



To: Chicago Transit Authority Board  
From: Ron DeNard, Chief Financial Officer  
Re: Financial Results for May 2014  
Date: July 16, 2014

### I. Summary

CTA's financial results are \$5.6 million favorable for May and \$2.3 million favorable to budget for the year to date. The favorable variance for the year is primarily due to higher non-farebox revenues and lower May expenses than anticipated in the budget.

Ridership for the month is 44.9 million and is 0.6 million less than budget. For the year to date ridership is 211.4 million and is less than budget and prior year by 7.2 million and 7.4 million, respectively.

### II. Cash & Liquidity

The chart below highlights CTA's cash position at May 2014 compared to May 2013.

	May 2014	May 2013	Increase (Decrease)
Unrestricted Cash	\$ 93.5	\$ 77.8	\$ 15.7
Damage Reserve	111.1	122.8	\$ (11.7)
Funds Owed by RTA	278.6	275.0	\$ 3.6
Trust Portfolio Assets	386.3	662.0	\$ (275.7)
Total Cash and Receivables	\$ 869.5	\$ 1,137.6	\$ (268.1)

CTA's total cash/receivables balance is equal to \$869.5 million. Unrestricted cash was \$15.7 million more than the prior year due to timing of reimbursement of bond draws to fund capital projects. The cash in Damage Reserve, while still over-funded is \$11.7 million lower than last year because of claims paid in 2014 and the credit taken from the Reserve in the second half of 2013 to offset the unexpected reduction in the State's reduced fare reimbursement program. Funds owed by the RTA were approximately \$278.6 million which was \$3.6 million more 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. The balances will decrease as we meet our scheduled spend down plan and debt service payments and will increase as CTA receives additional bond proceeds or grant money.

### III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Fare & Pass Revenue	\$ 49,710	\$ 20	\$ (137)	\$ 235,989	\$ (3,437)	\$ 829

- Fare and pass revenue was on par with budget for the month and was slightly lower than May 2013. Farebox revenue was favorable to budget offsetting pass revenue which was unfavorable. The average fare for the month was \$1.11 and was \$0.02 favorable to budget.
- Year to date fare and pass revenue was \$3.4 million (1.5%) less than budget, mainly due to the impact of the extreme winter weather during the first quarter. The average fare for the year to date is \$1.12 per ride and \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Reduced Fare Subsidy	\$ 1,217	\$ -	\$ (1,143)	\$ 6,086	\$ -	\$ (5,715)

- Reduced Fare Subsidy is consistent with the budget but less than prior year due to the State reduction in funding.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Advertising, Charter, Concession	\$ 2,410	\$ 13	\$ 361	\$ 11,297	\$ (73)	\$ (17)

- Advertising, Charter and Concessions Revenue is slightly favorable to budget for the month. Year to date revenue was less than prior year due to lower special contract guarantees.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Investment income	\$ 11	\$ (12)	\$ (12)	\$ 193	\$ (41)	\$ 43

- Investment Income is less than budget and prior year. The year to date unfavorable variance is primarily due to a lower realized yield on investments and the impact of short duration investments in the Damage Reserve Fund. Investment income is expected to improve in June and the balance of 2014..

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Other Revenue	\$ 3,047	\$ 1,006	\$ (3,340)	\$ 16,523	\$ 6,356	\$ (486)

- Other Revenue was favorable to budget for the month primarily due to additional non-capital grant revenue passed through to the Chicago Police Department for transit security services, as has occurred in prior months. This is matched by an equal expense in Other Expenses. Other Revenue is favorable for the year to date due to a sale of property with the City of Chicago, the additional grant revenue, and other miscellaneous revenue sources (such as parking lot revenue and scrap material sales) trending positively.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Total System Generated Revenue	\$ 56,395	\$ 1,027	\$ (4,270)	\$ 270,088	\$ 2,805	\$ (5,346)

- Total System-Generated Revenue was \$1.0 million more than budget for the month as fare revenue was on budget and Other Revenue exceeded budget as described above. The \$2.8 million year to date favorable variance is due to the additional non-capital grant revenue and sale of property, offsetting lower fare and pass revenues.

#### IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Labor	\$ 78,123	\$ 2,901	\$ 908	\$ 400,308	\$ 2,961	\$ (7,224)

- Labor expense was \$2.9 million less than budget for the month and \$0.9 million less than prior year, mainly due to reduced overtime and the adjusted hiring strategy. For the year to date labor expense was \$3.0 million less than budget and \$7.2 million more than prior year. Overtime for the year to date exceeded budget by \$4.9 million primarily due to the unseasonably cold and snowy weather during the first quarter. This has been offset by adjusting the hiring strategy and reducing overtime in future months. Labor expense is higher than the prior year because the Customer Service Assistant program was not fully implemented as of May 2013 and due to contractual increases in wages and salaries.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Material	\$ 5,944	\$ (980)	\$ (1,138)	\$ 30,754	\$ (4,407)	\$ (3,397)

- Material Expense was over budget by \$1.0 million and \$4.4 million for the month and year, respectively. As reported last month, the cumulative impact of severe winter weather on vehicle parts is apparent because the additional wear-and-tear of the winter requires that more parts be replaced in the spring as they are inspected. In addition, as vehicles undergo the overhaul process, additional work is performed as needed which increases the volume of material use.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Fuel	\$ 4,439	\$ 625	\$ 1,196	\$ 23,995	\$ 634	\$ 2,220

- Fuel for Revenue Equipment expense was \$0.6 million favorable to budget for the month based on a slightly lower volume and better pricing than anticipated. The year to date is favorable to budget and we expect to be on par or favorable with the overall budget for the remainder of 2014 by increasing the use of lower cost D2 fuel. Overall price per gallon was \$3.10 in May versus \$3.15 in April.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Power	\$ 1,884	\$ 239	\$ 646	\$ 16,325	\$ (4,206)	\$ (5,485)

- The Electric Power for Revenue Equipment expense was favorable to budget for the month by \$0.2 million. The unfavorable variance for the year is due to the impact of severe weather conditions in the first quarter. The favorable variance for the month is due to mild weather in April and May which did not require excess heating or cooling and therefore reduced the volume consumed. CTA is currently working with its energy advisors and is implementing a hedging strategy for the remainder of 2014 and beyond to mitigate price volatility and lock in favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Provision Injuries & Damages	\$ -	\$ -	\$ 983	\$ -	\$ -	\$ 4,913

- Provision for Injuries and Damages was on par with budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Purchase of Security Services	\$ 1,154	\$ 6	\$ 881	\$ 5,090	\$ 766	\$ 8,127

- Purchase of Security Services was on par with budget for the month. Security expense was \$0.8 million favorable for the year primarily due to a one-time reclassification of charges eligible for grant reimbursement.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Other Expenses	\$ 20,541	\$ 1,747	\$ 1,510	\$ 105,480	\$ 3,749	\$ (12,747)

- Other Expenses was favorable to budget for the month due to a \$1.7 million property damage reimbursement associated with a 2008 incident at the Cermak station. The year-to-date variance is a better reflection of overall expenses in this category. Expenses remain favorable in Other Expense for the year to date. Of the total other expenses, the monthly pension obligation bond expense is \$10.1 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
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Total Operating Expenses	\$ 112,084	\$ 4,538	\$ 4,985	\$ 581,953	\$ (503)	\$ (13,593)

- Operating Expenses were \$4.5 million less than budget for the month and \$0.5 million more than budget for the year to date. The unfavorable variance for the year is primarily due to severe weather, primarily impacting materials and power categories.

## V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-14	Budget May-14	Prior Year May14 vs. May13	2014	Budget 2014	Prior Year 2013
Recovery Ratio	61.07%	4.29		55.83%	0.78	

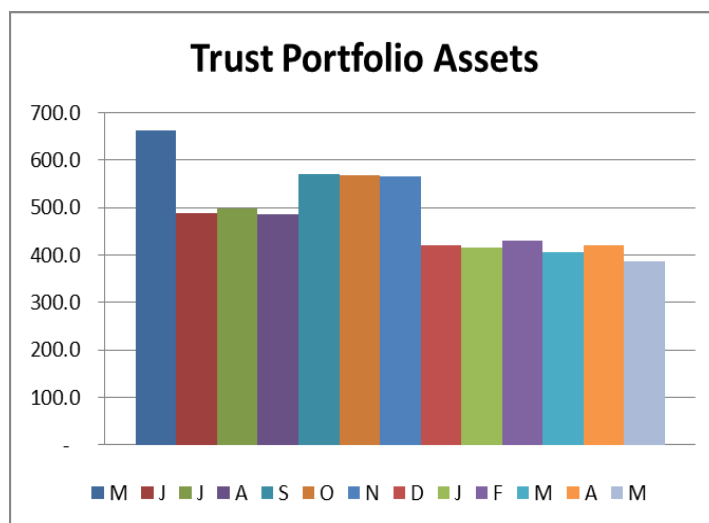
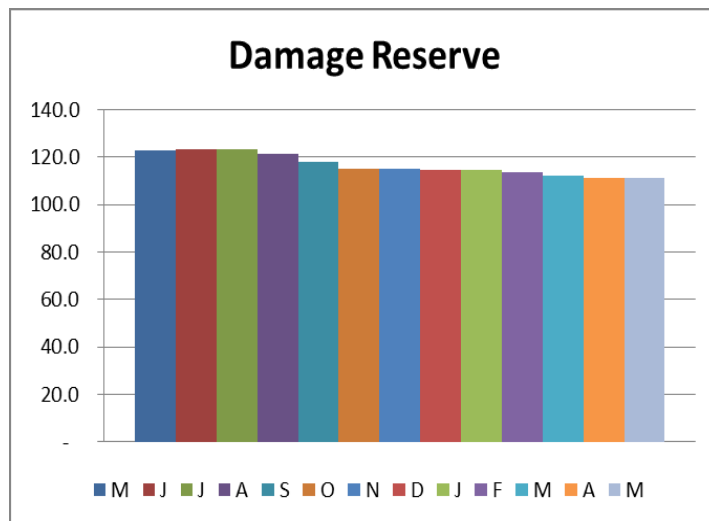
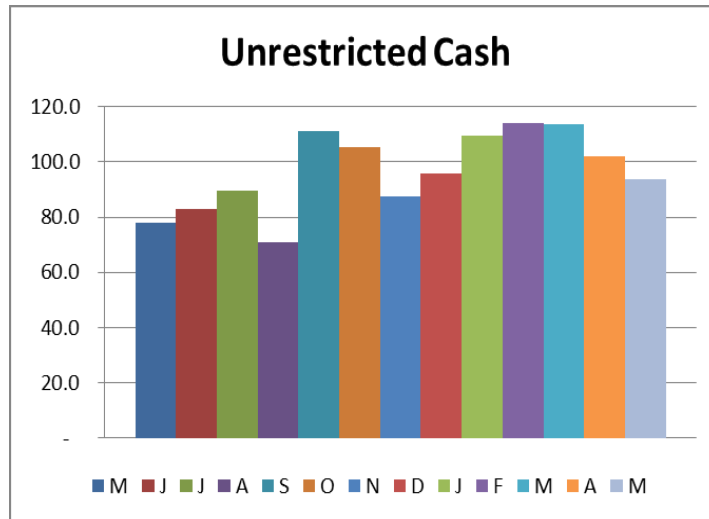
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.07% for the month. This was favorable to budget by 4.29 percentage points. For the year to date the recovery ratio was 55.83% and is slightly favorable to budget.

## VI. Ridership

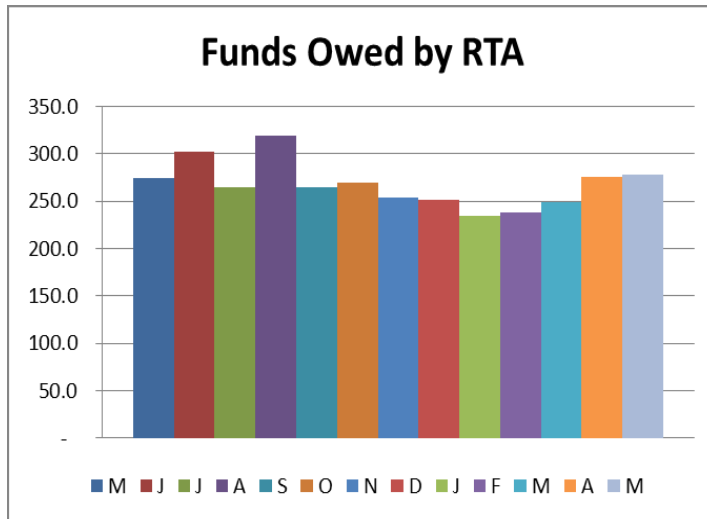
Category	Current Month			Full Year		
	Actual May-14	Variance to Budget May-14	Variance to Prior Year May14 vs. May13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Bus	24,551	(1,298)	(2,304)	115,394	(9,077)	(11,246)
Rail	16,650	736	934	78,526	1,618	2,881
Rail to Rail Transfers	3,690	(12)	62	17,505	302	1,010
<b>Total</b>	<b>44,891</b>	<b>(573)</b>	<b>(1,308)</b>	<b>211,425</b>	<b>(7,158)</b>	<b>(7,355)</b>

- Ridership for the month of May was 44.9 million and was 0.6 million less than budget and was 1.3 million less than prior year. Calendar adjusted ridership was down 1.5% from prior year.
- Ridership for the year to date was 211.4 million and was 7.2 million less than budget and was 7.4 million less than prior year. Calendar adjusted ridership was down 3.0% from prior year.
- More details on ridership can be found in the May Ridership Report

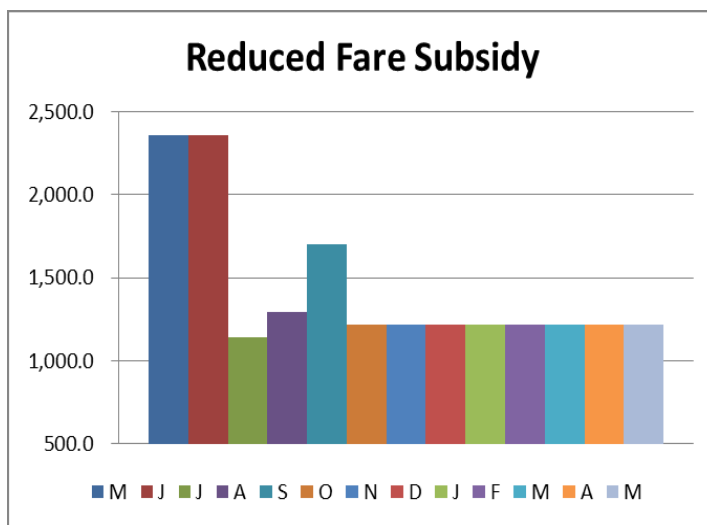
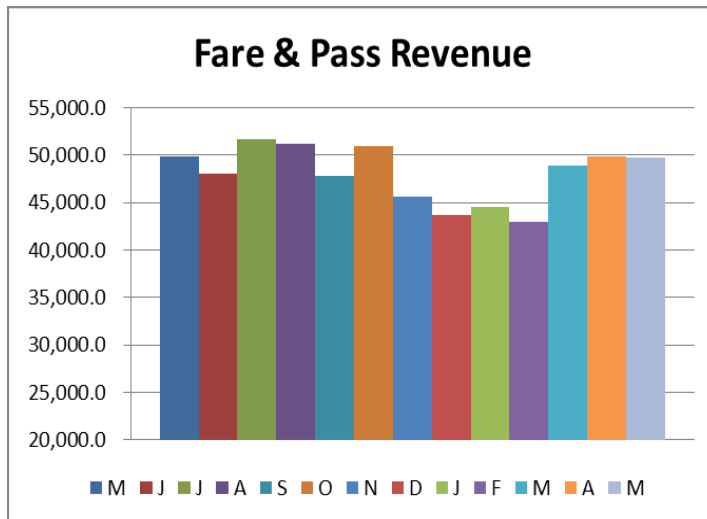
## Cash & Liquidity



**Cash & Liquidity (con't)**

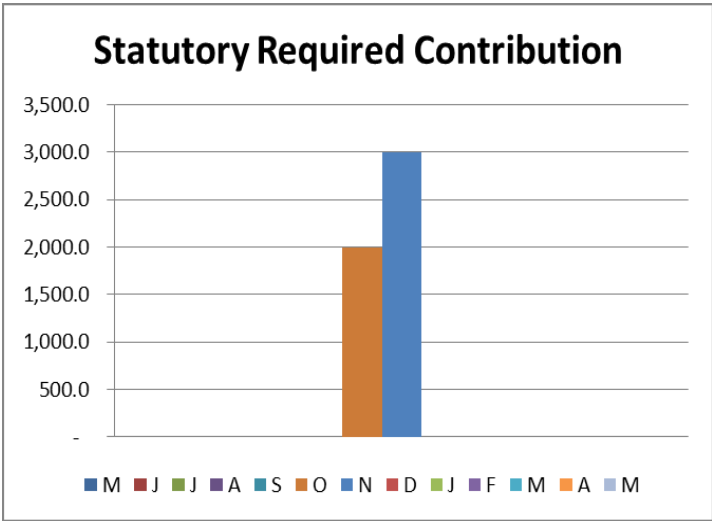
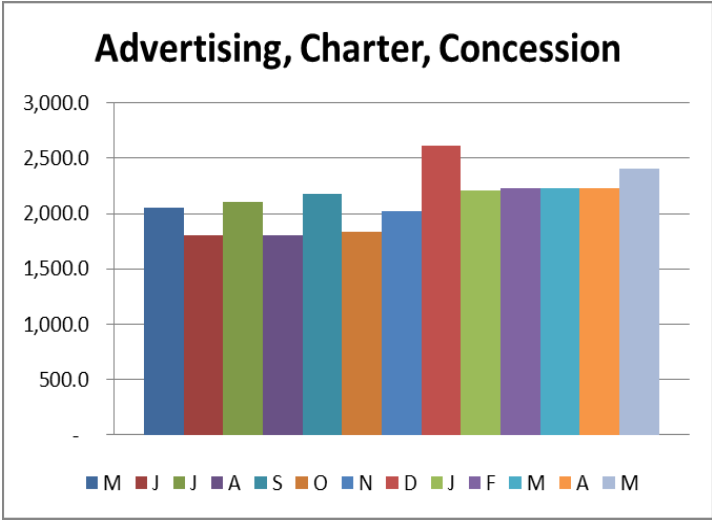
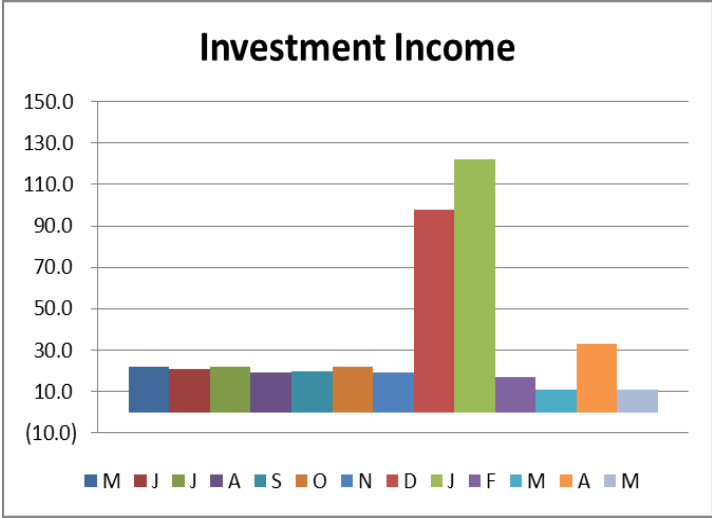


**Revenue**

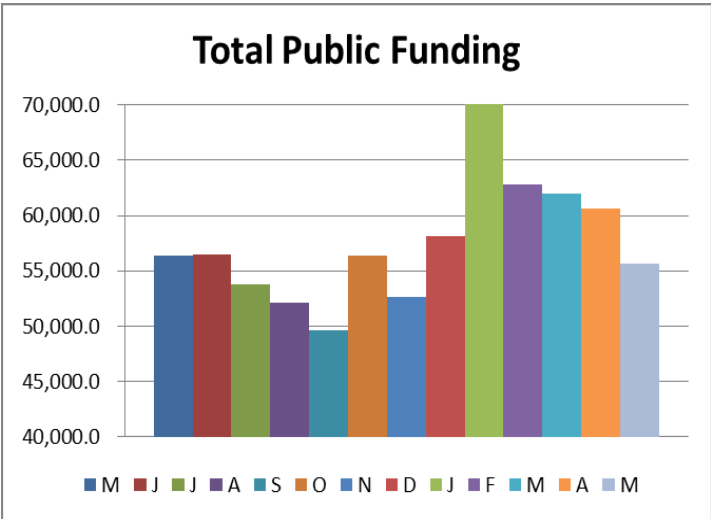
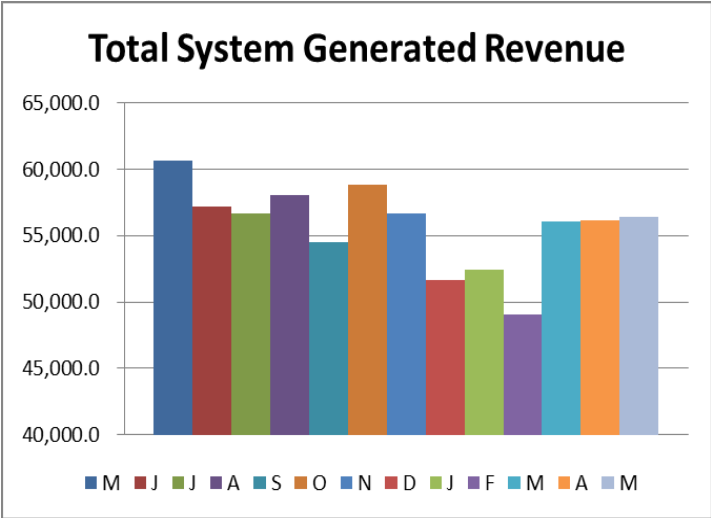
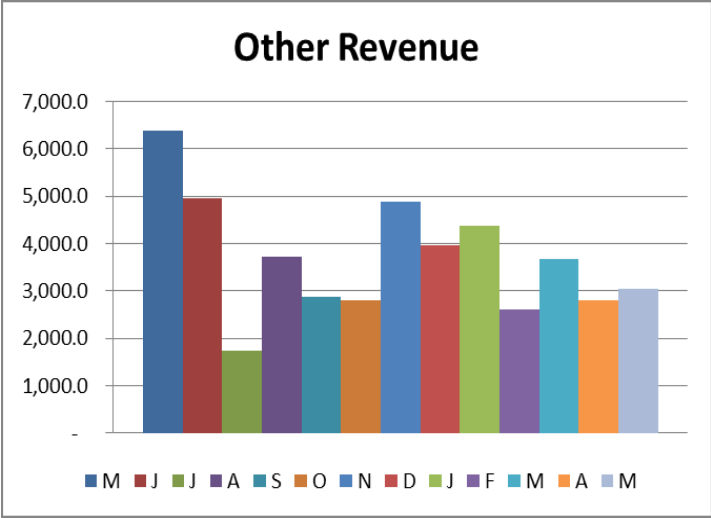


**Revenue (con't)**

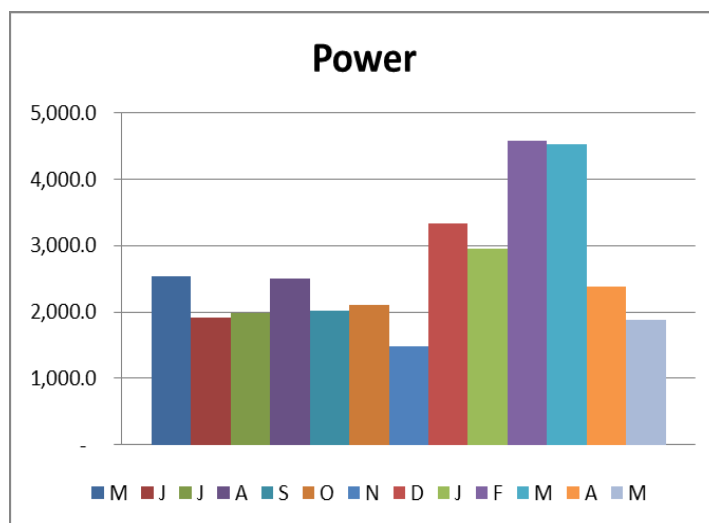
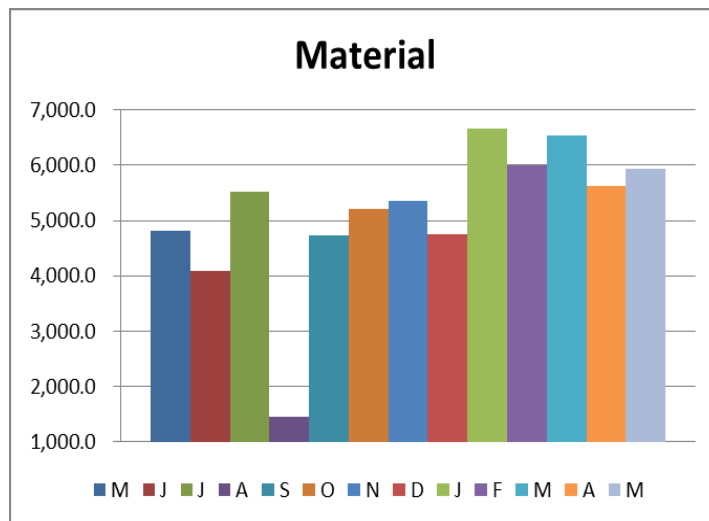
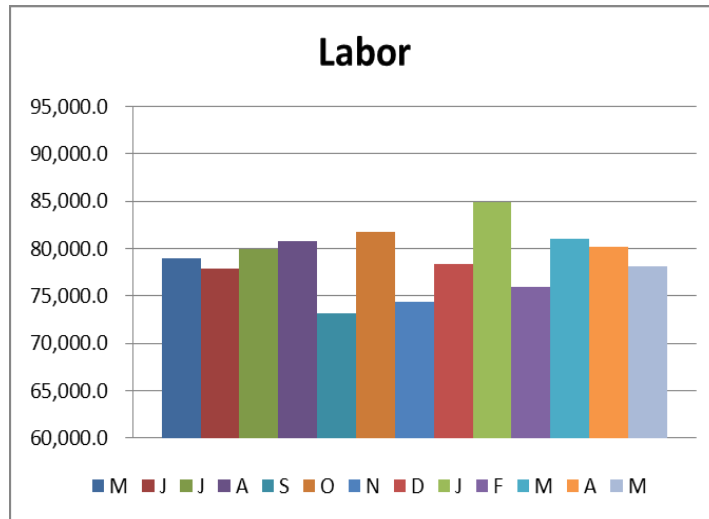




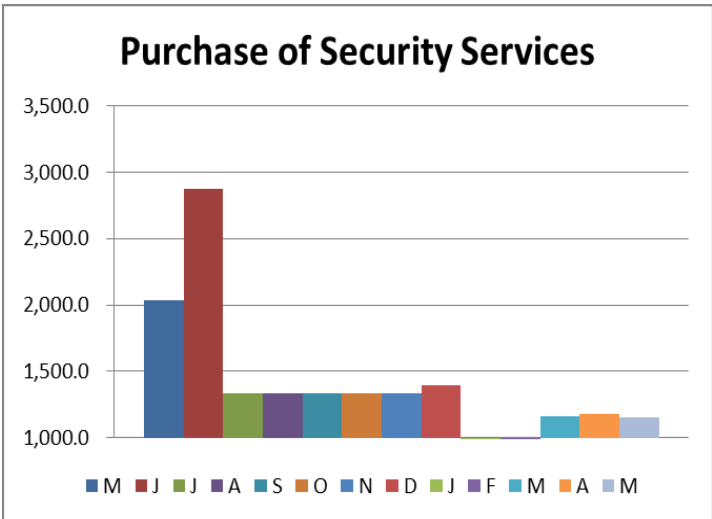
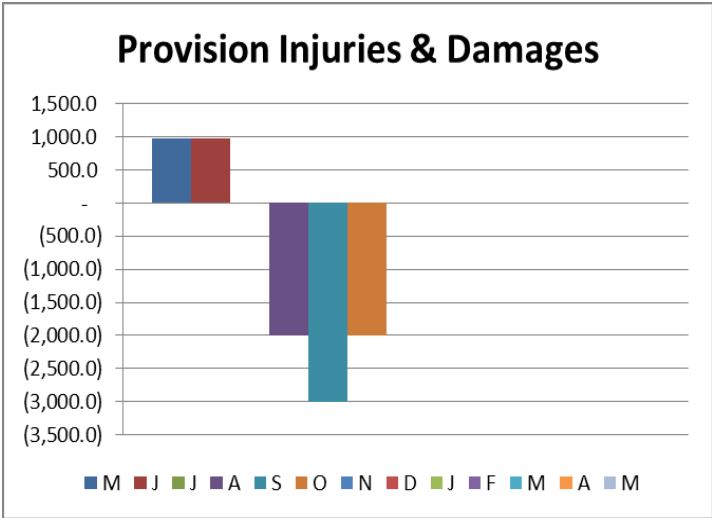
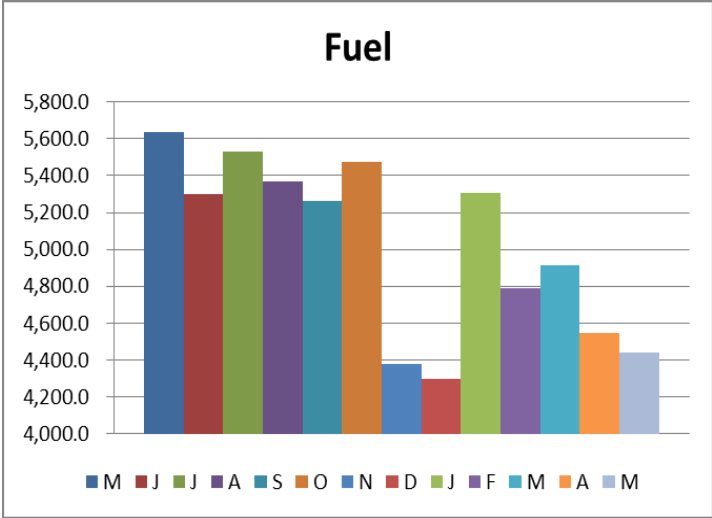
Revenue (con't)



**Expenses**



**Expenses (con't)**



**Expenses (con't)**

