



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for July 2011
Date: September 14, 2011

CTA's financial results show a surplus for the month of July of \$12.9 million and \$31.4 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 for July. Ridership for the month was 44.0 million and was 1.4 million more than budget. Year to date ridership was 3.2 million more than budget and is 4.7 million more than the prior year.

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

	July 2011	July 2010	Increase (Decrease)	Dec 2010
Working Cash	\$ 78.3	\$ 63.5	\$ 14.8	\$ 138.5
Damage Reserve Cash	103.7	79.1	24.6	102.4
Inventory	61.7	80.0	(18.3)	63.5
Funds owed by RTA	247.4	191.6	55.8	196.1
Funds CTA owes (accounts payable)	21.0	27.7	(6.7)	20.1

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash is \$14.8 million more than the prior year. Funds owed by the RTA is approximately \$247.4 million which is \$55.8 million more than the prior year. CTA inventories have decreased by \$18.3 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 \$21.0 million and is \$6.7 million less than prior year.

Ridership for the month of July was 44.0 million and was 1.4 million more than budget and was 0.4 million more than prior year. Bus ridership for the month of July was 25.1 million. This was 0.3 million or 1.4% more than budget and was on par with July 2010. Rail ridership for July was 19.0 million and was 1.1 million more than budget and was 0.4 million or 2.4% more than July 2010.

Ridership for the year to date was 303.6 million and was 3.2 million more than budget and 4.7 million more than prior year. Bus ridership was 0.5 million less than the prior year to date while rail ridership was 5.2 million higher. For the full year of 2011, average weekday ridership

increased 1.69% from 2010, average Saturday ridership increased 1.17% and average Sunday ridership increased 4.81%.

Free rides totaled 6.3 million for the month and 43.0 million for the year; this is on par with July 2010 and 1.0 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 5.2 million of the total free rides for the month while rail is 1.1 million.

Public Funding Required for Operations for the month and the year was \$51.4 million and \$398.5 million, respectively and was favorable to budget by \$12.9 million and \$31.4 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.19% for the month and 56.38% for the year. This was favorable to budget by 12.03 percentage points for the month and 3.07 percentage points for the year to date.

Operating Expenses for the month and year equaled \$103.4 million and \$743.1 million, respectively. For the current month, operating expenses were \$5.2 million or 4.8% less than budget. All expense categories were less than or equal to budget, except for fuel, security, and other expenses. For the year to date period, operating expenses were \$32.6 million lower than budget with all categories of expense favorable to budget, except for fuel and security.

Labor Expense was \$73.5 million for the month of July and was \$6.0 million less than budget. The favorable variance for the month is primarily due to a budget adjustment to correct the presentation of non-capital grant accounts and public funding. Labor expense for the year to date equaled \$519.4 million and was favorable to budget by \$20.0 million due to the prolonged hiring freeze and more charges to capital jobs than anticipated in the budget.

Material Expense was \$5.6 million for the month and was under budget by \$2.3 million or 28.7%. Material expense for the year to date equaled \$40.5 million and was favorable to budget by \$6.7 million.

Fuel for Revenue Equipment was \$5.0 million for the month and was \$0.5 million more than budget for the month and year to date. Fuel expense is \$2.0 million more than the prior year due to a pricing increase. The gross price paid per gallon for the month was \$3.50. The fuel swap decreased the price by \$0.31 bringing the net cost per gallon to \$3.19 for the month of July 2011. The budget assumed a cost of \$3.08 per gallon.

Electric Power for Revenue Equipment was \$2.0 million for the month and \$16.8 million for the year. Power expense was favorable to budget by \$0.2 million for the month and \$0.7 million for the year to date. Compared to the prior year to date, power cost was \$1.4 million lower due to the negotiated electric supply contract.

Provision for Injuries and Damages Expense was \$1.3 million for the month and \$8.8 million for the year to date period and is on par with budget.

Purchase of Security Services was \$2.9 million for the month and was on par with budget. Year to date security expense is \$21.2 million and was \$1.3 million more than budget.

Other Expenses equaled \$13.2 million for the month and were \$2.7 million more than budget. The unfavorable variance for the month is due to a budget adjustment to correct the

presentation of non-capital grant expense and public funding. Year to date other expense was \$104.5 million and was \$7.0 million less than budget.

System-Generated Revenue was \$51.9 million for the month and was \$7.7 million more than budget for the month. The variance for the month is impacted by the budget adjustment made in July 2011. Year to date System-Generated Revenue was \$344.6 million and was \$1.2 million less than budget. The unfavorable variance for the year to date is primarily due to lower than anticipated farebox revenues and reduced fare subsidy.

Fare and pass revenue was \$45.1 million for the month and was \$2.0 million more than budget due to a higher average fare and ridership than budgeted. For the month, the average fare was \$0.01 more than anticipated in the budget. Year to date fare and pass revenue was \$301.8 million and was \$1.4 million less than budget. The average fare for the year to date was \$0.99 per ride and was \$0.02 less than budget. Compared to the prior year to date, fare and pass revenue is \$8.7 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 \$14.0 million and was \$2.3 less than budget.

Advertising, Charter and Concessions Revenue equaled \$2.1 million in July and \$11.5 million for the year. This was \$0.5 million more than budget for the month and year to date.

Investment Income was \$33,000 for the month and \$230,000 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 \$2.4 million for the month and \$17.1 million for the year to date period. This was \$5.3 million more than budget for the month and was \$2.3 million more than budget for the year to date period. The variance for the month is primarily due to a budget adjustment to correct the presentation of non-capital grant revenue and public funding.