To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for May 2009

Date: July 16, 2009

CTA's financial results show a surplus for the month of May of $5.3 million and $32.4 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. Operating expenses were $4.3 million lower than budget while revenues were $1.1 million higher than budget for the month. Ridership for the month of May was 44.3 million and was 0.1 million less than budget. It cost CTA approximately $4.9 million per workday to run operations. On an average workday, CTA generates revenue of approximately $2.2 million leaving an average workday deficit of $2.7 million that needs to be filled from public funding.

At RTA's June board meeting, CTA's public funding for 2009 was reduced by an additional $35.2 million due to lower forecasted sales receipts. CTA staff is preparing recommendations of budget balancing actions to close the budget gap and will be presenting this to the President and CTA board at the July meeting. A budget amendment will be recommended at the August board meeting.

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 May 2009 compared to May and December 2008.

	May 2009	May 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	$ 89.8	$ 10.6	$ 79.2	$ 61.7	$ 28.1
Damage Reserve Cash	4.8	79.2	(74.4)	5.9	$ (1.1)
Inventory	103.5	86.8	16.7	102.9	$ 0.6
Funds owed by RTA	238.6	211.7	26.9	258.8	$ (20.2)
Funds owed by State of Illinois	1.1	10.1	(9.0)	21.1	$ (20.0)
Funds CTA owes (accounts payable)	28.3	23.8	4.5	36.5	$ (8.2)

Working cash balances are $28.1 million higher than December 2008, and $79.2 million higher than May 2008. However, CTA borrowed $79 million from its damage reserve fund to pay for the day-to-day operating expenses of the Agency. CTA needs to make plans to repay this fund. Inventory balances remain high at $103.5 million, equivalent to over one year of material expense. Funds owed to CTA have increased by $17.9 million since May 2008.

Ridership for the month of May was 44.3 million and was 0.1 million less than budget and was 1.3 million lower than prior year. Average daily ridership decreased 2.0% over May 2008. Average Saturday ridership remained level with prior year and Sunday ridership has increased 4.1% over May 2008.

Free rides totaled 6.7 million for the month and 28.5 million for the year; this is 1.3 million more than 2008 for the month and 9.7 million more for the five 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 1.0 million.

Bus ridership for the month of May was 27.6 million. This was 1.1 million or 4.3% more than budget but was 1.4 million or 4.9% less than May 2008. Rail ridership for May was 16.7 million and was 1.3 million or 7.1% less than budget, but was 0.2 million or 1.0% more than prior year.

Public Funding Required for Operations for the month and the year was $48.8 million and $283.0 million, respectively and was favorable to the amended budget by $5.3 million and $32.4 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 59.84% for the month and 52.77% for the year to date period. This was favorable to budget by 3.83 percentage points for the month and 3.97 percentage points for the year to date primarily due to the lower operating expenses and higher revenues than budget.

Operating Expenses for the month and year equaled $99.4 million and $514.4 million, respectively. For the current month, operating expenses were $4.3 million or 4.1% less than budget. All expense categories were less than or equal to budget for the current month except for power which was unfavorable by $0.2 million or 7.5%. For the year to date period, operating expenses were $26.9 million lower than budget with all categories below budget except for power expense.

Labor Expense was $68.3 million for the month of May and was $2.4 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 $356.3 million and was favorable to budget by $9.1 million primarily due to the same reasons as the month. Compared to last year, labor expense is $9.8 million lower than the first five months of 2008.

Material Expense was $7.3 million for the month and was under budget by $0.4 million or 4.9%. Material expense for the year to date equaled $37.3 million and was favorable to budget by $1.3 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 and retirement of the 19 year old buses.

Fuel for Revenue Equipment was $8.4 million for the month and $40.0 million for the year to date. Fuel expense was $0.4 million less than budget for the month and $2.7 million less than budget for the year. The average price paid in May was $4.69 per gallon and was $0.19 above the budget price of $4.50 per gallon. Fuel consumption was 154,000 gallons lower than budget; this reflects a slightly higher miles per gallon than budget (3.40 vs. 3.20) and lower miles traveled than budget. Miles were 6.1 million for the month compared to a budget of 6.2 million.

Electric Power for Revenue Equipment was $2.9 million for the month and was $0.2 million more than budget. Year to date power was $17.7 million and was $0.4 million more than budget. Rail mileage for the year was 28.9 million miles and exceeded the budget by 2.7 million miles.

Provision for Injuries and Damages Expense was $1.4 million for the month and $10.3 million for the year to date and was on par with budget.

Purchase of Security Services was $2.6 million for the month and was on par with budget. Year to date security is $12.9 million and was $1.0 million less than budget.

Other Expenses equaled $8.6 million for the month and were $1.2 million less than budget. Year to date other expense was $40.0 million and was $13.1 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 $50.7 million for the month and was $1.1 million more than budget for the month due to recognition of prior years lease proceeds and reduced fare revenue that was not anticipated in the budget. Year to date System-Generated Revenue was $231.4 million and was $5.5 million more than budget. The year to date 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 $42.4 million for the month and was $0.3 million more than budget. The average fare for the current month was $0.96 and was $0.01 more than budget. Year to date fare revenue was $203.1 million and was $4.8 million more than budget primarily due to higher ridership. The average fare for the year was $0.956 and was $0.01 more than budget.

Reduced Fare Reimbursements were $2.0 million for the month and $9.4 million for the year. The budget did not include a provision for reduced fare reimbursement for the first six months of 2009.

Advertising, Charter and Concessions Revenue equaled $2.5 million in May and $11.7 million for the year. This was below budget by $0.1 million for the month and $1.3 million for the year as the budget had anticipated higher advertising and pay phone revenues than realized.

Investment Income was $0.1 million for the month and $0.6 million for the year to date period. This was $0.3 million lower than budget for the current month and $1.8 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 $3.7 million for the month and $6.6 million for the year to date period. This was below budget by $0.9 million for the month and $5.7 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.