



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for May 2010
Date: July 14, 2010

CTA's financial results show a surplus for the month of May of \$5.9 million and \$24.9 million for the year to date. The surplus for the month and year to date period is primarily due to lower operating expenses than anticipated in the budget. Ridership for the month of May was 43.2 million and was 0.6 million less than budget.

The chart below highlights CTA's key working capital results at May 2010 compared to May 2009 and year end 2009.

	May 2010	May 2009	Increase (Decrease)	Dec 2009
Working Cash	\$ 70.8	\$ 89.8	\$ (19.0)	\$ 60.5
Damage Reserve Cash	75.3	4.8	70.5	85.1
Inventory	83.1	103.5	(20.4)	92.8
Funds owed by RTA	186.1	238.6	(52.5)	205.6
Funds owed by State of Illinois	0.7	1.1	(0.4)	-
Funds CTA owes (accounts payable)	29.8	28.3	1.5	24.4

CTA's working cash balance remains well below the target of three months' operating expense which is approximately \$300 million. Funds owed to CTA by the RTA and the state is approximately \$186.8 million. CTA inventories have decreased by \$20.4 million from the prior year primarily due to an increase in the reserve for obsolescence. Funds' CTA owes to creditors is more than prior year and December 2009.

Ridership for the month of May was 43.2 million and was 0.6 million less than budget and was 1.1 million less than prior year. Bus ridership for the month of May was 25.7 million. This was 1.0 million or 3.6% less than budget and was 1.9 million or 6.8% less

than May 2009. Rail ridership for May was 17.5 million and was 0.3 million or 2.0% more than budget and was 0.8 million or 4.7% more than May 2009.

Ridership for the year to date was below budget by 1.6 million or 0.8% primarily due to lower than anticipated bus ridership. Bus ridership is 4.1 million less than the prior year to date while rail ridership was 3.1 million higher. The lower bus ridership reflects the service cuts implemented in February that primarily affected bus passengers.

Public Funding Required for Operations for the month and the year was \$46.0 million and \$270.1 million, respectively and was favorable to budget by \$5.9 million and \$24.9 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.08% for the month and 54.74% for the year. This was favorable to budget by 2.40 percentage points for the month and 1.04 percentage points for the year to date.

Operating Expenses for the month and year equaled \$91.4 million and \$495.2 million, respectively. For the current month, operating expenses were \$9.3 million or 9.2% less than budget. All expense categories were less than or equal to budget, except security. For the year to date period, operating expenses were \$37.4 million or 7.0% lower than budget; all categories of expense favorable to budget, except security.

Labor Expense was \$64.5 million for the month of May and was \$3.7 million less than budget due to vacancies, lower overtime and higher charges to capital jobs. Labor expense for the year to date equaled \$343.7 million and was favorable to budget by \$13.5 million.

Material Expense was \$3.5 million for the month and was \$1.3 million or 26.5% less than budget. Material expense for the year to date equaled \$29.1 million and was favorable to budget by \$4.4 million. The lower material expense for the year is due to the reduction in the bus fleet with scraping of the 19 year old buses, lower material usage for rail cars and lower fare card material.

Fuel for Revenue Equipment was \$4.0 million for the month and was \$1.2 million less than budget and was \$5.1 million less than budget for the year to date. Compared to the prior year to date, fuel is 19.1 million less than 2009 due to favorable results from the fuel hedge program. The average price paid in May was \$2.75 per gallon and was under the budget price of \$3.39 per gallon.

Electric Power for Revenue Equipment was \$1.8 million for the month and \$15.0 million for the year. Power expense was \$1.0 million below budget for the month and was \$0.8 million lower for year to date.

Provision for Injuries and Damages Expense was \$2.3 million for the month and \$11.7 million for the year to date period and is on par with budget.

Purchase of Security Services was \$3.5 million for the month and was \$0.8 million more than budget due to timing differences between actual and budget. Year to date security expense is \$13.9 million and was \$0.1 million more than budget.

Other Expenses equaled \$11.8 million for the month and were \$2.9 million less than budget. Year to date other expense was \$61.0 million and was \$13.6 million less than budget due to timing differences between actual and budget.

System-Generated Revenue was \$45.4 million for the month and was \$3.5 million less than budget for the month. Year to date System-Generated Revenue was \$225.2 million and was \$12.5 million less than budget. The year to date unfavorable variance was primarily due to lower than anticipated farebox revenues. However, all categories of revenue were below budget except for contributions from local governments.

Fare and Pass Revenue was \$42.4 million for the month and was \$0.1 million less than budget. Year to date fare revenue was \$202.2 million and was \$5.0 million less than budget primarily due to a lower average fare and lower ridership. The average fare for the year to date was \$0.96 per ride; this was \$0.01 less than budget.

Reduced Fare Reimbursements were \$0.4 million for the month and \$10.4 million for the year to date. The month and year were \$2.3 million and \$3.0 million less than budget, respectively, due to anticipated State budget cuts.

Free rides totaled 6.5 million for the month and 30.8 million for the year; this is 0.1 million less than 2009 for the month and 2.3 million more for the year. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system. Bus accounts for 5.4 million of the total free rides for the month while rail is 1.1 million.

Advertising, Charter and Concessions Revenue equaled \$1.6 million in May and \$7.6 million for the year to date. This was below budget by \$0.3 million for the month and \$1.8 million for the year as the budget had anticipated higher vehicle and platform advertising revenues than realized.

Investment Income was \$76,000 for the month and \$201,000 for the year to date period. This was \$5,000 more than budget for the current month and \$0.5 million lower for the year to date period due to lower cash balances and investment rates.

Statutory Required Contributions were \$0.0 million for the month and year to date and were on par with budget.

All Other Revenue was \$0.9 million for the month and \$4.7 million for the year to date period. This was \$0.7 million lower than budget for the month and \$2.3 million less than budget for the year to date period. The unfavorable results are primarily due to lower revenues for property sales than assumed in the budget.