To: Chicago Transit Authority Board

From: Lynn Sapyta, Vice President Finance/Comptroller

Re: Financial Results for January 2009

Date: March 11, 2009

CTA's financial results show a surplus for the month of January of $3.9 million. 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 January was 40.3 million and was 0.2 million higher than budget.

RTA recently 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 January results from a $3.9 million surplus to a $9.0 million deficit. CTA staff has been putting together a menu of options to balance the budget for 2009 that are currently being discussed with the Acting President and Chairman. RTA is reviewing various options to help the service boards plug the funding gap and will take action at their April board meeting. Based on the action taken at the RTA board meeting, CTA will amend its budget in April and present to the CTA board for action.

CTA's cash position improved over the prior month, however still remains very worrisome. CTA's cash position at the end of January was equal to less than 1 month of operating expenses. The chart below highlights CTA's key working capital results at the end of January 2009 compared to January 2008.

	Jan 2009	**Jan 2008**	**Increase (Decrease)**
Working Cash	$70.8	$113.5	$(42.7)
Damage Reserve Cash	1.7	111.2	(109.5)
Inventory	108.4	78.3	30.1
Funds owed by RTA	255.9	103.5	152.4
Funds owed by State of Illinois	21.1	6.5	14.6
Funds CTA owes (accounts payable)	45.5	24.3	21.2

Cash balances are $152.2 million lower than January 2008. CTA has borrowed funds and almost depleted the damage reserve account to pay for the day to day operating expenses of the Agency. Inventory balances have increased by $30.1 million and funds owed to CTA have ballooned by $167.0 million.

Ridership for the month of January was 40.3 million and was 0.2 million more than budget and was 0.9 million higher than prior year. Free rides have increased by 2.4 million over the respective prior year period to 5.0 million. Bus ridership for the month of January was 25.0 million. This was 1.2 million or 5.0% more than budget and was 0.5 million or 1.9% more than January 2008. Rail ridership for January was 15.2 million and was 1.0 million or 7.3% less than budget and was 0.4 million or 1.0% more than prior year.

Public Funding Required for Operations for the month and the year was $61.6 million and was $3.9 million less than budget. 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 50.46% for the month and the year and was favorable to budget by 3.04 percentage points.

Operating Expenses for the month and year equaled $108.9 million and were $1.6 million or 1.4% less than budget.

Labor Expense was $74.2 million for the month of January and was $0.3 million more than budget.

Material Expense was $8.8 million for the month and was over budget by $1.1 million or 14.0%. Material expense is $0.5 million or 5.5% more than prior year. 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 now being done on the operating budget.

Fuel for Revenue Equipment was $8.1 million for the month and was $0.4 million less than budget but was $2.2 million more than prior year. Bus miles and fuel consumption were on par with budget. The average price of $4.23 per gallon was under the budget price of $4.50 per gallon.

Electric Power for Revenue Equipment was $4.5 million for the month and was $0.5 million more than budget and $1.1 million more than prior year. Rail mileage was 6.3 million miles and exceeded the budget by 1.3 million miles.

Provision for Injuries and Damages Expense was $2.5 million for the month and is on par with budget.

Purchase of Security Services was $2.5 million for the month and was $0.3 million less than budget.

Other Expenses equaled $8.2 million for the month and were $2.6 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 $47.3 million for the month and was $2.4 million more than budget for the month primarily due to higher than anticipated revenue for farebox, pass and reduced fare reimbursements offset by lower nonfarebox revenues.

Fare Revenue was $42.1 million for the month and was $2.3 million more than budget and $3.8 million more than prior year primarily due to a higher average fare. CTA implemented a fare increase that went into effect on January 1, 2009. The average fare for the month was $1.05 per ride and was $0.06 more than budget.

Reduced Fare Reimbursements were $2.1 million for the month. 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 $2.3 million in January and was $0.2 million less than budget as the budget had anticipated higher advertising and pay phone revenues than realized.

Investment Income was $0.2 million for the month and was $0.5 million less than budget due to a lower cash balances and investment rates.

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

All Other Revenue was $0.6 million for the month and was $1.3 million less than budget. This is primarily due to lower revenues for parking and property sales than assumed in the budget.