



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for July 2017
Date: September 13, 2017

I. Summary

CTA's financial results are \$2.6 million favorable to budget for July primarily due to lower operating expenses. Results are \$4.8 million favorable to budget for year-to-date due to lower operating expenses.

Ridership for the month was 39.2 million and was 2.2 million less than budget. Ridership was 1.7 million or 4.1% less than July 2016 due to low gas prices and competition from rideshare services such as Uber and Lyft. Also, Lollapalooza took place in July last year but in August this year. Ridership year-to-date was less than budget and prior year by 10.1 million and 12.5 million, respectively.

II. Cash & Liquidity

The chart below highlights CTA's cash position at July 2017 compared to July 2016.

	July 2017	July 2016	Increase (Decrease)
Unrestricted Cash	\$ 196.1	\$ 166.5	\$ 29.6
Damage Reserve	82.9	109.2	\$ (26.3)
Funds Owed by RTA	338.6	333.6	\$ 5.0
Trust Portfolio Assets	519.7	301.8	\$ 217.9
Total Cash and Receivables	\$ 1,137.3	\$ 911.1	\$ 226.2

CTA's total cash/receivables balance was equal to \$1.1 billion. Unrestricted cash was \$29.6 million higher than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$26.3 million lower than last year due to payments made in 2017. Funds owed by the RTA were approximately \$338.6 million which was \$5.0 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 increases when new debt is issued and decreases when payments are made.

III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Fare & Pass Revenue	\$ 49,009	\$ (2,579)	\$ (2,367)	\$ 323,774	\$ (11,426)	\$ (11,714)

- Fare and pass revenue for July was \$2.6 million unfavorable to budget and \$2.4 million unfavorable to prior year mainly due to timing of holidays and special events that lowered rail full fare and short-term pass use. This year's 4th of July holiday was in the middle of the week and Lollapalooza was held in August this year compared to July last year. The average fare for the month was \$1.25 and was on par with budget and \$0.01 lower than prior year.
- Year-to-date fare and pass revenue was \$11.4 million unfavorable to budget and \$11.7 million lower compared to prior year due to lower ridership. The average fare for the year was \$1.17 per ride and was on par with budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 8,706	\$ (7,816)	\$ 445

- Reduced Fare Subsidy was unfavorable to budget for the month and year-to-date by \$1.2 million and \$7.8 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Advertising, Charter, Concession	\$ 2,697	\$ 79	\$ 181	\$ 19,844	\$ 458	\$ 872

- Advertising, Charter and Concessions Revenue was \$0.1 million higher than budget for the month and \$0.5 million higher year-to-date due to higher vehicle and platform advertising revenue. The \$0.9 million increase over prior year-to-date was also mainly due to higher vehicle and platform advertising revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Investment income	\$ 231	\$ 138	\$ 66	\$ 1,525	\$ 871	\$ 461

- Investment income was \$0.1 million higher than budget for the month and \$0.9 million favorable to budget year-to-date due to higher short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Other Revenue	\$ 2,758	\$ 379	\$ (361)	\$ 19,603	\$ 3,328	\$ (971)

- Other Revenue was favorable to budget by \$0.4 million due to higher non-capital grant revenue. Other revenue was unfavorable to July 2016 due to lower non-capital grant and park & ride revenues. The year-to-date was favorable to budget by \$3.3 million due to higher non-capital grant, rentals and movie-generated revenues. Other revenue was \$1.0 million unfavorable compared to prior year-to-date primarily due to the sale of surplus property in the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Total System Generated Revenue	\$ 55,875	\$ (3,163)	\$ (2,481)	\$ 373,451	\$ (14,585)	\$ (10,906)

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$3.2 million and \$14.6 million, respectively, due to lower reduced fare subsidy and fare and pass revenue. It was lower than July 2016 and prior year-to-date by \$2.5 million and \$10.9 million, respectively, due to lower fare and pass revenue and the sale of surplus property in 2016.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Labor	\$ 83,306	\$ 718	\$ (1,353)	\$ 609,254	\$ (152)	\$ (14,982)

- Labor expense was \$0.7 million favorable to budget for the month due to managing vacant positions. Slightly higher fringe benefits in 2017 contributed to higher expenses compared to 2016 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Material	\$ 6,521	\$ 1,078	\$ 6	\$ 50,762	\$ 1,124	\$ (2,182)

- Material expense was favorable to budget for the month by \$1.1 million due to lower spending on vehicle parts. Year-to-date, expenses were \$1.1 million favorable to budget due to the timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Fuel	\$ 2,222	\$ 590	\$ 283	\$ 16,425	\$ 3,633	\$ 2,350

- Fuel for Revenue Equipment expense was \$0.6 million favorable to budget in July primarily due to lower consumption and favorable pricing. Fuel expense was \$0.3 million and \$2.4 million favorable compared to prior July and 2016 year-to-date, respectively, due to a 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-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Power	\$ 2,650	\$ 162	\$ (313)	\$ 15,990	\$ 1,664	\$ 1,082

- The Electric Power for Revenue Equipment expense was \$0.2 million favorable to budget for the month due to lower prices. Year-to-date, expenses were \$1.7 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Provision for Injuries & Damages	\$ -	\$ 792	\$ -	\$ 3,167	\$ 2,375	\$ 1,583

- The Provision for Injuries & Damages expense was favorable to budget for the month and year-to-date by \$0.8 million and \$2.4 million, respectively, due to lower than expected funding requirements.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Purchase of Security Services	\$ 1,461	\$ (57)	\$ (582)	\$ 9,576	\$ 247	\$ (1,459)

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and favorable year-to-date by \$0.2 million due to the timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Other Expenses	\$ 19,773	\$ 2,487	\$ 1,236	\$ 164,930	\$ 10,453	\$ (8,925)

- Other Expenses were favorable to budget by \$2.5 million for the month due to the timing of contractual expenses. The unfavorable variance to prior year to-date was mainly due to new debt service. Of the total monthly other expenses, the pension obligation bond expense is \$7.8 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-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Total Operating Expenses	\$ 115,933	\$ 5,770	\$ (723)	\$ 870,103	\$ 19,344	\$ (22,534)

- Operating Expenses were \$5.8 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 and other expenses.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-17	Budget Jul-17	Prior Year Jul17 vs. Jul16	2017	Budget 2017	Prior Year 2016
Recovery Ratio	61.60%	2.02		52.82%	(0.42)	

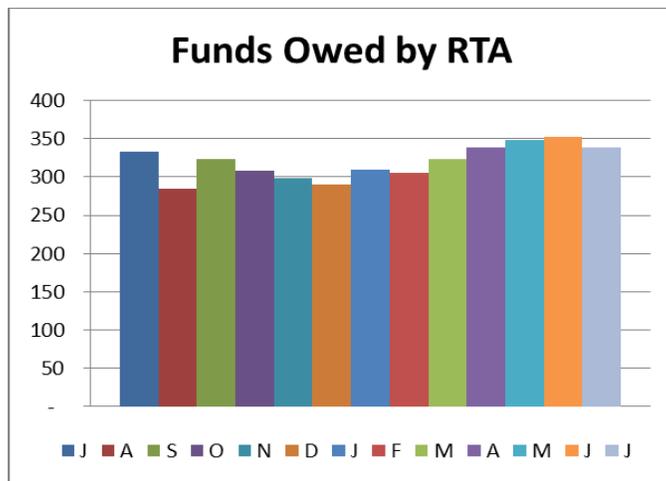
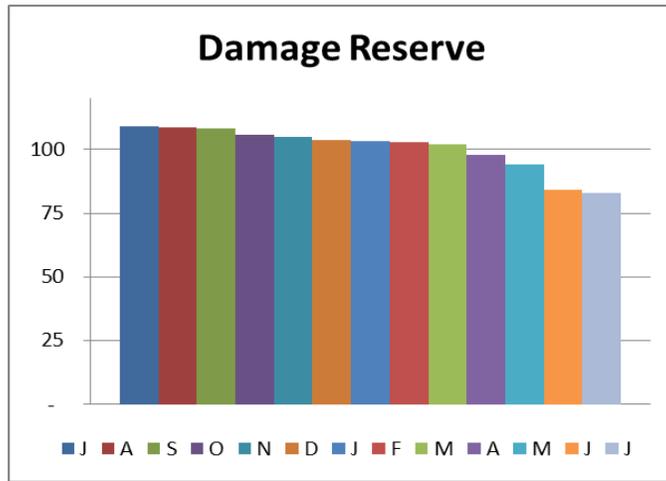
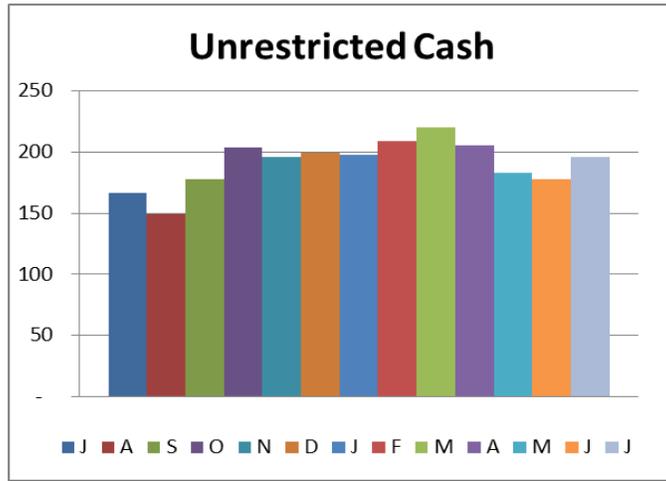
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.60% for the month. This was favorable to budget by 2.02 percentage points. Year-to-date, the recovery ratio was 52.82%, which was unfavorable to budget by 0.42 percentage points.

VI. Ridership

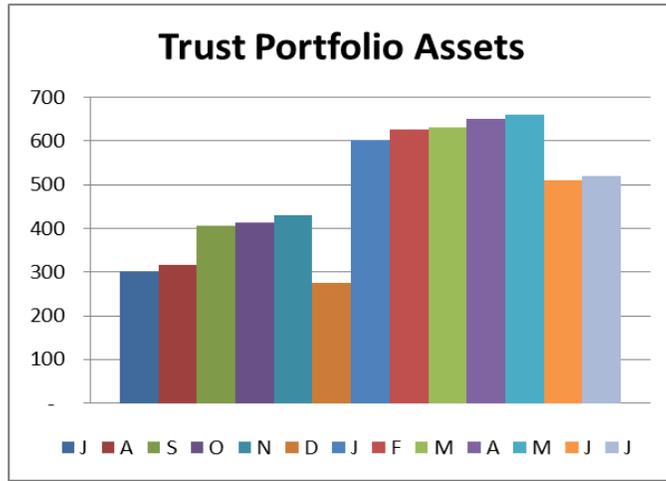
Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Jul-17	Jul-17	Jul17 vs. Jul16	2017	2017	2016
Bus	19,785	107	(583)	144,501	(369)	(7,057)
Rail	15,918	(1,935)	(896)	108,965	(8,329)	(4,400)
Rail to Rail Transfers	3,507	(351)	(197)	24,236	(1,434)	(997)
Total	39,210	(2,179)	(1,676)	277,702	(10,132)	(12,454)

- Ridership for the month of July was 39.2 million and was lower than budget and prior year by 2.2 million and 1.7 million, respectively.
- Calendar adjusted ridership was down 4.1% from prior year due to low gas prices and competition from rideshare services such as Uber and Lyft. Also, Lollapalooza took place in July last year but in August this year.
- Ridership for the year-to-date was 277.7 million and was 10.1 million less than budget and 12.5 million lower than the prior year-to-date. Calendar adjusted ridership was down 4.0% from the prior year-to-date.
- More details on ridership can be found in the July Ridership Report.

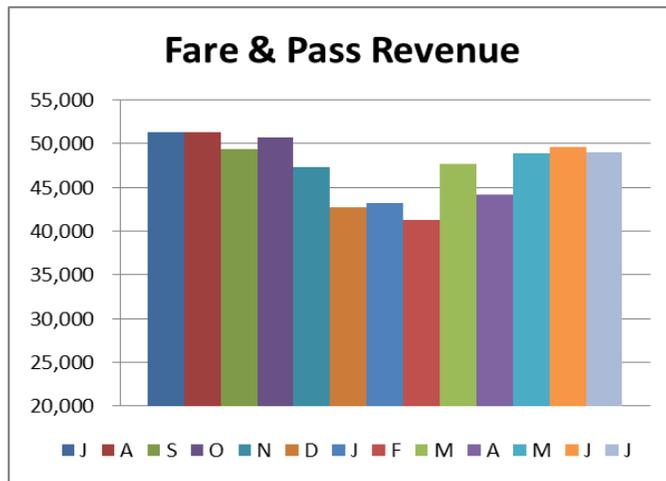
Cash



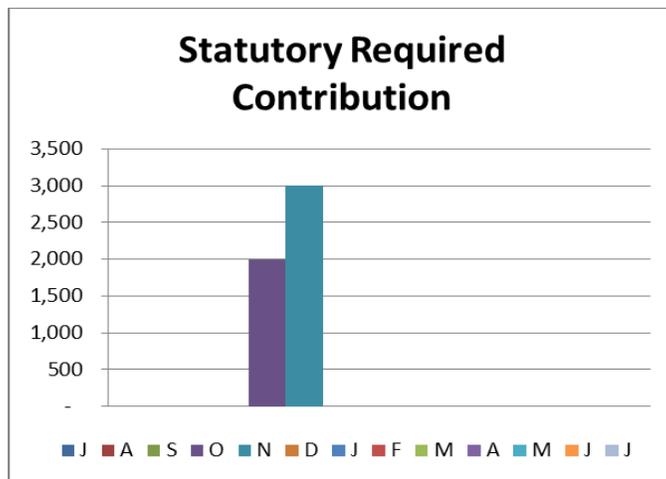
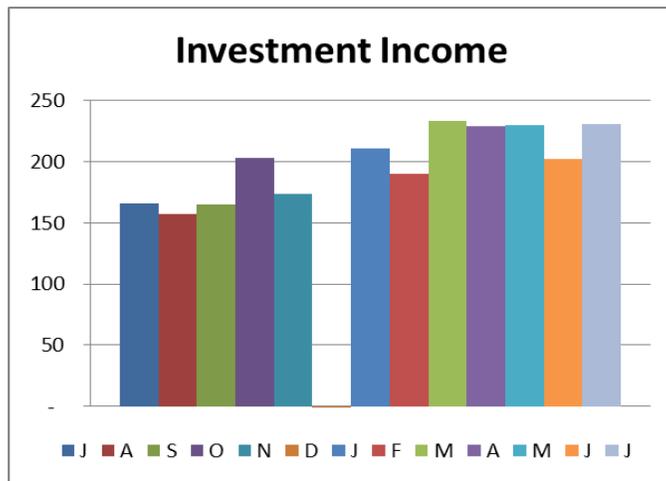
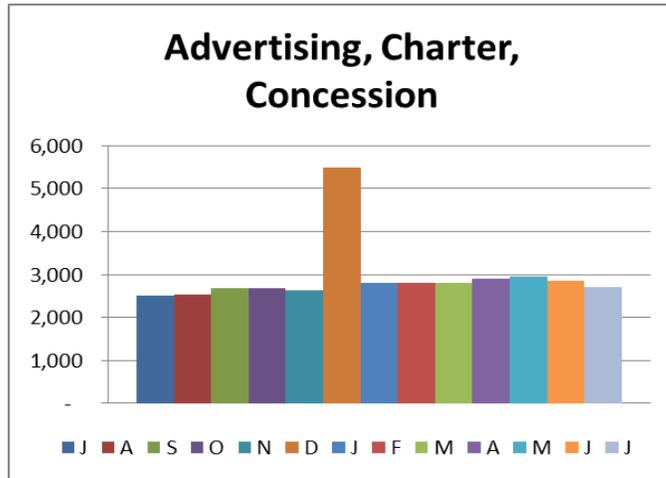
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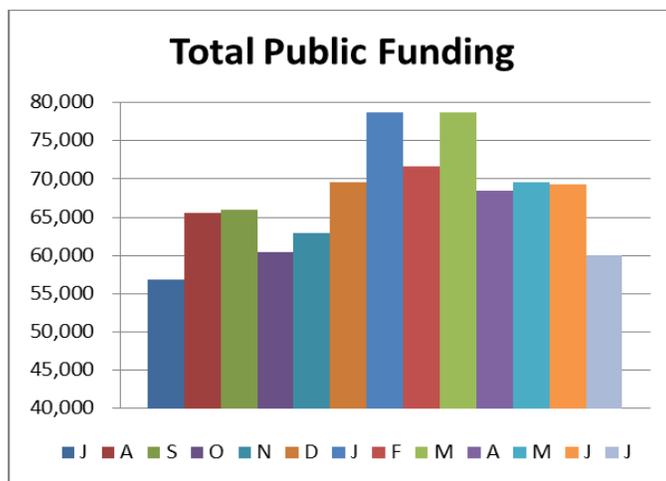
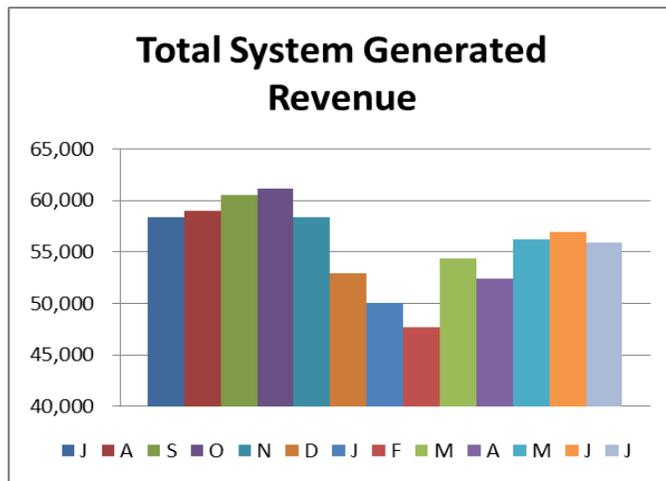
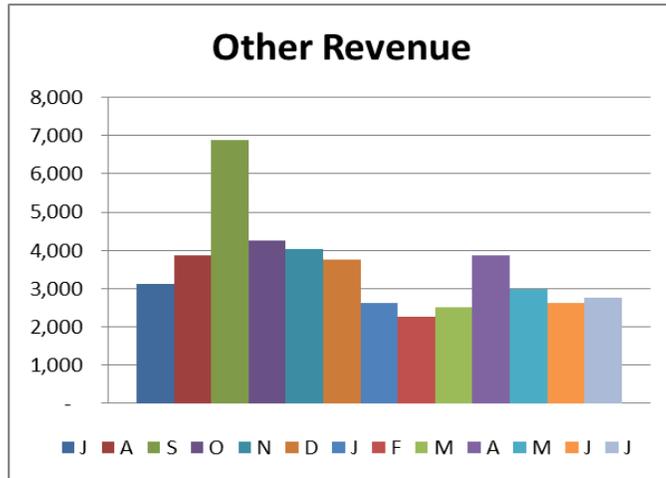
Revenue



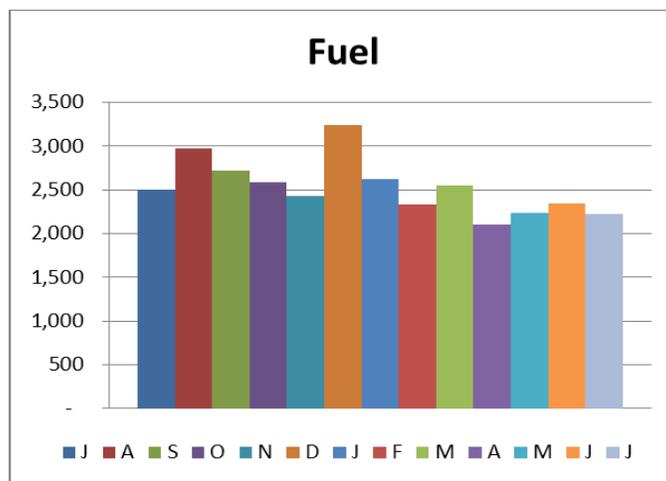
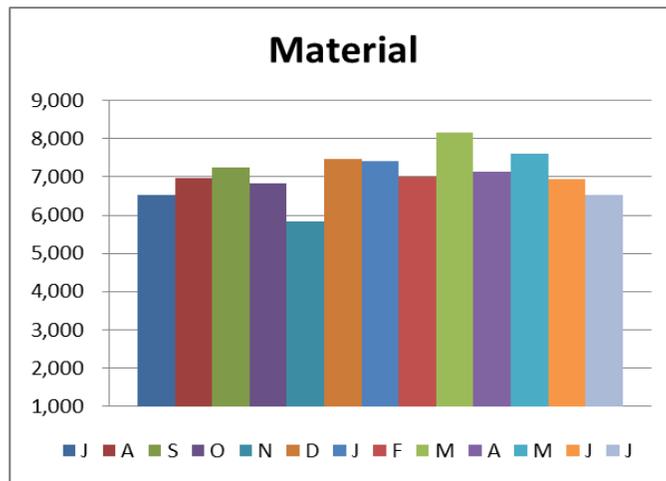
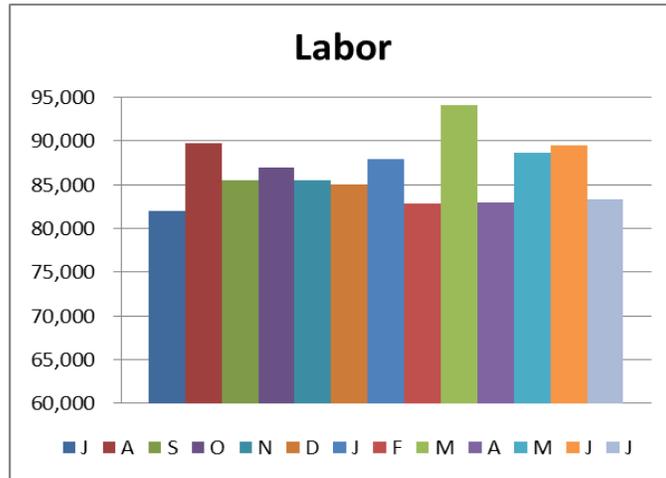
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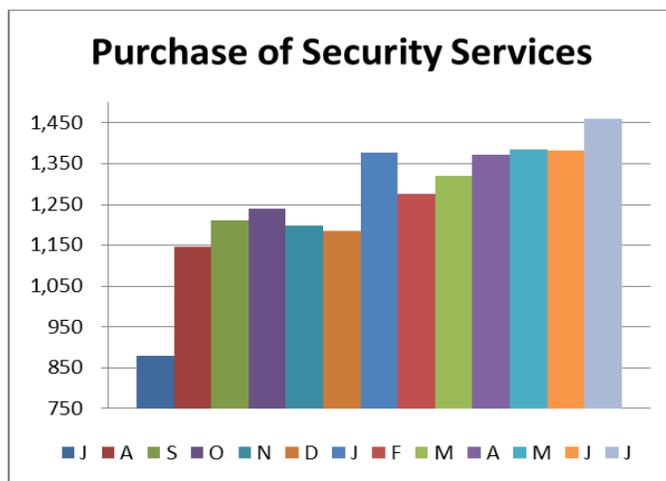
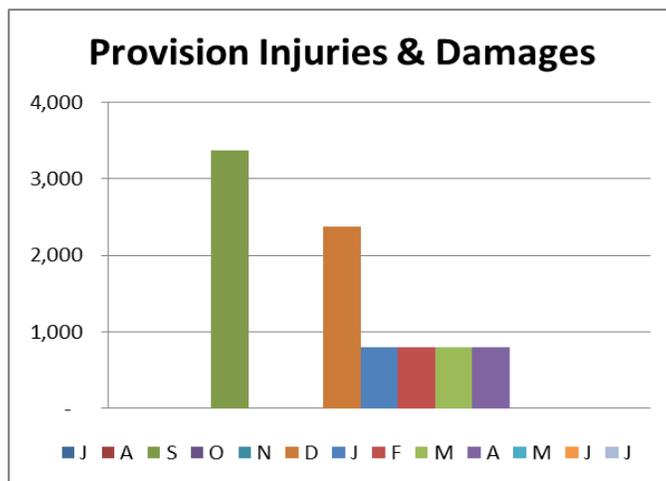
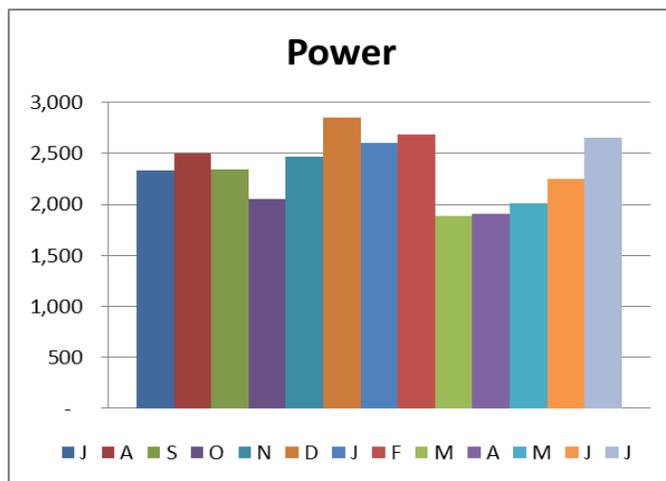
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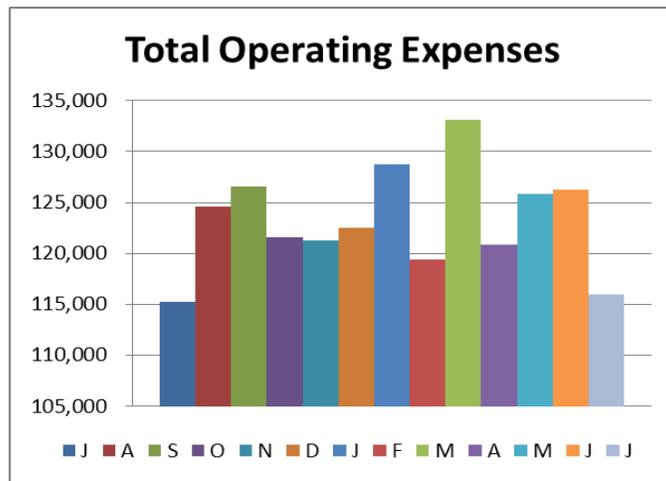
Expenses Cont'd



Expenses Cont'd



Expenses Cont'd



Cash	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Unrestricted Cash	167	149	178	204	196	199	197	209	220	205	183	178	196
Damage Reserve	109	109	108	106	105	104	103	103	102	98	94	84	83
Funds Owed by RTA	334	285	323	308	298	290	310	305	323	339	349	353	339
Trust Portfolio Assets	302	316	405	413	429	275	603	626	631	650	660	510	520

Revenue	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Fare & Pass Revenue	51,376	51,278	49,431	50,764	47,357	42,688	43,174	41,278	47,650	44,171	48,863	49,629	49,009
Reduced Fare Subsidy	1,180	1,180	1,404	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,625	1,180
Advertising, Charter, Concession	2,516	2,541	2,686	2,690	2,637	5,493	2,816	2,807	2,803	2,914	2,963	2,845	2,697
Investment Income	166	157	165	203	174	(155)	211	190	233	229	230	202	231
Statutory Required Contribution	-	-	-	2,000	3,000	-	-	-	-	-	-	-	-
Other Revenue	3,119	3,861	6,873	4,266	4,046	3,743	2,618	2,248	2,499	3,875	2,981	2,624	2,758
Total System Generated Revenue	58,356	59,017	60,559	61,103	58,394	52,950	49,999	47,703	54,365	52,368	56,217	56,924	55,875
Total Public Funding	56,854	65,541	65,967	60,422	62,881	69,551	78,707	71,699	78,690	68,519	69,633	69,346	60,058

Expenses	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Labor	81,953	89,715	85,558	86,924	85,560	85,016	87,882	82,845	94,055	82,989	88,664	89,514	83,306
Material	6,528	6,957	7,248	6,826	5,828	7,482	7,415	6,985	8,173	7,137	7,597	6,933	6,521
Fuel	2,505	2,980	2,726	2,584	2,433	3,242	2,627	2,335	2,548	2,103	2,239	2,350	2,222
Power	2,337	2,495	2,347	2,048	2,465	2,856	2,601	2,684	1,881	1,907	2,014	2,252	2,650
Provision Injuries & Damages	-	-	3,375	-	-	2,375	792	792	792	792	-	-	-
Purchase of Security Services	879	1,145	1,211	1,239	1,199	1,185	1,376	1,276	1,321	1,373	1,386	1,382	1,461
Other Expenses	21,009	21,266	24,060	21,905	23,790	20,346	26,014	22,484	24,283	24,586	23,950	23,839	19,773
Total Operating Expenses	115,210	124,558	126,525	121,525	121,274	122,502	128,706	119,402	133,054	120,887	125,850	126,271	115,933