



To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for March 2009

Date: May 21, 2009

CTA's financial results show a surplus for the month of March of \$9.2 million and \$22.1 million for the first quarter of 2009. The surplus for the month is primarily due to lower operating expenses and higher farebox and reduced fare revenue than anticipated in the budget. Ridership for the month of March was 44.4 million and was 2.1 million higher than budget.

RTA lowered CTA's 2009 funding mark by \$154.7 million at its April board meeting. CTA will present a budget amendment for approval at the May CTA Board meeting. This report compares CTA's actual results to CTA's original budget.

CTA's cash position improved from the end of 2008, but still remains weak. The chart below highlights CTA's key working capital results at the end of March 2009 compared to March and December 2008.

	Mar 2009	Mar 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 69.0	\$ 71.2	\$ (2.2)	\$ 38.2	\$ 30.8
Damage Cash Reserve	1.3	115.2	(113.9)	5.9	\$ (4.6)
Inventory	104.1	82.6	21.5	102.9	\$ 1.2
Funds owed by RTA	239.0	140.2	98.8	256.4	\$ (17.4)
Funds owed by State of Illinois	21.6	8.8	12.8	21.1	\$ 0.5
Funds CTA owes (accounts payable)	42.9	19.3	23.6	36.5	\$ 6.4

Cash balances are \$26.2 million higher than December 2008, but are \$116.1 million lower than March 2008. CTA has borrowed and almost depleted funds from the damage reserve account to pay for the day-to-day operating expenses of the Agency. The lower cash balance compared to prior year is primarily due to the growth in the inventory balance and funds owed to CTA. Inventory balances remain high at 104.1 million, equivalent to over one year of material expense. Funds owed to CTA have increased by \$111.6 million since March 2008.

Ridership for the month of March was 44.4 million and was 2.1 million more than budget and was 2.6 million higher than prior year. Average daily ridership reached nearly 1.7 million

trips—an increase of 73,119 trips or 4.6% per day. Average Saturday ridership has increased 4.1 % in March, while Sunday ridership has dipped 0.8%.

Weekend growth has been experienced on the rail system (over 13% on Saturdays and just over 6.0% on Sundays) while the bus system has experienced ridership loss on the weekends (0.6% on Saturdays and 4.7% on Sundays). Growth in free rides has been explosive -- increasing by 2.5 million over the respective prior year period to 5.9 million. The majority of free rides have been experienced on the bus system; bus accounts for 4.9 million free rides while rail is 1.0 million.

Bus ridership for the month of March was 27.6 million. This was 2.4 million or 9.6% more than budget and was 1.3 million or 4.9% more than March 2008. Rail ridership for March was 16.7 million and was 0.3 million or 1.7% less than budget, but was 1.3 million or 8.6% more than prior year.

Public Funding Required for Operations for the month and the year was \$61.2 million and \$178.3 million, respectively and was favorable to budget by \$9.2 million and \$22.1 million, respectively. However, this report is based on CTA receiving the original funding mark; RTA subsequently reduced CTA's funding by \$154.7 million.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 49.30% for the month and 50.55% for the year to date period. This was favorable to budget by 4.77 percentage points for the month and 4.56 percentage points for the year to date primarily due to the lower than budget operating expenses and higher than budget revenues.

Operating Expenses for the month and year equaled \$105.5 million and \$313.5 million, respectively. For the current month, operating expenses were \$8.5 million or 7.5% less than budget. All expense categories were less than or equal to budget for the current month. For the year to date period, operating expenses were \$16.9 million lower than budget with all categories below budget except for power expense.

Labor Expense was \$73.6 million for the month of March and was \$3.3 million less than budget due to vacancies, deferral of exempt pay raises, lower overtime and higher charges to capital jobs. Labor expense for the first quarter of 2009 equaled \$215.7 million and was favorable to budget by \$4.8 million primarily due to the same reasons as the month. Compared to last year, labor expense is \$3.9 million lower than the first quarter of 2008.

Material Expense was \$7.6 million for the month and was under budget by \$1.2 million or 13.2%. Material expense for the first quarter of 2009 equaled \$23.7 million and was favorable to budget by \$0.4 million. The lower material expense is due to lower than budgeted expenditures in bus operations which reflects taking the NABI buses out of operation on February 19, 2009 and the addition of the new buses and retirement of the 19 year old buses.

Fuel for Revenue Equipment was \$7.5 million for the month and \$23.4 million for the first quarter. Fuel expense was \$1.3 million less than budget for the month and \$1.9 million less than budget for the first quarter of 2009. The average price paid in March was \$4.00 per gallon and was \$0.50 under the budget price of \$4.50 per gallon. Fuel consumption was 78,000 gallons lower than budget; this reflects a slightly higher miles per gallon than budget (3.27 vs. 3.20) and lower miles traveled than budget. Miles were 6.1 million for the month compared to a budget of 6.255 million.

Electric Power for Revenue Equipment was \$3.2 million for the month and was \$0.3 million less than budget for the month. Year to date power was \$12.0 million and was \$0.2 million more than budget. Rail mileage for the first quarter of 2009 was 17.7 million miles and exceeded the budget by 2.9 million miles.

Provision for Injuries and Damages Expense was \$2.5 million for the month and \$7.5 million for the year to date and was on par with budget.

Purchase of Security Services was \$2.8 million for the month and was on par with budget. Year to date security is \$7.7 million and was \$0.6 million less than budget.

Other Expenses equaled \$8.3 million for the month and were \$2.4 million less than budget. Year to date other expense was \$23.5 million and was \$9.4 million less than budget due to timing differences between actual and budget, lower interest expense on the pension obligation bonds and higher overhead charged to capital jobs.

System-Generated Revenue was \$44.3 million for the month and was \$0.7 million more than budget for the month. Year to date System-Generated Revenue was \$135.3 million and was \$5.3 million more than budget. The favorable variance was due to higher than anticipated revenue for farebox, pass and reduced fare reimbursements offset by lower non farebox revenues. Nonfarebox revenues continue to be a concern for attainment of the 2009 budget.

Fare Revenue was \$39.8 million for the month and was \$1.2 million more than budget due to higher ridership offset by a lower average fare. The average fare for the current month was \$0.90 and was \$0.01 less than budget. Year to date fare revenue was \$120.4 million and was \$5.5 million more than budget primarily due to a higher average fare and higher ridership. The average fare for the first quarter was \$0.965 and was \$0.02 more than budget.

Reduced Fare Reimbursements were \$1.3 million for the month and \$5.4 million for the first quarter. The budget did not include a budget for reduced fare reimbursement for the first six months of 2009 because at the time the budget was approved the state had not restored the annual appropriation for the region to this line item.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in March and \$6.8 million for the first quarter. This was below budget by \$0.2 million for the month and \$0.8 million for the first quarter as the budget had anticipated higher advertising and pay phone revenues than realized.

Investment Income was \$0.1 million for the month and \$0.5 million for the year to date period. This was \$0.5 million lower than budget for the current month and \$1.3 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 \$0.7 million for the month and \$2.1 million for the year to date period. This was below budget by \$1.1 million for the month and \$3.6 million for the year to date period. The unfavorable results are primarily due to lower revenues for parking and property sales than assumed in the budget.