



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for September 2018
Date: November 14, 2018

I. Summary

CTA's financial results are favorable to budget for September due to cost containment measures and higher pass revenue. Results are \$0.2 million unfavorable to budget for year-to-date primarily due to lower reduced fare reimbursements from the State and higher labor costs resulting from negotiated union contract increases.

Ridership for the month was 40.4 million and was 0.9 million higher than budget. Ridership was 1.6 million lower than September 2017. Ridership year-to-date was higher than budget but less than prior year by 4.0 million and 10.2 million, respectively. The ridership loss over the prior year to date is due to weather, relatively low gas prices, and competition from rideshare services such as Uber and Lyft.

II. Cash & Liquidity

The chart below highlights CTA's cash position at September 2018 compared to September 2017.

| | September 2018 | September 2017 | Increase (Decrease) |
|----------------------------|-------------------|-------------------|------------------------|
| Unrestricted Cash | \$ 114,427 | \$ 170,127 | \$ (55,700) |
| Damage Reserve | 65,965 | 82,246 | \$ (16,281) |
| Funds Owed by RTA | 296,725 | 331,609 | \$ (34,884) |
| Trust Portfolio Assets | 536,588 | 619,695 | \$ (83,107) |
| Total Cash and Receivables | \$ 1,013,705 | \$ 1,203,677 | \$ (189,972) |

CTA's total cash/receivables balance was equal to \$1.0 billion. Unrestricted cash was \$55.7 million lower than the prior year due to retroactive payments resulting from the negotiated wage agreements as well as the timing of cash receipts and invoice payments particularly related to capital reimbursements from the State. The Damage Reserve fund was \$16.3 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$296.7 million which was \$34.9 million less than the prior year due to the timing of payments from the State. 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-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Fare & Pass Revenue | \$ 50,594 | \$ 439 | \$ 2,312 | \$ 442,467 | \$ 2,505 | \$ 19,746 |

- Fare and pass revenue for September was \$0.4 million favorable to budget due to higher-than anticipated pass revenue and \$2.3 million favorable to prior year mainly due to the fare increase in 2018. The average fare for the month was \$1.25 and was \$0.02 less than budget and \$0.10 higher than the prior year.
- Year-to-date fare and pass revenue was \$2.5 million favorable to budget and \$19.7 million favorable to prior year due to the fare increase in 2018 and higher pass revenue. The average fare for the year was \$1.26 per ride and was \$0.01 less than budget and \$0.09 higher than the prior year.

| Category | Current Month | | | Full Year | | |
|----------------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Reduced Fare Subsidy | \$ 1,180 | \$ (1,180) | \$ - | \$ 10,335 | \$ (10,906) | \$ (730) |

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$10.9 million, respectively, based on expected reimbursements from the State.

| Category | Current Month | | | Full Year | | |
|----------------------------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Advertising, Charter, Concession | \$ 3,171 | \$ (57) | \$ 304 | \$ 28,279 | \$ (293) | \$ 2,878 |

- Advertising, Charter and Concessions Revenue was \$0.1 million unfavorable to budget for the month and \$0.3 million unfavorable to budget year-to-date due to an investment in a new video wall installed at a rail station and lower than budgeted advertising revenue. The revenue was \$0.3 million and \$2.9 million favorable to September 2017 and prior year-to-date, respectively, due to a higher advertising revenue minimum guarantee in 2018.

| Category | Current Month | | | Full Year | | |
|-------------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Investment income | \$ 328 | \$ 195 | \$ 105 | \$ 2,442 | \$ 1,242 | \$ 464 |

- Investment income was \$0.2 million and \$1.2 million higher than budget for the month and year-to-date, respectively, due to higher short-term market rates.

| Category | Current Month | | | Full Year | | |
|---------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Other Revenue | \$ 4,345 | \$ (400) | \$ 71 | \$ 33,826 | \$ (3,338) | \$ 6,221 |

- Other Revenue was unfavorable to budget for the month and year-to-date due to the timing of miscellaneous and non-capital grant revenues and a lower than anticipated BAB subsidy due to Federal sequestration. Other revenue was higher than September 2017 and prior year-to-date by \$0.1 million and \$6.2 million, respectively, primarily due to the new ride-hailing fee revenue from the City of Chicago and higher park & ride revenues.

| Category | Current Month | | | Full Year | | |
|--------------------------------|---------------|------------------|-------------------------------|------------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Total System Generated Revenue | \$ 59,618 | \$ (1,003) | \$ 2,792 | \$ 517,349 | \$ (10,791) | \$ 28,579 |

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$1.0 million and \$10.8 million, respectively, primarily due to lower reduced fare revenue. It was more than September 2017 and prior year-to-date by \$2.8 million and \$28.6 million, respectively, due to an increase in fares and new ride hailing fee revenue in 2018.

IV. Expenses

| Category | Current Month | | | Full Year | | |
|----------|---------------|------------------|-------------------------------|------------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Labor | \$ 84,405 | \$ (3,113) | \$ (1,864) | \$ 803,933 | \$ (22,053) | \$ (21,123) |

- Labor expense was \$3.1 million unfavorable to budget for the month due to negotiated union contract increases. Higher fringe benefits in 2018 contributed to higher expenses compared to 2017 year-to-date.

| Category | Current Month | | | Full Year | | |
|----------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Material | \$ 7,640 | \$ 462 | \$ (545) | \$ 68,246 | \$ 1,158 | \$ (3,052) |

- Material expense was \$0.5 million favorable to budget for the month and \$0.5 million unfavorable to prior year. Material expense was \$3.1 million unfavorable to prior year-to-date, primarily due to higher vehicle part usage due to an aging fleet with buses and railcars coming out of warranty and additional costs related to 2018 weather conditions.

| Category | Current Month | | | Full Year | | |
|----------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Fuel | \$ 2,165 | \$ 510 | \$ 307 | \$ 24,471 | \$ 579 | \$ (3,044) |

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget in September primarily due to lower usage and a decrease in the price of diesel fuel. A combination of higher usage to pre-heat buses in cold weather and higher fuel prices accounts for the unfavorable variance to the prior year-to-date.

| Category | Current Month | | | Full Year | | |
|----------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Power | \$ 2,630 | \$ (34) | \$ (332) | \$ 23,146 | \$ 312 | \$ (2,236) |

- The Electric Power for Revenue Equipment expense was on par with budget for the month. Year-to-date, expenses were \$2.2 million unfavorable to prior year, primarily due to higher consumption associated with the weather conditions this year and an increase in fees on electricity bills.

| Category | Current Month | | | Full Year | | |
|----------------------------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Provision for Injuries & Damages | \$ 1,250 | \$ - | \$ (1,250) | \$ 3,750 | \$ - | \$ (583) |

- The Provision for Injuries & Damages expense is budgeted quarterly in 2018 and was budgeted monthly in 2017. The expense was unfavorable to prior year-to-date by \$0.6 million due to timing and lower than anticipated funding requirements in 2017.

| Category | Current Month | | | Full Year | | |
|-------------------------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Purchase of Security Services | \$ 1,573 | \$ (89) | \$ (63) | \$ 13,306 | \$ 47 | \$ (711) |

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and \$0.1 million unfavorable to prior year due to the timing of invoices and expected increased contract costs. Year-to-date, expenses were on par with budget and \$0.7 million unfavorable compared to the prior year.

| Category | Current Month | | | Full Year | | |
|----------------|---------------|------------------|-------------------------------|------------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Other Expenses | \$ 18,076 | \$ 5,088 | \$ 494 | \$ 188,199 | \$ 30,510 | \$ 14,612 |

- The \$5.1 million and \$30.5 million favorable variances to budget for the month and year-to-date, respectively, were mainly due to the timing of contractual services invoices and cost containment measures. The other expense category includes the pension obligation bond expense, utilities, maintenance contracts, services, and other expenses.

| Category | Current Month | | | Full Year | | |
|--------------------------|---------------|------------------|-------------------------------|--------------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Total Operating Expenses | \$ 117,739 | \$ 2,823 | \$ (3,252) | \$ 1,125,050 | \$ 10,553 | \$ (16,136) |

- Operating Expenses were \$2.8 million favorable to budget for the month due to the timing of contractual expenses and cost containment measures. The unfavorable variance to prior year-to-date was due primarily to higher labor from contractual wage increases and higher fuel expenses due to higher consumption.

V. Recovery Ratio

| Category | Current Month | | | Full Year | | |
|----------------|---------------|------------------|-------------------------------|-----------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Recovery Ratio | 62.56% | 0.71 | | 56.62% | (0.28) | |

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 62.56% for the month. This was favorable to budget by 0.71 percentage points for the month. Year-to-date, the recovery ratio was 56.62%, which

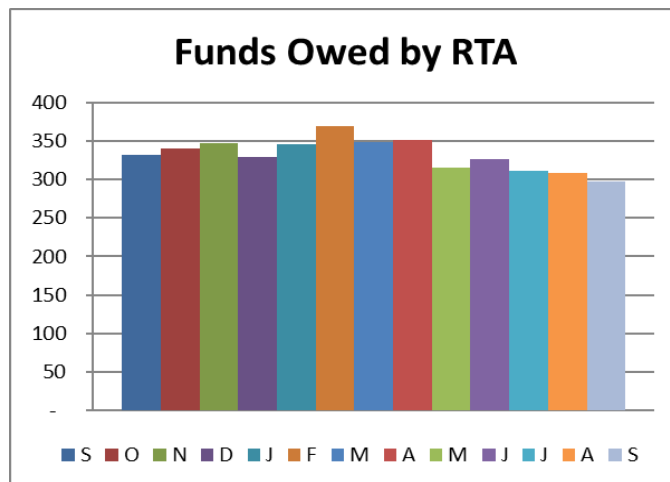
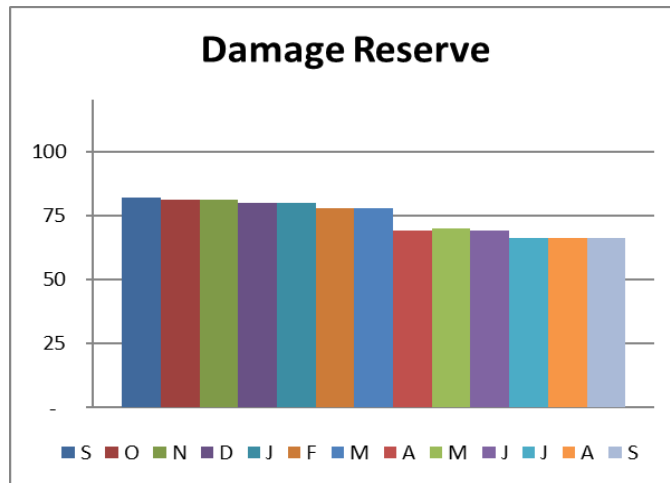
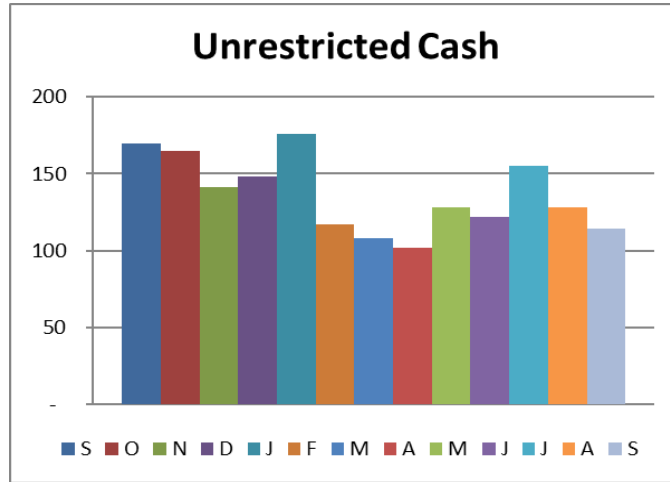
was unfavorable to budget by 0.28 percentage points but currently exceeds the RTA required recovery ratio of 54.75%.

VI. Ridership

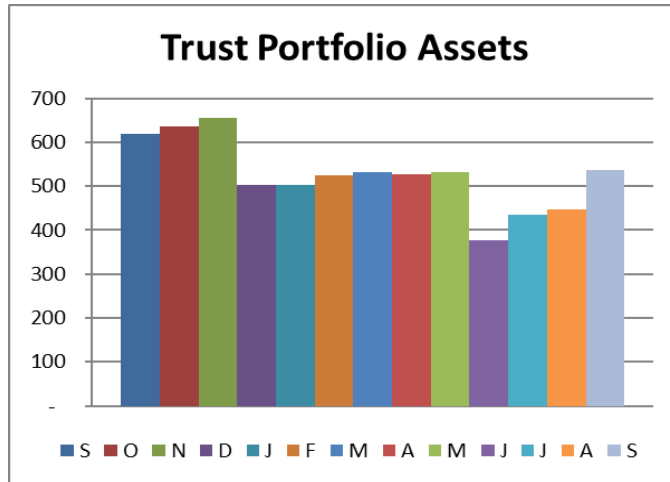
| Category | Current Month | | | Full Year | | |
|------------------------|---------------|------------------|-------------------------------|----------------|----------------|--------------------|
| | Actual | Variance to | Variance to | Actual | Variance to | Variance to |
| | Sep-18 | Budget Sep-18 | Prior Year Sep18 vs. Sep17 | 2018 | Budget 2018 | Prior Year 2017 |
| Bus | 20,674 | 310 | (1,222) | 181,168 | 3,069 | (6,106) |
| Rail | 16,223 | 514 | (349) | 139,154 | 1,073 | (3,351) |
| Rail to Rail Transfers | 3,531 | 68 | (73) | 30,809 | (142) | (747) |
| Total | 40,428 | 892 | (1,644) | 351,131 | 4,000 | (10,204) |

- Ridership for the month of September was 40.4 million and was higher than budget and lower than prior year by 0.9 million and 1.6 million, respectively.
- Calendar adjusted ridership was down 1.6% from prior year due to relatively low gas prices and competition from rideshare services such as Uber and Lyft. The losses were lower than normal due to North Lake Shore Drive construction. Some bus routes were negatively impacted but gains in rail ridership outpaced the bus losses as auto users looked for alternatives to longer than normal travel times.
- Ridership for the year-to-date was 351.1 million and was 4.0 million higher than budget and 10.2 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 2.8% from the prior year-to-date.
- More details on ridership can be found in the September Ridership Report.

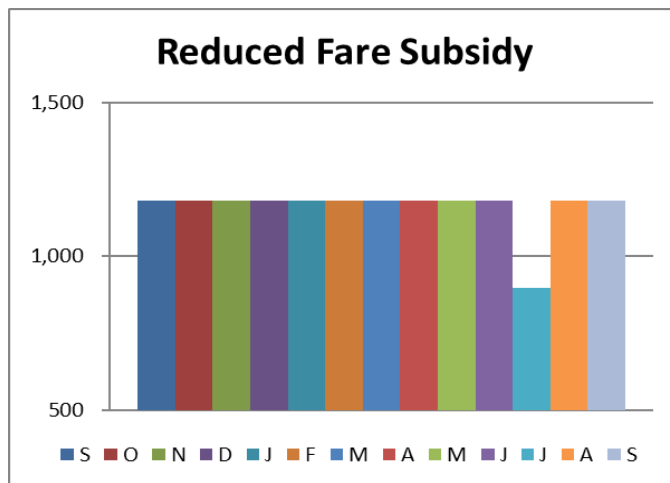
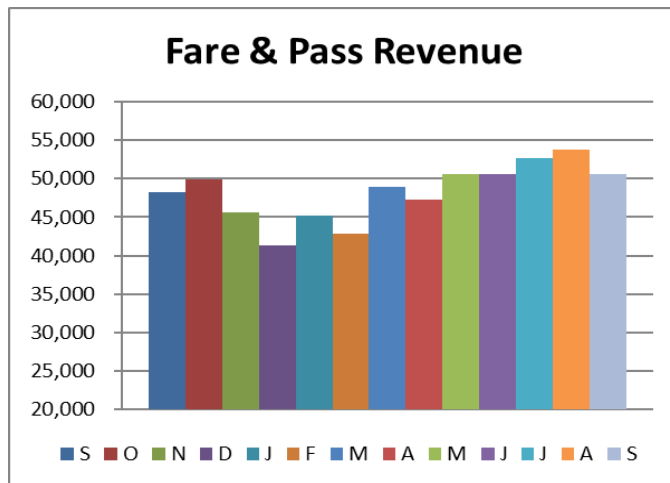
Cash



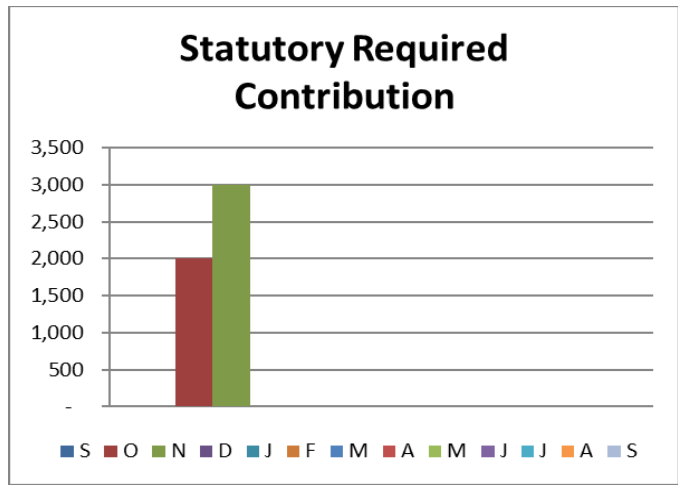
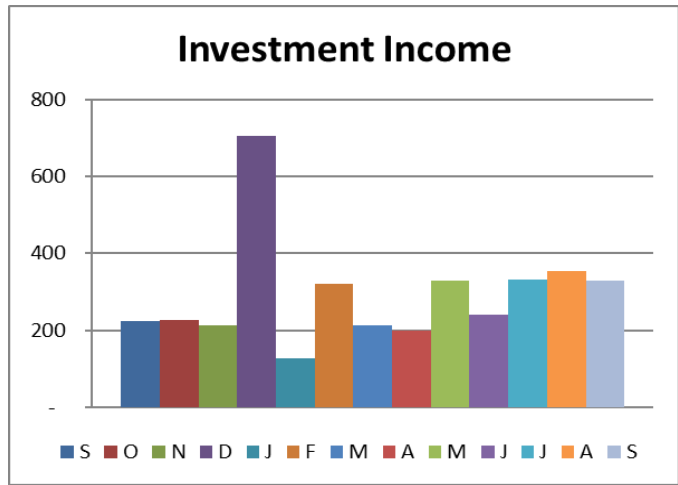
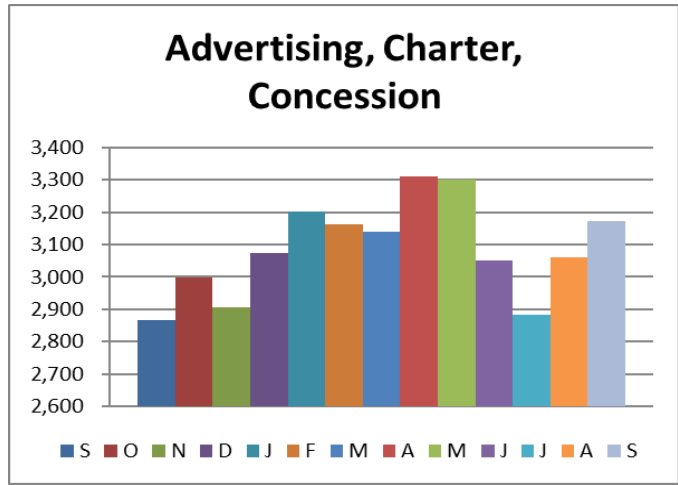
Cash Cont'd



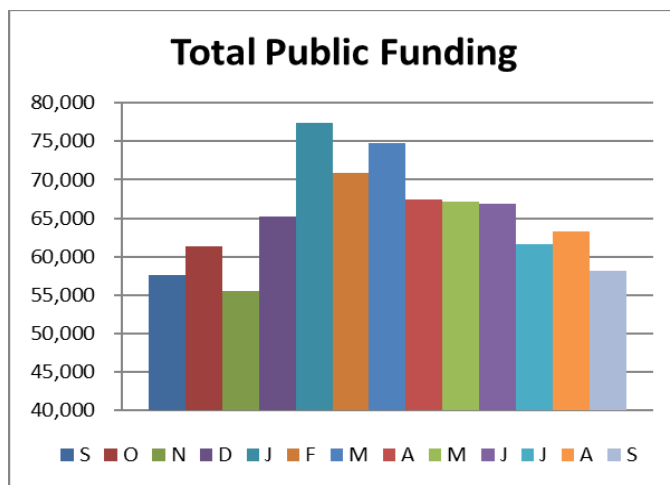
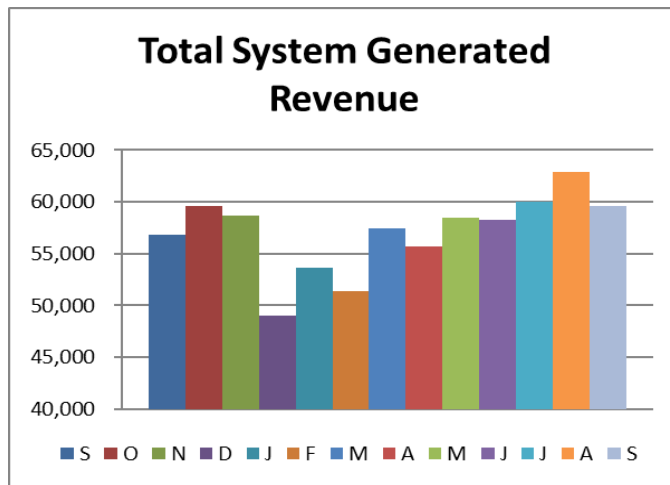
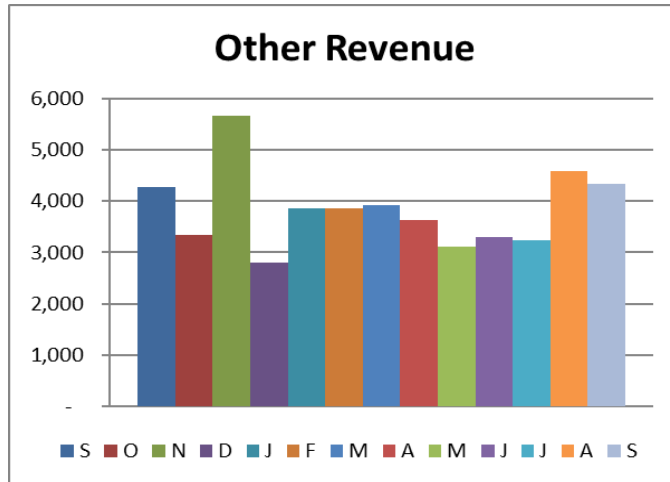
Revenue



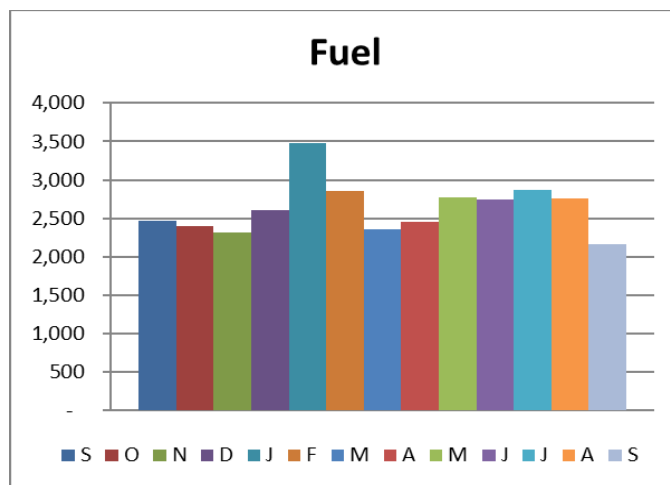
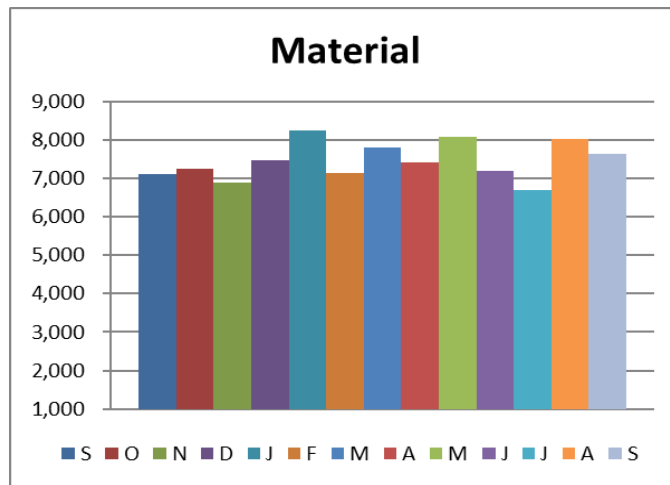
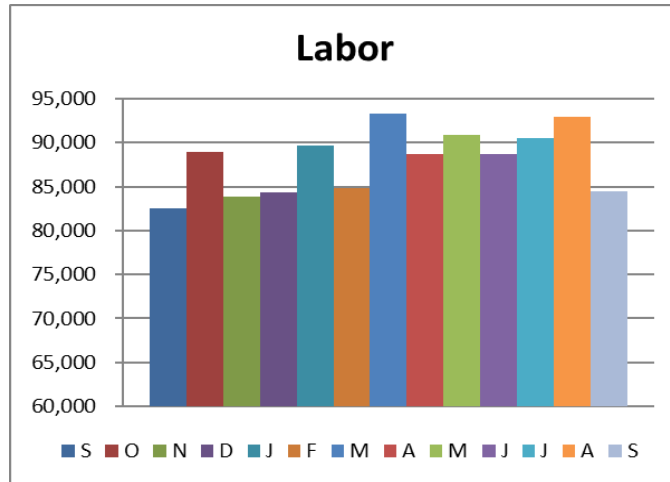
Revenue



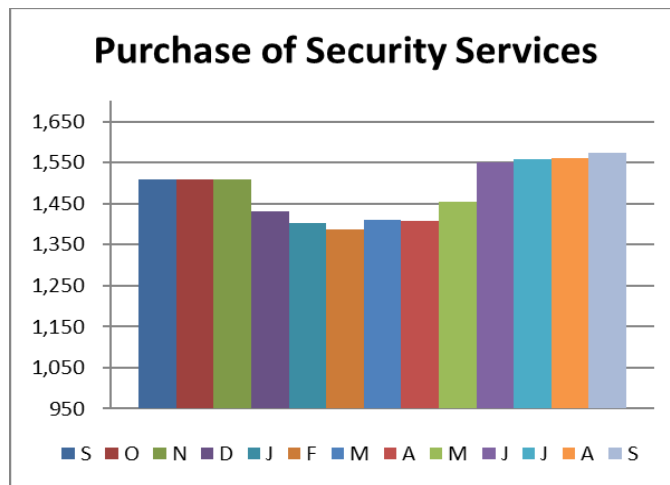
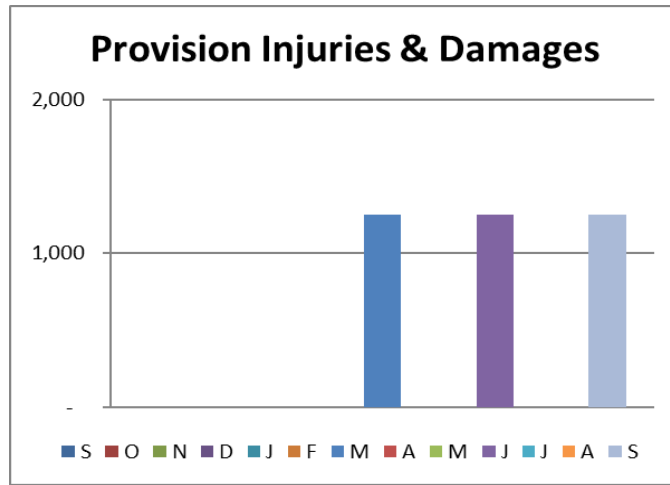
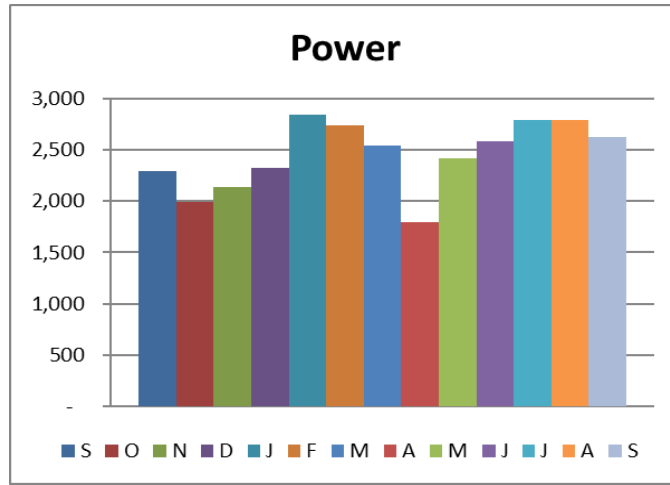
Revenue Cont'd



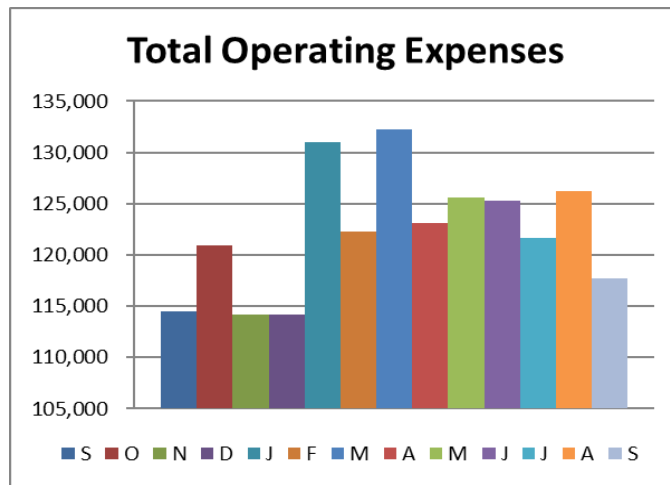
Expenses



Expenses Cont'd



Expenses Cont'd



| Cash | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Unrestricted Cash | 170 | 165 | 141 | 148 | 176 | 117 | 108 | 102 | 128 | 122 | 155 | 128 | 114 |
| Damage Reserve | 82 | 81 | 81 | 80 | 80 | 78 | 78 | 69 | 70 | 69 | 66 | 66 | 66 |
| Funds Owed by RTA | 332 | 340 | 347 | 329 | 346 | 370 | 348 | 352 | 316 | 327 | 312 | 308 | 297 |
| Trust Portfolio Assets | 620 | 636 | 655 | 503 | 503 | 525 | 531 | 527 | 532 | 376 | 434 | 447 | 537 |

| Revenue | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fare & Pass Revenue | 48,281 | 49,847 | 45,668 | 41,259 | 45,231 | 42,887 | 48,965 | 47,335 | 50,568 | 50,533 | 52,640 | 53,714 | 50,594 |
| Reduced Fare Subsidy | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 895 | 1,180 | 1,180 |
| Advertising, Charter, Concession | 2,867 | 2,997 | 2,907 | 3,073 | 3,201 | 3,163 | 3,139 | 3,309 | 3,301 | 3,050 | 2,883 | 3,061 | 3,171 |
| Investment Income | 223 | 226 | 212 | 704 | 126 | 320 | 213 | 198 | 330 | 241 | 332 | 353 | 328 |
| Statutory Required Contribution | - | 2,000 | 3,000 | - | - | - | - | - | - | - | - | - | - |
| Other Revenue | 4,274 | 3,349 | 5,675 | 2,791 | 3,852 | 3,862 | 3,915 | 3,635 | 3,109 | 3,293 | 3,230 | 4,586 | 4,345 |
| Total System Generated Revenue | 56,825 | 59,599 | 58,642 | 49,007 | 53,590 | 51,412 | 57,412 | 55,658 | 58,488 | 58,296 | 59,980 | 62,895 | 59,618 |
| Total Public Funding | 57,662 | 61,316 | 55,512 | 65,165 | 77,376 | 70,865 | 74,834 | 67,466 | 67,151 | 66,938 | 61,622 | 63,329 | 58,121 |

| Expenses | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Labor | 82,542 | 88,972 | 83,796 | 84,287 | 89,645 | 84,844 | 93,329 | 88,722 | 90,888 | 88,719 | 90,462 | 92,918 | 84,405 |
| Material | 7,096 | 7,259 | 6,874 | 7,456 | 8,250 | 7,133 | 7,791 | 7,424 | 8,075 | 7,196 | 6,706 | 8,031 | 7,640 |
| Fuel | 2,472 | 2,403 | 2,316 | 2,611 | 3,484 | 2,852 | 2,360 | 2,453 | 2,768 | 2,750 | 2,875 | 2,765 | 2,165 |
| Power | 2,298 | 1,993 | 2,140 | 2,328 | 2,844 | 2,741 | 2,545 | 1,799 | 2,414 | 2,585 | 2,796 | 2,793 | 2,630 |
| Provision Injuries & Damages | - | - | - | - | - | - | 1,250 | - | - | 1,250 | - | - | 1,250 |
| Purchase of Security Services | 1,510 | 1,508 | 1,508 | 1,430 | 1,403 | 1,387 | 1,410 | 1,409 | 1,455 | 1,551 | 1,558 | 1,560 | 1,573 |
| Other Expenses | 18,570 | 18,778 | 17,518 | 16,059 | 25,340 | 23,320 | 23,562 | 21,318 | 20,039 | 21,183 | 17,206 | 18,157 | 18,076 |
| Total Operating Expenses | 114,487 | 120,914 | 114,153 | 114,172 | 130,966 | 122,277 | 132,247 | 123,123 | 125,639 | 125,234 | 121,602 | 126,224 | 117,739 |