Chicago Transit Authority

Financial Statements for the
Years Ended December 31, 2001 and 2000 and
Supplementary Information and
Independent Auditors' Report

CHICAGO TRANSIT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Chicago Transit Board
Chicago Transit Authority
Chicago, Illinois

We have audited the accompanying statements of net assets of the Chicago Transit Authority (the "Authority"), an Illinois municipal corporation, as of December 31, 2001 and 2000, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated April 19, 2002 on our consideration of the Authority's internal control structure over financial reporting and tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit, performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in 2001. As discussed in Note 11 to the financial statements, certain errors resulting in the understatement of assets as of December 31, 2000, were discovered by management during the current year. Accordingly, the 2000 financial statements have been restated and an adjustment has been made to net assets to correct the error.

The Management's Discussion and Analysis on pages 3 through 12, and the required supplementary information on pages 38 and 39, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits for the years ended December 31, 2001 and 2000 were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed as Supplementary Schedules in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Authority. This information is the responsibility of the Authority's management. Such additional information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to those financial statements taken as a whole.

FPT&W, Ltd

FPT&W Ltd.

Chicago, Illinois
April 19, 2002

CHICAGO TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2001 AND 2000

This section of the Chicago Transit Authority's (CTA) annual financial report presents a discussion and analysis of the CTA's financial performance during the fiscal year that ended December 31, 2001. Please read it in conjunction with the CTA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The 2001 change in net assets were approximately $54.7 million and were 78% higher than 2000 change in net assets of $30.8 million.
- Total net assets at December 31, 2001 equaled approximately $2.1 billion compared to $2.0 billion at December 31, 2000.
- Total capital assets were approximately $2.5 billion at December 31, 2001, an increase of 3% over the balance at December 31, 2000 of $2.4 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements with corresponding note disclosures and other supplementary information.

The financial statements provide both long-term and short-term information about the CTA's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The CTA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Assets.

The Statements of Net Assets report the CTA's net assets and how they have changed from the previous year. Net assets - the difference between the CTA's assets and liabilities is one way to measure the CTA's financial health or position.

FINANCIAL ANALYSIS OF THE CTA

Net Assets

Net assets represent the difference between total assets and total liabilities. As shown in Table 1, the CTA's total net assets at December 31, 2001 reached approximately $2.1 billion, a 2.69% increase over December 31, 2000. This is a result of assets growing at a higher rate than liabilities. Total assets increased by 1.98% to $4.4 billion, while total liabilities increased by 1.34% to $2.3 billion.

Table 1
Chicago Transit Authority Net Assets
(in millions of dollars)

	2001	2000	Total Percentage Change 2000-2001
Current Assets	$ 375.4	$ 362.8	3.47%
Restricted Assets	1,424.0	1,429.5	-0.38%
Other Assets	29.0	28.4	2.11%
Capital Assets, Net	2,523.2	2,446.3	3.14%
Total Assets	$ 4,351.6	$ 4,267.0	1.98%
Current Liabilities	$ 437.7	$ 431.7	1.39%
Long-term Liabilities	1,824.4	1,800.5	1.33%
Total Liabilities	2,262.1	2,232.2	1.34%
Invested in Capital Assets, Net of Related Leasehold Debt	1,158.9	1,070.2	
Restricted for Payment of Obligation Under Leasehold Agreement	1,379.5	1,388.0	
Restricted by Grantor	99.4	86.3	
Unrestricted	(548.3)	(509.7)	
Total Net Assets	2,089.5	2,034.8	2.69%
Total Liabilities and Net Assets	$ 4,351.6	$ 4,267.0	1.98%

Current assets increased by 3.47% to approximately $375 million primarily due to increased amounts due from grants and accounts receivable. The increase is primarily due the increase in expenses billed in CTA's capital program as a result of increased funding from the State of Illinois FIRST program and the Regional Transportation Authority (RTA) for capital projects funded with Illinois FIRST, Illinois Department of Transportation (IDOT) and RTA funds. CTA incurs the cost and then bills RTA and IDOT for reimbursement. Reimbursement can take from three to six weeks.

Capital assets increased by 3.14% to $2.5 billion due to the CTA's capital improvement projects. The CTA's capital improvement projects were funded primarily by the Federal Transit Administration (FTA), IDOT and the RTA. The CTA was able to significantly expand its capital improvement program through the passage of state legislation referred to as "Illinois FIRST" - a Fund for Infrastructure, Roads, Schools and Transit (a five year public works program). Through the additional funds received from Illinois FIRST the CTA secured local matching funds necessary to receive additional federal funding. This additional funding is being used for the capital improvement program to help bring the system to a state of good repair.

Net assets invested in capital assets, net of related leasehold debt consists of capital assets, net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets.

The net asset balances restricted for other purposes includes amounts restricted for two, distinct purposes. The first restriction is for the assets restricted for future payments on the lease obligations. The second restriction is for the net receivable due from grantor agencies.

Changes in Net Assets

The increase in net assets at December 31, 2001 was approximately $54.7 million and compared favorably to the $30.8 million increase for the period ended December 31, 2000 (See Table 2).

The CTA's total operating revenues, which includes revenues from the farebox, advertising and concessions, and other increased by 0.65% to approximately $400.1 million in 2001, while total operating expenses increased by 7.01% to approximately $1.2 billion in 2001 (See Tables 2 and 3).

Table 2
Changes in Chicago Transit Authority's Net Assets
(in millions of dollars)

	2001	2000	Total Percentage Change 2000-2001
Operating Revenues	$ 400.1	$ 397.5	0.65%
Operating Expenses			
Operating Expenses	903.1	844.2	6.98%
Depreciation	275.1	256.8	7.13%
Total Operating Expenses	1,178.2	1,101.0	7.01%
Operating Income Loss	(778.1)	(703.5)	10.60%
Nonoperating Revenues/Expenses	832.8	734.3	13.41%
Change in Net Assets	54.7	30.8	77.60%
Total Net Assets, Beginning of Year	2,034.8	2,004.0	1.54%
Total Net Assets, End of Year	$ 2,089.5	$ 2,034.8	2.69%

Operating revenues increased by $2.6 million or .65% due primarily to higher farebox receipts as a result of increased ridership. Ridership increased by 4.3 million trips, which exceeded 2000 levels by approximately 1.0%.

However, the increase in operating revenues is offset by a 7.01% increase in operating expenses or $77.2 million. The expense increases are primarily driven by higher labor, security, paratransit, injury and damage and depreciation expenses.

In addition, higher electric costs resulting from higher consumption due to service enhancements and higher demand charges have caused a 3.8% increase in power costs. The increase in the provision for injuries and damage reserves was necessary to provide for potential claims under the self-insurance program per the actuarial study.

Labor expense increased due to wage rate increases and higher health insurance and workers compensation expenses. Due to inflation and expanded security guard coverage, security expenses increased by $3.8 million or 20.2% from the prior year. Increased trips and inflation led to an increase in paratransit expense of $5.3 million, or 19.5%. The increase in depreciation expense is a result of the expanded capital investment program.

Table 3, which follows, provides a comparison of amounts for these items:

Table 3
Chicago Transit Authority's Operating Expenses
(in millions of dollars)

	2001	2000	Total Percentage Change 2000-2001
Labor and Fringe Benefits	$ 667.6	$ 643.1	3.81%
Materials and Supplies	64.9	68.9	-5.81%
Fuel	23.3	23.3	0.00%
Electric Power	21.8	21.0	3.81%
Maintenance and Repairs	100.3	90.7	10.58%
Operating Expenses Before Provisions	877.9	847.0	3.65%
Provision for Injuries & Damages	25.2	(2.8)	-1000.00%
Provision for Depreciation	275.1	256.8	7.13%
Total Operating Expenses	$ 1,178.2	$ 1,101.0	7.01%

Analysis of Significant Budget Variations

The CTA is required by law to have a balanced budget and meet the recovery ratio set by the RTA. The recovery ratio measures the amount of operating expenses CTA has to fund from revenues it generates. The recovery ratio that the CTA was required to meet was 52.17% for 2001. The table below highlights that the CTA achieved a balanced budget and exceeded the required recovery ratio by .72 basis points.

TABLE 4
SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
OPERATING EXPENSES:				
Labor and fringe benefits	$ 627,446,436	$ 627,446,436	$ 629,588,027	$ (2,141,591)
Materials and supplies	64,801,585	64,801,585	64,879,178	(77,593)
Fuel	21,600,000	21,600,000	23,325,996	(1,725,996)
Electric power	20,491,810	20,491,810	21,834,681	(1,342,871)
Maintenance and repairs, utilities, rent and other	104,811,553	104,811,553	100,284,070	4,527,483
Provision for injuries and damages	30,000,000	30,000,000	44,000,000	(14,000,000)
Total operating expenses	869,151,384	869,151,384	883,911,952	(14,760,568)
SYSTEM-GENERATED REVENUES:				
Fares and passes	371,101,645	371,101,645	373,808,979	2,707,334
Reduced fare subsidies	33,880,000	33,880,000	32,463,040	(1,416,960)
Advertising and concessions	22,055,038	22,055,038	20,372,441	(1,682,597)
Interest income	8,887,320	8,887,320	12,329,606	3,442,286
Contributions from local governmental units	5,000,000	5,000,000	5,000,000	-
Other revenue	9,222,000	9,222,000	20,932,505	11,710,505
Total system-generated revenues (A)	450,146,003	450,146,003	464,906,571	14,760,568
Operating expenses in excess of system-generated revenues	419,005,381	419,005,381	419,005,381	-
PUBLIC FUNDING FROM THE RTA:				
Operating assistance	419,005,381	419,005,381	419,005,381	-
NET REVENUE - Budgetary basis	$ -	$ -	$ -	$ -
CTA RECOVERY RATIO:				
Total operating expenses			$ 883,911,952	
Less mandated security costs			4,869,456	
Subtotal (B)			$ 879,042,496	
Recovery Ratio (A)/(B)			52.89%	

Labor expense was $2.1 million more than budget. This increase was driven primarily by increased service levels to meet the ridership growth on the bus and rail system. The labor contract that covered approximately 90% of our employees expired at the end of 1999. Since the contract expiration, Management and the Collective Bargaining Units had been vigorously working towards a new Collective Bargaining Agreement. A tentative contract was reached in 2001 with our two largest unions representing the CTA's Bus and Rail operators. CTA Rail Division employees that are members of Local 308 accepted the contract provisions. The Bus Division Unions including Local 241 did not. As such, the CTA at the end of 2001 was in interest arbitration with all other Collective Bargaining Units except the Teamsters. Subsequent to the end of 2001, the CTA reached an agreement with the Teamsters and craft coalition.

Materials expense approximated budget.

Higher consumption resulted in an increase of $1.7 million over budget for fuel expense due to higher service levels. The 2001 budget assumed an average price per gallon of $1.00 and 21.6 million gallons. Actual consumption equaled 23.4 million gallons and a fuel price of $1.00.

Electric Power expense for the rail system was $1.3 million more that the budget. This increase largely reflects an increase in service levels on the rail system coupled with a higher price for electricity.

The Provisions for Injuries and Damages represents the expense for claims and litigation for injuries and damages that occur on CTA property or with CTA vehicles. The 2001 actual exceeded budget by $14.0 million. This increase was due to higher funding of the damage reserve to meet future claims under the self-insurance program.

Other Services includes rents, maintenance and repair, utilities, advertising, commissions, consulting, insurance, overhead allocated to capital jobs, security, paratransit and other general expenses. The current actual was below budget by $4.5 million. The lower expense resulted primarily from a higher allocation of fixed expenses to capital projects and lower advertising and consulting expenses. These lower expenses were partially offset by higher paratransit expenses.

REVENUES

System-Generated revenues compared favorable to the budget by $14.8 million. Public funding through the RTA was budgeted at $419.0 million and was on par with budget.

Revenues from fares compared favorable to budget by $2.7 million. This increase was attributable to higher ridership and a higher average fare as more customers opted to pay using cash or undiscounted fare media.

The Reduced Fare Revenue is the State of Illinois reimbursement to the CTA for providing discounted fares to the disabled, elderly and student customers. Reduced Fare Reimbursements were below budget by $1.4 million due to lower-than-budget Reduced Fare trips.

Contributions from Local Governments of $5.0 million were on par with budget. The RTA Act requires the City of Chicago and County of Cook to contribute $3.0 million and $2.0 million annually to the operations of the CTA.

Revenues from Advertising, Charter and Concessions were less than budget by $1.7 million due to reduced revenues from the vehicle and platform advertising contracts.

Investment Income was $3.4 million higher than budget. This was due in part to higher cash balances.

Other revenues were $11.7 million higher than budget primarily due to sales of surplus property.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2001, the CTA had invested approximately $4.8 billion in capital assets, including buildings, vehicles, elevated railways, signal & communication equipment as well as other equipment. Net of accumulated depreciation, the CTA's net capital assets at December 31, 2001 totaled approximately $2.5 billion. (See Table 5) This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $77 million or 3.1% over the December 31, 2000 balance of $2.4 billion.

Table 5
Chicago Transit Authority's Capital Assets by Funding Source
(net of depreciation, in millions of dollars)

~~Funding Source~~	2001	2000	Total Percentage Change 2000-2001
Federal (FTA)	$ 3,022.1	$ 2,832.8	6.68%
State (principally IDOT)	484.1	453.3	6.79%
RTA	918.0	822.9	11.56%
CTA (generally prior to 1973)	126.6	126.6	0.00%
Other	262.5	256.8	2.22%
Total Capital Assets	4,813.3	4,492.4	7.14%
Accumulated Depreciation	2,290.0	2,046.0	11.93%
Total Capital Assets, Net	$ 2,523.3	$ 2,446.4	3.14%

The approximate $320.9 million increase in capital assets resulted primarily from rolling stock purchases, overhauls of rail cars and buses, and the infrastructure improvement projects identified in the 2001 portion of the Five Year Capital Plan.

In 2001, 283 new NOVA buses were received and 196 TMC buses were overhauled to improve the reliability of the bus fleet. On the rail side, mid-life overhauls were completed on 470 2600 series rail cars and air-conditioning and safety improvements were made on 142 2200 series rail cars. In October of 2001 we began the installation of new inverters on our 2400 series railcars, which will greatly improve reliability and cold weather performance.

Debt Administration

Long-term debt includes mainly capital lease obligations payable and accrued pension costs. At December 31, 2001, the CTA had approximately $1.4 billion in capital lease obligations outstanding, a 0.86% decrease from December 31, 2000. The net pension obligation at December 31, 2001 was approximately $431.1 million, a 13.5% increase from December 31, 2000. More detailed information about the CTA's long-term debt is presented in Note 8 and information about the pension obligation is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The CTA adopted the 2002 Annual Budget in November 2001. This budget was then sent over to the RTA and approved by RTA on December 28, 2001. This budget provides for operating expenses of $914.8 million. The operating budget increase of 5.2% over the 2001 Annual Budget is primarily due to labor, health insurance and worker's compensation cost escalations due to expected expansion in service and rate increases.

Real gross domestic product (GDP) which measures the output of goods and services produced by labor and property grew at an annual rate of 1.7% in 2001. GDP growth started to slow in the third quarter and then picked up in the fourth quarter. The 2001 annual unemployment rate for the City of Chicago ended the year at 6.90% which compared unfavorably to the national average of 5.5%. This slow down was evident in sales tax collections for the region which finished the year at $653.5 million, down from the budget by $15.5 million, but $3.2 million higher than 2000.

Projected operating revenues for 2002 are expected to exceed the 2001 Annual Budget by $23.0 million or 5.11%. This increase over 2001 operating revenues is expected to be generated as a result of increased ridership, advertising, charter and concession revenues.

CONTACTING THE CTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patrons, and other interested parties with a general overview of the CTA's finances and to demonstrate the CTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chicago Transit Authority's Finance Division, P. 0. Box 3555, Chicago, IL 60654-0555

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 149,560,670	$ 164,240,296
Investments	18,017,132	10,520,000
Total cash, cash equivalents and investments	167,577,802	174,760,296
Grants receivable:		
Due from the RTA	93,942,972	83,060,262
Capital improvement projects from federal and state sources	28,298,750	24,923,302
Other	200,853	1,493,358
Total grants receivable	122,442,575	109,476,922
Accounts receivable	15,442,104	9,980,379
Materials and supplies	64,983,728	63,460,664
Prepaid expenses and other assets	4,978,070	5,083,568
Total current assets	375,424,279	362,761,829
RESTRICTED ASSETS:		
Assets restricted for repayment of leasing commitments	1,379,455,928	1,387,973,480
Assets restricted for injury and damage reserve	44,582,069	41,558,588
Total restricted assets	1,424,037,997	1,429,532,068
OTHER ASSETS:		
Cash and investments held by trustee for supplemental retirement plan	28,915,940	28,427,576
CAPITAL ASSETS:		
Capital assets, not being depreciated:		
Land	57,394,728	55,697,059
Construction in process	9,546,566	10,254,356
Total capital assets, not being depreciated	66,941,294	65,951,415
Depreciable capital assets		
Land Improvements	8,034,566	8,204,786
Buildings	1,125,521,726	1,032,516,974
Transportation vehicles	1,229,227,222	1,075,920,223
Leased rail equipment	366,159,422	366,159,422
Elevated structures, tracks, tunnels and power system	1,072,390,041	1,046,744,916
Signals	530,711,702	507,118,367
Other equipment	414,328,403	389,759,986
Less accumulated depreciation	(2,290,074,204)	(2,046,035,509)
Total depreciable capital assets, net	2,456,298,878	2,380,389,165
Total capital assets, net	2,523,240,172	2,446,340,580
TOTAL ASSETS	$ 4,351,618,388	$ 4,267,062,053

The accompanying notes to the financial statements are an integral part of this statement.

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2001 AND 2000

	2001	2000
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 60,367,787	$ 67,694,883
Current portion of self-insurance reserves	87,280,590	89,153,550
Accrued payroll, vacation pay and related liabilities	123,742,445	111,854,495
Advances, deposits and other	3,033,844	5,344,272
Current portion of supplemental retirement plan	1,700,000	1,800,000
Current portion of capital lease obligation	109,748,494	112,184,244
Deferred passenger revenue	28,749,041	20,602,265
Deferred operating assistance	23,032,581	23,101,716
Total current liabilities	437,654,782	431,735,425
LONG-TERM LIABILITIES:		
Self-insurance reserves, less current portion	71,153,653	76,498,259
Supplemental retirement plan, less current portion	34,153,621	36,140,404
Capital lease obligation, less current portion	1,254,537,308	1,263,996,530
Accrued pension costs	395,310,882	353,742,349
Deferred revenue - leasing transactions	62,808,251	67,070,459
Other long-term liabilities	6,484,627	3,109,627
Total long-term liabilities	1,824,448,342	1,800,557,628
Total liabilities	2,262,103,124	2,232,293,053
NET ASSETS		
Invested in capital assets, net of related leasehold debt	1,158,954,370	1,070,159,806
Restricted for payment of obligations under leasehold obligations	1,379,455,928	1,387,973,480
Restricted by grantors	99,409,994	86,375,206
Unrestricted	(548,305,028)	(509,739,492)
Total net assets	2,089,515,264	2,034,769,000
TOTAL LIABILITIES AND NET ASSETS	$ 4,351,618,388	$ 4,267,062,053

The accompanying notes to the financial statements are an integral part of this statement.

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
OPERATING REVENUES:		
Fare box revenue	$ 302,838,880	$ 302,190,076
Pass revenue	70,970,099	66,693,996
Total fare box and pass revenue	373,808,979	368,884,072
Advertising and concessions	20,372,441	23,906,642
Other revenue	5,945,359	4,715,420
Total operating revenues	400,126,779	397,506,134
OPERATING EXPENSES:		
Labor and fringe benefits	667,561,178	643,086,593
Materials and supplies	64,879,178	68,812,946
Fuel	23,325,996	23,305,022
Electric power	21,834,681	21,021,791
Maintenance and repairs, utilities, rent and other	100,284,070	90,741,256
	877,885,103	846,967,608
Provisions for injuries and damages	25,189,410	(2,770,290)
Provision for depreciation	275,111,378	256,836,328
Total operating expenses	1,178,185,891	1,101,033,646
Operating expenses in excess of operating revenues	(778,059,112)	(703,527,512)
NONOPERATING REVENUE (EXPENSE):		
Public funding from the RTA	419,005,381	397,860,324
Reduced fare subsidies	32,463,040	32,110,937
Contributions from local government agencies	5,000,000	5,000,000
Investment income	12,667,331	18,869,882
Gain (loss) on sale of assets	14,649,422	(416,962)
Recognition of leasing transaction proceeds	4,262,208	4,262,208
Interest revenue from leasing transactions	103,666,704	104,948,347
Interest expense on leasing transactions	(100,289,284)	(101,651,370)
Capital contributions	341,380,574	273,291,541
Total nonoperating revenue (expense)	832,805,376	734,274,907
Change in net assets	54,746,264	30,747,395
TOTAL NET ASSETS - BEGINNING OF YEAR, as restated	2,034,769,000	2,004,021,605
TOTAL NET ASSETS - END OF YEAR	$ 2,089,515,264	$ 2,034,769,000

The accompanying notes to the financial statements are an integral part of this statement.

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fares	$ 381,955,755	$ 370,023,292
Payments to employees	(646,511,671)	(605,875,228)
Payments to suppliers	(217,885,868)	(187,218,109)
Other receipts	18,093,646	26,651,269
Net cash flows used in operating activities	(464,348,138)	(396,418,776)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Public funding from the RTA	419,005,381	397,860,324
(Increase) decrease in grants receivable	(12,965,653)	(14,579,444)
Reduced fare subsidies	32,463,040	32,110,937
Contributions from local governmental agencies	5,000,000	5,000,000
Net cash flows provided by noncapital financing activities	443,502,768	420,391,817
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Interest income from assets restricted for payment of leasehold obligations	103,666,704	104,948,347
Interest expense on leasehold obligations	(100,289,284)	(101,651,370)
Increase (decrease) in assets restricted for repayment of leasing commitments	8,517,552	(55,624)
Decrease in capital lease obligation	(11,894,972)	(3,241,352)
Payments for acquisition and construction of capital assets	(352,010,972)	(276,540,445)
Proceeds from the sale of property and equipment	14,649,422	25,322
Capital grants	341,380,576	273,291,541
Net cash flows provided by (used in) capital financing activities	4,019,026	(3,223,581)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(18,017,132)	(10,520,000)
Proceeds from maturity of investments	10,520,000	7,720,000
Net payments for injury and damage reserve	(3,023,481)	(1,130,551)
Investment revenue	12,667,331	18,869,882
Net cash flows provided by investing activities	2,146,718	14,939,331
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,679,626)	35,688,791
CASH AND CASH EQUIVALENTS - Beginning of year, as restated	164,240,296	128,551,505
CASH AND CASH EQUIVALENTS - End of year	$ 149,560,670	$ 164,240,296

The accompanying notes to the financial statements are an integral part of this statement.

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating expenses in excess of operating revenue	$ (778,059,112)	$ (703,527,512)
Adjustments to reconcile operating expenses in excess of operating revenues to net cash from operating activities:		
Depreciation	275,111,378	256,836,328
(Increase) decrease in assets:		
Accounts receivable	(5,461,725)	(1,539,200)
Materials and supplies	(1,523,064)	3,659,689
Prepaid expenses and other assets	105,498	(3,549,516)
Supplemental retirement plan assets	(488,364)	(376,966)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,327,096)	11,828,720
Accrued payroll, vacation pay and related liabilities	11,887,950	30,150,127
Self-insurance reserves	(7,217,566)	(26,875,356)
Deferred passenger revenue	8,146,776	1,139,220
Advances, deposits and other	(2,310,428)	(64,809)
Deferred operating assistance	(69,135)	3,559,698
Accrued pension costs	41,568,533	31,166,304
Other long-term liabilities and supplemental retirement plan	1,288,217	1,174,497
Net cash flows used in operating activities	$ (464,348,138)	$ (396,418,776)
Noncash investing and financing activities:		
Recognition of leasing proceeds	4,262,208	4,262,208
Decrease in deferred revenue - leasing transactions	(4,262,208)	(4,262,208)
Retirement of fully depreciated capital assets	31,400,000	13,300,000

The accompanying notes to the financial statements are an integral part of this statement.

1. ORGANIZATION

The Chicago Transit Authority ("CTA" or the "Authority") was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

The Regional Transportation Authority Act (the "Act") provides for the funding of public transportation in the six-county region of Northeastern Illinois. The Act established a regional oversight board Regional Transportation Authority ("RTA") and designated three service boards (CTA, Commuter Rail Board and Suburban Bus Board). The Act requires, among other things, that the RTA approve the annual budget of the CTA, that the CTA obtain agreement from local governmental units to provide an annual monetary contribution of at least $5,000,000 for public transportation and that the CTA (collectively with the other service boards) finance at least 50% of its operating costs, excluding depreciation and certain other items, from system-generated sources on a budgetary basis.

Financial Reporting Entity **-** Based on the application of Governmental Accounting Standards Board ("GASB") Statement No. 14, entitled "The Financial Reporting Entity," funds held in a separate non-trusted account for the Supplemental Retirement Plans are included in the reporting entity. However, the fund established for the Employees' Retirement Plan has been determined not to be part of the reporting entity. This fund is a legal entity separate and distinct from the CTA. This fund is administered by its own oversight committee, of which the CTA appoints half the members, and over which the CTA has no direct authority. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

Based upon the criteria set forth in GASB No. 14, the CTA is not considered a component unit of the RTA because the CTA maintains separate management, exercises control over all operations, and is fiscally independent from the RTA. Because governing authority of the CTA is entrusted to the Chicago Transit Board comprised of four members appointed by the Mayor of the City of Chicago and three members appointed by the Governor of the State of Illinois, the CTA is not financially accountable to the RTA and is not included as a component unit in the RTA's financial statements, but is combined in proforma statements with the RTA as statutorily required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting **-** The operations of the CTA are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the CTA are included in the Statement of Net Assets. The principal operating revenues of the CTA are bus and rail passenger fares. The CTA also recognizes as operating revenue the rental fees received from concessionaires, the fees collected from advertisements on CTA property and miscellaneous operating revenues. Operating expenses for the CTA include the costs of operating the mass transit system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The CTA applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently.

Estimates **-** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Change in Accounting Principles **–** The Authority adopted the provisions of the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement 34) in 2001. Statement 34 establishes financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements and had no impact on net assets. The impact was on the presentation of net assets, the inclusion of management's discussion and analysis, and the preparation of the Statements of Cash Flows using the direct method. Management's decision to adopt Statement 34 was based on the RTA's planned adoption for fiscal year 2001.

Fare Box and Pass Revenues **-** Fare box and pass revenues are recorded as revenue at the time services are performed and revenues pass through the fare box.

Investments **-** Investments, including the supplemental retirement plan assets, are stated at fair value in accordance with GASB Statement No. 31.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Chapter 30, Paragraph 235/2 of the Illinois Compiled Statutes authorizes the CTA to invest in obligations of the United States Treasury and United States agencies, direct obligations of any bank, repurchase agreements, commercial paper rated within the highest classification set by two standard rating services, or money market mutual funds investing in obligations of the United States Treasury and United States agencies.

***Restricted Assets* –** The Authority entered into various lease/leaseback agreements in fiscal years 1995 through 1998. These agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the Authority to lease the related capital assets to an equity investor trust, which would then lease the capital assets back to another trust established by the Authority under a separate lease. The Authority received certain funds as prepayment by the equity investor trust. These funds have been deposited in designated investment accounts sufficient to meet the payments required under the leases and are recorded as assets restricted for repayment of leasing commitments.

The Authority maintained cash and investment balances to fund the annual injury and damage obligations which are required to be designated under provisions of Section 39 of the Metropolitan Transportation Authority Act.

***Use of Restricted Assets* –** When applying resources the Authority uses restricted assets for the purpose for which they were restricted.

Materials and Supplies - Materials and supplies inventories are stated at the lower of cost or market value. The CTA uses the average cost method to determine the cost of such inventories.

***Capital Assets* –** All capital assets are stated at cost. Capital assets are defined as assets which (1) have a useful life of more than one year and a unit cost of more than $5,000 (2) have a unit cost of $5,000 or less, but which are part of a network or system conversion or (3) have a unit cost of $1,000 and were purchased with grant money. The cost of maintenance and repairs is charged to operations as incurred. The provision for depreciation of transportation property and equipment is calculated under the straight-line method at amounts based on the respective estimated useful lives of major asset classifications, as follows:

	Years
Buildings	40
Elevated structures, tracks, tunnels and power system	20-40
Transportation vehicles:	
Bus	12
Rail	25
Signals	10-20
Other equipment	3-10

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A full month's depreciation is taken in the month after an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded.

The transportation system operated by the CTA includes certain facilities owned by others. The CTA has the exclusive right to operate these facilities under the terms of the authorizing legislation and other agreements.

Self-insurance **-** The CTA provides for the present value of the self-insurance programs for public liability and property damage, workers' compensation and health benefit claims as more fully described in Note 6. The RTA, as authorized under the Joint Self-Insurance Fund (the "Fund") described in Note 6, provides excess liability insurance to protect the self-insurance programs currently maintained by the CTA. Claims are recorded in the year of occurrence. The public liability and property damage program is administered by the CTA. The health benefit and workers' compensation programs are administered primarily by a third-party administrator for a service fee.

A liability for each self-insured risk is provided based upon the present value of the estimated ultimate cost of settling claims using a case-by-case review and historical experience. A liability for claims incurred but not reported is also provided.

The estimate for injury and damage claims is adjusted for a current trend rate and discount factor of 3% and 5%, respectively. The estimate for workers' compensation claims is adjusted for a combined current trend rate and discount factor of 2% and 5%, respectively.

In 1997, the Authority adopted GASB Statement No. 30, "Risk Financing Omnibus," which provides guidance for calculating the liability for self-insurance programs. GASB Statement No. 30 requires the liability for self-insurance programs to be based on the estimated cost of settling the claims. Estimated claims should include specific incremental claim adjustment expenses, which are incurred solely because of the claims. Estimated recoveries on unsettled claims should also be evaluated in terms of their estimated realizable value and deducted from the liability.

Compensated Absences **-** Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave which has been earned but not paid has been accrued in the accompanying financial statements. Compensation for holidays, illness and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest.

Under GASB Statement No. 16, entitled "Accounting for Compensated Absences," applicable salary-related employer obligations are accrued in addition to the compensated absences liability. This amount is recorded as a portion of the accrued payroll, vacation pay and related liabilities on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan **-** The CTA has a retirement plan for all non-temporary, full-time employees with service greater than one year. Pension expense recorded by the CTA includes a provision for current service costs and the amortization of past service cost over a period of approximately 40 years.

Cash and Cash Equivalents **–** For presentation in the statement of cash flows, cash and cash equivalents include deposits and other investments with maturities, when purchased, of three months or less.

Prior Year Reclassifications **–** Certain reclassifications have been made to prior year amounts to conform to current year presentations through the application of GASB 34.

3. BUDGET AND BUDGETARY BASIS OF ACCOUNTING

The CTA is required under Section 4.01 of the Regional Transportation Authority Act to submit for approval an annual budget to the RTA by November 15 prior to the commencement of each fiscal year. The budget is prepared on a basis consistent with generally accepted accounting principles, except for the exclusion of certain income and expenses. For 2001, these amounts include provision for injuries and damage in excess of budget, depreciation expense, incentive retirement compensation payments in excess of expense, pension expense in excess of pension contributions, revenue from leasing transactions and interest income and expense from sale/leaseback transactions. The CTA's actual expenses on a budgetary basis were greater than budgeted expenses by $14,760,568 in 2001.

The Act requires that expenditures for operations and maintenance in excess of budget cannot be made without approval of the Chicago Transit Board. All annual appropriations lapse at fiscal year-end. The RTA, in accordance with the RTA Act, has approved for budgetary basis presentation the CTA's recognition of the amount of the injury and damage reserve and pension contribution, funded by the RTA in the approved annual budget. Provisions in excess of the approved annual budget that are unfunded are excluded from the recovery ratio calculation.

The RTA funds the budgets of the service boards rather than the actual operating expenses in excess of system-generated revenue. Favorable variances from budget remain as deferred operating assistance to the CTA, and can be used in future years with RTA approval.

The RTA approves the proposed budget based on a number of criteria:

- That the budget is in balance with regard to anticipated revenues from all sources, including operating subsidies and the costs of providing services and funding operating deficits;
- That the budget provides for sufficient cash balances to pay, with reasonable promptness, costs and expenses when due;

3. BUDGET AND BUDGETARY BASIS OF ACCOUNTING (Continued)

- That the budget provides for the CTA to meet its required system-generated revenue recovery ratio; and
- That the budget is reasonable, prepared in accordance with sound financial practices and complies with such other RTA requirements as the RTA Board of Directors may establish.

The RTA monitors the CTA's performance against the budget on a quarterly basis. If, in the judgment of the RTA, this performance is not substantially in accordance with the CTA's budget for such period, the RTA shall so advise the CTA and the CTA must, within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements listed above.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The majority of the CTA's deposits and investments are held by the CTA's custodial bank covered by a master trust agreement. Under this agreement, the custodial bank or its agent holds all instruments in the CTA's name. Deposits and investments of the supplemental retirement plan and assets restricted for repayment of leasing commitments are held separately from those of the CTA's custodial bank.

***Deposits* -** The carrying amounts of the CTA's cash and deposits (including certificates of deposit) were $852,043 and $366,718 at December 31, 2001 and 2000, respectively. The bank balances for these cash and deposits were fully insured by the Federal Depository Insurance Corporation or collateralized by securities held in CTA's name by a third party.

Assets Restricted for Injury and Damage Reserve - The CTA maintained designated cash and investment balances of $44,582,069 million and $41,558,588 million at December 31, 2001 and 2000, respectively, to fund the annual injury and damage obligations. Management indicates that the CTA will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

***Assets Restricted for Repayment of Leasing Commitments* -** As discussed in Note 8, the CTA maintained separate accounts held in trust by fiduciary agents consisting of cash and investments of $1,379,455,928 and $1,387,973,480 as of 2001 and 2000, respectively, to be used for future payments related to certain leasing transactions.

***Investments* -** The CTA’s investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the CTA or its agent in the CTA's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the CTA's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the CTA's name, and uninsured, unregistered investments.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash Equivalents and Investments at December 31, 2001 and 2000 consisted of the following:

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
U.S. Government issues	$ 108,149,217	$ 108,149,217	$ 111,391,228	$ 111,391,228
Repurchase agreements	37,650,000	37,650,000	27,000,000	27,000,000
Commercial paper	72,549,957	72,549,957	75,821,009	75,821,009
Mutual funds	21,874,594	21,874,594	30,167,505	30,167,505
Total	$ 240,223,768	$ 240,223,768	$ 244,379,742	$ 244,379,742

Collateralization of Cash Equivalents and Investments at December 31, 2001 is as follows:

	Category			Carrying
	1	2	3	Amount
Repurchase Agreements	$ 37,650,000	$ -	$ -	$ 37,650,000
Commercial Paper	-	72,549,957	-	72,549,957
U.S. Government Securities	-	108,149,217	-	108,149,217
Total Categorized Investments	$ 37,650,000	$ 180,699,174	$ -	218,349,174
Mutual Funds (Not subject to risk categorization)				21,874,594
Total Investments				$ 240,223,768

Collateralization of Cash Equivalents and Investments at December 31, 2000 is as follows:

	Category			Carrying
	1	2	3	Amount
Repurchase Agreements	$ 27,000,000	$ -	$ -	$ 27,000,000
Commercial Paper	-	75,821,009	-	75,821,009
U.S. Government Securities	-	111,391,228	-	111,391,228
Total Categorized Investments	$ 27,000,000	$ 187,212,237	$ -	214,212,237
Mutual Funds (Not subject to risk categorization)				30,167,505
Total Cash Equivalents and Investments				$ 244,379,742

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Authority reported all investments at fair value in the balance sheets and market gains in the statements of revenues, expenses and changes in net assets for fiscal years 2001 and 2000.

A reconciliation of the balance sheets to amounts presented in Note 4 is as follows:

	2001	2000
Cash and cash equivalents	$ 149,560,670	$ 164,240,296
Investments	18,017,132	10,520,000
Cash and investments held by trustee for supplemental retirement plan	28,915,940	28,427,576
Assets restricted for repayment of leasing obligations	1,379,455,928	1,387,973,480
Assets restricted for injury and damage reserve	44,582,069	41,558,588
Total	$ 1,620,531,739	$ 1,632,719,940

	2001	2000
Cash and Deposits		
Cash	$ (6,925,834)	$ (10,153,282)
Certificates of Deposit	7,777,877	10,520,000
Total cash and deposits	852,043	366,718
Cash Equivalents and Investments		
U.S. Government issues	108,149,217	111,391,228
Repurchase agreements	37,650,000	27,000,000
Commercial paper	72,549,957	75,821,009
Mutual funds	21,874,594	30,167,505
Assets held in trust for lease repayment	1,379,455,928	1,387,973,480
Total cash equivalents and investments	1,619,679,696	1,632,353,222
Total	$ 1,620,531,739	$ 1,632,719,940

5. BUDGETED PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY AND THE STATE OF ILLINOIS

As discussed in Note 1, the Act established the RTA as a regional oversight board and defined the sources of funding to the RTA. Under the Act, each service board is entitled to a portion of the funds collected by the RTA. The allocation of these funds to each service board is based on various methods as defined in the Act. The components of budgeted operating funding from the RTA were as follows:

	2001	2000
Illinois state sales tax allocation	$ 266,079,000	$ 248,860,000
Public Transportation Fund/RTA discretionary funding	152,926,000	153,266,000
Total	$ 419,005,000	$ 402,126,000

Reduced fare subsidies received from the State of Illinois were $32.4 million and $32.1 million for 2001 and 2000, respectively, for discounted services provided to the elderly, disabled, or student riders.

6. INJURY AND DAMAGE, GROUP HEALTH AND WORKERS' COMPENSATION SELF-INSURANCE PROGRAMS

Chapter 70, Paragraph 3605/39 of the Illinois Compiled Statutes requires the CTA to establish an injury and damage reserve in order to provide for the adjustment, defense, and satisfaction of all suits, claims, and causes of action, and the payment and satisfaction of all judgments entered against the CTA for damages caused by injury to or death of any person and for damages to property resulting from the construction, maintenance and operation of the transportation system. The statute also requires the CTA to separately fund the current year's budgeted provision for the injury and damage reserve. See Note 4 regarding cash and investment amounts maintained in this account.

6. INJURY AND DAMAGE, GROUP HEALTH AND WORKERS' COMPENSATION SELF-INSURANCE PROGRAMS (Continued)

Changes in the self-insurance accounts were as follows:

	Injury and Damage	Group Health	Workers' Compensation	Total
Balance at December 31, 1999	$ 130,500,000	$ 31,810,941	$ 30,216,224	$ 192,527,165
Provision:				
Funded	30,000,000	67,992,081	13,348,563	111,340,644
Over funded	(32,770,290)	-	-	(32,770,290)
Payments	(29,273,963)	(59,543,212)	(16,628,535)	(105,445,710)
Balance at December 31, 2000	98,455,747	40,259,810	26,936,252	165,651,809
Provision:				
Funded	44,000,000	74,315,607	25,437,098	143,752,705
Over funded	(18,810,590)	-	-	(18,810,590)
Payments	(26,177,704)	(84,608,627)	(21,373,350)	(132,159,681)
Balance at December 31, 2001	$ 97,467,453	$ 29,966,790	$ 31,000,000	$ 158,434,243

The RTA provides excess liability insurance to protect the self-insurance programs currently maintained by the CTA. The insurance covers the CTA for injury and damage claims up to $45 million per occurrence and in the aggregate, with a $5 million deductible. At December 31, 2000 claims submitted under this policy totaled approximately $5.4 million. In 2001, no claim existed that would have been submitted under this insurance policy.

The CTA participates in a Joint Self-Insurance Fund (the "Fund") with the RTA that permits the CTA to receive monies necessary to pay injury and damage claims in excess of $2.5 million per occurrence up to a maximum of $47.5 million from the Fund. The CTA is obligated to reimburse the Fund for any damages paid plus a floating interest rate which is calculated at 3.03% and 6.36% per annum for the years ended December 31, 2001 and 2000, respectively. However, reimbursement payments, including interest, cannot exceed $3.5 million in any one year. No borrowings were made from the Fund in fiscal year 2001 or 2000 to pay injury and damage claims.

7. CAPITAL ASSETS

The CTA has capital grant contracts with federal, state and regional agencies including the U.S. Department of Transportation, Federal Transit Administration ("FTA"), the State of Illinois Department of Transportation ("IDOT") established under the Transportation Bond Act, and the RTA. Under these contracts, the CTA has acquired rapid transit cars and buses and is constructing, renewing and improving various portions of track structures, and related operating facilities and systems. It is anticipated that the FTA will finance approximately 80% of the total cost of these projects, with the balance of the cost being financed principally by IDOT and the RTA. Commitments of approximately $530.5 million have been entered into for federal and state (including local) capital grant contracts as of December 31, 2001.

The CTA also has additional capital grant contracts, which are 100% funded by the RTA or IDOT. Commitments of approximately $246.7 million have been entered into for these federal and state (including local) capital grants as of December 31, 2001.

Funding sources for transportation property and equipment of the CTA are as follows:

	2001	2000
Funding source:		
Federal (FTA)	$ 3,022,088,854	$ 2,832,830,204
State (principally IDOT)	484,128,545	453,317,758
RTA	918,009,102	822,895,718
CTA (generally prior to 1973)	126,572,636	126,572,636
Other	262,515,239	256,759,773
Total	$ 4,813,314,376	$ 4,492,376,089

7. CAPITAL ASSETS (Continued)

The following schedules summarize the capital assets of the Authority as of December 31, 2001 and 2000.

2001	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 55,697,059	$ 1,994,542	$ (296,873)	$ 57,394,728
Construction in process	10,254,356	-	(707,790)	9,546,566
Total Capital Assets, not being depreciated	65,951,415	1,994,542	(1,004,663)	66,941,294
Capital Assets being depreciated:				
Land Improvements	8,204,786	-	(170,220)	8,034,566
Buildings	1,032,516,974	93,004,752	-	1,125,521,726
Vehicles	1,075,920,223	184,094,179	(30,787,180)	1,229,227,222
El Structure Track	1,046,744,916	25,645,125	-	1,072,390,041
Signal & Communication	507,118,367	23,667,198	(73,863)	530,711,702
Leased Rail Equipment	366,159,422	-	-	366,159,422
Other Equipment	389,759,986	24,829,451	(261,034)	414,328,403
Total capital assets being depreciated	4,426,424,674	351,240,705	(31,292,297)	4,746,373,082
Less accumulated depreciation for:				
Land Improvements	5,369,276	1,008,250	(61,609)	6,315,917
Buildings	331,034,116	44,087,683	-	375,121,799
Vehicles	687,513,123	113,025,630	(30,719,739)	769,819,014
El Structure Track	415,493,809	50,204,755	-	465,698,564
Signal & Communication	296,370,120	30,159,486	(32,849)	326,496,757
Leased Rail Equipment	15,346,959	3,069,205	-	18,416,164
Other Equipment	294,908,106	33,556,466	(258,583)	328,205,989
Total Accumulated depreciation	2,046,035,509	275,111,475	(31,072,780)	2,290,074,204
Total capital assets being depreciated, net	2,380,389,165	76,129,230	(219,517)	2,456,298,878
Total capital assets, net	$ 2,446,340,580	$ 78,123,772	$ (1,224,180)	$ 2,523,240,172

7. CAPITAL ASSETS (Continued)

2000	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 48,923,386	$ 6,773,673	$ -	$ 55,697,059
Construction in process	25,309,421	-	(15,055,065)	10,254,356
Total Capital Assets, not being depreciated	74,232,807	6,773,673	(15,055,065)	65,951,415
Capital Assets being depreciated:				
Land Improvements	7,349,897	854,889	-	8,204,786
Buildings	959,270,234	73,413,126	(166,386)	1,032,516,974
Vehicles	933,848,394	151,175,968	(9,104,139)	1,075,920,223
El Structure Track	1,021,356,414	25,388,502	-	1,046,744,916
Signal & Communication	485,470,874	21,647,493	-	507,118,367
Leased Rail Equipment	366,159,422	-	-	366,159,422
Other Equipment	379,845,459	14,332,470	(4,417,943)	389,759,986
Total capital assets being depreciated	4,153,300,694	286,812,448	(13,688,468)	4,426,424,674
Less accumulated depreciation for:				
Land Improvements	4,052,199	1,317,077	-	5,369,276
Buildings	284,841,099	46,359,403	(166,386)	331,034,116
Vehicles	601,423,526	94,846,511	(8,756,914)	687,513,123
El Structure Track	367,874,122	47,619,687	-	415,493,809
Signal & Communication	268,191,721	28,178,399	-	296,370,120
Leased Rail Equipment	12,308,840	3,038,119	-	15,346,959
Other Equipment	262,826,494	36,404,496	(4,322,884)	294,908,106
Total Accumulated depreciation	1,801,518,001	257,763,692	(13,246,184)	2,046,035,509
Total capital assets being depreciated, net	2,351,782,693	29,048,756	(442,284)	2,380,389,165
Total capital assets, net	$ 2,426,015,500	$ 35,822,429	$ (15,497,349)	$ 2,446,340,580

8. LEASING TRANSACTIONS

During 1998, the Authority entered into a lease/leaseback agreement (the "1998 Agreement") with a third party pertaining to a rail line ("green line"), with a book value of $372.2 million at December 31, 2001. The 1998 Agreement, which provides certain cash and tax benefits to the third party, also provides for a trust established by the Authority to lease the rail line to an equity investor trust ("the 1998 Equity Trust"), which would then lease the facilities back to another trust established by the Authority under a separate lease (the "1998 Lease"). Under the 1998 Lease, the Authority is required to make the payments of $23.0 million for 2002, $27.1 million for 2003, $35.2 million for 2004, $23.9 million for 2005 and $12.8 million for 2006. At December 31, 2001, the total payments due under the agreement are recorded as capital lease obligations of approximately $300.8 million.

During 1997, the Authority entered into four lease/leaseback agreements (the "1997 Agreements") with a third party pertaining to certain of its facilities having a book value of $60.4 at December 31, 2001. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the Authority to lease the facilities to an equity investor trust (the "Equity Trust"), which would then lease the facilities back to another trust established by the Authority under separate leases (the "Leases").

During 1997, the CTA received certain funds as prepayment by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Leases, and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due by the Authority and may take possession of the facilities upon a default by the CTA under the Lease. Under the Leases, the Authority is required to make annual rental payments of $10.4 million in 2002, $15.4 million in 2003 and $12.1 million in 2004. No other lease payments are required until the end of the lease. One of the Leases also requires a payment at the end of the initial term (in the year 2024) of $129.5 million, which is due on the same day as the only remaining payment due from the Equity Trust of $111.5 million. The additional three Leases require a payment at the end of the initial terms (in the year 2025) of $458.1 million, which is due on the same day as the only remaining payment due from the Equity Trust of $395.4 million. The present value of the future payments to be made by CTA under the leases (net of the payment due from the Equity Trust in 2022 and 2023) of approximately $53.8 million is reflected in the accompanying December 31, 2001 balance sheet as capital lease obligations.

In connection with the 1997 Agreements, the Authority also received proceeds of $11.9 million. The FTA has approved the Authority's right to the benefit received from these transactions. The Authority has elected to defer recognition of the proceeds over the remaining lease term.

8. LEASING TRANSACTIONS (Continued)

During 1996, the Authority entered into similar lease/leaseback agreements (the "1996 Agreements") with a third party pertaining to certain of its facilities, with a book value of $68.2 million at December 31, 2001. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the Authority to lease the facilities to an equity investor trust (the"1996 Equity Trust"), which would then lease the facilities back to another trust established by the Authority under a separate lease (the "1996 Lease").

Under the 1996 Lease, the Authority is required to make annual rental payments of $12.6 million in 2002 and a $7.8 million payment in the year 2004. No payment is required for 2003. The 1996 Lease also requires a payment at the end of the initial term (in the year 2024) of $653.5 million, which is due on the same day as the only remaining payment due from the 1996 Equity Trust of $550.8 million. The present value of the future payments to be made by CTA under the leases (net of the payment due from the 1996 Equity Trust in 2024) of approximately $39.3 million is reflected in the accompanying December 31, 2001 balance sheet as capital lease obligations.

In connection with the 1996 Agreements, the Authority also received proceeds of $10.9 million and agreed to make approximately $80 million of improvements to one of the facilities. The FTA has approved the Authority's right to the benefit received from these transactions. The Authority has elected to defer recognition of the proceeds over the remaining lease term.

During 1995, the Authority entered into sale/leaseback agreements (the "1995 Agreements") with third parties. The 1995 Agreements provided for the Authority to sell and lease back certain rail equipment totaling $487.1 million at cost for a period of nineteen years beginning on the date of the respective transaction. At December 31, 2001, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $970.3 million. The Authority has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

The following schedules summarize the change in leases outstanding as of December 31, 2001 and 2000.

8. LEASING TRANSACTIONS (Continued)

2001	Beginning Balance	Principal Paid	Ending Balance	Interest Paid	Due in One Year
1998 (Green)	$ 303,193,673	$ (2,330,983)	$ 300,862,690	$ 20,685,064	$ 23,016,047
1997 (Garages)	61,912,622	(8,145,392)	53,767,230	4,655,944	10,361,852
1996 (Skokie/Racine)	48,339,476	(9,025,304)	39,314,172	3,556,213	12,581,517
1995 (Pickle)	962,735,003	7,606,707	970,341,710	71,392,063	63,789,078
Total	$ 1,376,180,774	$ (11,894,972)	$ 1,364,285,802	$ 100,289,284	$ 109,748,494

2000	Beginning Balance	Principal Paid	Ending Balance	Interest Paid	Due in One Year
1998 (Green)	$ 297,472,283	$ 5,721,390	$ 303,193,673	$ 20,325,883	$ 23,016,047
1997 (Garages)	69,488,308	(7,575,686)	61,912,622	5,225,650	12,801,337
1996 (Skokie/Racine)	56,745,944	(8,406,468)	48,339,476	4,175,049	12,581,517
1995 (Pickle)	955,715,591	7,019,412	962,735,003	71,924,786	63,785,343
Total	$ 1,379,422,126	$ (3,241,352)	$ 1,376,180,774	$ 101,651,368	$ 112,184,244

9. LONG TERM LIABILITES

Long term liability activity for the years ended December 31, 2001 and 2000 was as follows:

2001	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Self Insurance Claims (Note 6)	$ 165,651,809	$ 124,942,114	$ (132,159,681)	$ 158,434,242	$ 87,280,590
Capital Lease Obligation (Note 8)	1,376,180,774	-	(11,894,972)	1,364,285,802	109,748,494
Other	3,109,627	3,575,000	-	6,684,627	-
Total	$ 1,544,942,210	$ 128,517,114	$ (144,054,653)	$ 1,529,404,671	$ 197,029,084

2000	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Self Insurance Claims (Note 6)	$ 192,527,165	$ 78,570,354	$ (105,445,710)	$ 165,651,809	$ 89,153,550
Capital Lease Obligation (Note 8)	1,379,422,126	-	(3,241,352)	1,376,180,774	112,184,244
Other	20,000	3,089,627	-	3,109,627	-
Total	$ 1,571,969,291	$ 81,659,981	$ (108,687,062)	$ 1,544,942,210	$ 201,337,794

10. DEFINED BENEFIT PENSION PLANS

Plan Descriptions - The CTA maintains a trusteed, single-employer, defined benefit pension plan covering substantially all full-time permanent union and nonunion employees and Chicago Transit Board members. The Employees' Retirement Plan (the "Employees' Plan") is governed by the terms of the employees' collective bargaining agreement. The CTA also maintains a separate, nontrusteed plan for selected individuals. The Supplemental Retirement Plan, which includes the Retirement Plan for Board Members and the Supplemental Retirement Plan for selected Officers, Executives, Supervisory and Professional Employees (the "Supplemental Plan"), provides benefits in addition to the Employees' Plan to management employees in certain employment classifications and Chicago Transit Board members. As of December 31, 2001 and 2000, Supplemental Retirement Plan assets include cash and investments of $28,915,940 and $28,427,576 respectively.

Substantially all non-temporary, full-time employees who have completed one year of continuous service are covered by the Employees' Plan. Employees who retire at or after age 65 (or after completion of 25 years of continuous service with full benefits or at age 55 with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon compensation and credited service. The Employees' Plan also provides death, disability and hospitalization benefits. The Employees' Plan issues a separate stand-alone financial report and is available upon request.

The covered payroll for the Employees' Plan for the fiscal year ended December 31, 2001 and 2000 was $453.6 million and $431.7 million respectively. The covered payroll for the Supplemental Plan for the fiscal year ended December 31, 2001 and 2000 was $17.7 million and $15.4 million, respectively. The CTA's total covered payroll for the fiscal year ended December 31, 2001 and 2000 was $471.3 million and $447.1 million, respectively.

The CTA has adopted GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," for the Plans. GASB Statement No. 27 requires the accrued pension liability be calculated as the cumulative difference, including interest, between the employer's required contributions in accordance with the Plans' actuarially required contribution funding requirements and the actual contributions made by the employer for all fiscal years beginning after December 15, 1986 and through the date of transition.

10. DEFINED BENEFIT PENSION PLANS (Continued)

***Funding Policy and Annual Pension Cost* -** Contribution requirements of the Plans may be amended by the Board of Trustees of the Plans. The CTA's annual pension cost for the current year and related information for each plan is as follows:

	Employees' Plan	Supplemental Plan
Contribution rates:		
CTA	6%	Actuarially determined
Plan members	3%	Actuarially determined
Annual pension cost (APC)	$ 82,404,396	$ 3,546,839
Actual contributions:		
CTA	$ 27,218,959	$ 3,664,110
Plan members	13,609,479	38,572
Actuarial valuation date	January 1, 2001	January 1, 2001
Actuarial cost method	Entry Age Normal Cost	Projected Unit Credit
Remaining amortization period	40	30
Asset valuation method	4-year smoothed market	Fair market value
Actuarial assumptions:		
Investment rate of return	9.0%	6.0%
Projected salary increases	5.5%	5.5%

There were no significant assumption changes for either plan from the prior year valuation. The following represents the significant components of the APC and changes in Net Pension Obligation (NPO) during the year ended December 31, 2001:

	Employees' Plan	Supplemental Plan
NPO - December 31, 2000	$ 353,742,349	$ 26,031,525
Annual required contribution (ARC)	69,834,432	3,817,095
Interest on NPO	31,836,811	1,561,891
Adjustment to ARC	(32,883,751)	(1,832,147)
Annual pension cost	82,404,396	3,546,839
NPO before contributions	436,146,745	29,578,364
Employer contributions	(27,218,959)	(3,664,110)
NPO - December 31, 2001	$ 395,310,882	$ 25,914,254

A reconciliation of the statement of net assets at December 31, 2001 to amounts presented above:

NPO– December 31, 2001	$ 395,310,882	$ 25,914,254
Additional pension accruals	-	9,939,367
Total	395,310,882	35,853,621
Less current portion	-	1,700,000
Long term portion	$ 395,310,882	$ 34,153,621

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Progress **-** The following summarizes the funding progress for the Plans:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Plan	1/1/01	$1,828,095,000	$ 2,358,856,000	$530,761,000	77.5%	$431,703,000	122.9%
	1/l/00	1,722,215,000	2,156,279,000	434,064,000	79.9%	424,518,000	102.2%
	1/l/99	1,576,924,000	2,054,953,000	478,029,000	76.7%	425,159,210	112.4%
Supplemental Plan	1/l/01	$ 302,889	$ 43,730,319	$ 43,427,430	0.7%	$ 15,401,660	282.0%
	1/l/00	244,342	41,735,184	41,490,842	0.6%	14,639,322	283.4%
	1/l/99	471,839	32,112,921	31,641,082	1.5%	14,048,754	225.2%

Three-Year Trend Information **-** The following summarizes fund information for the Plans:

	Year Ended	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation
Employees' Plan	12/31/01	$ 69,834,432	$ 27,218,959	39.0%	$ 395,310,882
	12/31/00	57,050,836	25,884,532	45.3%	353,742,349
	12/31/99	60,164,112	25,588,067	42.5%	322,576,045
Supplemental Plan	12/31/01	$ 3,546,839	$ 3,664,110	103.3%	$ 25,914,254
	12/31/00	3,301,404	3,663,790	111.0%	26,031,525
	12/31/99	3,507,394	3,762,434	107.3%	26,393,911

Early Retirement Program **-** In 1992, the Authority offered an Incentive Retirement Program (the “1992 Program”) to all nonunion employees otherwise eligible to retire under existing CTA retirement plan provisions. The 1992 Program was intended to be a voluntary early retirement incentive plan under the meaning of Section 623(f)(2)(B)(ii) of the Age Discrimination in Employment Act of 1967, as amended. The 1992 Program offered increased benefit payouts and elimination of early retirement penalties and is funded, as incentive payments are required.

In January 1997, the CTA agreed to a new agreement with certain of its unions. As part of the provisions of the new agreement, the Authority offered a new Incentive Retirement Program (the “1997 Program”) to all eligible union employees with 25 years or more of service on or before December 31, 1999. Employees eligible for the 1997 Program had until June 30, 1997 to elect the early retirement option. All costs related to the 1997 Program will be funded by the Employees' Plan.

11. NET ASSETS

In fiscal year 2001, the Authority restated the beginning net asset balance by $2,799,929 to adjust the prior year cash balance and $39,848,394 to correct an error in prior year depreciation expense.

12. COMMITMENTS AND CONTINGENCIES

The CTA has been named as a defendant in various legal proceedings arising in the normal course of operations. Although the ultimate outcome of these matters cannot be presently determined, it is the opinion of management of the CTA that resolution of these matters will not have a material adverse impact on the CTA's financial position.

On May 1, 1998, the CTA defeased the capital lease agreement with the Public Building Commission of Chicago (the "PBC"). The CTA placed approximately $13.6 million into an irrevocable trust with a third party in order to meet all of its payment obligations throughout the term of the lease. The amount of debt considered extinguished as of December 31, 2001 and 2000 was $3.0 million and $2.5 million respectively.

As described in Note 8, the CTA entered into lease financing agreements with a third party in 1996, 1997, and 1998 and sale/leaseback agreements with third parties during 1995. The CTA also leases office facilities under various noncancelable operating lease agreements. As of December 31, 2001, all leases provide for future minimum rental payments, in the aggregate, as follows:

	Operating Leases	Capital Leases
2002	$ 4,518,508	$ 109,748,494
2003	4,788,642	106,240,748
2004	4,788,642	118,816,264
2005	4,788,642	87,560,337
2006	4,788,642	76,532,506
2007 – 2011	4,788,642	472,518,241
2012 – 2016	-	1,559,712,389
2017 – 2021	-	184,341,807
2022 – 2026	-	210,741,566
Total minimum lease payments	$ 28,461,718	2,926,212,352
Less interest		1,561,926,550
Present value of minimum lease payments		$ 1,364,285,802

A reconciliation of the balance sheet to amount presented above:

Capital lease obligation, less current portion	$ 1,254,537,308
Current portion of capital lease obligation	109,748,494
Total	$ 1,364,285,802

REQUIRED SUPPLEMENTARY INFORMATION

CHICAGO TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2001

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Plan	1/1/01	$1,828,095,000	$2,358,856,000	$530,761,000	77.5%	$431,703,000	122.9%
	1/l/00	1,722,215,000	2,156,279,000	434,064,000	79.9%	424,518,000	102.2%
	1/l/99	1,576,924,000	2,054,953,000	478,029,000	76.7%	425,159,210	112.4%
	1/l/98	1,470,510,000	1,994,422,000	523,912,000	73.7%	407,406,425	128.6%
	1/l/97	1,373,715,000	1,748,190,000	374,475,000	78.6%	457,716,790	81.8%
	1/l/96	1,285,155,000	1,669,915,000	384,760,000	77.7%	443,508,000	86.8%
Supplemental Plan	1/l/01	$ 302,889	$ 43,730,319	$ 43,427,430	0.7%	$ 15,401,660	282.0%
	1/l/00	244,342	41,735,184	41,490,842	0.6%	14,639,322	283.4%
	1/l/99	471,839	32,112,921	31,641,082	1.5%	14,048,754	225.2%
	1/l/98	363,023	28,831,519	28,468,496	1.3%	16,357,599	174.0%
	1/l/97	354,716	28,613,847	28,259,131	1.2%	15,114,237	187.0%
	1/l/96	320,517	28,160,964	27,840,447	1.1%	15,743,000	176.9%

CHICAGO TRANSIT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2001

	Year Ended	Annual Pension Cost (APC)	Employer Contributions	Percentage Net of APC Contributed	Pension Obligation
Employees' Plan	12/31/01	$ 69,834,432	$ 27,218,959	39.0%	$ 395,310,882
	12/31/00	57,050,836	25,884,532	45.3%	353,742,349
	12/31/99	60,164,112	25,588,067	42.5%	322,576,045
	12/31/98	68,277,000	26,095,000	38.2%	288,000,000
	12/31/97	N/A	N/A	N/A	N/A
	12/31/96	N/A	N/A	N/A	N/A
Supplemental Plan	12/31/01	$ 3,546,839	$ 3,664,110	103.3%	$ 25,914,254
	12/31/00	3,301,404	3,663,790	111.0%	26,031,525
	12/31/99	3,507,394	3,762,434	107.3%	26,393,911
	12/31/98	3,337,317	3,106,640	93.1%	26,648,951
	12/31/97	N/A	N/A	N/A	N/A
	12/31/96	N/A	N/A	N/A	N/A

N/A – Information not available.

SUPPLEMENTARY SCHEDULES

CHICAGO TRANSIT AUTHORITY
SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
OPERATING EXPENSES:				
Labor and fringe benefits	$ 627,446,436	$ 627,446,436	$ 629,588,027	$ (2,141,591)
Materials and supplies	64,801,585	64,801,585	64,879,178	(77,593)
Fuel	21,600,000	21,600,000	23,325,996	(1,725,996)
Electric power	20,491,810	20,491,810	21,834,681	(1,342,871)
Maintenance and repairs, utilities, rent and other	104,811,553	104,811,553	100,284,070	4,527,483
Provision for injuries and damages	30,000,000	30,000,000	44,000,000	(14,000,000)
Total operating expenses	869,151,384	869,151,384	883,911,952	(14,760,568)
SYSTEM-GENERATED REVENUES:				
Fares and passes	371,101,645	371,101,645	373,808,979	2,707,334
Reduced fare subsidies	33,880,000	33,880,000	32,463,040	(1,416,960)
Advertising and concessions	22,055,038	22,055,038	20,372,441	(1,682,597)
Interest income	8,887,320	8,887,320	12,667,331	3,780,011
Contributions from local governmental units	5,000,000	5,000,000	5,000,000	-
Other revenue	9,222,000	9,222,000	20,594,780	11,372,780
Total system-generated revenues (A)	450,146,003	450,146,003	464,906,571	14,760,568
Operating expenses in excess of system-generated revenues	419,005,381	419,005,381	419,005,381	-
PUBLIC FUNDING FROM THE RTA:				
Operating assistance	419,005,381	419,005,381	419,005,381	-
CHANGE IN NET ASSETS - Budgetary basis	$ -	$ -	$ -	$ -
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:				
Provision for depreciation			$ (275,111,378)	
Pension expense in excess of pension contributions			(37,973,151)	
Provision for injury and damage claims			18,810,591	
Revenue from leasing transactions			4,262,208	
Interest income from sale/leaseback			103,666,704	
Interest expense from sale/leaseback			(100,289,284)	
Capital contributions			341,380,574	
Change in Net Assets - GAAP basis			$ 54,746,264	
CTA RECOVERY RATIO:				
Total operating expenses			$ 883,911,952	
Less mandated security costs			4,869,456	
Subtotal (B)			$ 879,042,496	
Recovery Ratio (A)/(B)			52.89%	

CHICAGO TRANSIT AUTHORITY
SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2000

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
OPERATING EXPENSES:				
Labor and fringe benefits	$ 613,122,000	$ 613,122,000	$ 617,049,300	$ (3,927,300)
Materials and supplies	64,745,000	64,745,000	68,812,946	(4,067,946)
Fuel	15,381,000	15,381,000	23,305,022	(7,924,022)
Electric power	20,066,000	20,066,000	21,021,791	(955,791)
Maintenance and repairs, utilities, rent and other	97,768,000	97,768,000	91,158,220	6,609,780
Provision for injuries and damages	30,000,000	30,000,000	30,000,000	-
Total operating expenses	841,082,000	841,082,000	851,347,279	(10,265,279)
SYSTEM-GENERATED REVENUES:				
Fares and passes	368,389,000	368,389,000	368,884,072	(495,072)
Reduced fare subsidies	34,220,000	34,220,000	32,110,937	2,109,063
Advertising and concessions	16,989,000	16,989,000	23,906,642	(6,917,642)
Interest income	8,991,000	8,991,000	12,921,953	(3,930,953)
Contributions from local governmental units	5,000,000	5,000,000	5,000,000	-
Other revenue	5,367,000	5,367,000	10,663,349	(5,296,349)
Total system-generated revenues (A)	438,956,000	438,956,000	453,486,953	(14,530,953)
Operating expenses in excess of system-generated revenues	402,126,000	402,126,000	397,860,326	4,265,674
PUBLIC FUNDING FROM THE RTA:				
Operating assistance	402,126,000	402,126,000	397,860,326	4,265,674
CHANGE IN NET ASSETS - Budgetary basis	$ -	$ -	$ -	$ -
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:				
Provision for depreciation			$ (256,836,328)	
Pension expense in excess of pension contributions			(26,037,293)	
Provision for injury and damage claims			32,770,290	
Revenue from leasing transactions			4,262,208	
Interest income from sale/leaseback			104,948,347	
Interest expense from sale/leaseback			(101,651,370)	
Capital contributions			273,291,541	
Change in Net Assets - GAAP basis			$ 30,747,395	
CTA RECOVERY RATIO:			$ 851,347,279	
Total operating expenses			4,816,638	
Less mandated security costs				
Subtotal (B)			$ 846,530,641	
Recovery Ratio (A)/(B)			53.57%	