

# Comprehensive Annual Financial Report

2011



**Regional  
Transportation  
Authority**

The six-county public  
transportation system  
serving northeastern Illinois

Fiscal Year Ended December 31, 2011

**REGIONAL TRANSPORTATION AUTHORITY  
NORTHEASTERN ILLINOIS**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

**Prepared by:**

**Department of Finance and Performance Management**

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

**and**

**Controller Division**

**REGIONAL TRANSPORTATION AUTHORITY  
2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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June 25, 2012

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To the Board of Directors  
Regional Transportation Authority  
Chicago, Illinois

I have the pleasure to submit to you the Comprehensive Annual Financial Report ("CAFR") of the Regional Transportation Authority ("RTA") for the year ended December 31, 2011. The RTA staff has prepared this report as required by, and in accordance with, the RTA Act. This state law requires that the RTA publish financial statements presented in conformity with generally accepted accounting principles and audited by an independent certified public accountant.

This report consists of RTA management's representations concerning its finances. The responsibility for the accuracy, completeness, and fairness of the data rests with management. To the best of our knowledge and belief, this report contains data complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of the RTA has established an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss, theft, or misuse, and that adequate and reliable accounting data is compiled to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits of that control, and that the valuation of costs and benefits requires estimates and judgments by management.

In addition to the statutory requirement of the RTA Act for an annual audit by independent certified public accountants, the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, require the RTA to undergo an annual Single Audit. The RTA has engaged the firm of McGladrey LLP to meet these requirements. The firm followed auditing standards generally accepted in the United States of America and the standards set forth in the above circular in conducting the engagement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the RTA's financial statements for the year ended December 31, 2011 are presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first part of the financial section of this report.

A separately issued Single Audit report contains a schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws, regulations, contracts and grants, a schedule of findings and questioned costs, and other information related to the Single Audit.

Accounting principles generally accepted in the United States of America require that management provide a discussion and analysis to accompany the financial statements. This letter of transmittal complements management's discussion and analysis, and should be read in conjunction with it. The RTA management's discussion and analysis ("MD&A") can be found immediately following the report of the independent auditors.

## **OVERVIEW OF THE REGIONAL TRANSPORTATION AUTHORITY**

Illinois State law (the RTA Act, as amended) created the RTA as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system for Northeastern Illinois.

“It is the purpose of [the RTA] Act to provide for, aid and assist public transportation in the northeastern area of the State without impairing the overall quality of existing public transportation by providing for the creation of a single authority responsive to the people and elected officials of the area and with the power and the competence to provide financial review of the providers of public transportation in the metropolitan region and facilitate public transportation provided by Service Boards which is attractive and economical to users, comprehensive, coordinated among its various elements, economical, safe, efficient and coordinated with area and State plans.”

### **History**

In 1974, upon approval of a referendum in the six counties of metropolitan Chicago (Cook, DuPage, Kane, Lake, McHenry, and Will), the Act created the RTA as a unit of local government, body politic, political subdivision, and municipal corporation. Initially, the RTA provided financial assistance to the then existing public transportation operators. Subsequently, the role of the RTA expanded to include the acquisition and operation of such public transportation providers, as well as contract with operators to provide service through the purchase of service agreements.

In 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The Act placed operating responsibilities with the Chicago Transit Authority (“CTA”) and two operating divisions of the RTA: the Commuter Rail Division (“Metra”) and the Suburban Bus Division (“Pace”). These three entities are defined in the Act as the “Service Boards.”

The CTA provides bus and rail transportation services within Chicago and 38 adjacent suburbs. Illinois State law (the Metropolitan Transportation Authority Act) created the CTA in 1945. The law established the CTA as an Illinois municipal corporation “separate and apart from all other government agencies” to consolidate Chicago’s public and private transportation carriers. The CTA commenced operations in 1947 and completed the consolidation of public transportation in 1952 upon purchasing the Chicago Motor Coach System.

The Northeast Illinois Regional Commuter Railroad Corporation (“NIRCRC”), a public corporation created in 1980 and operating under the service name of Metra, provides public transportation by commuter rail. The 1983 RTA restructuring formed a Commuter Rail Division, “responsible for providing public transportation by commuter rail.” The Commuter Rail Division continued the operation of NIRCRC to provide this transportation. Metra contracts with the Union Pacific Railroad, Burlington Northern Santa Fe, and Northern Indiana Commuter Transportation District to provide service through the purchase of service agreements. In addition, Metra operates the services provided on its North Central Service and South West Service rail lines, as well as the services formerly provided by Rock Island, Milwaukee Road, and Illinois Central Gulf.

The 1983 RTA restructuring also formed a Suburban Bus Division, “responsible for providing public transportation by bus and as may be provided in [the RTA] Act.” As such, the Division - operating under the service name Pace - provides non-rail public transportation throughout DuPage, Kane, Lake, McHenry, and Will counties, as well as the suburban area of Cook County.

Collectively, we refer to the RTA, the CTA, Metra, and Pace as the “RTA System.”

### **Mission**

The Act sets forth the responsibilities of the RTA. These responsibilities encompass planning, funding, and oversight duties. The Board of Directors has developed the following goals to carry out the RTA legislative mandates:

**Plan**—Ensure an integrated regional public transportation system through comprehensive planning and coordination with the service providers.

**Fund**—Develop and allocate resources among the Service Boards to ensure they provide quality and cost-effective service.

**Oversee**—Monitor and evaluate Service Boards' performance to ensure that service is provided efficiently and effectively.

The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a Five-Year Capital Program. This obligation incorporates planning, funding, and oversight duties. The Act enumerates a number of requirements with respect to the budget, plan, and program. These include a requirement that the budget and plan reflect operating revenues of at least 50% of operating costs (a farebox recovery ratio of at least 50%). In addition, the budget and plan must show a balance between revenues, including subsidies, and costs (a balanced budget).

Other responsibilities include establishing policies regarding the allocation of public transportation funding in the Chicago metropolitan region, developing system-wide plans and service standards, coordinating services among different modes of transportation, and ensuring compliance with Federal and State mandates.

## **Budget**

The Act establishes budgetary controls. The Act requires, as one of the primary responsibilities of the RTA, the adoption of an annual budget, two-year financial plan, and a Five-Year Capital Program.

“Each year the Authority shall prepare and publish a comprehensive annual budget and program document describing the state of the Authority and presenting for the forthcoming fiscal year the Authority’s plans for such operations and capital expenditures as the Authority intends to undertake and the means by which it intends to finance them.”

The Act establishes certain criteria for the budget, including subsequent monitoring for compliance. Further, the Five-Year Capital Program must specify each capital improvement undertaken by or on behalf of the service boards. The budget calendar as adopted as part of the RTA Business Plan Call and statutory requirements govern the budget development process leading up to adoption of the budget. Subsequent activities involve oversight and amendment of the budget.

## **Budget Calendar**

Based upon the estimate of tax receipts and revenues from other sources, “the Board shall, not later than September 15 prior to the beginning of the Authority’s next fiscal year” advise each Service Board of the amounts estimated to be available during the upcoming fiscal year and the next two following years, the times when the amounts will be available, and the cost recovery ratio for the next year. The recovery ratio for the region must meet a minimum standard of 50%.



Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, program document, and a financial plan for the two following years. "The proposed budget and financial plan shall be based on the RTA's estimate of funds that will be available to the Service Boards by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting its budget to the RTA, each Service Board must hold at least one public hearing in each of the counties in which it provides service, and at least one meeting with each respective county board. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA. "Not later than... November 15 prior to the commencement of such fiscal year, each Service Board shall submit to the Authority its proposed budget for the fiscal year and its proposed financial plan for the two following years."

The RTA must also hold at least one public hearing in the metropolitan region and one meeting with each county board on its own proposed budget. After conducting these hearings and taking into consideration the comments, the RTA must adopt its budget and the budgets submitted by the service boards, each of which meets the statutory criteria summarized below. Unless the RTA passes a budget and financial plan for a Service Board, "the Board shall not release to that Service Board any funds for the periods covered by such budget and financial plan," except for the sales tax directly allocated to the Service Board by statute.

### ***Statutory Requirements***

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are:

- *Balanced Budget:* A balance between anticipated revenues from all sources including operating subsidies and the costs of providing the services and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- *Cash Flow:* Cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenditures as incurred;
- *Recovery Ratio:* A level of fares or charges, and operating or administrative costs, to allow the Service Board to meet its required recovery ratio;
- *Assumptions:* Employ assumptions and projections which are reasonable and prudent;
- *Financial Practices:* Prepared in accordance with sound financial practices as determined by the Board;
- *Strategic Plan:* Maintain consistency with the goals and objectives adopted by the RTA in the Strategic Plan; and
- *Other Requirements:* Other financial, budgetary, or fiscal requirements that the Board may establish by rule or regulation.

## **Oversight**

After adoption of the budgets, the RTA has continuing oversight powers concerning the budget and the financial condition of each Service Board and the region as a whole. On a monthly basis, the RTA monitors the budgetary and operations performance of the Service Boards to ensure compliance with their budget and recovery ratios. On a quarterly basis, the RTA makes the following assessments:

- After the end of each fiscal quarter, each Service Board must report to the RTA “its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction” for such quarter. If in compliance, the Board so states and approves each Service Board’s compliance by adopted resolution.
- If in the judgment of the Board these results are not substantially in accordance with the Service Board’s budget for such period as adopted by the RTA, the Board shall so advise the Service Board and the service board “shall, within the period specified by the Board, submit a revised budget incorporating such results.”
- Once a Service Board submits a revised budget, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA must withhold from the Service Board (i) 25% of the cash proceeds of taxes imposed by the RTA and (ii) 25% of any state matching funds that are allocated to each Service Board.
- If a Service Board then submits a revised budget and plan which shows that the statutory budget criteria will be met within a four quarter period, the RTA “shall release any such withheld funds to the Service Board.”

## **Amendment**

When prudent, the RTA Board may revise estimates of amounts of funds available to the Service Boards during a fiscal year due to shifts in the economic climate, governmental funding programs, or new projects. Upon receiving notice of such a revision, the Service Boards must submit amended budgets to the RTA Board within 30 days. The RTA Board must approve all proposed amendments. If approved, the RTA then monitors actual results compared to the amended budget.

## **Reporting Entity**

As defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (the RTA, as legally defined), as well as its component units—legally separate entities for which the primary government has financial accountability.

Although part of the RTA System, the CTA, Metra, and Pace do not represent component units of the RTA under GASB Statement No. 14. Accordingly, the Comprehensive Annual Financial Report of the Regional Transportation Authority does not include the financial statements of the Service Boards. However, a Combining Annual Financial Report does combine the financial statements of the RTA, the CTA, Metra, and Pace as required by the RTA Act.

## **RTA System Characteristics**

The six-county area served by the RTA system covers 3,700 square miles. According to the Census Bureau, the population of the region was 8.3 million in 2010. The U.S. Department of Commerce-Bureau of Economic Analysis reported regional employment of 5 million during the same year. The RTA system carried 651.8 million riders in 2011, an increase of 2.9% from the prior year.

## **Governance**

The RTA Act specifies the composition of the RTA Board of Directors. The RTA Board consists of fifteen appointed members and a Chairman. The Mayor of the City of Chicago appoints five directors. The suburban members of the Cook County Board appoint four directors and one director is appointed by the President of the Cook County Board. The chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry and Will counties, each appoint a director. These fifteen directors, with a minimum concurrence of eleven directors, elect the Chairman of the RTA Board of Directors.

The RTA employs a professional staff of approximately one hundred and ten employees. The RTA Act limits the amount of administrative costs that the RTA may incur annually. The limit was set at \$5 million for 1985 and increases at a rate of 5% per year. The RTA has always held its administrative expenses under the prescribed limit.

The Chicago Transit Board, consisting of seven members, governs the CTA. Its members are appointed pursuant to the Metropolitan Transit Authority Act. The Governor of Illinois appoints three members, subject to the approval of the Illinois Senate and the Mayor of the City of Chicago. The Mayor of the City of Chicago, with the consent of the Chicago City Council and the Governor of Illinois, appoints four members, including the CTA Chairman.

The RTA Act specifies the composition of the Metra (Commuter Rail Division) and Pace (Suburban Bus Division) Boards. The Commuter Rail Board, consisting of eleven members, governs Metra. The suburban members of the Cook County Board appoint four members. The Chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry and Will counties each appoint one director. The Mayor of the City of Chicago, with the consent of the Chicago City Council, appoints one member. These eleven directors, with a minimum concurrence of eight directors, elect the Chairman of the Commuter Rail Board.

The Suburban Bus Board, consisting of thirteen members, governs Pace. The suburban members of the Cook County Board appoint six members. The Chairman or executive of the County Boards of DuPage, Kane, Lake, McHenry, and Will counties each appoint one director. The RTA Act requires that each of these directors must be a current or former "chief executive officer of a municipality" from the area that appoints the member. One director is the Commissioner of the Mayor's Office for People with Disabilities for the City of Chicago. The Chairman or executive of each of the County Boards of DuPage, Kane, Lake, McHenry, and Will, plus the suburban members of the Cook County Board, by simple majority, appoint the Chairman of the Suburban Bus Board.

## **Financing**

The RTA Act specifies the funding responsibilities of the RTA, appointing the RTA as the primary public body in the metropolitan region to secure funds for public transportation.

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

## **Sales Taxes**

The Act authorizes the RTA to impose a retailers' occupation tax "ROT," a service occupation tax "SOT," and a use tax "UT." The RTA imposed this tax at the maximum permissible rate in 1979. The 2008 legislation increased the sales tax by .25% in Cook County and .50% in the collar counties. The individual collar counties keep .25% of the increase. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 1% in Cook County and .75% in the collar counties. Except for the tax on food and drugs, the RTA tax base is identical to the State retailers' occupation tax base. Consequently, when the state base is expanded or contracted by taxing or exempting receipts from specific transactions, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA and other local government taxes. As a result, the RTA tax on food and drugs is imposed at a rate of 1.25% in Cook, and .75% in collar counties.

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

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

## **Car Rental Tax**

Section 4.03.1 of the Act authorizes the RTA to impose an automobile rental occupation and use tax. This occupation tax, paralleling the state and local car rental taxes, may be imposed at a rate of 1% in Cook County and ¼% in the collar counties of the gross receipts from car rentals. The use tax may be imposed at the same rates on the privilege of using in the region a car rented outside, but titled in, Illinois. Any car leasing tax would be collected by the Illinois Department of Revenue.

This taxing power was added to the RTA Act in 1982, when the legislature imposed a state-wide car rental tax and authorized cities, counties, and certain special districts that had the power to impose sales taxes to tax the car rental occupation. This taxing power has never been exercised by the RTA.

### ***Motor Fuel Tax***

The Act authorized the RTA to impose a tax on retail sales and use of motor fuel at a rate of 5% of gross receipts. Section 4.03 (p) of the Act prohibits the RTA from imposing the motor fuel tax, if it has imposed the broader sales taxes described above.

### ***Off-Street Parking Tax***

The Act authorizes the RTA to impose a tax in unspecified amounts on the privilege of parking a motor vehicle in a public or private fee-charging lot in the six county area. Because the Act prohibits the imposition of this tax if the RTA has enacted sales taxes, it has never been imposed.

### ***Replacement Vehicle Tax***

The Act authorizes the RTA to impose a \$50 tax on any passenger car purchased within the metropolitan area by an insurance company in settlement of a total loss claim of its insured. Any such tax would be collected by the State. This taxing power has never been exercised by the RTA.

As indicated above, the RTA imposes a sales tax in the six-county Northeastern Illinois region. The Illinois Department of Revenue collects this tax and remits the collections to the Illinois State Treasurer. The Treasurer holds the funds in trust for the RTA outside the State Treasury. The Treasurer disburses the funds monthly to the RTA, without appropriation, upon order of the State Comptroller.

The amounts of funding and taxes received, together with revenues from the provision of transit services by the Service Boards and other operating revenues, provide the resources to cover operating costs of the RTA System.

## **FACTORS AFFECTING ECONOMIC CONDITION**

### **Financing**

The RTA's primary source of operating funding is a regional (occupation and use) sales tax and a sales tax match from the State of Illinois. Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region (from the equivalent of 1.0% in Cook County and 0.25% in the remainder of the region to the equivalent of 1.25% in Cook County and 0.5% in the remainder of the region) beginning on April 1, 2008, created a real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25 percent to 30 percent the portion of RTA tax revenues matched by the State Public Transportation Fund ("PTF"). In 2011, RTA sales tax receipts of \$976 million (includes agency fund collections for the Service Boards) increased 4.7% from prior year and exceeded budget by 6.5%. In 2010, RTA sales tax receipts increased 4.2% from prior year.

The RTA 2012 operating budget approved by the Board of Directors on December 15, 2011, assumes sales tax revenues of \$998 million, an increase of 8.9% over the 2011 budget and 2.3% over 2011 actual receipts. In addition to the 30% tax match from the PTF, the 2012 budget recognizes these funds from the State of Illinois: \$130 million to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program ("SCIP") bonds and \$34 million as partial reimbursement to the Service Boards for discounted and free fares (mandated by law) for student, elderly, and disabled riders.

## **Regional and Illinois Economy**

The Chicago region is the home to one of the most economically diversified economies in the United States. The region is home to more than 400 major corporate headquarters, including 27 Fortune 500 companies. A global leader in options, futures, and derivatives trading, the Chicago area economy's strengths include business and financial services, manufacturing, information technology, health services, and transportation & distribution. Chicago is not only a leader in sustainable business but also ranks as one of the most sustainable cities in the country. The unemployment rate in the Chicago region increased from 4.5% in 2006 to 10.2% in 2010, declining to 9.6% in 2011. During the first quarter of 2012, the unemployment rate in the Chicago region declined from 9.6% in January to 9.0% in February and March. Similarly, the unemployment rate in Illinois increased from 4.6% in 2006 to 10.5% in 2010, declining to 9.8% in 2011. During the first quarter of 2012, the unemployment rate in Illinois declined from 9.4% in January to 8.8% in March.

The April 2012 Monthly Revenue Briefing issued by the State Commission on Government Forecasting and Accountability noted that during the first ten months of the State's 2011 fiscal year, sales tax receipts of \$6.0 billion increased \$347 million or 6.1% compared to the same period during the State's previous fiscal year.

## **National Economy**

Annual growth of the real gross domestic product ("GDP"), the output of goods and services produced in the United States, declined from 3.5% in 2004 to 1.9% in 2007. Real GDP contracted 0.3% and 3.5% in 2008 and 2009, respectively. In 2010 and 2011, real GDP grew 3.0% and 1.7%, respectively. The Congressional Budget Office ("CBO") predicts annual real GDP growth of 2.0% in 2012 and 1.1% in 2013.

Rising from 4.6% in 2006 to 9.6% in 2010, the highest average annual rate since 1983, the national unemployment rate declined to 8.9% in 2011. In 2012, the national unemployment rate declined from 8.3% during January and February to 8.1% in April. The CBO forecasts national unemployment rates of 8.9% in 2012 and 9.2% in 2013.

In 2010 and 2011, the consumer price index ("CPI"), a measure of the pace of inflation, rose 1.6% and 3.2%, respectively. Following increases of 2.8% in 2007 and 3.8% in 2008, the CPI declined 0.4% in 2009. The CBO expects the CPI to increase 1.4% in 2012 and 1.5% in 2013.

## **Risk Management**

The RTA, CTA, Metra, and Pace established a Loss Financing Plan in 1986. The Plan operates as a self-insurance program to provide a source from which to temporarily finance catastrophic losses and other claims incurred by the RTA and the Service Boards, arising out of personal injuries, property damage, and certain other losses. The participating entities (RTA, CTA, Metra, and Pace) administer the Plan, with a representative from the RTA acting as the Fund Manager and representatives from the CTA, Metra, and Pace acting as Fund Advisors.

The Plan required the creation of a Joint Self-Insurance Fund. The Fund has entered into a multi-year, claims-paid insurance agreement to insure against certain losses in excess of \$5 million. The Fund pays premiums for this coverage. The participating entities must repay the Fund for submitted claims paid by the Fund that are not covered by the insurance agreement.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTA for its Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2010. This was the seventeenth consecutive year that the RTA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the RTA received the GFOA Award for Distinguished Budget Presentation for its annual budget for the year ending December 31, 2011. This marks the fifteenth consecutive year that the RTA has achieved this accomplishment. The Distinguished Budget Presentation Award requires that the GFOA judge the budget document as proficient in several categories, including policy documentation, financial planning, and organization.

I would like to express my appreciation to the RTA staff for their efforts in preparing this report.



**Grace Gallucci**  
Chief Financial Officer and  
Senior Deputy Executive Director,  
Finance and Performance Management

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Regional Transportation Authority  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dandson*

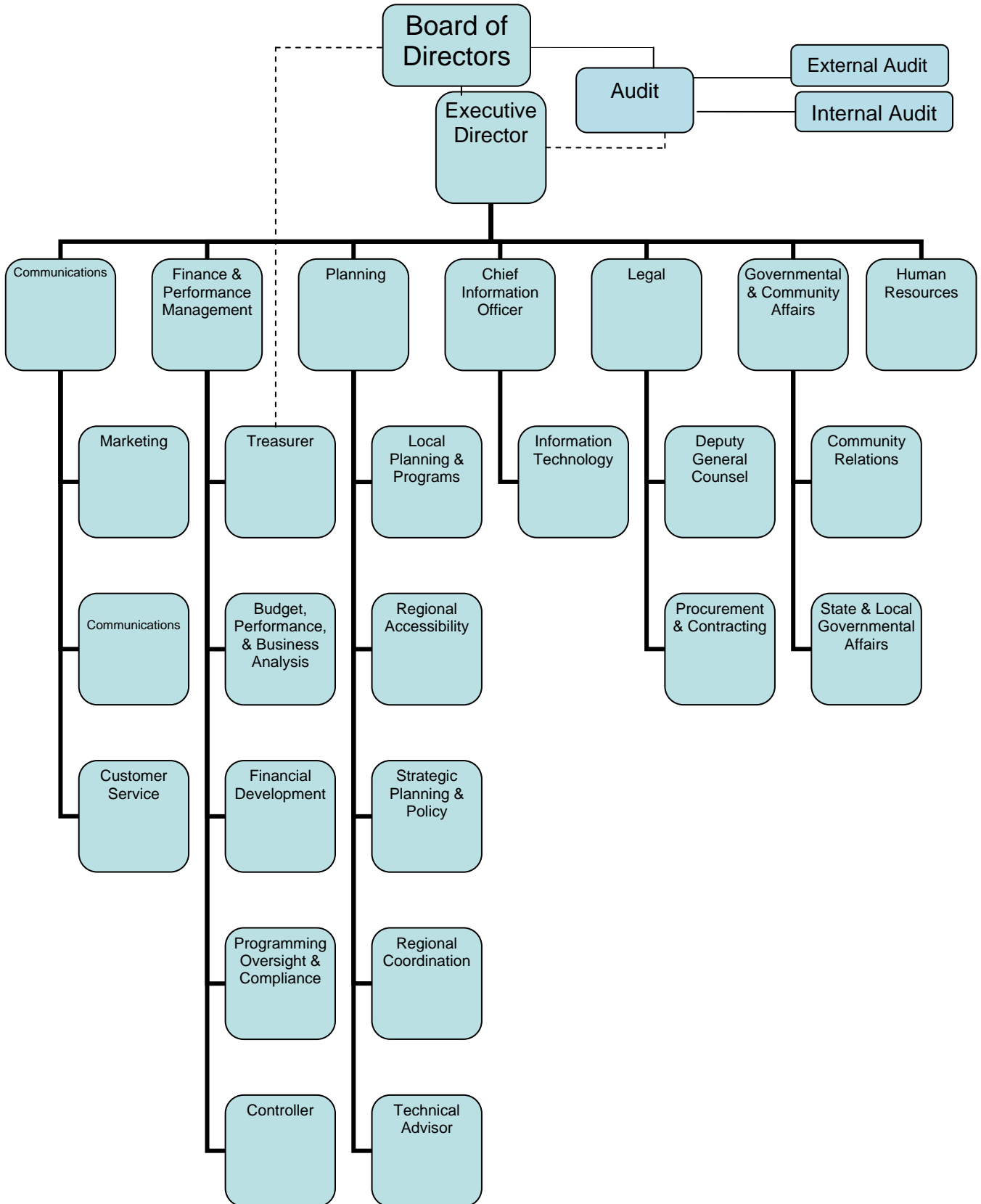
President

*Jeffrey R. Enev*

Executive Director



**REGIONAL TRANSPORTATION AUTHORITY  
ORGANIZATION CHART  
December 31, 2011**



## REGIONAL TRANSPORTATION AUTHORITY

### LIST OF PRINCIPAL OFFICIALS DECEMBER 31, 2011

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#### Board of Directors

Chairman	John S. Gates, Jr.
Directors	Carole L. Brown James Buchanan Jan Carlson William R. Coulson Rev. L. Tyrone Crider, Sr Patrick J. Durante John V. Frega Phil Fuentes Al Jourdan Dwight A. Magalis Samuel Menco Andre Rice J.D. Ross Douglas M. Troiani

#### Administration

Executive Director	Joseph G. Costello
Senior Deputy Executive Director Finance and Performance Management, CFO	Grace Gallucci
Senior Deputy Executive Director Planning	Leanne P. Redden
General Counsel	Clinton S. McHugh
Deputy Executive Director Communications	Diane J. Palmer
Deputy Executive Director Government Affairs	Jordan Matyas

**INDEPENDENT AUDITOR'S REPORT**



## Independent Auditor's Report

Board of Directors  
Regional Transportation Authority  
Chicago, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Transportation Authority ("RTA") as of and for the year ended December 31, 2011, which collectively comprise the RTA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the RTA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Transportation Authority as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, as of January 1, 2011, the RTA adopted the reporting and disclosure requirements of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RTA's basic financial statements. The accompanying combining and individual fund schedules are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*McGladrey LLP*

Schaumburg, Illinois  
June 25, 2012

## REGIONAL TRANSPORTATION AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following Management's Discussion and Analysis ("MD&A") provides an overview of the financial activity affecting the operation of the Regional Transportation Authority ("RTA") for the fiscal year ended December 31, 2011. Please read it in conjunction with the RTA's basic financial statements which follow this section.

#### Financial Highlights

- For the year ended December 31, 2011, the RTA statement of activities for the governmental activities shows expenses increasing \$153 million to \$564 million from \$411 million for the same period in 2010. This increase is due to an increase in financial assistance to the CTA, Metra, and Pace ("Service Boards") by \$31 million. Also, the interest expense and the Regional and Technology Program expenses were higher by \$4 million and \$4 million, respectively. Conversely, the PTF and the State Assistance Revenues increased by \$133 million from 2010.
- The government-wide statement of net assets shows assets of \$1,069 million for the governmental activities, a net decrease of \$73 million. The decrease is mainly due to a decrease in cash and investments of \$117 million offset by an increase in receivables of \$43 million. The increase in receivable was due to the timing of receipts. In the government-wide statement of net assets, bond-related liabilities decreased by \$176 million, which reflects the decrease in general-obligation bonds payable in 2011.
- At the end of 2011, the government-wide statement of net assets shows a deficit of \$1.8 billion for governmental activities. In contrast, the governmental funds balance sheet presented a total fund balance of \$791 million. There is a \$2.6 billion difference between the fund balance and the net deficit. This does not in any way represent a precarious financial position for the RTA. Rather, it is how GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires RTA's general obligation bonds to be presented in the government-wide statement of net assets.
- The RTA has the obligation to pay the bonds it has issued to fund the Service Boards' capital expenditures. These expenditures and the related assets appear in the Service Boards' financial statements. The sales taxes imposed by the RTA in the region represent the primary source of payment for the bond obligations.

## USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

**Overview of the CAFR**—The RTA CAFR consists of three parts:

1. **Introductory Section**—This section includes the letter of transmittal, the GFOA Certificate of Achievement, the organizational chart, and the list of principal officials.
2. **Financial Section**—This section is comprised of the independent auditor's report, the management's discussion and analysis, the basic financial statements, and the required supplementary information and combining and individual fund schedules.
3. **Statistical Section (Unaudited)**—This section provides additional analysis and is not a required part of the basic financial statements of the RTA.

The basic financial statements contain three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. A discussion of the basic financial statements is included in this CAFR as follows:

**Government-wide Financial Statements**—The government-wide financial statements provide a broad overview of the RTA's finances in a manner similar to those of a private-sector business. The statements are prepared following the full accrual basis of accounting.

- **Statement of Net Assets**—The statement of net assets presents information on all of the RTA's assets and liabilities. The statement subtracts liabilities from assets to compute—in the case of the RTA—a net deficit. This net deficit reflects the recording of bonds issued by the RTA for capital grants to the Service Boards to acquire and construct assets used to provide public transportation. These assets appear in the financial statements of the Service Boards. The bonds represent general obligations of the RTA to which the RTA has pledged its full faith and credit.

The size of the net deficit will increase as the RTA continues to issue bonds to fund the RTA System's capital program.

- **Statement of Activities**—The statement of activities shows the change in net assets of the governmental and business-type activities. Governmental activities include operating and capital asset funding (capital grants) to the Service Boards, RTA administrative expenses, the RTA Travel Information Center, certification of riders for paratransit service under the Americans with Disabilities Act (regional expenses), and interest expense on bonds issued by the RTA. Business-type activities consist of the RTA Joint Self-Insurance Fund.

The government-wide financial statements include only the RTA (the "primary government"). There are no "component units" (separate legal entities for which the RTA is financially accountable) that the RTA government-wide financial statements are required to include.

The RTA does not consider the CTA, Metra, or Pace to be component units, therefore, the RTA government-wide financial statements do not incorporate the financial data of the Service Boards. (See Letter of Transmittal and Note 1 to the financial statements for further details.)

**Fund Financial Statements**—A fund refers to a set of related self-balancing accounts used to maintain control over resources segregated for specific activities or objectives. The RTA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RTA's funds are accounted for in three fund types: governmental funds, proprietary

funds, and fiduciary funds. These financial statements are prepared following the modified accrual basis of accounting.

- **Governmental Funds**—Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year.

Unlike the information presented for governmental funds, information presented for governmental activities in the government-wide financial statements includes the long-term impact of near-term financing decisions. The governmental funds financial statements provide reconciliations to facilitate comparison between governmental funds and government-wide financial statements.

In the fund level basic financial statements, the RTA presents three major governmental funds: a general fund, a debt service fund, and a capital projects fund. The governmental funds financial statements present information for each major fund separately. Individual fund data for each of the RTA governmental funds is presented in this CAFR in the section labeled “Combining and Individual Fund Schedules.”

The RTA adopts an annual appropriated budget for its general fund. The Required Supplementary Information and Combining and Individual Fund Schedules include a budgetary comparison.

- **Proprietary Funds**—The RTA maintains a proprietary fund to account for the RTA Joint Self-Insurance Fund. This type of proprietary fund, referred to as an enterprise fund, reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. As required by Article II of the Loss Financing Plan, the RTA Joint Self-Insurance Fund issues separate annual audited financial statements.
- **Fiduciary Funds**—Fiduciary funds account for resources held for the benefit of parties outside the government activity. In the case of the RTA, the fiduciary fund accounts for the assets of the RTA defined-benefit Pension Plan and the Sales Tax Agency Fund. The government-wide financial statements do not reflect fiduciary funds as these funds are not available to support the programs and operations of the RTA. The RTA Pension Plan issues annual audited financial statements separately.



## ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table summarizes the Statement of Net Assets:

### SUMMARY OF NET ASSETS DECEMBER 31, 2011 AND 2010 (In thousands)

	Governmental Activities			Business-type Activities			Total		
	2011	2010	Variance	2011	2010	Variance	2011	2010	Variance
<b>Assets:</b>									
Cash and investments	\$ 636,759	\$ 753,522	\$ (116,763)	\$ 20,411	\$ 16,010	\$ 4,401	\$ 657,170	\$ 769,532	\$ (112,362)
Other assets	324,027	299,504	24,523	6,578	6,786	(208)	330,605	306,290	24,315
Noncurrent assets	93,754	73,316	20,438	1,714	6,167	(4,453)	95,468	79,483	15,985
Capital assets—net	14,491	15,265	(774)	-	-	-	14,491	15,265	(774)
<b>Total assets</b>	<b>1,069,031</b>	<b>1,141,607</b>	<b>(72,576)</b>	<b>28,703</b>	<b>28,963</b>	<b>(260)</b>	<b>1,097,734</b>	<b>1,170,570</b>	<b>(72,836)</b>
<b>Liabilities:</b>									
Current non bond-related liabilities	128,256	80,409	47,847	-	-	-	128,256	80,409	47,847
Current bond related liabilities	394,645	384,320	10,325	-	-	-	394,645	384,320	10,325
Long-term non-bond-related liabilities	128,710	154,352	(25,642)	-	-	-	128,710	154,352	(25,642)
Long-term bond-related liabilities	2,209,908	2,396,174	(186,266)	-	-	-	2,209,908	2,396,174	(186,266)
<b>Total liabilities</b>	<b>2,861,519</b>	<b>3,015,255</b>	<b>(153,736)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,861,519</b>	<b>3,015,255</b>	<b>(153,736)</b>
<b>Net assets (deficit):</b>									
Invested in capital assets	14,491	15,265	(774)	-	-	-	14,491	15,265	(774)
Restricted	326,598	83,277	243,321	-	-	-	326,598	83,277	243,321
Unrestricted (deficit)	(2,133,577)	(1,972,190)	(161,387)	28,703	28,963	(260)	(1,778,276)	(1,859,950)	81,674
<b>Total net assets (deficit)</b>	<b>\$ (1,792,488)</b>	<b>\$ (1,873,648)</b>	<b>\$ 81,160</b>	<b>\$ 28,703</b>	<b>\$ 28,963</b>	<b>\$ (260)</b>	<b>\$ (1,763,785)</b>	<b>\$ (1,844,685)</b>	<b>\$ 80,900</b>

As of December 31, 2011, cash and investments for governmental activities decreased by \$117 million over the previous year. The RTA's cash balance decreased significantly from last year due to the increase in bond expenditures. During 2011, the Capital Projects Fund decreased by \$47 million, and the Debt Service Fund decreased by \$202 million mainly due to the 2011 cash note payment.

As of December 31, 2011, the current bond and non bond-related liabilities increased by \$58 million from the previous year due primarily to the 2011 short-term cash note borrowings.

The presentation of financial statements under the GASB Statement No. 34 requires the recognition in the statements of net assets of \$2.6 billion in current and long-term general obligation bonds payable. The issuance of these bonds was for the specific purpose of funding capital grants to acquire and construct assets used to provide public transportation within the RTA region.

The RTA net deficit at December 31, 2011 will not affect the availability of RTA fund resources for future use. In fact, the RTA maintains its operations funding levels for 2012 as established in September 2011 during the 2012 budget process.

The following table summarizes the RTA Statement of Activities presented in this CAFR:

**SUMMARY OF ACTIVITIES**  
**DECEMBER 31, 2011 AND 2010**  
(In thousands)

	Governmental Activities			Business-type Activities			Total		
	2011	2010	Variance	2011	2010	Variance	2011	2010	Variance
Expenses:									
Financial assistance to Service Boards	\$ 128,786	\$ 97,648	\$ 31,138	\$ -	\$ -	\$ -	\$ 128,786	\$ 97,648	\$ 31,138
Administration of capital grants	236,929	118,766	118,163	-	-	-	236,929	118,766	118,163
Administration of operating grant	21,680	27,230	(5,550)	-	-	-	21,680	27,230	(5,550)
Administrative expenses	8,918	8,551	367	6,137	4,740	1,396	15,055	13,291	1,763
Regional and technology program expenses	27,914	23,555	4,359	-	-	-	27,914	23,555	4,359
Interest expense	139,314	135,530	3,784	-	-	-	139,314	135,530	3,784
Miscellaneous	397	-	397	-	-	-	397	-	397
Total expenses	563,938	411,280	152,658	6,137	4,740	1,396	570,075	416,020	154,054
Revenues and transfers:									
Sales taxes	107,977	103,168	4,809	-	-	-	107,977	103,168	4,809
PTF and state assistance	505,588	372,434	133,154	-	-	-	505,588	372,434	133,154
Note interest	-	-	-	36	47	(11)	36	47	(11)
Operating grant - CTA/PACE	9,930	9,480	450	-	-	-	9,930	9,480	450
Regional expenses	2,385	582	1,803	-	-	-	2,385	582	1,803
Investment income and other	24,598	11,012	13,586	461	164	297	25,059	11,176	13,883
Transfers	(5,380)	(4,425)	(955)	5,380	4,425	955	-	-	-
Total revenues and transfers	645,098	492,251	152,847	5,877	4,636	1,241	650,975	496,887	154,088
Change in net assets	81,160	80,971	189	(260)	(104)	(156)	80,900	80,867	33
Net assets—beginning of year	(1,873,648)	(1,954,619)	80,971	28,963	29,067	(104)	(1,844,685)	(1,925,552)	80,867
Net assets—end of year	<u>\$ (1,792,488)</u>	<u>\$ (1,873,648)</u>	<u>\$ 81,160</u>	<u>\$ 28,703</u>	<u>\$ 28,963</u>	<u>\$ (260)</u>	<u>\$ (1,763,785)</u>	<u>\$ (1,844,685)</u>	<u>\$ 80,900</u>

In 2011, financial assistance to the Service Boards increased by \$31 million from 2010. Also, the capital grants to the Service Boards increased by \$118 million from 2010 to \$237 million in 2011, which reflects the activity in capital expenses to the Service Boards during 2011. Furthermore, the amount of bond interest expense increased by \$4 million from \$135 million to \$139 million in 2011. PTF and state assistance increased by \$133 million and the sales tax also increased by \$5 million, an increase in investment income and other of \$14 million was mainly due to an increase in swap investments market value and the market value of investments.

During 2011, \$5 million was transferred to the Joint Self-Insurance Fund for excess liability. Insurance premiums representing the only major expense, and investment income represents the only revenue for the Business-type activities (insurance financing).

**FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

As noted earlier, the RTA employs three fund types: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**—Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the year. See the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for further details.

**General Fund**—Assets in the General Fund primarily represent the amounts for Service Boards' operations and capital projects. Assets increased by \$12 million from \$567 million in 2010 to \$579 million in 2011, mainly due to timing differences. The RTA's cash balance increased significantly from last year due to a partial catch up by the State of Illinois on unpaid RTA requisitions. Also, intergovernmental receivables increased by \$22.6 million due to timing differences.

At December 31, 2011, the majority of RTA's liabilities of \$294 million are comprised of intergovernmental payables and due to other funds, i.e., accrued financial assistance, sales taxes, capital and other grants due to the Service Boards and deferred revenue and notes payable.

The total fund balance of the General Fund equals \$285 million at December 31, 2011. The General Fund balance increased by \$117 million primarily due to timing and increase in financial assistance to the Service Boards.

The amount committed for RTA capital projects is for projects focusing on the application of advanced technology on transportation systems to improve the efficiency of such systems. The transit industry views such technology as having the potential for increasing ridership and revenues by making transit systems more attractive to customers.

These applications include the following:

- A regional open fare payment system to promote seamless regional mobility, making it easier for transit customers to pay for travel on different segments of the RTA system with a simple single payment method. Key components of this initiative include development of an interagency fare model, demonstration and deployment of handheld fare collection onboard Metra trains, and extension of the CTA's open fare payment system. CTA began development of their open standards fare payment system with expected installation to begin in Fall 2012. RTA contracted in February 2012 for the development of a regional fare model to help identify possible interagency fare scenarios. Work is expected to be complete on the model, Fall 2012.
- A regional real-time information system that integrates CTA's BusTracker and TrainTracker, Pace's WebWatch, and Metra's future next train information system. This initiative includes online delivery of the integrated information on desktop and mobile channels, the RTA's Travel Information Center, and the installation of electronic displays at bus stops and train stations that provide real-time "next train" or "next bus" service information. The RTA has integrated the CTA Bus Tracker and Train Tracker on [www.goroo.com](http://www.goroo.com), and are working with Pace and Metra to develop their real-time data feeds to the RTA.
- A five-year program of Transit Signal Priority (TSP) implementation along priority corridors and strategic CTA and Pace bus routes. TSP gives/extends a green signal to transit buses under certain circumstances to reduce passenger travel times, improve bus schedule adherence, and reduce bus operating costs. The RTA has submitted the FTA grant application for this project. The RTA and project stakeholders - CTA, Pace, IDOT, CDOT, Lake County DOT – has been reviewing TSP technology solutions available in the market.
- A comprehensive Chicagoland Commute Options program that utilizes social networking and employer outreach to shift commute trips away from single-occupancy vehicle (SOV) use toward sustainable transportation modes like transit and vanpools. The RTA has submitted the FTA grant application for this project and work is estimated to begin on June 2012.
- Interagency Transit Passenger Information Display (ITPID) that utilizes regional wayfinding and static information sign standards to promote seamless travel on multi-agency transit facilities. The four pilot sites are being installed Second Quarter 2012 (*right now*). User testing of the sites will be conducted in the second half of 2012.

- Multi-Modal Trip Planner System (MMTPS) to provide side by side comparisons of trip itineraries using transit, driving, or any combination of non-motorized modes such as biking and walking. It will give customers a comprehensive decision support tool for choosing travel options that incorporate convenience, efficiency, and cost – from the traveler’s perspective. The MMTPS project has been completed. The system has been operating since May 2009 and is available online at [www.goroo.com](http://www.goroo.com).
- Transfer connection protection (a system to minimize connecting time between transit vehicles by ensuring pre-scheduled connections). The concept of operation report was completed by the RTA.
- Parking management systems (real-time information and guidance regarding the availability of parking spaces at transit and ride-share parking facilities). This project was completed by the RTA and Metra. The system was installed around Metra’s Tinley Park-80<sup>th</sup> Ave and Mokena/Hickory Creek stations.

The remaining unassigned fund balances total \$98 million.

**Debt Service Fund**—The RTA establishes a Debt Service Fund to account for transfers received from the General Fund, investment income, and principal and interest payments made for each of its outstanding series of bonds. As of December 31, 2011, the RTA has twenty-three series of general obligation bonds/notes outstanding. Each respective bond/note agreement sets forth the debt service funding requirements. The 2010 Debt Service Fund balance decreased by \$202 million from 2011 to \$298 million.

**Capital Projects Fund**—The RTA has established a Capital Projects Fund to account for bond proceeds, earnings on the investment of such proceeds, and the expenditure of such monies for capital assets of the Service Boards. In addition, the RTA can use a portion of these funds to pay for debt service on the related bonds. During 2011, the Capital Projects Fund decreased by \$47 million. The decrease in cash and investment for the capital project fund reflects the activity in bond capital expenditure during 2011.

**Proprietary Fund**—The RTA has established a proprietary fund to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one proprietary fund which relates to the activities of the Joint Self-Insurance Fund.

## GENERAL FUND BUDGETARY HIGHLIGHTS

In 2011 the actual change in revenues over expenditures of \$113.5 million, including other financing (debt service) use, was \$139.4 million lower than the budget figure of \$252.9 million. In the General Fund total revenues exceeded budget by \$190.3 million. The positive variance in the General Fund is essentially due to the receipt of state funding for progress payments regarding Metra’s purchase of 160 rail cars totaling \$168 million.

Total Expenditures in the General Fund, before transfers out exceeded the budget by \$185.9 million. This variance includes: a \$181.9 million overage in capital grants that includes the \$168 million payment for Metra’s rail cars, and \$4 million for other expenses. These other expenses include debt related costs, Pace ADA Paratransit, and other changes in expenditures including the Joint Self Insurance Fund, and the Innovation, Coordination and Enhancement (ICE) Fund.

## **SERVICE BOARDS CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

The financial statements of the Service Boards reflect the capital assets discussed in this section. The statement of net assets for the RTA reflects the RTA bonds issued to provide a portion of the funding for these assets. The details of the RTA bond program are discussed further in Note 10 of this report.

**Service Boards Capital Assets**—The RTA System provides 652 million unlinked passenger trips annually. This has the beneficial impact of reducing road congestion, improving the flow of goods and services, and enhancing air quality. In addition, the RTA System provides essential mobility to those persons unable to utilize other transportation. The System represents an asset with replacement cost estimated at more than \$140 billion for the entire region. To continue these public benefits, the RTA strives to maximize the amount of resources devoted to investment in its System for it to remain in good working order. The RTA Five-Year Capital Program report contains the details of this investment. The Five-Year Capital Program report is updated and adopted annually by the RTA Board, as required by the RTA Act.

Sources of funds for capital investment include federal programs, proceeds of RTA bonds, and State of Illinois programs. The level of capital funding from Federal as well as State programs has risen, reflecting the increasing recognition of the importance of public transportation. In recent years, the RTA and the Service Boards have also been able to direct funds to capital projects by successfully constraining operating costs.

**RTA Capital Assets**—For more detailed information on capital asset activity, please see Note 9 in the notes to the financial statements.

**Long-Term Debt Activity**—Under the RTA Act, the RTA has authority to issue General Obligation Bonds for the improvement and expansion of the RTA System. This authority resulted from successful RTA efforts to demonstrate to the State legislature the need for capital reinvestment. The authorization identified two types of bonds: Strategic Capital Improvement Program (“SCIP”) bonds and RTA (“Non-SCIP”) bonds.

Prior to January 1, 2000, the RTA had the authority to issue up to \$500 million in SCIP bonds and to have up to \$500 million in Non-SCIP bonds outstanding. Effective January 1, 2000, the RTA Act was amended to increase the RTA authorization by an additional \$260 million of SCIP bonds in each year for the period of 2000 through 2004, and to issue and have outstanding up to \$800 million of Non-SCIP bonds. As of year-end 2011, the RTA has issued \$1.790 billion in SCIP bonds, with total SCIP bonds outstanding of \$1.454 billion. The remaining \$723.3 million of bonds outstanding are Non-SCIP bonds.

For 2011, the bonds issued by the RTA carried a rating of “AA” from Standard & Poor’s, Aa3 by Moody’s Investors Service, Inc. and AA by Fitch, Inc.

## **CONTACTING THE FINANCIAL MANAGEMENT OF THE REGIONAL TRANSPORTATION AUTHORITY**

This CAFR provides a general overview of the finances of the RTA. Users of the CAFR should address questions concerning the information, or requests for additional financial information, to the Regional Transportation Authority, c/o Senior Deputy Executive Director, Finance and Performance Management/CFO, 175 West Jackson Blvd., Suite 1650, Chicago, Illinois 60604 or visit our website at [www.rtachicago.org](http://www.rtachicago.org).

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2011**

**(In Thousands)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current portion of:			
Cash and investments:			
Cash and cash equivalents	\$ -	\$ 11,081	\$ 11,081
Restricted—investments (external)	323,666	-	323,666
Unrestricted—investments	313,093	9,330	322,423
Intergovernmental receivables	263,501	-	263,501
Unamortized bond issue costs	1,532	-	1,532
Accrued interest on investments	192	33	225
Loan to SB-note and interest	-	4,536	4,536
Prepaid expenses and other assets	58,802	2,009	60,811
Total current assets	<u>960,786</u>	<u>26,989</u>	<u>987,775</u>
Non-current portion of:			
Unamortized bond issue costs	11,988	-	11,988
Note receivable	-	1,714	1,714
Derivative instrument - asset	48,341	-	48,341
Deferred outflows of resources	33,425	-	33,425
Capital assets—net of accumulated depreciation	2,694	-	2,694
Capital assets—non-depreciable	11,797	-	11,797
Total non-current assets	<u>108,245</u>	<u>1,714</u>	<u>109,959</u>
Total assets	<u>1,069,031</u>	<u>28,703</u>	<u>1,097,734</u>
<b>LIABILITIES:</b>			
Current portion of:			
General obligation bonds payable plus unamortized bond premium of \$7,300	356,675	-	356,675
Unearned revenue	1,999	-	1,999
Due to fiduciary funds	1,480	-	1,480
Intergovernmental payables	117,794	-	117,794
Accrued interest payable	37,970	-	37,970
Accrued other expenses	6,983	-	6,983
Total current liabilities	<u>522,901</u>	<u>-</u>	<u>522,901</u>
Non-current portion of:			
Deferred rent	2,110	-	2,110
Unearned revenue	38,387	-	38,387
Derivative instrument-liability	39,872	-	39,872
Deferred inflows of resources	48,341	-	48,341
General obligation bonds payable plus unamortized bond premium of \$117,308	2,209,908	-	2,209,908
Total non-current liabilities	<u>2,338,618</u>	<u>-</u>	<u>2,338,618</u>
Total liabilities	<u>2,861,519</u>	<u>-</u>	<u>2,861,519</u>
<b>NET ASSETS (DEFICIT):</b>			
Invested in capital assets	14,491	-	14,491
Restricted			
Service Boards IDOT (State gen rev)	7,969	-	7,969
CTA operating assistance ADA	2,368	-	2,368
SWAP (2% notional)	18,403	-	18,403
Debt service	297,858	-	297,858
Unrestricted (deficit)	<u>(2,133,577)</u>	<u>28,703</u>	<u>(2,104,874)</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ (1,792,488)</u>	<u>\$ 28,703</u>	<u>\$ (1,763,785)</u>

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2011  
 (In Thousands)

	Expenses	Program Operating Grants/ Revenues	Net Expense (Revenue) and Changes in Net Assets		Total
			Governmental Activities	Business-type Activities	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Financial assistance to Service Boards	\$ 128,786	\$ -	\$ 128,786	\$ -	\$ 128,786
Administration of capital grants					
Discretionary	7,039	-	7,039	-	7,039
Bonds	229,890	-	229,890	-	229,890
Administration of operating grant					
CTA/PACE	21,680	9,930	11,750	-	11,750
Administrative expenses	8,918	-	8,918	-	8,918
Regional expenses	25,558	2,385	23,173	-	23,173
Technology program expenses	2,356	-	2,356	-	2,356
Interest expense	139,314	-	139,314	-	139,314
Miscellaneous	397	-	397	-	397
Total governmental activities	563,938	12,315	551,623	-	551,623
Business-type activities:					
Insurance financing	6,137	-	-	6,137	6,137
TOTAL PRIMARY GOVERNMENT	\$ 570,075	\$ 12,315	551,623	6,137	557,760
GENERAL REVENUES AND TRANSFERS:					
General revenues:					
Sales taxes			107,977	-	107,977
Interest on sales taxes			167	-	167
State assistance (PTF)			375,500	-	375,500
State assistance (ASA/AFA)			130,088	-	130,088
Investment income			19,350	95	19,445
Other revenues			5,081	402	5,483
Transfers			(5,380)	5,380	-
Total general revenues and transfers			632,783	5,877	638,660
CHANGES IN NET ASSETS (DEFICIT)			81,160	(260)	80,900
NET ASSETS (DEFICIT):					
Beginning of year			(1,873,648)	28,963	(1,844,685)
End of year			\$ (1,792,488)	\$ 28,703	\$ (1,763,785)

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011  
(In Thousands)**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>				
Investments:				
Restricted investments	\$ -	\$ 102,582	\$ 221,084	\$ 323,666
Unrestricted—investments	313,093	-	-	313,093
Due from other funds	-	139,123	-	139,123
Intergovernmental receivables	263,501	-	-	263,501
Accrued interest on investments	176	6	10	192
Other receivable	2,087	56,147	-	58,234
Prepaid items and other assets	568	-	-	568
<b>TOTAL ASSETS</b>	<b>\$ 579,425</b>	<b>\$ 297,858</b>	<b>\$ 221,094</b>	<b>\$ 1,098,377</b>
<b>LIABILITIES:</b>				
Due to other funds	\$ 140,603	\$ -	\$ -	\$ 140,603
Intergovernmental payables	105,001	-	12,793	117,794
Accrued items	8,406	-	-	8,406
Deferred revenue	40,386	-	-	40,386
<b>Total liabilities</b>	<b>294,396</b>	<b>-</b>	<b>12,793</b>	<b>307,189</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	568	-	-	568
Restricted:				
Service Boards IDOT (State gen rev)	7,969	-	-	7,969
CTA operating assistance ADA	2,368	-	-	2,368
SWAP (2% Notional)	18,403	-	-	18,403
Debt service	-	297,858	-	297,858
Committed:				
CTAP capital	7,091	-	-	7,091
RTA non-cap tech	4,337	-	-	4,337
Debt svc deposit agrmt reserve (DSDA)	55,627	-	-	55,627
Service Board capital (discretionary)	10,146	-	-	10,146
ICE reserve	26,549	-	-	26,549
RTA capital projects	5,688	-	-	5,688
Bond capital projects	-	-	208,301	208,301
SWAP capital (SB) expense	47,907	-	-	47,907
Unassigned	98,376	-	-	98,376
<b>Total fund balances</b>	<b>285,029</b>	<b>297,858</b>	<b>208,301</b>	<b>791,188</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 579,425</b>	<b>\$ 297,858</b>	<b>\$ 221,094</b>	<b>\$ 1,098,377</b>

The notes to financial statements are an integral part of this statement.



**REGIONAL TRANSPORTATION AUTHORITY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011  
(In Thousands)**

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TOTAL FUND BALANCE—GOVERNMENTAL FUNDS \$ 791,188

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the capital assets, net of accumulated depreciation recognized in the statement of net assets. 14,491

Bond issue costs are paid in the current year and, therefore, are reported as expenditures in the governmental funds. This asset represents the unamortized portion recognized in the statement of net assets. 13,520

General obligation bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. This liability represents the total current and long-term portion of the general obligation bonds payable recognized on the statement of net assets. (2,441,975)

Bond premiums are paid in the current year and, therefore, are reported in the funds. This liability represents the unamortized portion recognized in the statement of net assets. (124,608)

Accrued interest payable on bonds is not due and payable in the current period and, therefore, is not reported in the funds. This liability is accrued in the statement of net assets. (37,970)

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (669)

Other post-employment benefit obligations are not due and payable in the current period and, therefore, are not reported in the funds. (18)

Derivative instruments do not provide or use current financial resources and are not reported in the fund statements. This is the amount by which derivative related liabilities exceeded assets at year-end. (6,447)

TOTAL NET DEFICIT—GOVERNMENTAL ACTIVITIES \$ (1,792,488)

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011  
(In Thousands)**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Sales taxes	\$ 107,977	\$ -	\$ -	\$ 107,977
Interest on sales taxes	166	-	-	166
Public Transportation Fund	181,428	-	-	181,428
General State revenue	194,072	-	-	194,072
Innovation, Coordination & Enhancement (ICE)	9,930	-	-	9,930
State assistance	130,088	-	-	130,088
Investment income	18,611	340	150	19,101
Other revenues	5,148	2,318	-	7,466
Total revenues	<u>647,420</u>	<u>2,658</u>	<u>150</u>	<u>650,228</u>
<b>EXPENDITURES:</b>				
Financial assistance to Service Boards	128,786	-	-	128,786
Capital grants-discretionary	6,907	-	-	6,907
PACE discr (CMAQ) grant RTA share	132	-	-	132
South Suburban Job Access Program (PACE)	7,500	-	-	7,500
Innovation, Coordination & Enhancement (ICE)	9,930	-	-	9,930
PACE expenditures (MOU & ADA)	4,250	-	-	4,250
Capital grants-bonds	181,890	-	48,000	229,890
Administrative	8,231	-	-	8,231
Regional	27,102	-	-	27,102
Capital outlay	762	-	-	762
Debt service:				
Principal	-	919,110	-	919,110
Interest	5,884	133,331	-	139,215
Debt related costs	-	4,912	-	4,912
Miscellaneous	-	397	-	397
Total expenditures	<u>381,374</u>	<u>1,057,750</u>	<u>48,000</u>	<u>1,487,124</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>266,046</u>	<u>(1,055,092)</u>	<u>(47,850)</u>	<u>(836,896)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	186,339	330,187	26	516,552
Transfers out	(335,567)	(186,365)	-	(521,932)
Debt issuance - bonds	-	705,000	-	705,000
Refunding bonds issued	-	95,550	-	95,550
Bond premium	-	11,574	-	11,574
Payment to refund bond escrow agent	-	(103,104)	-	(103,104)
Total other financing sources (uses)	<u>(149,228)</u>	<u>852,842</u>	<u>26</u>	<u>703,640</u>
<b>NET CHANGE IN FUND BALANCES</b>	116,818	(202,250)	(47,824)	(133,256)
<b>FUND BALANCES:</b>				
Beginning of year	<u>168,211</u>	<u>500,108</u>	<u>256,125</u>	<u>924,444</u>
End of year	<u>\$ 285,029</u>	<u>\$ 297,858</u>	<u>\$ 208,301</u>	<u>\$ 791,188</u>

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011  
(In Thousands)**

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS	\$	(133,256)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$869) exceeded capital outlay (\$95) in the current period.		(774)
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction has no effect on net assets.		
Debt issuance	\$ (800,550)	
Deferred amount on refunding	(3,481)	
Payment to refund bond escrow agent	<u>103,104</u>	(700,927)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net assets.		919,110
Accrued interest on bonds reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		1,226
Governmental funds report bond premiums as an other financing source. However, in the statement of activities, the premiums are amortized over the life of the bonds and recorded as a reduction of bond interest expense. This is the amount by which 2011 issuance premiums (\$11,574) exceeded amortization (\$7,300).		(4,274)
Unamortized bond issue costs reported in the statement of activities require the use of current financial resources and therefore, are fully recognized in the governmental funds. This is the amount by which 2011 amortization (\$1,530) exceeded new issuance costs (\$1,298).		(232)
Compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		56
Net pension employee benefit obligations reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.		(18)
Increases (decreases) in the fair values of investment derivative instruments do not provide (use) financial resources and are not reported in the fund financial statements.		<u>249</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>81,160</u>

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF NET ASSETS  
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND  
JOINT SELF-INSURANCE (PROPRIETARY) FUND  
DECEMBER 31, 2011  
(In Thousands)**

---

ASSETS:

Current:

Cash and cash equivalents	\$ 11,081
Investments	9,330
Accrued interest on investments	33
Note receivable	4,500
Note accrued interest	36
Prepaid insurance	<u>2,009</u>
Total current assets	<u>26,989</u>

Noncurrent assets:

Note receivable	<u>1,714</u>
Total noncurrent assets	<u>1,714</u>

Total assets 28,703

LIABILITIES

NET ASSETS—Unrestricted \$ 28,703

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND  
JOINT SELF-INSURANCE (PROPRIETARY) FUND  
YEAR ENDED DECEMBER 31, 2011  
(In Thousands)**

---

OPERATING REVENUES:	
Note interest	<u>\$ 36</u>
OPERATING EXPENSES:	
Insurance expense	5,978
Professional services	158
Bank charges and miscellaneous	<u>1</u>
Total operating expenses	<u>6,137</u>
OPERATING LOSS	<u>(6,101)</u>
NON-OPERATING REVENUES	
Investment income	95
Miscellaneous revenue - insurance refund	<u>366</u>
Total nonoperating revenues	<u>461</u>
Transfer from General Fund	<u>5,380</u>
CHANGE IN NET ASSETS	(260)
NET ASSETS:	
Beginning of year	<u>28,963</u>
End of year	<u><u>\$ 28,703</u></u>

The notes to financial statements are an integral part of this statement.

## REGIONAL TRANSPORTATION AUTHORITY

### STATEMENT OF CASH FLOWS BUSINESS TYPE ACTIVITIES—ENTERPRISE FUND JOINT SELF-INSURANCE (PROPRIETARY) FUND YEAR ENDED DECEMBER 31, 2011 (In Thousands)

---

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments to insurance vendor	\$ (5,745)
Payments to other vendors	(223)
Miscellaneous revenue - insurance refund	<u>366</u>
Net cash flows from operating activities	<u>(5,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Note interest received	47
Payments received - principal on notes receivable	4,453
Purchases of investments	(17,843)
Proceeds from sale and maturities of investments	14,063
Investment income	<u>123</u>
Net cash flows from investing activities	<u>843</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Contributions received from RTA	<u>5,380</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	621
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>10,460</u>
End of year	<u>\$ 11,081</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	\$ (6,101)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Notes interest	(36)
Miscellaneous revenue	366
Changes in:	
Prepaid insurance	233
Due to general fund	<u>(64)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,602)</u>

#### SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:

There were no investing, capital, or financing activities that did not result in cash flows.

The notes to financial statements are an integral part of this statement.

**REGIONAL TRANSPORTATION AUTHORITY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011  
(In Thousands)**

	<u>Pension Trust Fund</u>	<u>Sales Tax Agency Fund</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 10,867	\$ -
Investments, at fair value:		
Corporate fixed income mutual fund	38,071	-
Equity mutual funds and common stocks	39,956	-
Common stocks	22,668	-
Balanced funds	10,037	-
Total Investments	<u>110,732</u>	<u>-</u>
Intergovernmental receivables:		
Sales taxes	-	164,270
New sales tax	-	68,892
Interest on sales taxes	-	40
Reduced fare reimbursement	-	34,070
PTF (new sales tax/RETT)	-	53,316
Advances to Service Boards	-	67,105
Pension contribution from Service Boards	11,067	-
Due from General Fund	1,480	-
Accrued dividends and interest	14	-
Total Receivables	<u>12,561</u>	<u>387,693</u>
Total assets	<u>134,160</u>	<u>387,693</u>
<b>LIABILITIES:</b>		
Intergovernmental payables:		
Sales taxes due to Service Boards	-	164,270
New sales tax due to Service Boards	-	68,322
Interest on sales taxes due to Service Boards	-	40
Reduced fare reimbursement	-	34,070
PTF (new sales tax/RETT)	-	53,316
Advances from State	-	67,105
Paratransit funding PACE	-	475
Suburban Community Mobility Fund-SBD	-	95
Accrued other items	134	-
Total liabilities	<u>134</u>	<u>387,693</u>
Net assets held in trust for pension benefits	<u>\$ 134,026</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2011  
(In Thousands)

	<u>Pension Trust Fund</u>
ADDITIONS:	
Investment gain (loss):	
Net (depreciation) in fair value of investments	\$ (2,426)
Interest and dividends	<u>2,057</u>
	<u>(369)</u>
Less investment expenses:	
Investment managers	237
Trust fees	11
Investment advisor	<u>90</u>
Total investment expenses	<u>338</u>
Net investment gain (loss)	<u>(707)</u>
Contributions:	
Metra pension contributions	6,462
Pace pension contributions	4,605
RTA pension contributions	<u>1,480</u>
Total contributions	<u>12,547</u>
Total net additions	<u>11,840</u>
DEDUCTIONS:	
Benefit payments	12,324
Administrative expenses	<u>586</u>
Total deductions	<u>12,910</u>
NET DECREASE IN PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	(1,070)
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>135,096</u>
End of year	<u>\$ 134,026</u>

The notes to financial statements are an integral part of this statement.



## REGIONAL TRANSPORTATION AUTHORITY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2011

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#### NOTE 1. REPORTING ENTITY

The Regional Transportation Authority ("RTA") was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act ("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, on November 9, 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 of directors. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the "Service Boards."

The Service Boards provide services to different geographic areas within the six-county region. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburban metropolitan area and commuting into the City of Chicago. Pace's primary service area is the suburban communities, with limited services to areas within the City of Chicago. The CTA provides service to the City of Chicago and 38 neighboring suburbs within Cook County. Although programs are underway to increase the transfer of ridership between the service entities, trips of this type presently represent a minority of those taken.

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. For purposes of the recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with generally accepted accounting principles, with certain exceptions. Capitalized expenditures are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act. The Service Boards achieve their required recovery ratio by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has the responsibility to monitor the budgets and financial performance of the Service Boards.

As defined by accounting principles generally accepted in the United States established by the Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

Appointment of a voting majority of the component unit's board, and either: (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or fiscal dependency on the primary government.

In addition, a component unit also includes certain organizations that the primary government is not financially accountable for if the nature and significance of their relationship, including ongoing financial support are such that exclusion from the financial reporting entity would render the entity's financial statements incomplete or misleading.

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 generally accepted accounting principles 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.
- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards if such budgets meet specified system-generated revenues 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 deficits.

Based on these factors and applying the aforementioned criteria used to determine financial accountability, management of the RTA does not consider the Service Boards to be component units and, accordingly, the financial data of the Service Boards have been excluded from the RTA reporting entity. The RTA is not aware of any entity which is financially accountable for the RTA that would result in the RTA's being considered a component unit of such entity.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Fund Accounting***—The accounts of the RTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled. In the financial statements, the various funds are grouped into three broad fund types and six generic fund categories as follows:

***Governmental Fund Types***—The RTA's Governmental Fund Types consist of the General Fund, Debt Service Fund, and Capital Projects Fund.

**General Fund**—The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not accounted for in another fund.

**Debt Service Fund**—The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund**—In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of Strategic Capital Improvement Program (“SCIP”) bonds, and to have a maximum of \$500 million RTA bonds outstanding. The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of the bond issues. The Capital Projects Fund was first established in 1990 with the issuance of \$100 million of RTA bonds to fund capital projects at the Service Boards. The proceeds from the bonds issued under the General Assembly’s authorization were allocated by the RTA as follows: 50% for capital projects of the CTA; 45% for capital projects of Metra; and 5% for capital projects of Pace. Projects included in approved five-year Capital Programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

In 1999, the Illinois General Assembly passed additional bonding authorization, thereby increasing the RTA bond authority to \$800 million outstanding effective January 1, 2000. It also increased SCIP bond issues by \$260 million each year for five years from 2000 to 2006 for a total of \$1.5 billion additional bond issues.

**Proprietary Fund Type**—Proprietary Funds are used to account for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has one Proprietary Fund which relates to the activities of the Joint Self-Insurance Fund.

**Joint Self-Insurance Fund**—The Joint Self-Insurance Fund (“Fund”) is used to account for the financing of claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. The Fund is essentially a financing mechanism providing a source from which to borrow or to pay for the first \$5 million of catastrophic losses and other claims incurred by the Service Boards and the RTA arising out of personal injuries, property damage, and certain other losses. This Fund is reported as an Enterprise Fund since the predominant participants are outside of the RTA.

**Fiduciary Fund Type**—Fiduciary Funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA’s Fiduciary Funds consist of one Agency (Sales Tax) Fund and a Pension Trust Fund.

**Agency Fund**—The Sales Tax Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers’ Occupation and Use Tax (sales taxes), interest on sales taxes, and reduced fare reimbursement grants. For RTA budgetary purposes, sales tax receipts are recorded in the Sales Tax Agency Fund and are equally offset by amounts recorded as disbursements reflecting the pass-through to the Service Boards.

**Pension Trust Fund**—The Pension Trust Fund is used to account for the accumulation of resources for, and payments of, retirement benefits to employees participating in the RTA Pension Plan.

**Government-wide and Fund Financial Statements**—The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the RTA in a manner similar to a private-sector business. The effect of interfund activities have been removed from these statements. Governmental activities which are supported by sales taxes and intergovernmental revenues are reported separately from the insurance activities. The insurance activities include interest charges for loans advanced for claims of the Service Boards. Likewise, the fiduciary fund type - RTA Pension Trust Fund and Sales Tax Agency Fund are presented separately and are not included in the government-wide financial statements of the RTA.

The statement of activities shows certain direct program expenses which are offset by program revenues. Governmental program activities include expenses such as financial assistance and capital asset funding (capital grants) to CTA, Metra, and Pace; administrative expenses; operating the RTA Travel Information Center, certifying riders for paratransit service under the Americans with Disabilities Act (“ADA”) and other services (regional expenses); and payment of debt service on bonds issued by the RTA. Program revenues include operating grants and contributions that are restricted to meeting the operational requirements of a particular program (i.e., technology and non-technology programs). Sales taxes, Public Transportation Fund (“PTF”), state assistance (“ASA/AFA”), investment income and other items properly excluded from program revenues are reported instead as general revenues.

Fund level financial statements are provided for governmental funds, proprietary fund, and fiduciary funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (Joint Self-Insurance Fund) and the Pension Trust Fund financial statements. 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.

The Joint Self-Insurance Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues (interest charged to Service Boards) and expenses (administrative expenses including insurance premium and professional services) generally result from providing services in connection with the proprietary fund’s ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Sales Tax Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Governmental fund financial statements use the current financial resources measurement focus. The funds are accounted for using the modified accrual basis of accounting; i.e., revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or shortly thereafter to pay liabilities of the current period. Sales taxes are considered measurable and available if collected by the retailer by year-end and received by the RTA within 80 days after year-end. ASA/AFA is considered measurable and available if billed and received within 180 days after year-end. Sales taxes and ASA/AFA are susceptible to full accrual. Additionally, certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The RTA reports three major governmental funds—General Fund, Debt Service Fund, and Capital Projects Fund; one major proprietary fund—Joint Self-Insurance Fund; and two fiduciary funds—Pension Trust Fund and Sales Tax Agency Fund.

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

### **Assets, Liabilities and Fund Equity**

**Cash and Investments**—All excess General Fund cash is invested and earnings are credited to the General Fund for use in financing general RTA operations. Most investments are reported at fair value which is determined using various sources. Short-term investments are reported at cost, which approximates fair value due to their short-term nature. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Intergovernmental Receivables*—Receivables include amounts due from State and local governments for sales taxes, specific programs or projects, and services.

*Capital Assets*—The RTA sets a capitalization threshold of no less than \$5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least two years following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation. The RTA uses the straight-line method for computing depreciation expense. Leasehold improvements made to RTA's office facilities are capitalized, and their costs amortized during the life of the lease. Leasehold improvements and major equipment repairs, if any, are also capitalized during the remaining life of the lease or the extended useful life of the equipment. The Capital-Technology Program's capitalized assets are for projects in progress; therefore, the assets are non-depreciable.

<u>Description</u>	<u>Useful Life</u>
Furniture and equipment	5 years
Computer equipment and software	5 years
Leasehold improvements	Life of the lease

*Restricted Assets*—Bond proceeds and amounts set aside for general obligation debt service are classified as restricted assets since their use is limited by the bond indentures. When both restricted and unrestricted resources are available for use, it is RTA's policy to use restricted resources first, then unrestricted resources as needed.

*Compensated Absences*—Compensation for holidays, illness, and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest. The RTA accounts for compensated absences under GASB No. 16, entitled "Accounting for Compensated Absences", whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability. Compensated absences are recorded in the General Fund only if they have matured (i.e., unused leave still outstanding at time of an employee's resignation or retirement). Compensated absences are recorded in the governmental activities as current liabilities. The RTA's policy is compensated absences have to be used by the end of the following fiscal year.

Changes in compensated absences for the year ended December 31, 2011 were as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>	<u>Due Within One Year</u>
Compensated absences payable \$	725,000	\$ 669,000	\$ 725,000	\$ 669,000	\$ 83,000

*Intergovernmental Payables*—These amounts include accrued financial assistance, sales taxes, capital and other grants due to the Service Boards.

*Fund Balances*—In the fund financial statements, governmental funds report fund balances in the following categories:

**Nonspendable** – This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

**Restricted** – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This consists of amounts constrained by limitations that the Authority imposes upon itself through resolution by its board of directors. The commitment amount will be binding unless removed or amended in the same manner.

**Assigned** – This consists of net amounts that are constrained by the Authority's intent to be used for specific purpose, but that are neither restricted nor committed.

**Unassigned** – This consists of residual deficit fund balances.

In instances where restricted, committed and assigned fund balances are available for use, RTA's policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Reduced Fare Reimbursement*—In the State’s fiscal year 2012, which ends June 30, 2012, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation (“IDOT”) is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal year ended June 30, 2011, the grant was in the amount of \$33.6 million. For the state fiscal year ending June 30, 2012, the RTA anticipates a grant in the amount of \$34.1 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 \$39.7 million of ASA in 2011.

Beginning with the State’s fiscal year 2001, the State has also authorized Additional Financial Assistance (“AFA”) to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State’s July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) \$100 million in the State’s fiscal years 2011 and 2012, per year. The RTA recognized \$90.4 million of AFA in 2011.

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

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



Administration consists of those costs of the RTA incurred to carry out its administrative activities. These costs were limited by statute to \$17,778,221 for the year ended December 31, 2011.

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

**Cash Flows**—For purposes of the statement of cash flows, the RTA considers all short-term securities with original maturities of three months or less to be cash equivalents. Cash and cash equivalents aggregated \$11.1 million at December 31, 2011 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net assets. The remaining \$9.3 million constitutes investments in the Joint Self-Insurance Fund with original maturities in excess of three months.

**Management's Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Interfund Transactions**—The governmental fund's balance sheet reports all outstanding balances between funds, as "due to/from other funds." The government-wide financial statements report any residual balances outstanding between the governmental activities and business-type activities as "internal balances." Government-wide financial statements and the Statement of Fiduciary Net Assets report a "due to/from general fund" outstanding for pension contributions.

**New Accounting Pronouncements**—During 2011, the Authority adopted the following GASB Statements:

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

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

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

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

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements*, was established to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Authority is required to implement this Statement for the year ending December 31, 2012.

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

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

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was established to reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Authority 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 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.

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

**Subsequent Events:** The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 25, 2012, the date the financial statements were available to be issued.

**NOTE 3. BUDGETARY INFORMATION**

**Excess of Expenditures over Appropriations**

For the year ended December 31, 2011, expenditures and transfers exceeded appropriations in the General Fund as follows (amounts in thousands):

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 204,209	\$ 720,266	\$ (516,057)

**NOTE 4. CASH AND INVESTMENTS**

Governmental and Joint Self-Insurance Fund Investments

Cash and investments in the statement of net assets may be restricted by bond covenants or through action of the RTA board as to their use. Unrestricted cash and investments may be used for any purpose.

**Deposits and Investments**—Section 2.20(a)(ii) of the RTA Act authorizes the RTA to invest any funds or monies not required for immediate use or disbursement. The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et seq.

The RTA investment policy is in accordance with the Illinois statutes and allows the RTA to invest in:

- Certain obligations of the U.S. Government and its agencies.
- Interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any FDIC insured bank as defined by the Illinois Banking Act.
- Short-term obligations of corporations organized in the United States with assets exceeding \$500 million and rated within the highest classification established by at least two standard rating services.
- Certain money market mutual funds.
- The Illinois Funds.
- Repurchase agreements.

**Custodial Credit Risk** — Custodial credit risk is the risk that in the event of a bank failure, the RTA's deposits may not be returned to it. The RTA's policy for custodial credit risk states collateral will be valued at market value (excluding accrued interest) on the trade date. Collateral required will be 100% of the investment or such greater percentage as may be appropriate based upon the financial stability of the institution and the term of the collateral (i.e., maturity), less any insurance provided by the Federal Deposit Insurance Corporation (FDIC).

#### **Investments**

**Interest Rate Risk** — To mitigate losses caused by changing interest rates, the maturities of the RTA's investments is limited. Per the RTA's investment policy, investments in corporations are limited to maturities of 180 days or less. Other investment maturities cannot exceed three years.

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

<b>Investment Type</b>	<b>Fair Value</b>
Commercial paper	\$ 70,485,541
Fixed-income securities	279,230,520
U.S. Agency securities	4,609,545

The weighted average maturity of the above investments is less than 90 days, for each investment category.

**Credit Risk** — The RTA's policy for credit risk states no investment shall be made in short-term obligations of corporations unless such obligations are rated at the time of purchase within the highest classification established by at least two standard rating services, the investment matures no later than 180 days from the date of purchase and the issuer is domiciled in the United States.

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating Standard</b>		
		<b>Moody's</b>	<b>&amp; Poor's</b>	<b>Fitch</b>
Commercial paper	\$ 70,485,541	P-1	A-1	F1
Fixed-income securities	279,230,520	Aaa	AAAm	*
Illinois Funds	20,187,764	*	AAAm	*
Money market fund	6,753,392	Aaa-mf	AAAm	AAAmmf
U.S. Agency securities	2,078,510	P-1	A-1+	F1+
U.S. Agency securities	1,531,205	Aaa	AA+	*
U.S. Agency securities	999,830	A-1+	P-1	F1+
<b>Total</b>	<b>\$ 381,266,762</b>			

\* Rating not available

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Except for commercial paper, the RTA's investment policy does not specifically address a limitation of investments in a single issuer; instead the policy addresses credit risk using broad categories of investments. The RTA's policy states the maximum percentage of the portfolio invested in commercial paper should not exceed 33.3%, money market mutual funds should not exceed 20.0%, U.S. Government Agency obligations should not exceed 20.0%, the Illinois Funds should not exceed 20% and Repurchase Agreements should not exceed 50.0%.

The RTA has investments in the following issuers that exceed 5% of the total investments:

In the Governmental funds, there are no investments in a single issuer that exceeds 5% of the total investments.

<b>Joint Self-Insurance Fund Investment</b>	<b>Amount</b>	<b>% of Portfolio</b>
Atlantis One Funding Corp. (Commercial Paper)	\$ 2,999,546	15%
Legacy Capital (Commercial Paper)	1,499,077	7%
Federal Home Loan Banks (U.S. Agency Security)	1,531,206	8%

The RTA's investments in money market funds are for liquidity and offer an alternative to other investment vehicles. Management has reviewed the investments in the money market funds and has determined that the types of investments included in the money market funds are consistent with the RTA's investment policy. These funds consist of U.S. Treasury Securities and Agencies.

The Illinois Funds investment pool (2a7-like pool) is managed by the Treasurer of the State of Illinois and is not registered with the SEC. The Illinois Funds targets maintaining a \$1 per share net asset value (NAV) at all times. The fair market of the investment pool is equal to the number of pool shares owned.

### **Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows (debit (credit)):

	Changes in Fair Value		Fair Value at December 31, 2011		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Fair value hedges:					
Receive-fixed interest rate swap	Deferred inflow	\$ 3,150,758	Debt	\$ 14,576,492	\$ 89,220,000
Receive-fixed interest rate swap	Deferred inflow	4,088,066	Debt	13,505,722	98,102,000
Receive-fixed interest rate swap	Deferred inflow	6,132,100	Debt	20,258,584	147,153,000
Cash flow hedge:					
Pay-fixed interest rate swap	Deferred outflow	(7,443,500)	Debt	(33,424,797)	119,240,000
Investment derivatives:					
Basis swap	Investment revenue	84,199	Investment	(2,670,344)	186,729,000
Basis swap	Investment revenue	83,241	Investment	(2,665,231)	186,729,000
Basis swap	Investment revenue	(30,106)	Investment	(1,111,863)	52,000,000

### Objective, Terms, Fair Value and Accounting of Derivative Instruments

The RTA engaged an independent pricing service with no vested interest in the interest rate swap transactions to perform the valuations, the required tests, and evaluation of all the swaps for compliance with GASB 53. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

The table below displays the objectives, terms, and fair values of the RTA's derivative instruments outstanding as of December 31, 2011, along with the counterparties and their credit ratings.

Type of Swap	Objective	RTA Pays	RTA Receives	Effective Date	Maturity Date	Current Notional	Counterparty	Ratings	Fair Value
Receive-fixed	Hedge of fair value changes in the Series 1990 A, 1994 B, and 1994 D bonds	SIFMA Swap Index	4.30200%	11/20/2001	06/01/2020	\$89,220,000	UBS AG	Aa3/A/A	\$ 14,576,492
Pay-fixed	Hedge of changes in cash flows on the Series 2005 B bonds	4.95200%	70% of USD-LIBOR	06/01/2005	06/01/2025	\$119,240,000	JPMorgan Chase Bank, N.A.	Aa1/AA+/AA-	\$ (33,424,797)
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	78.25% of USD-LIBOR (One Month)	08/11/2003	06/01/2024	\$186,729,000	Merrill Lynch Capital Services, Inc. (Bank of America)	Baa1/A-/A	\$ (2,670,334)
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	78.25% of USD-LIBOR (One Month)	08/11/2003	06/01/2024	\$186,729,000	UBS AG	Aa3/A/A	\$ (2,665,231)
Basis	Reduce interest expense (investment instrument under GASB 53)	SIFMA Swap Index	79% of USD-LIBOR (One Month)	03/29/2005	07/01/2023	\$52,000,000	JPMorgan Chase Bank, N.A.	Aa1/AA-/AA-	\$ (1,111,863)
Receive-fixed	Hedge of fair value changes in the Series 2000 A and 2006 A	SIFMA Swap Index	4.36700%	06/11/2007	07/01/2030	\$98,102,000	JPMorgan Chase Bank, N.A.	Aa1/AA+/AA-	\$ 13,505,722
Receive-fixed	Hedge of fair value changes in the Series 2000 A and 2006 A	SIFMA Swap Index	4.36700%	06/11/2007	07/01/2030	\$147,153,000	Goldman Sachs Bank USA	Aa3/A-/A	\$ 20,258,584

The receive-fixed swap transactions are associated with fixed rate debt. Combining a receive-fixed pay-variable rate swap with fixed-rate debt results in what is termed “synthetic” variable-rate debt. It is called synthetic because the economics are similar to floating-rate debt, but an additional instrument is involved unlike traditional floating-rate debt. When the RTA created synthetic floating-rate debt, it had very little unhedged variable-rate exposure in its overall debt profile. A comparison and determination was made that the terms and costs of issuing traditional floating-rate debt, which would involve ongoing liquidity, credit, and maintenance fees, would have been higher and involved greater risk than by creating synthetic variable-rate debt through the receive-fixed swap.

The three swaps where the RTA receives a fixed rate and pays a floating rate are considered fair value hedges. They all qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value as of December 31, 2011, which were all assets, were offset by a corresponding deferred inflow liability on the statement of net assets.

The one swap where the RTA pays a fixed rate and receives a floating rate is considered a cash flow hedge. The swap exceeds the underlying \$125.9 mm bond principal by approximately \$0.5 mm of notional. This pay-fixed swap transaction is associated with variable debt. Combining a pay-fixed/receive-variable rate swap with variable-debt results in what is termed “synthetic” fixed-rate debt. It is called synthetic because the economics are similar to fixed-rate debt, but an additional instrument is involved unlike traditional fixed-rate debt. When the RTA created synthetic fixed-rate debt, a comparison and determination was made that the fixed rate on traditional debt would have been higher than the all-in fixed-rate on the swap, inclusive of credit support costs for the underlying variable-rate demand bonds. The RTA received a payment of \$11.7 million when the swap agreement was entered into.

The three swaps where the RTA pays and receives floating rates, basis swaps, are deemed investment instruments under GASB 53 and are accounted for as investment instruments.

There are three main strategies the RTA pursues with respect to each transaction. Each swap can achieve one or more of these strategies. Then as a result of execution of the derivative, its value will change with respect to how prevailing rates in each reporting period compare to when the derivative was put in place. The accumulated changes in fair value, or total fair value of all the derivatives are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB 53, each swap transaction is then evaluated to determine what type of accounting treatment to apply.

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of the swap. The RTA pays a fixed rate, and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the RTA is fixed, the swap would result in a positive value to the RTA. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the RTA. The value primarily depends on the overall level of interest rates on the reporting date compared to what the RTA pays. The overall level of long-term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the RTA pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay-fixed swap, therefore, the mark-to-market value is generally more negative to the RTA.

(ii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of the swap where the RTA receives a percentage of 1-month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 1-month LIBOR (short-term taxable rates) versus tax-exempt rates, a direct function of tax rates, is approximately 70%, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than the percentage received by the RTA on the fixed-rate swap. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR plus applicable spread will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on the RTA's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates.

For the three basis swaps, the RTA receives 78.25% and 79% of 1-month LIBOR which is significantly higher than the historical average ratio of 70% stated above. This additional receipt to the RTA is the expected benefit and reduction to interest expense for the life of the basis swap transaction. The value of such a swap is determined by the prevailing level of taxable interest rates received versus the level of tax-exempt interest rates paid.

(iii) Converting a portion of fixed-rate debt to variable in an environment of higher long term fixed rates and lower variable interest rates, with no ongoing liquidity fees. This is the function of the swaps where the RTA receives fixed and pays the SIFMA Swap Index. The cancellation option in the two swaps mirror the RTA's call option on the underlying bonds. Including this option in the receive-fixed swap increased the fixed-rate receivable to the RTA. If either counterparty exercises their option and cancels the swap, interest rates will likely have declined, also allowing the RTA to refund the underlying fixed rate bonds for savings. The value of each swap is determined by the prevailing level of interest rates, and if applicable, the value of the cancellation option which is an asset to the counterparty. Interest rates have trended lower since inception of the receive fixed swaps, therefore, the mark-to-market value is generally more positive to the RTA.

## **Risks**

*Credit risk.* This is the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the sum fair value of swaps netting, or aggregating under a contract between the RTA and each counterparty. The RTA would be exposed to credit risk on derivative instruments under a netting agreement that would sum to an asset position. As of December 31, 2011, the RTA has credit risk exposure to Goldman Sachs Bank USA and UBS AG. This is because the transactions associated with each counterparty net to a positive fair value, meaning the RTA is



exposed to the counterparty in the amount of the derivative contracts' fair values. However, should interest rates change and the fair values become negative, the RTA would not be exposed to credit risk.

The RTA has no credit risk exposure on the rest of the swap contracts because the swaps under each netting agreement with each counterparty have negative fair values, meaning the counterparties are exposed to the RTA in the amount of the derivatives' fair values. However, should interest rates change and the fair values of the swaps become positive, the RTA would be exposed to credit risk.

The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

**Interest rate risk.** The RTA is exposed to interest rate risk on its interest rate swaps. On the receive fixed/pay variable, as interest rates increase, the risk increases. On pay fixed/receive variable, as interest rates decrease, the risk increases.

**Basis risk.** Basis risk is the risk that the interest rate paid by the RTA on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. The RTA bears basis risk on its fixed rate swap. The swap has basis risk since the RTA receives a percentage of LIBOR to offset the actual variable bond rate the RTA pays on its bonds. The RTA is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the RTA pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

**Termination risk.** The RTA or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If the fixed-rate swap is terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swaps have a negative fair value, the RTA would be liable to the counterparty for a payment equal to the swap's fair value.

**Hedging derivative instrument payments and hedged debt.** As of December 31, 2011, aggregate debt service requirements of the RTA's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The schedule below represents pay fixed derivative.

<u>Year Ending December 31,</u>	<u>(Amounts in Thousands)</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivatives, Net</u>	<u>Total</u>
2012	\$ 7,590	\$ 1,471	\$ (5,532)	\$ 3,529
2013	7,960	1,371	(5,118)	4,213
2014	8,425	1,266	(4,728)	4,963
2015	3,910	1,188	(4,447)	651
2016	685	1,158	(4,336)	(2,493)
2017-2021	36,155	5,031	(18,833)	22,353
2022-2025	53,985	1,314	(4,933)	50,366
Total	<u>\$ 118,710</u>	<u>\$ 12,799</u>	<u>\$ (47,927)</u>	<u>\$ 83,582</u>

## Pension Fund Investments

Cash and investments in the Pension Fund provide sufficient funds to meet the obligations promised to the current and future beneficiaries of RTA's defined benefit pension plan.

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

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

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

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

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

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

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

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

\* Not available

NR - not rated

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy

states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations, and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. The pension fund did not have any investments in a single issuer which were greater than 5% of the total plan's net assets.

**NOTE 5. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES**

The intergovernmental receivables and payables in the statement of net assets comprise the following:

<b>Receivable</b>	<u><b>Amount</b></u>
General Fund:	
Sales taxes	\$ 28,988,897
ICE	47,584
State assistance (ASA & AFA)	108,160,529
PTF	115,689,652
General State MOA	8,073,660
Interest on sales tax	27,793
Illinois Department of Transportation (IDOT) grants and others	2,476,789
JSIF Claims and Other Advances	<u>36,276</u>
Total Intergovernmental Receivables	<u><u>\$ 263,501,180</u></u>
 <b>Payable</b>	
General Fund:	
Financial assistance	\$ 80,521,348
State bond payable SB	10,170,719
Accelerated sales tax	11,418,316
Capital assistance	522,248
CTA Operating Assistance (ADA)	<u>2,368,289</u>
Total General Fund	105,000,920
Capital Projects Fund:	
Capital grants, (CTA, METRA, PACE)	<u>12,793,012</u>
Total Intergovernmental Payables	<u><u>\$ 117,793,932</u></u>

**NOTE 6. DUE TO/FROM OTHER FUNDS**

Various transactions result in “due to/from other funds” balances. In most cases, the General Fund advances payments on behalf of other funds.

The General Fund makes monthly transfers to the Debt Service Fund and occasionally makes transfers to the Joint Self-Insurance Fund. The General Fund owes the Pension Trust Fund for its share of contributions during the period. Cash receipts and payments on behalf of the Sales Tax Agency Fund originate in the General Fund.

On December 31, 2011, the amounts due to/from other funds presented in the Governmental Funds Balance Sheet, the Joint Self-Insurance Fund Statement of Net Assets, and the Fiduciary Funds Statement of Fiduciary Net Assets are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pension Trust	General	\$ 1,480,000
Debt Service	General	139,123,271

**NOTE 7. INTERFUND TRANSFERS**

Various transactions result in “transfer in/out” balances from funds. Transfer in/out balances presented on the Governmental Fund’s Statement of Revenues, Expenditures and Changes in Fund Balances and the Business Type Activities Fund’s Statement of Revenues, Expenses and Changes in Net Assets are as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Debt Service	\$ 330,186,799
Debt Service	Capital projects	25,778
Debt Service	General Fund	186,338,685
General	Joint Self-Insurance	5,380,000

The purpose of Interfund transfers from the General Fund to Debt Service is to satisfy the RTA’s obligations to bondholders for principal and interest. The purpose of the Interfund transfer from the General Fund to the Joint Self-Insurance Fund is to make a capital contribution to the fund to purchase insurance.

**NOTE 8. ADVANCES TO SERVICE BOARDS**

The Illinois Department of Revenue (“IDOR”) sends a “13<sup>th</sup> month” sales tax advance to compensate for the delayed processing of sales tax payments to the RTA. Each year, IDOR calculates the amount and the RTA verifies that calculation. The allocations to the Service Boards are set forth below:

CTA	\$ 31,166,385
Metra	27,318,042
Pace	<u>8,620,227</u>
Total Service Board Advances	<u>\$ 67,104,654</u>

Sales tax advances have also been reported as current liabilities in the Agency Sales Tax Fund.

**NOTE 9. CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year:

	<b>Balance at January 1, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at December 31, 2011</b>
<u>Depreciable:</u>				
Office furniture and equipment	\$ 912,410	\$ 220,098	\$ -	\$ 1,132,508
Computer equipment	3,940,339	286,578	-	4,226,917
Leasehold improvements	1,938,203	288,984	-	2,227,187
Subtotal	<u>6,790,952</u>	<u>795,660</u>	<u>-</u>	<u>7,586,612</u>
Less accumulated depreciation:				
Office furniture and equipment	578,916	172,999	-	751,915
Computer equipment	2,643,688	510,610	-	3,154,298
Leasehold improvements	801,785	184,985	-	986,770
Subtotal	<u>4,024,389</u>	<u>868,594</u>	<u>-</u>	<u>4,892,983</u>
Total Depreciable	2,766,563	(72,934)	-	2,693,629
<u>Non-depreciable:</u>				
Capital in Progress -Technology Program	<u>12,498,187</u>	<u>1,608,355</u>	<u>2,309,261</u>	<u>11,797,281</u>
Total Capital assets—net of accumulated depreciation	<u>\$ 15,264,750</u>	<u>\$ 1,535,421</u>	<u>\$ 2,309,261</u>	<u>\$ 14,490,910</u>

All capital assets are associated with governmental activities.

During 2011, total depreciation expense of \$868,594 was allocated between two functions; \$144,486 to the regional function and \$724,108 to the administrative function.

## NOTE 10. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

	January 1, 2011	New Issues	Current Retirements	December 31, 2011	Due Within One Year
1990A	\$ 56,985,000	\$ -	\$ 4,085,000	\$ 52,900,000	\$ 4,380,000
1991A	55,745,000	-	-	55,745,000	4,090,000
1992A* & 1992B	17,790,000	-	8,610,000	9,180,000	9,180,000
1994A* & 1994B	24,395,000	-	-	24,395,000	-
1994C* & 1994D	54,665,000	-	1,750,000	52,915,000	1,890,000
1997 Refunding	55,355,000	-	5,750,000	49,605,000	1,865,000
1999* Refunding	258,710,000	-	8,525,000	250,185,000	9,025,000
2000A*	219,215,000	-	5,900,000	213,315,000	6,245,000
2001A*	84,560,000	-	2,200,000	82,360,000	2,325,000
2001B* Refunding	29,800,000	-	-	29,800,000	-
2002A*	138,790,000	-	3,315,000	135,475,000	3,495,000
2002B	122,765,000	-	110,950,000	11,815,000	11,815,000
2003A*	232,585,000	-	5,310,000	227,275,000	5,600,000
2003B	134,225,000	-	3,105,000	131,120,000	3,265,000
2004A*	236,905,000	-	5,120,000	231,785,000	5,385,000
2005B Refunding	125,920,000	-	7,210,000	118,710,000	7,590,000
2006A*	238,510,000	-	3,955,000	234,555,000	4,150,000
2009B Cash Note	260,000,000	-	260,000,000	-	-
2010A	60,315,000	-	2,950,000	57,365,000	4,075,000
2010B	112,925,000	-	-	112,925,000	-
2010C Cash Note	140,000,000	-	-	140,000,000	140,000,000
2011A Refunding	-	95,550,000	-	95,550,000	-
2011CP Cash Note	-	705,000,000	580,000,000	125,000,000	125,000,000
Subtotal	2,660,160,000	800,550,000	1,018,735,000	2,441,975,000	349,375,000
Unamortized bond premium	120,334,000	11,574,000	7,300,000	124,608,000	7,300,000
Total	\$ 2,780,494,000	\$ 812,124,000	\$ 1,026,035,000	\$ 2,566,583,000	\$ 356,675,000

\* Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2011, the total general obligation bonds payable of \$2,441,975,000 are classified as current and long-term in the Statement of Net Assets in the amounts of \$349,375,000 and \$2,092,600,000, respectively.

**Advance Refunding**—On June 28, 2011, the RTA issued \$95,550,000 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 assets. 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. At December 31, 2011, the balance outstanding for the defeased debt is \$99,625,000.

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

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

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:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,380,000	\$ 3,808,800	\$ 8,188,800
2013	4,695,000	3,493,440	8,188,440
2014	5,035,000	3,155,400	8,190,400
2015	5,395,000	2,792,880	8,187,880
2016	5,785,000	2,404,440	8,189,440
2017-2020	27,610,000	5,142,600	32,752,600
Total	<u>\$ 52,900,000</u>	<u>\$ 20,797,560</u>	<u>\$ 73,697,560</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,090,000	\$ 3,734,915	\$ 7,824,915
2013	4,365,000	3,460,885	7,825,885
2014	4,660,000	3,168,430	7,828,430
2015	4,970,000	2,856,210	7,826,210
2016	5,305,000	2,523,220	7,828,220
2017-2021	32,355,000	6,783,750	39,138,750
Total	<u>\$ 55,745,000</u>	<u>\$ 22,527,410</u>	<u>\$ 78,272,410</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,180,000	\$ 293,760	\$ 9,473,760

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 1,951,600	\$ 1,951,600
2013	-	1,951,600	1,951,600
2014	-	1,951,600	1,951,600
2015	-	1,951,600	1,951,600
2016	11,725,000	1,482,600	13,207,600
2017-2024	12,670,000	506,799	13,176,799
Total	\$ 24,395,000	\$ 9,795,799	\$ 34,190,799

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

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



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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,890,000	\$ 4,027,675	\$ 5,917,675
2013	2,045,000	3,875,194	5,920,194
2014	2,210,000	3,710,313	5,920,313
2015	7,360,000	3,339,475	10,699,475
2016	7,955,000	2,746,019	10,701,019
2017-2025	31,455,000	4,313,844	35,768,844
Total	\$ 52,915,000	\$ 22,012,520	\$ 74,927,520

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,865,000	\$ 2,915,688	\$ 4,780,688
2013	3,320,000	2,764,800	6,084,800
2014	3,530,000	2,559,300	6,089,300
2015	3,750,000	2,340,900	6,090,900
2016	3,980,000	2,109,000	6,089,000
2017-2021	23,910,000	6,533,100	30,443,100
2022-2023	9,250,000	490,500	9,740,500
Total	\$ 49,605,000	\$ 19,713,288	\$ 69,318,288

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

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,025,000	\$ 14,181,619	\$ 23,206,619
2013	17,990,000	13,404,938	31,394,938
2014	16,735,000	12,406,594	29,141,594
2015	17,720,000	11,416,012	29,136,012
2016	10,425,000	10,606,844	21,031,844
2017-2021	108,245,000	38,208,132	146,453,132
2022-2025	70,045,000	5,932,381	75,977,381
Total	<u>\$ 250,185,000</u>	<u>\$ 106,156,520</u>	<u>\$ 356,341,520</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,245,000	\$ 13,601,475	\$ 19,846,475
2013	6,610,000	13,211,163	19,821,163
2014	7,005,000	12,798,038	19,803,038
2015	7,425,000	12,360,225	19,785,225
2016	7,870,000	11,896,163	19,766,163
2017-2021	47,200,000	51,474,251	98,674,251
2022-2026	63,860,000	34,675,576	98,535,576
2027-2030	67,100,000	11,236,225	78,336,225
Total	<u>\$ 213,315,000</u>	<u>\$ 161,253,116</u>	<u>\$ 374,568,116</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,325,000	\$ 4,896,563	\$ 7,221,563
2013	2,455,000	4,751,250	7,206,250
2014	2,595,000	4,597,813	7,192,813
2015	2,740,000	4,435,625	7,175,625
2016	2,895,000	4,264,375	7,159,375
2017-2021	17,125,000	18,611,825	35,736,825
2022-2026	22,545,000	13,111,200	35,656,200
2027-2031	29,680,000	5,538,300	35,218,300
Total	<u>\$ 82,360,000</u>	<u>\$ 60,206,951</u>	<u>\$ 142,566,951</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 1,639,000	\$ 1,639,000
2013	-	1,639,000	1,639,000
2014	2,295,000	1,575,888	3,870,888
2015	2,425,000	1,446,088	3,871,088
2016	2,560,000	1,309,000	3,869,000
2017-2021	15,175,000	4,198,289	19,373,289
2022-2023	7,345,000	409,613	7,754,613
Total	<u>\$ 29,800,000</u>	<u>\$ 12,216,878</u>	<u>\$ 42,016,878</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,495,000	\$ 8,068,113	\$ 11,563,113
2013	3,690,000	7,867,150	11,557,150
2014	3,900,000	7,654,975	11,554,975
2015	4,120,000	7,430,725	11,550,725
2016	4,350,000	7,193,825	11,543,825
2017-2021	25,795,000	31,842,500	57,637,500
2022-2026	34,170,000	23,167,800	57,337,800
2027-2031	45,270,000	11,659,500	56,929,500
2032	10,685,000	641,100	11,326,100
Total	\$ 135,475,000	\$ 105,525,688	\$ 241,000,688

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 11,815,000	\$ 324,913	\$ 12,139,913

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,600,000	\$ 13,010,825	\$ 18,610,825
2013	5,910,000	12,730,825	18,640,825
2014	6,235,000	12,435,325	18,670,325
2015	6,575,000	12,092,400	18,667,400
2016	6,940,000	11,730,775	18,670,775
2017-2021	40,850,000	52,492,500	93,342,500
2022-2026	53,310,000	39,953,875	93,263,875
2027-2031	68,945,000	22,706,100	91,651,100
2032-2033	32,910,000	2,987,100	35,897,100
Total	<u>\$ 227,275,000</u>	<u>\$ 180,139,725</u>	<u>\$ 407,414,725</u>

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

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,265,000	\$ 7,242,950	\$ 10,507,950
2013	3,435,000	7,066,863	10,501,863
2014	3,610,000	6,873,125	10,483,125
2015	3,805,000	6,669,213	10,474,213
2016	4,010,000	6,454,300	10,464,300
2017-2021	23,535,000	28,619,915	52,154,915
2022-2026	30,595,000	21,217,738	51,812,738
2027-2031	39,785,000	11,435,439	51,220,439
2032-2033	19,080,000	1,111,476	20,191,476
Total	<u>\$ 131,120,000</u>	<u>\$ 96,691,019</u>	<u>\$ 227,811,019</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,385,000	\$ 12,775,163	\$ 18,160,163
2013	5,660,000	12,499,038	18,159,038
2014	5,950,000	12,208,788	18,158,788
2015	6,255,000	11,880,206	18,135,206
2016	6,575,000	11,511,344	18,086,344
2017-2021	38,540,000	51,393,107	89,933,107
2022-2026	50,115,000	39,418,282	89,533,282
2027-2031	65,155,000	23,587,544	88,742,544
2032-2034	48,150,000	4,249,825	52,399,825
Total	<u>\$ 231,785,000</u>	<u>\$ 179,523,297</u>	<u>\$ 411,308,297</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2012	\$ 7,590,000	\$ 3,792,195	\$ 11,382,195
2013	7,960,000	3,535,620	11,495,620
2014	8,425,000	3,265,268	11,690,268
2015	3,910,000	3,061,740	6,971,740
2016	685,000	2,985,923	3,670,923
2017-2021	36,155,000	12,971,394	49,126,394
2022-2025	53,985,000	3,388,524	57,373,524
Total	<u>\$ 118,710,000</u>	<u>\$ 33,000,664</u>	<u>\$ 151,710,664</u>

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

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,150,000	\$ 11,473,281	\$ 15,623,281
2013	4,390,000	11,265,781	15,655,781
2014	4,630,000	11,046,281	15,676,281
2015	4,970,000	10,814,781	15,784,781
2016	5,285,000	10,566,281	15,851,281
2017-2021	31,540,000	48,529,656	80,069,656
2022-2026	81,025,000	36,437,156	117,462,156
2027-2031	60,545,000	14,796,219	75,341,219
2032-2035	38,020,000	5,571,675	43,591,675
Total	<u>\$ 234,555,000</u>	<u>\$ 160,501,111</u>	<u>\$ 395,056,111</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,075,000	\$ 2,827,500	\$ 6,902,500
2013	4,235,000	2,664,500	6,899,500
2014	4,450,000	2,452,750	6,902,750
2015	4,670,000	2,230,250	6,900,250
2016	4,905,000	1,996,750	6,901,750
2017-2021	28,455,000	6,050,750	34,505,750
2022	6,575,000	328,750	6,903,750
Total	<u>\$ 57,365,000</u>	<u>\$ 18,551,250</u>	<u>\$ 75,916,250</u>

**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:

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 6,621,635	\$ 6,621,635
2013	-	6,621,635	6,621,635
2014	-	6,621,635	6,621,635
2015	-	6,621,635	6,621,635
2016	-	6,621,635	6,621,635
2017-2021	-	33,108,175	33,108,175
2022-2026	29,105,000	30,793,005	59,898,005
2027-2031	43,020,000	20,145,210	63,165,210
2032-2035	40,800,000	6,238,200	47,038,200
Total	<u>\$112,925,000</u>	<u>\$ 123,392,765</u>	<u>\$ 236,317,765</u>

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

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

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

<u>Year Ending December 31</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	<u>\$ 140,000,000</u>	<u>\$ 1,990,100</u>	<u>\$ 141,990,100</u>

**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 maturing from 2013 through 2019 and to pay Costs of Issuance of the Series 2011A Bonds.

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

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



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

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

The CP Notes will not bear interest in excess of the lesser of (a) the interest coverage rate or (b) the greater of (i) 13.5% per annum, (ii) 200% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent addition of The Bond Buyer, published in New York, New York (or any successor publication or index, or if such publication or index is no longer published, then any index of long-term municipal tax-exempt bond yields selected by the Board, or (iii) such other maximum interest rate for obligations such as the CP Notes under the then applicable laws of the State (the "Maximum Rate").

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

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

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

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

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

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

## NOTE 11. PENSION

**Plan Description**—Effective July 1, 1976, the RTA participates, along with Metra and Pace, in a cost-sharing multi-employer noncontributory defined benefit pension plan, the Regional Transportation Authority Pension Plan (“Plan”), covering substantially all employees not otherwise covered by a union pension plan. The responsibilities for establishing, administering, and amending the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (“Plan Administrators”).

The Plan is classified as a “governmental plan” and is, therefore, generally exempt from the provisions of the Employee Retirement Income Security Act of 1974. The Internal Revenue Service has issued a letter of determination dated September 30, 1988 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (“Code”) and is, therefore, exempt from Federal income taxes under the provisions of Section 501(a) of the Code. The Plan operates on a calendar fiscal year.

**Pension Benefits**—Participants are entitled to annual pension benefits upon normal retirement at age 65. Such benefits are generally based on 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 payable will be reduced by a defined percentage of pension benefits payable to participants who received credit for prior service with an eligible employer. Because information with respect to these benefits is not readily available until retirement, the information included in the accumulated plan benefits and changes in accumulated plan benefits with respect to active and terminated participants does not reflect a reduction of these benefits.

The Plan permits early retirement at age 55 after completing ten years of credited service with reduced benefits. 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 and credited years of service equals 85 or higher.

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

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

**Contributions and Vesting**—The Plan is funded solely by employer contributions, which are actuarially determined under the projected unit credit method. During 2011, the RTA Board approved a resolution that a contribution of \$12,547,000 be made to the Plan. The contribution is allocated as follows: Metra - \$6,462,000; Pace - \$ 4,605,000; RTA - \$1,480,000. As of December 31, 2011, \$12,547,000 had not been funded and was reported as contribution receivable by the Pension Fund in the Statements of Plan Net Assets. The RTA has reported its liability of \$1,480,000 in the General Fund (due to other funds). The 2011 contribution levels were within the actuarially determined ranges for the respective years.

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

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

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

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

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

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

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

**Annual Pension Cost and Net Pension Obligation**—For 2009, 2010 and 2011 the RTA's annual pension costs equal the required contributions which were, \$10,827,000, \$11,288,000, and \$12,547,000, respectively. The required contributions were determined as part of the January 1, 2009, 2010 and 2011 actuarial valuations.

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

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

	January 1, 2011	January 1, 2010	January 1, 2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	8.25%	8.5%	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 2011.	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, 2011, the most recent actuarial valuation date, the plan was 68.70 percent funded. The actuarial accrued liability for benefits was \$185,373,843 and the actuarial value of assets was \$127,343,037, resulting in an underfunded actuarial accrued liability

("UAAL") of \$(58,030,806). The covered payroll (annual payroll of active employees covered by the Plan) was \$66,490,058 and the ratio of the UAAL to the covered payroll was 87.28 percent.

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

**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description.** The Regional Transportation Authority ("RTA") provides limited health care insurance coverage for its eligible retired employees. This is a single-employer plan. The plan does not issue a publicly available financial report.

**Funding Policy.** The required contribution is based on projected pay-as-you-go financing requirements. Eligible disabled pensioners receive coverage under the RTA's health plan with an employer contribution rate of 100% of the premiums for the coverage elected by the retiree. There is also an implicit rate subsidy of 20% related to all RTA retirees. The RTA contributed \$0 to the plan during fiscal year 2011.

**Annual OPEB Cost and Net OPEB Obligation.** The RTA's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the *annual required contribution of the employer ("ARC")*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of RTA's annual OPEB cost for the year ended December 31, 2011, the amount actually contributed to the plan, and changes in RTA's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 18,081
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	18,081
Contribution made	-
	<hr/>
Increase in net OPEB obligation	18,081
Net OPEB obligation beginning of year	-
	<hr/>
Net OPEB obligation end of year	<u>\$ 18,081</u>

RTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$ 18,081	0.0%	\$ 18,081

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$108,778 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$108,778. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,232,426 and the ratio of the UAAL to the covered payroll was 1.32%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined reporting the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information 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 liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employee and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent discount rate (includes inflation at 3.0 percent) annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent, and anticipated participation of 20.0 percent to 100 percent based on position of employee. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

#### **NOTE 13. 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 accident for bodily injury by accident, \$500,000 each employee for bodily injury by disease and \$500,000 policy limit. The RTA property is insured through Pace's Property Insurance with Mesirow Insurance Services, Inc. The RTA's portion of insurance premiums is paid to Pace, and is accounted for in the General Fund. The RTA had no settlements in excess of insurance coverage in the past three years. There have been no significant reductions in the amount of coverage from the prior year.

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

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

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

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

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

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

CTA	\$ 2,500,000
Metra	2,500,000
Pace	250,000
RTA	100,000

**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 14. COMMITMENTS AND CONTINGENCIES**

The RTA has an operating lease agreement for its office facilities. In 2011, the total rent paid by the RTA was \$1,453,114. Minimum required annual rental payments by the RTA are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2012	\$ 2,015,904
2013	2,019,362
2014	2,017,063
2015	2,061,841
2016	2,125,602
2017-2024	<u>15,904,806</u>
Total	<u>\$ 26,144,578</u>

**NOTE 15.      SUBSEQUENT EVENTS**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**



**REGIONAL TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL—(BUDGETARY BASIS)—GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011  
(in thousands)**

	General Fund			
	Budget		Actual	Variance
	Original	Amended		
<b>REVENUES:</b>				
Sales taxes	\$ 101,252	\$ 107,977	\$ 107,977	\$ -
Interest on sales taxes	188	188	166	(22)
Public Transportation Fund	168,753	181,428	181,428	-
Innovation, Coordination & Enhancement (ICE)	9,292	9,929	9,930	1
State assistance (AFA & ASA)	123,000	123,000	130,088	7,088
General State revenue	18,700	18,700	194,072	175,372
Investment income	13,435	13,435	18,611	5,176
Other revenues	2,465	2,465	5,148	2,683
<b>Total revenues</b>	<b>437,085</b>	<b>457,122</b>	<b>647,420</b>	<b>190,298</b>
<b>EXPENDITURES:</b>				
Financial assistance to Service Boards	128,786	135,334	128,786	6,548
Capital grants-current year	10,200	10,200	10,200	-
PACE discretionary (CMAQ) grant			132	(132)
South Suburban Job Access Program (PACE)	7,500	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	9,292	3,382	9,930	(6,548)
State Funding MOU Pace (ADA)	8,500	8,500	4,250	4,250
Cap grants - State bonds	-	-	181,890	(181,890)
Administration	8,680	8,680	8,231	449
Non-administration:				
Regional services and coordination programs	20,236	20,236	19,873	363
Regional Technical Assistance Program	3,042	3,042	4,872	(1,830)
Capital outlay	795	795	795	-
Technology program	1,160	1,160	2,356	(1,196)
Debt related costs	-	-	5,884	(5,884)
<b>Total expenditures</b>	<b>198,191</b>	<b>198,829</b>	<b>384,699</b>	<b>(185,870)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS</b>	<b>238,894</b>	<b>258,293</b>	<b>262,721</b>	<b>4,428</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	186,339	186,339
Transfers out - debt related costs and JSIF	(5,380)	(5,380)	(335,567)	(330,187)
<b>Total other financing sources (uses)</b>	<b>(5,380)</b>	<b>(5,380)</b>	<b>(149,228)</b>	<b>(143,848)</b>
<b>NET CHANGE IN FUND BALANCE— BUDGETARY BASIS</b>	<b>\$ 233,514</b>	<b>\$ 252,913</b>	<b>113,493</b>	<b>\$ (139,420)</b>
Budgetary basis to GAAP basis adjustments			<u>3,325</u>	
<b>NET CHANGE IN FUND BALANCE—GAAP BASIS</b>			<b>116,818</b>	
<b>FUND BALANCE:</b>				
Beginning of year			<u>168,211</u>	
End of year			<u>\$ 285,029</u>	

## REGIONAL TRANSPORTATION AUTHORITY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED DECEMBER 31, 2011

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#### **Note 1. BUDGET AND BUDGETARY ACCOUNTING**

The budgetary basis of the General Fund's budget and actual presentation is included as required supplementary information. For comparison of the combined budgets as required for board presentation, the combined schedule of revenues, expenditures, and changes in fund balance—budget and actual—general and the sales tax agency funds are presented in the combining and individual fund schedules section of the CAFR. Additional budget detail is used by management for monitoring purposes which is provided in this section as the schedule of expenditures—budget and actual—General Fund.

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

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

Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It is generally the policy of the RTA (ordinance 91-9) to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. However, unfavorable economic conditions created the need to waive this policy for purposes of the adoption of the 2011 budget and 2012-2013 financial plan and the 2012 budget and 2013-2014 financial plan. Also waived for the purpose of the adoption of the 2012 budget and 2013-2014 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires that the RTA annual budget and two-year financial plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period.

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

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

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

**Note 2. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING**

The accompanying schedule of revenues, expenditures, and changes in fund balance, budget and actual-general fund (this section), and combining schedule of revenues, expenditures and changes in fund balance-budget and actual-general and agency funds (in combining and individual fund schedules section) present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ with accounting principles generally accepted in the United States of America, a reconciliation of timing differences in the excess of revenues over expenditures and other financing uses is presented below:

	<u>General Fund</u>
Excess of expenditures over revenues and other financing use-budgetary basis	<u>\$ 113,492,634</u>
Adjustments:	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(6,907,339)
Capital grant expenditures expected to be incurred in future years but considered in current year budget	10,200,000
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	<u>32,966</u>
Budgetary basis to GAAP basis adjustments	<u>3,325,627</u>
Net change in fund balance - GAAP basis	<u><u>\$ 116,818,261</u></u>

**REGIONAL TRANSPORTATION AUTHORITY  
PENSION PLAN**

**SCHEDULE OF FUNDING PROGRESS  
SIX YEARS ENDED DECEMBER 31, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Assets in Excess of AAL/ (AAL in Excess of Assets) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)</b>
January 1, 2006	\$ 94,697,937	\$ 124,521,129	\$ (29,823,192)	76.05%	\$ 58,883,678	50.6%
January 1, 2007	102,523,735	133,905,851	(31,382,116)	76.56%	61,357,214	51.1%
January 1, 2008	114,031,540	146,417,404	(32,385,864)	77.88%	61,364,198	52.8%
January 1, 2009	106,021,198	153,284,576	(47,263,378)	69.17%	66,010,613	71.6%
January 1, 2010	118,805,281	166,663,123	(47,857,842)	71.28%	68,389,409	70.0%
January 1, 2011	127,343,037	185,373,843	(58,030,806)	68.70%	66,490,058	87.3%

REGIONAL TRANSPORTATION AUTHORITY  
PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SIX YEARS ENDED DECEMBER 31, 2011

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<u>Year Ended:</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 891,766	100%
2007	999,916	100%
2008	995,402	100%
2009	1,137,000	100%
2010	1,276,000	100%
2011	1,480,000	N/A

(1)

(1) Contributions for the plan year ended December 31, 2011 will be paid during 2012.

**Regional Transportation Authority**

**Other Post-Employment Benefits  
Required Supplementary Information  
Year Ended December 31, 2011**

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**Analysis of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
12/31/11	\$ -	\$ 108,778	\$ 108,778	\$ -	\$ 8,232,426	1.32 %

**Employer Contributions**

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/11	\$ 18,081	- %

Information is presented for as many years as is available.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

## **A. GENERAL FUND**

The general fund is used to account for resources traditionally associated with the RTA which are not accounted for in another fund. A budget and actual schedule of general fund expenditures is presented in this section.

The RTA Board approves a comprehensive budget which includes the activity in the general fund and the sales tax agency fund. For comparison of the combined budgets, the combined budget and actual schedule of revenues, expenditures and changes in fund balance for both funds is also presented in this section.



## REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF EXPENDITURES—  
BUDGET AND ACTUAL—GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011  
(in thousands)**

	General Fund			
	Budget		Actual	Variance
	Original	Amended		
EXPENDITURES:				
Financial assistance to Service Boards	\$ 128,786	\$ 135,334	\$ 128,786	\$ 6,548
Capital grants-current year	10,200	10,200	10,200	-
PACE discretionary (CMAQ) grant	-	-	132	(132)
South Suburban Job Access Program( PACE)	7,500	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	9,292	3,382	9,930	(6,548)
State funding MOU Pace (ADA)	8,500	8,500	4,250	4,250
Capital grants - State bonds	-	-	181,890	(181,890)
Administration	8,680	8,680	8,231	449
Non-administration:				
Regional services and coordination programs	20,236	20,236	19,873	363
Regional Technical Assistance Program	3,042	3,042	4,872	(1,830)
Capital outlay	795	795	795	-
Technology program	1,160	1,160	2,356	(1,196)
Debt related costs	-	-	5,884	(5,884)
<b>TOTAL EXPENDITURES</b>	<b>\$ 198,191</b>	<b>\$ 198,829</b>	<b>\$ 384,699</b>	<b>\$ (185,870)</b>

## REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL—GENERAL AND SALES TAX AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2011  
(in thousands)**

	General Fund		
	Budget	Actual	Variance
<b>REVENUES:</b>			
Sales taxes	\$ 107,977	\$ 107,977	\$ -
Interest on sales taxes	188	166	(22)
Public Transportation Fund	181,428	181,428	-
Innovation, Coordination & Enhancement (ICE)	9,929	9,930	1
State assistance (AFA & ASA)	123,000	130,088	7,088
Reduced fare reimbursement	-	-	-
General State revenue	18,700	194,072	175,372
Investment income	13,435	18,611	5,176
Other revenue	2,465	5,148	2,683
<b>Total revenues</b>	<b>457,122</b>	<b>647,420</b>	<b>190,298</b>
<b>EXPENDITURES:</b>			
Financial assistance to Service Boards	135,334	128,786	6,548
Capital grants-current year	10,200	10,200	-
PTF (new sales tax/RETT)	-	-	-
Pace Discretionary (CMAQ) grant	-	132	(132)
Paratransit funding - PACE	-	-	-
Suburban Community Mobility Fund	-	-	-
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination and Enhancement (ICE)	3,382	9,930	(6,548)
Reduced fare reimbursement	-	-	-
State Funding MOU Pace (ADA)	8,500	4,250	4,250
Capital grants - State bonds	-	181,890	(181,890)
Administration	8,680	8,231	449
Non-administration:			
Regional services and coordination programs	20,236	19,873	363
Regional Technical Assistance Program	3,042	4,872	(1,830)
Interest on sales taxes to Service Boards	-	-	-
Capital outlay	795	795	-
Technology program	1,160	2,356	(1,196)
Debt related costs	-	5,884	(5,884)
<b>Total expenditures</b>	<b>198,829</b>	<b>384,699</b>	<b>(185,870)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS</b>	<b>258,293</b>	<b>262,721</b>	<b>4,428</b>
<b>OTHER FINANCING USES—</b>			
Transfers in	-	186,339	186,339
Transfers out-debt related costs and JSIF	(5,380)	(335,567)	(330,187)
<b>Total other financing uses</b>	<b>(5,380)</b>	<b>(149,228)</b>	<b>(143,848)</b>
<b>NET CHANGE IN FUND BALANCE— BUDGETARY BASIS</b>	<b>\$ 252,913</b>	<b>113,493</b>	<b>\$ (139,420)</b>
Budgetary basis to GAAP basis adjustments		3,325	
<b>NET CHANGE IN FUND BALANCE—GAAP BASIS</b>		<b>116,818</b>	
<b>FUND BALANCE:</b>			
Beginning of year		168,211	
End of year		<u>\$ 285,029</u>	

Sales Tax Agency Fund			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 857,763	\$ 857,763	\$ -	\$ 965,740	\$ 965,740	\$ -
1,512	238	(1,274)	1,700	404	(1,296)
123,967	123,967	-	305,395	305,395	-
-	-	-	9,929	9,930	1
-	-	-	123,000	130,088	7,088
33,570	34,070	500	33,570	34,070	500
-	-	-	18,700	194,072	175,372
-	-	-	13,435	18,611	5,176
-	-	-	2,465	5,148	2,683
<u>1,016,812</u>	<u>1,016,038</u>	<u>(774)</u>	<u>1,473,934</u>	<u>1,663,458</u>	<u>189,524</u>
738,605	738,605	-	873,939	867,391	6,548
-	-	-	10,200	10,200	-
123,967	123,967	-	123,967	123,967	-
-	-	-	-	132	(132)
99,298	99,298	-	99,298	99,298	-
19,860	19,860	-	19,860	19,860	-
-	-	-	7,500	7,500	-
-	-	-	3,382	9,930	(6,548)
33,570	34,070	(500)	33,570	34,070	(500)
-	-	-	8,500	4,250	4,250
-	-	-	-	181,890	(181,890)
-	-	-	8,680	8,231	449
-	-	-	20,236	19,873	363
-	-	-	3,042	4,872	(1,830)
1,512	238	1,274	1,512	238	1,274
-	-	-	795	795	-
-	-	-	1,160	2,356	(1,196)
-	-	-	-	5,884	(5,884)
<u>1,016,812</u>	<u>1,016,038</u>	<u>774</u>	<u>1,215,641</u>	<u>1,400,737</u>	<u>(185,096)</u>
-	-	-	258,293	262,721	4,428
-	-	-	-	186,339	186,339
-	-	-	(5,380)	(335,567)	(330,187)
-	-	-	(5,380)	(149,228)	(143,848)
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 252,913</u>	113,493	<u>\$ (139,420)</u>
-	-	-	-	3,325	-
-	-	-	-	116,818	-
-	-	-	-	168,211	-
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 285,029</u>	<u>285,029</u>	<u>-</u>

## **B. DEBT SERVICE FUND**

### ***Debt Service Fund Accounts:***

*1990A*—to account for transfers received, investment income and principal and interest payments made for 1990A general obligation bonds.

*1991A*—to account for transfers received, investment income and principal and interest payments made for 1991A general obligation bonds.

*1992A\* and B*—to account for transfers received, investment income and principal and interest payments made for 1992A & B general obligation bonds.

*1994A\* and B*—to account for transfers received, investment income and principal and interest payments made for 1994A & B general obligation bonds.

*1994C \* and D*—to account for transfers received, investment income and principal and interest payments made for 1994C & D general obligation bonds.

*1997*—to account for transfers received, investment income and principal and interest payments made for 1997 refunding general obligation bonds.

*1999*—to account for transfers received, investment income and principal and interest payments made for 1999 refunding general obligation bonds.

*2000A\**—to account for transfers received, investment income and principal and interest payments made for 2000A general obligation bonds.

*2001A\**—to account for transfers received, investment income and principal and interest payments made for 2001A general obligation bonds.

*2001B\**—to account for transfers received, investment income and principal and interest payments made for 2001B refunding general obligation bonds.

*2002A\**—to account for transfers received, investment income and principal and interest payments made for 2002A general obligation bonds.

2002B—to account for transfers received, investment income and principal and interest payments made for 2002B refunding general obligation bonds.

2003A\*—to account for transfers received, investment income and principal and interest payments made for 2003A refunding general obligation bonds.

2003B—to account for transfers received, investment income and principal and interest payments made for 2003B refunding general obligation bonds.

2004A\*—to account for transfers received, investment income and principal and interest payments made for 2004A refunding general obligation bonds.

2005B—to account for transfers received, investment income and principal and interest payments made for 2005B refunding general obligation bonds.

2006A\*—to account for transfers received, investment income and principal and interest payments made for 2006A general obligation bonds.

2009B—to account for transfers received, investment income and principal and interest payments made for 2009B cash note borrowings.

2010A—to account for transfers received, investment income and principal and interest payments made for 2010A general obligation bonds.

2010B—to account for transfers received, investment income and principal and interest payments made for 2010B general obligation bonds.

2010C—to account for transfers received, investment income and principal and interest payments made for 2010C cash note borrowings.

2011A—to account for transfers received, investment income and principal and interest payments made for 2011A cash note borrowings.

2011 CP—to account for transfers received, investment income and principal and interest payments made for 2011 CP cash note borrowings.

\*Strategic Capital Improvement Program (SCIP) Bonds

SCHEDULE B-1

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS  
December 31, 2011

	<u>1990A</u>	<u>1991A</u>	<u>1992 A&amp;B</u>	<u>1994 A&amp;B</u>	<u>1994 C&amp;D</u>	<u>1997</u>	<u>1999</u>	<u>2000A</u>	<u>2001 A</u>	<u>2001 B</u>	<u>2002 A</u>	<u>2002 B</u>
ASSETS:												
Cash and investments	\$ 1,617,434	\$ 1,508,205	\$ 5,772,697	\$ 322,336	\$ 1,612,265	\$ 1,482,979	\$ 7,185,962	\$ 10,207,099	\$ 3,716,465	\$ 163,702	\$ 5,940,425	\$ 8,656,577
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,617,434</u>	<u>\$ 1,508,205</u>	<u>\$ 5,772,697</u>	<u>\$ 322,336</u>	<u>\$ 1,612,265</u>	<u>\$ 1,482,979</u>	<u>\$ 7,185,962</u>	<u>\$ 10,207,099</u>	<u>\$ 3,716,465</u>	<u>\$ 163,702</u>	<u>\$ 5,940,425</u>	<u>\$ 8,656,577</u>
LIABILITIES:												
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:												
Restricted for debt service	<u>1,617,434</u>	<u>1,508,205</u>	<u>5,772,697</u>	<u>322,336</u>	<u>1,612,265</u>	<u>1,482,979</u>	<u>7,185,962</u>	<u>10,207,099</u>	<u>3,716,465</u>	<u>163,702</u>	<u>5,940,425</u>	<u>8,656,577</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,617,434</u>	<u>\$ 1,508,205</u>	<u>\$ 5,772,697</u>	<u>\$ 322,336</u>	<u>\$ 1,612,265</u>	<u>\$ 1,482,979</u>	<u>\$ 7,185,962</u>	<u>\$ 10,207,099</u>	<u>\$ 3,716,465</u>	<u>\$ 163,702</u>	<u>\$ 5,940,425</u>	<u>\$ 8,656,577</u>

(continued)

SCHEDULE B-1

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS

December 31, 2011

	2003 A	2003 B	2004 A	2005 B	2006 A	2009B	2010A	2010B	2010C Note	2011 Note	2011 A	Total
<b>ASSETS:</b>												
Cash and investments	\$ 9,559,960	\$ 2,815,238	\$ 4,646,027	\$ 5,206,883	\$ 8,049,462	\$ -	\$ 8,411,995	\$ 13,143,150	\$ 1,990,108	\$ 11	\$ 103,972,798	\$ 205,981,778
Due from other funds	-	-	-	-	-	-	-	-	139,123,271	-	-	139,123,271
Accrued interest	-	-	19	2	2,895	-	2,689	22	11	-	-	5,638
Other receivable	-	-	-	-	-	56,147,000	-	-	-	-	-	56,147,000
<b>Total assets</b>	<b>\$ 9,559,960</b>	<b>\$ 2,815,238</b>	<b>\$ 4,646,046</b>	<b>\$ 5,206,885</b>	<b>\$ 8,052,357</b>	<b>\$ 56,147,000</b>	<b>\$ 8,414,684</b>	<b>\$ 13,143,172</b>	<b>\$ 141,113,390</b>	<b>\$ 11</b>	<b>\$ 103,972,798</b>	<b>\$ 401,257,687</b>
<b>LIABILITIES:</b>												
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES:</b>												
Restricted for debt service	9,559,960	2,815,238	4,646,046	5,206,885	8,052,357	56,147,000	8,414,684	13,143,172	141,113,390	11	103,972,798	401,257,687
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,559,960</b>	<b>\$ 2,815,238</b>	<b>\$ 4,646,046</b>	<b>\$ 5,206,885</b>	<b>\$ 8,052,357</b>	<b>\$ 56,147,000</b>	<b>\$ 8,414,684</b>	<b>\$ 13,143,172</b>	<b>\$ 141,113,390</b>	<b>\$ 11</b>	<b>\$ 103,972,798</b>	<b>\$ 401,257,687</b>

**Regional Transportation Authority**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Debt Service Fund Accounts  
Year Ended December 31, 2011**

	<u>1990A</u>	<u>1991A</u>	<u>1992 A&amp;B</u>	<u>1994 A&amp;B</u>	<u>1994 C&amp;D</u>
<b>REVENUE:</b>					
Investment income	\$ 17	\$ 2	\$ 42	\$ 8	\$ 26
Other revenue	-	-	-	-	-
Total revenue	<u>17</u>	<u>2</u>	<u>42</u>	<u>8</u>	<u>26</u>
<b>EXPENDITURES:</b>					
Debt Service - principal	4,085,000	-	8,610,000	-	1,750,000
Debt Service - interest	4,102,920	3,734,915	863,040	1,951,600	4,168,725
Other debt related costs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	<u>8,187,920</u>	<u>3,734,915</u>	<u>9,473,040</u>	<u>1,951,600</u>	<u>5,918,725</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>(8,187,903)</u>	<u>(3,734,913)</u>	<u>(9,472,998)</u>	<u>(1,951,592)</u>	<u>(5,918,699)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in - principal	4,138,637	743,636	8,972,727	-	1,839,091
Transfers in - interest	4,044,096	3,734,914	807,894	1,951,592	4,155,137
Transfers in - other	-	-	-	-	-
Transfers out - other	-	-	-	-	-
Debt issuance - bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>8,182,733</u>	<u>4,478,550</u>	<u>9,780,621</u>	<u>1,951,592</u>	<u>5,994,228</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,170)</b>	<b>743,637</b>	<b>307,623</b>	<b>-</b>	<b>75,529</b>
<b>FUND BALANCES:</b>					
Beginning of year	<u>1,622,604</u>	<u>764,568</u>	<u>5,465,074</u>	<u>322,336</u>	<u>1,536,736</u>
End of year	<u>\$ 1,617,434</u>	<u>\$ 1,508,205</u>	<u>\$ 5,772,697</u>	<u>\$ 322,336</u>	<u>\$ 1,612,265</u>

(Continued)



Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Debt Service Fund Accounts (Continued)  
Year Ended December 31, 2011

	<u>1997</u>	<u>1999</u>	<u>2000 A</u>	<u>2001 A</u>	<u>2001 B</u>
REVENUE:					
Investment income	\$ 28	\$ 100	\$ 90	\$ 33	\$ 10
Other revenue	-	-	-	-	-
Total revenue	<u>28</u>	<u>100</u>	<u>90</u>	<u>33</u>	<u>10</u>
EXPENDITURES:					
Debt Service - principal	5,750,000	8,525,000	5,900,000	2,200,000	-
Debt Service - interest	3,125,100	14,686,181	13,955,475	5,017,563	1,639,000
Other debt related costs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	<u>8,875,100</u>	<u>23,211,181</u>	<u>19,855,475</u>	<u>7,217,563</u>	<u>1,639,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(8,875,072)</u>	<u>(23,211,081)</u>	<u>(19,855,385)</u>	<u>(7,217,530)</u>	<u>(1,638,990)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	3,277,727	8,843,182	6,088,180	2,268,182	-
Transfers in - interest	3,093,447	14,637,062	13,778,383	4,957,030	1,638,990
Transfers in - other	-	-	-	-	-
Transfers out - other	-	-	-	-	-
Debt issuance - bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>6,371,174</u>	<u>23,480,244</u>	<u>19,866,563</u>	<u>7,225,212</u>	<u>1,638,990</u>
NET CHANGE IN FUND BALANCES	(2,503,898)	269,163	11,178	7,682	-
FUND BALANCES:					
Beginning of year	<u>3,986,877</u>	<u>6,916,799</u>	<u>10,195,921</u>	<u>3,708,783</u>	<u>163,702</u>
End of year	<u>\$ 1,482,979</u>	<u>\$ 7,185,962</u>	<u>\$ 10,207,099</u>	<u>\$ 3,716,465</u>	<u>\$ 163,702</u>

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Debt Service Fund Accounts (Continued)  
Year Ended December 31, 2011

	2002 A	2002 B	2003 A	2003 B	2004A
<b>REVENUE:</b>					
Investment income	\$ 52	\$ 64	\$ 84	\$ 47	\$ 336
Other revenue	-	-	-	-	-
Total revenue	52	64	84	47	336
<b>EXPENDITURES:</b>					
Debt Service - principal	3,315,000	11,325,000	5,310,000	3,105,000	5,120,000
Debt Service - interest	8,250,438	6,331,525	13,276,325	7,402,200	13,037,788
Other debt related costs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	11,565,438	17,656,525	18,586,325	10,507,200	18,157,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,565,386)	(17,656,461)	(18,586,241)	(10,507,153)	(18,157,452)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in - principal	3,413,181	11,636,818	5,468,180	3,206,818	5,288,636
Transfers in - interest	8,159,227	4,121,068	13,143,493	7,386,628	12,940,560
Transfers in - other	-	-	-	-	-
Transfers out - other	-	-	-	-	-
Debt issuance - bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refund bond escrow agent	-	2,685,131	-	-	-
Total other financing sources (uses)	11,572,408	18,443,017	18,611,673	10,593,446	18,229,196
NET CHANGE IN FUND BALANCES	7,022	786,556	25,432	86,293	71,744
<b>FUND BALANCES:</b>					
Beginning of year	5,933,403	7,870,021	9,534,528	2,728,945	4,574,302
End of year	\$ 5,940,425	\$ 8,656,577	\$ 9,559,960	\$ 2,815,238	\$ 4,646,046

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Debt Service Fund Accounts (Continued)  
Year Ended December 31, 2011

	<u>2005 B</u>	<u>2006 A</u>	<u>2009 B Note</u>	<u>2010 A</u>	<u>2010 B</u>
REVENUE:					
Investment income	\$ -	\$ 180,993	\$ 32,544	\$ 98,829	\$ 12,281
Other revenue	-	-	-	-	2,317,572
Total revenue	<u>-</u>	<u>180,993</u>	<u>32,544</u>	<u>98,829</u>	<u>2,329,853</u>
EXPENDITURES:					
Debt Service - principal	7,210,000	3,955,000	260,000,000	2,950,000	-
Debt Service - interest	1,575,040	11,671,031	3,183,917	2,945,500	6,621,635
Other debt related costs	140,383	-	-	-	-
Miscellaneous	396,594	-	-	-	-
Total expenditures	<u>9,322,017</u>	<u>15,626,031</u>	<u>263,183,917</u>	<u>5,895,500</u>	<u>6,621,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,322,017)</u>	<u>(15,445,038)</u>	<u>(263,151,373)</u>	<u>(5,796,671)</u>	<u>(4,291,782)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in - principal	7,451,819	4,061,364	-	3,563,636	-
Transfers in - interest	1,481,346	11,426,343	2,363,406	2,782,884	4,303,912
Transfers in - other	140,383	-	-	-	-
Transfers out - other	-	-	57,501,315	-	(25,778)
Debt issuance - bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>9,073,548</u>	<u>15,487,707</u>	<u>59,864,721</u>	<u>6,346,520</u>	<u>4,278,134</u>
NET CHANGE IN FUND BALANCES	(248,469)	42,669	(203,286,652)	549,849	(13,648)
FUND BALANCES:					
Beginning of year	<u>5,455,354</u>	<u>8,009,688</u>	<u>259,433,652</u>	<u>7,864,835</u>	<u>13,156,820</u>
End of year	<u>\$ 5,206,885</u>	<u>\$ 8,052,357</u>	<u>\$ 56,147,000</u>	<u>\$ 8,414,684</u>	<u>\$ 13,143,172</u>

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Debt Service Fund Accounts (Continued)  
Year Ended December 31, 2011

	<u>2010C Note</u>	<u>2011 Note</u>	<u>2011 A</u>	<u>Total</u>
REVENUE:				
Investment income	\$ 14,268	\$ 31	\$ 12	\$ 339,897
Other revenue	-	-	-	2,317,572
Total revenue	<u>14,268</u>	<u>31</u>	<u>12</u>	<u>2,657,469</u>
EXPENDITURES:				
Debt Service - principal	-	580,000,000	-	919,110,000
Debt Service - interest	3,681,685	324,302	1,785,222	133,331,127
Other debt related costs	-	3,473,016	1,298,452	4,911,851
Miscellaneous	-	-	-	396,594
Total expenditures	<u>3,681,685</u>	<u>583,797,318</u>	<u>3,083,674</u>	<u>1,057,749,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,667,417)</u>	<u>(583,797,287)</u>	<u>(3,083,662)</u>	<u>(1,055,092,103)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in - principal	-	-	-	80,261,814
Transfers in - interest	3,917,663	-	2,322,228	127,147,303
Transfers in - other	-	122,637,298	-	122,777,681
Transfers out - other	-	(243,840,000)	-	(186,364,463)
Debt issuance - bonds	-	705,000,000	-	705,000,000
Refunding bonds issued	-	-	95,550,000	95,550,000
Bond premium	-	-	11,573,967	11,573,967
Payment to refund bond escrow agent	-	-	(105,789,783)	(103,104,652)
Total other financing sources (uses)	<u>3,917,663</u>	<u>583,797,298</u>	<u>3,656,412</u>	<u>852,841,650</u>
NET CHANGE IN FUND BALANCES	250,246	11	572,750	(202,250,453)
FUND BALANCES:				
Beginning of year	<u>140,863,144</u>	<u>-</u>	<u>-</u>	<u>500,108,092</u>
End of year	<u>\$ 141,113,390</u>	<u>\$ 11</u>	<u>\$ 572,750</u>	<u>\$ 297,857,639</u>

## C. CAPITAL PROJECTS FUND

### ***Capital Projects Fund Accounts:***

*Strategic Capital Improvement Bonds (SCIP)*—to account for 1992, 1994, 2000, 2001, 2002, 2003, 2004 and 2006 bond sales proceeds and related SCIP capital grants made to the Service Boards as expenditures are incurred. Investment income earned on SCIP bonds is recorded in the related Debt Service Fund accounts.

*Non-SCIP Bonds*—to account for 1990, 1991, 1992, 1994, 2002, and 2010 bond sale proceeds, investment income earned and related Non-SCIP investment income capital grants made to the Service Boards as expenditures are incurred.

*Investment Income on Bonds*—to account for transfers of investment income from SCIP Bonds fund accounts through June 30, 1999 and Non-SCIP Bonds fund accounts except those issued under Illinois First program and related capital grants made to the Service Boards as expenditures are incurred.

## REGIONAL TRANSPORTATION AUTHORITY

**COMBINING BALANCE SHEET SCHEDULE  
 CAPITAL PROJECTS FUND ACCOUNTS  
 DECEMBER 31, 2011**

	<u>SCIP Bonds</u>	<u>Non-SCIP Bonds</u>	<u>Investment Income on Bonds</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and investments	\$ 82,434,973	\$ 138,649,278	\$ -	\$ -	\$ 221,084,251
Due from other funds	-	-	5,090,860	(5,090,860)	-
Accrued interest	-	9,996	-	-	9,996
<b>TOTAL ASSETS</b>	<b><u>\$ 82,434,973</u></b>	<b><u>\$ 138,659,274</u></b>	<b><u>\$ 5,090,860</u></b>	<b><u>\$(5,090,860)</u></b>	<b><u>\$ 221,094,247</u></b>
<b>LIABILITIES:</b>					
Due to Service Boards	\$ 1,229,383	\$ 11,540,393	\$ 23,237	\$ -	\$ 12,793,013
Due to other funds	-	5,090,860	-	(5,090,860)	-
<b>Total liabilities</b>	<b>1,229,383</b>	<b>16,631,253</b>	<b>23,237</b>	<b>(5,090,860)</b>	<b>12,793,013</b>
<b>FUND BALANCES:</b>					
Committed-capital projects	<u>81,205,590</u>	<u>122,028,021</u>	<u>5,067,623</u>	<u>-</u>	<u>208,301,234</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 82,434,973</u></b>	<b><u>\$ 138,659,274</u></b>	<b><u>\$ 5,090,860</u></b>	<b><u>\$(5,090,860)</u></b>	<b><u>\$ 221,094,247</u></b>

## REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED DECEMBER 31, 2011**

	<u>SCIP Bonds</u>	<u>Non-SCIP Bonds</u>	<u>Investment Income on Bonds</u>	<u>Total</u>
REVENUES:				
Investment income	\$ -	\$ 151,067	\$ -	\$ 151,067
Total revenues	-	151,067	-	151,067
EXPENDITURES:				
Capital grants—bonds	8,766,799	39,090,192	143,111	48,000,102
Total expenditures	8,766,799	39,090,192	143,111	48,000,102
Excess (deficiency) of revenues over expenditu	(8,766,799)	(38,939,125)	(143,111)	(47,849,035)
OTHER FINANCING SOURCES (USES):				
Transfer in	1,627,426	25,778	-	1,653,204
Transfer out	-	-	(1,627,426)	(1,627,426)
Total other financing sources	1,627,426	25,778	(1,627,426)	25,778
NET CHANGE IN FUND BALANCES	(7,139,373)	(38,913,347)	(1,770,537)	(47,823,257)
FUND BALANCES:				
Beginning of year	88,344,963	160,941,368	6,838,160	256,124,491
End of year	<u>\$ 81,205,590</u>	<u>\$ 122,028,021</u>	<u>\$ 5,067,623</u>	<u>\$ 208,301,234</u>

#### **D. AGENCY FUND**

***Sales Tax Agency Fund***—to account for the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers' Occupation and Use Tax (sales taxes), interest on sales taxes, reduced fare reimbursement grants and advances to Service Boards.



## REGIONAL TRANSPORTATION AUTHORITY

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**SALES TAX AGENCY FUND**  
**YEAR ENDED DECEMBER 31, 2011**

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<b>ASSETS:</b>				
Intergovernmental receivables:				
Sales taxes	\$ 159,793,851	\$ 561,155,156	\$ 556,678,592	\$ 164,270,415
New sales tax	65,893,624	296,608,010	293,609,270	68,892,364
Interest on sales taxes	-	238,068	198,420	39,648
Reduced fare reimbursement	33,570,000	34,070,001	33,570,000	34,070,001
PTF (new sales tax/RETT)	50,388,972	123,966,831	121,039,671	53,316,132
Advances to Service Boards	66,384,343	720,311	-	67,104,654
<b>TOTAL ASSETS</b>	<b>\$ 376,030,790</b>	<b>\$ 1,016,758,377</b>	<b>\$ 1,005,095,953</b>	<b>\$ 387,693,214</b>
<b>LIABILITIES:</b>				
Intergovernmental payables:				
Sales taxes due to Service Boards	\$ 159,793,851	\$ 561,155,156	\$ 556,678,592	\$ 164,270,415
New sales tax due to Service Boards	60,502,292	126,734,328	118,914,184	68,322,436
Interest on sales taxes due to Service Boards	-	238,068	198,420	39,648
Reduced fare reimbursement	33,570,000	34,070,001	33,570,000	34,070,001
PTF (new sales tax /RETT)	50,388,973	174,682,807	171,755,648	53,316,132
Advances from State	66,384,343	720,311	-	67,104,654
Paratransit funding PACE	4,493,109	99,298,087	103,315,887	475,309
Suburban Community Mobility Fund-SBD	898,222	19,859,619	20,663,222	94,619
<b>TOTAL LIABILITIES</b>	<b>\$ 376,030,790</b>	<b>\$ 1,016,758,377</b>	<b>\$ 1,005,095,953</b>	<b>\$ 387,693,214</b>

## E. CAPITAL ASSETS

***Capital Assets***—are used in the operations of the governmental funds.

REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF CAPITAL ASSETS—BY FUNCTION  
DECEMBER 31, 2011

	Office Furniture and Equipment	Computer Equipment	Leasehold Improvements	Capital In Progress Technology Program	Total
Administrative	\$ 831,021	\$ 3,066,272	\$ 1,778,940	\$ 11,797,281	\$ 17,473,514
Travel Information Center	301,487	1,160,645	448,247	-	1,910,379
Total capital assets	1,132,508	4,226,917	2,227,187	11,797,281	19,383,893
Less accumulated depreciation:					
Administrative	667,133	2,010,294	927,447	-	3,604,874
Travel Information Center	84,782	1,144,004	59,323	-	1,288,109
Total accumulated depreciation	751,915	3,154,298	986,770	-	4,892,983
Total capital assets—net	\$ 380,593	\$ 1,072,619	\$ 1,240,417	\$ 11,797,281	\$ 14,490,910

**STATISTICAL SECTION  
(UNAUDITED)**

CONTENTS

Financial Trends (Tables 1, 2, 3, 4)

*An analysis of Net Assets by component and Change in Net Assets are presented as an indicator of RTA's financial performance and to show the overall change in financial position over time. The schedules begin with fiscal year 2001 which is the first year that RTA presented their financial statements in accordance with GASB 34.*

Revenue and Expense Capacity (Tables 5, 6, 7)

*Revenues and expenditures presented in the following tables include the activities in the government-wide and fiduciary fund statements. Additions to and disbursements from the Sales Tax Agency Fund are considered to be revenues and expenditures, respectively, for the purpose of presentation in these tables. The schedules show the overall distribution of expenses and revenues by source over the past 10 years, the breakout of revenues by county and the federal allocation of capital funds.*

Debt Capacity (Tables 8, 9, 10, 11, 12)

*Schedules in this section provide an overview of RTA's general obligation bonds (SCIP versus Non-SCIP) outstanding balances as of December 31, 2010 and a 10-year analysis of the debt service requirement to revenues and expenses.*

Demographic and Economic Information (Tables 13, 14, 15)

*Schedules in this section provide economic information on the population and the ten largest employers in the six-county area to help readers understand the environment within which the RTA's financial activities take place.*

Operating Information (Tables 16, 17, 18)

*Schedules in this section provide various statistics on passenger services offered by the service boards for fiscal year 2011, a look at system ridership over the last ten years and the RTA's full-time employees by function over the last five years.*

STATISTICAL SECTION (UNAUDITED)

TABLE 1

REGIONAL TRANSPORTATION AUTHORITY  
NET ASSETS BY COMPONENT  
LAST TEN YEARS  
(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities—										
Capital assets, net of related debt	\$ 1,286	\$ 3,081	\$ 5,629	\$ 6,877	\$ 8,449	\$ 9,754	\$ 11,118	\$ 12,660	\$ 15,265	\$ 14,491
Restricted Net Assets	426,509	562,169	64,727	-	-	-	-	270,019	83,277	326,598
Unrestricted Net Assets	(1,558,217)	(2,026,325)	(1,785,276)	(1,901,466)	(1,932,898)	(1,947,173)	(2,062,740)	(2,234,127)	(1,972,190)	(2,133,577)
<b>Total Net Assets-Governmental Activities</b>	<b>\$ (1,130,422)</b>	<b>\$ (1,461,075)</b>	<b>\$ (1,714,920)</b>	<b>\$ (1,894,589)</b>	<b>\$ (1,924,449)</b>	<b>\$ (1,937,419)</b>	<b>\$ (2,051,621)</b>	<b>\$ (1,951,448)</b>	<b>\$ (1,873,648)</b>	<b>\$ (1,792,488)</b>
Business-type activities—										
Unrestricted Net Assets	\$ 46,735	\$ 44,271	\$ 39,621	\$ 36,011	\$ 31,831	\$ 28,393	\$ 28,859	\$ 29,067	\$ 28,963	\$ 28,703
<b>Total Net Assets-Business-Type Activities</b>	<b>\$ 46,735</b>	<b>\$ 44,271</b>	<b>\$ 39,621</b>	<b>\$ 36,011</b>	<b>\$ 31,831</b>	<b>\$ 28,393</b>	<b>\$ 28,858</b>	<b>\$ 29,067</b>	<b>\$ 28,963</b>	<b>\$ 28,703</b>
Primary government—										
Capital assets, net of related debt	\$ 1,286	\$ 3,081	\$ 5,629	\$ 6,877	\$ 8,449	\$ 9,754	\$ 11,118	\$ 12,660	\$ 15,265	\$ 14,491
Restricted Net Assets	426,509	562,169	64,727	-	-	-	-	270,019	83,277	326,598
Unrestricted Net Assets	(1,511,482)	(1,982,054)	(1,745,655)	(1,865,455)	(1,901,067)	(1,918,780)	(2,033,882)	(2,205,060)	(1,943,227)	(2,104,874)
<b>Total Net Assets-Primary government</b>	<b>\$ (1,083,687)</b>	<b>\$ (1,416,804)</b>	<b>\$ (1,675,299)</b>	<b>\$ (1,858,578)</b>	<b>\$ (1,892,618)</b>	<b>\$ (1,909,026)</b>	<b>\$ (2,022,764)</b>	<b>\$ (1,922,381)</b>	<b>\$ (1,844,685)</b>	<b>\$ (1,763,785)</b>

**REGIONAL TRANSPORTATION AUTHORITY**  
**CHANGE IN NET ASSETS**  
**LAST TEN YEARS**  
**(in thousands)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES:</b>											
Governmental activities:											
Financial assistance to Service Boards	\$ 168,857	\$ 209,106	\$ 213,127	\$ 179,799	\$ 168,076	\$ 162,434	\$ 209,931	\$ 249,948	\$ 93,453	\$ 97,648	\$ 128,786
Administration capital grants											
Discretionary	31,736	31,096	34,830	33,767	25,437	26,730	25,272	26,288	19,166	15,310	7,039
Bonds	169,812	319,945	319,253	290,102	251,693	138,706	88,056	93,085	47,957	103,456	229,890
Administration of operating grant											
CTA/PACE	-	-	-	-	54,252	54,252	40,010	58,142	74,138	27,230	21,680
Administrative expenses	5,402	6,510	6,666	6,554	6,534	7,561	6,967	7,532	12,014	8,551	8,918
Regional expenses	13,265	15,071	13,378	14,781	17,920	20,674	20,656	20,656	19,793	21,576	25,558
Technology program expenses	1,277	3,570	1,786	3,265	1,822	1,890	1,409	2,467	1,416	1,979	2,356
Interest expense	90,960	88,038	109,981	114,574	126,027	122,790	130,079	127,495	131,775	135,530	139,314
Miscellaneous	-	-	-	-	-	-	-	-	-	-	397
<b>Total governmental activities</b>	<b>481,309</b>	<b>673,336</b>	<b>699,021</b>	<b>642,842</b>	<b>651,761</b>	<b>535,037</b>	<b>521,967</b>	<b>585,613</b>	<b>399,712</b>	<b>411,280</b>	<b>563,938</b>
Business-type activities:											
Insurance Financing	5,012	4,849	3,082	5,319	4,624	5,566	4,855	4,375	3,827	4,740	6,137
<b>Total business-type activities</b>	<b>5,012</b>	<b>4,849</b>	<b>3,082</b>	<b>5,319</b>	<b>4,624</b>	<b>5,566</b>	<b>4,855</b>	<b>4,375</b>	<b>3,827</b>	<b>4,740</b>	<b>6,137</b>
<b>Total primary government expenses</b>	<b>\$ 486,321</b>	<b>\$ 678,185</b>	<b>\$ 702,103</b>	<b>\$ 648,161</b>	<b>\$ 656,385</b>	<b>\$ 540,603</b>	<b>\$ 526,822</b>	<b>\$ 589,988</b>	<b>\$ 403,539</b>	<b>\$ 416,020</b>	<b>\$ 570,075</b>
<b>REVENUES:</b>											
General:											
Sales taxes	\$ 98,028	\$ 97,153	\$ 98,248	\$ 101,344	\$ 105,059	\$ 112,024	\$ 112,938	\$ 109,003	\$ 99,027	\$ 103,168	\$ 107,977
Interest on sales taxes	131	68	41	53	137	317	376	1,081	309	137	167
Operating grant -(ADA)	-	-	-	-	54,252	54,252	54,252	14,441	9,101	9,480	9,930
Public Transportation Fund	164,987	165,665	164,738	170,397	175,668	186,136	188,931	227,201	228,501	242,318	375,500
State assistance	43,662	67,455	85,226	86,785	111,419	112,743	117,807	121,870	123,008	130,115	130,088
Regional program reimbursement	712	1,484	1,058	1,033	866	1,053	1,153	1,361	2,904	582	2,385
Technology program reimbursement	258	1,664	-	-	-	-	-	-	-	-	-
Investment income	25,283	20,595	16,548	27,538	24,608	35,534	31,534	(1,495)	39,174	8,607	19,350
Other revenues	900	1,724	2,509	1,847	83	3,118	2,006	1,868	1,437	2,269	5,081
Transfers (out)	(3,000)	-	-	-	-	-	-	(3,920)	(3,575)	(4,425)	(5,380)
<b>Total governmental activities revenues</b>	<b>330,961</b>	<b>355,808</b>	<b>368,368</b>	<b>388,997</b>	<b>472,092</b>	<b>505,177</b>	<b>508,997</b>	<b>471,410</b>	<b>499,886</b>	<b>492,251</b>	<b>645,098</b>
Business-type activities:											
General:											
Investment income	1,838	1,055	618	669	1,014	1,386	1,210	770	402	164	95
Other revenues	-	-	-	-	-	-	207	151	58	47	402
Transfers in	3,000	-	-	-	-	-	-	3,920	3,575	4,425	5,380
<b>Total business-type activities revenues</b>	<b>4,838</b>	<b>1,055</b>	<b>618</b>	<b>669</b>	<b>1,014</b>	<b>1,386</b>	<b>1,417</b>	<b>4,841</b>	<b>4,035</b>	<b>4,636</b>	<b>5,877</b>
<b>Total primary government revenues</b>	<b>335,799</b>	<b>356,863</b>	<b>368,986</b>	<b>389,666</b>	<b>473,106</b>	<b>506,563</b>	<b>510,414</b>	<b>476,251</b>	<b>503,921</b>	<b>496,887</b>	<b>650,975</b>
Governmental activities:											
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	<b>(150,348)</b>	<b>(317,528)</b>	<b>(330,653)</b>	<b>(253,845)</b>	<b>(179,669)</b>	<b>(29,860)</b>	<b>(12,970)</b>	<b>(114,203)</b>	<b>100,174</b>	<b>80,971</b>	<b>81,160</b>
<b>NET ASSETS (DEFICIT):</b>											
Governmental activities:											
Beginning of year	(662,546)	(812,894)	(1,130,422)	(1,461,075)	(1,714,920)	(1,894,589)	(1,924,449)	(1,937,419)	(2,051,622)	(1,954,619)	(1,873,648)
End of year	(812,894)	(1,130,422)	(1,461,075)	(1,714,920)	(1,894,589)	(1,924,449)	(1,937,419)	(2,051,622)	(1,954,619)	(1,873,648)	(1,792,488)
Business-type activities:											
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	<b>(174)</b>	<b>(3,794)</b>	<b>(2,464)</b>	<b>(4,650)</b>	<b>(3,610)</b>	<b>(4,180)</b>	<b>(3,438)</b>	<b>466</b>	<b>208</b>	<b>(104)</b>	<b>(260)</b>
<b>NET ASSETS (DEFICIT):</b>											
Business-type activities:											
Beginning of year	50,703	50,529	46,735	44,271	39,621	36,011	31,831	28,393	28,859	29,067	28,963
End of year	50,529	46,735	44,271	39,621	36,011	31,831	28,393	28,859	29,067	28,963	28,703
<b>Total primary government</b>	<b>\$ (762,365)</b>	<b>\$ (1,083,687)</b>	<b>\$ (1,416,804)</b>	<b>\$ (1,675,299)</b>	<b>\$ (1,858,578)</b>	<b>\$ (1,892,618)</b>	<b>\$ (1,909,026)</b>	<b>\$ (2,022,763)</b>	<b>\$ (1,925,552)</b>	<b>\$ (1,844,685)</b>	<b>\$ (1,763,785)</b>
<b>CHANGE IN NET ASSETS:</b>											
Governmental activities	\$ (150,348)	\$ (317,528)	\$ (330,653)	\$ (253,845)	\$ (179,669)	\$ (29,860)	\$ (12,970)	\$ (114,203)	\$ 100,174	\$ 80,971	\$ 81,160
Business-type activities	(174)	(3,794)	(2,464)	(4,650)	(3,610)	(4,180)	(3,438)	466	208	(104)	(260)
<b>Total primary government</b>	<b>\$ (150,522)</b>	<b>\$ (321,322)</b>	<b>\$ (333,117)</b>	<b>\$ (258,495)</b>	<b>\$ (183,279)</b>	<b>\$ (34,040)</b>	<b>\$ (16,408)</b>	<b>\$ (113,737)</b>	<b>\$ 100,382</b>	<b>\$ 80,867</b>	<b>\$ 80,900</b>

STATISTICAL SECTION (UNAUDITED)

TABLE 3

REGIONAL TRANSPORTATION AUTHORITY  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 54,463	\$ 66,406	\$ 58,955	\$ 93,384	\$ 102,765	\$ 107,948	\$ 106,822	\$ 155,551	\$ 160,895	\$ -
Unreserved	65,491	4,889	12,507	1,654	38,828	41,220	(53,482)	(27,893)	7,318	-
Nonspendable <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	568
Restricted <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	28,740
Committed <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	157,345
Unassigned <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	98,376
Total general fund balances	<u>\$ 119,954</u>	<u>\$ 71,295</u>	<u>\$ 71,462</u>	<u>\$ 95,038</u>	<u>\$ 141,593</u>	<u>\$ 149,168</u>	<u>\$ 53,340</u>	<u>\$ 127,658</u>	<u>\$ 168,213</u>	<u>\$ 285,029</u>
All other governmental funds										
Reserved	\$ 418,454	\$ 569,278	\$ 567,100	\$ 308,345	\$ 433,055	\$ 349,402	\$ 259,165	\$ 468,582	\$ 756,233	\$ -
Restricted <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	297,858
Committed <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	208,301
Total all other governmental funds	<u>\$ 418,454</u>	<u>\$ 569,278</u>	<u>\$ 567,100</u>	<u>\$ 308,345</u>	<u>\$ 433,055</u>	<u>\$ 349,402</u>	<u>\$ 259,165</u>	<u>\$ 468,582</u>	<u>\$ 756,233</u>	<u>\$ 506,159</u>

(1) New fund balance categories used in FY11 due to the implementation of GASB 54

**REGIONAL TRANSPORTATION AUTHORITY  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(in thousands)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES:</b>										
Sales taxes	\$ 97,153	\$ 98,248	\$ 101,344	\$ 105,059	\$ 112,024	\$ 112,938	\$ 109,003	\$ 99,027	\$ 103,168	\$ 107,977
Interest on sales taxes	68	41	53	137	317	376	1,081	309	137	166
Public Transportation Fund	165,665	164,738	170,397	175,668	186,136	188,931	188,829	169,354	171,169	181,428
New 5% PTF Advance Recovery	-	-	-	-	-	-	38,372	-	-	-
General State Revenue	-	-	-	-	-	-	-	-	65,149	194,072
Innovation, Coordination, & Enhancement (ICE)	-	-	-	-	-	-	10,000	9,101	9,480	9,930
Operating assistance -CTA/PACE	-	-	-	54,252	54,252	54,252	4,441	-	-	-
PACE Loan PTF Advance Recovery	-	-	-	-	-	-	-	3,000	6,000	-
CTA Loan PTF Advance Recovery	-	-	-	-	-	-	-	56,147	-	-
State assistance	67,455	85,226	86,785	111,419	112,743	117,807	121,870	123,008	130,115	130,088
Investment income	20,595	16,548	27,538	24,608	35,533	31,534	(1,495)	39,174	16,799	19,101
Other revenues	4,872	3,469	2,839	912	4,172	3,159	3,229	4,341	2,852	7,466
<b>Total revenues</b>	<b>355,808</b>	<b>368,270</b>	<b>388,956</b>	<b>472,055</b>	<b>505,176</b>	<b>508,997</b>	<b>475,330</b>	<b>503,461</b>	<b>504,869</b>	<b>650,228</b>
<b>EXPENDITURES:</b>										
Financial assistance to Service Boards	209,106	213,127	179,799	168,076	162,434	209,931	249,948	93,453	97,648	128,786
Capital grants—discretionary	31,096	34,830	33,767	25,437	26,731	25,272	26,288	19,166	15,310	6,907
Capital Projects Expense-Working Cash Note	-	-	-	-	-	-	-	56,147	-	-
PACE Discr (CMAQ) Grant RTA share	-	-	-	-	-	-	-	-	-	132
South Suburban Job Access Program - (PACE)	-	-	-	-	-	-	3,750	7,500	7,500	7,500
5% PTF/RETT & ADA Paratransit (New Sales Tax)	-	-	-	-	-	-	42,813	-	-	-
Innovation, Coordination, & Enhancement (ICE)	-	-	-	-	-	-	10,000	9,101	9,480	9,930
PACE (PTF) expenditures	-	-	-	54,252	54,252	40,010	1,579	1,390	10,250	4,250
Capital grants—bonds	319,945	319,253	290,103	251,693	138,706	88,055	93,086	47,957	103,456	229,890
Administrative	5,997	6,480	6,370	6,380	6,747	6,772	7,258	11,441	7,699	8,231
Regional	18,395	16,833	20,617	19,705	23,967	22,528	24,509	22,105	25,689	27,102
Capital outlay	1,115	214	160	1,438	373	610	263	1,110	1,323	762
Debt service:										
Principal	25,560	37,940	40,430	49,570	55,110	59,135	64,685	68,455	74,060	919,110
Interest	84,310	102,668	119,271	128,852	125,155	131,233	131,705	135,361	134,121	139,215
Debt related costs	-	-	-	1,798	44	-	-	-	-	-
Debt issuance costs	3,458	4,240	3,424	975	2,222	1,529	1,590	2,965	2,982	4,912
Miscellaneous	-	-	-	-	-	-	-	-	-	397
<b>Total expenditures</b>	<b>698,982</b>	<b>735,585</b>	<b>693,941</b>	<b>708,176</b>	<b>595,740</b>	<b>585,075</b>	<b>657,474</b>	<b>476,151</b>	<b>489,518</b>	<b>1,487,124</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(343,174)</b>	<b>(367,315)</b>	<b>(304,985)</b>	<b>(236,121)</b>	<b>(90,563)</b>	<b>(76,078)</b>	<b>(182,144)</b>	<b>27,310</b>	<b>15,351</b>	<b>(836,896)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Bond proceeds (gross)	390,486	457,167	260,000	-	250,350	-	-	-	-	705,000
Refunding bond proceeds (gross)	-	12,313	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	148,110	-	-	-	-	-	95,550
Payment to refunded bond escrow agent	-	-	-	(147,186)	-	-	-	-	-	(103,104)
SCIP II bond proceeds (gross)	-	-	-	-	1,826	-	-	-	-	-
Other financing sources (premium)	-	-	42,974	18	9,652	-	-	-	6,846	11,574
2009B Note Proceeds	-	-	-	-	-	-	-	260,000	315,100	-
Transfers out										
Capital Projects Fund	-	-	(6,225)	(70)	-	-	-	-	-	-
Debt Service Fund	-	(136,006)	(140,786)	(171,240)	(175,995)	(179,116)	186,268	195,261	228,065	(186,365)
General Fund	-	-	-	(540)	-	179,116	(190,188)	(198,836)	(217,174)	(335,567)
Joint Self-Insurance Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	(41)	-	-	-	(15,316)	-
Transfers in										
Capital Projects Fund	-	(85)	-	8,541	3,315	-	-	-	-	-
Debt Service Fund	-	-	6,225	610	41	-	-	-	-	330,187
General Fund	-	136,091	140,786	162,699	172,680	-	-	-	-	186,339
Transfers in	-	-	-	-	-	-	-	-	-	26
<b>Total other financing (uses) sources</b>	<b>390,486</b>	<b>469,480</b>	<b>302,974</b>	<b>942</b>	<b>261,827</b>	<b>-</b>	<b>(3,920)</b>	<b>256,425</b>	<b>317,521</b>	<b>703,640</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 47,312</b>	<b>\$ 102,165</b>	<b>\$ (2,011)</b>	<b>\$ (235,179)</b>	<b>\$ 171,264</b>	<b>\$ (76,078)</b>	<b>\$ (186,064)</b>	<b>\$ 283,735</b>	<b>\$ 332,872</b>	<b>\$ (133,256)</b>
Debt Service as a percentage of noncapital expenditures	15.74%	19.12%	23.02%	25.50%	30.29%	32.57%	29.88%	42.90%	42.76%	71.17%

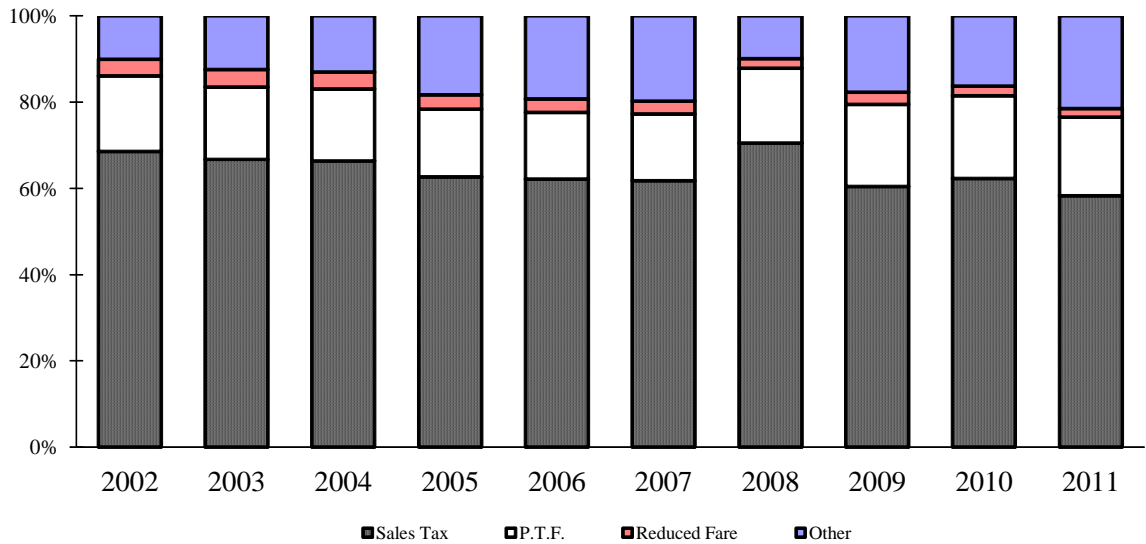


STATISTICAL SECTION (UNAUDITED)

Table 5

RTA REVENUE BY SOURCE

2002-2011



Last Ten Years

(In Thousands)

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/02	\$ 647,685	\$ 165,665	\$ 36,260	\$ 95,167	\$ 944,777
Percentage of Total	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	654,988	164,739	39,662	122,517	981,906
Percentage of Total	66.71%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	675,628	170,397	40,153	132,664	1,018,842
Percentage of Total	66.30%	16.72%	3.94%	13.02%	100%
12 Months Ended 12/31/05	700,395	175,668	37,127	204,904	1,118,094
Percentage of Total	62.64%	15.71%	3.32%	18.33%	100%
12 Months Ended 12/31/06	746,829	186,136	37,327	232,193	1,202,485
Percentage of Total	62.11%	15.48%	3.10%	19.31%	100%
12 Months Ended 12/31/07	752,922	188,931	36,678	241,262	1,219,794
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	921,245	227,201	28,919	129,784	1,307,149
Percentage of Total	70.48%	17.38%	2.21%	9.93%	100%
12 Months Ended 12/31/09	894,238	282,541	41,970	262,098	1,480,847
Percentage of Total	60.39%	19.08%	2.83%	17.70%	100%
12 Months Ended 12/31/10	931,435	287,404	33,570	243,845	1,496,254
Percentage of Total	62.25%	19.21%	2.24%	16.30%	100%
12 Months Ended 12/31/11	975,670	305,395	34,070	360,002	1,675,137
Percentage of Total	58.24%	18.23%	2.03%	21.49%	100%

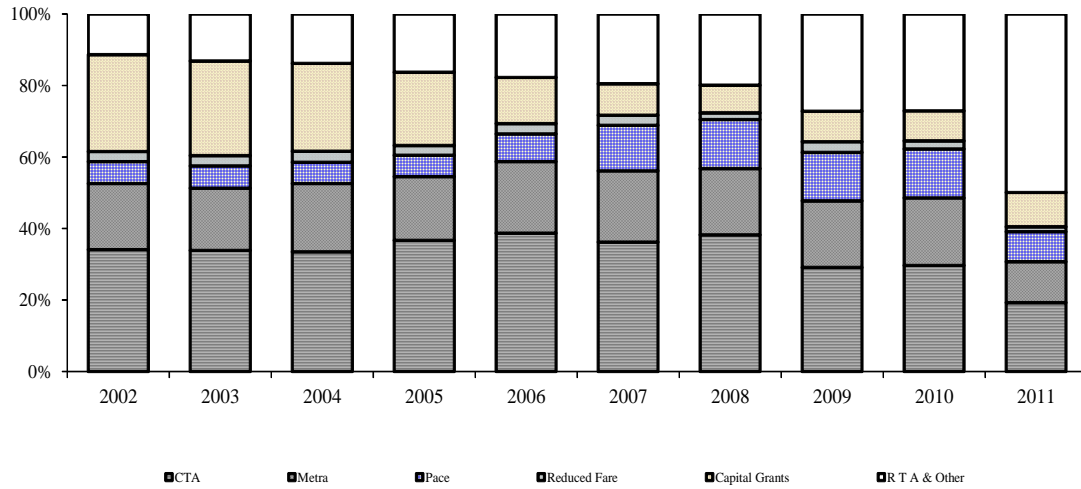
Note: Amounts above include revenues from the General Fund and the Agency Fund

STATISTICAL SECTION (UNAUDITED)

Table 6

DISTRIBUTION OF EXPENDITURES

2002-2011



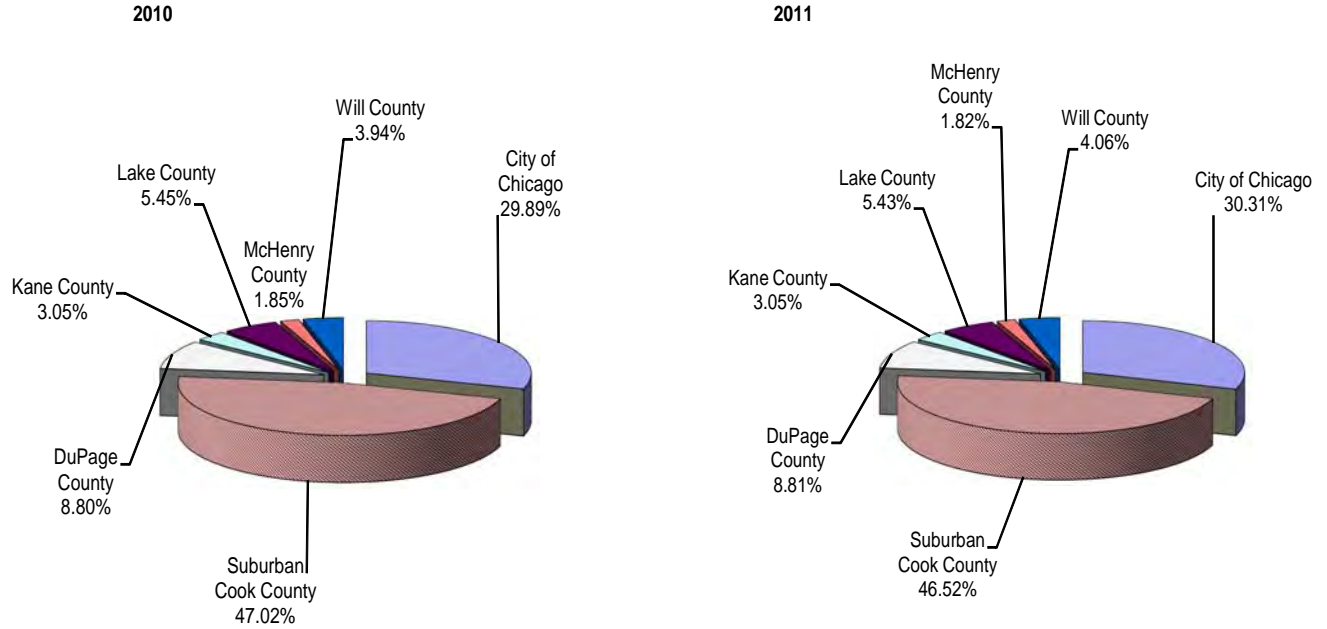
Last Ten Years

(In Thousands)

	Financial Assistance				Reduced Fare	Capital Grants	R T A and Other	Total
	CTA	Metra	Pace	Total				
12 Months Ended 12/31/02	\$ 441,632	\$ 238,955	\$ 79,052	\$ 759,639	\$ 36,260	\$ 351,041	\$ 147,086	\$ 1,294,026
Percentage of Total	34.13%	18.47%	6.11%	58.71%	2.80%	27.13%	11.36%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	175,838	1,339,450
Percentage of Total	33.86%	17.44%	6.18%	57.48%	2.96%	26.43%	13.13%	100%
12 Months Ended 12/31/04	441,630	252,493	79,051	773,174	40,153	323,869	182,417	1,319,613
Percentage of Total	33.47%	19.13%	5.99%	58.59%	3.04%	24.54%	13.82%	100%
12 Months Ended 12/31/05	495,885	241,728	80,052	817,665	37,127	277,130	220,202	1,352,124
Percentage of Total	36.67%	17.88%	5.92%	60.47%	2.75%	20.50%	16.29%	100%
12 Months Ended 12/31/06	496,690	256,301	98,500	851,490	37,327	165,436	227,481	1,281,735
Percentage of Total	38.75%	20.00%	7.68%	66.43%	2.91%	12.91%	17.75%	100%
12 Months Ended 12/31/07	468,349	257,374	164,202	889,925	36,678	113,328	252,301	1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	398,531	1,471,534
Percentage of Total	29.66%	18.86%	13.76%	62.28%	2.28%	8.36%	27.08%	100%
12 Months Ended 12/31/11	485,117	289,179	212,253	986,549	34,070	241,047	1,258,260	2,519,926
Percentage of Total	19.25%	11.48%	8.42%	39.15%	1.35%	9.57%	49.93%	100%

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

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO



Last Ten Years

(In Thousands)

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/02	\$195,417	\$353,999	\$40,961	\$12,256	\$24,913	\$7,373	\$12,766	\$647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%
12 Months Ended 12/31/05	214,134	373,317	44,495	15,328	27,348	8,635	17,138	700,395
Percentage of Total	30.57%	53.30%	6.35%	2.19%	3.90%	1.23%	2.45%	100%
12 Months Ended 12/31/06	231,273	395,727	46,867	16,008	28,743	9,194	19,016	746,828
Percentage of Total	30.97%	52.99%	6.28%	2.14%	3.85%	1.23%	2.55%	100%
12 Months Ended 12/31/07	236,783	395,163	46,592	16,015	29,058	9,494	19,817	752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	272,121	447,437	77,227	26,472	48,166	16,034	33,788	921,245
Percentage of Total	29.54%	48.57%	8.38%	2.87%	5.23%	1.74%	3.67%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%
12 Months Ended 12/31/11	295,770	453,866	85,937	29,799	52,994	17,712	39,592	975,670
Percentage of Total	30.31%	46.52%	8.81%	3.05%	5.43%	1.82%	4.06%	100%

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

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Sales Tax	Percentage of Personal Income <sup>b</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds <sup>a</sup>	Working Cash Notes <sup>a</sup>				
2002	\$1,160,380	\$ -	\$ 1,160,380	55.82 %	0.27 %	9
2003	1,982,345	-	1,982,345	33.04	0.45	16
2004	2,201,915	-	2,201,915	30.68	0.48	17
2005	2,156,155	-	2,156,155	32.48	0.46	17
2006	2,351,395	-	2,351,395	31.76	0.47	19
2007	2,292,260	56,000	2,348,260	32.06	0.44	18
2008	2,227,575	40,000	2,267,575	40.63	0.41	18
2009	2,419,120	-	2,419,120	36.97	0.46	19
2010	2,260,160	400,000	2,660,160	35.01	0.49	21
2011	2,176,975	265,000	2,441,975	39.95	0.43	19

**Note:**

<sup>a</sup> Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

<sup>b</sup> See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

LEGAL DEBT CAPACITY

2011

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

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

STATISTICAL SECTION (UNAUDITED)

TABLE 10

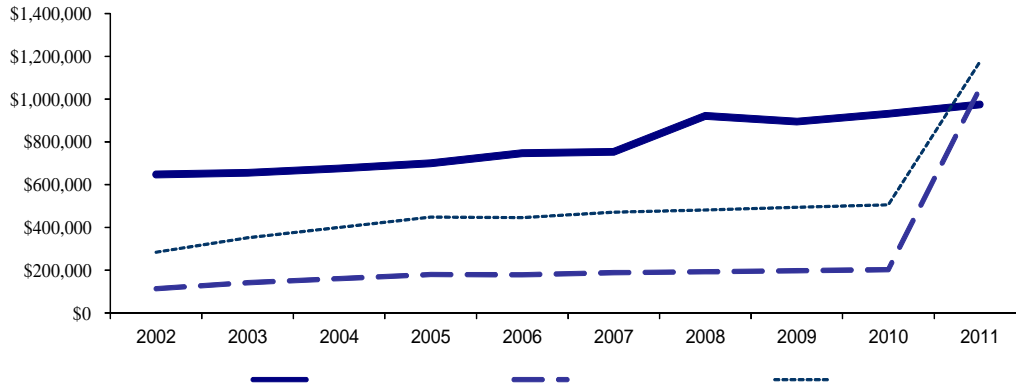
REGIONAL TRANSPORTATION AUTHORITY  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS  
(in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 *
Debt limit for General Obligations	\$ 2,080,000	\$ 2,340,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Total net debt applicable to limit	1,661,975	2,051,930	2,291,115	2,270,665	2,495,485	2,468,755	2,440,700	2,411,155	2,553,355	2,513,670
Debt margin for General Obligations	418,025	288,070	308,885	329,335	104,515	131,245	159,300	188,845	46,645	86,330
Debt limit for Working Cash Notes	100,000	100,000	100,000	100,000	100,000	100,000	400,000	400,000	400,000	400,000
Total net debt applicable to limit	-	-	-	-	-	40,000	56,000	260,000	400,000	265,000
	100,000	100,000	100,000	100,000	100,000	60,000	344,000	140,000	-	135,000
Legal debt margin	\$ 518,025	\$ 388,070	\$ 408,885	\$ 429,335	\$ 204,515	\$ 191,245	\$ 503,300	\$ 328,845	\$ 46,645	\$ 221,330
Total net debt applicable to the limit as a percentage of debt limit	23.76%	15.90%	15.14%	15.90%	7.57%	7.08%	16.78%	10.96%	1.55%	7.38%

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

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

**2001 - 2010**  
*(In Thousands)*



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

*Last Ten Years*

*(In Thousands)*

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
Sales Tax Revenue	\$647,685	\$654,985	\$675,628	\$700,395	\$746,829	\$752,922	\$921,245	\$894,238	\$931,435	\$975,670
Debt Service Requirement	\$113,526	\$140,607	\$159,702	\$179,536	\$178,086	\$188,551	\$192,555	\$197,529	\$201,994	\$1,052,441
2.5 Times Debt Service Requirement	\$283,815	\$351,518	\$399,255	\$448,840	\$445,215	\$471,378	\$481,388	\$493,823	\$504,985	\$1,175,310

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.

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

<i>Last Ten Years</i>					<i>(In Thousands)</i>
Year	Debt Service Requirements			Total Expenditures	Ratio of Debt Service to Total Expenditures
	Principal	Interest	Total		
2002	\$ 27,262	\$ 86,264	\$ 113,526	\$ 1,294,026	8.77%
2003	37,940	102,667	140,607	1,339,450	10.50%
2004	40,430	119,272	159,702	1,319,613	12.10%
2005	49,570	129,966	179,536	1,352,124	13.28%
2006	55,110	122,976	178,086	1,281,765	13.89%
2007	59,135	129,416	188,551	1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%
2011*	919,110	133,331	1,052,441	2,519,926	41.76%

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

Table 13

**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
2002	\$ 430.08	\$ 225.42	\$ 174.29	\$ 30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
2005	536.83	330.08	174.80	31.95
2006	496.62	280.03	168.69	47.90
2007	449.49	288.61	128.45	32.43
2008	489.91	279.38	169.55	40.98
2009	917.78	535.32	297.57	84.89
2010	459.25	266.23	154.97	38.05
2011	489.37	299.50	145.02	44.85
<b>Total</b>	<b>\$ 5,226.39</b>	<b>\$ 3,053.03</b>	<b>\$ 1,754.89</b>	<b>\$ 418.47</b>

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



**REGIONAL TRANSPORTATION AUTHORITY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income ( in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate <sup>2</sup></b>
2002	12,525,556	\$ 423,278,085	\$ 33,793	6.6%
2003	12,556,006	435,900,840	34,717	6.7%
2004	12,589,773	455,290,572	36,164	6.2%
2005	12,609,903	472,072,676	37,437	5.8%
2006	12,643,955	504,493,021	39,900	4.7%
2007	12,695,866	532,587,009	41,950	5.1%
2008	12,747,038	554,521,494	43,502	6.4%
2009	12,796,778	525,246,646	41,045	10.0%
2010	12,841,980	539,879,687	42,040	10.5%
2011	12,869,257	568,049,349	44,140	9.8%

<sup>(1)</sup> Source: Bureau of Economic Analysis U.S. Department of Commerce

<sup>(2)</sup> Source: Bureau of Labor Statistics Data U.S. Department of Labor

**REGIONAL TRANSPORTATION AUTHORITY  
PRINCIPAL EMPLOYERS**

**CURRENT YEAR**

**Nine Years Ago**

Employer <sup>1</sup>	2011			Employer <sup>1</sup>	2002		
	Employees	Rank	% of Total Region Employment		Employees	Rank	% of Total Region Employment
United States Government	55,183	1	1.44%	United States Government	75,000	1	1.86%
Chicago Public Schools	39,667	2	1.04%	Chicago Public Schools	46,179	2	1.15%
City of Chicago	31,307	3	0.82%	City of Chicago	40,324	3	1.00%
Cook County	21,785	4	0.57%	Jewel/Osco	39,201	4	0.97%
Advocate Health Care	18,485	5	0.48%	Cook County	27,042	5	0.67%
State of Illinois	15,800	6	0.41%	SBC Ameritech	22,400	6	0.56%
AT&T Inc	15,000	7	0.39%	Advocate Health Care	20,573	7	0.51%
Provena Health/Resurrection	14,806	8	0.39%	United Parcel Service of Am	19,373	8	0.48%
Walgreen Co.	14,688	9	0.38%	State of Illinois	18,915	9	0.47%
University of Chicago	14,584	10	0.38%	United Airlines	18,276	10	0.45%
<b>Total</b>	<b>241,305</b>		<b>6.30%</b>		<b>327,283</b>		<b>8.14%</b>

Note: RTA service area includes Cook and the five collar Counties.  
The information obtained from the sources below has been adjusted to reflect only employers from these areas.

<sup>(1)</sup> Crain's Chicago Business

**RTA & SERVICE BOARDS OPERATING CHARACTERISTICS**

2011

<u>Chicago Transit Authority</u>	<u>Metra Commuter Rail Division*</u>	<u>Pace Suburban Bus Division</u>
<u>Rapid Transit</u>		<u>Fixed Route Bus</u>
<ul style="list-style-type: none"> <li>• 8 rail routes</li> <li>• 143 stations served</li> <li>• 1,142 rapid transit cars</li> <li>• 221.6 million riders per year</li> <li>• 1,598 STO* positions</li> </ul>	<ul style="list-style-type: none"> <li>• 11.0 rail routes</li> <li>• 487.7 route miles</li> <li>• 1,155 miles of track</li> <li>• 241 stations</li> <li>• 157 locomotives</li> <li>• 1,086 passenger cars</li> <li>• 191 electric cars</li> <li>• 703 weekly trains operated</li> <li>• 95.9% on-time performance</li> <li>• 82.7 million riders per year</li> <li>• 4,380 full-time employees</li> <li>• 1.6 billion passenger miles per year</li> <li>• 42.9 million vehicle miles per year</li> </ul>	<ul style="list-style-type: none"> <li>• 137 regular routes</li> <li>• 35 feeder routes</li> <li>• 15 shuttle routes</li> <li>• 579 vehicles in use during peak periods</li> <li>• 30.6 million riders per year</li> <li>• 7 seasonal routes</li> <li>• 589 Pace-owned buses</li> <li>• 1,416 full-time employees</li> </ul>
<u>Motor Bus</u>		<u>ADA Paratransit</u>
<ul style="list-style-type: none"> <li>• 140 bus routes</li> <li>• 1,780 buses</li> <li>• 310.4 million riders per year</li> <li>• 3,710 STO* positions</li> </ul>		<ul style="list-style-type: none"> <li>• 212 Pace owned lift-equipped buses in service</li> <li>• 3.4 million riders per year</li> <li>• 36 full-time employees</li> </ul>
<u>CTA Totals</u>		<u>Dial-A-Ride</u>
<ul style="list-style-type: none"> <li>• 1.4 billion rail passenger miles per year</li> <li>• 712.9 million bus passenger miles per year</li> <li>• 116.7 million vehicle revenue miles per year</li> <li>• 3,784 without STO* positions</li> </ul>		<ul style="list-style-type: none"> <li>• 68 local services</li> <li>• 157 Pace owned lift-equipped buses in service</li> <li>• 210 communities served</li> <li>• 1.2 million riders per year</li> </ul>
<u>Vanpool</u>		
		<ul style="list-style-type: none"> <li>• 696 vanpool vehicles in operation</li> <li>• 1.8 million riders for the year</li> </ul>

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

\*All data exclude NICTD South Shore

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

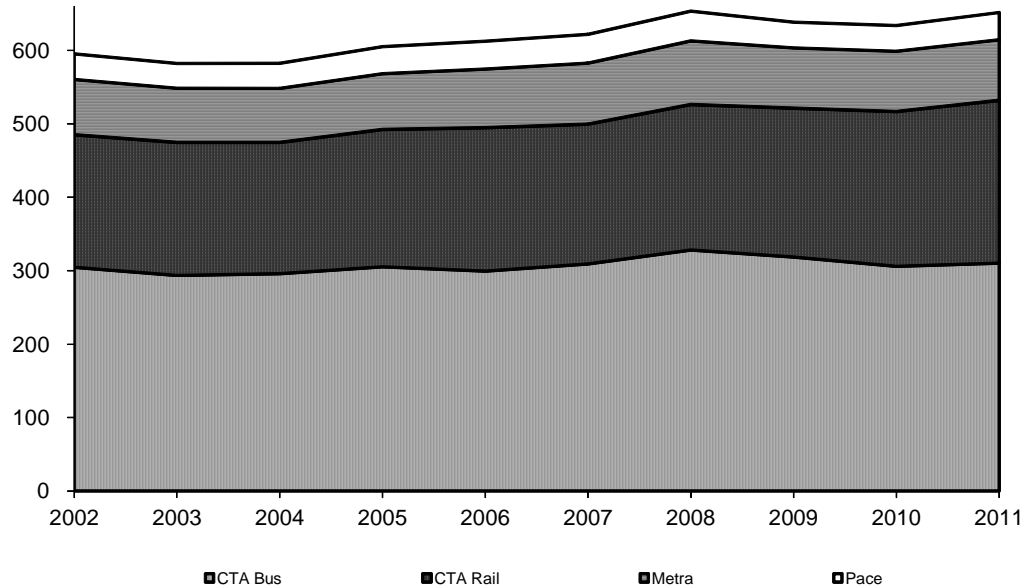
STATISTICAL SECTION (UNAUDITED)

Table 17

System Ridership and Unlinked Passenger Trips

2002-2011

(In Millions)



Last Ten Years

(In Millions)

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

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

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

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

STATISTICAL SECTION (UNAUDITED)

Table 18

**Regional Transportation Authority  
Full-time Employee by Function**

**Last Five Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Audit <sup>1</sup>	0	0	0	0	3
Executive Office	3	3	3	3	3
Communications <sup>2</sup>	4	4	6	5	12
Finance & Performance Management <sup>2:3</sup>	33	30	30	18	24
Human Resources <sup>1</sup>	0	0	0	0	3
Information Technology <sup>1</sup>	0	0	0	0	7
Administration <sup>2</sup>	0	0	0	14	0
Legal <sup>2</sup>	5	4	5	3	8
Government and Community Affairs <sup>3</sup>	0	0	0	2	4
Planning <sup>3</sup>	46	38	43	49	46
Research, Analysis & Policy Development <sup>2</sup>	0	6	6	11	0
<b>Totals</b>	<b>91</b>	<b>85</b>	<b>93</b>	<b>105</b>	<b>110</b>

<sup>1</sup> Previously part of another division

<sup>2</sup> Merge with other department

<sup>3</sup> Dept Name change in 2011



# Regional Transportation Authority

The six-county public  
transportation system  
serving northeastern Illinois

## RTA Main Office

175 W. Jackson Blvd, Ste. 1650  
Chicago, Illinois 60604  
312-913-3200  
[www.RTAchicago.com](http://www.RTAchicago.com)

## RTA Customer Service

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

## Community Outreach

312-913-3237

## RTA ADA Certification Helpline

Voice 312-663-4357  
TTY 312-913-3122

## Travel Information Center and RTA Reduced Fare Card

Voice 312-836-7000  
TTY 312-836-4949  
[www.RTAchicago.com](http://www.RTAchicago.com)

## RTA Transit Benefit Program

800-531-2828  
[www.LessTaxingCommute.com](http://www.LessTaxingCommute.com)

## Chicago Transit Authority

567 W. Lake St.  
Chicago, Illinois 60661  
1-888-968-7282  
[www.transitchicago.com](http://www.transitchicago.com)



## Metra

547 W. Jackson Blvd.  
Chicago, Illinois 60661  
312-322-6777  
[www.metrarail.com](http://www.metrarail.com)



## Pace

550 W. Algonquin Rd.  
Arlington Heights, Illinois 60005  
847-364-7223  
[www.pacebus.com](http://www.pacebus.com)

