2012

Regional Transportation Authority and Service Boards

Special-Purpose Combining Financial Statements for the Year Ended December 31, 2012 and Independent Accountants' Compilation Report

cta

Metra

pace

Regional Transportation Authority

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

(See Independent Accountant's Compilation Report)

Prepared by:

Department of Finance and Performance Management

Bea Reyna-Hickey, CFO
Senior Deputy Executive Director

And

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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Regional
Transportation
Authority

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July 19, 2013

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, 2012. 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,

Joe Costello

Joseph 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 position of the Regional Transportation Authority and Service Boards as of December 31, 2012, and the related special-purpose combining statements of revenues and expenses and changes in net position, 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 19, 2013

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2012
(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	$ -	$ 121,395	$ -	$ 29,254	$ -	$ -	$ 150,649
Unrestricted - cash and cash equivalents	158,535	124,090	74,164	69,547	-	-	426,336
Restricted - investments	284,852	-	-	-	-	-	284,852
Unrestricted - investments	239,906	1,000	-	-	-	-	240,906
Unamortized bond issue costs	2,193	-	-	-	-	-	2,193
Receivables:							
Intergovernmental receivables	250,535	-	-	-	-	59,733	190,802
Grant projects	-	33	69,918	960	-	3,510	67,401
RTA financial assistance	-	246,638	79,013	43,516	-	117,518	251,649
Other carriers	-	-	3,023	-	-	-	3,023
Other receivables	-	134,117	7,006	9,703	-	339	150,487
Interest on investments	157	-	-	-	-	-	157
Loan to S.B. note and interest	1,561	-	-	-	-	-	1,561
Materials and supplies inventory	-	46,056	19,059	4,428	-	-	69,543
Prepaid expenses and other assets	62,174	5,399	1,271	2,559	-	-	71,403
Derivative Instrument	-	172	-	-	-	-	172
Total current assets	999,913	678,900	253,454	159,967	-	181,100	1,911,134
Capital assets:							
Plant, property and equipment	7,882	8,886,178	6,017,036	506,777	-	-	15,417,873
Capital projects in progress	12,663	505,302	308,859	6,847	-	-	833,671
Less accumulated depreciation	(5,736)	(5,599,169)	(3,525,112)	(348,177)	-	-	(9,478,194)
Total capital assets	14,809	3,792,311	2,800,783	165,447	-	-	6,773,350
Other assets:							
Unamortized bond issue costs	10,074	32,429	-	-	-	-	42,503
Derivative instrument	47,802	-	-	-	-	-	47,802
Net pension asset	-	19,097	-	-	-	-	19,097
Restricted cash and investments with Trustee	-	804,205	-	-	-	-	804,205
Restricted assets under sale/leaseback	-	1,659,597	108,129	108,003	-	-	1,875,729
Total other assets	57,876	2,515,328	108,129	108,003	-	-	2,789,336
TOTAL ASSETS	$ 1,072,598	$ 6,986,539	$ 3,162,366	$ 433,417	$ -	$ 181,100	$ 11,473,820
DEFERRED OUTFLOWS OF RESOURCES:							
Accumulated decrease in fair value of hedging derivatives	31,951	-	-	-	-	-	31,951

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2012
(In Thousands)

		Service Boards			Combining Adjustments		
LIABILITIES	**RTA Government-Wide**	**Chicago Transit Authority**	**Commuter Rail Division**	**Suburban Bus Division**	**Debit**	**Credit**	**Total Combined**
CURRENT LIABILITIES:							
Vouchers payable	$ -	$ 144,256	$ 87,776	$ 4,468	$ -	$ -	$ 236,500
Accrued interest payable	35,089	21,107	-	-	-	-	56,196
Intergovernmental payables	143,815	-	-	-	121,028	-	22,787
Due to other funds	1,578	-	-	-	-	-	1,578
Current portion of general obligation bond payable, net	102,295	80,814	-	-	-	-	183,109
Other current liabilities:							
Accrued other expenses	6,988	110,521	30,366	50,824	58,511	-	140,188
Deferred revenue, assistance and other	1,999	88,481	10,377	1,382	-	-	102,239
Capital lease obligation	-	98,748	9,142	-	-	-	107,890
Claims liability	-	86,589	8,103	18,049	1,561	-	111,180
Total current liabilities	291,764	630,516	145,764	74,723	181,100	-	961,667
LONG-TERM LIABILITIES:							
Long-term portion of general obligation bond, net	2,401,418	3,747,692	-	-	-	-	6,149,110
Post retiree health benefits	-	-	6,000	-	-	-	6,000
Claims liability	-	170,482	14,599	17,143	-	-	202,224
Capital lease obligation	-	1,698,983	98,987	108,003	-	-	1,905,973
Deferred revenue	77,590	-	-	-	-	-	77,590
Derivative instrument	34,889	-	-	-	-	-	34,889
Accrued pension cost	-	42,211	-	4,768	-	-	46,979
Certificate of participation	-	49,987	-	-	-	-	49,987
Deferred rent	2,158	-	-	-	-	-	2,158
Other long-term liabilities	-	61,210	-	2,040	-	-	63,250
	-						
Total long-term liabilities	2,516,055	5,770,565	119,586	131,954	-	-	8,538,160
Total liabilities	2,807,819	6,401,081	265,350	206,677	181,100	-	9,499,827
DEFERRED INFLOWS OF RESOURCES:							
Advance from State	-	-	-	9,132	-	-	9,132
Accumulated increase in fair value of hedging derivatives/others	47,802	172	-	-	-	-	47,974
NET POSITION (DEFICIT):							
Invested in capital assets, net of related debt	14,809	2,383,120	2,800,784	165,447	-	-	5,364,160
Net position restricted for:							
Payment on obligations and others	175,643	119,253	-	-	-	-	294,896
Unrestricted (deficit)	(1,941,524)	(1,917,087)	96,232	52,161	1,446,080	1,446,080	(3,710,218)
TOTAL NET POSITION (DEFICIT)	$ (1,751,072)	$ 585,286	$ 2,897,016	$ 217,608	$1,446,080	$1,446,080	$ 1,948,838

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 POSITION
YEAR ENDED DECEMBER 31, 2012
(In Thousands)

	RTA Government-Wide Funds	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
REVENUES:							
Service Boards operating revenues	$ -	$ 596,499	$ 356,547	$ 69,138	$ 657	$ -	$ 1,021,527
Sales taxes	113,152	-	-	-	-	1,012,280	1,125,432
Interest on sales taxes	119	-	-	-	-	-	119
Public Transportation Fund	355,159	-	-	-	130,370	-	224,789
Operating assistance - CTA and Pace	10,398	-	-	-	-	-	10,398
State assistance	86,984	-	-	-	-	-	86,984
Investment income	22,290	-	-	-	-	-	22,290
Program revenues and others	10,520	-	-	-	-	-	10,520
Total revenues	598,622	596,499	356,547	69,138	131,027	1,012,280	2,502,059
EXPENSES:							
Operating expenses	-	1,292,918	676,512	327,334	-	284	2,296,480
Depreciation	-	379,510	211,443	47,779	-	-	638,732
Financial assistance to Service Boards	171,700	-	-	-	-	171,700	-
Operating grant - CTA and Pace	36,687	-	-	-	-	36,687	-
Capital grants—discretionary	5,410	-	-	-	-	5,410	-
Capital grants—bonds	213,394	-	-	-	-	213,394	-
Insurance (JSIF)	5,942	-	-	-	-	5,942	-
Administrative expenses	16,507	-	-	-	-	383	16,124
Regional expenses	17,542	-	-	-	-	-	17,542
Technology program	1,473	-	-	-	-	-	1,473
Bond interest	117,254	-	-	-	-	-	117,254
Total expenses	585,909	1,672,428	887,955	375,113	-	433,800	3,087,605
OPERATING INCOME (LOSS)	12,713	(1,075,929)	(531,408)	(305,975)	131,027	1,446,080	(585,546)
NONOPERATING REVENUE (EXPENSE):							
RTA financial assistance	-	645,524	457,109	266,225	1,285,748	-	83,110
Leasehold revenue	-	4,262	-	-	-	-	4,262
Interest revenue from leasing transactions	-	116,039	6,880	6,439	-	-	129,358
Interest expense on leasing transactions	-	(118,439)	(6,880)	(6,439)	-	-	(131,758)
Interest expense on bond transactions	-	(194,237)	-	-	-	-	(194,237)
Other public funding	-	48,670	140,495	1,703	-	-	190,868
Capital grants	-	366,402	12,197	41,020	29,305	-	390,314
Investment income	-	9,091	-	188	-	-	9,279
Gain on sale of assets	-	140	-	-	-	-	140
Total nonoperating revenue (expense)	-	877,452	609,801	309,136	1,315,053	-	481,336
CHANGE IN NET POSITION	12,713	(198,477)	78,393	3,161	1,446,080	1,446,080	(104,210)
NET POSITION (DEFICIT):							
Beginning of year	(1,763,785)	783,763	2,818,623	214,447	-	-	2,053,048
End of year	$ (1,751,072)	$ 585,286	$ 2,897,016	$ 217,608	$ 1,446,080	$ 1,446,080	$ 1,948,838

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(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	$ -	$ 553,253	$ 301,132	$ 58,560	$ 912,945
Payments to employees	-	(918,316)	(283,754)	(119,641)	(1,321,711)
Payments to vendors	(6,190)	(308,538)	(384,413)	(190,636)	(889,777)
Other receipts and payments	-	30,314	52,632	9,529	92,475
Net cash used in operating activities	(6,190)	(643,287)	(314,403)	(242,188)	(1,206,068)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Financial assistance—operating	5,000	678,494	350,465	272,149	1,306,108
Net cash provided by noncapital financing activities	5,000	678,494	350,465	272,149	1,306,108
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest income from assets restricted for payment of leasehold obligations	-	116,039	-	-	116,039
Repayment of lease/leaseback obligations	-	(104,485)	-	-	(104,485)
Increase/decrease in assets restricted for payment of leasehold obligations	-	(29,217)	-	-	(29,217)
Financial assistance—grant projects	-	343,360	248,743	38,567	630,670
Interest expense on bonds	-	(200,506)	-	-	(200,506)
Proceeds from issuance of bonds (net)	-	2,203	-	-	2,203
Repayment of bonds payable	-	(62,093)	-	-	(62,093)
Repayment of long-term liabilities	-	(3,971)	-	-	(3,971)
Payments for capital acquisition	-	(358,681)	(277,800)	(39,384)	(675,865)
Net cash used in capital and related financing activities	-	(297,351)	(29,057)	(817)	(327,225)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Note principal and interest	4,695	-	-	-	4,695
Investment income	90	9,091	204	188	9,573
Sales and purchases of investments, net	(4,391)	271,151	-	-	266,760
Net cash (used) by investing activities	394	280,242	204	188	281,028
NET INCREASE IN CASH AND CASH EQUIVALENTS	(796)	18,098	7,209	29,332	53,843
CASH AND CASH EQUIVALENTS—Beginning of year	11,081	227,387	66,955	69,469	374,892
CASH AND CASH EQUIVALENTS—End of year	$ 10,285	$ 245,485	$ 74,164	$ 98,801	$ 428,735
RECONCILIATION OF OPERATING ACTIVITIES:					
Net loss from operations	$ (5,935)	$ (1,075,929)	$ (531,408)	$ (305,975)	$ (1,919,247)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	-	379,510	211,444	47,779	638,733
Claims provision and settlement	-	-	864	-	864
State reduced fare assistance	-	-	(3,571)	-	(3,571)
Interest and dividends received	(7)	-	(204)	-	(211)
Changes in current assets and liabilities	(248)	53,132	8,472	16,008	77,364
NET CASH USED IN OPERATING ACTIVITIES	$ (6,190)	$ (643,287)	$ (314,403)	$ (242,188)	$ (1,206,068)

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 position, 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 to 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 position.

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 Chicago Transit Authority (CTA) was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

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, 2012 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 position.

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 2012 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 2013, which ends June 30, 2013, 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 year ended June 30, 2012, the grant was in the amount of $34.1 million. For the state fiscal year ending June 30, 2013, the RTA anticipates a grant in the amount of $17 million.

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 $34.6 million of ASA in 2012.

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 2012 and 2013, per year. The RTA recognized $52.3 million of AFA in 2012.

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 $18.7 million for the year ended December 31, 2012.

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—During 2012, the Authority adopted the following GASB Statements:

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.

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.

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.

Other accounting standards that the Authority is currently reviewing for applicability and potential impact on the financial statements include:

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 is 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 No. 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 is required to implement this statement for the year ending December 31, 2013.

Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the Authority 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.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the Authority 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 currently determined what impact, if any, these Statements may have on its 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 2012 budget and 2013-2014 financial plan and the 2013 budget and 2014-2015 financial plan. Also waived for the purpose of the adoption of the 2013 budget and 2014-2015 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 with a book value of $82.3 million and $91.6 million at December 31, 2012 and 2011, respectively. 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 $85 million is reflected in the accompanying December 31, 2012 statement of net position 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 $1.4 million is recorded as a component of long-term debt in the accompanying statements of net position.

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 statements of net position. The present value of the future payments to be made by the CTA under the lease of approximately $79.2 million is reflected in the accompanying December 31, 2012 statement of net position as a capital lease obligation.

In 2003, CTA entered into a lease and leaseback agreement with a third party pertaining to certain buses, with a book value of $3.8 million and $7.5 million at December 31, 2012 and 2011, 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 $16.2 million is reflected in the accompanying December 31, 2012 statement of net position as a capital lease obligation.

During 2002, CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lots 1 and 2), with a book value of $3.8 million and $10.1 million at December 31, 2012 and 2011, 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 $133.4 million is reflected in the accompanying December 31, 2012 statement of net position as a capital lease obligation.

During 2002, CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of $5.3 million and $6.1 million at December 31, 2012 and 2011, 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 $103.3 million is reflected in the accompanying December 31, 2012 statement of net position 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 $199.6 million and $213.4 million at December 31, 2012 and 2011, 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 $161.5 million is reflected in the accompanying December 31, 2012 statement of net position 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 $40 million and $42.6 million at December 31, 2012 and 2011, 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 $46.7 million is reflected in the accompanying December 31, 2012 statement of net position 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 $43 million and $46 million at December 31, 2012 and 2011, 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 $46.5 million is reflected in the accompanying December 31, 2012 statement of net position 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 $46.6 million and $56 million at December 31, 2012 and 2011, respectively. At December 31, 2012, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $1,106 million. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2012 are as follows (in thousands of dollars):

2012	Beginning balance	Additions*	Principal paid	Ending balance	Interest paid	Due in one year
2003 (Buses)	$ 16,026	$ 571	$ (411)	$ 16,186	$ 571	$ -
2002 (Buses)	126,993	6,399	-	133,392	6,398	-
2002 (QTE)	97,178	6,170	-	103,348	6,170	-
1998 (Green)	172,370	11,792	(22,712)	161,450	11,792	23,051
1997 (Garages)	43,388	3,262	-	46,650	3,262	-
1996 (Skokie/Racine)	43,308	3,183	-	46,491	3,183	-
1995 (Pickle)	1,088,462	81,193	(63,698)	1,105,957	81,193	63,698
Total lease/leasebacks	1,587,725	112,570	(86,821)	1,613,474	112,569	86,749
2006 PBC Lease	81,305	-	(2,115)	79,190	6,186	2,204
2008 Bus Lease	94,393	-	(9,376)	85,017	4,060	9,795
Total capital lease obligation	$ 1,763,423	$ 112,570	$ (98,312)	$ 1,777,681	$ 122,815	$ 98,748

* 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, 2012, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

2013	$ 98,748
2014	250,303
2015	93,624
2016	1,230,594
2017	44,153
2018-2022	355,036
2023-2027	207,635
2028-2032	25,825
2033-2035	6,031
Total future minimum payments	2,311,949
Less interest	534,268
Present value of minimum lease payments	$ 1,777,681

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, 2012 statement of net position 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.

One of the lease agreements was terminated in 2008. On August 29, 2011, Metra entered into an agreement with another investor to terminate a second lease. As a result of the termination, payments were made to the equity investor by the equity payment undertaker and debt payment undertaker from the restricted assets that based upon the executed termination agreement, released Metra from any further liability. Accordingly, Metra removed approximately $63.4 million of assets restricted for payment of obligations under leasing transactions and approximately $63.4 million of amounts payable for leasehold transactions from its financial statements. No gain or loss was realized by Metra as a result of the termination agreement. In accordance with the provisions of the termination agreement, Metra was required to pay all legal expenses of all parties involved, which totaled approximately $164 thousand during the year ended December 31, 2011. No payments were made in 2012.

In 2008, American International Group, Inc. (AIG) incurred a ratings downgrade. AIG acted as the DPU, 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. The remaining investor has advised Metra that they are satisfied with AIG, and has been providing waivers for the additional collateral requirements on a quarterly basis. Metra does not anticipate any material adverse financial impact as a result of the termination of the remaining leases. In the event the investor terminates the transactions, Metra's maximum exposure is approximately $24.8 million at December 31, 2012.

The net present value of the future payments due under the remaining subleases has been recorded as a liability on the accompanying statements of net position. 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 statements of net position. The following table sets forth the aggregate amounts due under the sublease agreements:

Future Minimum Lease Payments: As of December 31, 2012, future minimum lease payments for capital leases, in the aggregate, are as follows:

2013	$	9,142
2014		9,142
2015		9,142
2016		9,142
2017		9,143
2018-2021		111,924
Total future minimum payments		157,635
Less imputed interest		(49,506)
Present value of minimum lease payments	$	108,129

The present value of minimum lease payments of the Metra lease is $108 million which is reflected in the accompanying December 31, 2012 statement of net position 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 (lots 1, 2, and 3) having an original cost of $62.3 million less accumulated depreciation of $57.4 million for a net book value of $4.9 million at December 31, 2012. 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 $76.6 million and is reflected in the accompanying December 31, 2012 Statement of Net Position 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) having an original cost of $29.0 million less accumulated depreciation of $23.6 million for a net book value of $ 5.4 million at December 31, 2012. 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 $31.4 million and is reflected in the accompanying December 31, 2012 Statement of Net Position as the total of the current and long term portions of the Capital Lease Obligation.

2012	Beginning balance	Additions	Reductions	Ending balance	Interest expense	Due in one year
2003 (Buses)	$ 72,153	$ 4,495	$ -	$ 76,648	$ 4,496	$ -
2003 (Buses)	29,412	1,943	-	31,355	1,943	-
Total	$ 101,565	$ 6,438	$ -	$ 108,003	$ 6,439	$ -

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:

	Capital Leases
2013	$ -
2014	-
2015	-
2016	124,400
Total future minimum payments	124,400
Less interest	(16,397)
Present value of minimum lease payments	$ 108,003
A reconciliation of the Statement of Net Position to amount presented above:	
Capital Lease Obligation, less current portion	$ 108,003
Capital Lease Obligation, current portion	-
Total	$ 108,003

The present value of the future payments including the purchase option to be made by Pace under these leases are approximately $108 million and is reflected in the accompanying December 31, 2012 statement of net position 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 statements.

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91.3 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 $82 thousand as of December 31, 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

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.

Leases: Metra has entered into several noncancelable operating leases, primarily for the use of passenger terminals, which expire on various dates through 2045. Future minimum rental payments under all noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2012 were as follows:

2013	$ 10,477
2014	10,478
2015	10,480
2016	10,482
2017	10,484
2018-2022	21,331
2023-2027	8,532
2028-2031	4,749
Thereafter	16,621
Total	$ 103,634

Total rent expense aggregated $15.5 million and $16.3 million for the years ended December 31, 2012 and 2011, respectively.

Grants – At December 31, 2012, Metra had $501.7 million in unexpended obligations related to federal and state (including local) capital grant contracts.

Pace

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

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

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

RTA

The RTA has an operating lease agreement for its office facilities. In 2012, the total rent paid by the RTA was $1,776,000. Minimum required annual rental payments by the RTA are as follows:

2013	$ 2,019
2014	2,017
2015	2,062
2016	2,126
2017	2,101
2018-2024	13,804
Total	$ 24,129

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, 2012; $1.1 billion of cash and investments (excludes CTA bond proceeds held by Trustee). Of this amount, $436 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:

(In thousands)	January 1, 2012	New Issues	Current Retirements	December 31, 2012	Due Within One Year
1990A	$ 52,900	$ -	$ 4,380	$ 48,520	$ 4,695
1991A	55,745	-	4,090	51,655	4,365
1992A* & 1992B	9,180	-	9,180	-	-
1994A* & 1994B	24,395	-	-	24,395	-
1994C* & 1994D	52,915	-	1,890	51,025	2,045
1997 Refunding	49,605	-	1,865	47,740	3,320
1999* Refunding	250,185	-	9,025	241,160	17,990
2000A*	213,315	-	6,245	207,070	6,610
2001A*	82,360	-	2,325	80,035	2,455
2001B* Refunding	29,800	-	-	29,800	-
2002A*	135,475	-	3,495	131,980	3,690
2002B	11,815	-	11,815	-	-
2003A*	227,275	-	5,600	221,675	5,910
2003B	131,120	-	3,265	127,855	3,435
2004A*	231,785	-	5,385	226,400	5,660
2005B Refunding	118,710	-	7,590	111,120	7,960
2006A*	234,555	-	4,150	230,405	4,390
2010A	57,365	-	4,075	53,290	4,235
2010B	112,925	-	-	112,925	-
2010C Cash Note	140,000	-	140,000	-	-
2011A Refunding	95,550	-	-	95,550	12,040
2011CP Cash Note	125,000	650,000	775,000	-	-
2012A Cash Note	-	300,000	-	300,000	-
Subtotal	2,441,975	950,000	999,375	2,392,600	88,800
Unamortized bond premium	124,608	-	13,495	111,113	13,495
Total	$ 2,566,583	$ 950,000	$ 1,012,870	$ 2,503,713	$ 102,295

* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2012, the total general obligation bonds payable of $2,392.6 million are classified as current and long-term in the Statement of Net Position in the amounts of $88.8 million and $2,303.8 million, respectively.

Advance Refunding-On June 28, 2011, the RTA issued $95.55 million in General Obligation bonds with an average interest rate of 5 percent. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to call the 2002B Series bonds June 1, 2012. As a result the 2002B Series bonds are considered to be redeemed and the liability for those bonds has been removed from the government-wide statement of net position. The refunding resulted in a redemption premium of $11.5 million paid at the call date. The RTA completed the refunding to reduce its total debt service payments over the next 9 years by $7.9 million, resulting in an economic gain of $7.2 million.

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.

The Series 1990A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 6.00% to 7.30% on May 1, 1990 and semiannually thereafter on November 1 and May 1 in each remaining year.

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2013	$ 4,695	$ 3,494	$ 8,189
2014	5,035	3,155	8,190
2015	5,395	2,793	8,188
2016	5,785	2,404	8,189
2017	6,200	1,988	8,188
2018-2020	21,410	3,155	24,565
Total	$ 48,520	$ 16,989	$ 65,509

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
2013	$ 4,365	$ 3,461	$ 7,826
2014	4,660	3,168	7,828
2015	4,970	2,856	7,826
2016	5,305	2,523	7,828
2017	5,660	2,168	7,828
2018-2021	26,695	4,616	31,311
Total	$ 51,655	$ 18,792	$ 70,447

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
2013	$ -	$ 1,952	$ 1,952
2014	-	1,952	1,952
2015	-	1,952	1,952
2016	11,725	1,482	13,207
2017	12,670	506	13,176
Total	$ 24,395	$ 7,844	$ 32,239

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
2013	$ 2,045	$ 3,875	$ 5,920
2014	2,210	3,710	5,920
2015	7,360	3,340	10,700
2016	7,955	2,746	10,701
2017	8,600	2,105	10,705
2018-2020	22,855	2,209	25,064
Total	$ 51,025	$ 17,985	$ 69,010

***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
2013	$ 3,320	$ 2,765	$ 6,085
2014	3,530	2,559	6,089
2015	3,750	2,341	6,091
2016	3,980	2,109	6,089
2017	4,230	1,863	6,093
2018-2022	25,380	5,054	30,434
2023	3,550	107	3,657
Total	$ 47,740	$ 16,798	$ 64,538

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
2013	$ 17,990	$ 13,405	$ 31,395
2014	16,735	12,407	29,142
2015	17,720	11,416	29,136
2016	10,425	10,607	21,032
2017	11,045	9,990	21,035
2018-2022	128,090	31,413	159,503
2023-2025	39,155	2,737	41,892
Total	$ 241,160	$ 91,975	$ 333,135

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
2013	$ 6,610	$ 13,211	$ 19,821
2014	7,005	12,798	19,803
2015	7,425	12,360	19,785
2016	7,870	11,896	19,766
2017	8,345	11,405	19,750
2018-2022	50,125	48,524	98,649
2023-2027	67,860	30,583	98,443
2028-2030	51,830	6,875	58,705
Total	$ 207,070	$ 147,652	$ 354,722

***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
2013	$ 2,455	$ 4,751	$ 7,206
2014	2,595	4,598	7,193
2015	2,740	4,436	7,176
2016	2,895	4,264	7,159
2017	3,060	4,090	7,150
2018-2022	18,090	17,655	35,745
2023-2027	23,820	11,758	35,578
2028-2031	24,380	3,758	28,138
Total	$ 80,035	$ 55,310	$ 135,345

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
2013	$ -	$ 1,639	$ 1,639
2014	2,295	1,576	3,871
2015	2,425	1,446	3,871
2016	2,560	1,309	3,869
2017	2,710	1,164	3,874
2018-2022	16,035	3,340	19,375
2023	3,775	104	3,879
Total	$ 29,800	$ 10,578	$ 40,378

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
2013	$ 3,690	$ 7,867	$ 11,557
2014	3,900	7,655	11,555
2015	4,120	7,431	11,551
2016	4,350	7,194	11,544
2017	4,600	6,944	11,544
2018-2022	27,280	30,306	57,586
2023-2027	36,150	21,118	57,268
2028-2032	47,890	8,943	56,833
Total	$ 131,980	$ 97,458	$ 229,438

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 December 31	Debt Service Requirements		
	Principal	Interest	Total
2013	$ 5,910	$ 12,731	$ 18,641
2014	6,235	12,435	18,670
2015	6,575	12,092	18,667
2016	6,940	11,731	18,671
2017	7,320	11,349	18,669
2018-2022	43,095	50,246	93,341
2023-2027	56,160	36,963	93,123
2028-2032	72,565	18,569	91,134
2033	16,875	1,013	17,888
Total	$ 221,675	$ 167,129	$ 388,804

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 December 31	Debt Service Requirements		
	Principal	Interest	Total
2013	$ 3,435	$ 7,067	$ 10,502
2014	3,610	6,873	10,483
2015	3,805	6,669	10,474
2016	4,010	6,454	10,464
2017	4,225	6,228	10,453
2018-2022	24,805	27,291	52,096
2023-2027	32,245	19,490	51,735
2028-2032	41,930	9,095	51,025
2033	9,790	281	10,071
Total	$ 127,855	$ 89,448	$ 217,303

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
2013	$ 5,660	$ 12,499	$ 18,159
2014	5,950	12,209	18,159
2015	6,255	11,880	18,135
2016	6,575	11,511	18,086
2017	6,920	11,123	18,043
2018-2022	40,620	49,189	89,809
2023-2027	52,815	36,663	89,478
2028-2032	68,670	19,755	88,425
2033-2034	32,935	1,919	34,854
Total	$ 226,400	$ 166,748	$ 393,148

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
2013	$ 7,960	$ 3,535	$ 11,495
2014	8,425	3,265	11,690
2015	3,910	3,062	6,972
2016	685	2,986	3,671
2017	720	2,963	3,683
2018-2022	49,320	11,561	60,881
2023-2025	40,100	1,836	41,936
Total	$ 111,120	$ 29,208	$ 140,328

** 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
2013	$ 4,390	$ 11,266	$ 15,656
2014	4,630	11,046	15,676
2015	4,970	10,815	15,785
2016	5,285	10,566	15,851
2017	5,615	10,302	15,917
2018-2022	40,540	46,953	87,493
2023-2027	87,420	32,386	119,806
2028-2032	40,755	11,833	52,588
2033-2035	36,800	3,861	40,661
Total	$ 230,405	$ 149,028	$ 379,433

2010 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
2013	$ 4,235	$ 2,664	$ 6,899
2014	4,450	2,453	6,903
2015	4,670	2,230	6,900
2016	4,905	1,997	6,902
2017	5,150	1,752	6,902
2018-2022	29,880	4,628	34,508
Total	$ 53,290	$ 15,724	$ 69,014

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
2013	$ -	$ 6,622	$ 6,622
2014	-	6,622	6,622
2015	-	6,622	6,622
2016	-	6,622	6,622
2017	-	6,621	6,621
2018-2022	-	33,108	33,108
2023-2027	29,105	29,176	58,281
2028-2032	43,020	17,588	60,608
2033-2035	40,800	3,790	44,590
Total	$ 112,925	$ 116,771	$ 229,696

2011 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
2013	$ 12,040	$ 4,416	$ 16,456
2014	12,475	3,863	16,338
2015	13,000	3,227	16,227
2016	13,560	2,563	16,123
2017	14,165	1,870	16,035
2018-2019	30,310	1,533	31,843
Total	$ 95,550	$ 17,472	$ 113,022

2012 Cash Notes**—**In June 2012, the RTA issued $300 million in Working Cash Notes, Series 2012A (Taxable) to provide funds to manage the cash flow needs of the RTA and the Service Boards, including the payment of certain existing obligations of the RTA, and to pay the costs of issuance of the Notes.

The Series 2012A Working Cash Notes mature April 1, 2014 and June 1, 2014 and interest is payable at 1.044% and 1.064%, respectively.

Debt service requirements on the Series 2012 Working Cash Notes to maturity are set forth below:

Year Ending	Debt Service Requirements		
December 31	Principal	Interest	Total
2013	$ -	$ 3,162	$ 3,162
2014	300,000	1,320	301,320
Total	$ 300,000	$ 4,482	$ 304,482

All the bonds are recorded as current and long-term liabilities, as applicable, of the governmental activities in the government-wide statement of net position, 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, $102,324 thousand in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2012.

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 $9.1 million and $8.6 million, respectively, for this advance for the years ended December 31, 2012 and December 31, 2011.

NOTE 11. PENSION PLANS

CTA

Plan Descriptions

Employees' Plan: The CTA participates in a single employer defined benefit pension plan covering substantially all full-time permanent union and non-union employees. The Retirement Plan for Chicago Transit Authority Employees (the Employees' Plan) is governed by Illinois state statute (40 ILCS 5/22-101).

Substantially all non-temporary, full-time employees who have completed one year of continuous service ("Service") participate in the Employees' Plan. Benefits are in the form of an annual retirement benefit payable monthly for life, in an amount based upon compensation and Service. An employee who has reached age 65 may retire with unreduced benefits. Employees hired prior to September 5, 2001 may retire at any age with unreduced benefits after completion of 25 years of Service, or at age 55 with reduced benefits after completion of 3 years of Service. For those hired after September 5, 2001, but prior to January 18, 2008, unreduced benefits are payable at age 55 with 25 years of Service, and reduced benefits are payable at age 55 with 3 years of Service. Employees hired on or 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. These 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, 2012 and 2011 was $541.4 million and $528.3 million, respectively. The Employees' Plan issues a separate stand-alone financial report 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.

During fiscal year 2008, a Voluntary Termination Program ("VTP") was adopted which allowed certain active members eligible for Supplemental Plan benefits under the qualified trust to purchase up to five years of "air-time" and the first year of eligibility service if not included in the determination of pension benefits. Members purchase "air-time" and the first year of eligibility service at a rate of six percent of pay. Members were required to make the election within a certain window of time and agree to terminate employment at a date accepted by the Board. Approximately 70 members have elected to participate in the VTP.

For the qualified portion of the Supplemental Plan, the actuarial accrued liabilities increased from $55.90 million at January 1, 2012, to $54.7 million at January 1, 2013. The key factors causing the decrease in actuarial liabilities include: expected growth, favorable investment experience and retirement experience gains.

The CTA funds the Open Supplemental Plan per the actuarial annual required contribution, while funding for the Closed and Board Supplemental Retirement Plans are on a pay-as-you-go basis. Employees are not required to make contributions to the supplemental retirement plans except those related to purchase service credit (approved prior governmental service).

Participants in the supplemental retirement plans at December 31, 2012 are as follows:

	Open	**Closed**	**Board**
Retirees and beneficiaries currently receiving benefits	121	396	20
Terminated employees entitled to but not yet receiving benefits	10	8	6
Active plan members	19	-	5
Total	150	404	31

The covered payroll for the Open Supplemental Retirement Plan for the fiscal years ended December 31, 2012 and 2011 was $2.3 million and $2.5 million, respectively. The covered payroll for the Board Supplemental Retirement Plan was $150 thousand and $175 thousand for the fiscal years ended December 31, 2012 and 2011, respectively.

Funding Policy and Annual Pension Cost: Prior to 2008, contribution requirements of the Employees' Plan were governed by collective bargaining agreements. After 2008, contribution requirements are governed by Illinois state statute (40 ILCS 5/22-101). Contributions for the supplemental plans are actuarially determined but may be amended by the board of trustees of the Plan.

The CTA's annual pension cost for the current year and related information for each plan are as follows (in thousands of dollars):

	Employees' Plan Pension	**Open Supplemental**	**Closed Supplemental**	**Board Plan**
Contribution rates:				
CTA	11.30%	Actuarial	Pay-Go Funding	Pay-Go Funding
Plan members	8.650%	None	None	8.650%
Annual pension cost (APC)	$107,586	$2,894	$2,811	$327
Actual 2012 contributions:				
CTA	$62,678	$2,267	$3,299	$323
Plan members	$48,032	$0	$0	$12
Actuarial valuation date	January 1, 2012	January 1, 2013	January 1, 2013	January 1, 2013
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period	30 years - Open	17 years - Closed	9 years - Closed	30 years - Open
Asset valuation method	Fair market value	Fair market value	Fair market value	Fair market value
Actuarial assumptions:				
Investment rate of return	8.50%	7.0%	4.5%	4.5%
Projected salary increases	1.5%	3.5%	N/A	N/A
Includes inflation at	1.5% - 4.0%	0%	N/A	N/A

The short-term salary increase and inflation assumptions for the Employees' Plan were updated to reflect the current economic environment, current furlough and salary programs in place, and the pay increases embedded into the current collective bargaining agreements. There were no significant assumption changes for the Supplemental and Board plans from the prior year valuation.

The following represents the significant components of the APC and changes in net pension obligation (asset) (NPO) during the year ended December 31, 2012 (in thousands of dollars):

	Employees' Plan	Supplemental Retirement Plans		
	Pension	Open	Closed	Board
Annual Required Contribution	$ 107,569	$ 2,267	$ 4,116	$ 348
Interest on NPO	(1,862)	(1,354)	720	68
Adjustment to ARC	1,879	1,981	(2,025)	(89)
Annual pension cost	107,586	2,894	2,811	327
Contributions made	62,678	2,267	3,299	323
Increase (decrease) in NPO	44,908	627	(488)	4
NPO - December 31, 2011	(21,904)	(19,343)	14,394	1,363
NPO - December 31, 2012	$ 23,004	$ (18,716)	$ 13,906	$ 1,367

Three-year Trend Information: The following summarizes fund information for the plans (in thousands of dollars):

	Year ended	Annual pension cost (APC)	Actual contributions	Percentage of APC contributed	Net pension (asset)/ obligation
Employees' Plan Pension	December 31, 2012	$ 107,586	$ 62,678	58.3%	$ 23,003
	December 31, 2011	76,165	60,235	79.1	(21,904)
	December 31, 2010	63,452	57,274	90.3	(37,834)
Open Supplemental Plan	December 31, 2012	$ 2,894	$ 2,267	78.3%	$ (18,716)
	December 31, 2011	2,720	2,210	81.3	(19,343)
	December 31, 2010	3,048	2,600	85.3	(19,853)
Closed Supplemental Plan	December 31, 2012	$ 2,811	$ 3,299	117.4%	$ 13,905
	December 31, 2011	2,904	3,447	118.7	14,394
	December 31, 2010	2,803	3,259	116.3	14,937
Board Supplemental Plan	December 31, 2012	$ 327	$ 323	98.8%	$ 1,367
	December 31, 2011	354	323	91.2	1,363
	December 31, 2010	347	329	94.8	1,332

Funded Status and Funding Progress: The following is funded status information for the Employees' Plan Pension as of January 1, 2011, and the three supplemental plans as of January 1, 2012, the most recent actuarial valuation dates (in thousands of dollars):

	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	Percentage of covered payroll ((b-a)/c)
Employees' Plan - Pension	1/1/2012	$ 1,662,196	$ 2,808,184	$1,145,988	59.2%	$ 541,354	211.7%
Open Supplemental Plan	1/1/2013	37,040	54,716	17,676	67.7%	2,282	774.6%
Closed Supplemental Plan	1/1/2013	-	28,963	28,963	0.0%	N/A	N/A
Board Supplemental Plan	1/1/2013	70	4,778	4,708	1.5%	150	3138.7%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for 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 2012, the RTA Board approved a resolution that a contribution of $13,494,000 be made to the Plan. The contribution is allocated as follows: Metra - $6,615,000; Pace - $5,300,000; RTA - $1,579,000. As of December 31, 2012, $13,494,000 had not been funded and was reported as contribution receivable in the Statements of Plan Net Assets. The 2012 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 2010, 2011 and 2012, the RTA's annual pension costs equal the required contributions which were, $11,288,000, $12,547,000 and $13,494,000, respectively. The required contributions were determined as part of the January 1, 2010, 2011 and 2012 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, 2012	January 1, 2011	January 1, 2010
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.

Funded Status and Funding Progress – As of January 1, 2012, the most recent actuarial valuation date, the plan was 70.4 percent funded. The actuarial accrued liability for benefits was $200.845 million and the actuarial value of assets was $141.388 million resulting in an underfunded actuarial accrued liability (UAAL) of $(59.457 million). The covered payroll (annual payroll of active employees covered by the Plan) was $67.176 million and the ratio of the UAAL to the covered payroll was 88.5 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
Metra		2,500
Pace		250
RTA		100

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 2012, 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]	$ 689,489	$1,134,651
Metra[b]	358,818	638,700
Pace[c]	57,345	191,182
RTA	23,986	34,505
Total	$ 1,129,638	$1,999,038

The region-wide system-generated recovery ratio for 2012 equals 56.7%.

a) The system-generated recovery ratio for the CTA included leasehold revenues of $4.3 million and Senior/ Circuit Breaker Free Rides revenue of $21.5 million, but excluded CTA expenses for security costs of $37.5 million and Pension Obligation Bond debt service for $141.4 million. It also included in-kind services of $22 million, both as revenues and expenses.

b) Metra's system-generated recovery ratio included Senior/ Circuit Breaker Free Rides revenue of $2.3 million, but excluded $18.5 million security costs, $16.3 million for lease of transportation facilities, $2.9 million for funded depreciation to carriers.

c) Pace's system-generated recovery ratio included an in-kind credit of $860 thousand both as revenues and 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 2012, the total expense exclusion was $40 million. The $40 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 2012. Pace ended the year with a 10.0% recovery ratio for Regional ADA Paratransit Services. The 2012 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)	$ 598,622	$ 1,786,627	$ 973,228	$ 384,713
Sales tax agency fund	1,062,745	-	-	-
Pension trust fund	35,978	416	-	-
Senior free rides	-	21,507	2,270	-
In-kind services	-	22,000	-	860
Recovery ratio relief	-	-	-	-
FEMA reimbursement	-	-	-	-
Others (5307 fund)	-	-	-	-
ADA Regional Paratransit funding	-	-	-	128,401
Region-wide revenues (page 42)	1,697,345	1,830,550	975,498	513,974
Government-wide expenses (page 41)	585,909	1,985,104	894,835	381,552
Sales tax agency fund	1,062,745	-	-	-
Pension trust fund	11,274	-	-	-
In-kind services	-	22,000	-	860
Security costs	-	(37,468)	(18,518)	-
Lease of transportation facilities	-	-	(16,349)	-
Pension and other employee benefits	-	(134,419)	-	-
Capital (depreciation, disposals/additions)	(844)	-	(2,945)	-
Others	-	-	-	-
Region-wide expenses (page 42)	1,659,084	1,835,217	857,023	382,412
Net revenues (expenses)	$ 38,261	$ (4,667)	$ 118,475	$ 131,562

NOTE 14. SUBSEQUENT EVENTS

RTA

As of May 1, 2013, the Authority entered a Letter of Credit and Reimbursement Agreement which provides for the issuance of an irrevocable transferable direct-pay letter of credit to provide credit support for the timely repayment of principal and interest on commercial paper notes in an aggregate principal amount not to exceed $93 million at a fixed interest rate of 0.47%. The Agency has borrowed $10 million under this agreement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2012
(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	$ -	$ 596,499	$ 356,547	$ 69,138	$ 657	$ -	$ 1,021,527
RTA financial assistance	-	645,524	457,109	266,225	1,285,748	-	83,110
Other public funding	-	48,670	140,495	1,703	-	-	190,868
Capital grants	-	366,402	12,197	41,020	29,305	-	390,314
Sales taxes	113,152	-	-	-	-	1,012,280	1,125,432
Interest on sales taxes	119	-	-	-	-	-	119
Public Transportation Fund	355,159	-	-	-	130,370	-	224,789
Operating assistance	10,398	-	-	-	-	-	10,398
State assistance	86,984	-	-	-	-	-	86,984
Investment income	22,290	9,231	-	188	-	-	31,709
Gain on Sale of assets	-	-	-	-	-	-	-
Program revenues and other	10,520	4,262	-	-	-	-	14,782
Interest revenue from leasing transactions	-	116,039	6,880	6,439	-	-	129,358
Total revenues	598,622	1,786,627	973,228	384,713	1,446,080	1,012,280	3,309,390
EXPENSES:							
Operating	-	1,292,918	676,512	327,334	-	284	2,296,480
Depreciation	-	379,510	211,443	47,779	-	-	638,732
Financial Assistance to Service Boards	171,700	-	-	-	-	171,700	-
Operating Assistance - CTA & Pace	36,687	-	-	-	-	36,687	-
Capital grants—discretionary	5,410	-	-	-	-	5,410	-
Capital grants—bonds	213,394	-	-	-	-	213,394	-
Insurance (JSIF)	5,942	-	-	-	-	5,942	-
Administrative expenses	16,507	-	-	-	-	383	16,124
Regional expenses	17,542	-	-	-	-	-	17,542
Technology program	1,473	-	-	-	-	-	1,473
Bond interest	117,254	194,237	-	-	-	-	311,491
Interest expense from leasing transactions	-	118,439	6,880	6,439	-	-	131,758
Miscellaneous	-	-	-	-	-	-	-
Total expenses	585,909	1,985,104	894,835	381,552	-	433,800	3,413,600
NET REVENUES (EXPENSES)	$ 12,713	$ (198,477)	$ 78,393	$ 3,161	$ 1,446,080	$ 1,446,080	$ (104,210)

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, 2012
(In Thousands)

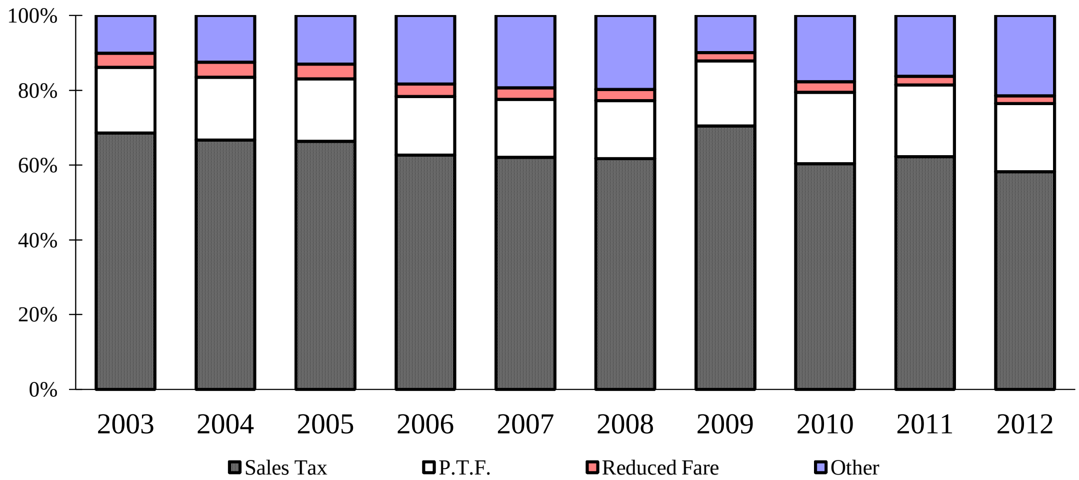
	RTA Government-Wide and Fiduciary Funds (1)	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined	Total Region-Wide Budget
REVENUES:								
RTA financial assistance	$ -	$ 645,524	$ 457,109	$ 266,225	$ 1,285,748	$ -	$ 83,110	$ -
Other public funding	-	-	140,495	1,703	-	-	142,198	-
Capital grants	-	366,402	12,197	41,020	29,305	-	390,314	-
Interest revenue from leasing transactions	-	116,039	6,880	6,439	-	-	129,358	-
Sales taxes	1,011,287	-	-	-	-	-	1,011,287	998,218
Public Transportation Fund	485,528	-	-	-	130,370	-	355,158	307,874
Operating Assistance	10,398	-	-	128,401	-	-	138,799	-
State Assistance Inc.	86,984	-	-	-	-	-	86,984	130,071
State reduced fare reimbursement	34,070	-	-	-	34,070	-	-	33,570
Pension contribution	20,240	-	-	-	1,579	-	18,661	-
Pension and other employee benefits	15,738	417	-	-	-	-	16,155	-
Investment income / others	-	12,679	-	12,841	-	-	25,520	-
Interest on sales taxes to Service Boards	171	-	-	-	171	-	-	-
Subtotal	1,664,416	1,141,061	616,681	456,629	1,481,243	-	2,397,544	1,469,733
Investment income	22,290	-	-	-	-	-	22,290	15,312
Other revenues	10,520	-	-	-	-	-	10,520	18,220
Interest on sales taxes	119	-	-	-	-	-	119	378
Service Boards revenues	-	645,982	356,547	56,485	657	-	1,058,357	1,048,328
Add (Subtract):								-
Senior Free Ride	-	21,507	2,270	-	-	-	23,777	-
Recovery ratio relief	-	-	-	-	-	-	-	-
FEMA reimbursement	-	-	-	-	-	-	-	-
In-kind services	-	22,000	-	860	-	-	22,860	22,860
Leasehold revenue	-	-	-	-	-	-	-	-
Subtotal	32,929	689,489	358,817	57,345	657	-	1,137,923	1,105,098
Total revenues	1,697,345	1,830,550	975,498	513,974	1,481,900	-	3,535,467	2,574,831
EXPENSES:								
Depreciation	-	374,458	211,443	47,779	-	-	633,680	-
Interest expenses from leasing transactions	-	118,439	6,880	6,439	-	-	131,758	-
Interest expenses from bond transactions	-	94,520	-	-	-	-	94,520	-
Operating grants to Service Boards	1,059,979	-	-	-	-	1,059,979	-	-
CTA & PACE (PTF) expenditures	168,943	-	-	-	-	158,671	10,272	-
Capital grants—discretionary	5,410	-	-	-	-	5,410	-	-
Capital grants—bonds	221,363	-	-	-	-	221,363	-	-
State reduced fare reimbursement	34,070	-	-	-	-	34,070	-	-
Regional expenses and other	17,216	-	-	128,401	-	-	145,617	-
Bond-related expenses	117,254	-	-	-	-	-	117,254	224,000
Pension and other employee benefits	-	113,149	-	-	-	-	113,149	-
Miscellaneous Expense	-	-	-	-	-	-	-	-
Interest on sales taxes to Service Boards	171	-	-	-	-	171	-	-
Subtotal	1,624,406	700,566	218,323	182,619	-	1,479,664	1,246,250	224,000
Operating expenses	-	1,291,506	676,512	190,321	-	284	2,158,055	2,282,239
Pension and other employee benefits	-	-	-	-	-	1,579	(1,579)	-
Administrative expenses	16,507	-	-	-	-	-	16,507	16,166
Regional expenses	17,542	-	-	-	-	373	17,169	17,560
Technology program	1,473	-	-	-	-	-	1,473	12,467
Add (Subtract):							-	-
In-kind services	-	22,000	-	860	-	-	22,860	22,860
Cost of contracting	-	-	-	8,612	-	-	8,612	8,611
Security costs	-	(37,468)	(18,518)	-	-	-	(55,986)	(55,986)
Pension Obligation Bond Debt Service	-	(141,387)	-	-	-	-	(141,387)	(141,387)
Lease of transportation facilities	-	-	(16,349)	-	-	-	(16,349)	(16,349)
Capital (depreciation, disposals/additions)	(844)	-	(2,945)	-	-	-	(3,789)	(3,789)
Subtotal	34,678	1,134,651	638,700	199,793	-	2,236	2,005,586	2,142,392
Total expenses	1,659,084	1,835,217	857,023	382,412	-	1,481,900	3,251,836	2,366,392
NET REVENUES (EXPENSES)	$ 38,261	$ (4,667)	$ 118,475	$ 131,562	$ 1,481,900	$ (1,481,900)	$ 283,631	$ 208,439

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

Table 1

RTA REVENUE BY SOURCE

2003-2012



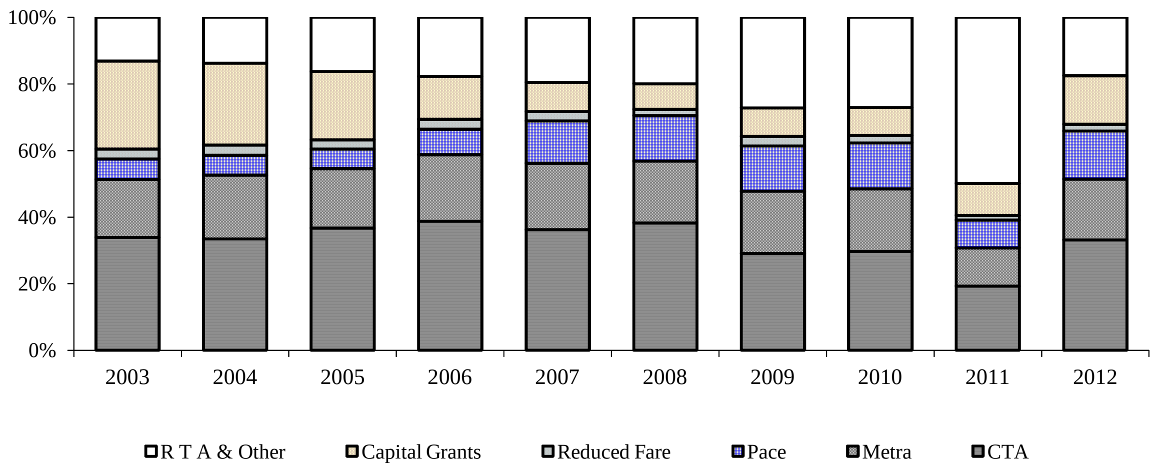
Last Ten Years *(In Thousands)*

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
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%
12 Months Ended 12/31/12	1,021,686	319,892	34,070	279,571	1,655,219
Percentage of Total	61.73%	19.33%	2.06%	16.89%	100%

Table 2

DISTRIBUTION OF EXPENSES

2003-2012



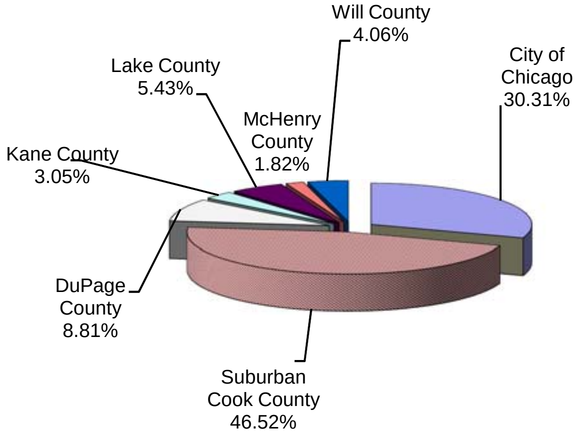
Last Ten Years *(In Thousands)*

	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/03	$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%
12 Months Ended 12/31/12	538,594	297,369	233,872	1,069,836	34,070	237,717	1,333,074	2,674,696
Percentage of Total	20.14%	11.12%	8.74%	40.00%	1.27%	8.89%	49.84%	100%

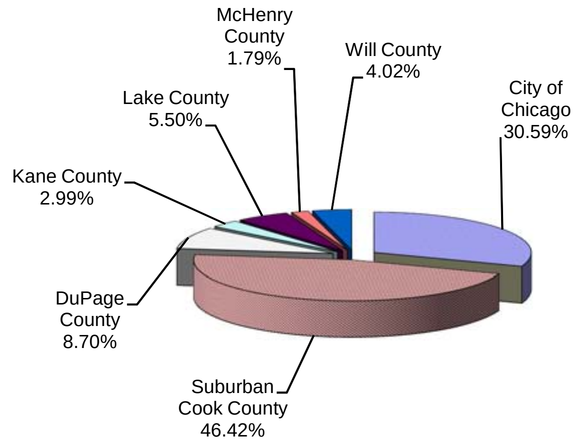
Table 3

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2011



2012



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 12/31/03	$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%
12 Months Ended 12/31/12	312,519	474,249	88,845	30,569	56,169	18,284	41,051	1,021,686
Percentage of Total	30.59%	46.42%	8.70%	2.99%	5.50%	1.79%	4.02%	100%

LEGAL DEBT CAPACITY
(in Thousands)

2012

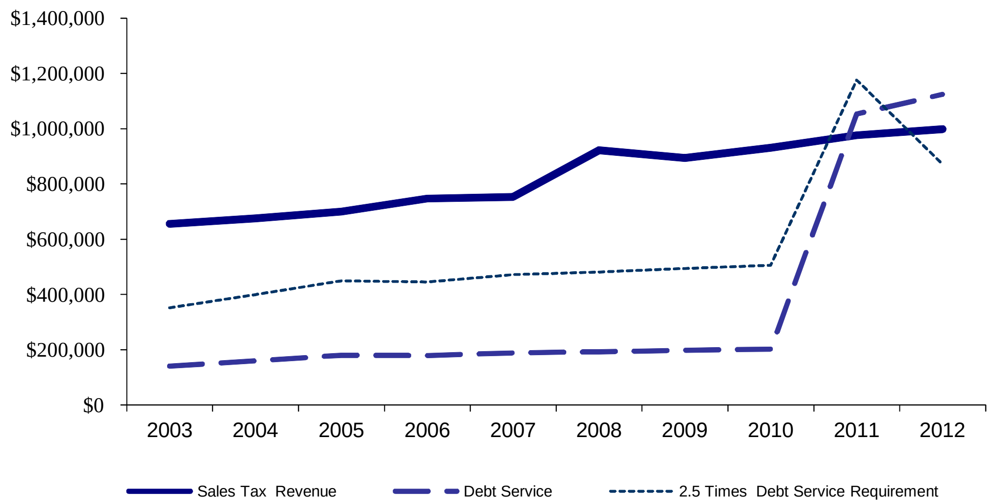
Legal Debt Margin:	Balance Outstanding at December 31, 2012	Issued	
Debt Limitation per Act for General Obligations			$2,600,000
Debt applicable to limitation :			
Non-SCIP Bonds:			
1990A General Obligation Bonds	$48,520		
1991A General Obligation Bonds	51,655		
1994B General Obligation Bonds	7,095		
1994D General Obligation Bonds	29,225		
1997 General Obligation Refunding Bonds	47,740		
2003B General Obligation Bonds	127,855		
2005B General Obligation Refunding Bonds	111,120		
2010A General Obligation Bonds	53,290		
2010B General Obligation Bonds	112,925		
2011A General Obligation Refunding Bonds	95,550		
Total RTA Bonds Applicable to Limitation	684,975		(684,975)
SCIP Bonds:			
1992A General Obligation Bonds		$188,000	
1993A General Obligation Bonds		55,000	
1994A General Obligation Bonds	17,300	195,000	
1994C General Obligation Bonds	21,800	62,000	
1999 General Obligation Refunding Bonds	241,160		
2000 General Obligation Bonds	207,070	260,000	
2001A General Obligation Bonds	80,035	100,000	
2001B General Obligation Refunding Bonds	29,800		
2002A General Obligation Bonds	131,980	160,000	
2003A General Obligation Bonds	221,675	260,000	
2004A General Obligation Bonds	226,400	260,000	
2006A General Obligation Bonds	230,405	250,350	
	1,407,625		
Total SCIP Bonds Applicable to Limitation		$ 1,790,350	($1,790,350)
Total SCIP Bonds Outstanding			
Total Bonds Outstanding	$2,092,600		
Debt Margin for General Obligations			124,675
Debt Limitation per Act for Working Cash Notes			400,000
* Total RTA Working Cash Notes Applicable to Limitation	$300,000		($300,000)
Debt Margin for Working Cash Notes			100,000
Total Legal Debt Margin			$224,675

*2011 CP Notes were short-term and matured within 60 days: total 2011 CP Notes issued in 2012: $650,000; Matured $775,000 (includes $125,000 outstanding from 2011)

Table 5

COMPARISON OF SALES TAX REVENUE TO DEBT SERVICE REQUIREMENT

2003 - 2012
(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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Sales Tax Revenue	$654,985	$675,628	$700,395	$746,829	$752,922	$921,245	$894,238	$931,435	$975,670	$998,218
Debt Service Requirement	$140,607	$159,702	$179,536	$178,086	$188,551	$192,555	$197,529	$201,994	$1,052,441	$1,123,712
2.5 Times Debt Service Requirement	$351,518	$399,255	$448,840	$445,215	$471,378	$481,388	$493,823	$504,985	$1,175,310	$871,430

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)*

Year	Debt Service Requirements: Principal	Interest	Total	Total Expenses	Ratio of Debt Service to Total Expenses
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	133,331	1,052,441	2,519,926	41.76%
2012 *	999,375	124,337	1,123,712	2,679,696	41.93%

* 2011 CP Notes were short-term and matured within 60 days: total 2011 CP Notes issued in 2012: $650,000; Matured $775,000 (includes $125,000 outstanding from 2011)

Table 7

FEDERAL ALLOCATION OF CAPITAL FUNDS TO NORTHEASTERN ILLINOIS

Last Ten Calendar Years

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

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Regional Transportation Authority
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	-
2012	537.26	306.46	149.63	41.39	39.78
Total	$ 5,333.57	$3,134.07	$ 1,730.23	$ 429.49	$ 39.78

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

Table 8

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2012

Chicago Transit Authority

Rapid Transit

- 8 rail routes
- 145 stations served
- 1,200 rapid transit cars
- 231.1 million riders per year
- 1,090 STO* positions

Motor Bus

- 129 bus routes
- 1,781 buses
- 314.4 million riders per year
- 3,688 STO* positions

CTA Totals

- 1.4 billion rail passenger miles per year
- 712.9 million bus passenger miles per year
- 119.1 million vehicle revenue miles per year
- 4,428 without STO* positions

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

Metra Commuter Rail Division*

- 11 rail routes
- 488 route miles
- 1,155 miles of track
- 241 stations
- 146 locomotives
- 839 passenger cars
- 171 electric cars
- 703 weekly trains operated
- 95.8% on-time performance
- 81.3 million riders per year
- 4,380 full-time employees
- 1.6 billion passenger miles per year
- 43.1 million vehicle miles per year

All data exclude NICTD South Shore

Pace Suburban Bus Division

Fixed Route Bus

- 138 regular routes
- 35 feeder routes
- 14 shuttle routes
- 581 vehicles in use during peak periods
- 32.1 million riders per year
- 7 seasonal routes
- 687 Pace-owned buses
- 1,460 full-time employees

ADA Paratransit

- 234 Pace owned lift-equipped buses in service
- 3.8 million riders per year
- 35 full-time employees

Dial-A-Ride

- 68 local services
- 176 Pace owned lift-equipped buses in service
- 210 communities served
- 1.3 million riders per year

Vanpool

- 694 vanpool vehicles in operation
- 2.0 million riders for the year

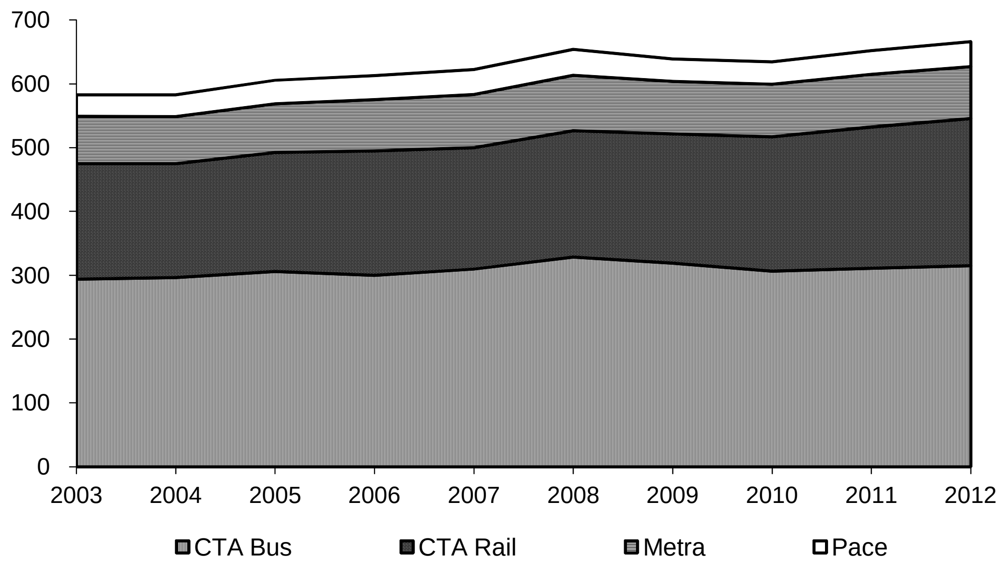
Source of data: Information obtained from the Service Boards, the NTD and RTA records.

Table 9

System Ridership and Unlinked Passenger Trips

2003-2012

(In Millions)



Last Ten Years *(In Millions)*

Service Consumed:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CTA - Bus	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0	310.4	314.4
CTA - Rail	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8	221.6	231.1
Total CTA*	474.7	474.7	492.3	494.8	499.6	526.3	521.3	516.8	532.0	545.5
Metra	74.0	73.8	76.1	79.9	83.3	86.8	82.3	82.2	82.7	81.3
Pace**	33.7	34.1	36.9	38.0	39.2	40.5	35.1	35.1	37.1	39.2
System Total	582.4	582.6	605.3	612.7	622.1	653.6	638.7	634.1	651.8	666.0
Percent Change	-2.20%	0.03%	3.90%	1.22%	1.53%	5.06%	-2.28%	-0.72%	2.79%	2.18%

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 2012.

(In Thousands)

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Metra					
Union Pacific	$ 104,606	$ 213,122	$ (108,516)	$ (108,516)	$ -
Burlington Northern/Santa Fe	62,004	79,765	(17,761)	(17,761)	-
Northern Indiana Commuter Transportation District (NICTD)	3,194	7,526	(4,332)	(4,332)	-
Total Metra	$ 169,804	$ 300,413	$ (130,609)	$ (130,609)	$ -
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 1,509	$ 3,365	$ (1,856)	$ 3,930	$ 2,421
Fixed Route - Private Contract Carriers	1,505	5,695	(4,190)	-	-
Total Fixed Route Service	3,014	9,060	(6,046)	3,930	2,421
Private Contract Carriers					
DAR Services	1,429	13,416	$ (11,987)	11,987	6,821
DAR and Stable Services	9,311	124,101	(114,790)	114,790	-
Total Private Contract Carriers	10,740	137,517	(126,777)	126,777	6,821
Paratransit - Municipal Carriers	394	5,123	(4,729)	924	3,805
Total Pace	$ 14,148	$ 151,700	$ (137,552)	$ 131,631	$ 13,047
Pace					
Detail of Services					
Fixed Route - Public Funded Carriers					
City of Highland Park	$ 602	$ 1,316	$ (714)	$ 1,677	$ 1,075
Village of Downers Grove	107	253	(146)	260	153
Village of Niles	529	1,515	(986)	1,710	1,181
Village of Schaumburg	271	281	(10)	283	12
Total	$ 1,509	$ 3,365	$ (1,856)	$ 3,930	$ 2,421
Private Contract Carriers - Fixed Route					
Academy Coach Lines	$ -	$ -	$ -	$ -	$ -
First Student	1,227	3,848	(2,621)	-	-
First Transit	30	541	(511)	-	-
Keeshin - Coach USA	-	-	-	-	-
M V Transportation	248	1,306	(1,058)	-	-
Total	$ 1,505	$ 5,695	$ (4,190)	$ -	$ -

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

	Passenger Revenue	Contract Expense	Operating Deficit	Service Board Funding	Other Public Funding
Private Contract Carriers - Dial-a-Ride Services					
Barrington	$ 2	$ 93	$ (91)	$ 91	$ 44
Bloomingdale Township	30	324	(294)	294	89
Call Centers	-	190	(190)	190	6
Call in Rides	48	706	(658)	658	-
Central Lake	8	104	(96)	96	28
Central Will	75	755	(680)	680	199
Community Service Transit	98	64	34	(34)	-
Downers Grove	21	85	(64)	64	20
Dupage County	3	14	(11)	11	-
Dupage Township	9	162	(153)	153	44
Elk Grove	21	281	(260)	260	208
Freemont Township	1	9	(8)	8	2
Hampshire Township	1	19	(18)	18	4
Hometown	1	24	(23)	23	23
Leyden Township	16	160	(144)	144	117
Marengo	2	104	(102)	102	-
McHenry Township	62	1,093	(1,031)	1,031	419
Milton Township	49	269	(220)	220	4
Naperville/Lisle	176	1,012	(836)	836	638
Northwest Lake Demo	32	315	(283)	283	243
Northwest Suburban Cook	24	178	(154)	154	-
N. Suburban Cook	2	69	(67)	67	-
Northeast Lake-Warren	18	315	(297)	297	21
Northeast Lake-Zion	4	62	(58)	58	9
Northwest Lake	21	288	(267)	267	-
Pioneer Center	8	287	(279)	279	-
Ride DuPage	176	1,414	(1,238)	1,238	827
Ride In Kane	442	3,856	(3,414)	3,414	2,812
Ride In McHenry	65	812	(747)	747	833
South Cook	-	2	(2)	2	-
Southwest Lake-Wauconda	3	35	(32)	32	8
Southwest Will	3	33	(30)	30	14
Village of Skokie/West Cook	-	189	(189)	189	184
Wayne Township	6	74	(68)	68	20
Woodstock	2	19	(17)	17	5
Total	$ 1,429	$ 13,416	$ (11,987)	$ 11,987	$ 6,821

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

Pace

Detail of Services, continued

(In Thousands)

	Passenger Revenue	Contract Expense	Net Contract Cost	Service Board Funding	Other Public Funding
Private Contract Carriers - Dial-a-Ride and Stable Services (ADA Services)					
South Cook	$ 712	$ 9,673	$ (8,961)	$ 8,961	$ -
North Suburban Cook	598	7,307	(6,709)	6,709	-
West Cook	267	2,242	(1,975)	1,975	-
North Lake	129	1,097	(968)	968	-
Kane County	49	521	(472)	472	-
Southwest/Central Will	47	457	(410)	410	-
DuPage County	124	1,265	(1,141)	1,141	-
Northeastern/Central Lake	7,385	101,539	(94,154)	94,154	-
Total	$ 9,311	$ 124,101	$ (114,790)	$ 114,790	$ -

	Operating Revenues	Operating Expenses	Operating Deficit	Service Board Funding	Other Public Funding
Paratransit - Municipal Carriers					
Bensenville	$ 19	$ 263	$ (244)	$ 45	$ 199
Bloom	20	375	(355)	56	297
Crestwood	7	92	(85)	19	67
Ela	11	159	(148)	30	117
Forest Park	21	95	(74)	56	19
Fox Lake/Grant	2	6	(4)	2	2
Frankfort	7	98	(91)	20	71
Harvard	3	26	(23)	7	16
Lemont	6	79	(73)	17	56
Lyons	14	338	(324)	40	284
Norridge	9	98	(89)	25	65
Oak Park	40	389	(349)	73	276
Orland Park	23	261	(238)	34	204
Palatine	21	193	(172)	31	141
Palos Hills	7	64	(57)	13	43
Park Forest	23	118	(95)	57	39
Rich Township	33	581	(548)	66	482
Schaumburg	87	1,146	(1,059)	219	839
Stickney	19	299	(280)	54	226
Tinley Park	10	85	(75)	26	50
Vernon Township	4	137	(133)	10	123
Washington Township	1	23	(22)	2	20
Worth	7	198	(191)	22	169
Total	$ 394	$ 5,123	$ (4,729)	$ 924	$ 3,805

Regional Transportation Authority

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