



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for December 2017
Date: February 14, 2018

I. Summary

CTA's financial results are \$4.7 million favorable to budget for December primarily due to lower operating expenses. Results are \$35.8 million favorable to budget for year-to-date due to lower operating expenses.

Ridership for the month was 35.2 million and was 1.1 million less than budget. Ridership was 1.2 million or 3.3% less than December 2016 due to low gas prices and competition from rideshare services such as Uber and Lyft. Ridership year-to-date was less than budget and prior year by 16.8 million and 18.3 million, respectively.

II. Cash & Liquidity

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

	December 2017	December 2016	Increase (Decrease)
Unrestricted Cash	\$ 147.9	\$ 199.1	\$ (51.2)
Damage Reserve	80.0	103.8	\$ (23.8)
Funds Owed by RTA	329.2	315.4	\$ 13.8
Trust Portfolio Assets	502.7	275.2	\$ 227.5
Total Cash and Receivables	\$ 1,059.8	\$ 893.5	\$ 166.3

CTA's total cash/receivables balance was equal to \$1.1 billion. Unrestricted cash was \$51.2 million lower than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$23.8 million lower than last year due to payments made in 2017. Funds owed by the RTA were approximately \$329.2 million which was \$13.8 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Fare & Pass Revenue	\$ 41,259	\$ (3,189)	\$ (1,430)	\$ 559,495	\$ (21,755)	\$ (17,512)

- Fare and pass revenue for December was \$3.2 million unfavorable to budget and \$1.4 million unfavorable to prior year mainly due to lower fare box and 30-day full fare pass revenue as a result of lower ridership. The average fare for the month was \$1.17 and was \$0.05 lower than budget and on par with prior year.
- Year-to-date fare and pass revenue was \$21.8 million unfavorable to budget and \$17.5 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 and \$0.01 higher than prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 14,606	\$ (13,716)	\$ 221

- Reduced Fare Subsidy was unfavorable to budget for the month and year-to-date by \$1.2 million and \$13.7 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-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Advertising, Charter, Concession	\$ 3,073	\$ (853)	\$ (2,420)	\$ 34,379	\$ (787)	\$ (640)

- Advertising, Charter and Concessions Revenue was \$0.9 million unfavorable to budget for the month due to the timing of vehicle and platform advertising revenue and \$0.8 million lower year-to-date due to lower than expected vehicle and platform advertising revenue. The \$0.6 million decrease over prior year-to-date was also mainly due to lower vehicle and platform advertising revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Investment income	\$ 704	\$ 611	\$ 859	\$ 3,119	\$ 1,998	\$ 1,512

- Investment income was \$0.6 million higher than budget for the month and \$2.0 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Other Revenue	\$ 2,791	\$ (2,319)	\$ (1,140)	\$ 39,418	\$ 3,929	\$ (4,132)

- Other Revenue was unfavorable to budget by \$2.3 million due to lower non-capital grant revenue and lower-than-anticipated sales of surplus property. Other revenue was unfavorable to prior year due to lower non-capital grant revenue in December 2017. The year-to-date was favorable to budget by \$3.9 million due to higher non-capital grant, rentals and movie-generated revenues. Other revenue was \$4.1 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Total System Generated Revenue	\$ 49,007	\$ (6,930)	\$ (4,131)	\$ 656,017	\$ (30,330)	\$ (20,550)

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$6.9 million and \$30.3 million, respectively, due to lower reduced fare subsidy and fare and pass revenue. It was lower than December 2016 by \$4.1 million due to lower non-capital grant and vehicle and platform advertising revenue. Year-to-date revenue was lower than 2016 by \$20.6 million 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Labor	\$ 84,287	\$ 159	\$ 729	\$ 1,039,866	\$ 10,570	\$ (12,820)

- Labor expense was \$0.2 million favorable to budget for the month due to managing vacant positions and restrictions on noncritical overtime to control costs. 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Material	\$ 7,456	\$ 462	\$ 26	\$ 86,783	\$ 2,393	\$ (3,862)

- Material expense was \$0.5 million favorable to budget for the month and year-to-date expenses were \$2.4 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Fuel	\$ 2,611	\$ 520	\$ 631	\$ 28,757	\$ 5,189	\$ 3,981

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget in December primarily due to favorable pricing. Fuel expense was \$0.6 million and \$4.0 million favorable compared to prior December 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Power	\$ 2,328	\$ 764	\$ 527	\$ 27,373	\$ 3,992	\$ 1,910

- The Electric Power for Revenue Equipment expense was \$0.8 million favorable to budget for the month due to lower prices. Year-to-date, expenses were \$4.0 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Provision for Injuries & Damages	\$ -	\$ 792	\$ 2,375	\$ 3,167	\$ 6,333	\$ 7,333

- The Provision for Injuries & Damages expense was favorable to budget for the month and year-to-date by \$0.8 million and \$6.3 million, respectively, due to lower than expected funding requirements.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Purchase of Security Services	\$ 1,430	\$ (27)	\$ (246)	\$ 17,041	\$ (203)	\$ (2,946)

- Purchase of Security Services was slightly unfavorable to budget for the month and unfavorable 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Other Expenses	\$ 16,059	\$ 8,957	\$ 4,474	\$ 255,167	\$ 37,811	\$ 12,391

- Other Expenses were favorable to budget by \$9.0 million for the month due to cost containment and the timing of contractual expenses. The favorable variance to prior year-to-date was mainly due to the timing of contractual expenses. Of the total monthly other expenses, the pension obligation bond expense is \$8.8 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
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Total Operating Expenses	\$ 114,172	\$ 11,626	\$ 8,517	\$ 1,458,154	\$ 66,085	\$ 5,987

- Operating Expenses were \$11.6 million favorable to budget for the month due to cost containment efforts in labor and other expenses. The favorable variance to prior year-to-date was due primarily to the other expense category.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Recovery Ratio	53.38%	(0.93)		55.64%	0.73	

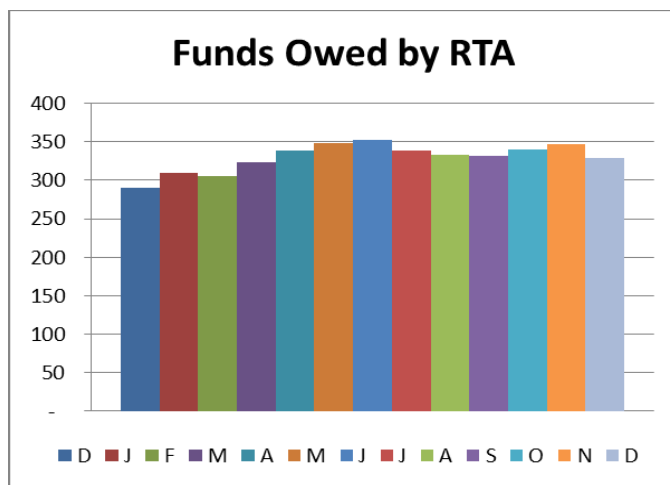
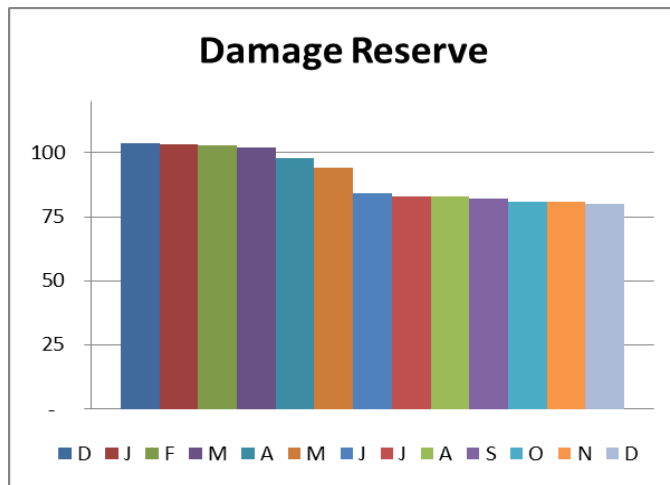
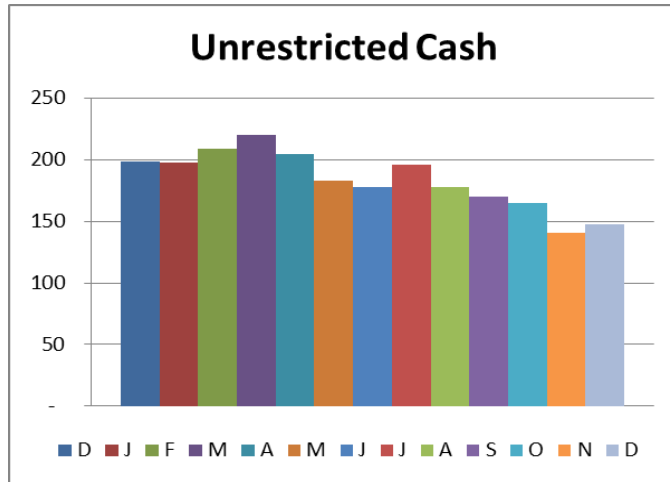
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.38% for the month. This was unfavorable to budget by 0.93 percentage points. Year-to-date, the recovery ratio was 55.64%, which was favorable to budget by 0.73 percentage points.

VI. Ridership

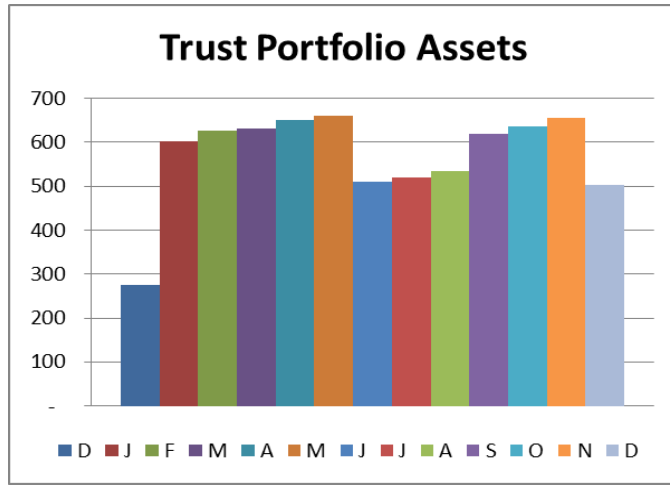
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-17	Budget Dec-17	Prior Year Dec17 vs. Dec16	2017	Budget 2017	Prior Year 2016
Bus	18,772	399	(561)	249,231	431	(9,827)
Rail	13,485	(1,354)	(514)	188,665	(14,815)	(6,890)
Rail to Rail Transfers	2,905	(144)	(109)	41,539	(2,431)	(1,551)
Total	35,162	(1,099)	(1,184)	479,435	(16,815)	(18,269)

- Ridership for the month of December was 35.2 million and was lower than budget and prior year by 1.1 million and 1.2 million, respectively.
- Calendar adjusted ridership was down 0.9% from prior year due to low gas prices and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 479.4 million and was 16.8 million less than budget and 18.3 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 December Ridership Report.

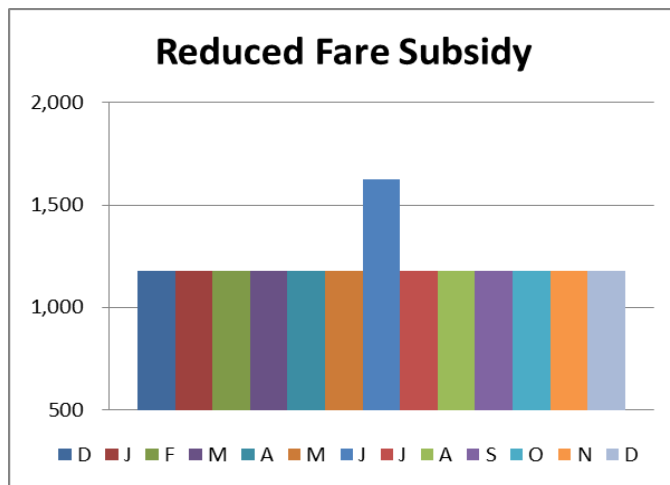
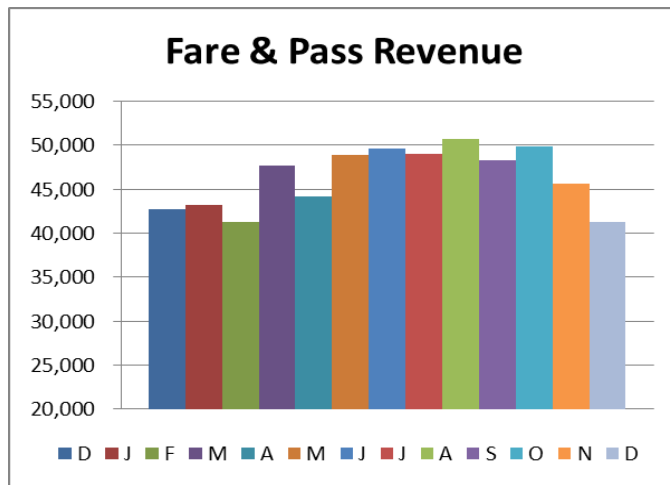
Cash



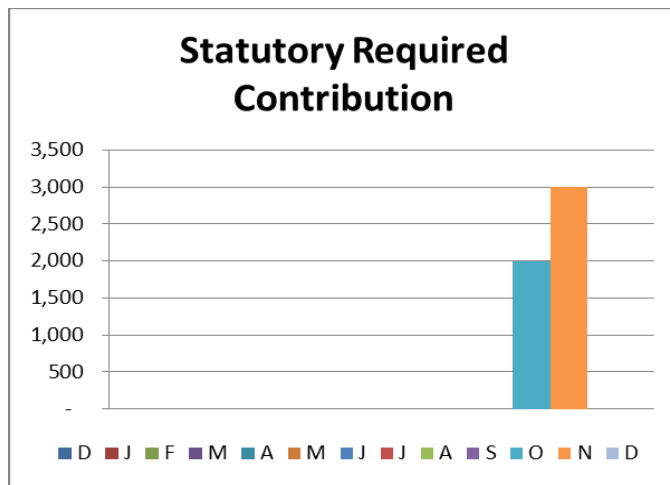
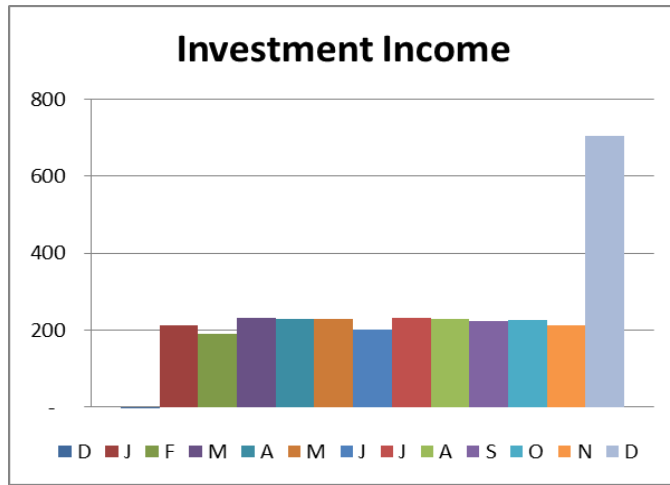
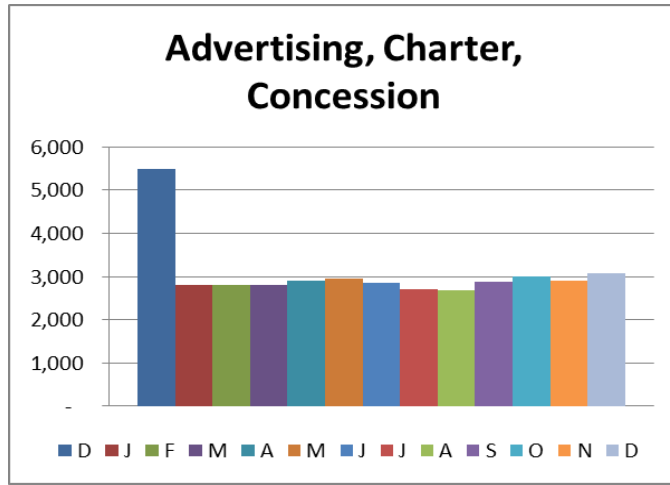
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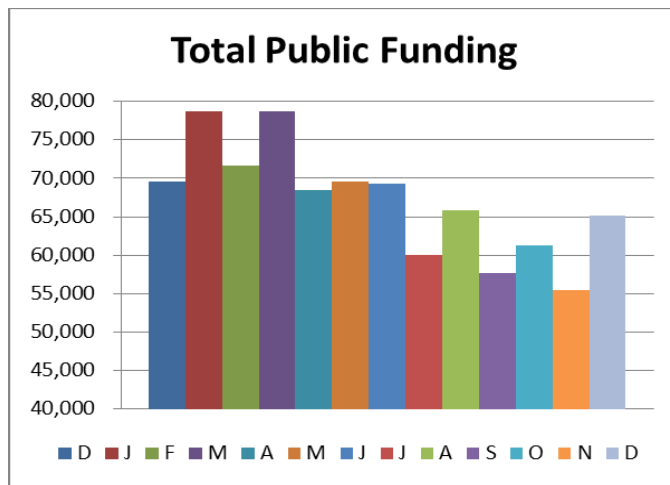
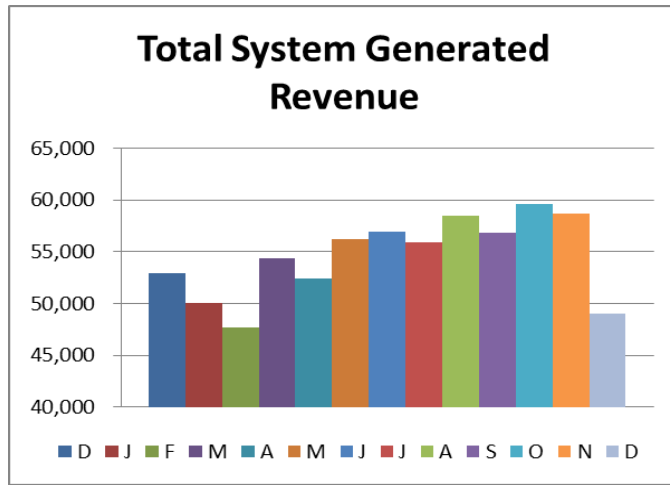
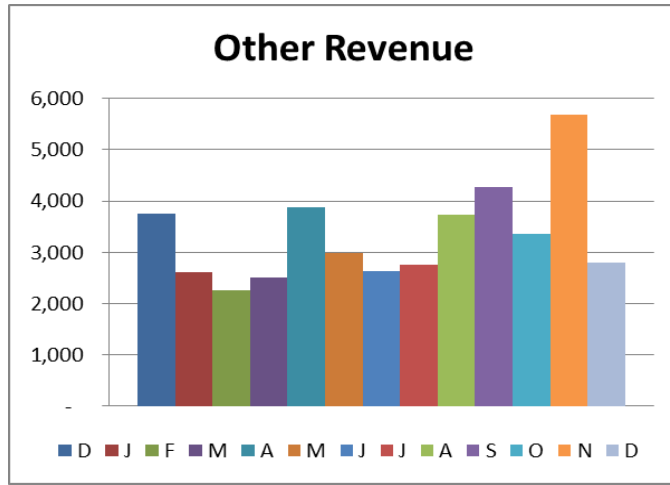
Revenue



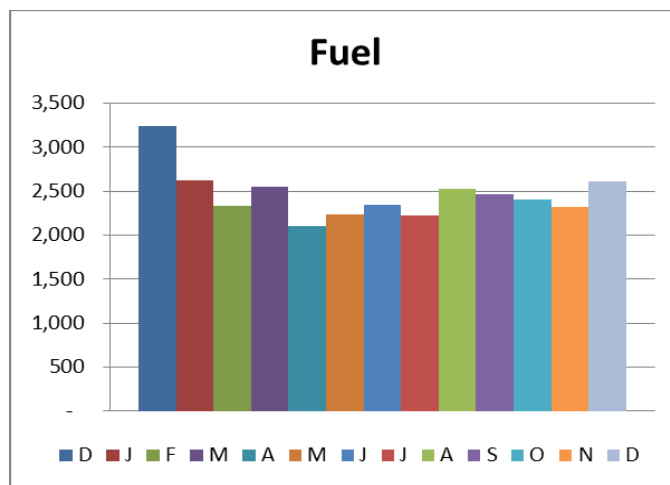
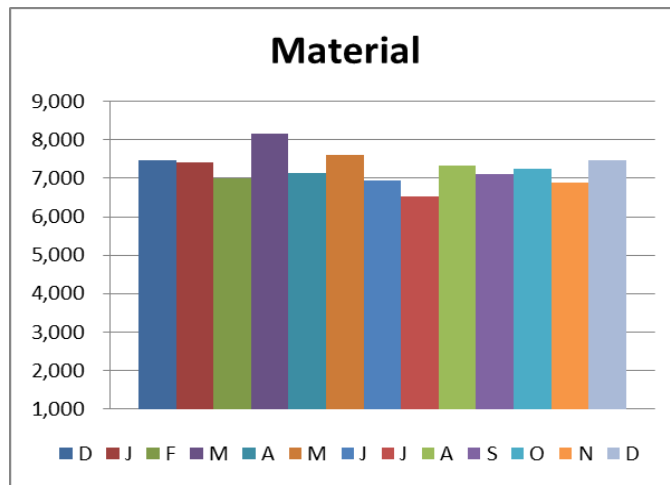
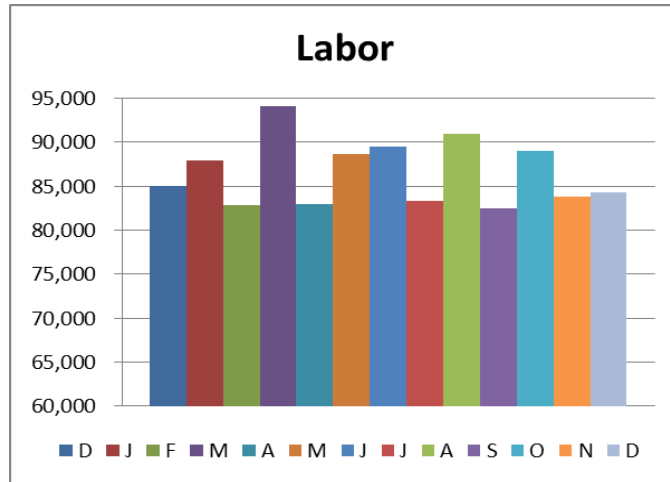
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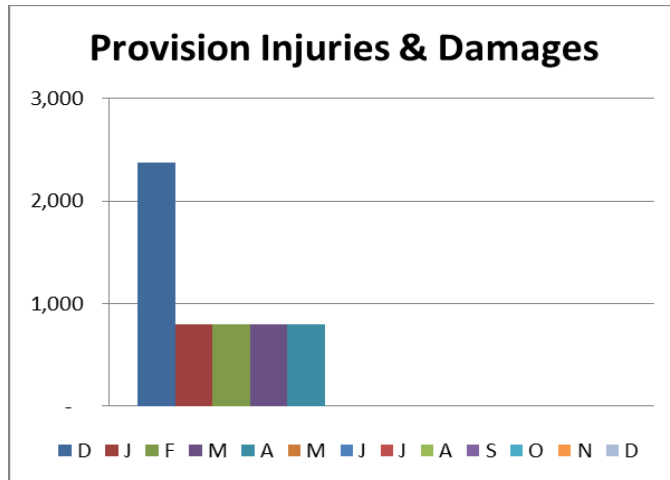
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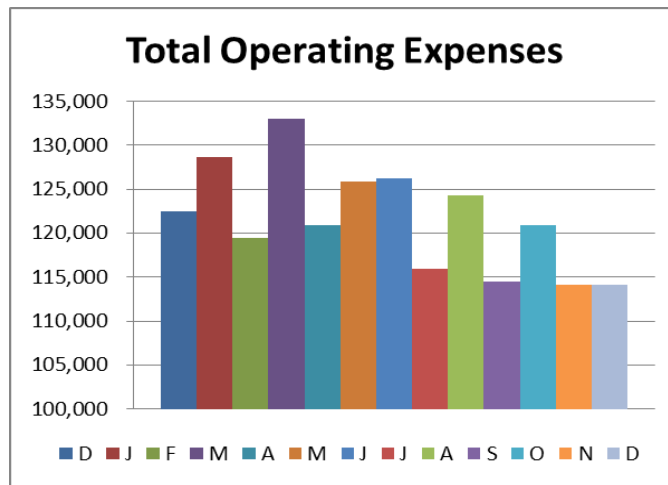
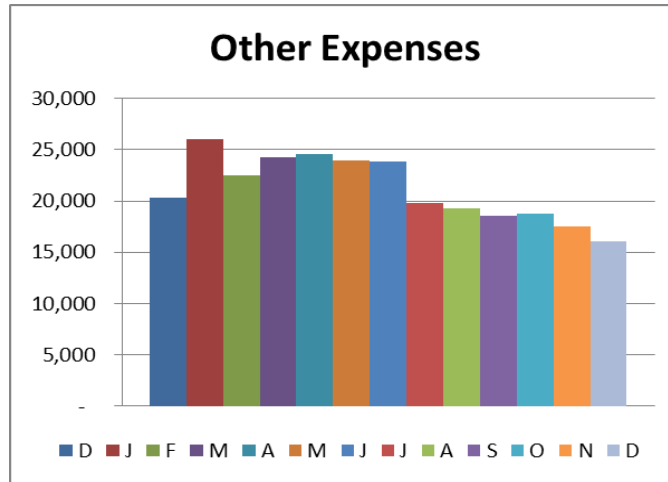
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Unrestricted Cash	199	197	209	220	205	183	178	196	178	170	165	141	148
Damage Reserve	104	103	103	102	98	94	84	83	83	82	81	81	80
Funds Owed by RTA	290	310	305	323	339	349	353	339	333	332	340	347	329
Trust Portfolio Assets	275	603	626	631	650	660	510	520	534	620	636	655	503

Revenue	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Fare & Pass Revenue	42,688	43,174	41,278	47,650	44,171	48,863	49,629	49,009	50,666	48,281	49,847	45,668	41,259
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,180	1,180	1,625	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	5,493	2,816	2,807	2,803	2,914	2,963	2,845	2,697	2,691	2,867	2,997	2,907	3,073
Investment Income	(155)	211	190	233	229	230	202	231	230	223	226	212	704
Statutory Required Contribution	-	-	-	-	-	-	-	-	-	-	2,000	3,000	-
Other Revenue	3,743	2,618	2,248	2,499	3,875	2,981	2,624	2,758	3,727	4,274	3,349	5,675	2,791
Total System Generated Revenue	52,950	49,999	47,703	54,365	52,368	56,217	56,924	55,875	58,494	56,825	59,599	58,642	49,007
Total Public Funding	69,551	78,707	71,699	78,690	68,519	69,633	69,346	60,058	65,831	57,662	61,316	55,512	65,165

Expenses	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Labor	85,016	87,882	82,845	94,055	82,989	88,664	89,514	83,306	91,014	82,542	88,972	83,796	84,287
Material	7,482	7,415	6,985	8,173	7,137	7,597	6,933	6,521	7,336	7,096	7,259	6,874	7,456
Fuel	3,242	2,627	2,335	2,548	2,103	2,239	2,350	2,222	2,530	2,472	2,403	2,316	2,611
Power	2,856	2,601	2,684	1,881	1,907	2,014	2,252	2,650	2,622	2,298	1,993	2,140	2,328
Provision Injuries & Damages	2,375	792	792	792	792	-	-	-	-	-	-	-	-
Purchase of Security Services	1,185	1,376	1,276	1,321	1,373	1,386	1,382	1,461	1,510	1,510	1,508	1,508	1,430
Other Expenses	20,346	26,014	22,484	24,283	24,586	23,950	23,839	19,773	19,311	18,570	18,778	17,518	16,059
Total Operating Expenses	122,502	128,706	119,402	133,054	120,887	125,850	126,271	115,933	124,324	114,487	120,914	114,153	114,172