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To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer *KW*

Re: Financial Results for June 2009

Date: August 6, 2009

CTA's financial results show a surplus for the month of June of \$4.0 million and \$36.4 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 \$3.5 million lower than budget while revenues were \$0.5 million higher than budget for the month. Ridership for the month of June was 44.0 million and was 1.4 million higher than budget. It cost CTA approximately \$4.8 million per five day work week to run operations. On an average workday, CTA generates revenue of approximately \$2.2 million leaving an average workday deficit of \$2.6 million that needs to be filled from public funding. The report does not reflect the budget amendment approved at the June Board meeting; the July financial report will reflect the June budget amendment.

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 June 2009 compared to June and December 2008.

	June 2009	June 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 214.9	\$ 65.2	\$ 149.7	\$ 61.7	\$ 153.2
Damage Reserve Cash	6.3	72.8	(66.5)	5.9	\$ 0.4
Inventory	103.4	89.5	13.9	102.9	\$ 0.5
Funds owed by RTA	134.5	171.5	(37.0)	258.8	\$ (124.3)
Funds owed by State of Illinois	0.6	6.8	(6.2)	21.1	\$ (20.5)
Funds CTA owes (accounts payable)	28.8	13.8	15.0	36.5	\$ (7.7)

Working cash balances are \$153.2 million higher than December 2008, and \$149.7 million higher than June 2008. However, CTA borrowed \$79 million from its damage reserve fund to pay for the day-to-day operating expenses of the Agency. In June 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 \$103.4 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 have decreased by \$43.2 million since June 2008.

Ridership for the month of June was 44.0 million and was 1.4 million more than budget and was 0.7 million lower than prior year. Average daily ridership decreased 4.8% over June 2008. Average Saturday ridership decreased 3.4% over prior year and Sunday ridership has increased 4.7% over June 2008.

Free rides totaled 6.6 million for the month and 35.1 million for the year; this is 1.2 million more than 2008 for the month and 10.9 million more for the six 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 June was 26.5 million. This was 1.8 million or 7.3% more than budget but was 1.2 million or 4.2% less than June 2008. Rail ridership for June was 17.4 million and was 0.4 million or 2.4% less than budget, but was 0.5 million or 2.8% more than prior year.

Public Funding Required for Operations for the month and the year was \$57.7 million and \$340.6 million, respectively and was favorable to the amended budget by \$4.0 million and \$36.4 million, respectively. However, as of June 30, CTA has only received \$207.3 million of the \$340.6 million in funding.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.06% for the month and 52.82% for the year to date period. This was favorable to budget by 2.36 percentage points for the month and 3.70 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 \$105.7 million and \$620.1 million, respectively. For the current month, operating expenses were \$3.5 million or 3.2% 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 \$30.4 million lower than budget with all categories below budget.

Labor Expense was \$72.2 million for the month of June and was \$1.5 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 \$428.5 million and was favorable to budget by \$10.6 million primarily due to the same reasons as the month. Compared to last year, labor expense is \$7.9 million lower than the first six months of 2008.

Material Expense was \$7.5 million for the month and was under budget by \$0.2 million or 2.7%. Material expense for the year to date equaled \$44.8 million and was favorable to budget by \$1.6 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 and lower fare card material.

Fuel for Revenue Equipment was \$8.6 million for the month and \$48.6 million for the year to date. Fuel expense was on par with budget for the month and \$2.7 million less than budget for the year. The average price paid in June was \$4.61 per gallon and was \$0.14 above the budget price of \$4.47 per gallon. Fuel consumption was 56,000 gallons lower than budget; this reflects a slightly higher miles per gallon than budget (3.28 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 \$2.5 million for the month and was \$0.6 million less than budget. Year to date power was \$20.2 million and was \$0.2 million less than budget. Rail mileage for the year was 34.9 million miles and exceeded the budget by 2.9 million miles.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$11.7 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 \$15.5 million and was \$1.2 million less than budget.

Other Expenses equaled \$10.8 million for the month and were \$1.0 million less than budget. Year to date other expense was \$50.8 million and was \$14.1 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 June and the year was \$57.7 million and \$340.6 million, respectively. This was \$4 million less than budget for the month and \$36.4 million less than budget for the year, due to public funding shortfalls.

System-Generated Revenue was \$48.0 million for the month and was \$0.5 million more than budget for the month due to reduced fare revenue that was not anticipated in the budget. Year to date System-Generated Revenue was \$279.4 million and was \$6.0 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 due to lower investment income and delayed surplus property sales.

Fare Revenue was \$42.3 million for the month and was \$0.6 million less than budget. The average fare for the current month was \$0.96 and was \$0.04 less than budget. Year to date fare revenue was \$245.4 million and was \$4.3 million more than budget primarily due to higher ridership. The average fare for the year was \$0.96 and was on par with budget.

Reduced Fare Reimbursements were \$2.8 million for the month and \$12.2 million for the year. The budget did not include a provision for reduced fare reimbursement for

the first six months of 2009. However, \$16 million was anticipated for the first half of the year. This amount has been reduced to \$12.2 million.

Advertising, Charter and Concessions Revenue equaled \$2.2 million in June and \$13.9 million for the year. This was below budget by \$0.3 million for the month and \$1.6 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 \$0.7 million for the year to date period. This was \$0.2 million lower than budget for the current month and \$2.0 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 \$0.6 million for the month and \$7.2 million for the year to date period. This was below budget by \$1.2 million for the month and \$6.9 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.

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

In Thousands of Dollars	<----- Current Month ----->			<----- Year to Date ----->		
	JUN-09	Variance Fav/(Unfav)	Variance %	JUN-09	Variance Fav/(Unfav)	Variance %
Operating expenses						
Labor	72,235	1,498	2.0 %	428,524	10,624	2.4 %
Material	7,501	209	2.7 %	44,785	1,554	3.4 %
Fuel-revenue equipment	8,633	3	0.0 %	48,589	2,746	5.3 %
Power-revenue equipment	2,498	622	19.9 %	20,210	188	0.9 %
Provision for injuries & damages	1,389	1	0.1 %	11,658	2	0.0 %
Purchase of security services	2,601	186	6.7 %	15,518	1,203	7.2 %
Other expenses	10,836	997	8.4 %	50,809	14,080	21.7 %
Total operating expenses	105,691	3,516	3.2 %	620,092	30,398	4.7 %
System generated revenue						
Fare box revenue	23,356	(2,223)	(8.7) %	131,895	(8,642)	(6.1) %
Passes	18,931	1,672	9.7 %	113,522	12,915	12.8 %
Total fare and pass revenue	42,287	(551)	(1.3) %	245,417	4,273	1.8 %
Reduced fare subsidy	2,823	2,823	n/m	12,239	12,239	n/m
Advertising, charter, concessions	2,240	(335)	(13.0) %	13,892	(1,590)	(10.3) %
Investment income	55	(178)	(76.3) %	658	(2,020)	(75.4) %
Statutory Required Contributions	0	0	n/m	0	0	n/m
Other revenue	625	(1,232)	(66.4) %	7,244	(6,894)	(48.8) %
Total system generated revenue	48,030	527	1.1 %	279,449	6,008	2.2 %
Public funding required for operations	57,662	4,042	6.6 %	340,643	36,405	9.7 %
Recovery ratio %	53.06	2.36		52.82	3.70	
Passenger Trips						
Bus	26,514	1,813	7.3 %	158,409	9,165	6.1 %
Rail	14,391	685	5.0 %	81,115	2,549	3.2 %
Total passenger trips	40,905	2,498	6.5 %	239,524	11,714	5.1 %
Rail to Rail Transfer	3,057	(1,117)	(26.8) %	16,866	(6,702)	(28.4) %
Total NTD Passenger Trips	43,962	1,381	3.2 %	256,389	5,012	2.0 %
Current Period						
Workdays	22			127		
Saturdays	4			26		
Sunday/Holidays	4			28		