



To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for August 2011

Date: October 13, 2011

CTA's financial results show a surplus for the month of August of \$8.0 million and \$39.4 million for the year to date. The surplus for the month and year to date period is due to lower operating expenses and more operating revenue than anticipated in the budget. Ridership for the month was 46.7 million and was 4.5 million more than budget. Year to date ridership was 7.7 million more than budget and is 7.1 million more than the prior year.

The chart below highlights CTA's key working capital results at year end compared to year end 2010.

	Aug 2011	Aug 2010	Increase (Decrease)	Dec 2010
Working Cash	\$ 111.0	\$ 77.6	\$ 33.4	\$ 138.5
Damage Reserve Cash	104.6	84.5	20.1	102.4
Inventory	61.2	78.2	(17.0)	63.5
Funds owed by RTA	218.7	196.3	22.4	196.1
Funds CTA owes (accounts payable)	20.3	24.2	(3.9)	20.1

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash is \$33.4 million more than the prior year. Funds owed by the RTA is approximately \$218.7 million which is \$22.4 million more than the prior year. CTA inventories have decreased by \$17.0 million from the prior year due to changes made to min/max levels and an increase in the reserve for obsolescence. Funds CTA owes to creditors is \$20.3 million and is \$3.9 million less than prior year.

Ridership for the month of August was 46.7 million and was 4.5 million more than budget and was 2.4 million more than prior year. Bus ridership for the month of August was 26.8 million. This was 2.3 million or 9.6% more than budget and was 1.1 million or 4.2% more than August 2010. Rail ridership for August was 20.0 million and was 2.2 million more than budget and was 1.3 million or 7.1% more than August 2010.

Ridership for the year to date was 350.3 million and was 7.7 million more than budget and 7.1 million more than prior year. Bus ridership was 0.6 million more than the prior year to date while rail ridership was 6.5 million higher. For the full year of 2011, average weekday ridership increased 2.0% from 2010, average Saturday ridership increased 0.9% and average Sunday ridership increased 4.38%.

Free rides totaled 7.0 million for the month and 50.0 million for the year. This was 0.3 million more than August 2010 and 0.6 million less for the year to date. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system. Bus accounts for 5.8 million of the total free rides for the month while rail is 1.2 million. Effective September 2011, the free ride program for seniors will be modified to subject participants to a means test. Under the new program, seniors who do not qualify to ride free will pay a reduced fare.

Public Funding Required for Operations for the month and the year was \$58.2 million and \$456.7 million, respectively and was favorable to budget by \$8.0 million and \$39.4 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 57.78% for the month and 56.57% for the year. This was favorable to budget by 6.94 percentage points for the month and 3.58 percentage points for the year to date.

Operating Expenses for the month and year equaled \$111.5 million and \$854.7 million, respectively. For the current month, operating expenses were \$4.2 million or 3.6% less than budget. All expense categories were less than or equal to budget, except for fuel and power. For the year to date period, operating expenses were \$36.8 million lower than budget with all categories of expense favorable to budget, except for fuel and security.

Labor Expense was \$78.4 million for the month of August and was \$3.7 million less than budget. Labor expense for the year to date equaled \$597.8 million and was favorable to budget by \$23.8 million due to the prolonged hiring freeze and more charges to capital jobs than anticipated in the budget.

Material Expense was \$6.5 million for the month and was under budget by \$0.5 million or 7.1%. Material expense for the year to date equaled \$47.0 million and was favorable to budget by \$7.2 million.

Fuel for Revenue Equipment was \$5.7 million for the month and was \$1.0 million more than budget for the month and \$1.5 million more for the year to date. Fuel expense is \$3.2 million more than the prior year due to price increases. The gross price paid per gallon for the month was \$3.34. The fuel swap decreased the price by \$0.17 bringing the net cost per gallon to \$3.16 for the month of August 2011. The budget assumed a cost of \$3.08 per gallon.

Electric Power for Revenue Equipment was \$2.6 million for the month and \$19.4 million for the year. Power expense was over budget by \$0.2 million for the month but was \$0.4 million favorable for the year to date. Compared to the prior year to date, power cost was \$1.5 million lower due to the negotiated electric supply contract.

Provision for Injuries and Damages Expense was \$1.3 million for the month and \$10.0 million for the year to date period and is on par with budget.

Purchase of Security Services was \$2.8 million for the month and was on par with budget. Year to date security expense is \$24.0 million and was \$1.3 million more than budget.

Other Expenses equaled \$14.3 million for the month and were \$1.2 million less than budget. Year to date other expense was \$118.8 million and was \$8.2 million less than budget primarily due to lower than anticipated contractual services expense.

System-Generated Revenue was \$53.3 million for the month and was \$3.8 million more than budget for the month. Year to date System-Generated Revenue was \$397.9 million and was \$2.6 million more than budget. The favorable variance for the year to date is primarily due to higher than anticipated pass and other revenue.

Fare and pass revenue was \$46.8 million for the month and was \$3.7 million more than budget due to higher ridership than budgeted. For the month, the average fare was \$0.02 less than anticipated in the budget. Year to date fare and pass revenue was \$348.5 million and was \$2.3 million more than budget. The average fare for the year to date was \$1.00 per ride and was \$0.01 less than budget. Compared to the prior year to date, fare and pass revenue is \$11.6 million more than the 2010 year to date. The increase over the prior year to date is due to both a higher average fare and an increase in ridership.

Reduced Fare Subsidy was \$2.3 million for the month and was on par with budget. For the year to date the reduced fare subsidy was \$16.3 million and was \$2.3 less than budget.

Advertising, Charter and Concessions Revenue equaled \$1.3 million in August and \$12.9 million for the year. This was \$0.3 million less than budget for the month but was \$0.2 million more for the year to date.

Investment Income was \$47,000 for the month and \$277,000 for the year to date period. This was lower than budget for the current month and the year to date period due to lower than anticipated cash and cash equivalent 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 \$2.9 million for the month and \$19.9 million for the year to date period. This was \$0.4 million more than budget for the month and was \$2.7 million more than budget for the year to date period.