To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for November 2009

Date: January 21, 2010

CTA's financial results were $0.6 million favorable to budget for the month of November and were $4.9 million favorable for the year. The surplus for the month is primarily due to lower operating expenses than budget.

CTA's cash position remains strong relative to 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 November 2009 compared to November and December 2008.

	Nov 2009	Nov 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	$ 158.6	$ 13.8	$ 144.8	$ 61.7	$ 96.9
Damage Reserve Cash	24.4	21.3	3.1	5.9	18.5
Inventory	96.6	104.5	(7.9)	102.9	(6.3)
Funds owed by RTA	152.7	234.8	(82.1)	258.8	(106.1)
Funds owed by State of Illinois	-	21.1	(21.1)	21.1	(21.1)
Funds CTA owes (accounts payable)	22.0	32.2	(10.2)	36.5	(14.5)

Working cash balances are $96.9 million higher than December 2008, and $144.8 million higher than November 2008. However, CTA borrowed 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 $3.0 million each month from the Working Cash Fund to repay the amount owed. The balance owed to the damage reserve fund as of November 2009 is $57.4 million. Inventory balances remain high at $96.6 million, equivalent to over one year of material expense. To reduce inventory levels, CTA is exploring a menu of options. Funds owed to CTA from RTA and the State of Illinois has decreased by $103.2 million since November 2008. At the end of November, RTA owes CTA three months of public funding.

Ridership for the month of November was 42.7 million and was 1.6 million more than budget and was 0.7 million more than prior year. Average daily ridership decreased 1.06% over

November 2008. Average Saturday ridership increased 2.65% over prior year while Sunday ridership increased 3.21% over November 2008.

Free rides totaled 6.4 million for the month and 68.0 million for the year; this is 1.1 million more than 2008 for the month and 16.8 million more for the eleven month period. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system; bus accounts for 5.3 million of the total free rides for the month while rail is 1.1 million.

Bus ridership for the month of November was 26.2 million. This was 2.2 million or 9.0% more than budget and was 0.1 million or 0.2% more than November 2008. Rail ridership for November was 16.5 million and was 0.5 million or 3.2% less than budget and was 0.7 million or 4.4% more than prior year.

Public Funding Required for Operations for the month and the year was $53.2 million and $604.3 million, respectively and was favorable to the amended budget by $0.6 million and $4.9 million, respectively. As of November 30, CTA has only received $462.6 million of the $604.3 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 55.47% for the month and 55.50% for the year to date period. This was unfavorable to budget by 1.10 percentage points for the month and 0.26 percentage points favorable for the year to date primarily due to the higher revenues and lower operating expenses.

Operating Expenses for the month and year equaled $100.8 million and $1.2 billion, respectively. For the current month, operating expenses were $3.3 million or 3.2% 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 $4.3 million lower than budget with all categories below budget, except fuel and other.

Labor Expense was $70.1 million for the month of November and was $0.4 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 $792.7 million and was favorable to budget by $2.7 million primarily due to the same reasons as the month. Compared to last year, labor expense is $5.2 million lower than the first eleven months of 2008.

Material Expense was $5.9 million for the month and was under budget by $2.3 million or 27.9%. Material expense for the year to date equaled $76.4 million and was favorable to budget by $7.9 million. The lower material expense is due to taking the NABI buses out of operation on February 19, 2009, the replacement of the 19 year old buses with new buses, lower material usage for rail cars and lower fare card material.

Fuel for Revenue Equipment was $8.3 million for the month and $92.0 million for the year to date. Fuel expense was $0.3 million more than budget for the month and $2.3 million more for the year. The average price paid in November was $4.99 per gallon and was $0.64 above the budget price of $4.35 per gallon. Fuel consumption was 174,000 gallons less than budget due to improved fuel efficiency of the fleet; actual miles per gallon were 3.65 compared to 3.20 in the budget. Actual miles traveled were 6.0 million for the month compared to a budget of 5.8 million.

Electric Power for Revenue Equipment was $3.0 million for the month and was on par with budget. Year to date power was $35.6 million and was $0.1 million less than budget. Rail mileage for the year was 63.4 million miles and 0.4 million less than budget.

Provision for Injuries and Damages Expense was $1.4 million for the month and $18.6 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 $0.2 million less than budget. Year to date security is $28.8 million and was $0.6 million less than budget.

Other Expenses equaled $9.5 million for the month and were $0.8 million less than budget due to lower advertising and facilities maintenance expenses. Year to date other expense was $107.4 million and was $4.7 million more than budget due to an acceleration of recognition of pension expense.

System-Generated Revenue was $47.6 million for the month and was $2.8 million less than budget for the month. Year to date System-Generated Revenue was $547.3 million and was $0.6 million more than budget. The unfavorable variance for the month is due to lower than anticipated farebox revenue. The favorable variance for the year is due to one-time revenue of $16.3 million from interest rate swaps. Without this one-time revenue, the system generated revenue would have been unfavorable due to lower farebox and pass revenue and lower advertising revenue than budget.

Fare and Pass Revenue was $41.6 million for the month and was $3.7 million less than budget. The average fare for the current month was $0.97 and was $0.13 less than budget due to higher free rides and higher ridership on passes compared to pay-per-use fare media. Year to date fare revenue was $466.8 million and was $15.3 million less than budget primarily due to a lower average fare. The average fare for the year was $0.97 and was $0.03 less than budget.

Reduced Fare Reimbursements were $2.0 million for the month and $22.2 million for the year. This was favorable to budget for the month by $2.0 million and was $6.1 million favorable to budget for the first eleven months.

Advertising, Charter and Concessions Revenue equaled $2.2 million in November and $25.4 million for the year. This was below budget by $0.6 million for the month and $2.7 million for the year as the budget had anticipated higher advertising revenues than realized.

Investment Income was $0.1 million for the month and $1.1 million for the year to date period. This was $0.4 million below budget for the month and $0.6 million less than budget for the year due to lower investment rates than budgeted.

Statutory Required Contributions were $0.0 million for the month and $2.0 million for the year to date and were on par with budget.

All Other Revenue was $1.6 million for the month and $29.8 million for the year to date period. This was $0.1 million less than budget for the month but was $13.1 million more than budget for the year due to the one-time revenue resulting from the termination of the interest rate swap agreement.