



To: Chicago Transit Authority Board
From: Ron DeNard, Chief Financial Officer
Re: Financial Results for June 2014
Date: August 13, 2014

I. Summary

CTA's financial results are \$4.0 million favorable for June and \$6.3 million favorable to budget for the year to date. The favorable variance for the year is due to higher non-farebox revenues and lower June expenses than anticipated in the budget.

Ridership for the month is 42.6 million and is 2.3 million less than budget. For the year to date ridership is 254.0 million and is less than budget and prior year by 9.5 million and 8.9 million, respectively.

II. Cash & Liquidity

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

	June 2014	June 2013	Increase (Decrease)
Unrestricted Cash	\$ 113.2	\$ 83.0	\$ 30.2
Damage Reserve	110.1	123.5	\$ (13.4)
Funds Owed by RTA	252.0	302.8	\$ (50.8)
Trust Portfolio Assets	225.5	488.7	\$ (263.2)
Total Cash and Receivables	\$ 700.8	\$ 998.0	\$ (297.2)

CTA's total cash/receivables balance is equal to \$700.8 million. Unrestricted cash was \$30.2 million more than the prior year due to timing of expenditure payments and reimbursement of bond draws to fund capital projects. The cash in Damage Reserve, while still over-funded is \$13.4 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 \$252.0 million which was \$50.8 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. 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Fare & Pass Revenue	\$ 49,980	\$ (1,162)	\$ 1,910	\$ 285,969	\$ (4,599)	\$ 2,739

- Fare and pass revenue was unfavorable to budget for the month but was higher than June 2013. The Red Line South free shuttles and \$0.50 bus fare discount was in effect in June 2013. Farebox revenue was favorable to budget offsetting pass revenue which was unfavorable. The average fare for the month was \$1.17 and was \$0.03 favorable to budget.
- Year to date fare and pass revenue was \$4.6 million (1.6%) less than budget, in part due to the impact of the extreme winter weather during the first quarter. The average fare for the year to date is \$1.13 per ride and \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Reduced Fare Subsidy	\$ 1,217	\$ -	\$ (1,143)	\$ 7,303	\$ -	\$ (6,858)

- 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Advertising, Charter, Concession	\$ 2,234	\$ (18)	\$ 428	\$ 13,531	\$ (91)	\$ 412

- Advertising, Charter and Concessions Revenue is slightly unfavorable to budget for the month. Year to date revenue was more than prior year due to higher vehicle and platform ad revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Investment income	\$ 58	\$ 20	\$ 37	\$ 251	\$ (20)	\$ 80

- Investment Income is higher 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 for the balance of 2014.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Other Revenue	\$ 3,019	\$ 1,032	\$ (1,940)	\$ 19,542	\$ 7,388	\$ (2,426)

- Other Revenue was favorable to budget for the month primarily due to \$650K in additional revenue from the sale of property to City Colleges approved at the July 2014 Board meeting and other favorable miscellaneous revenue from sources such as ATM space rentals. 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Total System Generated Revenue	\$ 56,508	\$ (128)	\$ (707)	\$ 326,596	\$ 2,678	\$ (6,053)

- Total System-Generated Revenue was \$0.1 million less than budget for the month as fare revenue was less than budget and other revenue exceeded budget as described above. The \$2.7 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Labor	\$ 77,060	\$ 1,333	\$ 785	\$ 477,368	\$ 4,294	\$ (6,439)

- Labor expense was \$1.3 million less than budget for the month and \$0.8 million less than prior year, mainly due to reduced overtime and the adjusted hiring strategy. For the year to date labor expense was \$4.3 million less than budget and \$6.4 million more than prior year. Overtime for the year to date exceeded budget by \$5.1 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 until mid-year 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Material	\$ 5,253	\$ (483)	\$ (1,176)	\$ 36,008	\$ (4,891)	\$ (4,572)

- Material Expense was over budget by \$0.5 million and \$4.9 million for the month and year, respectively. Material expenses have been reduced compared to prior month trends but remain above budget. Bus shuttles supporting capital projects put more miles on the buses than anticipated. 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Fuel	\$ 4,304	\$ 783	\$ 997	\$ 28,299	\$ 1,417	\$ 3,217

- Fuel for Revenue Equipment expense was \$0.8 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. The efficiency of the bus fleet has also improved, resulting in more miles per gallon. Overall price per gallon was \$2.96 in June versus \$3.10 in May.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Power	\$ 2,074	\$ (5)	\$ (152)	\$ 18,399	\$ (4,211)	\$ (5,636)

- The Electric Power for Revenue Equipment expense was on par to budget for the month. The unfavorable variance for the year is due to the impact of severe weather conditions in the first quarter. Mild weather conditions in recent months did not require excess heating or cooling and therefore reduced the volume consumed.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Provision Injuries & Damages	\$ -	\$ -	\$ 983	\$ -	\$ -	\$ 5,896

- 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Purchase of Security Services	\$ 1,204	\$ (44)	\$ 1,671	\$ 6,294	\$ 722	\$ 9,798

- Purchase of Security Services was slightly unfavorable to budget for the month. Security expense was \$0.7 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
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Other Expenses	\$ 19,168	\$ 2,580	\$ 1,561	\$ 124,648	\$ 6,329	\$ (11,186)

- Other Expenses was favorable to budget for the month due to lower equipment maintenance costs than anticipated. The year-to-date favorable variance includes a \$1.7 million property damage reimbursement associated with a 2008 incident at the Cermak station. Of the total other expenses, the monthly pension obligation bond expense is \$8.6 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-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Total Operating Expenses	\$ 109,063	\$ 4,162	\$ 4,670	\$ 691,015	\$ 3,659	\$ (8,923)

- Operating Expenses were \$4.2 million less than budget for the month and \$3.7 million less than budget for the year to date. Operating expense was negatively impacted by severe weather in the first quarter of the year, primarily impacting materials and power categories. Since then, expenses have been favorable leading to an overall positive variance for the first half of the year.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-14	Budget Jun-14	Prior Year Jun14 vs. Jun13	2014	Budget 2014	Prior Year 2013
Recovery Ratio	63.21%	3.18		56.98%	1.12	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 63.21% for the month. This was favorable to budget by

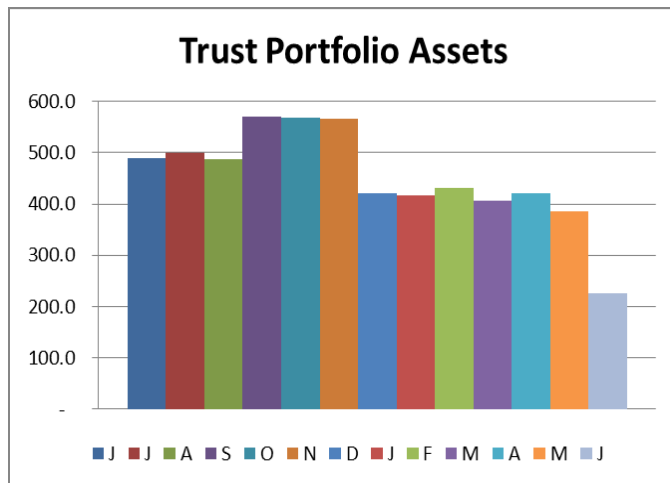
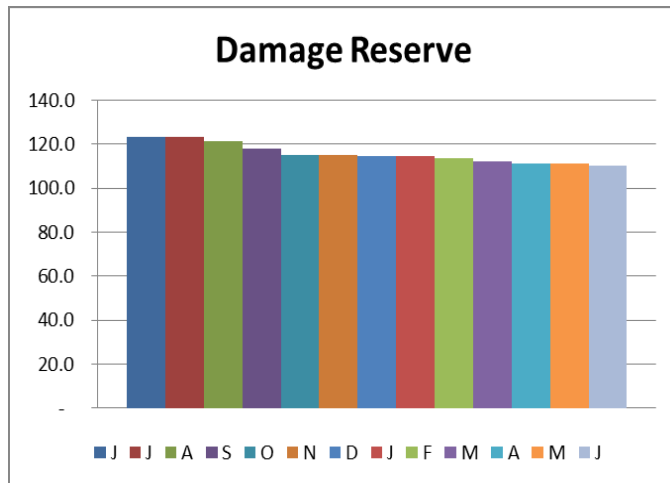
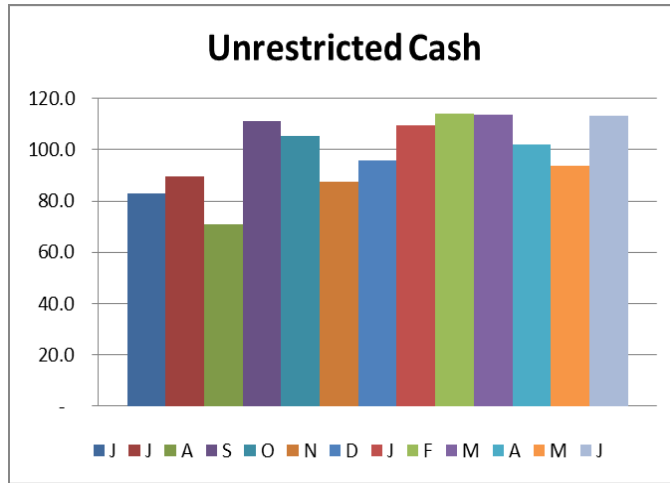
3.18 percentage points. For the year to date the recovery ratio was 56.98% and is slightly favorable to budget.

VI. Ridership

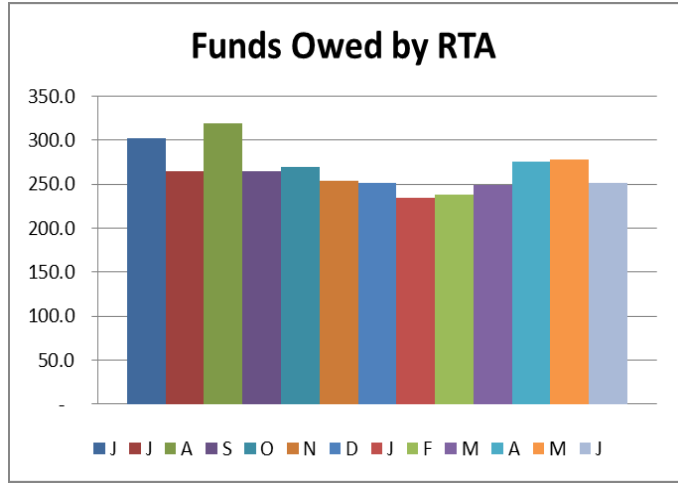
Category	Current Month			Full Year		
	Actual Jun-14	Variance to Budget Jun-14	Variance to Prior Year Jun14 vs. Jun13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Bus	22,390	(2,573)	(2,687)	137,784	(11,650)	(13,933)
Rail	16,488	475	1,231	95,014	2,093	4,113
Rail to Rail Transfers	3,704	(199)	(86)	21,209	102	923
Total	42,582	(2,297)	(1,542)	254,007	(9,455)	(8,898)

- Ridership for the month of June was 42.6 million and was 2.3 million less than budget and was 1.5 million less than prior year. Calendar adjusted ridership was down 4.8% from prior year.
- Ridership for the year to date was 254.0 million and was 9.5 million less than budget and 8.9 million less than prior year. Calendar adjusted ridership was down 3.3% from prior year.
- More details on ridership can be found in the June Ridership Report

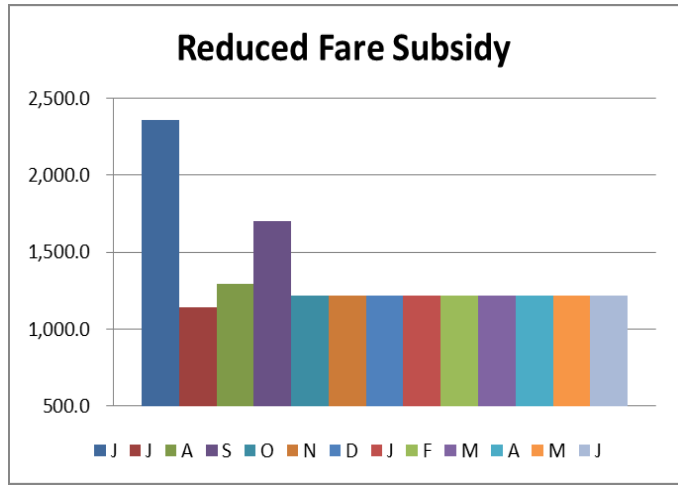
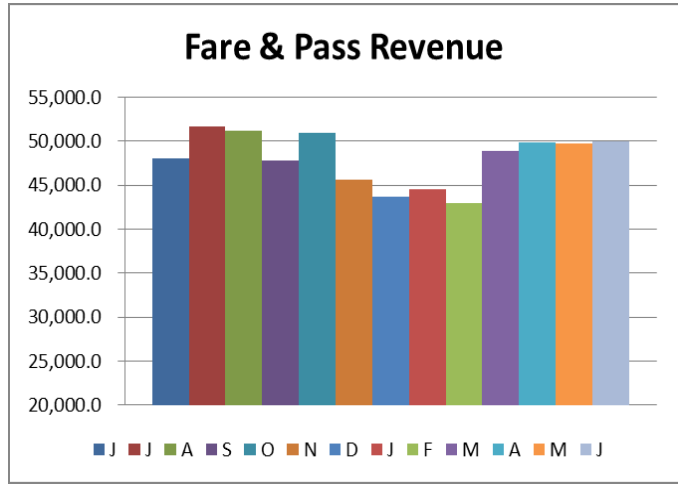
Cash & Liquidity



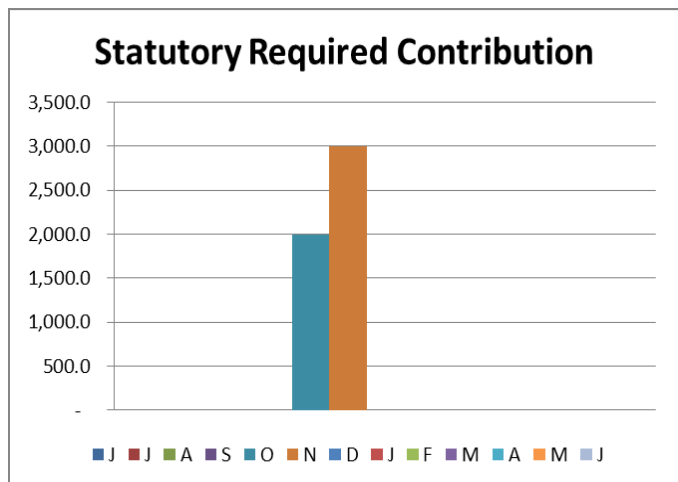
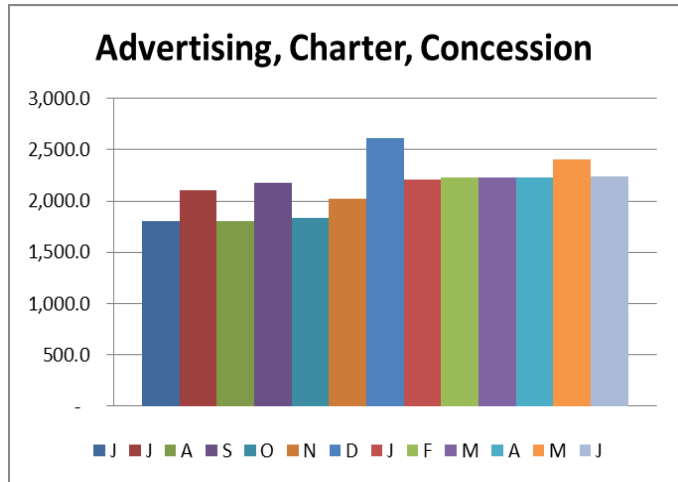
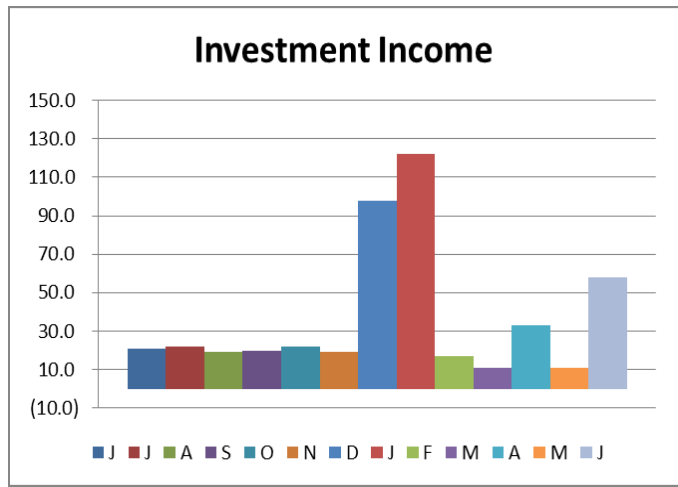
Cash & Liquidity (con't)



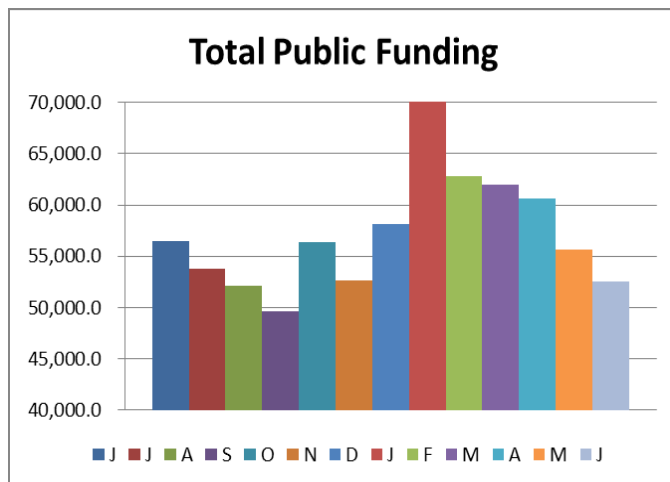
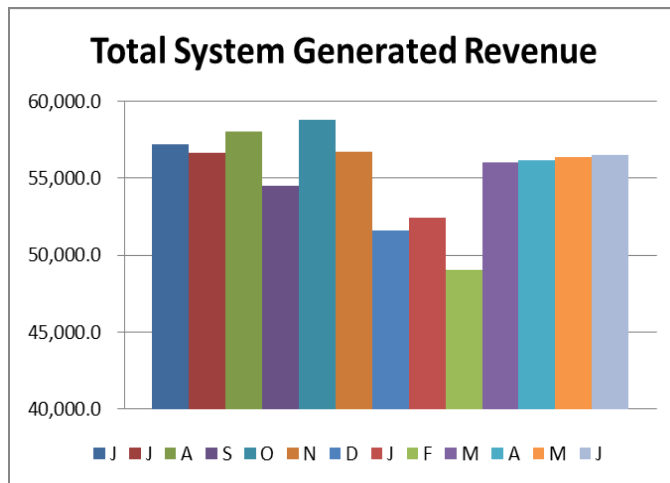
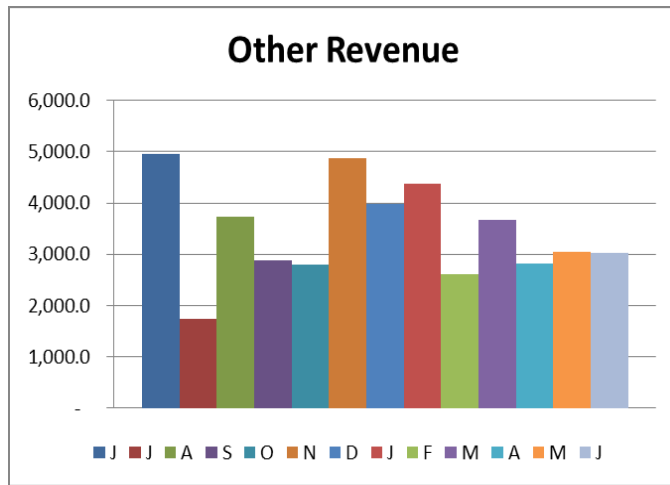
Revenue



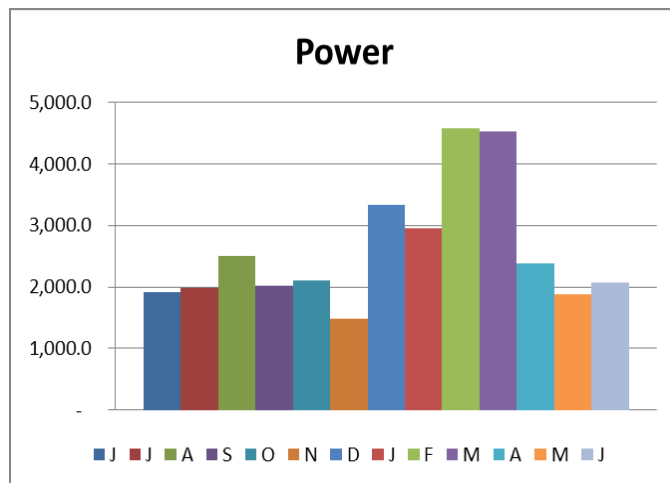
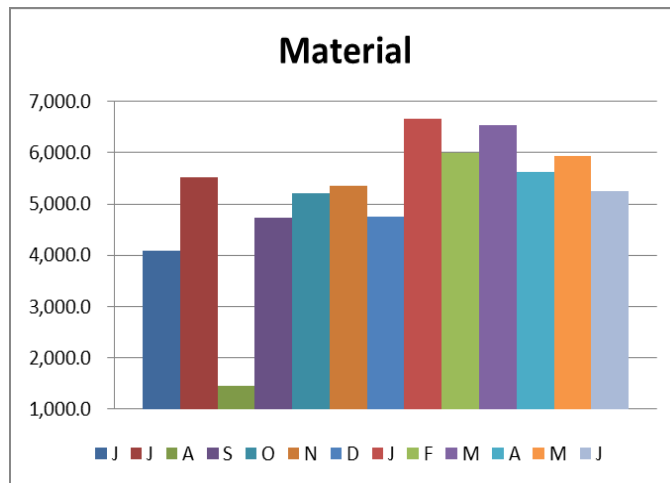
Revenue (con't)



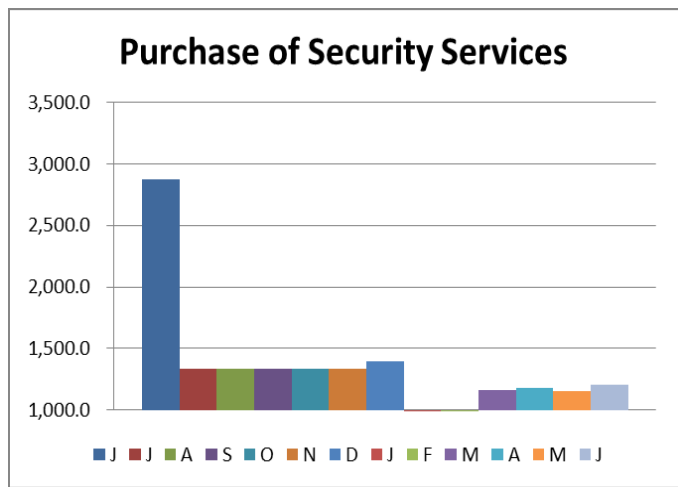
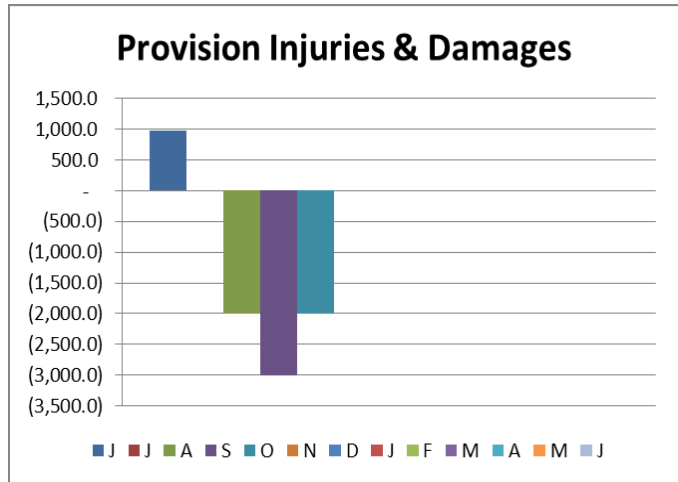
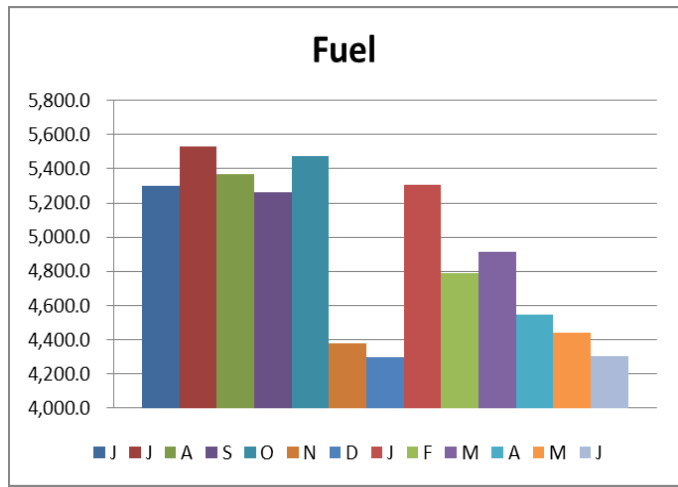
Revenue (con't)



Expenses



Expenses (con't)



Expenses (con't)

