



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for December 2016
Date: February 8, 2017

I. Summary

CTA's financial results are \$0.3 million and \$2.9 million favorable to budget for December and year to date, respectively, primarily due to lower operating expenses.

Ridership for the month was 36.3 million and was 2.8 million less than budget. Ridership was 3.5 million or 8.8% less than December 2015 due to higher than average temperatures last year and lower than average temperatures this year. This year also saw one fewer weekday and one additional Saturday. Low gas prices and bus reroutes related to the Adams Bridge construction project and competition from rideshare services such as Uber and Lyft also pushed ridership down. Ridership year to date was less than budget and prior year by 21.2 million and 18.3 million, respectively.

II. Cash & Liquidity

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

	December 2016	December 2015	Increase (Decrease)
Unrestricted Cash	\$ 199.1	\$ 192.6	\$ 6.5
Damage Reserve	103.8	97.0	\$ 6.8
Funds Owed by RTA	290.4	310.5	\$ (20.1)
Trust Portfolio Assets	275.2	378.4	\$ (103.2)
Total Cash and Receivables	\$ 868.5	\$ 978.5	\$ (110.0)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$6.5 million higher than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$6.8 million higher than last year due to a transfer based on budgeted levels. Funds owed by the RTA were approximately \$290.4 million which was \$20.1 million less 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Fare & Pass Revenue	\$ 42,688	\$ (2,536)	\$ (2,651)	\$ 577,007	\$ (13,535)	\$ (10,101)

- Fare and pass revenue for December was \$2.5 million unfavorable to budget and \$2.7 million unfavorable to prior year. A very cold early December this year compared to a milder than average month in the prior year decreased bus and rail full fare and 7-Day Pass revenue. The average fare for the month was \$1.17 and was \$0.02 higher than budget and \$0.04 higher than the prior year.
- Year-to-date fare and pass revenue was \$13.5 million lower than budget and \$10.1 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ (1,401)	\$ 14,385	\$ (13,937)	\$ (221)

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$13.9 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Advertising, Charter, Concession	\$ 5,493	\$ 2,212	\$ 2,127	\$ 35,019	\$ 2,997	\$ 3,777

- Advertising, Charter and Concessions Revenue was \$2.2 million higher than budget for the month and \$3.0 million higher year-to-date mainly due to higher vehicle and platform advertising and concessions revenue. The \$3.8 million increase over prior year 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Investment income	\$ (155)	\$ (228)	\$ 67	\$ 1,608	\$ 725	\$ 485

- Investment income was \$0.2 million lower than budget for the month reflecting year-end mark to market adjustments. The year to date was favorable to budget by \$0.7 million due to higher short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Other Revenue	\$ 3,743	\$ 1,138	\$ (2,617)	\$ 43,363	\$ 15,418	\$ 6,923

- Other Revenue in December was favorable to budget by \$1.1 million due to higher park & ride and non-capital grant revenue. The year to date was favorable to budget by \$15.4 million and prior year by \$6.9 million 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Total System Generated Revenue	\$ 52,950	\$ (595)	\$ (4,475)	\$ 676,380	\$ (8,332)	\$ 862

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$0.6 million and \$8.3 million, respectively, due to lower reduced fare subsidy and fare and pass revenue. In 2016, system-generated revenue grew \$0.9 million due to an increase in non-farebox revenue from advertising, the sale of surplus property, and non-capital grant revenue, offset by a decline in fare and pass revenue.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Labor	\$ 85,016	\$ (370)	\$ 7,623	\$ 1,027,045	\$ (1,411)	\$ (24,559)

- Labor expense was \$0.4 million unfavorable to budget for the month due to an increase in overtime pay. 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Material	\$ 7,482	\$ (1,049)	\$ 1,200	\$ 82,921	\$ (387)	\$ 586

- Material expense was unfavorable to budget for the month. The year to date was \$0.4 million unfavorable to budget due to an increase in the inventory obsolescence reserve.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Fuel	\$ 3,242	\$ (188)	\$ 844	\$ 32,738	\$ 4,521	\$ 17,091

- Fuel for Revenue Equipment expense was \$0.2 million unfavorable to budget in December due to the year-end true up of diesel fuel inventory. Fuel expense was \$0.8 million and \$17.1 million favorable compared to prior December 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Power	\$ 2,856	\$ 97	\$ (379)	\$ 29,283	\$ 2,175	\$ (465)

- The Electric Power for Revenue Equipment expense was \$0.1 million favorable to budget for the month due to lower prices and lower consumption. Year-to-date, expenses were \$2.2 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Provision for Injuries & Damages	\$ 2,375	\$ -	\$ 10,625	\$ 10,500	\$ (1,000)	\$ 2,500

- The Provision for Injuries & Damages expense was \$2.5 million higher than 2015 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Purchase of Security Services	\$ 1,185	\$ 40	\$ 118	\$ 14,095	\$ 603	\$ 336

- 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Other Expenses	\$ 20,346	\$ 2,380	\$ (2,261)	\$ 267,371	\$ 6,752	\$ (15,317)

- Other Expenses were favorable to budget by \$2.4 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Total Operating Expenses	\$ 122,502	\$ 910	\$ 17,771	\$ 1,463,953	\$ 11,254	\$ (19,828)

- 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
	Dec-16	Budget Dec-16	Prior Year Dec16 vs. Dec15	2016	Budget 2016	Prior Year 2015
Recovery Ratio	51.61%	(0.33)		55.21%	(0.17)	

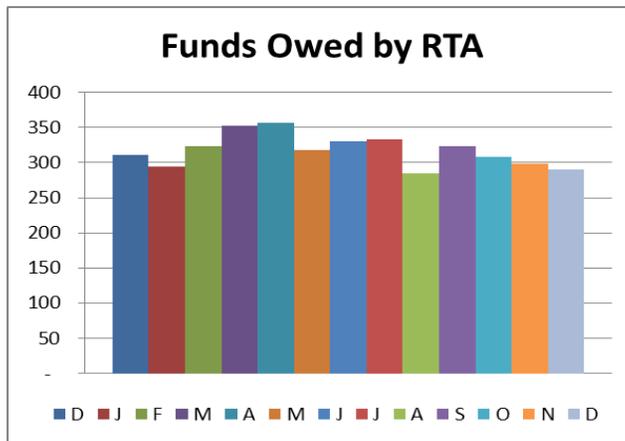
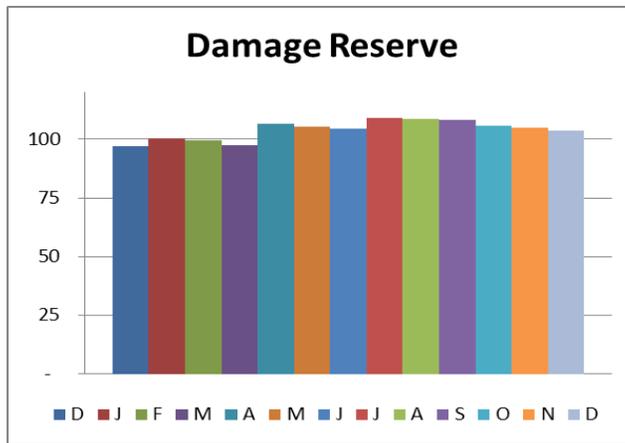
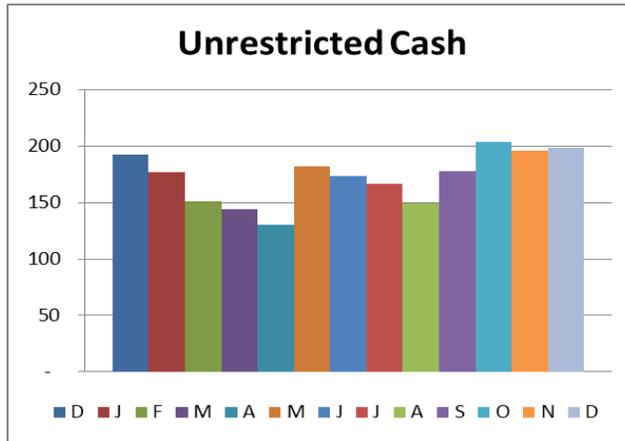
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 51.61% for the month. For the year-to-date the recovery ratio is 55.21% and 0.71 percentage points higher than the required recovery ratio.

VI. Ridership

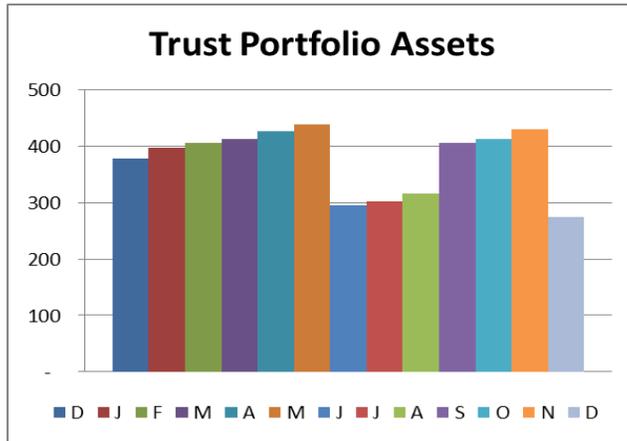
Category	Current Month			Full Year		
	Actual Dec-16	Variance to Budget Dec-16	Variance to Prior Year Dec16 vs. Dec15	Actual 2016	Variance to Budget 2016	Variance to Prior Year 2015
Bus	19,333	(1,557)	(2,010)	259,058	(15,353)	(15,230)
Rail	13,999	(1,040)	(1,227)	195,556	(4,816)	(2,486)
Rail to Rail Transfers	3,014	(239)	(261)	43,090	(1,019)	(544)
Total	36,346	(2,836)	(3,498)	497,704	(21,188)	(18,261)

- Ridership for the month of December was 36.3 million and was lower than budget and prior year by 2.8 million and 3.5 million, respectively.
- Calendar adjusted ridership was down 7.4% from prior year due to low gas prices.
- Ridership for the year-to-date was 497.7 million and was 21.2 million less than budget and was 18.3 million lower than the prior year-to-date. Calendar adjusted ridership was down 3.8% from the prior year-to-date.
- More details on ridership can be found in the December Ridership Report.

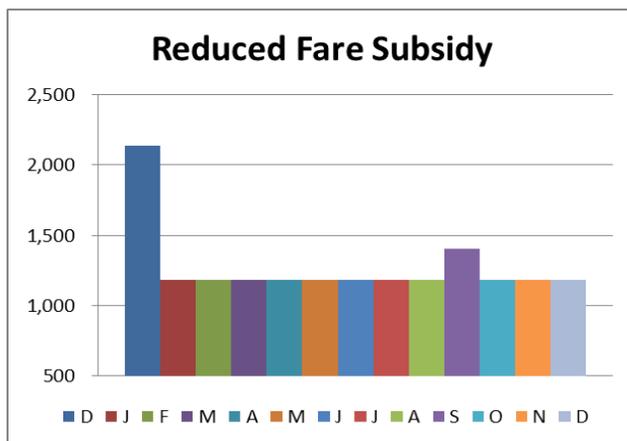
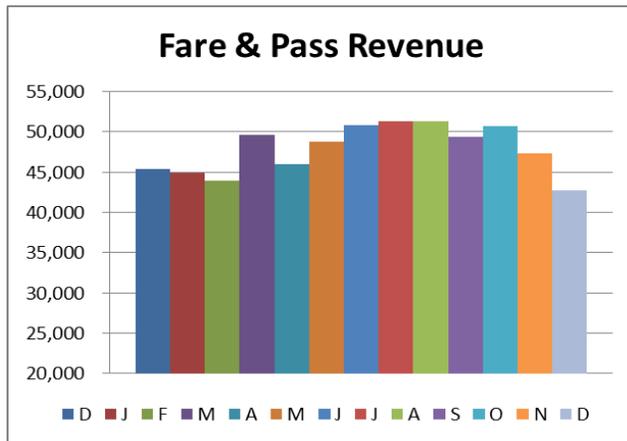
Cash



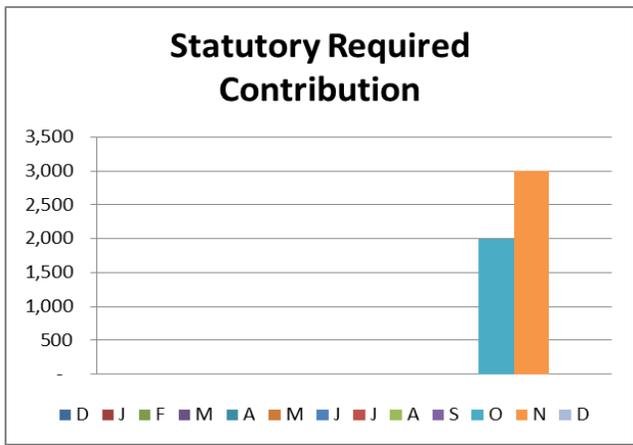
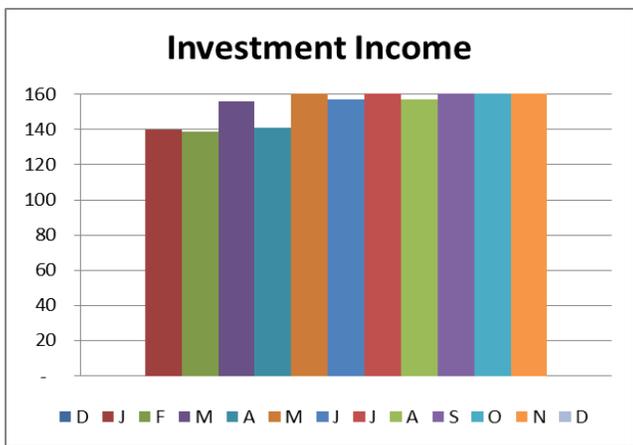
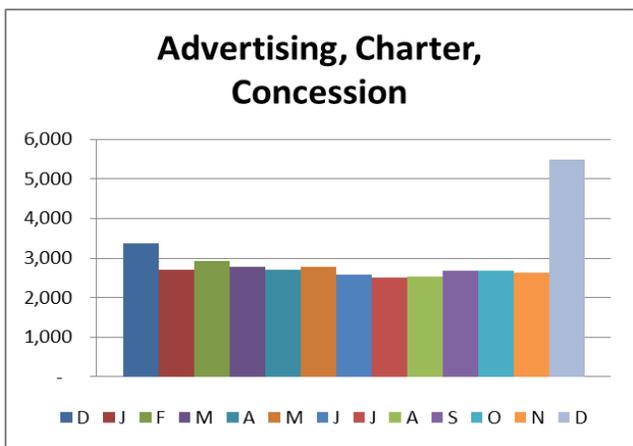
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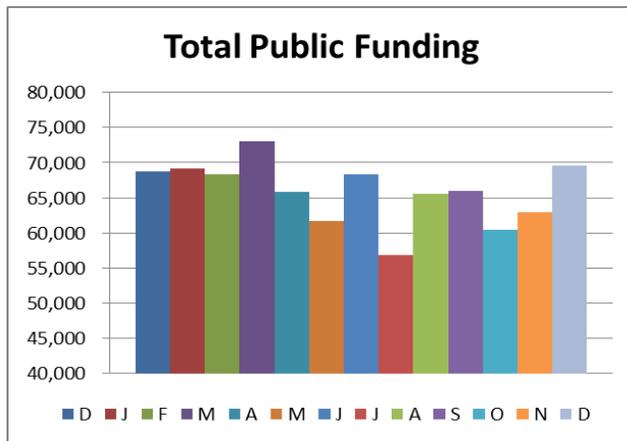
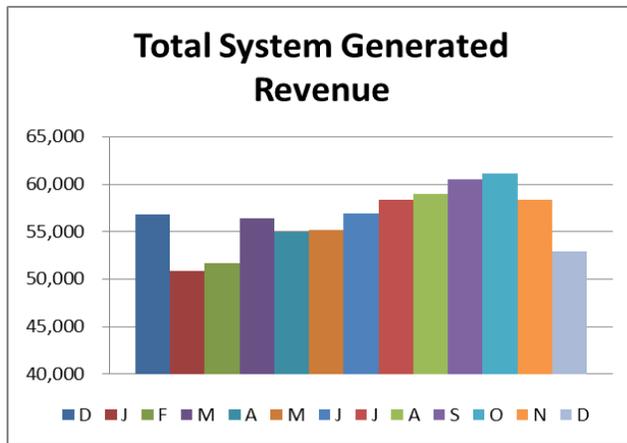
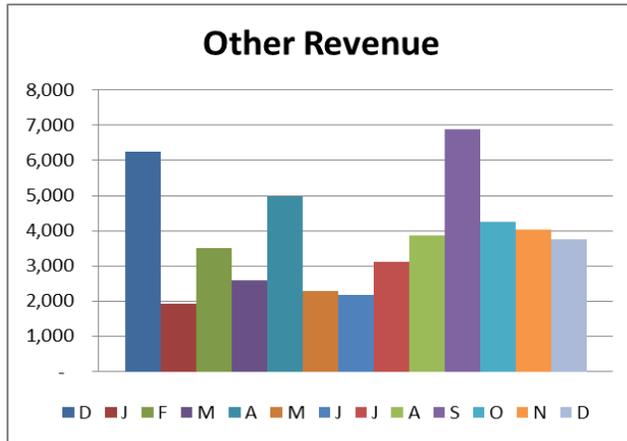
Revenue



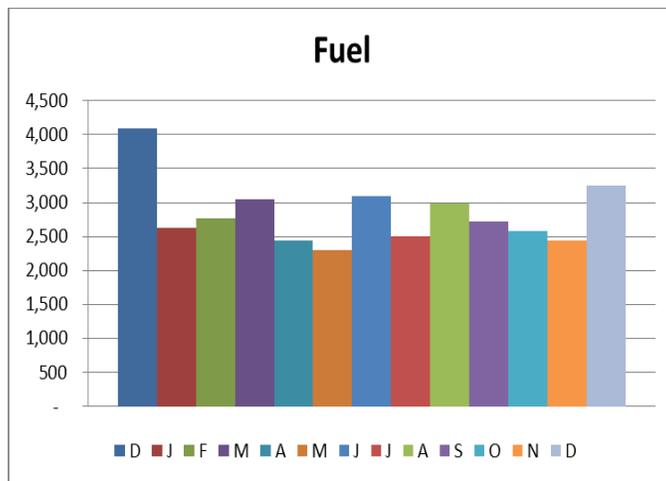
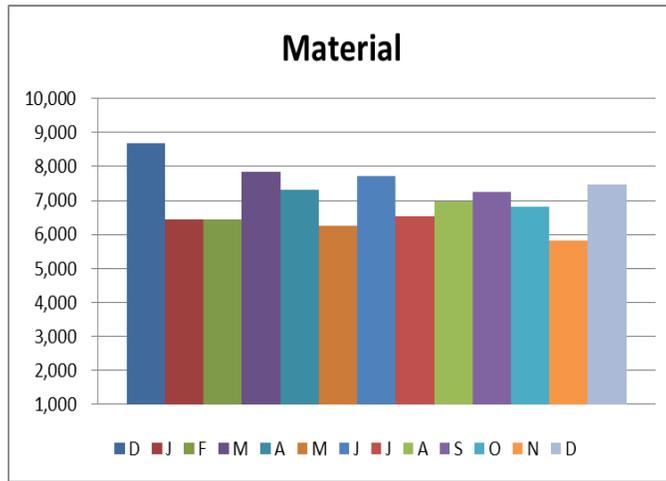
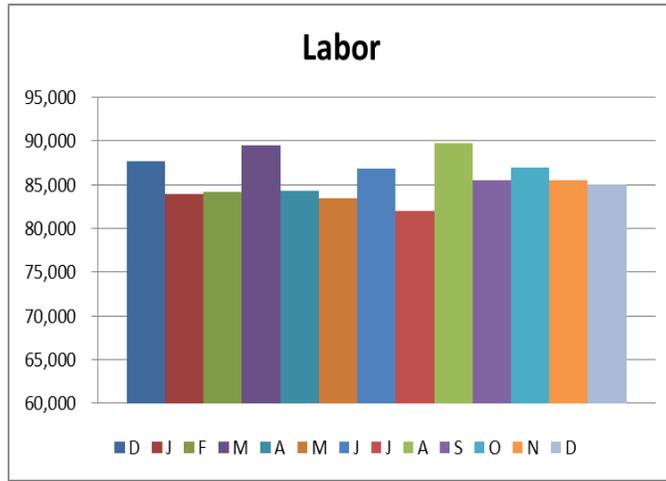
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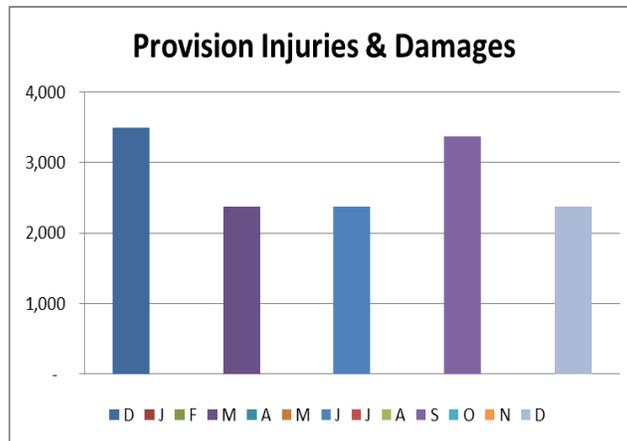
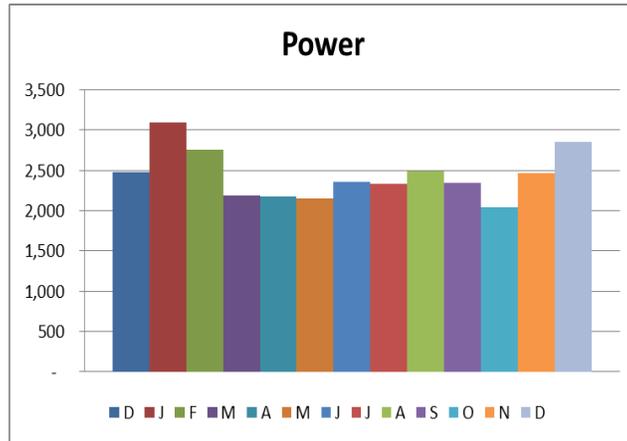
Revenue Cont'd



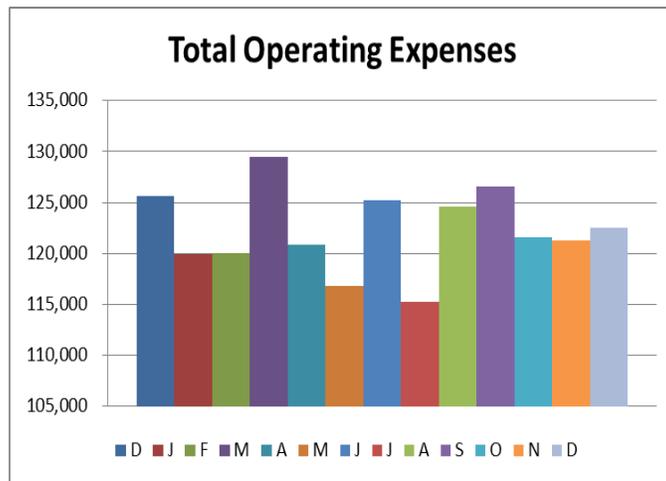
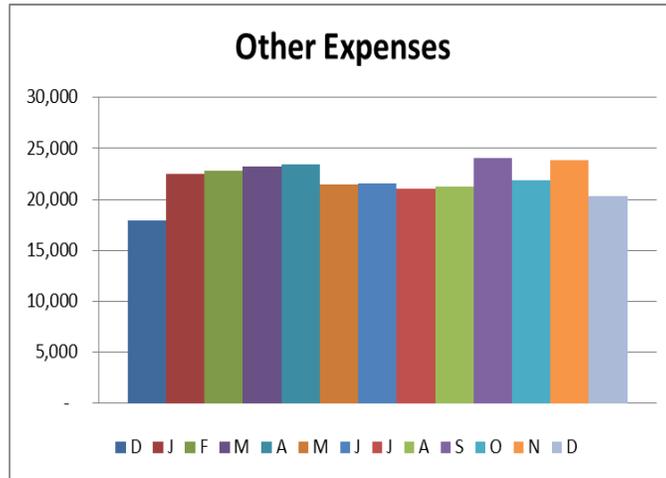
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Unrestricted Cash	192.6	176.9	151.2	143.8	130.1	182.5	173.8	166.5	149.0	177.7	203.9	195.7	199.1
Damage Reserve	97.0	100.3	99.6	97.3	106.4	105.5	104.6	109.2	108.7	108.1	105.6	104.9	103.8
Funds Owed by RTA	310.5	294.3	323.4	352.7	356.7	318.4	330.2	333.6	284.7	323.1	308.4	297.9	290.4
Trust Portfolio Assets	378.4	396.5	406.2	412.9	426.5	438.8	295.3	301.8	316.0	405.3	413.0	429.4	275.2

Revenue	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Fare & Pass Revenue	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	47,357.0	42,688.0
Reduced Fare Subsidy	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	1,180.0	1,180.0
Advertising, Charter, Concession	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	2,637.0	5,493.0
Investment Income	(222.0)	140.0	139.0	156.0	141.0	165.0	157.0	166.0	157.0	165.0	203.0	174.0	(155.0)
Statutory Required Contribution	-	-	-	-	-	-	-	-	-	-	2,000.0	3,000.0	-
Other Revenue	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	4,046.0	3,743.0
Total System Generated Revenue	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	58,394.0	52,950.0
Total Public Funding	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	62,881.0	69,551.0

Expenses	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Labor	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	85,560.0	85,016.0
Material	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	5,828.0	7,482.0
Fuel	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	2,433.0	3,242.0
Power	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	2,465.0	2,856.0
Provision Injuries & Damages	3,500.0	-	-	2,375.0	-	-	2,375.0	-	-	3,375.0	-	-	2,375.0
Purchase of Security Services	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	1,199.0	1,185.0
Other Expenses	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	23,790.0	20,346.0
Total Operating Expenses	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	121,274.0	122,502.0