



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for September 2016
Date: November 16, 2016

I. Summary

CTA's financial results are \$0.3 million unfavorable for September primarily due to lower than anticipated fare and pass revenue. The year to date is \$2.6 million favorable to budget primarily due to lower operating expenses.

Ridership for the month was 43.5 million and was 2.5 million less than budget. Ridership was 2.0 million or 4.4% less than September 2015 due to low gas prices, which were down \$0.35 (13%) 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 15.4 million and 11.6 million, respectively.

II. Cash & Liquidity

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

	September 2016	September 2015	Increase (Decrease)
Unrestricted Cash	\$ 177.7	\$ 170.8	\$ 6.9
Damage Reserve	108.1	104.0	\$ 4.1
Funds Owed by RTA	323.1	274.9	\$ 48.2
Trust Portfolio Assets	405.3	499.0	\$ (93.7)
Total Cash and Receivables	\$ 1,014.2	\$ 1,048.7	\$ (34.5)

CTA's total cash/receivables balance was equal to \$1.0 billion. Unrestricted cash was \$6.9 million more than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$4.1 million higher than last year due to a transfer based on budgeted levels. Funds owed by the RTA were approximately \$323.1 million which was \$48.2 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Fare & Pass Revenue	\$ 49,431	\$ (2,009)	\$ (2,305)	\$ 436,197	\$ (9,277)	\$ (6,037)

- Fare and pass revenue for September was \$2.0 million unfavorable to budget and \$2.3 million unfavorable to prior year. Lower U-Pass and 7-Day Pass revenues contributed to the unfavorable variance to budget and prior year. The average fare for the month was \$1.14 and was \$0.02 higher than budget and relatively flat compared to the prior year.
- Year-to-date fare and pass revenue was \$9.3 million lower than budget and \$6.0 million lower compared to prior year. The unfavorable variance to budget and prior year is mainly due to lower than anticipated bus 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Reduced Fare Subsidy	\$ 1,404	\$ (956)	\$ 180	\$ 10,845	\$ (10,397)	\$ 1,180

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.0 million and \$10.4 million based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Advertising, Charter, Concession	\$ 2,686	\$ 13	\$ (40)	\$ 24,198	\$ 680	\$ 2,019

- 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Investment income	\$ 165	\$ 91	\$ 32	\$ 1,385	\$ 723	\$ 208

- 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 6,873	\$ 4,111	\$ 4,339	\$ 31,308	\$ 11,124	\$ 6,610

- 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 60,559	\$ 1,250	\$ 2,206	\$ 503,933	\$ (7,147)	\$ 3,979

- Total System-Generated Revenue was \$1.3 million more than budget due to higher non-capital grant revenue. The year-to-date was \$7.1 million less than budget due to lower reduced fare subsidy and fare and pass revenue. It was \$2.2 million more than September 2015 due to higher non-capital grant revenue. The year-to-date system-generated revenue was \$4.0 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Labor	\$ 85,558	\$ (295)	\$ (1,645)	\$ 769,546	\$ (397)	\$ (29,063)

- Labor expense was \$0.3 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Material	\$ 7,248	\$ (305)	\$ 206	\$ 62,785	\$ 135	\$ 1

- Material expense was unfavorable to budget for the month, primarily due to slightly higher spending on vehicle parts. The year to date was \$0.1 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 2,726	\$ 465	\$ 1,408	\$ 24,480	\$ 3,316	\$ 13,529

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget in September, primarily due to lower consumption and prices. Fuel expense was \$1.4 million and \$13.5 million favorable compared to prior September 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,347	\$ 16	\$ 188	\$ 21,914	\$ 1,840	\$ 161

- The Electric Power for Revenue Equipment expense was relatively flat compared to budget for the month. Year-to-date, expenses were \$1.8 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Provision for Injuries & Damages	\$ 3,375	\$ (1,000)	\$ (3,375)	\$ 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 1,211	\$ 13	\$ (11)	\$ 10,472	\$ 551	\$ 270

- Purchase of Security Services was slightly favorable to budget for the month and favorable year to date by \$0.6 million due to timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 24,060	\$ (485)	\$ (3,533)	\$ 201,330	\$ 5,284	\$ (4,408)

- Other Expenses were unfavorable to budget by \$0.5 million due to higher non-capital grant expense and 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 126,525	\$ (1,589)	\$ (6,762)	\$ 1,098,652	\$ 9,730	\$ (27,636)

- Operating Expenses were \$1.6 million unfavorable to budget for the month due to higher non-capital grant expense and higher than planned provision for injuries and damages. 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
	Sep-16	Budget Sep-16	Prior Year Sep16 vs. Sep15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	56.81%	0.30		54.85%	(0.18)	

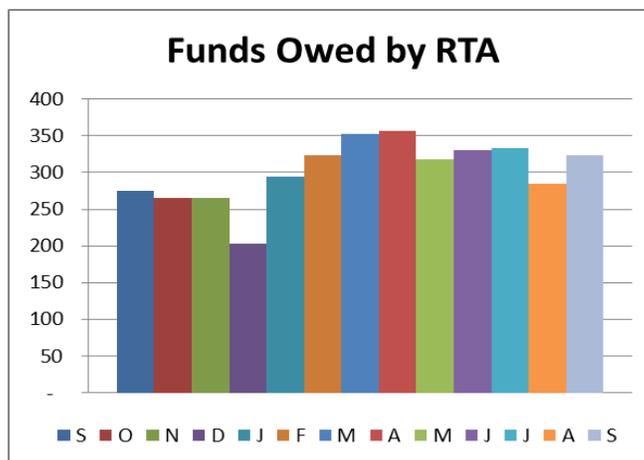
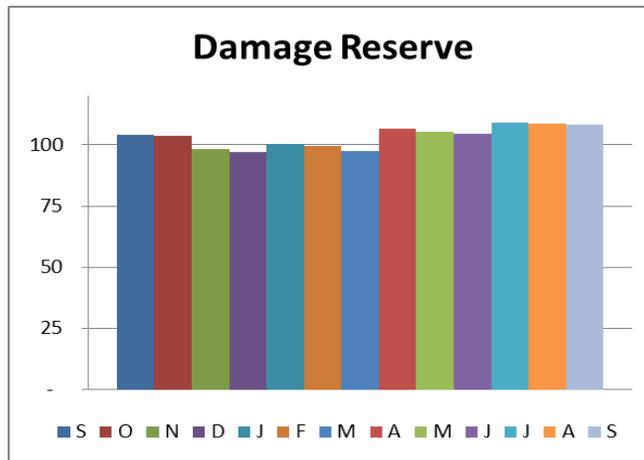
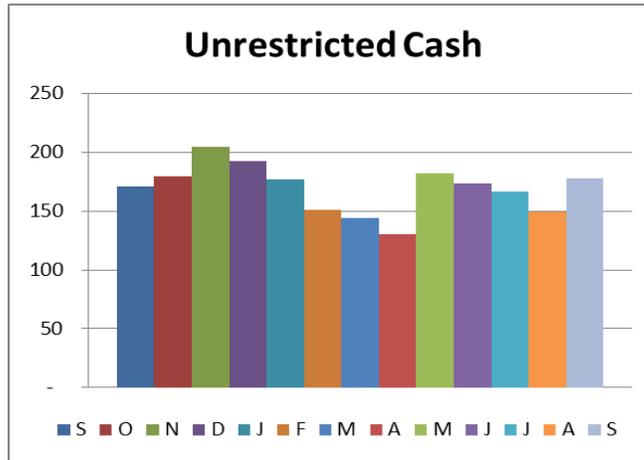
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.81% for the month. For the year-to-date the recovery ratio is 54.85% and 0.35 percentage points higher than the required recovery ratio.

VI. Ridership

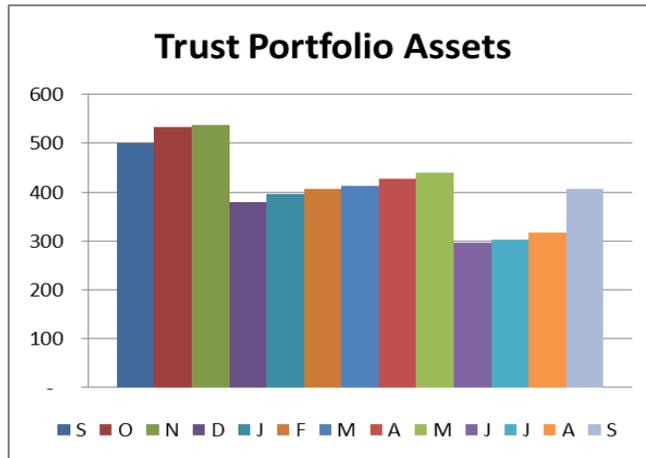
Category	Current Month			Full Year		
	Actual Sep-16	Variance to Budget Sep-16	Variance to Prior Year Sep16 vs. Sep15	Actual 2016	Variance to Budget 2016	Variance to Prior Year 2015
Bus	22,703	(1,361)	(1,184)	195,680	(11,263)	(10,562)
Rail	17,097	(974)	(676)	147,348	(3,449)	(850)
Rail to Rail Transfers	3,703	(198)	(150)	32,633	(721)	(209)
Total	43,502	(2,533)	(2,010)	375,662	(15,433)	(11,621)

- Ridership for the month of September was 43.5 million and was lower than budget and prior year by 2.5 million and 2.0 million, respectively.
- Calendar adjusted ridership was down 4.5% from prior year due to low gas prices.
- Ridership was 2.0 million or 4.4% less than September 2015 due to low gas prices, which were down \$0.35 (13%) 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.
- More details on ridership can be found in the September Ridership Report.

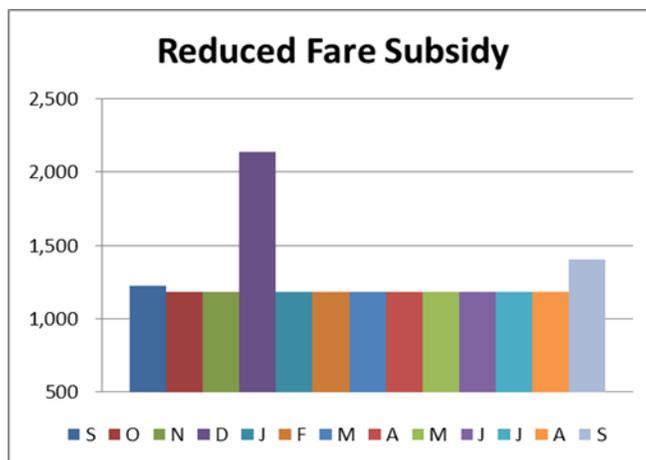
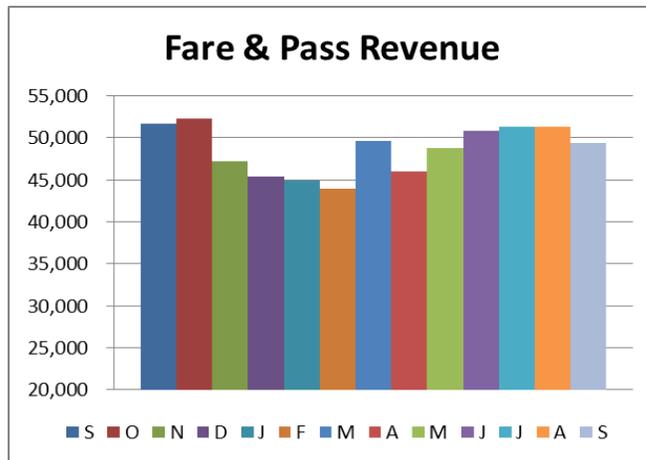
Cash



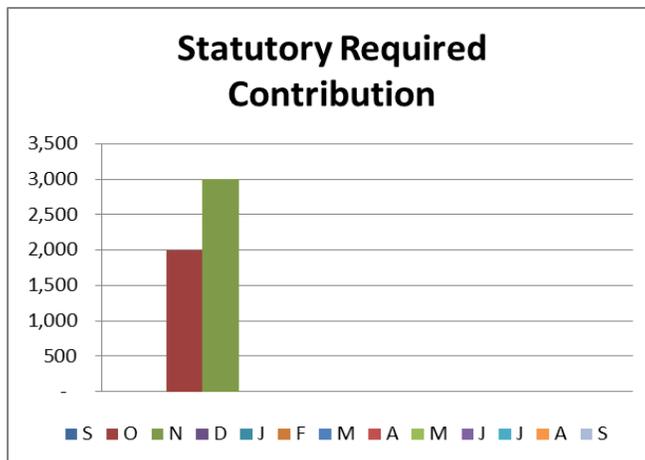
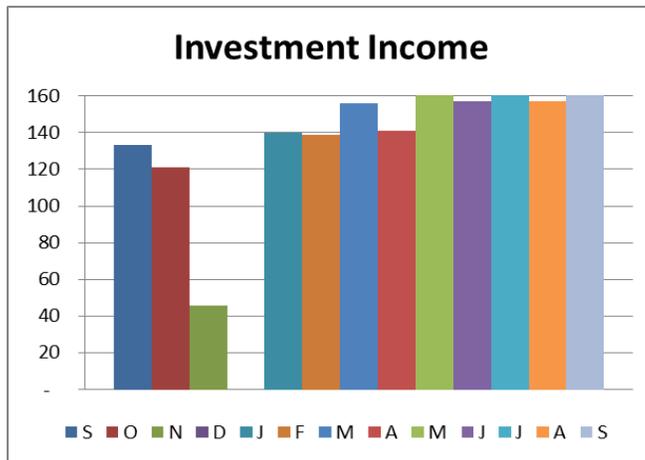
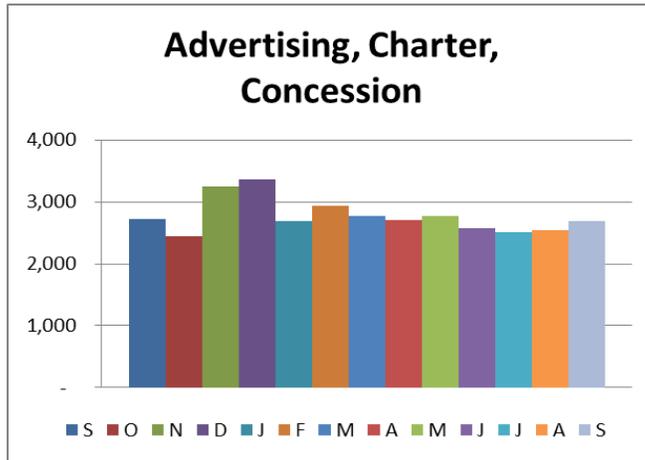
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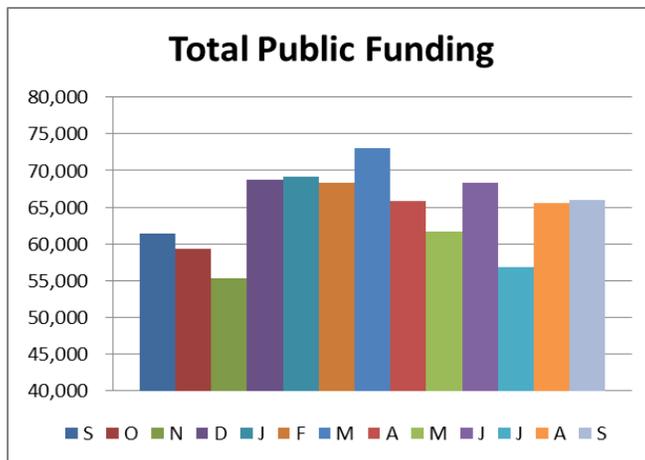
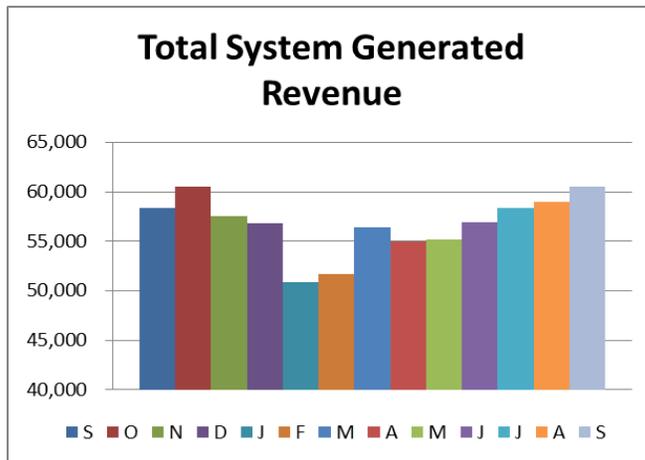
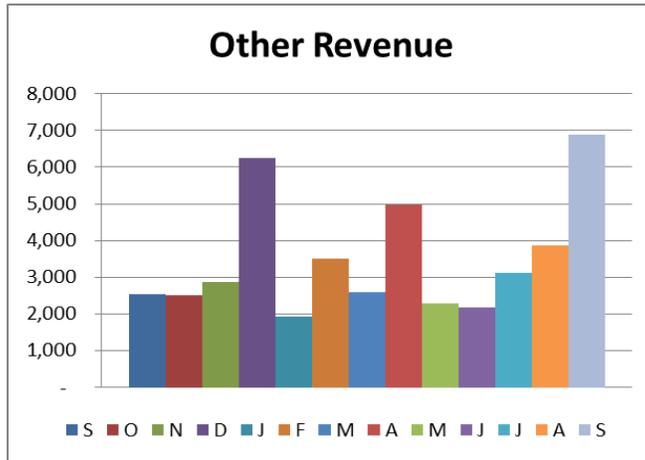
Revenue



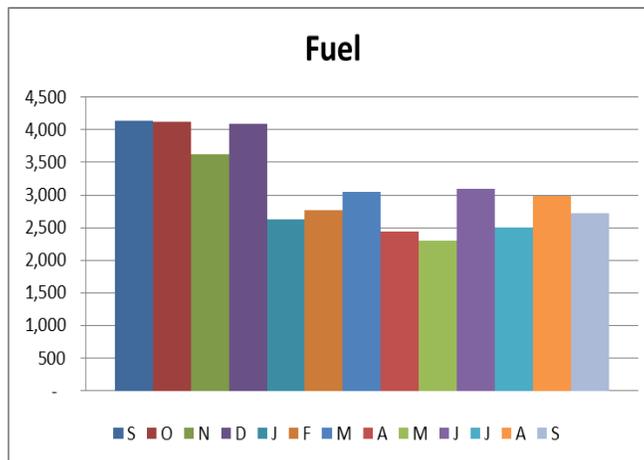
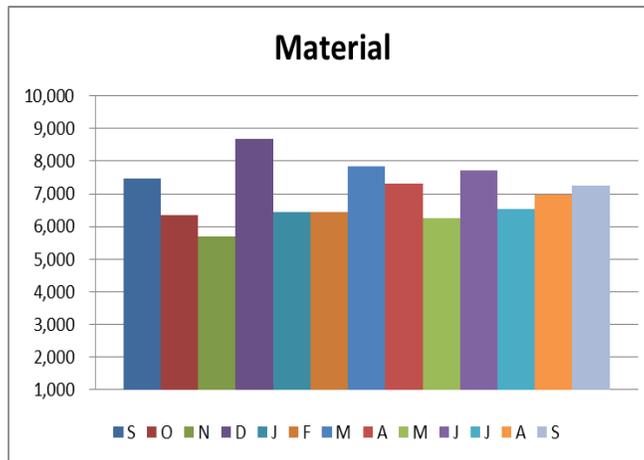
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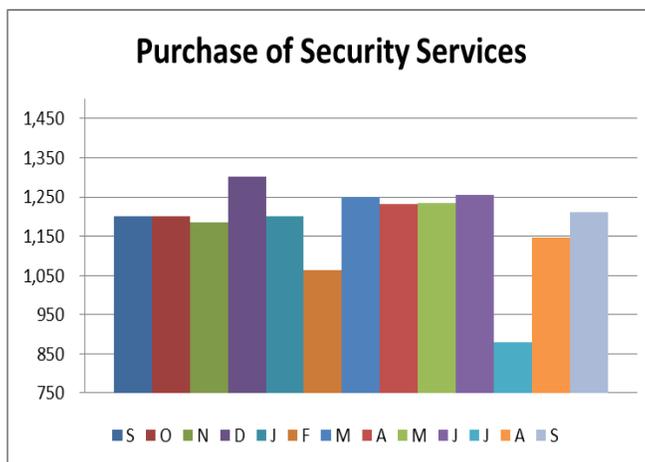
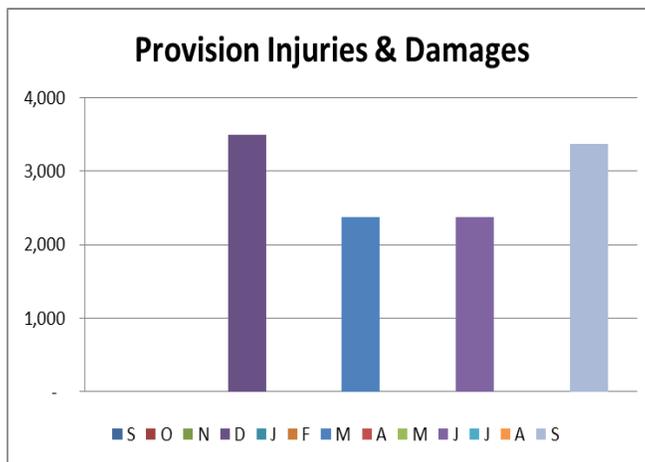
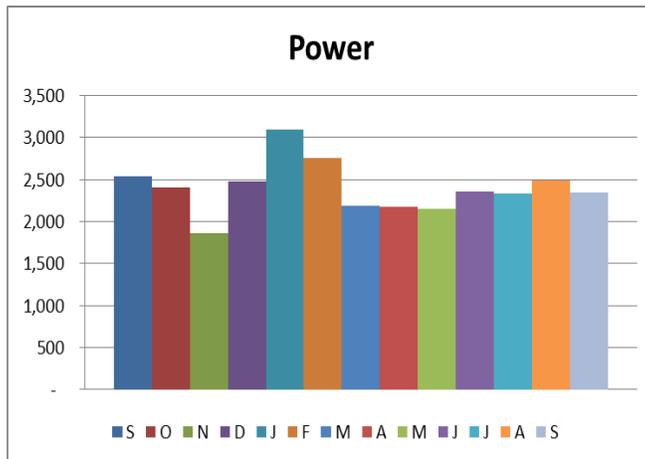
Revenue Cont'd



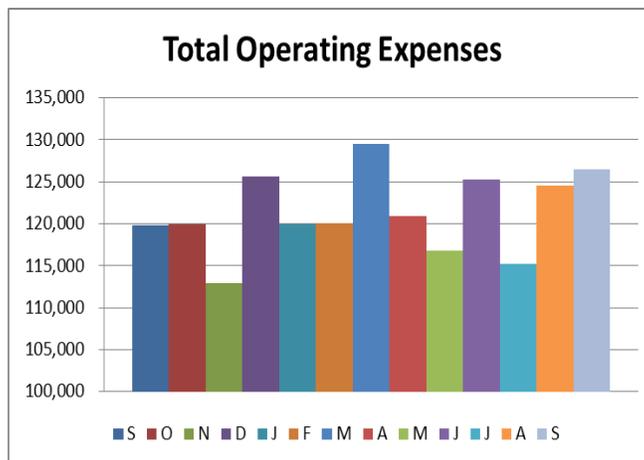
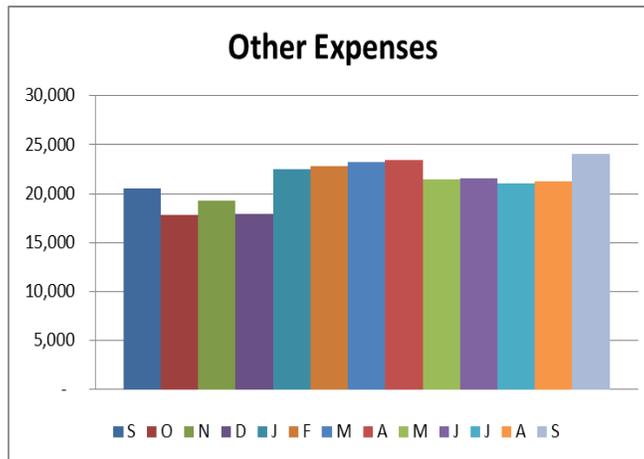
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Unrestricted Cash	171	180	204	193	177	151	144	130	183	174	167	149	178
Damage Reserve	104	104	98	97	100	100	97	106	106	105	109	109	108
Funds Owed by RTA	275	265	266	203	294	323	353	357	318	330	334	285	323
Trust Portfolio Assets	499	532	536	378	397	406	413	427	439	295	302	316	405

Revenue	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Fare & Pass Revenue	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	51,376.0	51,278.0	49,431.0
Reduced Fare Subsidy	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	1,180.0	1,180.0	1,404.0
Advertising, Charter, Concession	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	2,516.0	2,541.0	2,686.0
Investment Income	133.0	121.0	46.0	(222.0)	140.0	139.0	156.0	141.0	165.0	157.0	166.0	157.0	165.0
Statutory Required Contribution	-	2,000.0	3,000.0	-	-	-	-	-	-	-	-	-	-
Other Revenue	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	3,119.0	3,861.0	6,873.0
Total System Generated Revenue	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	58,356.0	59,017.0	60,559.0
Total Public Funding	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	56,854.0	65,541.0	65,967.0

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