



To: Chicago Transit Authority Board
From: Ron DeNard, Chief Financial Officer
Re: Financial Results for June 2015
Date: August 10, 2015

I. Summary

CTA's financial results are unfavorable by \$1.6 million and \$2.8 million for the month and year primarily due to the anticipated reduction in the State's free and reduced fare reimbursement.

Ridership was 44.3 million for the month and was 0.3 million more than budget. Ridership for the year to date was 253.9 million and was 4.2 million less than budget.

II. Cash & Liquidity

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

	JUNE 2015	JUNE 2014	Increase (Decrease)
Unrestricted Cash	\$ 142.8	\$ 113.2	\$ 29.6
Damage Reserve	107.1	110.1	\$ (3.0)
Funds Owed by RTA	302.1	252.0	\$ 50.1
Trust Portfolio Assets	468.6	225.5	\$ 243.1
Total Cash and Receivables	\$ 1,020.6	\$ 700.8	\$ 319.8

CTA's total cash/receivables balance is equal to \$1.0 billion. Unrestricted cash was \$29.6 million more than the prior year due to increased focus on reducing the delay in the receipt of reimbursements for capital related payments, insurance settlements and timing of expenditures. The Damage Reserve is sufficiently funded and was \$3.0 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$302.1 million which was \$50.1 million more than the prior year primarily due to a 5 month timing gap in State PTF (Public Transportation Funding). 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Fare & Pass Revenue	\$ 51,494	\$ (84)	\$ 1,514	\$ 284,135	\$ (2,862)	\$ (1,834)

- Fare and pass revenue for June was unfavorable to budget by \$0.1 million and higher than the prior year by \$1.5 million. There were 5 additional CPS school days in June, 2015, compared to June, 2014, leading to higher year-over-year growth. The average fare for the month was \$1.16 and was \$0.01 less than budget. Year-over-year fare and pass revenue increased by 3.0% in June and is within 0.2% of budget for the month.
- Year to date fare and pass revenue was \$2.9 million less than budget and \$1.8 million less than prior year. The average fare for the year to date was \$1.12 per ride and is \$0.01 more than budget. The year to date revenue was negatively impacted by the coldest February ever in Chicago and was the third-snowiest February on record.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Reduced Fare Subsidy	\$ 1,360	\$ (1,000)	\$ 143	\$ 6,080	\$ (8,081)	\$ (1,223)

- Reduced Fare Subsidy is \$1.0 million less than budget for the month and \$8.1 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.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Advertising, Charter, Concession	\$ 2,625	\$ 201	\$ 391	\$ 14,552	\$ 33	\$ 1,022

- Advertising, Charter and Concessions Revenue is slightly favorable to budget for the month due to slightly higher billboard revenue than anticipated. 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.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Investment income	\$ 109	\$ 53	\$ 51	\$ 819	\$ 478	\$ 568

- Investment income was higher than budget for the month and prior year. Improved cash forecasting and a better investment strategy through security selection has increased overall yield on the investment portfolio, which is expected to continue for the remainder of FY 2015. An overall higher yielding portfolio and better security selection will continue to improve investment income in FY 15.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Other Revenue	\$ 2,588	\$ (416)	\$ (431)	\$ 17,094	\$ 2,312	\$ (2,448)

- Other Revenue was unfavorable to budget by \$0.4 million for the month due to timing of non-capital grant revenue. A higher amount was received in May. This revenue is offset by an equal amount in the Other Expense category. For the year to date Other Revenue is \$2.3 million more than budget due to additional non-capital grant, rental and parking lot revenue. The year to date is lower than prior year due to a one-time sale of property in 2014.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Total System Generated Revenue	\$ 58,175	\$ (1,246)	\$ 1,667	\$ 322,681	\$ (8,119)	\$ (3,915)

- Total System-Generated Revenue was \$1.2 million and \$8.1 million less than budget for the month and year primarily due to the anticipated reduction in the State's free and reduced fare subsidy. The year to date system-generated revenue is \$3.9 million less than prior year primarily due to this 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Labor	\$ 83,416	\$ 296	\$ (6,356)	\$ 488,145	\$ 8,674	\$ (10,777)

- Labor expense was \$0.3 million favorable to budget for the month, mainly due to proactive management of vacant positions and favorable fringe expenses. Labor expense is \$10.8 million unfavorable to 2014 due to one additional workday in 2015, 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Material	\$ 7,133	\$ (1,650)	\$ (1,879)	\$ 41,230	\$ (5,016)	\$ (5,222)

- Material expense was unfavorable to budget and prior year for the month by \$1.7 million. The unfavorable variance for the month is partially due to one-time expenses associated with a capital project, which will be offset in July. In addition, the variance is due to more rail car mileage than budgeted creating more wear on materials and leading to more frequent replacements; delayed vehicle overhauls due to a delay in state funding; and a slower retirement of older vehicles, which have a higher materials cost per mile, expected to be replaced by new ones. The unfavorable variance to budget for the year is also due to the severe weather in February. The unfavorable variance to prior year is additionally due 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Fuel	\$ 4,124	\$ 448	\$ 180	\$ 25,507	\$ 1,924	\$ 2,792

- Fuel for Revenue Equipment expense was \$0.4 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 impacts. Fuel expense is \$2.8 million favorable to prior year to date primarily due to lower usage and price.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Power	\$ 2,161	\$ -	\$ (87)	\$ 14,857	\$ 611	\$ 3,542

- The Electric Power for Revenue Equipment expense is on par with budget for the month and expected to remain within budget for the year with occasional monthly fluctuations. Year to date power expense is \$3.5 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Purchase of Security Services	\$ 1,229	\$ (26)	\$ (24)	\$ 7,130	\$ 84	\$ (836)

- Purchase of Security Services was slightly unfavorable to budget for the month but favorable 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Other Expenses	\$ 21,580	\$ 538	\$ (2,413)	\$ 138,550	\$ (953)	\$ (13,902)

- Other Expenses were \$0.5 million favorable to budget for the month primarily due to lower non-capital grant expense than anticipated. These expenses are offset by non-capital grant revenue for a neutral overall impact on the budget. Overall contractual and other expenses are trending as anticipated with timing of the expenses creating monthly variability. Year to date other expenses were within 0.7% of the 2015 budget and \$13.9 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
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Total Operating Expenses	\$ 119,642	\$ (394)	\$ (10,580)	\$ 715,419	\$ 5,324	\$ (24,403)

- Operating Expenses were \$0.4 million more than budget for the month and \$10.6 million more than prior year. The favorable year to date variance to budget is due primarily to favorable labor, fuel and power expenses which offset unfavorable material and other expenses.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-15	Budget Jun-15	Prior Year Jun15 vs. Jun14	2015	Budget 2015	Prior Year 2014
Recovery Ratio	58.34%	(1.57)		54.08%	(1.01)	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 58.34% for the month. This was unfavorable to budget

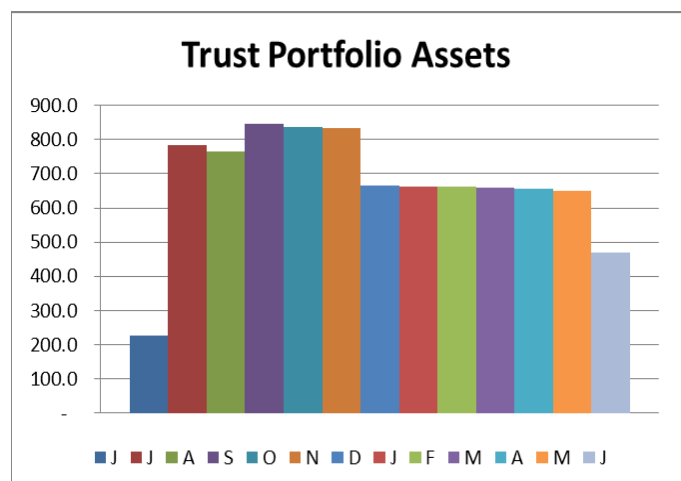
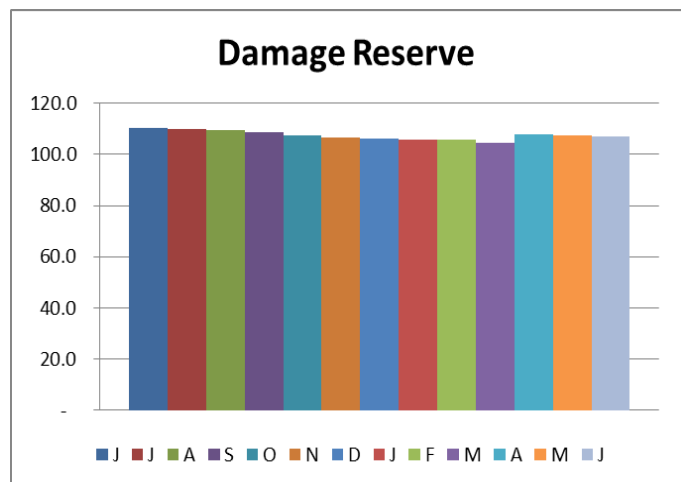
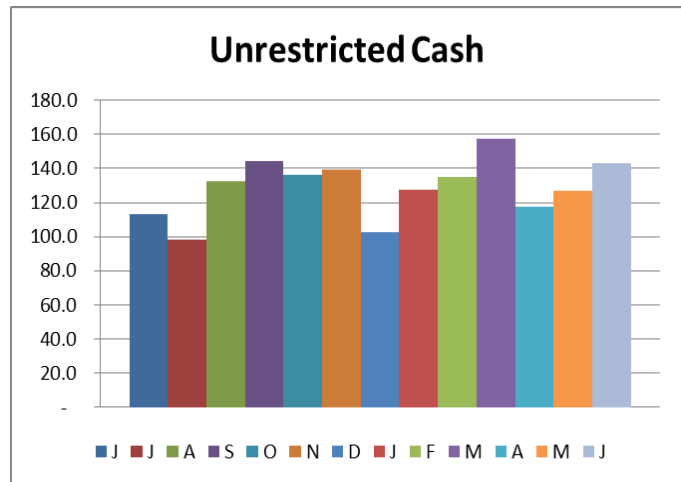
by 1.57 percentage points and is primarily due to the loss of the state free and reduced fare reimbursement which reduces system generated revenue. For the year to date the recovery ratio was 54.08% and slightly unfavorable to budget.

VI. Ridership

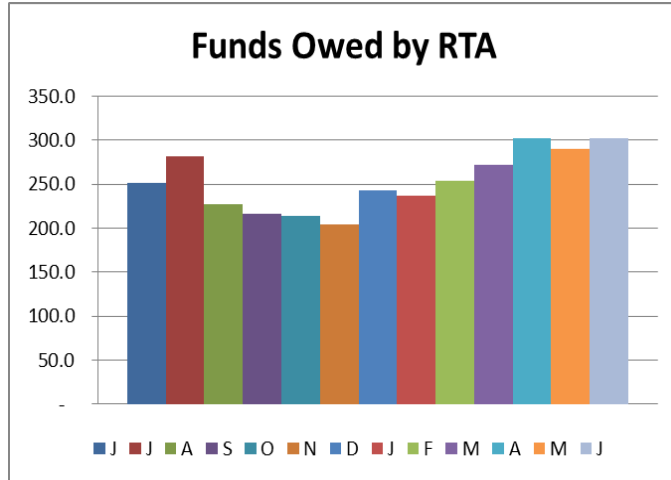
Category	Current Month			Full Year		
	Actual Jun-15	Variance to Budget Jun-15	Variance to Prior Year Jun15 vs. Jun14	Actual 2015	Variance to Budget 2015	Variance to Prior Year 2014
Bus	23,206	84	816	137,236	(2,373)	(548)
Rail	17,256	189	768	95,398	(1,322)	384
Rail to Rail Transfers	3,869	30	166	21,287	(456)	78
Total	44,331	302	1,750	253,922	(4,152)	(85)

- Ridership for the month of June was 44.3 million and was more than budget and prior year by 0.3 million and 1.8 million, respectively. Calendar adjusted ridership was up 2.3% from prior year.
- Ridership for the year to date was 253.9 million and was 4.2 million less than budget and 0.1 million less than prior year. Calendar adjusted ridership was on par with prior year.
- More details on ridership can be found in the June Ridership Report.

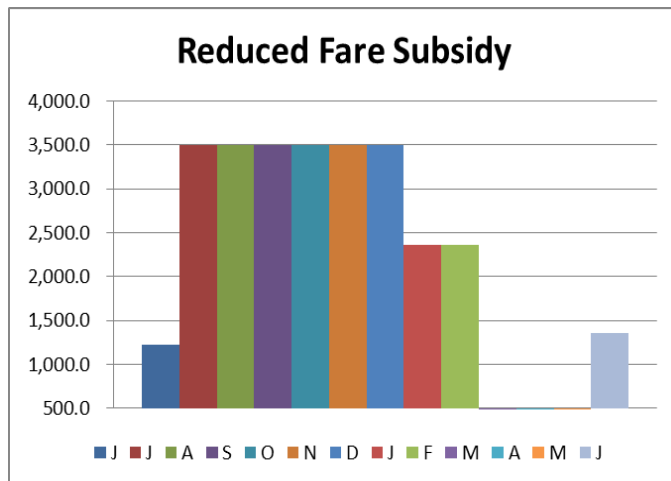
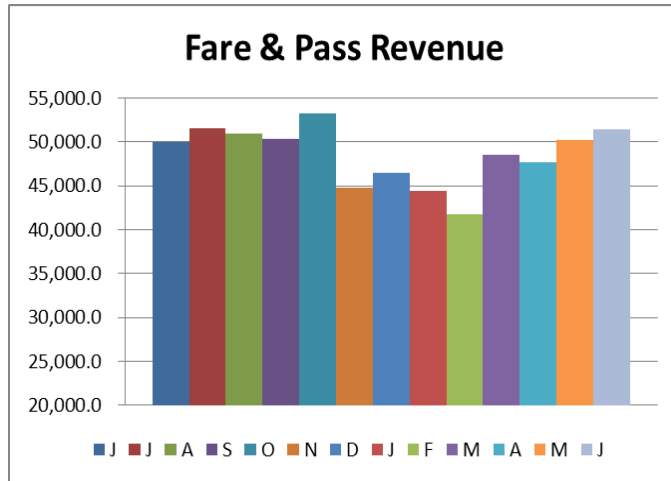
Cash & Liquidity



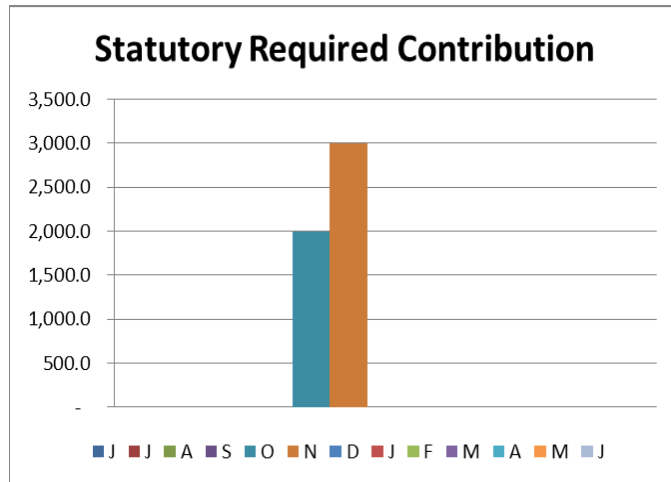
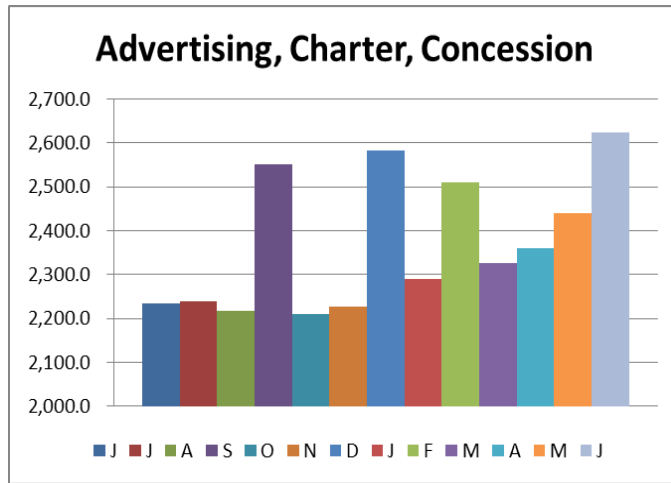
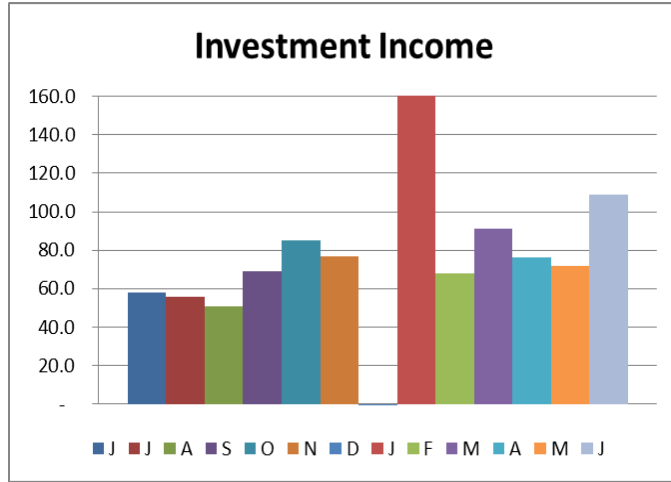
Cash & Liquidity (con't)



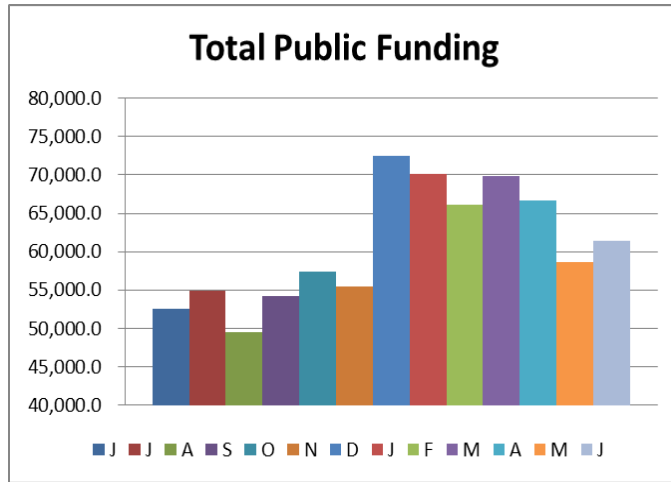
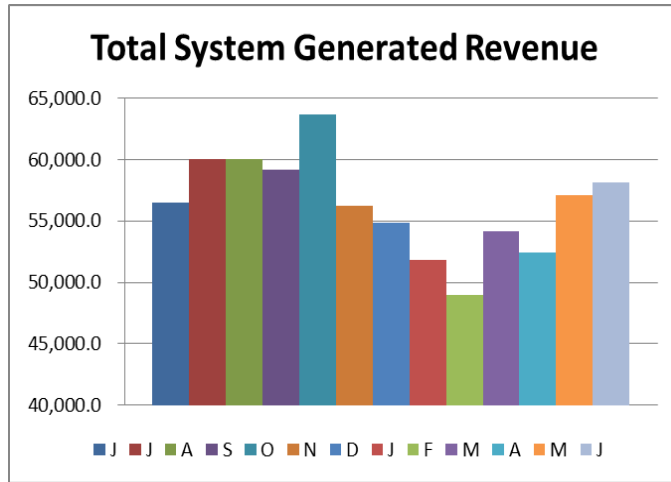
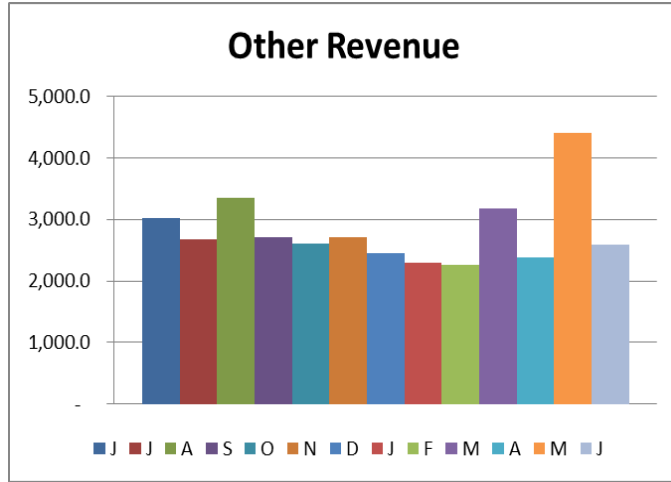
Revenue



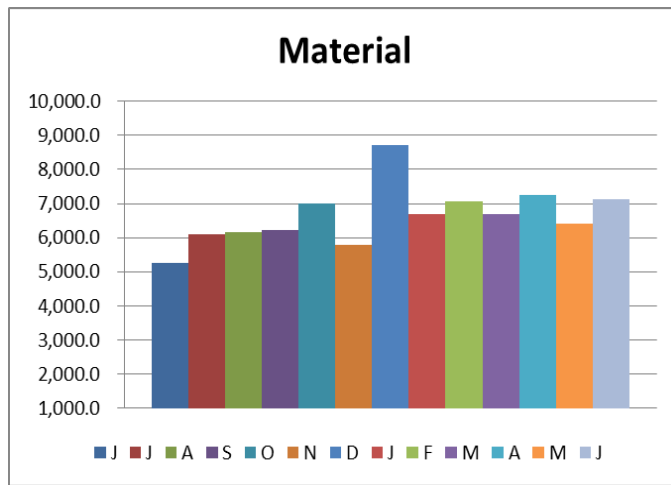
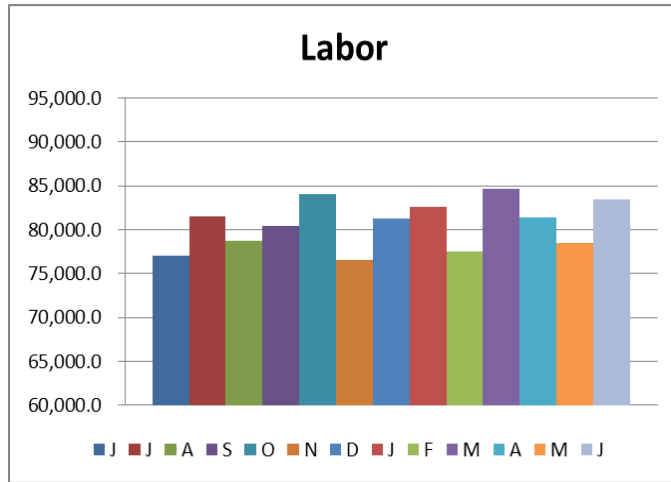
Revenue (con't)



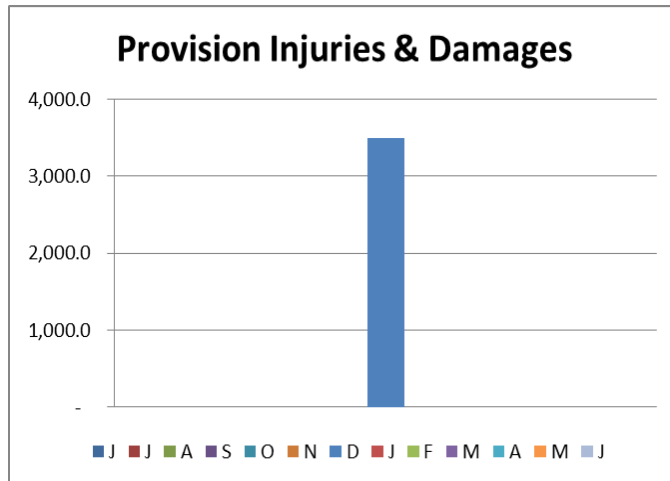
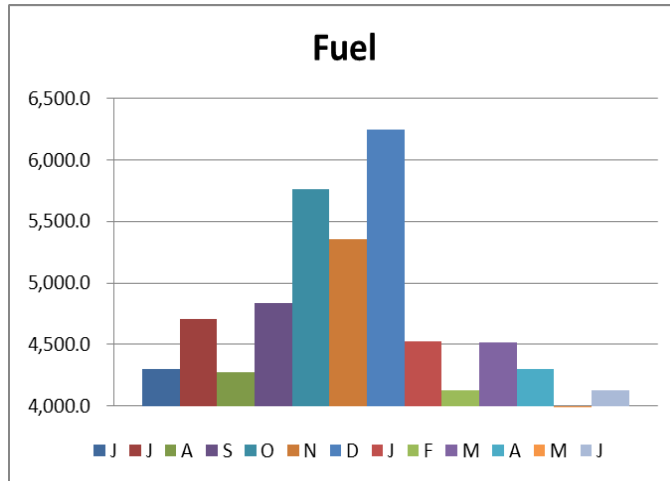
Revenue (con't)



Expenses



Expenses (con't)



Expenses (con't)

