



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for December 2011
Date: February 8, 2012

CTA's financial results show a deficit for the month of December of \$22.0 million and a surplus for the year to date of \$23.6 million. The negative variance for December is due to the 2011 budget adjustments approved at the December board meeting and allocated between November and December. The \$23.6 million surplus for the year to date was due to a combination of lower operating expenses and higher revenues than anticipated in the budget. Ridership for the month was 42.1 million and was 1.8 million more than budget. Year to date ridership was 10.2 million more than budget and 15.1 million more than the prior year.

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

	Dec 2011	Dec 2010	Increase (Decrease)
Working Cash	\$ 121.2	\$ 138.5	\$ (17.3)
Damage Reserve Cash	108.0	102.4	5.6
Inventory	58.5	63.5	(5.0)
Funds owed by RTA	208.8	196.1	12.7
Funds CTA owes (accounts payable)	8.4	20.1	(11.7)

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash was \$17.3 million less than the prior year. Funds owed by the RTA was approximately \$208.8 million which was \$12.7 million more than the prior year. CTA inventories have decreased by \$5.0 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 was \$8.4 million and was \$11.7 million less than prior year.

Ridership for the month of December of 42.1 million, was 1.8 million more than budget and 3.6 million more than prior year. Bus ridership for the month of December was 25.0 million, which was 1.2 million or 5.0% more than budget and 2.1 million or 9.2% more than December 2010. Rail ridership for December was 17.2 million, which was 0.6 million more than budget and 1.5 million or 9.8% more than December 2010. For the month of December 2011, average weekday ridership increased 12.57% from December 2010, average Saturday ridership increased 3.10% and average Sunday ridership increased 22.06%.

Ridership for the year to date was 532.0 million and was 10.2 million more than budget and 15.1 million more than prior year. Bus ridership for the year to date was 310.4 million, which was 3.7 million or 1.2% more than budget and 4.3 million or 1.4% more than 2010. Rail ridership for the year to date was 221.6 million which was 6.6 million more than budget and 10.7 million or 5.1% more than 2010. For the full year of 2011, average weekday ridership increased 3.08% from 2010, average Saturday ridership increased 2.06% and average Sunday ridership increased 5.41%.

Free rides totaled 5.2 million for the month and 71.5 million for the year. This was 0.5 million less than December 2010 and 4.5 million less for the year to date. Free rides for seniors went into effect on March 17, 2008. In 2011, the free ride program for seniors was modified to subject participants to a means test. Under the new program, seniors who do not qualify to ride free pay a reduced fare. This modified program took effect September 12, 2011. The majority of free rides occurred on the bus system. Bus accounts for 4.2 million of the total free rides for the month while rail was 1.0 million.

Public Funding Required for Operations for the month and the year was \$72.1 million and \$681.7 million, respectively. Public Funding Required for Operations was unfavorable to budget for the month by \$22.0 million and was favorable to budget by \$23.6 million for the year. The \$23.6 million budget surplus for the year was primarily due to a combination of lower labor and other expense and higher system generated revenues than anticipated in the budget.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 49.26% for the month and 57.21% for the year. This was unfavorable to budget by 10.92 percentage points for the month due to the budget adjustments and was favorable by 2.03 percentage points for the year to date.

Operating Expenses for the month and year equaled \$122.7 million and \$1.3 billion, respectively. For the month, operating expenses were \$24.6 million more than budget, primarily due to the budget amendment. For the year to date period, operating expenses were \$12.6 million lower than budget with all categories of expense favorable to budget, except for security.

Labor Expense was \$74.8 million for the month of December and was \$13.3 million more than budget due to the budget adjustment. Labor expense for the year to date equaled \$893.8 million and was favorable to budget by \$7.6 million due to the prolonged hiring freeze and more charges to capital jobs than anticipated in the budget.

Material Expense was \$6.3 million for the month and was over budget by \$5.1 million due to the budget adjustment. Material expense for the year to date equaled \$67.9 million and was on par with budget.

Fuel for Revenue Equipment was \$5.5 million for the month and was \$1.0 million less than budget for the month due to the budget adjustment. Fuel expense was \$57.3 million for the year to date and was \$0.9 million less than budget. Year to date fuel expense was \$5.2 million more than the prior year due to price increases. The gross price paid per gallon for the month was \$3.70. The fuel swap decreased the price by \$0.11 bringing the net cost per gallon to \$3.59 for the month of December 2011.

Electric Power for Revenue Equipment was \$3.4 million for the month and \$29.7 million for the year. Power expense was under budget for the month and year to date by \$0.3 million and \$0.6 million, respectively.

Provision for Injuries and Damages Expense was \$1.3 million for the month and \$15.0 million for the year to date period and was on par with budget.

Purchase of Security Services was \$3.8 million for the month and was slightly unfavorable to budget. Year to date security expense was \$36.8 million and was \$0.8 million more than budget.

Other Expenses equaled \$27.6 million for the month and were \$7.5 million more than budget due to timing differences. Year to date other expense was \$193.4 million and was \$4.4 million less than budget.

System-Generated Revenue was \$50.6 million for the month and was \$2.6 million more than budget for the month. Year to date System-Generated Revenue was \$612.1 million and was \$11.0 million more than budget. The favorable variance for the year to date was primarily due to higher than anticipated pass and other revenue.

Fare and pass revenue was \$42.5 million for the month and \$3.1 million more than budget. For the month, the average fare was \$0.03 more than budget. Year to date fare and pass revenue was \$527.9 million and was \$4.2 million more than budget. The average fare for the year to date was \$0.99 per ride and was \$0.01 less than budget. Compared to the prior year to date, fare and pass revenue was \$18.7 million more than the 2010 year to date. The increase over the prior year to date was 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 \$26.0 million and was \$2.0 million less than budget.

Advertising, Charter and Concessions Revenue equaled \$3.3 million in December and \$21.5 million for the year. This was \$1.4 million more than budget for the month and was \$2.0 million more than budget for the year to date.

Investment Income was \$141,000 for the month and \$578,000 for the year to date period. This was \$298,000 more than budget for the month and was \$184,000 more than budget for the year to date.

Statutory Required Contributions were \$0.0 million for the month and \$5.0 million for the year. The month is unfavorable to budget by \$3.0 million due to a timing difference in the receipt of the City of Chicago contribution. The year to date is on par with budget.

All Other Revenue was \$2.3 million for the month and \$31.2 million for the year to date period. This was \$0.8 million more than budget for the month and was \$6.6 million more than budget for the year to date period due to the receipt of non-capitol grants which were not anticipated.