



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

I. Summary

CTA's financial results are \$0.3 million favorable for October primarily due to lower operating expenses. The year to date is \$2.9 million favorable to budget primarily due to lower operating expenses.

Ridership for the month was 44.7 million and was 1.5 million less than budget. Ridership was 3.0 million or 6.2% less than October 2015 due to low gas prices, which were down \$0.28 (11%) compared to last year. Bus reroutes related to the Adams Bridge construction project and competition from rideshare services such as Uber and Lyft also pushed ridership down. The year to date is less than budget and prior year by 16.9 million and 14.6 million, respectively.

II. Cash & Liquidity

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

	October 2016	October 2015	Increase (Decrease)
Unrestricted Cash	\$ 203.9	\$ 179.7	\$ 24.2
Damage Reserve	105.6	103.7	\$ 1.9
Funds Owed by RTA	308.4	264.8	\$ 43.6
Trust Portfolio Assets	413.0	532.1	\$ (119.1)
Total Cash and Receivables	\$ 1,030.9	\$ 1,080.3	\$ (49.4)

CTA's total cash/receivables balance was equal to \$1.0 billion. Unrestricted cash was \$24.2 million more than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$1.9 million higher than last year due to a transfer based on budgeted levels. Funds owed by the RTA were approximately \$308.4 million which was \$43.6 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	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Fare & Pass Revenue	\$ 50,764	\$ (1,256)	\$ (1,523)	\$ 486,961	\$ (10,533)	\$ (7,560)

- Fare and pass revenue for October was \$1.3 million unfavorable to budget and \$1.5 million unfavorable to prior year. One fewer weekday and lower bus pay-per-use and 7-day pass revenues contributed to the unfavorable variance to budget and prior year. Rail revenue was higher than anticipated due to Cubs playoff games. The average fare for the month was \$1.14 and was \$0.01 higher than budget and \$0.04 higher than the prior year.
- Year-to-date fare and pass revenue was \$10.5 million lower than budget and \$7.6 million lower compared to prior year. The unfavorable variance to budget and prior year is mainly due to lower than anticipated bus cash, pay-per-use and 7-Day Pass revenues. The average fare for the year was \$1.16 per ride and was \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 12,025	\$ (11,577)	\$ 1,180

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$11.6 million based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Advertising, Charter, Concession	\$ 2,690	\$ 51	\$ 245	\$ 26,888	\$ 731	\$ 2,264

- Advertising, Charter and Concessions Revenue was slightly higher than budget for the month due to higher concessions revenue and was \$0.7 million more than budget year-to-date due to higher vehicle and platform advertising and concessions revenue. 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
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Investment income	\$ 203	\$ 130	\$ 82	\$ 1,588	\$ 853	\$ 290

- 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
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 4,266	\$ 1,700	\$ 1,752	\$ 35,573	\$ 12,824	\$ 8,361

- 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 higher non-capital grant revenue and the sale of surplus property.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 61,103	\$ (556)	\$ 556	\$ 565,036	\$ (7,703)	\$ 4,535

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$0.6 million and \$7.7 million, respectively, due to lower reduced fare subsidy and fare and pass revenue. It was \$0.6 million more than October 2015 due to higher non-capital grant revenue. The year-to-date system-generated revenue was \$4.5 million more than prior year due to higher advertising and non-capital grant revenue in addition to the sale of surplus property.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Labor	\$ 86,924	\$ (365)	\$ 1,100	\$ 856,470	\$ (762)	\$ (27,963)

- Labor expense was \$0.4 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 prior 2015 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Material	\$ 6,826	\$ 293	\$ (470)	\$ 69,611	\$ 429	\$ (469)

- Material expense was favorable to budget for the month. The year to date was \$0.4 million favorable to budget due to lower spending on rail vehicle parts that were covered by warranties.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 2,584	\$ 565	\$ 1,532	\$ 27,064	\$ 3,881	\$ 15,061

- Fuel for Revenue Equipment expense was \$0.6 million favorable to budget in October, primarily due to lower consumption and prices. Fuel expense was \$1.5 million and \$15.1 million favorable compared to prior October and to 2015 year-to-date, respectively, mainly due to a 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
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,048	\$ 165	\$ 356	\$ 23,962	\$ 2,005	\$ 516

- The Electric Power for Revenue Equipment expense was \$0.2 million favorable to budget for the month due to lower prices and lower consumption. Year-to-date, expenses were \$2.0 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Provision for Injuries & Damages	\$ -	\$ -	\$ -	\$ 8,125	\$ (1,000)	\$ (8,125)

- The Provision for Injuries & Damages expense was \$8.1 million higher than 2015 year-to-date due to timing.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 1,239	\$ (14)	\$ (37)	\$ 11,711	\$ 537	\$ 232

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

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 21,905	\$ 242	\$ (4,107)	\$ 223,235	\$ 5,526	\$ (8,515)

- Other Expenses were favorable to budget by \$0.2 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
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 121,525	\$ 887	\$ (1,627)	\$ 1,220,177	\$ 10,617	\$ (29,263)

- Operating Expenses were \$0.9 million favorable to budget for the month due to the timing of contractual expenses. 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
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	59.89%	(0.01)		55.35%	(0.16)	

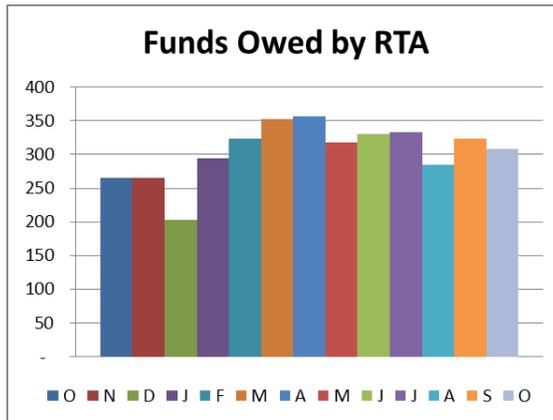
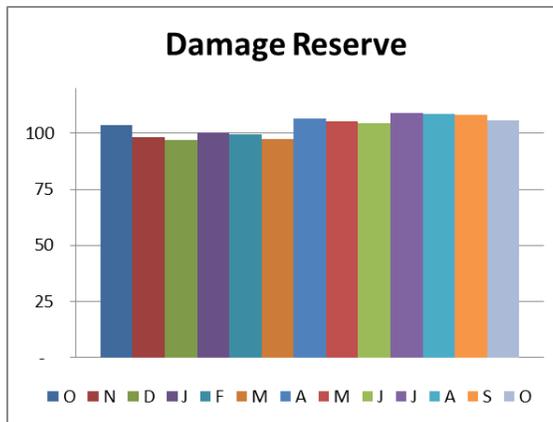
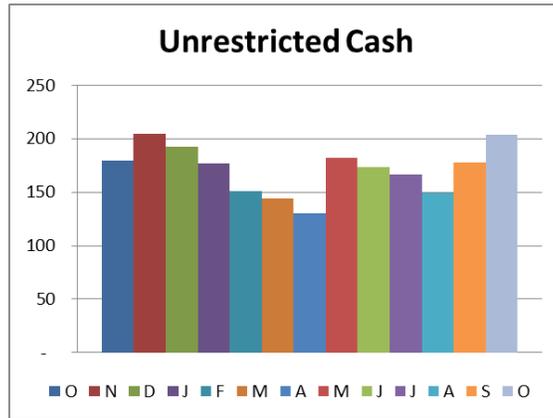
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 59.89% for the month. For the year-to-date the recovery ratio is 55.35% and 0.85 percentage points higher than the required recovery ratio.

VI. Ridership

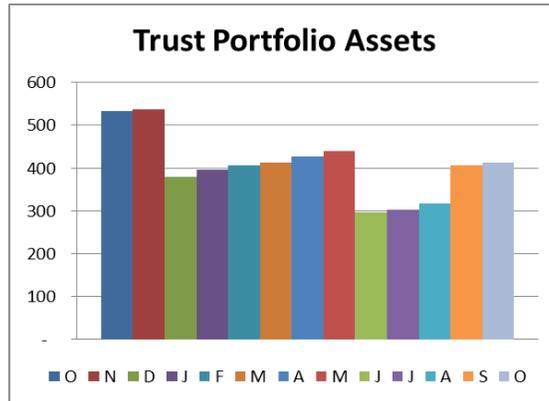
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Oct-16	Budget Oct-16	Prior Year Oct16 vs. Oct15	2016	Budget 2016	Prior Year 2015
Bus	22,961	(1,284)	(2,086)	218,642	(12,547)	(12,648)
Rail	17,886	(175)	(747)	165,234	(3,623)	(1,597)
Rail to Rail Transfers	3,887	(35)	(144)	36,520	(756)	(353)
Total	44,734	(1,493)	(2,978)	420,396	(16,926)	(14,599)

- Ridership for the month of October was 44.7 million and was lower than budget and prior year by 1.5 million and 3.0 million, respectively.
- Calendar adjusted ridership was down 4.5% from prior year due to low gas prices.
- Ridership for the year-to-date was 420.4 million and was 16.9 million less than budget and was 14.6 million lower than the prior year-to-date. Calendar adjusted ridership was down 3.5% from the prior year-to-date.
- More details on ridership can be found in the October Ridership Report.

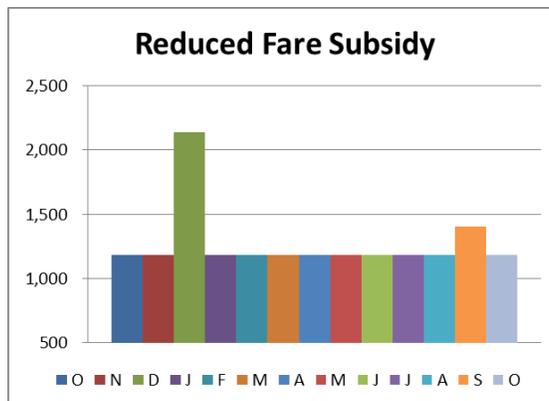
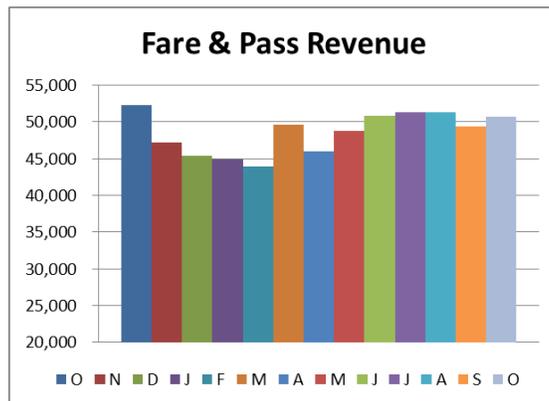
Cash



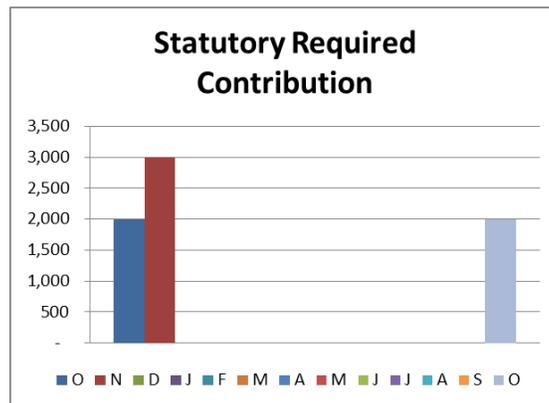
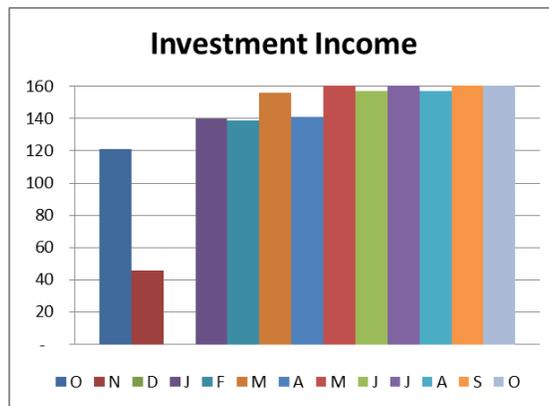
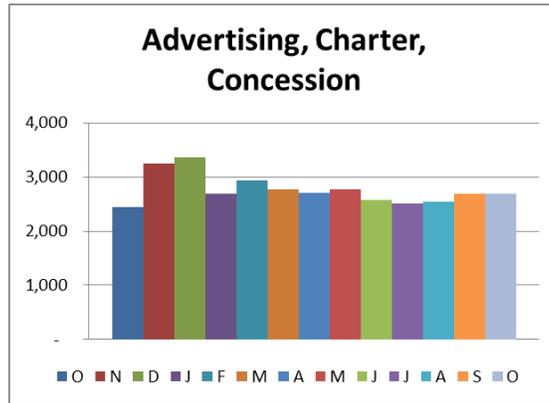
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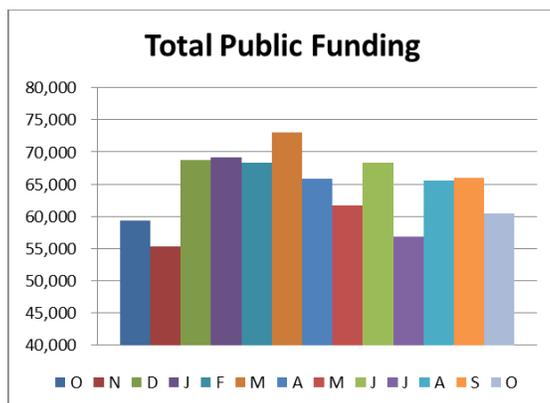
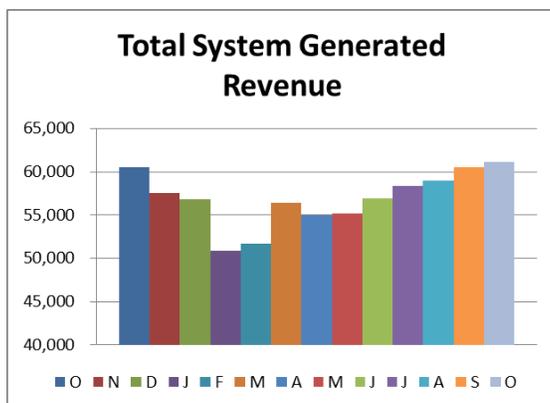
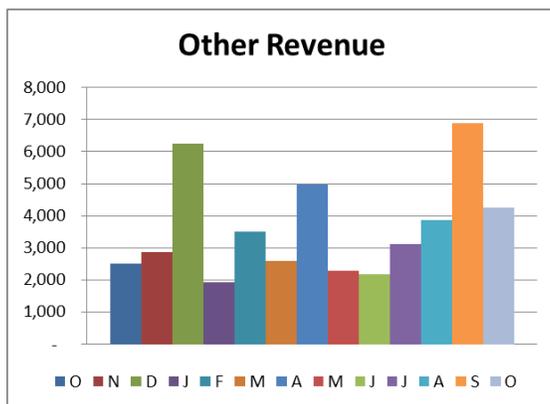
Revenue



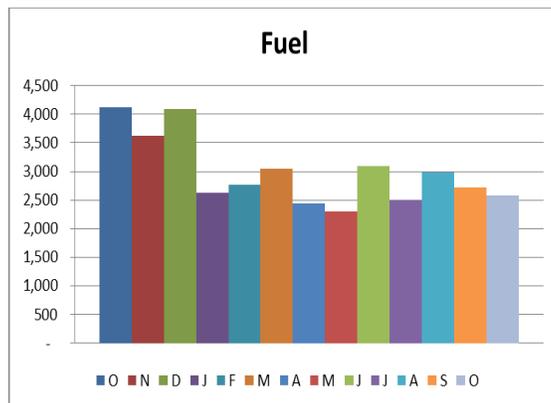
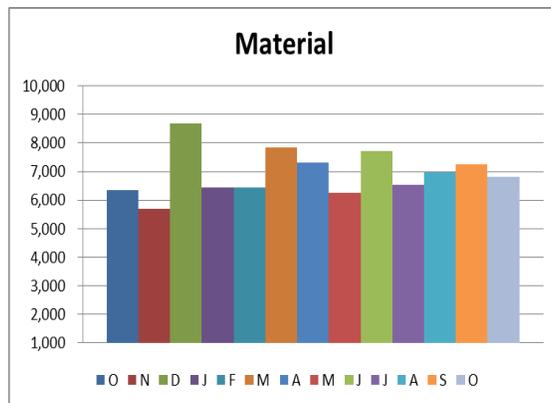
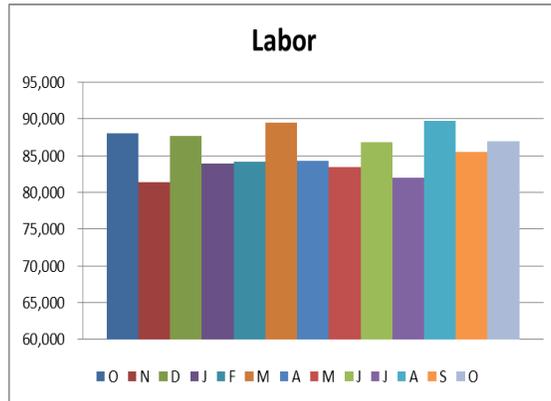
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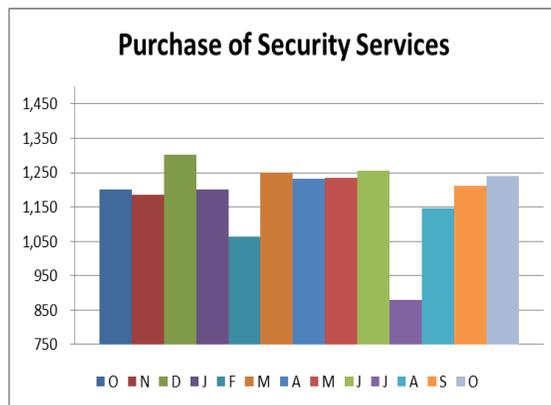
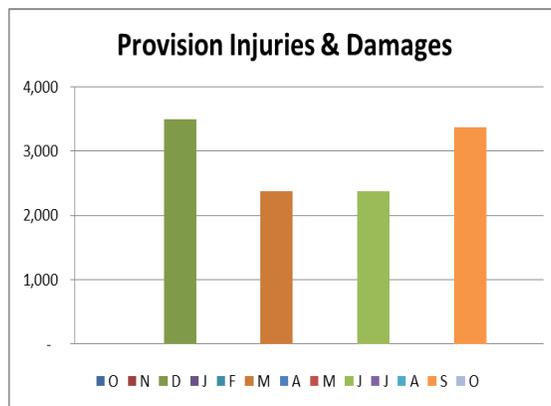
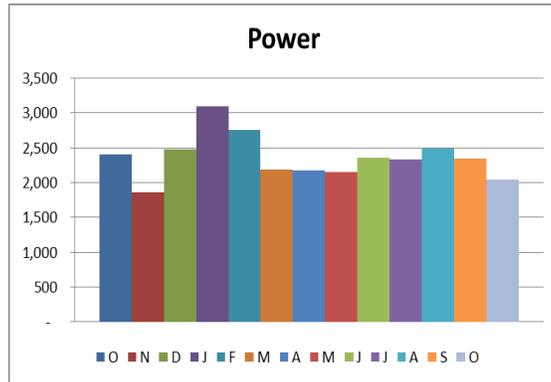
Revenue Cont'd



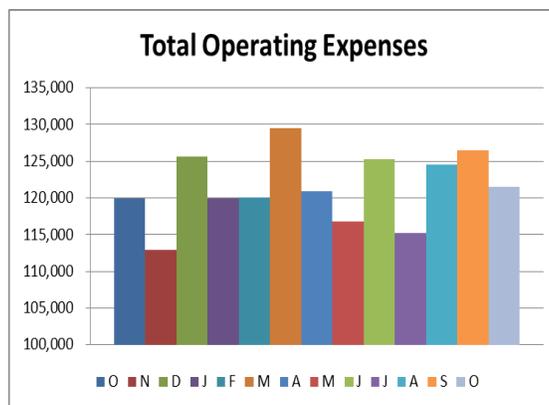
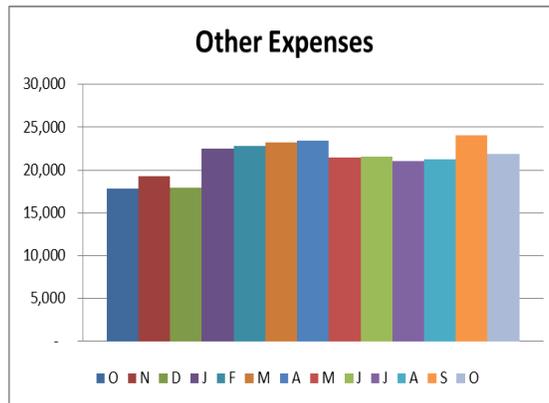
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Unrestricted Cash	180	204	193	177	151	144	130	183	174	167	149	178	204
Damage Reserve	104	98	97	100	100	97	106	106	105	109	109	108	106
Funds Owed by RTA	265	266	203	294	323	353	357	318	330	334	285	323	308
Trust Portfolio Assets	532	536	378	397	406	413	427	439	295	302	316	405	413

Revenue	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Fare & Pass Revenue	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	51,376.0	51,278.0	49,431.0	50,764.0
Reduced Fare Subsidy	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	1,180.0	1,180.0	1,404.0	1,180.0
Advertising, Charter, Concession	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	2,516.0	2,541.0	2,686.0	2,690.0
Investment Income	121.0	46.0	(222.0)	140.0	139.0	156.0	141.0	165.0	157.0	166.0	157.0	165.0	203.0
Statutory Required Contribution	2,000.0	3,000.0	-	-	-	-	-	-	-	-	-	-	2,000.0
Other Revenue	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	3,119.0	3,861.0	6,873.0	4,266.0
Total System Generated Revenue	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	58,356.0	59,017.0	60,559.0	61,103.0
Total Public Funding	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	56,854.0	65,541.0	65,967.0	60,422.0

Expense	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Labor	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	81,953.0	89,715.0	85,558.0	86,924.0
Material	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	6,528.0	6,957.0	7,248.0	6,826.0
Fuel	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	2,505.0	2,980.0	2,726.0	2,584.0
Power	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	2,337.0	2,495.0	2,347.0	2,048.0
Provision Injuries & Damages	-	-	3,500.0	-	-	2,375.0	-	-	2,375.0	-	-	3,375.0	-
Purchase of Security Services	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	879.0	1,145.0	1,211.0	1,239.0
Other Expenses	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	21,009.0	21,266.0	24,060.0	21,905.0
Total Operating Expenses	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	115,210.0	124,558.0	126,525.0	121,525.0