



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for July 2016
Date: September 14, 2016

I. Summary

CTA's financial results are \$0.4 million favorable for July primarily due to lower than anticipated operating expenses. The year to date is \$2.6 million favorable to budget primarily due to lower operating expenses.

Ridership for the month was 40.9 million and was 2.9 million less than budget. Ridership was 3.9 million or 8.8% less than July 2015 due to better timing of the Fourth of July in 2015 and continued tourist activities after the holiday weekend for Grateful Dead farewell concerts. Also, low gas prices and downtown construction were contributing factors. There were also two fewer weekdays, one more Saturday and one more Sunday this year. The year to date is less than budget and prior year by 10.4 million and 8.6 million, respectively.

II. Cash & Liquidity

The chart below highlights CTA's cash position at July 2016 compared to July 2015.

	July 2016	July 2015	Increase (Decrease)
Unrestricted Cash	\$ 166.5	\$ 156.2	\$ 10.3
Damage Reserve	109.2	105.2	\$ 4.0
Funds Owed by RTA	333.6	284.0	\$ 49.6
Trust Portfolio Assets	301.8	474.3	\$ (172.5)
Total Cash and Receivables	\$ 911.1	\$ 1,019.7	\$ (108.6)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$10.3 million more than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$4.0 million higher than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$333.6 million which was \$49.6 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 and therefore goes down when payments are made.

III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Jul-16	Jul-16	Jul16 vs. Jul15	2016	2016	2015
Fare & Pass Revenue	\$ 51,376	\$ (2,091)	\$ (3,163)	\$ 335,488	\$ (5,474)	\$ (3,186)

- Fare and pass revenue for July was \$2.1 million unfavorable to budget and \$3.2 million unfavorable to prior year. The unfavorable variance to budget and prior year was due to very strong pay-per-use ridership in the first-half of July 2015 that did not repeat in 2016. July 2015 had a better timing of Fourth of July, and continued tourist activities after the holiday weekend for Grateful Dead farewell concerts. The average fare for the month was \$1.26 and was \$0.04 higher than budget and \$0.04 more than prior year.
- Year-to-date fare and pass revenue was \$5.5 million lower than budget and \$3.2 million lower compared to prior year. The unfavorable variance to budget is mainly due to lower than anticipated bus pay-per-use revenues in the second quarter of 2016. The negative variance to prior year is due to lower bus and rail pay-per-use ridership in July. The average fare for the year was \$1.16 per ride and was \$0.03 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Jul-16	Jul-16	Jul16 vs. Jul15	2016	2016	2015
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 8,261	\$ (8,261)	\$ 1,000

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$8.3 million based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Jul-16	Jul-16	Jul16 vs. Jul15	2016	2016	2015
Advertising, Charter, Concession	\$ 2,516	\$ 39	\$ 55	\$ 18,971	\$ 621	\$ 1,958

- Advertising, Charter and Concessions Revenue was slightly higher than budget for the month due to higher concessions revenue and was \$0.6 million more than budget year-to-date due to higher vehicle and platform advertising. The increase over prior year-to-date was also mainly due to higher vehicle and platform advertising.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Investment income	\$ 166	\$ 92	\$ 68	\$ 1,064	\$ 549	\$ 147

- Investment income was higher than budget for the month primarily due to a higher yielding portfolio and a better investment strategy through security selection. The year-to-date was favorable to budget due to higher short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 3,119	\$ 708	\$ 593	\$ 20,574	\$ 5,582	\$ 954

- Other Revenue was favorable to prior year and budget due to higher non-capital grant revenue. The year to date was favorable to budget and prior year primarily due to the sale of surplus property.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 58,356	\$ (2,432)	\$ (2,447)	\$ 384,357	\$ (6,983)	\$ 874

- Total System-Generated Revenue was \$2.4 million less than budget and prior year for the month due to lower reduced fare subsidy and fare and pass revenue. The year-to-date is \$7.0 million less than budget due to lower reduced fare subsidy. The year-to-date system-generated revenue is \$0.9 million more than prior year due to higher advertising revenue and sale of surplus property.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Labor	\$ 81,953	\$ (270)	\$ 2,586	\$ 594,272	\$ (960)	\$ (21,588)

- Labor expense was \$0.3 million unfavorable to budget for the month due to higher than anticipated unscheduled work and overtime. Contractual wage increases that took effect in July 2015 and slightly higher fringe benefits in 2016 contributed to higher expenses compared to the prior 2015 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Material	\$ 6,528	\$ 504	\$ 961	\$ 48,579	\$ 881	\$ 139

- Material expense was favorable to budget for the month and prior year. The year to date is \$0.9 million favorable to budget due to lower than planned vehicle maintenance.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 2,505	\$ 597	\$ 1,779	\$ 18,774	\$ 2,737	\$ 11,017

- Fuel for Revenue Equipment expense was \$0.6M favorable to budget in July and \$2.7M favorable year-to-date, primarily due to lower consumption and prices that were locked in lower than budgeted. Fuel expense is \$1.8 million and \$11 million favorable compared to prior July and to 2015 year-to-date, respectively, mainly due to significant reduction in the price of diesel fuel, lower usage and an increase in fuel efficiency.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,337	\$ 311	\$ (18)	\$ 17,072	\$ 1,647	\$ 104

- The Electric Power for Revenue Equipment expense was \$0.3 million favorable to budget due to lower prices and lower consumption. Year-to-date, expenses are \$1.6 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 879	\$ 346	\$ 322	\$ 8,116	\$ 457	\$ 214

- Purchase of Security Services was favorable to budget for the month and year to date by \$0.3 million and \$0.5 million, respectively, due to timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 21,009	\$ 1,312	\$ (2,626)	\$ 156,005	\$ 4,843	\$ 928

- Other Expenses were favorable to budget by \$1.3 million due to the timing of contractual expenses. The unfavorable variance to prior year was mainly due to new debt service and timing of invoices. Of the total monthly other expenses, the pension obligation bond expense is \$9 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
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 115,210	\$ 2,800	\$ 3,004	\$ 847,569	\$ 9,607	\$ (13,937)

- Operating Expenses were \$2.8 million favorable to budget for the month due to favorability in material, fuel and other expense categories. The unfavorable variance to prior year-to-date was due primarily to higher labor expense.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	60.82%	(1.03)		54.30%	(0.21)	

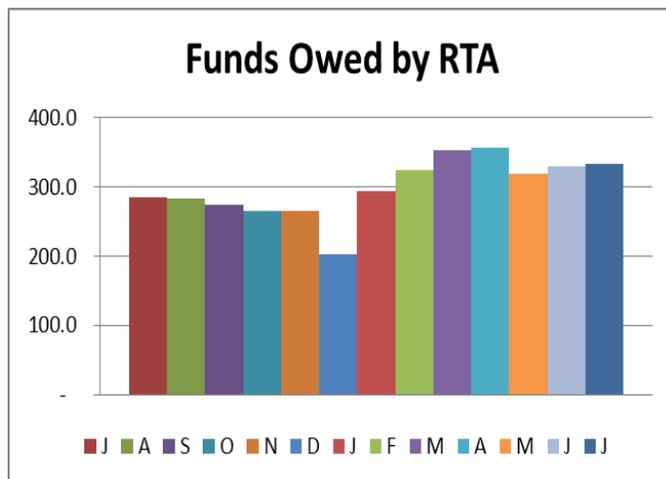
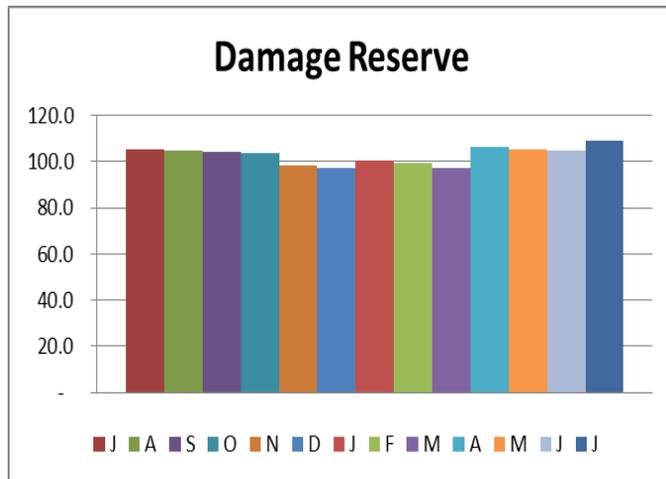
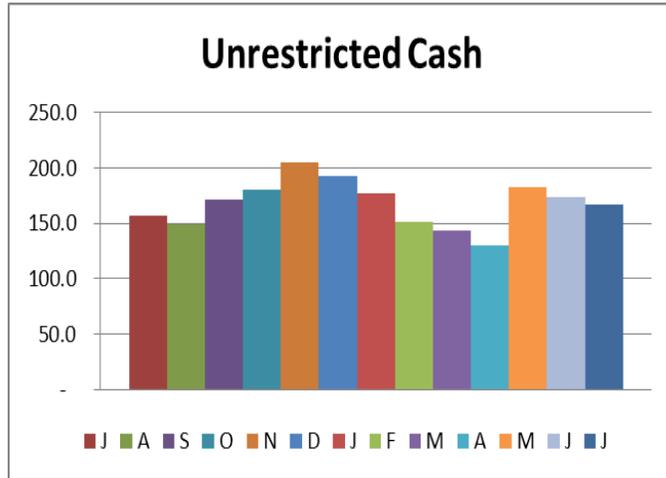
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 60.82% for the month. This was unfavorable to budget by 1.03 percentage points. For the year-to-date the recovery ratio is 54.30%.

VI. Ridership

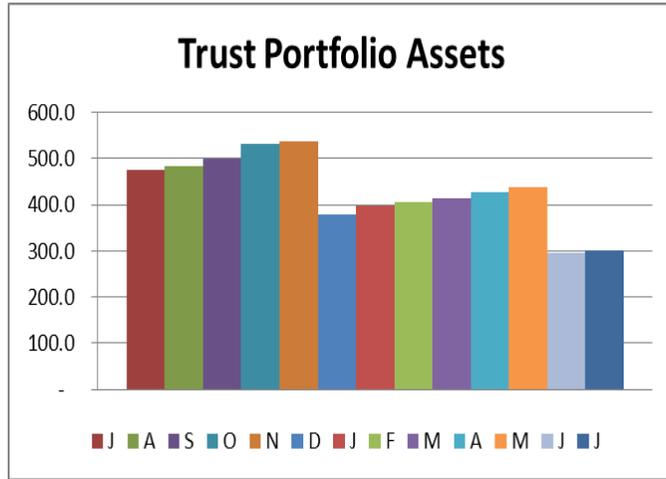
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-16	Budget Jul-16	Prior Year Jul16 vs. Jul15	2016	Budget 2016	Prior Year 2015
Bus	20,368	(1,743)	(2,533)	151,558	(8,546)	(8,579)
Rail	16,814	(920)	(1,164)	113,365	(1,552)	(11)
Rail to Rail Transfers	3,704	(207)	(245)	25,233	(318)	(3)
Total	40,886	(2,871)	(3,942)	290,156	(10,416)	(8,593)

- Ridership for the month of July was 40.9 million and was lower than budget and prior year by 2.9 million and 3.9 million, respectively.
- Calendar adjusted ridership was down 6.0% from prior year due to special events in 2015, low gas prices and downtown construction. There were also two fewer weekdays, one more Saturday and one more Sunday this year.
- Ridership for the year-to-date was 290.2 million and was 10.4 million less than budget and was 8.6 million lower than the prior year-to-date. Calendar adjusted ridership was down 3.0% from the prior year-to-date.
- More details on ridership can be found in the July Ridership Report.

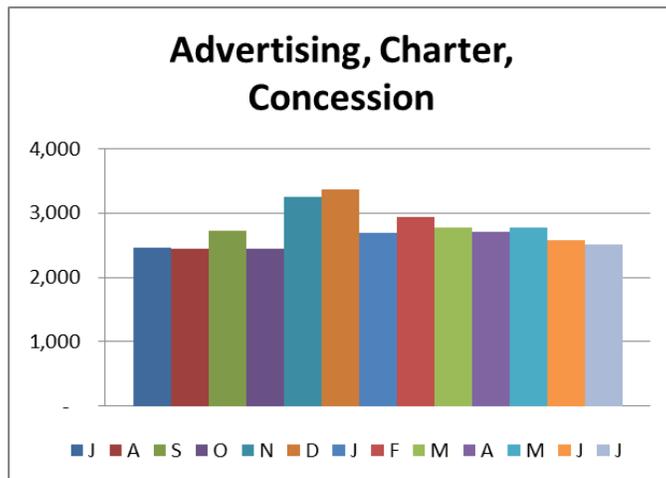
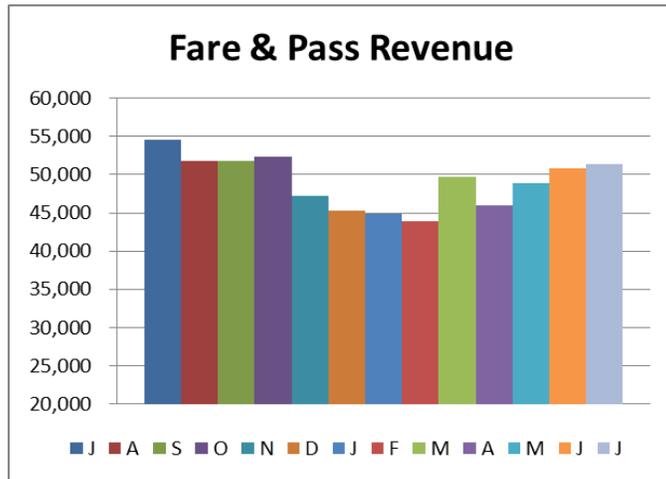
Cash



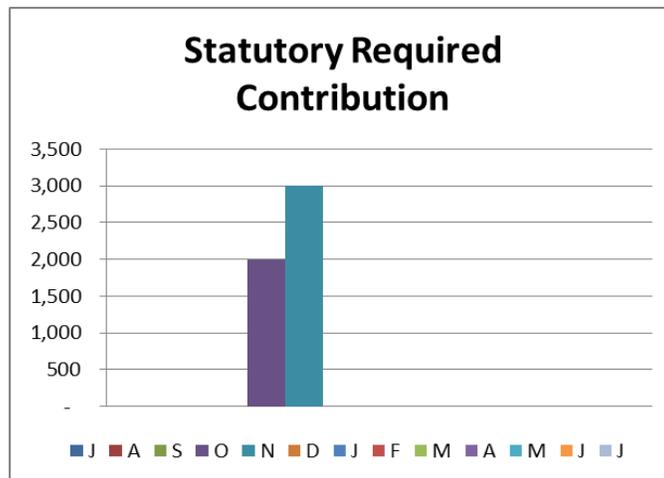
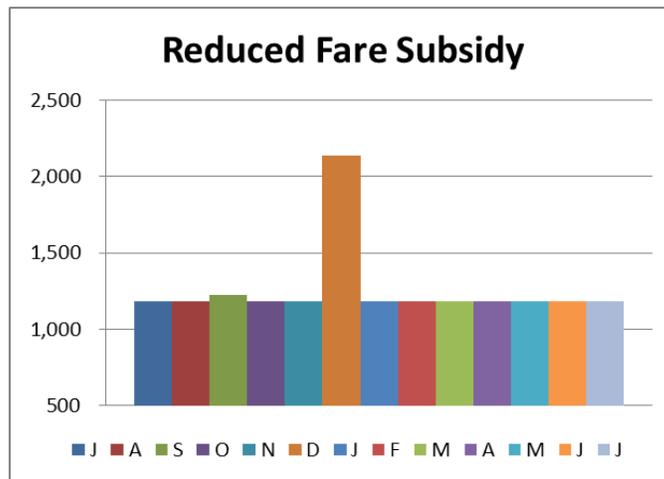
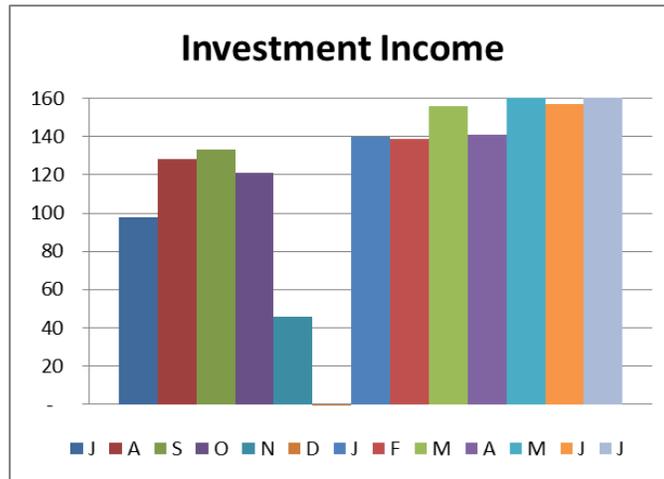
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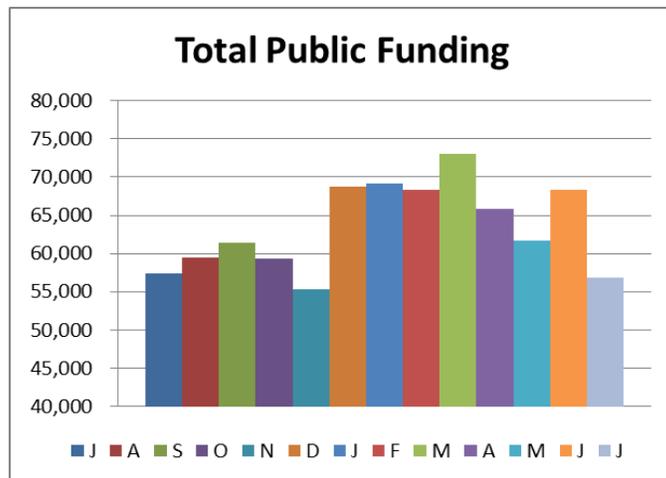
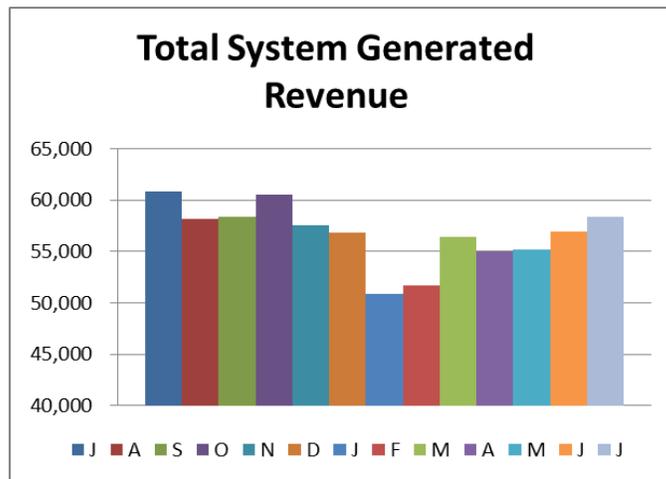
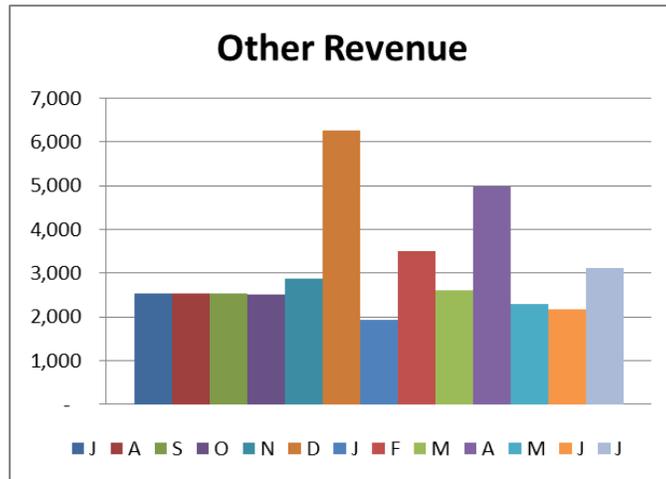
Revenue



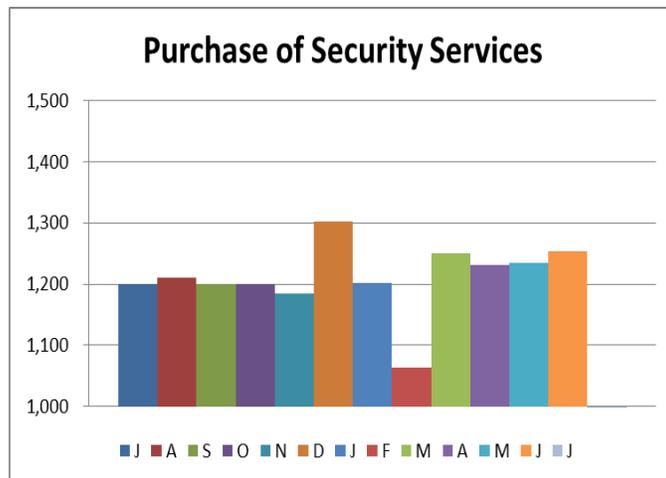
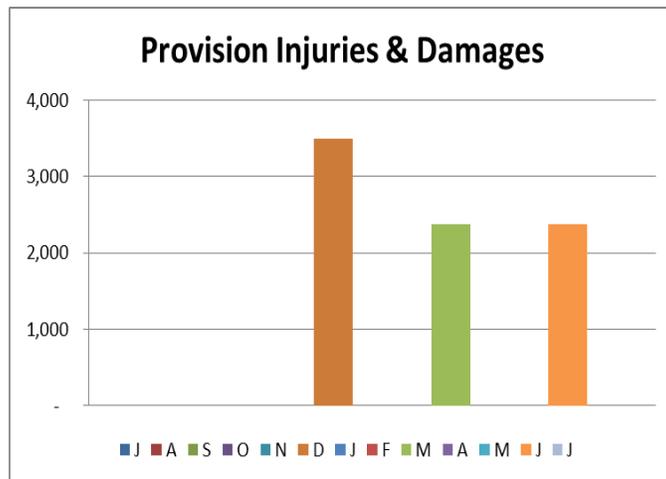
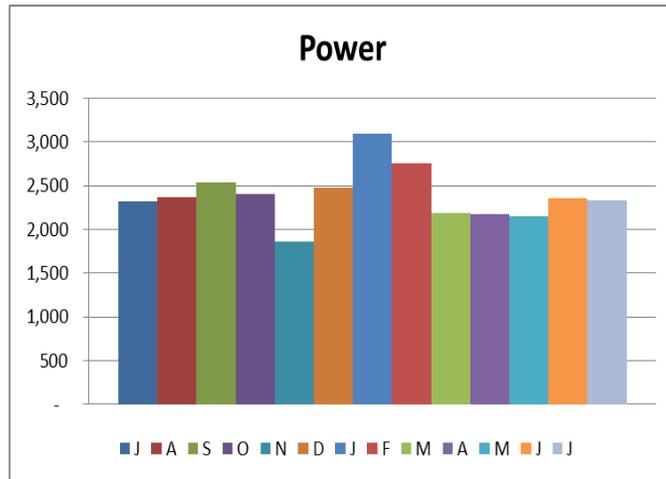
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Expenses



Cash Category	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Unrestricted Cash	156.2	148.7	170.8	179.7	204.4	192.6	176.9	151.2	143.8	130.1	182.5	173.8	166.5
Damage Reserve	105.2	104.9	104.0	103.7	98.1	97.0	100.3	99.6	97.3	106.4	105.5	104.6	109.2
Funds Owed by RTA	284.0	282.6	274.9	264.8	265.5	202.8	294.3	323.4	352.7	356.7	318.4	330.2	333.6
Trust Portfolio Assets	474.3	483.0	499.0	532.1	536.1	378.4	396.5	406.2	412.9	426.5	438.8	295.3	301.8

Revenue Category	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Fare & Pass Revenue	54,539	51,825	51,736	52,286	47,247	45,339	44,877	43,918	49,680	45,982	48,827	50,829	51,376
Reduced Fare Subsidy	1,180	1,180	1,224	1,180	1,180	2,136	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	2,461	2,440	2,726	2,445	3,251	3,366	2,698	2,935	2,775	2,701	2,768	2,578	2,516
Investment Income	98	128	133	121	46	(222)	140	139	156	141	165	157	166
Statutory Required Contribution	-	-	-	2,000	3,000	-	-	-	-	-	-	-	-
Other Revenue	2,526	2,545	2,534	2,514	2,867	6,255	1,926	3,497	2,604	4,975	2,287	2,165	3,119
Total System Generated Revenue	60,803	58,118	58,352	60,547	57,591	56,875	50,821	51,669	56,395	54,979	55,228	56,909	58,356
Total Public Funding	57,411	59,502	61,411	59,352	55,347	68,786	69,099	68,343	73,061	65,885	61,619	68,350	56,854

Expense Category	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Labor	84,539	83,886	83,913	88,024	81,340	87,639	83,998	84,197	89,550	84,268	83,416	86,891	81,953
Material	7,488	6,612	7,455	6,356	5,684	8,682	6,451	6,433	7,850	7,325	6,268	7,725	6,528
Fuel	4,284	4,084	4,134	4,116	3,619	4,086	2,625	2,766	3,046	2,435	2,303	3,094	2,505
Power	2,319	2,364	2,535	2,403	1,863	2,477	3,102	2,761	2,190	2,173	2,150	2,360	2,337
Provision Injuries & Damages	-	-	-	-	-	3,500	-	-	2,375	-	-	2,375	-
Purchase of Security Services	1,200	1,211	1,201	1,201	1,184	1,303	1,202	1,064	1,251	1,231	1,235	1,254	879
Other Expenses	18,383	19,463	20,526	17,798	19,249	17,974	22,541	22,792	23,195	23,432	21,475	21,561	21,009
Total Operating Expenses	118,214	117,620	119,764	119,898	112,939	125,661	119,920	120,012	129,457	120,864	116,847	125,258	115,210