



To: Chicago Transit Authority Board
From: Tom McKone, Acting CFO
Re: Financial Results for November 2015
Date: January 6, 2016

I. Summary

CTA's financial results are \$3.4 million favorable for the month. The year to date is \$1.1 million favorable to budget primarily due to the proactive management of operating expenses to offset the anticipated reduction in the State's free and reduced fare reimbursement.

Ridership was 41.1 million for the month and was 0.7 million less than budget. Ridership for the year to date was 476.1 million and was 5.5 million less than budget.

II. Cash & Liquidity

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

	NOV 2015	NOV 2014	Increase (Decrease)
Unrestricted Cash	\$ 204.4	\$ 139.6	\$ 64.8
Damage Reserve	98.1	106.7	\$ (8.6)
Funds Owed by RTA	265.5	204.0	\$ 61.5
Trust Portfolio Assets	536.1	833.3	\$ (297.2)
Total Cash and Receivables	\$ 1,104.1	\$ 1,283.6	\$ (179.5)

CTA's total cash/receivables balance is equal to \$1.1 billion. Unrestricted cash was \$64.8 million more than the prior year primarily due to receipt of \$23 million in proceeds from the debt reserve substitution in August, recent insurance payments, and full reimbursement for the 4G project along with an increased focus on reducing the delay in the receipt of reimbursements for capital-related payments. The Damage Reserve is sufficiently funded and was \$8.6 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$265.5 million which was \$61.5 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Fare & Pass Revenue	\$ 47,247	\$ 1,693	\$ 2,516	\$ 541,768	\$ (396)	\$ 4,979

- Fare and pass revenue for November was favorable to budget and prior year by \$1.7 million and \$2.5 million, respectively. The average fare for the month was \$1.15 and was \$0.04 more than budget. Year-over-year fare and pass revenue increased by 5.6% in November and is 3.7% higher than budget for the month driven by growth in the 30-day pass and overall rail ridership. November 2015 also had one more workday than November 2014.
- Year to date fare and pass revenue was \$0.4 million less than budget but was \$5.0 million more than prior year. The average fare for the year to date was \$1.14 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. A strong second-half has helped bring the year to date total to the budgeted level.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ (2,323)	\$ 12,025	\$ (13,937)	\$ (12,793)

- Reduced Fare Subsidy is \$1.2 million less than budget for the month and \$13.9 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 in 2015.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Advertising, Charter, Concession	\$ 3,251	\$ 842	\$ 1,023	\$ 27,875	\$ 932	\$ 2,898

- Advertising, Charter and Concessions Revenue is favorable to budget for the month and year due to additional revenue associated with the urban panel revenue sharing agreement. The increase over the prior year is additionally 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Investment income	\$ 46	\$ (11)	\$ (31)	\$ 1,345	\$ 720	\$ 756

- Investment income was less than budget for the month and prior year reflecting year-end mark to market adjustments. Improved cash forecasting and a better investment strategy through security selection has increased overall yield on the investment portfolio for the year to date, which is expected to continue for the remainder of FY 2015.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Other Revenue	\$ 2,867	\$ (216)	\$ 150	\$ 30,079	\$ (283)	\$ (3,542)

- Other Revenue was unfavorable to budget by \$0.2 million for the month due to lower non-capital grant revenue. This revenue is offset by an equal amount in the Other Expense category. For the year to date Other Revenue is slightly unfavorable to budget. The year to date is lower than prior year due to a one-time sale of property in 2014 and lower scrap metal prices this year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Total System Generated Revenue	\$ 57,591	\$ 1,129	\$ 1,336	\$ 618,092	\$ (12,965)	\$ (7,702)

- Total System-Generated Revenue was \$1.1 million more than budget for the month primarily due to higher fare and pass and advertising revenue. The year to date is \$13.0 million less than budget due to the anticipated reduction in the State's free and reduced fare subsidy. The year to date system-generated revenue is \$7.7 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Labor	\$ 81,340	\$ (300)	\$ (4,782)	\$ 909,847	\$ 9,974	\$ (31,172)

- Labor expense was \$0.3 million unfavorable to budget for the month and within 0.4% of budget. This trend is anticipated in the forecast for 2015 expenses and the agency continues to manage labor expenses closely. Labor expense is \$31.2 million unfavorable to 2014 due to 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Material	\$ 5,684	\$ (119)	\$ 93	\$ 74,825	\$ (7,630)	\$ (7,565)

- Material expense was unfavorable to budget for the month by \$0.1 million. An unfavorable monthly variance is expected for the remainder of 2015. The unfavorable variance to budget for the year is partially due to the severe weather in February. The unfavorable variance to prior year is additionally attributed 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Fuel	\$ 3,619	\$ 590	\$ 1,732	\$ 45,744	\$ 5,035	\$ 7,484

- Fuel for Revenue Equipment expense was \$0.6 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. The positive variance is expected to continue through the end of the year. Fuel expense is \$7.5 million favorable to prior year to date due to lower usage and price.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Power	\$ 1,863	\$ 277	\$ 455	\$ 26,341	\$ 1,054	\$ 4,400

- The Electric Power for Revenue Equipment expense is \$0.3 million favorable to budget for the month and expected to remain within budget for the year with occasional monthly fluctuations. Year to date power expense is \$4.4 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Purchase of Security Services	\$ 1,184	\$ 18	\$ 68	\$ 13,128	\$ 97	\$ (774)

- Purchase of Security Services was on par with budget for the month and slightly 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Other Expenses	\$ 19,249	\$ 1,763	\$ 1,185	\$ 233,969	\$ 5,584	\$ (14,594)

- Other Expenses were \$1.8 million favorable to budget for the month due to invoice timing differences and 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 positive to budget as anticipated with timing of the expenses creating monthly variability. Year to date other expenses were within 2.3% of the 2015 budget and \$14.6 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
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Total Operating Expenses	\$ 112,939	\$ 2,229	\$ (1,248)	\$ 1,303,853	\$ 14,114	\$ (42,222)

- Total Operating Expenses were \$2.2 million less than budget for the month and \$1.2 million more than prior year. The favorable year to date variance to budget of \$14.1 million is due primarily to favorable labor, fuel and power expenses which offset unfavorable material expense.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Recovery Ratio	61.37%	2.64		56.87%	(0.52)	

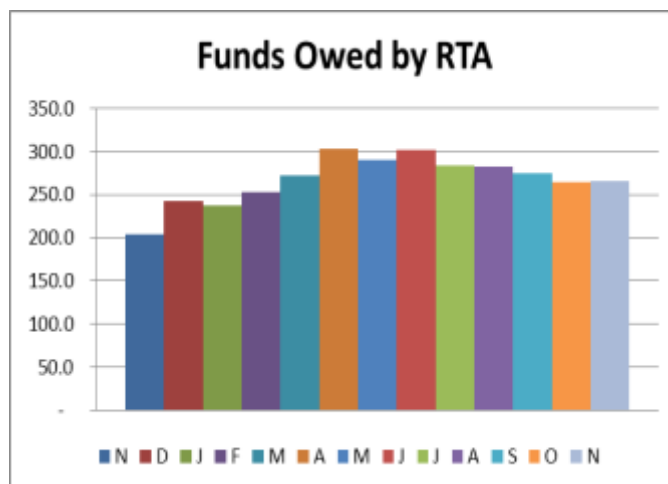
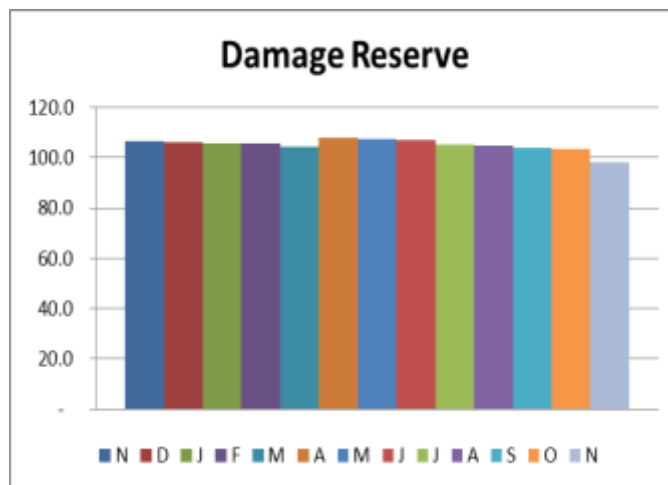
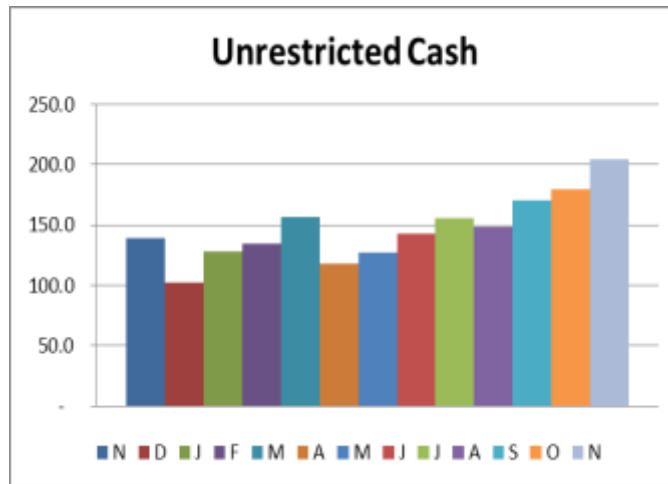
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.37% for the month. This was favorable to budget by 2.64 percentage points is due to both higher system generated revenues and lower expenses in November. For the year to date the recovery ratio is 56.87%.

VI. Ridership

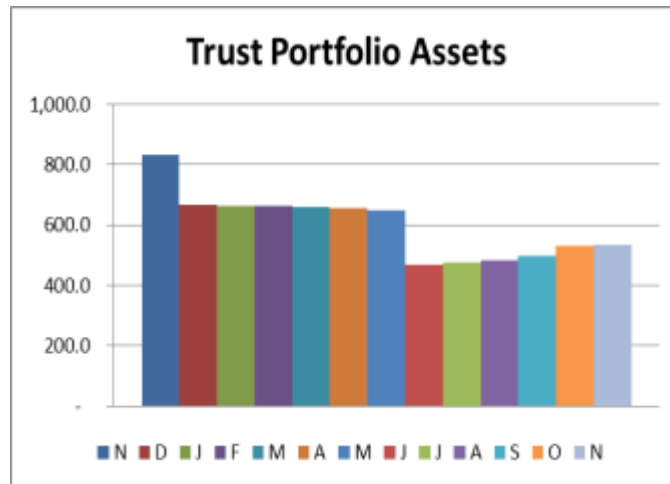
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Nov-15	Budget Nov-15	Prior Year Nov15 vs. Nov14	2015	Budget 2015	Prior Year 2014
Bus	21,656	(763)	171	252,945	(4,598)	(1,226)
Rail	15,985	126	647	182,816	(409)	2,968
Rail to Rail Transfers	3,486	(46)	63	40,359	(542)	472
Total	41,126	(683)	881	476,120	(5,548)	2,214

- Ridership for the month of November was 41.1 million and was 0.7 million less than budget and 0.9 million more than prior year. Calendar adjusted ridership was up 0.7% from prior year.
- Ridership for the year to date was 476.1 million and was 5.5 million less than budget but was 2.2 million more than the prior year to date. Calendar adjusted ridership was up 0.5% from the prior year to date.
- More details on ridership can be found in the November Ridership Report.

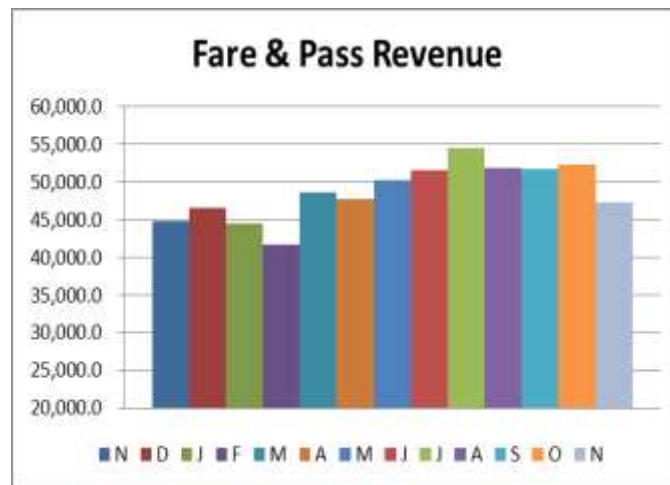
Cash & Liquidity



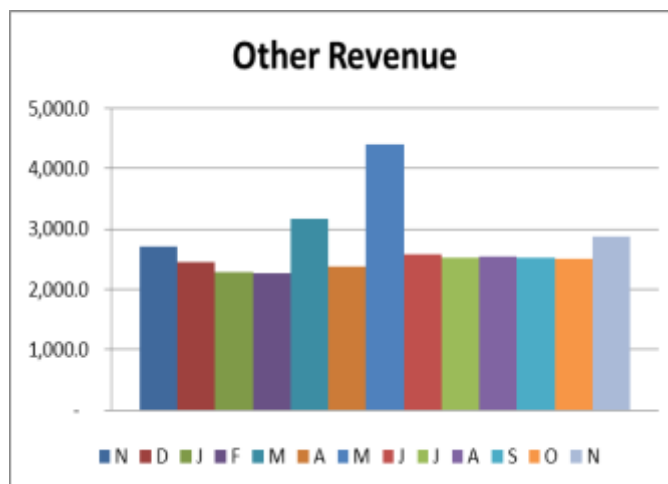
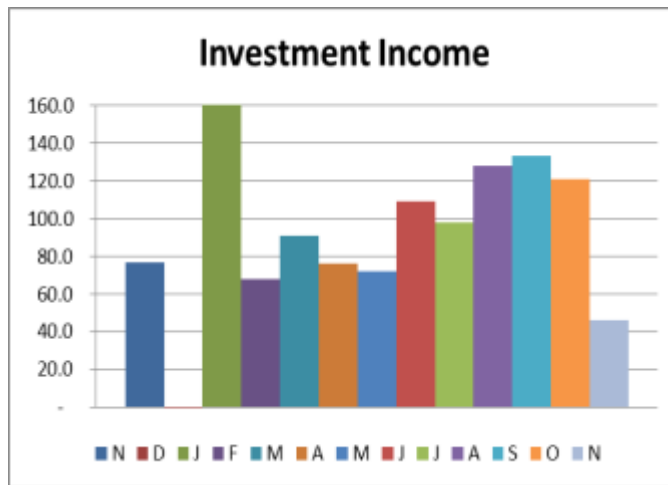
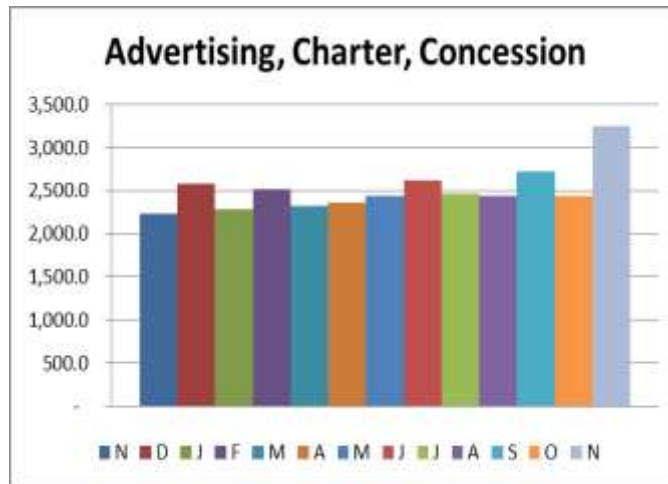
Cash & Liquidity (cont'd)



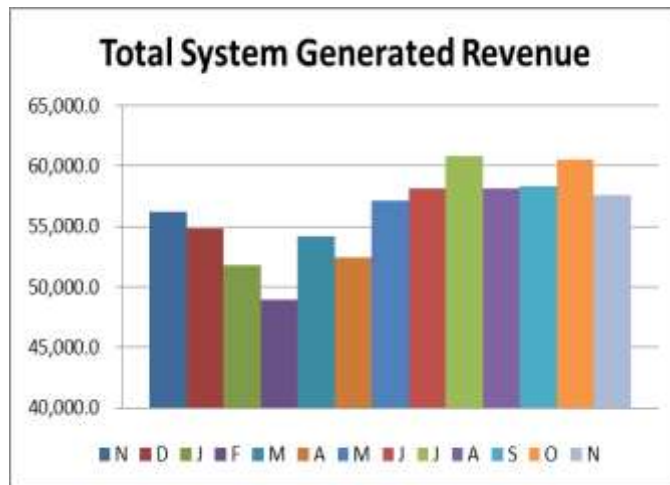
Revenue



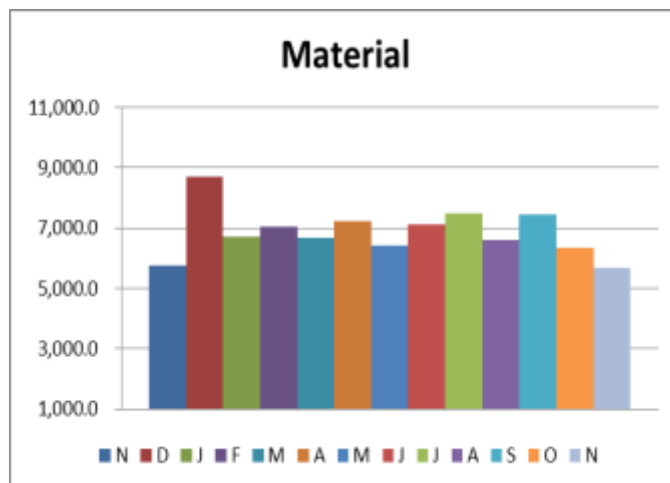
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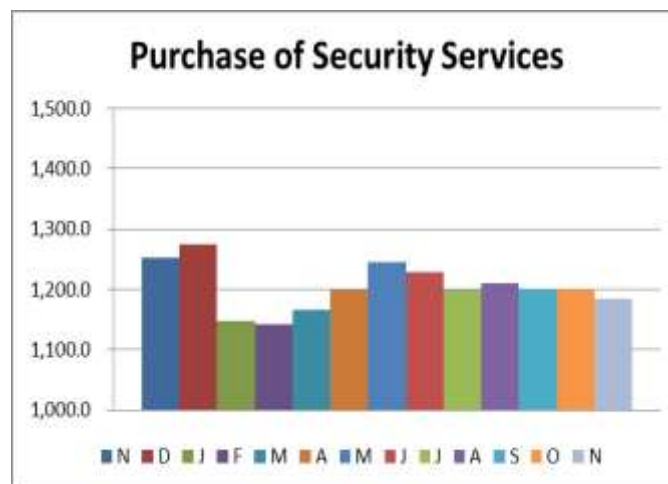
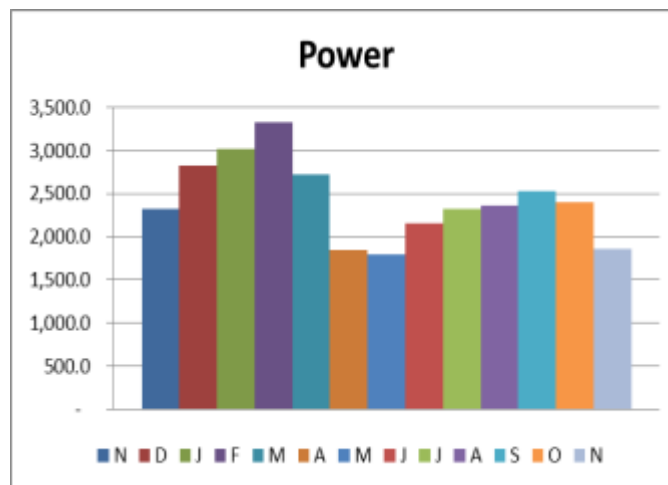
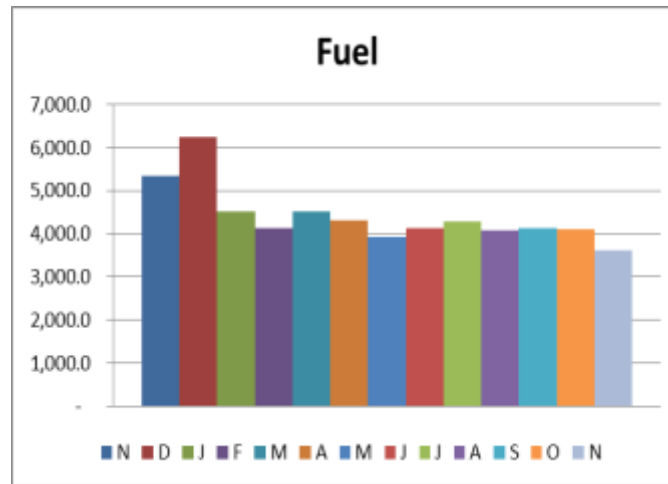
Revenue (cont'd)



Expenses



Expenses (cont'd)



Expenses (cont'd)

