2011

Regional Transportation Authority and Service Boards

Special-Purpose Combining Financial Statements for the Year Ended December 31, 2011 and Independent Accountants' Compilation Report

cta

Metra

pace

Regional Transportation Authority

Regional Transportation Authority and Service Boards

Special-Purpose Combining Financial Statements for the Year Ended December 31, 2011 and Independent Accountant's Compilation Report

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

(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

TABLE OF CONTENTS

Regional Transportation Authority

175 W. Jackson Blvd.
Suite 1650
Chicago, IL 60604
(312) 913-3200
www.rtachicago.com

July 24, 2012

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, 2011. This Report fulfills the requirements of Section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region.

The RTA's independent accountants have compiled the Combining Financial Statements Report. They have not subjected these statements to audit. The audited financial statements of each individual organization are available upon request. As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.

Sincerely,

Joseph G. Costello
Executive Director
Regional Transportation Authority

McGladrey

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, 2011, 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 (included in the accompanying prescribed form). We have not audited or reviewed the accompanying financial statements, supplementary information and statistical information (included in the accompanying prescribed form) 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.

The financial statements included in the accompanying prescribed form are presented in accordance with the Regional Transportation Act and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Schaumburg, Illinois
July 24, 2012

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2011
(In Thousands)

		Service Boards			Combining Adjustments		
ASSETS:	**RTA Government - Wide**	**Chicago Transit Authority**	**Commuter Rail Division**	**Suburban Bus Division**	**Debit**	**Credit**	**Total Combined**
CURRENT ASSETS:							
Cash and investments:							
Restricted - cash and cash equivalents	$ -	$ 107,920	$ -	$ 27,968	$ -	$ -	$ 135,888
Unrestricted - cash and cash equivalents	11,081	119,467	66,955	41,501	-	-	239,004
Restricted - investments	323,666	-	-	-	-	-	323,666
Unrestricted - investments	322,423	3,020	-	-	-	-	325,443
Unamortized bond issue costs	1,532	-	-	-	-	-	1,532
Receivables:							
Intergovernmental receivables	263,501	-	-	-	-	62,433	201,068
Grant projects	-	5,098	50,431	308	-	13,316	42,521
RTA financial assistance	-	228,966	77,859	47,154	-	78,242	275,737
Other carriers	-	-	370	-	-	-	370
Other receivables	-	92,119	9,231	7,890	-	961	108,279
Interest on investments	225	-	-	-	-	-	225
Loan to S.B. note and interest	4,536	-	-	-	-	-	4,536
Materials and supplies inventory	-	58,501	18,656	4,699	-	-	81,856
Prepaid expenses and other assets	60,811	5,502	1,244	1,644	-	-	69,201
Deferred outflow - derivative	-	1,384	-	-	-	-	1,384
Total current assets	987,775	621,977	224,746	131,164		154,952	1,810,710
Capital assets:							
Plant, property and equipment	7,587	8,656,955	5,828,812	484,879	-	-	14,978,233
Capital projects in progress	11,797	438,858	225,759	2,921	-	-	679,335
Less accumulated depreciation	(4,893)	(5,335,768)	(3,313,668)	(316,510)	-	-	(8,970,839)
Total capital assets	14,491	3,760,045	2,740,903	171,290	-	-	6,686,729
Other assets:							
Unamortized bond issue costs	11,988	34,632	-	-	-	-	46,620
Note receivable	1,714	-	-	-	-	-	1,714
Derivative instrument	48,341	-	-	-	-	-	48,341
Deferred outflows of resources	33,425	-	-	-	-	-	33,425
Net pension asset	-	41,572	-	-	-	-	41,572
Restricted cash and investments with Trustee	-	1,073,392	-	-	-	-	1,073,392
Restricted assets under sale/leaseback	-	1,630,380	110,392	101,564	-	-	1,842,336
Total other assets	95,468	2,779,976	110,392	101,564	-	-	3,087,400
TOTAL ASSETS	$ 1,097,734	$ 7,161,998	$ 3,076,041	$ 404,018	$ -	$154,952	$11,584,839

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET ASSETS (Continued)
DECEMBER 31, 2011
(In Thousands)

LIABILITIES	RTA Government-Wide	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
CURRENT LIABILITIES:							
Vouchers payable	$ -	$ 90,746	$ 77,608	$ 900	$ -	$ -	$ 169,254
Accrued interest payable	37,970	21,451	-	7	-	-	59,428
Intergovernmental payables	117,794	-	-	993	91,362	-	27,425
Due to other funds	1,480	-	-	-	-	-	1,480
Current portion of general obligation bond payable, net	356,675	62,094	-	-	-	-	418,769
Other current liabilities:							
Accrued other expenses	6,983	107,881	32,125	36,643	57,144	-	126,488
Deferred revenue, assistance and other	1,999	84,598	10,753	1,207	-	-	98,557
Derivative instrument	-	1,384	-	-	-	-	1,384
Capital lease obligation	-	98,312	9,142	-	-	-	107,454
Claims liability	-	103,308	9,479	16,372	6,250	-	122,909
Total current liabilities	522,901	569,774	139,107	56,122	154,756	-	1,133,148
LONG-TERM LIABILITIES:							
Long-term portion of general obligation bond, net	2,209,908	3,828,532	-	-	-	-	6,038,440
Post Retiree health benefits	-	-	4,703	-	-	-	4,703
Claims liability	-	149,693	12,359	16,900	-	-	178,952
Capital lease obligation	-	1,689,727	101,249	101,564	-	-	1,892,540
Deferred revenue	38,387	-	-	-	-	-	38,387
Derivative instrument	39,872	-	-	-	-	-	39,872
Deferred inflows of resources	48,341	-	-	-	-	-	48,341
Accrued pension cost	-	19,444	-	4,221	-	-	23,665
Certificate of participation	-	55,885	-	-	-	-	55,885
Deferred rent	2,110	-	-	-	-	-	2,110
Intergovernmental payables	-	-	-	196	196	-	-
Other long-term liabilities	-	65,180	-	10,568	-	-	75,748
Total long-term liabilities	2,338,618	5,808,461	118,311	133,449	196	-	8,398,643
Total liabilities	2,861,519	6,378,235	257,418	189,571	154,952	-	9,531,791
NET ASSETS (DEFICIT):							
Invested in capital assets, net of related debt	14,491	2,631,353	2,740,903	171,290	-	-	5,558,037
Net assets restricted for:							
Payment on obligations and others	326,598	114,749	-	-	-	-	441,347
Unrestricted (deficit)	(2,104,874)	(1,962,339)	77,720	43,157	1,369,786	1,369,786	(3,946,336)
TOTAL NET ASSETS (DEFICIT)	$ (1,763,785)	$ 783,763	$ 2,818,623	$ 214,447	$1,369,786	$1,369,786	$ 2,053,048

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

(Concluded)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011
(In Thousands)

		Service Boards			Combining Adjustments		
	RTA Government-Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 570,891	$ 303,311	$ 68,854	$ 659	$ -	$ 942,397
Sales taxes	107,977	-	-	-	-	975,595	1,083,572
Interest on sales taxes	167	-	-	-	-	-	167
Public Transportation Fund	375,500	-	-	-	-	-	375,500
Operating assistance - CTA and Pace	9,930	-	-	-	-	-	9,930
State assistance	130,088	-	-	-	-	-	130,088
Investment income	19,445	-	-	-	-	-	19,445
Program revenues and others	7,868	-	-	-	-	-	7,868
Total revenues	650,975	570,891	303,311	68,854	659	975,595	2,568,967
EXPENSES:							
Operating expenses	-	1,215,871	644,348	307,791	-	659	2,167,351
Depreciation	-	404,193	215,528	44,357	-	-	664,078
Financial assistance to Service Boards	128,786	-	-	-	-	128,786	-
Operating grant - CTA and Pace	21,680	-	-	-	-	21,680	-
Capital grants—discretionary	7,039	-	-	-	-	7,039	-
Capital grants—bonds	229,890	-	-	-	-	229,890	-
Insurance (JSIF)	6,137	-	-	-	-	6,137	-
Administrative expenses	8,918	-	-	-	-	-	8,918
Regional expenses	25,558	-	-	-	-	-	25,558
Technology program	2,356	-	-	-	-	-	2,356
Bond interest	139,314	-	-	-	-	-	139,314
Miscellaneous	397	-	-	-	-	-	397
Total expenses	570,075	1,620,064	859,876	352,148	-	394,191	3,007,972
OPERATING INCOME (LOSS)	80,900	(1,049,173)	(556,565)	(283,294)	659	1,369,786	(439,005)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance	-	701,920	502,444	243,226	1,314,219	-	133,371
Leasehold revenue	-	4,262	-	-	-	-	4,262
Interest revenue from leasing transactions	-	114,068	7,013	6,051	-	-	127,132
Interest expense on leasing transactions	-	(117,014)	(7,013)	(6,051)	-	-	(130,078)
Interest expense on bond transactions	-	(175,309)	-	-	-	-	(175,309)
Innovation Coordination & Enhancement (ICE)	-	-	-	6,587	-	-	6,587
Other public funding	-	40,849	201,435	3,597	-	-	245,881
Capital grants	-	238,355	14,066	22,461	54,908	-	219,974
Investment income	-	2,169	-	123	-	-	2,292
Total nonoperating revenue (expense)	-	809,300	717,945	275,994	1,369,127	-	434,112
CHANGE IN NET ASSETS	80,900	(239,873)	161,380	(7,300)	1,369,786	1,369,786	(4,893)
NET ASSETS (DEFICIT):							
Beginning of year	(1,844,685)	1,023,636	2,657,243	221,747	-	-	2,057,941
End of year	$ (1,763,785)	$ 783,763	$ 2,818,623	$ 214,447	$ 1,369,786	$1,369,786	$ 2,053,048

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011
(In Thousands)

	RTA Joint Self-Insurance Fund	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Total Combined
CASH FLOWS FROM OPERATING ACTIVITIES:					
Fares received from passengers	$ -	$ 533,799	$ 245,487	$ 59,096	$ 838,382
Payments to employees	-	(882,931)	(262,056)	(110,155)	(1,255,142)
Payments to vendors	(5,602)	(295,476)	(386,137)	(184,877)	(872,092)
Other receipts and payments	-	40,489	60,441	10,297	111,227
Net cash flows from operating activities	(5,602)	(604,119)	(342,265)	(225,639)	(1,177,625)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating	5,380	710,289	394,103	250,138	1,359,910
Net cash flows from noncapital financing activities	5,380	710,289	394,103	250,138	1,359,910
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest income from assets restricted for payment of leasehold obligations	-	114,068	-	-	114,068
Repayment of lease/leaseback obligations	-	(105,463)	-	-	(105,463)
Increase/decrease in assets restricted for payment of leasehold obligations	-	(26,045)	-	-	(26,045)
Financial assistance—grant projects	-	233,977	330,842	22,589	587,408
Interest expense on bonds	-	(164,967)	-	-	(164,967)
Proceeds from issuance of bonds (net)	-	521,720	-	-	521,720
Repayment of bonds payable	-	(48,945)	-	-	(48,945)
Repayment of long-term liabilities	-	(3,679)	-	-	(3,679)
Payments for capital acquisition	-	(240,149)	(360,310)	(24,613)	(625,072)
Net cash flows from capital and related financing activities	-	280,517	(29,468)	(2,024)	249,025
CASH FLOWS FROM INVESTING ACTIVITIES:					
Note principal and interest	4,500	-	-	-	4,500
Investment income	123	2,169	148	130	2,570
Sales and purchases of investments, net	(3,780)	(375,410)	-	-	(379,190)
Net cash flows from investing activities	843	(373,241)	148	130	(372,120)
NET INCREASE IN CASH AND CASH EQUIVALENTS	621	13,447	22,518	22,605	59,191
CASH AND CASH EQUIVALENTS—Beginning of year	10,460	213,940	44,437	46,864	315,701
CASH AND CASH EQUIVALENTS—End of year	$ 11,081	$ 227,387	$ 66,955	$ 69,469	$ 374,892
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	$ (6,101)	$ (1,049,173)	$ (556,565)	$ (283,294)	$ (2,944,306)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	-	404,193	215,528	44,357	664,078
Claims provision and settlement	-	-	3,417	-	3,417
State reduced fare assistance	-	-	(3,400)	-	(3,400)
Miscellaneous revenue - insurance refund	366	-	-	-	366
Interest and dividends received	(36)	-	(149)	-	(185)
Changes in current assets and liabilities	169	40,861	(1,096)	13,298	53,232
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (5,602)	$ (604,119)	$ (342,265)	$ (225,639)	$ (1,177,625)

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

NOTE 1. PRESCRIBED BASIS FOR REPORTING

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. These financial statements combine the assets, liabilities, net assets, revenues and expenses of the RTA and the Service Boards (CTA, Metra and PACE). The special purpose combining financial statements are not in accordance with accounting principles generally accepted in the United States of America (GAAP) primarily due a different entity perspective 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 are prepared in accordance with GAAP and include all required footnote disclosures.

Inter-agency receivables, payables, revenues, and expenses have generally 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, 2011 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 require 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 following is a summary of the significant policies:

Basis of Accounting—The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues if collected by the retailers by year-end. Grants and similar items are recognized as revenues when qualifying expenditures have been incurred and as soon as all eligibility requirements imposed by the grantors have been met. Prepaid expenses are recorded using the consumption method.

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 which reasonably approximates fair market value.

For purposes of the combining statement 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 combining statement 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 Inventory—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: (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:

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

The RTA recognizes as a receivable and revenue in the General Fund only the 15% of 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.

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 ending June 30, 2012, 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, 2011 and June 30, 2012, the grants were in the amount of $33.6 million and $34.1 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 2011.

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 2011 and 2012, per year. The RTA recognized $90.4 million of AFA in 2011.

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 $17,778,221 for the year ended December 31, 2011.

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.

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. 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 and Service Boards are required to implement this Statement for the year ending December 31, 2012.

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 and Service Boards 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 and Service Boards are required to implement this Statement for the year ending December 31, 2013.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, was established to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The Authority and Service Boards are required to implement this Statement for the year ending December 31, 2012.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment to GASB Statement No. 53*, was established to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The Authority and Service Boards are required to implement this Statement for the year ending December 31, 2012.

Statement No. 65, *Items Previously Reported as Assets and Liabilities,* was established to reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Authority and Service Boards are required to implement this statement for the year ending December 31, 2013.

Statement No. 66, *Technical Corrections – 2012,* was established to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two earlier pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This Statement also amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and to an internal service fund type. Governments are allowed to base their decision about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Finally, this Statement also amends Statement 62 by modifying the specific guidance on accounting for operating lease payments that vary from a straight-line basis; the difference between the initial investment and principal amount of a purchased loan or group of loans; and servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. These changes clarify how to apply Statement 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements of Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* The Authority and Service Boards are 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 the financial statements.

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 RTA general fund and sales tax agency fund.

The annual budget and related appropriations are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States except for RTA capital expenses and capital grants to the Service Boards. The RTA capital expenses 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 expenses 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 expenses. 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 expenses in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenses and total administration appropriations/expenses. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenses and the total administration appropriations/expenses. 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 2011 budget and 2012-2013 financial plan and the 2012 budget and 2013-2014 financial plan. Also waived for the purpose of the adoption of the 2012 budget and 2013-2014 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 expenses 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 expenses.

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 $94.4 million is reflected in the accompanying December 31, 2011 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 and including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388,000, resulting in an economic gain of approximately $20.4 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 $1.5 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 $81.3 million is reflected in the accompanying December 31, 2011 statement of net assets as a capital lease obligation.

In 2003, the CTA entered into a lease and leaseback agreement with a third party pertaining to certain buses, with a book value of $7.5 million and $11.2 million at December 31, 2011 and 2010, respectively. 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 $16.0 million is reflected in the accompanying December 31, 2011 statement of net assets as a capital lease obligation.

During 2002, the CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lots 1 and 2), with a book value of $10.1 million and $16.4 million at December 31, 2011 and 2010, respectively. 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 $127.0 million is reflected in the accompanying December 31, 2011 statement of net assets as a capital lease obligation.

During 2002, the CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of $6.1 million and $7.1 million at December 31, 2011 and 2010, respectively. 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 $97.2 million is reflected in the accompanying December 31, 2011 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 $213.5 million and $223.7 million at December 31, 2011 and 2010, respectively. 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 $172.4 million is reflected in the accompanying December 31, 2011 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 $42.6 million and $45.9 million at December 31, 2011 and 2010, respectively. 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 $43.3 million is reflected in the accompanying December 31, 2011 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 $46.0 million and $47.8 million at December 31, 2011 and 2010, respectively. 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 $43.3 million is reflected in the accompanying December 31, 2011 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 with a book value of $91.6 million and $101.7 million at December 31, 2011 and 2010, respectively. At December 31, 2011, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $1.1 billion. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

Change in Capital Lease Obligations: Changes in CTA capital leases for the year ended December 31, 2011 are as follows (in thousands of dollars):

2011	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
2003 (Buses)	$ 16,686	$ 595	$ (1,255)	$ 16,026	$ 595	$ 412
2002 (Buses)	121,631	6,129	(767)	126,993	6,129	-
2002 (QTE)	91,377	5,801	-	97,178	5,801	-
1998 (Green)	182,215	12,459	(22,304)	172,370	12,458	22,712
1997 (Garages)	40,354	3,034	-	43,388	3,036	-
1996 (Skokie/Racine)	40,343	2,965	-	43,308	2,965	-
1995 (Pickle)	1,072,242	79,918	(63,698)	1,088,462	79,918	63,698
Total lease/leasebacks	1,564,848	110,901	(88,024)	1,587,725	110,902	86,822
2005 PBC Lease	83,340	-	(2,035)	81,305	6,189	2,115
2008 Bus Lease	103,371	-	(8,978)	94,393	4,460	9,375
Total capital lease obligation	$ 1,751,559	$ 110,901	$ (99,037)	$ 1,763,423	$ 121,551	$ 98,312

* 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, 2011, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2012	$ 98,312
2013	178,440
2014	170,612
2015	93,624
2016	1,230,595
2017 - 2021	372,832
2022 - 2026	229,590
2027 - 2031	24,505
2032 - 2035	11,750
Total future minimum payments	2,410,260
Less interest	646,837
Present value of minimum lease payments	$ 1,763,423

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, 2011 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. Metra's sublease arrangements have been recorded as long-term obligations for accounting purposes.

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

Metra transferred approximately $177.4 million and $52.9 million of the prepayment proceeds to third parties in accordance with the terms of debt and equity payment undertaking agreements, respectively. These agreements 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. On August 29, 2011, the second investor terminated their transaction. 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. In the event the investors terminate the transactions, Metra’s maximum exposure is approximately $28.9 million at December 31, 2011.

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, 2011, future minimum lease payments for capital leases, in the aggregate, are as follows:

2012	$ 9,142,472
2013	9,142,472
2014	9,142,472
2015	9,142,472
2016	9,142,472
2017-2021	121,065,808
Total future minimum payments	166,778,168
Less imputed interest	(56,386,590)
Present value of minimum lease payments	$ 110,391,578

The present value of minimum lease payments of the Metra lease is $110.3 million which is reflected in the accompanying December 31, 2011 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 $9.9 million at December 31, 2011. 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 $72.2 million and is reflected in the accompanying December 31, 2011 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 $7.8 million at December 31, 2011. 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 $29.4 million and is reflected in the accompanying December 31, 2011 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

2011	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	$ 67,923,367	$ 4,229,254	$ -	$ 72,152,621	$ 4,229,254	$ -
2003 (Buses)	27,589,925	1,821,913	-	29,411,838	1,821,913	-
Total	$ 95,513,292	$ 6,051,167	$ -	$ 101,564,459	$ 6,051,167	$ -

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:

2012	$ -
2013	-
2014	-
2015	-
2016	124,399,915
Total future minimum payments	124,399,915
Less interest	22,835,456
Present value of minimum lease payments	$ 101,564,459

The present value of the future payments including the purchase option to be made by Pace under these leases are approximately $101.6 million and is reflected in the accompanying December 31, 2011 statement of net assets as a 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 $91.3 million. 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 $87.6 million as of December 31, 2011.

Operating Leases: As of December 31, 2011, future minimum lease payments for operating leases, in the aggregate, total $242.0 million and are due in 2012.

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, 2011 were:

2012	$ 10,880,617
2013	10,542,251
2014	10,545,651
2015	10,549,080
2016	10,552,545
2017-2021	30,184,227
2022-2026	9,768,303
2027-2030	4,836,709
Thereafter	17,807,760
Total	$ 115,667,143

Total rent expense aggregated $16.3 million for the year ended December 31, 2011.

At December 31, 2011, Metra had $490.8 million in unexpended obligations related to federal and state (including local) capital grant contracts.

Litigation – Metra is a defendant in a number of legal actions. These actions have been considered in estimating and funding Metra's retained risk liability program. The total of amounts claimed under these legal actions, including potential settlements, could exceed the amount of the accrued claims. In the opinion of Metra's management, the retained risk funding and Metra's limited excess indemnity insurance coverage from commercial carriers are adequate to cover the ultimate liability of these legal actions, in all material respects.

Grants – Metra receives moneys from federal and state government agencies under various grants. The costs, both direct and indirect, charged to these grants are subject to audits and disallowance by the granting agency. It is the opinion of management of Metra that any disallowances or adjustments would not have a material adverse effect on the financial position of Metra.

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 2011, the total rent paid by the RTA was $1,453,114. Minimum required annual rental payments by the RTA are as follows:

2012	$ 2,015,904
2013	2,019,362
2014	2,017,063
2015	2,061,841
2016	2,125,602
2017-2024	15,904,806
Total	$ 26,144,578

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, 2011, $1.1 billion of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $460 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 RTA's bonds payable were as follows:

	January 1, 2011	New Issues	Current Retirements	December 31, 2011	Due Within One Year
1990A	$ 56,985,000	$ -	$ 4,085,000	$ 52,900,000	$ 4,380,000
1991A	55,745,000	-	-	55,745,000	4,090,000
1992A* & 1992B	17,790,000	-	8,610,000	9,180,000	9,180,000
1994A* & 1994B	24,395,000	-	-	24,395,000	-
1994C* & 1994D	54,665,000	-	1,750,000	52,915,000	1,890,000
1997 Refunding	55,355,000	-	5,750,000	49,605,000	1,865,000
1999* Refunding	258,710,000	-	8,525,000	250,185,000	9,025,000
2000A*	219,215,000	-	5,900,000	213,315,000	6,245,000
2001A*	84,560,000	-	2,200,000	82,360,000	2,325,000
2001B* Refunding	29,800,000	-	-	29,800,000	-
2002A*	138,790,000	-	3,315,000	135,475,000	3,495,000
2002B	122,765,000	-	110,950,000	11,815,000	11,815,000
2003A*	232,585,000	-	5,310,000	227,275,000	5,600,000
2003B	134,225,000	-	3,105,000	131,120,000	3,265,000
2004A*	236,905,000	-	5,120,000	231,785,000	5,385,000
2005B Refunding	125,920,000	-	7,210,000	118,710,000	7,590,000
2006A*	238,510,000	-	3,955,000	234,555,000	4,150,000
2009B Cash Note	260,000,000	-	260,000,000	-	-
2010A	60,315,000	-	2,950,000	57,365,000	4,075,000
2010B	112,925,000	-	-	112,925,000	-
2010C Cash Note	140,000,000	-	-	140,000,000	140,000,000
2011A Refunding	-	95,550,000	-	95,550,000	-
2011CP Cash Note	-	705,000,000	580,000,000	125,000,000	125,000,000
Subtotal	2,660,160,000	800,550,000	1,018,735,000	2,441,975,000	349,375,000
Unamortized bond premium	120,334,000	11,574,000	7,273,000	124,608,000	7,300,000
Total	$ 2,780,494,000	$812,124,000	$ 1,026,008,000	$2,566,583,000	$ 356,675,000

* Strategic Capital Improvement Program (SCIP) Bonds

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 include 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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	5,785,000	2,404,440	8,189,440
2017-2020	27,610,000	5,142,600	32,752,600
Total	$ 52,900,000	$ 20,797,560	$ 73,697,560

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	5,305,000	2,523,220	7,828,220
2017-2021	32,355,000	6,783,750	39,138,750
Total	$ 55,745,000	$ 22,527,410	$ 78,272,410

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
2012	$ 9,180,000	$ 293,760	$ 9,473,760

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
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	11,725,000	1,482,600	13,207,600
2017-2024	12,670,000	506,799	13,176,799
Total	$ 24,395,000	$ 9,795,799	$ 34,190,799

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	7,955,000	2,746,019	10,701,019
2017-2025	31,455,000	4,313,844	35,768,844
Total	$ 52,915,000	$ 22,012,520	$ 74,927,520

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	3,980,000	2,109,000	6,089,000
2017-2021	23,910,000	6,533,100	30,443,100
2022-2023	9,250,000	490,500	9,740,500
Total	$ 49,605,000	$ 19,713,288	$ 69,318,288

1999 General Obligation Refunding Bonds—In August 1999, the RTA issued $299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA's outstanding

Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of $10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of $143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of $22 million.

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	10,425,000	10,606,844	21,031,844
2017-2021	108,245,000	38,208,132	146,453,132
2022-2025	70,045,000	5,932,381	75,977,381
Total	$ 250,185,000	$ 106,156,520	$ 356,341,520

***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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	7,870,000	11,896,163	19,766,163
2017-2021	47,200,000	51,474,251	98,674,251
2022-2026	63,860,000	34,675,576	98,535,576
2027-2030	67,100,000	11,236,225	78,336,225
Total	$ 213,315,000	$ 161,253,116	$ 374,568,116

***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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	2,895,000	4,264,375	7,159,375
2017-2021	17,125,000	18,611,825	35,736,825
2022-2026	22,545,000	13,111,200	35,656,200
2027-2031	29,680,000	5,538,300	35,218,300
Total	$ 82,360,000	$ 60,206,951	$ 142,566,951

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	2,560,000	1,309,000	3,869,000
2017-2021	15,175,000	4,198,289	19,373,289
2022-2023	7,345,000	409,613	7,754,613
Total	$29,800,000	$ 12,216,878	$ 42,016,878

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
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	4,350,000	7,193,825	11,543,825
2017-2021	25,795,000	31,842,500	57,637,500
2022-2026	34,170,000	23,167,800	57,337,800
2027-2031	45,270,000	11,659,500	56,929,500
2032	10,685,000	641,100	11,326,100
Total	$ 135,475,000	$ 105,525,688	$ 241,000,688

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
2012	$ 11,815,000	$ 324,913	$ 12,139,913

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
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	6,940,000	11,730,775	18,670,775
2017-2021	40,850,000	52,492,500	93,342,500
2022-2026	53,310,000	39,953,875	93,263,875
2027-2031	68,945,000	22,706,100	91,651,100
2032-2033	32,910,000	2,987,100	35,897,100
Total	$ 227,275,000	$ 180,139,725	$ 407,414,725

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:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
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	4,010,000	6,454,300	10,464,300
2017-2021	23,535,000	28,619,915	52,154,915
2022-2026	30,595,000	21,217,738	51,812,738
2027-2031	39,785,000	11,435,439	51,220,439
2032-2033	19,080,000	1,111,476	20,191,476
Total	$ 131,120,000	$ 96,691,019	$ 227,811,019

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:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
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	6,575,000	11,511,344	18,086,344
2017-2021	38,540,000	51,393,107	89,933,107
2022-2026	50,115,000	39,418,282	89,533,282
2027-2031	65,155,000	23,587,544	88,742,544
2032-2034	48,150,000	4,249,825	52,399,825
Total	$ 231,785,000	$ 179,523,297	$ 411,308,297

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest*	Total
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	685,000	2,985,923	3,670,923
2017-2021	36,155,000	12,971,394	49,126,394
2022-2025	53,985,000	3,388,524	57,373,524
Total	$ 118,710,000	$ 33,000,664	$ 151,710,664

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

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

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

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

Year Ending December 31	**Debt Service Requirements**		
	Principal	**Interest**	**Total**
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	5,285,000	10,566,281	15,851,281
2017-2021	31,540,000	48,529,656	80,069,656
2022-2026	81,025,000	36,437,156	117,462,156
2027-2031	60,545,000	14,796,219	75,341,219
2032-2035	38,020,000	5,571,675	43,591,675
Total	$ 234,555,000	$ 160,501,111	$ 395,056,111

***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**
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	4,905,000	1,996,750	6,901,750
2017-2021	28,455,000	6,050,750	34,505,750
2022	6,575,000	328,750	6,903,750
Total	$ 57,365,000	$ 18,551,250	$ 75,916,250

***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
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	-	6,621,635	6,621,635
2017-2021	-	33,108,175	33,108,175
2022-2026	29,105,000	30,793,005	59,898,005
2027-2031	43,020,000	20,145,210	63,165,210
2032-2035	40,800,000	6,238,200	47,038,200
Total	$ 112,925,000	$ 123,392,765	$ 236,317,765

***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
2012	$ 140,000,000	$ 1,990,100	$ 141,990,100

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2012	$ -	$ 4,657,100	$ 4,657,100
2013	12,040,000	4,416,300	16,456,300
2014	12,475,000	3,863,625	16,338,625
2015	13,000,000	3,226,750	16,226,750
2016	13,560,000	2,562,750	16,122,750
2017-2019	44,475,000	3,402,375	47,877,375
Total	$ 95,550,000	$ 22,128,900	$ 117,678,900

***2011 Commercial Paper Notes*—**In January 2011, the RTA was given the authority to issue from time to time CP Notes in an aggregate amount not to exceed $260,000,000, to manage the cash flow needs of the RTA and the Service Boards, which may include refunding certain outstanding working cash notes of the RTA, and to pay the costs of issuance of the CP Notes.

The Series Notes will be dated their respective date of issuance and will bear interest from their dated date. Interest on the CP notes will be calculated on the basis of a 360 day year for actual days elapsed and payable on its maturity date.

Debt service requirements on the Series 2011 Commercial Paper Notes to maturity are set forth below:

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2012	$ 125,000,000	$ 53,806	$ 125,053,806

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, $102,581,734 in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2011.

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 $8.6 million and $8.5 million, respectively, for this advance for the years ended December 31, 2011 and 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 years ended December 31, 2011 and 2010, was $528.3 million and $567.2 million; respectively. 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 2011, the RTA Board approved a resolution that a contribution of $12,547,000 be made to the Plan. The contribution is allocated as follows: Metra - $6,462,000; Pace - $4,605,000; RTA - $1,480,000. As of December 31, 2011, $12,547,000 had not been funded and was reported as contribution receivable in the Statements of Plan Net Assets. The 2011 contribution levels were within the actuarially determined ranges for the respective years.

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 2009, 2010 and 2011, the RTA’s annual pension costs equal the required contributions which were, $10,827,000, $11,288,000 and $12,547,000, respectively. The required contributions were determined as part of the January 1, 2009, 2010 and 2011 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 was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

	January 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	Straight-line, open
Remaining amortization period	30 years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases:	
Age graded scale	Range of 3.5% to 7.5% based on attained age.
Mortality	RP2000 White Collar Mortality Table applied separately for males and females projected to 2018.
Withdrawals from service	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.

Funded Status and Funding Progress – As of January 1, 2011, the most recent actuarial valuation date, the plan was 68.70 percent funded. The actuarial accrued liability for benefits was $185,373,843 and the actuarial value of assets was $127,343,037, resulting in an underfunded actuarial accrued liability (UAAL) of $(58,030,806). The covered payroll (annual payroll of active employees covered by the Plan) was $66,490,058 and the ratio of the UAAL to the covered payroll was 87.28 percent.

NOTE 11. RISK MANAGEMENT

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

The Workers' Compensation and Employers' Liability Insurance Policy is procured through RTA's insurance policy with The Hartford. The RTA is insured for $500,000 each for bodily injury by accident, $500,000 each employee for bodily injury by disease and $500,000 policy limit. The RTA property is insured through Pace's Property Insurance with Mesirow Insurance Services, Inc. The RTA's portion of insurance premiums is paid to Pace, and is accounted for in the General Fund. The RTA had no settlements in excess of insurance coverage in the past three years. There have been no significant reductions in the amount of coverage from the prior year.

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

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

The limit of liability to the Fund is established at $50 million less the retained limit (deductible portion) as described below:

General Liability—The categories of general liability that are covered, with certain defined exclusions, by the joint agreement are:

- Personal injury
- Property damage
- Advertising injury
- Evacuation, evacuation expenses and loss of use

The retained limit (deductible portion) for each Participating Entity is:

CTA	$ 2,500,000
Metra	2,500,000
Pace	250,000
RTA	100,000
Total	$ 5,350,000

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

NOTE 12. 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 expenses and the combining region-wide statement of revenues and expenses—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 expenses 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 2011, the region-wide system-generated recovery ratio is calculated from the Combining Region-Wide Schedules of Revenues and Expenses—(Budget and Actual Budget Basis) as follows:

System-generated Revenues Recovery Ratio (in thousands)	**Revenues**	**Expenses**
CTA[a]	$ 638,579	$ 1,146,153
Metra[b]	303,311	567,437
Pace[c]	65,580	173,048
RTA	22,647	33,739
Total	$ 1,030,117	$1,920,377

The region-wide system-generated recovery ratio for 2011 equals 54.3%.

a) The system-generated recovery ratio for the CTA included leasehold revenues of $4.3 million and Senior Free Rides revenue of $22.4 million, but excluded CTA expenses for security costs of $36.8 million and Pension Obligation Bond debt service for $131.4 million. It also included in-kind services of $22 million, both as revenues and expenses.

b) Metra's system-generated recovery ratio included Senior Free Rides revenue of $7.1 million, and $932 thousand for FEMA reimbursement, but excluded $16.4 million security costs, $16.4 million for lease of transportation facilities, $2.9 million for funded depreciation to carriers and $41.1 million for the statutory expense exclusion.

    i) In 2011 Metra received $932 thousand dollars in FEMA funds as compensation for services provided during the blizzard in February of that year. The RTA allowed Metra to use these funds as a credit to operating revenue when calculating their Recovery Ratio but not when the RTA calculates the Region wide-system generated recovery Ratio.

c) Pace's system-generated recovery ratio included Senior Free Rides revenue of $2.1 million, $2 million for the Capital cost of contracting for Paratransit service under contract (5307 Fund), an in-kind credit of $8.4 million both as revenues and expenses and $15 million for the statutory expense exclusion was deducted from expenses.

d) In 2008, the region was provided $200 million expense exclusion toward the regional recovery ratio in an effort to accommodate the increased funding associated with state legislation that increased the percentage of sales tax collected by the RTA. The exclusion was set to decrease by $40 million dollars each year and expire completely in 2013. In 2011, the total expense exclusion was $80.0 million. The RTA allowed Metra and Pace to apply a portion of this exclusion directly to their budgetary recovery ratios. Metra was allocated $41.1 million and Pace was allocated $15.0 million. The remaining $23.9 million was applied to the system-wide generated Recovery Ratio.

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 2011. Pace ended the year with a 10.7% recovery ratio for Regional ADA Paratransit Services. The 2011 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 13. RECONCILIATION OF GOVERNMENT-WIDE TO REGION-WIDE REVENUES AND EXPENSES

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 12, in-kind services are added in the system-generated revenues and expenses.

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

	RTA	CTA	Metra	Pace
Government-wide revenues (page 41)	$ 650,975	$ 1,672,514	$ 1,028,269	$ 350,899
Sales tax agency fund	1,016,038	-	-	-
Pension trust fund	12,547	2,843	-	-
Senior free rides	-	22,423	7,099	2,110
In-kind services	-	22,000	-	8,359
Recovery ratio relief	-	-	41,100	-
FEMA reimbursement	-	-	932	-
Others (5307 fund)	-	-	-	2,000
ADA Regional Paratransit funding	-	-	-	128,109
Region-wide revenues (page 42)	1,679,560	1,719,780	1,077,400	491,477
Government-wide expenses (page 41)	570,075	1,912,387	866,889	358,199
Sales tax agency fund	1,016,038	-	-	-
Pension trust fund	12,910	-	-	-
In-kind services	-	(36,815)	-	-
Security costs	-	22,000	(16,449)	8,359
Lease of transportation facilities	-		(16,421)	-
Pension and other employee benefits	-	(38,160)	-	-
Capital (depreciation, disposals/additions)	(869)	-	(2,941)	-
Region-wide expenses (page 42)	1,598,154	1,859,412	831,078	366,558
Net revenues (expenses)	$ 81,406	$ (139,632)	$ 246,322	$ 124,919

NOTE 14. SUBSEQUENT EVENTS

CTA

On May 9, 2012, the CTA approved the purchase of 67 clean-diesel buses and 33 diesel-electric hybrid buses totaling $80.1 million. The new buses will be delivered beginning later in 2012 through the middle of 2013.

RTA

On June 13, 2012, the RTA issued $300 million of short-term senior-lien notes with a maturity of 24 months or less. The proceeds will be used to repay all commercial paper notes outstanding and provide funds to reduce the impact of the State's delinquency in funding State appropriations.

Additionally, the Agency plans to issue an additional $100 million of short-term debt on an unspecified date subsequent to July 2012. This debt will have a subordinated lien and a maturity not longer than twenty-four months. The structure of this funding has not been finalized.

* * * * * *

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2011
(In Thousands)

	RTA Government-Wide	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 570,891	$ 303,311	$ 68,854	$ 659	$ -	$ 942,397
RTA financial assistance	-	701,920	502,444	243,226	1,314,219	-	133,371
Other public funding	-	40,849	201,435	10,184	-	-	252,468
Capital grants	-	238,355	14,066	22,461	54,908	-	219,974
Sales taxes	107,977	-	-	-	-	981,732	1,089,709
Interest on sales taxes	167	-	-	-	-	-	167
Public Transportation Fund	375,500	-	-	-	-	-	375,500
Operating assistance	9,930	-	-	-	-	-	9,930
State assistance	130,088	-	-	-	-	-	130,088
Investment income	19,445	2,169	-	123	-	-	21,737
Program revenues and other	7,868	4,262	-	-	-	-	12,130
Interest revenue from leasing transactions	-	114,068	7,013	6,051	-	-	127,132
Total revenues	650,975	1,672,514	1,028,269	350,899	1,369,786	981,732	3,314,603
EXPENSES:							
Operating	-	1,215,871	644,348	307,791	-	659	2,167,351
Depreciation	-	404,193	215,528	44,357	-	-	664,078
Financial Assistance to Service Boards	128,786	-	-	-	-	128,786	-
Operating Assistance - CTA & Pace	21,680	-	-	-	-	21,680	-
Capital grants—discretionary	7,039	-	-	-	-	7,039	-
Capital grants—bonds	229,890	-	-	-	-	229,890	-
Insurance (JSIF)	6,137	-	-	-	-	-	6,137
Administrative expenses	8,918	-	-	-	-	-	8,918
Regional expenses	25,558	-	-	-	-	-	25,558
Technology program	2,356	-	-	-	-	-	2,356
Bond interest	139,314	175,309	-	-	-	-	314,623
Interest expense from leasing transactions	-	117,014	7,013	6,051	-	-	130,078
Miscellaneous	397	-	-	-	-	-	397
Total expenses	570,075	1,912,387	866,889	358,199	-	388,054	3,319,496
NET REVENUES (EXPENSES)	$ 80,900	$ (239,873)	$ 161,380	$ (7,300)	$ 1,369,786	$1,369,786	$ (4,893)

Note 1—Changes in net assets shown on page 4 and net revenues and expenses shown on this page are similar.
Note 2—Government-wide to Region-wide revenues and expenses shown on this page are reconciled in Note 13.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENSES—BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2011
(In Thousands)

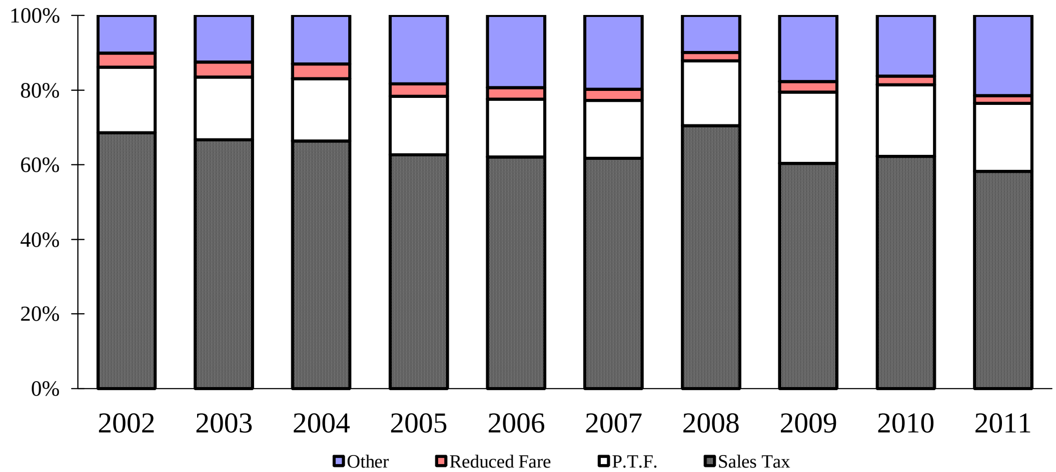
	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance	$ -	$ 701,920	$ 502,444	$ 243,226	$ 1,314,219	$ -	$ 133,371	$ -
Other public funding	-	-	201,435	10,184	-	-	211,619	-
Capital grants	-	238,355	14,066	22,461	54,908	-	219,974	-
Interest revenue from leasing transactions	-	118,330	7,013	6,051	-	-	131,394	-
Sales taxes	965,740	-	-	-	-	-	965,740	1,048,336
Public Transportation Fund	499,467	-	-	-	-	-	499,467	168,753
Operating Assistance	9,930	-	-	128,109	-	-	138,039	-
State Assistance Inc.	130,088	-	-	-	-	-	130,088	123,000
State reduced fare reimbursement	34,070	-	-	-	34,070	-	-	33,570
Pension contribution	12,547	-	-	-	1,480	-	11,067	-
Pension and other employee benefits	-	2,843	-	-	-	-	2,843	-
Investment income / Others	-	2,168	-	13,756	-	-	15,924	17,600
Interest on sales taxes to Service Boards	238	-	-	-	238	-	-	-
Subtotal	1,652,080	1,063,616	724,958	423,787	1,404,915	-	2,459,526	1,391,259
Investment income	19,445	-	-	-	-	-	19,445	13,435
Other revenues	7,868	-	-	-	-	-	7,868	2,465
Interest on sales taxes	167	-	-	-	-	-	167	1,700
Service Boards revenues	-	611,740	303,311	55,221	659	-	969,613	958,204
Add (Subtract):								-
Senior Free Ride	-	22,424	7,099	2,110	-	-	31,633	31,633
Recovery ratio relief	-	-	41,100	-	-	-	41,100	-
FEMA reimbursement	-	-	932	-	-	-	932	-
In-kind services	-	22,000	-	8,359	-	-	30,359	30,359
Leasehold revenue	-	-	-	2,000		-	2,000	2,000
Subtotal	27,480	656,164	352,442	67,690	659	-	1,103,117	1,039,796
Total revenues	1,679,560	1,719,780	1,077,400	491,477	1,405,574	-	3,562,643	2,431,055
EXPENSES:								
Depreciation	-	404,193	215,528	44,357	-	-	664,078	-
Interest expenses from leasing transactions	-	117,014	7,013	6,051	-	-	130,078	-
Interest expenses from bond transactions	-	175,309	-	-	-	-	175,309	-
Operating grants to Service Boards	970,940	-	-	-	-	970,940	-	-
CTA & PACE (PTF) expenditures	161,258	-	-	-	-	161,258	-	-
Capital grants—discretionary	7,039	-	-	-	-	7,039	-	-
Capital grants—bonds	229,890	-	-	-	-	229,890	-	-
State reduced fare reimbursement	34,070	-	-	-	-	34,070	-	-
Regional expenses and other	19,385	-	-	128,101	-	-	147,486	-
Bond-related expenses	139,314	-	-	-	-	-	139,314	-
Pension and other employee benefits	-	16,743	-	-	-	-	16,743	-
Miscellaneous Expense	-	-	-	-	-	-	-	-
Interest on sales taxes to Service Boards	238	-	-	-	-	238	-	-
Subtotal	1,562,134	713,259	222,541	178,509	-	1,403,435	1,273,008	-
Operating expenses	-	1,292,334	644,348	179,690	-	659	2,115,713	2,244,630
Pension and other employee benefits	-	-	-	-	-	1,480	(1,480)	-
Administrative expenses	8,918	-	-	-	-	-	8,918	8,680
Regional expenses	25,615	-	-	-	-	-	25,615	23,278
Technology program	2,356	-	-	-	-	-	2,356	1,955
Add (Subtract):	-	-	-	-	-	-	-	-
In-kind services	-	22,000	-	8,359	-	-	30,359	30,359
Security costs	-	(36,815)	(16,449)	-	-	-	(53,264)	(53,264)
Pension Obligation Bond Debt Service	-	(131,366)	-	-	-	-	(131,366)	(131,366)
Lease of transportation facilities	-	-	(16,421)	-	-	-	(16,421)	(16,421)
Capital (depreciation, disposals/additions)	(869)	-	(2,941)	-	-	-	(3,810)	(3,810)
Subtotal	36,020	1,146,153	608,537	188,049	-	2,139	1,976,620	2,104,041
Total expenses	1,598,154	1,859,412	831,078	366,558	-	1,405,574	3,249,628	2,104,041
NET REVENUES (EXPENSES)	$ 81,406	$ (139,632)	$ 246,322	$ 124,919	$ 1,405,574	$ (1,405,574)	$ 313,015	$ 327,014

(1) RTA amounts represent government-wide revenues and expenses and fiduciary fund increases (revenues) and decreases (expenses).

Table 1

RTA REVENUE BY SOURCE

2002-2011



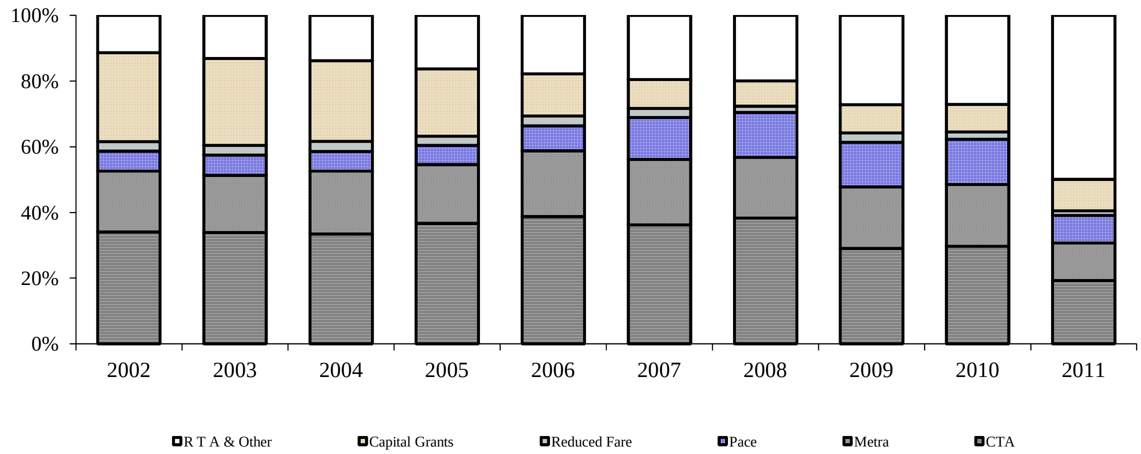
Last Ten Years *(In Thousands)*

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
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	66.71%	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	66.30%	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	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	243,845	1,496,254
Percentage of Total	62.25%	19.21%	2.24%	16.30%	100%
12 Months Ended 12/31/11	975,670	305,395	34,070	360,002	1,675,137
Percentage of Total	58.24%	18.23%	2.03%	21.49%	100%

Table 2

DISTRIBUTION OF EXPENSES

2002-2011



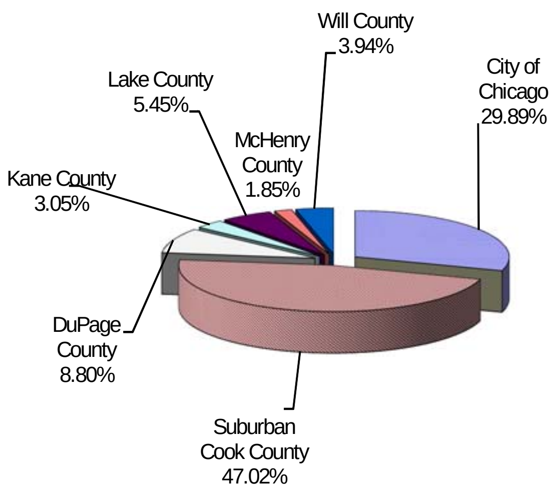
Last Ten Years *(In Thousands)*

	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/02	$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%	11.36%	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	398,531	1,471,534
Percentage of Total	29.66%	18.86%	13.76%	62.28%	2.28%	8.36%	27.08%	100%
12 Months Ended 12/31/11	485,117	289,179	212,253	986,549	34,070	241,047	1,258,260	2,519,926
Percentage of Total	19.25%	11.48%	8.42%	39.15%	1.35%	9.57%	49.93%	100%

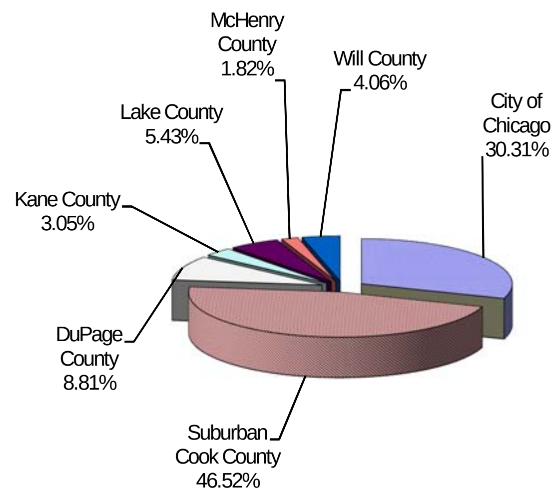
Table 3

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2010



2011



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 12/31/02	$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	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%
12 Months Ended 12/31/11	295,770	453,866	85,937	29,799	52,994	17,712	39,592	975,670
Percentage of Total	30.31%	46.52%	8.81%	3.05%	5.43%	1.82%	4.06%	100%

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

LEGAL DEBT CAPACITY

2011

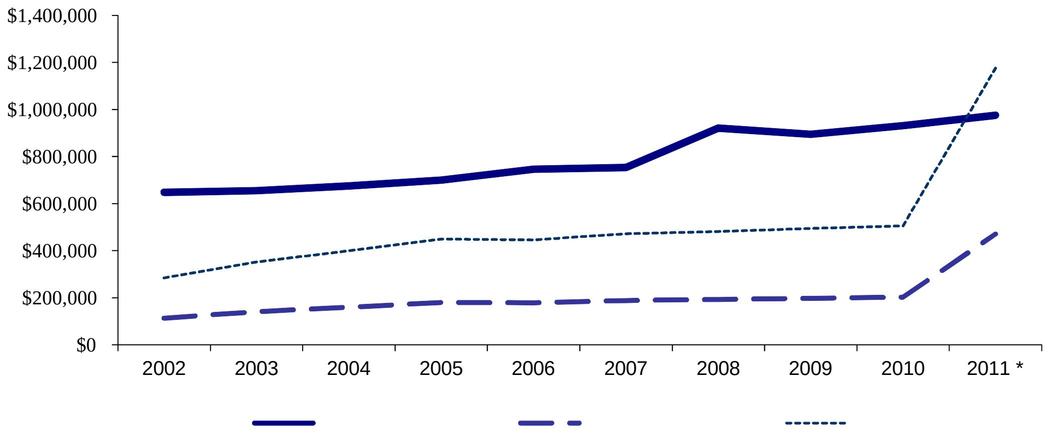
Legal Debt Margin:	Balance Outstanding at December 31, 2011	Issued	
Debt Limitation per Act for General Obligations			$2,600,000,000
Debt applicable to limitation :			
Non-SCIP Bonds:			
1990A General Obligation Bonds	$52,900,000		
1991A General Obligation Bonds	55,745,000		
1992B General Obligation Bonds	1,265,000		
1994B General Obligation Bonds	7,095,000		
1994D General Obligation Bonds	29,225,000		
1997 General Obligation Refunding Bonds	49,605,000		
2002B General Obligation Bonds	11,815,000		
2003B General Obligation Bonds	131,120,000		
2005B General Obligation Refunding Bonds	118,710,000		
2010A General Obligation Bonds	57,365,000		
2010B General Obligation Bonds	112,925,000		
2011A General Obligation Refunding Bonds	95,550,000		
Total RTA Bonds Applicable to Limitation	$723,320,000		(723,320,000)
SCIP Bonds:			
1992A General Obligation Bonds	$7,915,000	$188,000,000	
1993A General Obligation Bonds		$55,000,000	
1994A General Obligation Bonds	17,300,000	195,000,000	
1994C General Obligation Bonds	23,690,000	62,000,000	
1999 General Obligation Refunding Bonds	250,185,000		
2000 General Obligation Bonds	213,315,000	260,000,000	
2001A General Obligation Bonds	82,360,000	100,000,000	
2001B General Obligation Refunding Bonds	29,800,000		
2002A General Obligation Bonds	135,475,000	160,000,000	
2003A General Obligation Bonds	227,275,000	260,000,000	
2004A General Obligation Bonds	231,785,000	260,000,000	
2006A General Obligation Bonds	234,555,000	250,350,000	
Total SCIP Bonds Applicable to Limitation		$1,790,350,000	(1,790,350,000)
Total SCIP Bonds Outstanding	$1,453,655,000		
Total Bonds Outstanding	$2,176,975,000		
Debt Margin for General Obligations			$86,330,000
Debt Limitation per Act for Working Cash Notes			$400,000,000
* Total RTA Working Cash Notes Applicable to Limitation	$265,000,000	$265,000,000	(265,000,000)
Debt Margin for Working Cash Notes			135,000,000
Total Legal Debt Margin			$221,330,000

* 2011 CP Notes are short-term and mature within 60 days; total 2011 CP Notes Issued: $705,000,000 & Matured $580,000,000

Table 5

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2002 - 2011
(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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales Tax Revenue	$647,685	$654,985	$675,628	$700,395	$746,829	$752,922	$921,245	$894,238	$931,435	$ 975,670
Debt Service Requirement	$113,526	$140,607	$159,702	$179,536	$178,086	$188,551	$192,555	$197,529	$201,994	$ 1,052,441
2.5 Times Debt Service Requirement	$283,815	$351,518	$399,255	$448,840	$445,215	$471,378	$481,388	$493,823	$504,985	$2,631,103

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

Table 6

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

Last Ten Years *(In Thousands)*

	Debt Service Requirements			Total	Ratio of Debt Service to Total
Year	Principal	Interest	Total	Expenses	Expenses
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%
2011 *	919,110	131,014	1,050,124	2,524,806	41.59%

* 2011 CP Notes are short-term and mature within 60 days; total 2011 CP Notes Issued: $705,000,000 & Matured $580,000,000

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, respectivel *(In Millions)*

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
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
2011	489.37	299.50	145.02	44.85
Total	$ 5,226.39	$ 3,053.03	$ 1,754.89	$ 418.47

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

Table 8

RTA AND SERVICE BOARDS OPERATING CHARACTERISTICS

2011

Chicago Transit Authority

Rapid Transit

? 8 rail routes

? 143 stations served

? 1,200 rapid transit cars

? 221.6 million riders per year

? 1,598 STO* positions

Motor Bus

? 140 bus routes

? 1,780 buses

? 310.4 million riders per year

? 3,710 STO* positions

CTA Totals

? 1.4 billion rail passenger miles per year

? 712.9 million bus passenger miles per year

? 116.7 million vehicle revenue miles per year

? 3,784 without STO* Postions

?

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

*Metra Commuter Rail Division

Commuter Rail

? 11.0 rail routes

? 487.7 route miles

? 1,155 miles of track

? 241 stations

? 157 locomotives

? 1,086 passenger cars

? 191 electric cars

? 703 weekly trains operated

? 95.9% on-time performance

? 82.7 million riders per year

? 4,380 full-time employees

? 1.6 billion passenger miles per year

? 42.9 million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route

? 137 regular routes

? 35 feeder routes

? 15 shuttle routes

? 579 vehicles in use during

? 30.6 million riders per year

? 7 seasonal routes

? 589 Pace-owed busses

? 1,416 full-time employees

ADA Paratransit

? 212 Pace owned lift-equipped buses in service

? 3.4 million riders per year

? 36 full-time employees

Dial-A-Ride

? 68 local services

? 157 Pace owned lift-equipped buses in service

? 210 communities served

? 1.2 million riders per year

Other

? 696 vanpools in operation

? 1.8 million riders for the year

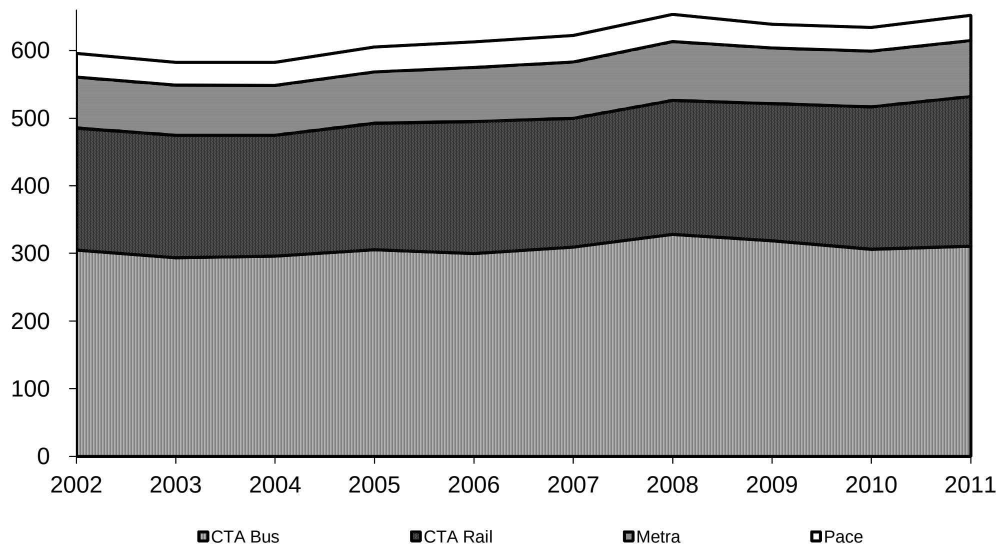
Source of data: Information obtained from the Service Boards' and RTA records.

Table 9

System Ridership and Unlinked Passenger Trips

2002-2011

(In Millions)



Last Ten Years *(In Millions)*

Service Consumed:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CTA - Bus	304.8	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0	310.4
CTA - Rail	180.4	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8	221.6
Total CTA*	485.2	474.7	474.7	492.3	494.8	499.6	526.3	521.3	516.8	532.0
Metra	75.5	74.0	73.8	76.1	79.9	83.3	86.8	82.3	82.2	82.7
Pace**	34.8	33.7	34.1	36.9	38.0	39.2	40.5	35.1	35.1	37.1
System Total	595.5	582.4	582.6	605.3	612.7	622.1	653.6	638.7	634.1	651.8
Percent Change	68%	-2.20%	0.03%	3.90%	1.22%	1.53%	5.06%	-2.28%	-0.72%	2.79%

CTA Stat amounts include rail-to-rail transfers.

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

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency, which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2011.

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	$ 85,028	$ 207,119	$(122,091)	$ 122,091	$ -
Burlington Northern/Santa Fe	50,015	77,493	(27,478)	27,478	-
Northern Indiana Commuter Transportation District (NICTD)	4,310	8,977	(4,667)	4,667	-
Total Metra	$ 139,353	$ 293,589	$(154,236)	$ 154,236	$ -
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 1,607	$ 3,457	$ (1,850)	$ 3,885	$ 2,277
Fixed Route - Private Contract Carriers	2,086	7,130	(5,044)	5,044	-
Total Fixed Route Service	3,693	10,587	(6,894)	8,929	2,277
Private Contract Carriers					
DAR Services	1,306	12,443	(11,137)	5,435	5,702
DAR and Stable Services	8,895	115,666	(106,771)	106,771	-
Total Private Contract Carriers	10,201	128,109	(117,908)	112,206	5,702
Paratransit - Municipal Carriers	407	5,052	(4,645)	976	3,670
Total Pace	$ 14,301	$ 143,748	$(129,447)	$ 122,111	$ 11,648

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services					
Fixed Route - Public Funded Carriers					
City of Highland Park	$ 556	$ 1,251	$ (695)	$ 1,500	$ 944
Village of Downers Grove	223	273	(50)	273	49
Village of Niles	568	1,625	(1,057)	1,802	1,234
Village of Schaumburg	260	308	(48)	310	50
Total	$ 1,607	$ 3,457	$ (1,850)	$ 3,885	$ 2,277
Private Contract Carriers - Fixed Route					
Academy Coach Lines	$ 200	$ 625	$ (425)	$ 425	$ -
Colonial Coach Lines	-	-	-	-	-
First Student	1,540	3,751	(2,211)	2,211	-
First Transit	33	537	(504)	504	-
Keeshin - Coach USA	129	944	(815)	815	
M V Transportation	184	1,273	(1,089)	1,089	
Total	$ 2,086	$ 7,130	$ (5,044)	$ 5,044	$ -
Private Contract Carriers - Dial-a-Ride Services					
Addison	$ -	$ -	$ -	$ -	$ -
Barrington	-	84	(84)	40	44
Bloomingdale Township	28	313	(284)	202	82
Central Lake	9	115	(105)	75	31
Central Will	76	744	(668)	473	195
Community Service Transit	98	65	33	(33)	-
Downers Grove	20	84	(65)	45	19
Dupage County	4	16	(13)	13	-
Dupage Township	9	176	(167)	119	48
Elk Grove	23	313	(290)	52	238
Frankfort Call Center	-	14	(14)	14	-
Freemont Township	1	10	(9)	6	3
Hampshire Township	1	18	(17)	12	4
Hanover Township	-	31	(31)	11	20
Hometown	1	28	(27)	1	27
Joliet Call in and Ride	11	155	(145)	145	-
Northwest Suburban Cook	29	252	(223)	219	4
Lake -Call in and Ride	8	148	(141)	141	-
Leyden Township	17	168	(151)	25	125
Marengo	3	101	(98)	98	-
McHenry Township	61	1,190	(1,129)	495	634
Milton Township	48	287	(238)	230	9
Naperville/Lisle	147	850	(703)	221	482
N. Suburban Cook	2	71	(70)	70	-
Northeast Lake-Warren	20	392	(372)	351	20
Northeast Lake-Zion	3	59	(55)	46	10
Northwest Lake	21	316	(295)	295	-
Northwest Lake Demo	26	310	(283)	40	243

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Pioneer Center	$ 12	$ 306	$ (295)	$ 295	$ -
Ride DuPage	168	1,479	(1,311)	375	936
Ride In Kane	398	3,388	(2,991)	1,079	1,912
Ride In McHenry	32	421	(390)	45	345
South Cook	0	0	0	(0)	-
Southwest Lake-Cuba	3	32	(29)	21	8
Southwest Lake-Wauconda	2	28	(26)	17	9
Southwest Will	1	12	(11)	1	10
Village of Bloomingdale	-	187	(187)	11	176
Village of Skokie/West Cook	5	70	(65)	46	19
Wayne Township	1	7	(7)	7	-
Woodstock	17	200	(182)	132	50
Total	$ 1,306	$ 12,443	$ (11,137)	$ 5,435	$ 5,702

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)					
South Cook	$ 693	$ 8,577	$ (7,884)	$ 7,884	$ -
North Suburban Cook	606	6,977	(6,371)	6,371	-
West Cook	237	2,084	(1,847)	1,847	-
North Lake	125	1,049	(924)	924	-
Kane County	48	466	(418)	418	-
Southwest/Central Will	45	426	(382)	382	-
DuPage County	107	1,067	(961)	961	-
Northeastern/Central Lake	-	-	-	-	-
Total	$ 8,895	$ 115,666	$(106,771)	$ 106,771	$ -

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Paratransit - Municipal Carriers					
Berwyn/Cicero	$ -	$ -	$ -	$ -	$ -
Bloom	21	343	(323)	59	264
Crestwood	6	87	(82)	17	64
Ela	12	148	(136)	29	108
Forest Park	22	99	(77)	55	22
Fox Lake/Grant	2	6	(4)	2	2
Frankfort	16	136	(119)	31	89
Harvard	3	22	(19)	8	12
Lemont	6	78	(72)	17	55
Lyons	14	330	(316)	40	276
Norridge	10	92	(82)	28	55
Oak Park	41	395	(354)	120	234

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Paratransit - Municipal Carriers, continued					
Orland Park	$ 24	$ 258	$ (235)	$ 36	$ 199
Palatine	19	194	(174)	30	145
Palos Hills	9	76	(68)	16	52
Park Forest	23	116	(93)	56	37
Peotone	-	-	-	-	-
Rich Township	34	571	(536)	65	471
Schaumburg	88	1,109	(1,021)	214	807
Stickney	18	311	(293)	51	242
Tinley Park	9	76	(67)	26	40
Vernon Township	4	142	(138)	12	126
Worth	11	186	(175)	22	153
Total	$ 407	$ 5,052	$ (4,645)	$ 976	$ 3,670

Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

RTA Main Office
175 W. Jackson Blvd, Ste. 1650
Chicago, Illinois 60604
312-913-3200
www.RTAchicago.com

RTA Customer Service
165 N. Jefferson St.
Chicago, Illinois 60661
312-913-3110

Community Outreach
312-913-3237

RTA ADA Certification Helpline
Voice 312-663-4357
TTY 312-913-3122

Travel Information Center and RTA Reduced Fare Card
Voice 312-836-7000
TTY 312-836-4949
www.RTAchicago.com

RTA Transit Benefit Program
800-531-2828
www.LessTaxingCommute.com

Chicago Transit Authority
567 W. Lake St.
Chicago, Illinois 60661
1-888-968-7282
www.transitchicago.com

Metra
547 W. Jackson Blvd.
Chicago, Illinois 60661
312-322-6777
www.metrarail.com

Pace
550 W. Algonquin Rd.
Arlington Heights, Illinois 60005
847-364-7223
www.pacebus.com