



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for February 2009
Date: April 8, 2009

CTA's financial results show a surplus for the month of February of \$9.0 million and \$12.9 million for the first two month of 2009. The surplus for the month is primarily due to lower operating expenses and higher farebox and reduced fare revenue than anticipated in the budget. Ridership for the month of February was 40.1million and was 1.0 million higher than budget.

RTA informed the three service boards that sales tax, discretionary funds and the RETT collections are forecasted to fall short of the 2009 budget marks. RTA has projected that CTA's 2009 funding could be \$155.0 million lower than the 2009 budget mark. This projected revenue shortfall would translate to a reduction in funding of approximately \$13.0 million per month, turning the February year to date results from a \$12.9 million surplus to a \$13.0 million deficit. CTA will amend its budget based on the actions taken at the May RTA board meeting and present this amendment to the CTA board for approval at the June CTA Board meeting.

CTA's cash position improved from the end of 2008, but still remains weak. The chart below highlights CTA's key working capital results at the end of February 2009 compared to February and December 2008.

	Feb 2009	Feb 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 74.2	\$ 80.7	\$ (6.5)	\$ 38.2	\$ 36.0
Damage Reserve Cash	3.8	113.3	(109.5)	5.9	\$ (2.1)
Inventory	103.9	79.9	24.0	102.9	\$ 1.0
Funds owed by RTA	224.8	145.5	79.3	256.4	\$ (31.6)
Funds owed by State of Illinois	21.1	6.5	14.6	21.1	\$ -
Funds CTA owes (accounts payable)	30.0	23.4	6.6	36.5	\$ (6.5)

Cash balances are \$33.9 million higher than December 2008, but are \$116.0 million lower than February 2008. CTA has borrowed and almost depleted funds from the damage reserve account to pay for the day-to-day operating expenses of the Agency. Inventory balances remain high at 103.9 million, equivalent to over one year of

material expense and funds owed to CTA have increased by \$93.9 million since February 2008.

Ridership for the month of February was 40.1 million and was 1.0 million more than budget and was 0.7 million higher than prior year. Free rides have increased by 2.6 million over the respective prior year period to 5.1 million. Bus ridership for the month of February was 25.0 million. This was 1.7 million or 7.1% more than budget and was 0.4 million or 1.8% more than February 2008. Rail ridership for February was 15.0 million and was 0.6 million or 4.0% less than budget, but was 0.2 million or 0.8% more than prior year.

Public Funding Required for Operations for the month and the year was \$55.5 million and \$117.1 million, respectively and was favorable to budget by \$9.0 million and \$12.9 million, respectively. However, this is based on the current budget receiving the full funding mark.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 51.98% for the month and 51.18% for the year to date period. This was favorable to budget by 5.93 percentage points for the month and 4.43 percentage points for the year to date.

Operating Expenses for the month and year equaled \$99.1 million and \$208.0 million, respectively. For the current month, operating expenses were \$6.8 million or 6.4% less than budget. All expense categories were less than or equal to budget. For the year to date period, operating expenses were \$8.3 million lower than budget.

Labor Expense was \$67.8 million for the month of February and was \$1.7 million less than budget due to vacancies, deferral of exempt pay raises, lower overtime and higher charges to capital jobs. Labor expense for the first two months of 2009 equaled \$142.0 million and was favorable to budget by \$1.5 million.

Material Expense was \$7.3 million for the month and was under budget by \$0.3 million or 3.8%. Material expense for the first two months of 2009 equaled \$16.2 million and was unfavorable to budget by \$0.8 million. The current year variance to budget reflects material requirements for the aging rail fleet and maintenance of the NOVA bus fleet. The midlife overhaul on the NOVA buses was postponed and engines and normal overhaul activities are being done on the operating budget.

Fuel for Revenue Equipment was \$7.8 million for the month and was \$0.1 million less than budget and was \$0.6 million less than budget for the first two months of 2009. Bus miles were under budget by .2 million for the month and fuel consumption was on par with budget. The average price paid in February was \$4.44 per gallon and was under the budget price of \$4.50 per gallon.

Electric Power for Revenue Equipment was \$4.3 million for the month and was on par with budget for the month. Year to date power was \$8.8 million and was \$0.5 million more than budget. Rail mileage for the first two months of 2009 was 11.9 million miles and exceeded the budget by 2.2 million miles.

Provision for Injuries and Damages Expense was \$2.5 million for the month and \$5.0 million for the year to date and was on par with budget.

Purchase of Security Services was \$2.5 million for the month and was \$0.3 million less than budget. Year to date security is \$4.9 million and was \$0.6 million less than budget.

Other Expenses equaled \$7.0 million for the month and were \$4.3 million less than budget. Year to date other expense was \$15.2 million and was \$7.0 million less than budget due to timing differences between actual and budget and lower interest expense on the pension obligation bonds.

System-Generated Revenue was \$43.7 million for the month and was \$2.2 million more than budget for the month. Year to date System-Generated Revenue was \$90.9 million and was \$4.6 million more than budget. The favorable variance was due to higher than anticipated revenue for farebox, pass and reduced fare reimbursements offset by lower non farebox revenues.

Fare Revenue was \$38.5 million for the month and was \$2.0 million more than budget. Year to date fare revenue was \$80.6 million and was \$4.3 million more than budget primarily due to a higher average fare and higher ridership. CTA implemented a fare increase that went into effect on January 1, 2009. The average fare for the current month and first two months was \$0.96 and \$1.00 per ride, respectively; this was \$0.03 and \$0.04, respectively more than budget. Average weekday revenue yield \$1.5 million compared to \$1.3 million in February 2008 -- an increase of \$0.2 million or 13.5%. Average Saturday and Sunday revenue increased to \$0.9 million and \$0.6 million, respectively, an increase of 14.7% and 26.0%, respectively.

Reduced Fare Reimbursements were \$2.0 million for the month and \$4.1 million for the first two months. The budget did not include a budget for reduced fare reimbursement for the first six months of 2009 because at the time the budget was approved the state had not restored the annual appropriation for the region to this line item.

Advertising, Charter and Concessions Revenue equaled \$2.2 million in February and \$4.5 million for the first two months. This was below budget by \$0.3 million for the month and \$0.6 million for the first two months as the budget had anticipated higher advertising and pay phone revenues than realized.

Investment Income was \$0.2 million for the month and \$0.4 million for the year to date period. This was \$0.4 million lower than budget for the current month and \$0.8 million lower for the year to date period due to lower cash balances and investment rates.

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

All Other Revenue was \$0.8 million for the month and \$1.4 million for the year to date period. This was below budget by \$1.1 million for the month and \$2.4 million for the year to date period. The unfavorable results are primarily due to lower revenues for parking and property sales than assumed in the budget.