



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

I. Summary

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

Ridership for the month was 42.0 million and was 2.5 million less than budget. Ridership was 1.0 million or 2.4% less than August 2015 due to low gas prices. There were also two more weekdays, one less Saturday and one less Sunday this year. The year to date is less than budget and prior year by 12.9 million and 9.6 million, respectively.

II. Cash & Liquidity

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

	August 2016	August 2015	Increase (Decrease)
Unrestricted Cash	\$ 149.0	\$ 148.7	\$ 0.3
Damage Reserve	108.7	104.9	\$ 3.8
Funds Owed by RTA	284.7	282.6	\$ 2.1
Trust Portfolio Assets	316.0	483.0	\$ (167.0)
Total Cash and Receivables	\$ 858.4	\$ 1,019.2	\$ (160.8)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$0.3 million more than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$3.8 million higher than last year due to a transfer based on budgeted levels. Funds owed by the RTA were approximately \$284.7 million which was \$2.1 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Fare & Pass Revenue	\$ 51,278	\$ (1,794)	\$ (546)	\$ 386,766	\$ (7,268)	\$ (3,732)

- Fare and pass revenue for August was \$1.8 million unfavorable to budget and \$0.5 million unfavorable to prior year. Lower bus cash and pay-per-use revenue contributed to the unfavorable variance to budget and prior year. The average fare for the month was \$1.22 and was \$0.03 higher than budget and \$0.02 more than prior year.
- Year-to-date fare and pass revenue was \$7.3 million lower than budget and \$3.7 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 9,441	\$ (9,441)	\$ 1,000

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$9.4 million based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Advertising, Charter, Concession	\$ 2,541	\$ 46	\$ 100	\$ 21,512	\$ 667	\$ 2,059

- Advertising, Charter and Concessions Revenue was slightly higher than budget for the month due to higher concessions revenue and billboard advertising 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Investment income	\$ 157	\$ 83	\$ 29	\$ 1,221	\$ 632	\$ 175

- 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 3,861	\$ 1,430	\$ 1,316	\$ 24,435	\$ 7,013	\$ 2,270

- 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 59,017	\$ (1,414)	\$ 899	\$ 443,375	\$ (8,397)	\$ 1,773

- Total System-Generated Revenue was \$1.4 million less than budget due to lower reduced fare subsidy and fare and pass revenue. The year-to-date is \$8.4 million less than budget due to lower reduced fare subsidy and fare and pass revenue. It was \$0.9 million more than August 2015 due to higher non-capital grant revenue. The year-to-date system-generated revenue is \$1.8 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Labor	\$ 89,715	\$ 858	\$ (5,830)	\$ 683,988	\$ (102)	\$ (27,418)

- Labor expense was \$0.9 million favorable to budget for the month due to aggressive management of new hires. 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Material	\$ 6,957	\$ (441)	\$ (345)	\$ 55,536	\$ 440	\$ (206)

- Material expense was unfavorable to budget for the month and compared to prior year, primarily due to slightly higher spending on vehicle parts. The year to date is \$0.4 million favorable to budget due to lower spending on rail vehicle parts that are covered by warranties.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 2,980	\$ 114	\$ 1,105	\$ 21,754	\$ 2,851	\$ 12,121

- Fuel for Revenue Equipment expense was \$0.1 million favorable to budget in August, as higher consumption was offset by lower prices. Fuel expense is \$1.1 million and \$12.1 million favorable compared to prior August 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,495	\$ 176	\$ (131)	\$ 19,567	\$ 1,824	\$ (28)

- The Electric Power for Revenue Equipment expense was \$0.2 million favorable to budget slightly higher consumption offset by favorable prices. . Year-to-date, expenses are \$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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Provision for Injuries & Damages	\$ -	\$ -	\$ -	\$ 4,750	\$ -	\$ (4,750)

- The Provision for Injuries & Damages expense was \$4.8 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 1,145	\$ 80	\$ 66	\$ 9,261	\$ 538	\$ 280

- Purchase of Security Services was favorable to budget for the month and year to date by \$0.1 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 21,266	\$ 925	\$ (1,803)	\$ 177,271	\$ 5,769	\$ (875)

- Other Expenses were favorable to budget by \$0.9 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 124,558	\$ 1,712	\$ (6,937)	\$ 972,127	\$ 11,319	\$ (20,874)

- Operating Expenses were \$1.7 million favorable to budget for the month due to favorability in labor 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
	Aug-16	Budget Aug-16	Prior Year Aug16 vs. Aug15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	56.56%	(0.50)		54.59%	(0.25)	

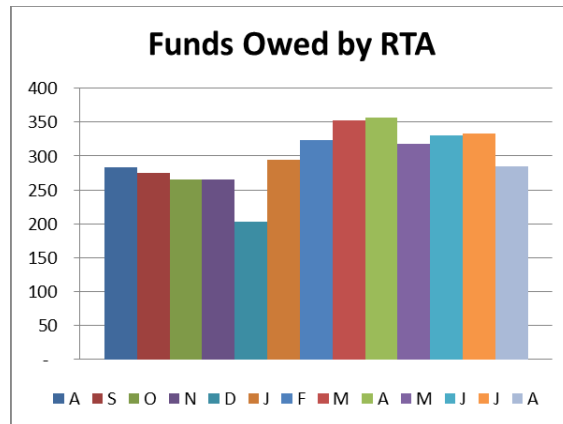
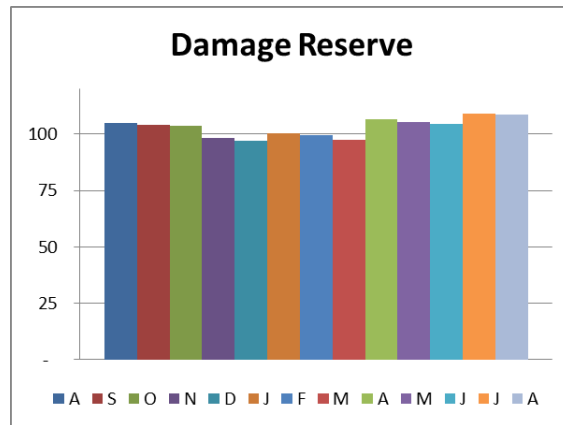
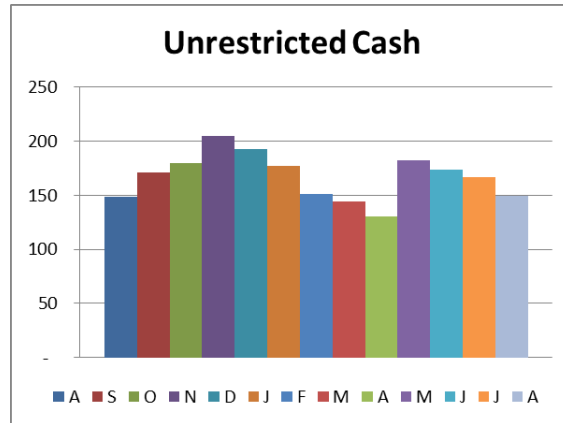
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.56% for the month. For the year-to-date the recovery ratio is 54.59% and .09% higher than the required recovery ratio.

VI. Ridership

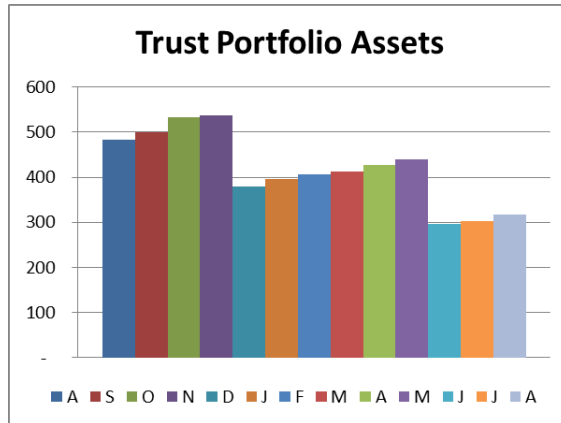
Category	Current Month			Full Year		
	Actual Aug-16	Variance to Budget Aug-16	Variance to Prior Year Aug16 vs. Aug15	Actual 2016	Variance to Budget 2016	Variance to Prior Year 2015
Bus	21,419	(1,356)	(799)	172,978	(9,902)	(9,378)
Rail	16,886	(923)	(163)	130,251	(2,475)	(174)
Rail to Rail Transfers	3,697	(205)	(55)	28,930	(523)	(59)
Total	42,003	(2,484)	(1,017)	332,159	(12,900)	(9,611)

- Ridership for the month of August was 42.0 million and was lower than budget and prior year by 2.5 million and 1.0 million, respectively.
- Calendar adjusted ridership was down 5.2% from prior year due to low gas prices. There were also two more weekdays, one less Saturday and one less Sunday this year.
- Ridership for the year-to-date was 332.2 million and was 12.9 million less than budget and was 9.6 million lower than the prior year-to-date. Calendar adjusted ridership was down 3.3% from the prior year-to-date.
- More details on ridership can be found in the August Ridership Report.

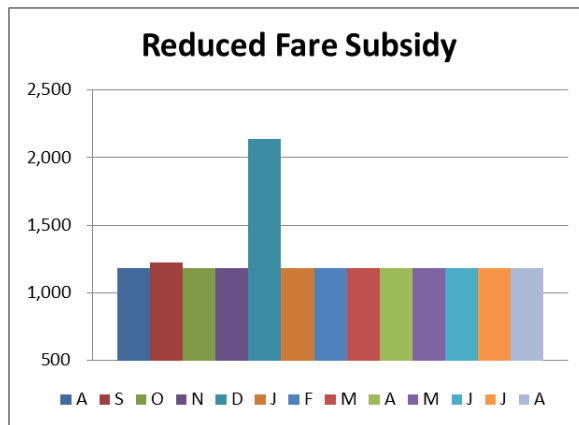
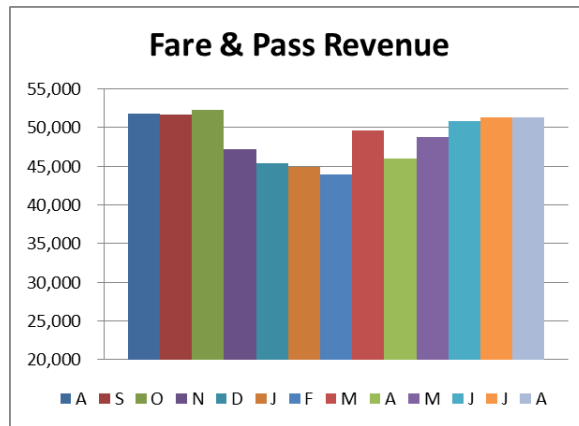
Cash



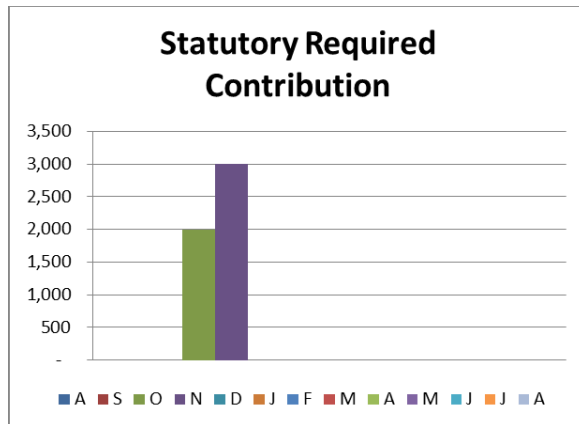
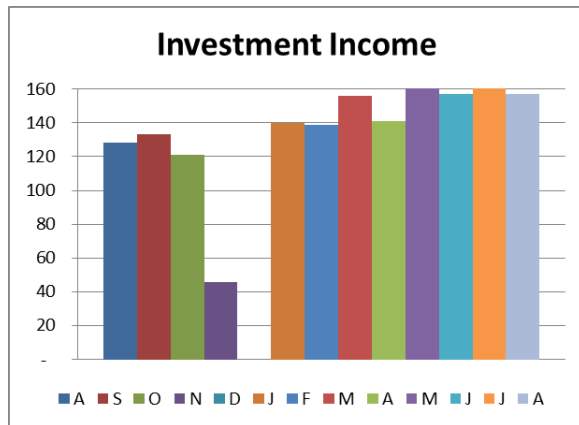
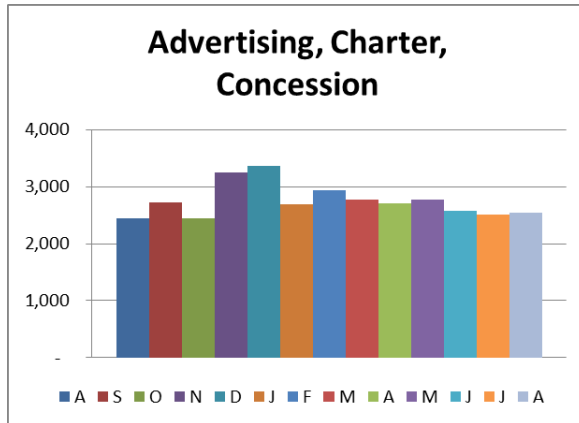
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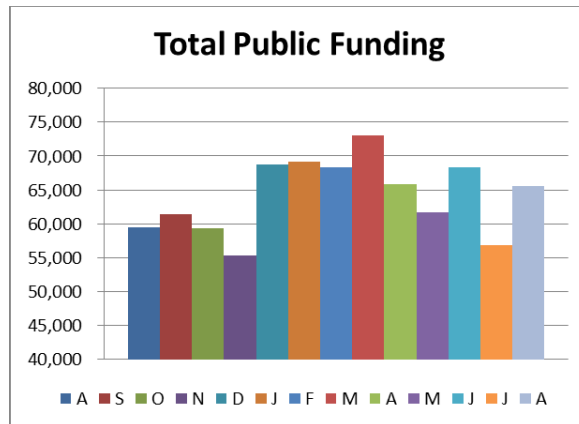
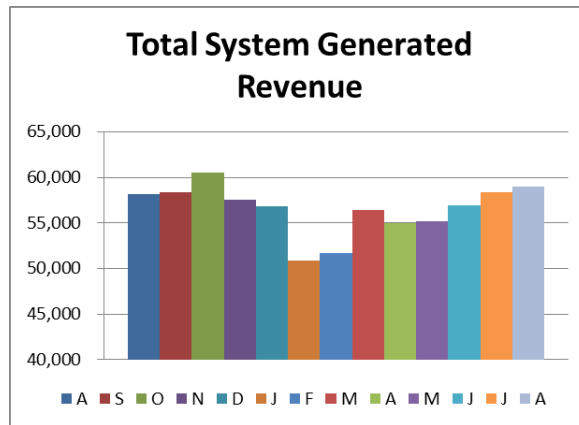
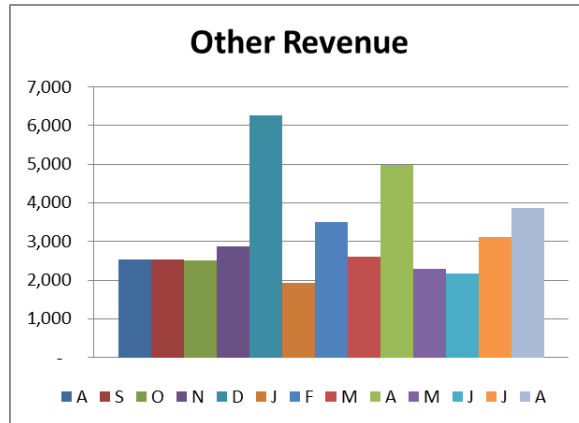
Revenue



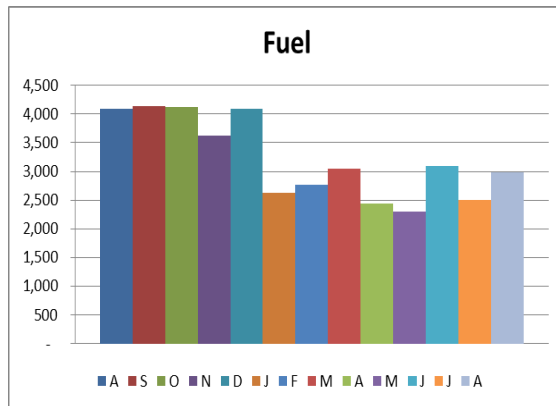
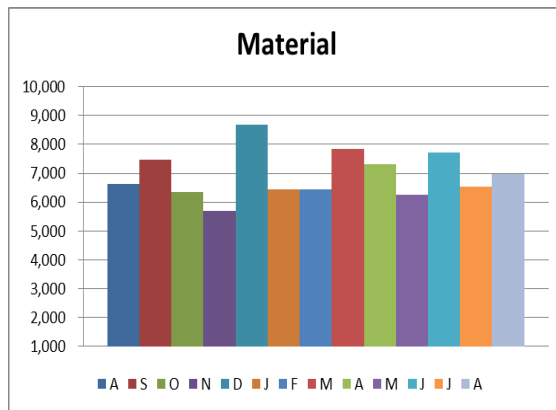
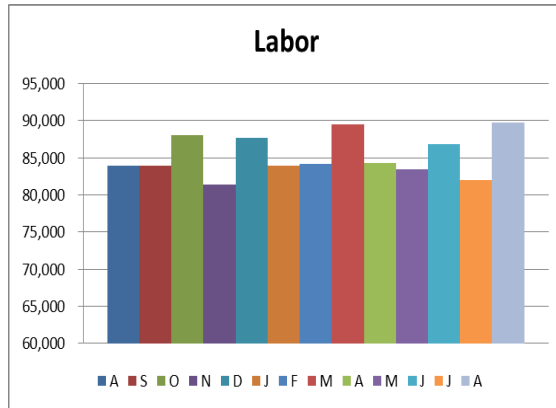
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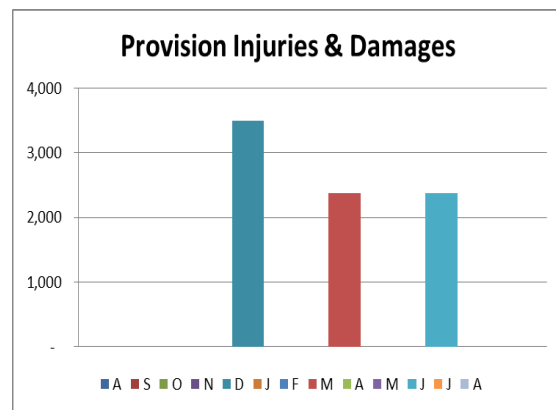
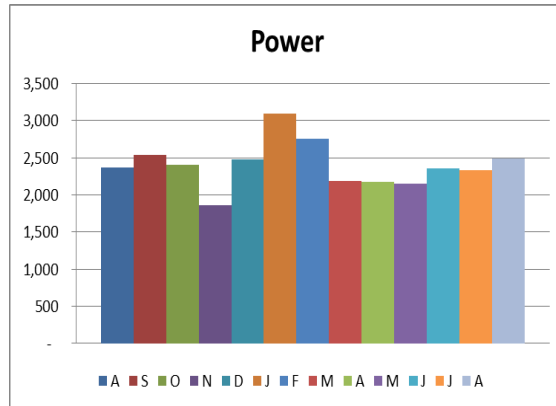
Revenue Cont'd



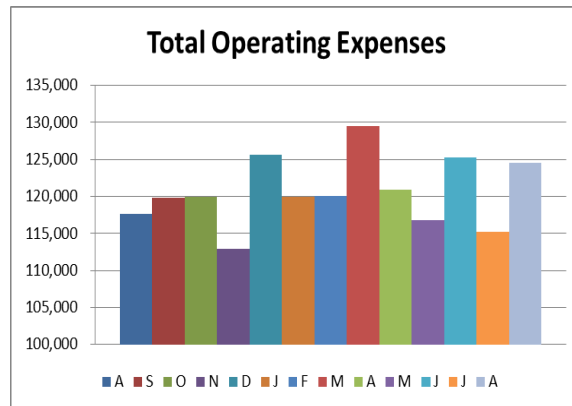
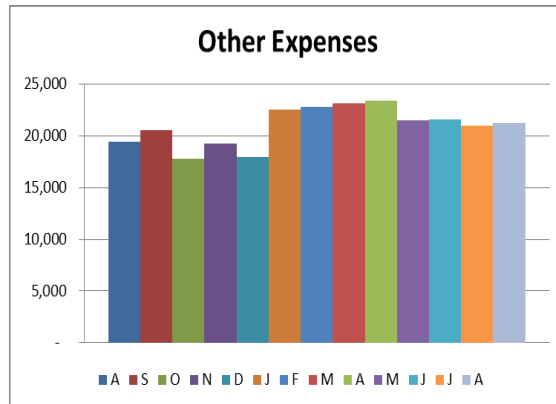
Expenses



Expenses Cont'd



Expenses Cont'd



Cash Category	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Unrestricted Cash	149	171	180	204	193	177	151	144	130	183	174	167	149
Damage Reserve	105	104	104	98	97	100	100	97	106	106	105	109	109
Funds Owed by RTA	283	275	265	266	203	294	323	353	357	318	330	334	285
Trust Portfolio Assets	483	499	532	536	378	397	406	413	427	439	295	302	316

Revenue Category	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Fare & Pass Revenue	51,825	51,736	52,286	47,247	45,339	44,877	43,918	49,680	45,982	48,827	50,829	51,376	51,278
Reduced Fare Subsidy	1,180	1,224	1,180	1,180	2,136	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	2,440	2,726	2,445	3,251	3,366	2,698	2,935	2,775	2,701	2,768	2,578	2,516	2,541
Investment Income	128	133	121	46	(222)	140	139	156	141	165	157	166	157
Statutory Required Contribution	0	0	2,000	3,000	0	0	0	0	0	0	0	0	0
Other Revenue	2,545	2,534	2,514	2,867	6,255	1,926	3,497	2,604	4,975	2,287	2,165	3,119	3,861
Total System Generated Revenue	58,118	58,352	60,547	57,591	56,875	50,821	51,669	56,395	54,979	55,228	56,909	58,356	59,017
Total Public Funding	59,502	61,411	59,352	55,347	68,786	69,099	68,343	73,061	65,885	61,619	68,350	56,854	65,541

Expenses	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Labor	83,886	83,913	88,024	81,340	87,639	83,998	84,197	89,550	84,268	83,416	86,891	81,953	89,715
Material	6,612	7,455	6,356	5,684	8,682	6,451	6,433	7,850	7,325	6,268	7,725	6,528	6,957
Fuel	4,084	4,134	4,116	3,619	4,086	2,625	2,766	3,046	2,435	2,303	3,094	2,505	2,980
Power	2,364	2,535	2,403	1,863	2,477	3,102	2,761	2,190	2,173	2,150	2,360	2,337	2,495
Provision Injuries & Damages	0	0	0	0	3,500	0	0	2,375	0	0	2,375	0	0
Purchase of Security Services	1,211	1,201	1,201	1,184	1,303	1,202	1,064	1,251	1,231	1,235	1,254	879	1,145
Other Expenses	19,463	20,526	17,798	19,249	17,974	22,541	22,792	23,195	23,432	21,475	21,561	21,009	21,266
Total Operating Expenses	117,620	119,764	119,898	112,939	125,661	119,920	120,012	129,457	120,864	116,847	125,258	115,210	124,558