



To: Chicago Transit Authority Board
From: Dennis Anosike, Chief Financial Officer
Re: Financial Results for December 2008
Date: February 25, 2009

CTA finished 2008 on budget. The results, however, are still preliminary as RTA recently informed the three service boards that sales tax, discretionary funds and the RETT collections are forecasted to fall short of budget. RTA's budgetary policy has always been to fund the current year budget mark unless they direct the service board's to amend their budgets during the year due to a change in revenue estimates as required by state law that delineates their oversight fiscal duties for the region. If RTA does not fund CTA the full amount marked for 2008, CTA will not have a balanced budget.

CTA's cash position remains very weak. At the end of 2008, CTA's cash was equal to less than 1 month of operating expenses. The chart below highlights CTA's key working capital results at year end compared to year end 2007.

Description	2008	2007
Working Cash	\$38.2	\$131.7
Damage Reserve Cash	\$5.9	\$109.1
Inventory	\$108.0	\$78.4
Funds owed by RTA	\$256.6	\$87.8
Funds owed by the State	\$21.1	\$5.0
Accounts Payable	\$36.5	\$19.7

As shown in the chart above CTA's cash on hand at year end is only \$44.1 million, a decrease of almost \$200.0 million from last year. Funds owed to CTA by the RTA and the state are just over \$277.0 million, \$185.0 million more than prior year. CTA inventories have increased by \$30.0 million from the prior year. Funds CTA owes to creditors at year end were \$36.5 million—almost double the comparable year end balance.

CTA finished the year with record ridership—526.3 million trips. This was 26.8 million trips or 5.4% higher than 2007. However, free rides also increased by 23.1 million trips over the prior year due to the senior and disabled free ride programs granted by the State beginning in March 2008 and October 2008 respectively.

Public Funding Required for Operations for the month was \$63.3 million and was \$3.3 million more than budget. For the year to date, public funding was \$661.8 million and equaled budget.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 48.80% for the month and was favorable by 0.31 percentage points. For the year, recovery ratio was 49.17% and was favorable by 0.15 percentage points.

Operating Expenses for the month and year equaled \$115.1 million and \$1.2 billion, respectively. For the month operating expenses were \$6.9 million more than budget and were \$4.7 million more than budget for the year.

Labor Expense was \$75.2 million for December and \$873.1 million for the year. This was \$0.3 million less than budget for the month and was \$3.3 million lower for the year as a result of vacancies.

Material Expense was \$8.7 million for the month and was \$0.2 million more than budget. For the year, material expense was \$95.4 million and was \$2.9 million more than budget. Compared to prior year, material expense is \$11.1 million or 13.3% higher. The higher usage occurred in bus and rail vehicle maintenance due in part to the high age of the rail fleet and delay in the NOVA bus overhaul.

Fuel for Revenue Equipment was \$8.5 million for the month and \$91.8 million for the year. This was \$0.5 million more than budget for the month and was \$1.9 million more than budget for the year. Fuel expense was \$20.7 million higher than the prior year. CTA consumed 24,047 gallons of fuel at an average price of \$3.81 per gallon in 2008. The budget assumed usage of 25,564 gallons at an average price of \$3.51 per gallon. The lower consumption was due to improved gas mileage from the acquisition of the new buses and retirements of the 1991 buses. Miles traveled equaled 73.7 million compared to a budget of 72.1 million miles.

Electric Power for Revenue Equipment was \$4.7 million for the month and \$35.4 million for the year. Power expense was \$1.8 million more than budget for the month and was \$0.1 million more than budget for the year. Power expense is \$7.3 million more than prior year due to the higher rates.

Provision for Injuries and Damages Expense was \$0 for the month and \$14.0 million year to date and was on par with budget.

Purchase of Security Services was \$3.4 million for the month and was \$0.2 million more than budget. Year to date security expense was \$32.4 million and was \$1.2 million less than budget.

Other Expenses equaled \$14.6 million for the month and were \$4.5 million more than the budget. Year to date, Other Expenses were \$72.3 million and were \$4.3 million more than budget. The higher expense reflects increases as follows: telephone \$0.7 million, gas and electric \$1.1 million and contracted services \$6.6 million. Higher telephone expense was due to an increase in cell phones to supervisors and other employees to improve communications, the gas and electric reflects the severely cold weather and higher contractual services was primarily due to higher technology maintenance fees for Oracle and higher facilities and equipment maintenance services.

System-Generated Revenue was \$51.8 million for the month and \$552.6 million for the year. This was \$3.6 million more than budget for the month and was \$4.7 million more for the year.

Fare Revenue was \$37.6 million for the month and \$471.1 million for the year. This was \$1.1 million less than the amended budget for the month and \$7.6 million more for the year to date. The higher revenue is attributed to a slightly higher average fare and higher ridership. The average fare was \$.895 per trip for the full year of 2008 compared to \$.889 for the budget. Compared to prior year, fare revenue is \$13.8 million higher for the year due to higher ridership, slightly offset by a lower average fare due to the free rides.

Reduced Fare Reimbursements were 5.3 million for the month and \$31.9 million for the year. This was \$2.5 million more than budget for the month and was \$0.1 million less than budget for the year.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in December and was \$0.4 million more than the budget. Full year revenue for this category was \$27.7 million and was \$0.3 million less than budget.

Investment Income was \$0.2 million for the month and \$3.8 million for the year. This was \$0.4 million less than budget for the month and \$2.6 million less for the year primarily due to a lower cash balance.

Statutory Required Contributions were \$3.0 for the month and \$5.0 million for the year to date and were on par with amended budget.

All Other Revenue was \$3.4 million for the month and \$13.2 million for the year. This was \$2.1 million more than budget for the month and \$0.2 million more for the year. This is due to higher scrap and miscellaneous revenues, which included a payment from ComEd of \$2.6 million for the 2007 rate increase settlement.