To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for December 2009

Date: February 11, 2010

CTA's financial results were $5.1 million favorable to budget for the month of December and $10.0 million favorable for the year. The surplus for the month is primarily due to lower operating expenses than budget. CTA finished the year with a $10.0 million budget surplus. This surplus was planned to cover capital expenditures funded with 2009 operating budget funds.

CTA's working cash position has weakened and now basically mirrors the 2008 year end position. The chart below highlights CTA's key working capital results at the end of 2009 compared to 2008.

	2009	2008	(Decrease)
Working Cash	$ 59.5	$ 62.7	$ (3.2)
Damage Reserve Cash	85.1	5.9	79.2
Inventory, net of reserves	97.4	102.9	(5.5)
Funds owed by RTA	124.6	258.8	(134.2)
Funds owed by State of Illinois	-	21.1	(21.1)
Funds CTA owes (accounts payable)	24.4	36.5	(12.1)

Working cash balances are $3.2 million lower than December 2008 and represent less than one month of operating expenses. Ideally CTA would like to have working cash equal 3 months operating expenses. The total damage reserve cash increased $79.2 million over prior year as during 2008 CTA borrowed from the damage reserve fund to pay for the day-to-day operating expenses of the Agency. Inventory balances net of reserves remain high at $97.4 million. The decrease in inventory is due to an increase in the reserve for obsolescence. Funds owed to CTA from RTA and the State of Illinois has decreased by $155.3 million since December 2008. At the end of December 2009, RTA owes CTA three months of public funding; this represents the typical amount owed by RTA based on state's payment cycle for sales tax and PTF funds.

Ridership for the month of December was 39.8 million and was 1.7 million less than budget and was 0.7 million more than prior year. For the full year of 2009, average daily ridership decreased 1.75% from 2008, average Saturday ridership increased 0.53%, while Sunday ridership increased 2.84%.

Free rides totaled 6.0 million for the month and 74.1 million for the year; this is 1.2 million more than 2008 for the month and 18.0 million more for the year. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system; bus accounts for 4.9 million of the total free rides for the month while rail is 1.1 million.

Bus ridership for the month of December was 24.6 million. This was 0.2 million or 0.9% more than budget and was 0.3 million or 1.2% more than December 2008. Rail ridership for December was 15.3 million and was 2.0 million or 11.3% less than budget and was 0.4 million or 2.9% more than prior year.

Public Funding Required for Operations for the month and the year was $55.7 million and $660.0 million, respectively and was favorable to the amended budget by $5.1 million and $10.0 million, respectively. The $10.0 million surplus for the year represents funds that were reserved for capital investment during 2009. As of December 31st, CTA has only received $495.2 million of the $660.0 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 57.68% for the month and 55.68% for the year to date period. This was favorable to budget by 2.83 percentage points for the month and 0.48 percentage points favorable for the year to date primarily due to the higher revenues and lower operating expenses.

Operating Expenses for the month and year equaled $110.0 million and $1.3 billion, respectively. For the current month, operating expenses were $6.0 million or 5.2% less than budget. All expense categories were less than or equal to budget for the current month, except for labor, fuel and security. For the year to date period, operating expenses were $10.3 million lower than budget with all categories below budget, except fuel, security and other.

Labor Expense was $77.7 million for the month of December and was $1.4 million more than budget due to higher fringe benefit expenses. Labor expense for the year equaled $870.5 million and was favorable to budget by $1.3 million primarily due to vacancies, deferral of exempt pay raises, lower overtime and higher charges to capital jobs.

Material Expense was $6.6 million for the month and was under budget by $1.4 million or 17.7%. Material expense for the year equaled $83.0 million and was favorable to budget by $9.3 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 $8.5 million for the month and $100.5 million for the year. Fuel expense was $0.1 million more than budget for the month and $2.4 million more for the year. The average price paid in December was $4.40 per gallon and was $0.05 above the budget price of $4.35 per gallon. Fuel consumption was 4,000 gallons less than budget due to improved fuel efficiency of the fleet; actual miles per gallon were 3.26 compared to 3.20 in the budget. Actual miles traveled were 6.3 million for the month compared to a budget of 6.2 million.

Electric Power for Revenue Equipment was $2.0 million for the month and was below budget by $2.3 million. Full year power expense was $37.6 million and was $2.4 million less than budget. Rail mileage for the year was 70.1 million miles and was 0.5 million more than budget.

Provision for Injuries and Damages Expense was $1.4 million for the month and $20.0 million for the year and was on par with budget.

Purchase of Security Services was $3.5 million for the month and was $0.7 million more than budget. Full year security is $32.3 million and was $0.1 million more than budget.

Other Expenses equaled $10.3 million for the month and were $4.5 million less than budget due to lower utilities, advertising, training and facilities maintenance expenses. Full year other expense was $117.6 million and was $0.2 million more than budget due to an acceleration of recognition of pension expense.

System-Generated Revenue was $54.4 million for the month and was $1.0 million less than budget for the month. System-Generated Revenue for the year was $601.6 million and was $0.3 million less than budget. The unfavorable variance for the month and year is due to lower than anticipated farebox revenue. However, the year date variance was almost fully offset by higher other revenue due to revenue of $16.3 million realized from the interest rate swap transactions.

Fare and Pass Revenue was $38.9 million for the month and was $8.6 million less than budget. The average fare for the current month was $0.98 and was $0.16 less than budget due to higher free rides and higher ridership on passes compared to pay-per-use fare media.   Full year fare revenue was $505.7 million and was $24.0 million less than budget primarily due to a lower average fare. The average fare for the year was $0.97 and was $0.04 less than budget.

Reduced Fare Reimbursements were $6.0 million for the month and $28.2 million for the year. This was favorable to budget for the month by $6.0 million and was $12.1 million favorable to budget for the year.

Advertising, Charter and Concessions Revenue equaled $4.8 million in December and $30.2 million for the year. This was $2.4 million more than budget for the month, but was $0.3 million below budget for the year as the budget had anticipated higher advertising revenues than realized.

Investment Income was $0.2 million for the month and $1.3 million for the year. This was $0.1 million below budget for the month and $0.7 million less than budget for the year due to lower cash balance and investment rates than budgeted.

Statutory Required Contributions were $3.0 million for the month and $5.0 million for the year and were on par with budget.

All Other Revenue was $1.4 million for the month and $31.2 million for the year. This was $0.6 million less than budget for the month but was $12.6 million more than budget for the year due to the one-time revenue realized from the interest rate swap transaction.