



To: Chicago Transit Authority Board
From: Ron DeNard, Chief Financial Officer
Re: Financial Results for May 2015
Date: July 13, 2015

I. Summary

CTA's financial results are unfavorable by \$0.5 million and \$1.2 million for the month and year.

Ridership was 43.8 million for the month and was 0.8 million less than budget. Ridership for the year to date was 209.6 million and was 4.5 million less than budget.

II. Cash & Liquidity

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

	MAY 2015	MAY 2014	Increase (Decrease)
Unrestricted Cash	\$ 126.8	\$ 93.5	\$ 33.3
Damage Reserve	107.5	111.1	\$ (3.6)
Funds Owed by RTA	290.7	278.6	\$ 12.1
Trust Portfolio Assets	649.5	386.3	\$ 263.2
Total Cash and Receivables	\$ 1,174.5	\$ 869.5	\$ 305.0

CTA's total cash/receivables balance is equal to \$1.2 billion. Unrestricted cash was \$33.3 million more than the prior year due to timing of capital reimbursements collected in 2015, and higher capital related disbursements made in 2014.. The Damage Reserve is sufficiently funded and is \$3.6 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$290.7 million which was \$12.1 million more than the prior year primarily due to the reimbursements 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Fare & Pass Revenue	\$ 50,189	\$ (441)	\$ 479	\$ 232,642	\$ (2,778)	\$ (3,348)

- Fare and pass revenue for May was unfavorable to budget by \$0.4 million and higher than the prior year by \$0.5 million. The average fare for the month was \$1.15 and was \$0.01 more than budget. Year-over-year fare and pass revenue increased by 1.0% in May and is within 1% of budget.
- Year to date fare and pass revenue was \$2.8 million less than budget and \$3.3 million less than prior year. The average fare for the year to date was \$1.11 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Reduced Fare Subsidy	\$ -	\$ (2,360)	\$ (1,217)	\$ 4,720	\$ (7,081)	\$ (1,366)

- Reduced Fare Subsidy is \$2.4 million less than budget for the month and \$7.1 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 current State budget for the January to June time period, we expect to receive approximately \$7.1 million (half of the originally budgeted amount).

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Advertising, Charter, Concession	\$ 2,439	\$ (144)	\$ 29	\$ 11,927	\$ (168)	\$ 631

- Advertising, Charter and Concessions Revenue is slightly unfavorable to budget for the month due to slightly lower billboard revenue than anticipated. The increase over prior year to date 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Investment income	\$ 72	\$ 15	\$ 61	\$ 710	\$ 426	\$ 517

- Investment income was higher than budget for the month and prior year. 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Other Revenue	\$ 4,404	\$ 1,143	\$ 1,357	\$ 14,506	\$ 2,728	\$ (2,017)

- Other Revenue was favorable to budget by \$1.1 million for the month due to higher non-capital grant revenue than anticipated. This revenue is offset by an equal amount in the other expense category. For the year to date other revenue is \$2.7 million more than budget due to 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Total System Generated Revenue	\$ 57,103	\$ (1,787)	\$ 708	\$ 264,505	\$ (6,873)	\$ (5,582)

- Total System-Generated Revenue was \$1.8 million and \$6.9 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 \$5.6 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Labor	\$ 78,455	\$ 1,940	\$ (332)	\$ 404,729	\$ 8,378	\$ (4,421)

- Labor expense was \$1.9 million favorable to budget for the month, mainly due to conservative budgeting and proactive management. Labor expense is \$4.4 million

unfavorable to 2014 due to contractual wage rate increases and a slight increase in rail service in 2015.

Category	Current Month			Full Year		
	Actual May-15	Variance to Budget May-15	Variance to Prior Year May15 vs. May14	Actual 2015	Variance to Budget 2015	Variance to Prior Year 2014
Material	\$ 6,418	\$ (505)	\$ (475)	\$ 34,097	\$ (3,366)	\$ (3,343)

- Material expense was unfavorable to budget and prior year for the month by \$0.5 million. The unfavorable variance for the month is consistent with trends identified in prior months, including more rail car mileage than budgeted, timing of facility improvement expenses and the timing of vehicle retirements. 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 May-15	Variance to Budget May-15	Variance to Prior Year May15 vs. May14	Actual 2015	Variance to Budget 2015	Variance to Prior Year 2014
Fuel	\$ 3,915	\$ 602	\$ 523	\$ 21,383	\$ 1,476	\$ 2,612

- Fuel for Revenue Equipment expense was \$0.6 million favorable to budget for the month primarily from higher miles per gallon than anticipated resulting in lower volume usage.. Fuel expense is \$1.5 million favorable to prior year to date primarily due to lower usage and price.

Category	Current Month			Full Year		
	Actual May-15	Variance to Budget May-15	Variance to Prior Year May15 vs. May14	Actual 2015	Variance to Budget 2015	Variance to Prior Year 2014
Power	\$ 1,793	\$ 486	\$ 90	\$ 12,696	\$ 611	\$ 3,629

- The Electric Power for Revenue Equipment expense was favorable to budget for the month due to lower consumption. Year to date power expense is \$3.6 million lower than 2014 due to the impact of the polar vortex, 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Purchase of Security Services	\$ 1,245	\$ (43)	\$ (91)	\$ 5,901	\$ 110	\$ (812)

- 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Other Expenses	\$ 23,920	\$ (1,196)	\$ (3,379)	\$ 116,969	\$ (1,491)	\$ (11,489)

- Other Expenses were \$1.2 million unfavorable to budget for the month primarily due to higher 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 \$11.5 million higher than 2014 due to the timing of contractual expenses and a one-time credit in 2014 and were within 1.3% of the 2015 budget. 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Total Operating Expenses	\$ 115,747	\$ 1,284	\$ (3,663)	\$ 595,776	\$ 5,718	\$ (13,824)

- Operating Expenses were \$1.3 million less than budget for the month and \$3.7 million more than prior year. The favorable 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
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Recovery Ratio	59.41%	(1.18)		53.22%	(0.92)	

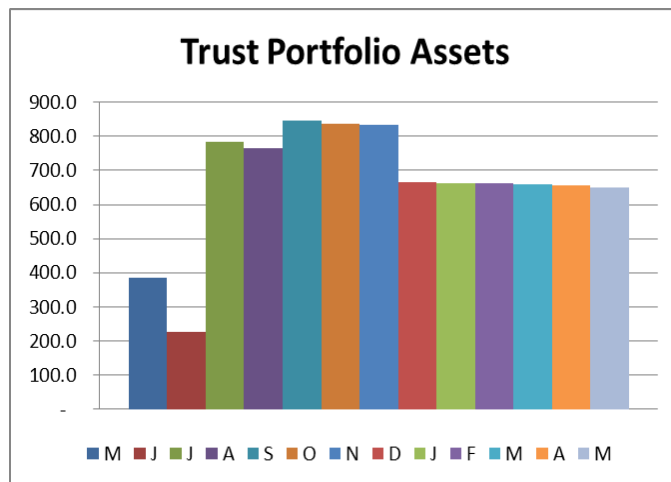
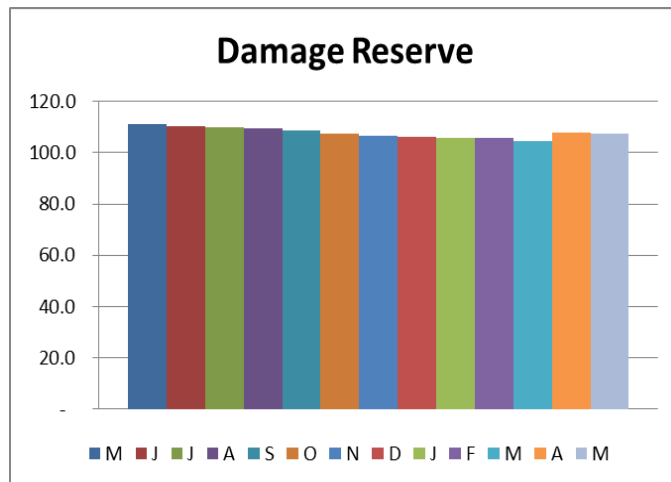
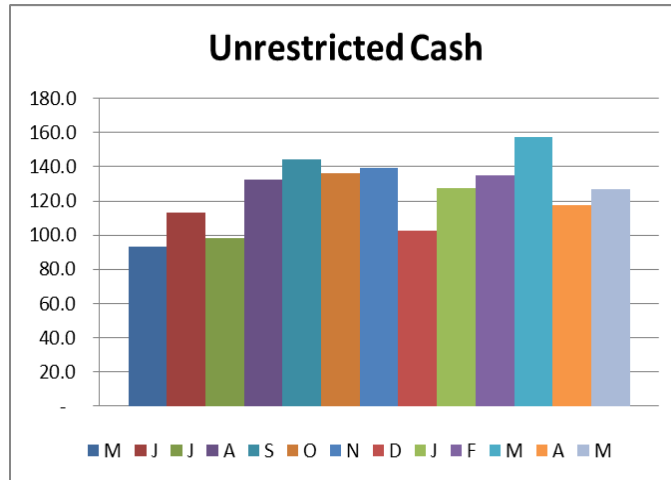
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 59.41% for the month. This was unfavorable to budget by 1.18 percentage points and is primarily due to the loss of the state free and reduced fare reimbursement. For the year to date the recovery ratio was 53.22% and is slightly unfavorable to budget.

VI. Ridership

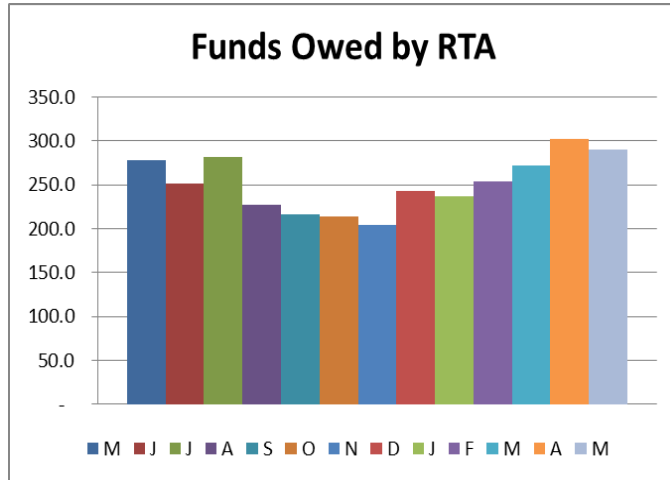
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-15	Budget May-15	Prior Year May15 vs. May14	2015	Budget 2015	Prior Year 2014
Bus	23,616	(614)	(936)	114,030	(2,457)	(1,364)
Rail	16,493	(98)	(157)	78,142	(1,511)	(384)
Rail to Rail Transfers	3,660	(54)	(30)	17,418	(486)	(87)
Total	43,769	(765)	(1,122)	209,590	(4,454)	(1,835)

- Ridership for the month of May was 43.8 million and was less than budget and prior year by 0.8 million and 1.1 million, respectively. Calendar adjusted ridership was down 0.4% from prior year.
- Ridership for the year to date was 209.6 million and was 4.5 million less than budget and 1.8 million less than prior year. Calendar adjusted ridership was down 0.5% from prior year.
- More details on ridership can be found in the May Ridership Report.

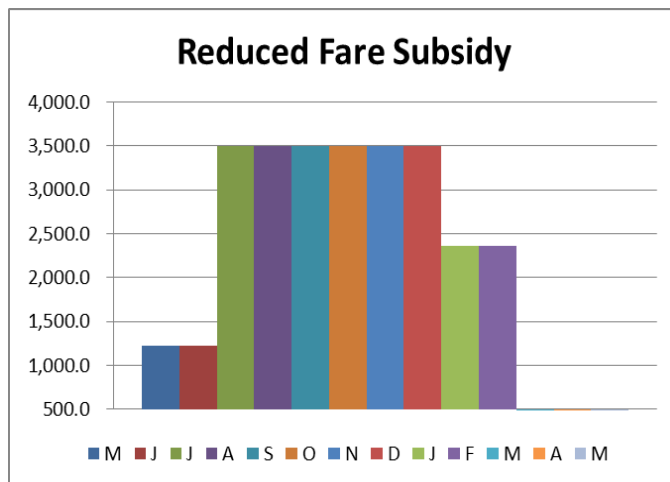
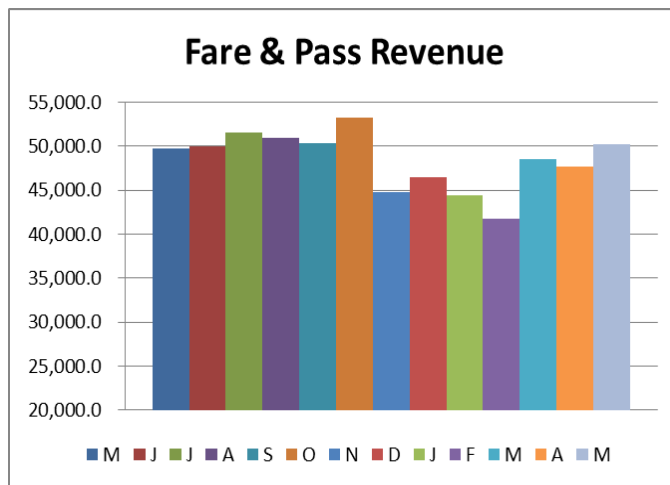
Cash & Liquidity



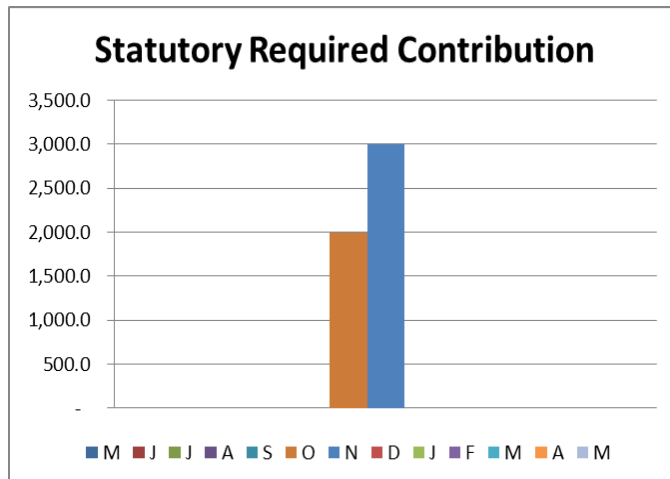
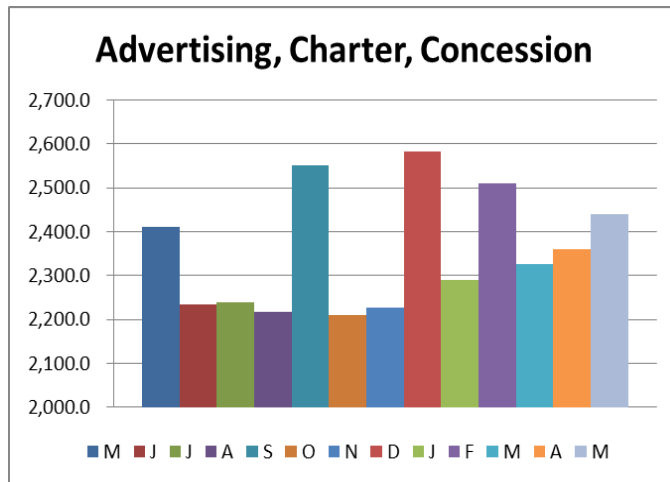
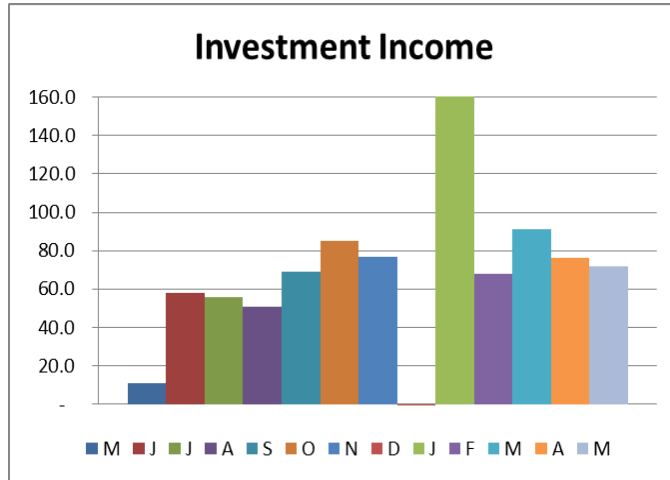
Cash & Liquidity (cont)



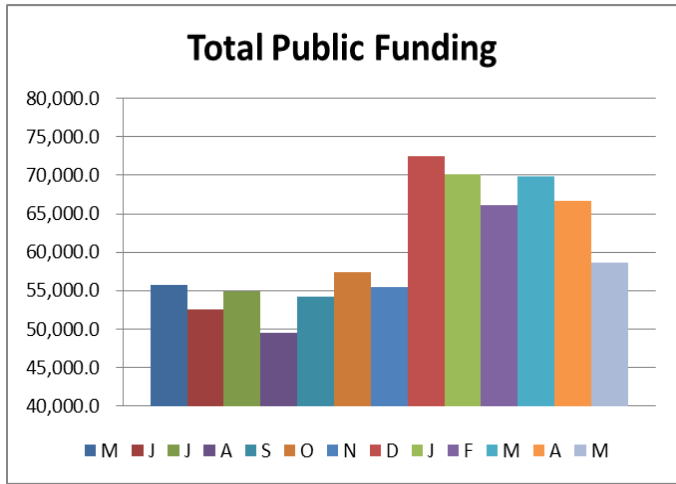
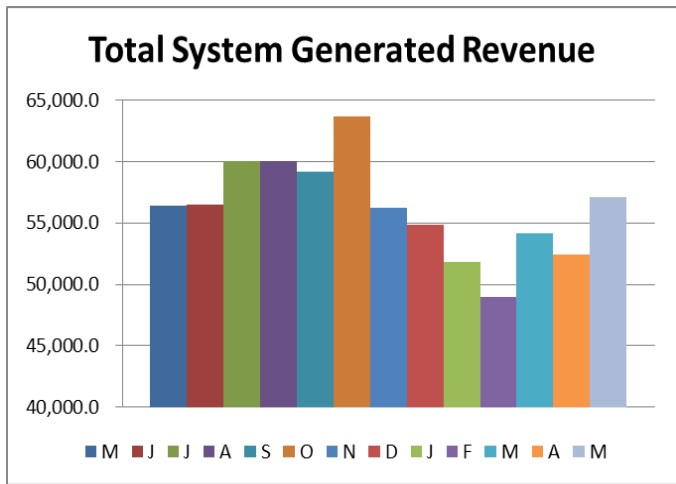
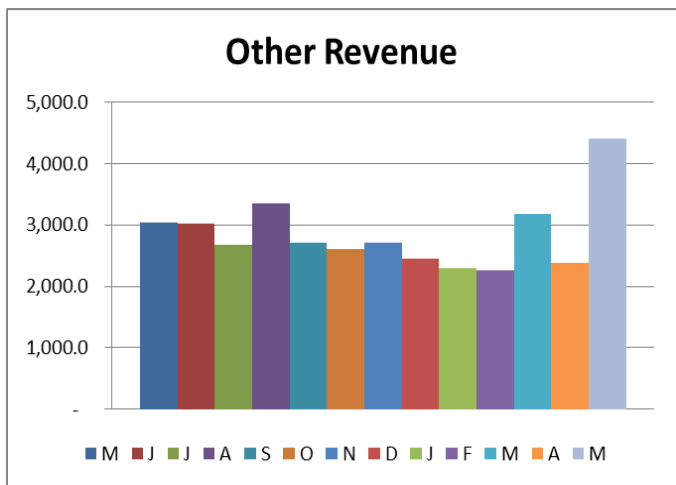
Revenue



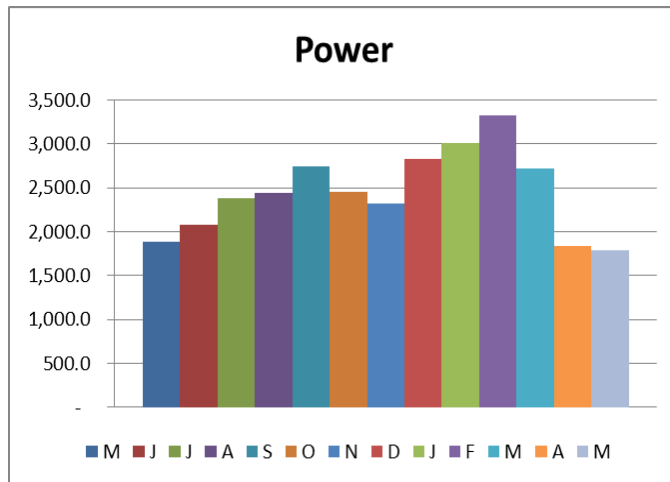
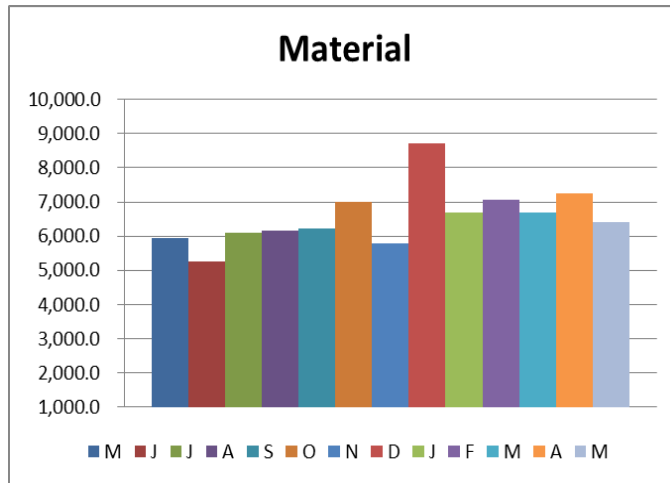
Revenue (con't)



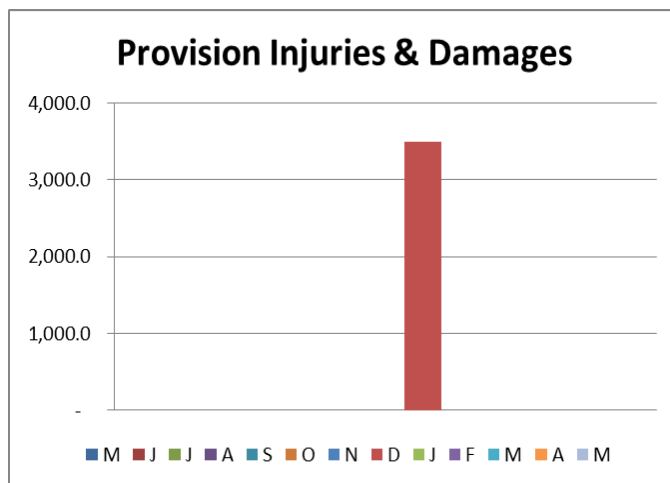
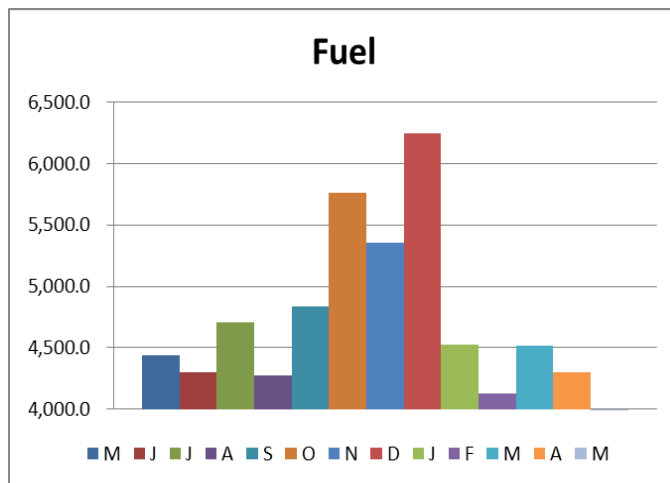
Revenue (con't)



Expense



Expense (cont)



Expense (cont)

