



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for September 2009
Date: November 12, 2009

CTA's financial results show a surplus for the month of September of \$2.9 million and \$4.3 million for the year. The surplus for the month and year to date is primarily due to lower operating expenses than anticipated in the budget. This report compares actual results to the budget as amended by the Board in July.

CTA's cash position improved significantly from the end of 2008 due to the receipt of the federal preventive maintenance funds. The chart below highlights CTA's key working capital results at the end of September 2009 compared to September and December 2008.

	Sept 2009	Sept 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 304.4	\$ 32.9	\$ 271.5	\$ 61.7	\$ 242.7
Damage Reserve Cash	19.1	24.8	(5.7)	5.9	13.2
Inventory	97.7	100.4	(2.7)	102.9	(5.2)
Funds owed by RTA	151.6	195.7	(44.1)	258.8	(107.2)
Funds owed by State of Illinois	-	18.8	(18.8)	21.1	(21.1)
Funds CTA owes (accounts payable)	24.6	28.1	(3.5)	36.5	(11.9)

Working cash balances are \$242.7 million higher than December 2008, and \$271.5 million higher than September 2008. However, CTA borrowed \$73.9 million from its damage reserve fund to pay for the day-to-day operating expenses of the Agency. In July 2009 CTA began to repay this fund by transferring an additional \$3.0 million per month from the Working Cash Fund. A total of \$5.0 million is transferred each month. Inventory balances remain high at \$97.7 million, equivalent to over one year of material expense. To reduce inventory levels, CTA is exploring just in time delivery for certain items. Funds owed to CTA from RTA and the State of Illinois has decreased by \$62.9 million since September 2008.

Ridership for the month of September was 46.1 million and was 1.0 million more than budget, but was 1.0 million lower than prior year. Average daily ridership decreased 3.68% over September 2008. Average Saturday ridership increased 1.61% over prior year while Sunday ridership increased 3.43% over September 2008.

Free rides totaled 6.8 million for the month and 54.9 million for the year; this is 1.3 million more than 2008 for the month and 14.6 million more for the nine month period. Free rides for seniors went into effect on March 17, 2008. The majority of free rides have been experienced on the bus system; bus accounts for 5.7 million of the total free rides for the month while rail is 1.1 million.

Bus ridership for the month of September was 27.9 million. This was 1.0 million or 3.5% more than budget but was 1.4 million or 4.8% less than September 2008. Rail ridership for September was 18.2 million and was 0.1 million or 0.5% more than budget but was 0.4 million or 2.3% more than prior year.

Public Funding Required for Operations for the month and the year was \$53.7 million and \$496.0 million, respectively and was favorable to the amended budget by \$2.9 million and \$4.3 million, respectively. However, as of September 30, CTA has only received \$350.4 million of the \$496.0 million of funding recorded as revenue funding for 2009.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.59% for the month and 54.90% for the year to date period. This was favorable to budget by 1.62 percentage points for the month and 0.12 percentage points for the year to date primarily due to the lower operating expenses.

Operating Expenses for the month and year equaled \$104.1 million and \$934.6 million, respectively. For the current month, operating expenses were \$3.0 million or 2.8% less than budget. All expense categories were less than or equal to budget for the current month, except for fuel. For the year to date period, operating expenses were \$6.9 million or 0.0% lower than budget with all categories below budget, except fuel.

Labor Expense was \$72.4 million for the month of September and was \$1.0 million less than budget due to vacancies, deferral of exempt pay raises, lower overtime and higher charges to capital jobs. Labor expense for the year to date equaled \$647.2 million and was favorable to budget by \$1.3 million primarily due to the same reasons as the month. Compared to last year, labor expense is \$7.4 million lower than the first nine months of 2008.

Material Expense was \$6.1 million for the month and was under budget by \$1.6 million or 20.3%. Material expense for the year to date equaled \$64.2 million and was favorable to budget by \$3.5 million. The lower material expense is due to lower than budgeted expenditures in bus operations. This reflects taking the NABI buses out of operation on February 19, 2009, the addition of the new buses, retirement of the 19 year old buses, lower material usage for rail cars and lower fare card material.

Fuel for Revenue Equipment was \$9.0 million for the month and \$75.2 million for the year to date. Fuel expense was \$0.8 million more than budget for the month and \$1.8 million more for the year. The average price paid in September was \$4.74 per gallon

and was \$0.39 above the budget price of \$4.35 per gallon. Fuel consumption was 76,000 gallons less than budget. Miles per gallon was 3.28 compared to 3.20 in the budget. Actual miles traveled were 6.2 million for the month compared to a budget of 6.0 million.

Electric Power for Revenue Equipment was \$3.1 million for the month and was on par with budget. Year to date power was \$29.9 million and was \$0.1 million less than budget. Rail mileage for the year was 52.4 million miles and was on par with budget.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$15.8 million for the year to date and was on par with budget.

Purchase of Security Services was \$2.7 million for the month and was \$0.1 million less than budget. Year to date security is \$23.6 million and was \$0.3 million less than budget.

Other Expenses equaled \$9.4 million for the month and were \$1.2 million less than budget. Year to date other expense was \$78.7 million and was \$3.6 million less than budget due to timing differences between actual and budget, lower interest expense on the pension obligation bonds, lower natural gas expense, lower facilities maintenance expenses and higher overhead charged to capital jobs.

System-Generated Revenue was \$50.4 million for the month and was \$0.1 million less than budget for the month. Year to date System-Generated Revenue was \$438.6 million and was \$2.6 million less than budget. The year to date unfavorable variance was due to lower fare box and pass revenue and lower advertising revenue than budget.

Fare Revenue was \$44.5 million for the month and was \$1.2 million less than budget. The average fare for the current month was \$0.96 and was \$0.05 less than budget. Year to date fare revenue was \$382.1 million and was \$6.6 million less than budget primarily due to lower ridership. The average fare for the year was \$0.98 and was \$0.01 less than budget.

Reduced Fare Reimbursements were \$2.0 million for the month and \$18.2 million for the year. This was favorable to budget for the month by \$2.0 million and was \$2.1 million favorable to budget for the first nine months.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in September and \$20.7 million for the year. This was below budget by \$0.5 million for the month and \$1.7 million for the year as the budget had anticipated higher advertising revenues than realized.

Investment Income was \$0.1 million for the month and \$0.9 million for the year to date period. This was on par with the amended budget for the current month but was \$0.1 million less than the year to date period.

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

All Other Revenue was \$1.5 million for the month and \$16.6 million for the year to date period. This was \$0.3 million less than budget for the month and \$3.6 million more than budget for the year due to the one-time revenue resulting from the termination of the interest rate swap agreement.