Regional Transportation Authority and Service Boards

Special-Purpose Combining Financial Statements for the Year Ended December 31, 2007 and Independent Accountants' Compilation Report

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

(See Independent Accountants' Compilation Report)

Prepared by:

Finance & Administration Department
Joseph G. Costello, CPA, CPFO
Senior Deputy Executive Director

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

TABLE OF CONTENTS

Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ending December 31, 2007. This Report fulfills the requirements of section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region. The RTA's independent accountants have compiled the Combining Financial Statements Report. They have not subjected these statements to audit. The audited financial statements of each individual organization are available upon request. As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.

J G Costello

Joseph G. Costello
Senior Deputy Executive Director,
Finance & Administration
Regional Transportation Authority
June 13, 2007

McGladrey & Pullen
Certified Public Accountants

Independent Accountant's Report

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

We have compiled the accompanying special-purpose combining financial statements of the Regional Transportation Authority and Service Boards as of December 31, 2007, and for the year then ended, and the supplementary and statistical information, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements and supplementary and statistical information. We have not audited or reviewed the accompanying special-purpose combining financial statements and supplementary and statistical information and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying special-purpose financial statements and supplementary and statistical information were prepared for the purpose of complying with the statutory requirement of the Regional Transportation Authority Act as described in Note 1, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 13, 2008

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS
DECEMBER 31, 2007
(In Thousands)

		Service Boards					
ASSETS:	**RTA Government - Wide Funds**	**Chicago Transit Authority**	**Commuter Rail Division**	**Suburban Bus Division**	**Combining Adjustments Debit**	**Combining Adjustments Credit**	**Total Combined**
CURRENT ASSETS:							
Cash and investments:							
Restricted - cash and	$	$	$	$	$	$	$
cash equivalents				22,685			22,685
Unrestricted - cash and							
cash equivalents	12,497	130,802	99,306	24,941			267,546
Restricted - investments	363,238						363,238
Unrestricted - investments	165,042	900					165,942
Unamortized bond issue costs	579						579
Receivables:							
Intergovernmental receivables	126,885				372		127,257
Grant projects		4,974	21,687	3,415		15,314	14,762
RTA financial assistance		87,809	46,664	25,449		16,442	143,480
Other carriers			1,854				1,854
Other receivables		188,290	10,498	5,456		480	203,764
Interest on investments	625						625
Loan to S.B. Note & Interest	1,208						1,208
Materials and supplies		78,412	13,292	5,330			97,034
Prepaid expenses	2,467	5,139	1,969	1,027			10,602
Total current assets	672,541	496,326	195,270	88,303	372	32,236	1,420,576
Fixed assets:							
Plant, property and equipment	11,978	7,463,364	5,093,126	426,805			12,995,273
Capital projects in progress			13,065	12,230			25,295
Less accumulated depreciation	(2,224)	(4,017,658)	(2,432,954)	(248,159)			(6,700,995)
Total fixed assets	9,754	3,445,706	2,673,237	190,876			6,319,573
Other assets:							
Unamortized bond issue costs	12,067	7,192					19,259
Note Receivable	3,750						3,750
Investment relating to employee							
pension benefits plan		7,985					7,985
Restricted Assets		241,916					241,916
Amount due under sale/leaseback		1,699,448	276,442	80,620			2,056,510
Total other assets	15,817	1,956,541	276,442	80,620			2,329,420
TOTAL ASSETS	$ 698,112	$ 5,898,573	$ 3,144,949	$ 359,799	$ 372	$ 32,236	$10,069,569

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS (Continued)
DECEMBER 31, 2007
(In Thousands)

LIABILITIES	RTA Government-Wide Funds	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
CURRENT LIABILITIES:							
Vouchers payable	$ 13	$ 172,190	$ 42,012	$ 4,413	$	$	$ 218,628
Accrued interest payable		3,480		208			3,688
Intergovernmental payables	31,756			792	31,756		792
Due to other funds	1,000					372	1,372
Current portion of general obligation bonds payable	64,685	27,475					92,160
Current portion of unamortized bond premium	5,702						5,702
Other current liabilities:							
Accrued other expenses	3,640	99,626	30,657	23,898	480		157,341
Unrealized revenue, capital grant		20,302					20,302
Deferred revenue, assistance and other	21,524	106,132	12,671	2,134			142,461
Working Cash Note Payable	40,000						40,000
Capital lease obligation		206,765	18,261				225,026
Claims liability		74,795	15,288	11,628			101,711
Total current liabilities	168,320	710,765	118,889	43,073	32,236	372	1,009,183
LONG-TERM LIABILITIES:							
General obligation bonds payable	2,227,575	461,410					2,688,985
Claims liability		117,955	15,053	14,035			147,043
Accrued interest payable	34,597						34,597
Capital lease obligation		1,543,656	258,181	80,620			1,882,457
Premium on capital lease payable		5,721					5,721
Deferred revenue	49,531	37,235					86,766
Accrued pension cost		1,568,338		1,354			1,569,692
Unamortized bond premium	125,204	36,902					162,106
Deferred rent	1,911						1,911
Intergovernmental Payables				3,958			3,958
Other long-term liabilities		4,333		7,249			11,582
Total long-term liabilities	2,438,818	3,775,550	273,234	107,216			6,594,818
Total liabilities	2,607,138	4,486,315	392,123	150,289	32,236	372	7,604,001
NET ASSETS (DEFICIT):							
Invested in capital assets	9,754	2,912,748	2,673,236	190,877			5,786,615
Retained earnings			79,590				79,590
Fund equity restricted for:							
Payment on obligations and others		75,655					75,655
Accumulated unrestricted (deficit)	(1,918,780)	(1,576,145)		18,633	1,004,177	1,004,177	(3,476,292)
TOTAL NET ASSETS (DEFICIT)	$ (1,909,026)	$ 1,412,258	$ 2,752,826	$ 209,510	$ 1,004,177	$ 1,004,177	$ 2,465,568

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

(Concluded)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2007
(In Thousands)

		Service Boards					
	RTA Government-Wide Funds	**Chicago Transit Authority**	**Commuter Rail Division**	**Suburban Bus Division**	**Combining Adjustments Debit**	**Combining Adjustments Credit**	**Total Combined**
REVENUES:							
Service Boards operating revenues	$	$ 493,350	$ 291,841	$ 60,939	$ 921	$	$ 845,209
Sales taxes	112,938					639,987	752,925
Interest on sales taxes	376						376
Public Transportation Fund	188,931						188,931
Operating Assistance CTA & Pace	54,252						54,252
State assistance	117,807						117,807
Investment income	32,744						32,744
Program revenues and others	3,366						3,366
Total revenues	510,414	493,350	291,841	60,939	921	639,987	1,995,610
EXPENSES:							
Operating expenses		1,412,842	548,470	246,007		691	2,206,628
Depreciation		387,738	213,410	31,492			632,640
Financial Assistance to Service Boards	209,931					209,931	
Operating Grant - CTA & Pace	40,010					40,010	
Capital grants—discretionary	25,272					25,272	
Capital grants—bonds	88,056					88,056	
Insurance (JSIF)	4,855						4,855
Administrative expenses	6,967						6,967
Regional expenses	20,243					230	20,013
Technology program	1,409						1,409
Bond-related expenses	130,079						130,079
Total expenses	526,822	1,800,580	761,880	277,499		364,190	3,002,591
OPERATING LOSS	(16,408)	(1,307,230)	(470,039)	(216,560)	921	1,004,177	(1,006,981)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance		548,249	256,688	164,201	889,928		79,210
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		120,795	18,261	6,480			145,536
Interest expense on leasing transactions		(115,819)	(18,261)	(6,480)			(140,560)
Interest expense on bond transactions		(15,718)					(15,718)
Other public funding		42,048	150,316	24,230			216,594
Capital grants		375,914	40,365	28,365	113,328		331,316
Investment income		16,207		2,022			18,229
Gain on sale of assets		27					27
Total nonoperating revenue (expense)		975,965	447,369	218,818	1,003,256		638,896
CHANGES IN NET ASSETS	(16,408)	(331,265)	(22,670)	2,258	1,004,177	1,004,177	(368,085)
NET ASSETS (DEFICIT):							
Beginning of year	(1,892,618)	1,743,523	2,775,496	207,252			2,833,653
End of year	$(1,909,026)	$1,412,258	$2,752,826	$ 209,510	$1,004,177	$1,004,177	$ 2,465,568

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007
(In Thousands)

	RTA Joint Self-Insurance Fund	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Total Combined
CASH FLOWS FROM OPERATING ACTIVITIES:					
Fares received from passengers	$	$ 457,283	$ 227,185	$ 57,890	$ 742,358
Payments to employees		(786,524)	(236,278)	(77,989)	(1,100,791)
Payments to vendors	(5,486)	(264,857)	(320,544)	(167,092)	(757,979)
Other receipts and payments		87,095	42,099	6,213	135,407
Net cash from operating activities	(5,486)	(507,003)	(287,538)	(180,978)	(981,005)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating		648,324	318,671	206,622	1,173,617
Net cash from noncapital financing activities		648,324	318,671	206,622	1,173,617
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest income from assets restricted for payment of leasehold obligations		120,795			120,795
Repayment of lease\leaseback obligations		(107,226)			(107,226)
Increase in assets restricted for payment of leasehold obligations		(15,943)		19,396	3,453
Payments of capital lease obligations				(19,396)	(19,396)
Financial assistance—grant projects		326,329	132,317	34,111	492,757
Proceeds from the sale of property and equipment		1,075			1,075
Bond Proceeds (net)		(37,786)			(37,786)
Payments for capital acquisition		(613,772)	(153,778)	(34,923)	(802,473)
Net cash from capital and related financing activities		(326,528)	(21,461)	(812)	(348,801)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,276	16,207	4,853	2,236	24,572
Sales and purchases of investments, net	2,649	272,066			274,715
Net cash from investing activities	3,925	288,273	4,853	2,236	299,287
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,561)	103,066	14,525	27,068	143,098
CASH AND CASH EQUIVALENTS—Beginning of year	14,058	27,736	84,781	20,558	147,133
CASH AND CASH EQUIVALENTS—End of year	$ 12,497	$ 130,802	$ 99,306	$ 47,626	$ 290,231
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	$ (4,648)	$(1,307,230)	$ (470,038)	$ (216,561)	$ (1,998,477)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation		387,738	213,409	31,493	632,640
Claims provision and settlement			(2,717)		(2,717)
State reduced fare assistance			(3,884)		(3,884)
Interest and dividends received			(4,853)		(4,853)
Changes in current assets and liabilities	(838)	412,489	(19,455)	4,090	396,286
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (5,486)	$ (507,003)	$ (287,538)	$ (180,978)	$ (981,005)

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

1. BASIS OF ACCOUNTING

The accompanying special purpose combining financial statements are presented as required by the Regional Transportation Authority (RTA) Act (Act) and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The special purpose combining financial statements are not in accordance with accounting principles generally accepted in the United States of America primarily due to the RTA and Service Boards using a different basis of accounting and due to the omission of significant disclosures. The RTA and each individual Service Board receive a separate audit of their financial statements in accordance with accounting principles generally accepted in the United States of America. These individual statements describe the basis of accounting for each entity and contain the omitted disclosures.

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

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

2. ORGANIZATIONAL STRUCTURE

RTA

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

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

CTA

The 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 Chicago City Council has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

Metra

The Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC), a public corporation, was established in 1980 to serve as the RTA's commuter rail service. The RTA Act, as amended effective November 9, 1983, established the Commuter Rail Division (CRD) to operate commuter rail transportation services. Both the NIRCRC and the CRD act under the registered service mark known as "Metra."

Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for its operations. Metra is responsible for the administration of all commuter rail activities in the metropolitan Chicago area, including deficit funding, capital grant application, and administration activities. Metra is directly responsible for the operation and management of the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Metra Southwest Service commuter lines.

Metra also provides commuter rail service under Purchase of Service Agreements (PSA) with Union Pacific Railroad, Burlington Northern Santa Fe Railway Company, and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined) or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of the PSA carriers, other than capital improvements funded by federal and state agencies, the RTA, and Metra, is vested with the carriers. Accordingly, such assets are not reflected in these financial statements.

Pace

The RTA Act, as amended effective November 9, 1983, established the Suburban Bus Division (Pace) to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry, and Will. The independent operations of Pace commenced on July 1, 1984.

Pace determines the level, nature, and kind of public transportation services that should be provided in the suburban region. Pace operates suburban bus services using stock, structures, and equipment purchased through capital grants funded by federal and state agencies and the RTA.

Reporting Periods

The RTA, CTA, Metra and Pace (the Combined Entities) all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2007 year-end.

3. REPORTING ENTITY

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14 (Statement No. 14), *The Financial Reporting Entity.*

In the judgment of the management of each of the entities and their analysis and application of Statement No. 14 criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards in the United States.

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

- The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA, except for the Chairman of the CTA Board of Directors who is also an RTA Board member.

- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards, if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.

- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements under Statement No. 14. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting—The RTA maintains records using a fund accounting model consisting of a General Fund, Debt Service Fund, Capital Projects Fund, Proprietary Fund, (Business-Type Activities), Agency Fund, and Pension Trust Fund. All Governmental Funds and the Agency Fund are accounted for using the modified accrual method of accounting (i.e., revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred). The Proprietary Fund and the Pension Trust Fund are accounted for using the accrual method of accounting. For the purpose of these combining financial statements, all RTA funds have been combined.

The Service Boards are accounted for on a Proprietary Fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these combining financial statements, the individual Service Board financial statements are combined with those of the RTA.

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

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

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

Materials and Supplies—Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average-cost method and Pace uses the first-in/first-out method to determine cost.

Compensated Absences—All four entities have recorded liabilities for vested vacation time in the year the time was earned. The entities account for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences*, whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability.

Revenues—The Combined Entities have five principal sources of revenue and other financial sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Taxes); (3) funds appropriated to the RTA by statute through the state's Public Transportation Fund (PTF) established under the RTA Act; (4) state or federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue—A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

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

The Act authorizes the RTA to impose a Retailers' Occupation Tax (ROT), a Service Occupation Tax (SOT) and a Use Tax (UT). The RTA imposed this tax at the maximum rate in 1979. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 0.75% in Cook County and 0.25% in the collar counties. Except for the tax on food and drugs, the RTA tax base is identical to the State retailers' occupation tax base. Consequently, when the state base is expanded or contracted by taxing or exempting receipts from specific transactions, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA and other local government taxes. As a result the RTA tax on food and drugs is imposed at a rate of 1% throughout the six-county area.

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

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

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

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

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

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

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

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

***Public Transportation Fund*—**In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the Public Transportation Fund (PTF), an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes). These amounts may be paid to the RTA only upon State appropriation. The State has approved an appropriation from the PTF through its 2008 fiscal year which will end on June 30, 2008.

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

The amounts allocable to each of the Service Boards from funding received by the RTA from the State's PTF are allocated at the discretion of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

***Reduced Fare Reimbursement*—** In the State's fiscal year 2007, which ends June 30, 2007, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation (IDOT) is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal years ended June 30, 2007 and June 30, 2008, the grants were in the amount of $37.3 million and $36.7 million, respectively. The state also provided RTA with Advance Reduced Fare grants in the amount of $15.6 million. The revenue is recognized on the modified accrual basis when the amount is requested from IDOT.

***Additional State Assistance/Additional Financial Assistance*—** The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the remaining bond proceeds, or (ii) $55 million per year. The RTA recognized $39.7 million of ASA in 2007.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance (AFA) to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $100 million and $100 million in the State's fiscal year 2007 and 2008, respectively. The RTA recognized $78 million of AFA in 2007.

In accordance with the Act, earnings on certain investments in the Capital Projects Fund are credited to the Debt Service Fund. This is done to compensate for prior State fiscal year earnings reducing the actual ASA and AFA grant amounts.

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

5. BUDGET AND BUDGETARY ACCOUNTING

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

The annual budget and related appropriations are prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States except for RTA capital expenditures and capital grants to Service Boards. The RTA capital expenditures and capital grants to Service Boards are budgeted on a project basis, which normally exceeds one year, and debt service payments, which are budgeted as transfers from the general fund. Budgets for RTA capital expenditures and capital grants to Service Boards that extend beyond one year are presented in the first year of the grants and represent the total amounts awarded. In addition, for the sales tax agency fund, additions and deletions are treated as revenues and expenditures. All appropriations lapse at year-end. There were several amendments to the 2007 budget. The 2007 budget (Ordinance 2006-78) was last revised on October 4, 2007 (Ordinances 2007-50 and 2007-58). These ordinances amended the 2007 RTA budget and the budgets of the CTA, Metra, and Pace.
Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It is the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

- The first source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and
- The third source of funds credited against the budgeted funding amount is from RTA 15% sales tax receipts and other discretionary receipts.

The reimbursement of Service Boards' capital expenditures and the payment of PTF funds, 15% funds and other discretionary funds of the RTA shall be made under the terms and conditions of grant agreements governing such expenditures.

6. LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multi-year leases for vehicles and bus tires.

CTA

In 2003, Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of $119 million. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and leased to the CTA for use as its headquarters.

On October 26, 2006, the Public Building Commission of Chicago (PBC) issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The principal amount of the bonds refunded was $111 million.

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 debt service payment over the next 27 years by approximately $388,000 resulting in an economic gain of approximately $20.4 million. Based upon the requirements of GASB Statement No.23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts,* the CTA recorded a deferred amount (loss) on refunding of $2.4 million. This amount is recorded as a component of long-term debt in the accompanying balance sheets.

The new bonds are payable from and secured by the lease entered into between the PBC and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. Bond issue costs and premium related to this transaction are presented as such on the balance sheets. The present value of the future payments to be made by the CTA under the lease of approximately $89 million is reflected in the accompanying December 31, 2007 balance sheet as a capital lease obligation.

In 2003, the CTA entered into a lease/leaseback agreement with a third party pertaining to certain buses with a book value of $22.1 million as of December 31, 2007. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $15 million is reflected in the accompanying December 31, 2007 balance sheet as capital lease obligation.

During 2002, the CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lots 1 and 2), with a book value of $35.8 million as of December 31, 2007. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $106.3 million is reflected in the accompanying December 31, 2007 balance sheet as capital lease obligation.

During 2002, the CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of $25.3 million as of December 31, 2007. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $174 million is reflected in the accompanying December 31, 2007 statement of net assets as capital lease obligation.

During 1998, the CTA entered into a lease/leaseback agreement (1998 Agreement) with a third party pertaining to a rail line (Green Line), with a book value of $254.7 million as of December 31, 2007. The 1998 Agreement, which provides certain cash and tax benefits to the third party, also provides for a trust established by the CTA to lease the rail line to an equity investor trust (1998 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (1998 Lease). The present value of the future payments to be made by the CTA under the lease of approximately $271 million is reflected in the accompanying December 31, 2007 statement of net assets as capital lease obligation.

During 1997, the CTA entered into four lease/leaseback agreements (1997 Agreements) with a third party pertaining to certain of its facilities having a book value of $50.3 million as of December 31, 2007. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (Leases). The CTA received certain funds as prepayments by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Leases, and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due from the CTA and may take possession of the facilities upon a default by the CTA under the Lease. No other lease payments are required until the end of each lease. The present value of the future payments to be made by the CTA under the Leases (net of the payment due from the Equity Trust in 2023 and 2024) of approximately $32.5 million is reflected in the accompanying December 31, 2007 balance sheet as a capital lease obligation.

In connection with the 1997 Agreements, the CTA also received proceeds of $11.9 million. The Federal Transit Administration (FTA) has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1996, the CTA entered into similar lease/leaseback agreements (1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of $54.4 million as of December 31, 2007. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (1996 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1996 Lease). The present value of the future payments to be made by the CTA under the leases (net of the payment due from the 1996 Equity Trust in 2024) of approximately $32.6 million is reflected in the accompanying December 31, 2007 balance sheet as a capital lease obligation.

In connection with the 1996 Agreements, the CTA also received proceeds of $10.9 million and agreed to make approximately $80 million of improvements to one of the facilities. The FTA has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1995, the CTA entered into sale/leaseback agreements (1995 Agreements) with third parties. The 1995 Agreements provided for the CTA to sell and lease back certain rail equipment totaling $487.1 million at cost for a period of 19 years beginning on the date of the respective transaction. As of December 31, 2007, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $1,030.3 billion. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

Change in Capital Lease Obligations:

Changes in capital leases for the year ended December 31, 2007 are as follows (in thousands of dollars):

2007	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
2003 (Buses)	$ 23,555	$ 840	$ (9,373)	$ 15,022	$ 840	-
2002 (Buses)	101,157	5,098	-	106,255	5,098	-
2002 (QTE)	169,877	10,784	(6,928)	173,733	10,784	$ 103,094
1998 (Green)	276,971	18,912	(24,852)	271,031	18,912	38,183
1997 (Garages)	30,194	2,270	-	32,464	2,270	-
1996 (Skokie/Racine)	30,377	2,234	-	32,611	2,233	-
1995 (Pickle)	1,018,357	75,681	(63,698)	1,030,340	75,680	63,698
Total lease/leasebacks	1,650,488	115,819	(104,851)	1,661,456	115,817	204,975
2006 PBC lease	91,340	-	(2,375)	88,965	3,794	1,790
Total capital lease obligation	$ 1,741,828	$ 115,819	$ (107,226)	$ 1,750,421	$ 119,611	$ 206,765

* Additions include accretion of interest.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future Minimum Lease Payments: As of December 31, 2007, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2008	$ 211,149
2009	95,772
2010	109,211
2011	99,210
2012	98,004
2013 - 2017	1,699,763
2018 - 2022	367,430
2023 - 2027	218,710
2028 - 2032	30,939
2033	6,188
Total future minimum payments	$ 2,936,376
Less interest	(1,185,955)
Present value of minimum lease payments	$ 1,750,421

The present value of all future payments to be made by the CTA under all its leases of approximately $1.8 million is reflected in the accompanying December 31, 2007 statement of net assets as capital lease obligations.

Metra

On September 18, 1998, Metra entered into a transaction to lease 174 railcars to three equity investors (headlease) and simultaneously subleased the railcars back (sublease). Under these agreements, Metra maintains the right to use the railcars and is also responsible for their continued maintenance and insurance. Metra's sublease arrangements have been recorded as long-term obligations for accounting purposes.

At closing, the railcars had a fair market value of approximately $296.9 million and a book value of $262.9 million. As part of the headlease agreements, Metra received prepayments equivalent to the net present value of the headlease obligations totaling approximately $274 million.

Metra transferred approximately $177.4 million and $52.9 million of the prepayment proceeds to third parties, in accordance with the terms of debt and equity payment undertaking agreements, respectively. These agreements constitute commitments by the debt and equity payment undertakers to pay Metra's sublease and buy-out options, under the terms of the subleases. The debt payment undertaker and equity payment undertaker are finance companies. Both the debt payment undertaker and the equity payment undertaker have AA+ and Aa2 bond ratings from Standard & Poor and Moody, respectively. Both finance companies' performance under the agreement is guaranteed by their parent company which carries the same ratings.

In connection with the transaction, Metra recognized $43.7 million as leasehold revenue in 1998. The net present value of the future payments due under the subleases has been recorded as a liability on the accompanying balance sheet. Since the debt and equity payment undertaking agreements have been structured to meet all future obligations under the subleases, the related asset balances have been recorded to equal the sublease liabilities on the accompanying balance sheet.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future Minimum Lease Payments: As of December 31, 2007, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2008	$ 25,239,685
2009	28,481,563
2010	20,947,382
2011	20,947,382
2012	20,947,382
2013 - 2017	104,736,910
2018 - 2022	272,178,527
2023 - 2027	-
2028 - 2030	3,152,120
Total future minimum payments	$ 496,630,951
Less imputed interest	(220,188,943)
Present value of minimum lease payments	$ 276,442,008

The present value of minimum lease payments of the Metra lease is $276.4 million which is reflected in the accompanying December 31, 2007 statement of net assets as capital lease obligations.

Pace

During 2003, Pace entered into two lease and leaseback agreements and realized a gain of $2.4 million from the proceeds. The transactions allowed Pace to earn up-front economic cash benefit for transferring ownership (not legal title) of a group of assets to a taxpayer that could take advantage of the benefits of tax ownership.

The first lease and leaseback agreement with a third party pertained to certain buses (lot 1, 2, and 3) with a book value of $30.5 million as of December 31, 2007. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. The present value of the future payments to be made by Pace under the lease is approximately $57.3 million and is reflected in the accompanying December 31, 2007 statement of net assets as the total of the current and long-term portions of Capital lease obligation.

The second lease and leaseback agreement with a third party pertained to certain buses (lot 4) with a book value of $17.5 million as of December 31, 2007. Under the bus lease agreements, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. The present value of the future payments to be made by Pace under the lease is approximately $23.3 million and is reflected in the accompanying December 31, 2007 statement of net assets as the total of the current and long-term portions of the Capital lease obligation.

2007	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	$ 64,554,752	$ 4,086,123	$ 11,367,085	$ 57,273,790	$ 4,086,123	-
2003 (Buses)	$ 35,460,973	$ 2,394,005	$ 14,508,950	$ 23,346,028	$ 2,394,005	-
Total	$ 100,015,725	$ 6,480,128	$ 25,876,035	$ 80,619,818	$ 6,480,128	-

As described above, Pace entered into two lease financing agreements with a third party in 2003.

The following table sets forth the aggregate amounts due under the sublease agreements:

2008	-
2009	-
2010	-
2011	$ 1,438,538
2012	
2013 - 2016	124,399,915
Total future minimum payments	$ 125,838,453
Less interest	(45,218,635)
Present value of minimum lease payments	$ 80,619,818

The present value of the future payments including the purchase option to be made by Pace under these leases is approximately $80.6 million and is reflected in the accompanying December 31, 2007 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

7. COMMITMENTS AND CONTINGENCIES

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

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

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

8. CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/1, et seq. Each of the Combined Entities has established its own investment policy which is in line with the State statute or, in some cases, more restrictive.

The Combined Entities have on hand, as of December 31, 2007, $820 million of cash and investments. Of this amount, $389 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects. In addition, CTA, Metra, and Pace hold $2.33 billion of investments in other assets for employee pension benefits, damage liabilities, and capital lease obligations, which are recorded as other assets in the financial statements.

9. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

	January 1, 2007	New Issues	Current Retirements	December 31, 2007
1990A	$ 60,795,000		$	$ 60,795,000
1991A	55,745,000			55,745,000
1992A* & 1992B	46,435,000		6,250,000	40,185,000
1994A* & 1994B	24,395,000			24,395,000
1994C* & 1994D	66,300,000		4,095,000	62,205,000
1997 Refunding	75,455,000		4,625,000	70,830,000
1999* Refunding	285,505,000		5,395,000	280,110,000
2000A*	239,790,000		4,730,000	235,060,000
2001A*	92,295,000		1,785,000	90,510,000
2001B* Refunding	32,985,000		1,555,000	31,430,000
2002A*	150,450,000		2,690,000	147,760,000
2002B	163,855,000		9,710,000	154,145,000
2003A*	251,310,000		4,335,000	246,975,000
2003B	145,210,000		2,545,000	142,665,000
2003C Refunding	10,200,000		3,240,000	6,960,000
2004A*	255,005,000		4,190,000	250,815,000
2005B Refunding	145,315,000		2,940,000	142,375,000
2006A*	250,350,000	$	1,050,000	249,300,000
Total	$ 2,351,395,000	$	$ 59,135,000	$ 2,292,260,000

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2007, the total general obligation bonds payable of $2,292,260,000 are classified as current and long-term in the Statement of Net Assets in the amounts of $64,685,000 and $2,292,260,000, respectively.

Advance Refundings—On June 21, 1993, the RTA advance refunded a portion of its 1990A Series general obligation bond issue. The RTA issued $23,265,000 of general obligation refunding bonds (1993C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $20,350,000 of outstanding general obligation bonds (1990A Series) are considered defeased, and therefore, have been removed from the financial statements.

On January 19, 1996, the RTA advance refunded a portion of its 1994B and 1994D Series general obligation bond issues. The RTA issued $151,235,000 of general obligation refunding bonds (1996 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $60,300,000 of outstanding general obligation bonds (1994B Series) and $75,605,000 of outstanding general obligation bonds (1994D Series) are considered defeased, and therefore, have been removed from the financial statements.

On September 18, 1997, the RTA advance refunded a portion of its 1990A, 1991A, 1992B, and 1993B Series general obligation bond issues. The RTA issued $98,385,000 of general obligation refunding bonds (1997 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $4,230,000 of outstanding general obligation bonds (1990A Series), $29,265,000 of outstanding general obligation bonds (1991A Series), $18,170,000 of outstanding general obligation bonds (1992B Series), and $47,465,000 of outstanding general obligation bonds (1993B Series) are considered defeased, and therefore, have been removed from the financial statements.

On August 24, 1999, the RTA advance refunded a portion of its 1992A, 1993A, 1994A, and 1994C Series general obligation bond issues. The RTA issued $298,725,000 of general obligation refunding bonds (1999 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $113,895,000 of outstanding general obligation bonds (1992A Series), $9,720,000 of outstanding general obligation bonds (1993A), $142,615,000 of outstanding general obligation bonds (1994A) and $21,955,000 of outstanding general obligation bonds (1994C) are considered defeased, and therefore, have been removed from the financial statements.

On March 1, 2001, the RTA advance refunded a portion of its 1993A Series general obligation bond issues. The RTA issued $37,715,000 of general obligation refunding bonds (2001B Series). Proceeds from the issuance amounted to $40,437,798 which includes a premium of $2,554,206. The proceeds are to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $37,750,000 of outstanding general obligation bonds (1993A) are considered defeased, and therefore, have been removed from the financial statements.

On May 1, 2003, the RTA advance refunded a portion of its 1993C Series general obligation bond issues. The RTA issued $19,055,000 of general obligation refunding bonds (2003C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2007, $19,150,000 of outstanding general obligation bonds (1993C) are considered defeased, and therefore, have been removed from the financial statements.

On May 2, 2005, the RTA issued $ 148 million in General Obligation bonds with a variable rate which resets weekly to refund $144 million of outstanding 1996A Series bonds with an average interest rate of 5.5 percent. The net proceeds of $147 million (after payment of $892 thousand for issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to call the 1996A Series bonds June 1, 2005. As a result, the 1996A Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Debt Service Requirements—The "debt service requirements" set forth in the following tables represent payments due the trustee from the RTA, as required by the respective bond agreements. The "principal" columns represent principal payments due bondholders from the trustee.

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

The Series 1990A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semiannually thereafter on May 1 and November 1 in each remaining year.

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008		$ 4,377,240	$ 4,377,240
2009		4,377,240	4,377,240
2010	$ 3,810,000	4,377,240	8,187,240
2011	4,085,000	4,102,920	8,187,920
2012	4,380,000	3,808,800	8,188,800
2013-2017	27,110,000	13,834,080	40,944,080
2018-2020	21,410,000	3,154,680	24,564,680
Total	$ 60,795,000	$ 38,032,200	$ 98,827,200

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008		$ 3,734,915	$ 3,734,915
2009		3,734,915	3,734,915
2010		3,734,915	3,734,915
2011		3,734,914	3,734,914
2012	$ 4,090,000	3,734,915	7,824,915
2013-2017	24,960,000	14,176,530	39,136,530
2018-2021	26,695,000	4,615,965	31,310,965
Total	$ 55,745,000	$ 37,467,069	$ 93,212,069

1992 General Obligation Bonds**—**In June 1992, the RTA issued $188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 1992A and 1992B Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 5.30% to 9.00% on December 1, 1992 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1992A and 1992B Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 6,840,000	$ 2,636,360	$ 9,476,360
2009	7,480,000	1,991,960	9,471,960
2010		1,396,960	1,396,960
2011		863,040	863,040
2012	25,865,000	293,760	26,158,760
2013-2022	-	-	-
Total	$ 40,185,000	$ 7,182,080	$ 47,367,080

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008		$ 1,951,600	$ 1,951,600
2009		1,951,600	1,951,600
2010		1,951,600	1,951,600
2011		1,951,601	1,951,601
2012		1,951,600	1,951,600
2013-2024	$ 24,395,000	7,844,199	32,239,199
Total	$ 24,395,000	$ 17,602,200	$ 41,997,200

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

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

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

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2008	$ 4,420,000	$ 4,649,612	$ 9,069,612
2009	1,500,000	4,420,213	5,920,213
2010	1,620,000	4,299,312	5,919,312
2011	1,750,000	4,168,725	5,918,725
2012	1,890,000	4,027,675	5,917,675
2013-2017	28,170,000	15,775,514	43,945,514
2018-2025	22,855,000	2,209,331	25,064,331
Total	$62,205,000	$39,550,382	$101,755,382

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

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

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

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2008	$ 4,875,000	$ 4,000,288	$ 8,875,288
2009	5,155,000	3,724,463	8,879,463
2010	5,445,000	3,432,963	8,877,963
2011	5,750,000	3,125,100	8,875,100
2012	1,865,000	2,915,688	4,780,688
2013-2017	18,810,000	11,636,700	30,446,700
2018-2022	25,380,000	5,054,400	30,434,400
2023	3,550,000	106,500	3,656,500
Total	$70,830,000	$33,996,102	$104,826,102

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

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

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

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2008	$ 5,665,000	$ 15,920,137	$ 21,585,137
2009	7,670,000	15,586,762	23,256,762
2010	8,065,000	15,163,144	23,228,144
2011	8,525,000	14,686,182	23,211,182
2012	9,025,000	14,181,619	23,206,619
2013-2017	73,915,000	57,823,970	131,738,970
2018-2022	128,090,000	31,413,500	159,503,500
2023-2025	39,155,000	2,737,431	41,892,431
Total	$ 280,110,000	$ 167,512,745	$ 447,622,745

***2000 General Obligation Bonds*—**In June, 2000, the RTA issued $260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2000A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.75% to 6.25% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2000A Bonds to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2008	$ 4,995,000	$ 14,866,563	$ 19,861,563
2009	5,275,000	14,579,350	19,854,350
2010	5,575,000	14,276,038	19,851,038
2011	5,900,000	13,955,475	19,855,475
2012	6,245,000	13,601,475	19,846,475
2013-2017	37,255,000	61,669,877	98,924,877
2018-2022	50,125,000	48,524,251	98,649,251
2023-2027	67,860,000	30,582,788	98,442,788
2028-2030	51,830,000	6,874,725	58,704,725
Total	$235,060,000	$ 218,930,542	$ 453,990,542

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

The Series 2001A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 6.00% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

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

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2008	$ 1,880,000	$ 5,344,813	$ 7,224,813
2009	1,980,000	5,241,413	7,221,413
2010	2,090,000	5,132,513	7,222,513
2011	2,200,000	5,017,563	7,217,563
2012	2,325,000	4,896,563	7,221,563
2013-2017	13,745,000	22,139,738	35,884,738
2018-2022	18,090,000	17,654,650	35,744,650
2023-2027	23,820,000	11,758,500	35,578,500
2028-2031	24,380,000	3,757,500	28,137,500
Total	$90,510,000	$ 80,943,253	$ 171,453,253

In March 2001, the RTA issued $38 million in General Obligation Bonds, Series 2001B, to provide funds to refund, in advance of maturity, the RTA's outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of $38 million.

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 1,630,000	$ 1,679,750	$ 3,309,750
2009		1,639,000	1,639,000
2010		1,639,000	1,639,000
2011		1,639,000	1,639,000
2012		1,639,000	1,639,000
2013-2017	9,990,000	7,134,051	17,124,051
2018-2022	16,035,000	3,340,014	19,375,014
2023	3,775,000	103,813	3,878,813
Total	$31,430,000	$ 18,813,628	$ 50,243,628

2002 General Obligation Bonds—In March 2002, the RTA issued $160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2002A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 6.00% on July 1, 2002 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2002A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 2,835,000	$ 8,698,938	$ 11,533,938
2009	2,985,000	8,557,188	11,542,188
2010	3,150,000	8,407,938	11,557,938
2011	3,315,000	8,250,438	11,565,438
2012	3,495,000	8,068,113	11,563,113
2013-2017	20,660,000	37,090,375	57,750,375
2018-2022	27,280,000	30,306,300	57,586,300
2023-2027	36,150,000	21,117,600	57,267,600
2028-2032	47,890,000	8,943,300	56,833,300
Total	$ 147,760,000	$ 139,440,190	$ 287,200,190

In June 2002, the RTA issued $200 million in General Obligation Bonds, Series 2002B, to provide interim funding, as needed for a portion of the costs in connection with the reconstruction and expansion of rapid transit facilities operated by the CTA and to fund other public transportation projects.

The Series 2002B Bonds mature on June 1 over a seventeen-year period and interest is payable at rates ranging from 3.00% to 5.50% on December 1, 2002, and semi-annually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2002B Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 10,060,000	$ 8,053,513	$ 18,113,513
2009	10,450,000	7,515,125	17,965,125
2010	10,870,000	6,941,888	17,811,888
2011	11,325,000	6,331,525	17,656,525
2012	11,815,000	5,695,175	17,510,175
2013-2017	67,705,000	18,018,931	85,723,931
2018-2019	31,920,000	1,736,932	33,656,932
Total	$ 154,145,000	$ 54,293,089	$ 208,438,089

2003 General Obligation Bonds—In May 2003, the RTA issued $260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2003A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 2.00% to 5.50% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 4,555,000	$ 13,995,825	$ 18,550,825
2009	4,790,000	13,768,075	18,558,075
2010	5,045,000	13,528,575	18,573,575
2011	5,310,000	13,276,325	18,586,325
2012	5,600,000	13,010,825	18,610,825
2013-2017	32,980,000	60,338,400	93,318,400
2018-2022	43,095,000	50,245,750	93,340,750
2023-2027	56,160,000	36,962,850	93,122,850
2028-2032	72,565,000	18,569,400	91,134,400
2033	16,875,000	1,012,500	17,887,500
Total	$ 246,975,000	$ 234,708,525	$ 481,683,525

In January 2003, the RTA issued $150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2003B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 4.00% to 5.50% on June 1, 2003 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2003B Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 2,675,000	$ 7,763,925	$ 10,438,925
2009	2,810,000	7,654,225	10,464,225
2010	2,955,000	7,538,925	10,493,925
2011	3,105,000	7,402,200	10,507,200
2012	3,265,000	7,242,950	10,507,950
2013-2017	19,085,000	33,291,339	52,376,339
2018-2022	24,805,000	27,290,565	52,095,565
2023-2027	32,245,000	19,489,638	51,734,638
2028-2032	41,930,000	9,095,064	51,025,064
2033	9,790,000	281,463	10,071,463
Total	$142,665,000	$127,050,294	$269,715,294

In May 2003, the RTA issued $19 million in General Obligation Bonds, Series 2003C, to provide funds to refund, in advance of maturity, the RTA's outstanding series 1993C Bonds, maturing June 1 in the years 2004-2009, in the aggregate amount of $19 million.

The Series 2003C Bonds mature on July 1 over a six-year period and interest is payable at rates ranging from 2.00% to 5.00% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003C Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 3,395,000	$ 348,000	$ 3,743,000
2009	3,565,000	178,250	3,743,250
Total	$ 6,960,000	$ 526,250	$ 7,486,250

2004 General Obligation Bonds—In October 2004, the RTA issued $260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2004A Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 5.75% on June 1, 2005 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2004A Bonds to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2008	$ 4,405,000	$ 13,751,163	$ 18,156,163
2009	4,635,000	13,525,163	18,160,163
2010	4,870,000	13,287,538	18,157,538
2011	5,120,000	13,037,788	18,157,788
2012	5,385,000	12,775,163	18,160,163
2013-2017	31,360,000	59,222,739	90,582,739
2018-2022	40,620,000	49,189,319	89,809,319
2023-2027	52,815,000	36,662,745	89,477,745
2028-2032	68,670,000	19,754,700	88,424,700
2033-2034	32,935,000	1,918,631	34,853,631
Total	$ 250,815,000	$ 233,124,949	$ 483,939,949

***2005 General Obligation Bonds*—**In May 2005, the RTA issued $148 million in General Obligation Bonds, Series 2005B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of $147 million. The Series 2005B Bonds mature on June 1 over a twenty year period and interest is payable at variable rates which reset weekly, based on current market rates.

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

Year Ending December 31	Debt Service Requirements Principal	Interest*	Total
2008	$ 3,070,000	$ 4,647,720	$ 7,717,720
2009	6,535,000	4,489,238	11,024,238
2010	6,850,000	4,268,385	11,118,385
2011	7,210,000	4,036,395	11,246,395
2012	7,590,000	3,792,195	11,382,195
2013-2017	21,700,000	15,811,291	37,511,291
2018-2022	49,320,000	11,561,057	60,881,057
2023-2025	40,100,000	1,836,121	41,936,121
Total	$ 142,375,000	$ 50,442,402	$ 192,817,402

** Interest was calculated using a rate of 3.3%.*

2006 General Obligation Bonds—

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest*	Total
2008	$ 3,385,000	$ 12,210,531	$ 15,595,531
2009	3,625,000	12,041,281	15,666,281
2010	3,780,000	11,860,031	15,640,031
2011	3,955,000	11,671,031	15,626,031
2012	4,150,000	11,473,281	15,623,281
2013-2017	24,890,000	53,995,156	78,885,156
2018-2022	40,540,000	46,952,656	87,492,656
2023-2027	87,420,000	32,385,906	119,805,906
2028-2032	40,755,000	11,833,338	52,588,338
2033-2035	36,800,000	3,860,775	40,660,775
Total	$ 249,300,000	$ 208,283,988	$ 457,583,988

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

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

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

In the Debt Service Fund, $76 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2007.

10. PENSION

All eligible employees of the Combined Entities are covered under a pension plan. RTA employees, as well as nonunion employees of Metra and Pace, are covered under the RTA Pension Plan, which is a multiemployer, noncontributory, defined benefit cost sharing plan and trust. The union employees of Metra and Pace are covered under various other plans as required by their collective bargaining agreements.

The CTA maintains two single-employer defined benefit pension plans, the Employees' Retirement Plan and the Supplemental Retirement Plan, covering substantially all full-time permanent union and nonunion employees and Chicago Transit Board members. The Employees' Retirement Plan is governed by the terms of the employees' collective bargaining agreement. The Supplemental Retirement Plan, which includes the Retirement Plan for Board Members and the Supplemental Retirement Plan for selected Officers, Executives, Supervisory and Professional Employees, provides benefits, in addition to the Employees' Retirement Plan, to management employees in certain employment classifications and Chicago Transit Board members.

11. REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. This information includes the transportation-related results of the Service Boards' affiliated carriers. Accordingly, this region-wide information is presented in the combining region-wide schedules of revenues and expenditures and the combining region-wide statement of revenues and expenditures—budget and actual.

The basic financial statements of the RTA and the Service Boards used to prepare the combining statement of revenues and expenses do not include the aggregate of system-generated revenues and costs. The combining region-wide schedules of revenues and expenditures include the aggregate of all system-generated revenues and costs.

For purposes of the system-generated revenues recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with accounting principles generally accepted in the United States, with certain allowable adjustments as enumerated in the Act. Costs funded by Federal capital grants are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act.

The Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation.

For 2007, the region-wide system-generated revenues recovery ratio is calculated from the Combining Region-Wide Schedules of Revenues and Expenditures—(Budget and Actual Budget Basis) as follows:

System-generated Revenues Recovery Ratio (in thousands)	Revenues	Expenditures
CTA*	$580,182	$1,100,973
Metra**	291,841	525,397
Pace***	55,826	166,183
RTA****	11,504	27,891
Total	$939,353	$1,820,444

The RTA Board (Ordinance 2005-06) authorized the exclusion of added security costs from the Service Board expenditures including the allowable adjustments specified in the RTA Act. The amount that exceeds the RTA Act exclusion is added back to RTA system-generated expenses to calculate the System-Generated

Revenue Recovery Ratio. The amount added to CTA and Metra expenditures was $16.2 million and $9.8 million, respectively. The region-wide system-generated revenues recovery ratio for 2007 equals 51.6%.

* The system-generated revenues recovery ratio for the CTA included leasehold revenues of $4.3 million and excluded CTA expenditures for security costs of $31.4 million. It also included in-kind services of $22 million, both as revenues and expenditures.

** Metra's $14.8 million security costs, $15.3 million costs for lease of transportation facilities and $2.7 million for funded depreciation to carriers were deducted from expenditures.

*** Pace included in-kind services of $3.7 million both as revenues and expenditures.

**** The RTA subtracted $9.4 million unrealized gain on swap valuation to its revenues. Also, the RTA excluded all capital related depreciation expenses of $228 thousand.

These are allowable adjustments for the revenues recovery ratio computation per the Act. These adjustments are reflected in the region-wide information.

Also, in the RTA Act section 4.01(b) requires the RTA Board to determine that the level of fares charged for ADA paratransit services is sufficient to cause the aggregate of all projected revenues from such fares charged and received in each fiscal year to equal at least 10% of the aggregate costs of providing such ADA paratransit services in fiscal years 2007. However, PACE did not meet the 10% recovery ratio for Regional ADA Paratransit Services that was established in the state legislature and in the 2007 RTA budget marks. Pace ended the year with an 8.4% recovery ratio for Regional ADA Paratransit Services. The 2008 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement. The RTA will work cooperatively with Pace to achieve this ratio

12. RECONCILIATION OF GOVERNMENT-WIDE TO REGION-WIDE REVENUES AND EXPENDITURES

RTA's government-wide financial statements do not include fiduciary fund financial statement information which is added in the region-wide presentation. As also stated in Note 11, in-kind services are added in the system-generated revenues and expenditures.

The following data (in thousands) reconciles the combining government-wide to region-wide schedules of revenues and expenditures:

	RTA	CTA	Metra	Pace
Government-wide revenues (page 35)	$510,414	$ 1,600,852	$757,471	$ 286,445
Sales tax agency fund	694,423			
Pension trust fund	14,957			
In-kind services		22,000		3,673
Unrealized gain on swap valuation	(9,418)			
Region-wide revenues (page 36)	1,210,375	1,622,852	757,471	290,118
Government-wide expenditures (page 35)	526,822	1,932,117	780,141	284,187
Sales tax agency fund	694,423			
Pension trust fund	7,878			
In-kind services		22,000		3,673
Security costs		(31,363)	(14,773)	
Lease of transportation facilities			(15,325)	
Capital (Depreciation, disposals/additions)	(228)		(2,749)	
Region-wide expenditures (page 36)	1,228,896	1,922,754	747,294	287,860
Net revenues (expenditures)	$ (18,521)	$ (299,902)	$ 10,177	$ 2,257

13. SUBSEQUENT EVENTS

On January 18, 2008, New Legislation Public Act 95-708 became law. As a result, the RTA Act was amended to:

(1) Authorize additional funds to be raised, primarily from the RTA region and
(2) Enhance the RTA's responsibilities and accountability with respect to regional planning, fiscal oversight, and fare and service coordination.

This legislation also includes provisions to stabilize the long-term financial health of the CTA pension and retiree healthcare system. The legislation requires that the funding for the pension and retiree healthcare are separated, employee and employer contributions are increased, benefits are adjusted, governance is strengthened, bonds are issued and ongoing financial oversight by the Illinois Auditor General is established. The Chicago Transit Board has not yet approved the issuance of these bonds, however the CTA is preparing for this issuance predicated on the assumption that the bonds will be repaid with the proceeds of the additional funds provided to the CTA from the legislation.

On February 29, 2008, Hybrid Bus Lease; CTA finalized an agreement to lease 150 New Flyer articulated hybrid buses. Delivery of the new buses is expected to occur between Fall 2008 and Spring 2009. The terms of the agreement allow CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. The lease cost will be approximately $13.4 million per year with a total principal amount of $120.5 million. Lease payments are due every June 1 and December 1 of each year, beginning on December 1, 2008.

On March 12, 2008, Capital Grant Receipts Revenue Bonds, Series 2008; the Chicago Transit Board approved the issuance of $250 million in Capital Grant Receipt Revenue Bonds to accelerate funding of capital improvement projects including the purchase of buses and rail cars, and slow zone elimination. The Board's approval means the CTA will issue up to $250 million in tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program and 5309 Fixed Guideway Modernization Program Funds.

In January 2008, the Illinois legislature approved bill HB656 "Mass Transit Funding and Reform" to provide additional operating funding for the region beginning in 2008. Metra anticipates its share of these funds will be $46.7 million in 2008. This bill also authorizes Metra to issue $1 billion in bonds for capital projects.

* * * * * *

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2007
(In Thousands)

	RTA Government-Wide Funds	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
REVENUES:							
Service Boards operating revenues		$ 509,584	$ 291,841	$ 63,169	$ 921		$ 863,673
RTA financial assistance		548,249	256,688	164,201	889,928		79,210
Other public funding		42,048	150,316	24,230			216,594
Capital grants		375,914	40,365	28,365	113,328		331,316
Sales taxes	$ 112,938					$ 639,987	752,925
Interest on sales taxes	376						376
Public Transportation Fund	188,931						188,931
Operating Assistance CTA & Pace	54,252						54,252
State assistance	117,807						117,807
Investment income	32,744						32,744
Program revenues and other	3,366						3,366
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		120,795	18,261	6,480			145,536
Total revenues	510,414	1,600,852	757,471	286,445	1,004,177	639,987	2,790,992
EXPENDITURES:							
Operating		1,412,842	548,470	246,007		691	2,206,628
Depreciation		387,738	213,410	31,492			632,640
Financial Assistance to Service Boards	209,931					209,931	
Operating Grant - CTA & Pace	40,010					40,010	
Capital grants—discretionary	25,272					25,272	
Capital grants—bonds	88,056					88,056	
Insurance (JSIF)	4,855						4,855
Administrative expenses	6,967						6,967
Regional expenses	20,243					230	20,013
Technology program	1,409						1,409
Bond-related expenses	130,079	15,718					145,797
Interest expense				208			208
Interest expense from leasing transactions		115,819	18,261	6,480			140,560
Total expenditures	526,822	1,932,117	780,141	284,187		364,190	3,159,077
NET REVENUES (EXPENDITURES)	$ (16,408)	$ (331,265)	$ (22,670)	$ 2,258	$ 1,004,177	$ 1,004,177	$ (368,085)

Note 1—Changes in net assets shown on page 4 and net revenues and expenditures shown on this page are similar.

Note 2—Government-wide to Region-wide revenues and expenditures shows on page 35 and 36, respectively, are reconciled in Note 12.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (BUDGETARY BASIS)

YEAR ENDED DECEMBER 31, 2007

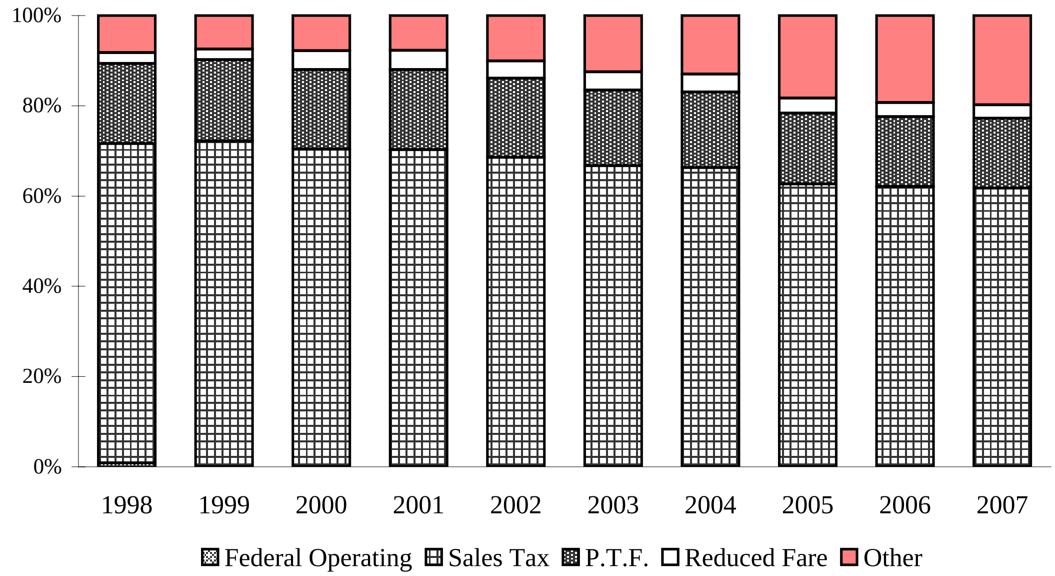
(In Thousands)

	RTA Government-Wide and Fiduciary Funds	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance		$ 548,249	$256,688	$164,201	$ 889,928		$ 79,210	
Other public funding		42,048	150,316	24,230			216,594	
Capital grants		375,914	40,365	28,365	113,328		331,316	
Interest revenue from leasing transactions		120,795	18,261	6,480			145,536	
Sales taxes	$ 752,922						752,922	$ 745,937
Public Transportation Fund	188,931						188,931	186,484
Operating Assistance CTA & Pace	54,252						54,252	54,252
State assistance	117,807						117,807	122,836
State reduced fare reimbursement	52,309				52,309			
Pension contribution	9,137				1,000		8,137	
Investment income	21,384						21,384	
Interest on sales taxes to Service Boards	2,129				2,130			
Subtotal	1,198,871	1,087,006	465,630	223,276	1,058,695		1,916,089	1,109,509
Investment income	17,387						17,387	8,788
Other revenues	3,159			7,016			10,175	4,934
Interest on sales taxes	376						376	150
Service Boards revenues		509,584	291,841	56,153	921		856,657	895,272
Add (Subtract):								
In-kind services		22,000		3,673			25,673	22,000
Leasehold revenue		4,262					4,262	4,262
Unrealized Gain on swap valuation	(9,418)						(9,418)	
Subtotal	11,504	535,846	291,841	66,842	921		905,112	935,406
Total revenues	1,210,375	1,622,852	757,471	290,118	1,059,616		2,821,201	2,044,915
EXPENDITURES:								
Pension and other employee benefits		318,673					318,673	
Depreciation		387,738	213,410	31,493			632,641	
Interest expenses from leasing transactions		115,819	18,261	6,480			140,560	
Interest expenses from bond transactions		15,718					15,718	
Operating grants to Service Boards	849,915					849,915	0	
CTA & Pace Operating Grant	40,010					40,010	-	
Capital grants—discretionary	25,272					25,272	-	
Capital grants—bonds	88,056					88,056	-	
State reduced fare reimbursement	52,309					52,309	-	
Regional expenses	12,734					230	12,504	
Bond-related expenses	130,079						130,079	
Interest expense				208			208	
Interest on sales taxes to Service Boards	2,130					2,130		
Subtotal	1,200,505	837,948	231,671	38,181		1,057,922	1,250,383	
Operating expenses		1,094,169	548,470	246,007		691	1,887,955	1,821,325
Administrative expenses	6,967					1,000	5,967	7,048
Regional expenses	20,243						20,243	20,723
Technology program	1,409						1,409	2,728
Add (Subtract):								
In-kind services		22,000		3,673			25,673	26,758
Security costs		(31,363)	(14,773)				(46,136)	(48,863)
Lease of transportation facilities			(15,325)				(15,325)	(15,541)
Capital (Depreciation, disposals/additions)	(228)		(2,749)				(2,977)	(2,706)
Subtotal	28,391	1,084,806	515,623	249,680		1,691	1,876,809	1,811,472
Total expenditures	1,228,896	1,922,754	747,294	287,861		1,059,613	3,127,192	1,811,472
NET REVENUES (EXPENDITURES)	$ (18,521)	$ (299,902)	$ 10,177	$ 2,257	$ 1,059,616	$ 1,059,616	$ (305,991)	$ 233,443

Table 1

RTA REVENUE BY SOURCE

1998-2007

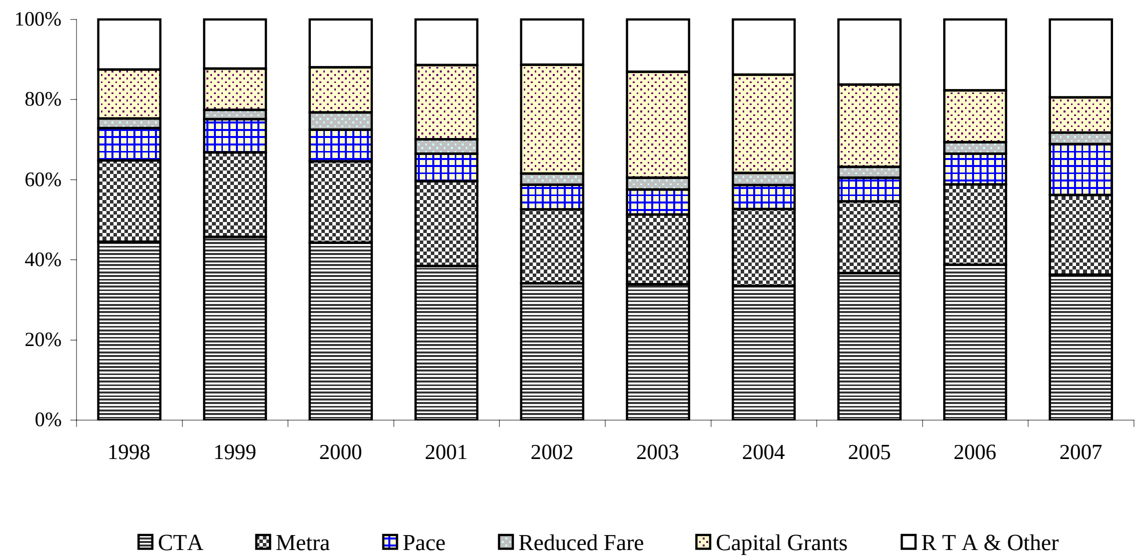


Last Ten Years *(In Thousands)*

	Federal Operating Assistance	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/98	6,746	576,704	144,846	19,837	66,980	815,113
Percentage of Total	0.83%	70.75%	17.77%	2.43%	8.22%	100%
12 Months Ended 12/31/99	0	613,514	153,343	19,386	63,624	849,867
Percentage of Total	0.00%	72.19%	18.04%	2.28%	7.49%	100%
12 Months Ended 12/31/00	0	650,284	162,247	38,759	71,947	923,237
Percentage of Total	0.00%	70.44%	17.57%	4.20%	7.79%	100%
12 Months Ended 12/31/01	0	653,522	164,987	39,531	71,742	929,782
Percentage of Total	0.00%	70.29%	17.74%	4.25%	7.72%	100%
12 Months Ended 12/31/02	0	647,685	165,665	36,260	95,167	944,777
Percentage of Total	0.00%	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	0	654,988	164,739	39,662	122,517	981,906
Percentage of Total	0.00%	66.70%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	0	675,628	170,397	40,153	132,664	1,018,842
Percentage of Total	0.00%	66.31%	16.72%	3.94%	13.02%	100%
12 Months Ended 12/31/05	0	700,395	175,668	37,127	204,904	1,118,094
Percentage of Total	0.00%	62.64%	15.71%	3.32%	18.33%	100%
12 Months Ended 12/31/06	0	746,829	186,136	37,327	232,193	1,202,485
Percentage of Total	0.00%	62.11%	15.48%	3.10%	19.31%	100%
12 Months Ended 12/31/07	0	752,922	188,931	36,678	241,262	1,219,794
Percentage of Total	0.00%	61.73%	15.49%	3.01%	19.78%	100%

DISTRIBUTION OF EXPENDITURES

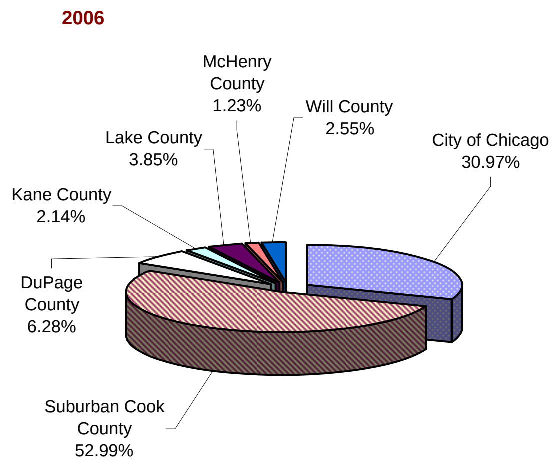
1998-2007

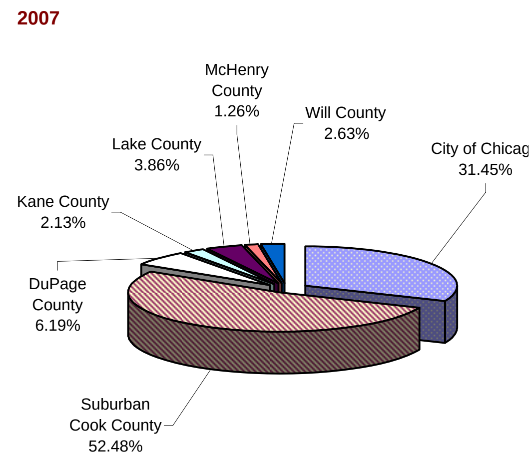


Last Ten Years *(In Thousands)*

	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/98	377,265	172,198	69,100	618,563	19,837	103,859	106,464	848,723
Percentage of Total	44.45%	20.29%	8.14%	72.88%	2.34%	12.24%	12.54%	100%
12 Months Ended 12/31/99	384,810	177,784	70,482	633,076	19,386	86,913	103,436	842,811
Percentage of Total	45.66%	21.09%	8.36%	75.11%	2.30%	10.31%	12.28%	100%
12 Months Ended 12/31/00	402,126	184,559	71,772	658,457	38,759	102,806	108,546	908,568
Percentage of Total	44.26%	20.31%	7.90%	72.47%	4.27%	11.32%	11.94%	100%
12 Months Ended 12/31/01	419,005	230,343	75,002	724,350	39,531	201,548	124,952	1,090,381
Percentage of Total	38.43%	21.13%	6.88%	66.44%	3.63%	18.48%	11.45%	100%
12 Months Ended 12/31/02	441,632	238,955	79,052	759,639	36,260	351,041	147,086	1,294,026
Percentage of Total	34.13%	18.47%	6.11%	58.71%	2.80%	27.13%	11.37%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	175,838	1,339,450
Percentage of Total	33.86%	17.44%	6.18%	57.48%	2.96%	26.43%	13.13%	100%
12 Months Ended 12/31/04	441,630	252,493	79,051	773,174	40,153	323,869	182,417	1,319,613
Percentage of Total	33.47%	19.13%	5.99%	58.59%	3.04%	24.54%	13.82%	100%
12 Months Ended 12/31/05	495,885	241,728	80,052	817,665	37,127	277,130	220,202	1,352,124
Percentage of Total	36.67%	17.88%	5.92%	60.47%	2.75%	20.50%	16.29%	100%
12 Months Ended 12/31/06	496,690	256,301	98,500	851,490	37,327	165,436	227,481	1,281,735
Percentage of Total	38.75%	20.00%	7.68%	66.43%	2.91%	12.91%	17.75%	100%
12 Months Ended 12/31/07	468,349	257,374	164,202	889,925	36,678	113,328	252,301	1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.86%	8.77%	19.52%	100%

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO





RETAILERS' OCCUPATION AND USE TAX (SALES TAX) REVENUES BY COUNTY/CITY OF CHICAGO

Last Ten Years *(In Thousands)*

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/98	176,816	314,886	39,278	10,011	20,413	5,760	9,540	576,704
Percentage of Total	30.66%	54.60%	6.81%	1.74%	3.54%	1.00%	1.65%	100%
12 Months Ended 12/31/99	187,966	333,513	41,764	10,761	22,238	6,528	10,744	613,514
Percentage of Total	30.64%	54.37%	6.81%	1.75%	3.62%	1.06%	1.75%	100%
12 Months Ended 12/31/00	199,056	354,307	42,741	11,589	23,985	6,942	11,664	650,284
Percentage of Total	30.62%	54.48%	6.57%	1.78%	3.69%	1.07%	1.79%	100%
12 Months Ended 12/31/01	197,370	357,522	42,498	11,796	25,017	7,122	12,197	653,522
Percentage of Total	30.20%	54.71%	6.50%	1.80%	3.83%	1.09%	1.87%	100%
12 Months Ended 12/31/02	195,417	353,999	40,961	12,256	24,913	7,373	12,766	647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%
12 Months Ended 12/31/05	214,134	373,317	44,495	15,328	27,348	8,635	17,138	700,395
Percentage of Total	30.57%	53.30%	6.35%	2.19%	3.90%	1.23%	2.45%	100%
12 Months Ended 12/31/06	231,273	395,727	46,867	16,008	28,743	9,194	19,016	746,828
Percentage of Total	30.97%	52.99%	6.28%	2.14%	3.85%	1.23%	2.55%	100%
12 Months Ended 12/31/07	236,783	395,163	46,592	16,015	29,058	9,494	19,817	752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%

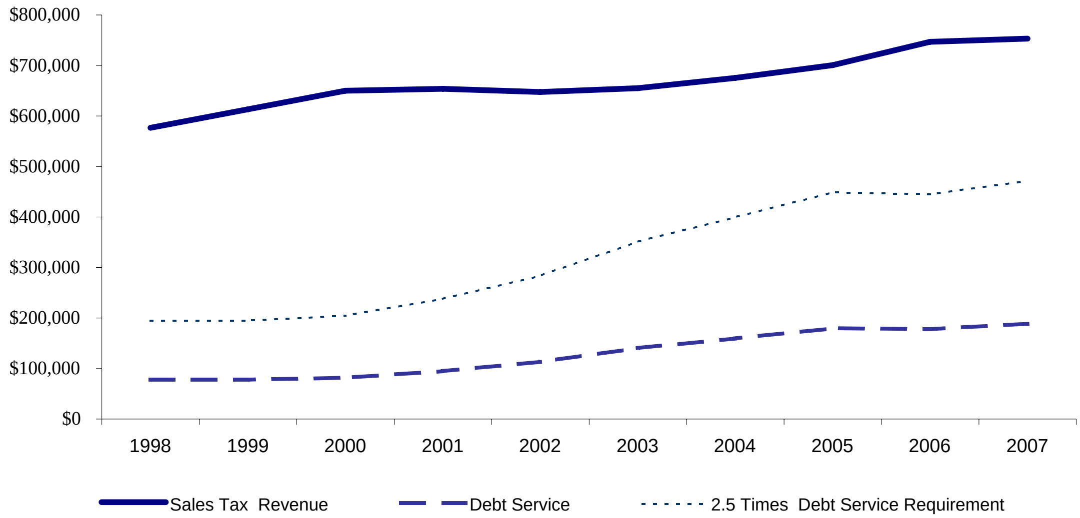
LEGAL DEBT CAPACITY

2007

Legal Debt Margin:		Balance Outstanding at December 31, 2007	Issued	
Debt Limitation per Act for General Obligations				$2,600,000,000
Debt applicable to limitation :				
Non-SCIP Bonds:				
1990A	General Obligation Bonds	$60,795,000		
1991A	General Obligation Bonds	55,745,000		
1992B	General Obligation Bonds	5,535,000		
1994B	General Obligation Bonds	7,095,000		
1994D	General Obligation Bonds	32,260,000		
1997	General Obligation Refunding Bonds	70,830,000		
2002B	General Obligation Bonds	154,145,000		
2003B	General Obligation Bonds	142,665,000		
2003C	General Obligation Refunding Bonds	6,960,000		
2005B	General Obligation Refunding Bonds	142,375,000		
Total RTA Bonds Applicable to Limitation		$678,405,000		($678,405,000)
SCIP Bonds:				
1992A	General Obligation Bonds	$34,650,000	$188,000,000	
1993A	General Obligation Bonds		55,000,000	
1994A	General Obligation Bonds	17,300,000	195,000,000	
1994C	General Obligation Bonds	29,945,000	62,000,000	
1999	General Obligation Refunding Bonds	280,110,000		
2000	General Obligation Bonds	235,060,000	260,000,000	
2001A	General Obligation Bonds	90,510,000	100,000,000	
2001B	General Obligation Refunding Bonds	31,430,000		
2002A	General Obligation Bonds	147,760,000	160,000,000	
2003A	General Obligation Bonds	246,975,000	260,000,000	
2004A	General Obligation Bonds	250,815,000	260,000,000	
2006A	General Obligation Bonds	249,300,000	250,350,000	
Total SCIP Bonds Applicable to Limitation			$1,790,350,000	($1,790,350,000)
Total SCIP Bonds Outstanding		$1,613,855,000		
Total Bonds Outstanding		$2,292,260,000		
Debt Margin for General Obligations				$131,245,000
Debt Limitation per Act for Working Cash Notes				100,000,000
Total Legal Debt Margin				$231,245,000

COMPARISON OF SALES TAX REVENUE TO DEBT SERVICE REQUIREMENT

1998 - 2007
(In Thousands)



As defined in the Bond and Note General Ordinance, ordinance 85-39, Section 909 (3), revenue test required that all RTA revenues "shall equal or exceed two and one-half (2.5) times the maximum annual debt service requirements." In the graph presented above, the RTA compares 2.5 times debt service requirement to sales tax revenues, a major RTA revenue. In effect, the RTA significantly exceeds the revenue test defined in the ordinance.

Last Ten Years *(In Thousands)*

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales Tax Revenue	$ 576,704	$ 613,514	$ 650,284	$ 653,522	$ 647,685	$ 654,985	$ 675,628	$ 700,395	$ 746,829	$ 752,922
Debt Service Requirement	77,883	77,866	81,676	95,187	113,526	140,607	159,702	179,536	178,086	188,551
2.5 Times Debt Service Requirement	$194,708	$194,665	$204,190	$237,968	$283,815	$351,518	$399,255	$448,840	$445,215	$471,378

Differences, if any, between debt service amounts presented above and amounts presented in the accompanying financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

Table 6

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

Last Ten Years *(In Thousands)*

Year	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Total Expenditures	Ratio of Debt Service to Total Expenditures
1998	16,124	61,759	77,883	848,723	9.18%
1999	16,988	60,878	77,866	842,811	9.24%
2000	22,949	58,727	81,676	908,568	8.99%
2001	19,805	75,382	95,187	1,090,381	8.73%
2002	27,262	86,264	113,526	1,294,026	8.77%
2003	37,940	102,667	140,607	1,339,450	10.50%
2004	40,430	119,272	159,702	1,319,613	12.10%
2005	49,570	129,966	179,536	1,352,124	13.28%
2006	55,110	122,976	178,086	1,281,765	13.89%
2007	59,135	129,416	188,551	1,302,664	14.47%

Table 7

FEDERAL ALLOCATION OF CAPITAL FUNDS TO NORTHEASTERN ILLINOIS

Last Ten Calendar Years

Sections 5309, 5307, and Title 1 including CMAQ and STP (Formerly Section 3, 9, & 23, respectively) *(In Millions)*

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
1998	252.95	142.97	88.17	21.81
1999	299.59	162.67	111.49	25.43
2000	336.65	177.17	132.89	26.59
2001	355.47	184.46	145.75	25.26
2002	430.08	225.42	174.29	30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
2005	536.83	330.08	174.80	31.95
2006	496.62	280.03	168.69	47.90
2007	449.49	288.61	128.45	32.43
Total	$ 4,114.74	$ 2,339.87	$ 1,466.08	$ 308.79

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

Table 8

SERVICE BOARD OPERATING CHARACTERISTICS

2007

Chicago Transit Authority

Rapid Transit

- 8 rail routes
- 144 stations served
- 1,190 rapid transit cars
- 190.3 million riders per year
- 1,331 STO* positions

Motor Bus

- 154 bus routes
- 2,222 buses
- 309.3 million riders per year
- 4,274 STO* positions

Other

- 1.1 billion passenger rail miles per year
- 12.1 million rail miles per year
- 762.3 million passenger miles per year
- 70.4 million vehicle miles per year
- 5,302 without STO* Positions

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

*Metra Commuter Rail Division

- 489 route miles
- 1,185 miles of track
- 239 stations
- 144 locomotives
- 818 passenger cars
- 173 electric cars
- 702 weekly trains operated
- 95.7% on-time performance
- 83.3 million riders per year
- 3,978 full-time employees

Other

- 1.7 billion passenger miles per year
- 44.3 million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route

- 152 regular routes
- 52 feeder routes
- 1 subscription routes
- 23 shuttle routes
- 584 vehicles in use during peak periods
- 33.5 million riders per year
- 1,322 full-time employees

Paratransit

- 62 local services
- 380 Pace owned lift-equipped buses in service
- 228 communities served
- 3.7 millions of riders per year
- 28 full-time employees

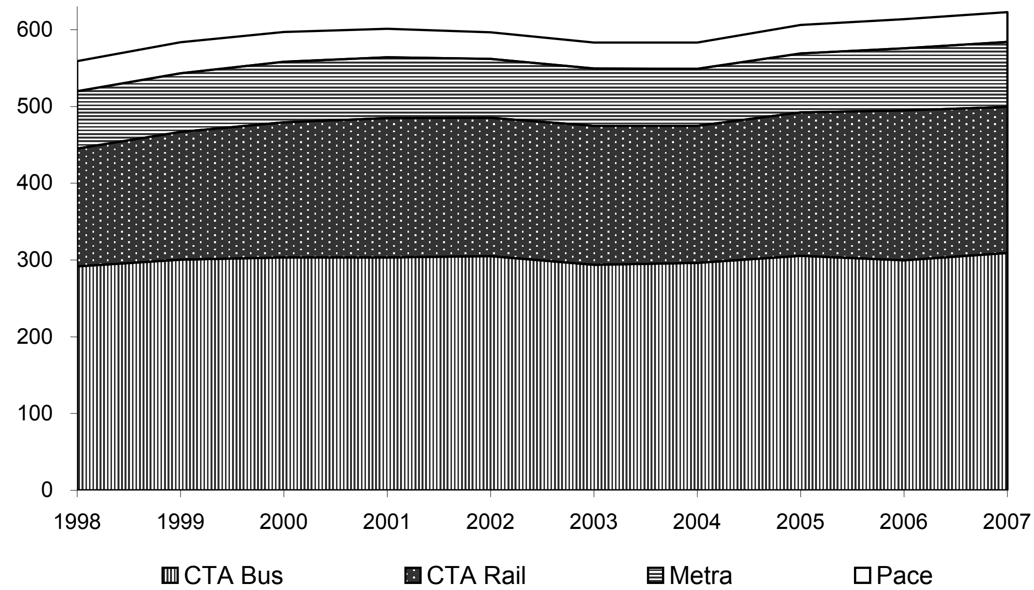
Other

- 678 vanpools in operation
- 1.9 million riders for the year
- 29.4 million passenger miles per year
- 26.7 million vehicle miles per year

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

1998-2007
(In Millions)

SYSTEM RIDERSHIP
UNLINKED PASSENGER TRIPS



Last Ten Years *(In Millions)*

Service Consumed:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
CTA - Bus	291.7	300.3	303.3	303.1	304.8	293.6	296.0	305.5	299.6	309.3
CTA - Rail	153.6	166.5	176.3	181.7	180.4	181.1	178.7	186.8	195.2	190.3
Total CTA*	445.3	466.7	479.6	484.8	485.2	474.7	474.7	492.3	494.8	499.6
Metra	74.5	76.6	78.8	79.2	76.8	74.8	74.4	77.0	80.8	84.4
Pace**	39.3	40.2	38.6	37.0	34.8	33.7	34.1	36.9	38.0	39.0
System Total	559.1	583.5	597.0	601.0	596.8	583.2	583.2	606.2	613.6	623.0
Percent Change	1.75%	4.37%	2.31%	0.68%	-0.70%	-2.28%	0.00%	3.93%	1.23%	1.53%

CTA Stat amounts include rail-to-rail transfers.

*****PACE 2007 Stat amount includes ADA Paratransit rides.***

Source of data: Information obtained from the National Transit Database.

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency, which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2007.

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	$ 71,696	$ 159,810	$ (88,114)	$ 88,114	$ -
Burlington Northern/Santa Fe	43,377	63,628	(20,251)	20,251	-
Northern Indiana Commuter Transportation District (NICTD)	4,258	7,357	(3,100)	3,100	-
Total Metra	$ 119,330	$ 230,795	$ (111,465)	$ 111,465	$ -
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 1,406	$ 2,846	$ (1,440)	$ 3,089	$ 1,683
Fixed Route - Private Contract Carriers	3,387	10,115	(6,727)	6,727	-
Total Fixed Route Service	4,793	12,961	(8,167)	9,816	1,683
Private Contract Carriers					
DAR Services	797	8,124	(7,327)	2,902	4,425
DAR and Stable Services	6,738	76,908	(70,169)	70,169	-
Total Private Contract Carriers	7,535	85,032	(77,497)	73,072	4,425
Paratransit - Municipal Carriers	501	6,197	(5,696)	984	4,712
Total Pace	$ 12,830	$ 104,189	$ (91,360)	$ 83,872	$ 10,820

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services					
Fixed Route - Public Funded Carriers					
City of Highland Park	$ 425	$ 1,069	$ (643)	$ 1,196	$ 771
Village of Niles	488	1,229	(741)	1,346	858
Village of Downers Grove	429	477	(48)	477	48
Northwestern University	63	71	(7)	70	7
Total	$ 1,406	$ 2,846	$ (1,440)	$ 3,089	$ 1,683
Private Contract Carriers - Fixed Route					
Academy Coach Lines	$ 743	$ 3,176	$ (2,434)	$ 2,434	$ -
Colonial Coach Lines	150	690	(540)	540	-
Laidlaw Transit	1,714	5,342	(3,628)	3,628	-
M V Transportation	24	70	(46)	46	
Cook County School Bus	602	604	(2)	2	-
Village of Schaumburg	154	232	(78)	78	-
Total	$ 3,387	$ 10,115	$ (6,727)	$ 6,727	$ -
Private Contract Carriers - Dial-a-Ride Services					
Addison	$ 4	$ 60	$ (56)	$ 6	$ 50
Barrington	2	67	(65)	34	31
Bloomingdale Township	31	346	(316)	233	83
Central Lake	11	160	(150)	96	54
Central Will	66	637	(571)	401	170
Downers Grove	21	147	(126)	96	29
Dundee	7	85	(78)	78	-
Dupage County	8	72	(64)	64	-
Dupage Township	14	188	(174)	117	58
Elk Grove	27	314	(288)	50	238
Freemont Township	1	10	(9)	(0)	9
Hampshire Township	1	12	(11)	8	3
Hanover Township	4	27	(23)	0	23
Hometown	1	21	(19)	3	16
Leyden Township	26	253	(227)	29	199
McHenry Township	96	1,451	(1,355)	655	699
Milton Township	13	163	(150)	104	46
N. Suburban Cook	2	60	(57)	57	-
Naperville/Lisle	159	775	(615)	233	383
Northeast Lake-Warren	17	409	(391)	357	35
Northeast Lake-Zion	2	35	(33)	25	8
Northwest Lake	21	324	(303)	303	-
Northwest Suburban Cook	24	258	(234)	(7)	241
Ride DuPage	188	1,564	(1,376)	(138)	1,514
South Cook	-	-	-	-	-

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Private Contract Carries - Dial - a- Ride Services, continued					
Southwest Lake-Cuba	$ 1	$ 5	$ (4)	$ 2	$ 2
Southwest Lake-Wauconda	4	28	(23)	12	11
Southwest Will	1	19	(18)	13	5
Village of Bloomingdale	2	21	(19)	(1)	20
Village of Skokie/West Cook	-	225	(225)	(79)	304
Wayne Township	5	76	(71)	54	17
Woodstock	39	316	(277)	98	179
Total	$ 797	$ 8,124	$ (7,327)	$ 2,902	$ 4,425
Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)					
DuPage County	$ 65	$ 710	$ (645)	$ 645	$ -
Kane County	52	468	(417)	417	-
North Suburban Cook	421	4,413	(3,992)	3,992	-
Northeastern/Central Lake	119	1,103	(984)	984	-
South Cook	530	5,084	(4,554)	4,554	-
Chicago ADA	5,350	63,230	(57,880)	57,880	-
Southwest/Central Will	32	397	(365)	365	-
West Cook	170	1,502	(1,332)	1,332	-
Total	$ 6,738	$ 76,908	$ (70,169)	$ 70,169	$ -
Paratransit - Municipal Carriers					
Aurora	$ 25	$ 402	$ (377)	$ 60	$ 318
Batavia	3	61	(58)	7	51
Bensenville	26	242	(216)	48	168
Bloom	21	322	(301)	52	249
Crestwood	6	96	(90)	14	76
Elgin	23	139	(117)	54	63
Ela	11	149	(138)	18	120
Forest Park	13	145	(131)	32	99
Fox Lake/Grant	3	10	(6)	4	3
Frankfort	14	173	(159)	25	135
Harvard	14	117	(103)	24	79
Lemont	5	78	(73)	12	60
Lyons	12	287	(275)	32	243
Norridge	14	90	(76)	32	44
Oak Park	29	304	(276)	63	213

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Paratransit - Municipal Carriers, continued					
Orland Park	$ 27	$ 423	$ (396)	$ 52	$ 343
Palatine	10	237	(227)	23	204
Palos Hills	11	72	(61)	13	48
Park Forest	24	110	(86)	45	41
Peotone	29	282	(253)	58	195
Rich Township	65	593	(528)	51	477
Schaumburg	61	990	(928)	152	776
St. Charles	19	179	(160)	19	141
Stickney	18	323	(305)	46	259
Tinley Park	8	95	(87)	20	66
Vernon	4	112	(108)	7	101
Worth Township	8	167	(160)	20	140
Total	$ 501	$ 6,197	$ (5,696)	$ 984	$ 4,712