



To: Chicago Transit Authority Board
 From: Karen Walker, Chief Financial Officer
 Re: Financial Results for October 2009
 Date: December 10, 2009

CTA's financial results were on par with budget for the month of October and were \$4.3 million favorable for the year. The surplus for the year to date is primarily due to higher system-generated revenues and lower operating expenses than anticipated in the budget.

CTA's cash position remains strong relative to the end of 2008 due to the receipt of the federal preventive maintenance funds. The chart below highlights CTA's key working capital results at the end of October 2009 compared to October and December 2008.

	Oct 2009	Oct 2008	Increase (Decrease)	Dec 2008	Increase (Decrease)
Working Cash	\$ 199.1	\$ 16.4	\$ 182.7	\$ 61.7	\$ 137.4
Damage Reserve Cash	23.0	24.1	(1.1)	5.9	17.1
Inventory	97.3	102.5	(5.2)	102.9	(5.6)
Funds owed by RTA	126.9	224.2	(97.3)	258.8	(131.9)
Funds owed by State of Illinois	-	20.5	(20.5)	21.1	(21.1)
Funds CTA owes (accounts payable)	16.7	21.1	(4.4)	36.5	(19.8)

Working cash balances are \$137.4 million higher than December 2008, and \$182.7 million higher than October 2008. However, CTA borrowed from its damage reserve fund to pay for the day-to-day operating expenses of the Agency. In July 2009 CTA began to repay this fund by transferring \$5.0 million each month from the Working Cash Fund to repay the amount owed. The balance owed to the damage reserve fund as of October 2009 is \$57.0 million. Inventory balances remain high at \$97.3 million, equivalent to over one year of material expense. To reduce inventory levels, CTA is exploring a menu of options. Funds owed to CTA from RTA and the State of Illinois has decreased by \$117.8 million since October 2008. As of the end of October, 2009 the RTA owes CTA three months of public funding.

Ridership for the month of October was 47.4 million and was 0.7 million less than budget and was 2.7 million lower than prior year. Average daily ridership decreased 4.44% over October 2008. Average Saturday ridership decreased 5.65% over prior year while Sunday ridership decreased 2.92% over October 2008.

Free rides totaled 6.8 million for the month and 61.7 million for the year; this is 1.1 million more than 2008 for the month and 15.7 million more for the ten month period. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system; bus accounts for 5.6 million of the total free rides for the month while rail is 1.1 million.

Bus ridership for the month of October was 28.7 million. This was 0.7 million or 2.5% more than budget but was 2.4 million or 7.7% less than October 2008. Rail ridership for October was 18.7 million and was 1.4 million or 6.8% less than budget and was 0.2 million or 1.3% less than prior year.

Public Funding Required for Operations for the month and the year was \$55.1 million and \$551.1 million, respectively and was favorable to the amended budget by \$0.1 million and \$4.3 million, respectively. As of October 31, CTA has received \$433.1 million of the \$551.1 million of funding recorded as revenue funding for 2009.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 60.24% for the month and 55.50% for the year to date period. This was favorable to budget by 2.36 percentage points for the month and 0.39 percentage points for the year to date primarily due to the higher revenues and lower operating expenses.

Operating Expenses for the month and year equaled \$116.2 million and \$1.1 billion, respectively. For the current month, operating expenses were \$5.9 million or 5.4% more than budget. All expense categories were less than or equal to budget for the current month, except for fuel and other. For the year to date period, operating expenses were \$1.0 million lower than budget with all categories below budget, except fuel and other.

Labor Expense was \$75.4 million for the month of October and was \$1.0 million less than budget due to vacancies, deferral of exempt pay raises, lower overtime and higher charges to capital jobs. Labor expense for the year to date equaled \$722.6 million and was favorable to budget by \$2.3 million primarily due to the same reasons as the month. Compared to last year, labor expense is \$7.5 million lower than the first ten months of 2008.

Material Expense was \$6.2 million for the month and was under budget by \$2.1 million or 25.3%. Material expense for the year to date equaled \$70.5 million and was favorable to budget by \$5.6 million. The lower material expense is due to taking the NABI buses out of operation on February 19, 2009, the replacement of the 19 year old buses with new buses, lower material usage for rail cars and lower fare card material.

Fuel for Revenue Equipment was \$8.6 million for the month and \$83.8 million for the year to date. Fuel expense was \$0.2 million more than budget for the month and \$2.0 million more for the year. The average price paid in October was \$4.74 per gallon and was \$0.39 above the budget price of \$4.35 per gallon. Fuel consumption was 129,000 gallons less than budget due to improved fuel efficiency of the fleet; actual miles per gallon were 3.5 compared to 3.20 in the budget. Actual miles traveled were 6.4 million for the month compared to a budget of 6.2 million.

Electric Power for Revenue Equipment was \$2.8 million for the month and was on par with budget. Year to date power was \$32.7 million and was \$0.1 million less than budget. Rail mileage for the year was 58.2 million miles and was on par with budget.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$17.2 million for the year to date and was on par with budget.

Purchase of Security Services was \$2.6 million for the month and was \$0.2 million less than budget. Year to date security is \$26.2 million and was \$0.4 million less than budget.

Other Expenses equaled \$19.1 million for the month and were \$9.1 million more than budget. Year to date other expense was \$97.8 million and was \$5.5 million more than budget due to an accelerated recognition of pension expense. A portion of the increased pension contribution was accrued in October.

System-Generated Revenue was \$61.1 million for the month and was \$6.0 million more than budget for the month. Year to date System-Generated Revenue was \$499.7 million and was \$3.4 million more than budget. The month and year to date favorable variance is due to one-time revenue of \$10.0 million for the month and \$16.3 million for the year realized from interest rate swaps. Without this one-time revenue, the system generated revenue would have been unfavorable due to lower farebox and pass revenue and lower advertising revenue than budget.

Fare Revenue was \$43.0 million for the month and was \$5.0 million less than budget. The average fare for the current month was \$0.91 and was \$0.09 less than budget due to higher ridership on passes relative to pay for ride fare media. Year to date fare revenue was \$425.1 million and was \$11.6 million less than budget primarily due to lower ridership. The average fare for the year was \$0.97 and was \$0.02 less than budget.

Reduced Fare Reimbursements were \$2.0 million for the month and \$20.2 million for the year. This was favorable to budget for the month by \$2.0 million and was \$4.1 million favorable to budget for the first ten months.

Advertising, Charter and Concessions Revenue equaled \$2.4 million in October and \$23.1 million for the year. This was below budget by \$0.5 million for the month and \$2.1 million for the year as the budget had anticipated higher advertising revenues than realized.

Investment Income was \$0.1 million for the month and \$1.0 million for the year to date period. This was \$0.1 million below budget for the month and \$0.2 million less than budget for the year due to lower investment rates than budgeted.

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

All Other Revenue was \$11.6 million for the month and \$28.2 million for the year to date period. This was \$9.6 million more than budget for the month and \$13.2 million more than budget for the year due to the one-time revenue resulting from the termination of the interest rate swap agreement.