



To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for March 2011

Date: May 11, 2011

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CTA's financial results show a surplus for the month of March of \$5.2 million and \$9.1 million for the first quarter of 2011. The surplus for the month and year to date period is primarily due to lower operating expenses than anticipated in the budget. Ridership for the month of March was 46.2 million and was 1.8 million more than budget. Year to date ridership was 2.1 million less than budget but is 1.0 million more than the first quarter of 2010.

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

	Mar 2011	Mar 2010	Increase (Decrease)	Dec 2010
Working Cash	\$ 130.4	\$ 67.8	\$ 62.6	\$ 138.5
Damage Reserve Cash	104.3	86.3	18.0	102.4
Inventory	62.2	86.7	(24.5)	63.5
Funds owed by RTA	188.4	184.3	4.1	196.1
Funds CTA owes (accounts payable)	20.8	27.2	(6.4)	20.1

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash is \$62.6 million more than the prior year. Funds owed by the RTA is approximately \$188.4 million which is \$4.1 million more than the prior year. CTA inventories have decreased by \$24.5 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 \$20.8 million and is 6.4 million less than prior year.

Ridership for the month of March was 46.2 million and was 1.8 million more than budget and was 1.7 million more than prior year. Bus ridership for the month of March was

27.5 million. This was 1.2 million or 4.6% more than budget and was 0.6 million or 2.3% more than March 2010. Rail ridership for March was 18.7 million and was 0.6 million more than budget and was 1.1 million or 6.1% more than March 2010.

Ridership for the year was 125.5 million and was 2.1 million less than budget but was 1.0 million more than prior year. Bus ridership was 1.4 million less than the prior year to date while rail ridership was 2.4 million higher. For the full year of 2011, average weekday ridership increased 1.41% from 2010, average Saturday ridership decreased 3.49% and average Sunday ridership increased 0.17%.

Free rides totaled 6.3 million for the month and 17.1 million for the year; this is 0.1 million less than March 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 5.2 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 \$58.8 million and \$177.7 million, respectively and was favorable to budget by \$5.2 million and \$9.1 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.22% for the month and 54.0% for the year. This was favorable to budget by 2.81 percentage points for the month and 1.04 percentage points for the year to date.

Operating Expenses for the month and year equaled \$109.8 million and \$320.7 million, respectively. For the current month, operating expenses were \$6.9 million or 5.9% less than budget. All expense categories were less than or equal to budget, except for security. For the year to date period, operating expenses were \$14.9 million lower than budget with all categories of expense favorable to budget, except for security.

Labor Expense was \$78.6 million for the month of March and was \$3.6 million less than budget due to delayed hiring, unfilled vacancies, and higher charges to capital jobs. Labor expense for the year to date equaled \$224.7 million and was favorable to budget by \$5.8 million.

Material Expense was \$5.3 million for the month and was under budget by \$1.2 million or 18.8%. Material expense for the first quarter of 2011 equaled \$17.3 million and was favorable to budget by \$2.4 million.

Fuel for Revenue Equipment was \$4.2 million for the month and was \$0.5 million less than budget and was \$0.9 million less than budget for the first quarter of 2011. Compared to the prior year to date, fuel is on par with 2010 due to favorable results from the fuel hedge program. The gross average price paid per gallon for the month was \$3.20. The fuel swap decreased the average price by \$0.60 bringing the net cost per gallon to \$2.61 for the month of March 2011. The budget assumed an average price of \$3.04 per gallon.

Electric Power for Revenue Equipment was \$2.3 million for the month and \$8.1 million for the year. Power expense was on par with budget for the month and was favorable by \$0.5 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 \$3.8 million for the year to date period and is on par with budget.

Purchase of Security Services was \$3.3 million for the month and was \$0.4 million more than budget. Year to date security expense is \$8.6 million and was \$0.1 million more than budget.

Other Expenses equaled \$14.9 million for the month and were \$2.0 million less than budget. Year to date other expense was \$45.7 million and was \$5.5 million less than budget due to timing differences between actual and budget.

System-Generated Revenue was \$51.0 million for the month and was \$1.7 million less than budget for the month. Year to date System-Generated Revenue was \$143.1 million and was \$5.8 million less than budget. The unfavorable variance was primarily due to lower than anticipated farebox and pass revenues.

Fare and pass revenue was \$44.6 million for the month and was \$1.4 million less than budget due to a lower average fare than budgeted. For the month, the average fare was \$0.07 less than anticipated in the budget. Year to date fare and pass revenue was \$123.7 million and was \$5.2 million less than budget primarily due to lower ridership and a lower average fare. The average fare for the first quarter was \$0.99 per ride and was \$0.02 less than budget.

Reduced Fare Reimbursements were \$2.3 million for the month and \$7.0 million for the year to date, which is on par with budget.

Advertising, Charter and Concessions Revenue equaled \$1.6 million in March and \$4.8 million for the year. This was on par with budget for the month and was \$0.1 million more than budget for the year.

Investment Income was \$28,000 for the month and \$106,000 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 \$7.5 million for the year to date period. This was \$0.2 million less than budget for the month and was \$0.6 million less than budget for the year to date period.