $296,220,000, along with a premium of $18,108,000. The bonds were issued to (i) finance certain capital projects contemplated by the CTA's capital improvement plan, (ii) capitalize interest on the 2017 Second Lien Bonds and (iii) pay costs in connection with the issuance of the 2017 Second Lien Bonds.

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

The Series 2017 bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2017 bonds was funded through December 1, 2018 with proceeds of the 2017 bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2051.

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
2022	$ -	$ 14,711	$ 14,711
2023	-	14,711	14,711
2024	-	14,711	14,711
2025	-	14,711	14,711
2026	-	14,711	14,711
2027	-	14,711	14,711
2028	-	14,711	14,711
2029	-	14,711	14,711
2030	-	14,711	14,711
2031	-	14,711	14,711
2032	-	14,711	14,711
2033	-	14,711	14,711
2034	-	14,711	14,711
2035	-	14,711	14,711
2036	-	14,711	14,711
2037	-	14,711	14,711
2038	-	14,711	14,711
2039	-	14,711	14,711
2040	-	14,711	14,711
2041	20,910	14,711	35,621
2042	21,945	13,681	35,626
2043	23,025	12,599	35,624
2044	24,160	11,464	35,624
2045	25,350	10,273	35,623
2046	26,600	9,023	35,623
2047	27,910	7,712	35,622
2048	29,310	6,316	35,626
2049	30,775	4,851	35,626
2050	32,310	3,312	35,622
2051	33,925	1,696	35,621
Total	$ 296,220	$ 375,147	$ 671,367

2017 Refunding Series Capital Grant Receipts Revenue Bonds: On July 18, 2017, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $225,795,000 along with a premium of $31,279,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund the Series 2008A 5307 bonds maturing June 1, 2022 through 2026 as well as refunding the Series 2008 5337 bonds maturing June 1, 2019 through 2026 and the Series 2008A 5337 bonds maturing June 1, 2019 through 2023.

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

NOTE 9 - BONDS PAYABLE (Continued)

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

Net proceeds of $255,396,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2017 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $30,456,000 and an economic gain (present value of the difference in debt service cash flows payments) of $27,099,000. The defeased debt had a balance of zero as of December 31, 2021 and 2020.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2017 of $4,929,000 was deferred and is being amortized over the next 9 years. The deferred amount ending balance for the years ended December 31, 2021 and 2020 was $1,488,000 and $2,157,000, respectively. Amortization of the deferred amount on the refunding was $669,000 and $745,000 for the years ended December 31, 2021 and 2020, respectively

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

	2017 (5307)		2017 (5337)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 16,385	$ 4,527	$ 21,405	$ 3,791	$ 37,790	$ 8,318
2023	17,205	3,708	22,475	2,720	39,680	6,428
2024	18,065	2,848	10,130	1,597	28,195	4,445
2025	18,970	1,944	10,635	1,090	29,605	3,034
2026	19,915	996	11,165	558	31,080	1,554
Total	$ 90,540	$ 14,023	$ 75,810	$ 9,756	$ 166,350	$ 23,779

<u>2020A Second Lien Sales Tax Receipts Revenue Bonds</u>: On September 3, 2020, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2020A, in the amount of $367,895,000, along with a premium of $43,580,000. The bonds were issued to pay for projects included in the Capital Improvement Plan and repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

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

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

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
2022	$ -	$ 16,279	$ 16,279
2023	-	16,279	16,279
2024	-	16,279	16,279
2025	-	16,279	16,279
2026	-	16,279	16,279
2027	-	16,279	16,279
2028	-	16,279	16,279
2029	-	16,279	16,279
2030	-	16,279	16,279
2031	-	16,279	16,279
2032	-	16,279	16,279
2033	-	16,279	16,279
2034	-	16,279	16,279
2035	-	16,279	16,279
2036	-	16,279	16,279
2037	-	16,279	16,279
2038	-	16,279	16,279
2039	-	16,279	16,279
2040	-	16,279	16,279
2041	17,590	16,279	33,869
2042	18,470	15,399	33,869
2043	19,395	14,476	33,871
2044	20,360	13,506	33,866
2045	21,380	12,488	33,868
2046	22,450	11,419	33,869
2047	23,345	10,521	33,866
2048	24,280	9,587	33,867
2049	25,250	8,616	33,866
2050	26,265	7,606	33,871
2051	27,315	6,556	33,871
2052	28,515	5,355	33,870
2053	29,765	4,103	33,868
2054	31,075	2,794	33,869
2055	32,440	1,427	33,867
Total	$ 367,895	$ 449,433	$ 817,328

2020B Taxable Series Sales Tax Receipts Revenue Refunding Bonds: On September 3, 2020, the CTA issued the Taxable Sales Tax Receipts Revenue Refunding Bonds, Series 2020B, in the amount of $534,005,000. The bonds were issued to refund the outstanding Sales Tax Receipts Revenue Bonds Series 2011 and to repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

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

(Continued)

NOTE 9 - BONDS PAYABLE (Continued)

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

Net proceeds of $513,611,000 were deposited into an irrevocable trust with an escrow agent to provide for debt services payments on the Sales Tax Receipts Revenue (Series 2011) bonds. As a result, a portion of the Sales Tax Receipts Revenue (Series 2011) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the Series 2011 bonds using the proceeds from the 2020B Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $47,604,000 and an economic gain (present value of the difference in debt service cash flow payments) of $46,991,000. The defeased debt had a balance of zero and $476,905,000 as of December 31, 2021 and 2020, respectively.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Taxable Sales Tax Receipts Revenue Bonds, Refunding Series 2020B of $17,927,000 was deferred and is being amortized over the next 20 years. The deferred amount ending balance for the years ended December 31, 2021 and 2020 was $15,979,000 and $17,440,000, respectively. Amortization of the deferred amount on the refunding was $1,461,000 and $487,000 for the years ended December 31, 2021 and 2020, respectively.

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

	Principal	Interest	Total
2022	$ 21,795	$ 17,214	$ 39,009
2023	22,170	16,842	39,012
2024	22,590	16,435	39,025
2025	23,060	15,968	39,028
2026	23,565	15,458	39,023
2027	24,160	14,873	39,033
2028	24,825	14,213	39,038
2029	25,560	13,481	39,041
2030	26,345	12,700	39,045
2031	27,175	11,883	39,058
2032	28,075	10,986	39,061
2033	29,030	10,031	39,061
2034	30,055	9,014	39,069
2035	31,130	7,947	39,077
2036	32,255	6,825	39,080
2037	33,525	5,564	39,089
2038	34,845	4,252	39,097
2039	36,210	2,889	39,099
2040	37,635	1,472	39,107
Total	$ 534,005	$ 208,047	$ 742,052

(Continued)

NOTE 9 - BONDS PAYABLE (Continued)

2021 Refunding Series Capital Grant Receipts Revenue Bonds: On June 10, 2021, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Funds and Section 5337 State of Good Repair Formula Funds, in the amount of $120,975,000 along with a premium of $27,846,000. The bonds were issued to refund the Series 2010 5307 bonds maturing June 1, 2027 through 2028, the Series 2011 5307 bonds maturing June 1, 2022 through 2029, and the Series 2010 5309 bonds maturing June 1, 2027 through 2028.

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

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

Net proceeds of $147,713,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds. As a result, a portion of the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2021 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $34,077,000 and an economic gain (present value of the difference in debt service cash flows payments of $32,484,000. The defeased debt had a balance of zero as of December 31, 2021.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2021 of $1,233,000 was deferred and is being amortized over the next 8 years. The deferred amount ending balance for the year ended December 31, 2021 was $1,112,000. Amortization of the deferred amount on the refunding was $121,000 for the year ended December 31, 2021.

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

	2021 (5307)		2021 (5337)		Total	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 7,810	$ 4,842	$ 285	$ 1,055	$ 8,095	$ 5,897
2023	8,070	4,576	270	1,068	8,340	5,644
2024	8,475	4,172	285	1,055	8,760	5,227
2025	-	3,749	300	1,041	300	4,790
2026	-	3,748	315	1,026	315	4,774
2027	22,295	3,748	6,465	1,010	28,760	4,758
2028	32,700	2,634	13,730	686	46,430	3,320
2029	19,975	999	-	-	19,975	999
Total	$ 99,325	$ 28,468	$ 21,650	$ 6,941	$ 120,975	$ 35,409

NOTE 9 - BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
2022	$ 124,830	$ 235,306	$ 360,136
2023	131,085	229,049	360,134
2024	137,905	221,904	359,809
2025	136,290	214,609	350,899
2026	143,650	207,217	350,867
2027 - 2031	671,615	920,115	1,591,730
2032 - 2036	791,840	714,280	1,506,120
2037 - 2041	929,565	433,526	1,363,091
2042 - 2046	514,430	226,919	741,349
2047 - 2051	494,210	89,575	583,785
2052 - 2055	121,795	13,679	135,474
Total	$ 4,197,215	$ 3,506,179	$ 7,703,394

Future Revenue Pledges: The CTA has pledged the following future revenues to secure outstanding balances of bond issuances as of December 31, 2021 and 2020 in accordance with bond security requirements:

- Real Estate Transfer Tax (RETT) Receipts received from the City of Chicago are pledged to secure the Series 2008A and 2008B Sales and Transfer Tax Receipts Revenue Bonds; Sales Tax Receipts received from the Regional Transportation Authority (RTA) are pledged to secure remaining debt service unpaid by RETT receipts. Debt service for the bonds outstanding were $2,974,912,000 and $3,131,486,000 as of December 31, 2021 and 2020, respectively. Total real estate transfer tax funds were approximately $71,118,000 and $51,023,000 as of December 31, 2021 and 2020, respectively. The following principal and interest bond payments were made during December 31, 2021 and 2020 (in thousands of dollars):

	Principal	Interest
2021	$ 41,465	$ 115,109
2020	39,010	117,566

NOTE 9 - BONDS PAYABLE (Continued)

- Sales Tax Receipts are also pledged to secure the First Lien Series 2010B, 2011, 2014, and 2020B as well as Second Lien Series 2017 and 2020A Sales Tax Receipts Revenue Bonds and 2017 Tax-Exempt Note Purchase Agreement (NPA). Sales Tax Receipts secure balances due on the Second Lien Series 2017 and 2020A Sales Tax Receipts Revenue Bonds and the 2017 Tax-Exempt Note NPA after satisfying balances due on First Lien Obligations. Debt service for the bonds outstanding were $4,329,817,000 and $4,448,927,000 as of December 31, 2021 and 2020, respectively. Total sales tax receipts funds were approximately $872,101,000 and $683,287,000 as of December 31, 2021 and 2020, respectively. The following principal and interest bond payments were made during December 31, 2021 and 2020 (in thousands of dollars):

	2010B		2011	
	Principal	Interest	Principal	Interest
2021	$ 12,095	$ 30,214	$ -	$ -
2020	11,510	30,798	476,905	12,483

	2014		2017	
	Principal	Interest	Principal	Interest
2021	$ -	$ 28,597	$ -	$ 14,711
2020	-	28,597	-	14,711

	2020A		2020B	
	Principal	Interest	Principal	Interest
2021	$ -	$ 16,279	$ -	$ 17,214
2020	-	-	-	-

- Federal Transit Authority (FTA) Section 5307 Urbanized Area Formula funds received from the FTA are pledged to secure the Series 2010, 2011, 2015, 2017, and 2021 FTA Section 5307 Urbanized Area Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $232,356,000 and $309,475,000 as of December 31, 2021 and 2020, respectively. Total Federal Transit Authority Section 5307 Urbanized Area Formula funds were approximately $393,152,000 and $616,629,000 as of December 31, 2021 and 2020, respectively. The following principal and interest bond payments were made during December 31, 2021 and 2020 (in thousands of dollars):

	2010		2011		2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 63,895	$ 1,597	$ 56,525	$ 1,432	$ 41,410	$ 1,035
2020	-	3,195	-	2,865	31,585	2,860

	2017		2021	
	Principal	Interest	Principal	Interest
2021	$ -	$ 4,527	$ -	$ -
2020	-	4,527	-	-

- MAP-21 restructured the Federal Transit Program in 2015 to end the FTA Section 5309 Formula Program and created a broader formula program in FTA Section 5337 that incorporates the rail modernization formula program formerly included in FTA Section 5309. Debt service for the bonds outstanding were $36,223,000 as of December 31, 2020. No bonds were outstanding as of December 31, 2021. Total Federal Transit Authority Section 5309 Fixed Guideway Modernization Formula funds were approximately $100,413,000 and $122,635,000 as of December 31, 2021 and 2020, respectively.

NOTE 9 - BONDS PAYABLE (Continued)

- As such, FTA Section 5337 State of Good Repair Federal Funds also received from the FTA are pledged to secure the Series 2010 FTA Section 5309 Fixed Guideway Modernization Capital Grant Receipts Revenue Bonds as well as the Series 2015, 2017, and 2021 FTA Section 5337 State of Good Repair Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $166,309,000 and $165,476,000 as of December 31, 2021 and 2020, respectively. Total Federal Transit Authority Section 5337 State of Good Repair Formula funds were approximately $148,620,000 and $166,622,000 as of December 31, 2021 and 2020, respectively. The following principal and interest bond payments were made during December 31, 2021 and 2020 (in thousands of dollars):

	2010 (5309)		2015 (5337)		2017 (5337)	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 26,820	$ 671	$ 335	$ 2,228	$ 20,385	$ 4,810
2020	-	1,341	320	2,245	19,415	5,781

	2021 (5337)	
	Principal	Interest
2021	$ -	$ -
2020	-	-

NOTE 10 - FARE COLLECTION SYSTEM PURCHASE AGREEMENT

CTA entered into a purchase agreement to finance a fare collection system with a value of $102,900,000. Under the purchase agreement, the CTA will make monthly payments of approximately $1,067,600 over the ten-year term to finance the design, acquisition and installation of the open standards fare system. The present value of the future payments to be made by the CTA under the purchase agreement of approximately $24,432,000 is reflected in the accompanying December 31, 2021 Statements of Net Position as an other long-term liability.

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

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

	Principal	Interest	Total
2022	$ 11,935	$ 876	$ 12,811
2023	12,497	314	12,811
	$ 24,432	$ 1,190	$ 25,622

(Continued)

NOTE 11 - TIFIA LOANS

2014 TIFIA Loan

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

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The principal amount of the TIFIA Loan shall not exceed $79,200,000; provided, the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender a registered fare box receipts revenue bonds in the amount of $79,200,000 dated April 24, 2014 with a maturity date of December 1, 2050 bearing an interest rate of 3.5%, with a loan amortization schedule.

CTA borrowed $79,200,000 in 2018 and capitalized interest through 2020. Total capitalized interest of $5,298,000 was added to the principal repayments over the life of the loan.

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

	Principal*	Interest	Total
2022	$ 1,663	$ 2,847	$ 4,510
2023	1,721	2,789	4,510
2024	1,782	2,728	4,510
2025	1,844	2,666	4,510
2026	1,908	2,601	4,509
2027 - 2031	10,591	11,958	22,549
2032 - 2036	12,579	9,970	22,549
2037 - 2041	14,941	7,609	22,550
2042 - 2046	17,745	4,805	22,550
2047 - 2050	16,565	1,474	18,039
Total	$ 81,339	$ 49,447	$ 130,786

* Includes capitalized interest

NOTE 11 – TIFIA LOANS (Continued)

2015 TIFIA Loan

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

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The principal amount of the TIFIA Loan shall not exceed $120,000,000; provided the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender two fare box receipts revenue bonds in the amounts of $42,600,000 with a maturity date of December 1, 2029, bearing an interest rate of 2.02%, and $77,400,000 with a maturity date of December 1, 2052, bearing an interest rate of 2.31%.

As of December 31, 2021 CTA had drawn down $58,421,000 on the 2015 TIFIA loan. Total capitalized interest of $117,000 was added to the principal repayments over the life of the loan. The payment schedule below assumes that the entire balance will be drawn down and will require payment. As a result, the payment schedule includes amounts that have not yet been drawn down and that the CTA is not yet obligated to pay.

	Principal*	Interest	Total
2022	$ -	$ 1,636	$ 1,636
2023	-	2,418	2,418
2024	6,772	2,651	9,423
2025	6,908	2,514	9,422
2026	7,048	2,374	9,422
2027 - 2031	22,010	9,831	31,841
2032 - 2036	-	8,936	8,936
2037 - 2041	5,669	8,936	14,605
2042 - 2046	30,369	6,910	37,279
2047 - 2051	34,042	3,237	37,279
2052	7,288	168	7,456
Total	$ 120,106	$ 49,611	$ 169,717

* Includes capitalized interest

NOTE 11 – TIFIA LOANS (Continued)

2016 TIFIA Loan

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

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The aggregate principal amount of the loan shall not exceed $254,930,000, (excluding any interest that is capitalized in accordance with the terms of the loan); provided, however, in no event shall the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA Act, cannot exceed thirty-three percent (33%) of reasonable anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loan and all federal direct or indirect grants, shall not exceed eighty percent (80%) of reasonably eligible project costs.

As evidence of CTA’s obligation to repay the TIFIA Loan, CTA has issued to the lender registered receipts revenue bonds in the aggregate principal amount not to exceed $254,930,000, comprising two (2) tranches in the principal amounts of $147,018,000 (“Tranche A-1”) and $107,912,000 (“Tranche A-2”) and bearing an interest rate of 2.64%, with corresponding loan amortization schedules for each tranche. The final maturity date for the Tranche A-1 is December 1, 2049 and the earlier of (a) the last semi-annual payment date occurring no later than thirty-four (34) years from the substantial completion date and (b) December 1, 2056.

As of December 31, 2021 no drawdown had occurred on the 2016 TIFIA loan. No balance is presented for this loan on the Statements of Net Position as of December 31, 2021 or 2020.

NOTE 12 - EMPLOYEES’ RETIREMENT PLAN PENSION DISCLOSURES

General Information about the Retirement Plan for Chicago Transit Authority Employees

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

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

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Actual contributions made to the Employees' Plan during the years ended December 31, 2021 and 2020 are as follows (in thousands of dollars):

	Employees' Plan 2021	Employees' Plan 2020
Employer contributions	$ 136,908	$ 135,830
Employee contributions	87,550	87,539
Total	$ 224,458	$ 223,369

	Employees' Plan 2021	Employees' Plan 2020
Employer contribution rate	20.647%	20.647%
Employee contribution rate	13.324%	13.324%

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

Employees covered by the benefit terms. The following participants were covered by the benefit terms as of January 1, 2020 and January 1, 2019:

	Employees' Plan
Participants as of January 1, 2020	
Retirees and beneficiaries currently receiving benefits	10,559
Terminated employees entitled to but not yet receiving benefits	151
Active plan members	8,057
Total	18,767
Participants as of January 1, 2019	
Retirees and beneficiaries currently receiving benefits	10,482
Terminated employees entitled to but not yet receiving benefits	113
Active plan members	8,159
Total	18,754

(Continued)

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Net Pension Liability

The CTA's net pension liability was measured as of December 31, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and 2019.

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

	Employee Plan
January 1, 2021 Actuarial Valuation	
Acturial valuation date	January 1, 2020
Measurement date	December 31, 2020. Census data was collected as of January 1, 2020. Liabilities measured as of the census date were projected to December 31, 2020, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.10% per annum
Salary increases	Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	SOA Public Mortality General Below Median generational with Improvement Scale MP-2018
Early retirement age	Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However,if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service.
Normal retirement age	65
Actuarial cost method	Entry age normal - level percentage of pay
Asset valuation method	5-year smoothed actuarial value of assets
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

	Employee Plan
January 1, 2020 Actuarial Valuation	
Acturial valuation date	January 1, 2019
Measurement date	December 31, 2019. Census data was collected as of January 1, 2019. Liabilities measured as of the census date were projected to December 31, 2019, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.10% per annum
Salary increases	Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	SOA Public Mortality General Below Median generational with Improvement Scale MP-2018
Early retirement age	Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However,if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service.
Normal retirement age	65
Actuarial cost method	Entry age normal - level percentage of pay
Asset valuation method	5-year smoothed actuarial value of assets
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

From 2019 to 2020, there were no changes in the actuarial assumptions.

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Employees' Plan target asset allocation as of January 1, 2021 and 2020 are summarized in the following tables (note that the rates shown below include the inflation components):

	Employees' Plan			
	December 31, 2020		December 31, 2019	
	Target Allocation	Estimate of expected long-term rate of return	Target Allocation	Estimate of expected long-term rate of return
Fixed income	15%	3.60%	15%	1.83%
Domestic equities	30	7.53	30	9.04
International equities	26	6.32	26	8.45
Venture capital and partnerships	10	9.23	10	12.80
Real estate	12	7.22	12	4.76
Hedge funds	-	6.11	-	4.32
Infrastructure	7	6.19	7	6.17

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

Discount rate. The discount rate used to measure the total pension liability was 8.25% for both 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that Employees' Plan members and employer contributions will continue to follow the current funding policy. Based on those assumptions, the Employees' Plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Changes in Net Pension Liability (in thousands of dollars):

	Employees' Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/18	$ 3,562,234	$ 1,715,227	$ 1,847,007
Change for the year:			
Service cost	53,967	-	53,967
Interest	286,687	-	286,687
Difference between expected and actual experience	41,530	-	41,530
Changes in assumptions	-	-	-
Benefit payments	(288,113)	(288,113)	-
Contributions - Employer	-	121,668	(121,668)
Contributions - Employee	-	81,298	(81,298)
Net investment income, net of expenses	-	263,201	(263,201)
Administrative expenses	-	(2,815)	2,815
Net changes	94,071	175,239	(81,168)
Balance at 12/31/19	3,656,305	1,890,466	1,765,839
Change for the year:			
Service cost	54,560	-	54,560
Interest	294,245	-	294,245
Difference between expected and actual experience	62,820	-	62,820
Changes in assumptions	-	-	-
Benefit payments	(294,353)	(294,353)	-
Contributions - Employer	-	135,832	(135,832)
Contributions - Employee	-	87,925	(87,925)
Net investment income, net of expenses	-	123,613	(123,613)
Administrative expenses	-	(2,317)	2,317
Net changes	117,272	50,700	66,572
Balance at 12/31/20	$ 3,773,577	$ 1,941,166	$ 1,832,411

Plan fiduciary net position as a percentage of the total net pension liability - 12/31/20	51.44%
Plan fiduciary net position as a percentage of the total net pension liability - 12/31/19	51.70%

***Sensitivity of the net pension liability to changes in discount rate*.** The following presents the net pension liability of the Employees' Plan, calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate (in thousands of dollars):

	Employees' Plan		
	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Employees' Plan net pension liability - 2021	$ 2,190,523	$ 1,832,411	$ 1,525,210
Employees' Plan net pension liability - 2020	$ 2,112,391	$ 1,765,839	$ 1,468,250

(Continued)

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CTA Employees' Retirement Plan financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the years ended December 31, 2021 and 2020, CTA recognized pension expense of $148,644,000 and $176,837,000, respectively. At December 31, 2021 and 2020, CTA reported net deferred outflows of resources related to pensions from the following sources:

	Employee Plan 2021	
	Deferred Outflow of Resources (in thousands)	**Deferred Inflow of Resources (in thousands)**
Difference between projected and actual earnings on pension plan	$ 14,098	$ -
Difference between expected and actual experience	72,646	-
Changes in assumptions	-	(8,057)
Employer contribution made after measurement date	136,908	-
Balance as of 12/31	$ 223,652	$ (8,057)

	Employee Plan 2020	
	Deferred Outflow of Resources (in thousands)	**Deferred Inflow of Resources (in thousands)**
Difference between projected and actual earnings on pension plan	$ -	$ (7,055)
Difference between expected and actual experience	45,596	-
Changes in assumptions	-	(13,614)
Employer contribution made after measurement date	135,830	-
Balance as of 12/31	$ 181,426	$ (20,669)

(Continued)

NOTE 12 - EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

CTA reported $136,908,000 and $135,830,000 as deferred outflows of resources related to pensions resulting from contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the years ended December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Employees' Plan		
Year Ended December 31:	2021 Amortization per year (in thousands)	2020 Amortization per year (in thousands)
2021	$ -	$ 17,260
2022	27,020	5,817
2023	46,795	25,593
2024	(2,541)	(23,743)
2025	7,413	-
Total Amortization	$ 78,687	$ 24,927

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES

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

General Information about the Supplemental Plans

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

Each of the Supplemental plans are administered by the Employee Retirement Review Committee (ERRC) of the CTA, whose members are appointed by the Board of Directors of the CTA, which retains oversight of the plan administration. The plans are each established by CTA ordinances, which grant the ERRC operational authority and can be modified by the CTA Board. The Board and Non-Qualified plans do not have assets accumulated in a trust.

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

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

The CTA's annual pension cost for the current year and related information for fiscal years ended December 31, 2021 and 2020 for each plan are as follows (in thousands of dollars):

	Qualified Supplemental	Non-Qualified Supplemental	Board Plan
Actual 2021 contributions:			
CTA	$1,016	$2,036	$366
Plan members	$0	$0	$3
Actual 2020 contributions:			
CTA	$870	$2,175	$347
Plan members	$0	$0	$7

Benefit terms.

Qualified and Non-Qualified Plans: Employees of the CTA in certain employment classifications established by Board ordinance are eligible to participate based on age and service credit, generally as follows: at age 65, at age 55 with three years of pensionable service or with twenty-five years of pensionable service. Disability and death benefits are provided to employees.

Benefits are based on the highest average annual compensation ("AAC") over any four calendar years out of the final ten years prior to retirement. For normal retirement and disability retirees, the benefit is the lessor of 1% of AAC per year of service or the excess of 75% of AAC over the benefit payable under the Retirement Plan for CTA Employees. For early retirees, the benefit is the lessor of 1% of AAC per year of service or the excess of 75% of AAC multiplied by the ratio of service completed at early retirement to service projected to age 65 over the benefit payable under the Retirement Plan for CTA Employees, with this benefit commencing at age 65. Benefits can commence prior to age 65 under certain conditions, generally as follows: any time after age 55 with a 5% reduction for each year under age 65 or with twenty-five years of service with no reduction. A minimum benefit is payable to an employee under normal, early or disability retirement equal to one-sixth of 1% of AAC multiplied by years of service limited to a maximum of 5% of AAC, with the minimum benefit commencing at early retirement. Termination benefits available to employees who complete ten years of service are as follows: the lessor of 1% of AAC per year of service or the excess of 75% of AAC over the benefit payable under the Retirement Plan for CTA Employees, with the benefit commencing at age 65.

Qualified and Non-Qualified participants who retire on or after February 1, 1984 may receive credit for service with certain other governmental agencies, if satisfying certain conditions and making required application and contributions. In addition to the increased supplemental benefits attributable to such "bridged" service, the Supplemental Plan is responsible for paying any additional benefits that the employees would be eligible for under the Retirement Plan for CTA Employees had they received this additional bridged service under both plans.

Board Plan: Individuals appointed to the Chicago Transit Board are eligible to participate based on age and service credit, generally as follows: at age 65 with completion of two years of service or at age 50 with completion of five years of service.

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Benefits are based, generally, on provisions of the Retirement Plan for CTA Employees and the Supplemental Plan, to provide benefits to members of the Board comparable to what they would receive if employees of the CTA participating in those plans – with certain additional conditions and provisions, including specified minimum benefits, intended to take into account the anticipated periods of service by individuals as members of the Board.

Participants in the Board Plan may receive credit for service with certain other governmental agencies, if satisfying certain conditions and making required application and contributions – generally on terms similar to those applying to Qualified and Non-Qualified Plan participants receiving credit for bridged service.

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

	Qualified	Non-Qualified	Board	Total
Participants as of January 1, 2022				
Retirees and beneficiaries currently receiving benefits	126	263	17	406
Terminated employees entitled to but not yet receiving benefits	10	2	5	17
Active plan members	8	-	1	9
Total	144	265	23	432
Participants as of January 1, 2021				
Retirees and beneficiaries currently receiving benefits	126	283	18	427
Terminated employees entitled to but not yet receiving benefits	10	2	5	17
Active plan members	8	-	1	9
Total	144	285	24	453

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

<u>Net Pension Liabilities</u>

Actuarial assumptions and calculations. The total pension liabilities in the December 31, 2021 and 2020 actuarial valuation were determined using the following actuarial assumptions, applied to the periods included in the measurement:

2021 Actuarial Assumptions	
Acturial valuation date	December 31, 2021
Measurement date	December 31, 2021
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	1.84%
Inflation	2.50%
Salary increases	3.50% per year
Future ad hoc benefit increases	0.00% per year
Mortality	PubG-2010 base rates projected to 2021 using Scale MP2021
Early retirement age	
Qualified and Non-Qualified	55 with completion of three years of pensionable service. For employees hired before January 1, 2000, with 25 years of service, there is no age requirement.
Normal retirement age	
Qualified and Non-Qualified	65 with completion of three years of service
Board	65 with completion of two years of service or age 50 with completion of five years of service
Actuarial cost method	Entry Age Normal
2020 Actuarial Assumptions	
Acturial valuation date	December 31, 2020
Measurement date	December 31, 2020
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	2.00%
Inflation	2.50%
Salary increases	3.50% per year
Future ad hoc benefit increases	0.00% per year
Mortality	RP-2014 Mortality projected to 2020 based on Scale MP2020
Early retirement age	
Qualified and Non-Qualified	55 with completion of three years of pensionable service. For employees hired before January 1, 2000, with 25 years of service, there is no age requirement.
Normal retirement age	
Qualified and Non-Qualified	65 with completion of three years of service
Board	65 with completion of two years of service or age 50 with completion of five years of service
Actuarial cost method	Entry Age Normal

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in assumptions from 2020-2021 include: investment return decrease for the Non-Qualified and Board Plans from 2.00% to 1.84% and change in mortality table from RP-2014 mortality projected to 2020 based on Scale MP-2020 to the PubG-2010 base rates projected to 2021 with scale MP2021 for 2021.

Changes in assumptions from 2019-2020 include: investment return decreases for the Qualified Plan from 7.00% to 6.75% and Non-Qualified and Board Plans from 2.75% to 2.00% and change in mortality table from RP-2014 mortality projected to 2019 based on Scale MP-2019 to RP-2014 mortality projected to 2020 based on Scale MP-2020.

Best estimates of arithmetic real rates of return over a ten year investment horizon for each major asset class included in the Supplemental Plans target asset allocation as of December 31, 2021 and 2020 are summarized in the following tables (note that the rates shown below include the inflation components):

	2021 Target Allocation	**2021 Estimate of expected rate of return**	**2020 Target Allocation**	**2020 Estimate of expected rate of return**
U.S. Large Size Company Equities	20.0%	7.0%	20.0%	6.9%
U.S. Mid Size Company Equities	5.0%	7.2%	5.0%	7.2%
U.S. Small Size Company Equities	5.0%	8.0%	5.0%	7.7%
Developed Non-U.S. Size Company Equities	15.0%	7.4%	15.0%	7.5%
Emerging Markets Company Equities	5.0%	7.4%	5.0%	8.1%
Total Equities	50.0%		50.0%	
U.S. Fixed Income	30.0%	1.9%	30.0%	1.7%
Total Fixed Income	30.0%		30.0%	
Real Estate	10.0%	6.5%	10.0%	5.6%
Total Real Estate	10.0%		10.0%	
Open-End Private Equity	10.0%	11.0%	10.0%	11.3%
Total Private Equity	10.0%		10.0%	
Total Assets	100.0%		100.0%	

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

NOTE 13 - SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Discount rate. The discount rates used to measure the total pension liabilities in 2021 were 6.75% for the Qualified and 1.84% for the Non-Qualified and Board. The Qualified discount rate of 6.75% is the same rate that was used to measure the total pension liabilities as of December 31, 2020. The Non-Qualified and Board discount rate of 1.84% is a change from 2.00% that was used to measure the total pension liabilities as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed that the System's contributions will continue to follow the current funding policy. Based on those assumptions, the System's Qualified Plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The discount rates used to measure the total pension liabilities in 2020 were 6.75% for the Qualified and 2.00% for the Non-Qualified and Board. The Qualified discount rate of 6.75% is a change from 7.00% that was used to measure the total pension liabilities as of December 31, 2019. The Non-Qualified and Board discount rate of 2.00% is a change from 2.75% that was used to measure the total pension liabilities as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed that the System's contributions will continue to follow the current funding policy. Based on those assumptions, the System's Qualified Plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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NOTE 13 - SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Qualified			
Balance as of 12/31/19	$ 42,116	$ 36,687	$ 5,429
Change for the year:			
Service cost	68	-	68
Interest	2,793	-	2,793
Differences between expected and actual experience	771	-	771
Changes in assumptions	855	-	855
Benefit payments	(4,093)	(4,093)	-
Contributions - Employer	-	870	(870)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	3,293	(3,293)
Administrative expenses	-	(215)	215
Net changes	394	(145)	539
Balance as of 12/31/20	$ 42,510	$ 36,542	$ 5,968
Change for the year:			
Service cost	60	-	60
Interest	2,725	-	2,725
Differences between expected and actual experience	269	-	269
Changes in assumptions	1,090	-	1,090
Benefit payments	(3,950)	(3,950)	-
Contributions - Employer	-	1,016	(1,016)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	4,436	(4,436)
Administrative expenses	-	(236)	236
Net changes	194	1,266	(1,072)
Balance as of 12/31/21	$ 42,704	$ 37,808	$ 4,896

Plan fiduciary net position as a percentage of the total pension liability - 2021	88.53%
Plan fiduciary net position as a percentage of the total pension liability - 2020	85.96%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)
	Total Pension Liability
Non-Qualified	
Balance as of 12/31/19	$ 22,125
Change for the year:	
Service cost	-
Interest	576
Differences between expected and actual experience	(351)
Changes in assumptions	1,176
Benefit payments	(2,175)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(774)
Balance as of 12/31/20	$ 21,351
Change for the year:	
Service cost	-
Interest	405
Differences between expected and actual experience	(160)
Changes in assumptions	1,051
Benefit payments	(2,036)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(740)
Balance as of 12/31/21	$ 20,611

Plan fiduciary net position as a percentage of the total pension liability - 2021	0.00%
Plan fiduciary net position as a percentage of the total pension liability - 2020	0.00%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Board			
Balance as of 12/31/19	$ 4,589	$ 112	$ 4,477
Change for the year:			
Service cost	23	-	23
Interest	121	-	121
Differences between expected and actual experience	839	-	839
Changes in assumptions	432	-	432
Benefit payments	(347)	(347)	-
Contributions - Employer	-	347	(347)
Contributions - Employee	-	7	(7)
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	1,068	7	1,061
Balance as of 12/31/20	$ 5,657	$ 119	$ 5,538
Change for the year:			
Service cost	-	-	-
Interest	109	-	109
Differences between expected and actual experience	(5)	-	(5)
Changes in assumptions	351	-	351
Benefit payments	(366)	(366)	-
Contributions - Employer	-	366	(366)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	89	3	86
Balance as of 12/31/21	$ 5,746	$ 122	$ 5,624

Plan fiduciary net position as a percentage of the total pension liability - 2021	2.11%
Plan fiduciary net position as a percentage of the total pension liability - 2020	2.09%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total			
Balance as of 12/31/19	$ 68,829	$ 36,798	$ 32,031
Change for the year:			
Service cost	91	-	91
Interest	3,490	-	3,490
Differences between expected and actual experience	1,259	-	1,259
Changes in assumptions	2,463	-	2,463
Benefit payments	(6,615)	(6,615)	-
Contributions - Employer	-	3,392	(3,392)
Contributions - Employee	-	7	(7)
Net investment income, net of expenses	-	3,293	(3,293)
Administrative expenses	-	(215)	215
Net changes	688	(138)	826
Balance as of 12/31/20	$ 69,517	$ 36,660	$ 32,857
Change for the year:			
Service cost	60	-	60
Interest	3,239	-	3,239
Differences between expected and actual experience	104	-	104
Changes in assumptions	2,492	-	2,492
Benefit payments	(6,352)	(6,352)	-
Contributions - Employer	-	3,418	(3,418)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	4,435	(4,435)
Administrative expenses	-	(235)	235
Net changes	(457)	1,269	(1,726)
Balance as of 12/31/21	$ 69,060	$ 37,929	$ 31,131

Plan fiduciary net position as a percentage of the total pension liability - 2021	54.92%
Plan fiduciary net position as a percentage of the total pension liability - 2020	52.74%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

*Sensitivity of the net pension liability to changes in discount rate***.** The following presents the net pension liability of the Qualified, Non-qualified, and Board plans, calculated using the discount rates disclosed above for each plan, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate (in thousands of dollars):

Plan	1% Decrease	Current Discount Rate	1% Increase
Qualified Discount Rate			
Qualified Plan - 2021 - 6.75%	$ 8,600	$ 4,896	$ 1,703
Qualified Plan - 2020 - 6.75%	$ 9,620	$ 5,968	$ 2,818
Non-Qualified Discount Rate			
Non-Qualified Plan - 2021 - 1.84%	$ 22,337	$ 20,611	$ 19,112
Non-Qualified Plan - 2020 - 2.00%	$ 23,103	$ 21,351	$ 19,828
Board Discount Rate			
Board Plan - 2021 - 1.84%	$ 6,324	$ 5,624	$ 5,044
Board Plan - 2020 - 2.00%	$ 6,209	$ 5,538	$ 4,980

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the years ended December 31, 2021 and 2020, CTA recognized pension expense and reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands of dollars):

	December 31, 2021		
	Qualified	Non-Qualified	Board
Pension expense	$ 1,163	$ 1,296	$ 452
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ (2,558)	$ -	$ -
Total Deferred Inflows	$ (2,558)	$ -	$ -

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

	December 31, 2020		
	Qualified	**Non-Qualified**	**Board**
Pension expense	$ 1,824	$ 1,401	$ 1,408
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ (1,339)	$ -	$ -
Total Deferred Inflows	$ (1,339)	$ -	$ -

CTA did not report a deferred outflow of resources related to pensions resulting from contributions paid subsequent to the measurement dates for any Supplemental Plan for December 31, 2021 and 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows for December 31, 2021 and 2020 (in thousands of dollars):

	December 31, 2021		
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2022	$ (294)	$ -	$ -
2023	(1,247)	-	-
2024	(602)	-	-
2025	(415)	-	-
Total Amortization	$ (2,558)	$ -	$ -

	December 31, 2020		
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2021	$ (442)	$ -	$ -
2022	122	-	-
2023	(832)	-	-
2024	(187)	-	-
Total Amortization	$ (1,339)	$ -	$ -

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

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

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on Qualified plan assets, net of pension plan investment expense, was 11.92% and 8.73%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

	12/31/2021	12/31/2020
Inflation	2.50% per year	2.50% per year
Salary increases	3.50% per year	3.50% per year
Investment rate of return (Discount rate)		
Qualified Plan	6.75% per year	6.75% per year
Non-Qualified and Board Plan	1.84% per year	2.00% per year

Mortality rates were based on the PubG-2010 base rates projected to 2021 using Scale MP2021 and the RP-2014 Mortality projected to 2020 based on Scale MP2020 for the years ended December 31, 2021 and 2020, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return over the projected investment horizon (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 and 2020 (see the discussion of the pension plan's investment policy). The 1.84% and 2.00% rates used for the Non-qualified and Board plans represents the 20-year municipal bond rate as determined by the 20-year bond buyer index as of December 31, 2021 and 2020, respectively.

Summary (in thousands of dollars):

	December 31, 2021		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 1,832,411	$ 31,131	$ 1,863,542
Deferred Outflows of Resources	223,652	-	223,652
Deferred Inflows of Resources	8,057	2,558	10,615
Pension Expense	148,644	2,911	151,555

	December 31, 2020		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 1,765,839	$ 32,857	$ 1,798,696
Deferred Outflows of Resources	181,426	-	181,426
Deferred Inflows of Resources	20,669	1,339	22,008
Pension Expense	176,837	4,633	181,470

(Continued)

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – Other Postemployment Benefits (OPEB)

Employees' Plan – Retiree Healthcare Benefits: In accordance with Public Act 95-708, all retiree healthcare benefits are to be paid from the Retiree Health Care Trust (RHCT), a single employer defined benefit plan. The RHCT was established in May 2008 and began paying for all retiree healthcare benefits in February 2009. For financial reporting purposes, the postemployment healthcare benefits are considered, in substance, a postemployment healthcare plan administered by the RHCT. Members are eligible for health benefits based on their age and length of service with CTA. The legislation provides that CTA will have no future responsibility for retiree healthcare costs. The RHCT issues a separate stand-alone financial report which is available at http://www.ctaretirement.org/index.asp.

Supplemental and Board Plans – Retiree Healthcare Benefits: Employees of the CTA in certain employment classifications are eligible to participate in the supplemental retirement plan, a single employer defined benefit plan. Members of the Supplemental Plan with bridged service or service purchased through the Voluntary Termination Program are eligible for Supplemental Healthcare benefits if they retired under the Supplemental Plan and do not immediately qualify for healthcare benefits under the CTA RHCT. Supplemental Healthcare Plan benefits are administered through the CTA's healthcare program covering active members. Supplemental healthcare benefits cease when the member becomes eligible for healthcare coverage under the RHCT. Certain members not eligible for benefits under the RHCT will continue to receive benefits through the CTA's healthcare program covering active members. The benefits are dependent on the amount of bridged service and the amount of service at the CTA that is credited in the Employees Plan.

Chicago Transit Board members participate in a separate Board Member Retirement Plan, a single employer defined benefit plan, and a Supplemental Plan. Board members with greater than five years of service are eligible for healthcare benefits immediately after termination or retirement.

The Supplemental and Board Plans do not issue separate stand-alone financial reports and do not have assets accumulated in a trust.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Covered Participants – The following participants were covered by the benefit terms as of January 1, 2022 and January 1, 2021:

	Supplemental & Board Plans
Participants as of January 1, 2022	
Retirees and beneficiaries currently receiving benefits	56
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	4
Total	66
Participants as of January 1, 2021	
Retirees and beneficiaries currently receiving benefits	56
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	4
Total	66

(Continued)

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions – Funding for the Supplemental and Board Retiree Healthcare Plans are on a pay-as-you-go basis. CTA's contribution rate was 131.25% and 131.15% of covered employee payroll for the years ended December 31, 2021 and 2020, respectively. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost.

Total OPEB Liability – CTA's total OPEB liability was measured as of December 31, 2021 and 2020 and the total OPEB liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions – Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing 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.

Actuarial valuations were performed for the OPEB Plan as of December 31, 2021 and 2020. The following table shows a summary of significant actuarial assumptions:

2021 Actuarial Assumptions	
Acturial valuation date	December 31, 2021
Measurement date	December 31, 2021
Discount rate	1.84%
Inflation	2.50%
Salary increases	5.50%
Investment return	1.84%
Health care cost trend rate	Starts with 7.25% in year 2023 and goes down to 4.5% in year 2029 and after.
Mortality	PubG-2010 base rates projected to 2021 using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	75% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the provisions providing single coverage at no cost with higher dependent premium rates, 62.5% are assumed to elect single coverage and 37.5% are assumed to elect single and dependent coverage. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.
Actuarial cost method	Entry Age Normal Actuarial Cost Method

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2020 Actuarial Assumptions

Acturial valuation date	December 31, 2020
Measurement date	December 31, 2020
Discount rate	2.00%
Inflation	2.50%
Salary increases	5.50%
Investment return	2.00%
Health care cost trend rate	Starts with 7.75% in year 2022 and goes down to 5.0% in year 2028 and after.
Mortality	RP-2014 base rates projected to 2020 using Scale MP2020
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	75% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the provisions providing single coverage at no cost with higher dependent premium rates, 62.5% are assumed to elect single coverage and 37.5% are assumed to elect single and dependent coverage. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.
Actuarial cost method	Entry Age Normal Actuarial Cost Method

Changes in assumptions from 2020 to 2021 include the investment return decrease from 2.00% to 1.84% and the mortality assumption was changed from the RP2014 base rates projected to 2020 with scale MP2020 for 2020 to the PubG-2010 base rates projected to 2021 with scale MP2021 for 2021.

Changes in assumptions from 2019 to 2020 include: investment return decrease from 2.75% to 2.00%.

Discount rate. The discount rate used to measure the total OPEB liability in 2021, 2020 and 2019 was 1.84%, 2.00% and 2.75%, respectively. The single discount rate was determined by the 20-year municipal bonds rates based on an index of 20-year obligation bonds with an average AA credit rating. The contribution policy assumed for this valuation was pay-as-you-go.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Net OPEB Liability: The changes in the total OPEB liability for the plan are as follows (in thousands of dollars):

	Increase (Decrease) Total OPEB Liability
Supplemental & Board Plans	
Balance as of 12/31/19	$ 9,820
Change for the year:	
Service cost	41
Interest	260
Benefit changes	(99)
Differences between expected and actual experience	374
Changes in assumptions	886
Benefit payments	(729)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	733
Balance as of 12/31/20	$ 10,553
Change for the year:	
Service cost	12
Interest	204
Benefit changes	-
Differences between expected and actual experience	(24)
Changes in assumptions	306
Benefit payments	(732)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(234)
Balance as of 12/31/21	$ 10,319

*Sensitivity of the total OPEB liability to changes in discount rate***.** The following presents the net OPEB liability of CTA as well as what CTA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands of dollars):

Plan	1% Decrease	Current Discount Rate	1% Increase
Supplemental & Board Plans - 2021 - 1.84%	$ 11,762	$ 10,319	$ 9,166
Supplemental & Board Plans - 2020 - 2.00%	$ 11,970	$ 10,553	$ 9,413

(Continued)

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of CTA, as well as what the CTA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (in thousands of dollars):

Plan	1% Decrease	Current Trend Rates	1% Increase
Supplemental & Board Plans - 2021 - 7.25%	$ 9,229	$ 10,319	$ 11,647
Supplemental & Board Plans - 2020 - 7.75%	$ 9,480	$ 10,553	$ 11,851

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the years ended December 31, 2021 and 2020, CTA recognized OPEB expense of $499,000 and $1,462,000, respectively. At December 31, 2021 and 2020, CTA reported no deferred inflows/outflows of resources related to OPEB.

NOTE 15 - RISK MANAGEMENT

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

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

CTA purchases property insurance for damage to CTA property, including rolling stock. This insurance program is effective July 29, 2021 to July 29, 2022. Property limit of liability is $180,000,000 per occurrence, and is purchased in three layers. The first/primary layer provides a $25,000,000 limit. The first excess layer provides a $105,000,000 limit excess and above the primary. The second excess layer provides the final $50,000,000 limit excess. The basic policy deductible is $1,000,000 per each occurrence, with a $5,000,000 deductible for each rail car collision or derailment claim.

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

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are five insurance policies in effect from June 15, 2021 to June 15, 2022. The first policy provides $10,000,000 in excess of the $15,000,000 self-insured retention and $20,000,000 in the aggregate. The second policy provides $5,000,000 in excess of the $25,000,000 and $10,000,000 in the aggregate. The third policy provides $10,000,000 in excess of $30,000,000 and $20,000,000 in the aggregate. The fourth policy provides $10,000,000 in excess of $40,000,000 and $20,000,000 in the aggregate. The fifth policy provides $50,000,000 in excess of $50,000,000 and $100,000,000 in the aggregate. In 2021 and 2020, no CTA claim existed that is expected to exceed the $15,000,000 self-insured retention under this insurance policy.

(Continued)

NOTE 15 - RISK MANAGEMENT (Continued**)**

The CTA participates in a Joint Self-Insurance Fund (the Fund) with the RTA that permits the CTA to receive monies necessary to pay injury and damage claims in excess of $2,500,000 per occurrence up to the total balance in the Fund or a maximum of $47,500,000. The CTA is obligated to reimburse the Fund for the principal amount borrowed plus a floating interest rate. However, the CTA is not obligated to make reimbursement payments, including interest, in excess of $3,500,000 in any one year. No borrowings were made from the Fund in fiscal years 2021 or 2020.

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

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The estimate for injury and damage claims is adjusted for a current trend rate and discount factor of 3.5% and 2.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 3.0% and 2.0%, respectively. Changes in the balance of claims liabilities during the past two years are as follows (in thousands of dollars):

	Injury and damage	Group health and dental	Workers' compensation	Total
Balance at January 1, 2019	$ 78,663	$ 19,518	$ 165,065	$ 263,246
Funded	7,500	98,924	51,938	158,362
Funding (excess)/deficiency per actuarial requirement	21,236	-	(6,165)	15,071
Payments	(22,112)	(106,102)	(51,938)	(180,152)
Balance at December 31, 2019	85,287	12,340	158,900	256,527
Funded	22,000	160,536	52,889	235,425
Funding (excess)/deficiency per actuarial requirement	865	-	(2,770)	(1,905)
Payments	(12,868)	(166,574)	(52,889)	(232,331)
Balance at December 31, 2020	95,284	6,302	156,130	257,716
Funded	31,680	178,960	56,736	267,376
Funding (excess)/deficiency per actuarial requirement	(3,095)	-	15,291	12,196
Payments	(16,177)	(175,737)	(56,736)	(248,650)
Balance at December 31, 2021	$ 107,692	$ 9,525	$ 171,421	$ 288,638

(Continued)

NOTE 15 - RISK MANAGEMENT (Continued**)**

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

NOTE 16 - LINE OF CREDIT – NOTE PURCHASE AGREEMENT

2018 Line of Credit

On July 10, 2018, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, N.A. in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes had an initial commitment expiration date of July 10, 2020, which was extended to September 30, 2021. This line of credit was replaced with an NPA with JP Morgan Chase Bank, National Association on September 24, 2021.

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

The principal of outstanding Notes was $104.5 million as of December 31, 2020. No principal was outstanding on the Notes as of December 31, 2021.

2019 Line of Credit

On July 12, 2019, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of July 11, 2022.

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

The principal of outstanding Notes was $138.0 million and $105.7 million as of December 31, 2021 and 2020, respectively. The unused line of credit was $12.1 million and $44.3 million as of December 31, 2021 and 2020, respectively.

NOTE 16 - LINE OF CREDIT – NOTE PURCHASE AGREEMENT (Continued)

2021 Line of Credit

On September 24, 2021, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of September 24, 2026. This line of credit replaced the Authority's prior line of credit with Bank of America, National Association, which expired on September 30, 2021.

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

The principal of outstanding Notes was $99.4 million as of December 31, 2021. The unused 2021 line of credit was $50.7 million as of December 31, 2021.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

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

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91,340,000. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt as of December 31, 2021 and 2020 was $18,650,000 and $27,250,000, respectively.

NOTE 18 – COVID-19 PANDEMIC

The United States and the State of Illinois declared a state of emergency in March 2020 due to the COVID-19 global pandemic. During this evolving situation, CTA continues to analyze the impact on its financial position. Below is a summary of the federal funding that has supplemented the lower fare and public funding revenues due to the pandemic.

Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES)
On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The regional share of CARES Act funding to the RTA and Service Boards was $1.438 billion. CTA has been allocated approximately $817.5 million in CARES Act funding.

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA)
On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed into law. The regional share of CRRSAA funding to the RTA and Service Boards was $486 million. CTA has been allocated approximately $361.3 million in CRRSAA funding.

NOTE 18 – COVID-19 PANDEMIC (Continued)

American Rescue Plan Act of 2021 (ARP)
On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. The regional share of ARP Act funding to the urbanized area, including RTA and Service Boards was $1.496 billion. CTA has been allocated approximately $912.1 million in ARP funding and $118.4 million in ARP discretionary funding.

The funding provided through the CARES Act; CRRSAA; and ARP allowed for changes in how recipients use FTA funds. The most significant of these changes has been allowing recipients to charge operating expenses to FTA grants with no matching requirements.

The RTA approved a provision to allow the federal operating assistance which was provided to replace fare revenue lost due to the COVID-19 pandemic to be included as operating revenue for purposes of the recovery ratio calculation.

NOTE 19 - SUBSEQUENT EVENTS

Second Lien Sales Tax Receipts Revenue Bonds
In March 2022, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2022A, in the amount of $350,000,000, along with a premium of $37,881,000. The bonds were issued to (i) finance capital projects contemplated by the CTA's capital improvement plan, (ii) refund a portion of CTA's outstanding Second Lien CIP Notes, (iii) capitalize interest on the 2022A Second Lien Bonds, and (iv) pay costs incurred in connection with the issuance of the 2022A Second Lien Bonds. The Series 2022A bonds bear interest ranging from 4.0% to 5.0%.

Lines of Credit
On April 1, 2022, the CTA prepaid $77,550,000 on the 2019 capital line of credit and $70,850,000 on the 2021 capital line of credit. Additional information on the capital lines of credit can be found in Note 16.

REQUIRED SUPPLEMENTARY INFORMATION

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Net Pension Liability and Related Ratios (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 68

	2021	2020	2019	2018	2017	2016	2015
Employees' Plan							
Total Pension Liability	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154
Plan Fiduciary Net Position	1,941,166	1,890,466	1,715,227	1,865,901	1,736,369	1,743,216	1,855,912
Plan's Net pension Liability	$ 1,832,411	$ 1,765,839	$ 1,847,007	$ 1,656,902	$ 1,720,623	$ 1,608,815	$ 1,427,242
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	51.44%	51.70%	48.15%	52.97%	50.23%	52.00%	56.53%
Covered Payroll	$ 640,442	$ 645,799	$ 623,037	$ 595,047	$ 575,444	$ 573,548	$ 564,828
Plan's Net pension Liability as a percentage of Covered Payroll	286.12%	273.43%	296.45%	278.45%	299.01%	280.50%	252.69%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

Note 1: 2016 used the RP Blue Collar Table, generational to 2016 based on Scale BB. Also the asset valuation changed to 5 year smoothed actuarial value of assets.
Note 2: 2017 used the RP Blue Collar Table, generational to 2017 based on Scale BB.
Note 3: 2018 used the RP Blue Collar Table, generational to 2000 based on Scale BB.
Note 4: 2019 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 5: 2020 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 6: 2021 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Net Pension Liability and Related Ratios (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

	2021	2020	2019	2018	2017	2016	2015	2014
Supplemental Qualified Plan								
Total Pension Liability	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118
Plan Fiduciary Net Position	37,808	36,542	36,687	34,441	40,250	37,805	37,875	42,046
Plan's Net Pension Liability	$ 4,896	$ 5,968	$ 5,429	$ 7,675	$ 3,812	$ 10,199	$ 11,460	$ 10,072
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.53%	85.96%	87.11%	81.78%	91.35%	78.75%	76.77%	80.67%
Covered Payroll	$ 1,219	$ 1,214	$ 1,225	$ 1,219	$ 1,098	$ 1,213	$ 1,355	$ 1,443
Plan's Net Pension Liability as a percentage of Covered Payroll	401.55%	491.40%	443.34%	629.84%	347.13%	841.07%	845.71%	697.92%
Supplemental Non-Qualified Plan								
Total Pension Liability	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 29,926	$ 28,105
Covered Payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan's Total Pension Liability as a percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Board Member Plan								
Total Pension Liability	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128
Plan Fiduciary Net Position	122	119	112	103	88	77	68	88
Plan's Net Pension Liability	$ 5,624	$ 5,538	$ 4,477	$ 4,258	$ 4,644	$ 4,484	$ 4,413	$ 5,040
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	2.11%	2.09%	2.42%	2.34%	1.84%	1.69%	1.52%	1.72%
Covered Payroll	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125
Plan's Net Pension Liability as a percentage of Covered Payroll	22494.47%	22149.74%	5746.55%	5676.97%	6191.50%	5978.83%	5883.44%	4031.43%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Employees' Retirement Plan (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Total Pension Liability - Beginning	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154	$ 3,220,533
Service Cost	54,560	53,967	54,814	50,433	50,111	51,358	49,066
Interest	294,245	286,687	283,757	278,184	269,899	264,579	259,593
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	62,820	41,530	7,455	13,679	51,518	13,082	-
Changes of Assumptions	-	-	(24,727)	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Net Change in Total Pension Liability	117,272	94,071	39,431	65,811	104,961	68,877	62,621
Total Pension Liability - Ending	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154
Plan Fiduciary Net Position							
Plan Fiduciary Net Position - Beginning	$ 1,890,466	$ 1,715,227	$ 1,865,901	$ 1,736,369	$ 1,743,216	$ 1,855,912	$ 1,892,715
Contributions - Employer	135,832	121,668	117,115	104,523	83,855	82,800	82,268
Contributions - Member	87,925	81,298	78,340	70,286	59,561	58,993	58,566
Net Investment Income	123,613	263,201	(61,343)	233,739	118,613	8,230	71,524
Benefit Payments, Including Refunds of Member Contributions	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Administrative Expense	(2,317)	(2,815)	(2,918)	(2,531)	(2,309)	(2,577)	(3,123)
Other	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	50,700	175,239	(150,674)	129,532	(6,847)	(112,696)	(36,803)
Plan Fiduciary Net Position - Ending	1,941,166	1,890,466	1,715,227	1,865,901	1,736,369	1,743,216	1,855,912
CTA Net Pension Liability - Ending	$ 1,832,411	$ 1,765,839	$ 1,847,007	$ 1,656,902	$ 1,720,623	$ 1,608,815	$ 1,427,242

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Qualified Supplemental Plan (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

Qualified	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Total Pension Liability - Beginning	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118	$ 53,464
Service Cost	60	68	64	60	60	56	52	61
Interest	2,725	2,793	2,789	2,929	3,204	3,296	3,488	3,578
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	269	771	1,346	(1,310)	(3,170)	(611)	(2,145)	(554)
Changes of Assumptions	1,090	855	(7)	480	62	71	67	-
Benefit Payments	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Net Change in Total Pension Liability	194	394	-	(1,946)	(3,942)	(1,331)	(2,783)	(1,346)
Total Pension Liability - Ending	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118
Plan Fiduciary Net Position								
Plan Fiduciary Net Position - Beginning	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046	$ 43,503
Contributions - Employer	1,016	870	1,120	550	1,300	1,380	1,164	1,130
Contributions - Member	-	-	29	72	-	8	34	82
Net Investment Income	4,436	3,293	5,518	(2,080)	5,357	2,942	(878)	2,073
Benefit Payments	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Refunds of Member Contributions	-	-	-	-	-	(17)	-	-
Administrative Expense	(236)	(215)	(229)	(246)	(114)	(240)	(237)	(311)
Other		-	-	-	-	-	(9)	-
Net Change in Plan Fiduciary Net Position	1,266	(145)	2,246	(5,809)	2,445	(70)	(4,171)	(1,457)
Plan Fiduciary Net Position - Ending	$ 37,808	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046
CTA Net Pension Liability - Ending	$ 4,896	$ 5,968	$ 5,429	$ 7,675	$ 3,812	$ 10,199	$ 11,460	$ 10,072

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Non-Qualified Supplemental Plan (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

Non-Qualified	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Total Pension Liability - Beginning	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105	$ 27,205
Service Cost	-	-	-	-	-	-	-	-
Interest	405	576	884	792	903	911	949	1,209
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(160)	(351)	(1,237)	141	90	369	498	341
Changes of Assumptions	1,051	1,176	1,979	26	655	(315)	57	2,373
Benefit Payments	(2,036)	(2,175)	(2,340)	(2,500)	(2,542)	(2,617)	(2,683)	(3,023)
Net Change in Total Pension Liability	(740)	(774)	(714)	(1,541)	(894)	(1,652)	(1,179)	900
Total Pension Liability - Ending	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Board Supplemental Plan (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

Board	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Total Pension Liability - Beginning	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128	$ 4,698
Service Cost	-	23	32	34	33	33	46	45
Interest	109	121	172	157	166	153	176	216
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(5)	839	(221)	(45)	125	310	(514)	(64)
Changes of Assumptions	351	432	571	(202)	166	(90)	3	566
Benefit Payments	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Net Change in Total Pension Liability	89	1,068	228	(371)	171	80	(647)	430
Total Pension Liability - Ending	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128
Plan Fiduciary Net Position								
Plan Fiduciary Net Position - Beginning	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88	$ 75
Contributions - Employer	366	347	326	321	321	327	328	334
Contributions - Member	3	7	9	9	9	8	10	12
Net Investment Income	-	-	-	-	-	-	-	-
Benefit Payments	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Administrative Expense	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	3	7	9	15	11	9	(20)	13
Plan Fiduciary Net Position - Ending	$ 122	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88
CTA Net Pension Liability - Ending	$ 5,624	$ 5,538	$ 4,477	$ 4,258	$ 4,644	$ 4,484	$ 4,413	$ 5,040

Note 1: 2016 used the mortality table from RP-2000 projected to 2016 based on Scale AA.
Note 2: 2017 used the mortality table from RP-2000 projected to 2017 based on Scale AA.
Note 3: 2018 used the mortality table from RP-2014 projected to 2018 based on Scale MP 2018.
Note 4: 2019 used the mortality table from RP-2014 projected to 2019 based on Scale MP 2019.
Note 5: 2020 used the mortality table from RP-2014 projected to 2020 based on Scale MP 2020.
Note 6: 2021 used the mortality table from PubG-2010 base rates projected to 2021 using Scale MP 2021.
Note 7: The investment return was the following for the Board and Non-Qualified Plan:
2021 - 1.84%
2020 - 2.00%
2019 - 2.75%
2018 - 4.10%
2017 - 3.44%
2016 - 3.78%

There are no assets accumulated in a trust to pay related benefits for the Non-Qualified and Board Plans.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily determined contribution	N/A *	$ 132,232	$ 116,367	$ 112,265	$ 106,662	$ 82,001	$ 81,731	$ 80,488	$ 102,800	$ 61,982
Contributions in relation to the statutorily determined contribution	136,908	135,832	121,668	117,115	104,523	83,855	82,800	82,268	79,518	62,788
Contribution deficiency (excess)	N/A *	$ (3,600)	$ (5,301)	$ (4,850)	$ 2,139	$ (1,854)	$ (1,069)	$ (1,780)	$ 23,282	$ (806)
Covered payroll	N/A *	$ 640,442	$ 645,799	$ 623,037	$ 595,047	$ 575,444	$ 573,548	$ 564,827	$ 550,616	$ 548,515
Contributions as a percentage of covered payroll	N/A *	20.65%	18.02%	18.02%	17.93%	14.25%	14.25%	14.25%	18.67%	11.30%

N/A * - Information not available

Notes to Schedule

Valuation date:	January 1, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Amortization method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The difference between projected and actual earnings is amortized over a closed period of five years.
Remaining amortization period	5 Years - Closed
Asset valuation method	5-year Smoothed Actuarial Value of Assets
Inflation	3.10%
Salary increases	11% for 1 year of service, 12% for 2 years of service, 16% for 3 years of service, 8% for 4 years of service, and 3.5% thereafter.
Investment rate of return	8.25%

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Actuarilly Determined Contributions (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

Qualified Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 1,016	$ 871	$ 1,118	$ 550	$ 1,299	$ 1,380	$ 1,164	$ 1,130	$ 1,926	$ 2,267
Contributions in relation to the actuarially determined contribution	1,016	870	1,120	550	1,300	1,380	1,164	1,130	1,927	2,267
Contribution deficiency (excess)	$ -	$ 1	$ (2)	$ -	$ (1)	$ -	$ -	$ -	$ (1)	$ -
Covered payroll	$ 1,219	$ 1,214	$ 1,225	$ 1,219	$ 1,098	$ 1,213	$ 1,355	$ 1,443	$ 1,647	$ 2,282
Contributions as a percentage of covered payroll	83.33%	71.64%	91.46%	45.13%	118.37%	113.81%	85.90%	78.30%	117.02%	99.33%

Non-qualified Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 2,059	$ 2,215	$ 2,430	$ 2,501	$ 2,542	$ 2,571	$ 2,678	$ 4,595	$ 4,295	$ 4,116
Contributions in relation to the actuarially determined contribution	2,036	2,175	2,340	2,500	2,542	2,617	2,683	3,023	3,114	3,299
Contribution deficiency (excess)	$ 23	$ 40	$ 90	$ 1	$ -	$ (46)	$ (5)	$ 1,572	$ 1,181	$ 817
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Actuarilly Determined Contributions (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 67/68

Board Member Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 389	$ 331	$ 348	$ 360	$ 358	$ 323	$ 379	$ 324	$ 331	$ 348
Contributions in relation to the actuarially determined contribution	366	347	326	321	321	327	328	333	338	323
Contribution deficiency (excess)	$ 23	$ (16)	$ 22	$ 39	$ 37	$ (4)	$ 51	$ (9)	$ (7)	$ 25
Covered payroll	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125	$ 139	$ 150
Contributions as a percentage of covered payroll	1463.58%	1386.99%	418.52%	427.63%	427.63%	436.37%	437.23%	266.66%	242.12%	215.19%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of December 31, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Method
Amortization method	Level Dollar
Remaining amortization period	20 year level dollar closed period (effective January 1, 2009) Qualified: 8 Years remaining as of January 1, 2021 - Closed Qualified: 7 Years remaining as of December 31, 2021 - Closed
Asset valuation method	Market Value
Inflation	2.5%
Salary increases	3.5% per year
Investment rate of return	Qualified: 6.75% per year Non-qualified: 1.84% per year Board: 1.84% per year

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedule of Investment Returns (Unaudited)
Year Ended December 31, 2021

	Year	Qualified Supplemental Plan
Annual Money-Weighted Rate of Return, Net of Investment Expense	2021	11.92%
	2020	8.73%
	2019	16.12%
	2018	-5.85%
	2017	14.40%
	2016	7.38%
	2015	-2.69%
	2014	4.20%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Changes in the Total OPEB Liability (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan	2021	2020	2019	2018
Total OPEB Liability				
Total OPEB Liability - Beginning	$ 10,553	$ 9,820	$ 9,751	$ 11,649
Service Cost	12	41	54	54
Interest	204	260	385	390
Changes of Benefit Terms	-	(99)	-	(478)
Differences Between Expected and Actual Experience	(24)	374	(982)	(606)
Changes of Assumptions	306	886	1,310	(664)
Benefit Payments, Including Refunds of Member Contributions	(732)	(729)	(698)	(594)
Net Change in Total OPEB Liability	(234)	733	69	(1,898)
Total OPEB Liability - Ending	$ 10,319	$ 10,553	$ 9,820	$ 9,751
Covered payroll	$ 557	$ 557	$ 612	$ 410
The total OPEB liability as a percentage of covered payroll	1852.60%	1894.61%	1604.58%	2378.29%

Nc There is no separate Trust established for OPEB benefits.
Nc The discount rate is 1.84% for December 31, 2021. The discount rate in the prior measurement period was 2.00%, this represents a decrease of 0.16%.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2021
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan

	2021	2020	2019	2018
Actuarially determined contribution	$ 732	$ 730	$ 698	$ 594
Contributions in relation to the actuarially determined contribution	732	730	698	594
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 557	$ 557	$ 612	$ 410
Contributions as a percentage of covered payroll	131.25%	131.15%	114.03%	145.07%

Notes to Schedule

Valuation date: December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Discount rate	1.84%
Inflation	2.50%
Salary increases	5.50%
Investment return	1.84%
Health care cost trend rate	Starts with 7.25% in year 2023 and goes down to 4.5% in year 2029 and after.
Mortality	PubG-2010 base rates projected to 2021 using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	75% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the provisions providing single coverage at no cost with higher dependent premium rates, 62.5% are assumed to elect single coverage and 37.5% are assumed to elect single and dependent coverage. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY SCHEDULES

CHICAGO TRANSIT AUTHORITY
Schedule of Expenses and Revenues –
Budget and Actual – Budgetary Basis
Year ended December 31, 2021
(In thousands of dollars)

	Original budget	Final budget	Actual – budgetary basis	Variance favorable (unfavorable)
Operating expenses:				
Labor and fringe benefits	$ 1,169,104	$ 1,165,179	$ 1,155,509	$ 9,670
Materials and supplies	87,767	88,082	90,499	(2,417)
Fuel	38,138	36,281	30,779	5,502
Electric power	31,685	30,390	25,105	5,285
Purchase of security services	20,176	19,319	15,680	3,639
Other	266,515	266,779	235,964	30,815
Provision for injuries and damages	31,680	31,680	31,680	-
Total operating expenses	1,645,065	1,637,710	1,585,216	52,494
System-generated revenues:				
Fares and passes	248,275	248,275	242,864	(5,411)
Reduced-fare subsidies	14,606	14,606	14,606	-
Advertising and concessions	24,512	20,571	26,687	6,116
Investment income	1,000	304	261	(43)
Contributions from local governmental units	5,000	5,000	5,000	-
Other revenue	44,924	35,766	40,240	4,474
Total system-generated revenues	338,317	324,522	329,658	5,136
Operating expenses in excess of system-generated revenues	1,306,748	1,313,188	1,255,558	57,630
Public funding:				
RTA operating assistance	671,550	731,533	950,394	218,861
FTA operating assistance	635,198	581,655	305,164	(276,491)
	1,306,748	1,313,188	1,255,558	(57,630)
Change in net position – budgetary basis	$ -	$ -	-	$ -
Reconciliation of budgetary basis to GAAP basis:				
Provision for depreciation			(608,296)	
Pension expense in excess of pension contributions			29,964	
Supplemental Retirement			(494)	
Incentive Retirement			1,002	
Workers Compensation			(15,291)	
Provision for injuries and damages			3,095	
Interest expense on bond transactions			(120,809)	
Interest expense on TIFIA bond transactions			1,611	
Interest revenue on bond transactions			706	
Interest expense from sale/leaseback			(2,752)	
Capital contributions			577,356	
Change in net position – GAAP basis			$ (133,908)	
CTA recovery ratio:				
Total operating expenses			$ 1,585,216	
Less mandated security costs			(15,680)	
Less security camera contracts			(3,040)	
Less CSA/CSR Labor			(52,076)	
Less CTA security department costs			(1,437)	
Less ICE operating funds			(5,117)	
Less depreciation expense			(1,146)	
Less Pension Obligation Bond debt service			(156,576)	
Plus City of Chicago in-kind services			21,996	
Total operating expenses for recovery ratio calculation (B)			1,372,140	
Total system-generated revenues			$ 329,658	
Plus FTA operating assistance - CARES			218,719	
Plus differential between loss in system-generated revenue and CARES funding			59,849	
Plus Senior Free Rides			16,172	
Plus City of Chicago in-kind services			21,996	
Total system-generated revenues for recovery ratio calculation (A)			$ 646,394	
Recovery ratio (A/B)			47.11%	

CHICAGO TRANSIT AUTHORITY
Schedule of Expenses and Revenues –
Budget and Actual – Budgetary Basis
Year ended December 31, 2020
(In thousands of dollars)

	Original budget	Final budget	Actual – budgetary basis	Variance favorable (unfavorable)
Operating expenses:				
Labor and fringe benefits	$ 1,133,287	$ 1,136,251	$ 1,135,354	$ 897
Materials and supplies	74,686	76,280	74,800	1,480
Fuel	44,376	40,941	37,125	3,816
Electric power	32,639	29,229	24,656	4,573
Purchase of security services	20,445	20,228	19,976	252
Other	243,032	267,194	223,915	43,279
Provision for injuries and damages	22,000	22,000	22,000	-
Total operating expenses	1,570,465	1,592,123	1,537,826	54,297
System-generated revenues:				
Fares and passes	585,660	210,605	232,830	22,225
Reduced-fare subsidies	14,606	14,606	14,829	223
Advertising and concessions	39,852	23,520	20,898	(2,622)
Investment income	3,000	1,870	1,221	(649)
Contributions from local governmental units	5,000	5,000	5,000	-
Other revenue	47,538	36,253	39,286	3,033
Total system-generated revenues	695,656	291,854	314,064	22,210
Operating expenses in excess of system-generated revenues	874,809	1,300,269	1,223,762	76,507
Public funding:				
RTA operating assistance	874,809	610,169	739,933	129,764
FTA operating assistance - CARES	-	690,100	483,829	(206,271)
	874,809	1,300,269	1,223,762	(76,507)
Change in net position – budgetary basis	$ -	$ -	-	$ -
Reconciliation of budgetary basis to GAAP basis:				
Provision for depreciation			(495,975)	
Pension expense in excess of pension contributions			(2,729)	
Supplemental Retirement			(1,778)	
Incentive Retirement			536	
Workers Compensation			2,770	
Provision for injuries and damages			(865)	
Interest expense on bond transactions			(121,673)	
Interest expense on TIFIA bond transactions			1,686	
Interest revenue on bond transactions			2,771	
Interest expense from sale/leaseback			(2,933)	
Capital contributions			635,252	
Change in net position – GAAP basis			$ 17,062	
CTA recovery ratio:				
Total operating expenses			$ 1,537,826	
Less mandated security costs			(19,976)	
Less security camera contracts			(1,298)	
Less CSA Labor			(52,324)	
Less CTA security department costs			(1,479)	
Less ICE operating funds			(5,623)	
Less depreciation expense			(5,006)	
Less Pension Obligation Bond debt service			(156,576)	
Plus City of Chicago in-kind services			22,000	
Total operating expenses for recovery ratio calculation (B)			1,317,544	
Total system-generated revenues			$ 314,064	
Plus FTA operating assistance - CARES			348,954	
Plus differential between loss in system-generated revenue and CARES funding			32,640	
Plus Senior Free Rides			19,015	
Plus City of Chicago in-kind services			22,000	
Total system-generated revenues for recovery ratio calculation (A)			$ 736,673	
Recovery ratio (A/B)			55.91%	