



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for October 2012
Date: December 20, 2012

CTA's financial results show a deficit for the month of \$0.2 million and a surplus for the year to date of \$7.6 million. The deficit for the month is primarily due to unfavorable variances in the materials expense category. The surplus for the year to date is primarily due to higher than anticipated pass and other revenue. Ridership for the month was 50.6 million and was 0.2 million more than budget. Year to date ridership was 459.9 million and was 8.4 million more than budget.

The chart below highlights CTA's key working capital results at October 2012 compared to October 2011 and year end 2011.

	October 2012	October 2011	Increase (Decrease)	Dec 2011
Working Cash	\$ 135.3	\$ 136.1	\$ (0.8)	\$ 122.5
Damage Reserve Cash	124.7	105.1	19.6	108.0
Inventory	57.0	59.5	(2.5)	58.5
Funds owed by RTA	227.2	193.8	33.4	229.0
Funds CTA owes (accounts payable)	11.3	26.3	(15.0)	8.4

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash was \$0.8 million less than the prior year. Funds owed by the RTA was approximately \$227.2 million which was \$33.4 million more than the prior year. CTA inventories have decreased by \$2.5 million from the prior year due to changes made to min/max levels. Funds CTA owes to creditors was \$11.3 million and was \$15.0 million less than prior year.

Ridership for the month of October was 50.6 million and was 0.2 million more than budget and was 2.6 million more than prior year. Calendar adjusted ridership was up 1.9% from prior year. Bus ridership for the month of October was 28.9 million, which was 0.1 million or 0.4% less than budget and 1.2 million or 4.4% more than prior year. The calendar adjusted bus ridership was up 0.9% from prior year. Rail ridership for October was 21.7 million, which was 0.3 million more than budget and 1.4 million more than prior year. Calendar adjusted rail ridership was up 3.3% from prior year. For the month of October 2012, average weekday ridership increased 2.58% from October 2011, average Saturday ridership decreased 2.42% and average Sunday ridership increased 0.72%. There were two additional workdays, one less Sunday and one less Saturday, in 2012 vs. 2011.

Ridership for the year to date was 459.9 million and was 8.4 million more than budget and 14.5 million more than prior year. Calendar adjusted ridership is up 2.9% over the prior year to date. Bus ridership for the year to date was 264.7 million, which was 3.7 million or 1.4% more than budget and 5.1 million or 2.0% more than prior year. Calendar adjusted bus ridership is up 1.6% over the prior year to date. Rail ridership for the year to date was 195.2 million which was 4.6 million more than budget and 9.4 million more than 2011. Calendar adjusted rail ridership is up 4.7% over the prior year to date. For the full year of 2012, average weekday ridership increased 2.66% from 2011, average Saturday ridership increased 3.37% and average Sunday ridership increased 4.11%. There was one additional workday in 2012.

Free rides totaled 6.3 million for the month and 58.0 million for the year. This was 0.9 million more than October 2011 and 3.1 million less for the year to date. Free rides for seniors went into effect on March 17, 2008. In September 2011, the free ride program for seniors was modified to subject the participants to a means test. Under the modified program, seniors who do not qualify to ride free pay a reduced fare. 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 was 1.1 million.

Public Funding Required for Operations for the month and the year was \$48.2 million and \$520.6 million, respectively. Public Funding Required for Operations was unfavorable to budget for the month by \$0.2 million and was favorable to budget by \$7.6 million for the year.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 67.30% for the month and 61.93% for the year. This was favorable to budget by 0.85 percentage points for the month and favorable by 1.43 percentage points for the year to date.

Operating Expenses for the month and year equaled \$109.5 million and \$1.1 billion, respectively. For the month, operating expenses were \$2.0 million more than budget, primarily due to material expenses. For the year to date period, operating expenses were \$7.9 million unfavorable to budget primarily due to labor, material and other expenses.

Labor Expense was \$81.0 million for the month of October and was \$0.3 million more than budget. Labor expense for the year to date equaled \$771.3 million and was unfavorable to budget by \$4.3 million due to increased overtime for maintenance, cleaning and training.

Material Expense was \$6.6 million for the month and was unfavorable to budget by \$1.1 million. Material expense for the year to date equaled \$59.7 million and was \$2.1 million over budget. The negative variances are due to higher spending and higher average costs.

Fuel for Revenue Equipment was \$5.8 million for the month and was \$0.6 million more than budget for the month. Fuel expense was \$52.6 million for the year to date and was \$2.1 million less than budget. Year to date fuel expense was \$5.0 million more than the prior year due to price increases. The gross price paid per gallon for the month was \$3.50. The fuel swap decreased the price by \$0.04 bringing the net cost per gallon to \$3.46 for the month of October.

Electric Power for Revenue Equipment was \$1.8 million for the month and \$19.6 million for the year. Power expense was unfavorable to budget for the month and year to date by \$0.5 million and \$1.0 million, respectively.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$21.2 million for the year to date and was on par with budget.

Purchase of Security Services was \$2.9 million for the month and was \$0.2 million favorable to budget. Year to date security expense was \$29.5 million and was \$1.2 million less than budget.

Other Expenses equaled \$10.0 million for the month and was \$0.4 million favorable to budget. Year to date other expense was \$108.4 million and was \$3.8 million more than budget due to higher expenses than anticipated in the budget associated with a non-capital security grant.

System-Generated Revenue was \$61.3 million for the month and was \$1.8 million more than budget. Year to date System-Generated Revenue was \$541.7 million and was \$15.5 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 \$49.0 million for the month and \$1.1 million more than budget. For the month, the average fare was \$0.97 and was \$0.02 more than budget. Year to date fare and pass revenue was \$461.9 million and was \$4.6 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 was \$19.9 million more than the 2011 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 \$23.1 million and was \$0.2 million less than budget.

Advertising, Charter and Concessions Revenue equaled \$2.0 million for the month and was \$0.2 million favorable to budget. Year to date advertising, charter and concessions was \$18.9 million and was \$1.3 million more than budget.

Investment Income was \$0.2 million for the month and \$0.6 million for the year to date period. This was \$0.2 million higher than budget for the month and was on par with budget for the year to date.

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

All Other Revenue was \$2.7 million for the month and \$32.2 million for the year to date period. This was \$0.3 million more than budget for the month and was \$9.9 million more than budget for the year to date period, due to the receipt of a non-capital security grant that was not anticipated.