



To: Chicago Transit Authority Board
From: Ron DeNard, Chief Financial Officer
Re: Financial Results for September 2014
Date: November 19, 2014

I. Summary

CTA's financial results are \$0.7 million unfavorable for September and \$10.6 million favorable to budget for the year to date. The favorable variance for the year is due to higher non-farebox revenues and lower expenses than anticipated in the budget.

Ridership for the month is 45.5 million and is 1.6 million less than budget. For the year to date ridership is 385.6 million and is less than budget and prior year by 14.8 million and 13.6 million, respectively.

II. Cash & Liquidity

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

	Sept 2014	Sept 2013	Increase (Decrease)
Unrestricted Cash	\$ 144.3	\$ 111.0	\$ 33.3
Damage Reserve	108.7	117.9	\$ (9.2)
Funds Owed by RTA	216.4	265.0	\$ (48.6)
Trust Portfolio Assets	847.4	570.7	\$ 276.7
Total Cash and Receivables	\$ 1,316.8	\$ 1,064.6	\$ 252.2

CTA's total cash/receivables balance is equal to \$1.3 billion. Unrestricted cash was \$33.3 million more than the prior year due to timing of expenditure payments, reduction in funds owed by RTA and reimbursement of bond draws to fund capital projects. The cash in Damage Reserve, while still over-funded is \$9.2 million lower than last year because of claims paid in 2014. Funds owed by the RTA were approximately \$216.4 million which was \$48.6 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 Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Fare & Pass Revenue	\$ 50,364	\$ (1,850)	\$ 2,608	\$ 438,789	\$ (7,523)	\$ 4,969

- Fare and pass revenue was unfavorable to budget for the month but favorable to prior year. The Red Line South free shuttles and \$0.50 bus fare discount was in effect from May 2013 to October 2013. Farebox revenue was favorable to budget offsetting pass revenue which was unfavorable. The average fare for the month was \$1.11 and was on par with budget.
- Year to date fare and pass revenue was \$438.8 million, which is 1.7% 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 \$1.14 per ride and \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Reduced Fare Subsidy	\$ 3,503	\$ 1,143	\$ 1,802	\$ 17,812	\$ 3,428	\$ (484)

- Reduced Fare Subsidy is favorable to budget for the month and year due to the reinstatement of funding from the State. This is offset by a reduction in public funding for a neutral overall budget impact.

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Advertising, Charter, Concession	\$ 2,552	\$ (96)	\$ 378	\$ 20,539	\$ (266)	\$ 1,331

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

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Investment income	\$ 69	\$ 26	\$ 49	\$ 427	\$ 64	\$ 196

- Investment Income is higher than budget and prior year for the month and year. Investment income is expected to improve for the balance of 2014.

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Other Revenue	\$ 2,719	\$ 291	\$ (152)	\$ 28,293	\$ 8,976	\$ (1,995)

- Other Revenue was slightly favorable to budget for the month due to rental revenue and other miscellaneous revenues performing above budget. Other Revenue is favorable for the year to date due to the sale of properties with the City Colleges and the City of Chicago, additional non-capital grant revenue passed through to the Chicago Police Department for transit security services, and other miscellaneous revenue sources (such as parking lot revenue and scrap material sales) are trending positively.

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Total System Generated Revenue	\$ 59,207	\$ (486)	\$ 4,685	\$ 505,860	\$ 4,680	\$ 4,016

- Total System-Generated Revenue was \$0.5 million less than budget for the month primarily due to lower pass revenue than anticipated. Total Fare and Pass revenue was less than budget offset by favorable variances in reduced fare and other revenue as described above. The \$4.7 million year to date favorable variance is due to the additional non-capital grant revenue, reduced fare subsidy reinstatement and sale of property, offsetting lower fare and pass revenues.

IV. Expenses

Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Labor	\$ 80,404	\$ 1,464	\$ (7,289)	\$ 718,072	\$ 8,138	\$ (13,277)

- Labor expense was \$1.5 million less than budget for the month and \$7.3 million more than September 2013, mainly due to the adjusted hiring strategy and lower group insurance costs. For the year to date labor expense was \$8.1 million less than budget and \$13.3 million more than prior year. Overtime for the year to date exceeded budget by \$6.0 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 subsequent 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
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Material	\$ 6,212	\$ (1,367)	\$ (1,477)	\$ 54,489	\$ (8,679)	\$ (11,342)

- Material Expense was over budget by \$1.4 million and \$8.7 million for the month and year, respectively. The materials expense category is adversely impacted by additional miles related to bus shuttles supporting capital projects. In addition, as vehicles undergo the overhaul process, additional work is performed as needed which increases the volume of material use. Additional winter prep work is also occurring this year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Fuel	\$ 4,838	\$ 146	\$ 427	\$ 42,116	\$ 3,466	\$ 5,567

- Fuel for Revenue Equipment expense was \$0.1 million favorable to budget for the month based on a lower volume and better pricing than anticipated. The year to date is favorable to budget and we expect to be favorable with the overall budget for the remainder of 2014. Lower fuel prices and use of D2 continue to provide favorable budget variance in 2014. The efficiency of the bus fleet is also performing better than budgeted. Overall price per gallon was \$3.38 in September versus \$3.01 in August. The increase in September reflects adjustments made for unwinding fuel hedges to mitigate price volatility.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Power	\$ 2,748	\$ (584)	\$ (732)	\$ 25,973	\$ (4,898)	\$ (6,720)

- The Electric Power for Revenue Equipment expense was slightly unfavorable to budget for the month due to the timing of billing from previous months. The unfavorable variance for the year is due to the impact of severe weather conditions in the first quarter.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Provision Injuries & Damages	\$ -	\$ -	\$ (3,000)	\$ -	\$ -	\$ 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
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Purchase of Security Services	\$ 1,154	\$ 6	\$ 179	\$ 9,853	\$ 699	\$ 10,237

- Purchase of Security Services was flat 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
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Other Expenses	\$ 18,092	\$ 149	\$ 2,549	\$ 178,349	\$ 7,201	\$ (7,530)

- Other Expenses were favorable to budget for the month due to timing of contractual service costs. 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 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
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Total Operating Expenses	\$ 113,448	\$ (186)	\$ (9,343)	\$ 1,028,852	\$ 5,927	\$ (22,168)

- Operating Expenses were \$0.2 million more than budget for the month and \$5.9 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 year to date.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-14	Budget Sep-14	Prior Year Sep14 vs. Sep13	2014	Budget 2014	Prior Year 2013
Recovery Ratio	62.89%	(0.18)		59.32%	1.31	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 62.89% for the month. This was unfavorable to budget by 0.18 percentage points. For the year to date the recovery ratio was 59.32% and is

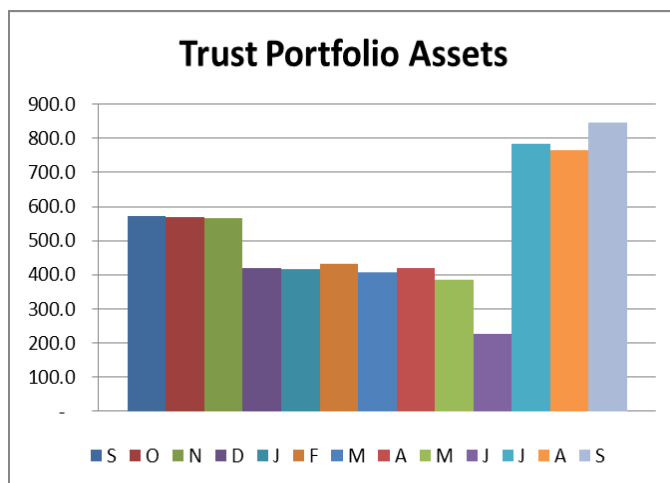
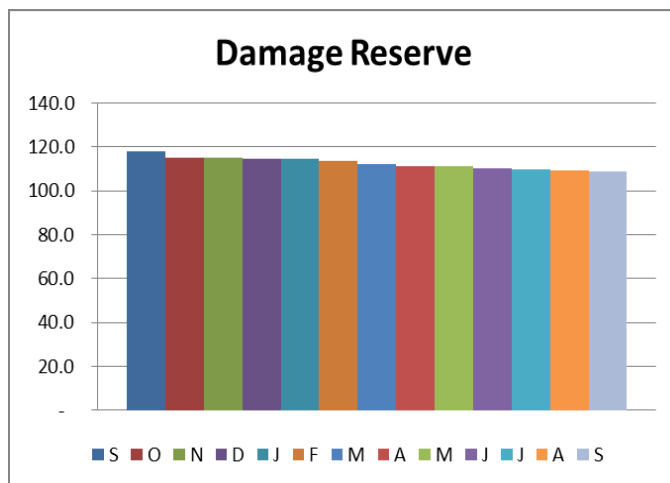
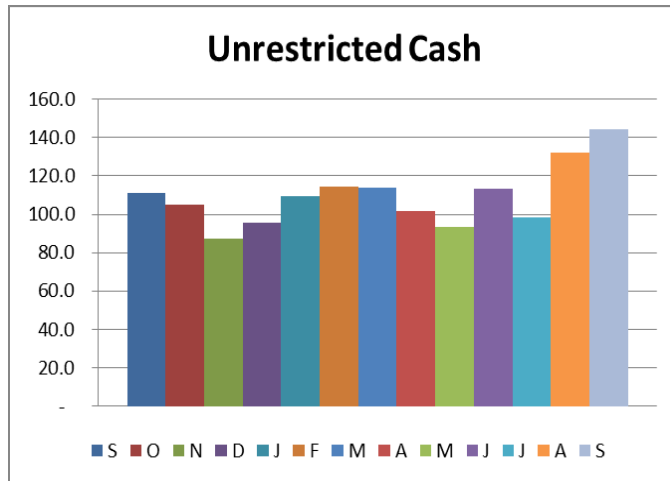
favorable to budget. The reinstatement of the state reduced fare reimbursement (for State Fiscal Year 2014) will increase the Recovery Ratio for the remainder of the year.

VI. Ridership

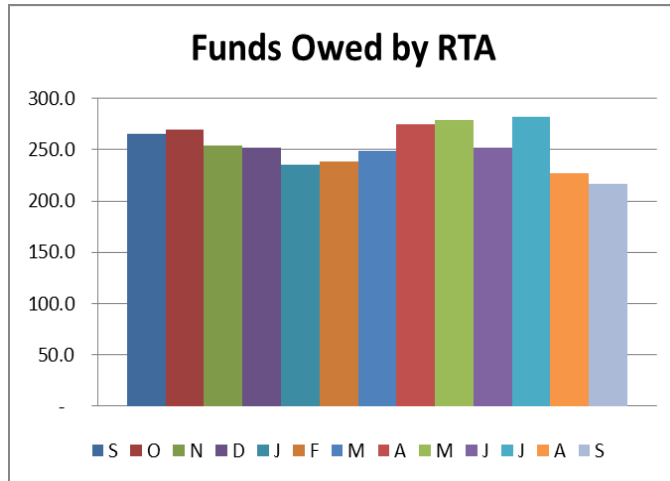
Category	Current Month			Full Year		
	Actual Sep-14	Variance to Budget Sep-14	Variance to Prior Year Sep14 vs. Sep13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Bus	24,435	(2,164)	(1,670)	207,049	(18,759)	(21,170)
Rail	17,307	587	1,306	146,098	3,962	6,924
Rail to Rail Transfers	3,797	19	(173)	32,432	(9)	610
Total	45,539	(1,558)	(536)	385,579	(14,805)	(13,636)

- Ridership for the month of September was 45.5 million and was 1.6 million less than budget and was 0.5 million less than prior year. Calendar adjusted ridership was down 3.3% from prior year.
- Ridership for the year to date was 385.6 million and was 14.8 million less than budget and 13.6 million less than prior year. Calendar adjusted ridership was down 3.3% from prior year.
- More details on ridership can be found in the September Ridership Report

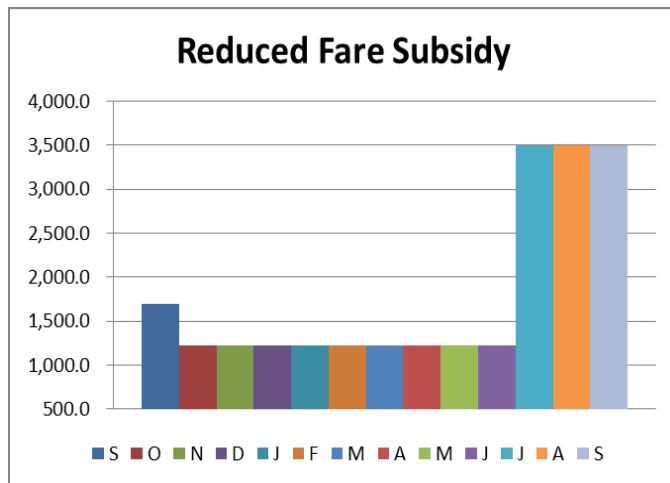
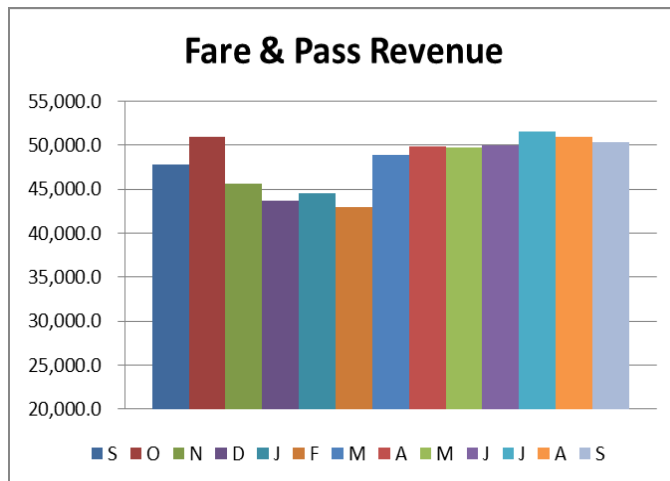
Cash & Liquidity



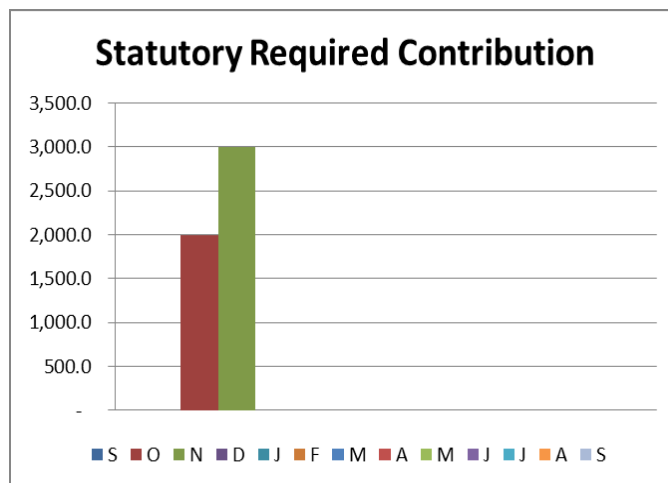
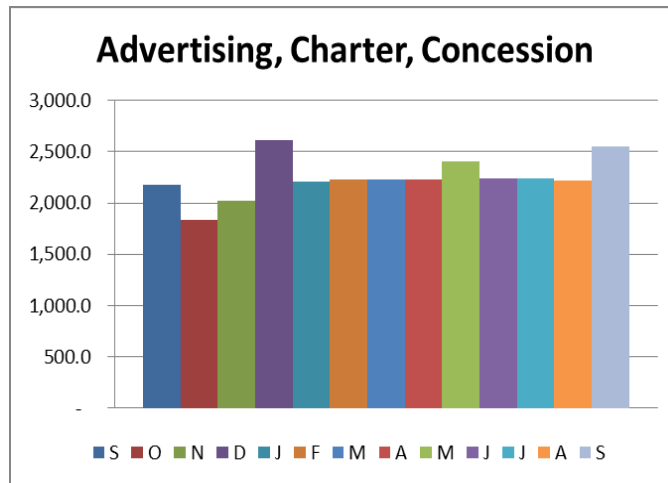
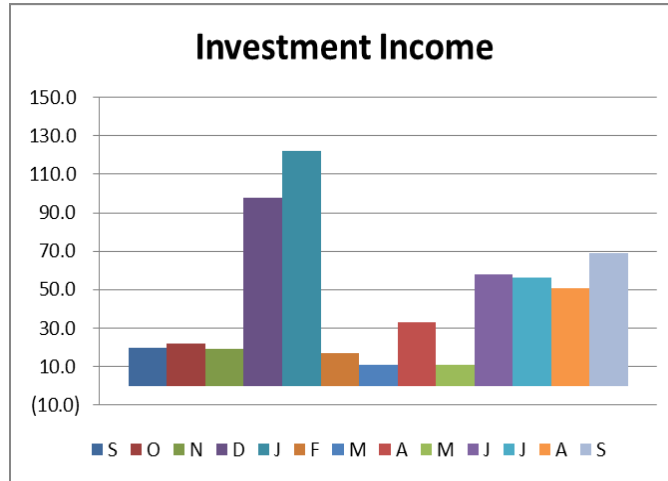
Cash & Liquidity (con't)



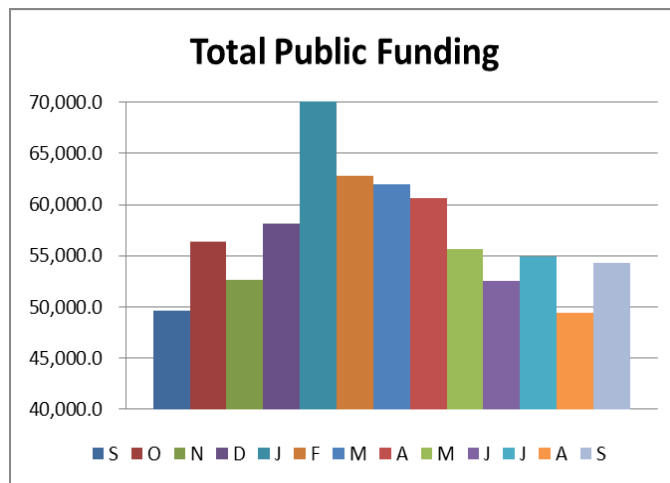
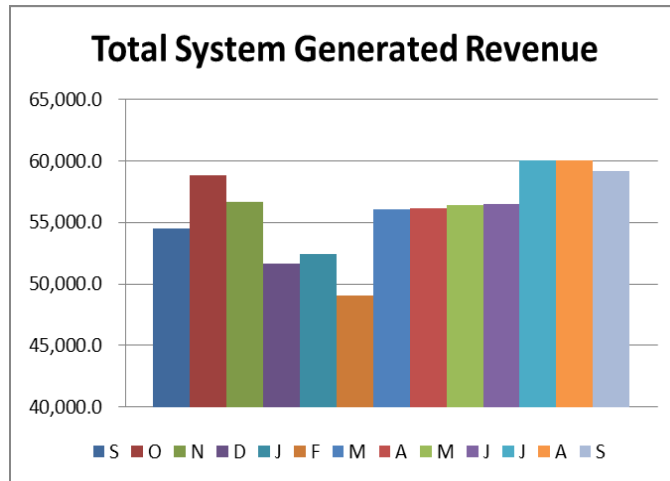
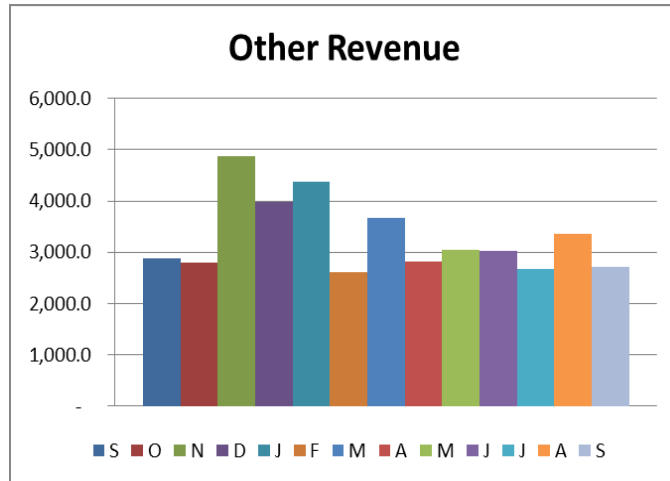
Revenue



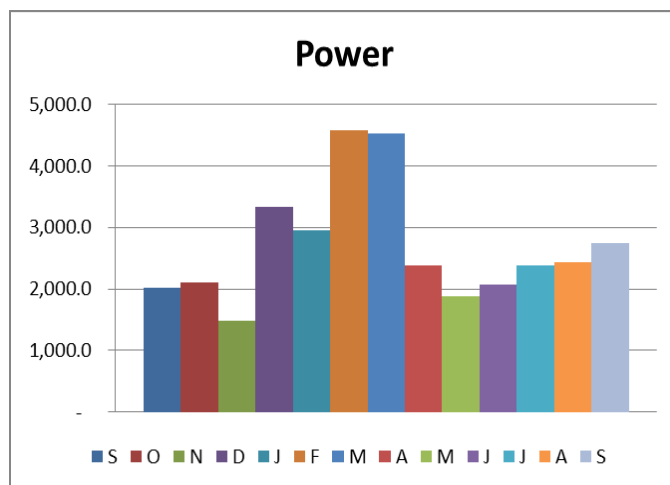
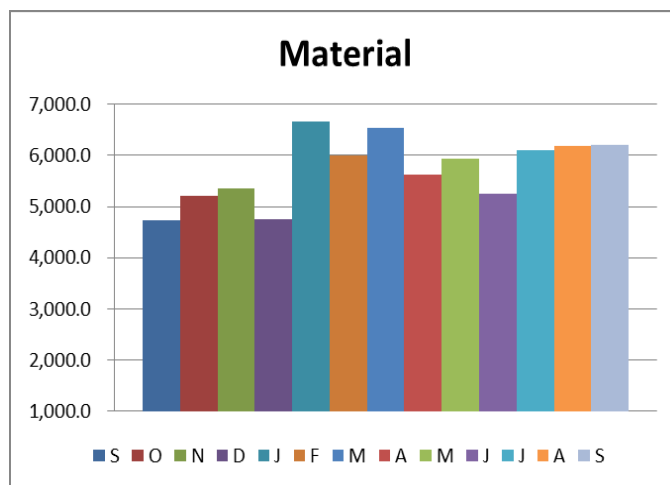
Revenue (con't)



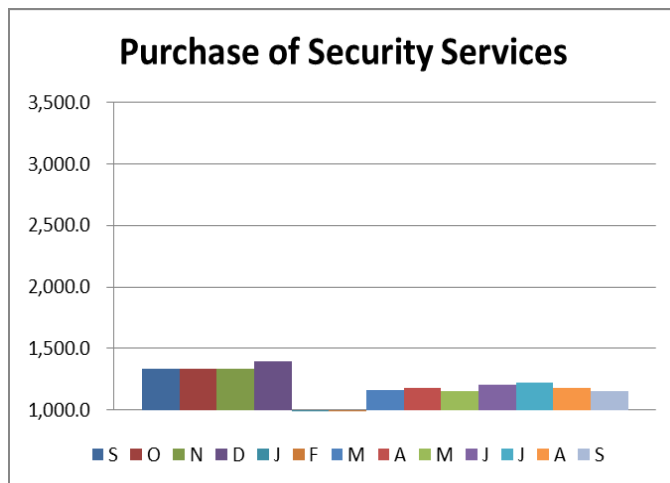
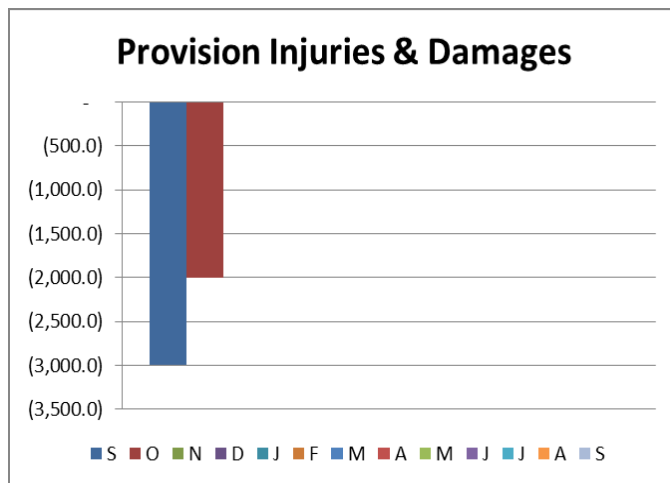
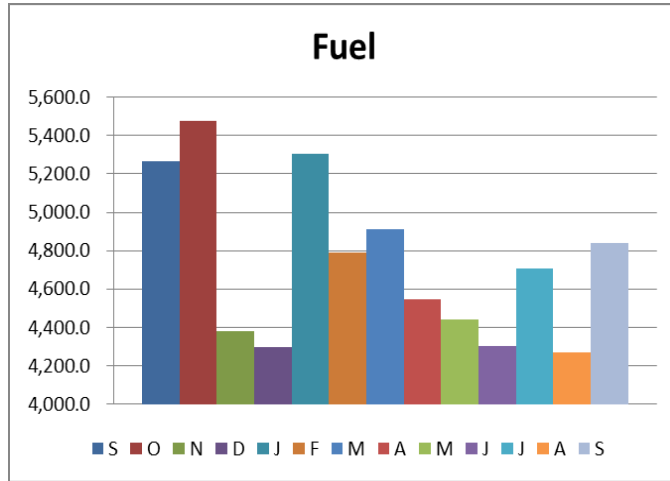
Revenue (con't)



Expenses



Expenses (con't)



Expenses (con't)

