NEW ISSUE-BOOK ENTRY ONLY RATINGS: See "RATINGS" herein

Subject to compliance by the RTA with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Series 2011A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations; but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2011A Bonds is includible in the calculation of Illinois state income tax for owners of such Series 2011A Bonds who are residents of Illinois, and ownership of the Series 2011A Bonds may result in other state and local tax consequences to certain taxpayers. See "**TAX EXEMPTION**" herein for a more complete discussion of the foregoing.

$95,550,000
REGIONAL TRANSPORTATION AUTHORITY
Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois
General Obligation Refunding Bonds, Series 2011A

The General Obligation Refunding Bonds, Series 2011A (the "*Series 2011A Bonds*"), will be issued by the Regional Transportation Authority (the *"RTA"*) only as fully registered bonds without coupons and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (*"DTC"*). DTC will act as securities depository for the Series 2011A Bonds. Individual purchases will be made in global book-entry form, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical bonds representing their interest in the Series 2011A Bonds. Principal of, premium, if any, and interest (payable December 1, 2011, and semiannually thereafter on June 1 and December 1 of each year) on the Series 2011A Bonds are payable by Amalgamated Bank of Chicago, Chicago, Illinois, or any successor or assign, as trustee (the "*Trustee*"), to DTC, which will remit such principal, premium, if any, and interest to DTC Participants, who in turn will be responsible for remitting such payments to the Beneficial Owners of the Series 2011A Bonds, as described herein. The Series 2011A Bonds are not subject to optional or mandatory redemption prior to maturity.

The Series 2011A Bonds are being issued by the RTA to pay when due, or refund in advance of their maturities a portion of the RTA's Outstanding General Obligation Bonds, Series 2002B and to pay Costs of Issuance of the Series 2011A Bonds. The Series 2011A Bonds are general obligations of the RTA to which its full faith and credit is pledged. The General Ordinance authorizing the Series 2011A Bonds provides for the assignment and direct payment to the Trustee of the Sales Tax Revenues and Public Transportation Fund Revenues to secure payment of principal of and interest on the Series 2011A Bonds and parity obligations. The Series 2011A Bonds are also secured by the Series 2011A Bonds Reserve Account. **The RTA does not have the power to levy *ad valorem* property taxes.**

The scheduled payment of principal of and interest on the Series 2011A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2011A Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

ASSURED GUARANTY MUNICIPAL

The Maturities, Amounts, Interest Rates, Yields and CUSIPS* are set forth on the inside cover hereof.

The Series 2011A Bonds are being offered when, as and if issued by the RTA and accepted by the Underwriters and subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed on for the RTA by its counsel, Mayer Brown LLP. Burke Burns & Pinelli, Ltd., Chicago, Illinois, has acted as Disclosure Counsel for the RTA. The Series 2011A Bonds will be available for delivery to DTC upon payment therefor on or about July 13, 2011.

Dated June 28, 2011

Maturities, Amounts, Interest Rates, Yields and CUSIPS*

$95,550,000
General Obligation Bonds
Series 2011A

Due June 1	Amount	Interest Rate	Yield	CUSIP*
2013	$12,040,000	4.00%	0.92%	759911S92
2014	12,475,000	5.00	1.29	759911T26
2015	13,000,000	5.00	1.68	759911T34
2016	13,560,000	5.00	1.95	759911T42
2017	14,165,000	5.00	2.36	759911T59
2018	14,810,000	5.00	2.80	759911T67
2019	15,500,000	5.00	3.16	759911T75

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REGARDING THE USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized by the RTA or the Underwriters to give any information or make any representations other than those contained in this Official Statement in connection with the offering of the Series 2011A Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2011A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the RTA and from other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the RTA or the Service Boards since the date hereof.

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 2011A Bonds at a level above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THE SERIES 2011A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE GENERAL ORDINANCE OR THE 2011A SERIES ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2011A BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2011A BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2011A BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE RTA AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SERIES 2011A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") MAKES NO REPRESENTATION REGARDING THE SERIES 2011A BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2011A BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING "MUNICIPAL BOND INSURANCE POLICY" AND "APPENDIX I - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

OFFICIAL STATEMENT

$95,550,000
REGIONAL TRANSPORTATION AUTHORITY
Cook, DuPage, Kane, Lake, McHenry and
Will Counties, Illinois
General Obligation Refunding Bonds, Series 2011A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices, is to set forth certain information in connection with the issuance and sale by the Regional Transportation Authority (the *"RTA"* or the *"Authority")*, a unit of local government existing under the Constitution and statutes of the State of Illinois (the *"State"*) of its $95,550,000 General Obligation Refunding Bonds, Series 2011A (the "*Series 2011A Bonds*"). The Series 2011A Bonds are issued pursuant to the Bond and Note General Ordinance adopted by the Board of Directors of the RTA (the *"Board"*) on August 8, 1985, as supplemented and amended (the *"General Ordinance"*) and the Series Ordinance adopted by the Board on April 21, 2011 (the *"2011A Series Ordinance"*).

The Series 2011A Bonds are general obligations of the RTA, whose full faith and credit has been pledged to the payment of the principal of and interest on the Series 2011A Bonds. The Series 2011A Bonds are secured by a first lien on and security interest in all lawfully available Revenues (as hereinafter defined) and all other lawfully available funds received or held by the RTA. The RTA has the power to impose and cause to be collected, and has duly imposed, certain sales taxes (collectively, the *"RTA Sales Tax"*), as discussed below in the section captioned "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES–Sales Tax Revenues." The RTA Sales Tax is collected by the State on behalf of the RTA and, together with portions of certain sales taxes imposed by the State and all Public Transportation Fund Revenues (as hereinafter defined), is paid by the State to Amalgamated Bank of Chicago, Chicago, Illinois, or any successor or assign, as trustee (the *"Trustee"*), for deposit in the Debt Service Fund (as hereinafter defined) established to provide for payment of principal of and interest on the Series 2011A Bonds and other Authority Obligations (as hereinafter defined). The Series 2011A Bonds are also secured by the Series 2011A Bonds Reserve Account (as hereinafter defined).

The RTA does not have the power to levy *ad valorem* property taxes.

The Series 2011A Bonds are being issued on a parity with the Authority's Outstanding Bonds, and Additional Authority Obligations which may be issued in the future. See "**SECURITY FOR THE SERIES 2011A BONDS**–AUTHORITY OBLIGATIONS–Additional Authority Obligations."

Certain factors that may affect an investment decision concerning the Series 2011A Bonds are described throughout this Official Statement, including descriptions of the RTA's financial results and projected financial results and the security for the Series 2011A Bonds. Persons considering a purchase of the Series 2011A Bonds should read this Official Statement in its entirety.

Certain capitalized terms used in this Official Statement are defined in Appendix E–"Summary of Certain Provisions of the General Ordinance and the 2011A Series Ordinance."

THE SERIES 2011A BONDS

AUTHORITY

The Series 2011A Bonds are being issued pursuant to the Regional Transportation Authority Act of the State of Illinois, as amended (the *"Act"*), the Local Government Debt Reform Act of the State of Illinois, as amended, the General Ordinance and the 2011A Series Ordinance.

PURPOSE

The proceeds of the Series 2011A Bonds will be used to pay when due, or refund in advance of their maturities a portion of the RTA's Outstanding General Obligation Bonds, Series 2002B (the "*Refunded Bonds*") and to pay Costs of Issuance of the Series 2011A Bonds. See "**THE REFUNDING PLAN**."

DISPOSITION OF SERIES 2011A PROCEEDS

All amounts received upon the issuance of the Series 2011A Bonds, together with such other funds of the Authority as may be necessary and lawfully available, other than amounts to be deposited in the Debt Service Fund as provided in the 2011A Series Ordinance and amounts to be deposited in the Expense Account as provided in the 2011A Series Ordinance to pay Costs of Issuance of the Series 2011A Bonds, shall be deposited in escrow pursuant to the Escrow Agreement authorized by the Board in the 2011A Series Ordinance for the purpose of paying the principal of and premium, if any, on the Refunded Bonds, upon maturity or redemption thereof and the interest on the Refunded Bonds as such shall become due.

DESCRIPTION OF SERIES 2011A BONDS

The Series 2011A Bonds will be dated the date of their delivery and will bear interest at the rates and mature on the dates and in the amounts specified by the successful bidder. Interest on the Series 2011A Bonds is payable on December 1 and June 1 of each year, commencing December 1, 2011. The Series 2011A Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

MATURITIES AND INTEREST RATES

The Series 2011A Bonds will be dated July 13, 2011, will mature on the dates and in the amounts set forth on the inside cover page hereof, and bear interest payable semi-annually on June 1 and December 1 of each year, commencing on December l, 2011, at the rates set forth on the inside cover page hereof. The Series 2011A Bonds will be issued in the denomination of $5,000 or any integral multiple thereof.

REGISTRATION

The Series 2011A Bonds will be issued only as fully registered bonds without coupons and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). See Appendix F– "Certain Provisions Relating to Global Book-Entry Only System."

REDEMPTION

The Series 2011A Bonds are not subject to redemption prior to maturity.

THE REFUNDING PLAN

The Series 2011A Bonds will provide funds (i) to refund in advance of their maturities the Refunded Bonds maturing on June 1 in the years 2013 through 2019, inclusive, upon redemption thereof on June 1, 2012 at a redemption price of 101% of the principal amount thereof plus accrued interest to the date of redemption, and (ii) pay the Costs of Issuance. The Refunded Bonds, outstanding in the aggregate principal amount of $99,625,000, constitute non-SCIP Bonds (as hereinafter defined).

To provide for the refunding of the Refunded Bonds, the Authority will enter into an Escrow Agreement between the Authority and Amalgamated Bank of Chicago, Chicago, Illinois, as escrow agent (the *"Escrow Agent"*). On the date of issuance of the Series 2011A Bonds, the Authority will irrevocably deposit with the Escrow Agent for deposit in the escrow account established pursuant to the Escrow Agreement (the *"Series 2011A Escrow Account*), a portion of the proceeds of the Series 2011A Bonds and other funds of the Authority. The proceeds of the Series 2011A Bonds and such other funds of the Authority will be sufficient to pay the principal of, premium, if any, and interest on the Refunded Bonds upon maturity or redemption thereof on June 1, 2012.

USE OF SERIES 2011A BOND PROCEEDS

The proceeds of the Series 2011A Bonds will be applied approximately as follows:

Deposit to Series 2011A Escrow Account	$105,789,783
Costs of Issuance[1]	1,334,183
TOTAL	$107,123,966

(1) Includes premiums for the Municipal Bond Insurance Policy and the Reserve Fund Credit Instrument for the Series 2011A Bonds.

SECURITY FOR THE SERIES 2011A BONDS

SECURITY AND SOURCES OF PAYMENT

The Series 2011A Bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged.

The Series 2011A Bonds, together with the Outstanding Bonds and any other notes or bonds that may be issued on a parity therewith (collectively, the *"Authority Obligations"*), are payable from all lawfully available Revenues (as defined below) and all other lawfully available funds received or held by the Authority. The Series 2011A Bonds and other Authority Obligations are not payable from Additional State Assistance or Additional Financial Assistance (each as hereinafter defined and referred to herein collectively as "*State Assistance*"), amounts in the Authority's self-insurance fund or amounts required to be held or used with respect to Separate Ordinance Obligations (as hereinafter defined). See "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES."

The RTA does not have the power to levy *ad valorem* property taxes.

The Series 2011A Bonds and other Authority Obligations are secured by an assignment of and lien on Sales Tax Revenues and Public Transportation Fund Revenues (each as hereinafter defined). Sales Tax Revenues are collected by the State of Illinois Department of Revenue (the "*Department of Revenue*") and paid directly to the Trustee by the State Treasurer for deposit in the Debt Service Fund. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES–Sales Tax Revenues." Subject to appropriation by the Illinois General Assembly, Public Transportation Fund Revenues are paid directly to the Trustee by the State Treasurer for deposit in the Debt Service Fund. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES–Public Transportation Fund Revenues." The Series 2011A Bonds are also secured by a separate debt service reserve account established under the Debt Service Reserve Fund. See "**SECURITY FOR THE SERIES 2011A BONDS**–DEBT SERVICE RESERVE FUND."

"Revenues" means all Sales Tax Revenues, all Public Transportation Fund Revenues, all amounts received from other taxes as are or shall be imposed by the Authority, all other receipts, revenues or funds granted, paid, appropriated or otherwise disbursed to the Authority from the State of Illinois (the "*State*") or any department or agency of the State or any unit of local government or

the federal government or from any other source, for the purpose of carrying out the Authority's responsibilities, purposes and powers, all revenues and receipts derived from the Authority's operations (including interest and other investment income) and any other revenues or receipts of the Authority. Revenues, however, shall not include State Assistance, amounts in or payments to the Authority from the Service Boards for deposit in the Authority's joint self-insurance fund, or any Secured Government Payments or receipts from any *ad valorem* real property taxes levied by or on behalf of the Authority, to the extent such Secured Government Payments or tax receipts have been assigned or pledged by the Authority consistent with the General Ordinance to a trustee for the purpose of paying principal, redemption price or purchase price of or interest on Separate Ordinance Obligations, or for the purpose of reimbursing a provider of a Credit Support Instrument or Reserve Fund Credit Instrument or reinstating coverage under such an instrument in respect of Separate Ordinance Obligations for payment made under such an instrument, or investment earnings on amounts held by such a trustee to pay debt service on or to secure Separate Ordinance Obligations. See "**SECURITY FOR THE SERIES 2011A BONDS**–AUTHORITY OBLIGATIONS."

"Sales Tax Revenues" means all tax receipts received by or on behalf of the Authority for taxes imposed by the Authority under the Act or any taxes imposed (including by the State) in lieu of those taxes. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES–Sales Tax Revenues."

"Public Transportation Fund Revenues" means the amounts paid to or on behalf of the Authority from the Public Transportation Fund in the Treasury of the State, but shall not include State Assistance. The State makes an annual appropriation to the RTA from the Public Transportation Fund to be used for the RTA's capital purposes, including the repayment of debt, and the operating needs of the RTA and the Service Boards. See "**THE REGIONAL TRANSPORTATION AUTHORITY**–RTA FINANCES–Public Transportation Fund Revenues."

DEBT SERVICE FUND

The General Ordinance creates a Debt Service Fund to be maintained by the Trustee and used to pay debt service on the Series 2011A Bonds and other Outstanding Authority Obligations. Separate accounts in the Debt Service Fund are required to be established for each series of obligations. The 2011A Series Ordinance establishes the Series 2011A Bonds Account (the "*Series 2011A Bonds Account*").

The 2011A Series Ordinance establishes a monthly deposit requirement for the Series 2011A Bonds in the Series 2011A Bonds Account. The General Ordinance provides that each month, any amounts in the Debt Service Fund in excess of the required deposits therein (other than in any Rebate Accounts created thereunder) are required to be transferred proportionately to the Accounts in the Debt Service Reserve Fund until the amount in each Account in the Debt Service Reserve Fund equals the Reserve Requirement (as hereinafter defined) for such Account, are then used to make required deposits to the Rebate Accounts, and are then paid by the Trustee to the RTA or upon the RTA's direction for its corporate purposes.

If the required deposits to the Debt Service Fund are not made in any month, the RTA immediately shall deposit with the Trustee from all moneys on hand or available to the RTA from which Authority Obligations are payable, as described above, an amount sufficient to make up the deficiency.

DEBT SERVICE RESERVE FUND

The General Ordinance establishes a Debt Service Reserve Fund to be maintained by the Trustee as additional security for Bonds issued under the General Ordinance. The Authority may create separate accounts in the Debt Service Reserve Fund relating to particular series of Bonds. A Series 2011A Bonds Debt Service Reserve Account is established by the 2011A Series Ordinance for the purpose of securing the Series 2011A Bonds (the *"Series 2011A Bonds Reserve Account"*). After the refunding of the Refunded Bonds, seventeen other Debt Service Reserve Fund Accounts, each securing one of the seventeen series of Outstanding Authority Obligations, exist in the Debt Service Reserve Fund and future Series Ordinances may create additional accounts in the Debt Service Reserve Fund to secure future series of Bonds. Holders of Bonds of a particular series have no claim against any Debt Service Reserve Fund Account securing another series of Outstanding Bonds.

The General Ordinance also provides that the Authority may deposit a portion of the proceeds of the Series 2011A Bonds and other lawfully available money of the RTA in the Series 2011A Bonds Reserve Account rather than purchasing a Reserve Fund Credit Instrument. In connection with the issuance of any series of Bonds, the General Ordinance requires an amount, if any, to be deposited in the Debt Service Reserve Fund Account securing such series of Bonds so that the value of such Account at least equals the Reserve Requirement for such Account calculated immediately after the delivery of such series of Bonds. Each month, the Trustee is required to pay to and deposit in each Debt Service Reserve Fund Account, if the amount on deposit in such Account is less than the Reserve Requirement for such Account, all amounts in the Debt Service Fund in excess of the amounts required to be on deposit in the Debt Service Fund. See "**SECURITY FOR THE SERIES 2011A BONDS**–DEBT SERVICE FUND." If in any month, after the required deposits to the Debt Service Fund (other than to any Rebate Accounts) have been made, and any transfers from the Debt Service Fund to the Debt Service Reserve Fund have been made (as described in the preceding sentence), the value of any Account in the Debt Service Reserve Fund is less than the Reserve Requirement for such Account, the RTA is required immediately to deposit with the Trustee any and all other money which it has on hand and is lawfully available to make up the deficiency. Transfers or deposits to the Debt Service Reserve Fund shall be made proportionately to the respective Accounts therein on the basis of the amount of the deficiency in each Account prior to any such transfer or deposit.

All amounts on deposit in the Series 2011A Bonds Reserve Account shall be held in trust for the sole benefit of the Holders of the Series 2011A Bonds, and shall be transferred by the Trustee to the Debt Service Fund to the credit of the Series 2011A Bonds Account at the times and in the amounts as required in order to pay principal of the Series 2011A Bonds, at maturity or on Sinking Fund Installment dates, and to pay interest on the Series 2011A Bonds, as it falls due, if there are not sufficient amounts in the Series 2011A Bonds Account for that purpose.

All or any part of the Reserve Requirement for any Debt Service Reserve Account may be met by the deposit with the Trustee of a Reserve Fund Credit Instrument. See Appendix E–"Summary of Certain Provisions of the General Ordinance and the 2011A Series Ordinance–Debt Service Reserve Fund."

OUTSTANDING RESERVE FUND CREDIT INSTRUMENTS

Reserve Fund Credit Instruments provided by Ambac Assurance Corporation (*"AMBAC"*), Financial Guaranty Insurance Company (*"Financial Guaranty"* or *"FGIC"*), MBIA Insurance Corporation (*"MBIA"*), Financial Security Assurance Inc. ("*FSA*") or Assured Guaranty Corp. (now know as Assured Guaranty Municipal Corp. ("*AGM*") (each a *"Credit Provider"*) are held in all of the Debt Service Reserve Accounts. The Reserve Requirements for the Series 1990A and Series 1991A Debt Service Reserve Accounts are funded in part by cash deposits in the amount of $56,151 and $17,568, respectively. The Reserve Requirement for the Series 2010A and Series 2010B Debt Service Reserve Accounts are funded by cash deposits in the amount of $4,773,249 and $8,669,386. Each Reserve Fund Credit Instrument was fully qualified for deposit in the Debt Service Reserve Fund on the date of such deposit. The Authority makes no representation as to the current financial condition of any Credit Provider nor does it perform any on-going evaluation of the financial condition of any Credit Provider. Set forth in the following table is the Credit Instrument Coverage amount for each Debt Service Reserve Account satisfied by a Reserve Fund Credit Instrument.

DEBT SERVICE RESERVE FUND CREDIT INSTRUMENTS

ACCOUNT	CREDIT INSTRUMENT COVERAGE	CREDIT PROVIDER
Series 1990A	$ 8,156,338	AMBAC
Series 1991A	7,830,099	FGIC
Series 1992A&B	18,205,744	AMBAC
Series 1994A&B	20,934,198	AMBAC
Series 1994C&D	16,307,673	FGIC
Series 1997	9,838,500	FGIC
Series 1999	29,872,500	FSA
Series 2000A	19,920,033	MBIA
Series 2001A	7,228,281	FGIC
Series 2001B	3,771,500	FGIC
Series 2002A	11,566,188	MBIA
Series 2003A	18,676,093	FGIC
Series 2003B	10,596,325	MBIA
Series 2003C	1,905,500	FGIC
Series 2004A	18,315,038	FSA
Series 2005B	14,811,000	AGM[1]
Series 2006A	25,035,000	MBIA
Series 2011A	9,555,000	AGM

[1] Surety only.

RESERVE FUND CREDIT INSTRUMENT FOR SERIES 2011A BONDS

Upon the issuance of the Series 2011A Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue a municipal bond debt service reserve insurance policy for the debt service reserve fund with respect to the Series 2011A Bonds (the "*Debt Service Reserve Fund Policy*"), effective as of the date of issuance of the Series 2011A Bonds. Under the terms of the Debt Service Reserve Fund Policy, AGM will unconditionally and irrevocably agree to pay that portion of the scheduled principal and interest on the Series 2011A Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority (the "*Insured Payments*"). Insured Payments shall not include any additional amounts owing by the Authority solely as a result of the failure by the Trustee to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or default interest rates, amounts in respect of indemnification, or any other additional amounts payable by the Trustee by reason of such failure.

AGM will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Authority to the Trustee, as beneficiary of the Debt Service Reserve Fund Policy on behalf of the holders of the Series 2011A Bonds on the later to occur of (i) the Business Day (as defined in the Debt Service Reserve Fund Policy) on which such scheduled principal or interest becomes due for payment or (ii) the Business Day next following the Business

Day on which AGM receives notice of nonpayment in accordance with the terms of the Debt Service Reserve Fund Policy.

No payment shall be made under the Debt Service Reserve Fund Policy in excess of the debt service reserve fund requirement established for the Series 2011A Bonds (the "*Debt Service Reserve Fund Policy Limit*"). The amount available at any particular time to be paid to the Trustee under the terms of Debt Service Reserve Fund Policy shall automatically be reduced to the extent of any payment made under the Debt Service Reserve Fund Policy, provided, that, to the extent of the reimbursement of such payment to AGM, the amount available under the Debt Service Reserve Fund Policy shall be reinstated in full or in part, in an amount not to exceed the Debt Service Reserve Fund Policy Limit.

For information concerning AGM, see "**MUNICIPAL BOND INSURANCE POLICY**."

REBATE ACCOUNT

The General Ordinance establishes in the Debt Service Fund a separate Rebate Account with respect to each series of Authority Obligations issued after November 1, 1986. The General Ordinance requires that there be deposited in the Debt Service Fund to the credit of the Rebate Accounts, after there are no deficiencies in any of the other Accounts in the Debt Service Fund or the Debt Service Reserve Fund, the amounts as shall be required to be held available for rebate to the United States of America with respect to each series of Authority Obligations. The amounts to be held available will be determined from time to time by the RTA.

AUTHORITY OBLIGATIONS

The RTA is authorized under the Act (i) to issue up to $1.8 billion of bonds to finance public transportation projects (*"SCIP Bonds"*) which have been approved by the Governor of the State as part of the RTA's Strategic Capital Improvement Program ("*SCIP Program*") and (ii) to issue and have outstanding from time to time $800 million of notes and bonds for public transportation projects not part of the SCIP Program (the *"non-SCIP Bonds"*).

The RTA is also authorized to issue and have outstanding from time to time working cash notes. The RTA is authorized to issue and have outstanding $100 million in working cash notes. In addition, until June 30, 2012, the RTA is authorized to issue an additional $300 million in working cash notes.

Outstanding Authority Obligations (as of June 28, 2011). As of June 28, 2011, the Authority has $1,474,335,000 of SCIP Bonds Outstanding and after the issuance of the Series 2011A Bonds will have $730,355,000 of non-SCIP Bonds Outstanding. The RTA has issued and has outstanding $140,000,000 of its General Obligation Working Cash Notes, Series 2010C (Taxable) (the "*Series 2010 Notes*") which mature on July 1, 2012. The RTA agreed to deposit two monthly installments of $70,000,000 on May 1, 2012 and June 1, 2012 to repay the Series 2010 Notes. Additionally, the RTA has a commercial paper program under which it is currently authorized to issue up to $260 million (see full description below). The table below sets forth a list of the Outstanding Authority Obligations and the Principal Amount Outstanding as of June 28, 2011:

Outstanding Authority Obligations (as of June 28, 2011)

Obligations	**Outstanding Principal Amount**
Series 1990A	$ 56,985,000
Series 1991A	55,745,000
Series 1992A	7,915,000
Series 1992B	1,265,000
Series 1994A	17,300,000
Series 1994B	7,095,000
Series 1994C	23,690,000
Series 1994D	29,225,000
Series 1997	49,605,000
Series 1999	250,185,000
Series 2000A	219,215,000
Series 2001A	29,800,000
Series 2001B	84,560,000
Series 2002A	138,790,000
Series 2002B	11,815,000
Series 2003A	232,585,000
Series 2003B	131,120,000
Series 2004A	231,785,000
Series 2005B	118,710,000
Series 2006A	238,510,000
Series 2010A	60,315,000
Series 2010B (BABs)	112,925,000
Series 2010C	140,000,000
Series 2011A	95,555,000
CP Notes	200,000,000

In June 2009, the RTA remarketed $132,770,000 of its outstanding Series 2005B Bonds as Extendible Reset Securities ("*ERS*"). The ERS bear interest at a variable rate, currently reset monthly. Each month the holder may decide not to retain the ERS, in which case it will be remarketed. The ERS are not secured by any credit or liquidity support. If there is a failure to remarket the ERS the holder is required to hold the ERS at a premium for 9 months, after which the RTA will be obligated to purchase the ERS (the "*ERS Mandatory Purchase Date*"). In such an event, not later than 90 days prior to the occurrence of the ERS Mandatory Purchase Date, the Authority has agreed to either issue obligations to refund the ERS that are subject to mandatory tender for purchase, provide a liquidity facility under which sufficient funds may be drawn in connection with such mandatory tender for purchase, or effect a mode change or period change in such manner as to provide sufficient remarketing proceeds to provide for payment of the purchase price of the applicable ERS upon such mandatory tender for purchase.

In January 2011, the RTA established its General Obligation Commercial Paper Subordinate Working Cash Notes (Taxable) (the *"CP Notes"*) Program under which it is authorized to issue CP Notes in the aggregate principal amount not to exceed $260,000,000. The CP Notes are secured by an irrevocable transferable direct pay letter of credit between the Authority and JPMorgan Chase Bank, National Association. The CP Notes are also general obligations of the Authority to which the full faith and credit of the Authority is pledged**.** The CP Notes are issued on a subordinate basis to any and all outstanding bonds and notes of the Authority previously issued or hereinafter issued pursuant to the General Ordinance. As of June 28, 2011, the RTA has $200 million of CP Notes outstanding.

Under the Act, Authority Obligations, which include the Series 2011A Bonds, are superior to and have priority over all other obligations of the Authority (including the CP Notes), except Separate Ordinance Obligations that have a prior claim to Secured Government Payments (as hereinafter defined) or *ad valorem* property tax receipts to the extent provided for under the Act and the authorizing ordinances establishing the Separate Ordinance Obligations.

Additional Authority Obligations. Under the General Ordinance, the RTA may issue Additional Authority Obligations from time to time for any lawful purpose, which Additional Authority Obligations shall be on a parity with the Outstanding Bonds and the Series 2011A Bonds.

Generally, Additional Authority Obligations may be issued only if (i) there is no default in payment of Outstanding Authority Obligations or in making deposits to the Debt Service Fund, (ii) upon the issuance of Additional Authority Obligations which are Bonds, the value of each Account in the Debt Service Reserve Fund is not less than the Reserve Requirement for such Account, and (iii) the "Revenues test" is met.

The "Revenues test" is met if, at the date the contract is made to sell the Additional Authority Obligations, (a) Sales Tax Revenues equal or exceed 2.5 times the maximum Annual Debt Service Requirements for the then current or any future twelve-month period ending April 30 for all Authority Obligations to be Outstanding upon the issuance of the Additional Authority Obligations, and (b) Sales Tax Revenues shall equal or exceed the Authority's obligation to repay due and owing policy costs required pursuant to the Municipal Bond Debt Service Reserve Fund Policies deposited into the respective Debt Service Reserve Accounts to satisfy the Reserve Requirements for the Series 1991A Bonds, the Series 1994C&D Bonds, the Series 1997 Bonds, the Series 1999 Bonds, the Series 2000A Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2003C Bonds, the Series 2004A Bonds, the Series 2005B Bonds, the Series 2006A Bonds, the Series 2010A Bonds, the Series 2010B Bonds and the Series 2011A Bonds.

For purposes of the "Revenues test," "Sales Tax Revenues" shall be an amount equal to one-half of the sales tax revenues for the most recently completed 24 months for which the RTA has financial statements available, shall be calculated consistent with generally accepted accounting principles and shall be evidenced either by an accountants' certificate (or for months for which audited financial statements are not available by a certificate of an Authorized Officer of the RTA). See "**THE REGIONAL TRANSPORTATION AUTHORITY**—RTA FINANCES–Sales Tax Revenues."

In addition, the RTA may, without meeting these tests, but only to the extent permitted by the Act, issue refunding Authority Obligations to avoid a default in payment of Authority Obligations or if the refunding results in deposit requirements in each Fiscal Year while any previously Outstanding Authority Obligations remain Outstanding not in excess of those prevailing before the refunding.

Separate Ordinance Obligations. The General Ordinance provides that nothing contained therein prohibits the RTA from issuing Separate Ordinance Obligations, which may (but need not) be general obligations of the Authority, and from assigning, pledging, and granting a first lien on and first security interest in Secured Government Payments or *ad valorem* real property tax receipts, or both, as well as amounts in a debt service fund and a debt service reserve fund for such Obligations, for the payment thereof, and for reimbursing a provider of a Credit Support Instrument or Reserve Fund Credit Instrument for such Obligations and for reinstating coverage under such an instrument, but only to the extent that such Secured Government Payments and tax receipts have not been specifically and explicitly pledged to Authority Obligations. However, the Act would need to be amended before Separate Ordinance Obligations which are secured by *ad valorem* real property tax receipts could lawfully be issued.

Rate Protection Contracts. Both the Act and the Bond Authorization Act of the State of Illinois, as amended, authorize the Authority to enter into rate protection contracts. The Act authorizes the Authority to enter into such contracts to reduce the risk of loss to the Authority, to protect, preserve or enhance the value of its assets or to provide compensation for losses resulting from changes in interest rates. The Bond Authorization Act authorizes the Authority to enter into such contracts for the benefit of providing (i) an interest rate, cash flow or other basis different from that provided in such bonds for the payment of interest, or (ii) with respect to a future delivery of bonds, one or more of a guaranteed interest rate, interest rate basis, cash flow basis, or purchase price.

In connection with its use of rate protection contracts, the Authority has adopted an interest rate risk management policy. Pursuant to its interest rate risk management policy, the aggregate notional amount of rate protection contracts resulting in variable interest rate exposure may not exceed 20% of the Authority's aggregate outstanding indebtedness. The policy also requires the Authority to enter into rate protection contracts with counterparties that have sufficient technical expertise and a credit rating equal to or better than the Authority's credit rating. The following are descriptions of the Authority's rate protection contracts currently in effect, each of which, as applicable, complies with the Authority's interest rate risk management policy.

The Authority entered into a rate protection contract with UBS AG ("*UBS*") in November, 2001 in which the Authority pays UBS a variable rate equal to SIFMA and UBS pays the Authority a fixed rate of 4.302% per annum with respect to a notional amount which relates to Authority Obligations consisting of all or a portion of its Series 1990A Bonds, Series 1994B Bonds, and Series

1994D Bonds. The initial notional amount was $112,250,000 and declines as the applicable Authority Obligations mature. As of June 1, 2011, the outstanding notional amount is $93,305,000. This rate protection contract is scheduled to terminate on June 1, 2020.

In December 2002, the Authority entered into a rate protection option contract with Bear Stearns Financial Products, Inc. ("*Bear Stearns*") in order to lock in expected savings associated with the future current refunding of all or a portion of its Series 1996 Bonds. The option was exercised by Bear Stearns on June 1, 2005. Under the agreement Bear Stearns pays the Authority a variable rate of 70% of One Month LIBOR index and the Authority pays a fixed rate of 4.952% per annum. The initial notional amount was $148,110,000 which will decline pursuant to the amortization schedule set forth in the swap agreement in relation to the Series 2005B Bonds. As of June 1, 2011, the outstanding notional amount is $119,240,000. The interest rate swap is scheduled to terminate on June 1, 2025. Effective May 26, 2009, JPMorgan Chase Bank ("*JPMorgan*") merged with Bear Sterns. As a result of that merger, JP Morgan succeeded to the counterparty position held by Bear Stearns.

In August 2003, the Authority entered into a rate protection contract with UBS and a rate protection contract with Merrill Lynch Capital Services, Inc. ("*Merrill Lynch*"), in which the Authority pays UBS and Merrill Lynch a variable rate equal to SIFMA and UBS and Merrill Lynch pay the Authority a variable rate equal to 78.25% of the LIBOR index with respect to notional amounts that are related to certain outstanding Authority Obligations. The initial notional amount of each of these rate protection contracts was $197,214,000 and declines as the applicable Authority Obligations mature. As of June 1, 2011, the outstanding notional amount is $188,771,500. These two rate protection contracts are scheduled to terminate on June 1, 2024.

In March 2005, the Authority entered into a rate protection contract with JPMorgan in which the Authority pays JPMorgan a variable rate equal to the SIFMA Index and JPMorgan pays the Authority a variable rate equal to 79.0% of the LIBOR index with respect to notional amounts that are related to certain outstanding Authority Obligations. The initial notional amount of this rate protection contract was $52,000,000 and declines as the applicable Authority Obligations mature. As of June 1, 2011 the outstanding notional amount is $52,000,000. The rate protection contract is scheduled to terminate on July 1, 2023.

In June 2007, the Authority entered into a rate protection contract with Goldman Sachs ("*Goldman*") and a rate protection contract with Bear Stearns in which the Authority pays Goldman and Bear Stearns a variable rate equal to SIFMA and receives a fixed rate equal to 4.367% per annum. The initial notional amounts were $156,000,000 (Goldman) and $104,000,000 (Bear Stearns). Notional values for both transactions decline as the applicable Authority obligations mature. As of June 1, 2011, the outstanding notional amounts are $149,526,000 (Goldman) and $99,684,000 (JP Morgan). The two counterparties have the option to terminate their contracts at semi annual intervals beginning July 1, 2016. If the early termination options are not exercised, these rate protection contracts are scheduled to terminate July 1, 2030. Effective May, 26, 2009, JPMorgan succeeded to the counterparty position held by Bear Stearns.

In May 2010, the Authority approved an ordinance (the "*Interest Rate Swap Ordinance*") providing that it may engage in interest rate swap transactions to convert interest from a fixed rate to a floating rate (the "*Fixed-to-Floating Rate Interest Swap Transactions*") and may enter into rate protection contracts pursuant to which the Authority pays the counterparties to those contracts a variable rate equal to the SIFMA Index and the counterparties pay the Authority a variable rate (the "*New Basis Swap Transactions*") within certain parameters as set forth in the Interest Rate Swap Ordinance. The Interest Rate Swap Ordinance provides that the aggregate notional amount of fixed rate bonds relating to such Fixed-to-Floating Rate Interest Rate Swap Transactions and New Basis Swap Transactions shall not exceed $106,000,000.

The Authority's obligations under the aforesaid agreements, if any, are payable from its general fund, but are subordinate to the Series 2011A Bonds and other Outstanding Authority Obligations. The Authority may enter into other rate protection contracts in the future. The Authority's obligations under any rate protection contract do not constitute bonds or notes within the meaning of the Act.

The Authority enters into rate protection contracts in order to achieve the level of fixed and floating rate debt it considers appropriate, based upon prevailing market conditions. In the event such market conditions undergo a change that is materially adverse to the Authority's position, there is a risk that the Authority will be required to pay higher effective interest costs, pledge collateral, or make a payment to terminate the contract.

Other Financing Alternatives. The RTA also has the power to acquire real or personal property by lease, sublease or installment or conditional purchase contract payable in annual installments during a period not exceeding 40 years. In connection with the acquisition of public transportation equipment (including, but not limited to, rolling stock, vehicles, locomotives, buses or rapid transit equipment), the RTA is authorized to execute equipment trust certificates, equipment leases, conditional purchase agreements and other security agreements in the form customarily used to effect such acquisitions. These obligations do not constitute bonds or notes within the meaning of the Act, are not Additional Authority Obligations and are payable only after all required deposits and credits have been made to the various accounts in the Debt Service Fund for Authority Obligations.

Debt Service Reserve Fund Policy Agreements. In connection with the issuance of each series of Outstanding Authority Obligations and, in connection with the issuance of the Series 2011A Bonds, the Authority may acquire, a Reserve Fund Credit Instrument to satisfy the Reserve Requirement for such series of Bonds. In the event of a payment under any of the Reserve Fund Credit Instruments, the Authority is obligated to reimburse the policy issuer for such payment, together with interest thereon until paid. The Authority's obligation to pay such interest is subordinate to the Authority's obligation to pay Authority Obligations and to replenish the Debt Service Reserve Fund.

AGREEMENTS OF THE STATE

In the Act, the State pledges to and agrees with the Holders of the Authority Obligations (including the Series 2011A Bonds) that the State will not limit or alter the rights and powers vested in the RTA by the Act so as to impair the terms of any contract made by the RTA with such Holders, or in any way to impair the rights and remedies of such Holders, until the Authority Obligations (including the Series 2011A Bonds), together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the Holders thereof, are fully met and discharged. In addition, in the Act the State pledges to and agrees with the Holders of the Authority Obligations (including the Series 2011A Bonds) that the State will not limit or alter the basis on which State funds are to be paid to the RTA, as provided in the Act, or the use of such funds, so as to impair the terms of any such contract.

ANNUAL DEBT SERVICE

The annual debt service (representing payments to the Bondholders, rather than payments by the RTA to the Debt Service Fund) for the Outstanding Bonds and the Series 2011A Bonds for each calendar year is set forth below:

	SERIES 2011A BONDS SERIES		OUTSTANDING BONDS*	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL AND INTEREST(1) *	TOTAL DEBT SERVICE(1)*
2011	$ -	$ 1,785,222	$ 205,945,389	$ 207,730,610
2012	-	4,657,100	344,623,548	349,280,648
2013	12,040,000	4,416,300	188,706,560	205,162,860
2014	12,475,000	3,863,625	188,954,940	205,293,565
2015	13,000,000	3,226,750	189,087,725	205,314,475
2016	13,560,000	2,562,750	188,928,633	205,051,383
2017	14,165,000	1,869,625	188,911,978	204,946,603
2018	14,810,000	1,145,250	189,102,489	205,057,739
2019	15,500,000	387,500	189,159,056	205,046,556
2020			189,473,704	189,473,704
2021			181,603,774	181,603,774
2022			181,326,904	181,326,904
2023			159,156,679	159,156,679
2024			158,180,120	158,180,120
2025			138,184,495	138,184,495
2026			123,579,739	123,579,739
2027			123,499,091	123,499,091
2028			123,417,769	123,417,769
2029			110,466,356	110,466,356
2030			98,508,969	98,508,969
2031			84,712,350	84,712,350
2032			72,000,806	72,000,806
2033			59,293,519	59,293,519
2034			54,592,525	54,592,525
2035			24,557,525	24,557,525
Total	$95,550,000	$23,914,122	$3,775,974,640	$3,875,438,762

(1) After the issuance of the Series 2011A Bonds.

* Assumes an interest cost on the Series 2005B Bonds of 2.50%. Columns may not add due to rounding.

ESTIMATED DEBT SERVICE COVERAGE

The RTA's 2011 Budget adopted in December, 2010 is based upon estimates of projected Sales Tax Revenues and projected Public Transportation Fund Revenues. These two projections taken together constitute the projected revenues available in any year for the payment of debt service. See "**THE REGIONAL TRANSPORTATION AUTHORITY**—RTA FINANCES–Sales Tax Revenues," "–Public Transportation Fund Revenues" and "–2011 BUDGET AND 2012-13 FINANCIAL PLAN." Should 2011 Sales Tax Revenues and Public Transportation Fund Revenues be less than projected, such shortfall could affect the projections for calendar years 2011 and beyond. The RTA's projections for calendar years 2012 and 2013 assume an annual compound growth rate of 2.9%. After calendar year 2013, projections were computed using an annual growth rate of 3.2%. See Appendix A– "RTA HISTORICAL AND PROJECTED SALES TAX REVENUES."

The following table shows projected debt service coverage by projected available Sales Tax Revenues and by projected Available Revenues. The Authority makes no representation by the inclusion of the following table that the actual Available Revenues for debt service coverage will be equal to the projected amounts shown. Over the term of the Series 2011A Bonds, Available Revenues will be impacted by a number of economic and other factors, some of which are described in Appendix A. Changes in such factors in any year or over the term of the Series 2011A Bonds could result in a material change in the amounts of actual Available Revenues.

REGIONAL TRANSPORTATION AUTHORITY
DEBT SERVICE COVERAGE*
(Dollars in Thousands)

CALENDAR YEAR	TOTAL DEBT SERVICE [(1)]	PROJECTED SALES TAX REVENUES	TIMES COVERAGE BY SALES TAX REVENUES [(1)]	PROJECTED AVAILABLE REVENUES [(2)]	TIMES COVERAGE BY PROJECTED AVAILABLE REVENUES [(1)]
2011	$ 207,731	$ 916,299	4.41%	$ 1,222,388	5.88%
2012	349,281	942,871	2.70	1,259,533	3.61
2013	205,163	972,905	4.74	1,299,658	6.33
2014	205,294	1,004,038	4.89	1,341,247	6.53
2015	205,314	1,036,167	5.05	1,384,167	6.74
2016	205,051	1,069,324	5.21	1,428,460	6.97
2017	204,947	1,103,543	5.38	1,474,171	7.19
2018	205,058	1,138,856	5.55	1,521,344	7.42
2019	205,047	1,175,299	5.73	1,570,027	7.66
2020	189,474	1,212,909	6.40	1,620,268	8.55
2021	181,604	1,251,722	6.89	1,672,117	9.21
2022	181,327	1,291,777	7.12	1,725,624	9.52
2023	159,157	1,333,114	8.38	1,780,844	11.19
2024	158,180	1,375,774	8.70	1,837,831	11.62
2025	138,184	1,419,798	10.27	1,896,642	13.73
2026	123,580	1,465,232	11.86	1,957,334	15.84
2027	123,499	1,512,119	12.24	2,019,969	16.36
2028	123,418	1,560,507	12.64	2,084,608	16.89
2029	110,466	1,610,443	14.58	2,151,316	19.47
2030	98,509	1,661,978	16.87	2,220,158	22.54
2031	84,712	1,715,161	20.25	2,291,203	27.05
2032	72,001	1,770,046	24.58	2,364,521	32.84
2033	59,294	1,826,687	30.81	2,440,186	41.15
2034	54,593	1,885,141	34.53	2,518,272	46.13
2035	24,558	1,945,466	79.22	2,598,857	105.83
Total	**$3,875,439**	**$34,197,176**		**$45,680,745**	

* After the issuance of the Series 2011A Bonds. Columns may not add due to rounding.
(1) Assumes an interest cost on the Series 2005B Bonds of 2.50%.
(2) Sales Tax and Public Transportation Funds related to Sales Tax and RETT.

MUNICIPAL BOND INSURANCE POLICY

The following information has been issued by AGM for use in this Official Statement. Reference is made to Appendix I for a specimen of AGM's Municipal Bond Insurance Policy.

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2011A Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2011A Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 13, 2011, S&P issued a release stating that it had affirmed the "AA+" financial strength rating of AGM, with a stable outlook. Reference is made to the release, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the "Bond Insurance RFC") in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011.

Capitalization of AGM

At March 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,058,791,206 and its total net unearned premium reserve was approximately $2,285,987,748, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Series 2011A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE POLICY – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Series 2011A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**MUNICIPAL BOND INSURANCE POLICY**".

THE REGIONAL TRANSPORTATION AUTHORITY

GENERAL POWERS

The Illinois Constitution recognizes that public transportation is an essential public purpose for which public funds may be expended. To implement that public policy, the State has enacted legislation creating government entities to operate and fund public transportation and providing funding from State resources for the operating and capital needs of public transportation. Those services are available for the 8.4 million residents of the Region (as defined below). Public transportation is vital to the economic well-being of the Region.

The RTA was created by law enacted in 1973 and approved at a referendum held in Cook, DuPage, Kane, Lake, McHenry and Will Counties (the *"Region"*). Originally, the RTA was authorized both to operate service and to provide public subsidies to local government entities, principally the Chicago Transit Authority (the "*CTA"*) and private bus and rail carriers serving the Region. In 1983, the Act was amended to create three separate operating entities– the CTA, the Commuter Rail Division ("*Metra*") and the Suburban Bus Division ("*Pace*" and together, with the CTA and Metra, each a *"Service Board"* and collectively, the *"Service Boards"*) to operate public transportation in the Region. The RTA was charged with allocating public funds as subsidies for those entities and overseeing their financial performance.

In 2008 the Legislature enacted and the Governor approved legislation (the "*Amendatory Legislation*") that changed the composition of the boards of directors of the RTA and Service Boards, increased the financial and capital planning responsibilities of the RTA, strengthened financial oversight by the RTA, authorized increases in local taxes to fund public transportation in the Region and increased its subsidies of public transportation throughout the State. See "ORGANIZATION AND MANAGEMENT," "RTA FINANCES," and "FINANCIAL CONTROLS OVER SERVICE BOARDS."

The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State. By law, the RTA is responsible for planning, coordinating and funding public transportation services in the Region. Under the Act it is charged with adopting plans to implement the policies of the State with respect to public transportation, setting goals and standards for service provided by the Service Boards, developing performance measures to inform the public whether public transportation services meet those goals and standards, allocating operating and capital funds to support public transportation in the Region, providing financial oversight of the Service Boards and coordinating service and investment in facilities to achieve integration of public transportation throughout the Region. The exercise of these responsibilities is evidenced in three public documents adopted by the RTA Board of Directors from time to time: a Strategic Plan, a Five-Year Capital Program and an Annual Budget and Two-Year Financial Plan.

The Act allocates the responsibility for setting fares and providing service among the CTA, Metra and Pace. The CTA provides bus and rail service in Chicago and those suburbs close to Chicago. Metra provides commuter rail service between the Chicago Central Business District and 228 Chicago and suburban locations. Pace provides bus service throughout the suburbs and to the City of Chicago. As of 2007 Pace also provides ADA paratransit service throughout the Region. The public transportation services operated by the Service Boards, as coordinated by the RTA to the extent provided in the Act, are referred to herein as the *"System."*

The Act requires the RTA to adopt and regularly update a Strategic Plan that identifies goals and objectives with respect to increasing usage of transit services, coordinating the provision of and investment in those services by the Service Boards, coordinating fare policy to promote transfers among transit modes, achieving a state of good repair of System assets, providing improved access to the services by transit-dependent persons, preserving the financial viability of the System, limiting road congestion, and in general advancing the policy of the State to provide adequate, efficient and coordinated public transportation in the Region. The RTA has adopted a Strategic Plan as required, and has and will continue to adopt enhancements and updates to this plan.

Central to funding and oversight responsibilities, the Act requires the RTA to prepare and adopt each year an Annual Operating Budget and Two-Year Financial Plan for the System balancing the anticipated revenues from all sources with anticipated expenditures. See "**THE REGIONAL TRANSPORTATION AUTHORITY**—2011 BUDGET AND 2012-13 FINANCIAL PLAN." Further, the RTA and the Service Boards are required by the Act to maintain a "system generated revenue recovery ratio" of 50% (the "*System Generated Revenue Recovery Ratio*"), *i.e.* at least 50% of the System's operating costs must be recovered through 1) revenues generated by the System, including fare box receipts, 2) revenues from certain other sources, such as investment income and concessions, and 3) reduced fare reimbursements by the State. A separate revenue recovery ratio of 10% has been established by the Act for ADA paratransit services. It is the RTA's responsibility to ensure that these ratios are maintained through the review and approval of each Service Board's budgets and ratios. On an on-going basis, the RTA monitors the budgetary and operational performance of the Service Boards to ensure compliance with their budgets and the ratios. See "**THE REGIONAL TRANSPORTATION AUTHORITY**—FINANCIAL CONTROLS OVER SERVICE BOARDS."

The Act designates the RTA as the primary public body in the Region to secure funds for public transportation. The RTA is authorized to impose taxes in the Region and to issue debt to provide funding for public transportation facilities. The RTA is also responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transportation in the Region. The Act also requires the RTA to prepare and adopt each year a Five-Year Capital Program. The Service Boards are prohibited from undertaking any capital project in excess of $250,000 unless the project has been incorporated in that Program.

ORGANIZATION AND MANAGEMENT

A 16 person Board of Directors governs the RTA. As described in more detail in the following paragraphs, the Amendatory Legislation allocates appointment authority equally among elected officials from three areas – the City of Chicago, suburban Cook County, and the Counties of DuPage, Kane, Lake, McHenry and Will (the "*Collar Counties*"), and requires the appointment of a Chairman with votes from each of these areas:

> Five directors are appointed by the Mayor of the City of Chicago with the advice and consent of the City Council. Each of these directors must reside in the City of Chicago. None of these directors may be the Chairman or director of the CTA.
>
> Four directors are appointed by the commissioners of the Cook County Board elected from districts a majority of the electors of which reside outside the City of Chicago. A fifth director is appointed by the President of the Cook County Board with the advice and consent of the Cook County Board. Each of the Cook County appointees must reside in suburban Cook County.
>
> Five directors are appointed by the Chairmen of the Collar Counties; one each by the Chairmen of DuPage, Kane, Lake and McHenry Counties and the County Executive of Will County, each with the advice and consent of the respective County Board. Each Collar County appointee must reside in the county of the appointing authority.
>
> The sixteenth member, who is the Chairman of the Board of the RTA, is elected by the other 15 directors and must receive no fewer than 11 votes, 2 of which must come from directors from each of the City of Chicago, suburban Cook County and the Collar Counties.

The Chairman and each director serve five-year terms and until his or her successor has been appointed and qualified.

The RTA maintains a staff of approximately 98 transportation professionals.

John S. Gates, Jr. has served as Chairman since August, 2010. Mr. Gates serves as Chairman and Chief Executive Officer of PortaeCo, a private investment company. Until May 2010, Mr. Gates served as Chairman of the Board and Chairman of the Finance Committee of Metropolitan Pier and Exhibition Authority "McPier." Prior to forming PortaeCo, Mr. Gates co-founded CenterPoint Properties Trust and served as Co-Chairman and Chief Executive Officer for 22 years. CenterPoint Properties is the former site of the U.S. Army Joliet Arsenal. During Mr. Gates tenure at Centerpoint Properties, the site opened as the largest intermodal container handling facility in the world and connected the BNSF and Union Pacific railroads, along with 17 million square feet of industrial space for the Chicago region. Additionally, CenterPoint became the nation's first publicly traded Industrial Real Estate Investment Trust, as well as the largest private property owner/developer in the metropolitan Chicago region. Mr. Gates graduated from Trinity College in 1976 with a BS in Economics and Philosophy. He began his career as an Assistant to Governor James R. Thompson of Illinois. In 1979, he joined CB/Richard Ellis, and in 1981, co-founded the Chicago office of Jones Lang Wootton (now Jones Lang LaSalle).

Joseph G. Costello has served as Executive Director since December, 2010. Prior to his appointment, Mr. Costello served as the Chief Financial Officer of the RTA since February, 1995. Prior to serving as Chief Financial Officer he was a Financial Controller for a multinational transport and logistics company. Previously, Mr. Costello held various management positions with two multinational manufacturing concerns after serving as an auditor with Price Waterhouse (now PriceWaterhouseCoopers). Mr. Costello received a B.S. degree in accounting from the University of Illinois at Chicago and an M.B.A. from the University of Chicago. Mr. Costello has his C.P.A. Certificate from the State of Illinois, and its government equivalent, a Certified Public Finance Officer certification, from the Government Finance Officers Association.

Grace Gallucci has served as the Chief Financial Officer since January, 2011. Prior to serving as the Chief Financial Officer, Ms. Gallucci served as Deputy Executive Director of Research, Analysis and Policy Development since June, 2007. Ms. Gallucci managed the department responsible for research, performance analysis and policy development to facilitate effective programmatic, operational and financial decision-making. Ms. Gallucci has more than 20 years experience in public transportation. She previously served as the Executive Director of the Office of Management & Budget at the Greater Cleveland Regional Transit Authority. While there, she also served as Manager of Financial Analysis & Budgets and Director of Finance. Ms. Gallucci received her Masters Degree in Urban Studies from Cleveland State University and also received both a Master of Public Administration degree and Bachelor of Science degree in Business Administration from the University of Dayton.

Leanne Redden has served as the Senior Deputy Executive Director of Planning and Regional Programs since November, 2005. Ms. Redden is managing the development of the new strategic plan for the RTA. She also manages the Planning, Regional Services and External Affairs departments. From 2003 through November 2005 she was the Chief of Planning at the Illinois State Toll Highway Authority, where she oversaw the Planning Department and was integral in developing the 2004 $5.3 billion Congestion Relief Capital Plan. She was responsible for capital planning, traffic and revenue forecasting. Prior to that, Ms. Redden was the Director of Transportation for the Village of Schaumburg. Ms. Redden received her Masters Degree in Urban and Regional Planning from the University of Illinois Urbana-Champaign and a Bachelors Degree from the University of New South Wales, Australia.

Allan Sharkey has served as the Treasurer since August, 2000, after joining the RTA in May, 2000 as Treasury Manager. Previously, Mr. Sharkey served as Chief Financial Officer for a market research and consulting firm and held various management positions in finance and accounting with the FDIC and major corporations. Mr. Sharkey received a B.S. degree in business administration from Indiana University and a C.P.A. Certificate from the State of Illinois.

Clinton S. McHugh has served as the RTA's General Counsel since February, 2011. As the RTA's chief legal counsel, he provides advice regarding regulatory and statutory powers and requirements, oversees contracting and litigation, and coordinates the drafting and adoption of ordinances and resolutions by the RTA Board. He served as Acting General Counsel from May 2010 until his current appointment. He also served as the agency's Deputy General Counsel during 2009 and 2010. Prior to joining the RTA, Mr. McHugh was an attorney in private practice in the Chicago office of the New York City law firm of Skadden, Arps, Slate, Meagher & Flom LLP, and the Chicago law firm of Kirkland & Ellis LLP, where he advised clients in matters including mergers and acquisitions, securities, finance, governance, and general corporate matters. Mr. McHugh received a bachelor's degree from Duke University in Durham, North Carolina, with a double major in Public Policy Studies and Economics, and a law degree from the University of Virginia in Charlottesville.

RIDERSHIP TRENDS

System ridership for the year 2010 was approximately 634.1 million, which reflects a decrease of 0.83% over the year 2009. As required by the Amendatory Legislation, the Service Boards in 2008 began to provide free fixed route transportation service to persons 65 years and older and to disabled persons who fall within statutory income limits. Those riders are included in the 2008, 2009 and 2010 data.

YEARLY RIDERSHIP
UNLINKED PASSENGER TRIPS
(IN MILLIONS)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CTA Bus	300.2	303.3	303.1	304.8	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0
CTA Rail[(1)]	166.5	176.3	181.7	180.4	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8
Total CTA	466.7	479.6	484.8	485.2	474.7	474.7	492.3	494.8	499.6	526.3	521.3	516.8
METRA	76.6	78.8	79.2	76.8	74.8	74.4	77.0	80.8	84.4	87.7	83.1	82.2
PACE	40.2	38.6	37.0	34.8	33.7	34.1	36.9	38.0	36.6	37.8	32.3	32.3
Regional ADA Paratransit[(2)]									2.5	2.7	2.8	2.8
SYSTEM TOTAL	583.5	597.0	601.0	596.8	583.2	583.2	606.2	613.6	623.1	654.4	639.5	634.1
PERCENT CHANGE	4.4%	2.3%	0.7%	(0.7%)	(2.3%)	0.0%	3.9%	1.2%	1.5%	5.0%	(2.3%)	(0.83%)

(1) CTA rail ridership includes cross-platform transfers.
(2) Prior to 2007, ADA Paratransit ridership is included in CTA Bus and Pace figures.

RTA FINANCES

Revenues. The RTA has the following principal sources of revenues: (i) Sales Tax Revenues; (ii) Replacement Revenues; (iii) Public Transportation Fund Revenues; (iv) State Assistance; and (v) Miscellaneous Revenues, all as described below. Sales Tax Revenues and Public Transportation Fund Revenues are pledged under the General Ordinance and paid directly to the Trustee as security for Authority Obligations, including the Series 2011A Bonds. Under the General Ordinance, the Replacement Revenues are assigned by the RTA and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Series 2011A Bonds. Other RTA funds, such as State Assistance, are not available for payments on Authority Obligations, including the Series 2011A Bonds.

Sales Tax Revenues. Proceeds of the RTA Sales Tax are pledged as security for the Series 2011A Bonds and other Authority Obligations and are assigned by the RTA and paid directly by the State to the Trustee for payment of debt service on Authority Obligations, including the Series 2011A Bonds. Before enactment of the Amendatory Legislation in 2008, the RTA Sales Tax was imposed at the following rates: (i) in Cook County, a tax of 1.00% 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"*); (ii) a tax of 0.75% in Cook County, and 0.25% in the Collar Counties, of the gross receipts from all other taxable retail sales (a *"General Sales Tax"*); (iii) a tax of 0.75% on the use in Cook County, and 0.25% on the use in the Collar Counties, 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 proceeds of the RTA Sales Tax at these rates are referred to as the "*Original Sales Tax Proceeds*").

As authorized by the Amendatory Legislation, on April 1, 2008 the RTA increased the rates of the RTA Sales Tax to the following levels: (i) a Food and Drug Tax of 1.25% in Cook County; (ii) a General Sales Tax of 1.0% in Cook County and 0.75% in the Collar Counties; (iii) a Use Tax of 1.0% in Cook County and 0.75% in the Collar Counties and (iv) a Service Occupation Tax of 1.0% in Cook County and 0.75% in the Collar Counties. The Collar Counties retain one-third (0.25%) of the 0.75% RTA taxes.

The RTA Sales Tax, net of applicable retailers' discount, is collected by the Department of Revenue and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury in the RTA Tax Fund created under the Act (the *"RTA Tax Fund"*). Except as provided in the next sentence, RTA Sales Tax proceeds in the RTA Tax Fund are payable monthly, without appropriation, by the State Treasurer on the order of the State Comptroller directly to the Trustee for any necessary payments of debt service on the Series 2011A Bonds or other Authority Obligations, before being paid to the RTA. See "**SECURITY FOR THE SERIES 2011A BONDS**—SECURITY AND SOURCES OF PAYMENT." One-third of the RTA Sales Tax collected in the Collar Counties is not available for payment of debt service on Series 2011A Bonds nor is it security therefor. It is paid directly by the State to the Collar Counties based on the point of collection and is used by those counties to fund operating and capital costs of public safety and transportation services or facilities. (The proceeds of the RTA Sales Tax, less the amounts distributed to the Collar Counties as described in the previous sentence, less the Original Sales Tax Proceeds, are referred to as the "*Increased Sales Tax Proceeds*".)

Replacement Revenues. The Replacement Revenues are pledged as security for the Series 2011A Bonds and other Authority Obligations. Under the General Ordinance, the Replacement Revenues are assigned by the RTA and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Series 2011A Bonds.

In order to compensate local governments, including the RTA, for any revenues lost by a 1990 legislative simplification of the rate structures and tax base for sales taxes imposed by the State and local governments, including the RTA, the State provided for additional annual payments to local governments from receipts collected under the State Retailers Occupation Tax, State Service Occupation Tax and State Use Taxes (collectively, the *"State Sales Tax"*). As a result, specified percentages from State Sales Tax receipts (the *"Replacement Revenues"*) are paid monthly into the RTA Occupation and Use Tax Replacement Fund and RTA Tax Fund held by the State Treasurer to offset RTA revenue loss resulting from that restructuring. Replacement Revenues are paid monthly by the State Treasurer to or on behalf of the RTA. The State has pledged that it will not limit or alter the basis on which State funds are paid to the RTA in a manner that would impair the contractual rights and remedies of the Holders of Authority Obligations. See "**SECURITY FOR THE SERIES 2011A BONDS**— AGREEMENTS OF THE STATE" above.

For a discussion of the RTA's projection of Sales Tax Revenues and Replacement Revenues, see Appendix A— "RTA HISTORICAL AND PROJECTED SALES TAX REVENUES."

The RTA is also authorized by the Act to impose certain other taxes which it currently does not impose, including, but not limited to: (i) a tax on the gross receipts from automobile rentals at a rate not to exceed 1% in Cook County and 0.25% in the Counties of DuPage, Kane, Lake, McHenry and Will; (ii) a tax on the sale of motor fuel at a rate not to exceed 5% of the gross receipts of such sales; and (iii) a tax on the privilege of parking motor vehicles at off-street parking facilities. The tax on motor fuel and the tax on the use of off-street parking facilities cannot by law be imposed concurrently with the RTA Sales Taxes currently imposed by the RTA.

Public Transportation Fund Revenues. The Public Transportation Fund Revenues are pledged as security for the Series 2011A Bonds and other Authority Obligations and are paid directly by the State to the Trustee for the payment of debt service on Authority Obligations, including the Series 2011A Bonds. Each month the State Comptroller orders and the State Treasurer transfers from the State General Revenue Fund to the Public Transportation Fund in the State Treasury an amount equal to 30% of the net revenues realized from the RTA Sales Tax, but not including the portion of the RTA Sales Tax paid directly to the Collar Counties, 30% of the net Replacement Revenues and 30% of the net revenues realized by the CTA as financial assistance from the City of Chicago from the proceeds of the Chicago Real Estate Transfer Tax imposed by the City (these amounts are collectively referred to as "*Public Transportation Fund Revenues*".)

The Amendatory Legislation provides that the provisions directing the distributions of Public Transportation Fund Revenues to the RTA constitute an irrevocable and continuing appropriation of those revenues. However, by law Public Transportation Fund Revenues may not be paid to the RTA until the RTA has certified to the Governor, the State Comptroller and the Mayor of the City of Chicago that it has adopted for that Fiscal Year a budget and financial plan meeting the requirements of the Act. In each year since the RTA has been statutorily required to do so, it has certified that its budget has met the requirements of the Act. In recent years the State has been delayed in making transfers of Public Transportation Fund Revenues to the RTA. Since calendar year 2008 the State has been more than six months delinquent in transferring the Public Transportation Fund Revenues to the RTA from time to time. Currently, the last payment received from the State was in March, 2011. The March 2011 payment represented payments due from September and November of 2010. See "**THE REGIONAL TRANSPORTATION AUTHORITY**—2011 BUDGET AND 2012-13 FINANCIAL PLAN" for a discussion of how the RTA has accounted for this in its 2011 Budget. The State has pledged that it will not limit or alter the basis on which State funds are paid to the RTA in a manner that would impair the contractual rights and remedies of the Holders of Authority Obligations. See "**SECURITY FOR THE SERIES 2011A BONDS**— AGREEMENTS OF THE STATE" above.

As an additional condition to receipt of Public Transportation Fund Revenues, the RTA is required to determine, within six months following the end of each calendar year, whether the System's aggregate System Generated Revenue Recovery Ratio equals at least 50%. To the extent that this coverage test is not met, the RTA is required to refund the amount of the deficiency in such coverage to the State, and the Public Transportation Fund Revenues paid by the RTA to a Service Board not meeting its System Generated Revenue Recovery Ratio are reduced in proportion to the amount of the Service Board's deficiency. Since the enactment of the System Generated Revenue Recovery Ratio requirement, the System has met the coverage tests required by law.

State Assistance. The Act provides supplemental State funding in the forms of additional state assistance ("*Additional State Assistance*") and additional financial assistance ("*Additional Financial Assistance*") to the RTA in connection with its issuance of SCIP Bonds (collectively, *"State Assistance"*). State Assistance received by the RTA may not be pledged as security for payment of debt service on Authority Obligations, including the Series 2011A Bonds. Under the Act, the RTA may not assign its right to receive State Assistance payments or direct their payment to the Trustee or any other entity for payment of debt service on Authority Obligations, including the Series 2011A Bonds. State Assistance is paid directly to the RTA and may be spent at its discretion for its corporate purposes.

The amount of State Assistance available to the RTA in any year is limited by the Act to the lesser of statutorily specified ceilings or amounts derived from application of a formula, both described in the following paragraphs.

With respect to the SCIP Bonds issued prior to calendar year 2000, the annual statutory ceiling for State Assistance is $55 million. However, the formula described below effectively limits State Assistance with respect to those SCIP Bonds to $40 million. With respect to the $1.3 billion in SCIP Bonds authorized to be issued after January 1, 2000, the annual statutory ceiling for State Assistance after 2005 is $100 million.

To obtain State Assistance payments, the RTA must certify to the State (i) the amount required during that State fiscal year to pay debt service on outstanding SCIP Bonds and on SCIP Bonds to be issued during that State fiscal year; (ii) any debt service savings during the preceding State fiscal year from the issuance of refunding or advance refunding SCIP Bonds; and (iii) the amount of interest earned by the RTA during the previous State fiscal year on the proceeds of SCIP Bonds, other than refunding or advance refunding SCIP Bonds. Subject to appropriation, State Assistance is paid monthly to the RTA so that by the end of the State fiscal year the lesser of the statutorily specified ceilings or an amount equal to the sum of clauses (i) and (ii), minus clause (iii), as certified by the RTA, has been paid to the RTA.

The RTA has filed its certification with respect to State fiscal year 2010 and the State has made the necessary appropriations with respect to payment of State Assistance for that fiscal year. The RTA intends to continue to file the required certifications for each State fiscal year in order to obtain State Assistance payments in the amounts available under the Act. Although the amount of State Assistance the RTA may receive is measured in part by the debt service on the RTA's SCIP Bonds, State Assistance is not pledged for payment of or as security for any Authority Obligations, including any SCIP Bonds.

Miscellaneous Revenues. Miscellaneous Revenues include (i) revenues from certain other sources, such as investment income and revenues from concessions and advertisements, and (ii) additional operating assistance from the State to the RTA for distribution to the Service Boards representing partial reimbursements to the Service Boards for discounts provided to students, elderly and disabled riders mandated by law (*"Reduced Fare Reimbursements"*). The proceeds of Reduced Fare Reimbursements are not pledged as security for and are not available for payment of debt service on Authority Obligations, including the Series 2011A Bonds.

Chicago Real Estate Transfer Tax. In 2008, pursuant to the Amendatory Legislation, the City of Chicago increased its real estate transfer tax by a rate of $1.50 per $500 of value for the purpose of providing financial assistance to the CTA (the "*Chicago Real Estate Transfer Tax*"). The proceeds of this tax are paid by the City directly to the CTA and are not pledged as security for and are not available for payment of debt service on Authority Obligations, including the Series 2011A Bonds.

Expenditures. The RTA has five principal objects of expenditure: (i) operating grants to the Service Boards for general transit services, (ii) operating grants to Pace for ADA Paratransit Service, (iii) capital grants to the Service Boards, (iv) administrative and regional expenses of the RTA, and (v) debt service.

Operating Grants to Service Boards for General Services. Under the Act and the General Ordinance, the State pays all Sales Tax Revenues and Public Transportation Fund Revenues directly to the Trustee as security for debt service on Authority Obligations, including the Series 2011A Bonds. Only amounts in excess of the required deposits are to be transmitted by the Trustee to the RTA for its corporate purposes, including distribution to the Service Boards. See "**SECURITY FOR THE SERIES 2011A BONDS**—DEBT SERVICE FUND."

After requiring that the RTA first provide for the payment of its obligations with respect to the Series 2011A Bonds and other Authority Obligations from the Sales Tax Revenues and other revenues available for that purpose, the Act allocates RTA revenue to the Service Boards and for various statutory purposes. The Amendatory Legislation preserved the allocation of the Original Sales Tax Proceeds, specifically, the following: the RTA withholds 15% of (i) 80% of the RTA Sales Taxes collected in Cook County at the rate of 1.25%, (ii) 75% of the RTA Sales Taxes collected in Cook County at a rate of 1%, (iii) 50% of the receipts of the RTA Sales Taxes collected in DuPage, Kane, Lake, McHenry and Will Counties, and (iv) the Replacement Revenues. Those withheld amounts are deposited into the RTA's general fund and used at the RTA's discretion. After withholding 15% of the above described amounts, the RTA is required to pay the amounts remaining as follows: (i) the balance remaining from proceeds collected within the City of Chicago is allocated and paid to the CTA; (ii) the balance remaining from proceeds collected in suburban Cook County is allocated and paid 30% to the CTA, 55% to Metra and 15% to Pace; and (iii) the balance remaining from proceeds collected in the Collar Counties is allocated and paid 70% to Metra and 30% to Pace.

That portion of the Public Transportation Fund Revenues measured by the Original Sales Tax Proceeds and the Replacement Tax Revenues, as well as State Assistance, investment income and other revenues 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.

The Amendatory Legislation fully allocates the Increased Sales Tax Proceeds to the Service Boards or for specific programs as follows: (i) 20% of the taxes collected in Cook County at the rate of 1.25%, (ii) 25% of the taxes collected in Cook County at the rate of 1%, and (iii) 50% of the taxes collected in the Collar Counties, together with that portion of the Public Transportation Fund Revenues measured by those amounts are allocated as follows: after depositing \$100 million in the ADA Paratransit Fund, \$20 million in the Suburban Community Mobility Fund and \$10 million in the Innovation, Coordination and Enhancement Fund, the balance of the moneys from the Increased Sales Tax Proceeds are allocated 48% to the CTA, 39% to Metra and 13% to Pace. The RTA must pay all of the Public Transportation Fund Revenues collected from the Chicago Real Estate Transfer Tax to the CTA. The fixed dollar amounts are required by the Amendatory Legislation to be deposited in the named funds in 2008 and increase or decrease in subsequent years based on the growth or decline in RTA Sales Tax Revenues in the previous year.

The amounts of such funds allocated to the Service Boards are payable as soon as may be practicable upon their receipt, provided that (i) the RTA has adopted a balanced budget pursuant to the Act; and (ii) the Service Board which is to receive these funds is in compliance with the budget requirements imposed upon the Service Boards pursuant to the Act.

The Act requires that no moneys be released by the RTA to the CTA in any Fiscal Year, except for the proceeds of taxes imposed by the RTA and distributed by formula, unless ". . . a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribution for such year of at least \$5,000,000 for public transportation." The City of Chicago and Cook County also must continue to provide services to the CTA at the same level and on the same basis as services were provided as of the effective date of the Act or as otherwise approved by the RTA Board. Funds received from this local assistance are not available for the payment of debt service on Authority Obligations, including the Series 2011A Bonds.

*Operating Grants to Pace for ADA Paratransit Service***.** In 2005 legislation was enacted that reorganized the responsibility for provision of transportation services to disabled individuals unable to use fixed route service and eligible for services under the American With Disabilities Act (*"ADA Paratransit Service")*. The RTA is responsible for funding, review and oversight of that service and Pace is responsible for providing that service throughout the Region. The Act established a separate revenue recovery ratio for such services which now is fixed at 10%. The Act contemplates that ADA Paratransit Service is to be funded with amounts set aside in the ADA Paratransit Fund.

Capital Grants. From its revenues, the RTA makes discretionary capital grants to the Service Boards. These amounts are separate from the proceeds of bonds issued by the RTA. A portion of the funds used by Metra for its capital projects originates from the amount of RTA Sales Tax allocated to Metra by the Act.

Administration and Regional Expenses. Administration costs reflect expenditures for the RTA staff and offices. The regional (also referred to as non-administration) expenses relate to functions undertaken by the RTA for the Service Boards, such as a Travel Information Center and the certification of individuals for Reduced Fare ridership cards, which provide service to the Region, transit technology and coordination initiatives.

Debt Service. The total annual debt service payments on Outstanding Authority Obligations is set forth in the table entitled "**SECURITY FOR THE SERIES 2011A BONDS**—ANNUAL DEBT SERVICE" above.

FINANCIAL CONTROLS OVER SERVICE BOARDS

The Act vests responsibility for financial oversight in the RTA and responsibility for operations and day-to-day management of rail and bus service in the Service Boards. The RTA's financial oversight responsibility is implemented principally through the budget process, in which each Service Board submits an annual budget and two-year financial plan for approval by the RTA. The Act sets criteria by which proposed budgets and financial plans are to be reviewed and requires that the System Generated Revenue Recovery Ratio equals or exceeds 50% and the ADA paratransit revenue recovery ratio equals or exceeds 10%. On a quarterly basis, the Service Boards must report their financial condition and results of operations to the RTA. The RTA Board, by the affirmative vote of 12 of its Directors, must determine whether the results are substantially in accordance with the adopted budget and if so, certify that determination to the Governor, the Mayor of the City of Chicago and the Auditor General of the State. If a Service Board is found not to be substantially in compliance with its budget, the RTA may direct that Service Board to submit a revised budget meeting the mandated criteria. If a Service Board's budget does not meet the criteria, the RTA must withhold 25% of the Service Board's allocation of RTA Sales Taxes and 25% of the Public Transportation Fund Revenues estimated to be available to that Service Board until a compliant budget and financial plan is approved. See "**THE REGIONAL TRANSPORTATION AUTHORITY**—2011 Budget AND 2012-13 FINANCIAL PLAN."

The Act confers upon the RTA Board powers to adopt regulations requiring that the Service Boards submit specific information in connection with the budget, financial plan and capital program, base that budget, financial plan and capital program on those assumptions and projections set out by the RTA and comply with RTA prescribed financial practices in the budgeting and expenditure of public funds. The Act also empowers the RTA to evaluate public transportation services operated by the Service Boards against the goals and objectives of the RTA Strategic Plan and to assess the efficiency and adequacy of those services.

The Amendatory Legislation requires the RTA to conduct audits of each of the Service Boards no less than every five years. Those audits may include management, performance, financial, and infrastructure condition audits. Similar audits may be conducted of transportation agencies that provide services on behalf of a Service Board.

On August 8, 2008, the CTA issued its $1,297,175,000 Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding) (the "CTA Pension Bonds"), and its $639,680,000 aggregate principal amount Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding) (the "CTA Healthcare Bonds"). A portion of the proceeds of the CTA Pension Bonds were used to make a deposit in the amount of $1,110,500,000 to the "Retirement Plan for Chicago Transit Authority Employees" (the "CTA Retirement Plan"), a defined benefit pension plan covering substantially all full-time permanent union and nonunion employees of the CTA. The CTA is responsible for additional contributions in the future in order to maintain the required funded ratio of the CTA Retirement Plan. As of January 1, 2010, the funded ratio of the total assets of the CTA Retirement Plan was approximately 74.8%. It is not possible to definitively state what the market value of assets in the CTA Retirement Plan is as of the date of this Official Statement.

A portion of the proceeds of the CTA Healthcare Bonds were used to make a deposit to a "*Retiree Health Care Trust*" in the amount of $528,800,000 in order to fund the health care benefits for CTA retirees and their dependents and survivors. Following the deposit to the Retiree Health Care Trust, the Retiree Health Care Trust was funded to the level required by law. Thereafter, any required contributions to the Health Care Trust will be made by the beneficiaries of the Health Care Trust in the amounts and at the times determined by the Health Trust Board. The CTA has no further funding obligation with regard to the Retiree Health Care Trust or health care benefits for CTA retirees.

The Act directs the RTA to review the payment of required employer contributions to pension plans established by the Service Boards and, if those payments are more than one month overdue, to pay those overdue contributions to the pension plan from amounts otherwise payable to that Service Board from RTA revenues.

The RTA Board has established certain principles to guide the RTA/Service Board fiscal relationship. The primary principle established by the RTA Board is that if a Service Board performs better than budget in a given Fiscal Year, either as a result of higher than budgeted revenues or lower than budgeted expenses, the RTA will not reduce such Service Board's budgeted funding. Thus, the results of good performance flow through to the Service Board in the form of positive budget surpluses. These funds may be directed by a Service Board in a subsequent Fiscal

Year to address high priority needs, either for operating or capital purposes, upon the approval of the RTA.

HISTORICAL FINANCIAL RESULTS

The Amendatory Legislation authorized a significant increase in public funding for operation of public transportation in the Region. The Amendatory Legislation became law on January 18, 2008. The RTA increased the RTA Sales Tax, as authorized by the Amendatory Legislation, effective April 1, 2008 and the RTA began to receive revenues from those increases in July, 2008. Additionally, the Amendatory Legislation authorized the City of Chicago to impose an increase in the Chicago Real Estate Transfer Tax on April 1, 2008 for the benefit of the CTA.

Table I contains Statements of Revenues and Expenditures for the RTA (including funding for the Service Boards) for the years from 2006 through 2010. The financial information is presented on a funding basis which is non-GAAP and differs in certain respects from the presentation of the financial statements contained in Appendix B —"Comprehensive Annual Financial Report" as explained in the footnotes to Table I. For the financial results of the individual Service Boards, see Appendix C —"Combining Financial Statements" and Appendix D —"Service Board Historical Financial Results and 2011 Budgets and 2012-13 Financial Plans." Not all of the amounts shown under the heading "REVENUES" in the Table constitute security for the Authority Obligations, including the Series 2011A Bonds. See "**SECURITY FOR THE SERIES 2011A BONDS**."

As shown in Table I, for the period 2006 through 2010, RTA revenues grew approximately \$250.7 million, an annual compound growth rate of 5.03%. Sales Tax Revenues and Public Transportation Fund Revenues also grew at an annual compound growth rate of approximately 6.91% from 2006 through 2010. The increase in Sales Tax Revenues from 2007 to 2009 of \$124 million was due entirely to the increase in sales tax rates authorized by the Amendatory Legislation. The current 2011 estimate assumes Sales Tax Revenues of \$916 million, which is approximately 1.6% less than Sales Tax Revenues received in 2010.

Because the State subsidy that comprises the Public Transportation Fund is calculated in part based on the level of Sales Tax Revenues, the Public Transportation Fund amount increases or decreases with the sales tax receipts. In 2008 the increase in RTA Sales Tax rates caused a change in the base by which the State subsidy is measured accounting for the \$38 million increase shown on Table I. During 2007, the State subsidy rate was 25%, but the Amendatory Legislation increased the rate to 30%. State Assistance, which reimburses the RTA for debt service on SCIP Bonds increased during the beginning of the period shown on Table I reflecting an increasing level of debt service but has stabilized as all, but a small portion of, authorized SCIP Bonds have been issued.

The severe decline in the economy since 2008 was reflected in a decline in the total volume of retail sales in the Region and real estate transfers in the City of Chicago in calendar years 2008, 2009 and 2010. Therefore, even accounting for the increase in the sales tax rate, the revenues fell short of amounts estimated by the RTA and used as the basis for 2010 budgets adopted by the Service Boards and approved by the RTA. The economic recession has also impacted revenue estimates on which the 2011 Budget and 2012-13 Financial Plan has been based. See "**THE REGIONAL TRANSPORTATION AUTHORITY**— 2011 BUDGET AND 2012-13 FINANCIAL PLAN."

During 2010 and 2011, the State was not timely in making payments to the RTA of the Public Transportation Fund Revenues, Additional State Assistance, Additional Financial Assistance and Reduced Fare Reimbursements. As of June 13, 2011 the RTA has recorded a receivable of \$373.8 million representing transfers of outstanding Public Transportation Fund Revenues, Additional State Assistance, Additional Financial Assistance and Reduced Fare Reimbursements.

Operating expenditures were approximately \$1.1 billion in 2010, an increase of approximately \$67.2 million compared to operating expenditures for 2009. Operating expenditures for 2011 are currently estimated to be \$1.140 billion or 1.6% greater than in 2010.

TABLE I*
RTA STATEMENTS OF REVENUES AND EXPENDITURES
(INCLUDING FUNDING FOR THE SERVICE BOARDS)
2006-2010 FINANCIAL INFORMATION
(Dollars in Thousands)

	2006	2007	2008	2009	2010
System-Generated Revenue					
RTA Sales Tax (Prior to January 2008 legislation)	$746,829	$752,922	$726,689	$660,183	$687,785
RTA Public Transportation Fund (Prior to January 2008 legislation)	186,136	188,931	188,830	169,353	171,169
RTA Sales Tax (Enacted per the January 2008 legislation)	-	-	194,556	234,055	243,650
RTA PTF (Enacted per the January 2008 legislation subtotal)	-	-	38,371	113,188	116,235
State Financial Assistance	112,743	117,807	121,870	123,008	130,116
Additional State Funding for ADA Paratransit	54,252	54,252	-	-	-
State Funding for ADA Paratransit per MOU					8,500
State Funding for Debt Service per MOU					5,400
State Reduced Fare/Free Ride Programs	37,327	36,678	28,919	41,970	33,570
Other Revenue(1)	17,616	23,104	35,207	32,541	19,471
Total Revenue(2)	**$1,154,903**	**$1,173,694**	**$1,334,442**	**$1,374,298**	**$1,415,896**
Operating Expenditures					
RTA Operations Funding – CTA (includes 25% PTF on RETT)(4)	$455,764	$464,349	$591,760	$475,432	$496,177
RTA Operations Funding – Metra	248,726	256,629	287,746	278,313	319,313
RTA Operations Funding – Pace	83,582	92,192	115,370	128,964	129,297
RTA Total for ADA Paratransit Service	44,044	76,010	100,000	97,212	104,521
RTA Funding for Innovation, Coordination, and Enhancement	-	-	3,851	-	8,255
State Reduced Fare/Free Ride Programs and Sales Tax Interest	39,124	39,183	32,002	42,441	33,780
Agency Administration, Regional Services & Programs	32,542	32,712	30,897	33,223	31,409
Total Operating Expenditures(4)	**$903,782**	**$961,075**	**$1,152,626**	**$1,055,585**	**$1,122,752**

*Footnotes relate to the 2010 Special-Purpose Combining Financial Statements set forth in Appendix C.

	2006	2007	2008	2009	2010
Debt Service & Capital Expenditures					
Principal and Interest for Service Board Capital Programs[3]	$189,455	$179,116	$186,268	$195,261	$218,936
Regional Technology and Agency Capital	7,270	5,709	1,870	2,526	3,302
RTA Funding for Innovation, Coordination, and Enhancement	-	-	6,149	-	-
Transfer Capital - Metra Funds	6,659	745	8,435	30,821	586
Transfer Capital - Discretionary RTA Funds to CTA	20,353	20,353	20,353	19,165	20,353
Total Debt Service and Capital Expenditures	**$223,737**	**$205,923**	**$223,075**	**$247,773**	**$243,177**
Total Expenditures[3]	**$1,127,519**	**$1,166,998**	**$1,375,701**	**$1,303,358**	**$1,365,929**
Fund Balance (undesignated/unreserved)					
Beginning Balance	1,654	8,510	25,648	(53,481)	(27,893)
Total Revenues Less Total Expenditures	27,384	6,696	(41,259)	70,940	49,967
Net Change in Transfers (To)/From Reserves	(20,528)	10,442	(33,950)	(41,777)	(3,637)
RTA JSIF Funding	-	-	(3,920)	(3,575)	(4,425)
Ending Unreserved/Undesignated Fund Balance	$8,510	$25,648	($53,481)	($27,893)	$14,012
% of Total Operating Expenditures	0.9%	2.7%	(4.6)%	(2.6)%	1.2%
Total System-Generated Revenue Recovery Ratio %[5]	52.1%	51.6%	56.2%	55.8%	55.6%
ADA Paratransit Recovery Ratio %[5]	N/A	N/A	10.0%	10%	10.0%

***Table I Footnotes for 2010**
(Dollars in Thousands)

1. Excludes investment income and other income totaling $ 27,657 from the following funds: Debt Service $392, Joint Self Insurance/Pension $12,573, Pace Interest $47, CTA and Pace other income $14,511. Also excluded were interest revenue from leasing transactions of $134,730 capital grants of $178,394, other financial funding of $203,996, Capital project funding of $134 and other public funding of $179,627. Reduced Fare adjustments of $(35,570) were included as part of the Service Boards revenue of $1,122,908. Total revenue exclusions were $690,834.

2. The following schedule reconciles the RTA's 2010 Table I revenue with the total revenue of $3,289,774 identified on page 40 of the 2010 Special-Purpose Combining Financial Statements set forth in Appendix C.

Adjustments:

Revenue Exclusions	
Debt Service Fund	$ 392
Joint Self-Insurance/Pension Fund	12,573
Capital Project Fund	134
Investment Income JSIF (CTA & Pace Loan)	47
Pace Other Income (ADA)	14,511
Total Income	$27,657
RTA Financial Assistance	$203,996
Interest Revenue from Leasing Transactions	134,730
Capital Grants	178,394
Other Public Funding	179,627
Reduced Fare	(33,570)
Total Revenue Exclusions	$690,834
Total Service Board Revenues	$1,183,044
Total Combining Adjustments	$1,873,878
Total Table I Revenues	$1,415,896
Total Combining Revenue	$ 3,289,774

3. Includes appropriated funds for long term transit technology and coordination initiative expenditures not realized in the current year of $1,979. Excludes Regional expenses from the Joint Self Insurance/ Pension fund totaling $21,576 and depreciation totaling $954. Regional and administration expenses on the 2010 Special-Purpose Combining Financial Statements, page 40, are $31,152.

4. The following schedule reconciles the RTA's 2010 Table I operating expenditures with the total expenditures of $3,195,157 identified on page 40 of the 2010 Special-Purpose Combining Financial Statements. Amounts transferred from the RTA to the Service Boards are not expenditures of the RTA and the Service Boards as combined entities (and are eliminated in the Special-Purpose Combining Financial Statements) and therefore are not included.

Adjustment from the 2010 Special-Purpose Combining Financial Statements:

Expense Exclusions	
Regional Expenses (note #5)	$21,576
Capital (Depreciation, disposals/additions)	(954)
Technology & Coordination Expenses	1,979
Bond Related Expenses	327,098
Interest Expense from Leasing Transactions	135,709
Other Service Board Operating Expense & Depreciation	1,586,997
Total Combining Adjustments	$2,072,405 (a)
Total Table I Expenses	$1,122,752 (b)
Total Combining Expenses (Page 40 Combining)	$3,195,157 (a+b)

5. The RTA Act defines a system generated revenue recovery ratio, representing the portion of costs covered by revenues. The ratio must equal at least 50% region-wide. The 2010 Special-Purpose Combining Financial Statements presents the calculation of this ratio on page 36-40 of Note 11.

2011 BUDGET AND 2012-13 FINANCIAL PLAN

By December 31 of each year, the RTA is required to adopt, after holding a public hearing, an annual RTA budget, an appropriation ordinance for the following year and a two-year financial plan and to approve the budgets and two-year financial plans of the Service Boards for conformity with the Act. This annual budget for the RTA includes direct expenditures for the RTA and funding of each Service Board's operating deficit, if any. In accordance with the RTA Act, each annual budget must evidence a System Generated Revenue Recovery Ratio of no less than 50% and an ADA Paratransit Services Revenue Recovery Ratio of no less than 10%. As set forth in Table II, the 2011 ratio of 53% for mainline service exceeds the statutory requirement. Note that the 2011 calculation of the System Generated Revenue Recovery Ratio reflects a $80 million cost exclusion as established by the RTA Act. This change in the formula increases the recovery ratio from about 51% to 53%. The exclusion that the RTA Act allows decreases by $40 million each year from the initial amount set for 2008 totaling $200 million.

In determining the amounts to be available during the period of the annual budget and two-year financial plan, the RTA begins with an estimate of Sales Tax Revenues for the next calendar year provided by the Governor's Office of Management and Budget in July of each year. The RTA reviews that estimate against other information it receives from a number of forecasting services and by September 15 of each year advises the Service Boards of the amounts it estimates to be available during the next fiscal year and the times at which such amounts are expected to be available. On September 15, 2010 the RTA informed the Service Boards of the amounts projected to be available with respect to the 2011 Budget and 2012-13 Financial Plan.

See Appendix A for a presentation of the projected annual growth in Sales Tax Revenues which served as the basis for the RTA direction to the Service Boards to present their 2011 Budgets and 2012-13 Financial Plans to the RTA.

Following receipt of the RTA estimates of funding available, each Service Board develops a proposed annual budget and two-year financial plan. The Act requires that such annual budget and two-year financial plan project or assume revenues from the RTA in amounts no greater than those set forth in the September estimates provided by the RTA. By law, the Service Boards must prepare balanced budgets.

Each Service Board presented its 2011 Budget and 2012-13 Financial Plan to the RTA for approval in accordance with the Act. On December 16, 2010, the RTA adopted an ordinance approving the 2011 Budgets and 2012-13 Financial Plans of the Service Boards, adopting the 2011 Budget and Financial Plan of the RTA, appropriating funds for the 2011 Budgets, and adopting the Five-Year Capital Program. The information presented in Table II and in Appendix D is based on the 2011 Budgets and 2012-13 Financial Plans presented by the Service Boards and adopted by the RTA at its December 16, 2010 meeting.

The 2011 Budget and 2012-13 Financial Plan have been established using public funding estimates of the RTA that reflect the current challenging economic environment and not historical trends. In the development of the 2011 Budget and 2012-13 Financial Plan the RTA and the respective Service Boards addressed potential operating shortfalls through combinations of service cuts, fare increases, adjustment of recovery ratios, utilization of State funding and shifting federal capital dollars to preventive maintenance as permitted under federal law.

Because of cost increases and depressed funding levels, as well as the State law requirement that one-half of the RTA System operating costs, apart from ADA paratransit service, are paid for with system-generated revenues, at the time their budgets were approved, the CTA and Pace have implemented service cuts and Metra has implemented increased one-way and weekend fares, as well as the premium for on-board ticket purchases. The 2011 Budgets for Pace main line and ADA Paratransit service require deficit reduction actions of $4.2 and $11.7 million, respectively. The CTA's operating budgets for these years plan for the shift of $153 million of Section 5307 federal formula funds in 2011 and $65 million in 2012 to its operating budgets for preventive maintenance, as permitted under federal programs. Similarly, Pace used $11.3 million of Section 5307 federal formula funds from the 2010 capital program for use in the 2009 operating budget for ADA Paratransit service and will use $2.3 million from the 2010 capital program for use in its 2010 operating budget.

The RTA has also used debt financing to provide for operating funds on a short-term basis. The RTA issued $260 million of the Series 2009B Working Cash Notes in 2009 all of which have been amortized or refinanced as of June 1, 2011. The RTA has also issued $140 million of the Series 2010 Working Cash Notes in June 2010 and currently has outstanding $200 million of its CP Notes issued in January 2011.

The RTA monitors the receipt of Sales Tax Revenues and Public Transportation Fund Revenues on an ongoing basis throughout the year. As of April 1, 2011, year to date Sales Tax Revenues were $218.9 million, which is 6.4% greater than budget, and 6.7% greater than actual Sales Tax Revenues received during the corresponding period of 2010. The monthly volatility in the economy causes difficulty in projecting the trend for the year from three months of information. The table set forth below shows the comparison of Sales Tax Receipts budgeted versus the Sales Tax Receipts actually received for the first three months of 2010 and 2011.

RTA Sales Tax Receipts

	January	**February**	**March**	**Year to Date**
2011 Actual Total	$67,143	$69,399	$82,314	$218,857
2010 Actual Total	62,269	67,732	75,145	205,146
2011 vs. 2010 Actual $ Change	4,874	1,667	7,169	13,710
2011 vs. 2010 Actual % Change	7.8%	2.5%	9.5%	6.7%
2011 Budget Total	70,250	64,745	70,788	205,782
2011 Actual vs. Budget $ Change	(3,106)	4,655	11,526	13,074
2011 Actual vs. Budget % Change	(4.4%)	7.2%	16.3%	6.4%

In the event that Sales Tax Revenues are materially lower than projected in the 2011 Budget and 2012-13 Financial Plan or the State's delinquencies in transfers of Public Transportation Fund Revenues, Additional State Assistance, Additional Financial Assistance and Reduced Fare Reimbursements to the Authority materially increase, the RTA staff would recommend to the Board that revisions of its funding estimates for the balance of 2011 and subsequent periods be made and direct the Service Boards to develop new budgets and financial plans reflecting such revisions. The range of actions available to the RTA and the Service Boards to respond to a decrease in revenues includes measures to reduce costs through service cuts and other actions, fare increases, reprogramming of federal subsidies currently planned for long-term capital projects to ongoing operating costs, like preventive maintenance or capital costs of contracting service, as permitted by federal law, freeing up other revenues to fund operating costs, and reprogramming of other capital funds. The 2011 Budget and 2012-13 Financial Plans are shown in Table II and Appendix D.

TABLE II

RTA 2011 Budget and 2012-13 Financial Plan

(Dollars in Thousands)

	2011 Budget	2012 Plan	2013 Plan
System-Generated Revenue			
RTA Sales Tax (Part I)	$675,012	$694,588	$716,711
RTA Sales Tax (Part II)	241,287	248,285	256,193
RTA Public Transportation Fund (PTF - Part I)	168,753	173,647	179,178
RTA PTF (Part II) (1)	113,337	117,014	120,742
State Financial Assistance (ASA/AFA)	123,000	123,000	123,000
State Free Rides/Reduced Fare Reimbursement	33,570	33,570	33,570
State Funding for ADA per MOU	8,500	-	-
State Funding for Debt Service per MOU	10,200	11,207	11,204`
RTA Other Revenue	17,600	17,600	17,780
Total Revenue	**$1,391,259**	**$1,418,911**	**$1,458,378**
Operating Expenses			
RTA Total Funds for CTA Operations (2)	$515,458	$530,827	$526,361
RTA Total Funds available for Metra Operations	318,146	327,397	332,300
RTA Total Funds for Pace Suburban Service Operations (3)	128,854	132,578	135,791
RTA Total Funds for Pace ADA Paratransit Service (4)	101,421	95,616	98,662
RTA Funding for Innovation, Coordination, and Enhancement (ICE) (5)	9,292	9,562	9,866
State Free Rides/Reduced Fare Reimbursement/Sales Tax Interest	35,270	35,270	35,270
RTA Agency Administration, Regional Services and Programs	31,770	32,406	33,053
Total Operating Expenditures	**$1,140,211**	**$1,163,656**	**$1,171,303**
Debt Service & Capital Expenditures			
Principal and Interest on long term debt (4)	$226,058	$226,703	$227,737
Regional Technology and Agency Capital	1,955	1,994	2,034
RTA Funding for Innovation, Coordination, and Enhancement	-	-	-
Transfer Capital - Metra Funds	**-**	**-**	**5,525**
Transfer Capital – State Funds to CTA per MOU (6)	10,200	11,207	11,204
Total Debt Service and Capital Expenditures	**$238,213**	**$239,904**	**$246,500**
Total Expenditures	**$1,378,423**	**$1,403,560**	**$1,417,802**
Fund Balance			
Beginning Balance (unreserved/undesignated)	$5,655	$13,110	$23,081
Change in Fund Balance	12,835	15,351	40,575
RTA Joint Self Insurance Fund (JSIF) Funding (7)	(5,380)	(5,380)	(5,380)
Ending Unreserved/Undesignated Fund Balance	**$13,110**	**$23,081**	**$58,276**
% of Total Operating Expenditures	1.1%	2.0%	5.0%
Total System-Generated Revenue Recovery Ratio %	53.4%	56.8%	55.5%
ADA Paratransit Recovery Ratio %	10.0%	10.0%	10.0%

(1) Includes PTF on the City of Chicago's Real Estate Transfer Tax (RETT). (2) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT) and RTA discretionary finds available for region-wide capital or operating initiatives transferred to the CTA for preventive maintenance in the operating budget. (3) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds. (4) 2011 includes additional IDOT funding of $8.5 million per MOU. (5) Further actions are required to balance the ADA Paratransit budget, which may include, but are not limited to, adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues, including 2011 funds from the ICE Fund that may be allocated pursuant to Paragraph 8 of Ordinance 2010-92. (6) Funding from the State (IDOT) for Debt Service per MOU. (7) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

LITIGATION

The RTA is a party to a number of lawsuits and proceedings arising out of its operations or the operations of the Service Boards. The RTA does not believe that the outcome of such litigation will have a material adverse effect on the ability of the RTA to pay debt service on outstanding Authority Obligations, including the Series 2011A Bonds. At the time of the sale of the Series 2011A Bonds, the RTA will furnish a certificate, in form and substance satisfactory to Bond Counsel, to that effect. At the time of issuance of the Series 2011A Bonds, Mayer Brown LLP, counsel to the RTA, will deliver an opinion that there is no litigation pending, or to the best of its knowledge, threatened against the Authority in any way challenging the existence of the Authority or seeking to restrain or enjoin the remarketing and delivery of the Series 2011A Bonds, in any way contesting or calling into question the validity or enforceability of or the security for the Series 2011A Bonds, in any way calling into question the validity or enforceability of the Authority's performance under the Authority Documents, or which could reasonably be expected to have a material adverse effect on the Authority's ability to perform its obligations under the Series Ordinance, the General Ordinance, the Continuing Disclosure Undertaking, the Tax Exemption Certificate and Agreement to be delivered by the Authority in connection with the issuance of the Series 2011A Bonds, the Escrow Agreement and the Series 2011A Bonds.

PENDING LEGISLATION

The Illinois Senate passed SB 2194, which establishes sourcing rules for the purposes of allocation of local sales taxes, including the RTA Sales Tax, to sales activity by retailers. For purposes of sourcing both State and any local sales taxes, SB 2194, among other provisions, states that a sale is presumed accepted and any tax imposed at the point at which a sales order is first received by the retailer. Under SB 2194 only the retailer is able to contest that presumption and demonstrate that the sale is in fact accepted elsewhere. Because SB 2194 outlines a ready roadmap of the steps needed to be taken by retailers to avoid locally imposed sales taxes and threatens revenue losses to local governments, SB 2194 has been opposed by the RTA and other local governments based in the six-county region. While the economic impact of the passage of SB 2194 is difficult to predict because it is dependent on the sales practices of numerous retailers, the potential revenue loss estimates to the RTA have ranged from \$100 - \$250 million annually. SB 2194 was not voted on in the Illinois House during the 2011 regular legislative session that ended May 31, 2011, but may still be enacted into law until the Illinois General Assembly adjourns *sine die* in January 2013. The RTA continues to oppose SB 2194 and supports SB 397 (currently pending in the Illinois House) which imposes sourcing rules that do not threaten local government sales tax revenues.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Series 2011A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States of America, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2011A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2011A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2011A Bonds.

Subject to the Authority's compliance with the above-referenced covenants, under present law, in the opinion of Chapman and Cutler LLP, Bond Counsel ("*Bond Counsel*"), interest on the Series 2011A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Series 2011A Bonds is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority with respect to certain material facts within the Authority's knowledge and upon the mathematical computation of the yield on the Series 2011A Bonds and the yield on certain investments by Dunbar, Breitweiser & Company, LLP, Certified Public Accountants. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, including interest on the Series 2011A Bonds.

Ownership of the Series 2011A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2011A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Series 2011A Bonds is the price at which a substantial amount of such maturity of the Series 2011A Bonds is first sold to the public. The Issue Price of a maturity of the Series 2011A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Series 2011A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2011A Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Series 2011A Bonds who dispose of Series 2011A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2011A Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2011A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2011A Bond is purchased at any time for a price that is less than the Series 2011A Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Series 2011A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2011A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2011A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2011A Bonds.

An investor may purchase a Series 2011A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2011A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2011A Bond. Investors who purchase a Series 2011A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2011A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2011A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2011A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2011A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2011A Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2011A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2011A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2011A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2011A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Series 2011A Bonds is includible in the calculation of Illinois state income tax for Bondholders who are residents of Illinois. Ownership of the Series 2011A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2011A Bonds. Prospective purchasers of the Series 2011A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Series 2011A Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. A copy of the form of Undertaking is attached as Appendix H.

The Authority is in compliance with each and every undertaking previously entered into by it pursuant to the Rule.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2011A Bonds are subject to the approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel, who has been retained by, and acts as, Bond Counsel to the Authority. The proposed form of the opinion of Bond Counsel is attached as Appendix G. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Series 2011A Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Authority, reviewed the statements in this Official Statement appearing under the headings "THE SERIES 2011A BONDS," "SECURITY FOR THE SERIES 2011A BONDS" (other than under the subheadings "OUTSTANDING RESERVE FUND CREDIT INSTRUMENTS," "AUTHORITY OBLIGATIONS– *Outstanding Authority Obligations As of June 28, 2011," "*AUTHORITY OBLIGATIONS– *Rate Protection Contracts*", "ANNUAL DEBT SERVICE" and "ESTIMATED DEBT SERVICE COVERAGE") and "TAX EXEMPTION" and in "APPENDIX E- SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND THE 2011A SERIES ORDINANCE." This review was undertaken solely at the request and for the benefit of the RTA and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters will be passed on for the RTA by its counsel, Mayer Brown LLP.

RATINGS

S&P, Moody's and Fitch have assigned their underlying municipal bond ratings of "AA (stable outlook)," "Aa3 (stable outlook)" and "AA- (negative outlook)," respectively, to the Series 2011A Bonds. The Series 2011A Bonds also have been assigned insured ratings of "AA+ (stable outlook)" and "Aa3 (negative outlook)" by S&P and Moody's respectively. The insured ratings are based on the Policy issued by AGM.

An explanation of the significance of each such rating may be obtained only from the rating agency furnishing the same. The RTA furnished to the rating agencies certain information and materials regarding itself and the Series 2011A Bonds. Generally, the rating agencies base their ratings on certain studies and assumptions. There is no assurance that the ratings will continue to be in effect for any given period of time, or that such ratings will not be lowered or withdrawn by the rating agencies, if, in the judgment of the rating agencies, circumstances so warrant. Any such downward change in or withdrawal of such ratings could adversely affect the market price of the Series 2011A Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc., Chicago, Illinois has served as financial advisor (the *"Financial Advisor"*) to the RTA in connection with the issuance and sale of the Series 2011A Bonds. The Financial Advisor has participated in the preparation of this Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the Authority for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely on the Financial Advisor's participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein.

FINANCIAL REPORTS

Appendix B contains the audited financial statements of the RTA for the period ended December 31, 2010 together with the independent auditor's report contained therein. Appendix C contains the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, Metra and Pace for the period ending December 31, 2010. The RTA will file such audited financial statements with the Municipal Rulemaking Securities Board.

UNDERWRITING

J.P. Morgan Securities LLC (the *"Underwriter"*) has agreed to purchase the Series 2011A Bonds from the RTA at an aggregate price of $106,741,967.25, reflecting a par amount of $95,550,000, plus original issue premium in the amount of $11,573,966.60, less an Underwriter's discount of $381,999.35.

The public offering price of the Series 2011A Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell either series of the Series 2011A Bonds to dealers and others (including unit investment trusts and other affiliated portfolios of certain underwriters) at a price lower than such initial public offering price.

MISCELLANEOUS

The references, excerpts and summaries of documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2011A Bonds, the security for the Series 2011A Bonds and the rights and obligations of the Holders thereof.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of its date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as a representation of fact; no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the RTA since the date hereof.

Further information regarding the RTA is available upon request to the Regional Transportation Authority, 175 West Jackson Boulevard, Suite 1550, Chicago, Illinois, 60604; Attention: Executive Director.

The execution and delivery of this Official Statement by the Chairman of the RTA has been duly authorized by the Board of the RTA.

REGIONAL TRANSPORTATION AUTHORITY

By: /s/ John S. Gates, Jr.
Its: Chairman

APPENDIX A

RTA HISTORICAL AND PROJECTED SALES TAX REVENUES

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APPENDIX A
RTA HISTORICAL AND PROJECTED SALES TAX REVENUES

Actual Revenues. As shown in Table A-I, Sales Tax Revenues grew from $425 million in 1991 to approximately $931 million in 2010. For most of the past two decades, revenues have grown more rapidly in the suburban areas of the Region, attesting to the more rapid population, employment, and income growth in these areas. While Table A-I shows the absolute value of Sales Tax Revenues for the period 1991 to 2010, Table A-II shows the percentage change on a year-to-year basis. For the years 1991 through 2010, Sales Tax Revenues grew at a compound growth rate of approximately 2.6% excluding the increase in Sales Tax Revenues received as a result of the Amendatory Legislation.

Projected Revenues. The projection of sales tax for the Region uses forecasts of population growth, total personal income, wages, and salaries for the Chicago metropolitan area. In addition, sales tax projections reflect estimated consumption expenditures for durable goods, nondurable goods, and services. See "FACTORS AFFECTING SALES TAX REVENUES" below. The RTA used these factors for projections from 2011 through 2013. A significant change in any one of these factors may have a material impact on these projections.

The RTA budget for 2011 projects a decline in Sales Tax Revenues in 2011 compared to unaudited Sales Tax Revenues for calendar year 2010. This projection produces Sales Tax Revenues of approximately $916 million in 2011. The RTA may revise its forecast for projected Sales Tax Revenues if Sales Tax Revenues continue to decline.

The new year-to-year percentage change in Sales Tax Revenues for years 2011-2013 is shown in Table A-IV. However, there may be differences between forecasted and actual Sales Tax Revenues and these differences may be material.

Caution should be exercised in examining these forecasts; they are conditioned upon general economic conditions in the United States, the State of Illinois and the City of Chicago. The RTA makes no representation that any forecast of Sales Tax Revenues, Available Revenues or sales tax growth set forth herein will be realized by the RTA. Further, this information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this Official Statement are cautioned not to place undue reliance on the projected financial information. Such forecast or projected information will be impacted by a number of economic and other factors, some of which are described below. Changes in such factors in any year or over the term of the Series 2011A Bonds could result in a material change in the Sales Tax Revenues. Management of the RTA has prepared the projected financial information set forth below to present the projected Sales Tax Revenues for fiscal years 2011-2013 as the basis for the 2011 Budget and the 2012-2013 Financial Plan revenue estimates adopted on December 16, 2010. The accompanying projected financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to projected financial information, but, in the view of the RTA's management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the RTA.

Neither the RTA's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion on any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information.

TABLE A-I
SALES TAX REVENUES
ACTUAL - 1991 to 2010
(In Thousands of Dollars)

1991	$425,173	2001	$ 653,522
1992	445,891	2002	647,686
1993	462,393	2003	654,988
1994	497,698	2004	675,628
1995	513,301	2005	700,395
1996	532,304	2006	746,829
1997	555,496	2007	752,922
1998	576,704	2008	921,245
1999	613.514	2009	894,238
2000	650,284	2010	931,435

TABLE A-II
SALES TAX GROWTH RATES (%)
ACTUAL - 1991 to 2010*

Year	Total	Year	Total
1991	(4.275)%	2001	(.893)
1992	4.885	2002	1.128
1993	3.701	2003	3.226
1994	7.635	2004	3.151
1995	3.135	2005	3.666
1996	3.702	2006	6.630
1997	4.357	2007	0.816
1998	3.818	2008	22.356*
1999	5.993	2009	(2.932)
2000	0.498	2010	4.160

*Sales tax from P.A. 95-0708 became effective April 1, 2008; for 2008 receipts from the increased Sales Tax Revenues rates totaled $194.6 million.

TABLE A-III
SALES TAX REVENUES
Projected – 2011-2013
(In Thousands of Dollars)

Year	Total
2011	$916,299
2012	942,873
2013	972,904

TABLE A-IV
SALES TAX GROWTH RATES (%)
Projected – 2011-2013
(in thousands of dollars)

Year	
2011	(1.63)%
2012	2.900%
2013	3.200%
2013 AND BEYOND	3.200%

FACTORS AFFECTING SALES TAX REVENUES

The following categories of information represent some of the factors that may affect the actual amount of Sales Tax Revenues realized by the RTA. A significant change from historical results in any one of these factors may have a material impact on the RTA forecast of Sales Tax Revenues.

Demographic Trends. The population of the Region increased steadily over the past two decades. Between 1990 and 2010, the United States Census Bureau estimates that the Region grew from approximately 7.2 million residents to almost 8.5 million residents, an increase of 16.9% as shown in Table A-V.

TABLE A-V
POPULATION TREND BY COUNTY
(in thousands)

COUNTY	1990	% OF TOTAL	2000	% OF TOTAL	2010*	% OF TOTAL	% CHANGE
Cook	5,105	70.3	5,377	66.5	5,311	62.6	4.0
DuPage	782	10.8	904	11.2	941	11.1	20.3
Kane	317	4.4	404	5.0	515	6.0	62.5
Lake	516	7.1	644	7.9	714	8.4	38.4
McHenry	183	2.5	260	3.2	320	3.8	74.9
Will	357	4.9	502	6.2	688	8.1	92.7
Total	7,260	100.0 %	8,091	100.0 %	8,489	100.0 %	16.9

** Estimated as of July 20, 2010*
Source: U.S. Census Bureau, 2010 Population Estimates, Census 2000, 1990 Census.

Employment. Employment totals for 1990, 2000, 2005 and 2009 by County are presented in Table A-VI. The 15.8% employment growth in the Region shown between 1990 and 2000 outpaced the 11.4 % population growth recorded by the United States Census Bureau over that same time span. While the Region's employment growth has slowed since 2005, the employment situation remains favorable compared to national and State results. For example, in March 2011 the unemployment rate (not seasonally adjusted) for the Region was 8.8%, compared to 9.1% for the State of Illinois and 9.2% for the United States.

TABLE A-VI
EMPLOYMENT TRENDS BY COUNTY
(in thousands)

Area	1990	% OF TOTAL	2000	% OF TOTAL	2005	% OF TOTAL	2009*	% OF TOTAL
Cook	3,108	72.4	3,322	66.9	3,246	65.0	3,195	64.5
DuPage	505	11.8	697	14.0	712	14.2	696	14.0
Kane	174	4.1	240	4.8	261	5.2	258	5.2
Lake	297	6.9	415	8.4	435	8.7	434	8.8
McHenry	83	1.9	111	2.2	124	2.5	123	2.5
Will	124	2.9	184	3.7	221	4.4	248	5.0
Total	4,291	100.0%	4,969	100.0%	4,999	100.0%	4,954	100.0%

** Estimated as of April 2, 2011.*
Source: U.S. Department of Commerce-Bureau of Economic Analysis, "Local Area Personal Income".

Suburban jurisdictions have led the Region in employment growth since 1990. The total employment in the five "collar" counties is approximately 35% of the Region's total. Cook County now makes up about 65% of the total, compared to 1990, when Cook County made up 73% of the Region's work force. Employment levels were at 4.3 million for the Region in 1990, and have remained at roughly 5.0 million since 2000.

The employment distribution trend in the Region by economic sectors is illustrated in Table A-VII. The most dynamic growth has taken place in the service sector, with the biggest loss in the manufacturing sector.

TABLE A-VII
EMPLOYMENT DISTRIBUTION BY INDUSTRY
(in thousands)

Industry	1990	% OF TOTAL	2000	% OF TOTAL	2005	% OF TOTAL	2009	% OF TOTAL
Services*	1,273	29.4	1,738	34.7	2,154	43.1	2,238	45.2
Retail	666	15.4	726	14.5	478	9.6	447	9.0
Manufacturing	667	15.4	629	12.5	447	9.0	377	7.6
Government	501	11.6	535	10.7	537	10.7	544	11.0
Finance, Insurance, & Real Estate	437	10.1	504	10.1	537	10.7	565	11.4
Wholesale	297	6.9	294	5.9	241	4.8	235	4.7
Transportation and Utilities	246	5.7	296	5.9	220	4.4	211	4.3
Construction	204	4.7	242	4.8	269	5.4	227	4.6
Other**	36	0.8	50	0.9	116	2.3	111	2.2
Total	4,327	100.0%	5,014	100.0%	4,999	100.0%	4,955	100.0%

Source: U.S. Department of Commerce-Bureau of Economic Analysis, Regional Economic Accounts, CA25N – Total full-time and part-time employment by NAICS industry.
**"Services" include NAICS categories 1100-1900*
*** "Other" includes NAICS categories 70, 100, 200 and 700 (for 2005, 2009)*

Income. The Region experienced steady growth in wages and salaries throughout the 2000s. The income levels of residents of the Region are relatively higher than the nation as a whole. Within the six counties of the Region, per capita income is highest in DuPage and Lake Counties, as illustrated in Table A-VIII.

TABLE A-VIII
REGION PER CAPITA INCOME

Area	1990	2000	2005	2009
Cook	$22,206	$33,921	$40,549	$46,161
DuPage	28,093	46,239	49,587	52,449
Kane	21,244	30,690	33,522	35,790
Lake	29,271	46,247	50,163	52,231
McHenry	21,988	33,342	36,164	36,424
Will	19,010	29,966	33,788	38,457

Source: U.S. Department of Commerce-Bureau of Economic Analysis

APPENDIX B

FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2010

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2010

Comprehensive Annual Financial Report

Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

Fiscal Year Ended December 31, 2010

REGIONAL TRANSPORTATION AUTHORITY
NORTHEASTERN ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Prepared by:

Department of Finance and Performance Management

Grace Gallucci, CFO
Senior Deputy Executive Director

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY
2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Regional
Transportation
Authority

June 29, 2011

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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, 2010. 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 & Pullen 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, 2010 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 8.4 million in 2009. The Illinois Department of Employment Security reported a regional labor force of 4.3 million during the same year. The RTA system carried 634.2 million riders in 2010 decline of 0.8% 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 five directors. 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 Chicago. The Mayor 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 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 2010, RTA sales tax receipts of $931 million increased 4.2% from prior year and exceeded budget by 4.6%. In 2009, RTA sales tax receipts declined 2.9% from prior year.

The RTA 2011 operating budget approved by the Board of Directors on December 16, 2010, assumes sales tax revenues of $916 million, an increase of 2.9% over the 2010 budget but a decline of 1.6% from 2010 actual receipts. In addition to the 30% tax match from the PTF, the budget recognizes these funds from the State of Illinois: $123 million to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program (SCIP) bonds, $33.6 million as partial reimbursement to the Service Boards for discounted and free fares (mandated by law) for student, elderly, and disabled riders, and grant proceeds from the Illinois Department of Transportation totaling $18.7 million.

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 28 Fortune 500 companies. A global leader in options, futures, and derivatives trading, the Chicago area economy's strengths includes 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. Similarly, the unemployment rate in Illinois increased from 4.6% in 2006 to 10.3% in 2010.

The March 2011 Monthly Revenue Briefing issued by the State Commission on Government Forecasting and Accountability noted that during the first nine months of the State's 2011 fiscal year, sales tax receipts of $5.1 billion increased $414 million or 8.9% 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 3.6% in 2004 to 1.9% in 2007. Real GDP was unchanged in 2008 and contracted 2.6% in 2009. In 2010, real GDP grew 2.9%. The Congressional Budget Office (CBO) predicts annual real GDP growth of 2.7% in 2011 and 3.1% in 2012.

Rising from 4.6% in 2006 to 9.3% in 2009, the national unemployment rate averaged 9.6% in 2010, the highest average annual rate since 1983. The national unemployment rate average 8.9% during the first quarter of 2010, declining from 9.0% during January to 8.8% in March. The CBO forecasts national unemployment rates of 9.4% in 2011 and 8.4% in 2012.

In 2010, the consumer price index (CPI), a measure of the pace of inflation, rose 1.6%. 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 1.6% in 2011 and 1.3% in 2012.

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, 2009. This was the sixteenth 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, 2010. This marks the fourteenth 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, 2009

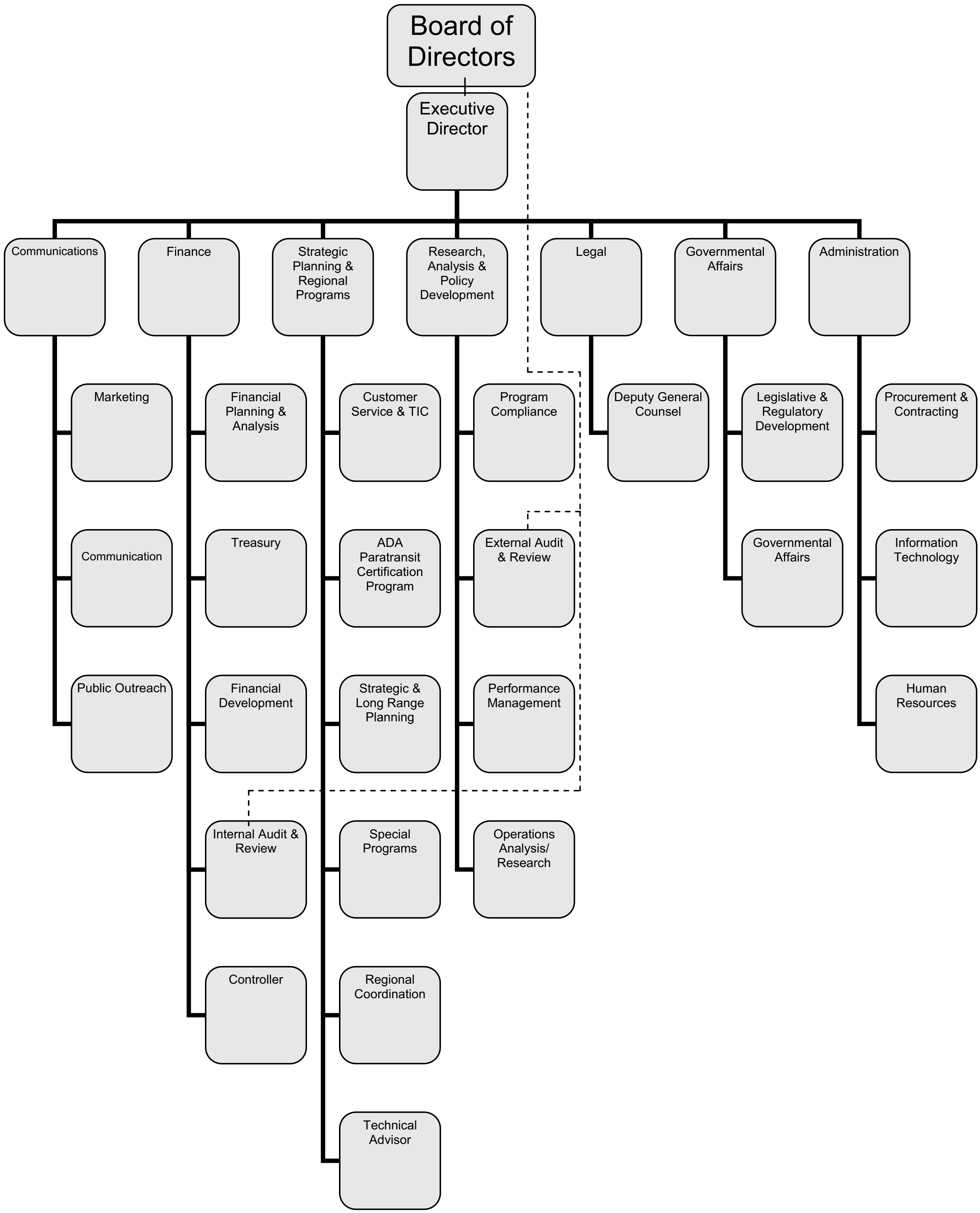
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

REGIONAL TRANSPORTATION AUTHORITY
ORGANIZATION CHART
December 31, 2010



REGIONAL TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2010

Board of Directors

Chairman	John S. Gates, Jr.
Directors	James Buchanan Jan Carlson William R. Coulson Rev. L. Tyrone Crider, Sr Patrick J. Durante Phil Fuentes Al Jourdan Dwight A. Magalis Andre Rice Michael Rosenberg J.D. Ross Bishop Horace E. Smith M.D. Judy Baar Topinka Douglas M. Troiani

Administration

Executive Director	Joseph G. Costello
Senior Deputy Executive Director Finance and Performance Management, CFO	Grace Gallucci*
Senior Deputy Executive Director Strategic Planning and Regional Programs	Leanne P. Redden
Acting General Counsel	Clinton S. McHugh
Director of Communications	Diane J. Palmer
Director of Government Affairs	Vacant

*This position change was effective as of January 31, 2011.

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, 2010, 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, 2010, 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 16 to the financial statements, the December 31, 2009 net assets for the government activities and fund balance for the General Fund have been restated to reflect the implementation of Governmental Accounting Standards Board Statement No. 53 relating to derivatives.

The Required Supplementary Information which includes Management's Discussion and Analysis (pages 16-23), budgetary comparison information (pages 73-75) and pension related information (pages 76-77) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RTA's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. Please read it in conjunction with the RTA's basic financial statements which follow this section.

Financial Highlights

- For the year ended December 31, 2010, the RTA statement of activities for the governmental activities shows expenses increasing $12 million to $411 million from $399 million for the same period in 2009. This increase is due to an increase in financial assistance to the CTA, Metra, and Pace ("Service Boards") by $4 million. Also, the interest expense and the Regional and Technology Program expenses were higher by $4 million and $2 million, respectively. Conversely, the PTF and the State Assistance Revenues increased by $21 million from 2009.

- The government-wide statement of net assets shows assets of $1,141 million for the governmental activities, a net increase of $351 million. The increase is mainly due to an increase in cash and investments. The increase in cash and investments was due to the timing of receipts. In the government-wide statement of net assets, bond-related liabilities increased by $208 million, which reflects the increase in general-obligation bonds payable in 2010.

- At the end of 2010, the government-wide statement of net assets shows a deficit of $1.9 billion for governmental activities. In contrast, the governmental funds balance sheet presented a total fund balance of $924 million. There is a $2.8 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, 2010 AND 2009
(In thousands)

	Governmental Activities			Business-type Activities			Total		
	2010	2009	Variance	2010	2009	Variance	2010	2009	Variance
Assets:									
Cash and investments	$ 753,522	$ 494,670	$ 258,852	$ 16,010	$ 20,612	$ (4,602)	$ 769,532	$ 515,282	$ 254,250
Other assets	299,504	283,137	16,367	6,786	6,347	439	306,290	289,484	16,806
Noncurrent assets	73,316	-	73,316	6,167	2,108	4,059	79,483	2,108	77,375
Capital assets—net	15,265	12,660	2,605	-	-	-	15,265	12,660	2,605
Total assets	1,141,607	790,467	351,140	28,963	29,067	(104)	1,170,570	819,534	351,036
Liabilities:									
Current non bond-related liabilities	80,409	123,927	(43,518)	-	-	-	80,409	123,927	(43,518)
Current bond related liabilities	345,124	69,827	275,297	-	-	-	345,124	69,827	275,297
Long-term non-bond-related liabilities	154,352	49,133	105,219	-	-	-	154,352	49,133	105,219
Long-term bond-related liabilities	2,435,370	2,502,199	(66,829)	-	-	-	2,435,370	2,502,199	(66,829)
Total liabilities	3,015,255	2,745,086	270,169	-	-	-	3,015,255	2,745,086	270,169
Net assets (deficit):									
Invested in capital assets	15,265	12,660	2,605	-	-	-	15,265	12,660	2,605
Restricted	83,277	270,019	(186,742)	-	-	-	83,277	270,019	(186,742)
Unrestricted (deficit)	(1,972,190)	(2,234,127)	261,937	28,963	29,067	(104)	(1,859,950)	(1,938,212)	78,262
Total net assets (deficit)	$(1,873,648)	$(1,954,619)	$ 80,971	$ 28,963	$ 29,067	$ (104)	$(1,844,685)	$(1,925,552)	$ 80,867

As of December 31, 2010, cash and investments for governmental activities increased by $259 million over the previous year. 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. During 2010, the Capital Projects Fund increased by $124 million, and the Debt Service Fund increased by $164 million mainly due to 2010 cash note borrowings.

As of December 31, 2010, the current bond & non bond-related liabilities increased by $232 million from the previous year due primarily to the 2010 cash note borrowings.

The presentation of financial statements under the GASB Statement No. 34 requires the recognition in the statements of net assets of $2.8 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, 2010 will not affect the availability of RTA fund resources for future use. In fact, the RTA maintains its operations funding levels for 2011 as established in September 2010 during the 2011 budget process.

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

SUMMARY OF ACTIVITIES
DECEMBER 31, 2010 AND 2009
(In thousands)

	Governmental Activities			Business-type Activities			Total		
	2010	2009	Variance	2010	2009	Variance	2010	2009	Variance
Expenses:									
Financial assistance									
to Service Boards	$ 97,648	$ 93,453	$ 4,195	$ -	$ -	$ -	$ 97,648	$ 93,453	$ 4,195
Administration of capital grants	118,766	67,123	51,643	-	-	-	118,766	67,123	51,643
Administration of operating grant	27,230	74,138	(46,908)	-	-	-	27,230	74,138	(46,908)
Administrative expenses	8,551	12,014	(3,463)	4,740	3,827	912	13,291	15,841	(2,551)
Regional and technology									
program expenses	23,555	21,209	2,346	-	-	-	23,555	21,209	2,346
Interest expense	135,530	131,775	3,755	-	-	-	135,530	131,775	3,755
						-			
Total expenses	411,280	399,712	11,568	4,740	3,827	912	416,020	403,539	12,480
Revenues and transfers:									
Sales taxes	103,168	99,027	4,141	-	-	-	103,168	99,027	4,141
PTF and state									
assistance	372,434	351,509	20,925	-	-	-	372,434	351,509	20,925
Note interest	-	-	-	47	58	(11)	47	58	(11)
Operating grant - CTA/PACE	9,480	9,101	379	-	-	-	9,480	9,101	379
Regional expenses	582	2,904	(2,322)	-	-	-	582	2,904	(2,322)
Investment income and other	11,012	37,749	(26,737)	164	402	(238)	11,176	38,151	(26,975)
Transfers	(4,425)	(3,575)	(850)	4,425	3,575	850	-	-	-
Total revenues and transfers	492,251	496,715	(4,464)	4,636	4,035	601	496,887	500,750	(3,863)
Change in net assets	80,971	97,003	(16,032)	(104)	208	(312)	80,867	97,211	(16,344)
Net assets—beginning of year, as restated	(1,954,619)	(2,051,622)	97,003	29,067	28,859	208	(1,925,552)	(2,022,763)	97,211
Net assets—end of year	$ (1,873,648)	$ (1,954,619)	$ 80,971	$ 28,963	$29,067	$ (104)	$ (1,844,685)	$ (1,925,552)	$ 80,867

In 2010, financial assistance to the Service Boards increased by $4 million from 2009. Also, the capital grants to the Service Boards increased by $52 million from 2009 to $119 million in 2010, which reflects the activity in capital expenses to the Service Boards during 2010. Furthermore, the amount of bond interest expense increased by $4 million from $132 million to $136 million in 2010. PTF and state assistance increased by $21 million and the sales tax also increased by $4 million, a decrease in investment income and other of $30 million was mainly due to a decrease in swap investments market value and the market value of investments.

During 2010, $4 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 on pages 26 and 28, respectively, for further details.

General Fund—Assets in the General Fund primarily represent the amounts for Service Boards' operations and capital projects. Assets increased by $219 million from $348 million in 2009 to $567 million in 2010, 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 $2 million due to timing differences.

At December 31, 2010, the majority of RTA's liabilities of $399 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 $168 million at December 31, 2010. The General Fund balance increased by $45 million primarily due to timing and increase in financial assistance to the Service Boards.

Reserved for other includes $59 million in unfavorable investment changes, $30 million in capital, $47 million in Debt Service Deposit Agreement ("DSDA"), and $261 thousand in prepaid items. The amount reserved 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.

- 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.

- 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.

- A comprehensive Chicago-land Commute Options Management System 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.

- Interagency Transit Passenger Information Display (ITPID) that utilizes regional wayfinding and static information sign standards to promote seamless travel on multi-agency transit facilities.

- 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.

- Transfer connection protection (a system to minimize connecting time between transit vehicles by ensuring pre-scheduled connections).

- Parking management systems (real-time information and guidance regarding the availability of parking spaces at transit and ride-share parking facilities).

The remaining unreserved and undesignated fund balances total $7 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, 2010, the RTA has twenty-four 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 increased by $163 million from 2009 to $500 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 2010, the Capital Projects Fund increased by $124 million. The increase reflects the proceeds of the new bond, offset by the increased activities in bond capital expenditure during 2010.

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 2010 the actual change in revenues over expenditures of $40 million, including other financing (debt service) use, was $7 million higher than the budget figure of $33 million. In the General Fund total revenues exceeded budget by $84 million and the Agency Fund exceeded budget by $35 million for a combined excess of $119 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 $56 million, the increase in RTA formula sales tax receipt of $6 million as the economy rebounded, a $6 million fund recovery from prior year ADA Paratransit operating assistance, investment income of $8 million and $8 million in state financial assistance (AFA and ASA) to reimburse the debt service expenses on bonds issued for the RTA's Strategic Capital Improvement Program. The gain in Agency Fund receipts of $35 million is the direct result of an improved economy as sales tax receipts that are supplemented with a 30% match in state Public Transportation Funds (PTF) exceeded budget by 4.6%.

Total Expenditures in the General Fund, before transfers out exceeded the budget by $70 million. When combined with the debt service costs the total exceeded budget by $76 million. This variance includes: a $61 million overage in capital grants that takes in the $56 million payment for Metra's rail cars, total debt related costs of $12 million, the remaining balance of $3 million resulting in differences for Pace ADA Paratransit and other changes in expenditures including the Joint Self Insurance Fund, and the Innovation, Coordination and Enhancement (ICE) Fund. The additional expenditures in the Agency Fund compared to Budget of $35 million correlate to the 4.6% increase in sales tax and PTF formula funds the Service Boards (The CTA, Metra and Pace) receive statutorily.

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 634 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 $42 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 2010, the RTA has issued $1.790 billion in SCIP bonds, with total SCIP bonds outstanding of $1.497 billion. The remaining $763.0 million of bonds outstanding are Non-SCIP bonds.

For 2010, 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 Administration 175 West Jackson Blvd., Suite 1650, Chicago, Illinois 60604 or visit our website at www.rtachicago.org.

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS
DECEMBER 31, 2010
(In Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current portion of:			
Cash and investments:			
Cash and cash equivalents	$ -	$ 10,460	$ 10,460
Restricted—investments	428,401	-	428,401
Unrestricted—investments	325,121	5,550	330,671
Intergovernmental receivables	240,944	-	240,944
Unamortized bond issue costs	1,387	-	1,387
Accrued interest on investments	160	61	221
Loan to SB-Note and interest	-	4,547	4,547
Internal balances	64	(64)	-
Prepaid expenses and other assets	56,949	2,242	59,191
Total Current Assets	1,053,026	22,796	1,075,822
Non-current portion of:			
Unamortized bond issue costs	12,365	-	12,365
Note receivable	-	6,167	6,167
Derivative instrument - asset	34,970	-	34,970
Deferred outflows of resources	25,981	-	25,981
Capital assets—net of accumulated depreciation	2,767	-	2,767
Capital assets—non-depreciable	12,498	-	12,498
Total Non-current assets	88,581	6,167	94,748
Total assets	1,141,607	28,963	1,170,570
LIABILITIES:			
Current portion of:			
Vouchers payable	7	-	7
General obligation bonds payable plus unamortized bond premium of $6,014	345,124	-	345,124
Unearned revenue	1,701	-	1,701
Due to fiduciary funds	1,276	-	1,276
Intergovernmental payables	75,531	-	75,531
Accrued other expenses	1,894	-	1,894
Total Current liabilities	425,533	-	425,533
Non-current portion of:			
Deferred rent	2,163	-	2,163
Accrued interest payable	39,196	-	39,196
Unearned revenue	45,346	-	45,346
Derivative instrument-liability	32,677	-	32,677
Deferred inflows of resources	34,970	-	34,970
General obligation bonds payable plus unamortized bond premium of $114,320	2,435,370	-	2,435,370
Total Non-current liabilities	2,589,722	-	2,589,722
Total liabilities	3,015,255	-	3,015,255
NET ASSETS (DEFICIT):			
Invested in capital assets	15,265	-	15,265
Restricted	83,277	-	83,277
Unrestricted (deficit)	(1,972,190)	28,963	(1,943,227)
TOTAL NET ASSETS (DEFICIT)	$ (1,873,648)	$ 28,963	$ (1,844,685)

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

REGIONAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

	Expenses	Program Operating Grants/ Revenues	Net Expense (Revenue) and Changes in Net Assets Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Financial assistance to Service Boards	$ 97,648	$ -	$ 97,648	$ -	$ 97,648
Administration of capital grants					
Discretionary	15,310	-	15,310	-	15,310
Bonds	103,456	-	103,456	-	103,456
Administration of operating grant					
CTA/PACE	27,230	9,480	17,750	-	17,750
Administrative expenses	8,551	-	8,551	-	8,551
Regional expenses	21,576	582	20,994	-	20,994
Technology program expenses	1,979	-	1,979	-	1,979
Interest expense	135,530	-	135,530	-	135,530
Total governmental activities	411,280	10,062	401,218	-	401,218
Business-type activities—					
Insurance financing	4,740	-	-	4,740	4,740
TOTAL PRIMARY GOVERNMENT	$ 416,020	$ 10,062	401,218	4,740	405,958
GENERAL REVENUES AND TRANSFERS:					
General revenues:					
Sales taxes			103,168	-	103,168
Interest on sales taxes			137	-	137
State assistance (PTF)			242,318	-	242,318
State assistance (ASA/AFA)			130,116	-	130,116
Investment income			8,606	164	8,770
Other revenues			2,269	47	2,316
Transfers			(4,425)	4,425	-
Total general revenues and transfers			482,189	4,636	486,825
CHANGES IN NET ASSETS (DEFICIT)			80,971	(104)	80,867
NET ASSETS (DEFICIT):					
Beginning of year, as restated			(1,954,619)	29,067	(1,925,552)
End of year			$(1,873,648)	$ 28,963	$(1,844,685)

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

REGIONAL TRANSPORTATION AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Investments:				
Restricted investments	$ -	$162,822	$ 265,579	$ 428,401
Unrestricted—investments	325,121	-	-	325,121
Due from other funds	85	281,113	-	281,198
Intergovernmental receivables	240,944	-	-	240,944
Accrued interest on investments	122	26	12	160
Other receivable	519	56,147	-	56,666
Prepaid items and other assets	261	-	-	261
TOTAL ASSETS	$567,052	$500,108	$ 265,591	$ 1,332,751
LIABILITIES:				
Vouchers payable	$ 7	$ -	$ -	$ 7
Due to other funds	282,389	-	-	282,389
Intergovernmental payables	66,065	-	9,466	75,531
Accrued items				
Deferred revenue	47,047	-	-	47,047
Other accrued items	3,331	-	-	3,331
Total liabilities	398,839	-	9,466	408,305
FUND BALANCES:				
Reserved for:				
General Fund				
Service boards capital projects	17,186	-	-	17,186
CTA operating assistance ADA	2,368	-	-	2,368
Prepaid items	261	-	-	261
RTA Non-Cap Tech	3,782	-	-	3,782
CTAP Capital	7,175	-	-	7,175
Debt Svc Deposit Agrmt Reserve (DSDA)	46,987	-	-	46,987
RTA capital projects	5,655	-	-	5,655
Investment changes	58,816	-	-	58,816
ICE Reserve	18,665	-	-	18,665
Debt service	-	500,108	-	500,108
Bond Capital Projects	-	-	256,125	256,125
Unreserved, undesignated	7,318	-	-	7,318
Total fund balances	168,213	500,108	256,125	924,446
TOTAL LIABILITIES AND FUND BALANCES	$567,052	$500,108	$ 265,591	$ 1,332,751

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, 2010
(In Thousands)

TOTAL FUND BALANCE—GOVERNMENTAL FUNDS	$ 924,446
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.	15,265
Bond issue costs are paid in the current year and, therefore, are reported in the funds. This asset represents the unamortized portion recognized in the statement of net assets.	13,752
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.	(2,660,160)
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.	(120,334)
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.	(39,196)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(725)
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.	(6,696)
TOTAL NET DEFICIT—GOVERNMENTAL ACTIVITIES	$ (1,873,648)

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, 2010
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Sales taxes	$ 103,168	$ -	$ -	$ 103,168
Interest on sales taxes	137	-	-	137
Public Transportation Fund	171,169	-	-	171,169
General State Revenue	65,149	-	-	65,149
Innovation, Coordination & Enhancement (ICE)	9,480	-	-	9,480
PACE Loan PTF Advance Recovery	6,000	-	-	6,000
State assistance	130,116	-	-	130,116
Investment income	16,273	392	134	16,799
Other revenues	2,851	-	-	2,851
Total revenues	504,343	392	134	504,869
EXPENDITURES:				
Financial assistance to Service Boards	97,648	-	-	97,648
Capital grants-discretionary	15,310	-	-	15,310
South Suburban Job Access Program (PACE)	7,500	-	-	7,500
Innovation, Coordination & Enhancement (ICE)	9,480	-	-	9,480
PACE expenditures (MOU & ADA)	10,250	-	-	10,250
Capital grants-bonds	60,862	-	42,594	103,456
Administrative	7,699	-	-	7,699
Regional	25,689	-	-	25,689
Capital outlay	1,323	-	-	1,323
Debt service:				
Principal	-	74,060	-	74,060
Interest	6,187	127,934	-	134,121
Debt related costs	-	2,982	-	2,982
Total expenditures	241,948	204,976	42,594	489,518
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	262,395	(204,584)	(42,460)	15,351
OTHER FINANCING SOURCES (USES):				
Debt issuance - bonds	-	140,000	175,100	315,100
Bond premium	-	-	6,846	6,846
Transfers out	(217,174)	-	(15,316)	(232,490)
Transfers in	-	228,065	-	228,065
Total other financing sources (uses)	(217,174)	368,065	166,630	317,521
NET CHANGE IN FUND BALANCES	45,221	163,481	124,170	332,872
FUND BALANCES:				
Beginning of year, as restated	122,992	336,627	131,955	591,574
End of year	$ 168,213	$ 500,108	$ 256,125	$ 924,446

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, 2010 (In Thousands)

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS	$ 332,872
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 capital outlay ($3,559) exceeded depreciation expense ($954) in the current period.	2,605
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction has no effect on net assets.	(321,946)
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.	74,060
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.	(5,792)
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.	6,014
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.	2,073
Compensated absenses 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.	(725)
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.	(8,190)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 80,971

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, 2010
(In Thousands)

ASSETS:	
Current:	
Cash and cash equivalents	$ 10,460
Investments	5,550
Note receivable	4,500
Note accrued interest	47
Accrued interest on investments	61
Prepaid insurance	2,242
Total current assets	22,860
Noncurrent assets:	
Note receivable non-current	6,167
Total noncurrent assets	6,167
Total assets	29,027
LIABILITIES:	
Current:	
Due to General Fund	64
Total current liabilities	64
NET ASSETS—Unrestricted	$ 28,963

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, 2010
(In Thousands)

OPERATING REVENUES:	
Note interest	$ 47
OPERATING EXPENSES:	
Insurance expense	4,628
Professional services	111
Bank charges and miscellaneous	1
Total operating expenses	4,740
OPERATING LOSS	(4,693)
NON-OPERATING REVENUES	
Investment income	164
Total nonoperating revenues	164
Transfer from General Fund	4,425
CHANGE IN NET ASSETS	(104)
NET ASSETS:	
Beginning of year	29,067
End of year	$ 28,963

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, 2010
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments to insurance vendor	$ (5,380)
Payments to other vendors	(68)
Net cash flows from operating activities	(5,448)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Note interest received	58
Payments to indemnity	(8,500)
Payments received - PACE loan	942
Purchases of investments	(34,081)
Sales of investments	36,281
Investment income	346
Net cash flows from investing activities	(4,954)
CASH FLOWS FROM NON-CAPTIAL FINANCING ACTIVITIES:	
Contributions received from RTA	8,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,402)
CASH AND CASH EQUIVALENTS:	
Beginning of year	12,862
End of year	$ 10,460
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	$ (4,693)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Notes interest	(47)
Changes in:	
Prepaid insurance	(753)
Due to General Fund	45
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (5,448)

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, 2010
(In Thousands)

	Pension Trust Fund	Sales Tax Agency Fund
ASSETS:		
Cash and cash equivalents	$ 12,266	$ -
Investments, at fair value:		
Corporate fixed income mutual fund	36,949	-
Equity mutual funds and common stocks	39,292	-
Common stocks	24,653	-
Balanced funds	10,827	-
Total Investments	111,721	-
Intergovernmental receivables:		
Sales taxes	-	159,794
New sales tax	-	65,894
Reduced fare reimbursement	-	33,570
PTF (New Sales Tax/RETT)	-	50,389
Advances to Service Boards	-	66,384
Pension contribution from Service Boards	10,012	-
Due from General Fund	1,276	-
Accrued dividends and interest	70	-
Total Receivables	11,358	376,031
Total assets	135,345	376,031
LIABILITIES:		
Intergovernmental payables:		
Sales taxes due to Service Boards	-	159,794
New sales tax due to Service Boards	-	60,503
Reduced fare reimbursement	-	33,570
PTF (New Sales Tax/RETT)	-	50,389
Advances from State	-	66,384
Paratransit Funding PACE	-	4,493
Suburban Community Mobility Fund-SBD	-	898
Due to the RTA	21	-
Accrued other items	228	-
Total liabilities	249	376,031
Net assets held in trust for pension benefits	$ 135,096	$ -

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, 2010
(In Thousands)

	Pension Trust Fund
ADDITIONS:	
Investment gain:	
Net appreciation in fair value of investments	$ 10,401
Interest and dividends	1,962
	12,363
Less investment expenses:	
Investment managers	278
Trust fees	46
Investment advisor	71
Total investment expenses	395
Net investment gain	11,968
Contributions:	
Metra pension contributions	5,802
Pace pension contributions	4,210
RTA pension contributions	1,276
Total contributions	11,288
Total net additions	23,256
DEDUCTIONS:	
Benefit payments	7,449
Administrative expenses	629
Total deductions	8,078
NET INCREASE IN PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	15,178
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	119,918
End of year	$ 135,096

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

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, except for the Chairman of the CTA Board of Directors who is also an RTA Board member.

- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards if such budgets meet specified system-generated 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 specifically required to be 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.

Description	Useful Life
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.

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

Fund Balances—Portions of the fund balances of the Governmental Funds are reserved by the RTA for specific purposes as follows:

> Reserved for Service Boards Capital Projects represents the portion of the fund balance to provide the local share of Federal and State funded capital projects and to fund 100% of those projects not funded by another source. It also includes the remaining bond proceeds, investment income committed for capital projects of the Service Boards, and any interest rate swap proceeds for capital projects of the Service Boards.

Reserved for Debt Service represents the portion of the fund balance of RTA resources legally restricted for the payment of long-term debt principal and interest amounts maturing within the next year.

Reserved for RTA Capital Projects represents the portion of the RTA fund balance for the unspent portion of capital authorized by the RTA's current and prior years' budgets and the portion of the interest rate swap proceeds for RTA funded capital projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reduced Fare Reimbursement—In the State's fiscal year 2011, which ends June 30, 2011, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation ("IDOT") is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal years ended June 30, 2010 and June 30, 2011, the grants were in the amount of $42 million and $33.6 million, respectively.

Additional State Assistance/Additional Financial Assistance—The State has authorized Additional State Assistance ("ASA") which is supplemental financing for the RTA's Strategic Capital Improvement Program ("SCIP") bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $39.7 million of ASA in 2010.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance ("AFA") to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $100 million in the State's fiscal years 2010 and 2011, per year. The RTA recognized $90 million of AFA in 2010.

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

Capital grants consist of the RTA local match of Federal Transit Administration ("FTA") and IDOT-funded capital projects, 100% RTA-funded projects and capital projects funded by RTA, SCIP bonds, and investment income on bonds. Capital payments of approximately $10 million for sales tax funding are due to Metra based on a statutory formula. This formula consists of the budgeted sales tax revenues in excess of Metra's budgeted operating deficit. 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 $16,931,639 for the year ended December 31, 2010.

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

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 $10.5 million at December 31, 2010 and are included in cash and cash equivalents under business-type activities on the accompanying statement of net assets. The remaining $5.6 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—Statement No. 53, *Accounting and Financial Reporting for Derivatives,* addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The Authority implemented this Statement in the current fiscal year (see Note 4 for more information).

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

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

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

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

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

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

Reclassifications: Certain amounts previously reported in the 2009 financial statements have been reclassified to conform to the current year presentation.

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

NOTE 3. BUDGETARY INFORMATION

Excess of Expenditures over Appropriations

For the year ended December 31, 2010, expenditures and transfers exceeded appropriations in the General Fund as follows:

Budget	Actual	Variance
$ 387,876,000	$ 463,973,000	$ (76,097,000)

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 can not exceed three years.

As of December 31, 2010, the RTA's investments were as follows:

Investment Type	**Fair Value**
Commercial paper	$ 98,983,184
Money market & fixed-income securities	313,404,056
Illinois Funds	64,452,096
Money market fund	8,750,256
Fixed Income securities	9,994,567
U.S. Agency securities	37,511,221
Total	$ 533,095,379

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

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, 2010, the RTA's investments were as follows:

Investment Type	Fair Value	Credit Rating Moody's	Credit Rating Standard & Poor's	Credit Rating Fitch
Commercial paper	$ 98,983,184	P-1	A-1	F1
Money market & fixed-income securities	313,404,056	Aaa	AAAm	*
Illinois Funds	64,452,096	*	AAAm	*
Money market fund	8,750,256	Aaa	AAAm	AAA
Fixed Income securities	9,994,567	Aaa	AAAm	*
U.S. Agency securities	37,511,221	Aaa	AAA	AAA
Total	$ 533,095,379			

* 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 fund, there is no single investment that exceeds 5% of the total investments.

Joint Self-Insurance Fund Investment	Amount	% of Portfolio
ABN AMRO Funding (Commercial Paper)	$ 2,999,948	30%
Ciesco (Commercial Paper)	999,899	10%
Concord Minuteman (Commercial Paper)	999,863	10%

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 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, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows (debit (credit)):

	Changes in Fair Value		December 31, 2010		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Fair value hedges:					
Receive-fixed interest rate swap	Deferred inflow	$ 1,432,434	Debt	$ 11,425,734	$ 93,305,000
Receive-fixed interest rate swap	Deferred inflow	3,185,108	Debt	9,417,656	99,684,000
Receive-fixed interest rate swap	Deferred inflow	4,306,914	Debt	14,126,484	149,526,000
Cash flow hedge:					
Pay-fixed interest rate swap	Deferred outflow	(3,107,284)	Debt	(25,981,297)	126,445,000
Investment derivatives:					
Basis swap	Investment revenue	(3,486,980)	Investment	(2,754,543)	188,771,500
Basis swap	Investment revenue	(3,324,007)	Investment	(2,748,472)	188,771,500
Basis swap	Investment revenue	(1,379,408)	Investment	(1,081,757)	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, 2010, 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	$93,305,000	UBS AG	Aa3/A+/A+	$ 11,425,734
Pay-fixed	Hedge of changes in cash flows on the Series 2005 B bonds	4.95200%	70% of USD-LIB(	06/01/2005	06/01/2025	$126,445,000	JPMorgan Chase Bank, N./	Aa1/AA-/AA-	$ (25,981,297)
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	$188,771,500	Merrill Lynch Capital Services, Inc. (Bank of America)	A2/A/A+	$ (2,754,543)
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	$188,771,500	UBS AG	Aa3/A+/A+	$ (2,748,472)
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./	Aa1/AA-/AA-	$ (1,081,757)
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 Put Option 7/01/16	$99,684,000	JPMorgan Chase Bank, N./	Aa1/AA-/AA-	$ 9,417,656
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 Put Option 7/01/16	$149,526,000	Goldman Sachs Bank USA	Aa3/A/A+	$ 14,126,484

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, 2010, 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.

Tthere 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, 2010, 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 fix/pay variable, as interest rates increase, the risk increases. On pay fix/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, 2010, 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.

Year Ending December 31,	Principal	Interest	Hedging Derivatives, Net	Total
2011	$ 7,210	$ 1,712	$ (5,856)	$ 3,066
2012	7,590	1,609	(5,532)	3,667
2013	7,960	1,500	(5,118)	4,342
2014	8,425	1,385	(4,728)	5,082
2015	3,910	1,299	(4,447)	762
2016-2020	23,650	5,922	(20,265)	9,307
2021-2025	67,175	2,286	(7,836)	61,625
Total	$ 125,920	$ 15,713	$ (53,782)	$ 87,851

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, 2010, 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, 2010, the RTA's pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	$ 36,948,820	54
Money market fund	12,266,185	1
Total fair value	$ 49,215,005	
Portfolio weighted average maturity		53

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, 2010, the credit ratings for RTA pension investments were as follows:

		Credit Rating (where available)		
Investment Type	**Total Fair Value**	**Moody's**	**Standard & Poor's**	**Fitch**
Corporate fixed income mutual fund	$ 36,948,820	NR	NR	NR
Money market fund	12,266,185	Aa2	*	AA
Total	$ 49,215,005			

* 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:

Receivable	**Amount**
General Fund:	
Sales taxes	$ 28,245,086
ICE	449,611
State assistance (ASA & AFA)	108,161,447
Local Match Receivable (CTA)	1,119,206
PTF	98,293,593
MOA-Pace	4,250,000
Illinois Department of Transportation (IDOT) grants and others	424,316
Total Intergovernmental Receivables	$ 240,943,259
Payable	
General Fund:	
Financial assistance	$ 59,351,945
State bond payable	4,250,000
Capital assistance	94,497
CTA Operating Assistance (ADA)	2,368,289
Total General Fund	66,064,731
Capital Projects Fund:	
Capital grants, (CTA, METRA, PACE)	9,466,465
Total Intergovernmental Payables	$ 75,531,196

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, 2010, 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:

Receivable Fund	Payable Fund	Amount
General	Pension	$ 21,000
General	Joint Self-Insurance	64,305
Pension Trust	General	1,276,000
Debt Service	General	281,112,924
Capital Projects	Capital Projects	6,933,000

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:

Transfer Out Fund	Transfer In Fund	Amount
General	Debt Service	$ 212,748,782
Capital Projects	Debt Service	15,316,114
General	Joint Self-Insurance	4,425,379

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 “13th 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	$ 30,820,742
Metra	27,034,224
Pace	8,529,377
Total Service Board Advances	$ 66,384,344

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:

	Balance at January 1, 2010	Additions	Retirements	Balance at December 31, 2010
Depreciable:				
Office furniture and equipment	$ 313,020	$ 599,390	$ -	$ 912,410
Computer equipment	3,320,170	620,169	-	3,940,339
Leasehold improvements	1,438,744	499,459	-	1,938,203
Subtotal	5,071,934	1,719,018	-	6,790,952
Less accumulated depreciation:				
Office furniture and equipment	266,741	312,175	-	578,916
Computer equipment	2,156,147	487,541	-	2,643,688
Leasehold improvements	647,228	154,557	-	801,785
Subtotal	3,070,116	954,274	-	4,024,389
Total Depreciable	2,001,818	764,744	-	2,766,563
Non-depreciable:				
Capital -Technology Program	10,658,061	1,840,126	-	12,498,187
Total Capital assets—net of accumulated depreciation	$ 12,659,879	$ 2,604,870	$ -	$ 15,264,750

All capital assets are associated with governmental activities.

During 2010, total depreciation expense of $954,274 was allocated between two functions; $103,178 to regional expenditures and $851,096 to administrative expenditures.

NOTE 10. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

	January 1, 2010	New Issues	Current Retirements	December 31, 2010	Due Within One Year
1990A	$ 60,795,000	$ -	$ 3,810,000	$ 56,985,000	$ 4,085,000
1991A	55,745,000	-	-	55,745,000	-
1992A* & 1992B	25,865,000	-	8,075,000	17,790,000	8,610,000
1994A* & 1994B	24,395,000	-	-	24,395,000	-
1994C* & 1994D	56,285,000	-	1,620,000	54,665,000	1,750,000
1997 Refunding	60,800,000	-	5,445,000	55,355,000	5,750,000
1999* Refunding	266,775,000	-	8,065,000	258,710,000	8,525,000
2000A*	224,790,000	-	5,575,000	219,215,000	5,900,000
2001A*	86,650,000	-	2,090,000	84,560,000	2,200,000
2001B* Refunding	29,800,000	-	-	29,800,000	-
2002A*	141,940,000	-	3,150,000	138,790,000	3,315,000
2002B	133,635,000	-	10,870,000	122,765,000	11,325,000
2003A*	237,630,000	-	5,045,000	232,585,000	5,310,000
2003B	137,180,000	-	2,955,000	134,225,000	3,105,000
2004A*	241,775,000	-	4,870,000	236,905,000	5,120,000
2005B Refunding	132,770,000	-	6,850,000	125,920,000	7,210,000
2006A*	242,290,000	-	3,780,000	238,510,000	3,955,000
2009B Cash Note	260,000,000	-	-	260,000,000	260,000,000
2010A	-	62,175,000	1,860,000	60,315,000	2,950,000
2010B	-	112,925,000	-	112,925,000	-
2010C Cash Note	-	140,000,000	-	140,000,000	-
Subtotal	2,419,120,000	315,100,000	74,060,000	2,660,160,000	339,110,000
Unamortized bond premium	119,502,000	6,846,000	6,014,000	120,334,000	6,014,000
Total	$2,538,622,000	$321,946,000	$ 80,074,000	$ 2,780,494,000	$345,124,000

* Strategic Capital Improvement Program (SCIP) Bonds

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ 8,610,000	$ 863,040	$ 9,473,040
2012	9,180,000	293,760	9,473,760
Total	$ 17,790,000	$ 1,156,800	$ 18,946,800

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ -	$ 1,951,601	$ 1,951,601
2012	-	1,951,600	1,951,600
2013	-	1,951,600	1,951,600
2014	-	1,951,600	1,951,600
2015	-	1,951,600	1,951,600
2016-2024	24,395,000	1,989,399	26,384,399
Total	$ 24,395,000	$ 11,747,400	$ 36,142,400

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ 260,000,000	$ 3,183,917	$ 263,183,917

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 11. OTHER LONG-TERM OBLIGATIONS

Changes in other long-term obligations for the year ended December 31, 2010 were as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010	Due Within One Year
Compensated absences payable	$ -	$ 725,000	$ -	$ 725,000	$ -
Deferred rent	2,160,000	3,000	-	2,163,000	-
Accrued interest payable	33,404,000	39,196,000	33,404,000	39,196,000	-
Unearned revenue	48,674,000	524,000	1,701,000	47,497,000	1,701,000

The long-term liabilities will be paid by the General Fund.

NOTE 12. 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 2010, the RTA Board approved a resolution that a contribution of $11,288,000 be made to the Plan. The contribution is allocated as follows: Metra - $5,802,000; Pace - $ 4,210,000; RTA - $1,276,000. As of December 31, 2010, $11,288,000 had not been funded and was reported as contribution receivable in the Statements of Plan Net Assets. The 2010 contribution levels were within the actuarially determined ranges for the respective years.

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

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

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

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

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

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

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

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

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

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

	January 1, 2010	**January 1, 2009**	**January 1, 2008**
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	8.5%	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 2011.	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 December 31, 2010, the most recent actuarial valuation date, the plan was 71.28 percent funded. The actuarial accrued liability for benefits was $166,663,123 and the actuarial value of assets was $118,805,281, resulting in an underfunded actuarial accrued liability (UAAL) of $(47,857,842). The covered payroll (annual payroll of active employees covered by the Plan) was $68,389,409 and the ratio of the UAAL to the covered payroll was 70.0 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 13. OTHER POSTEMPLOYMENT BENEFITS

In accordance with personnel practices, the RTA offers eligible retirees the option to continue participation in its group health insurance plan. Eligibility is in accordance with the qualifying factors of the RTA Pension Plan and Trust as follows: Retired employees who have attained age 55 with 10 years of continuous full-time employment are eligible to continue the Health Plan for themselves and their dependents (providing their dependents were covered immediately prior to their retirement). Retired employees who have attained age 65 or older with 10 years of continuous full-time employment are eligible for the Medicare Supplement Plan.

Retiree dependents are eligible for either the Health Plan or Medicare Supplement Plan, depending on their age (providing they were covered as dependents immediately prior to the employee's retirement).

Election to participate is voluntary with the RTA incurring no additional obligations, except that the RTA will pay each eligible retiree the sum of up to $78 per month toward the cost of his/her health insurance. The costs of retiree health care benefits are generally recognized as expenses as they are paid and are not material in amount at the present time.

For 2010, the RTA incurred $19,188 in other post employment benefit expenditures. There are 24 participants eligible to receive benefits as of December 31, 2010.

NOTE 14. 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 15. COMMITMENTS AND CONTINGENCIES

The RTA has an operating lease agreement for its office facilities. In 2010, the total rent paid by the RTA was $1,698,152. Minimum required annual rental payments by the RTA are as follows:

Year Ending December 31	**Amount**
2011	$ 1,979,670
2012	1,982,815
2013	1,972,587
2014	1,818,595
2015	1,857,549
2016-2020	9,569,953
2021-2024	6,598,424
Total	$ 25,779,593

NOTE 16. RESTATEMENT

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

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

NOTE 17. SUBSEQUENT EVENTS

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

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

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, 2010
(in thousands)

	General Fund		
	Budget Original and Final	Actual	Variance
REVENUES:			
Sales taxes	$ 103,580	$ 103,168	$ (412)
Interest on sales taxes	300	137	(163)
Public Transportation Fund	165,290	171,169	5,879
Innovation, Coordination & Enhancement (ICE)	-	9,480	9,480
State assistance (AFA & ASA)	122,000	130,116	8,116
General State Revenue	13,900	65,149	51,249
Investment income	14,600	16,273	1,673
Other revenues	1,000	2,851	1,851
Total revenues	420,670	504,343	83,673
EXPENDITURES:			
Financial assistance to Service Boards	97,648	97,648	-
Capital grants-current year	20,353	20,353	-
PACE Operating Assistant Grant (ADA)	-	18	(18)
South Suburban Job Access Program PACE	7,500	7,500	-
Innovation, Coordination & Enhancement	9,030	9,480	(450)
PACE (PTF) expenditures	-	6,000	(6,000)
State Funding MOU Pace (ADA)	8,500	4,250	4,250
Cap Grants - State Bonds	-	60,862	(60,862)
Administration	8,127	7,699	428
Non-Administration:			
Regional Services and Coordination Programs	19,293	20,296	(1,003)
Regional Technical Assistance Program	4,026	3,414	612
Capital outlay	1,113	1,113	-
Technology program	1,166	1,979	(813)
Debt related costs	-	6,187	(6,187)
Total expenditures	176,756	246,799	(70,043)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	243,914	257,544	13,630
OTHER FINANCING USES—			
Transfers out-debt related costs and JSIF	(211,120)	(217,174)	(6,054)
Total other financing uses	(211,120)	(217,174)	(6,054)
NET CHANGE IN FUND BALANCE— BUDGETARY BASIS	$ 32,794	40,370	$ 7,576
Budgetary basis to GAAP basis adjustments		4,851	
NET CHANGE IN FUND BALANCE—GAAP BASIS		45,221	
FUND BALANCE:			
Beginning of year		122,992	
End of year		$ 168,213	

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 2010 budget and 2011-2012 financial plan and the 2011 budget and 2012-2013 financial plan. Also waived for the purpose of the adoption of the 2010 budget and 2011-2012 financial plan was the provision of the RTA funding policy adopted by Ordinance 98-15 that requires that the RTA annual budget and two-year financial plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period.

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

- The first source of funds to be credited against the budgeted funding amount is from Service Board sales tax receipts;

- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and

- The third source of funds credited against the budgeted funding amount is from unallocated RTA sales tax receipts and other discretionary receipts.

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

Note 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:

	General Fund
Excess of expenditures over revenues and other financing use-budgetary basis	$ 40,369,607
Adjustments:	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(6,660,069)
Capital grant expenditures expected to be incurred in future years but considered in current year budget	11,721,044
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(209,516)
Budgetary basis to GAAP basis adjustments	4,851,459
Net change in fund balance - GAAP basis	$ 45,221,066

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

SCHEDULE OF FUNDING PROGRESS
SIX YEARS ENDED DECEMBER 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Assets in Excess of AAL/ (AAL in Excess of Assets) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2005	$ 90,334,371	$ 105,976,209	$ (15,641,838)	85.24%	$ 56,417,461	27.7%
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%

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS
SIX YEARS ENDED DECEMBER 31, 2010

Year Ended:	Annual Required Contribution		Percentage Contributed
2005	$ 6,800,000		100%
2006	8,777,000		100%
2007	9,137,000		100%
2008	9,195,000		100%
2009	10,827,000		100%
2010	11,288,000	[1]	100%

[1] Contributions for the plan year ended December 31, 2010 will be paid during 2011.

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 required legally or by sound financial management to be 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, 2010
(in thousands)

	General Fund		
	Budget Original and Final	Actual	Variance
EXPENDITURES:			
Financial assistance to Service Boards	$ 97,648	$ 97,648	$ -
Capital grants-current year	20,353	20,353	-
PACE Operating Assistant Grant (ADA)	-	18	(18)
South Suburban Job Access Program PACE	7,500	7,500	-
Innovation, Coordination & Enhancement (ICE)	9,030	9,480	(450)
PACE (PTF) expenditures	-	6,000	(6,000)
State Funding MOU Pace (ADA)	8,500	4,250	4,250
Cap Grants - State Bonds	-	60,862	(60,862)
Administration	8,127	7,699	428
Non-Administration:			
Regional Services and Coordination Programs	19,293	20,296	(1,003)
Regional Technical Assistance Program	4,026	3,414	612
Capital outlay	1,113	1,113	-
Technology program	1,166	1,979	(813)
Debt related costs	-	6,187	(6,187)
TOTAL EXPENDITURES	$ 176,756	$ 246,799	$ (70,043)

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, 2010
(in thousands)

	General Fund		
	Budget	**Actual**	**Variance**
REVENUES:			
Sales taxes	$ 103,580	$ 103,168	$ (412)
Interest on sales taxes	300	137	(163)
Public Transportation Fund	165,290	171,169	5,879
Innovation, Coordination & Enhancement (ICE)	-	9,480	9,480
PACE Operating Assistance (ADA)	-	6,000	6,000
State assistance (AFA & ASA)	122,000	130,116	8,116
Reduced fare reimbursement	-	-	-
General State Revenue	13,900	65,149	51,249
Investment income	14,600	16,273	1,673
Other revenue	1,000	2,851	1,851
Total revenues	420,670	504,343	83,673
EXPENDITURES:			
Financial assistance to Service Boards	97,648	97,648	-
Capital grants-current year	20,353	20,353	-
PTF (New Sales Tax/RETT)	-	-	-
Pace Operating Assistance Grant (ADA)	-	18	(18)
Paratransit funding -PACE	-	-	-
Suburban Community Mobility Fund	-	-	-
South Suburban Job Access Program	7,500	7,500	-
Innovation, Coordination and Enhancement (ICE)	9,030	9,480	(450)
Reduced fare reimbursement	-	-	-
State Funding MOU Pace (ADA)	8,500	4,250	4,250
Cap Grants - State Bonds	-	60,862	(60,862)
PACE (PTF) expenditures	-	6,000	(6,000)
Administration	8,127	7,699	428
Non-Administration:			
Regional Services and Coordination Programs	19,293	20,296	(1,003)
Regional Technical Assistance Program	4,026	3,414	612
Interest on sales taxes to Service Boards	-	-	-
Capital outlay	1,113	1,113	-
Technology program	1,166	1,979	(813)
Debt related costs	-	6,187	(6,187)
Total expenditures	176,756	246,799	(70,043)
EXCESS OF REVENUES OVER EXPENDITURES—BUDGETARY BASIS	243,914	257,544	13,630
OTHER FINANCING USES—			
Transfers out-debt related costs and JSIF	(211,120)	(217,174)	(6,054)
Total other financing uses	(211,120)	(217,174)	(6,054)
NET CHANGE IN FUND BALANCE—BUDGETARY BASIS	$ 32,794	40,370	$ 7,576
Budgetary basis to GAAP basis adjustments		4,851	
NET CHANGE IN FUND BALANCE—GAAP BASIS		45,221	
FUND BALANCE:			
Beginning of year		122,992	
End of year		$ 168,213	

Sales Tax Agency Fund			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
$ 786,895	$ 818,788	$ 31,893	$ 890,475	$ 921,956	$ 31,481
1,700	210	(1,490)	2,000	347	(1,653)
108,453	116,235	7,782	273,743	287,404	13,661
-	-	-	-	9,480	9,480
-	-	-	-	6,000	6,000
-	-	-	122,000	130,116	8,116
36,800	33,570	(3,230)	36,800	33,570	(3,230)
-	-	-	13,900	65,149	51,249
-	-	-	14,600	16,273	1,673
-	-	-	1,000	2,851	1,851
933,848	968,803	34,955	1,354,518	1,473,146	118,628
786,984	705,033	81,951	884,632	802,681	81,951
-	-	-	20,353	20,353	-
-	116,235	(116,235)	-	116,235	(116,235)
-	-	-	-	18	(18)
90,303	94,796	(4,493)	90,303	94,796	(4,493)
18,061	18,959	(898)	18,061	18,959	(898)
-	-	-	7,500	7,500	-
-	-	-	9,030	9,480	(450)
36,800	33,570	3,230	36,800	33,570	3,230
-	-	-	8,500	4,250	4,250
-	-	-	-	60,862	(60,862)
-	-	-	-	6,000	(6,000)
-	-	-	8,127	7,699	428
	-				
-	-	-	19,293	20,296	(1,003)
-	-	-	4,026	3,414	612
1,700	210	1,490	1,700	210	1,490
-	-	-	1,113	1,113	-
-	-	-	1,166	1,979	(813)
-	-	-	-	6,187	(6,187)
933,848	968,803	(34,955)	1,110,604	1,215,602	(104,998)
-	-	-	243,914	257,544	13,630
-	-	-	(211,120)	(217,174)	(6,054)
-	-	-	(211,120)	(217,174)	(6,054)
$ -	-	$ -	$ 32,794	40,370	$ 7,576
	-			4,851	
	-			45,221	
	-			122,992	
	$ -			$ 168,213	

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.

*Strategic Capital Improvement Program (SCIP) Bonds

REGIONAL TRANSPORTATION AUTHORITY

COMBINING BALANCE SHEET SCHEDULE-DEBT SERVICE FUND ACCOUNTS
December 31, 2010

	1990A	1991A	1992 A&B	1994 A&B	1994 C&D	1997	1999	2000A	2001 A	2001 B	2002 A
ASSETS:											
Cash and investments	$ 1,622,598	$ 764,568	$ 5,465,074	$ 322,336	$ 1,536,736	$ 3,986,877	$ 6,916,799	$ 10,195,921	$ 3,708,783	$ 163,702	$ 5,933,403
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	6	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-
Total Assets	$ 1,622,604	$ 764,568	$ 5,465,074	$ 322,336	$ 1,536,736	$ 3,986,877	$ 6,916,799	$ 10,195,921	$ 3,708,783	$ 163,702	$ 5,933,403
LIABILITIES:											
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES:											
Reserved for debt service	1,622,604	764,568	5,465,074	322,336	1,536,736	3,986,877	6,916,799	10,195,921	3,708,783	163,702	5,933,403
TOTAL LIABILITIES AND FUND BALANCES	$ 1,622,604	$ 764,568	$ 5,465,074	$ 322,336	$ 1,536,736	$ 3,986,877	$ 6,916,799	$ 10,195,921	$ 3,708,783	$ 163,702	$ 5,933,403

(continued)

	2002 B	2003 A	2003 B	2004 A	2005 B	2006 A	2009B Note	2010A	2010B	2010C Note	Total
ASSETS:											
Cash and investments	$ 7,870,021	$ 9,534,528	$ 2,728,945	$ 4,574,282	$ 5,455,351	$ 7,992,790	$ 803,114	$ 7,864,811	$ 13,156,794	$ 62,224,681	$ 162,822,114
Due from other funds	-	-	-	-	-	-	202,483,537	-	-	78,629,387	281,112,924
Accrued interest	-	-	-	20	3	16,898	1	24	26	9,076	26,054
Other receivable	-	-	-	-	-	-	56,147,000	-	-	-	56,147,000
Total Assets	$ 7,870,021	$ 9,534,528	$ 2,728,945	$ 4,574,302	$ 5,455,354	$ 8,009,688	$ 259,433,652	$ 7,864,835	$ 13,156,820	$ 140,863,144	$ 500,108,092
LIABILITIES:											
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES:											
Reserved for debt service	7,870,021	9,534,528	2,728,945	4,574,302	5,455,354	8,009,688	259,433,652	7,864,835	13,156,820	140,863,144	500,108,092
TOTAL LIABILITIES AND FUND BALANCES	$ 7,870,021	$ 9,534,528	$ 2,728,945	$ 4,574,302	$ 5,455,354	$ 8,009,688	$ 259,433,652	$ 7,864,835	$ 13,156,820	$ 140,863,144	$ 500,108,092

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Debt Service Fund Accounts
Year Ended December 31, 2010

	1990A	1991A	1992 A&B	1994 A&B	1994 C&D
REVENUE:					
Investment income	$ 60	$ 20	$ 36	$ 5	$ 17
Total Revenue	60	20	36	5	17
EXPENDITURES:					
Debt Service - Principal	3,810,000	-	8,075,000	-	1,620,000
Debt Service - Interest	4,377,240	3,734,915	1,396,960	1,951,600	4,299,313
Other debt related costs	-	-	-	-	-
Total Expenditures	8,187,240	3,734,915	9,471,960	1,951,600	5,919,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,187,180)	(3,734,895)	(9,471,924)	(1,951,595)	(5,919,296)
OTHER FINANCING SOURCES:					
Transfers in - Principal	3,860,000	-	8,415,455	-	1,702,727
Transfers in - Interest	4,322,375	3,734,914	1,345,244	1,951,595	4,286,741
Transfers in - Other	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Total Other Financing Sources	8,182,375	3,734,914	9,760,699	1,951,595	5,989,468
NET CHANGE IN FUND BALANCES	(4,805)	19	288,775	-	70,172
FUND BALANCES:					
Beginning of year	1,627,409	764,549	5,176,299	322,336	1,466,564
End of year	$1,622,604	$ 764,568	$ 5,465,074	$ 322,336	$ 1,536,736

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund Accounts
Year Ended December 31, 2010

	1997	1999	2000 A	2001 A	2001 B
REVENUE:					
Investment income	$ 31	$ 77	$ 95	$ 15	$ 4
Total Revenue	31	77	95	15	4
EXPENDITURES:					
Debt Service - Principal	5,445,000	8,065,000	5,575,000	2,090,000	-
Debt Service - Interest	3,432,963	15,163,144	14,276,038	5,132,513	1,639,000
Other debt related costs	-	-	-	-	-
Total Expenditures	8,877,963	23,228,144	19,851,038	7,222,513	1,639,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,877,932)	(23,228,067)	(19,850,943)	(7,222,498)	(1,638,996)
OTHER FINANCING SOURCES:					
Transfers in - Principal	5,639,091	8,357,727	5,752,273	2,150,000	-
Transfers in - Interest	3,402,985	15,116,693	14,115,662	5,075,023	1,638,996
Transfers in - Other	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Total Other Financing Sources	9,042,076	23,474,420	19,867,935	7,225,023	1,638,996
NET CHANGE IN FUND BALANCES	164,144	246,353	16,992	2,525	-
FUND BALANCES:					
Beginning of year	3,822,733	6,670,446	10,178,929	3,706,258	163,702
End of year	$ 3,986,877	$ 6,916,799	$10,195,921	$ 3,708,783	$ 163,702

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Debt Service Fund Accounts
Year Ended December 31, 2010

	2002 A	2002 B	2003 A	2003 B	2004A
REVENUE:					
Investment income	$ 23	$ 61	$ 38	$ 31	$ 358
Total Revenue	23	61	38	31	358
EXPENDITURES:					
Debt Service - Principal	3,150,000	10,870,000	5,045,000	2,955,000	4,870,000
Debt Service - Interest	8,407,938	6,941,888	13,528,575	7,538,925	13,287,538
Other debt related costs	-	-	-	-	-
Total Expenditures	11,557,938	17,811,888	18,573,575	10,493,925	18,157,538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,557,915)	(17,811,827)	(18,573,537)	(10,493,894)	(18,157,180)
OTHER FINANCING SOURCES:					
Transfers in - Principal	3,240,000	11,159,545	5,189,545	3,050,455	5,029,091
Transfers in - Interest	8,329,165	6,882,043	13,402,413	7,527,073	13,262,825
Transfers in - Other	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Total Other Financing Sources	11,569,165	18,041,588	18,591,958	10,577,528	18,291,916
NET CHANGE IN FUND BALANCES	11,250	229,761	18,421	83,634	134,736
FUND BALANCES:					
Beginning of year	5,922,153	7,640,260	9,516,107	2,645,311	4,439,566
End of year	$ 5,933,403	$ 7,870,021	$ 9,534,528	$ 2,728,945	$ 4,574,302

(Continued)

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund Accounts
Year Ended December 31, 2010

	2005 B	2006 A	2009 B Note	2010 A	2010 B
REVENUE:					
Investment income	$ 112	$ 176,164	$ 36,113	$ 90,144	$ 18,004
Total Revenue	112	176,164	36,113	90,144	18,004
EXPENDITURES:					
CTA Capital Projects	-	-	-	-	-
Debt Service - Principal	6,850,000	3,780,000	-	1,860,000	-
Debt Service - Interest	1,270,045	11,860,031	7,615,400	1,325,644	754,131
Other debt related costs	243,329	-	-	377,315	1,496,167
Total Expenditures	8,363,374	15,640,031	7,615,400	3,562,959	2,250,298
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,363,262)	(15,463,867)	(7,579,287)	(3,472,815)	(2,232,294)
OTHER FINANCING SOURCES:					
Transfers in - Principal	7,079,091	3,875,455	-	3,469,091	-
Transfers in - Interest	1,323,272	11,602,733	7,616,743	2,717,995	5,223,564
Transfers in - Other	243,329	-	-	5,150,564	10,165,550
Debt proceeds	-	-	-	-	-
Total Other Financing Sources	8,645,692	15,478,188	7,616,743	11,337,650	15,389,114
NET CHANGE IN FUND BALANCES	282,430	14,321	37,456	7,864,835	13,156,820
FUND BALANCES:					
Beginning of year	5,172,924	7,995,367	259,396,196	-	-
End of year	$ 5,455,354	$ 8,009,688	$259,433,652	$ 7,864,835	$ 13,156,820

Regional Transportation Authority

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund Accounts
Year Ended December 31, 2010

	2010C Note	Total
REVENUE:		
Investment income	$ 70,121	$ 391,529
Total Revenue	70,121	391,529
EXPENDITURES:		
Debt Service - Principal	-	74,060,000
Debt Service - Interest	-	127,933,801
Other debt related costs	864,834	2,981,645
Total Expenditures	864,834	204,975,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(794,713)	(204,583,917)
OTHER FINANCING SOURCES:		
Transfers in - Principal	-	77,969,546
Transfers in - Interest	1,657,857	134,535,911
Transfers in - Other	-	15,559,443
Debt proceeds	140,000,000	140,000,000
Total Other Financing Sources	141,657,857	368,064,900
NET CHANGE IN FUND BALANCES	140,863,144	163,480,983
FUND BALANCES:		
Beginning of year	-	336,627,109
End of year	$ 140,863,144	$ 500,108,092

C. CAPITAL PROJECTS FUND

Capital Projects Fund Accounts:

Strategic Capital Improvement Program (SCIP)—to account for 1992 through 1994, 2000, 2001, 2002, 2003, and 2004 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—to account for 1990 through 1994, 2002, and 2005 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, 2010

	SCIP Bonds	Non-SCIP Bonds	Investment Income on Bonds	Total
ASSETS:				
Cash and investments	$ 91,556,514	$ 174,022,172	$ -	$265,578,686
Due from other funds	-	-	6,933,362	6,933,362
Accrued interest	-	12,268	-	12,268
TOTAL ASSETS	$ 91,556,514	$ 174,034,440	$ 6,933,362	$ 272,524,316
LIABILITIES:				
Due to Service Boards	$ 1,584,125	$ 7,787,137	$ 95,202	$ 9,466,464
Due to other funds	1,627,426	5,305,935	-	6,933,361
Total liabilities	3,211,551	13,093,072	95,202	16,399,825
FUND BALANCES:				
Reserved for Service Boards capital projects	88,344,963	160,941,368	6,838,160	256,124,491
TOTAL LIABILITIES AND FUND BALANCES	$ 91,556,514	$ 174,034,440	$ 6,933,362	$ 272,524,316

REGIONAL TRANSPORTATION AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2010

	SCIP Bonds	Non-SCIP Bonds	Investment Income on Bonds	Total
REVENUES:				
Investment income	$ -	$ 134,036	$ -	$ 134,036
Total revenues	-	134,036	-	134,036
EXPENDITURES:				
Capital grants—bonds	27,484,056	14,824,024	285,424	42,593,504
Total expenditures	27,484,056	14,824,024	285,424	42,593,504
Excess (deficiency) of revenues over expenditures	(27,484,056)	(14,689,988)	(285,424)	(42,459,468)
OTHER FINANCING SOURCES (USES):				
Debt issuance (gross)	-	175,100,000	-	175,100,000
Bond Premium	-	6,845,564	-	6,845,564
Transfer out	-	(15,316,114)	-	(15,316,114)
Total other financing sources	-	166,629,450	-	166,629,450
NET CHANGE IN FUND BALANCES	(27,484,056)	151,939,462	(285,424)	124,169,982
FUND BALANCES:				
Beginning of year	115,829,019	9,001,906	7,123,584	131,954,509
End of year	$ 88,344,963	$ 160,941,368	$ 6,838,160	$ 256,124,491

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, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
ASSETS:				
Intergovernmental receivables:				
Sales taxes	$ 147,483,301	$ 561,155,156	$ 548,844,606	$ 159,793,851
New sales tax	61,836,541	257,632,709	253,575,626	65,893,624
Interest on sales taxes	35,616	210,494	246,110	-
Reduced fare reimbursement	33,570,000	33,570,000	33,570,000	33,570,000
PTF (New Sales Tax/RETT)	57,506,495	116,234,633	123,352,156	50,388,972
Advances to Service Boards	65,886,931	497,412	-	66,384,343
TOTAL ASSETS	$ 366,318,884	$ 969,300,404	$ 959,588,498	$ 376,030,790
LIABILITIES:				
Intergovernmental payables:				
Sales taxes due to Service Boards	$ 147,483,301	$ 561,155,156	$ 548,844,606	$ 159,793,851
New sales tax due to Service Boards	59,386,111	120,414,945	119,298,764	60,502,292
Interest on sales taxes due to Service Boards	35,616	210,493	246,109	-
Reduced fare reimbursement	33,570,000	33,570,000	33,570,000	33,570,000
PTF (New Sales Tax /RETT)	57,506,495	139,697,067	146,814,589	50,388,973
Advances from State	65,886,931	497,412	-	66,384,343
Paratransit Funding PACE	2,042,358	94,796,109	92,345,358	4,493,109
Suburban Community Mobility Fund-SBD	408,072	18,959,222	18,469,072	898,222
TOTAL LIABILITIES	$ 366,318,884	$ 969,300,404	$ 959,588,498	$ 376,030,790

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, 2010

	Office Furniture and Equipment	Computer Equipment	Leasehold Improvements	Capital In Progress Technology Program	Total
Administrative	$ 789,980	$ 2,779,694	$ 1,561,423	$ 12,498,187	$ 17,629,284
Travel Information Center	122,430	1,160,645	376,780	-	1,659,855
Total capital assets	912,410	3,940,339	1,938,203	12,498,187	19,289,139
Less accumulated depreciation:					
Administrative	554,431	1,551,463	774,872	-	2,880,766
Travel Information Center	24,485	1,092,225	26,913	-	1,143,623
Total accumulated depreciation	578,916	2,643,688	801,785	-	4,024,389
Total capital assets—net	$ 333,494	$ 1,296,651	$ 1,136,418	$ 12,498,187	$ 15,264,750

STATISTICAL SECTION
(UNAUDITED)

CONTENTS

TABLE 1

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities—										
Capital assets, net of related debt	$ 930	$ 1,286	$ 3,081	$ 5,629	$ 6,877	$ 8,449	$ 9,754	$ 11,118	$ 12,660	$ 15,265
Restricted Net Assets	382,421	426,509	562,169	64,727	-	-	-	-	270,019	83,277
Unrestricted Net Assets	(1,196,245)	(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)
Total Net Assets-Governmental Activities	$ (812,894)	$ (1,130,422)	$ (1,461,075)	$ (1,714,920)	$ (1,894,589)	$ (1,924,449)	$ (1,937,419)	$ (2,051,621)	$ (1,951,448)	$ (1,873,648)
Business-type activities—										
Unrestricted Net Assets	$ 50,529	$ 46,735	$ 44,271	$ 39,621	$ 36,011	$ 31,831	$ 28,393	$ 28,859	$ 29,067	$ 28,963
Total Net Assets-Business-Type Activities	$ 50,529	$ 46,735	$ 44,271	$ 39,621	$ 36,011	$ 31,831	$ 28,393	$ 28,858	$ 29,067	$ 28,963
Primary government—										
Capital assets, net of related debt	$ 930	$ 1,286	$ 3,081	$ 5,629	$ 6,877	$ 8,449	$ 9,754	$ 11,118	$ 12,660	$ 15,265
Restricted Net Assets	382,421	426,509	562,169	64,727	-	-	-	-	270,019	83,277
Unrestricted Net Assets	(1,145,716)	(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)
Total Net Assets-Primary government	$ (762,365)	$ (1,083,687)	$ (1,416,804)	$ (1,675,299)	$ (1,858,578)	$ (1,892,618)	$ (1,909,026)	$ (2,022,764)	$ (1,922,381)	$ (1,844,685)

TABLE 2

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES:										
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
Administration capital grants										
Discretionary	31,736	31,096	34,830	33,767	25,437	26,730	25,272	26,288	19,166	15,310
Bonds	169,812	319,945	319,253	290,102	251,693	138,706	88,056	93,085	47,957	103,456
Administration of operating grant										
CTA/PACE	-	-	-	-	54,252	54,252	40,010	58,142	74,138	27,230
Administrative expenses	5,402	6,510	6,666	6,554	6,534	7,561	6,967	7,532	12,014	8,551
Regional expenses	13,265	15,071	13,378	14,781	17,920	20,674	20,243	20,656	19,793	21,576
Technology program expenses	1,277	3,570	1,786	3,265	1,822	1,890	1,409	2,467	1,416	1,979
Interest expense	90,960	88,038	109,981	114,574	126,027	122,790	130,079	127,495	131,775	135,530
Total governmental activities	481,309	673,336	699,021	642,842	651,761	535,037	521,967	585,613	399,712	411,280
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
Total business-type activities	5,012	4,849	3,082	5,319	4,624	5,566	4,855	4,375	3,827	4,740
Total primary government expenses	$ 486,321	$ 678,185	$ 702,103	$ 648,161	$ 656,385	$ 540,603	$ 526,822	$ 589,988	$ 403,539	$ 416,020
REVENUES:										
General:										
Sales taxes	$ 98,028	$ 97,153	$ 98,248	$ 101,344	$ 105,059	$ 112,024	$ 112,938	$ 109,003	$ 99,027	$ 103,168
Interest on sales taxes	131	68	41	53	137	317	376	1,081	309	137
Operating grant -(ADA)	-	-	-	-	54,252	54,252	54,252	14,441	9,101	9,480
Public Transportation Fund	164,987	165,665	164,738	170,397	175,668	186,136	188,931	227,201	228,501	242,318
State assistance	43,662	67,455	85,226	86,785	111,419	112,743	117,807	121,870	123,008	130,115
Regional program reimbursement	712	1,484	1,058	1,033	866	1,053	1,153	1,361	2,904	582
Technology program reimbursement	258	1,664	-	-	-	-	-	-	-	-
Investment income	25,283	20,595	16,548	27,538	24,608	35,534	31,534	(1,495)	36,003	8,607
Other revenues	900	1,724	2,509	1,847	83	3,118	2,006	1,868	1,437	2,269
Transfers out	(3,000)	-	-	-	-	-	-	(3,920)	(3,575)	(4,425)
Total governmental activities revenues	330,961	355,808	368,368	388,997	472,092	505,177	508,997	471,410	496,715	492,251
Business-type activities:										
General:										
Investment income	1,838	1,055	618	669	1,014	1,386	1,210	770	402	164
Other revenues	-	-	-	-	-	-	207	151	58	47
Transfers in	3,000	-	-	-	-	-	-	3,920	3,575	4,425
Total business-type activities revenues	4,838	1,055	618	669	1,014	1,386	1,417	4,841	4,035	4,636
Total primary government revenues	335,799	356,863	368,986	389,666	473,106	506,563	510,414	476,251	500,750	496,887
Governmental activities:										
CHANGES IN NET ASSETS (DEFICIT)	(150,348)	(317,528)	(330,653)	(253,845)	(179,669)	(29,860)	(12,970)	(114,203)	97,003	80,971
NET ASSETS (DEFICIT):										
Beginning of year, as restated	(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)
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)
Business-type activities:										
CHANGES IN NET ASSETS (DEFICIT)	(174)	(3,794)	(2,464)	(4,650)	(3,610)	(4,180)	(3,438)	466	208	(104)
NET ASSETS (DEFICIT):										
Beginning of year	50,703	50,529	46,735	44,271	39,621	36,011	31,831	28,393	28,859	29,067
End of year	50,529	46,735	44,271	39,621	36,011	31,831	28,393	28,859	29,067	28,963
Total primary government	$ (762,365)	$ (1,083,687)	$ (1,416,804)	$ (1,675,299)	$ (1,858,578)	$ (1,892,618)	$ (1,909,026)	$ (2,022,763)	$ (1,925,552)	$ (1,844,685)
CHANGE IN NET ASSETS:										
Governmental activities	$ (150,348)	$ (317,528)	$ (330,653)	$ (253,845)	$ (179,669)	$ (29,860)	$ (12,970)	$ (114,203)	$ 97,003	$ 80,971
Business-type activities	(174)	(3,794)	(2,464)	(4,650)	(3,610)	(4,180)	(3,438)	466	208	(104)
Total primary government	$ (150,522)	$ (321,322)	$ (333,117)	$ (258,495)	$ (183,279)	$ (34,040)	$ (16,408)	$ (113,737)	$ 97,211	$ 80,867

Note: GASB 34 was implemented for fiscal year ending December 31, 2001.

TABLE 3

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 76,056	$ 54,463	$ 66,406	$ 58,955	$ 93,384	$ 102,765	$ 107,948	$ 106,822	$ 155,551	$ 160,895
Unreserved	77,827	65,491	4,889	12,507	1,654	38,828	41,220	(53,482)	(27,893)	7,318
Total general fund balances	$ 77,827	$ 119,954	$ 71,295	$ 71,462	$ 95,038	$ 141,592	$ 149,167	$ 53,340	$ 127,658	$ 168,213
All other governmental funds										
Reserved	$ 337,213	$ 418,454	$ 569,278	$ 567,100	$ 308,345	$ 433,055	$ 349,402	$ 259,165	$ 468,582	$ 756,233
Total all other governmental funds	$ 337,213	$ 418,454	$ 569,278	$ 567,100	$ 308,345	$ 433,055	$ 349,402	$ 259,165	$ 468,582	$ 756,233

TABLE 4

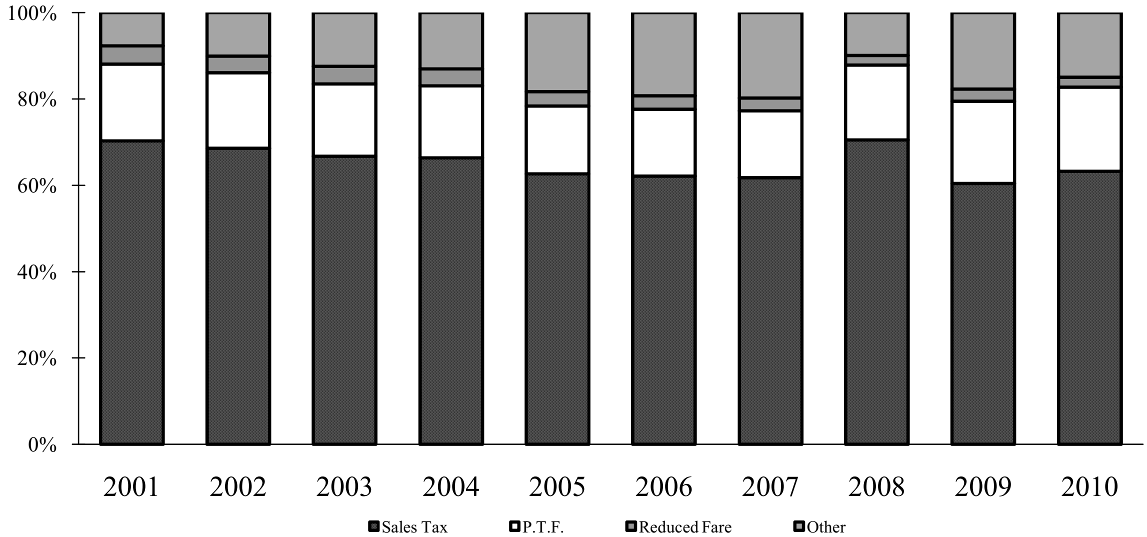
REGIONAL TRANSPORTATION AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES:										
Sales taxes	$ 98,028	$ 97,153	$ 98,248	$ 101,344	$ 105,059	$ 112,024	$ 112,938	$ 109,003	$ 99,027	$ 103,168
Interest on sales taxes	131	68	41	53	137	317	376	1,081	309	137
Public Transportation Fund	164,987	165,665	164,738	170,397	175,668	186,136	188,931	188,829	169,354	171,169
New 5% PTF Advance Recovery	-	-	-	-	-	-	-	38,372	-	-
General State Revenue										65,149
Innovation, Coordination, & Enhancement (ICE)	-	-	-	-	-	-	-	10,000	9,101	9,480
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	43,662	67,455	85,226	86,785	111,419	112,743	117,807	121,870	123,008	130,115
Investment income	25,283	20,595	16,548	27,538	24,608	35,533	31,534	(1,495)	36,003	16,799
Other revenues	1,870	4,872	3,469	2,839	912	4,172	3,159	3,229	4,341	2,852
Total revenues	333,961	355,808	368,270	388,956	472,055	505,176	508,997	475,330	500,290	504,869
EXPENDITURES:										
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
Capital grants—discretionary	31,736	31,096	34,830	33,767	25,437	26,731	25,272	26,288	19,166	15,310
Capital Projects Expense-Working Cash Note	-	-	-	-	-	-	-	-	56,147	-
South Suburban Job Access Program - (PACE)	-	-	-	-	-	-	-	3,750	7,500	7,500
5% PTF/RETT & ADA Paratransit (New Sales Tax)	-	-	-	-	-	-	-	42,813	-	-
Innovation, Coordination, & Enhancement (ICE)	-	-	-	-	-	-	-	10,000	9,101	9,480
PACE (PTF) expenditures	-	-	-	-	54,252	54,252	40,010	1,579	1,390	10,250
Capital grants—bonds	169,812	319,945	319,253	290,103	251,693	138,706	88,055	93,086	47,957	103,456
Administrative	5,030	5,997	6,480	6,370	6,380	6,747	6,772	7,258	11,441	7,699
Regional	14,301	18,395	16,833	20,617	19,705	23,967	22,528	24,509	22,105	25,689
Capital outlay	72	1,115	214	160	1,438	373	610	263	1,110	1,323
Debt service:										
Principal	19,805	25,560	37,940	40,430	49,570	55,110	59,135	64,685	68,455	74,060
Interest	74,969	84,310	102,668	119,271	128,852	125,155	131,233	131,705	135,361	134,121
Debt related costs	-	-	-	-	1,798	44	-	-	-	
Debt issuance costs	1,326	3,458	4,240	3,424	975	2,222	1,529	1,590	2,965	2,982
Total expenditures	485,908	698,982	735,585	693,941	708,176	595,740	585,075	657,474	476,151	489,518
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(151,947)	(343,174)	(367,315)	(304,985)	(236,121)	(90,563)	(76,078)	(182,144)	24,139	15,351
OTHER FINANCING SOURCES (USES):										
Bond proceeds (gross)	111,209	390,486	457,167	260,000	-	250,350	-	-	-	-
Refunding bond proceeds (gross)	41,067	-	12,313	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	148,110	-	-	-	-	-
Payment to refunded bond escrow agent	(39,736)	-	-	-	(147,186)	-	-	-	-	-
SCIP II bond proceeds (gross)	-	-	-	-	-	1,826	-	-	-	-
Other financing sources (premium)	-	-	-	42,974	18	9,652	-	-	-	6,846
2009B Note Proceeds	-	-	-	-	-	-	-	-	260,000	315,100
Transfers out										
Capital Projects Fund		-	-	(6,225)	(70)	-	-	-	-	-
Debt Service Fund	(84,099)		(136,006)	(140,786)	(171,240)	(175,995)	(179,116)	186,268	195,261	228,065
General Fund	-	-	-	-	(540)	-	179,116	(190,188)	(198,836)	(217,174)
Joint Self-Insurance Fund	(3,000)	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	(41)	-	-	-	(15,316)
Transfers in										
Capital Projects Fund	306	-	(85)	-	8,541	3,315	-	-	-	-
Debt Service Fund	-	-	-	6,225	610	41	-	-	-	-
General Fund	83,793	-	136,091	140,786	162,699	172,680	-	-	-	-
Total other financing (uses) sources	109,540	390,486	469,480	302,974	942	261,827	-	(3,920)	256,425	317,521
NET CHANGE IN FUND BALANCES	$ (42,407)	$ 47,312	$ 102,165	$ (2,011)	$ (235,179)	$ 171,264	$ (76,078)	$ (186,064)	$ 280,564	$ 332,872
Debt Service as a percentage of noncapital expenditures	19.78%	16.24%	19.70%	23.51%	25.64%	30.66%	32.83%	30.12%	43.53%	43.25%

Table 5

RTA REVENUE BY SOURCE

2001-2010



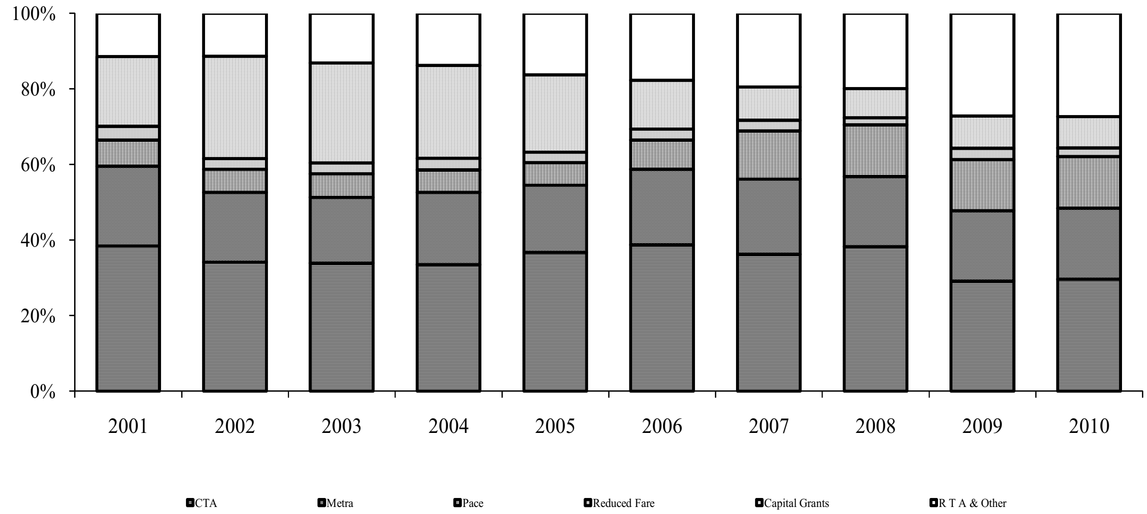
Last Ten Years *(In Thousands)*

	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/01	$ 653,522	$ 164,987	$ 39,531	$ 71,742	$ 929,782
Percentage of Total	70.29%	17.74%	4.25%	7.72%	100%
12 Months Ended 12/31/02	647,685	165,665	36,260	95,167	944,777
Percentage of Total	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	654,988	164,739	39,662	122,517	981,906
Percentage of Total	66.70%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	675,628	170,397	40,153	132,664	1,018,842
Percentage of Total	66.31%	16.72%	3.94%	13.02%	100%
12 Months Ended 12/31/05	700,395	175,668	37,127	204,904	1,118,094
Percentage of Total	62.64%	15.71%	3.32%	18.33%	100%
12 Months Ended 12/31/06	746,829	186,136	37,327	232,193	1,202,485
Percentage of Total	62.11%	15.48%	3.10%	19.31%	100%
12 Months Ended 12/31/07	752,922	188,931	36,678	241,262	1,219,794
Percentage of Total	61.73%	15.49%	3.01%	19.78%	100%
12 Months Ended 12/31/08	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	220,737	1,473,146
Percentage of Total	63.23%	19.51%	2.28%	14.98%	100%

Table 6

DISTRIBUTION OF EXPENDITURES

2001-2010



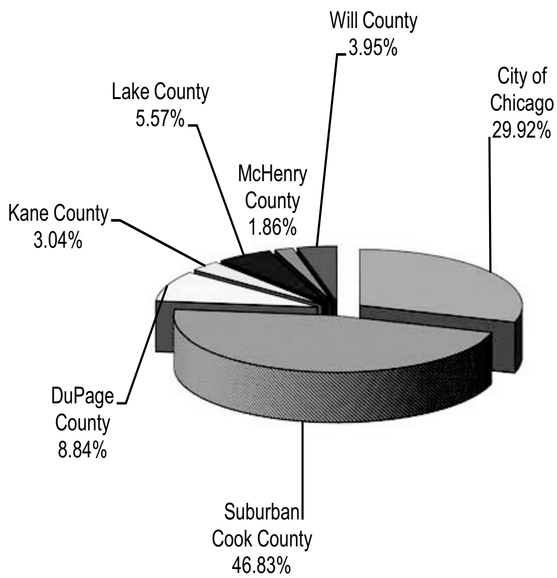
Last Ten Years *(In Thousands)*

	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/01	$ 419,005	$ 230,343	$ 75,002	$ 724,350	$ 39,531	$ 201,548	$ 124,952	$ 1,090,381
Percentage of Total	38.43%	21.13%	6.88%	66.44%	3.63%	18.48%	11.45%	100%
12 Months Ended 12/31/02	441,632	238,955	79,052	759,639	36,260	351,041	147,086	1,294,026
Percentage of Total	34.13%	18.47%	6.11%	58.71%	2.80%	27.13%	11.37%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	175,838	1,339,450
Percentage of Total	33.86%	17.44%	6.18%	57.48%	2.96%	26.43%	13.13%	100%
12 Months Ended 12/31/04	441,630	252,493	79,051	773,174	40,153	323,869	182,417	1,319,613
Percentage of Total	33.47%	19.13%	5.99%	58.59%	3.04%	24.54%	13.82%	100%
12 Months Ended 12/31/05	495,885	241,728	80,052	817,665	37,127	277,130	220,202	1,352,124
Percentage of Total	36.67%	17.88%	5.92%	60.47%	2.75%	20.50%	16.29%	100%
12 Months Ended 12/31/06	496,690	256,301	98,500	851,490	37,327	165,436	227,481	1,281,735
Percentage of Total	38.75%	20.00%	7.68%	66.43%	2.91%	12.91%	17.75%	100%
12 Months Ended 12/31/07	468,349	257,374	164,202	889,925	36,678	113,328	252,301	1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	402,956	1,475,959
Percentage of Total	29.57%	18.80%	13.72%	62.09%	2.27%	8.33%	27.30%	100%

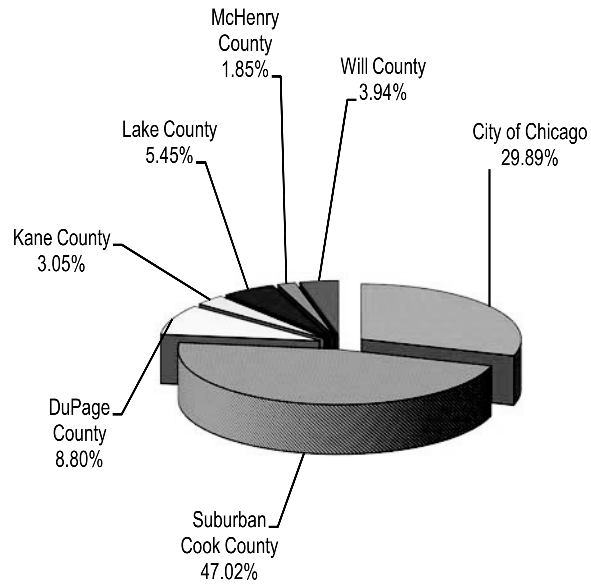
Table 7

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2009



2010



Last Ten Years *(In Thousands)*

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/01	$ 197,370	$ 357,522	$ 42,498	$ 11,796	$ 25,017	$ 7,122	$ 12,197	$ 653,522
Percentage of Total	30.20%	54.71%	6.50%	1.80%	3.83%	1.09%	1.87%	100%
12 Months Ended 12/31/02	195,417	353,999	40,961	12,256	24,913	7,373	12,766	647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%
12 Months Ended 12/31/05	214,134	373,317	44,495	15,328	27,348	8,635	17,138	700,395
Percentage of Total	30.57%	53.30%	6.35%	2.19%	3.90%	1.23%	2.45%	100%
12 Months Ended 12/31/06	231,273	395,727	46,867	16,008	28,743	9,194	19,016	746,828
Percentage of Total	30.97%	52.99%	6.28%	2.14%	3.85%	1.23%	2.55%	100%
12 Months Ended 12/31/07	236,783	395,163	46,592	16,015	29,058	9,494	19,817	752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	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%

Table 8

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

	Governmental Activities					
Fiscal Year	General Obligation Bonds [a]	Working Cash Notes [a]	Total Primary Government	Percentage of Sales Tax	Percentage of Personal Income [b]	Per Capita [b]
2001	$ 1,125,940	$ -	$ 1,125,940	58.04 %	361.70 %	$ 9
2002	1,160,380	-	1,160,380	55.82	356.53	9
2003	1,982,345	-	1,982,345	33.04	215.34	16
2004	2,201,915	-	2,201,915	30.68	202.17	17
2005	2,156,155	-	2,156,155	32.48	215.26	17
2006	2,351,395	-	2,351,395	31.76	208.58	18
2007	2,292,260	56,000	2,348,260	32.06	223.96	18
2008	2,227,575	40,000	2,267,575	40.63	241.22	18
2009	2,419,120	-	2,419,120	38.50	221.01	19
2010	2,660,160	140,000	2,800,160	33.26	197.76	22

Note:

[a] Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

[b] 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

2010

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

TABLE 10

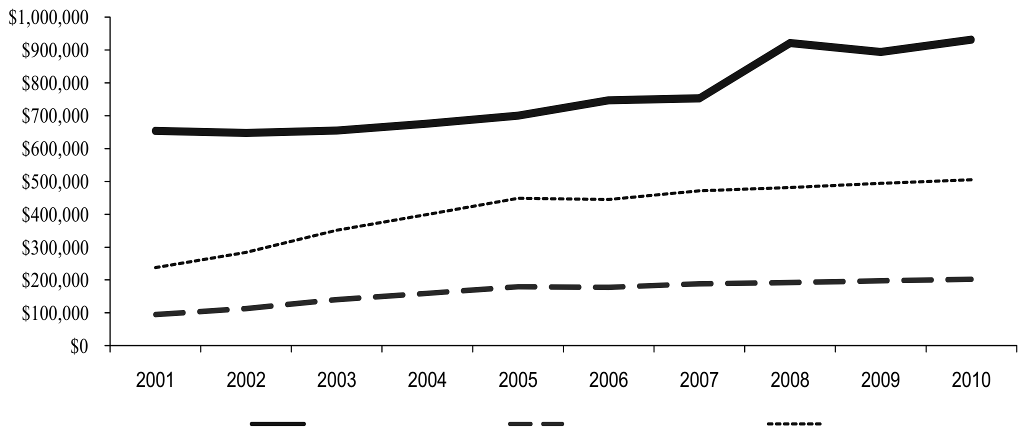
REGIONAL TRANSPORTATION AUTHORITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(in thousands)

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Debt limit for General Obligations	$ 1,820,000	$ 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
Total net debt applicable to limit	1,312,605	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
Debt margin for General Obligations	507,395	418,025	288,070	308,885	329,335	104,515	131,245	159,300	188,845	46,645
Debt limit for Working Cash Notes	100,000	100,000	100,000	100,000	100,000	100,000	100,000	400,000	400,000	400,000
Total net debt applicable to limit	-	-	-	-	-	-	40,000	56,000	260,000	400,000
	100,000	100,000	100,000	100,000	100,000	100,000	60,000	344,000	140,000	-
Legal debt margin	$ 607,395	$ 518,025	$ 388,070	$ 408,885	$ 429,335	$ 204,515	$ 191,245	$ 503,300	$ 328,845	$ 46,645
Total net debt applicable to the limit as a percentage of debt limit	31.64%	23.76%	15.90%	15.14%	15.90%	7.57%	7.08%	16.78%	10.96%	1.55%

Table 11

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2001 - 2010
(In Thousands)



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

Last Ten Years *(In Thousands)*

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales Tax Revenue	$ 653,522	$ 647,685	$ 654,985	$ 675,628	$ 700,395	$ 746,829	$ 752,922	$ 921,245	$ 894,238	$ 931,435
Debt Service Requirement	$ 95,187	$ 113,526	$ 140,607	$ 159,702	$ 179,536	$ 178,086	$ 188,551	$ 192,555	$ 197,529	$ 201,994
2.5 Times Debt Service Requirement	$237,968	$283,815	$351,518	$399,255	$448,840	$445,215	$471,378	$481,388	$493,823	$504,985

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

Table 12

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

Last Ten Years *(In Thousands)*

	Debt Service Requirements			Total	Ratio of Debt Service to Total
Year	Principal	Interest	Total	Expenditures	Expenditures
2001	$ 19,805	$ 75,382	$ 95,187	$ 1,090,381	8.73%
2002	27,262	86,264	113,526	1,294,026	8.77%
2003	37,940	102,667	140,607	1,339,450	10.50%
2004	40,430	119,272	159,702	1,319,613	12.10%
2005	49,570	129,966	179,536	1,352,124	13.28%
2006	55,110	122,976	178,086	1,281,765	13.89%
2007	59,135	129,416	188,551	1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%

Table 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
2001	$ 355.47	$ 184.46	$ 145.75	$ 25.26
2002	430.08	225.42	174.29	30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
2005	536.83	330.08	174.80	31.95
2006	496.62	280.03	168.69	47.90
2007	449.49	288.61	128.45	32.43
2008	489.91	279.38	169.55	40.98
2009	917.78	535.32	297.57	84.89
2010	459.25	266.23	154.97	38.05
Total	$ 5,092.49	$ 2,937.99	$ 1,755.62	$ 398.88

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

REGIONAL TRANSPORTATION AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate [2]
2001	12,516,683	$ 407,253,595	$ 32,537	5.4%
2002	12,578,317	413,710,753	32,891	6.5%
2003	12,625,246	426,876,687	33,811	6.7%
2004	12,680,053	445,151,182	35,106	6.2%
2005	12,719,550	464,124,942	36,489	5.8%
2006	12,777,042	490,450,096	38,385	4.6%
2007	12,852,548	525,919,549	40,919	5.1%
2008	12,901,563	546,984,646	42,397	6.4%
2009	12,910,409	534,638,483	41,411	10.1%
2010	12,830,632	553,753,296	43,159	10.3%

(1) Source : Bureau of Economic Analysis U.S. Department of Commerce
(2) Source: Bureau of Labor Statistics Data U.S. Department of Labor

REGIONAL TRANSPORTATION AUTHORITY
PRINCIPAL EMPLOYERS

CURRENT YEAR

	2010		
Employer [1]	**Employees**	**Rank**	**% of Total Region Employment**
United States Government	49,573	1	1.28%
Chicago Public Schools	40,883	2	1.05%
City of Chicago	35,237	3	0.91%
State of Illinois	25,700	4	0.66%
Cook County	23,083	5	0.60%
Wal-Mart Stores	21,329	6	0.55%
Advocate Health Care	14,873	7	0.38%
J.P. Morgan Chase & Co.	13,639	8	0.35%
Walgreen Co.	13,122	9	0.34%
Abbott Laboratories	13,000	10	0.34%
United Continental Holdings	13,000	10	0.34%
Total	263,439		6.80%

Ten Years Ago

	2000		
Employer [2]	**Employees**	**Rank**	**% of Total Region Employment**
United States Government	49,500	1	1.23%
United States Post Office	46,600	2	1.16%
Chicago School Board	45,000	3	1.12%
City of Chicago	41,700	4	1.04%
Jewel/Osco	38,900	5	0.97%
Wal-Mart	27,100	6	0.67%
Cook County	26,900	7	0.67%
Motorola	26,800	8	0.67%
Advocate Healthcare	22,000	9	0.55%
Sears	20,600	10	0.51%
	345,100		8.59%

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.

(1) Crain's Chicago Business

Table 16

RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

2010

Chicago Transit Authority

Rapid Transit

- 8 rail routes
- 143 stations served
- 1,190 rapid transit cars
- 198.1 million riders per year
- 1,158 STO* positions

Motor Bus

- 153 bus routes
- 2,150 buses
- 328.2 million riders per year
- 4,341 STO* positions

Other

- 1.2 billion passenger rail miles per year
- 12.3 million rail miles per year
- 779.8 million passenger miles per year
- 70.8 million vehicle miles per year
- 5,001 without STO* Postions

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

*Metra Commuter Rail Division

- 487.7 route miles
- 1,155 miles of track
- 241 stations
- 146 locomotives
- 839 passenger cars
- 171 electric cars
- 702 weekly trains operated
- 96.0% on-time performance
- 81.4 million riders per year
- 4,429 full-time employees

Other

- 1.8 billion passenger miles per year
- 43.1 million vehicle miles per year

All data excludes NICTD South Shore

Pace Suburban Bus Division

Fixed Route

- 135 regular routes
- 38 feeder routes
- 16 shuttle routes
- 579 vehicles in use during peak periods

29.3 million riders per year

- 3 seasonal routes
- 713 Pace-owed busses
- 1,422 full-time employees

Paratransit

- 210 Pace owned lift-equipped buses in service
- 2.8 millions of riders per year
- 30 full-time employees

Dial-A-Ride

- 66 local services
- 157 Pace owned lift-equipped buses in service
- 210 communities served
- 1.3 millions of riders per year
- 7.5 million passenger miles per year
- 5.7 million vehicle miles per year

Other

- 667 vanpools in operation
- 1.8 million riders for the year
- 37.8 million passenger miles per year
- 9.3 million vehicle miles per year

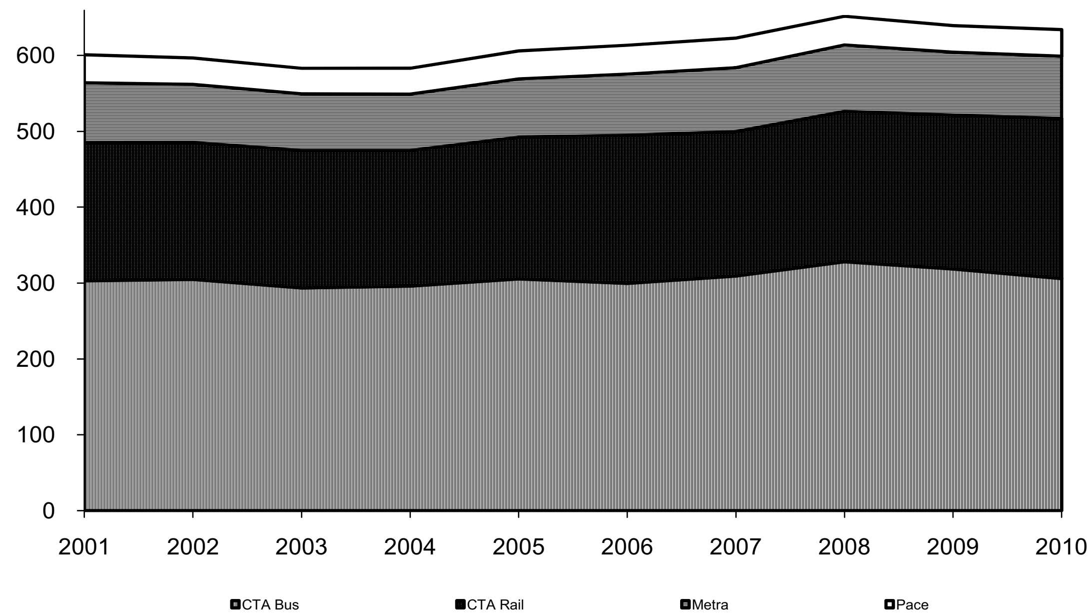
Source of data: Information obtained from the Service Boards' and RTA records.

Table 17

System Ridership and Unlinked Passenger Trips

2001-2010

(In Millions)



Last Ten Years *(In Millions)*

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

CTA Stat amounts include rail-to-rail transfers.

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

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

Table 18

Regional Transportation Authority
Full-time Employee by Function

Last Five Fiscal Years

	[1] 2006	2007	2008	2009	2010
Executive Office	3	3	3	3	3
Communications	3	4	4	6	5
Finance	31	33	30	30	18
Administration[2]					13
Legal	3	5	4	5	3
Governmental Affairs[2]					2
Planning & Regional Programs	48	46	38	43	44
Research, Analysis & Policy Development	0	0	6	6	11
Totals	**88**	**91**	**85**	**93**	**99**

[1] Earliest available information
[2] Previously part of another division

Source: RTA HR records

Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

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

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

Community Outreach
312-913-3237

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

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

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

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

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

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

APPENDIX C

COMBINING FINANCIAL STATEMENT

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2010

Regional Transportation Authority and Service Boards

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

cta

Metra

pace

Regional Transportation Authority

Regional Transportation Authority and Service Boards

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

(See Independent Accountant's Compilation Report)

Prepared by:

Department of Finance and Performance Management

Grace Gallucci, CFO
Senior Deputy Executive Director

and

Controller Division

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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Regional
Transportation
Authority

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

June 29, 2011

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

Dear Directors:

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ended December 31, 2010. This Report fulfills the requirements of Section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region.

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

Sincerely,

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

cta Metra pace

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

Independent Accountant's Compilation Report

To the Board of Directors
Regional Transportation Authority
Chicago, Illinois

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

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

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

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 29, 2011

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS
DECEMBER 31, 2010
(In Thousands)

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

(Continued)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS (Continued)
DECEMBER 31, 2010
(In Thousands)

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

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

(Concluded)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

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

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

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

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

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

NOTE 1. BASIS OF ACCOUNTING

The accompanying special purpose combining financial statements are presented as required by the Regional Transportation Authority (RTA) Act (Act) and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The special purpose combining financial statements are not in accordance with accounting principles generally accepted in the United States of America primarily due to the RTA and Service Boards using a different basis of accounting and due to the omission of significant disclosures. The RTA and each individual Service Board receive a separate audit of their financial statements in accordance with accounting principles generally accepted in the United States of America. These individual statements describe the basis of accounting for each entity and contain the omitted disclosures.

Intergovernmental receivables, payables, revenues, expenses, and expenditures have been eliminated in the combining adjustments columns; however, there are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these combining financial statements, such differences are recorded as combining adjustments to net assets.

The columns presenting the combined balances for the RTA and Service Boards are statutorily required and do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

NOTE 2. ORGANIZATIONAL STRUCTURE

RTA

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

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

CTA

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

Metra

The Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC), a public corporation, was established in 1980 to serve as the RTA's commuter rail service. The RTA Act, as amended effective November 9, 1983, established the Commuter Rail Division (CRD) to operate commuter rail transportation services. Both the NIRCRC and the CRD act under the registered service mark known as "Metra."

Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for its operations. Metra is responsible for the administration of all commuter rail activities in the metropolitan Chicago area, including deficit funding, capital grant application, and administration activities. Metra is directly responsible for the operation and management of the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Metra Southwest Service commuter lines.

Metra also provides commuter rail service under Purchase of Service Agreements (PSA) with Union Pacific Railroad, Burlington Northern Santa Fe Railway Company, and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined) or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of the PSA carriers, other than capital improvements funded by federal and state agencies, the RTA, and Metra, is vested with the carriers. Accordingly, such assets are not reflected in these financial statements.

Pace

The RTA Act, as amended effective November 9, 1983, established the Suburban Bus Division (Pace) to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry, and Will. The independent operations of Pace commenced on July 1, 1984.

Pace determines the level, nature, and kind of public transportation services that should be provided in the suburban region. Pace operates suburban bus services using stock, structures, and equipment purchased through capital grants funded by federal and state agencies and the RTA.

Reporting Periods

The RTA, CTA, Metra and Pace (the Combined Entities) all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2010 year-end.

NOTE 3. REPORTING ENTITY

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14 (Statement No. 14), *The Financial Reporting Entity.*

In the judgment of the management of each of the entities and their analysis and application of Statement No. 14 criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards in the United States.

In arriving at this conclusion, the following factors were considered:

- The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters, including ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA, except for the Chairman of the CTA Board of Directors who is also an RTA Board member.

- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards, if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.

- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements under Statement No. 14. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***Fund Accounting*—**The RTA maintains records using a fund accounting model consisting of a General Fund, Debt Service Fund, Capital Projects Fund, Proprietary Fund, (Business-Type Activities), Agency Fund, and Pension Trust Fund. All Governmental Funds and the Agency Fund are accounted for using the modified accrual method of accounting (i.e., revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred). The Proprietary Fund and the Pension Trust Fund are accounted for using the accrual method of accounting. For the purpose of these combining financial statements, all RTA funds have been combined.

The Service Boards are accounted for on a Proprietary Fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these combining financial statements, the individual Service Board financial statements are combined with those of the RTA.

***Cash and Cash Equivalents*—**All investments of the Combined Entities are recorded at fair market value, except short-term investments which are reported at cost or amortized cost that reasonably approximates fair market value.

For the purposes of the combining statements of cash flows, the Combined Entities consider all investments with original maturities of three months or less to be cash equivalents. Such amounts are included in the "Cash and Cash Equivalents" line items on the accompanying statements of net assets.

***Capital Assets*—**all capital assets are recorded at cost. Costs funded by Federal Capital Grants are recorded as capital items and are included in capital assets. In calculating depreciation, the Combined Entities use the straight-line method. The estimated useful lives vary depending on the type of capital asset. These useful lives range from more than one year to forty years.

***Materials and Supplies*—**Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average-cost method and Pace uses the first-in/first-out method to determine cost.

Compensated Absences—All four entities have recorded liabilities for vested vacation time in the year the time was earned. The entities account for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences,* whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability.

Revenues—The Combined Entities have five principal sources of revenue and other financial sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Taxes); (3) funds appropriated to the RTA by statute through the state's Public Transportation Fund (PTF) established under the RTA Act; (4) state or federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue—A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Revenue/Sales Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reduced Fare Reimbursement—In the State's fiscal year 2011, which ends June 30, 2011, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation ("IDOT") is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal years ended June 30, 2010 and June 30, 2011, the grants were in the amount of $42 million and $33.6 million, respectively.

Additional State Assistance/Additional Financial Assistance—The State has authorized Additional State Assistance ("ASA") which is supplemental financing for the RTA's Strategic Capital Improvement Program ("SCIP") bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the unspent bond proceeds, or (ii) $55 million per year. The RTA recognized $39.7 million of ASA in 2010.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance ("AFA") to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $100 million in the State's fiscal years 2010 and 2011, per year. The RTA recognized $90.4 million of AFA in 2010.

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

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

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

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

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

Management's Use of Estimates—The preparation of financial statements in conformity with the Act requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

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

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

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

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

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

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

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

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

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

- The first source of funds to be credited against the budgeted funding amount is from Service Board sales tax receipts;

- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and

- The third source of funds credited against the budgeted funding amount is from unallocated RTA sales tax receipts and other discretionary receipts.

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

NOTE 6. LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multi-year leases for vehicles and bus tires.

CTA

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

In 2003, the Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of $119 million. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building, and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and leased to the CTA for use as its headquarters.

On October 26, 2006, the Public Building Commission of Chicago (PBC) issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91.3 million. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The principal amount of the bonds refunded was $111.1 million.

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to an including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388,000, resulting in an economic gain of approximately $20.4 million. Based upon the requirements of GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts, the CTA recorded a deferred amount (loss) on refunding of $2.4 million. The remaining unamortized portion of $1.7 million is recorded as a component of long-term debt in the accompanying statement of net assets.

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

In 2003, CTA entered into a lease and leaseback agreement with a third party pertaining to certain buses, with a book value of $11.2 million at December 31, 2010. Under the bus lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $16.7 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 2002, CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lots 1 and 2), with a book value of $16.4 million at December 31, 2010. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $121.6 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

During 2002, CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of $7.1million at December 31, 2010. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately $91.4 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

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

During 1997, the CTA entered into four lease and leaseback agreements (the 1997 Agreements) with a third party pertaining to certain of its facilities having a book value of $45.9 million at December 31, 2010. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (the Leases). The CTA received certain funds as prepayment by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Leases and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due by the CTA and may take possession of the facilities upon a default by the CTA under the Lease. No other lease payments are required until the end of each lease. The present value of the future payments to be made by the CTA under the leases (net of the payment due from the Equity Trust in 2023 and 2024) of approximately $40.4 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

In connection with the 1997 Agreements, the CTA also received proceeds of $11.9 million. The FTA has approved the CTA’s right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1996, the CTA entered into similar lease and leaseback agreements (the 1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of $47.8 million at December 31, 2010. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the 1996 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the 1996 Lease). The present value of the future payments to be made by the CTA under the leases (net of the payment due from the 1996 Equity Trust in 2024) of approximately $40.3 million is reflected in the accompanying December 31, 2010 statement of net assets as a capital lease obligation.

In connection with the 1996 Agreements, the CTA also received proceeds of $10.9 million and agreed to make approximately $80 million of improvements to one of the facilities. The FTA has approved the CTA’s right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1995, the CTA entered into sale/leaseback agreements (the 1995 Agreements) with third parties. The 1995 Agreements provided for the CTA to sell and lease back certain rail equipment totaling $487.1 million at cost for a period of nineteen years beginning on the date of the respective transaction. At December 31, 2010, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $1.1 million. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

Change in Capital Lease Obligations: Changes in capital leases for the year ended December 31, 2010 are as follows (in thousands of dollars):

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

* Additions include accretion of interest.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future Minimum Lease Payments: As of December 31, 2010, future minimum lease payments for capital leases, in the aggregate, are as follows (in thousands of dollars):

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

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

Metra

On September 18, 1998, Metra entered into transactions to lease 174 railcars to three equity investors (the headlease) and simultaneously subleased the railcars back (the sublease). Under these agreements, Metra maintains the right to use the railcars and is also responsible for their continued maintenance and insurance. Metro's sublease arrangements have been recorded as long-term obligations for accounting purposes.

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

Metra transferred approximately $177.4 million and $52.9 million of the prepayment proceeds to third parties in accordance with the terms of debt and equity payment undertaking agreements, respectively. These agreements constituted commitments by the debt and equity payment undertakers to pay Metra's sublease and buy-out options, under the terms of the subleases. The debt payment undertaker and equity payment undertaker are finance companies.

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

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

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

The net present value of the future payments due under the subleases has been recorded as a liability on the accompanying balance sheet. Since the debt and equity payment undertaking agreements have been structured to meet all future obligations under the subleases, the related asset balances have been recorded to equal the sublease liabilities on the accompanying balance sheet. The following table sets forth the aggregate amounts due under the sublease agreements:

Future Minimum Lease Payments: As of December 31, 2010, future minimum lease payments for capital leases, in the aggregate, are as follows:

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

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

Pace

In 2003, Pace entered into two lease and leaseback agreements and realized a gain of $2.4 million from the proceeds. The transactions allowed Pace to earn an up-front economic cash benefit for transferring ownership (not legal title) of a group of assets to a taxpayer that could take advantage of the benefits of tax ownership.

The first lease and leaseback agreement with a third party pertained to certain buses (lot 1, 2, and 3), with a book value of $14.2 million at December 31, 2010. Under the bus lease agreements, Pace entered into a long term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. The present value of the future payments to be made by Pace under the lease is approximately $67.9 million and is reflected in the accompanying December 31, 2010 statement of net assets as the total of the current and long-term portions of the Capital Lease Obligation.

The second lease and leaseback agreement with a third party pertained to certain buses (lot 4), with a book value of $9.8 million at December 31, 2010. Under the bus lease agreements, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. The present value of the future payments to be made by Pace under the lease is approximately $27.6 million and is reflected in the accompanying December 31, 2010 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

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

As described above, Pace entered into two lease financing agreements with a third party in 2003.

The following table sets forth the aggregate amounts due under the sublease agreements:

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

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

NOTE 7. COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented.

Each of the entities has also established liabilities for potential legal judgments to satisfy claims against the entity.

The RTA has also established a loss financing plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

CTA

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

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

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

2011	$	353
2012		242
Total minimum lease payments	$	595

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

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

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

Metra

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

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

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

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

Pace

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

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

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

RTA

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

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

NOTE 8. CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/1, et seq. Each of the Combined Entities has established its own investment policy which is in line with the State statute or, in some cases, more restrictive.

The Combined Entities have on hand, as of December 31, 2010, $1,102 million of cash and investments. Of this amount, $557 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 9. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

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

* Strategic Capital Improvement Program (SCIP) Bonds

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ 8,610,000	$ 863,040	$ 9,473,040
2012	9,180,000	293,760	9,473,760
Total	$ 17,790,000	$ 1,156,800	$ 18,946,800

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ -	$ 1,951,601	$ 1,951,601
2012	-	1,951,600	1,951,600
2013	-	1,951,600	1,951,600
2014	-	1,951,600	1,951,600
2015	-	1,951,600	1,951,600
2016-2024	24,395,000	1,989,399	26,384,399
Total	$ 24,395,000	$ 11,747,400	$ 36,142,400

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending December 31	Debt Service Requirements Principal	Interest	Total
2011	$ 260,000,000	$ 3,183,917	$ 263,183,917

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 10. OTHER LONG-TERM LIABILITIES

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

NOTE 11. PENSION PLANS

CTA

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

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

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

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

The RTA, Metra and Pace

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	January 1, 2010	January 1, 2009	January 1, 2008
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	8.50%	8.50%	8.50%
Projected salary increases:			
Age graded scale	Range of 3.5% to 7.5% based on attained	Range of 3.5% to 7.5% based on attained	Range of 3.5% to 7.5% based on attained
Mortality	age. RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	age. RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	age. 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 December 31, 2010, the most recent actuarial valuation date, the plan was 71.28 percent funded. The actuarial accrued liability for benefits was $166,663,123 and the actuarial value of assets was $118,805,281, resulting in an underfunded actuarial accrued liability (UAAL) of $(47,857,842). The covered payroll (annual payroll of active employees covered by the Plan) was $68,389,409 and the ratio of the UAAL to the covered payroll was 69.9 percent.

NOTE 11. REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. This information includes the transportation-related results of the Service Boards' affiliated carriers. Accordingly, this region-wide information is presented in the combining region-wide schedules of revenues and expenditures and the combining region-wide statement of revenues and expenditures—budget and actual.

The basic financial statements of the RTA and the Service Boards used to prepare the combining statement of revenues and expenses do not include the aggregate of system-generated revenues and costs. The combining region-wide schedules of revenues and expenditures include the aggregate of all system-generated revenues and costs.

For purposes of the system-generated revenues recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with accounting principles generally accepted in the United States, with certain allowable adjustments as enumerated in the Act. Costs funded by Federal capital grants are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act.

The Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation.

For 2010, the region-wide system-generated revenues recovery ratio is calculated from the Combining Region-Wide Schedules of Revenues and Expenditures—(Budget and Actual Budget Basis) as follows:

System-generated Revenues Recovery Ratio (in thousands)	**Revenues**	**Expenditures**
CTA[a]	$ 620,319	$ 1,119,352
Metra[b]	296,399	579,990
Pace[c]	60,129	182,499
RTA[d]	19,260	31,279
Total[e]	$ 996,107	$ 1,913,120

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

a) The system-generated revenues recovery ratio for the CTA included leasehold revenues of $4.3 million and Senior Free Rides revenue of $23.8 million, but excluded CTA expenditures for security costs of $33.3 million and Pension Obligation Bond debt Service for $108.4 million. It also included in-kind services of $22 million, both as revenues and expenditures.

b) Metra's system-generated revenues recovery ratio included Senior Free Rides revenue of $8.8 million, but excluded $16.6 million security costs, $16.3 million costs for lease of transportation facilities and $2.9 million for funded depreciation to carriers were deducted from expenditures.

c) Pace's system-generated revenues recovery ratio included Senior Free Rides revenue of $2.7 million, $2.3 million for the Capital cost of contracting for Paratransit service under contract (5307 Fund), and an in-kind credit of $6.3 million both as revenues and expenditures.

d) The RTA excluded all capital related depreciation expenses of $954 thousand.

e) The RTA Act, beginning in 2008, provided a regional expense exclusion of $200 million that decreases annually by $40 million over five years ($120 million in 2010) giving the service boards time to constrain costs and increase revenues in order to maintain a regional recovery ratio that meets the minimum statutory requirement of 50%.

These are allowable adjustments for the revenues recovery ratio computation per the Act. These adjustments are reflected in the region-wide information.

Also, in the RTA Act section 4.01(b) requires the RTA Board to determine that the level of fares charged for ADA paratransit services is sufficient to cause the aggregate of all projected revenues from such fares charged and received in each fiscal year to equal at least 10% of the aggregate costs of providing such ADA paratransit services in fiscal years 2010. Pace ended the year with a 10.0% recovery ratio for Regional ADA Paratransit Services. The 2010 budget for ADA paratransit service adopted by the RTA meets the 10% recovery ratio requirement.

NOTE 12. RECONCILIATION OF GOVENRMENT-WIDE TO REGION-WIDE REVENUES AND EXPENDITURES

RTA's government-wide financial statements do not include fiduciary fund financial statement information which is added in the region-wide presentation. As also stated in Note 11, in-kind services are added in the system-generated revenues and expenditures.

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

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

NOTE 13. RTA RESTATEMENT

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

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

NOTE 14. SUBSEQUENT EVENTS

CTA

Senior Free Ride Legislation

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

RTA

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

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

* * * * * *

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

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

Note 1—Changes in net assets shown on page 4 and net revenues and expenditures shown on this page are similar.
Note 2—Government-wide to Region-wide revenues and expenditures shown on this page are reconciled in Note 12.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

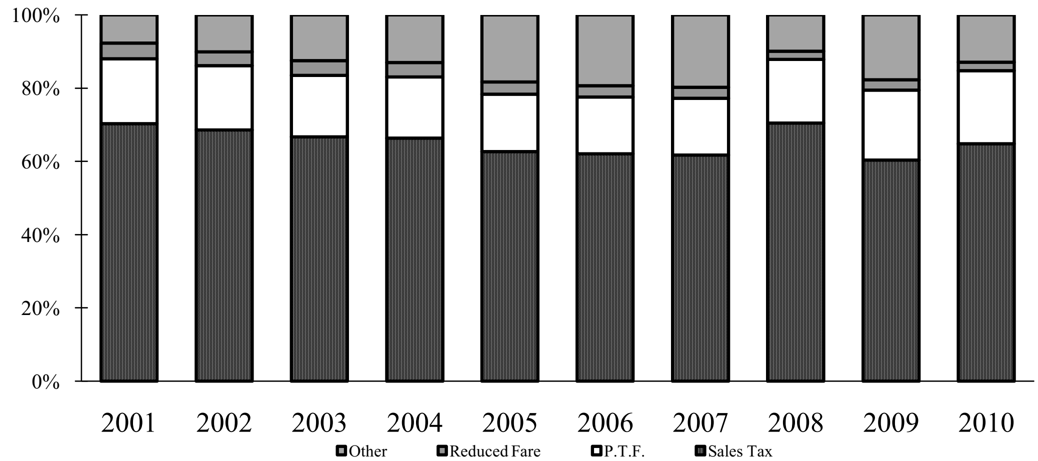
SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENDITURES—BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

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

Table 1

RTA REVENUE BY SOURCE

2001-2010



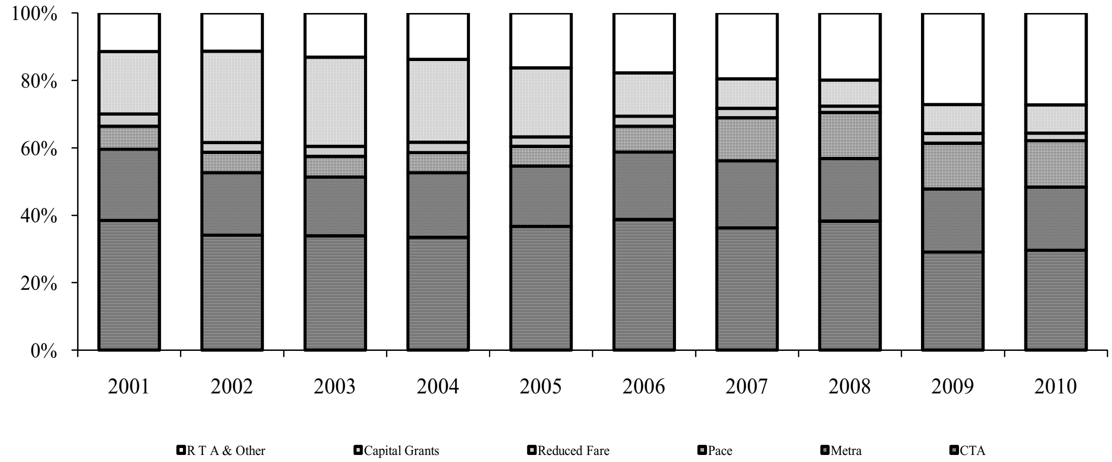
Last Ten Years *(In Thousands)*

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

Table 2

DISTRIBUTION OF EXPENDITURES

2001-2010



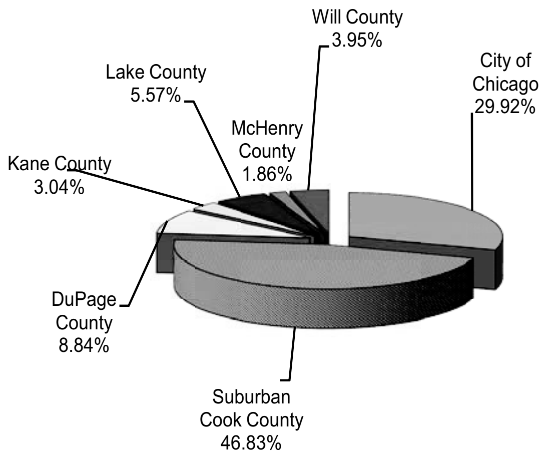
Last Ten Years *(In Thousands)*

	Financial Assistance				Reduced	Capital	R T A	
	CTA	Metra	Pace	Total	Fare	Grants	and Other	Total
12 Months Ended 12/31/01	$419,005	$230,343	$75,002	$ 724,350	$39,531	$ 201,548	$124,952	$ 1,090,381
Percentage of Total	38.43%	21.13%	6.88%	66.44%	3.63%	18.48%	11.45%	100%
12 Months Ended 12/31/02	441,632	238,955	79,052	759,639	36,260	351,041	147,086	1,294,026
Percentage of Total	34.13%	18.47%	6.11%	58.71%	2.80%	27.13%	11.37%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	175,838	1,339,450
Percentage of Total	33.86%	17.44%	6.18%	57.48%	2.96%	26.43%	13.13%	100%
12 Months Ended 12/31/04	441,630	252,493	79,051	773,174	40,153	323,869	182,417	1,319,613
Percentage of Total	33.47%	19.13%	5.99%	58.59%	3.04%	24.54%	13.82%	100%
12 Months Ended 12/31/05	495,885	241,728	80,052	817,665	37,127	277,130	220,202	1,352,124
Percentage of Total	36.67%	17.88%	5.92%	60.47%	2.75%	20.50%	16.29%	100%
12 Months Ended 12/31/06	496,690	256,301	98,500	851,490	37,327	165,436	227,481	1,281,735
Percentage of Total	38.75%	20.00%	7.68%	66.43%	2.91%	12.91%	17.75%	100%
12 Months Ended 12/31/07	468,349	257,374	164,202	889,925	36,678	113,328	252,301	1,292,232
Percentage of Total	36.24%	19.92%	12.71%	68.87%	2.84%	8.77%	19.52%	100%
12 Months Ended 12/31/08	591,760	287,181	211,620	1,090,561	28,919	119,374	308,308	1,547,161
Percentage of Total	38.25%	18.56%	13.68%	70.49%	1.87%	7.72%	19.93%	100%
12 Months Ended 12/31/09	417,288	267,576	194,698	879,562	41,970	123,069	389,857	1,434,457
Percentage of Total	29.09%	18.65%	13.57%	61.32%	2.93%	8.58%	27.18%	100%
12 Months Ended 12/31/10	436,467	277,506	202,463	916,436	33,570	122,998	402,956	1,475,959
Percentage of Total	29.57%	18.80%	13.72%	62.09%	2.27%	8.33%	27.30%	100%

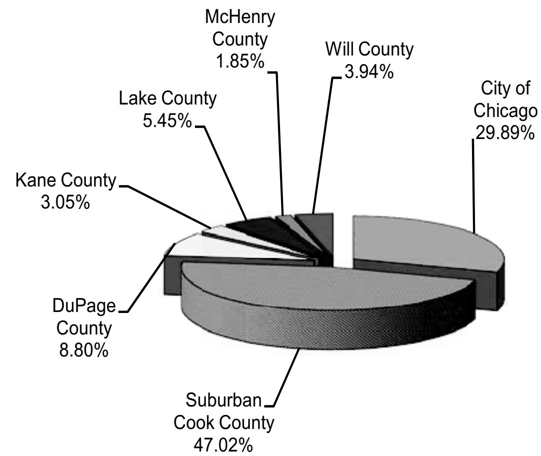
Table 3

SALES TAX REVENUE SOURCE BY COUNTY/CITY OF CHICAGO

2009



2010



Last Ten Years *(In Thousands)*

	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/01	$197,370	$357,522	$42,498	$11,796	$25,017	$7,122	$12,197	$653,522
Percentage of Total	30.20%	54.71%	6.50%	1.80%	3.83%	1.09%	1.87%	100%
12 Months Ended 12/31/02	195,417	353,999	40,961	12,256	24,913	7,373	12,766	647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%
12 Months Ended 12/31/05	214,134	373,317	44,495	15,328	27,348	8,635	17,138	700,395
Percentage of Total	30.57%	53.30%	6.35%	2.19%	3.90%	1.23%	2.45%	100%
12 Months Ended 12/31/06	231,273	395,727	46,867	16,008	28,743	9,194	19,016	746,828
Percentage of Total	30.97%	52.99%	6.28%	2.14%	3.85%	1.23%	2.55%	100%
12 Months Ended 12/31/07	236,783	395,163	46,592	16,015	29,058	9,494	19,817	752,922
Percentage of Total	31.45%	52.48%	6.19%	2.13%	3.86%	1.26%	2.63%	100%
12 Months Ended 12/31/08	219,093	533,095	75,587	25,908	47,143	15,700	33,091	949,617
Percentage of Total	23.07%	56.14%	7.96%	2.73%	4.96%	1.65%	3.48%	100%
12 Months Ended 12/31/09	267,553	418,793	79,060	27,144	49,782	16,627	35,279	894,238
Percentage of Total	29.92%	46.83%	8.84%	3.04%	5.57%	1.86%	3.95%	100%
12 Months Ended 12/31/10	278,394	438,000	81,996	28,368	50,789	17,193	36,695	931,435
Percentage of Total	29.89%	47.02%	8.80%	3.05%	5.45%	1.85%	3.94%	100%

LEGAL DEBT CAPACITY

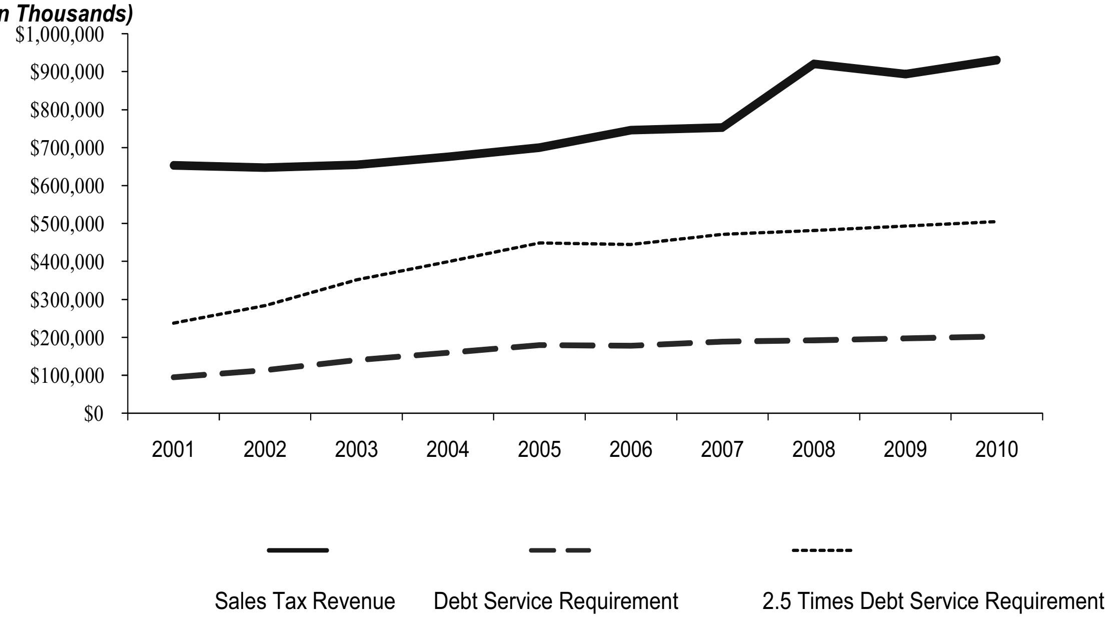
2010

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

Table 5

COMPARISON OF SALES TAX REVENUE
TO DEBT SERVICE REQUIREMENT

2001 - 2010
(In Thousands)



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

Last Ten Years *(In Thousands)*

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

Table 6

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

Last Ten Years *(In Thousands)*

Year	Debt Service Requirements: Principal	Interest	Total	Total Expenditures	Ratio of Debt Service to Total Expenditures
2001	$19,805	$75,382	$ 95,187	$ 1,090,381	8.73%
2002	27,262	86,264	113,526	1,294,026	8.77%
2003	37,940	102,667	140,607	1,339,450	10.50%
2004	40,430	119,272	159,702	1,319,613	12.10%
2005	49,570	129,966	179,536	1,352,124	13.28%
2006	55,110	122,976	178,086	1,281,765	13.89%
2007	59,135	129,416	188,551	1,292,232	14.59%
2008	64,685	127,870	192,555	1,547,161	12.45%
2009	68,455	129,074	197,529	1,434,457	13.77%
2010	74,060	127,934	201,994	1,475,959	13.69%

Table 7

FEDERAL ALLOCATION OF CAPITAL FUNDS
TO NORTHEASTERN ILLINOIS

Last Ten Calendar Years

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

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
2001	$ 355.47	$ 184.46	$ 145.75	$ 25.26
2002	430.08	225.42	174.29	30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
2005	536.83	330.08	174.80	31.95
2006	496.62	280.03	168.69	47.90
2007	449.49	288.61	128.45	32.43
2008	489.91	279.38	169.55	40.98
2009	917.78	535.32	297.57	84.89
2010	459.25	266.23	154.97	38.05
Total	$ 5,092.49	$ 2,937.99	$ 1,755.62	$ 398.88

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

Table 8

RTA AND SERVICE BOARDS OPERATING CHARACTERISTICS

2010

Chicago Transit Authority

Rapid Transit

- 8 rail routes
- 143 stations served
- 1,190 rapid transit cars
- 198.1 million riders per year
- 1,158 STO* positions

Motor Bus

- 153 bus routes
- 2,150 buses
- 328.2 million riders per year
- 4,341 STO* positions

Other

- 1.2 billion passenger rail miles per year
- 12.3 million rail miles per year
- 779.8 million passenger miles per year
- 70.8 million vehicle miles per year
- 5,001 without STO* Postions

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

*Metra Commuter Rail Division

- 487.7 route miles
- 1,155 miles of track
- 241 stations
- 146 locomotives
- 839 passenger cars
- 171 electric cars
- 702 weekly trains operated
- 96.0% on-time performance
- 81.4 million riders per year
- 4,429 full-time employees

Other

- 1.8 billion passenger miles per year
- 43.1 million vehicle miles per year

**All data excludes NICTD South Shore*

Pace Suburban Bus Division

Fixed Route

- 135 regular routes
- 38 feeder routes
- 16 shuttle routes
- 579 vehicles in use during peak periods

29.3 million riders per year

- 3 seasonal routes
- 713 Pace-owed busses
- 1,422 full-time employees

Paratransit

- 210 Pace owned lift-equipped buses in service
- 2.8 millions of riders per year
- 30 full-time employees

Dial-A-Ride

- 66 local services
- 157 Pace owned lift-equipped buses in service
- 210 communities served
- 1.3 millions of riders per year
- 7.5 million passenger miles per year
- 5.7 million vehicle miles per year

Other

- 667 vanpools in operation
- 1.8 million riders for the year
- 37.5 million passenger miles per year
- 9.3 million vehicle miles per year

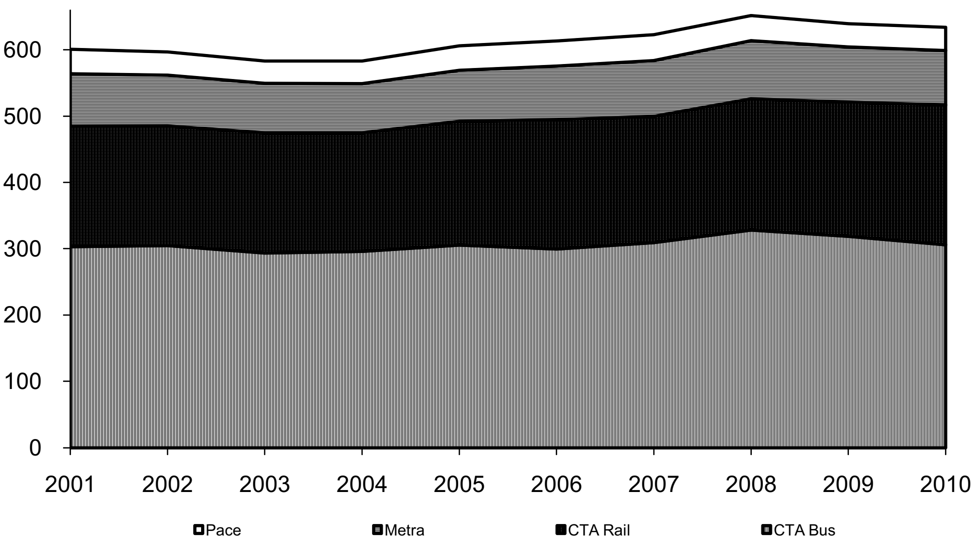
Source of data: Information obtained from the Service Boards' and RTA records.

Table 9

SYSTEM RIDERSHIP-UNLINKED PASSENGER TRIPS

2001-2010

(In Millions)



Last Ten Years *(In Millions)*

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

CTA Stat amounts include rail-to-rail transfers.

*****PACE -Beginning in 2007 the Stat amount includes ADA Paratransit rides.***

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency, which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2010.

(In Thousands)

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

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

FINANCIAL RESULTS OF PURCHASED SERVICES AGENCIES

(In Thousands)

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

Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

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

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

Community Outreach
312-913-3237

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

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

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

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

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

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

APPENDIX D

SERVICE BOARDS' HISTORICAL FINANCIAL RESULTS AND 2011 BUDGETS AND 2012-2013 FINANCIAL PLANS

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The following tables, D-I through D-VIII, are referred to earlier in this Official Statement. See "**THE REGIONAL TRANSPORTATION AUTHORITY**", "**HISTORICAL FINANCIAL RESULTS**" and "**2011 Budget AND 2012-13 FINANCIAL PLAN**."

TABLE D-I
CTA
2006-2010 Financial Results
(Dollars in Thousands)

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual
REVENUES:					
Passenger Revenue	462,218	457,300	471,099	505,713	509,179
Reduced Fare Reimbursement	29,604	33,308	31,855	28,239	28,245
Other Revenue	60,584	55,312	49,601	67,680	56,633
TOTAL REVENUES	552,406	545,920	552,555	601,632	594,057
EXPENSES					
Labor	760,751	784,841	873,636	856,468	835,142
Material	83,150	84,178	100,568	87,900	80,077
Fuel	57,470	71,181	91,834	100,539	52,063
Power	22,268	28,141	35,442	37,645	28,208
Insurance & Claims	45,266	25,000	7,718	15,397	43,000
Other	107,534	100,828	105,189	163,648	200,559
TOTAL OPERATING EXPENSES	1,076,439	1,094,169	1,214,387	1,261,597	1,239,049
OPERATING DEFICIT	524,033	548,249	661,832	659,965	644,992
Recovery Ratio %	54.6%	53.1%	49.2%	54.6%	57.2%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

TABLE D-II*
CTA
2011 BUDGET AND 2012-2013 FINANCIAL PLAN
(Dollars in Thousands)

	2011 Budget	2012 Plan	2013 Plan
Revenues			
Passenger Revenue	$523,660	$622,133	$622,133
Reduced Fare Reimbursement	28,000	28,000	28,000
Other Revenue	50,437	53,986	57,789
Total Revenues	$602,097	$704,119	$707,922
Expenses			
Labor	$931,178	$937,242	$951,320
Material	72,762	74,217	75,702
Fuel	54,487	56,122	57,805
Power	30,070	30,671	31,285
Insurance & Claims	15,000	30,600	31,212
Other	234,258	239,894	246,791
Total Expenses	$1,337,755	$1,368,746	$1,394,115
Operating Deficit	$735,658	$664,627	$686,193
Recovery Ratio %[1]	53.8%	61.2%	61.1%

* Prepared by the RTA from budgetary information. The 2012-13 Plan figures represent indicative amounts for financial planning.

(1) The recovery ratios for 2011-2013 are those established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the RTA Act. By policy, the revenue figure for the CTA excludes the gain from leasing transactions restricted by ordinance for capital projects. Expenses exclude certain items as provided by the RTA Act.

TABLE D-III
METRA
2006-2010 FINANCIAL RESULTS
(Dollars in Thousands)

	2006 Actual	**2007** Actual	**2008** Actual	**2009** Actual	**2010** Unaudited
REVENUES:					
Passenger Revenue	217,611	227,185	251,693	236,068	239,449
Reduced Fare Reimbursement	3,778	3,884	2,865	3,400	3,400
Other Revenue	53,885	60,772	61,299	59,118	53,550
TOTAL REVENUES[1]	275,274	291,841	315,857	298,586	296,399
EXPENSES:					
Operations	189,532	195,356	208,768	213,700	214,983
Fuel/Power	54,284	60,443	81,812	51,153	64,953
Maintenance	210,448	223,976	241,285	256,510	254,521
Administration	38,054	35,840	36,920	33,084	43,871
Insurance & Claims/Other [1]	32,598	32,856	25,819	22,452	37,464
TOTAL EXPENSES	524,916	548,471	594,603	576,899	615,791
OPERATING DEFICIT	249,642	256,630	278,746	278,313	319,393
Recovery Ratio %	55.8%	56.6%	57.4%	56.4%	52.6%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

(1) Includes Regional Services.

Table D-IV*

METRA

2011 BUDGET AND 2011-2013 FINANCIAL PLAN

(Dollars in Thousands)

	2011 Budget	2012 Plan	2013 Plan
Revenues			
Passenger Revenue	238,900	257,000	277,600
Reduced Fare Reimbursement	3,400	3,400	3,400
Other Revenue	55,000	56,100	57,200
Total Revenues	297,300	316,500	338,200
Expenses			
Operations	174,600	179,000	186,400
Fuel/Power	76,400	76,100	77,600
Maintenance	210,600	215,700	222,000
Administration(1)	51,500	52,600	53,800
Insurance & Claims/Other(2)	121,102	126,200	130,700
Total Expenses	634,202	649,600	670,500
Operating Deficit	336,902	333,100	332,300
Recovery Ratio %(3)	55.0%	55.0%	55.0%

* Prepared by the RTA from budgetary information. The 2012-13 Plan figures represent indicative amounts for financial planning

(1) Includes Regional Services.
(2) Includes health insurance, pension, security and other expenditures previously included in other line items.
(3) The recovery ratios for 2011-2013 are those established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the RTA Act.

TABLE D-V
PACE 2006-2010
(Dollars in Thousands)

	2006[1]	2007	2008	2009	2010
	Actual	Actual	Actual	Actual	Actual
Revenues					
Passenger Revenue	$31,427	$28,249	$28,400	$32,833	$32,261
Reduced Fare Reimbursement	3,027	2,704	3,089	2,351	2,416
Other Revenue	20,582	21,199	20,473	15,447	16,902
Total Revenues	**$55,036**	**$ 52,152**	**$51,963**	**$ 50,631**	**$51,579**
Expenses					
Labor	$91,251	$95,632	$96,245	$101,408	$104,252
Purchased Transportation Suburban Service	22,759	23,627	25,890	25,985	25,096
Purchased Transportation ADA Paratransit	40,023	-	-	-	
Fuel	13,337	16,108	21,969	12,081	13,096
Insurance	10,489	7,923	7,826	13,596	11,546
Other	21,326	19,221	20,027	21,345	22,258
Total Expenses	**$ 199,184**	**$162,511**	**$171,957**	**$174,415**	**$176,249**
Operating Deficit	$144,148	$110,359	$119,994	$123,784	$124,671
Recovery Ratio %[2]	34.2%	36.0%	36.0%	33.3%	34.4.0%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation.

[1] On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the region. Through 2006, ADA paratransit is included in Pace and CTA results. Pace results for 2006 include a full year of ADA paratransit service in Pace's suburban service area and ADA paratransit service in the CTA service area from July 1 through December 31.

[2] Recovery ratio calculations include revenue and expense credits.

TABLE D-VI*

PACE 2011 BUDGET AND 2011-2013 FINANCIAL PLAN

(Dollars in Thousands)

	2011 Budget	**2012** Plan	**2013** Plan
Revenues			
Passenger Revenue	$31,820	$32,183	$32,590
Reduced Fare Reimbursement	2,000	2,000	2,000
Other Revenue	15,982	19,511	19,839
Total Revenues	$49,802	$53,694	$54,429
Expenses			
Labor[(1)]	$107,439	$111,045	$114,723
Purchased Transportation Suburban Service	24,736	25,397	26,027
Fuel	15,874	16,613	16,746
Insurance	12,613	13,244	13,906
Other	22,658	23,085	23,482
Total Expenses	$183,320	$189,384	$194,884
Operating Deficit	$133,518	$135,690	$140,455
Recovery Ratio % [(2)]	36.0%	36.0%	36.0%

* Prepared by the RTA from budgetary information. The 2012-13 Plan figures represent indicative amounts for financial planning.

(1) Includes health insurance and other expenditures previously included in other line items.

(2) The recovery ratios for 2011-2013 are those established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the RTA Act.

TABLE D-VII

ADA PARATRANSIT[1]

2007-2010 FINANCIAL RESULTS

(Dollars in Thousands)

	2007	**2008**	**2009**	**2010**
	Actual	Actual	Actual	Actual
Revenues				
Passenger Revenue	$6,182	$6,996	$7,178	$8,384
Other Revenue	834	939	1,365	2,157
Total Revenues	**$ 7,016**	**$ 7,935**	**$ 8,543**	**$ 10,541**
Expenses				
Labor	$2,287	$2,390	$2,950	$2,798
Purchased Transportation	76,908	97,111	102,821	104,174
Fuel	1,498	2,004	1,481	1,892
Insurance	428	353	510	114
Other	2,583	5,768	6,991	6,085
Total Expenses	**$ 83,704**	**$107,626**	**$114,753**	**$115,062**
Plan/Budget Balancing Actions	-	-	-	-
Operating Deficit	$76,688	$99,691	$106,210	$104,521
Recovery Ratio %[2]	8.4%	10.0%	10.0%	10.0%

Source: Prepared by the RTA from budgetary basis information. The budgetary basis is non-GAAP presentation

[1] On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the region. Previously, ADA paratransit was included in Pace and CTA results.

[2] Recovery ratio in 2008 and 2009 includes expense credit for capital cost of contracting.

Table D-VIII*

ADA PARATRANSIT

2011 BUDGET AND 2012-2013 FINANCIAL PLAN

(Dollars in Thousands)

	2011 Budget	2012 Plan	2013 Plan
Revenues			
Passenger Revenue	$8,773	$9,036	$9,397
Other Revenue	1,221	1,246	1,271
Total Revenues	$9,994	$10,282	$10,668
Expenses			
Labor	$2,977	$3,069	$3,162
Purchased Transportation	107,512	112,966	120,154
Fuel	1,957	2,053	2,064
Insurance	496	516	543
Other	7,714	7,855	7,982
Total Expenses	$120,656	$126,459	$133,905
Plan/Budget Balancing Actions	$9,241	$20,561	$24,576
Operating Deficit	$101,421	$95,616	$98,662
Recovery Ratio %(1)	10.0%	10.0%	10.0%

* Prepared by the RTA from budgetary information. The 2012-13 Plan figures represent indicative amounts for financial planning.

(1)The recovery ratios for 2011-2013 are those established by the RTA Board as part of the budget approval process. The Service Boards endeavor to achieve or exceed these ratios to comply with their approved budgets, as provided by the RTA Act.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND 2011A BONDS SERIES ORDINANCE

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APPENDIX E

Summary of Certain Provisions of the General Ordinance and the 2011A Series Ordinance

The following is a summary of certain provisions of the General Ordinance and the 2011A Series Ordinance. This summary is not a full statement of the terms of the General Ordinance or the 2011A Series Ordinance and accordingly is qualified by reference to the General Ordinance and the 2011A Series Ordinance and is subject to the full text of the General Ordinance and the 2011A Series Ordinance. Capitalized terms not defined in this summary or in the Official Statement have the respective meanings set forth in the General Ordinance or the 2011A Series Ordinance.

General Definitions

The following are definitions of certain terms used in the General Ordinance and the 2011A Series Ordinance.

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants selected or approved by the Authority.

"Accountant's Certificate" means an opinion signed by an Accountant.

"Act" means the Regional Transportation Authority Act, as supplemented and amended (70 ILCS 3615/1.01 *et seq.*).

"Additional Authority Obligations" means any Authority Obligations issued after the time of issuing the initial Series of Authority Obligations.

"Additional Financial Assistance" shall have the meaning set forth in the Act. See "**THE REGIONAL TRANSPORTATION AUTHORITY**– RTA FINANCES-State Assistance" in this Official Statement.

"Additional State Assistance" shall have the meaning set forth in the Act. See "**THE REGIONAL TRANSPORTATION AUTHORITY**– RTA FINANCES-State Assistance" in this Official Statement.

"Annual Debt Service Requirements" means, for any twelve-month period ending on an April 30 and with respect to any Series of Authority Obligations, the amount required during that period to be deposited in the account of the Debt Service Fund in respect of principal and interest for that Series of Authority Obligations. With respect to Authority Obligations which bear interest at variable rates, the deposits shall be calculated in respect of interest as if the Authority Obligations would bear interest at the maximum rate which those Obligations may bear pursuant to law or the applicable authorizing Series Ordinance, or if there is no such maximum rate at a rate equal to 20% per year. With respect to Authority Obligations for which there is a purchase, unscheduled mandatory redemption or similar unscheduled requirement which is provided to be paid by use of a

Credit Support Instrument, the deposits shall be calculated in respect of principal on the basis of scheduled payments of principal (at maturity or pursuant to Sinking Fund Installments) and not pursuant to the purchase, redemption or similar unscheduled requirements provided so to be paid through the Credit Support Instrument.

"Authority Obligations" means the Bonds and the Notes.

"Authorized Officer" in respect of any act or duty, means the Chairman, the Treasurer, and in addition any director, officer or employee of the Authority authorized by the bylaws or a resolution of the Authority to perform that particular act or duty. With respect to any investment of funds, Authorized Officer also includes any investment advisor appointed by resolution of the Authority.

"Board" means the Board of Directors of the Authority.

"Bond" or "*Bonds"* means any of the Authority's General Obligation Bonds which are issued pursuant to the Act, the General Ordinance and a Series Ordinance.

"Bond Anticipation Notes" means any of the Authority's General Obligation Bond Anticipation Notes issued in anticipation of Bonds, which notes are issued pursuant to the Act, the General Ordinance and a Series Ordinance.

"*Capital Asset Purposes"* means any or all of the following purposes as provided in the Act: to pay costs to the Authority or a Service Board of constructing or acquiring any public transportation facilities (including funds and rights relating to those facilities, as provided in the Act); to repay advances to the Authority or a Service Board made for those purposes; to pay other expenses of the Authority or a Service Board incident to or incurred in connection with such construction or acquisition; to provide funds for any transportation agency to pay principal of or interest or redemption premium on any bonds or notes by such transportation agency to construct or acquire any public transportation facilities or to provide funds to purchase such bonds or notes; and to provide funds for any transportation agency to construct or acquire public transportation facilities, to repay advances made for such purposes, and to pay other expenses to or incurred in connection with such construction or acquisition.

"Chairman" means the Chairman of the Board.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compound Accreted Value" means, with respect to a Bond issued at an original issue discount in excess of 2%, the principal amount of the Bond at maturity less the unaccrued original issue discount. The amount of the discount shall be accrued on a constant interest rate basis (that is, actuarially on a geometric progression) from the date of issuance of the initially issued Bonds of that Series until the date specified in the applicable Series Ordinance as that date on which those Bonds shall have achieved a compound accreted value equal to their full principal amount (either at the final maturity date of the Bond or earlier, as the case may be).

"Costs of Issuance" means all fees and costs incurred by the Authority relating to the issuance of Authority Obligations including, without limitation, printing costs, administrative costs, Trustee's initial fees and charges, paying agent's initial fees, legal fees, rating costs, accounting fees and financial advisory fees, the cost of any bond insurance premium to insure any Authority Obligations and any amounts to be paid to obtain a Credit Support Instrument or Reserve Fund Credit Instrument.

"Counsel's Opinion" means an opinion signed by a lawyer or firm of lawyers, not employees of the Authority.

"Credit Support Instrument" means a letter of credit, line of credit, insurance policy, guaranty, surety bond or other obligation issued by a Qualified Provider which guarantees or otherwise ensures the ability of the Authority or the Trustee to pay the principal, Redemption Price of or interest on or Purchase Price of, any Authority Obligations or by which the institution shall be obligated to purchase Authority Obligations from the Holders of the Authority Obligations.

"Debt Service Fund" means the Bond Debt Service Fund established in the General Ordinance. See "**SECURITY FOR THE SERIES 2011A BONDS**–DEBT SERVICE FUND" in this Official Statement.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established in the General Ordinance. See "**SECURITY FOR THE SERIES 2011A BONDS**–DEBT SERVICE RESERVE FUND" in this Official Statement.

"Events of Default" means the occurrence of an event specified in the General Ordinance and described herein which shall give the Trustee the power to take steps to protect, enhance or enforce rights granted in the General Ordinance, a Series Ordinance or an Authority Obligation. See "**DEFAULT PROVISIONS; REMEDIES OF HOLDERS"** in this Appendix E.

"Financing Documents" means, collectively, the General Ordinance and the Series Ordinance.

"Fiscal Year" means the period of twelve calendar months ending with December 31 of any year, or such other period as may by the Authority be established from time to time.

"Fitch" means, Fitch, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Government Obligations" means the obligations referred to in clauses (a) and (g) of the definition of Investment Obligations; provided that the obligations referred to in clause (g) shall be accompanied by (i) an opinion of a firm of nationally recognized independent certified public accountants to the effect that the escrow is sufficient to pay the obligations when due and (ii) the approving opinion of bond counsel delivered at the time of the issuance of such obligations.

"Holder" when used with respect to any Authority Obligations means the registered owner of Authority Obligations. "Bondholder" means a holder of a Bond; "Noteholder" means a holder of a Note.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2011A Bonds when due.

"Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Investment Obligations" means any of the following obligations which at the time of investment of any amounts in any Fund or Account established pursuant to the General Ordinance are legal investments under the laws of the State for that Fund or Account:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations described in (b) below to the extent unconditionally guaranteed by the United States of America; or any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (a) as long as the receipt, certificate or other evidence of an ownership interest represents a direct interest in future principal and interest payments on obligations unconditionally guaranteed by the United States of America and such obligations are held by a custodian in safekeeping on behalf of the holders of the receipt, certificate or other evidence of an ownership interest therein;

(b) obligations of the Export-Import Bank of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Finance Bank, the Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, the Farmers Home Administration, the Federal Farm Bank and the Federal Home Loan Mortgage Association, including obligations of any other agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which obligations of such agency or corporation have been approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations; or any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (b), which receipt, certificate or other evidence of an ownership interest shall be first approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations;

(c) direct and general obligations of the State;

(d) direct and general obligations of any state, other than Illinois, which obligations are rated in either of the two highest rating categories by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations;

(e) repurchase agreements for obligations described in clauses (a) and (b) of this definition, provided that the entity which agrees to repurchase such obligations from the Authority must be a Qualified Financial Institution or a government bond dealer reporting to, trading with and recognized as a primary dealer by a Federal Reserve Bank, in any case with capital and surplus aggregating at least $50,000,000, and provided that the agreement provides for the Authority to be secured by such obligations (by delivery to the Trustee or its agent in that capacity or by other steps which, as evidenced by a Counsel's Opinion, shall have the effect of securing the Trustee to the same effect as if it or its agent in that capacity were the holder of the underlying obligations) with a market value at least equal to the repurchase amount;

(f) negotiable or non-negotiable time deposits evidenced by certificates of deposit, or investment agreements, or similar banking arrangements, issued or made by banks, savings and loan associations, trust companies or national banking associations (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, provided that such time deposits, investment agreements, or similar banking arrangements in any such bank, savings and loan association, trust company or national banking association either (i) are continuously secured by obligations described in subparagraphs (a), (b), (c) or (d) of this definition (by physical delivery to the Trustee or its agent in that capacity or by other steps which, as evidenced by a Counsel's Opinion, shall have the effect of securing the Trustee to the same effect as if it or its agent were in that capacity the physical holder of the underlying obligations), and provided that such obligations at all times have a market value at least equal to the maturity value of the deposits so secured, including accrued interest or (ii) are continuously and fully insured by the Federal Deposit Insurance Corporation;

(g) (i) obligations of States or political subdivisions of States (within the meaning of the United States Internal Revenue Code, as amended) which are fully secured and defeased as to principal and interest by an irrevocable escrow of direct obligations of the United States of America and rated in the highest rating category by S&P if S&P at the time maintains a rating of any of the Authority Obligations and (ii) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (i) of this clause (g), which receipt, certificate or other evidence of an ownership interest shall be first approved by S&P if S&P at the time maintains a rating of any of the Authority Obligations;

(h) investment agreements with Qualified Financial Institutions;

(i) obligations of the International Bank for Reconstruction and Development (the World Bank);

(j) corporate securities, including commercial paper and fixed income obligations, which are rated in the highest rating category by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations; and

(k) any other investment permitted by Illinois law rated investment grade by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations; provided that no investment of funds in the Debt Service Fund shall be made pursuant to the fifth paragraph of 30 ILCS 235/2(e) (formerly Ill. Rev. Stat. ch. 85, par. 902), as in effect on May 18, 1990; *provided, however,* that the investments described in subparagraphs (e) and (f) above constitute permitted Investment Obligations only for certain accounts in the Capital Assets Fund.

"*Late Payment Rate*" means the lesser of (a) the greater of (i) the Prime Rate plus 3%, and (ii) the then applicable highest rate of interest on the Series 2011A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce is Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

"Moody's" means Moody's Investors Service, its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Notes" means Bond Anticipation Notes or Working Cash Notes, or any other general obligation notes as may be authorized to be issued by the Authority pursuant to the Act.

"Operating Expenses" means day to day operating expenses of the Authority or of a Service Board consisting of wages, salaries and fringe benefits, professional and technical services (including legal, audit, engineering and other consulting services), office rentals, furniture, fixtures and equipment, insurance premiums, claims for self-insured amounts under insurance policies, public utility obligations for telephone, light, heat and similar items, travel expenses, office supplies, postage, dues, subscriptions, fuel purchases, and payments of grants and payments under purchase of service agreements for operations of transportation agencies (as defined in the Act).

"Outstanding" means, when used with reference to Authority Obligations, all such obligations which have been issued, except (a) Authority Obligations which have been paid or redeemed in full both as to principal and interest or (b) Authority Obligations provision for the payment or redemption of which has been made pursuant to the General Ordinance, as described under "**DEFEASANCE**" in this Appendix E. For a list of all Outstanding Authority Obligations, see "**SECURITY FOR THE SERIES 2011A BONDS**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement

"Policy Costs" means draws and payment of expenses on the Reserve Fund Policy and accrued interest thereon.

"Prime Rate" means the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending

rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank).

"Public Transportation Fund Revenues" shall have the meaning set forth under "**SECURITY FOR THE SERIES 2011A BONDS**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"Purchase Price" means the price at which a Holder of an Authority Obligation shall have the right pursuant to a Series Ordinance to have the Obligation purchased from the Holder by the Authority or the Trustee.

"Qualified Financial Institution" means a bank, trust company, national banking association, insurance company or other financial services company whose long-term debt obligations or whose claims paying abilities are rated in any of the three highest rating categories (without reference to subcategories) by (i) S&P if S&P at the time maintains a rating of any of the Authority Obligations or (ii) any nationally recognized rating agency other than S&P if S&P at the time does not maintain a rating of any Authority Obligations. For purposes of the General Ordinance, the term "financial services company" shall include any investment banking firm or any affiliate or division thereof which may be legally authorized to enter into the transactions described in the General Ordinance pertaining, applicable or limited to a Qualified Financial Institution.

"Qualified Provider" means a bank (including without limitation, a national banking association or a foreign bank authorized to do business in the United States), insurance company or other institution, which bank, company or institution provides letters of credit, lines of credit, insurance policies, guaranties, surety bonds or other similar obligations for municipal bonds, which obligation of the institution is rated in one of the top three full rating categories by Moody's and S&P.

"Rebate Account" or "*Rebate Accounts"* means the account or accounts of that name with respect to the various Series of Authority Obligations established pursuant to the General Ordinance.

"Redemption Price" means, with respect to any Authority Obligation (or portion of any Authority Obligation) the price on any redemption date, exclusive of accrued and unpaid interest, at which the Authority Obligation (or a portion of it) may or must be redeemed pursuant to the General Ordinance and the Series Ordinance pursuant to which the Authority Obligation was issued.

"Reserve Fund Credit Instrument" means a non-cancelable insurance policy, a non-cancelable surety bond or an irrevocable letter of credit which may be delivered to the Trustee in lieu of or in partial substitution for cash or securities required to be on deposit in the Debt Service Reserve Fund. In the case of an insurance policy or surety bond, the company providing the policy or bond shall be an insurer which, at the time of the issuance of the policy or bond, has been assigned a credit rating which is within one of the two highest ratings accorded insurers by both Moody's and S&P. In the case of a letter of credit, it shall be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of the issuance of the letter of credit, a credit rating on its long-term unsecured debt within one of the two highest rating categories from both Moody's and S&P. The insurance policy, surety

bond or letter of credit shall grant to the Trustee the right to receive payment for the purposes for which the Debt Service Reserve Fund may be used and shall be irrevocable during its term.

"Reserve Fund Credit Instrument Coverage" means, with respect to any Reserve Fund Credit Instrument, at any date of determination, the amount available to pay principal, Redemption Price or Purchase Price of and interest on the Bonds secured by such Reserve Fund Credit Instrument.

"Reserve Fund Policy" means the debt service reserve fund insurance policy issued by the Insurer that has been deposited in the Series 2011A Bonds Reserve Account in the Debt Service Reserve Fund.

"Reserve Requirement" with respect to each Account in the Debt Service Reserve Fund means as of any date of calculation the lesser of (i) 10% of the original principal amount of the Series of Bonds (less any original issue discount) secured by such Account; and (ii) the maximum amount of the Annual Debt Service Requirements for the Outstanding Bonds secured by such Account for that or any future twelve-month period ending April 30.

"Revenues" shall have the meaning set forth under "**SECURITY FOR THE SERIES 2011A BONDS**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Authority, by notice to the Trustee.

"Sales Tax Revenues" shall have the meaning set forth under "**SECURITY FOR THE SERIES 2011A BONDS**–SECURITY AND SOURCES OF PAYMENT" in this Official Statement.

"Secured Government Payments" means payments made to the Authority, or to a trustee for holders of bonds or notes of the Authority, from the State or from the Federal government (or any agency of the State or the Federal government), pursuant to a contract between the Authority or a Service Board and the State or the Federal government (or any agency of the State or the Federal government), as described in the next two sentences of this definition. Such a contract shall provide for the payments from the State or the Federal government (or any agency of the State or the Federal government) to be on account of either: (i) public transportation service provided by or financed by the Authority or a Service Board, or (ii) public transportation facilities purchased or acquired by the Authority or a Service Board. Such a contract shall allow payments under it to be assigned or pledged to a trustee for holders of bonds or notes of the Authority. Secured Government Payments shall not mean any Public Transportation Fund Revenues, any taxes by or on behalf of the Authority collected by the Illinois Department of Revenue or any Additional State Assistance.

"Separate Ordinance Obligations" means any bonds or notes of the Authority, whether or not issued under Section 4.04 of the Act, as amended from time to time, the authorizing ordinance for which bonds or notes states that they are not issued pursuant to the General Ordinance, and

which bonds or notes are secured by a pledge or assignment of Secured Government Payments or *ad valorem* property tax receipts.

"Series 2011A Bondholders" means the holders of the Series 2011A Bonds.

"Series Ordinance" means an ordinance of the Authority authorizing the issuance of a series of Bonds or Notes in accordance with the terms and provisions of the General Ordinance.

"Service Board" means the Chicago Transit Authority, the Commuter Rail Division of the Authority or the Suburban Bus Division of the Authority.

"Sinking Fund Installments" means, with respect to any date, the principal amount of Term Bonds of any Series which are required to be redeemed by the Authority on that date pursuant to and in the amounts provided by the Series Ordinance for that Series, or which are required to be paid at maturity and not required previously to be redeemed.

"State" means the State of Illinois.

"Supplemental Ordinance" means an ordinance supplemental to the General Ordinance adopted by the Authority in accordance with the conditions described under **"MODIFICATION OF GENERAL ORDINANCE"** in this Appendix E.

"Trusteed Money" means the Sales Tax Revenues, Public Transportation Fund Revenues and any other money or funds which may be assigned by the Authority for direct payment to the Trustee. It also means all amounts held by the Trustee in the Debt Service Fund and the Debt Service Reserve Fund pursuant to the General Ordinance, a Series Ordinance or a Supplemental Ordinance.

"Working Cash Notes" means any of the Authority's general obligation Working Cash Notes issued pursuant to the Act, the General Ordinance and a Series Ordinance.

ORDINANCES CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of any Authority Obligations issued under the General Ordinance by their Holders from time to time, the General Ordinance shall constitute a contract between the Authority and the Holders of the Authority Obligations. The pledges, grants, assignments, covenants, liens and security interests provided for and set forth in the General Ordinance to be performed by the Authority will be for the benefit, protection and security of the Holders of any and all of the Authority Obligations. Each Series Ordinance will constitute a contract between the Authority and the Holders of the Authority Obligations of that Series.

CUSTODY AND APPLICATION OF BOND AND NOTE PROCEEDS

The General Ordinance authorizes the issuance of the Bonds, Bond Anticipation Notes and Working Cash Notes of the Authority.

Capital Assets Fund. The General Ordinance establishes a Capital Assets Fund as a separate and distinct fund to be used as provided in the General Ordinance and in any Series Ordinances authorizing the issuance of Bonds or Notes other than Working Cash Notes. All proceeds of any Series of Authority Obligations which are designated by the Series Ordinance authorizing the issuance of that Series of Authority Obligations to be used for Capital Asset Purposes may be deposited in the Capital Assets Fund. The Authority may, in the Series Ordinance authorizing any such Series of Authority Obligations, provide for the creation of separate and distinct accounts within the Capital Assets Fund, to be used as provided in the applicable Series Ordinance. All moneys deposited in the Capital Assets Fund will be held by either the Trustee or the Authority as shall be directed by the Series Ordinance and will be disbursed as provided in the applicable Series Ordinance. All interest and other investment income earned on the Capital Assets Fund will be deposited in the Capital Assets Fund (to the credit of the Accounts within the Capital Assets Fund, if any, on the basis of their contribution to the cost of the relevant investment).

Working Cash Fund. The General Ordinance establishes a Working Cash Fund as a separate and distinct fund to be used as provided in the General Ordinance and the Series Ordinances authorizing the issuance of Working Cash Notes, to pay Costs of Issuance and Operating Expenses to cover anticipated cash flow deficits. All proceeds of any Series of Working Cash Notes, which are designated by the Series Ordinance authorizing the issuance of that Series of Notes to be used for Costs of Issuance or Operating Expenses may be deposited in the Working Cash Fund. A Series Ordinance may provide for separate and distinct Accounts in the Working Cash Fund, to be used as provided in the Series Ordinance. All moneys deposited in the Working Cash Fund will be held by the Trustee or the Authority as shall be directed in the Series Ordinance and will be disbursed as provided in the applicable Series Ordinance. All interest and other investment income earned on the Working Cash Fund will be deposited as received in the Working Cash Fund (to the credit of the accounts within the Working Cash Fund, if any, on the basis of their contribution to the cost of the relevant investment), and may be applied by the Authority in the manner as provided in the Series Ordinance.

If a Series Ordinance provides for money deposited in any Account in the Capital Assets Fund or the Working Cash Fund to be held by the Trustee, those amounts, and interest and other investment income on those amounts, will be disbursed as provided in that Series Ordinance. No Series Ordinance so providing such deposits to be held by the Trustee shall be effective without the consent of the Trustee as to that deposit and method of disbursement.

Additional Funds. The Authority may, in the Series Ordinance authorizing the issuance of any Series of Authority Obligations, establish additional Funds to be held, invested and disbursed by the Trustee as provided in the Series Ordinance.

NATURE AND SOURCE OF PAYMENT OF AUTHORITY OBLIGATIONS

The General Ordinance provides that all Authority Obligations are general obligations of the Authority to which is pledged the full faith and credit of the Authority. All Authority Obligations are superior to and have priority over any other obligations of the Authority, except Separate Ordinance Obligations to the extent that under the Act and their authorizing ordinances they have a prior claim to Secured Government Payments or *ad valorem* property tax receipts.

Authority Obligations are payable as to principal, Redemption Price, Purchase Price and interest from all Revenues and from all Funds received or held by the Authority, including, without limitation, amounts in the appropriate accounts of the Debt Service Fund and Debt Service Reserve Fund with respect to a Series of Authority Obligations, or otherwise on hand at the Authority, which are in any event legally available to be so applied. Authority Obligations are payable from Additional State Assistance, Additional Financial Assistance, amounts in the Authority's joint self-insurance fund or from amounts required by ordinances authorizing Separate Ordinance Obligations to be on deposit in any debt service fund or debt service reserve fund for such Separate Ordinance Obligations or from amounts payable upon any credit support instrument or reserve fund credit instrument in respect of Separate Ordinance Obligations.

EQUALITY OF AUTHORITY OBLIGATIONS

All Authority Obligations authorized pursuant to the General Ordinance rank equally as to security, regardless of the time or times of their issue, and are entitled to no priority one over another between Authority Obligations within the same maturity, with respect to any funds pledged as security for or available for the payment of the Authority Obligations, other than as expressly provided in the General Ordinance. Nothing shall prohibit the Authority from providing Credit Support Instruments solely for certain Authority Obligations and not others. As provided by the General Ordinance, the Debt Service Reserve Fund is available for the payment of principal, Redemption Price and Purchase Price of and interest only on Bonds.

ASSIGNMENT OF TRUSTEED MONEY

The Authority has irrevocably assigned the Trusteed Money to the Trustee, for the benefit of the Holders from time to time of the Authority Obligations, to be held, invested and used as provided in the General Ordinance. The State Treasurer, the State Department of Revenue and the State Comptroller are authorized and directed to pay and cause to be paid directly to the Trustee and not to the Authority all Trusteed Money coming into the hands of any of them or into the Treasury of the State. The Chairman or the Secretary of the Authority is authorized and directed to cause a certified copy of the General Ordinance and of each Series Ordinance to be filed with the State Treasurer, the Comptroller and the State Department of Revenue. Upon receipt thereof, the State Treasurer, the State Department of Revenue and the Comptroller will subsequently, notwithstanding any other provisions of the Act, provide for the Trusteed Money held or received by any of them or in the Treasury of the State to be paid directly to the Trustee instead of the Authority. After such notice, the assignment will be valid and binding from the date of the General Ordinance without any physical delivery or further act, and will be valid and binding as against and prior to the claims of all other parties having claims of any kind against the Authority or any other person irrespective of whether the other parties have notice of the assignment. When the assignment is discharged in accordance with the General Ordinance with respect to all of the Authority Obligations, the Trustee will promptly deliver to the State Treasurer, the Comptroller and the State Department of Revenue written notice of that fact and subsequently all Trusteed Money will again be paid to the Authority the same as before the assignment.

While any of the Authority Obligations are Outstanding, the Authority will pay to the Trustee for deposit in the Debt Service Fund all Trusteed Money received by the Authority (other than amounts withdrawn from the Debt Service Fund in accordance with the General Ordinance).

PLEDGE EFFECTED BY THE GENERAL ORDINANCE

For the benefit of the Holders from time to time of the Authority Obligations, the Authority pledges and grants to the Trustee a first lien on and first security interest in all Trusteed Money, all Revenues and all of its funds on hand from which Authority Obligations are payable as provided in the General Ordinance (which Revenues and funds lawfully may be so used) for payment in full of the principal, Redemption Price and Purchase Price of and interest on Authority Obligations, as such amounts become due and payable. Amounts required to be deposited in any Account, other than a Rebate Account, of the Debt Service Fund secure and will be used for only the Authority Obligations with respect to which the Account is established. The pledge, lien and security interest with respect to any Authority Obligation will be valid and binding from the time that Authority Obligation is issued, without any physical delivery or further act, and will be valid and binding as against and prior to the claims of all other parties having claims of any kind against the Authority or any other person irrespective of whether such other parties have notice of such pledge, lien and security interest. In furtherance of this pledge, lien and security interest, in the event any Authority Obligation will not be paid when due as to principal, Redemption Price, Purchase Price or interest, the Trustee may require any such Revenues and funds on hand, excluding the joint self-insurance fund referred to in the definition of "Revenues," to be paid directly to the Trustee for such application.

Such pledge and grant of lien and security interest is subject to the right of the Authority to apply any amounts which it has on hand and which are not required by the terms of the General Ordinance and the Series Ordinances to remain on deposit or to be deposited in the Debt Service Fund and the Debt Service Reserve Fund for its other legal purposes.

ESTABLISHMENT OF DEBT SERVICE FUND

The General Ordinance establishes the Debt Service Fund as a separate and distinct fund, to be maintained by the Trustee in trust for the Holders from time to time of the Authority Obligations, and will be invested and used, all as provided by the General Ordinance. Such trust will be irrevocable so long as any of the Authority Obligations are outstanding. All receipts of Trusteed Money will be deposited by the Trustee in the Debt Service Fund, or, as hereinafter described, in the Debt Service Reserve Fund. Other Revenues and funds of the Authority will be deposited in the Debt Service Fund and the Debt Service Reserve Fund as required by the General Ordinance and any Series Ordinance.

ESTABLISHMENT OF ACCOUNTS IN DEBT SERVICE FUND

The General Ordinance provides that the Authority will, in each Series Ordinance, provide for the establishment of separate Accounts within the Debt Service Fund relating to particular Series of Authority Obligations. The creation of separate Accounts in the Debt Service Fund will not create any preference of one Series of Authority Obligations over any other Series, except that amounts required to be deposited in any Account of the Debt Service Fund secure and will be used for only the Authority Obligations with respect to which the Account is established. The deposits to be made to the various Accounts of the Debt Service Fund will be made each month proportionately on the basis of the amounts required to be deposited in each Account. The investments and deposits of any of the Accounts of the Debt Service Fund may be commingled, except with respect to Rebate Accounts, as provided in the General Ordinance.

In each Series Ordinance establishing an Account in the Debt Service Fund, the Authority will provide a monthly deposit requirement with respect to such Account (other than the Rebate Account). The monthly deposit requirement may be expressed in absolute dollar terms or as a formula, but will provide for the deposit of amounts sufficient to pay the principal, Redemption Price and Purchase Price of, and interest on the Authority Obligations of the relevant Series as those amounts come due. With respect to Authority Obligations for which a purchase or redemption requirement is provided to be paid through a Credit Support Instrument the Series Ordinance need not set forth specific deposit requirements in respect of those amounts, but the Authority will make, in any event, deposits in the Debt Service Fund sufficient to meet all obligations of the Authority with respect to those requirements.

The monthly deposit requirements with respect to each Series of Authority Obligations will not be less than the following amounts:

(a) The amount in respect of interest will not be less than the product of the interest coming due on the next interest payment date on that Series and a fraction, the numerator of which is one and the denominator of which is the number of months less one from the preceding interest payment date on that Series or, in respect of interest on the first interest payment date, from the date of delivery of the Series to that next interest payment date, until the full amount of that interest on the next interest payment date has been provided so to be deposited. The deposit requirements in respect of interest may be reduced (including to zero) to the extent that amounts specified in a Series Ordinance are deposited in the Debt Service Fund to the credit of the Account in that Fund. With respect to Authority Obligations which will bear interest at variable rates, the monthly deposit requirements in respect of interest will be calculated as provided in the Series Ordinance for such Obligations.

(b) The amount in respect of principal, except for the first principal payment date for a Series, will not be less than the product of the principal coming due (whether at maturity or pursuant to Sinking Fund Installments) on the next such principal payment date and a fraction, the numerator of which is one and the denominator of which is the number of months less one from the preceding principal payment date to the next principal payment date until the full amount of that principal on the next principal payment date has been provided so to be deposited. The amount in respect of principal on the first principal payment date will be the amounts specified in the Series Ordinance for that Series, which will be sufficient so that the full amount of that principal will have been provided to have been deposited (based on dates for deposit of Sales Tax Revenues as anticipated by the Board) not less than 20 days prior to that principal payment date.

(c) With respect to Authority Obligations for which there is a purchase, mandatory redemption or similar requirement which is provided to be paid through a Credit Support Instrument, the required deposits described in paragraph (b) above in respect of principal will be based on scheduled principal payments (at maturity or pursuant to Sinking Fund Installments) and not based on purchase, redemption or similar requirements provided so to be paid through such an instrument.

The 2011A Series Ordinance establishes a monthly deposit requirement for the Series 2011A Bonds in the Series 2011A Bonds Account of the Debt Service Fund. For each month prior to December 1, 2011, the monthly deposit requirement for interest is the product of the interest coming due on December 1, 2011 (minus the amount of accrued interest and capitalized interest, as applicable, deposited in the Series 2011A Bonds Account in the Debt Service Fund upon the issuance and delivery of the Series 2011A Bonds), and a fraction, the numerator of which is one and the denominator of which is the number of full calendar months less one from the date of delivery of the Series 2011A Bonds to the December 1, 2011 interest payment date, until the full amount of the interest payment is on hand.

Thereafter, the monthly deposit requirement for interest is equal to one-fifth of the interest coming due on the next interest payment date until the amount of that interest payment requirement is on hand.

For each month prior to the first principal payment date on the Series 2011A Bonds, the Authority will deposit into the Series 2011A Bonds Account of the Debt Service Fund an amount equal to the amount of principal coming due on the first principal payment date for the Series 2011A Bonds multiplied by a fraction, the numerator of which will be one and the denominator of which will equal the number of full calendar months between the date of delivery of the Series 2011A Bonds and the first principal payment date for the Series 2011A Bonds, minus one, until the full amount of the principal payment for the Series 2011A Bonds is on hand.

For each month beginning twelve months preceding any principal payment (other than the first principal payment) on the Series 2011A Bonds, the Authority will deposit into the Series 2011A Bonds Account of the Debt Service Fund an amount equal to one-eleventh of the principal coming due on the next principal payment date until the full amount of the principal payment is on hand.

There will be deposited in the Debt Service Fund to the credit of the Rebate Accounts, after there are no deficiencies in any of the other Accounts in the Debt Service Fund or the Debt Service Reserve Fund, the amounts as will be required to be held available for rebate to the United States of America with respect to each Series of Authority Obligations. The amount so to be held available will be determined from time to time by the Authority pursuant to the Series Ordinances, as certified by an Authorized Officer to the Trustee.

In any period in which there is any deficiency in any Account in the Debt Service Fund, the amount of the deficiency will be added to and be a part of the monthly deposit requirement for such Account for that and all succeeding periods until there no longer remains any such deficiency.

In any month after all of the required deposits and credits to all Accounts in the Debt Service Fund have been made (other than Rebate Accounts) and there is no deficiency in any of the Accounts (other than Rebate Accounts), the Trustee will pay from the Debt Service Fund proportionately to the Accounts in the Debt Service Reserve Fund any remaining amounts in the Debt Service Fund until the value of each Account in the Debt Service Reserve Fund, calculated as provided in the General Ordinance, will equal the Reserve Requirement for such Account, and then will credit to the Rebate Accounts proportionately until there are no deficiencies in any such Accounts, and then will pay any remaining amounts in the Debt Service Fund after all of the required deposits and credits to all accounts in the Debt Service Fund (including the Rebate Accounts) have been made and there are no deficiencies in any such Accounts, to the Authority, or upon the Authority's direction.

If for any reason in any month the required deposits and credits are not made to the Debt Service Fund and all Accounts in it and to the Debt Service Reserve Fund and all Accounts in it, then the Authority will immediately deposit with the Trustee any and all other money and funds which it has on hand or available to it, from which Authority Obligations are payable as provided in the General Ordinance, to make up such deficiency which lawfully may be so used. The Trustee will deposit in and credit such funds first to the Debt Service Fund Accounts other than the Rebate Accounts, proportionately on the basis of the amount of the deficiency in each such Account, then to the Debt Service Reserve Fund Accounts proportionately on the basis of the amount of the deficiency in each such Account, and then proportionately to the Rebate Accounts. The Authority will not use any such other moneys or funds for any other purpose until such deficiency is made up.

If for any reason in any month the required deposits and credits are not made to the Debt Service Fund and all Accounts in it and to the Debt Service Reserve Fund and all Accounts in it by the last date in the month in which the Sales Tax Revenues are normally received by the Trustee, and in any event by the 25th day of the month, then the Trustee will so notify the Authority and, whether or not it receives that notice, the Authority will make all required deposits as provided in the preceding paragraph.

USE AND WITHDRAWAL OF MONEY FROM THE ACCOUNTS IN THE DEBT SERVICE FUND

From the amounts deposited in or credited to the Accounts in the Debt Service Fund, the Trustee will pay first out of the Account (other than the Rebate Account) and then out of the Rebate Account, in each case pertaining to each Series of Authority Obligations to the Paying Agents for that Series of Authority Obligations, on the business day preceding each interest payment date or principal payment date (whether at maturity or pursuant to Sinking Fund Installments) or mandatory redemption date or date of required purchase, not being made by a Credit Support Instrument, an amount equal to the principal, Redemption Price, Purchase Price and interest on the Series of Authority Obligations coming due on the following business day. In lieu of making such payments to a Paying Agent on the business day prior to the day that a payment with respect to Authority Obligations is due, the Trustee at the direction of the Treasurer or other Authorized Officer, and with the approval of the Paying Agent, may on that prior business day deposit Investment Obligations maturing on the day of payment sufficient for that payment.

The Trustee will use, upon the written direction of the Treasurer or other Authorized Officer of the Authority, amounts in any Account, other than a Rebate Account, to purchase Authority Obligations of the Series to which such Account pertains at a price not in excess of the principal amount (or Compound Accreted Value with respect to Authority Obligations sold at a discount in excess of 2%) plus accrued interest to the date of purchase; *provided, however*, that amounts in an Account may be so used only if after any purchase there will remain on deposit in such Account an amount equal to the amount which would have been required to have been deposited had the purchased Authority Obligations never been Outstanding. The principal amount of the Authority Obligations so purchased will be applied against the Sinking Fund Installments for the Series of Authority Obligations purchased as provided in the Series Ordinance authorizing the issuance of that Series.

Amounts in Rebate Accounts will be used at the direction of an Authorized Officer to make rebate payments to the United States of America. Amounts in a Rebate Account in excess of the amounts which the Authority will determine is needed for making rebates, will no longer be required to be deposited into that Rebate Account and will be used first to make up any deficiencies in the Debt Service Fund and the Debt Service Reserve Fund and then will be paid to the Authority.

In each month, the Trustee, upon required deposits to the Debt Service Fund and the Debt Service Reserve Fund having been made, will immediately pay to the Authority amounts in the Debt Service Fund in excess of the then required deposits and credits in all Accounts in the Debt Service Fund.

DEBT SERVICE RESERVE FUND

The General Ordinance establishes the Debt Service Reserve Fund, to be maintained by the Trustee. The Authority may, in any Series Ordinance, provide for the establishment of separate Accounts within the Debt Service Reserve Fund relating to particular Series of Bonds. The creation of separate Accounts in the Debt Service Reserve Fund for particular Series of Bonds will not create any preference of one Series of Bonds over any other Series, except that amounts required to be deposited in any Account of the Debt Service Reserve Fund will secure and will be used only for the Bonds with respect to which the Account is established. Transfers or deposits to be made to the various Accounts will be made proportionately on the basis of the amount of the deficiency in each Account prior to any such transfer or deposit. The investments and deposits of any of the various Accounts in the Debt Service Reserve Fund may be commingled with any other Accounts in the Debt Service Reserve Fund, but may not be commingled with other funds or accounts of the Authority.

In connection with the issuance of any Bonds, the General Ordinance requires an amount, if any, to be deposited in the respective Debt Service Reserve Fund Account so that the value of the Debt Service Reserve Fund Account at least equals the Reserve Requirement on all Bonds outstanding immediately after the delivery of such Series of Bonds and secured by such Account. Each month, the Trustee is required to pay to and deposit in each Debt Service Reserve Fund Account, if the amount on deposit is less than the Reserve Requirement for such Account, all amounts in the Debt Service Fund in excess of the amounts required to be on deposit in the Debt Service Fund. If in any month after the required deposits to the Accounts (other than the Rebate Accounts) in the Debt Service Fund have been made and any transfers from the Debt Service Fund to the Debt Service Reserve Fund have been made (as described in the preceding sentence) and the value of any Account in the Debt Service Reserve Fund is less than the Reserve Requirement for such Account, the Authority is required immediately to deposit with the Trustee any and all other money which it has on hand or available to it to make up the deficiency which lawfully may be so used.

Amounts in the respective Debt Service Reserve Fund Account will be transferred by the Trustee to the credit of the respective Debt Service Fund Account at the times and in the amounts as required in order to pay principal of the Bonds secured by such Debt Service Reserve Fund Account at maturity or on Sinking Fund Installment or purchase dates and to pay interest on such Bonds as it falls due, if there are not sufficient amounts in the Debt Service Fund Account for that purpose.

On May 1 of each year, and also on each date that any refunding Bonds are issued under the General Ordinance or that any Reserve Fund Credit Instrument is deposited with the Trustee, or as soon after those dates as feasible, the Trustee will pay to and deposit in the Debt Service Fund proportionately to the credit of the various Accounts with respect to the various Series of Bonds all amounts in any Debt Service Reserve Fund Account to the extent the value of the Debt Service Reserve Fund Account is in excess of the Reserve Requirement for such Account.

Whenever the Trustee determines that the total amount in the Debt Service Reserve Fund, together with all amounts in the Debt Service Fund (other than in Rebate Accounts), will be sufficient to pay or to redeem or to provide for the payment or redemption of all the Outstanding Bonds, the Trustee will pay to and deposit in the Debt Service Fund to the credit of the various accounts with respect to the various Series of Bonds (other than the Rebate Accounts) such remaining amounts in the Debt Service Reserve Fund.

All or any part of the Reserve Requirement may be met by deposit with the Trustee of a Reserve Fund Credit Instrument. A Reserve Fund Credit Instrument will, for purposes of determining the value of a Debt Service Reserve Fund Account, be valued at the Reserve Fund Credit Instrument Coverage for that Reserve Fund Credit Instrument, except as provided in the next two sentences. If a Reserve Fund Credit Instrument is to terminate (or is subject to termination) prior to the last principal payment date on any Outstanding Bond secured by the Debt Service Reserve Fund Account, then the Reserve Fund Credit Instrument Coverage of that Instrument will be reduced by the amount provided in the next sentence. The amount of the reduction will be the amount, if any, by which the value of the Debt Service Reserve Fund Account, not counting the value of the Reserve Fund Credit Instrument Coverage of that Instrument, is less than the Reserve Requirement for such Account after the first date that the Reserve Fund Credit Instrument is so to terminate (or is subject to termination); *provided, however,* if the Series Ordinance with respect to such Bonds requires deposits to be made in the Debt Service Reserve Fund Account equal in each year, starting not less than three years prior to the termination date, to not less than one-third of the original Reserve Fund Credit Instrument Coverage of the Instrument, until such deposits equal the amount of that original Coverage, then the reduction will be only by that amount from time to time that deposits have so been required to have been made in the Debt Service Reserve Fund Account; and *provided further,* if by the terms of the Reserve Fund Credit Instrument and the terms of the related Series Ordinance, the Trustee has the right and duty to draw upon the Reserve Fund Credit Instrument prior to its termination for deposit in the Debt Service Reserve Fund Account all or part of its Coverage then the reduction will be only by that amount as the Trustee will not have the right and duty so to draw.

Any amounts in a Debt Service Reserve Fund Account which are not required to be transferred to the corresponding Debt Service Fund Account in order to pay principal of or interest on the Bonds secured by such Debt Service Reserve Fund Account may, from time to time, be used to pay costs of acquiring a Reserve Fund Credit Instrument or to make payments due under a reimbursement agreement or to reinstate coverage with respect to a Reserve Fund Credit Instrument, but only if, after such payment, the value of each Account in the Debt Service Reserve Fund will not be less than the Reserve Requirement for such Account. The Authority may provide for the pledge and assignment and grant of a lien on or any security interest in the amounts on deposit in the Debt Service Reserve Fund Account to any provider of a Reserve Fund Credit Instrument deposited in such Account to secure the Authority's obligation to make payments under a related reimbursement agreement; *provided, however*, that any such lien or security interest will be junior in priority to the claim of the Trustee for the benefit of the Holders of the Bonds secured by such Account.

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

The General Ordinance provides that all moneys held under the General Ordinance by the Trustee will be continuously and fully secured for the benefit of the Authority and the Holders of the Authority Obligations, as their respective interests may appear, by Investment Obligations of a market value at least equal at all times to the amount of the deposit so held by the Trustee. However, it will not be necessary for the Trustee to give security for any amount of moneys as is insured by federal deposit insurance, for the Trustee to give security for any moneys which will be represented by Investment Obligations purchased under the provisions of the General Ordinance as an investment of such moneys, or for any Paying Agent to give security for the deposit of any moneys held by it in trust for the Holders of Authority Obligations.

The General Ordinance provides that, upon direction of an Authorized Officer, moneys in the Funds and Accounts established by the General Ordinance will be invested by the Trustee in Investment Obligations so that the maturity date or date of redemption at the option of the holder of such Investment Obligations will coincide, as nearly as practicable, with the times at which moneys in the Funds and Accounts will be required for the purposes provided in the General Ordinance.

The Trustee will maintain all amounts in each Fund established by the General Ordinance in investments and moneys which are separate and distinct from those of any other Fund. The Trustee will maintain all amounts in each Rebate Account in investments and deposits which are separate and distinct from those of any other Fund or Account.

Moneys in the Debt Service Reserve Fund will be invested by the Trustee upon direction of an Authorized Officer, in Investment Obligations the maximum maturity of which will not be more than ten (10) years from the date of such investment; *provided, however,* that at least 25% of the moneys in each Account of the Debt Service Reserve Fund will from time to time be invested in Investment Obligations the average maturity of which will not be more than two (2) years from the date of any investment. A Reserve Fund Credit Instrument will be treated as an investment in an Investment Obligation of a maturity equal to the number of days of advance notice which must be given in order to obtain payments on it.

All interest and other investment earnings on amounts in the Debt Service Fund or any Account in it or in the Debt Service Reserve Fund or any Account therein will be deposited in and credited to the Fund and the Account in which it was earned and will be used in the same manner as other amounts in that Fund and that Account.

In computing the value of any Fund or Account held by the Trustee under the provisions of the General Ordinance, obligations purchased as an investment of moneys in such Fund or Account will be valued at the cost or market price of such obligations, whichever is lower, exclusive of accrued interest, except that with respect to the Debt Service Reserve Fund, obligations will be valued at par or, if purchased at less than par, at their cost to the Authority.

NO INCONSISTENT SECURITY INTERESTS

The Authority covenants in the General Ordinance that it will not secure any obligation other than Authority Obligations with a pledge of, nor will it create or suffer to exist a lien on or security interest in, nor will it assign, any Trusteed Money, any Revenues or any other of its funds on hand from which Authority Obligations are payable in such a way that the claims for those other obligations on the Trusteed Money or such other Revenues or funds will be senior to or on a parity with the claims of the Holders of the Authority Obligations, but only in such a manner as would cause such claims for such other obligations to be junior and subordinate to the claims of the Holders of Authority Obligations to such amounts.

ADDITIONAL AUTHORITY OBLIGATIONS

Under the provisions of the General Ordinance the Authority covenants with the Holders from time to time of all Authority Obligations that it will not issue any Additional Authority Obligations except as described below.

1. Any Additional Authority Obligations must be issued under Section 4.04 of the Act, as it may be amended from time to time, or a successor to that Section.

2. The Authority may issue at any time Additional Authority Obligations for any lawful purpose allowed by the Act if there is no default in payment of Authority Obligations or in making all required deposits to the Debt Service Fund, if upon the issuance of the Additional Authority Obligations which are Bonds the value of each Account in the Debt Service Reserve Fund is not less than the Reserve Requirement for such Account and if the "Revenues test" is met.

The "Revenues test" is met if, at the date the contract is made to sell the Additional Authority Obligations, (a) Sales Tax Revenues equal or exceed 2.5 times the maximum Annual Debt Service Requirements for the then current or any future twelve-month period ending April 30 for all Authority Obligations to be Outstanding upon the issuance of the Additional Authority Obligations, and (b) Sales Tax Revenues equal or exceed 1.0 times the Authority's obligation to repay due and owing policy costs required pursuant to the Municipal Bond Debt Service Reserve Policies deposited into the respective Debt Service Reserve Fund Accounts to satisfy the Reserve Requirements for the Outstanding Bonds for which such Municipal Bond Debt Service Reserve Policies have been issued. See "**OUTSTANDING RESERVE FUND CREDIT INSTRUMENTS** - Debt Service Reserve Fund Credit Instruments" in this Official Statement.

For purposes of the "Revenues test," "Sales Tax Revenues" will be an amount equal to one-half of the sales tax revenues for the most recently completed 24 months for which the Authority has financial statements available, will be calculated consistent with generally accepted accounting principles and will be evidenced either by an Accountant's Certificate or (for months for which audited financial statements are not available) by a certificate of an Authorized Officer of the Authority.

3. Notwithstanding paragraphs (2) and (4), the Authority may issue Additional Authority Obligations to pay, purchase, redeem or refund Authority Obligations if there will be in the judgment of the Authority no money available to make payments of interest on or principal of those Authority Obligations (at maturity or on Sinking Fund Installment dates or pursuant to other mandatory redemption or purchase obligations) as such amounts come due.

4. In addition to Additional Authority Obligations that may be issued pursuant to paragraphs (2) and (3) above, the Authority may issue Additional Authority Obligations to pay, purchase, redeem or refund any Authority Obligations if the total amount of the required deposits in the Debt Service Fund with respect to all Authority Obligations after the issuance of the Additional Authority Obligations will be not in excess of the required deposits in the Fund for all Authority Obligations Outstanding prior to the issuance of those Additional Authority Obligations in each Fiscal Year in which any of those Authority Obligations Outstanding prior to the issuance are to remain Outstanding.

The General Ordinance provides that nothing therein will prohibit the Authority from issuing Separate Ordinance Obligations which may (but need not) be general obligations of the Authority, and from assigning, pledging, and granting a first lien on and first security interest in Secured Government Payments or *ad valorem* real property tax receipts, or both, as well as amounts in a debt service fund and a debt service reserve fund for such Obligations, for the payment of principal, redemption price, purchase price of and interest on such Separate Ordinance Obligations, and for reimbursing a provider of a credit support instrument or reserve fund credit instrument for such Obligations and for reinstating coverage under such an instrument but only to the extent that such Secured Government Payments and receipts have not been specifically and explicitly pledged by a Series Ordinance to Authority Obligations.

Maintenance of Existence

The Authority covenants that it will not take any action to cause itself to be terminated or dissolved. It will take all necessary actions to maintain its existence under the Act.

Imposition of Taxes

The Authority covenants that it will impose and continue to impose taxes, as provided in Section 4.03 of the Act and, in addition, further taxes as subsequently authorized by law, sufficient to make the required deposits in and credits to the various Accounts in the Debt Service Fund and to pay the principal of and all interest on and to meet other debt service requirements of the Authority Obligations as they become due, and will take any steps necessary for the collection and receipt of those taxes.

Obtaining Funds

The Authority will take all necessary steps to obtain and to apply as provided in the General Ordinance in a timely fashion all amounts which it is entitled to receive as are required in order to pay the principal, Redemption Price, Purchase Price and interest on all Authority Obligations.

Budgets and Annual Appropriation Ordinances

The Authority will adopt, in the manner provided by the Act, budgets and annual appropriation ordinances in conformity with the Act which will make all needed provisions in them for the payment of principal, Redemption Price, Purchase Price and interest on all Authority Obligations.

Financial Statements

The Authority will keep proper books and accounts relating to, among other things, the amount of its revenues and expenses, in conformity to the Act, and will cause an audit of its annual financial statements to be prepared by an independent firm of certified public accountants within 120 days of the end of each Fiscal Year. The Authority will furnish a copy of those financial statements, together with that audit report, to the Trustee and to any other Holder of the Authority Obligations who will request a copy.

Default Provisions; Remedies of Holders

Proceedings Brought by Trustee. The General Ordinance provides that if default is made by the Authority in the performance or observance of any of the covenants, agreements or conditions on its part contained in the General Ordinance, any Series Ordinance or in the Authority Obligations, or upon the filing by or on behalf of the Authority of a petition for the bankruptcy of the Authority, or some other similar proceeding such as for receivership of the Authority or a substantial part of its assets shall have been undertaken, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than 25% in principal amount of the Authority Obligations Outstanding will proceed, to protect and enforce its rights and the rights of the Holders of those

Authority Obligations under the General Ordinance by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the General Ordinance, or in aid of the execution of any power granted in the General Ordinance or any Series Ordinance or any remedy granted under the Act or for a writ of mandamus, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the General Ordinance.

All rights of action under the General Ordinance or any Series Ordinance may be enforced by the Trustee without the possession or protection of any of the Authority Obligations on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee will be brought in its name.

The Holders of a majority in principal amount of the Authority Obligations at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee will have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Holders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the General Ordinance or any Series Ordinance, the Trustee will be entitled to exercise any and all rights and powers conferred in the General Ordinance and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Holders of a majority in principal amount of the Authority Obligations then Outstanding, and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the General Ordinance or any Series Ordinance by any acts which may be unlawful or in violation of the General Ordinance or any Series Ordinance, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interests of the Holders of the Authority Obligations, including, without limitation, steps with regard to any Credit Support Instrument.

For purposes of these paragraphs describing remedies, the principal amount of any Authority Obligations issued at an original issue discount of more than 2% of its face amount will be its Compound Accreted Value.

Application of Moneys After Default. In the General Ordinance, the Authority has covenanted that if an Event of Default occurs and is not remedied, the Authority, upon the demand of the Trustee, will cause to be paid over to the Trustee all moneys, securities and funds then held by or available to the Authority which are legally able to be used to pay debt service on the Authority Obligations and which are needed for that purpose. During the continuance of an Event of Default, the Trustee will apply all moneys, securities, and funds received by the Trustee as follows and in the following order: (a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee and Paying Agents; (b) to the payment of the interest and principal then due on the Authority Obligations, as follows: (i) to the payment to the persons entitled to such payments of all interest then due in the order that the interest became due, together with accrued and unpaid interest on the Authority Obligations previously called for redemption, and, if the amount available shall not be sufficient to pay in full any interest which became due on the same date, then to the payment of such interest ratably, according to the amounts due, to the persons entitled to such payments, without any discrimination or preference; and (ii) to the payment to the persons entitled to such payments of the unpaid principal or Redemption Price or Purchase Price of any Authority Obligations which shall have become due, whether at maturity or pursuant to Sinking Fund Installments or otherwise, in the order of such due dates, and, if the amount available shall not be sufficient to pay in full all the Authority Obligations due on any date, then to the payment of such principal or Redemption Price or Purchase Price ratably, according to the amounts of principal or Redemption Price due, to the persons entitled to such payments, without any discrimination or preference.

No remedy by the terms of the General Ordinance or any Series Ordinance conferred upon or reserved to the Trustee or the Holders of the Authority Obligations is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the General Ordinance or any Series Ordinance or existing law, including under the Act, or in equity or by statute.

No delay or omission of the Trustee or any Holder to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or shall be construed to be a waiver of or an acquiescence in any such Event of Default.

The Trustee will promptly mail written notice of the occurrence of any Event of Default to each Holder of Authority Obligations then Outstanding at his or her address, if any, appearing upon the registry books of the Authority.

MODIFICATION OF GENERAL ORDINANCE

The General Ordinance includes provisions by which the Authority may, by Supplemental Ordinance, modify the General Ordinance or any Series Ordinance without the consent of the Holders of Authority Obligations in order to further secure or provide for payment of Authority Obligations, to impose further limitations on the issuance of Authority Obligations and incurring of obligations by the Authority, to surrender any right, power or privilege reserved to or conferred upon the Authority under the General Ordinance, to take any action for the collection and application of moneys sufficient to pay principal and interest on the Authority Obligations as they fall due, to confirm as further assurance any covenant, assignment, lien, or security interest in the General Ordinance, and with the consent of the Trustee, to correct ambiguities, defects or inconsistent provisions in the General Ordinance or any Series Ordinance.

Other than these modifications, the General Ordinance may not be amended except with the consent of the Holders of 66-2/3% in principal amount of all the Bonds then Outstanding (other than Bonds of a Series which is unaffected by such modification or amendment) and the consent of the Holders of 66-2/3% in principal amount of all the Notes then Outstanding (other than Notes of a

Series which is unaffected by such modification or amendment) by written instrument. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Authority to pay the principal, redemption or Purchase Price, if any, of or interest on any Authority Obligation at the time and place and at the rate and in the currency provided in such Authority Obligation without the express consent of the Holder of such Authority Obligation, nor permit the preference or priority of any Authority Obligation over any other Authority Obligation, nor reduce the percentages of Bonds and Notes required for the written consent to an amendment or modification, nor modify any of the rights or obligations of the Trustee or any Paying Agent at the time acting pursuant to the General Ordinance, without the written assent of such Agent. For purposes of this paragraph, the principal amount any Authority Obligation issued at an original issue discount of more than 2% of its face amount will be its Compound Accreted Value.

RESIGNATION OR REMOVAL OF TRUSTEE OR PAYING AGENTS; SUCCESSOR TRUSTEES; SUCCESSOR PAYING AGENTS

The Trustee may at any time, except during such time as the Authority shall have failed to pay (and shall continue to fail to pay) principal on any Authority Obligations at maturity or on Sinking Fund Installment dates or to pay interest on any Authority Obligation as it comes due or to make any required deposits into the Debt Service Fund, resign and be discharged of the duties and obligations under the General Ordinance by giving not less than sixty (60) days' written notice to the Authority and publishing notice of the resignation, specifying the date when such resignation will take effect, once in a daily newspaper of general circulation in the City of Chicago. Such resignation will take effect upon the day specified in such notice unless previously a successor will have been appointed, in which event such resignation will take effect immediately on the appointment of the successor.

The Trustee will be removed by the Authority if at any time the Authority is so requested by an instrument or concurrent instruments in writing filed with the Trustee and the Authority, and signed by the Holders of a majority in principal amount of the Authority Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Authority Obligations held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during such time as the Authority will have failed to pay (and will continue to fail to pay) principal of any Authority Obligation (at maturity or on Sinking Fund Installment dates) or to pay interest on any Authorized Obligation as it comes due or to make any required deposits into the Debt Service Fund, for such cause as will be determined by the Authority by filing with the Trustee an instrument of removal signed by an Authorized Officer of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Authority shall then by resolution appoint a successor Trustee. The Authority will publish notice of any such appointment made by it in a daily newspaper of general circulation in the City of Chicago, such publication in each case to be made within twenty (20) days after such appointment. If appointment of a successor Trustee shall not be made within forty-five (45) days after the Trustee shall have given to the Authority written notice, or after a vacancy in the office of the Trustee shall have otherwise occurred, the Trustee or any Holder of the Authority Obligations may apply to any court of competent jurisdiction to appoint a successor Trustee. That court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee. Any Trustee appointed in succession to the Trustee shall be a bank or trust company organized under the laws of the State or a national banking association doing business and having its principal office in Cook, DuPage, Kane, Lake, McHenry or Will Counties, Illinois, shall have significant prior experience as a trustee under bond resolutions or indentures of trust, shall have a capital and surplus aggregating at least Twenty Million Dollars ($20,000,000), and shall be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Ordinance. No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of the Trustee.

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the General Ordinance by giving at least sixty (60) days' written notice to the Authority and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least Twenty Million Dollars ($20,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Ordinance. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor then appointed, to the Trustee until such successor is appointed. The Authority shall notify the Trustee and the Holders of the Authority Obligations, in the manner provided for notification of redemption, as to the appointment of a successor Paying Agent.

MAINTENANCE OF BOND INSURANCE, CREDIT SUPPORT INSTRUMENTS AND RESERVE FUND CREDIT INSTRUMENTS

The Authority will enforce or cause to be enforced, as provided under the General Ordinance, the provisions of each policy of bond insurance insuring the payment of principal of and interest on the Authority Obligations, each Credit Support Instrument and each Reserve Fund Credit Instrument. The Authority will, as provided under the General Ordinance, duly perform its covenants and agreements pertaining to such policies or Instruments so that each will remain in full force and effect during their term or as provided in a Series Ordinance. The Authority will not consent, agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with such bond insurance policy, Credit Support Instrument or Reserve Fund Credit Instrument which would in any manner materially impair or materially adversely affect the rights of the Authority or the Trustee under such bond insurance policies, Credit Support Instrument or Reserve Fund Credit Instrument or the rights or security of the Holders of the Authority Obligations.

PROVISIONS RELATING TO RESERVE FUND POLICY

As long as the Reserve Fund Policy is in effect, the following provisions shall be considered part of the 2011A Series Ordinance.

A. The Authority shall repay any draws under the Reserve Fund Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Authority at the Late Payment Rate.

Repayment of Policy Costs at the Late Payment Rate shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due on the Series 2011A Bonds, then to the expenses due and then to principal due on the Series 2011A Bonds. As and to the extent that payments are made to the Insurer on account of principal due on the Series 2011A Bonds, the coverage under the Reserve Fund Policy shall be increased by a like amount, subject to the terms of the Reserve Fund Policy.

All cash and investments in the Series 2011A Bonds Reserve Account shall be transferred to the Series 2011A Bonds Account for payment of debt service on the Series 2011 Bonds before any drawing may be made on the Reserve Fund Policy. Payment of Policy Costs shall be made prior to replenishment of any cash drawn from the Series 2011A Bonds Reserve Account.

B. If the Authority shall fail to pay any Policy Costs owing to the Insurer in accordance with paragraph A above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Financing Documents other than remedies which would adversely affect the Series 2011A Bondholders.

C. The Financing Documents shall not be discharged until all Policy Costs shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the Series 2011A Bonds.

D. In addition to the provisions of Section 909 of the General Ordinance regarding the issuance of Additional Authority Obligations, the Authority shall be considered to have met the "Revenues test" only if, in addition to the conditions described in Section 909(3) of the General Ordinance, the Sales Tax Revenues shall equal or exceed 1.0 times the amount of the Authority's obligations with respect to the repayment of Policy Costs then due and owing.

E. The Trustee shall ascertain the necessity for a claim upon the Reserve Fund Policy in accordance with the provisions of paragraph A above and to provide notice to the Insurer in accordance with the terms of the Reserve Fund Policy at least two Business Days prior to each date on which monthly deposits of principal or interest are due on Series 2011A Bonds.

PROVISIONS RELATING TO INSURANCE POLICY

As long as the Insurance Policy is in effect, the following provisions shall be considered part of the 2011A Series Ordinance.

A. The prior written consent of the Insurer shall be a condition precedent to the deposit of any substitute Surety into the Series 2011A Bonds Reserve Account.

B. The Insurer is deemed to be the sole holder of the Series 2011A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Series 2011A Bondholders are entitled to take pursuant to the Financing Documents pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

C. No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. There is no grace period for payment defaults.

D. The Insurer is deemed to be a third party beneficiary to the Financing Documents.

E. Any amendment, supplement, modification to, or waiver of, the Financing Documents that requires the consent of the Series 2011A Bondholders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

F. The rights granted to the Insurer under the Financing Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Series 2011A Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Series 2011A Bondholders or any other person is required in addition to the consent of the Insurer.

G. Only (1) cash, (2) non-callable direct obligations of the United States of America (*"Treasuries"*), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2011A Bonds unless the Insurer otherwise approves.

To accomplish a defeasance in which the refunded Series 2011A Bonds will not be redeemed within 90 days of the issuance of refunding bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (*"Accountant"*) verifying the sufficiency of the escrow established to pay the Series 2011A Bonds in full on the maturity or redemption date (*"Verification"*); *provided, however,* that in the case of a gross funded current refunding (certified as such in writing by the Authority to the Insurer), the Verification shall not be required, (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2011A Bonds are no longer "Outstanding" under the Financing Documents; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Series 2011A Bonds shall be deemed "Outstanding" under the Financing Documents unless and until they are in fact paid and retired or the above criteria are met.

H. Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Financing Documents and the Series 2011A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Financing Documents. The Financing Documents shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

I. The Authority covenants and agrees to take such action as is necessary from time to time to preserve the priority of the pledge of the Revenues.

J. *Claims Upon the Insurance Policy and Payments by and to the Insurer:*

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Financing Documents, moneys sufficient to pay the principal of and interest on the Series 2011A Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2011A Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2011A Bonds and the amount required to pay principal of the Series 2011A Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2011A Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2011A Bonds registered to the then current Series 2011A Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2011A Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp. in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2011A Bond shall have no effect on the amount of principal or interest payable by the Authority on any Series 2011A Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2011A Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Series 2011A Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Series 2011A Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Series 2011A Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2011A Bonds under the Financing Documents regarding payment of Series 2011A Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Revenues and payable from such Revenues on a parity with debt service due on the Series 2011A Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2011A Bond payment date shall promptly be remitted to the Insurer.

K. The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2011A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Authority to the Insurer under the Financing Documents shall survive discharge or termination of the Financing Documents.

L. After payment of the reasonable expenses of the Trustee, if any, the application of funds realized upon default shall be applied to the payment of the expenses of the Authority or rebate only after the payment of past due and current debt service on the Series 2011A Bonds and amounts required to restore the Series 2011A Bonds Reserve Account to the Reserve Requirement for the Series 2011A Bonds.

M. The Insurer shall be entitled to pay principal or interest on the Series 2011A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy), whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

N. The Insurer shall be provided with the following information by the Authority or the Trustee, as the case may be:

(i) Annual audited financial statements within 210 days after the end of the Authority's fiscal year (together with a certification of the Authority that it is not aware of any default or Event of Default under the Financing Documents), and the Authority's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any default known to the Trustee or the Authority within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Series 2011A Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and the Paying Agent and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the Authority commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an *"Insolvency Proceeding"*);

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2011A Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Financing Documents relating to the Series 2011A Bonds;

(viii) All reports, notices and correspondence to be delivered to Series 2011A Bondholders under the terms of the Financing Documents;

(ix) Simultaneously with the furnishing of such information to the Municipal Securities Rulemaking Board, all information furnished pursuant to the Authority's Continuing Disclosure Agreement with respect to the Series 2011A Bonds; and

(x) Notice of any draw upon the Series 2011A Bonds Reserve Account within two Business Days after knowledge thereof other than (a) withdrawals of amounts in excess of the Reserve Requirement for the Series 2011A Bonds and (b) withdrawals in connection with a refunding of the Series 2011A Bonds.

O. The Insurer shall have the right to receive such additional information as it may reasonably request.

P. The Authority will permit the Insurer to discuss the affairs, finances and accounts of the Authority or any information the Insurer may reasonably request regarding the security for the Series 2011A Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.

Q. The Trustee shall notify the Insurer of any failure of the Authority to provide notices, certificates and other information under the Financing Documents.

R. Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Financing Documents, no such issuance may occur (i) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (ii) unless the Series 2011A Bonds Reserve Account is fully funded at the Reserve Requirement for the Series 2011A Bonds upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

S. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Financing Documents would adversely affect the security for the Series 2011A Bonds or the rights of the Series 2011A Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

T. The Authority, to the extent permitted by law, shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with any of the following: (i) the administration, enforcement, defense or preservation of any rights or security in the Financing Documents; (ii) the pursuit of any remedies under the Financing Documents or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Financing Documents whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Financing Documents or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Financing Documents.

U. Any Series 2011A Bonds purchased by or on behalf of the Authority shall be immediately cancelled unless the Insurer consents otherwise.

DEFEASANCE

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Authority Obligations then Outstanding, the principal and interest and Redemption Price, if any, to become due on the Authority Obligations, at the times and in the manner stipulated in the Authority Obligations, the General Ordinance and the Series Ordinances, then and in that event the covenants, agreements and other obligations of the Authority to the Holders of the Authority Obligations, shall be discharged and satisfied.

Authority Obligations for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or redemption date of such Authority Obligations, shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Authority Obligations of any Series shall, prior to their maturity or redemption date, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if there shall have been deposited with such Trustee or Paying Agents either moneys in an amount which shall be sufficient, or Government Obligations the principal of and interest on which when due will provide moneys which, when added to the moneys, if any, deposited with such Trustee or Paying Agents at the same time, shall be sufficient (as evidenced by an Accountant's Certificate) to pay the principal of those Authority Obligations at maturity, or on Sinking Fund Installment dates for Term Bonds, or Redemption Price, if applicable, and interest due and to become due on those Authority Obligations on and prior to the redemption date or maturity date (or Sinking Fund Installment dates for Term Bonds) thereof, as the case may be, and in case any of the Authority Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give any required notice of redemption on that date of such Authority Obligations as provided in the General Ordinance. Neither Government Obligations nor moneys deposited with the Trustee as described in these paragraphs concerning defeasance nor principal or interest payments of any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on those Authority Obligations; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in principal amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on those Authority Obligations on and prior to such redemption date or maturity date of the Authority Obligations, as the case may be. With respect to Authority Obligations for which there are purchase or similar obligations of the Authority or redemption provisions other than pursuant to Sinking Fund Installments or at the option of the Authority, the Series Ordinance shall prescribe the extent to which and the manner in which this paragraph shall be applicable to those obligations.

Under the General Ordinance, any moneys held by the Trustee or Paying Agents in trust for the payment and discharge of any of the Authority Obligations which remain unclaimed for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agents after the date when the Authority Obligations become due and payable will, at the written request of the Authority, be repaid by the Trustee or Paying Agents to the Authority (after notice thereof having been published twice, commencing at least 30 days prior to such repayment as provided in the General Ordinance), as its absolute property and free from trust, and the Trustee or Paying Agents will thereupon be released and discharged with respect to such amounts and the Holders shall look only to the Authority for the payment of such Authority Obligations.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS RELATING TO GLOBAL BOOK ENTRY ONLY SYSTEM

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APPENDIX F
CERTAIN PROVISIONS RELATING TO
GLOBAL BOOK-ENTRY ONLY SYSTEM

General. The following information concerning The Depository Trust Company, New York, New York ("*DTC*") has been furnished by DTC for use in this Official Statement. Neither the Authority nor the Remarketing Agent is responsible for its accuracy or completeness.

DTC acts as securities depository for the Series 2011A Bonds. The Series 2011A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2011A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "*Exchange Act*"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "*SEC*"). More information about DTC can be found at www.dtcc.com and www.dtc.org or www.dtcc.com.

Purchases of Series 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011A Bonds("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2011A Bonds, except in the event that use of the book-entry system for the Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2011A Bonds may wish to ascertain that the nominee holding the Series 2011A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011A Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, redemption price and interest on the Series 2011A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or its Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payment by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011A Bonds of any series at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2011A Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2011A Bonds certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2011A BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2011A BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED DATE OF CLOSING]

We hereby certify that we have examined a certified copy of the proceedings of the Board of Directors (the *"Board"*) of the Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois (the *"Authority"*), in connection with the issuance by the Authority of its fully registered $95,550,000 General Obligation Refunding Bonds, Series 2011A (the *"Bonds"*), dated July 13, 2011, in denominations of $5,000 each and any integral multiple thereof, due on June 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2013	$12,040,000	4.00%
2014	12,475,000	5.00%
2015	13,000,000	5.00%
2016	13,560,000	5.00%
2017	14,165,000	5.00%
2018	14,810,000	5.00%
2019	15,500,000	5.00%

The Bonds are issued pursuant to a Bond and Note General Ordinance, adopted by the Board on August 8, 1985, as supplemented and amended (the *"General Ordinance"*), and a Series Ordinance providing specifically for the issuance of the Bonds, adopted by the Board on April 21, 2011 (the *"Series Ordinance"*). The Bonds are not subject to redemption prior to maturity.

From such examination, we are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Authority and said issue is payable from all Revenues (as defined in the General Ordinance) and from all funds received or held by the Authority, including, without limitation, amounts in the appropriate accounts of the Debt Service Fund and the Debt Service Reserve Fund (each as defined in the General Ordinance), which may by law be utilized for such payment, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the Authority's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Authority covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Dunbar, Breitweiser & Company, LLP, Certified Public Accountants.

It is also our opinion that interest on the Bonds is includible in the calculation of Illinois state income tax for Bondholders who are residents of Illinois. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Authority with respect to certain material facts within the Authority's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER **SECTION** (b)(5) OF **RULE** 15c2-12

This Continuing Disclosure Undertaking (the *"Agreement"*) is executed and delivered by the Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois (the *"Issuer"*), in connection with the issuance "), in connection with the issuance of $95,550,000 General Obligation Refunding Bonds, Series 2011A (the "*Bonds*") by the Issuer. The Bonds are being issued pursuant to the Bond and Note General Ordinance adopted by the Board of Directors of the Issuer (the "*Board"*) on August 8, 1985, as supplemented and amended (the "*General Ordinance"*), and the Series Ordinance adopted by the Board on April 21, 2011 (the *"2011A Series Ordinance"*). In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows.

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated June 28, 2011, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III.* The Issuer will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner

and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by resolution or ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to

repayment of the Bonds under the Ordinance. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

REGIONAL TRANSPORTATION AUTHORITY, COOK, DUPAGE, KANE, LAKE, MCHENRY AND WILL COUNTIES, ILLINOIS

By:______________________________________
John S. Gates, Jr., Chairman

Address: 175 West Jackson Boulevard
Suite 1550
Chicago, Illinois 60604

Date: _____________ __, 2011

Exhibit I

Annual Financial Information and Timing and Audited Financial Statements

I. Annual Financial Information means the information included in Appendix B and Appendix C and information of the type set forth in the Official Statement under the following headings:

RTA Statements of Revenues and Expenditures
(Including Funding for the Service Boards) 2006-2010 Financial Information
2011 Budget and 2012-2013 Financial Plan

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA so that such entities receive the information within 210 days after the end of each fiscal year of the Issuer. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

II. Audited Financial Statements.

Within 210 days after the end of each fiscal year, the Issuer will submit to EMMA its Audited Financial Statements prepared in accordance with generally accepted accounting principles. If audited financial statements are not available, unaudited financial statements will be provided.

III. If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will provide a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

---

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Exhibit III
Cusip* Numbers

$95,550,000
General Obligation Refunding Bonds, Series 2011A

Year of Maturity	CUSIP* Number
2013	759911S92
2014	759911T26
2015	759911T34
2016	759911T42
2017	759911T59
2018	759911T67
2019	759911T75

*Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

REGIONAL TRANSPORTATION AUTHORITY

Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois • General Obligation Refunding Bonds, Series 2011A

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