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To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer *KW*

**KAREN WALKER**  
Chief Financial Officer

Re: Financial Results for August 2009

Date: October 9, 2009

CTA's financial results show a surplus for the month of August of \$0.7 million and \$1.4 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, slightly offset by lower revenues. This report reflects the budget amendment approved at the July Board meeting.

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 August 2009 compared to August and December 2008.

	August 2009	August 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 165.8	\$ 36.4	\$ 129.4	\$ 61.7	\$ 104.1
Damage Reserve Cash	14.7	20.2	(5.5)	5.9	8.8
Inventory	97.1	95.1	2.0	102.9	(5.8)
Funds owed by RTA	157.3	194.2	(36.9)	258.8	(101.5)
Funds owed by State of Illinois	2.8	12.5	(9.7)	21.1	(18.3)
Funds CTA owes (accounts payable)	33.7	38.3	(4.6)	36.5	(2.8)

Working cash balances are \$104.1 million higher than December 2008, and \$129.4 million higher than August 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 \$97.1 million, equivalent to over one year of material expense. To reduce inventory levels, CTA is exploring just in time delivery for certain items and reducing inventory min/max levels. Funds owed to CTA from RTA and the State of Illinois has decreased by \$46.6 million since August 2008.

Ridership for the month of August was 43.4 million and was 2.7 million less than budget and was 2.1 million lower than prior year. Average daily ridership decreased 5.36% over August 2008. Average Saturday ridership decreased 3.65% over prior year while Sunday ridership decreased 5.70% over August 2008.

Free rides totaled 6.6 million for the month and 48.1 million for the year; this is 1.3 million more than 2008 for the month and 13.3 million more for the eight 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 5.5 million of the total free rides for the month while rail is 1.1 million.

Bus ridership for the month of August was 25.9 million. This was 1.0 million or 3.7% less than budget but was 1.9 million or 6.8% less than August 2008. Rail ridership for August was 17.5 million and was 1.7 million or 8.8% less than budget and was 0.2 million or 1.3% less than prior year.

Public Funding Required for Operations for the month and the year was \$48.0 million and \$442.3 million, respectively and was favorable to the amended budget by \$0.7 million and \$1.4 million, respectively. However, as of August 31, CTA has only received \$288.9 million of the \$442.3 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 62.29% for the month and 54.69% for the year to date period. This was unfavorable to budget by 0.25 percentage points for the month and 0.07 percentage points for the year to date primarily due to the lower revenues.

Operating Expenses for the month and year equaled \$102.9 million and \$830.5 million, respectively. For the current month, operating expenses were \$2.4 million or 2.2% 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 \$3.9 million lower than budget with all categories below budget, except fuel.

Labor Expense was \$71.7 million for the month of August and was \$0.1 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 \$574.8 million and was favorable to budget by \$0.3 million primarily due to the same reasons as the month. Compared to last year, labor expense is \$7.0 million lower than the first eight months of 2008.

Material Expense was \$6.2 million for the month and was under budget by \$1.6 million or 20.3%. Material expense for the year to date equaled \$58.1 million and was favorable to budget by \$1.9 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 \$8.5 million for the month and \$66.2 million for the year to date. Fuel expense was \$0.3 million more than budget for the month and \$1.0 million more for the year. The average price paid in August was \$4.73 per gallon and was \$0.43 above the budget price of \$4.30 per gallon. Fuel consumption was 109,000 gallons less than budget. Miles per gallon was 3.55 compared to 3.20 in the budget.

Actual miles traveled were 6.4 million for the month compared to a budget of 6.1 million.

Electric Power for Revenue Equipment was \$3.3 million for the month and was on par with budget. Year to date power was \$26.8 million and was \$0.1 million less than budget. Rail mileage for the year was 46.7 million miles and was on par with budget.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$14.4 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 \$20.9 million and was \$0.2 million less than budget.

Other Expenses equaled \$9.1 million for the month and were \$0.9 million less than budget. Year to date other expense was \$69.3 million and was \$2.4 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.

Public funding for the month of August and the year was \$48.0 million and \$442.3 million, respectively. This was \$0.7 million less than budget for the month and \$1.4 million less than budget for the year.

System-Generated Revenue was \$54.9 million for the month and was \$1.7 million less than budget for the month due to lower fare revenue. Year to date System-Generated Revenue was \$388.2 million and was \$2.5 million less than budget. The year to date unfavorable variance was due to lower farebox and pass revenue and lower advertising revenue than budget.

Fare Revenue was \$43.8 million for the month and was \$8.0 million less than budget. The average fare for the current month was \$1.00 and was \$0.12 less than budget. Year to date fare revenue was \$337.7 million and was \$5.4 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 \$16.2 million for the year. This was favorable to budget for the month by \$2.0 million and was on par with budget for the first eight months.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in August and \$18.4 million for the year. This was below budget by \$0.6 million for the month and \$1.1 million for the year as the budget had anticipated higher advertising revenues than realized.

Investment Income was \$0.1 million for the month and \$0.8 million for the year to date period. This was on par with the amended budget for the current month and year to date.

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

All Other Revenue was \$6.8 million for the month and \$15.0 million for the year to date period. This was \$4.9 million more than budget for the month and \$4.0 million for the year due to the one-time revenue resulting from the termination of one of the three interest rate swap agreements. CTA received \$5.4 million in August 2009 related to the swap termination.

## Chicago Transit Authority

Actual Financial Results vs Budget - Budgetary Basis  
Current Period: AUG-09Currency: USD  
CO-1 (CTA)

In Thousands of Dollars	<----- Current Month ----->			<----- Year to Date ----->		
	AUG-09	Variance Fav/ (Unfav)	Variance %	AUG-09	Variance Fav/ (Unfav)	Variance %
<b>Operating expenses</b>						
Labor	71,750	115	0.2 %	574,775	292	0.1 %
Material	6,229	1,591	20.3 %	58,096	1,920	3.2 %
Fuel-revenue equipment	8,489	(283)	(3.5) %	66,208	(1,017)	(1.6) %
Power-revenue equipment	3,279	0	0.0 %	26,811	107	0.4 %
Provision for injuries & damages	1,391	0	0.0 %	14,439	0	0.0 %
Purchase of security services	2,697	84	3.0 %	20,911	168	0.8 %
Other expenses	9,086	860	8.6 %	69,306	2,413	3.4 %
<b>Total operating expenses</b>	<b>102,920</b>	<b>2,366</b>	<b>2.2 %</b>	<b>830,545</b>	<b>3,884</b>	<b>0.5 %</b>
<b>System generated revenue</b>						
Fare box revenue	23,427	(1,480)	(5.9) %	181,353	535	0.3 %
Passes	20,339	(6,501)	(24.2) %	156,313	(5,963)	(3.7) %
<b>Total fare and pass revenue</b>	<b>43,766</b>	<b>(7,981)</b>	<b>(15.4) %</b>	<b>337,666</b>	<b>(5,428)</b>	<b>(1.6) %</b>
Reduced fare subsidy	2,000	2,000	n/m	16,239	139	0.9 %
Advertising, charter, concessions	2,288	(550)	(19.4) %	18,443	(1,128)	(5.8) %
Investment income	86	(36)	(29.5) %	832	(74)	(8.2) %
Statutory Required Contributions	0	0	n/m	0	0	n/m
Other revenue	6,781	4,912	262.7 %	15,049	3,972	35.9 %
<b>Total system generated revenue</b>	<b>54,921</b>	<b>(1,655)</b>	<b>(2.9) %</b>	<b>388,230</b>	<b>(2,519)</b>	<b>(0.6) %</b>
<b>Public funding required for operations</b>	<b>47,999</b>	<b>711</b>	<b>1.5 %</b>	<b>442,316</b>	<b>1,365</b>	<b>0.3 %</b>
<b>Recovery ratio %</b>	<b>62.29</b>	<b>(0.25)</b>		<b>54.69</b>	<b>(0.07)</b>	
<b>Passenger Trips</b>						
Bus	25,934	(992)	(3.7) %	211,206	129	0.1 %
Rail	14,338	(559)	(3.7) %	110,586	70	0.1 %
<b>Total passenger trips</b>	<b>40,271</b>	<b>(1,550)</b>	<b>(3.7) %</b>	<b>321,792</b>	<b>199</b>	<b>0.1 %</b>
Rail to Rail Transfer	3,152	(1,125)	(26.3) %	23,342	(2,080)	(8.2) %
<b>Total NTD Passenger Trips</b>	<b>43,423</b>	<b>(2,675)</b>	<b>(5.8) %</b>	<b>345,134</b>	<b>(1,880)</b>	<b>(0.5) %</b>
<b>Current Period</b>						
Workdays	21			170		
Saturdays	5			35		
Sunday/Holidays	5			38		