



To: Chicago Transit Authority Board
From: Tom McKone, Acting CFO
Re: Financial Results for December 2015
Date: February 4, 2016

I. Summary

CTA's financial results are \$0.5 million favorable for the month. The year to date is \$1.6 million favorable to budget primarily due to the proactive management of operating expenses to offset the anticipated reduction in the State's free and reduced fare reimbursement.

Ridership was 39.8 million for the month and was 1.0 million less than budget. Ridership for the year was 516.0 million and was 6.5 million less than budget.

II. Cash & Liquidity

The chart below highlights CTA's cash position at December 2015 compared to December 2014.

	DEC 2015	DEC 2014	Increase (Decrease)
Unrestricted Cash	\$ 192.6	\$ 102.5	\$ 90.1
Damage Reserve	97.0	106.0	\$ (9.0)
Funds Owed by RTA	271.6	273.4	\$ (1.8)
Trust Portfolio Assets	378.4	665.9	\$ (287.5)
Total Cash and Receivables	\$ 939.6	\$ 1,147.8	\$ (208.2)

CTA's total cash/receivables balance is equal to \$939.6 million. Unrestricted cash was \$90.1 million more than the prior year primarily due to receipt of \$23 million in proceeds from the debt reserve substitution in August, recent insurance settlements, full reimbursement for the 4G project and receipt of \$20 million in RTA reimbursements. The Damage Reserve is sufficiently funded and was \$9.0 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$271.6 million which was \$1.8 million less than the prior year. CTA continues to work closely with the RTA to monitor their receivable balance owed. Trust Portfolio Assets represents bond proceeds held in Trust for funding capital projects and making required debt service payments.

III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Fare & Pass Revenue	\$ 45,339	\$ (1,708)	\$ (1,170)	\$ 587,108	\$ (2,104)	\$ 3,809

- Fare and pass revenue for December was unfavorable to budget and prior year by \$1.7 million and \$1.2 million, respectively. The trend is consistent with the lower ridership results for December. The average fare for the month was \$1.14 and was \$0.01 more than budget. Year-over-year fare and pass revenue decreased by 2.5% in December and is 3.6% lower than budget for the month.
- Year to date fare and pass revenue was \$2.1 million less than budget but was \$3.8 million more than prior year. The average fare for the year was \$1.14 per ride and is \$0.01 more than budget. Rail ridership growth helped deliver the positive year-over-year increase as fares were stable in 2015. The year to date revenue was negatively impacted by the coldest February ever in Chicago and was the third-snowiest February on record. A strong second-half helped bring the year to date total closer to the budgeted level.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Reduced Fare Subsidy	\$ 2,136	\$ (224)	\$ (1,367)	\$ 14,161	\$ (14,161)	\$ (14,160)

- Reduced Fare Subsidy is \$0.2 million less than budget for the month and \$14.2 million less for the year to date due to the anticipated reduction in State funding for the free and reduced fare mandates. According to the July 2014 – June 2015 State budget and the proposed (but not yet approved) July 2015 – June 2016 State budget, we expect to receive approximately half of the originally budgeted amount in 2015.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Advertising, Charter, Concession	\$ 3,366	\$ 293	\$ 783	\$ 31,241	\$ 1,224	\$ 3,681

- Advertising, Charter and Concessions Revenue is favorable to budget for the month and year due to additional revenue associated with the urban panel revenue sharing agreement. The increase over the prior year is due to higher special contract guarantees, concession contracts, and the annual increase in vehicle and platform advertising minimum guarantee, which was also exceeded this year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Investment income	\$ (222)	\$ (279)	\$ (54)	\$ 1,123	\$ 441	\$ 701

- Investment income was less than budget for the month reflecting year-end mark to market adjustments. Improved cash forecasting and a better investment strategy through security selection has increased overall yield and income on the investment portfolio for the year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Other Revenue	\$ 6,255	\$ 2,331	\$ 3,803	\$ 36,334	\$ 2,048	\$ 262

- Other Revenue was favorable to budget by \$2.3 million for the month due to the capital project reclassification to non-capital grant revenue. This revenue is offset by an equal amount in the Other Expense category. For the year, Other Revenue is favorable to budget due to higher than anticipated rental income and Build America Bond subsidy.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Total System Generated Revenue	\$ 56,875	\$ 414	\$ 1,995	\$ 674,967	\$ (12,552)	\$ (5,707)

- Total System-Generated Revenue was \$0.4 million more than budget for the month primarily due to the Other Revenue category. The year to date is \$12.6 million less than budget due to the anticipated reduction in the State's free and reduced fare subsidy. The year to date system-generated revenue is \$5.7 million less than prior year primarily due to this subsidy reduction and additional one-time revenues in 2014, including the sale of property and higher non-capital grant revenues.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Labor	\$ 87,639	\$ (1,540)	\$ (446)	\$ 997,486	\$ 8,433	\$ (31,618)

- Labor expense was \$1.5 million unfavorable to budget for the month and within 1.8% of budget. This trend was anticipated in the forecast for 2015 expenses. Labor expense is \$31.6 million unfavorable to 2014 due to contractual wage rate increases, increased investments in safety oversight and facilities maintenance, and an increase in rail service in 2015.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Material	\$ 8,682	\$ (2,547)	\$ 5,020	\$ 83,507	\$ (10,176)	\$ (2,544)

- Material expense was unfavorable to budget for the month by \$2.5 million primarily due to the timing of a reserve for obsolescence expense. The reserve was anticipated in the 2015 forecast. The unfavorable variance to budget for the year is partially due to the severe weather in February. The unfavorable variance to prior year is attributed to a reclassification of certain expenses from the Other Expenses category into the Materials category.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Fuel	\$ 4,086	\$ 532	\$ 2,163	\$ 49,830	\$ 5,566	\$ 9,647

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget for the month due to lower usage than budgeted. Fuel is conservatively budgeted in 2015 to account for additional shuttles or other service that occurs throughout the year as a result of capital projects or other unplanned impacts. Fuel expense is \$9.6 million favorable to prior year due to lower usage and price.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Power	\$ 2,477	\$ (136)	\$ 350	\$ 28,818	\$ 918	\$ 4,750

- The Electric Power for Revenue Equipment expense is \$0.1 million unfavorable to budget for the month. Year to date power expense is \$4.8 million lower than 2014 due to the impact of the polar vortex in 2014, which required a higher volume of power consumption, and higher prices in 2014.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Provision for I&D	\$ 3,500	\$ -	\$ -	\$ 3,500	\$ -	\$ -

- The Provision for Injuries and Damages is \$3.5m and is on par with budget for the month and year to date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Purchase of Security Services	\$ 1,303	\$ (101)	\$ (29)	\$ 14,431	\$ (4)	\$ (803)

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and on par for the year to date. Security expense was \$0.8 million higher than 2014 primarily due to a one-time 2014 reclassification of charges eligible for grant reimbursement.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Other Expenses	\$ 17,974	\$ 3,867	\$ 5,562	\$ 251,942	\$ 9,451	\$ (9,033)

- Other Expenses were \$3.9 million favorable to budget for the month due to invoice timing differences. Year to date other expenses were within 3.6% of the 2015 budget and on par with the 2015 forecast. Other Expenses were \$9.0 million higher than 2014 due to the timing of contractual expenses and one-time credits received in 2014. Of the total monthly other expenses, the pension obligation bond expense is \$10 million; the remaining expenses are for utilities, maintenance contracts, services, and other expenses.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Total Operating Expenses	\$ 125,661	\$ 75	\$ 12,620	\$ 1,429,514	\$ 14,189	\$ (29,602)

- Total Operating Expenses were slightly favorable to budget for the month and \$12.6 million less than prior year. The favorable year to date variance to budget of \$14.2 million is due primarily to favorable labor, fuel, power and other expenses which offset unfavorable material expense.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Recovery Ratio	53.91%	0.79		56.61%	(0.41)	

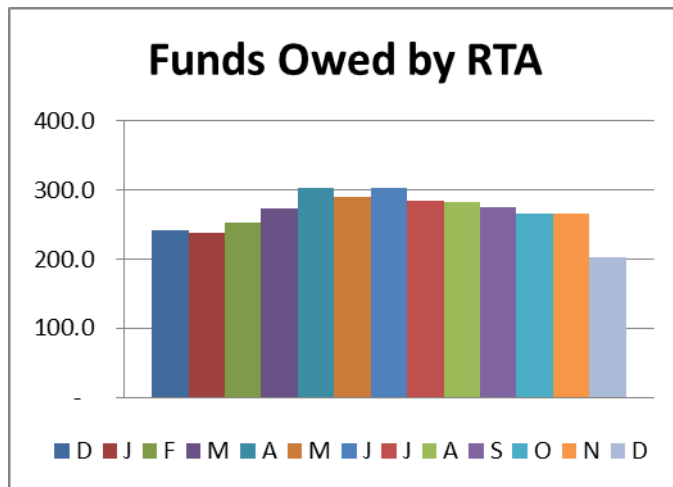
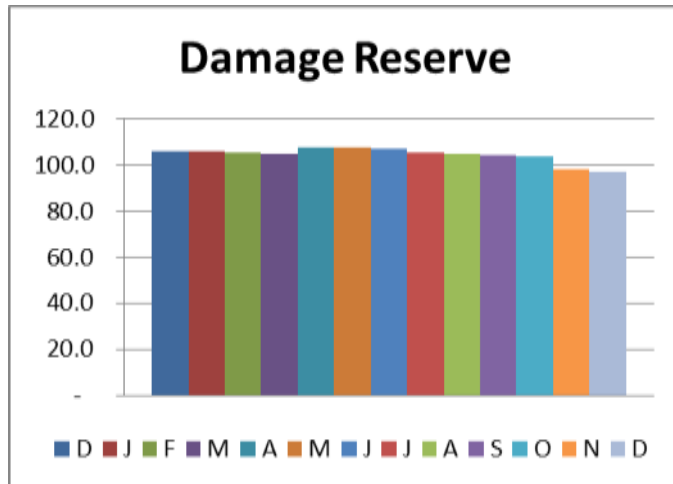
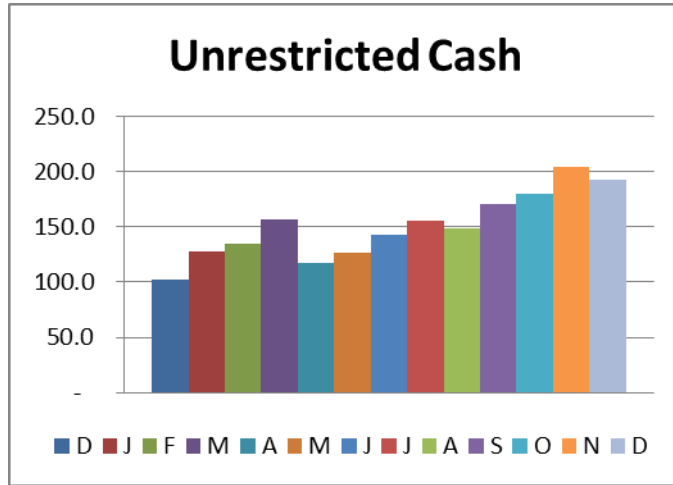
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.91% for the month. This was favorable to budget by 0.79 percentage points and is due to higher system generated revenues in December. For the year to date the recovery ratio is 56.61% and above the RTA-required 54.5% for 2015.

VI. Ridership

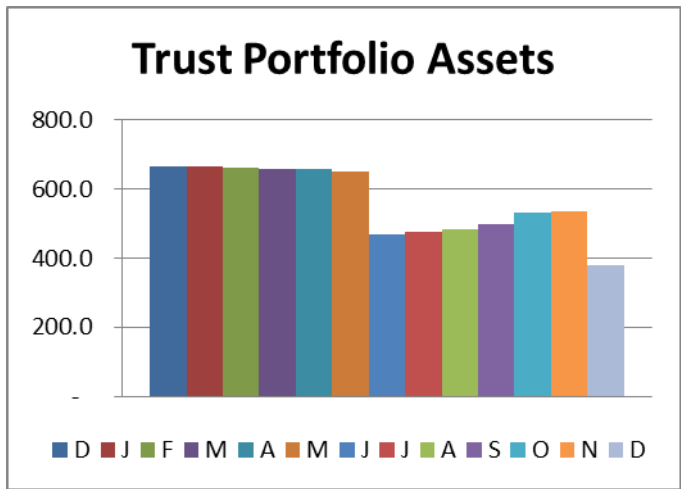
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-15	Budget Dec-15	Prior Year Dec15 vs. Dec14	2015	Budget 2015	Prior Year 2014
Bus	21,343	(773)	(602)	274,289	(5,371)	(1,828)
Rail	15,226	(36)	247	198,042	(444)	3,215
Rail to Rail Transfers	3,275	(175)	(111)	43,634	(716)	361
Total	39,845	(983)	(466)	515,965	(6,531)	1,748

- Ridership for the month of December was 39.8 million and was 1.0 million less than budget and 0.5 million less than prior year. Calendar adjusted ridership was down 1.2% from prior year.
- Ridership for the year to date was 516.0 million and was 6.5 million less than budget but was 1.7 million more than the prior year to date. Calendar adjusted ridership was up 0.4% from the prior year to date.
- More details on ridership can be found in the December Ridership Report.

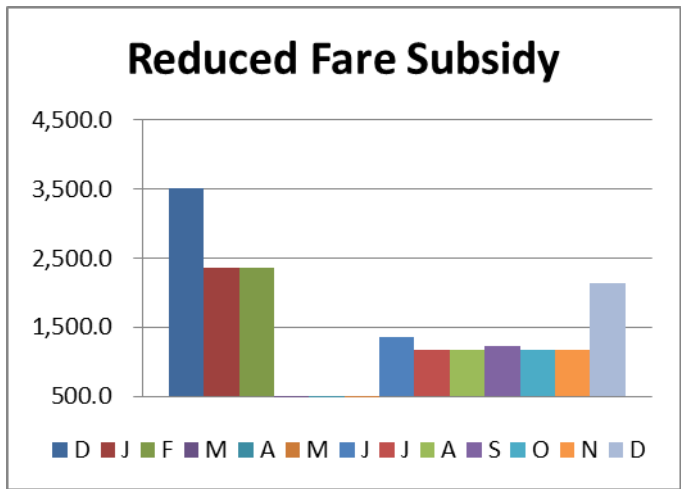
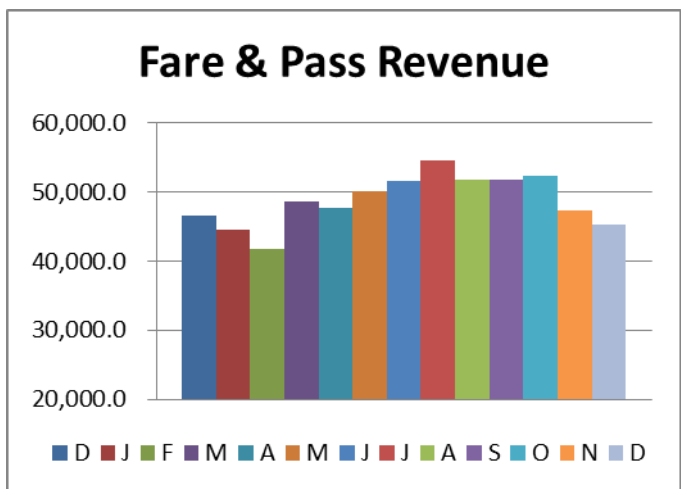
Cash & Liquidity



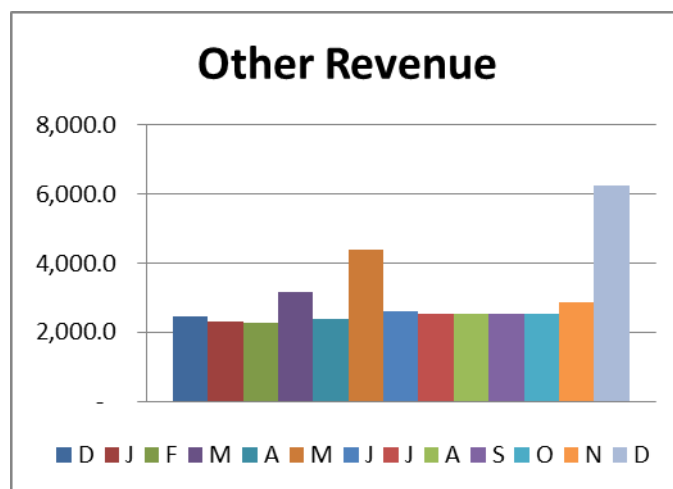
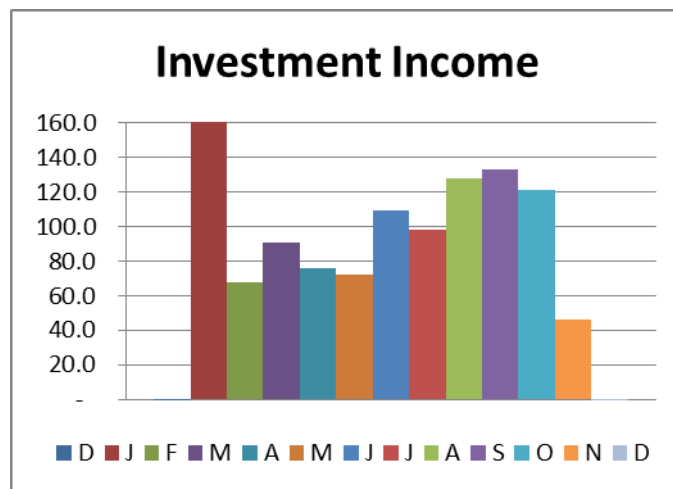
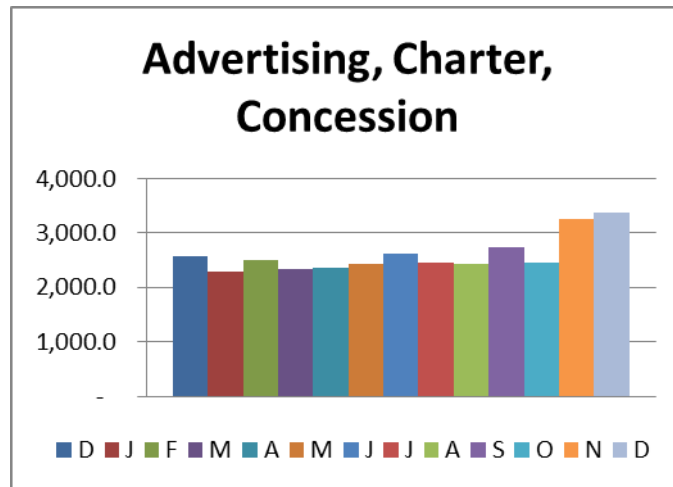
Cash & Liquidity (cont'd)



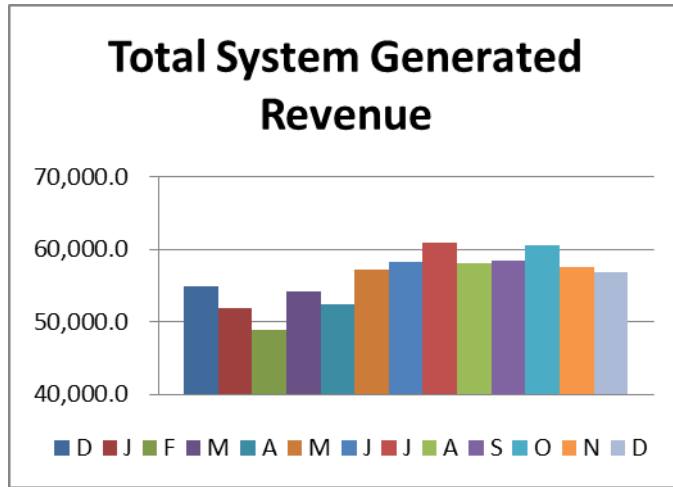
Revenue



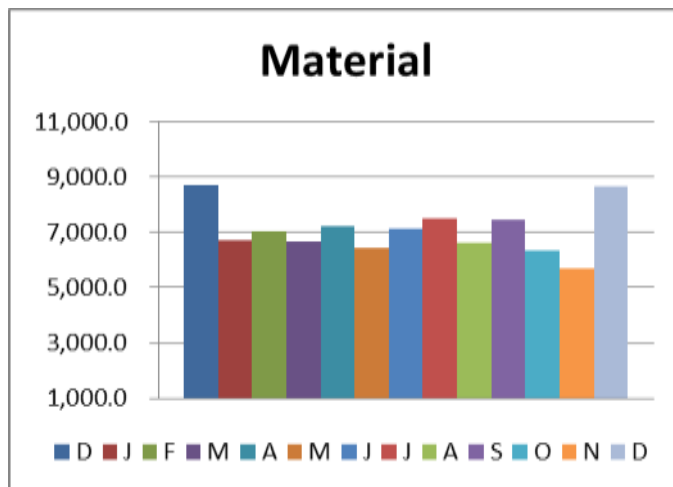
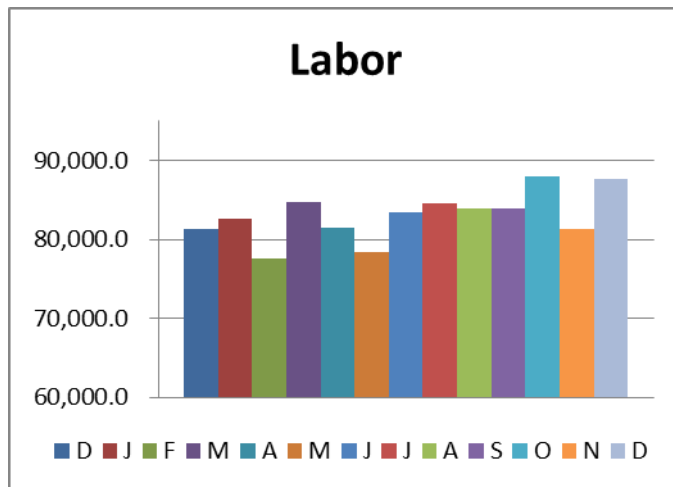
Revenue (cont'd)



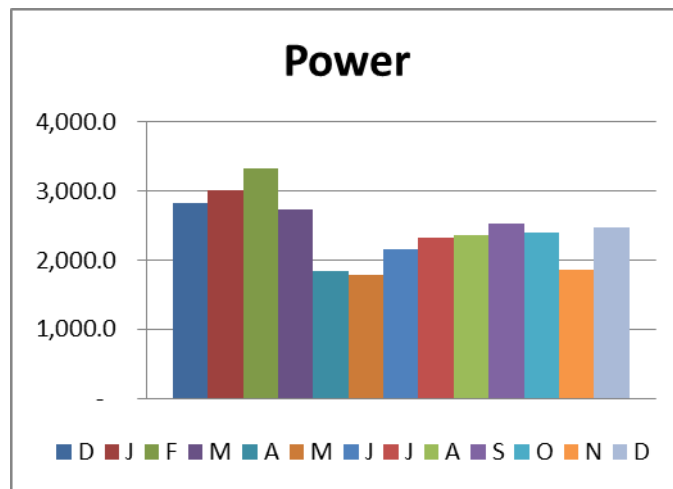
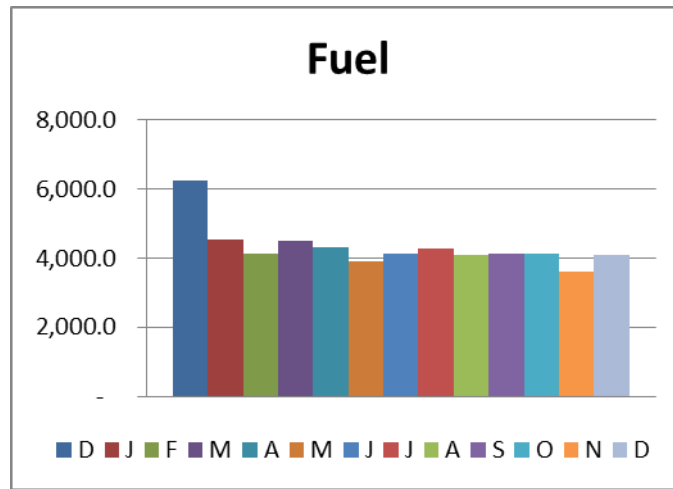
Revenue (cont'd)



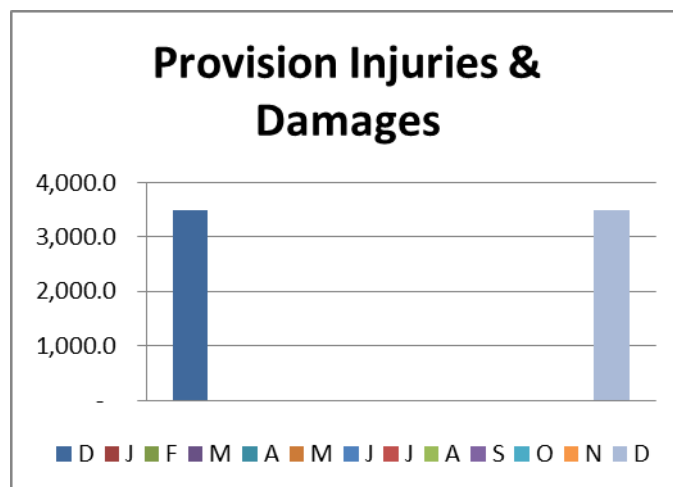
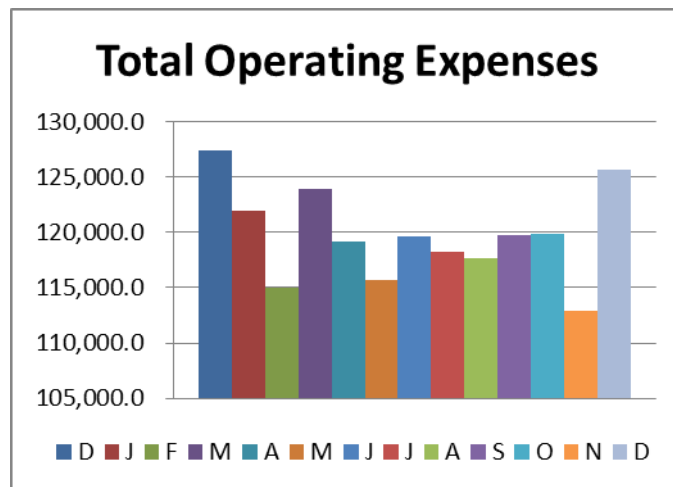
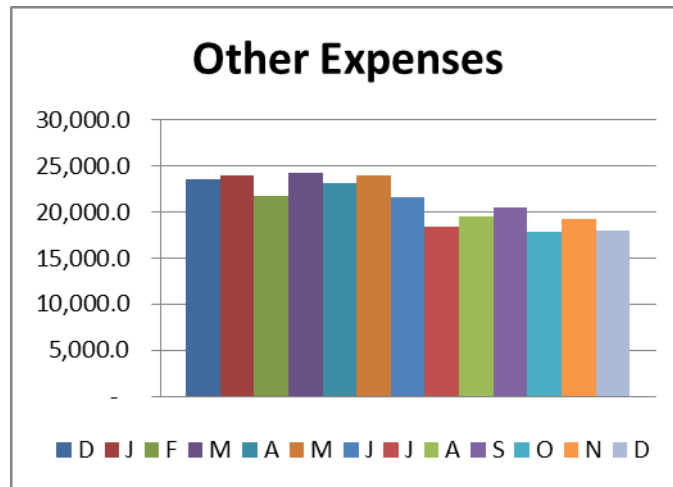
Expenses



Expenses (cont'd)



Expenses (cont'd)



Expenses (cont'd)

