

***Regional Transportation Authority
Pension Plan
(A Pension Trust Fund of the
Regional Transportation Authority)***

*Financial Report
Years Ended December 31, 2012 and 2011*

**Regional Transportation Authority
Pension Plan**

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Independent Auditor's Report

To the Plan Administrator, the Trustees, and Retirement Committee of the Regional Transportation Authority Pension Plan, and the Board of Directors of the Regional Transportation Authority
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Transportation Authority Pension Plan ("Plan"), a pension trust fund of the Regional Transportation Authority ("RTA"), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective plan net position of the Regional Transportation Authority Pension Plan, Illinois, as of December 31, 2012 and 2011, and the respective changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1 to the financial statements, the financial statements present only the Regional Transportation Authority Pension Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority as of December 31, 2012 and 2011, the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary information, consisting of the schedule of return on assets, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of return on assets is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Schaumburg, Illinois
May 14, 2013

Regional Transportation Authority Pension Plan

Management's Discussion and Analysis

This section provides an overview and analysis of the basic financial statements of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") for the year ended December 31, 2012. We encourage readers to consider information in the financial statements and required supplementary information that follow this document.

Overview and Analysis of the Financial Statements

The RTA Pension Plan annual financial report consists of four parts – the independent auditor's report; management's discussion and analysis (this section); the financial statements, including notes to financial statements; and the required supplementary information. The basic financial statements of the Plan are the Statements of Plan Net Position and the Statements of Changes in Plan Net Position. These statements provide information about the nature and amount of investments available to pay the pension benefits of the Plan. The Statements of Changes in Plan Net Position account for all additions to and deductions from the net position restricted for pension benefits. These statements measure the success of the Plan in increasing the net position available for pension benefits during the year.

Financial Highlights

- The RTA net assets at December 31, 2012 were \$158.7 million
- Employer contributions of \$20.2 million increased by \$7.7 million from the prior year
- Benefit payments were \$10.4 million, resulting in a \$2.0 million decrease from FY 2011
- The total investment gain of \$15.3 million is due to favorable market conditions

2012

The Statement of Plan Net Position and Statement of Changes in Plan Net Position measure the value of plan net position and the changes to them. As of December 31, 2012, the plan net position increased to \$158.7 million. The increase in net position of \$24.7 million resulted primarily from investment gain of \$15.3 million and employer contributions of \$20.2 million offset by benefits paid of \$10.4 million and administrative expenses of \$455 thousand. Employer contributions were recorded as receivables at December 31, 2012 and are required to be paid in 2013. There was an additional discretionary contribution made by the Board in the amount of \$6,746,698.

2011

The Statement of Plan Net Position and Statement of Changes in Plan Net Position measure the value of plan net position and the changes to them. As of December 31, 2011, the plan net position decreased to \$134.0 million. The decrease in net assets of \$1.1 million resulted primarily from employer contributions of \$12.5 offset by benefits paid of \$12.3 million, insurance loss of \$706k and administrative expenses of \$586k. Employer contributions were recorded as receivables at December 31, 2011 and are required to be paid in 2012.

**Regional Transportation Authority
Pension Plan**

Management's Discussion and Analysis

Plan Net Position — The following table summarizes the Plan's Statements of Net Position:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Cash and investments	\$ 145,357,418	\$121,598,443	\$ 123,986,957
Contribution receivables	13,493,395	12,547,000	11,288,000
Other receivables	<u>11,779</u>	<u>14,296</u>	<u>69,623</u>
Total assets	158,862,592	134,159,739	135,344,580
Liabilities			
Accrued expenses and due to RTA	<u>132,524</u>	<u>134,264</u>	<u>249,396</u>
Plan net position held in trust for pension benefits	<u>\$ 158,730,068</u>	<u>\$134,025,475</u>	<u>\$ 135,095,184</u>

In 2012, the plan net position increased by 18% (\$24.7 million). The increase is due to investment gain of \$15.3 million and employer contributions of \$20.2 million, offset by benefit payments and administrative expenses of \$10.8 million. In 2011, the plan net position decreased by 1% (\$1.1 million). The decrease is due to ER contributions of \$12.5 million offset by insurance loss of \$706k and benefits paid of \$12.3 million and administrative expenses of \$586 thousand.

**Regional Transportation Authority
Pension Plan**

Management's Discussion and Analysis

Changes in Plan Net Position — The following table summarizes the Plan's Statements of Changes in Plan Net Position:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Additions:			
Employer contributions	\$ 20,240,093	\$ 12,547,000	\$ 11,288,000
Net investment gains (losses)	15,278,892	(706,191)	11,967,559
Total net additions	<u>35,518,985</u>	<u>11,840,809</u>	<u>23,255,559</u>
Deductions:			
Benefit payments	10,359,396	12,324,267	7,449,076
Administrative expenses	454,996	586,251	629,427
Total deductions	<u>10,814,392</u>	<u>12,910,518</u>	<u>8,078,503</u>
Net increase (decrease) in plan net position held in trust for pension benefits	<u>\$ 24,704,593</u>	<u>\$ (1,069,709)</u>	<u>\$ 15,177,056</u>

Return on investments provides additional funds to pay benefits. In 2012, the Plan incurred a gain of \$15.3 million, compared to a loss of \$706 thousand in 2011. In 2012, the net investment gain (loss) increased by \$16.0 million from 2011. The increases in net investment income in 2012 were the result of upward movement in the securities market and higher investment balance compared to 2011. The continuing decrease in administrative expenses is due to continuing renegotiation of fees with various investment managers and close monitoring of expenses. Employer contributions are higher in 2012 due to a supplemental contribution to improve the funding ratio of the pension plan.

CONTACTING THE FINANCIAL MANAGEMENT OF THE RTA PENSION PLAN

This financial report provides a general overview of the net position of the Regional Transportation Authority Pension Plan. Users of this report should address questions concerning the information contained herein, or requests for additional financial information, to the Regional Transportation Authority, 175 West Jackson Blvd., Suite 1550, Chicago, Illinois 60604.

**Regional Transportation Authority
Pension Plan**

**Statements of Plan Net Position
December 31, 2012 and 2011**

	2012	2011
Assets		
Cash and cash equivalents	\$ 13,940,151	\$ 10,866,791
Investments, at fair value		
Corporate fixed income mutual fund	40,301,803	38,071,115
Equity mutual funds	46,538,294	39,955,545
Common stocks	26,459,773	22,667,670
Balanced funds	18,117,397	10,037,322
Total investments	131,417,267	110,731,652
Receivables		
Accrued interest	514	401
Accrued dividends	11,265	13,895
Pension contribution - Metra	6,615,046	6,462,000
Pension contribution - Pace	5,299,812	4,605,000
Pension contribution - RTA	1,578,537	1,480,000
Total receivables	13,505,174	12,561,296
Total assets	158,862,592	134,159,739
Liabilities		
Due to RTA	17,600	-
Accrued expenses	114,924	134,264
Total liabilities	132,524	134,264
Net position - restricted for pension benefits	\$ 158,730,068	\$ 134,025,475

See Notes to Financial Statements.

**Regional Transportation Authority
Pension Plan**

**Statements of Changes in Plan Net Position
Years Ended December 31, 2012 and 2011**

	2012	2011
Additions:		
Investment gain		
Net appreciation (depreciation) in fair value of investments	\$ 13,526,022	\$ (2,426,347)
Interest and dividends	2,211,718	2,057,238
	<hr/>	<hr/>
Total investment return (loss)	15,737,740	(369,109)
	<hr/>	<hr/>
Less investment expenses		
Investment managers	294,878	236,402
Trust fees	41,470	10,680
Investment advisor	122,500	90,000
	<hr/>	<hr/>
Total investment expenses	458,848	337,082
	<hr/>	<hr/>
Net investment gain (loss)	15,278,892	(706,191)
	<hr/>	<hr/>
Contributions:		
METRA pension contributions	9,920,928	6,462,000
PACE pension contributions	7,951,264	4,605,000
RTA pension contributions	2,367,901	1,480,000
	<hr/>	<hr/>
Total contributions	20,240,093	12,547,000
	<hr/>	<hr/>
Total net additions	35,518,985	11,840,809
	<hr/>	<hr/>
Deductions:		
Benefit payments	10,359,396	12,324,267
Administrative expenses	454,996	586,251
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Total deductions	10,814,392	12,910,518
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Change in net position	24,704,593	(1,069,709)
	<hr/>	<hr/>
Net position - beginning of year	134,025,475	135,095,184
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Net position - end of year	\$ 158,730,068	\$ 134,025,475
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See Notes to Financial Statements.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 1. Description of the Plan

The following description of the Regional Transportation Authority (“RTA”) Pension Plan (“Plan”) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan’s provisions.

General— 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”).

Participation—Employees are eligible for participation on the first day of the month coincident with or next following their date of employment. At January 1, 2012, the number of participants was:

Participants:

Retirees, disabled participants and beneficiaries of deceased retirees, currently receiving benefits	518
Terminated employees entitled to but not yet receiving benefits	442
Current employees:	
Vested	762
Nonvested	269
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Total	1,991
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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”).

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 1. Description of the Plan (Continued)

The Plan provides for benefit payments to beneficiaries subject to the election of the participant. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. This change did not affect the valuation results.

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.

For the purpose of determining contributions, the Plan uses an asset smoothing method which smoothes asset gains and losses over a 5-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability.

As of December 31, 2012 and 2011, \$13,493,395 and \$12,547,000 respectively, had not been funded and were reported as contributions receivable in the Statements of Plan Net Position. The 2012 contribution level was within the actuarially determined range.

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

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.

Annual Pension Cost—For 2012 and 2011, annual pension costs of \$13,493,395 and \$12,547,000, respectively, for the Plan was equal to required contributions. During fiscal year 2012, a discretionary contribution was made by the Board in the amount of \$6,746,698.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 13,493,395	100 %	\$ -
12/31/11	12,547,000	100	-
12/31/10	11,288,000	100	-

Required contributions for the plan year ended December 31, 2012 are to be paid in 2013.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 1. Description of the Plan (Continued)

The 2012 and 2011 required contributions were determined as part of the January 1, 2012 and January 1, 2011 actuarial valuations, respectively, using the projected unit credit actuarial cost method. The actuarial assumptions at January 1, 2012 and 2011 included (a) 7.75% for 2012 and 8.25% for 2011 investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases ranging from 3.5% to 7.5% per year depending on age and service, attributable to seniority/merit, and (c) RP2000 Mortality Table. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

The actuarial valuation was done by using the beginning of the year method. Therefore the funded status and funding progress as of December 31, 2011, is presented from information provided by the actuary as of January 1, 2012. There has been no significant change in the Plan's provisions or coverage from December 31, 2011 to January 1, 2012.

Funded Status and Funding Progress—As of January 1, 2012, the most recent actuarial valuation date, the Plan was 70.4% funded. The actuarial accrued liability for benefits was \$200,844,966 and the actuarial value of assets was \$141,387,904, resulting in an underfunded actuarial accrued liability (UAAL) of \$(59,457,062). The covered payroll (annual payroll of active employees covered by the Plan) was \$67,176,064 and the ratio of the UAAL to the covered payroll was 88.5 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Related-Party Transactions—There were no securities of the RTA, Metra, Pace or related parties included in the Plan's assets. As of December 31, 2012, due to RTA represents an allocation of administrative fees.

Subsequent Events—The Authority has evaluated subsequent events for potential recognition and/or disclosure through May 14, 2013, the date the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation—The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Cash Equivalents—Cash equivalents consist of money market accounts with original maturities of three months or less.

Investments—Investments are stated at fair value. The fair value of equity securities and mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Plan.

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining realized gains or losses on the disposal of investments, the average cost of investments sold, determined at the time of sale, is used.

Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses—The RTA provides the Plan with certain administrative services, such as accounting and office facilities, at no cost to the Plan. Further detail relative to the Plan's administrative expenses is provided in Note 5.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax Status—The Internal Revenue Service has issued a letter of determination dated September 19, 2011, stating that the Plan was designed in compliance with Section 401(a) of the Internal Revenue Code (“Code”). The Plan has been amended since receiving the determination letter; however the Plan Administrator believes the Plan is currently designed and operated in compliance with the applicable requirements of the Code and is therefore exempt from federal income taxes under the provisions of Section 501(a) of the Code.

Management’s Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of Plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Risks and Uncertainties—The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those such changes could materially affect the amounts reported in the Statements of Plan Net Position.

Note 3. Investments

Risk Posture - The RTA evaluated the assets and liabilities of the Pension Plan in order to determine an asset allocation that provides a high likelihood of achieving the responsibilities noted above. The obligations of current and future beneficiaries were evaluated under various market scenarios to develop an allocation that can be expected to generate a solid rate of return without incurring undue risk. In general, the risk posture of the Pension Plan is such that the portfolio is structured to maintain funding requirements and modestly grow assets through a low to moderate level of risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the RTA’s pension deposits may not be returned to it. The RTA’s Pension Plan policy does not explicitly indicate custodial credit risk. As of December 31, 2012 and 2011, none of the Plan’s cash and investments was at custodial risk.

Interest Rate Risk — Per the RTA’s Pension Plan investment policy, the duration of the fixed income portfolio should be within 20% of the duration of the benchmark index.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 3. Investments (Continued)

As of December 31, 2012, the RTA's pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	\$ 40,301,803	54
Money market fund	13,940,151	1
Total fair value	\$ 54,241,954	
Portfolio weighted average maturity		40

As of December 31, 2011, the RTA's pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	\$ 38,071,115	75
Money market fund	10,866,791	1
Total fair value	\$ 48,937,906	
Portfolio weighted average maturity		59

Credit Risk — The RTA's pension policy for credit risk states at least 85% of the fixed income investments should be limited to securities with ratings of at least investment grade as defined by both Moody's and Standard & Poor's. Split rated bonds are to be governed by the lower rating. Unrated securities of the U.S. Treasury and government agencies are a permissible investment. No more than 15% of the portfolio may be invested in investment-grade securities of foreign entities domiciled in countries included in the Citigroup World Government Bond Index.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 3. Investments (Continued)

As of December 31, 2012, the credit ratings for RTA pension investments were as follows:

Investment Type	Total Fair Value	Credit Rating (where available)		
		Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	\$ 40,301,803	NR	NR	NR
Money market fund	13,940,151	Aa3	AA-	AA
Balanced mutual fund	<u>6,369,708</u>	NR	NR	NR
Total	<u>\$ 60,611,662</u>			

As of December 31, 2011, the credit ratings for RTA pension investments were as follows:

Investment Type	Total Fair Value	Credit Rating (where available)		
		Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	\$ 38,071,115	NR	NR	NR
Money market fund	<u>10,866,791</u>	Aa3	*	AA
Total	<u>\$ 48,937,906</u>			

* Not available

NR – Not rated

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 3. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. As of December 31, 2012 and 2011, the pension fund did not have any investments in a single issuer which were greater than 5% of the total Plan's net position.

Note 4. Plan Termination

While it is the intent to maintain the Plan permanently, in the event the Plan terminates, the rights of all participants affected by such termination and their beneficiaries become vested to the extent of the assets then remaining.

Note 5. Administrative Expenses

The Plan's administrative expenses for the years ended December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Actuarial	\$ 51,360	\$ 150,156
Legal	106,791	150,403
Audit	17,600	21,900
Other	279,245	263,792
	<u>\$ 454,996</u>	<u>\$ 586,251</u>

Note 6. New Governmental Accounting Standards

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the Plan beginning with its year ended December 31, 2014. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans and requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

**Regional Transportation Authority
Pension Plan**

**Notes to Financial Statements
Years Ended December 31, 2012 and 2011**

Note 6. New Governmental Accounting Standards (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the Plan beginning with its year ended December 31, 2015. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

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

REQUIRED SUPPLEMENTARY INFORMATION

**Regional Transportation Authority
Pension Plan**

**Schedule of Funding Progress
Six Years Ended December 31, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Assets in Excess of AAL/ (AAL in Excess of Assets) (a-b)	Funded Ratio (a/b)		Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)	
January 1, 2007	\$ 102,523,735	\$ 133,905,851	\$ (31,382,116)	76.56	%	61,357,214	51.1	%
January 1, 2008	114,031,540	146,417,404	(32,385,864)	77.88		61,364,198	52.8	
January 1, 2009	106,021,198	153,284,576	(47,263,378)	69.17		66,010,613	71.6	
January 1, 2010	118,805,281	166,663,123	(47,857,842)	71.28		68,389,409	69.9	
January 1, 2011	127,343,037	185,373,843	(58,030,806)	68.70		66,490,058	87.3	
January 1, 2012	141,387,904	200,844,966	(59,457,062)	70.40		67,176,064	88.5	

**Regional Transportation Authority
Pension Plan**

**Schedule of Employer Contributions
Six Years Ended December 31, 2012**

Year Ended:	Annual Required Contribution	Percentage Contributed	
2007	\$ 9,137,000	100	%
2008	9,195,000	100	
2009	10,827,000	100	
2010	11,288,000	100	
2011	12,547,000	100	
2012	13,493,395	N/A	(1)

(1) Required contributions for the plan year ended December 31, 2012 are to be paid in 2013.

**Regional Transportation Authority
Pension Plan**

**Note to Required Supplementary Information
Years Ended December 31, 2012, 2011 and 2010**

The actuarial assumptions presented in the required supplementary schedules were determined as part of the actuarial valuations at the dates indicated. Additional information relating to the actuarial valuations follows:

	<u>January 1, 2012</u>	<u>January 1, 2011</u>	<u>January 1, 2010</u>
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	7.75%	8.25%	8.5%
Projected salary increases:			
Age graded scale	Range of 3.5% to 7.5% based on attained age.	Range of 3.5% to 7.5% based on attained age.	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.	RP2000 White Collar Mortality Table applied separately for males and females projected to 2018.	RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.
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.	Termination rates range from 5.47% at age 20 to 0.49% at age 60 for females, and from 5.47% at age 20 to 0.39% at age 60 for males.	Termination rates range from 5.47% at age 20 to 0.49% at age 60 for females, and from 5.47% at age 20 to 0.39% at age 60 for males.

SUPPLEMENTARY INFORMATION

**Regional Transportation Authority
Pension Plan**

**Schedule of Return on Assets (Unaudited)
Ten Years Ended December 31, 2012**

Year Ended:	Average Total Assets	Annual Rate of Return
2012	\$ 133,477,931	11.45 %
2011	122,792,700	(0.58)
2010	116,598,596	10.26
2009	98,780,617	21.37
2008	101,410,216	(25.68)
2007	111,113,035	6.37
2006	100,988,509	14.61
2005	90,213,844	6.17
2004	83,639,854	11.03
2003	74,263,751	19.96