



To: Chicago Transit Authority Board
From: Karen Walker, Chief Financial Officer
Re: Financial Results for August 2012
Date: October 16, 2012

CTA's financial results show a surplus for the month and year to date of \$0.7 million and \$13.1 million, respectively. The surplus for the month is primarily due to a favorable variance in the other revenue category. The surplus for the year to date is primarily due to higher farebox, pass and other revenue than was anticipated in the budget. Ridership for the month was 47.5 million and was 0.3 million more than budget. Year to date ridership was 363.0 million and was 8.2 million more than budget.

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

	<u>August</u> <u>2012</u>	<u>August</u> <u>2011</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Dec</u> <u>2011</u>
Working Cash	\$ 106.7	\$ 111.0	\$ (4.3)	\$ 122.5
Damage Reserve Cash	122.4	104.6	17.8	108.0
Inventory	56.6	61.2	(4.6)	58.5
Funds owed by RTA	242.4	218.7	23.7	229.0
Funds CTA owes (accounts payable)	10.7	20.3	(9.6)	8.4

CTA's working cash balance continues to be below the target of three months' operating expense. Working cash was \$4.3 million less than the prior year. Funds owed by the RTA was approximately \$242.4 million which was \$23.7 million more than the prior year. CTA inventories have decreased by \$4.6 million from the prior year due to changes made to min/max levels. Funds CTA owes to creditors was \$10.7 million and was \$9.6 million less than prior year.

Ridership for the month of August was 47.5 million and was 0.3 million and 0.8 million more than budget and prior year, respectively. Bus ridership for the month of August was 26.9 million, which was 0.1 million or 0.5% more than budget and prior year. Rail ridership for August was 20.6 million, which was 0.2 million more than budget and 0.6 million more than prior year. For the month of August 2012, average weekday ridership increased 1.57% from August 2011, average Saturday ridership increased 3.49% and average Sunday ridership decreased 0.25%.

Ridership for the year to date was 363.0 million and was 8.2 million more than budget and 12.7 million more than prior year. Bus ridership for the year to date was 209.3 million, which was 4.1 million or 2.0% more than budget and 4.8 million or 2.3% more than prior year. Rail ridership for

the year to date was 153.7 million which was 4.1 million more than budget and 7.9 million more than 2011. For the full year of 2012, average weekday ridership increased 2.91% from 2011, average Saturday ridership increased 3.88% and average Sunday ridership increased 4.30%.

Free rides totaled 6.4 million for the month and 45.2 million for the year. This was 0.7 million less than August 2011 and 4.8 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 new 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 5.3 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 \$51.0 million and \$423.0 million, respectively. Public Funding Required for Operations was favorable to budget for the month by \$0.7 million and was favorable to budget by \$13.1 million for the year.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 63.96% for the month and 61.10% for the year. This was favorable to budget by 1.79 percentage points for the month and by 2.20 percentage points for the year to date.

Operating Expenses for the month and year equaled \$107.5 million and \$851.0 million, respectively. For the month, operating expenses were \$1.0 million more than budget, due to labor expenses. For the year to date period, operating expenses were \$3.1 million unfavorable to budget primarily due to the other expense category.

Labor Expense was \$79.8 million for the month of August and was \$1.2 million more than budget. Labor expense for the year to date equaled \$616.1 million and was unfavorable to budget by \$1.5 million.

Material Expense was \$5.7 million for the month and was unfavorable to budget by \$0.2 million. Material expense for the year to date equaled \$47.4 million and was \$0.7 million over budget.

Fuel for Revenue Equipment was \$5.7 million for the month and was \$0.4 million less than budget for the month. Fuel expense was \$41.9 million for the year to date and was \$2.0 million less than budget. Year to date fuel expense was \$4.3 million more than the prior year due to price increases. The gross price paid per gallon for the month was \$3.32. The fuel swap had a minimal impact on the price for the month and therefore the net cost per gallon was also \$3.32 for the month of August.

Electric Power for Revenue Equipment was \$1.7 million for the month and \$15.4 million for the year. Power expense was slightly unfavorable to budget for the month and was \$0.3 million favorable for the year to date.

Provision for Injuries and Damages Expense was \$1.4 million for the month and \$18.4 million for the year to date and was on par with budget.

Purchase of Security Services was \$3.1 million for the month and was slightly unfavorable to budget. Year to date security expense was \$23.7 million and was \$0.9 million less than budget.

Other Expenses equaled \$10.1 million for the month and was slightly favorable to budget. Year to date other expense was \$88.1 million and was \$4.1 million more than budget due to higher expenses than anticipated in the budget associated with a non-capital security grant.

System-Generated Revenue was \$56.5 million for the month and was \$1.7 million more than budget. Year to date System-Generated Revenue was \$428.1 million and was \$16.2 million more than budget. The favorable variance for the year to date was primarily due to higher than anticipated farebox, pass and other revenue.

Fare and pass revenue was \$48.4 million for the month and \$0.5 million less than budget. For the month, the average fare was \$1.02 and was \$0.02 less than budget. Year to date fare and pass revenue was \$368.0 million and was \$7.0 million more than budget. The average fare for the year to date was \$1.01 per ride and was \$0.01 less than budget. Compared to the prior year to date, fare and pass revenue was \$19.5 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 \$2.1 million for the month and was \$0.2 million less than budget. For the year to date the reduced fare subsidy was \$18.4 million and was \$0.2 million less than budget.

Advertising, Charter and Concessions Revenue equaled \$1.8 million for the month and was \$0.1 million favorable to budget. Year to date advertising, charter and concessions was \$14.8 million and was \$0.6 million more than budget.

Investment Income was \$35,000 for the month and \$316,000 for the year to date period. This was slightly lower than budget for the month and was \$141,000 less than budget for the year to date.

Statutory Required Contributions were \$0.0 million for the month and year. This was on par with budget for the month and year.

All Other Revenue was \$4.2 million for the month and \$26.5 million for the year to date period. This was \$2.3 million more than budget for the month and was \$9.0 million more than budget for the year to date period, due to the receipt of a non-capital security grant that was not anticipated.