



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for June 2016
Date: August 10, 2016

I. Summary

CTA's financial results are \$1.0 million unfavorable for June primarily due to lower than anticipated fare and pass revenue. The year to date is \$2.3 million favorable to budget primarily due to lower operating expenses.

Ridership for the month was 42.6 million and was 1.4 million less than budget. Ridership was 1.7 million or 3.9% less than June 2015 due to special events in 2015, such as the Blackhawks parade. Also, low gas prices and downtown construction were contributing factors. The year to date is less than budget and prior year by 7.5 million and 4.7 million, respectively.

II. Cash & Liquidity

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

	June 2016	June 2015	Increase (Decrease)
Unrestricted Cash	\$ 173.8	\$ 142.8	\$ 31.0
Damage Reserve	104.6	107.1	\$ (2.5)
Funds Owed by RTA	330.2	302.1	\$ 28.1
Trust Portfolio Assets	295.3	468.6	\$ (173.3)
Total Cash and Receivables	\$ 903.9	\$ 1,020.6	\$ (116.7)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$31.0 million more than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$2.5 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately \$330.2 million which was \$28.1 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	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Fare & Pass Revenue	\$ 50,829	\$ (212)	\$ (665)	\$ 284,112	\$ (3,383)	\$ (23)

- Fare and pass revenue for June was \$0.2 million unfavorable to budget and \$0.7 million unfavorable to prior year. The unfavorable variance to prior year was anticipated in June's budget due to special events in 2015, such as the Blackhawks parade, that increased revenues. The average fare for the month was \$1.19 and was \$0.03 higher than budget and \$0.03 more than prior year.
- Year-to-date fare and pass revenue was \$3.4 million lower than budget and relatively flat compared to prior year. The unfavorable variance to budget is mainly due to lower than anticipated bus ridership and revenues in second quarter of 2016. The average fare for the year was \$1.14 per ride and was \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ (180)	\$ 7,080	\$ (7,080)	\$ 1,000

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$7.1 million, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Advertising, Charter, Concession	\$ 2,578	\$ 23	\$ (47)	\$ 16,456	\$ 582	\$ 1,904

- 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Investment income	\$ 157	\$ 83	\$ 47	\$ 898	\$ 457	\$ 79

- 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 2,165	\$ 54	\$ (422)	\$ 17,455	\$ 4,874	\$ 361

- Other Revenue was unfavorable to June 2015 due to anticipated lower non-capital grant revenue. It was slightly favorable to June budget. 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 56,909	\$ (1,232)	\$ (1,267)	\$ 326,001	\$ (4,551)	\$ 3,320

- Total System-Generated Revenue was \$1.2 million less than budget for the month due to reduced fare subsidy. It was \$1.3 million less than June 2015 primarily due to lower fare and pass revenue and lower non-capital grant revenue. The year-to-date is \$4.6 million less than budget due to the uncertainty regarding the State budget and funding for the free and reduced fare mandates. The year-to-date system-generated revenue is \$3.3 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Labor	\$ 86,891	\$ (857)	\$ (3,475)	\$ 512,319	\$ (689)	\$ (24,174)

- Labor expense was \$0.9 million unfavorable to budget for the month due to higher overtime than anticipated. Contractual wage increases that took effect in July 2015 and slightly higher fringe benefits in 2016 contributed to higher expenses compared to the prior June and to 2015 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Material	\$ 7,725	\$ 94	\$ (592)	\$ 42,052	\$ 378	\$ (822)

- Material expense was favorable to budget for the month. The year to date is \$0.4 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 3,094	\$ 1	\$ 1,030	\$ 16,270	\$ 2,140	\$ 9,237

- Fuel for Revenue Equipment expense was relatively flat compared to budget for the month. Fuel expense is \$1.0 million and \$9.2 million favorable compared to the prior June and to 2015 year-to-date, respectively, primarily due to the significant reduction in the price of diesel fuel, slightly lower usage and a small increase in fuel efficiency.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,360	\$ 94	\$ (199)	\$ 14,735	\$ 1,336	\$ 122

- The Electric Power for Revenue Equipment expense was \$0.1 million favorable to budget due to lower prices, offset by slightly higher than planned consumption. Power expense was \$0.2 million more than prior year due to higher consumption. The year to date favorable variance is due to both lower consumption and favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 1,254	\$ (29)	\$ (25)	\$ 7,238	\$ 111	\$ (108)

- Purchase of Security Services was slightly unfavorable to budget for the month but was \$0.1 million favorable to budget for the year to date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 21,561	\$ 915	\$ 20	\$ 134,996	\$ 3,531	\$ 3,554

- Other Expenses were favorable to budget by \$0.9 million due to the timing of contractual expenses. 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 125,258	\$ 217	\$ (5,616)	\$ 732,359	\$ 6,807	\$ (16,940)

- Operating Expenses were \$0.2 million favorable to budget for the month due to favorability in material, power and other expense categories. The unfavorable variance to prior year 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
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	54.32%	(0.94)		53.27%	(0.07)	

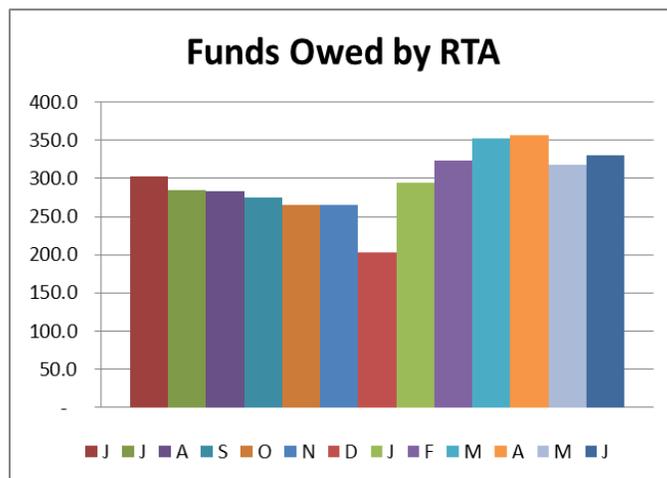
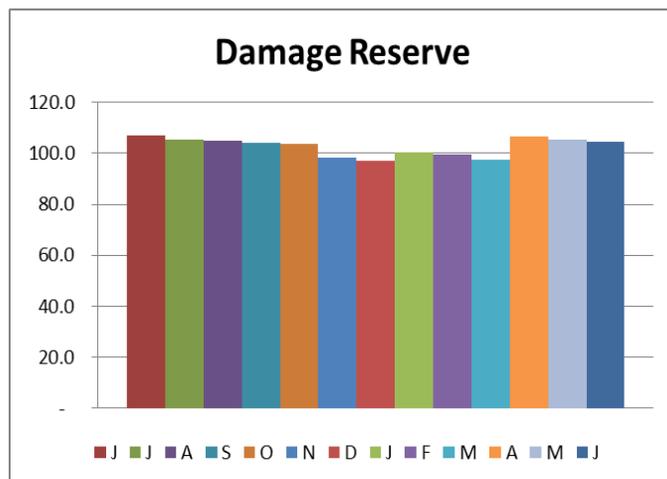
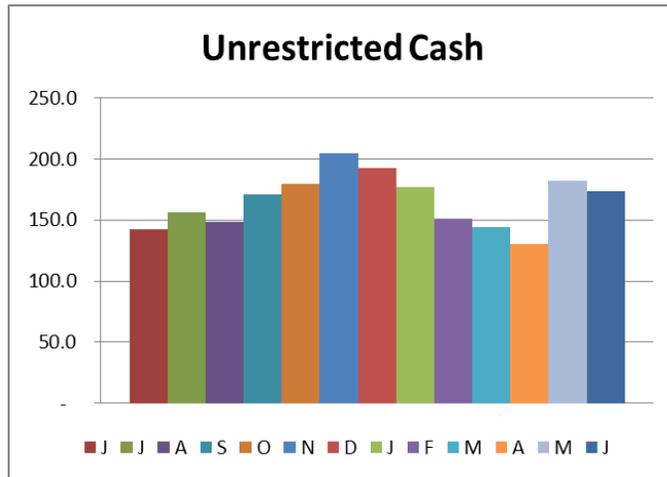
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 54.32% for the month. This was unfavorable to budget by 0.94 percentage points. For the year-to-date the recovery ratio is 53.27%.

VI. Ridership

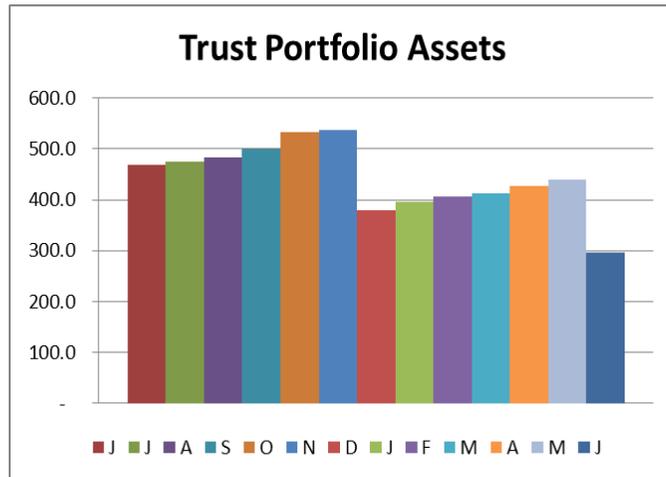
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-16	Budget Jun-16	Prior Year Jun16 vs. Jun15	2016	Budget 2016	Prior Year 2015
Bus	21,701	(1,174)	(1,505)	131,190	(6,803)	(6,046)
Rail	17,086	(164)	(170)	96,551	(632)	1,153
Rail to Rail Transfers	3,830	(53)	(39)	21,529	(111)	241
Total	42,617	(1,392)	(1,714)	249,270	(7,545)	(4,652)

- Ridership for the month of June was 42.6 million and was lower than budget and prior year by 1.4 million and 1.7 million, respectively.
- Calendar adjusted ridership was down 3.9% from prior year due to special events in 2015, low gas prices and downtown construction.
- Ridership for the year-to-date was 249.3 million and was 7.5 million less than budget and was 4.7 million lower than the prior year-to-date. Calendar adjusted ridership was down 2.5% from the prior year-to-date.
- More details on ridership can be found in the June Ridership Report.

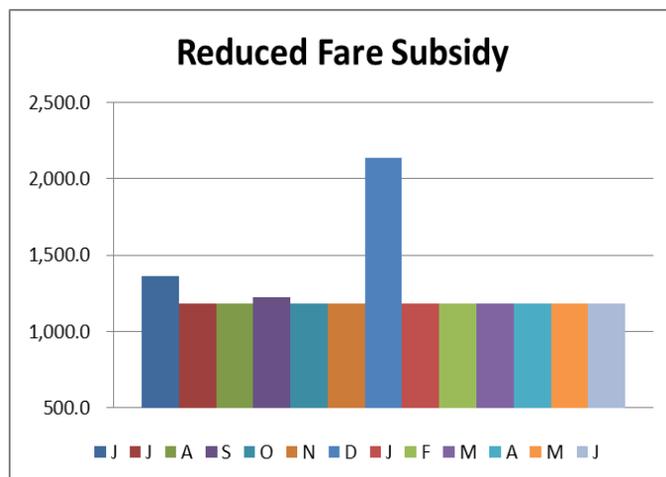
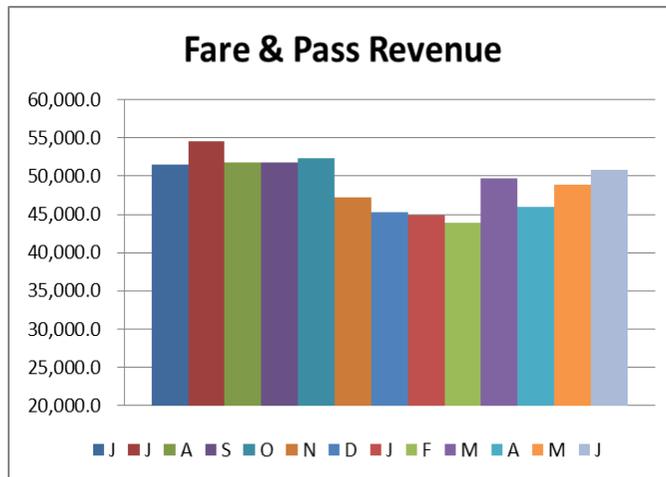
Cash



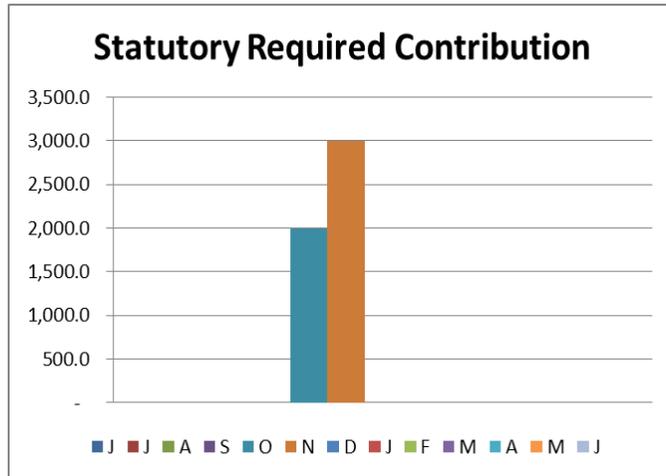
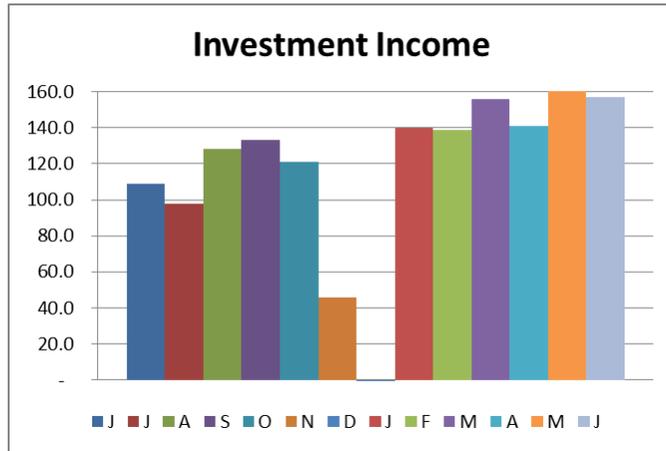
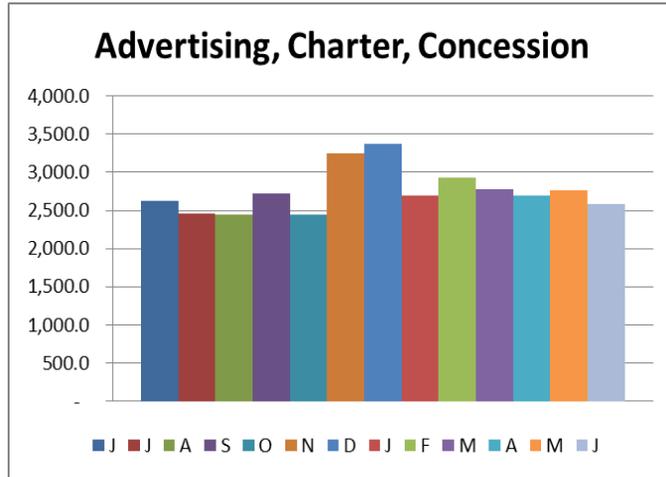
Cash Cont'd



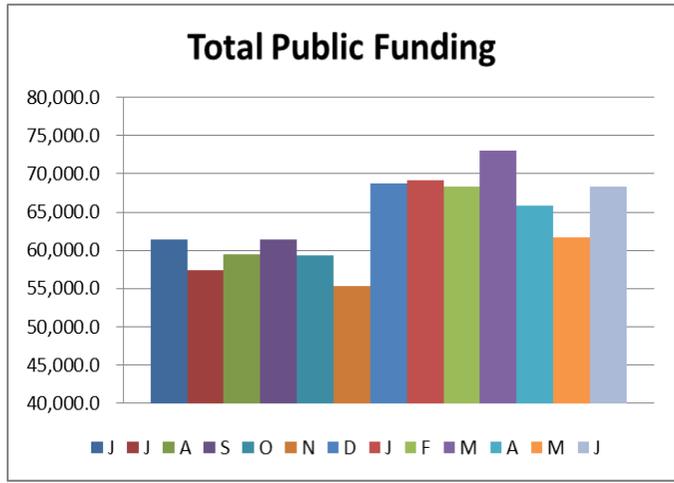
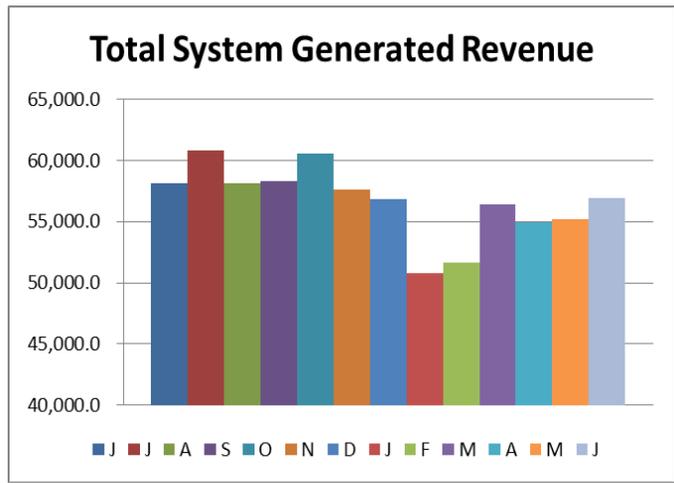
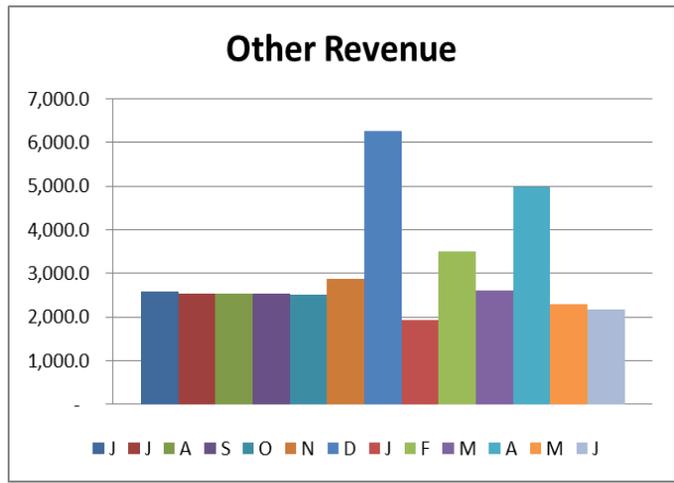
Revenue



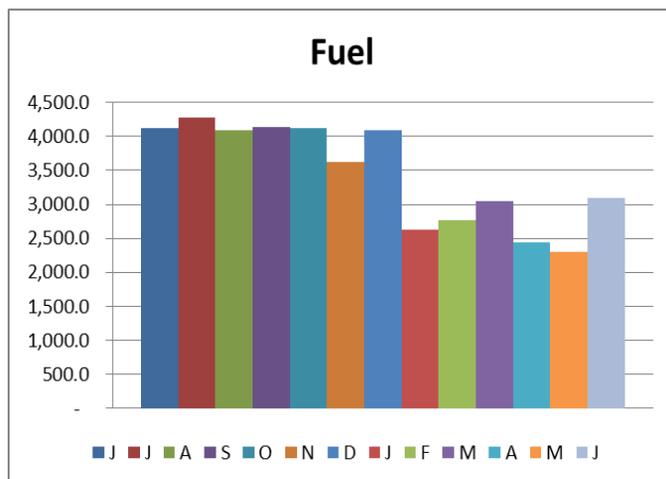
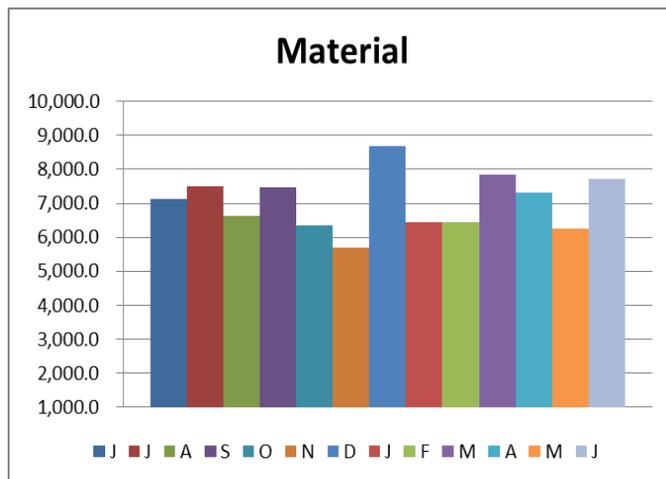
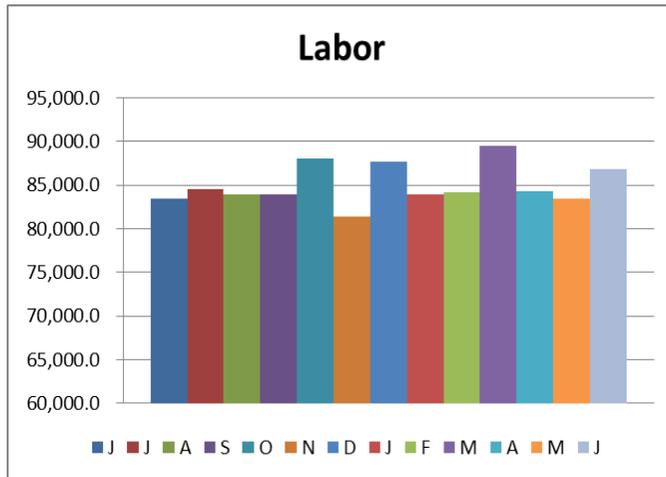
Revenue Cont'd



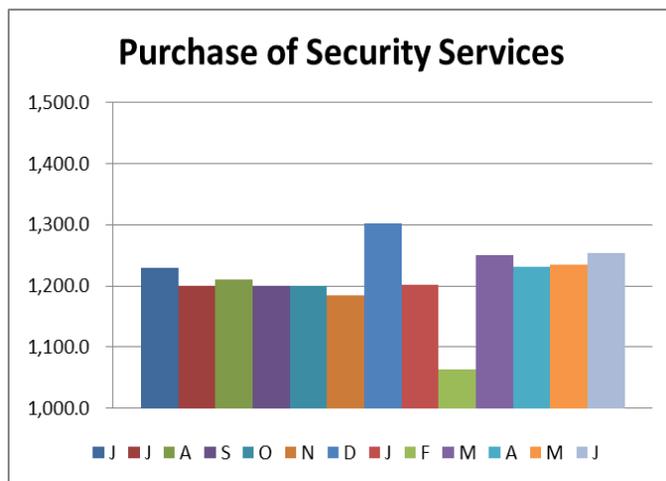
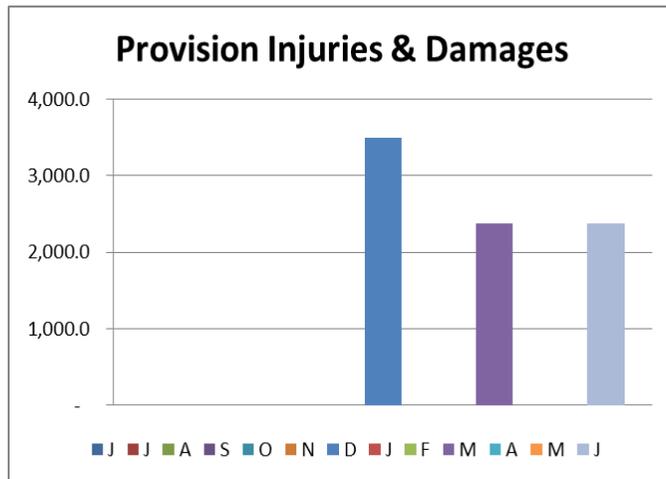
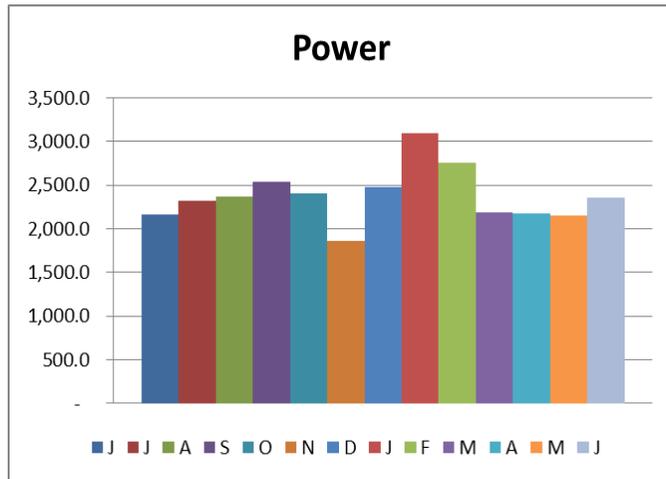
Revenue Cont'd



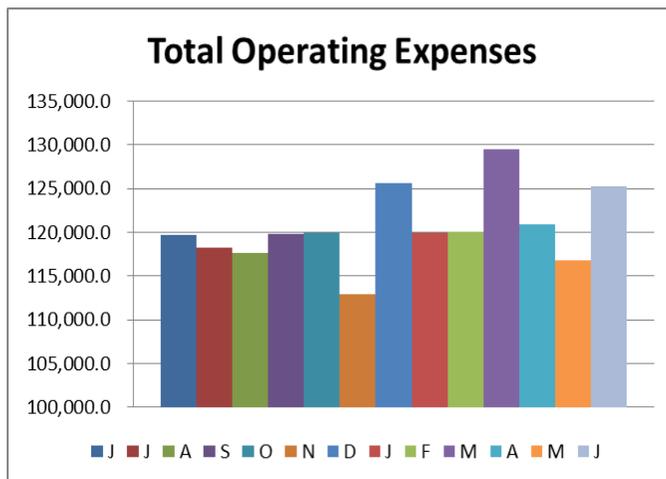
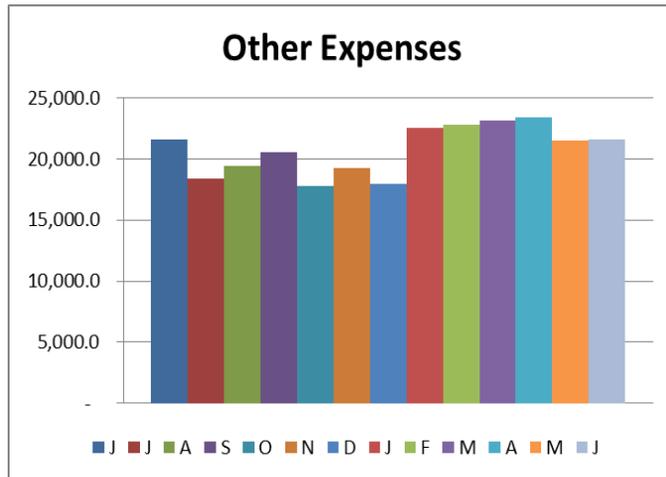
Expense



Expense Cont'd



Expense Cont'd



Cash	Jun 15'	July 15'	Aug 15'	Sept 15'	Oct 15'	Nov 15'	Dec 15'	Jan 16'	Feb 16'	Mar 16'	April 16'	May 16'	June 16'
Unrestricted Cash	142.8	156.2	148.7	170.8	179.7	204.4	192.6	176.9	151.2	143.8	130.1	182.5	173.8
Damage Reserve	107.1	105.2	104.9	104.0	103.7	98.1	97.0	100.3	99.6	97.3	106.4	105.5	104.6
Funds Owed by RTA	302.1	284.0	282.6	274.9	264.8	265.5	202.8	294.3	323.4	352.7	356.7	318.4	330.2
Trust Portfolio Assets	468.6	474.3	483.0	499.0	532.1	536.1	378.4	396.5	406.2	412.9	426.5	438.8	295.3

Revenue	Jun 15'	July 15'	Aug 15'	Sept 15'	Oct 15'	Nov 15'	Dec 15'	Jan 16'	Feb 16'	Mar 16'	April 16'	May 16'	June 16'
Fare & Pass Revenue	51,494.0	54,539.0	51,825.0	51,736.0	52,286.0	47,247.0	45,339.0	44,877.0	43,918.0	49,680.0	45,982.0	48,827.0	50,829.0
Reduced Fare Subsidy	1,360.0	1,180.0	1,180.0	1,224.0	1,180.0	1,180.0	2,136.0	1,180.0	1,180.0	1,180.0	1,180.0	1,180.0	1,180.0
Advertising, Charter, Concession	2,625.0	2,461.0	2,440.0	2,726.0	2,445.0	3,251.0	3,366.0	2,698.0	2,935.0	2,775.0	2,701.0	2,768.0	2,578.0
Investment Income	109.0	98.0	128.0	133.0	121.0	46.0	(222.0)	140.0	139.0	156.0	141.0	165.0	157.0
Statutory Required Contribution	-	-	-	-	2,000.0	3,000.0	-	-	-	-	-	-	-
Other Revenue	2,588.0	2,526.0	2,545.0	2,534.0	2,514.0	2,867.0	6,255.0	1,926.0	3,497.0	2,604.0	4,975.0	2,287.0	2,165.0
Total System Generated Revenue	58,175.0	60,803.0	58,118.0	58,352.0	60,547.0	57,591.0	56,875.0	50,821.0	51,669.0	56,395.0	54,979.0	55,228.0	56,909.0
Total Public Funding	61,467.0	57,411.0	59,502.0	61,411.0	59,352.0	55,347.0	68,786.0	69,099.0	68,343.0	73,061.0	65,885.0	61,619.0	68,350.0

Expense	Jun 15'	July 15'	Aug 15'	Sept 15'	Oct 15'	Nov 15'	Dec 15'	Jan 16'	Feb 16'	Mar 16'	April 16'	May 16'	June 16'
Labor	83,416.0	84,539.0	83,886.0	83,913.0	88,024.0	81,340.0	87,639.0	83,998.0	84,197.0	89,550.0	84,268.0	83,416.0	86,891.0
Material	7,133.0	7,488.0	6,612.0	7,455.0	6,356.0	5,684.0	8,682.0	6,451.0	6,433.0	7,850.0	7,325.0	6,268.0	7,725.0
Fuel	4,124.0	4,284.0	4,084.0	4,134.0	4,116.0	3,619.0	4,086.0	2,625.0	2,766.0	3,046.0	2,435.0	2,303.0	3,094.0
Power	2,161.0	2,319.0	2,364.0	2,535.0	2,403.0	1,863.0	2,477.0	3,102.0	2,761.0	2,190.0	2,173.0	2,150.0	2,360.0
Provision Injuries & Damages	-	-	-	-	-	-	3,500.0	-	-	2,375.0	-	-	2,375.0
Purchase of Security Services	1,229.0	1,200.0	1,211.0	1,201.0	1,201.0	1,184.0	1,303.0	1,202.0	1,064.0	1,251.0	1,231.0	1,235.0	1,254.0
Other Expenses	21,580.0	18,383.0	19,463.0	20,526.0	17,798.0	19,249.0	17,974.0	22,541.0	22,792.0	23,195.0	23,432.0	21,475.0	21,561.0
Total Operating Expenses	119,642.0	118,214.0	117,620.0	119,764.0	119,898.0	112,939.0	125,661.0	119,920.0	120,012.0	129,457.0	120,864.0	116,847.0	125,258.0