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To: Chicago Transit Board

From: Dennis Anosike, Chief Financial Officer

Re: Financial Results for August 2008

Date: October 6, 2008

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CTA's financial results as of August 2008 show a surplus of \$1.3 million for the month and a deficit of \$2.2 million for the first eight months of 2008. The financial results incorporate the amended budget approved by the Chicago Transit Board in July, 2008. The deficit for the year is driven by lower reduced fare reimbursements. Subsequent to July's budget amendment, the State of Illinois cut the Reduced Fare Reimbursement to the Regional Transportation Authority (RTA). Without restoring this funding, CTA will incur an \$18.5 million revenue shortfall in 2008.

Sales tax for the RTA region equaled \$362.4 million through June 2008. This is \$8.1 million or 2.2% less than budget and mirrors prior year. Sales tax distributed to CTA by formula equaled \$145.2 million and was less than budget by \$0.9 million, but was \$0.2 million more than prior year. Real estate transfer tax (RETT) receipts are also below expectations. The 2008 RTA Budget Mark for RETT is \$63.0 million; but based on current City of Chicago forecast, RETT is now estimated to generate \$47.0 million this year.

Ridership for the month of August was 45.6 million and was 2.0 million or 4.6% more than the amended budget and was 2.8 million or 6.5% more than August 2007. Ridership for the year to date period was 348.0 million which is 1.1 million or 0.3% more than the amended budget and 17.8 million or 5.4% higher than prior year. For the year, the number of free rides increased by 13.3 million rides over prior year; primarily due to the seniors ride free program initiated by the Governor. Average daily trips for the first eight months of 2008 compared to 2007 are up on weekday, Saturday and Sunday by 4.8%, 7.7% and 8.5%, respectively.

Bus ridership for the month of August was 27.8 million. This was 1.4 million more than the amended budget and was 2.0 million or 7.6% more than August 2007. Rail ridership for August was 17.7 million and was 0.6 million more than the amended budget and was 0.8 million or 4.8% more than prior year. For the year to date, bus ridership was 217.3 million and was 1.6 million more than amended budget and was 14.1 million or 6.9% more than prior year. Rail ridership was 130.8 million and was 0.5 million less than the amended budget and was higher than prior year by 3.7 million or 2.9%.

Public Funding Required for Operations for the month was \$53.2 million or \$1.3 million less than the amended budget resulting in a \$1.3 million budget surplus for the month. For the year to date, public funding was \$440.6 million which is \$2.2 million more than amended budget. This deficit is due to the loss of reduced fare reimbursement.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.50% for the month and was favorable by 3.8 percentage points. For the year, recovery ratio was 49.1% and was favorable by 0.3 percentage points.

Operating Expenses for the month and year equaled \$99.0 million and \$797.9 million, respectively, and were favorable to the amended budget.

Labor Expense was \$71.8 million for August and \$581.7 million for the year. This was \$0.7 million less than amended budget for the month and \$1.2 million lower for the year primarily due to vacancies, overtime reductions and timing differences between actual and amended budget for paid time off.

Material Expense was \$7.7 million for the month and was \$0.5 million less than amended budget. For the year, material expense was \$58.7 million and was \$0.6 million less than amended budget. Compared to prior year, material expense is \$3.9 million or 7.0% higher.

Fuel for Revenue Equipment was \$8.0 million for the month and \$59.0 million for the year. This was \$0.2 million more than amended budget for the month and was \$0.4 million more than amended budget for the year to date. The gross cost per gallon for the month was \$3.63 and after adjusting for the fuel hedge, the net cost per gallon was \$3.90, an additional cost of \$0.27 per gallon. The amended budget assumes an average price of \$3.67 per gallon.

Electric Power for Revenue Equipment was \$3.9 million for the month and \$22.7 million for the year. Power expense was \$0.5 million more than amended budget for the month but is \$1.1 million less than amended budget for the year to date due to rate changes for power distribution coupled with increased consumption from higher railroad speeds due to the reduction in slow zones.

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

Purchase of Security Services was \$3.0 million for the month and was on par with amended budget. Year to date security expense is \$20.3 million and was \$1.1 million less than amended budget.

Other Expenses equaled \$4.5 million for the month and were \$0.7 million less than amended budget. Year to date, Other Expenses were \$41.5 million and were \$1.1 million more than amended budget due to timing differences.

System-Generated Revenue was \$45.8 million for the month and \$357.3 million for the year. This was \$0.2 million more than amended budget for the month, but was \$4.8 million less for the year primarily due to the loss of reduced fare reimbursement revenue.

Fare Revenue was \$42.2 million for the month and \$313.8 million for the year. This was \$3.8 million more than the amended budget for both the month and the year to date. The higher revenue is attributed to higher ridership and a higher average fare. The average fare for the month of August was \$0.93 per ride and was \$0.05 higher than amended budget. The average fare for the first eight months was \$0.90 and compared favorably to budget by \$0.01. Compared to prior year, fare revenue is \$0.7 million higher than August 2007 and \$7.4 million higher for the year due to higher ridership, slightly offset by a lower average fare. The average fare declined \$0.03 from prior year.

Reduced Fare Reimbursements were (\$0.3) million for the month and \$14.8 million for the year. This was \$6.5 million less than the amended budget for the year to date due to the loss of reduced fare reimbursement.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in August and was \$0.1 million less than the amended budget. Year to date revenue for this category was \$18.5 million and was \$0.3 million more than amended budget.

Investment Income was \$0.2 million for the month and \$3.1 million for the year. This was \$0.4 million less than amended budget for the month and \$0.8 million less for the year due to a lower cash balance. The State of Illinois owes CTA \$20.0 million for capital projects.

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

All Other Revenue was \$1.4 million for the month and \$7.1 million for the year. This was \$0.2 million less than the amended budget for August and \$1.0 million less for the year. This is due to lower revenue from rental property, capital grants and miscellaneous revenues. The lower rental property revenue reflects the delayed implementation of the real estate property management outsourcing. Miscellaneous revenues are below amended budget due to limited tickets issued for vehicles parked at CTA bus stops. Lastly, lower revenues from grants reflect the delayed implementation of the cold start engine initiative.

## Chicago Transit Authority

Date: 02-OCT-08 08:57:38

Actual Financial Results vs Budget - Budgetary Basis  
Current Period: AUG-08

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Currency: USD  
CO=1 (CTA)

In Thousands of Dollars	<----- Current Month ----->			<-----Year to Date ----->		
	AUG-08	Variance Fav/(Unfav)	Variance %	AUG-08	Variance Fav/(Unfav)	Variance %
<b>Operating expenses</b>						
Labor	71,788	681	0.9 %	581,738	1,237	0.2 %
Material	7,673	533	6.5 %	58,691	588	1.0 %
Fuel-revenue equipment	8,040	(228)	(2.9) %	58,937	(357)	(0.6) %
Power-revenue equipment	3,914	(531)	(15.7) %	22,670	1,072	4.5 %
Provision for injuries & damages	0	0	n/m	14,000	0	0.0 %
Purchase of security services	3,036	(29)	(1.0) %	20,299	1,145	5.3 %
Other expenses	4,519	677	13.0 %	41,548	(1,071)	(2.6) %
<b>Total operating expenses</b>	<b>98,970</b>	<b>1,103</b>	<b>1.1 %</b>	<b>797,883</b>	<b>2,614</b>	<b>0.3 %</b>
<b>System generated revenue</b>						
Fare box revenue	24,359	3,436	16.4 %	170,442	1,462	0.9 %
Passes	17,844	448	2.6 %	143,375	2,323	1.6 %
<b>Total fare and pass revenue</b>	<b>42,203</b>	<b>3,884</b>	<b>10.1 %</b>	<b>313,817</b>	<b>3,785</b>	<b>1.2 %</b>
Reduced fare subsidy	(333)	(2,981)	(112.6) %	14,821	(6,464)	(30.4) %
Advertising, charter, concessions	2,287	(104)	(4.4) %	18,544	(313)	(1.7) %
Investment income	180	(419)	(70.0) %	3,081	(832)	(21.3) %
Statutory Required Contributions	0	0	n/m	0	0	n/m
Other revenue	1,420	(187)	(11.6) %	7,063	(984)	(12.2) %
<b>Total system generated revenue</b>	<b>45,757</b>	<b>193</b>	<b>0.4 %</b>	<b>357,326</b>	<b>(4,807)</b>	<b>(1.3) %</b>
Public funding required for operations	53,213	1,296	2.4 %	440,557	(2,194)	(0.5) %
Recovery ratio %	53.47	3.78		49.06	0.27	
<b>Passenger Trips</b>						
Bus	27,825	1,437	5.4 %	217,252	1,563	0.7 %
Rail	14,702	465	3.3 %	109,118	(417)	(0.4) %
<b>Total passenger trips</b>	<b>42,527</b>	<b>1,902</b>	<b>4.7 %</b>	<b>326,370</b>	<b>1,147</b>	<b>0.4 %</b>
Rail to Rail Transfer	3,026	107	3.7 %	21,655	(68)	(0.3) %
<b>Total NTD Passenger Trips</b>	<b>45,553</b>	<b>2,009</b>	<b>4.6 %</b>	<b>348,025</b>	<b>1,079</b>	<b>0.3 %</b>
<b>Current Period</b>						
Workdays	21			171		
Saturdays	5			35		
Sunday/Holidays	5			38		