

Regional Transportation Authority and Service Boards

Special-Purpose Combining Financial Statements
for the Year Ended December 31, 2010 and
Independent Accountants' Compilation Report



**Regional
Transportation
Authority**

***Regional Transportation Authority and
Service Boards***

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REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

(See Independent Accountant's Compilation Report)

Prepared by:

Department of Finance and Performance Management

**Grace Gallucci, CFO
Senior Deputy Executive Director**

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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**Regional
Transportation
Authority**

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June 29, 2011

Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Dear Directors:

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ended December 31, 2010. 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, but not subjected them to audit. However, financial statements of each individual organization have been audited separately and are available upon request. As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.

Sincerely,

A handwritten signature in black ink, appearing to read 'Grace Gallucci', is written over a horizontal line.

Grace Gallucci
Chief Financial Officer and
Senior Deputy Executive Director,
Finance and Performance Management
Regional Transportation Authority



Metra





Independent Accountant's Compilation Report

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

We have compiled the accompanying special-purpose combining statements of net assets of the Regional Transportation Authority and Service Boards as of December 31, 2010, and the related special-purpose combining statements of revenues and expenses and changes in net assets, and special-purpose combining statements of cash flows for the year then ended and supplementary information and statistical information. We have not audited or reviewed the accompanying financial statements, supplementary information and statistical information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the requirements of the Regional Transportation Authority Act (Act) as described in Note 1.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Act and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 29, 2011

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS

DECEMBER 31, 2010

(In Thousands)

ASSETS:	RTA Government - Wide Funds	Service Boards			Combining Adjustments		Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
CURRENT ASSETS:							
Cash and investments:							
Restricted - cash and cash equivalents	\$ -	\$ 102,361	\$ -	\$ 26,572	\$ -	\$ -	\$ 128,933
Unrestricted - cash and cash equivalents	10,460	111,579	44,437	20,293	-	-	186,769
Restricted - investments	428,401	-	-	-	-	-	428,401
Unrestricted - investments	330,671	26,999	-	-	-	-	357,670
Unamortized bond issue costs	1,387	-	-	-	-	-	1,387
Receivables:							
Intergovernmental receivables	240,944	-	-	-	-	66,861	174,083
Grant projects	-	39	61,050	181	-	9,561	51,709
RTA financial assistance	-	196,141	78,409	44,657	-	65,970	253,237
Other carriers	-	-	1,066	-	-	-	1,066
Other receivables	-	89,692	18,599	8,582	-	286	116,587
Interest on investments	221	-	-	-	-	-	221
Loan to S.B. note and interest	4,547	-	-	-	-	-	4,547
Materials and supplies	-	63,522	16,065	4,858	-	-	84,445
Prepaid expenses and other assets	59,191	5,883	2,320	1,331	-	-	68,725
Derivative instrument	-	2,158	-	-	-	-	2,158
Total current assets	<u>1,075,822</u>	<u>598,374</u>	<u>221,946</u>	<u>106,474</u>		<u>142,678</u>	<u>1,859,938</u>
Capital assets:							
Plant, property and equipment	19,289	8,374,566	5,631,568	486,691	-	-	14,512,114
Capital projects in progress	-	535,062	55,124	3,326	-	-	593,512
Less accumulated depreciation	(4,024)	(4,989,800)	(3,098,140)	(297,705)	-	-	(8,389,669)
Total capital assets	<u>15,265</u>	<u>3,919,828</u>	<u>2,588,552</u>	<u>192,312</u>			<u>6,715,957</u>
Other assets:							
Unamortized bond issue costs	12,365	28,295	-	-	-	-	40,660
Note receivable	6,167	-	-	-	-	-	6,167
Derivative instrument	34,970	-	-	-	-	-	34,970
Deferred outflows of resources	25,981	-	-	-	-	-	25,981
Investment relating to employee pension benefits plans	-	57,916	-	-	-	-	57,916
Restricted assets	-	674,100	-	-	-	-	674,100
Amount due under sale/leaseback	-	1,604,335	175,715	95,513	-	-	1,875,563
Total other assets	<u>79,483</u>	<u>2,364,646</u>	<u>175,715</u>	<u>95,513</u>			<u>2,715,357</u>
TOTAL ASSETS	<u>\$ 1,170,570</u>	<u>\$ 6,882,848</u>	<u>\$ 2,986,213</u>	<u>\$ 394,299</u>	<u>\$ -</u>	<u>\$142,678</u>	<u>\$11,291,252</u>

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS (Continued)

DECEMBER 31, 2010

(In Thousands)

LIABILITIES	Service Boards				Combining Adjustments		Total Combined
	RTA Government- Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
CURRENT LIABILITIES:							
Vouchers payable	\$ 7	\$ 98,463	\$ 83,863	\$ 2,490	\$ -	\$ -	\$ 184,823
Accrued interest payable	-	19,460	-	22	-	-	19,482
Intergovernmental payables	75,531	-	-	978	75,531	-	978
Due to other funds	1,276	-	-	-	-	-	1,276
Current portion of general obligation bond plus unamortized bond premium	345,124	-	-	-	-	-	345,124
Other current liabilities:							
Accrued other expenses	1,894	111,475	33,134	25,644	56,433	-	115,714
Deferred revenue, assistance and other	1,701	79,787	17,836	988	-	-	100,312
Capital lease obligation	-	99,035	14,660	-	-	-	113,695
Certificate of participation	-	5,372	-	-	-	-	5,372
Claims liability	-	86,826	9,318	17,233	10,714	-	102,663
Total current liabilities	425,533	500,418	158,811	47,355	142,678	-	989,439
LONG-TERM LIABILITIES:							
Long-term portion of general obligation bond plus unamortized bond premium	2,435,370	3,392,161	-	-	-	-	5,827,531
Claims liability	-	135,401	9,105	14,808	-	-	159,314
Accrued interest payable	39,196	-	-	-	-	-	39,196
Capital lease obligation	-	1,681,715	161,054	95,513	-	-	1,938,282
Deferred revenue	45,346	-	-	-	-	-	45,346
Derivative instrument	32,677	-	-	-	-	-	32,677
Deferred outflows of resources	34,970	-	-	-	-	-	34,970
Accrued pension cost	-	19,143	-	3,352	-	-	22,495
Certificate of participation	-	61,515	-	-	-	-	61,515
Deferred rent	2,163	-	-	-	-	-	2,163
Intergovernmental payables	-	-	-	1,189	-	-	1,189
Other long-term liabilities	-	68,859	-	10,335	-	-	79,194
Total long-term liabilities	2,589,722	5,358,794	170,159	125,197	-	-	8,243,872
Total liabilities	3,015,255	5,859,212	328,970	172,552	142,678	-	9,233,311
NET ASSETS (DEFICIT):							
Invested in capital assets, net	15,265	2,800,054	2,588,551	192,312	-	-	5,596,182
Net assets restricted for:							
Payment on obligations and others	83,277	97,677	-	-	-	-	180,954
Accumulated unrestricted (deficit)	(1,943,227)	(1,874,095)	68,692	29,435	1,178,968	1,178,968	(3,719,195)
TOTAL NET ASSETS (DEFICIT)	\$ (1,844,685)	\$ 1,023,636	\$ 2,657,243	\$ 221,747	\$ 1,178,968	\$ 1,178,968	\$ 2,057,941

See notes to special-purpose combining financial statements and independent accountant's 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, 2010

(In Thousands)

	RTA Government- Wide Funds	Service Boards			Combining Adjustments		Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
REVENUES:							
Service Boards operating revenues	\$ -	\$ 548,311	\$ 296,399	\$ 62,008	\$ 303	\$ -	\$ 906,415
Sales taxes	103,168	-	-	-	-	935,021	1,038,189
Interest on sales taxes	137	-	-	-	-	-	137
Public Transportation Fund	242,318	-	-	-	-	-	242,318
Operating assistance - CTA and Pace	9,480	-	-	-	-	-	9,480
State assistance	130,116	-	-	-	-	-	130,116
Investment income	8,770	-	-	-	-	-	8,770
Program revenues and others	2,898	-	-	-	-	-	2,898
Total revenues	496,887	548,311	296,399	62,008	303	935,021	2,338,323
EXPENSES:							
Operating expenses	-	1,165,499	615,791	291,290	-	303	2,072,277
Depreciation	-	429,827	213,755	41,712	-	-	685,294
Financial assistance to Service Boards	97,648	-	-	-	-	97,648	-
Operating grant - CTA and Pace	27,230	-	-	-	-	27,230	-
Capital grants—discretionary	15,310	-	-	-	-	15,310	-
Capital grants—bonds	103,456	-	-	-	-	103,456	-
Insurance (JSIF)	4,740	-	-	-	-	-	4,740
Administrative expenses	8,551	-	-	-	-	-	8,551
Regional expenses	21,576	-	-	-	-	-	21,576
Technology program	1,979	-	-	-	-	-	1,979
Bond-related expenses	135,530	-	-	-	-	-	135,530
Total expenses	416,020	1,595,326	829,546	333,002	-	243,947	2,929,947
OPERATING INCOME (LOSS)	80,867	(1,047,015)	(533,147)	(270,994)	303	1,178,968	(591,624)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance	-	701,615	390,567	232,593	1,120,779	-	203,996
Leasehold revenue	-	4,262	-	-	-	-	4,262
Interest revenue from leasing transactions	-	113,539	11,149	5,780	-	-	130,468
Interest expense on leasing transactions	-	(118,780)	(11,149)	(5,780)	-	-	(135,709)
Interest expense on bond transactions	-	(191,568)	-	-	-	-	(191,568)
Innovation Coordination & Enhancement (ICE)	-	-	-	1,432	-	-	1,432
Other public funding	-	42,575	173,157	5,038	-	-	220,770
Capital grants	-	164,432	27,207	44,642	57,886	-	178,395
Investment income	-	4,619	-	90	-	-	4,709
Gain on sale of assets	-	2,544	-	-	-	-	2,544
Total nonoperating revenue (expense)	-	723,238	590,931	283,795	1,178,665	-	419,299
CHANGES IN NET ASSETS	80,867	(323,777)	57,784	12,801	1,178,968	1,178,968	(172,325)
NET ASSETS (DEFICIT):							
Beginning of year, as restated	(1,925,552)	1,347,413	2,599,459	208,946	-	-	2,230,266
End of year	\$ (1,844,685)	\$ 1,023,636	\$ 2,657,243	\$ 221,747	\$ 1,178,968	\$ 1,178,968	\$ 2,057,941

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

(In Thousands)

	RTA Joint Self-Insurance Fund	Service Boards			Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Fares received from passengers	\$ -	\$ 513,863	\$ 239,449	\$ 62,301	\$ 815,613
Payments to employees	-	(823,106)	(262,440)	(108,135)	(1,193,681)
Payments to vendors	(5,448)	(300,593)	(314,297)	(182,150)	(802,488)
Other receipts and payments	-	35,803	42,422	6,525	84,750
Net cash from operating activities	<u>(5,448)</u>	<u>(574,033)</u>	<u>(294,866)</u>	<u>(221,459)</u>	<u>(1,095,806)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating	8,000	753,920	351,983	236,882	1,350,785
Net cash from noncapital financing activities	<u>8,000</u>	<u>753,920</u>	<u>351,983</u>	<u>236,882</u>	<u>1,350,785</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest income from assets restricted for payment of leasehold obligations	-	113,539	-	-	113,539
Repayment of lease/leaseback obligations	-	(117,383)	-	-	(117,383)
Increase/decrease in assets restricted for payment of leasehold obligations	-	(15,513)	-	-	(15,513)
Financial assistance—grant projects	-	183,576	229,457	45,004	458,037
Proceeds from the sale of property and equipment	-	2,544	-	-	2,544
Interest expense on bonds	-	(184,407)	-	-	(184,407)
Proceeds from issuance of bonds (net)	-	545,424	-	-	545,424
Proceeds from other long-term liabilities	-	8,525	-	-	8,525
Repayment of bonds payable	-	(5,384)	-	-	(5,384)
Payments for capital acquisition	-	(196,348)	(289,775)	(46,223)	(532,346)
Net cash from capital and related financing activities	<u>-</u>	<u>334,573</u>	<u>(60,318)</u>	<u>(1,219)</u>	<u>273,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Note interest received	1,000	-	-	-	1,000
Payments to indemnify	(8,500)	-	-	-	(8,500)
Investment income	346	4,619	199	111	5,275
Sales and purchases of investments, net	2,200	(449,771)	-	-	(447,571)
Net cash from investing activities	<u>(4,954)</u>	<u>(445,152)</u>	<u>199</u>	<u>111</u>	<u>(449,796)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,402)	69,308	(3,001)	14,315	78,220
CASH AND CASH EQUIVALENTS—Beginning of year	12,862	144,632	47,438	32,549	237,481
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 10,460</u>	<u>\$ 213,940</u>	<u>\$ 44,437</u>	<u>\$ 46,864</u>	<u>\$ 315,701</u>
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	\$ (4,693)	\$ (1,047,015)	\$ (533,148)	\$ (270,994)	\$ (1,855,850)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation	-	429,827	213,755	41,712	685,294
Claims provision and settlement	-	-	932	-	932
State reduced fare assistance	-	-	(3,400)	-	(3,400)
Interest and dividends received	(47)	-	(199)	-	(246)
Changes in current assets and liabilities	(708)	43,155	27,194	7,823	77,464
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,448)</u>	<u>\$ (574,033)</u>	<u>\$ (294,866)</u>	<u>\$ (221,459)</u>	<u>\$ (1,095,806)</u>

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

NOTES TO SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2010 (See Independent Accountant's Compilation Report)

NOTE 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.

NOTE 2. ORGANIZATIONAL STRUCTURE

RTA

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

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

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, 2010 year-end.

NOTE 3. REPORTING ENTITY

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's 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."

NOTE 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 statements of net assets.

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.

Revenue/Sales Taxes

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

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

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

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

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

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

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

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

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

In January 2008, Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region, increased the real estate transfer tax (RETT) in the City of Chicago, and raised the rate at which RTA sales tax revenues are matched by PTF. The RTA sales tax rate was increased 0.25% in Cook County and 0.50% in the Collar Counties effective April 1, 2008. Proceeds of the sales tax increase in the Collar Counties are divided evenly between the RTA and the county where the tax is collected. Effective April 1, 2008, the real estate transfer tax (RETT) in the City of Chicago was increased 0.3% (i.e. for every \$500 in sales price \$1.50 in tax is collected).

Public Transportation Fund—In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the "Public Transportation Fund," an amount equal to 30% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes) and RETT. These amounts may be paid to the RTA only upon State appropriation. The State has approved an appropriation from the PTF through its 2011 fiscal year which will end June 30, 2012.

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

While the RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as for regional innovation, coordination and enhancement (ICE) and suburban community mobility (SCMF) initiatives. Funds for ADA Paratransit, ICE and SCMF are by statute set aside before distributions to the CTA, Metra and Pace.

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

The amounts allocable to each of the Service Boards from funding received by the RTA from a portion of the State's PTF are allocated at the discretion of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. This portion corresponds to 25% of the pre-2008 sales tax receipts. The remaining portion of the State's PTF is combined with the sales tax resulting from the 2008 rate increase and allocated by statute first to the ADA Paratransit Fund, ICE Fund, and SCMF, with the remainder distributed 48% to the CTA, 39% to Metra, and 13% to Pace.

The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Reduced Fare Reimbursement—In the State's fiscal year 2011, which ends June 30, 2011, 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, 2010 and June 30, 2011, the grants were in the amount of \$42 million and \$33.6 million, respectively.

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 unspent bond proceeds, or (ii) \$55 million per year. The RTA recognized \$39.7 million of ASA in 2010.

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 in the State's fiscal years 2010 and 2011, per year. The RTA recognized \$90.4 million of AFA in 2010.

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

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

Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to \$16,931,639 for the year ended December 31, 2010.

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

Service Board's expenses are recognized using the accrual basis of accounting. Expenses are recognized in the period incurred.

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.

Accounting Pronouncements—In September 1993, the GASB released Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. The statement provides that proprietary funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure. The RTA has elected to apply only FASB, APB and ARB statements and interpretations issued on or before November 30, 1989.

New Accounting Pronouncements— Statement No. 53, *Accounting and Financial Reporting for Derivatives*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. This Statement was effective for the current fiscal year.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The Authority is required to implement this Statement for the fiscal year ending December 31, 2011.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued to update standards related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. The Authority is required to implement this Statement for the year ending December 31, 2012.

Statement No. 59, *Financial Instruments Omnibus*, was issued to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complex information by improving consistency of measurements and by providing clarifications of existing standards. The Authority is required to implement this Statement for the fiscal year ending December 31, 2011.

Statement No. 61, *The Financial Reporting Omnibus, An Amendment of GASB Statements No. 14 and No. 34*, was issued to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity* and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. The Authority is required to implement this Statement for the year ending December 31, 2013.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements*, was established to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Authority is required to implement this Statement for the year ending December 31, 2013.

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

Subsequent Events: The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 29, 2011, the date the financial statements were available to be issued.

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

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

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

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It is generally the policy of the RTA (ordinance 91-9) to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. However, unfavorable economic conditions created the need to waive this policy for purposes of the adoption of the 2010 budget and 2011-2012 financial plan and the 2011 budget and 2012-2013 financial plan. Also waived for the purpose of the adoption of the 2010 budget and 2011-2012 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires that the RTA annual budget and two-year financial plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period.

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

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

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

NOTE 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

During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 sixty foot New Flyer articulated hybrid buses and certain related parts and equipment at an estimated aggregate cost of \$120.5 million. The terms of the agreement allow CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year, beginning on December 1, 2008. The present value of the future payments to be made by the CTA under the lease of approximately \$103.4 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

In 2003, the Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of \$119 million. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building, and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and 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 \$111.1 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 an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately \$388,000, resulting in an economic gain of approximately \$20.4 million. Based upon the requirements of GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts, the CTA recorded a deferred amount (loss) on refunding of \$2.4 million. The remaining unamortized portion of \$1.7 million is recorded as a component of long-term debt in the accompanying statement of net assets.

The bonds are payable from and secured by the lease entered into between the Commission and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. Bond issue costs and premium related to this transaction are presented as such on the statement of net assets. The present value of the future payments to be made by the CTA under the lease of approximately \$83.3 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

In 2003, CTA entered into a lease and leaseback agreement with a third party pertaining to certain buses, with a book value of \$11.2 million at December 31, 2010. Under the bus 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 \$16.7 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 2002, 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 \$16.4 million at December 31, 2010. 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 \$121.6 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 2002, CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of \$7.1 million at December 31, 2010. 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 \$91.4 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 1998, the CTA entered into a lease and leaseback agreement (the 1998 Agreement) with a third party pertaining to a rail line (green line), with a book value of \$223.7 million at December 31, 2010. 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 (the 1998 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1998 Lease). The present value of the future payments to be made by the CTA under the lease of approximately \$182.2 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 1997, the CTA entered into four lease and leaseback agreements (the 1997 Agreements) with a third party pertaining to certain of its facilities having a book value of \$45.9 million at December 31, 2010. 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 (the Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (the Leases). The CTA received certain funds as prepayment 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 by 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 \$40.4 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

In connection with the 1997 Agreements, the CTA also received proceeds of \$11.9 million. 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 1996, the CTA entered into similar lease and leaseback agreements (the 1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of \$47.8 million at December 31, 2010. 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 (the 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 \$40.3 million is reflected in the accompanying December 31, 2010 statement of net assets 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 (the 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 nineteen years beginning on the date of the respective transaction. At December 31, 2010, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling \$1.1 million. 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, 2010 are as follows (in thousands of dollars):

2010	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
2003 (Buses)	\$ 16,112	\$ 574	\$ -	\$ 16,686	\$ 574	\$ 1,255
2002 (Buses)	117,236	5,909	(1,514)	121,631	5,909	767
2002 (QTE)	85,922	5,455	-	91,377	5,455	-
1998 (Green)	201,316	13,712	(32,813)	182,215	13,712	22,304
1997 (Garages)	37,531	2,823	-	40,354	2,823	-
1996 (Skokie/Racine)	37,581	2,762	-	40,343	2,762	-
1995 (Pickle)	1,057,205	78,735	(63,698)	1,072,242	78,735	63,698
Total lease/leasebacks	1,552,903	109,970	(98,025)	1,564,848	109,970	88,024
2005 PBC Lease	85,295	-	(1,955)	83,340	4,233	2,035
2008 Bus Lease	111,964	-	(8,593)	103,371	4,844	8,976
Total capital lease obligation	\$ 1,750,162	\$ 109,970	\$ (108,573)	\$ 1,751,559	\$ 119,047	\$ 99,035

* 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, 2010, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2011	\$ 107,650
2012	106,444
2013	186,066
2014	177,709
2015	100,156
2016 - 2020	1,623,350
2021 - 2025	241,684
2026 - 2030	30,939
2031 - 2035	18,564
Total future minimum payments	2,592,562
Less interest	841,003
Present value of minimum lease payments	<u>\$ 1,751,559</u>

The present value of all future payments to be made by the CTA under all its leases of approximately \$1.8 billion is reflected in the accompanying December 31, 2010 statement of net assets as capital lease obligations.

Metra

On September 18, 1998, Metra entered into transactions to lease 174 railcars to three equity investors (the headlease) and simultaneously subleased the railcars back (the sublease). Under these agreements, Metra maintains the right to use the railcars and is also responsible for their continued maintenance and insurance. Metro'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 constituted 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.

In connection with the transaction, Metra recognized \$43.7 million as leasehold revenue in 1998.

In 2008, American International Group, Inc. (AIG) incurred a ratings downgrade. AIG acted as the Debt Payment Undertaker (DPU), Equity Payment Undertaker (EPU), and Standby Letter of Credit Provider (SLOCP) for these transactions. Once AIG's ratings fell below levels specified per the terms of the agreements, AIG was required to provide additional collateral to securitize the transactions. Later in 2008, AIG's credit ratings were further downgraded which triggered an event of default. No notices of default were or have been received; however, the investors can demand to have AIG replaced or that some other suitable arrangement be made.

On December 18, 2008, one of the investors terminated their transaction. A second investor has advised Metra that they are satisfied with AIG in its capacities. The remaining investor has sent notices demanding that AIG be replaced. Subsequently, the investor has been allowing Metra to pursue potential options that could be mutually acceptable to both the investor and Metra. Metra does not anticipate a material adverse financial impact as a result.

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, 2010, future minimum lease payments for capital leases, in the aggregate, are as follows:

2011	\$ 14,660,341
2012	14,660,341
2013	14,660,341
2014	14,660,341
2015	14,660,341
2016 - 2020	160,087,299
2021	<u>52,871,018</u>
Total future minimum payments	286,260,022
Less imputed interest	<u>(110,544,871)</u>
Present value of minimum lease payments	<u>\$ 175,715,151</u>

The present value of minimum lease payments of the Metra lease is \$175.7 million which is reflected in the accompanying December 31, 2010 statement of net assets as capital lease obligations.

Pace

In 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 an 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 \$14.2 million at December 31, 2010. 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 \$67.9 million and is reflected in the accompanying December 31, 2010 statement of net assets as the total of the current and long-term portions of the Capital Lease Obligation.

The second lease and leaseback agreement with a third party pertained to certain buses (lot 4), with a book value of \$9.8 million at December 31, 2010. 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 \$27.6 million and is reflected in the accompanying December 31, 2010 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

2010	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	\$ 64,635,598	\$ 4,026,546	\$ 738,777	\$ 67,923,367	\$ 4,026,546	\$ -
2003 (Buses)	26,535,850	1,753,836	699,761	27,589,925	1,753,836	-
Total	<u>\$ 91,171,448</u>	<u>\$ 5,780,382</u>	<u>\$ 1,438,538</u>	<u>\$ 95,513,292</u>	<u>\$ 5,780,382</u>	<u>\$ -</u>

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:

2011	\$ -
2012	-
2013	-
2014	-
2015-2016	<u>124,399,915</u>
Total future minimum payments	124,399,915
Less interest	<u>28,886,623</u>
Present value of minimum lease payments	<u>\$ 95,513,292</u>
A reconciliation of the Statement of Net Assets to amount presented above:	
Capital lease obligation less current portion	\$ 95,513,292
Less: Capital lease obligation current portion	<u>-</u>
Capital lease obligation - long-term portion	<u>\$ 95,513,292</u>

The present value of the future payments including the purchase option to be made by Pace under these leases are approximately \$95.5 million and is reflected in the accompanying December 31, 2010 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

NOTE 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.

CTA

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

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of \$91,340,000. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt was \$92,750,000 as of December 31, 2010.

Operating Leases: As of December 31, 2010, future minimum lease payments for operating leases, in the aggregate, are as follows (in thousands of dollars):

2011	\$	353
2012		<u>242</u>
Total minimum lease payments	\$	<u>595</u>

Lease Transactions: During 1998, the CTA entered into a lease and leaseback agreement with three investors pertaining to a property, railway tracks and train stations on the Green Line. The CTA's payments associated with this agreement were guaranteed by American International Group Inc. (AIG).

During 2008, AIG's credit rating was cut amid the U.S. mortgage meltdown and global economic crisis. The rating cut provided the third party investors with the option to require CTA to replace the Payment Undertaker Guarantor. One of the three investors chose to unwind the transaction. One investor entered into a forbearance agreement that allowed CTA to continue to use AIG as long as the rating does not fall below BB by Standard & Poor's and B1 by Moody's. CTA is still in negotiations with one of the investors regarding the replacement of AIG.

In 2002 and 2003, CTA entered into a lease and leaseback agreement with third party investors for buses. CTA entered into an agreement with Financial Security Assurance, Inc. (FSA) to act as the debt payment and strip surety guarantor. FSA's credit rating was downgraded during the 2008 financial crisis. This downgrading allows the private investors the option to require CTA to replace the guarantor. CTA has negotiated with the private investors and they have agreed to forbear from enforcing the provision of the agreements that require replacement of the guarantor.

Metra

Metra has entered into several non-cancelable operating leases, primarily for the use of passenger terminals, which expire on various dates through 2045. Future minimum rental payments under all non-cancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2010 were:

2011	\$ 10,867,294
2012	10,880,617
2013	10,542,251
2014	10,545,651
2015	10,549,080
2016 - 2020	38,653,268
2021 - 2025	10,455,292
2026 - 2029	5,046,040
Thereafter	<u>18,994,944</u>
Total	<u>\$ 126,534,437</u>

Total rent expense aggregated \$15.9 million for the year ended December 31, 2010.

At December 31, 2010, Metra had \$972.7 million in unexpended obligations related to federal and state (including local) capital grant contracts.

Pace

Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, \$3.00 per ride, or up to 75% of defined operating deficits incurred, within defined service guidelines, in the provision of specified demand response public transportation services.

Grant agreements with Pace's public contract carriers provide that Pace reimburse defined operating expenses, limited to their approved budget level, incurred in providing public transportation services.

Pace receives significant financial assistance from federally assisted programs, principal of which is FTA. These programs are subject to audit under the requirements of OMB Circular A-133 for which a separate report is issued.

RTA

The RTA has an operating lease agreement for its office facilities. In 2010, the total rent paid by the RTA was \$1,504,505. Minimum required annual rental payments by the RTA are as follows:

2011	\$ 1,979,670
2012	1,982,815
2013	1,972,587
2014	1,818,595
2015	1,857,549
2016-2020	9,569,953
2021-2024	<u>6,598,424</u>
Total	<u>\$ 25,779,593</u>

NOTE 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, 2010, \$1,102 million of cash and investments. Of this amount, \$557 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 9. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

	January 1, 2010	New Issues	Current Retirements	December 31, 2010	Due Within One Year
1990A	\$ 60,795,000	\$ -	\$ 3,810,000	\$ 56,985,000	\$ 4,085,000
1991A	55,745,000	-	-	55,745,000	-
1992A* & 1992B	25,865,000	-	8,075,000	17,790,000	8,610,000
1994A* & 1994B	24,395,000	-	-	24,395,000	-
1994C* & 1994D	56,285,000	-	1,620,000	54,665,000	1,750,000
1997 Refunding	60,800,000	-	5,445,000	55,355,000	5,750,000
1999* Refunding	266,775,000	-	8,065,000	258,710,000	8,525,000
2000A*	224,790,000	-	5,575,000	219,215,000	5,900,000
2001A*	86,650,000	-	2,090,000	84,560,000	2,200,000
2001B* Refunding	29,800,000	-	-	29,800,000	-
2002A*	141,940,000	-	3,150,000	138,790,000	3,315,000
2002B	133,635,000	-	10,870,000	122,765,000	11,325,000
2003A*	237,630,000	-	5,045,000	232,585,000	5,310,000
2003B	137,180,000	-	2,955,000	134,225,000	3,105,000
2004A*	241,775,000	-	4,870,000	236,905,000	5,120,000
2005B Refunding	132,770,000	-	6,850,000	125,920,000	7,210,000
2006A*	242,290,000	-	3,780,000	238,510,000	3,955,000
2009B Cash Notes	260,000,000	-	-	260,000,000	260,000,000
2010A	-	62,175,000	1,860,000	60,315,000	2,950,000
2010B	-	112,925,000	-	112,925,000	-
2010C Cash Notes	-	140,000,000	-	140,000,000	-
Total	<u>\$ 2,419,120,000</u>	<u>\$ 315,100,000</u>	<u>\$ 74,060,000</u>	<u>\$ 2,660,160,000</u>	<u>\$ 339,110,000</u>

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2010, the total general obligation bonds payable of \$2,660,160,000 are classified as current and long-term in the Statement of Net Assets in the amounts of \$339,110,000 and \$2,321,050,000, respectively.

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

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.

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,085,000	\$ 4,102,920	\$ 8,187,920
2012	4,380,000	3,808,800	8,188,800
2013	4,695,000	3,493,440	8,188,440
2014	5,035,000	3,155,400	8,190,400
2015	5,395,000	2,792,880	8,187,880
2016-2020	33,395,000	7,547,040	40,942,040
Total	\$ 56,985,000	\$ 24,900,480	\$ 81,885,480

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 3,734,914	\$ 3,734,914
2012	4,090,000	3,734,915	7,824,915
2013	4,365,000	3,460,885	7,825,885
2014	4,660,000	3,168,430	7,828,430
2015	4,970,000	2,856,210	7,826,210
2016-2020	30,325,000	8,815,525	39,140,525
2021	7,335,000	491,445	7,826,445
Total	\$ 55,745,000	\$ 26,262,324	\$ 82,007,324

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
2011	\$ 8,610,000	\$ 863,040	\$ 9,473,040
2012	9,180,000	293,760	9,473,760
Total	\$ 17,790,000	\$ 1,156,800	\$ 18,946,800

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
2011	\$ -	\$ 1,951,601	\$ 1,951,601
2012	-	1,951,600	1,951,600
2013	-	1,951,600	1,951,600
2014	-	1,951,600	1,951,600
2015	-	1,951,600	1,951,600
2016-2024	24,395,000	1,989,399	26,384,399
Total	\$ 24,395,000	\$ 11,747,400	\$ 36,142,400

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,750,000	\$ 4,168,725	\$ 5,918,725
2012	1,890,000	4,027,675	5,917,675
2013	2,045,000	3,875,194	5,920,194
2014	2,210,000	3,710,313	5,920,313
2015	7,360,000	3,339,475	10,699,475
2016-2025	39,410,000	7,059,863	46,469,863
Total	\$ 54,665,000	\$ 26,181,245	\$ 80,846,245

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,750,000	\$ 3,125,100	\$ 8,875,100
2012	1,865,000	2,915,688	4,780,688
2013	3,320,000	2,764,800	6,084,800
2014	3,530,000	2,559,300	6,089,300
2015	3,750,000	2,340,900	6,090,900
2016-2020	22,515,000	7,925,850	30,440,850
2021-2023	14,625,000	1,206,750	15,831,750
Total	\$ 55,355,000	\$ 22,838,388	\$ 78,193,388

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:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 8,525,000	\$ 14,686,182	\$ 23,211,182
2012	9,025,000	14,181,619	23,206,619
2013	17,990,000	13,404,938	31,394,938
2014	16,735,000	12,406,594	29,141,594
2015	17,720,000	11,416,012	29,136,012
2016-2020	89,500,000	43,893,301	133,393,301
2021-2025	99,215,000	10,854,056	110,059,056
Total	<u>\$ 258,710,000</u>	<u>\$ 120,842,702</u>	<u>\$ 379,552,702</u>

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.

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,900,000	\$ 13,955,475	\$ 19,855,475
2012	6,245,000	13,601,475	19,846,475
2013	6,610,000	13,211,163	19,821,163
2014	7,005,000	12,798,038	19,803,038
2015	7,425,000	12,360,225	19,785,225
2016-2020	44,465,000	54,253,314	98,718,314
2021-2025	60,095,000	38,497,126	98,592,126
2026-2030	81,470,000	16,531,775	98,001,775
Total	<u>\$ 219,215,000</u>	<u>\$ 175,208,591</u>	<u>\$ 394,423,591</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,200,000	\$ 5,017,563	\$ 7,217,563
2012	2,325,000	4,896,563	7,221,563
2013	2,455,000	4,751,250	7,206,250
2014	2,595,000	4,597,813	7,192,813
2015	2,740,000	4,435,625	7,175,625
2016-2020	16,210,000	19,533,150	35,743,150
2021-2025	21,335,000	14,372,250	35,707,250
2026-2030	28,095,000	7,224,000	35,319,000
2031	6,605,000	396,300	7,001,300
Total	<u>\$ 84,560,000</u>	<u>\$ 65,224,514</u>	<u>\$ 149,784,514</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 1,639,000	\$ 1,639,000
2012	-	1,639,000	1,639,000
2013	-	1,639,000	1,639,000
2014	2,295,000	1,575,888	3,870,888
2015	2,425,000	1,446,088	3,871,088
2016-2020	14,355,000	5,010,364	19,365,364
2021-2023	10,725,000	906,538	11,631,538
Total	<u>\$ 29,800,000</u>	<u>\$ 13,855,878</u>	<u>\$ 43,655,878</u>

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

The Series 2002A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.0% to 6.0% on July 1, 2002 and semiannually thereafter on January 1 and July 1 in each remaining year.

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2011	\$ 3,315,000	\$ 8,250,438	\$ 11,565,438
2012	3,495,000	8,068,113	11,563,113
2013	3,690,000	7,867,150	11,557,150
2014	3,900,000	7,654,975	11,554,975
2015	4,120,000	7,430,725	11,550,725
2016-2020	24,390,000	33,283,525	57,673,525
2021-2025	32,300,000	25,105,800	57,405,800
2026-2030	42,795,000	14,227,200	57,022,200
2031-2032	20,785,000	1,888,200	22,673,200
Total	\$ 138,790,000	\$ 113,776,126	\$ 252,566,126

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
2011	\$ 11,325,000	\$ 6,331,525	\$ 17,656,525
2012	11,815,000	5,695,175	17,510,175
2013	12,335,000	5,031,050	17,366,050
2014	12,900,000	4,345,150	17,245,150
2015	13,500,000	3,635,650	17,135,650
2016-2019	60,890,000	6,744,013	67,634,013
Total	\$ 122,765,000	\$ 31,782,563	\$ 154,547,563

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

The Series 2003A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 2.0% to 5.5% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,310,000	\$ 13,276,325	\$ 18,586,325
2012	5,600,000	13,010,825	18,610,825
2013	5,910,000	12,730,825	18,640,825
2014	6,235,000	12,435,325	18,670,325
2015	6,575,000	12,092,400	18,667,400
2016-2020	38,720,000	54,622,100	93,342,100
2021-2025	50,585,000	42,736,050	93,321,050
2026-2030	65,505,000	26,636,400	92,141,400
2031-2033	48,145,000	5,875,800	54,020,800
Total	<u>\$ 232,585,000</u>	<u>\$ 193,416,050</u>	<u>\$ 426,001,050</u>

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

The Series 2003B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 4.0% to 5.5% on June 1, 2003 and semiannually thereafter on June 1 and December 1 in each remaining year.

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,105,000	\$ 7,402,200	\$ 10,507,200
2012	3,265,000	7,242,950	10,507,950
2013	3,435,000	7,066,863	10,501,863
2014	3,610,000	6,873,125	10,483,125
2015	3,805,000	6,669,213	10,474,213
2016-2020	22,330,000	29,881,202	52,211,202
2021-2025	29,030,000	22,857,426	51,887,426
2026-2030	37,750,000	13,638,233	51,388,233
2031-2033	27,895,000	2,462,007	30,357,007
Total	<u>\$ 134,225,000</u>	<u>\$ 104,093,219</u>	<u>\$ 238,318,219</u>

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

The Series 2004A Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.0% to 5.75% on June 1, 2005 and semiannually thereafter on June 1 and December 1 in each remaining year.

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,120,000	\$ 13,037,788	\$ 18,157,788
2012	5,385,000	12,775,163	18,160,163
2013	5,660,000	12,499,038	18,159,038
2014	5,950,000	12,208,788	18,158,788
2015	6,255,000	11,880,206	18,135,206
2016-2020	36,575,000	53,502,526	90,077,526
2021-2025	47,555,000	42,029,169	89,584,169
2026-2030	61,820,000	27,194,951	89,014,951
2031-2034	62,585,000	7,433,456	70,018,456
Total	<u>\$ 236,905,000</u>	<u>\$ 192,561,085</u>	<u>\$ 429,466,085</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2011	\$ 7,210,000	\$ 4,036,395	\$ 11,246,395
2012	7,590,000	3,792,195	11,382,195
2013	7,960,000	3,535,620	11,495,620
2014	8,425,000	3,265,268	11,690,268
2015	3,910,000	3,061,740	6,971,740
2016-2020	23,650,000	13,958,177	37,608,177
2021-2025	67,175,000	5,387,664	72,562,664
Total	<u>\$ 125,920,000</u>	<u>\$ 37,037,059</u>	<u>\$ 162,957,059</u>

* 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:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,955,000	\$ 11,671,031	\$ 15,626,031
2012	4,150,000	11,473,281	15,623,281
2013	4,390,000	11,265,781	15,655,781
2014	4,630,000	11,046,281	15,676,281
2015	4,970,000	10,814,781	15,784,781
2016-2020	29,815,000	50,020,406	79,835,406
2021-2025	68,285,000	39,851,406	108,136,406
2026-2030	74,105,000	18,460,313	92,565,313
2031-2035	44,210,000	7,568,863	51,778,863
Total	<u>\$ 238,510,000</u>	<u>\$ 172,172,144</u>	<u>\$ 410,682,144</u>

2009 Working Cash Notes—In June 2009, the RTA issued \$260 million in General Obligation Working Cash Notes, Series 2009B, to provide funds to be used to manage the cash flow needs of the RTA and the Service Boards, including if necessary, the refinancing of any existing Authority obligations for such purpose and pay the costs of issuance.

The Series 2009B Working Cash Notes mature on April 1, 2011 and June 1, 2011 and interest is payable at 2.879% and 2.979%, respectively.

Debt service requirements on the Series 2009B Working Cash Notes to maturity are set forth below:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 260,000,000</u>	<u>\$ 3,183,917</u>	<u>\$ 263,183,917</u>

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

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

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2011	\$ 2,950,000	\$ 2,945,500	\$ 5,895,500
2012	4,075,000	2,827,500	6,902,500
2013	4,235,000	2,664,500	6,899,500
2014	4,450,000	2,452,750	6,902,750
2015	4,670,000	2,230,250	6,900,250
2016-2020	27,100,000	7,405,750	34,505,750
2021-2022	12,835,000	970,500	13,805,500
Total	\$ 60,315,000	\$ 21,496,750	\$ 81,811,750

General Obligation Bonds—In January 2010, the RTA issued \$112.9 million in General Obligation Bonds, Series 2010B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

The Series 2010B Bonds mature on July 1, over a twenty-five year period and interest is payable at rates ranging from 5.40% to 5.90% on July 1, 2010 and annually thereafter on July 1 in each remaining year.

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

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2011	\$ -	\$ 6,621,635	\$ 6,621,635
2012	-	6,621,635	6,621,635
2013	-	6,621,635	6,621,635
2014	-	6,621,635	6,621,635
2015	-	6,621,635	6,621,635
2016-2020	-	33,108,175	33,108,175
2021-2025	21,425,000	31,971,895	53,396,895
2026-2030	41,435,000	22,584,055	64,019,055
2031-2035	50,065,000	9,242,100	59,307,100
Total	\$ 112,925,000	\$ 130,014,400	\$ 242,939,400

2010 Working Cash Notes—In July 2009, the RTA issued \$140 million in General Obligation Working Cash Notes, Series 2010C, to provide funds to be used to manage the cash flow needs of the RTA and the Service Boards, including if necessary, the refinancing of any existing Authority obligations for such purpose and pay the costs of issuance.

The Series 2010C Working Cash Notes mature on July 1, 2012 and interest is payable at 2.843%.

Debt service requirements on the Series 2010C Working Cash Notes to maturity are set forth below:

Year Ending December 31	Debt Service Requirements		
	Principal	Interest	Total
2011	\$ -	\$ 3,980,200	\$ 3,980,200
2012	140,000,000	1,990,100	141,990,100
Total	\$ 140,000,000	\$ 5,970,300	\$ 145,970,300

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, \$162,822,114 in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2010.

NOTE 10. OTHER LONG-TERM LIABILITIES

Pace receives a one month advance from the Illinois Department of Revenue to compensate for the delay in the processing of sales tax payments. The advance is forwarded to the Regional Transportation Authority and is then allocated among the three Service Boards. Pace reported a liability of \$8.5 million for the advance for the year ended December 31, 2010.

NOTE 11. PENSION PLANS

CTA

Plan Descriptions-Employees' Plan: The CTA maintains a trusted, single-employer, defined benefit pension plan covering substantially all full-time permanent union and nonunion employees. The Employees' Retirement Plan (the Employees' Plan) is governed by Illinois state statute (40 ILCS 5/22-101).

Substantially all nontemporary, full-time employees who have completed one year of continuous service are covered by the Employees' Plan. Employees hired prior to September 5, 2001, who retire at or after age 65 (or after completion of 25 years of continuous service with full benefits or at age 55 with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon compensation and credited service. For those hired after September 5, 2001, but prior to January 18, 2008, benefits will be reduced if they retire before age 65 or with less than a combination of age 55 and 25 years of service. Employees hired after January 18, 2008, are eligible for unreduced pension benefits after attaining age 64 with at least 25 years of service, and reduced pension benefits after attaining age 55 with at least 10 years of service. The minimum age and service requirements do not apply to members on a disability allowance. The covered payroll for the Employees' Plan for the fiscal year ended December 31, 2010 was \$567,173,000. The Employees' Plan issues a separate stand-alone financial report and which is available at <http://www.ctaretirement.org/index.asp>.

Supplemental Plans: The CTA also maintains separate single-employer, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) board member plan (2) closed supplemental plan for members that retired or terminated employment before March 2005, including early retirement incentive, and (3) open supplemental plan for active employees and members retiring after March 2005. CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Open Supplemental Retirement Plan). The Open Supplemental Retirement Plan is reported in a fiduciary fund, whereas the activities for the closed and board plans are included in the financial statements of the CTA's business-type activities.

Employees of the applicable employment classifications are eligible for retirement benefits based on age and service credit as follows: at age 65; or age 55 with at least 3 years of service credit; or at any age with 25 or more years of service credit. The minimum monthly benefit is equal to one-sixth of one percent of the employee's average annual compensation multiplied by the years of continuous service. Employees are eligible for disability benefits after completion of 10 years of creditable continuous service or 5 years if the disability results from an on the job injury. Death benefits are payable to a designated beneficiary upon death of the retiree. Qualified dependents of the employee are eligible for monthly survivor benefits if the option was selected by the retiree. Any purchased service credit will be included in the determination of retirement benefits.

The RTA, Metra and Pace

Plan Descriptions- The Plan, which became effective July 1, 1976, is a multiple-employer, defined benefit pension plan. The Plan covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions (Metra and Pace, respectively), collectively referred to hereinafter as the Employer, who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors ("RTA Board").

The Plan is a pension trust fund of the RTA and has no component units.

The Plan is classified as a "governmental plan" and is, therefore, exempt from the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

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

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

The Plan permits early retirement with reduced benefits at age 55 after completing ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as "Rule of Eighty Five Early Retirement").

The Plan provides for benefit payments to beneficiaries equal to or reduced from the participant's monthly benefit payment subject to the election of the participant.

Disability Benefits—An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

Contributions and Vesting—The Plan is funded solely by employer contributions, which are actuarially determined under the projected unit credit method. During 2010, the RTA Board approved a resolution that a contribution of \$11,288,000 be made to the Plan. The contribution is allocated as follows: Metra - \$5,802,000; Pace - \$4,210,000; RTA - \$1,276,000. As of December 31, 2010, \$11,288,000 had not been funded and was reported as contribution receivable in the Statements of Plan Net Assets. The 2010 contribution levels were within the actuarially determined ranges for the respective years.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to determine the actuarial accrued liability presented in the note to the Required Supplementary Information.

Participating employees do not contribute to the Plan. If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer.

The complete Plan financial report, including all required disclosures can be obtained from the Plan Administrators at the following address:

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

Funding Policy—Prior to July 1, 1979, contributions were made on the basis of non-actuarial estimates. The Plan's initial actuarial study found that those estimates were in excess of actuarial requirements. As a result, pension expense is being reduced by amortization of the excess over 30 years.

The RTA, Metra, and Pace are required to contribute the amounts necessary to fund the benefits of their respective employees in the Plan using the projected unit credit actuarial method. Employer contribution and the income it earns through investments are used to operate the Plan and to pay benefits. Assets are valued recognizing a portion of both realized and unrealized gains and losses in order to avoid wide swings in actuarially determined funding requirements from year to year.

Related-Party Transactions—There were no securities of the RTA, Metra, Pace or related parties included in the Plan's assets.

Annual Pension Cost and Net Pension Obligation—For 2008, 2009 and 2010, the RTA's annual pension costs equal the required contributions which were, \$9,195,000, \$10,827,000 and \$11,288,000, respectively. The required contributions were determined as part of the January 1, 2008, 2009 and 2010 actuarial valuations.

In accordance with the GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the RTA determined its net pension obligation at transition (January 1, 1997). There was no net pension obligation for the Plan at transition or at year-end.

Significant Actuarial Assumptions—The information presented in the notes and the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

	January 1, 2010	January 1, 2009	January 1, 2008
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	8.50%	8.50%	8.50%
Projected salary increases:			
Age graded scale	Range of 3.5% to 7.5% based on attained age. RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	Range of 3.5% to 7.5% based on attained age. RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	Range of 3.5% to 7.5% based on attained age. RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.
Mortality	Termination rates range from 5.47% at age 20 to 0.49% at age 60 for females, and from 5.47 % at age 20 to 0.39% at age 60 for males.	Termination rates range from 5.47% at age 20 to 0.49% at age 60 for females, and from 5.47 % at age 20 to 0.39% at age 60 for males.	Termination rates range from 5.47% at age 20 to 0.49% at age 60 for females, and from 5.47% at age 20 to 0.39% at age 60 for males.
Withdrawals from service			

Funded Status and Funding Progress – As of December 31, 2010, the most recent actuarial valuation date, the plan was 71.28 percent funded. The actuarial accrued liability for benefits was \$166,663,123 and the actuarial value of assets was \$118,805,281, resulting in an underfunded actuarial accrued liability (UAAL) of \$(47,857,842). The covered payroll (annual payroll of active employees covered by the Plan) was \$68,389,409 and the ratio of the UAAL to the covered payroll was 69.9 percent.

NOTE 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 2010, 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 ^(a)	\$ 620,319	\$ 1,119,352
Metra ^(b)	296,399	579,990
Pace ^(c)	60,129	182,499
RTA ^(d)	19,260	31,279
Total^(e)	\$ 996,107	\$ 1,913,120

The region-wide system-generated revenues recovery ratio for 2010 equals 55.60%.

- a) The system-generated revenues recovery ratio for the CTA included leasehold revenues of \$4.3 million and Senior Free Rides revenue of \$23.8 million, but excluded CTA expenditures for security costs of \$33.3 million and Pension Obligation Bond debt Service for \$108.4 million. It also included in-kind services of \$22 million, both as revenues and expenditures.
- b) Metra's system-generated revenues recovery ratio included Senior Free Rides revenue of \$8.8 million, but excluded \$16.6 million security costs, \$16.3 million costs for lease of transportation facilities and \$2.9 million for funded depreciation to carriers were deducted from expenditures.
- c) Pace's system-generated revenues recovery ratio included Senior Free Rides revenue of \$2.7 million, \$2.3 million for the Capital cost of contracting for Paratransit service under contract (5307 Fund), and an in-kind credit of \$6.3 million both as revenues and expenditures.
- d) The RTA excluded all capital related depreciation expenses of \$954 thousand.
- e) The RTA Act, beginning in 2008, provided a regional expense exclusion of \$200 million that decreases annually by \$40 million over five years (\$120 million in 2010) giving the service boards time to constrain costs and increase revenues in order to maintain a regional recovery ratio that meets the minimum statutory requirement of 50%.

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 2010. Pace ended the year with a 10.0% recovery ratio for Regional ADA Paratransit Services. The 2010 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 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 39)	\$ 496,887	\$ 1,581,897	\$ 898,478	\$ 351,583
Sales tax agency fund	968,803	-	-	-
Pension trust fund	23,651	1,534	-	-
Senior free rides	-	23,794	8,888	2,673
In-kind services	-	22,000	-	6,250
Others (5307 fund)	-	-	-	2,300
ADA Regional Paratransit funding	-	-	-	115,062
Region-wide revenues (page 40)	1,489,341	1,629,225	907,366	477,868
Government-wide expenditures (page 39)	416,020	1,905,674	840,695	338,782
Sales tax agency fund	968,803	-	-	-
Pension trust fund	8,474	-	-	-
In-kind services	-	22,000	-	6,250
Lease of transportation facilities	-	-	(16,251)	-
Pension and other employee benefits	-	(28,460)	-	-
Capital (depreciation, disposals/additions)	(954)	-	(2,945)	-
Region-wide expenditures (page 40)	1,392,343	1,866,914	804,894	345,032
Net revenues (expenditures)	\$ 96,998	\$ (237,689)	\$ 102,472	\$ 132,836

NOTE 13. RTA RESTATEMENT

In order to comply with the provisions of Governmental Accounting Standards Board Statement (GASB) 53, *Accounting and Financial Reporting for Derivative Instruments*, the December 31, 2009 Net Assets for Governmental Activities and Fund Balance for the General Fund have been restated as follows.

	General Fund Increase (Decrease) Fund Balance/ (Deficit)	Statement of Net Assets Increase (Decrease) Net Assets
December 31, 2009 balance/(deficit) as previously reported	\$ 127,658	\$ (1,951,448)
Restatement to reflect GASB 53 valuations of derivative instruments	(4,666)	(3,171)
December 31, 2009 balance/(deficit) as restated	\$ 122,992	\$ (1,954,619)

NOTE 14. SUBSEQUENT EVENTS

CTA

Senior Free Ride Legislation

In February 2011, Illinois Governor Pat Quinn signed legislation to amend the Seniors Ride Free Program which would subject the participants of the program to a means test. Currently, the program allows all seniors living in the region to ride free on CTA, Metra, and Pace regardless of income. Under the new program, seniors who do not qualify to ride free will pay a reduced fare. The RTA has up to 180 days to implement the means tested program.

RTA

Beginning in January 2011, the RTA began drawing on a newly authorized commercial paper facility that authorizes the RTA to borrow up to \$260 million. Note holders are fully secured by a letter of credit and a subordinate lien on sales taxes levied by the RTA.

In July 2011, the RTA anticipates issuing advance refunding bonds to pre-refund \$99.6 million of RTA bonds scheduled to mature between 2013 and 2019. The refunding action will not significantly change the RTA's outstanding debt but will reduce interest expense over the refunding period.

* * * * *

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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

YEAR ENDED DECEMBER 31, 2010

(In Thousands)

	RTA Government- Wide Funds	Service Boards			Combining Adjustments		Total Combined
		Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	
REVENUES:							
Service Boards operating revenues	\$ -	\$ 509,179	\$ 296,399	\$ 62,008	\$ 303	\$ -	\$ 867,283
RTA financial assistance	-	701,615	390,567	232,593	1,120,779	-	203,996
Other public funding	-	88,513	173,157	6,470	-	-	268,140
Capital grants	-	164,432	27,207	44,642	57,886	-	178,395
Sales taxes	103,168	-	-	-	-	935,021	1,038,189
Interest on sales taxes	137	-	-	-	-	-	137
Public Transportation Fund	242,318	-	-	-	-	-	242,318
Operating assistance	9,480	-	-	-	-	-	9,480
State assistance	130,116	-	-	-	-	-	130,116
Investment income	8,770	4,619	-	90	-	-	13,479
Program revenues and other	2,898	-	-	-	-	-	2,898
Interest revenue from leasing transactions	-	113,539	11,149	5,780	-	-	130,468
Total revenues	496,887	1,581,897	898,479	351,583	1,178,968	935,021	3,084,899
EXPENDITURES:							
Operating	-	1,165,499	615,791	291,290	-	303	2,072,277
Depreciation	-	429,827	213,755	41,712	-	-	685,294
Financial Assistance to Service Boards	97,648	-	-	-	-	97,648	-
Operating Assistance - CTA & Pace	27,230	-	-	-	-	27,230	-
Capital grants—discretionary	15,310	-	-	-	-	15,310	-
Capital grants—bonds	103,456	-	-	-	-	103,456	-
Insurance (JSIF)	4,740	-	-	-	-	-	4,740
Administrative expenses	8,551	-	-	-	-	-	8,551
Regional expenses	21,576	-	-	-	-	-	21,576
Technology program	1,979	-	-	-	-	-	1,979
Bond-related expenses	135,530	191,568	-	-	-	-	327,098
Interest expense from leasing transactions	-	118,780	11,149	5,780	-	-	135,709
Total expenditures	416,020	1,905,674	840,695	338,782	-	243,947	3,257,224
NET REVENUES (EXPENDITURES)	\$ 80,867	\$ (323,777)	\$ 57,784	\$ 12,801	\$ 1,178,968	\$ 1,178,968	\$ (172,325)

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 shown on this page 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, 2010
(In Thousands)

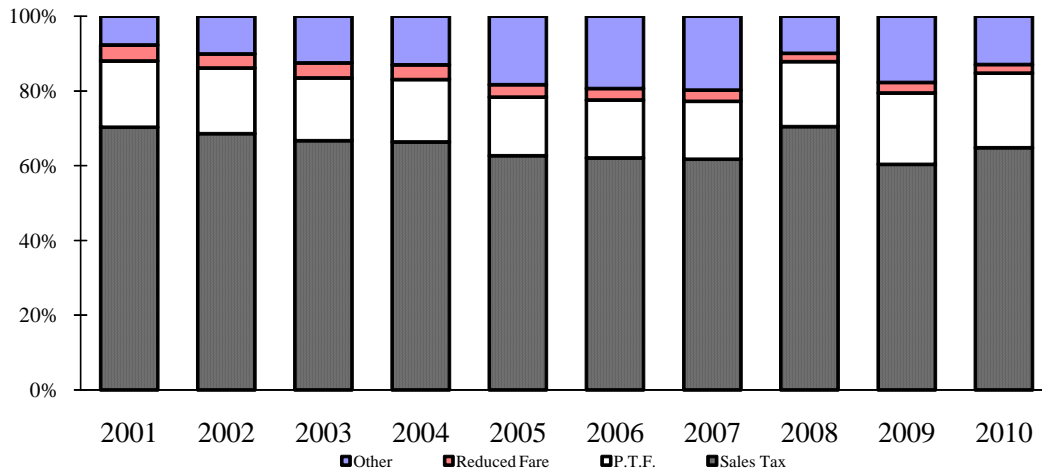
	RTA		Service Boards			Combining Adjustments		Total Combined	Total Region-Wide Budget
	Government-Wide and Fiduciary Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit			
REVENUES:									
RTA financial assistance	\$ -	\$ 701,615	\$ 390,567	\$ 232,593	1,120,779	\$ -	\$ 203,996	\$ -	
Other public funding	-	-	173,157	6,470	-	-	179,627	-	
Capital grants	-	164,432	27,206	44,642	57,886	-	178,394	-	
Interest revenue from leasing transactions	-	117,801	11,149	5,780	-	-	134,730	-	
Sales taxes	921,956	-	-	-	-	-	921,956	1,015,718	
Public Transportation Fund	287,404	-	-	-	-	-	287,404	162,400	
ADA	6,000	-	-	115,062	-	-	121,062	-	
State Assistance Inc. (ICE)	204,745	-	-	-	-	-	204,745	122,000	
State reduced fare reimbursement	33,570	-	-	-	33,570	-	-	36,800	
Pension contribution	11,288	-	-	-	1,276	-	10,012	-	
Pension and other employee benefits	-	1,534	-	-	-	-	1,534	-	
Investment income / Others	13,099	3,992	-	10,519	-	-	27,610	-	
Interest on sales taxes to Service Boards	210	-	-	-	210	-	-	-	
Subtotal	1,478,272	989,374	602,079	415,066	1,213,721	-	2,271,070	1,336,918	
Investment income	8,081	-	-	-	-	-	8,081	14,600	
Other revenues	2,851	-	-	-	-	-	2,851	1,000	
Interest on sales taxes	137	-	-	-	-	-	137	2,000	
Service Boards revenues	-	594,057	296,399	51,579	305	-	941,730	957,054	
Add (Subtract):									
Senior Free Ride	-	23,794	8,888	2,673	-	-	35,355	35,355	
In-kind services	-	22,000	-	6,250	-	-	28,250	28,250	
Leasehold revenue	-	-	-	2,300	-	-	2,300	2,300	
Subtotal	11,069	639,851	305,287	62,802	305	-	1,018,704	1,040,559	
Total revenues	1,489,341	1,629,225	907,366	477,868	1,214,026	-	3,289,774	2,377,477	
EXPENDITURES:									
Depreciation	-	429,827	213,755	41,712	-	-	685,294	-	
Interest expenses from leasing transactions	-	118,780	11,149	5,780	-	-	135,709	-	
Interest expenses from bond transactions	-	191,568	-	-	-	-	191,568	-	
Prior year positive balance - lease proceeds	-	-	-	-	-	-	-	-	
Operating grants to Service Boards	907,727	-	-	-	-	907,727	-	-	
CTA & PACE (PTF) expenditures	152,174	-	-	-	-	152,174	-	-	
Capital grants—discretionary	15,310	-	-	-	-	15,310	-	-	
Capital grants—bonds	103,456	-	-	-	-	103,456	-	-	
State reduced fare reimbursement	33,570	-	-	-	-	33,570	-	-	
Regional expenses and other	13,214	-	-	115,041	-	-	128,255	-	
Bond-related expenses	135,530	-	-	-	-	-	135,530	-	
Pension and other employee benefits	-	7,387	-	-	-	-	7,387	-	
Interest on sales taxes to Service Boards	210	-	-	-	-	210	-	-	
Subtotal	1,361,191	747,562	224,904	162,533	-	1,212,447	1,283,743	-	
Operating expenses	-	1,239,049	615,791	176,249	-	303	2,030,786	2,068,476	
Administrative expenses	8,551	-	-	-	-	1,276	7,275	8,127	
Regional expenses	21,576	-	-	-	-	-	21,576	23,319	
Technology program	1,979	-	-	-	-	-	1,979	1,166	
Add (Subtract):									
In-kind services	-	22,000	-	6,250	-	-	28,250	28,250	
Security costs	-	(33,319)	(16,605)	-	-	-	(49,924)	(49,924)	
Pension Obligation Bond Debt Service	-	(108,378)	-	-	-	-	(108,378)	(108,378)	
Lease of transportation facilities	-	-	(16,251)	-	-	-	(16,251)	(16,251)	
Capital (depreciation, disposals/additions)	(954)	-	(2,945)	-	-	-	(3,899)	(3,899)	
Subtotal	31,152	1,119,352	579,990	182,499	-	1,579	1,911,414	1,950,886	
Total expenditures	1,392,343	1,866,914	804,894	345,032	-	1,214,026	3,195,157	1,950,886	
NET REVENUES (EXPENDITURES)	\$ 96,998	\$ (237,689)	\$ 102,472	\$ 132,836	\$ 1,214,026	\$ 1,214,026	\$ 94,617	\$ 426,591	

STATISTICAL SECTION (UNAUDITED)

Table 1

RTA REVENUE BY SOURCE

2001-2010



Last Ten Years

(In Thousands)

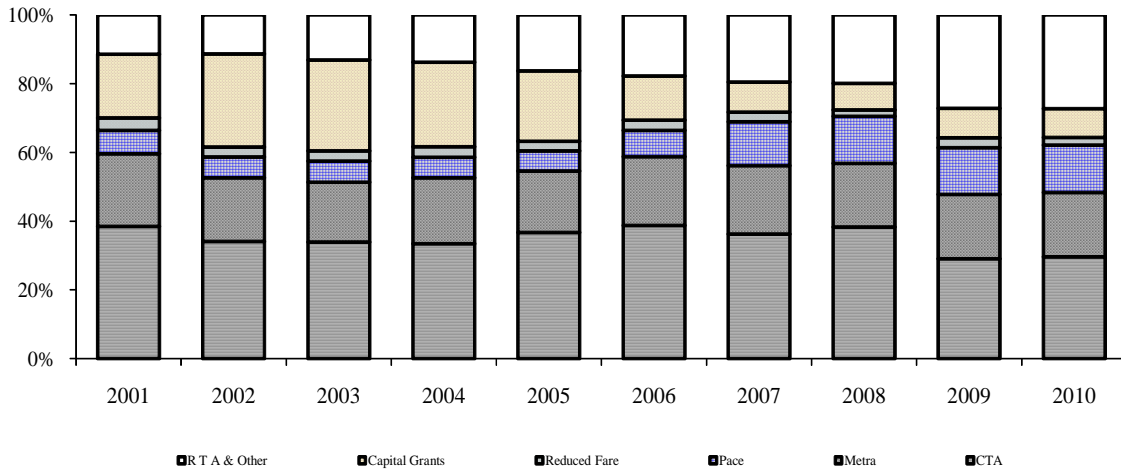
	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/01	\$ 653,522	\$ 164,987	\$ 39,531	\$71,742	\$ 929,782
Percentage of Total	70.29%	17.74%	4.25%	7.72%	100%
12 Months Ended 12/31/02	647,685	165,665	36,260	95,167	944,777
Percentage of Total	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	654,988	164,739	39,662	122,517	981,906
Percentage of Total	66.70%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	675,628	170,397	40,153	132,664	1,018,842
Percentage of Total	66.31%	16.72%	3.94%	13.02%	100%
12 Months Ended 12/31/05	700,395	175,668	37,127	204,904	1,118,094
Percentage of Total	62.64%	15.71%	3.32%	18.33%	100%
12 Months Ended 12/31/06	746,829	186,136	37,327	232,193	1,202,485
Percentage of Total	62.11%	15.48%	3.10%	19.31%	100%
12 Months Ended 12/31/07	752,922	188,931	36,678	241,262	1,219,794
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	949,617	227,201	28,919	129,784	1,335,521
Percentage of Total	71.10%	17.01%	2.17%	9.72%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	220,737	1,473,146
Percentage of Total	63.23%	19.51%	2.28%	14.98%	100%

STATISTICAL SECTION (UNAUDITED)

Table 2

DISTRIBUTION OF EXPENDITURES

2001-2010

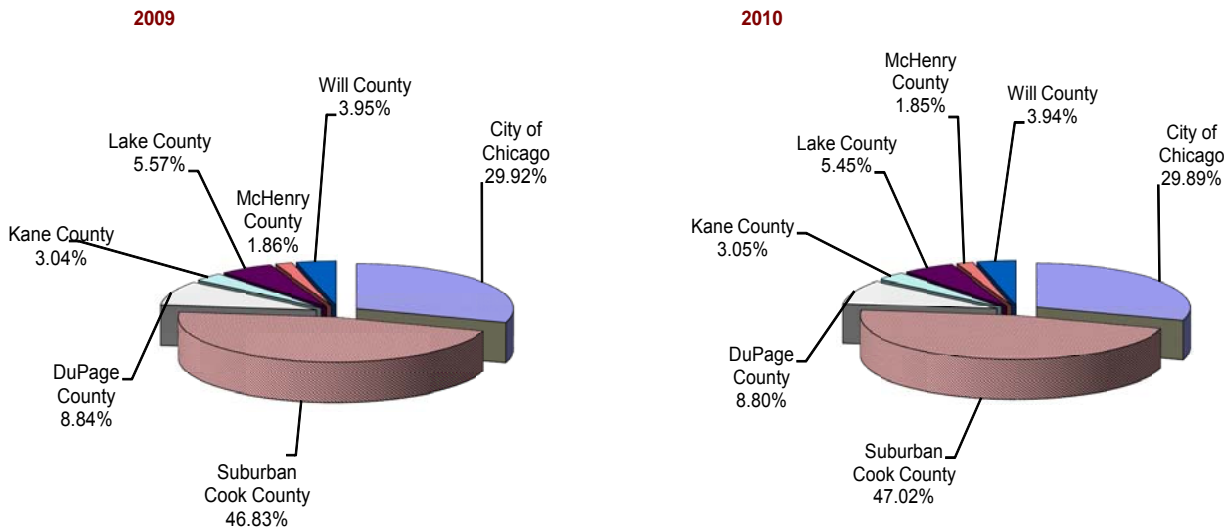


Last Ten Years

(In Thousands)

	Financial Assistance				Reduced Fare	Capital Grants	RTA and Other	Total
	CTA	Metra	Pace	Total				
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%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	402,956	1,475,959
Percentage of Total	29.57%	18.80%	13.72%	62.09%	2.27%	8.33%	27.30%	100%

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO



Last Ten Years

(In Thousands)

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/01	\$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%
12 Months Ended 12/31/08	219,093	533,095	75,587	25,908	47,143	15,700	33,091	949,617
Percentage of Total	23.07%	56.14%	7.96%	2.73%	4.96%	1.65%	3.48%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%

LEGAL DEBT CAPACITY

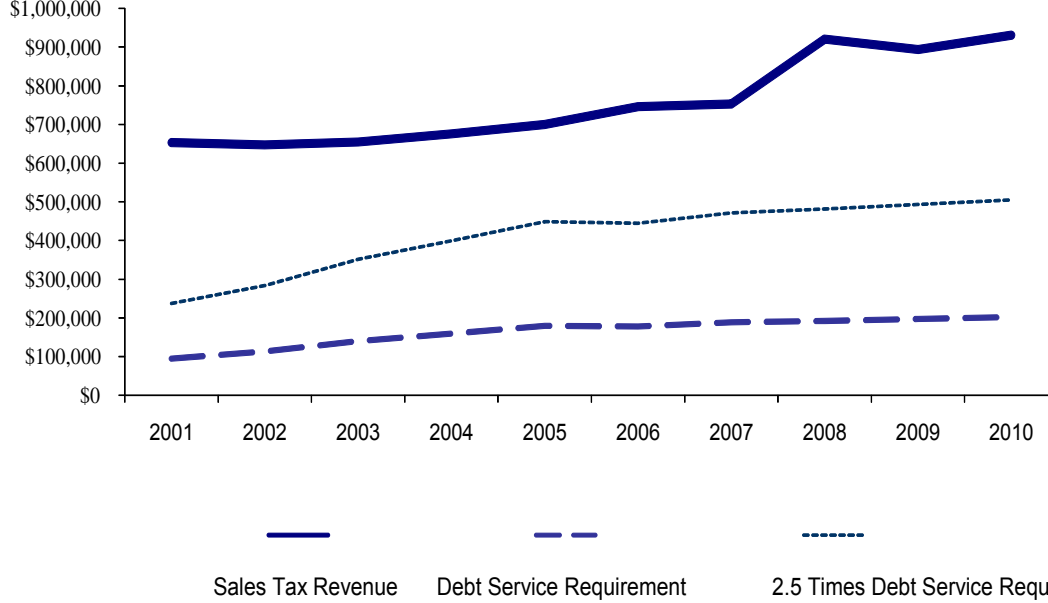
2010

Legal Debt Margin:	<u>Balance Outstanding at December 31, 2010</u>	<u>Issued</u>	
Debt Limitation per Act for General Obligations			\$2,600,000,000
Debt applicable to limitation :			
Non-SCIP Bonds:			
1990A General Obligation Bonds	\$56,985,000		
1991A General Obligation Bonds	55,745,000		
1992B General Obligation Bonds	2,450,000		
1994B General Obligation Bonds	7,095,000		
1994D General Obligation Bonds	29,225,000		
1997 General Obligation Refunding Bonds	55,355,000		
2002B General Obligation Bonds	122,765,000		
2003B General Obligation Bonds	134,225,000		
2005B General Obligation Refunding Bonds	125,920,000		
2010A General Obligation Bonds	60,315,000		
2010B General Obligation Bonds	<u>112,925,000</u>		
Total RTA Bonds Applicable to Limitation	<u>763,005,000</u>		(763,005,000)
SCIP Bonds:			
1992A General Obligation Bonds	15,340,000	\$188,000,000	
1993A General Obligation Bonds		\$55,000,000	
1994A General Obligation Bonds	17,300,000	195,000,000	
1994C General Obligation Bonds	25,440,000	62,000,000	
1999 General Obligation Refunding Bonds	258,710,000		
2000A General Obligation Bonds	219,215,000	260,000,000	
2001A General Obligation Bonds	84,560,000	100,000,000	
2001B General Obligation Refunding Bonds	29,800,000		
2002A General Obligation Bonds	138,790,000	160,000,000	
2003A General Obligation Bonds	232,585,000	260,000,000	
2004A General Obligation Bonds	236,905,000	260,000,000	
2006A General Obligation Bonds	<u>238,510,000</u>	<u>250,350,000</u>	
Total SCIP Bonds Applicable to Limitation		<u>1,790,350,000</u>	(1,790,350,000)
Total SCIP Bonds Outstanding	<u>1,497,155,000</u>		
Total Bonds Outstanding	<u>\$2,260,160,000</u>		
Debt Margin for General Obligations			<u>46,645,000</u>
Debt Limitation per Act for Working Cash Notes			400,000,000
Total RTA Working Cash Notes Applicable to Limitation	\$400,000,000	\$400,000,000	<u>(400,000,000)</u>
Debt Margin for Working Cash Notes			<u>-</u>
Total Legal Debt Margin			<u>\$46,645,000</u>

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

2001 - 2010

(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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales Tax Revenue	\$653,522	\$647,685	\$654,985	\$675,628	\$700,395	\$746,829	\$752,922	\$949,617	\$894,238	\$931,435
Debt Service Requirement	\$95,187	\$113,526	\$140,607	\$159,702	\$179,536	\$178,086	\$188,551	\$192,555	\$197,529	\$201,994
2.5 Times Debt Service Requirement	\$237,968	\$283,815	\$351,518	\$399,255	\$448,840	\$445,215	\$471,378	\$481,388	\$493,823	\$504,985

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

Last Ten Years *(In Thousands)*

Year	Debt Service Requirements			Total Expenditures	Ratio of Debt Service to Total Expenditures
	Principal	Interest	Total		
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	1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%

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
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
2008	489.91	279.38	169.55	40.98
2009	917.78	535.32	297.57	84.89
2010	459.25	266.23	154.97	38.05
Total	\$ 5,092.49	\$ 2,937.99	\$ 1,755.62	\$ 398.88

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

RTA AND SERVICE BOARDS OPERATING CHARACTERISTICS

2010

<u>Chicago Transit Authority</u>	<u>*Metra Commuter Rail Division</u>	<u>Pace Suburban Bus Division</u>
<u>Rapid Transit</u>		<u>Fixed Route</u>
<ul style="list-style-type: none"> • 8 rail routes • 143 stations served • 1,190 rapid transit cars • 198.1 million riders per year • 1,158 STO* positions 	<ul style="list-style-type: none"> • 487.7 route miles • 1,155 miles of track • 241 stations • 146 locomotives • 839 passenger cars • 171 electric cars • 702 weekly trains operated • 96.0% on-time performance • 81.4 million riders per year • 4,429 full-time employees 	<ul style="list-style-type: none"> • 135 regular routes • 38 feeder routes • 16 shuttle routes • 579 vehicles in use during peak periods • 29.3 million riders per year • 3 seasonal routes • 713 Pace-owned busses • 1,422 full-time employees
<u>Motor Bus</u>		
<ul style="list-style-type: none"> • 153 bus routes • 2,150 buses • 328.2 million riders per year • 4,341 STO* positions 		
<u>Other</u>	<u>Other</u>	<u>Paratransit</u>
<ul style="list-style-type: none"> • 1.2 billion passenger rail miles per year • 12.3 million rail miles per year • 779.8 million passenger miles per year • 70.8 million vehicle miles per year • 5,001 without STO* Positions 	<ul style="list-style-type: none"> • 1.8 billion passenger miles per year • 43.1 million vehicle miles per year 	<ul style="list-style-type: none"> • 210 Pace owned lift-equipped buses in service • 2.8 millions of riders per year • 30 full-time employees
		<u>Dial-A-Ride</u>
		<ul style="list-style-type: none"> • 66 local services • 157 Pace owned lift-equipped buses in service • 210 communities served • 1.3 millions of riders per year • 7.5 million passenger miles per year • 5.7 million vehicle miles per year
		<u>Other</u>
		<ul style="list-style-type: none"> • 667 vanpools in operation • 1.8 million riders for the year • 37.5 million passenger miles per year • 9.3 million vehicle miles per year

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

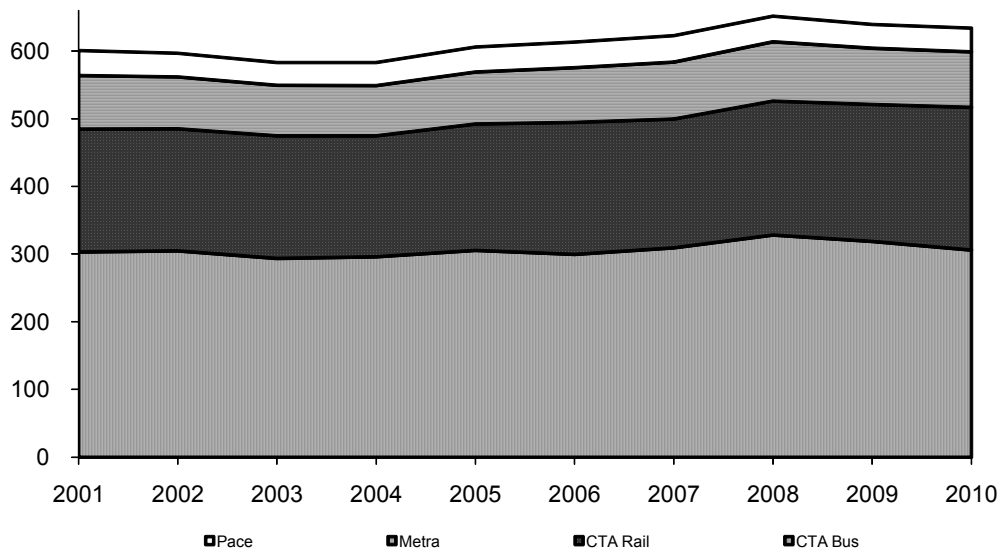
*All data excludes NICTD South Shore

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

SYSTEM RIDERSHIP-UNLINKED PASSENGER TRIPS

2001-2010

(In Millions)



Last Ten Years

(In Millions)

Service Consumed:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CTA - Bus	303.1	304.8	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0
CTA - Rail	181.7	180.4	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8
Total CTA*	484.8	485.2	474.7	474.7	492.3	494.8	499.6	526.3	521.2	516.8
Metra	79.2	76.8	74.8	74.4	77.0	80.8	84.4	87.7	83.1	82.2
Pace**	37.0	34.8	33.7	34.1	36.9	38.0	39.0	40.5	35.1	35.1
System Total	601.0	596.8	583.2	583.2	606.2	613.6	623.0	654.5	639.4	634.1
Percent Change	0.68%	-0.70%	-2.28%	0.00%	3.93%	1.23%	1.53%	5.06%	-2.31%	-0.83%

*CTA Stat amounts include rail-to-rail transfers.

**PACE -Beginning in 2007 the 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 2010.

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	\$82,838	\$194,552	(\$111,714)	\$111,714	\$ -
Burlington Northern/Santa Fe	49,141	74,245	(25,104)	\$25,104	-
Northern Indiana Commuter Transportation District (NICTD)	4,142	9,322	(5,180)	\$5,180	-
Total Metra	\$136,121	\$278,119	(\$141,998)	\$141,998	\$ -
Pace					
<u>Summary of Services</u>					
Fixed Route - Public Funded Carriers	\$1,639	\$3,236	(\$1,597)	\$3,505	\$1,866
Fixed Route - Private Contract Carriers	2,428	8,403	(5,975)	5,975	-
Total Fixed Route Service	4,067	11,639	(7,572)	9,480	1,866
Private Contract Carriers					
DAR Services	1,229	12,101	(10,872)	6,833	4,039
DAR and Stable Services	8,498	104,174	(95,677)	95,677	-
Total Private Contract Carriers	9,726	116,275	(106,549)	102,509	4,039
Paratransit - Municipal Carriers	438	5,236	(4,797)	1,022	3,775
Total Pace	\$14,232	\$133,150	(\$118,918)	\$113,012	\$9,680

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
<i>Pace</i>					
<u>Detail of Services</u>					
<u>Fixed Route - Public Funded Carriers</u>					
City of Highland Park	\$494	\$1,162	(\$668)	\$1,295	\$801
Village of Downers Grove	242	269	(27)	269	27
Village of Niles	608	1,457	(849)	1,591	983
Village of Schaumburg	295	348	(53)	350	55
Total	\$1,639	\$3,236	(\$1,597)	\$3,505	\$1,866
<u>Private Contract Carriers - Fixed Route</u>					
Academy Coach Lines	\$513	\$1,928	(\$1,415)	\$1,415	\$ -
Colonial Coach Lines	-	-	-	-	-
First Student	1,575	3,799	(2,224)	2,224	-
First Transit	28	522	(494)	494	-
Keeshin - Coach USA	153	899	(746)	746	-
M V Transportation	159	1,255	(1,096)	1,096	-
Total	\$2,428	\$8,403	(\$5,975)	\$5,975	\$ -
<u>Private Contract Carriers - Dial-a-Ride Services</u>					
Addison	\$0	\$5	(\$5)	\$1	\$4
Barrington	0	79	(79)	38	40
Bloomington Township	27	395	(368)	272	96
Central Lake	7	113	(106)	77	29
Central Will	72	753	(681)	487	194
Community Service Transit	107	66	41	(41)	-
Downers Grove	20	113	(93)	69	24
Dupage County	6	48	(42)	42	-
Dupage Township	10	188	(178)	128	50
Elk Grove	25	327	(302)	61	241
Freemont Township	1	10	(9)	7	2
Hampshire Township	1	20	(19)	14	5
Hanover Township	1	29	(28)	10	18
Hometown	1	25	(24)	2	22
Joliet Call in and Ride	11	159	(148)	148	-
Northwest Suburban Cook	24	217	(193)	193	-
Lake -Call in and Ride	7	155	(148)	148	-
Leyden Township	18	178	(160)	27	133
Marengo	3	80	(77)	77	-
McHenry Township	57	1,181	(1,123)	544	579
Milton Township	22	133	(111)	109	2
N. Suburban Cook	148	77	71	(71)	-
Naperville/Lisle	1	993	(992)	661	331
Northeast Lake-Warren	20	408	(388)	367	21
Northeast Lake-Zion	2	42	(40)	30	10
Northwest Lake	22	329	(307)	307	-
Northwest Lake Demo	8	156	(148)	25	123
Pioneer Center	32	304	(272)	272	-

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
<i>Pace</i>					
<u>Detail of Services, continued</u>					
<u>Private Contract Carries - Dial - a- Ride Services, continued</u>					
Ride DuPage	186	1,560	(1,373)	593	780
Ride In Kane	334	2,991	(2,657)	1,865	792
Ride In McHenry	23	354	(332)	94	237
South Cook	0	0	(0)	0	-
Southwest Lake-Cuba	1	5	(4)	3	1
Southwest Lake-Wauconda	3	30	(27)	20	7
Southwest Will	1	19	(19)	14	5
Village of Bloomingdale	2	20	(18)	2	16
Village of Skokie/West Cook	-	209	(209)	17	192
Wayne Township	4	87	(83)	61	21
Woodstock	24	243	(219)	158	62
Total	\$1,229	\$12,101	(\$10,872)	\$6,833	\$4,039
<u>Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)</u>					
South Cook	605	7,320	(6,715)	6,715	-
North Suburban Cook	588	6,274	(5,686)	5,686	-
West Cook	225	2,032	(1,807)	1,807	-
North Lake	224	1,116	(892)	892	-
Kane County	49	487	(438)	438	-
Southwest/Central Will	51	490	(440)	440	-
DuPage County	103	1,262	(1,160)	1,160	-
Chicago ADA	6,654	85,193	(78,539)	78,539	-
Total	\$ 8,498	\$ 104,174	\$ (95,677)	\$ 95,677	\$ -
<u>Paratransit - Municipal Carriers</u>					
Bensenville	14	261	(247)	38	209
Bloom	21	331	(310)	57	253
Crestwood	6	80	(74)	18	56
Ela	11	147	(136)	30	107
Forest Park	19	131	(112)	40	71
Fox Lake/Grant	2	5	(4)	2	1
Frankfort	22	135	(114)	31	83
Harvard	3	22	(19)	8	11
Lemont	5	71	(66)	16	50
Lyons	14	306	(292)	40	252
Norridge	12	87	(76)	31	45
Oak Park	42	366	(325)	96	229

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
<i>Pace</i>					
<u>Detail of Services, continued</u>					
<u>Paratransit - Municipal Carriers, continued</u>					
Orland Park	\$ 27	\$ 254	\$ (227)	\$ 40	\$ 187
Palatine	18	226	(209)	27	182
Palos Hills	9	77	(67)	18	50
Park Forest	23	122	(98)	60	38
Peotone	32	274	(241)	71	171
Rich Township	31	542	(511)	72	439
Schaumburg	86	1,066	(980)	216	765
Stickney	19	341	(322)	54	268
Tinley Park	9	73	(64)	26	38
Vernon Township	5	135	(130)	12	118
Worth	8	183	(176)	23	152
Total	\$ 438	\$ 5,236	\$ (4,797)	\$ 1,022	\$ 3,775



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