CHICAGO TRANSIT AUTHORITY
CHICAGO, ILLINOIS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Years Ended December 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

CHICAGO TRANSIT AUTHORITY
Chicago, Illinois

FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 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 26, 2024 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

Oak Brook, Illinois
April 26, 2024

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, 2023 and 2022. 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 2023

- Net position totaled ($910,785,000) at December 31, 2023.
- Net position increased $91,262,000 in 2023 which compares to an increase of $962,000 in 2022.
- Total net capital assets were $5,246,993,000 at December 31, 2023, an increase of 3.35% over the balance at December 31, 2022 of $5,076,710,000.

Financial Highlights for 2022

- Net position totaled ($1,002,047,000) at December 31, 2022.
- Net position increased $962,000 in 2022 which compares to a decrease of $133,908,000 in 2021.
- Total net capital assets were $5,076,710,000 at December 31, 2022, a decrease of 0.93% over the balance at December 31, 2021 of $5,124,414,000.

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, leases, 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, 2023, 2022, and 2021:

Table 1
Summary of Assets, Deferred Outflows of Resources, Liabilities,
Deferred Inflows of Resources, and Net Position
December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Assets:			
Current assets	$ 882,779	$ 860,552	$ 803,920
Capital assets, net	5,246,993	5,076,710	5,124,414
Noncurrent assets	464,934	539,491	439,450
Total assets	6,594,706	6,476,753	6,367,784
Total deferred outflows of resources	399,958	237,240	244,272
Total assets and deferred outflows of resouces	$ 6,994,664	$ 6,713,993	$ 6,612,056
Liabilities:			
Current liabilities	$ 966,343	$ 899,021	$ 992,540
Long-term liabilities	6,924,356	6,665,134	6,590,505
Total liabilities	7,890,699	7,564,155	7,583,045
Total deferred inflows of resources	14,750	151,885	32,020
Net position			
Net investment in capital assets	2,176,505	2,040,618	2,179,437
Restricted:			
Payment of leasehold obligations	1,432	1,619	1,819
Debt service	60,961	70,463	94,417
Unrestricted (deficit)	(3,149,683)	(3,114,747)	(3,278,682)
Total net position	(910,785)	(1,002,047)	(1,003,009)
Total liabilities, deferred inflows of resources, and net position	$ 6,994,664	$ 6,713,993	$ 6,612,056

Year Ended December 31, 2023

Current assets increased by $22,227,000 primarily due to higher cash balances.

Capital assets (net) increased by $170,283,000 or 3.35% to $5,246,993,000 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 13.82% to $464,934,000 due to capital spending of bond proceeds.

Current liabilities increased 7.49% to $966,343,000 primarily due to higher accounts payable balances.

Long-term liabilities increased by $259,222,000 or 3.89% to $6,924,356,000. The increase is due to an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68, which was partially offset by a decrease in bonds payable.

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, increased 1.12% from the prior year.

Year Ended December 31, 2022

Current assets increased by $56,632,000 primarily due to higher capital receivable balances.

Capital assets (net) decreased by $47,704,000 or 0.93% to $5,076,710,000 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 increased by 22.77% to $539,491,000 due to the receipt of the 2022A bond proceeds.

Current liabilities decreased 9.42% to $899,021,000 primarily due to a decrease in the capital line of credit balance due in 2023.

Long-term liabilities increased by $74,629,000 or 1.13% to $6,665,134,000. The increase is due to an increase in bonds payable related to the 2022A bonds, which was partially offset by a decrease 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 5.00% from 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, 2023, 2022, and 2021:

Table 2
Condensed Summary of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Operating revenues	$ 368,828	$ 334,527	$ 280,151
Operating expenses:			
Operating expenses	1,700,818	1,402,363	1,494,053
Depreciation	722,962	740,290	609,442
Total operating expenses	2,423,780	2,142,653	2,103,495
Operating loss	(2,054,952)	(1,808,126)	(1,823,344)
Nonoperating revenues:			
RTA operating assistance	1,058,386	1,053,871	950,394
FTA operating assistance	240,255	151,936	305,164
Build America Bond subsidy	9,538	9,764	9,972
Other nonoperating revenues	55,867	37,386	40,241
Total nonoperating revenues	1,364,046	1,252,957	1,305,771
Nonoperating expenses	(175,364)	(199,601)	(193,691)
Change in net position before capital contributions	(866,270)	(754,770)	(711,264)
Capital contributions	957,532	755,732	577,356
Change in net position	91,262	962	(133,908)
Total net position, beginning of year	(1,002,047)	(1,003,009)	(869,101)
Total net position, end of year	$ (910,785)	$ (1,002,047)	$ (1,003,009)

Year Ended December 31, 2023

Total operating revenues increased by $34,301,000, or 10.25% primarily due to an increase in farebox and pass revenues. Farebox and pass revenue increased $37,919,000 due to the gradual re-opening of the City of Chicago. CTA's ridership increased by 14.62% or 35.6 million rides over the prior year. CTA's average fare of $1.18 was $0.01 lower than 2022.

In 2023, CTA provided approximately 49,010,000 free rides, an increase of 6,860,000 or 16.28% over 2022. 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 $281,127,000, or 13.12%. The increase is primarily driven by higher labor expense in addition to higher security services costs. Labor expense increased by $172,533,000 primarily due to an increase in actuarial estimates for pension costs. Security expense increased by $45,171,000 due to an increase in private security services.

Year Ended December 31, 2022

Total operating revenues increased by $54,376,000, or 19.41% primarily due to an increase in farebox and pass revenues. Farebox and pass revenue increased $48,027,000 due to the gradual re-opening of the City of Chicago. CTA's ridership increased by 24.27% or 47.6 million rides over the prior year. CTA's average fare of $1.19 was $0.05 lower than 2021.

In 2022, CTA provided approximately 42,150,000 free rides, an increase of 2,414,000 or 6.07% over 2021. 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 $39,158,000, or 1.86%. The increase is primarily driven by higher depreciation expense, which was partially offset by a decrease in labor expense. Depreciation expense increased $130,848,000 primarily due to the Red-Purple Modernization project assets placed into service. Labor expense decreased by $89,016,000 primarily due to a decrease in actuarial estimates for pension costs and the timing of open positions.

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

Table 3
Operating Revenues and Expenses
Years ended December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Operating Revenues:			
Farebox revenue	$ 180,346	$ 165,797	$ 148,612
Pass revenue	148,464	125,094	94,252
Total farebox and pass revenue	328,810	290,891	242,864
Advertising and concessions	29,285	33,387	26,687
Other revenue	10,733	10,249	10,600
Total operating revenues	$ 368,828	$ 334,527	$ 280,151
Operating Expenses:			
Labor and fringe benefits	$ 1,265,311	$ 1,092,778	$ 1,181,794
Materials and supplies	114,673	105,052	90,499
Fuel	37,581	27,201	30,779
Electric power	27,298	18,323	25,105
Purchase of security services	69,115	23,944	15,680
Other	140,741	127,906	121,611
Operating expense before provisions	1,654,719	1,395,204	1,465,468
Provision for injuries and damages	46,099	7,159	28,585
Provision for depreciation	722,962	740,290	609,442
Total operating expenses	$ 2,423,780	$ 2,142,653	$ 2,103,495

Capital Asset and Debt Administration

Capital Assets

The CTA has $15,881,956,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2023 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2023 totaled $5,246,993,000. This amount represents a net increase (including additions and disposals, net of depreciation) of $170,283,000, or 3.35%, over the December 31, 2022 balance primarily due to an increase in capital funding.

The CTA has $15,037,848,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2022 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2022 totaled $5,076,710,000. This amount represents a net decrease (including additions and disposals, net of depreciation) of $47,704,000, or 0.93%, over the December 31, 2021 balance primarily due to increased depreciation expenses.

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 the Public Building Commission payable, accrued pension costs, bonds payable, certificates of participation, and fare collection purchase agreement.

At December 31, 2023, the CTA had $48,150,000 due to the Public Building Commission, a decrease from the prior year due to principal payments. The bonds payable liability decreased by a net amount of $131,085,000 primarily due to debt service payments. Current liabilities increased 7.49% to $966,343,000 primarily due to higher accounts payable balances. Long-term liabilities increased by $259,222,000 or 3.89% to $6,924,356,000. The increase is primarily due to an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68.

At December 31, 2022, the CTA had $51,715,000 due to the Public Building Commission, a decrease from the prior year due to principal payments. The bonds payable liability increased by a net amount of $225,170,000 primarily due to new debt issued in 2022. Current liabilities decreased 9.42% to $899,021,000 primarily due to a decrease in the capital line of credit balance due in 2023. Long-term liabilities increased by $74,629,000 or 1.13% to $6,665,134,000. The increase is primarily due to an increase in bonds payable related to the 2022A bonds, 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.

2024 Budget and Economic Factors

On November 15, 2023, the CTA Board adopted the Fiscal Year 2024 operating budget of $1.995 billion and FY 2024-28 capital budget of $3.615 billion. After adoption, the budgets were submitted to and approved by the RTA Board (the regional oversight agency) on December 14, 2023. The 2024 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 the residual impact of the pandemic, the 2024 Proposed Operating Budget of $1.995 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 Recue Plan (ARP) Act federal funding, as well as other budget balancing actions.

Over three consecutive fiscal years starting in 2020 the federal government has provided relief funding to individuals and businesses impacted by the COVID-19 pandemic. There have been three emergency relief packages; Coronavirus Aid Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and the American Rescue Plan (ARP) Act. The RTA region, which includes Northwest Indiana, Southeast Wisconsin, as well as the CTA, Metra, and Pace, received approximately $3.4 billion of federal relief funds. CTA was allocated $2,090.9 million in funds; $817.5 million in (CARES) Act funds, $361.3 million in (CRRSAA) Act funds and $912.1 million in (ARP) Act funds. In March 2022, the CTA was awarded $118.4 million in ARP discretionary funds. The CTA was the only service board in the region eligible to apply for the additional ARP discretionary funding. In total, the CTA has received $2,209.3 million in federal relief funds, which are expected to be nearly exhausted in 2025. Through December 2023, the CTA has drawn $1.17billion or approximately 53.1% of its allocation.

The nation's public transit industry and specifically the Chicago region's transit providers are faced with many fiscal challenges going forward due to the impact of COVID-19 on ridership and the resulting change in travel patterns. CTA has been working with public transit stakeholders in Northeastern Illinois on the development of a strategic plan to identify funding solutions to close future budget gaps starting in FY 2026. In October 2023 the strategic plan "Plan of Action for Regional Transit" or PART was completed. The Chicago Metropolitan Agency for Planning the metropolitan planning organization for Northeastern Illinois has led in the development of this plan and as of January 2024 the plan has been submitted to the Illinois State legislature for consideration. The PART report outlines options for finance, governance, and other proposed reforms which will include recommendations that can help the region invest in a stronger and more financially secure transit system.

The CTA will continue to focus on providing reliable and consistent bus and rail service, which is critical to Chicago's continued recovery from the pandemic. The President's 2024 proposed budget preserves overall service levels. Moreover, the consolidation of the CTA and Pace 1-Day, 3- Day and 7-Day Passes as shared passes, as well as adding the Regional Connect Pass for CTA, Pace and Metra, further demonstrates our commitment to seamless regional travel between our services. In 2023, the CTA saw its ridership levels increase 14.6 percent compared to 2022. The corresponding increase in farebox revenue for 2023 compared to 2022 is 13.0 percent. For 2024 CTA expects system ridership to increase by 15.5 million rides to 289 million rides in comparison to the 2023 forecast of 273.5 million rides.

The Proposed 2024 Operating Budget is balanced between expenses, system generated revenues, and traditional public funding, and federal COVID-19 Emergency funding.

System Generated revenue is budgeted at $427.4 million for 2024, $33.8 million higher than 2023 budget and $17.7 million higher than 2023 forecast.

Farebox revenue of $345.1 million is 9.4 percent higher than the 2023 budget and 5.7 percent or $18.5 million higher than 2023 forecast. The farebox revenue budget is 59.0 percent of pre-pandemic 2019 levels. The remaining 20 percent of system revenues are generated from fare subsidy, advertising, concessions, contributions, investments, grant receipts, and miscellaneous sources, this category is expected to be 5.5 percent higher than the 2023 budget. Public Funding is budgeted at $1,095.9 million, an increase of $51.8 million over 2023 budget and $34.0 million over 2023 forecast.

Ridership levels in the 2024 budget are 63.4 percent of 2019 pre-pandemic levels.

The 2024 budgeted operating expenses of $1.995.8 million are $168.2 million higher than the 2023 budget and $209.5 million higher than the 2023 forecast. The proposed budget reflects the recovery from the COVID-19 pandemic and provides for future growth. There is an operating budget gap of $472.5 million, which will be closed by federal relief funds.

Labor, fuel, and contractual services expenses are approximately 85.5 percent of the increase from 2023 forecast to 2024 budget.

CTA's 2024 budget is aligned with CTA's strategic priorities of safety, customer experience, workforce development, community investment, and promoting opportunity.

The safety and security of customers and employees is the top priority for the CTA. The Chicago Police Department (CPD) provides law enforcement for the CTA through a dedicated group of officers who are part of CPD's Public Transportation Section, as well as with the support of district police. CPD works in close coordination with CTA's Security Department each day using both historical and real-time information in directing patrols and resources to address the issue of crime on and near the system. Their efforts are supported by private security guards, as well as a network of more than 33,000 security cameras. To further supplement these CPD resources, in 2022, CTA extended its Voluntary Special Employment Program

(VSEP) agreement with CPD for additional sworn police officers who volunteer to patrol the CTA system on their days off.

CTA continues to enhance the customer experience through a number of initiatives such that include the following: (**1) Rail Service Optimizing**- In keeping with the "Meeting the Moment" Action Plan, CTA has optimized rail service schedules with the goal of providing customers with more consistent intervals between trains, reduce large or inconsistent gaps in service, and provide more accurate Train Tracker predictions. **(2) Bus Service Optimization**: has also been implemented as of January 2023, as part of the "Meeting the Moment" Action Plan, the schedules for nearly half of CTA's bus routes were temporarily modified to provide better, more reliable service. These changes are part of CTA efforts to optimize its service schedules to better align with the available workforce, which in turn would provide riders with more consistent intervals between buses, reduce instances of large gaps in service, and address one of the most frequent comments CTA had received from its customers regarding the unpredictability of wait times. **(3) the 2019 Refresh and Renew** rail station program - In 2023, crews performed approximately $6.5 million in repairs and improvements at dozens of rail stations across seven rail lines, as well as some Loop Elevated stations. Some of the more comprehensive improvements made as part of this program included concrete repairs, removal of outdated fixtures and equipment, repairs to utility and plumbing lines and more. Work also included smaller cosmetic upgrades such as painting and replacing sheet metal or damaged signage, lighting upgrades, cleaning, and repair of surfaces (e.g., columns, walls, railings, fencing/gates, platform fixtures, etc.) and power washing are also performed; **(4) Bus Priority Zones** - CTA continues to work with the Chicago Department of Transportation (CDOT) 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. In 2023, CTA worked with its consultant and CDOT to advance data collection and preliminary design work on the priority corridors; **(5) Bus Vision Study,** examines 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. With completion of study CTA will start the rollout of a plan to reach out to communities across the city to engage them and get input on elements from the Bus Vision Study. **(6) All Stations Accessibility Plan ASAP** through 2023, targets making up to fourteen rail stations vertically accessible over the next series of years. CTA also secured funding for elevator replacement and modernization work planned for existing elevators across the system. CTA is currently completing an inventory of these elevator conditions to be able to put construction packages together for these to be modernized or replaced; (**7) Better Streets for Buses**: CTA work with CDOT to complete a public outreach effort to guide a comprehensive, citywide plan for bus priority streets in Chicago. CTA and CDOT will utilize comments and additional analysis to develop the plan that 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 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. In 2024 CTA will work with CDOT to move into a phase of implementation for the Better Streets for Buses Plan, supported by an Invest in Cook competitive grant, to advance planning for robust bus priority infrastructure for at least three corridors in the Better Streets for Buses Network.

CTA is a significant local employer with a growing workforce of more than 10,000 employees from the Chicagoland area, with large majority identifying as minority. CTA is proud to have a dedicated and diverse workforce that has continually stepped up to meet various challenges CTA has faced in recent years and have kept the system running 24/7 for those who most depend on public transit services. CTA remains committed to seeking out ways to both attract and retain top talent to ensure buses and trains keep running and the City of Chicago moving.

The Infrastructure Investment and Jobs Act (IIJA) provides $108.2 billion for public transportation capital projects across the nation over federal fiscal year 2022 through 2026 – the largest federal investment in public transportation in the nation's history. This is an approximately 75 percent increase in funding authorization for public transit when compared to previous federal transit program (FAST Act) levels. Included in the federal transit funding program are funds allocated to the Chicago Urbanized Area that CTA traditionally receives each year. CTA's allocation of these formula funds represents an approximately 37 percent increase over previous authorized levels.

In addition, the federal IIJA law provides for new and expanded discretionary programs that are available for eligible projects associated with low or no emissions vehicles, buses and bus facilities, accessibility of transit facilities, and other major capital investments.

In 2024 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 began in 2022 and will continue through 2024; Corridor Signal testing continues, installation of new signal system on 23 miles of track to be also completed in 2024; Project Completion estimated 2025; In addition, CTA continues to move forward with its planning for the proposed $3.6 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 published a Supplemental Environmental Assessment (EA) and entered project into Engineering Phase. Also, in 2022 the Chicago City Council approved CTA's Transit TIF $959M local funds for RLE. In 2023 the federal government announced the RLE project is in line for $1.973 billion in critical grant funding needed to build the project. The RLE project also received a $100 million grant from the federal Congestion Mitigation and Air Quality Improvement (CMAQ)/Carbon Reduction Program, moving us one-step closer to our goal of breaking ground in 2025. Furthermore, in 2023 **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 completed. CTA will continue to rehab other YNB stations throughout the line as part of the All Station Accessibility Program ASAP including Montrose, California, Irving Park, and Belmont. As of 2024, CTA has begun reconstruction of the Harlem Station Bus Bridge and construction of two new power substations on the O'Hare Branch of the Blue Line. CTA will also continue with 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**.** Some initiatives for the Green Line include renovation of the Cottage Grove Station, Lake Street Bridge Replacement, and rehabbing track on the entire Jackson Park branch and a portion of Englewood**. The Forest Park - Blue Line** Upgrades project is the first of four phases of the Forest Park Branch Modernization. It will provide for new track-work from Halsted to Illinois Medical District, rehabilitation of the Racine station making it ADA compliant, advanced utility work, and a new substation and traction power equipment at Hermitage. Continuing the agency's efforts to modernize and improve operations and delivery of service. The CTA is planning a project to modernize two critical functions: Control Center, 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 2023:

Vehicles – As of 2023, CTA has received Base, Option 1 and part of Option 2 of up to 5 Options to replace up to 600 1000's-Series buses, each Option consist of 100 buses, buses will be replaced with new -Series buses. CTA received and accepted mid-life work on 2 pilot buses for the Mid-life Bus Overhaul for (100) 4300 Series bus contract; CTA received a revised schedule for the existing Proterra Bus Contract for the Option of 22 electric buses new schedule estimates delivery in 2025/2026. Unfortunately CTA places on hold the purchase of new Electric Buses due to Nova Bus manufacturing exiting bus production in the US market; On the rail system CTA currently has received and placed into service 62 new 7000 Series rail cars to replace aged railcars (this project has been delayed due to COVID-19 pandemic), CTA also continues with the 5000-Series overhaul (714 cars) scheduled over 5 years (2021-2025) as of December 2023 three-hundred and seventy-six (376) cars have been rehabilitated. Also, in 2023 CTA received grant award of $200M from the new federal Vehicle Replacement Program to purchase 300 new 9000-Series Rail Cars.; Production also continued through FY 2023 for the design and build of 4 Diesel Locomotives with one (1) locomotive received in 2023. **Infrastructure** - Major construction continued through 2023 on the new Red-Purple Modernization CTA began demolition and reconstruction of stations adjacent to Red and Purple Line track structures north of Belmont; Also in 2023, CTA continued renovation design on four (4) All Stations Accessibility Program (ASAP) stations California, Austin, Montrose and Racine Station (project has been delayed due to environmental issues pending); Design continues for the State & Lake Loop Station project led by CDOT; In addition the City of Chicago is making notable strides in the construction of the new Damen Green Line Station project has also encountered delays and cost increases, raising its value to $80.2 million; Also in 2023 CTA has continued construction for the Non-Revenue Vehicle Maintenance Facility. **Renewal of Track and Structure** –CTA continues its efforts to improve and enhance the system. In 2023 CTA completed the fourth and final phase of the YNB project with the completion of the Signal Upgrades from Jefferson Park to O'Hare on the Blue Line; CTA completed construction in 2023 for the Substation Roof replacement; CTA continues construction work on two new substations and new tie house at Barry, Damen and Canal on the Blue line. Continues work on 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 2024:

Vehicles - CTA anticipates the completion of the second, third and fourth delivery of the next 300 buses (Options 2-4) of the current contract to purchase up to 600 new buses, Option 5 is still under review. The agency also expects to complete a Mid-life Overhaul on the Artic 4300 Series (100) buses by quarter 4 of 2024; In addition, CTA also anticipates to award contract for the Life-extension Overhaul on up to 430 of the 1000 Series buses; On the rail rolling stock CTA also expects to receive one-hundred twenty (120) 7000-Series production cars by year end of 2024. In addition, the agency continues to progress on Phase Two of the Quarter-life Overhaul Program for the 5000-Series Rail Cars (714 cars) status over 50% of Phase II is completed. Second Phase began mid-year 2021 and scheduled to continue through 2025. CTA also anticipates receiving in FY 2024 the remainder 3 of 4 Snow Locomotives. **Infrastructure** – In FY2024, CTA will complete design on the California, Cottage Grove and Montrose Stations; General Contractor Notice to Proceed NTP is projected for renovation of Austin and Racine Stations to accommodate elevators and other ADA related upgrades; In addition CTA plans to continue design on six (6) additional ASAP stations Oak Park, Ridgeland, Irving Park, Belmont, Grand and Division, Station Design has been delayed due to Environment Issues; The Non-revenue Shop construction began in 2022 and is expected to be completed in the third quarter of 2024. **Renewal of Track and Structure** –CTA estimates final construction completion in 2024 for the Skokie Shops Electronic, Hydraulic Repair Room Expansions and for the

Belmont Track Crossover Replacement. Also, in 2024 construction to commence on the Lake Street Bridge replacement this project is being done 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, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 136,326	$ 90,134
Cash and cash equivalents restricted for damage reserve	71,484	78,255
Investments	20,511	43,599
Total cash, cash equivalents, and investments	228,321	211,988
Operating and capital receivables:		
Due from the RTA	350,185	376,494
Unbilled work in progress	218,704	209,281
Other	10,900	410
Total operating and capital receivable	579,789	586,185
Accounts receivable, net	41,609	29,348
Lease receivable	3,350	3,204
Materials and supplies, net	22,459	21,745
Prepaid expenses and other assets	7,251	8,082
Total current assets	882,779	860,552
Noncurrent assets:		
Other noncurrent assets:		
Restricted bond proceeds held by trustee	452,418	523,856
Restricted assets held by trustee for supplemental retirement plans	1,116	885
Lease receivable	11,400	14,750
Total other noncurrent assets	464,934	539,491
Capital assets:		
Capital assets not being depreciated:		
Land	182,783	173,634
Construction in process	803,582	689,142
Total capital assets not being depreciated	986,365	862,776
Capital assets being depreciated or amortized	14,895,591	14,175,072
Less accumulated depreciation and amortization	(10,634,963)	(9,961,138)
Total capital assets being depreciated or amortized, net	4,260,628	4,213,934
Total capital assets, net	5,246,993	5,076,710
Total noncurrent assets	5,711,927	5,616,201
Total assets	6,594,706	6,476,753
Deferred outflows of resources		
Deferred loss on refunding	15,155	17,772
Pension outflows - CTA Employees' Retirement Plan	383,150	216,796
Pension outflows - CTA Supplemental Plans	1,653	2,672
Total deferred outflows of resources	399,958	237,240
Total assets and deferred outflows of resources	$ 6,994,664	$ 6,713,993

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Net Position
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 356,443	$ 311,281
Accrued payroll, vacation pay, and related liabilities	176,108	174,819
Accrued interest payable	21,249	22,125
Advances, deposits, and other	15,471	15,635
Unearned passenger revenue	85,121	83,445
Other unearned revenue	3,446	2,513
Unearned operating assistance	55,149	49,362
Current portion of long-term liabilities	253,356	239,841
Total current liabilities	966,343	899,021
Long-term liabilities:		
Self-insurance claims, less current portion	204,230	192,676
Public Building Commission payable, less current portion	45,822	49,864
Bonds payable, less current portion	4,293,777	4,443,914
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	170,768	173,672
Capital line of credit - note purchase agreement	155,100	98,900
Net pension liability - CTA Employees' Retirement Plan	2,022,086	1,669,452
Net pension liability - CTA Supplemental Plans	26,061	29,747
Total other postemployment benefits liability, less current portion	6,492	6,889
Other long-term liabilities	20	20
Total long-term liabilities	6,924,356	6,665,134
Total liabilities	7,890,699	7,564,155
Deferred inflows of resources		
Pension inflows - CTA Employees' Retirement Plan	-	133,931
Leases	14,750	17,954
Total deferred inflows of resources	14,750	151,885
Net position:		
Net investment in capital assets	2,176,505	2,040,618
Restricted:		
Payment of leasehold obligations	1,432	1,619
Debt service	60,961	70,463
Unrestricted (deficit)	(3,149,683)	(3,114,747)
Total net position	(910,785)	(1,002,047)
Total liabilities, deferred inflows of resources, and net position	$ 6,994,664	$ 6,713,993

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Operating revenues:		
Fare box revenue	$ 180,346	$ 165,797
Pass revenue	148,464	125,094
Total fare box and pass revenue	328,810	290,891
Advertising and concessions	29,285	33,387
Other revenue	10,733	10,249
Total operating revenues	368,828	334,527
Operating expenses:		
Labor and fringe benefits	1,265,311	1,092,778
Materials and supplies	114,673	105,052
Fuel	37,581	27,201
Electric power	27,298	18,323
Purchase of security services	69,115	23,944
Maintenance and repairs, utilities, rent, and other	140,741	127,906
	1,654,719	1,395,204
Provisions for injuries and damages	46,099	7,159
Provision for depreciation	722,962	740,290
Total operating expenses	2,423,780	2,142,653
Operating expenses in excess of operating revenues	(2,054,952)	(1,808,126)
Nonoperating revenues (expenses):		
RTA operating assistance	1,058,386	1,053,871
FTA operating assistance	240,255	151,936
Reduced-fare subsidies	15,227	14,606
Build America Bond subsidy	9,538	9,764
Operating grant revenue	4,265	8,213
Contributions from local government agencies	5,000	5,000
Investment income	31,375	9,567
Loss on sale of assets	(6)	(58)
Interest expense on bonds and other financing	(175,358)	(199,543)
Total nonoperating revenues, net	1,188,682	1,053,356
Change in net position before capital contributions	(866,270)	(754,770)
Capital contributions	957,532	755,732
Change in net position	91,262	962
Total net position – beginning of year	(1,002,047)	(1,003,009)
Total net position – end of year	$ (910,785)	$ (1,002,047)

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Cash received from fares	$ 330,486	$ 291,454
Payments to employees and benefit payments	(1,201,386)	(1,173,591)
Payments to suppliers	(392,901)	(293,068)
Other receipts	28,526	40,680
Net cash flows used in operating activities	(1,235,275)	(1,134,525)
Cash flows from noncapital financing activities:		
RTA operating assistance	1,090,482	1,003,795
FTA operating assistance	228,214	136,678
Reduced-fare subsidies	15,227	14,606
Operating grant revenue	4,265	8,213
Contributions from local governmental agencies	5,000	5,000
Net cash flows provided by noncapital financing activities	1,343,188	1,168,292
Cash flows from capital and related financing activities:		
Interest payments on bonds	(183,573)	(204,964)
Repayment of Public Building Commission payable	(6,123)	(6,131)
Proceeds from issuance of bonds	-	387,881
Proceeds from capital line of credit - note purchase agreement	60,000	70,400
Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	5,649	37,180
Repayment of bonds payable	(131,085)	(124,830)
Repayment of line of credit - note purchase agreement	(3,800)	(208,800)
Repayment of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	(1,721)	(1,663)
Repayment of other long-term liabilities	(12,497)	(11,935)
Payments for acquisition and construction of capital assets	(881,514)	(656,450)
Proceeds from the sale of property and equipment	1,304	104
Build America Bond subsidy	9,538	9,764
Capital grants	949,660	703,047
Net cash flows used in capital and related financing activities	(194,162)	(6,397)
Cash flows from investing activities:		
Purchases of unrestricted investments	(20,511)	(43,599)
Proceeds from maturity of unrestricted investments	43,599	44,959
Restricted cash and investment accounts:		
Purchases	(1,990,391)	(1,920,619)
Withdrawals	2,061,598	1,817,375
Investment revenue	31,375	9,567
Net cash flows provided (used) by investing activities	125,670	(92,317)
Net increase (decrease) in cash and cash equivalents	39,421	(64,947)
Cash and cash equivalents – beginning of year	168,389	233,336
Cash and cash equivalents – end of year	$ 207,810	$ 168,389

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Reconciliation of operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Operating expenses in excess of operating revenues	$ (2,054,952)	$ (1,808,126)
Adjustments to reconcile operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Depreciation	722,962	740,290
(Increase) decrease in assets/deferred outflows:		
Accounts receivable	(12,261)	(4,212)
Materials and supplies	(714)	5,793
Prepaid expenses and other assets	831	(1,805)
Deferred outflow - pension	(165,335)	4,184
Increase (decrease) in liabilities/deferred inflows:		
Accounts payable and accrued expenses	32,121	18,026
Accrued payroll, vacation pay, and related liabilities	1,289	(41,048)
Self-insurance reserves	23,824	(5,645)
Unearned passenger revenue	1,676	563
Other unearned revenue	933	379
Advances, deposits, and other	(164)	877
Net pension liability	348,948	(164,343)
Total OPEB liability	(502)	(2,774)
Deferred inflow - pension	(133,931)	123,316
Net cash flows used in operating activities	$ (1,235,275)	$ (1,134,525)
Noncash investing and financing activities:		
Retirement of fully depreciated capital assets	$ 49,137	$ 3,418
Purchases of capital assets in accounts payable at year-end	137,717	124,676
RTA operating assistance not received	350,185	376,494
Unbilled work in progress	218,704	209,281

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Fiduciary Activities
Statements of Fiduciary Net Position
Qualified Supplemental Retirement Plan
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets:		
Cash equivalents	$ 555	$ 8
Investments at fair value:		
Short-term investments	552	61
U.S. fixed income	8,396	7,946
Global fixed income	-	141
Common stock	20,395	19,650
Real estate	2,474	3,278
Total investments at fair value	31,817	31,076
Total assets	32,372	31,084
Liabilities:		
Accounts payable and other liabilities	28	35
Total liabilities	28	35
Net position restricted for pensions	$ 32,344	$ 31,049

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, 2023 and 2022
(In thousands of dollars)

	2023	2022
Additions:		
Contributions:		
Employee	$ 37	$ -
Employer	1,876	933
Total contributions	1,913	933
Investment income:		
Net increase (decrease) in fair value of investments	1,890	(6,800)
Investment income	1,447	3,071
Total investment income	3,337	(3,729)
Total additions	5,250	(2,796)
Deductions:		
Benefits paid to participants or beneficiaries	3,784	3,791
Administrative fees	171	172
Total deductions	3,955	3,963
Net increase (decrease)	1,295	(6,759)
Net position restricted for pensions		
Beginning of year	31,049	37,808
End of year	$ 32,344	$ 31,049

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.

<u>Financial Reporting Entity</u>: 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.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

<u>Cash and Cash Equivalents</u>: 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.

<u>Cash and Cash Equivalents Restricted for Damage Reserve</u>: 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.

<u>Investments</u>: 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.

<u>Unbilled Work In Progress</u>: 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.

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

<u>Other Noncurrent Assets</u>: 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.

<u>Leases Receivable</u>: The CTA is a lessor for leases of office and retail space and the commercial wireless system. The CTA recognizes a lease receivable and a deferred inflow of resources in the Statements of Net Position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the CTA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the CTA determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) lease term, and (c) lease receipts. The CTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The CTA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

<u>Deferred Outflows of Resources</u>: A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period.

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

<u>Self-insurance</u>: 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.

<u>Compensated Absences</u>: 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.

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

<u>Pensions</u>: 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.

<u>Net Position</u>: 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Implementation of New Accounting Standards:

In April 2020, the 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). The provisions of this Statement became effective for the CTA during fiscal year 2023 with no material impact for the CTA.

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. The provisions of this Statement became effective for the CTA during fiscal year 2023 with no material impact for the CTA.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements became effective for the CTA during fiscal year 2023 with no material impact for the CTA. The requirements related to financial guarantees and the classification and reporting of derivative instruments are effective for the CTA's fiscal year ended December 31, 2024.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Pronouncements:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2024.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2025.

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 2023 and 2022, 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.

(Continued)

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. In 2023, the legislature further extended the waiver through 2025.

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):

		2023	2022
83 Legislation	Illinois state sales tax allocation	$ 498,149	$ 476,787
83 Legislation	RTA discretionary funding and other	324,327	308,474
08 Legislation	Illinois state sales tax allocation & PTF	182,626	181,017
08 Legislation	Real estate transfer tax	53,284	79,926
08 Legislation	Innovation, Coordination and Enhancement funding (ICE)	-	7,667
Final operating assistance		$ 1,058,386	$ 1,053,871

(Continued)

NOTE 4 – BUDGETED PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY AND THE STATE OF ILLINOIS (Continued)

Reduced-fare subsidies from the State of Illinois were $15,227,000 and $14,606,000 during the years ended December 31, 2023 and 2022, respectively, for discounted services provided to the elderly, disabled, or student riders.

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, 2023 and 2022 (in thousands of dollars):

	2023	2022
Current assets:		
Cash and cash equivalents	$ 136,326	$ 90,134
Restricted for damage reserve	71,484	78,255
Investments	20,511	43,599
Noncurrent assets:		
Bond proceeds held by trustee	452,418	523,856
Held by trustee for supplemental retirement plan	1,116	885
Total	$ 681,855	$ 736,729

Cash, cash equivalents, and investments of the business-type activities consist of the following as of December 31, 2023 and 2022 (in thousands of dollars):

	2023	2022
Investments:		
Certificates of deposit	$ 20	$ 20
Money market mutual funds	291,082	321,867
U.S. government agencies	61,503	115,342
U.S. Treasury notes	214,164	19,257
Municipal bonds	-	19,741
Commercial paper	19,892	181,710
Total Investments	586,661	657,937
Deposits with financial institutions	95,194	78,792
Total deposits and investments	$ 681,855	$ 736,729

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

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.
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.

(Continued)

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

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.

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, 2023 and 2022, 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%	37%	3 years
Repurchase Agreements	33%	0%	330 days
Certificates of Deposit	30%	0%	365 days
Corporate Obligations	33%	3%	3 years
Government Money Market	50%	50%	n.a.
U.S. Government Agencies	75%	10%	5 years
Municipal Bonds (Callable)	25%	0%	5 years
Investment Pool - Illinois Fund	25%	0%	n.a.

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

As of December 31, 2023, 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	$ 20	$ -	$ 20	$ -
Money market mutual funds	291,082	291,082	-	-
U.S. government agencies	61,503	-	61,503	-
U.S. Treasury notes	214,164	214,164	-	-
Commercial paper	19,892	19,892	-	-
Total	$ 586,661	$ 525,138	$ 61,523	$ -

As of December 31, 2022, 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	$ 20	$ 20	$ -	$ -
Money market mutual funds	321,867	321,867	-	-
U.S. government agencies	115,342	55,307	60,035	-
U.S. Treasury notes	19,257	4,786	14,471	-
Municipal bonds	19,741	4,888	14,853	-
Commercial paper	181,710	181,710	-	-
Total	$ 657,937	$ 568,578	$ 89,359	$ -

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.

(Continued)

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

As of December 31, 2023, 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	$ 291,082	$ 291,082	$ -	$ -	$ -	$ -
U.S. government agencies	61,503	61,503	-	-	-	-
Commercial paper	19,892	19,892	-	-	-	-
Total	$ 372,477	$ 372,477	$ -	$ -	$ -	$ -

As of December 31, 2022, 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	$ 321,867	$ 321,867	$ -	$ -	$ -	$ -
U.S. government agencies	115,342	115,342	-	-	-	-
Municipal bonds	19,741	19,741	-	-	-	-
Commercial paper	181,710	181,710	-	-	-	-
Total	$ 638,660	$ 638,660	$ -	$ -	$ -	$ -

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, 2023, the CTA had investments in Goldman Sachs – Amalgamated (16.35%), Morgan Stanley – Zions Bank (33.27%), Treasury Bill (T-Bills) (36.51%), and Federal Home Loan Mortgage Corp, (FHLMC) (5.64%), that exceeded 5 percent of the total investment balance. As of December 31, 2022, the CTA had investments in Goldman Sachs – Amalgamated (17.62%), Morgan Stanley – Zions Bank (31.30%), and Federal Home Loan Bank (FHLB) (9.48%), 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.

(Continued)

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

CTA has the following fair value measurements as of December 31, 2023 and 2022 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2023			
	Total Amount	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 28,406	$ -	$ 28,406	$ -
Federal Home Loan Mortgage Corporation	33,097	-	33,097	-
US Treasury Notes	214,164	214,164	-	-
Money market mutual funds	291,082	291,082	-	-
Commercial paper	19,892	-	19,892	-
Total	$ 586,641	$ 505,246	$ 81,395	$ -

	Fair Value Measurements as of December 31, 2022			
	Total Amount	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 62,349	$ -	$ 62,349	$ -
Federal National Mortgage Association	15,882	-	15,882	-
Federal Home Loan Mortgage Corporation	22,769	-	22,769	-
Federal Farm Credit Banks	14,342	-	14,342	-
US Treasury Notes	19,257	19,257	-	-
Municipal bonds	19,741	-	19,741	-
Money market mutual funds	321,867	321,867	-	-
Commercial paper	181,710	-	181,710	-
Total	$ 657,917	$ 341,124	$ 316,793	$ -

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, 2023 and 2022 (in thousands of dollars):

	2023	2022
Investments:		
Short-term investments	$ 552	$ 61
U.S. fixed income	8,396	7,946
Global fixed income	-	141
Common stock	20,395	19,650
Real estate	2,474	3,278
Total	$ 31,817	$ 31,076

(Continued)

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

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, 2023 and 2022.

Asset Class	2023 Allocation	2022 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%

As of December 31, 2023, the maturities for the Plan's fixed-income investments are as follows (in thousands):

		Investment Maturities (In Years)	
	Fair Value	Less Than 1	1 - 5
Short-term investment funds	$ 552	$ 552	$ -
U.S. fixed income	8,396	8,396	-
Total	$ 8,948	$ 8,948	$ -

(Continued)

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

As of December 31, 2022, 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	$ 61	$ 61	$ -
U.S. fixed income	7,946	7,946	-
Global fixed income	141	141	-
Total	$ 8,148	$ 8,148	$ -

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, 2023, 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	$ 552	$ -	$ 552
U.S. fixed income	8,396	-	8,396
Total	$ 8,948	$ -	$ 8,948

As of December 31, 2022, 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	$ 61	$ -	$ 61
U.S. fixed income	7,946	-	7,946
Global fixed income	141	-	141
Total	$ 8,148	$ -	$ 8,148

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.

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

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, 2023 or 2022.

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, 2023 and 2022 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2023			
	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	8,396			
Common Stock	12,162			
Common Stock - Global	8,233			
Real Estate	2,474			
Total investments	$ 31,265			

	Fair Value Measurements as of December 31, 2022			
	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	7,946			
Global Fixed Income	141			
Common Stock	11,178			
Common Stock - Global	8,472			
Real Estate	3,278			
Total investments	$ 31,015			

(Continued)

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

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, Global Fixed Income 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.

The following table displays information regarding investments that use NAV per share (or equivalent) as their fair value measurement as of December 31, 2023 and 2022 (in thousands of dollars):

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2023	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 8,396	$ -	N/A	N/A
Common Stock	12,162	-	N/A	N/A
Common Stock - Global	8,233	-	N/A	30 Days
Real Estate	2,474	-	Quarterly on a Calendar Basis.	60 Days

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2022	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 7,946	$ -	N/A	N/A
Global Fixed Income	141	-	N/A	N/A
Common Stock	11,178	-	N/A	N/A
Common Stock - Global	8,472	-	N/A	30 Days
Real Estate	3,278	-	Quarterly on a Calendar Basis.	60 Days

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 $538,531,000 and $529,918,000 have been entered into for federal and state (including local) capital grant contracts as of December 31, 2023 and 2022, 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 $1,719,831,000 and $2,074,551,000 have been entered into for these state and local capital grants as of December 31, 2023 and 2022, respectively.

Changes in capital assets for the year ended December 31, 2023 are as follows (in thousands of dollars):

	Balance at January 1, 2023	Increase	Decrease	Balance at December 31, 2023
Capital assets not being depreciated:				
Land	$ 173,634	$ 9,149	$ -	$ 182,783
Construction in process	689,142	894,555	(780,115)	803,582
Total capital assets not being depreciated	862,776	903,704	(780,115)	986,365
Capital assets being depreciated:				
Land improvements	972,556	28,048	-	1,000,604
Buildings	3,536,889	123,315	-	3,660,204
Transportation vehicles	4,302,786	280,150	(47,534)	4,535,402
Elevated structure track	2,812,450	139,156	-	2,951,606
Signal and communication	1,597,943	129,036	(205)	1,726,774
Other equipment	952,448	71,261	(2,708)	1,021,001
Total capital assets being depreciated	14,175,072	770,966	(50,447)	14,895,591
Less accumulated depreciation for:				
Land improvements	562,528	203,157	-	765,685
Buildings	2,163,912	128,184	-	2,292,096
Transportation vehicles	3,167,658	210,870	(46,229)	3,332,299
Elevated structure track	1,974,978	65,883	-	2,040,861
Signal and communication	1,260,183	52,835	(205)	1,312,813
Other equipment	831,879	62,033	(2,703)	891,209
Total accumulated depreciation	9,961,138	722,962	(49,137)	10,634,963
Total capital assets being depreciated, net	4,213,934	48,004	(1,310)	4,260,628
Total capital assets, net	$ 5,076,710	$ 951,708	$ (781,425)	$ 5,246,993

(Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

Changes in capital assets for the year ended December 31, 2022 are as follows (in thousands of dollars):

	Balance at January 1, 2022	Increase	Decrease	Balance at December 31, 2022
Capital assets not being depreciated:				
Land	$ 173,739	$ 115	$ (220)	$ 173,634
Construction in process	723,097	692,748	(726,703)	689,142
Total capital assets not being depreciated	896,836	692,863	(726,923)	862,776
Capital assets being depreciated:				
Land improvements	664,569	307,987	-	972,556
Buildings	3,421,021	115,868	-	3,536,889
Transportation vehicles	4,100,533	204,190	(1,937)	4,302,786
Elevated structure track	2,797,274	15,176	-	2,812,450
Signal and communication	1,563,947	34,105	(109)	1,597,943
Other equipment	904,500	49,262	(1,314)	952,448
Total capital assets being depreciated	13,451,844	726,588	(3,360)	14,175,072
Less accumulated depreciation for:				
Land improvements	274,245	288,399	(116)	562,528
Buildings	2,033,775	130,137	-	2,163,912
Transportation vehicles	2,980,176	189,419	(1,937)	3,167,658
Elevated structure track	1,928,530	46,448	-	1,974,978
Signal and communication	1,212,837	47,397	(51)	1,260,183
Other equipment	794,703	38,490	(1,314)	831,879
Total accumulated depreciation	9,224,266	740,290	(3,418)	9,961,138
Total capital assets being depreciated, net	4,227,578	(13,702)	58	4,213,934
Total capital assets, net	$ 5,124,414	$ 679,161	$ (726,865)	$ 5,076,710

(Continued)

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2023 are as follows (in thousands of dollars):

	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023	Amount Due Beyond One Year	Amount Due Within One Year
Self insurance claims (Note 15)	$ 282,993	$ 244,697	$ (220,873)	$ 306,817	$ 204,230	$ 102,587
Bonds payable:						
Bonds payable (Note 9)	4,422,385	-	(131,085)	4,291,300	4,153,395	137,905
Premium on bonds payable	152,614	-	(12,232)	140,382	140,382	-
Total bonds payable	4,574,999	-	(143,317)	4,431,682	4,293,777	137,905
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (Note 11)	175,393	5,649	(1,721)	179,321	170,768	8,553
Public Building Commission payable (Note 8)	51,715	-	(3,565)	48,150	44,390	3,760
Premium on Public Building Commission payable	1,714	-	(282)	1,432	1,432	-
Fare system purchase agreement (Note 10)	12,497	-	(12,497)	-	-	-
Total direct borrowings	241,319	5,649	(18,065)	228,903	216,590	12,313
Other long-term liabilities:						
Net pension liability (Notes 12 & 13)	1,699,199	348,948	-	2,048,147	2,048,147	-
Total OPEB liability (Note 14)	7,545	-	(502)	7,043	6,492	551
Capital line of credit - note purchase agreement (Note 16)	98,900	60,000	(3,800)	155,100	155,100	-
Other	20	-	-	20	20	-
Total other long-term liabilities	1,805,664	408,948	(4,302)	2,210,310	2,209,759	551
Total	$ 6,904,975	$ 659,294	$ (386,557)	$ 7,177,712	$ 6,924,356	$ 253,356

(Continued)

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended December 31, 2022 are as follows (in thousands of dollars):

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Amount Due Beyond One Year	Amount Due Within One Year
Self insurance claims (Note 15)	$ 288,638	$ 262,934	$ (268,579)	$ 282,993	$ 192,676	$ 90,317
Bonds payable:						
Bonds payable (Note 9)	4,197,215	350,000	(124,830)	4,422,385	4,291,300	131,085
Premium on bonds payable	127,896	37,881	(13,163)	152,614	152,614	-
Total bonds payable	4,325,111	387,881	(137,993)	4,574,999	4,443,914	131,085
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (Note 11)	139,876	37,180	(1,663)	175,393	173,672	1,721
Public Building Commission payable (Note 8)	55,105	-	(3,390)	51,715	48,150	3,565
Premium on Public Building Commission payable	2,016	-	(302)	1,714	1,714	-
Fare system purchase agreement (Note 10)	24,432	-	(11,935)	12,497	-	12,497
Total direct borrowings	221,429	37,180	(17,290)	241,319	223,536	17,783
Other long-term liabilities:						
Net pension liability (Notes 12 & 13)	1,863,542	-	(164,343)	1,699,199	1,699,199	-
Total OPEB liability (Note 14)	10,319	-	(2,774)	7,545	6,889	656
Capital line of credit - note purchase agreement (Note 16)	237,300	70,400	(208,800)	98,900	98,900	-
Other	20	-	-	20	20	-
Total other long-term liabilities	2,111,181	70,400	(375,917)	1,805,664	1,805,008	656
Total	$ 6,946,359	$ 758,395	$ (799,779)	$ 6,904,975	$ 6,665,134	$ 239,841

NOTE 8 – PUBLIC BUILDING COMMISSION PAYABLE

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 are used by the CTA as its headquarters. 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 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 and including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388,000, resulting in an economic gain of approximately $20,404,000.

NOTE 8 – PUBLIC BUILDING COMMISSION PAYABLE (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 $95,000 was recorded as deferred outflows of resources in the accompanying Statements of Net Position as of December 31, 2022. There was no remaining unamortized portion as of December 31, 2023.

The bonds are payable from and secured by the agreement entered 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 agreement of approximately $48,150,000 and $51,715,000 is reflected in the accompanying December 31, 2023 and 2022 Statements of Net Position, respectively, as a liability.

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

	Principal	Interest
2024	$ 3,760	$ 2,429
2025	3,960	2,227
2026	4,175	2,013
2027	4,400	1,788
2028	4,635	1,551
2029 - 2033	27,220	3,722
	$ 48,150	$ 13,730

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.

NOTE 9 – BONDS PAYABLE (Continued)

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.

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

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

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

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.

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

		2010B	
	Principal	**Interest**	**Total**
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	$ 455,625	$ 306,504	$ 762,129

There are no bond debt service requirements on the Series 2010A bonds as of December 31, 2023 and 2022.

NOTE 9 – BONDS PAYABLE (Continued)

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.

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

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

NOTE 9 – BONDS PAYABLE (Continued)

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.

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, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2015 of $12,281,000 was deferred and is being amortized over the next 10 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $796,000 and $1,318,000, respectively. Amortization of the deferred amount on the refunding was $522,000 and $526,000 for the years ended December 31, 2023 and 2022, respectively.

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

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

There are no bond debt service requirements on the Series 2015 (5307) bonds as of December 31, 2023.

NOTE 9 – BONDS PAYABLE (Continued)

2017 Second Lien Sales Tax Receipts Revenue Bonds: On January 10, 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of $296,220,000, 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.

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

	Principal	Interest	Total
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	$ 345,725	$ 641,945

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

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.

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, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2017 of $4,929,000 was deferred and is being amortized over the next 9 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $516,000 and $929,000, respectively. Amortization of the deferred amount on the refunding was $413,000 and $559,000 for the years ended December 31, 2023 and 2022, 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
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	$ 56,950	$ 5,788	$ 31,930	$ 3,245	$ 88,880	$ 9,033

2020A Second Lien Sales Tax Receipts Revenue Bonds: On September 3, 2020, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2020A, in the amount of $367,895,000, 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.

NOTE 9 – BONDS PAYABLE (Continued)

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.

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

	Principal	Interest	Total
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	$ 416,875	$ 784,770

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

2020B Taxable Series Sales Tax Receipts Revenue Refunding Bonds: On September 3, 2020, the CTA issued the Taxable Sales Tax Receipts Revenue Refunding Bonds, Series 2020B, in the amount of $534,005,000. 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.

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 zero balance as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Taxable Sales Tax Receipts Revenue Bonds, Refunding Series 2020B of $17,927,000 was deferred and is being amortized over the next 20 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $13,116,000 and $14,518,000, respectively. Amortization of the deferred amount on the refunding was $1,402,000 and $1,461,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE 9 – BONDS PAYABLE (Continued)

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

	Principal	Interest	Total
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	$ 490,040	$ 173,991	$ 664,031

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, 2023 and 2022.

NOTE 9 – BONDS PAYABLE (Continued)

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2021 of $1,233,000 was deferred and is being amortized over the next 8 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $727,000 and $912,000, respectively. Amortization of the deferred amount on the refunding was $185,000 and $200,000 for the years ended December 31, 2023 and 2022, respectively.

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
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	$ 83,445	$ 19,050	$ 21,095	$ 4,818	$ 104,540	$ 23,868

2022A Second Lien Sales Tax Receipts Revenue Bonds: On March 31, 2022, the CTA issues the Second Lien Sales Tax Receipts Revenue Bonds, Series 2022A, in the amount of $350,000,000, along with a premium of $37,881,000. 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 2022A bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2022A bonds was funded through December 1, 2024 with proceeds of the 2022A bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2041 through December 1, 2057.

NOTE 9 – BONDS PAYABLE (Continued)

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

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

(Continued)

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

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

- Real Estate Transfer Tax (RETT) Receipts received from the City of Chicago are pledged to secure the Series 2008A and 2008B Sales and Transfer Tax Receipts Revenue Bonds; Sales Tax Receipts received from the Regional Transportation Authority (RTA) are pledged to secure remaining debt service unpaid by RETT receipts. Debt service for the bonds outstanding were $2,661,761,000 and $2,818,336,000 as of December 31, 2023 and 2022, respectively. Total real estate transfer tax funds were approximately $53,284,000 and $79,926,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	Principal	Interest
2023	$ 47,120	$ 109,455
2022	44,080	112,496

NOTE 9 – BONDS PAYABLE (Continued)

- Sales Tax Receipts are also pledged to secure the First Lien Series 2010B, 2014, and 2020B as well as Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and 2017 Tax-Exempt Note Purchase Agreement (NPA). Sales Tax Receipts secure balances due on the Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and the 2017 Tax-Exempt Note NPA after satisfying balances due on First Lien Obligations. Debt service for the bonds outstanding were $4,857,839,000 and $5,015,666,000 as of December 31, 2023 and 2022, respectively. Total sales tax receipts funds were approximately $1,005,102,000 and $966,278,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	2010B	
	Principal	Interest
2023	$ 13,405	$ 28,900
2022	12,720	29,583

	2014		2017	
	Principal	Interest	Principal	Interest
2023	$ -	$ 28,597	$ -	$ 14,711
2022	-	28,597	-	14,711

	2020A		2020B	
	Principal	Interest	Principal	Interest
2023	$ -	$ 16,279	$ 22,170	$ 16,842
2022	-	16,279	21,795	17,214

	2022A	
	Principal	Interest
2023	$ -	$ 16,923
2022	-	11,329

NOTE 9 – BONDS PAYABLE (Continued)

- Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula funds received from the FTA are pledged to secure the Series 2010, 2011, 2015, 2017, and 2021 FTA Section 5307 Urbanized Area Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $165,233,000 and $198,792,000 as of December 31, 2023 and 2022, respectively. Total Federal Transit Administration Section 5307 Urbanized Area Formula funds were approximately $438,620,000 and $272,355,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	2017		2021	
	Principal	Interest	Principal	Interest
2023	$ 17,205	$ 3,708	$ 8,070	$ 4,576
2022	16,385	4,527	7,810	4,842

- As such, FTA Section 5337 State of Good Repair Federal Funds also received from the FTA are pledged to secure the Series 2010 FTA Section 5309 Fixed Guideway Modernization Capital Grant Receipts Revenue Bonds as well as the Series 2015, 2017, and 2021 FTA Section 5337 State of Good Repair Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $108,116,000 and $137,212,000 as of December 31, 2023 and 2022, respectively. Total Federal Transit Administration Section 5337 State of Good Repair Formula funds were approximately $162,140,000 and $185,515,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

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

	2021 (5337)	
	Principal	Interest
2023	$ 270	$ 1,068
2022	285	1,055

(Continued)

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.

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

As of September 2019, CTA has entered into another purchase agreement to replace the majority of the fare collection system equipment. No amounts are due and payable under the agreement for the new system until it is delivered 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.

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.

NOTE 11 – TIFIA LOANS (Continued)

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

* Includes capitalized interest

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%.

NOTE 11 – TIFIA LOANS (Continued)

As of December 31, 2023 CTA had drawn down $101,249,000 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 (in thousands of dollars) 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
2024	$ 6,771	$ 2,217	$ 8,988
2025	6,908	2,081	8,989
2026	7,048	1,941	8,989
2027	7,190	1,799	8,989
2028	7,336	1,653	8,989
2029 - 2033	7,484	6,921	14,405
2034 - 2038	-	6,770	6,770
2039 - 2043	13,184	6,470	19,654
2044 - 2048	24,084	4,160	28,244
2049 - 2052	21,350	1,247	22,597
Total	$ 101,355	$ 35,259	$ 136,614

* Includes capitalized interest

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.

NOTE 11 – TIFIA LOANS (Continued)

As of December 31, 2023 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, 2023 or 2022.

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).

Actual contributions made to the Employees' Plan during the years ended December 31, 2023 and 2022 are as follows (in thousands of dollars):

	Employees' Plan	
	2023	2022
Employer contributions	$ 146,556	$ 143,591
Employee contributions	94,070	91,779
Total	$ 240,626	$ 235,370

	Employees' Plan	
	2023	2022
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.

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

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

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

Net Pension Liability

The CTA's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and 2021.

(The remainder of page intentionally left blank)

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

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

(Continued)

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

	Employee Plan
January 1, 2022 Actuarial Valuation	
Acturial valuation date	January 1, 2021
Measurement date	December 31, 2021. Census data was collected as of January 1, 2021. Liabilities measured as of the census date were projected to December 31, 2021, 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.

The 2021 and 2022 actuarial valuation reports had no changes to actuarial assumptions.

(Continued)

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, 2023 and 2022 are summarized in the following tables (note that the rates shown below include the inflation components):

	Employees' Plan			
	December 31, 2022		December 31, 2021	
	Target Allocation	Estimate of expected long-term rate of return	Target Allocation	Estimate of expected long-term rate of return
Fixed income	15%	4.36%	15%	3.85%
Domestic equities	30%	8.45%	30%	8.35%
International equities	26%	8.97%	26%	6.90%
Venture capital and partnerships	10%	12.90%	10%	8.48%
Real estate	12%	7.28%	12%	6.16%
Infrastructure	7%	6.37%	7%	4.87%

The long-term expected rate of 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 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that Employees' Plan members and employer contributions will continue to follow the current funding policy. Based on those assumptions, the Employees' Plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(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 December 31, 2020	$ 3,773,577	$ 1,941,166	$ 1,832,411
Change for the year:			
Service cost	51,676	-	51,676
Interest	303,111	-	303,111
Difference between expected and actual experience	38,033	-	38,033
Changes in assumptions	-	-	-
Benefit payments	(308,461)	(308,461)	-
Contributions - Employer	-	136,908	(136,908)
Contributions - Employee	-	87,897	(87,897)
Net investment income, net of expenses	-	333,302	(333,302)
Administrative expenses	-	(2,328)	2,328
Net changes	84,359	247,318	(162,959)
Balance at December 31, 2021	3,857,936	2,188,484	1,669,452
Change for the year:			
Service cost	52,757	-	52,757
Interest	309,343	-	309,343
Difference between expected and actual experience	32,650	-	32,650
Changes in assumptions	-	-	-
Benefit payments	(328,668)	(328,668)	-
Contributions - Employer	-	142,475	(142,475)
Contributions - Employee	-	92,134	(92,134)
Net investment income, net of expenses	-	(190,005)	190,005
Administrative expenses	-	(2,488)	2,488
Net changes	66,082	(286,552)	352,634
Balance at December 31, 2022	$ 3,924,018	$ 1,901,932	$ 2,022,086

Plan fiduciary net position as a percentage of the total net pension liability - 12/31/22	48.47%
Plan fiduciary net position as a percentage of the total net pension liability - 12/31/21	56.73%

(Continued)

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

*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 - 2023	$ 2,392,229	$ 2,022,086	$ 1,704,492
Employees' Plan net pension liability - 2022	$ 2,034,866	$ 1,669,452	$ 1,356,066

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, 2023 and 2022, CTA recognized pension expense of $197,789,000 and $113,362,000, respectively. At December 31, 2023 and 2022, CTA reported net deferred outflows of resources related to pensions from the following sources:

	Employees' Plan	
	2023	
	Deferred Outflow of Resources (in thousands)	Deferred Inflow of Resources (in thousands)
Difference between project and actual earnings on pension plan	$ 174,053	$ -
Difference between expected and actual experience	62,541	-
Changes in assumptions	-	-
Employer contribution made after measurement date	146,556	-
Balance as of December 31, 2023	$ 383,150	$ -

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

	Employees' Plan 2022 Deferred Outflow of Resources (in thousands)	Employees' Plan 2022 Deferred Inflow of Resources (in thousands)
Difference between project and actual earnings on pension plan	$ -	$ (131,431)
Difference between expected and actual experience	73,205	-
Changes in assumptions	-	(2,500)
Employer contribution made after measurement date	143,591	-
Balance as of December 31, 2022	$ 216,796	$ (133,931)

CTA reported $146,556,000 and $143,591,000 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, 2024 and 2023, 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	
	2023	2022
Year Ended December 31:	Amortization per year (in thousands)	Amortization per year (in thousands)
2023	$ -	$ 20,589
2024	52,646	(28,746)
2025	62,599	(18,793)
2026	47,616	(33,776)
2027	73,733	-
Total Amortization	$ 236,594	$ (60,726)

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.

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

	Qualified Supplemental	Non-Qualified Supplemental	Board Plan
Actual 2023 contributions:			
CTA	$1,876	$1,822	$358
Plan members	$37	$0	$0
Actual 2022 contributions:			
CTA	$933	$1,909	$356
Plan members	$0	$0	$3

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

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.

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.

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Employees covered by the benefit terms. The following participants were covered by the benefit terms as of January 1, 2024 and January 1, 2023:

	Qualified	Non-Qualified	Board	Total
Participants as of January 1, 2024				
Retirees and beneficiaries currently receiving benefits	127	239	17	383
Terminated employees entitled to but not yet receiving benefits	9	2	5	16
Active plan members	4	-	-	4
Total	140	241	22	403
Participants as of January 1, 2023				
Retirees and beneficiaries currently receiving benefits	124	249	17	390
Terminated employees entitled to but not yet receiving benefits	10	3	5	18
Active plan members	6	-	1	7
Total	140	252	23	415

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Net Pension Liabilities

Actuarial assumptions and calculations. The total pension liabilities in the December 31, 2023 and 2022 actuarial valuation were determined using the following actuarial assumptions, applied to the periods included in the measurement:

2023 Actuarial Assumptions	
Acturial valuation date	December 31, 2023
Measurement date	December 31, 2023
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	3.77%
Inflation	2.50%
Salary increases	3.50% per year
Future ad hoc benefit increases	0.00% per year
Mortality	PubG-2010 base rates projected fully generationally 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
2022 Actuarial Assumptions	
Acturial valuation date	December 31, 2022
Measurement date	December 31, 2022
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	4.05%
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 2022 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

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in assumptions from 2022-2023 include: investment return decrease for the Non-Qualified and Board Plans from 4.05% to 3.77% and change in mortality table from PubG-2010 base rates projected to 2022 with scale MP2021 to PubG-2010 base rates projected fully generationally with scale MP2021 for 2023.

Changes in assumptions from 2021-2022 include: investment return increase for the Non-Qualified and Board Plans from 1.84% to 4.05% and change in mortality table from PubG-2010 base rates projected to 2021 with scale MP2021 for 2021 to PubG-2010 base rates projected to 2022 with scale MP2021 for 2022.

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, 2023 and 2022 are summarized in the following tables (note that the rates shown below include the inflation components):

	2023 Target Allocation	2023 Estimate of Expected Rate of Return	2022 Target Allocation	2022 Estimate of Expected Rate of Return
U.S. Large Size Company Equities	20.0%	7.1%	20.0%	6.8%
U.S. Mid Size Company Equities	5.0%	7.6%	5.0%	7.3%
U.S. Small Size Company Equities	5.0%	8.2%	5.0%	7.9%
Developed Non-U.S. Size Company Equities	15.0%	7.5%	15.0%	7.5%
Emerging Markets Company Equities	5.0%	8.0%	5.0%	7.6%
Total Equities	50.0%		50.0%	
U.S. Fixed Income	30.0%	4.4%	30.0%	4.9%
Total Fixed Income	30.0%		30.0%	
Real Estate	10.0%	6.2%	10.0%	6.8%
Total Real Estate	10.0%		10.0%	
Open-End Private Equity	10.0%	10.6%	10.0%	11.4%
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 2023 were 6.75% for the Qualified and 3.77% 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, 2022. The Non-Qualified and Board discount rate of 3.77% is a change from 4.05% that was used to measure the total pension liabilities as of December 31, 2022. 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.

Discount rate. The discount rates used to measure the total pension liabilities in 2022 were 6.75% for the Qualified and 4.05% 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, 2021. The Non-Qualified and Board discount rate of 4.05% is a change from 1.84% that was used to measure the total pension liabilities as of December 31, 2021. 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 remainder of page intentionally left blank)

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 December 31, 2021	$ 42,704	$ 37,808	$ 4,896
Change for the year:			
Service cost	62	-	62
Interest	2,744	-	2,744
Differences between expected and actual experience	(1,650)	-	(1,650)
Changes in assumptions	44	-	44
Benefit payments	(3,791)	(3,791)	-
Contributions - Employer	-	933	(933)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	(3,729)	3,729
Administrative expenses	-	(172)	172
Net changes	(2,591)	(6,759)	4,168
Balance as of December 31, 2022	$ 40,113	$ 31,049	$ 9,064
Change for the year:			
Service cost	52	-	52
Interest	2,569	-	2,569
Differences between expected and actual experience	(880)	-	(880)
Changes in assumptions	684	-	684
Benefit payments	(3,784)	(3,784)	-
Contributions - Employer	-	1,876	(1,876)
Contributions - Employee	-	37	(37)
Net investment income, net of expenses	-	3,337	(3,337)
Administrative expenses	-	(171)	171
Net changes	(1,359)	1,295	(2,654)
Balance as of December 31, 2023	$ 38,754	$ 32,344	$ 6,410

Plan fiduciary net position as a percentage of the total pension liability - 2023	83.46%
Plan fiduciary net position as a percentage of the total pension liability - 2022	77.40%

(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 December 31, 2021	$ 20,611
Change for the year:	
Service cost	-
Interest	360
Differences between expected and actual experience	6
Changes in assumptions	(2,730)
Benefit payments	(1,909)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(4,273)
Balance as of December 31, 2022	$ 16,338
Change for the year:	
Service cost	-
Interest	621
Differences between expected and actual experience	(459)
Changes in assumptions	617
Benefit payments	(1,822)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(1,043)
Balance as of December 31, 2023	$ 15,295
Plan fiduciary net position as a percentage of the total pension liability - 2023	0.00%
Plan fiduciary net position as a percentage of the total pension liability - 2022	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 December 31, 2021	$ 5,746	$ 122	$ 5,624
Change for the year:			
Service cost	-		-
Interest	102	-	102
Differences between expected and actual experience	65	-	65
Changes in assumptions	(1,087)	-	(1,087)
Benefit payments	(356)	(356)	-
Contributions - Employer	-	356	(356)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	(1,276)	3	(1,279)
Balance as of December 31, 2022	$ 4,470	$ 125	$ 4,345
Change for the year:			
Service cost	-	-	-
Interest	173	-	173
Differences between expected and actual experience	(26)	-	(26)
Changes in assumptions	222	-	222
Benefit payments	(358)	(358)	-
Contributions - Employer	-	358	(358)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	11	-	11
Balance as of December 31, 2023	$ 4,481	$ 125	$ 4,356

Plan fiduciary net position as a percentage of the total pension liability - 2023	2.78%
Plan fiduciary net position as a percentage of the total pension liability - 2022	2.78%

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 December 31, 2021	$ 69,060	$ 37,929	$ 31,131
Change for the year:			
Service cost	63		63
Interest	3,206	-	3,206
Differences between expected and actual experience	(1,579)	-	(1,579)
Changes in assumptions	(3,773)	-	(3,773)
Benefit payments	(6,057)	(6,057)	-
Contributions - Employer	-	3,198	(3,198)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	(3,728)	3,728
Administrative expenses	-	(172)	172
Net changes	(8,140)	(6,756)	(1,384)
Balance as of December 31, 2022	$ 60,920	$ 31,173	$ 29,747
Change for the year:			
Service cost	52	-	52
Interest	3,363	-	3,363
Differences between expected and actual experience	(1,365)	-	(1,365)
Changes in assumptions	1,523	-	1,523
Benefit payments	(5,964)	(5,964)	-
Contributions - Employer	-	4,056	(4,056)
Contributions - Employee	-	37	(37)
Net investment income, net of expenses	-	3,337	(3,337)
Administrative expenses	-	(171)	171
Net changes	(2,391)	1,295	(3,686)
Balance as of December 31, 2023	$ 58,529	$ 32,468	$ 26,061

Plan fiduciary net position as a percentage of the total pension liability - 2023	55.47%
Plan fiduciary net position as a percentage of the total pension liability - 2022	51.17%

(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 - 2023 - 6.75%	$ 9,697	$ 6,410	$ 3,572
Qualified Plan - 2022 - 6.75%	$ 12,450	$ 9,064	$ 6,135
Non-Qualified Discount Rate			
Non-Qualified Plan - 2023 - 3.77%	$ 16,389	$ 15,295	$ 14,333
Non-Qualified Plan - 2022 - 4.05%	$ 17,495	$ 16,338	$ 15,317
Board Discount Rate			
Board Plan - 2023 - 3.77%	$ 4,820	$ 4,356	$ 3,963
Board Plan - 2022 - 4.05%	$ 4,790	$ 4,345	$ 3,967

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

For the years ended December 31, 2023 and 2022, 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, 2023		
	Qualified	Non-Qualified	Board
Pension expense	$ 262	$ 780	$ 369
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ 1,653	$ -	$ -
Total Deferred Outflows	$ 1,653	$ -	$ -

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

	December 31, 2022		
	Qualified	**Non-Qualified**	**Board**
Pension expense	$ (129)	$ (2,363)	$ (923)
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ 2,672	$ -	$ -
Total Deferred Outflows	$ 2,672	$ -	$ -

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, 2023 and 2022. 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, 2024 and 2023 (in thousands of dollars):

	December 31, 2023		
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2024	$ 369	$ -	$ -
2025	555	-	-
2026	971		
2027	(242)	-	-
Total Amortization	$ 1,653	$ -	$ -

	December 31, 2022		
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2023	$ (13)	$ -	$ -
2024	632	-	-
2025	819	-	-
2026	1,234	-	-
Total Amortization	$ 2,672	$ -	$ -

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

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

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

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on Qualified plan assets, net of pension plan investment expense, was 10.80% and -10.68%, 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, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2023	**December 31, 2022**
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	3.77% per year	4.05% per year

Mortality rates were based on the PubG-2010 base rates projected fully generationally using Scale MP2021 and the PubG-2010 base rates projected to 2022 using Scale MP2021 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 (see the discussion of the pension plan's investment policy). The 3.77% and 4.05% 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, 2023 and 2022, respectively.

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Summary (in thousands of dollars):

	December 31, 2023		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 2,022,086	$ 26,061	$ 2,048,147
Deferred Outflows of Resources	383,150	1,653	384,803
Pension Expense	197,789	1,411	199,200

	December 31, 2022		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 1,669,452	$ 29,747	$ 1,699,199
Deferred Outflows of Resources	216,796	2,672	219,468
Deferred Inflows of Resources	133,931	-	133,931
Pension Expense	113,362	(3,415)	109,947

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.

(Continued)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2024 and January 1, 2023:

	Supplemental & Board Plans
Participants as of January 1, 2024	
Retirees and beneficiaries currently receiving benefits	44
Terminated employees entitled to but not yet receiving benefits	4
Active plan members	-
Total	48
Participants as of January 1, 2023	
Retirees and beneficiaries currently receiving benefits	47
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	1
Total	54

Contributions – Funding for the Supplemental and Board Retiree Healthcare Plans are on a pay-as-you-go basis. CTA's contribution rate was 2,624.51% of covered employee payroll for the year ended December 31, 2022. For the year ended December 31, 2023, there were no remaining active plan members. 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, 2023 and 2022 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.

(Continued)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations were performed for the OPEB Plan as of December 31, 2023 and 2022. The following table shows a summary of significant actuarial assumptions:

2023 Actuarial Assumptions

Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Discount rate	3.77%
Inflation	2.50%
Salary increases	5.50%
Investment return	3.77%
Health care cost trend rate	Starts with 6.75% in year 2024 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	85% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. 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

(The remainder of page intentionally left blank)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

2022 Actuarial Assumptions

Actuarial valuation date	December 31, 2022
Measurement date	December 31, 2022
Discount rate	4.05%
Inflation	2.50%
Salary increases	5.50%
Investment return	4.05%
Health care cost trend rate	Starts with 7.00% in year 2023 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	85% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. 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 2022 to 2023 include the investment return decrease from 4.05% to 3.77% and the mortality assumption was changed from the PubG-2010 base rates projected to 2022 with scale MP2021 for 2022 to the PubG-2010 base rates projected fully generationally with scale MP2021 for 2023.

Changes in assumptions from 2021 to 2022 include the investment return increase from 1.84% to 4.05% and the mortality assumption was changed from the PubG-2010 base rates projected to 2021 with scale MP2021 for 2021 to the PubG-2010 base rates projected to 2022 with scale MP2021 for 2022.

Discount rate. The discount rate used to measure the total OPEB liability in 2023, 2022 and 2021 was 3.77%, 4.05% and 1.84%, 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.

(Continued)

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 December 31, 2021	$ 10,319
Change for the year:	
Service cost	13
Interest	184
Benefit changes	-
Differences between expected and actual experience	(961)
Changes in assumptions	(1,354)
Benefit payments	(656)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(2,774)
Balance as of December 31, 2022	$ 7,545
Change for the year:	
Service cost	-
Interest	294
Benefit changes	-
Differences between expected and actual experience	(755)
Changes in assumptions	510
Benefit payments	(551)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(502)
Balance as of December 31, 2023	$ 7,043

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 - 2023 - 3.77%	$ 7,967	$ 7,043	$ 6,296
Supplemental & Board Plans - 2022 - 4.05%	$ 8,437	$ 7,545	$ 6,807

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 - 2023 - 6.75%	$ 6,331	$ 7,043	$ 7,904
Supplemental & Board Plans - 2022 - 7.00%	$ 6,844	$ 7,545	$ 8,384

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the years ended December 31, 2023 and 2022 CTA recognized OPEB expense of $49,000 and $(2,118,000), respectively. At December 31, 2023 and 2022, 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, 2023 to July 29, 2024. 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.

NOTE 15 – RISK MANAGEMENT (Continued)

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

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

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are five insurance policies in effect from June 15, 2023 to June 15, 2024. The first policy provides $10,000,000 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.

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 2023 or 2022.

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 3.25% and 4.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 2.0% and 4.0%, respectively.

NOTE 15 – RISK MANAGEMENT (Continued)

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, 2021	$ 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
Funded	31,680	170,256	60,998	262,934
Funding (excess)/deficiency per actuarial requirement	(24,521)	-	(1,865)	(26,386)
Payments	(12,656)	(168,539)	(60,998)	(242,193)
Balance at December 31, 2022	102,195	11,242	169,556	282,993
Funded	20,200	165,846	58,651	244,697
Funding (excess)/deficiency per actuarial requirement	25,898	-	11,244	37,142
Payments	(35,730)	(163,634)	(58,651)	(258,015)
Balance at December 31, 2023	$ 112,563	$ 13,454	$ 180,800	$ 306,817

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

NOTE 16 – LINE OF CREDIT – NOTE PURCHASE AGREEMENT

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 had an initial commitment expiration date of July 11, 2022. This line of credit was replaced with an NPA with Wells Fargo, National Association.

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

No principal was outstanding on the Notes as of December 31, 2023 and 2022.

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 $66.6 million and $38.5 million as of December 31, 2023 and 2022, respectively. The unused 2021 line of credit was $83.4 million and $111.5 million as of December 31, 2023 and 2022, respectively.

2022 Line of Credit

On July 8, 2022, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with Wells Fargo, National Association in a not-to-exceed amount of $150,000,000. 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 8, 2025. This line of credit replaced the Authority's prior line of credit with PNC Bank, National Association, which expired on July 11, 2022.

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

(Continued)

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

The principal of outstanding Notes was $88.5 million and $60.4 million as of December 31, 2023 and 2022, respectively. The unused 2022 line of credit was $61.5 million and $89.6 million as of December 31, 2023 and 2022, respectively.

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, 2022 was $9,550,000. The defeased debt had a balance of zero as of December 31, 2023.

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. 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.

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.

(Continued)

NOTE 19 – SUBSEQUENT EVENTS

Lines of Credit

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of $75,000,000. 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 SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, National Association in a not-to-exceed amount of $75,000,000. 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 SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of $150,000,000. 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 SOFR rate. The Notes have an initial commitment expiration date of April 3, 2029.

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, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	$ 3,924,018	$ 3,857,936	$ 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	1,901,932	2,188,484	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	$ 2,022,086	$ 1,669,452	$ 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	48.47%	56.73%	51.44%	51.70%	48.15%	52.97%	50.23%	52.00%	56.53%
Covered payroll	$ 651,652	$ 637,524	$ 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	310.30%	261.86%	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.
Note 7: 2022 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 8: 2023 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, 2023
(In thousands of dollars)
as required by GASB 67/68

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supplemental Qualified Plan										
Total Pension Liability	$ 38,754	$ 40,113	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118
Plan fiduciary net position	32,344	31,049	37,808	36,542	36,687	34,441	40,250	37,805	37,875	42,046
Plan's net pension liability	$ 6,410	$ 9,064	$ 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	83.46%	77.40%	88.53%	85.96%	87.11%	81.78%	91.35%	78.75%	76.77%	80.67%
Covered payroll	$ 682	$ 967	$ 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	940.18%	937.02%	401.55%	491.40%	443.34%	629.84%	347.13%	841.07%	845.71%	697.92%
Supplemental Non-Qualified Plan										
Total pension liability	$ 15,295	$ 16,338	$ 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	N/A	N/A
Board Member Plan										
Total pension liability	$ 4,481	$ 4,470	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128
Plan fiduciary net position	125	125	122	119	112	103	88	77	68	88
Plan's net pension liability	$ 4,356	$ 4,345	$ 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 liability	2.78%	2.78%	2.11%	2.09%	2.42%	2.34%	1.84%	1.69%	1.52%	1.72%
Covered payroll	$ -	$ 25	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125
Plan's net pension liability as a percentage of covered payroll	N/A	17,378.85%	22,494.47%	22,149.74%	5,746.55%	5,676.97%	6,191.50%	5,978.83%	5,883.44%	4,031.43%

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Employees' Retirement Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Total Pension Liability - Beginning	$ 3,857,936	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154	$ 3,220,533
Service cost	52,757	51,676	54,560	53,967	54,814	50,433	50,111	51,358	49,066
Interest	309,343	303,111	294,245	286,687	283,757	278,184	269,899	264,579	259,593
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	32,650	38,033	62,820	41,530	7,455	13,679	51,518	13,082	-
Changes of assumptions		-	-	-	(24,727)	-	-	-	-
Benefit payments, including refunds of member contributions	(328,668)	(308,461)	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Net change in total pension liability	66,082	84,359	117,272	94,071	39,431	65,811	104,961	68,877	62,621
Total pension liability - ending	$ 3,924,018	$ 3,857,936	$ 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	$ 2,188,484	$ 1,941,166	$ 1,890,466	$ 1,715,227	$ 1,865,901	$ 1,736,369	$ 1,743,216	$ 1,855,912	$ 1,892,715
Contributions - employer	142,475	136,908	135,832	121,668	117,115	104,523	83,855	82,800	82,268
Contributions - member	92,134	87,897	87,925	81,298	78,340	70,286	59,561	58,993	58,566
Net investment income	(190,005)	333,302	123,613	263,201	(61,343)	233,739	118,613	8,230	71,524
Benefit payments, including refunds of member contributions	(328,668)	(308,461)	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Administrative expense	(2,488)	(2,328)	(2,317)	(2,815)	(2,918)	(2,531)	(2,309)	(2,577)	(3,123)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(286,552)	247,318	50,700	175,239	(150,674)	129,532	(6,847)	(112,696)	(36,803)
Plan fiduciary net position - ending	1,901,932	2,188,484	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	$ 2,022,086	$ 1,669,452	$ 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, 2023
(In thousands of dollars)
as required by GASB 67/68

Qualified	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 40,113	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118	$ 53,464
Service cost	52	62	60	68	64	60	60	56	52	61
Interest	2,569	2,744	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	(880)	(1,650)	269	771	1,346	(1,310)	(3,170)	(611)	(2,145)	(554)
Changes of assumptions	684	44	1,090	855	(7)	480	62	71	67	-
Benefit payments	(3,784)	(3,791)	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Net change in total pension liability	(1,359)	(2,591)	194	394	-	(1,946)	(3,942)	(1,331)	(2,783)	(1,346)
Total pension liability - ending	$ 38,754	$ 40,113	$ 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	$ 31,049	$ 37,808	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046	$ 43,503
Contributions - employer	1,876	933	1,016	870	1,120	550	1,300	1,380	1,164	1,130
Contributions -member	37	-	-	-	29	72	-	8	34	82
Net investment income	3,337	(3,729)	4,436	3,293	5,518	(2,080)	5,357	2,942	(878)	2,073
Benefit payments	(3,784)	(3,791)	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Refunds of member contributions	-	-	-	-	-	-	-	(17)	-	-
Administrative expense	(171)	(172)	(236)	(215)	(229)	(246)	(114)	(240)	(237)	(311)
Other	-	-	-	-	-	-	-	-	(9)	-
Net change in plan fiduciary net position	1,295	(6,759)	1,266	(145)	2,246	(5,809)	2,445	(70)	(4,171)	(1,457)
Plan fiduciary net position - ending	$ 32,344	$ 31,049	$ 37,808	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046
CTA net pension liability - ending	$ 6,410	$ 9,064	$ 4,896	$ 5,968	$ 5,429	$ 7,675	$ 3,812	$ 10,199	$ 11,460	$ 10,072

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Non-Qualified Supplemental Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Non-Qualified	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 16,338	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105	$ 27,205
Service cost	-	-	-	-	-	-	-	-	-	-
Interest	621	360	405	576	884	792	903	911	949	1,209
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(459)	6	(160)	(351)	(1,237)	141	90	369	498	341
Changes of assumptions	617	(2,730)	1,051	1,176	1,979	26	655	(315)	57	2,373
benefit payments	(1,822)	(1,909)	(2,036)	(2,175)	(2,340)	(2,500)	(2,542)	(2,617)	(2,683)	(3,023)
Net Change in total pension liability	(1,043)	(4,273)	(740)	(774)	(714)	(1,541)	(894)	(1,652)	(1,179)	900
Total pension liability - ending	$ 15,295	$ 16,338	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Board Supplemental Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Board	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 4,470	$ 5,746	$ 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	173	102	109	121	172	157	166	153	176	216
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(26)	65	(5)	839	(221)	(45)	125	310	(514)	(64)
Changes of assumptions	222	(1,087)	351	432	571	(202)	166	(90)	3	566
benefit payments	(358)	(356)	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Net change in total pension liability	11	(1,276)	89	1,068	228	(371)	171	80	(647)	430
Total pension liability - ending	$ 4,481	$ 4,470	$ 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	$ 125	$ 122	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88	$ 75
Contributions - employer	358	356	366	347	326	321	321	327	328	334
Contributions - member	-	3	3	7	9	9	9	8	10	12
Net investment income	-	-	-	-	-	-	-	-	-	-
Benefit payments	(358)	(356)	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	3	3	7	9	15	11	9	(20)	13
Plan fiduciary net position - ending	$ 125	$ 125	$ 122	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88
CTA net pension liability - ending	$ 4,356	$ 4,345	$ 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: 2022 used the mortality table from PubG-2010 base rates projected to 2022 using Scale MP 2021.
Note 8: 2023 used the mortality table from PubG-2010 base rates projected fully generationally using Scale MP 2021.
Note 9: The investment return was the following for the Board and Non-Qualified Plan:

2023 - 3.77%	2019 - 2.75%
2022 - 4.05%	2018 - 4.10%
2021 - 1.84%	2017 - 3.44%
2020 - 2.00%	2016 - 3.78%

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

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Statutorily determined contribution	N/A *	$ 134,547	$ 131,630	$ 132,232	$ 116,367	$ 112,265	$ 106,662	$ 82,001	$ 81,731	$ 80,488
Contributions in relation to the statutorily determined contribution	146,556	143,591	136,908	135,832	121,668	117,115	104,523	83,855	82,800	82,268
Contribution deficiency (excess)	N/A *	$ (9,044)	$ (5,278)	$ (3,600)	$ (5,301)	$ (4,850)	$ 2,139	$ (1,854)	$ (1,069)	$ (1,780)
Covered payroll	N/A *	$ 651,652	$ 637,524	$ 640,442	$ 645,799	$ 623,037	$ 595,047	$ 575,444	$ 573,548	$ 564,827
Contributions as a percentage of covered payroll	N/A *	20.65%	20.65%	20.65%	18.02%	18.02%	17.93%	14.25%	14.25%	14.25%

N/A * - Information not available

Notes to Schedule

Valuation date:	January 1, 2022
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 Actuarially Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Qualified Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 1,876	$ 933	$ 1,016	$ 871	$ 1,118	$ 550	$ 1,299	$ 1,380	$ 1,164	$ 1,130
Contributions in relation to the actuarially determined contribution	1,876	933	1,016	870	1,120	550	1,300	1,380	1,164	1,130
Contribution deficiency (excess)	$ -	$ -	$ -	$ 1	$ (2)	$ -	$ (1)	$ -	$ -	$ -
Covered payroll	$ 682	$ 967	$ 1,219	$ 1,214	$ 1,225	$ 1,219	$ 1,098	$ 1,213	$ 1,355	$ 1,443
Contributions as a percentage of covered payroll	275.20%	96.45%	83.33%	71.64%	91.46%	45.13%	118.37%	113.81%	85.90%	78.30%

Non-qualified Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 1,882	$ 1,932	$ 2,059	$ 2,215	$ 2,430	$ 2,501	$ 2,542	$ 2,571	$ 2,678	$ 4,595
Contributions in relation to the actuarially determined contribution	1,822	1,909	2,036	2,175	2,340	2,500	2,542	2,617	2,683	3,023
Contribution deficiency (excess)	$ 60	$ 23	$ 23	$ 40	$ 90	$ 1	$ -	$ (46)	$ (5)	$ 1,572
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

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Actuarially Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Board Member Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 378	$ 376	$ 389	$ 331	$ 348	$ 360	$ 358	$ 323	$ 379	$ 324
Contributions in relation to the actuarially determined contribution	358	356	366	347	326	321	321	327	328	333
Contribution deficiency (excess)	$ 20	$ 20	$ 23	$ (16)	$ 22	$ 39	$ 37	$ (4)	$ 51	$ (9)
Covered payroll	$ -	$ 25	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125
Contributions as a percentage of covered payroll	N/A	1,425.25%	1,463.58%	1,386.99%	418.52%	427.63%	427.63%	436.37%	437.23%	266.66%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of December 31, 2023
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: 6 Years remaining as of January 1, 2023 - Closed Qualified: 5 Years remaining as of December 31, 2023 - 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: 3.77% per year Board: 3.77% per year

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedule of Investment Returns (Unaudited)
Year Ended December 31, 2023

	Year	Qualified Supplemental Plan
Annual Money-Weighted Rate of Return, Net of Investment Expense	2023	10.46%
	2022	-10.68%
	2021	11.92%
	2020	8.73%
	2019	16.12%
	2018	-5.85%
	2017	14.40%
	2016	7.38%
	2015	-2.69%
	2014	4.20%

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Changes in the Total OPEB Liability (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Total OPEB liability - beginning	$ 7,545	$ 10,319	$ 10,553	$ 9,820	$ 9,751	$ 11,649
Service cost	-	13	12	41	54	54
Interest	294	184	204	260	385	390
Changes of benefit terms	-	-	-	(99)	-	(478)
Differences between expected and actual experience	(755)	(961)	(24)	374	(982)	(606)
Changes of assumptions	510	(1,354)	306	886	1,310	(664)
Benefit payments, including refunds of member contributions	(551)	(656)	(732)	(729)	(698)	(594)
Net change in total OPEB liability	(502)	(2,774)	(234)	733	69	(1,898)
Total OPEB liability - ending	$ 7,043	$ 7,545	$ 10,319	$ 10,553	$ 9,820	$ 9,751
Covered-employee payroll	-	$ 25	$ 557	$ 557	$ 612	$ 410
The total OPEB liability as a percentage of covered-employee payroll	N/A	30,180.00%	1,852.60%	1,894.61%	1,604.58%	2,378.29%

Notes:
There is no separate Trust established for OPEB benefits.
The discount rate is 3.77% for December 31, 2023. The discount rate in the prior measurement period was 4.05%, this represents a decrease of 0.28%.

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.

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 551	$ 656	$ 732	$ 730	$ 698	$ 594
Contributions in relation to the actuarially determined contribution	551	656	732	730	698	594
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ -	$ 25	$ 557	$ 557	$ 612	$ 410
Contributions as a percentage of covered-employee payroll	N/A	2,624.51%	131.25%	131.15%	114.03%	145.07%

Notes to Schedule

Valuation date:	December 31, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Discount rate	3.77%
Inflation	2.50%
Salary increases	5.50%
Investment return	3.77%
Health care cost trend rate	Starts with 6.75% in year 2024 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally 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, 2023
(In thousands of dollars)

	Original Budget	Actual – Budgetary Basis	Variance Favorable (Unfavorable)
Operating expenses:			
Labor and fringe benefits	$ 1,284,453	$ 1,204,888	$ 79,565
Materials and supplies	114,673	114,673	-
Fuel	51,736	37,581	14,155
Electric power	32,517	27,298	5,219
Purchase of security services	41,150	69,115	(27,965)
Other	282,821	236,952	45,869
Provision for injuries and damages	20,200	20,200	-
Total operating expenses	1,827,550	1,710,707	116,843
System-generated revenues:			
Fares and passes	315,552	328,810	13,258
Reduced-fare subsidies	14,606	15,227	621
Advertising and concessions	32,825	29,285	(3,540)
Investment income	2,500	9,214	6,714
Contributions from local governmental units	5,000	5,000	-
Other revenue	23,093	24,530	1,437
Total system-generated revenues	393,576	412,066	18,490
Operating expenses in excess of system-generated revenues	1,433,974	1,298,641	135,333
Public funding:			
RTA operating assistance	1,044,020	1,058,386	14,366
FTA operating assistance	389,954	240,255	(149,699)
	1,433,974	1,298,641	(135,333)
Change in net position – budgetary basis	$ -	-	$ -
Reconciliation of budgetary basis to GAAP basis:			
Provision for depreciation		(722,962)	
Pension expense in excess of pension contributions		(4,726)	
Supplemental Retirement		2,376	
Incentive Retirement		290	
Workers Compensation		(11,244)	
Provision for injuries and damages		(25,898)	
Interest expense on bond transactions		(125,557)	
Interest expense on TIFIA bond transactions		1,726	
Interest revenue on bond transactions		22,160	
Interest expense from sale/leaseback		(2,435)	
Capital contributions		957,532	
Change in net position – GAAP basis		$ 91,262	

	Actual – Budgetary Basis
CTA recovery ratio:	
Total operating expenses	$ 1,710,707
Less mandated security costs	(69,115)
Less security camera contracts	(5,702)
Less CSA/CSR Labor	(63,961)
Less CTA security department costs	(2,372)
Less Pension Obligation Bond debt service	(101,244)
Plus City of Chicago in-kind services	21,996
Total operating expenses for recovery ratio calculation (B)	1,490,309
Total system-generated revenues	$ 412,066
Plus FTA operating assistance	240,255
Plus Senior Free Rides	14,904
Plus City of Chicago in-kind services	21,996
Total system-generated revenues for recovery ratio calculation (A)	$ 689,221
Recovery ratio (A/B)	46.25%

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Schedule of Expenses and Revenues –
Budget and Actual – Budgetary Basis
Year ended December 31, 2022
(In thousands of dollars)

	Original Budget	Final Budget	Actual – Budgetary Basis	Variance Favorable (Unfavorable)
Operating expenses:				
Labor and fringe benefits	$ 1,241,207	$ 1,217,878	$ 1,134,269	$ 83,609
Materials and supplies	102,578	102,279	105,052	(2,773)
Fuel	35,440	34,163	27,201	6,962
Electric power	36,480	34,274	18,323	15,951
Purchase of security services	26,269	24,901	23,944	957
Other	273,143	268,439	241,081	27,358
Provision for injuries and damages	31,680	31,680	31,680	-
Total operating expenses	1,746,797	1,713,614	1,581,550	132,064
System-generated revenues:				
Fares and passes	293,925	293,271	290,891	(2,380)
Reduced-fare subsidies	14,606	14,606	14,606	-
Advertising and concessions	26,742	27,429	33,387	5,958
Investment income	500	480	3,690	3,210
Contributions from local governmental units	5,000	5,000	5,000	-
Other revenue	28,137	27,527	28,169	642
Total system-generated revenues	368,910	368,313	375,743	7,430
Operating expenses in excess of system-generated revenues	1,377,887	1,345,301	1,205,807	139,494
Public funding:				
RTA operating assistance	922,382	1,002,092	1,053,871	51,779
FTA operating assistance	455,505	343,209	151,936	(191,273)
	1,377,887	1,345,301	1,205,807	(139,494)
Change in net position – budgetary basis	$ -	$ -	-	$ -

	Actual – Budgetary Basis
Reconciliation of budgetary basis to GAAP basis:	
Provision for depreciation	(740,290)
Pension expense in excess of pension contributions	77,093
Supplemental Retirement	5,460
Incentive Retirement	1,154
Workers Compensation	1,865
Provision for injuries and damages	24,521
Interest expense on bond transactions	(129,519)
Interest expense on TIFIA bond transactions	1,668
Interest revenue on bond transactions	5,878
Interest expense from sale/leaseback	(2,600)
Capital contributions	755,732
Change in net position – GAAP basis	$ 962

	Actual – Budgetary Basis
CTA recovery ratio:	
Total operating expenses	$ 1,581,550
Less mandated security costs	(23,944)
Less security camera contracts	(4,165)
Less CSA/CSR Labor	(64,312)
Less CTA security department costs	(1,919)
Less ICE operating funds	(5,724)
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)	1,346,906
Total system-generated revenues	$ 375,743
Plus FTA operating assistance	145,424
Plus differential between loss in system-generated revenue and FTA operating assistance	165,248
Plus Senior Free Rides	14,872
Plus City of Chicago in-kind services	21,996
Total system-generated revenues for recovery ratio calculation (A)	$ 723,283
Recovery ratio (A/B)	53.70%