



To: Chicago Transit Authority Board  
From: Jeremy Fine, Chief Financial Officer  
Re: Financial Results for June 2019  
Date: August 14, 2019

## I. Summary

CTA's financial results are \$0.9 million favorable to budget for June due to lower than anticipated material expenses, the timing of contractual services invoices, and higher pass revenue. Results are favorable to budget for year-to-date by \$0.1 million due to the timing of contractual services invoices and lower than anticipated material expenses which were partially offset by significantly lower fare and pass revenue associated with the January 2019 polar vortex and lower reduced fare reimbursements from the State.

Ridership for the month was 38.0 million and was 0.1 million lower than budget. Ridership was 1.4 million less than June 2018. Ridership year-to-date was lower than budget and prior year by 4.6 million and 7.8 million, respectively. The ridership loss over the prior year to date was due to historically cold weather in addition to snow and rain events, 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 June 2019 compared to June 2018.

	June 2019	June 2018	Increase (Decrease)
Unrestricted Cash	\$ 99,331	\$ 121,557	\$ (22,226)
Damage Reserve	46,518	69,281	\$ (22,763)
Funds Owed by RTA	325,981	326,944	\$ (963)
Trust Portfolio Assets	331,090	375,731	\$ (44,641)
Total Cash and Receivables	<u>\$ 802,920</u>	<u>\$ 893,513</u>	<u>\$ (90,593)</u>

CTA's total cash/receivables balance was equal to \$802.9 million. Unrestricted cash was \$22.2 million lower than the prior year due to the timing of cash receipts and invoice payments particularly related to capital reimbursements from the State. The Damage Reserve fund was \$22.8 million lower than last year due to an increase in settlement payments throughout 2018 and 2019. Funds owed by the RTA were approximately \$326.0 million which was \$1.0 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
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Fare & Pass Revenue	\$ 49,212	\$ (875)	\$ (1,321)	\$ 282,223	\$ (3,544)	\$ (3,296)

- Fare and pass revenue for June was \$0.9 million unfavorable to budget due to rainy weather and lower visitor ridership on rail. Fare and pass revenue was \$1.3 million unfavorable to prior year due to one less weekday and lower ridership. The average fare for the month was \$1.30 per ride and was \$0.02 lower than budget and \$0.01 higher than the prior year.
- Year-to-date fare and pass revenue was \$3.5 million unfavorable to budget and \$3.3 million unfavorable to prior year due to lower ridership during January 2019's extreme cold weather as well as wintry weather in March and lower visitor ridership in June. The average fare for the year was \$1.27 per ride and was \$0.01 higher than budget and \$0.03 higher than the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 7,080	\$ (7,080)	\$ -

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$7.1 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Advertising, Charter, Concession	\$ 3,257	\$ 18	\$ 207	\$ 19,714	\$ 169	\$ 551

- Advertising, Charter and Concessions Revenue was slightly favorable to budget for the month and \$0.2 million favorable year-to-date due to higher advertising revenue. It was \$0.6 million higher than prior year-to-date due to an increase in the advertising revenue minimum guarantee in 2019.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Investment income	\$ 252	\$ 85	\$ 11	\$ 1,663	\$ 696	\$ 234

- Investment income was \$0.1 million and \$0.7 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
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Other Revenue	\$ 3,735	\$ 154	\$ 443	\$ 21,410	\$ (132)	\$ (255)

- Other Revenue for the month was \$0.2 million favorable to budget and \$0.4 million favorable to prior year primarily due to higher parking lot and non-capital grant revenues. Year-to-date, other revenue was unfavorable to budget by \$0.1 million due to lower than anticipated rental revenue. Other revenue was unfavorable to prior year-to-date by \$0.3 million primarily due to lower non-capital grant and rental revenues.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Total System Generated Revenue	\$ 57,637	\$ (1,799)	\$ (659)	\$ 332,090	\$ (9,891)	\$ (2,767)

- Total System-Generated Revenue was lower than budget for the month and year-to-date by \$1.8 million and \$9.9 million, respectively, due to lower fare and reduced fare revenues. It was less than prior year-to-date by \$2.8 million due to lower fare revenue.

#### IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Labor	\$ 86,253	\$ (1,080)	\$ 2,466	\$ 534,031	\$ 343	\$ 2,117

- Labor expense was \$1.1 million unfavorable to budget for the month due to overtime costs and \$0.3 million favorable year-to-date due to managing vacant positions. Labor expense was \$2.1 million favorable to prior year-to-date due to lower fringe benefits in 2019 and managing vacant positions.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Material	\$ 5,580	\$ 1,627	\$ 1,616	\$ 37,554	\$ 2,725	\$ 8,315

- Material expense was \$1.6 million favorable to budget for the month and \$2.7 million favorable year-to-date due to lower than anticipated material expenses. Material expense was \$1.6 million and \$8.3 million favorable to June 2018 and prior year-to-date, respectively, due to cost management measures.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Fuel	\$ 3,047	\$ 631	\$ (297)	\$ 20,205	\$ 1,737	\$ (3,538)

- Fuel for Revenue Equipment expense was \$0.6 million favorable to budget in June primarily due to lower than anticipated usage and price. Higher fuel prices account 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
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Power	\$ 2,361	\$ 370	\$ 224	\$ 16,843	\$ 504	\$ (1,915)

- The Electric Power for Revenue Equipment expense was \$0.4 million favorable to budget for the month. Year-to-date, expenses were \$1.9 million unfavorable to prior year, primarily due to the harsher weather this year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Provision for Injuries & Damages	\$ 625	\$ -	\$ 625	\$ 3,750	\$ -	\$ (1,250)

- The Provision for Injuries & Damages expense is budgeted monthly in 2019 and was budgeted quarterly in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Purchase of Security Services	\$ 1,388	\$ 221	\$ 163	\$ 8,541	\$ 1,113	\$ 74

- Purchase of Security Services was \$0.2 million favorable to budget for the month and \$0.2 million favorable to prior year. Year-to-date, expenses were \$1.1 million favorable to budget and \$0.1 million favorable to prior year due to the timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Other Expenses	\$ 24,202	\$ 970	\$ (3,020)	\$ 138,881	\$ 3,587	\$ (4,121)

- Other expenses were \$1.0 million favorable to budget for the month and \$3.6 million favorable to budget for the year-to-date due to the timing of contractual services invoices. 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
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Total Operating Expenses	\$ 123,457	\$ 2,739	\$ 1,777	\$ 759,804	\$ 10,009	\$ (319)

- Operating Expenses were \$2.7 million favorable to budget for the month primarily due to the timing of contractual services invoices and lower than anticipated material expenses. The unfavorable variance to prior year-to-date was due primarily to higher fuel and power expenses resulting from higher prices and harsher weather.

## V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Recovery Ratio	57.52%	0.35		53.66%	(0.49)	

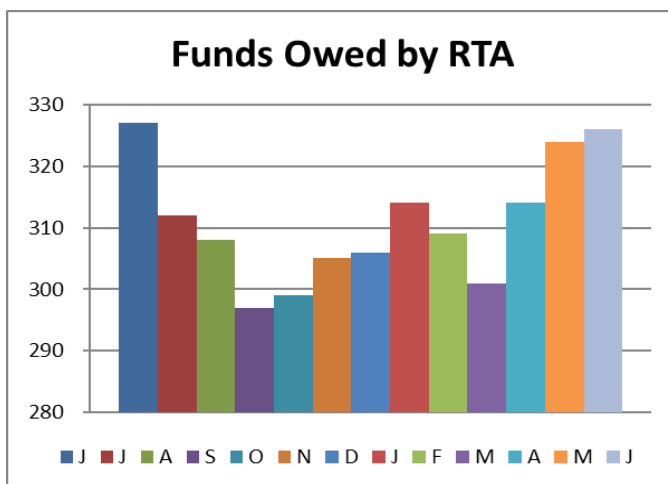
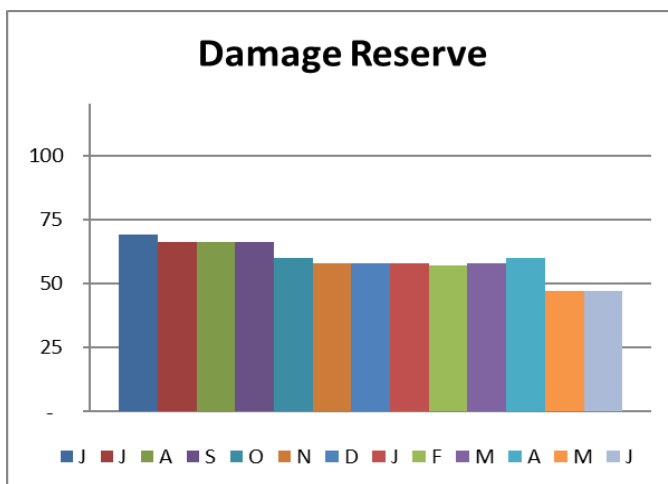
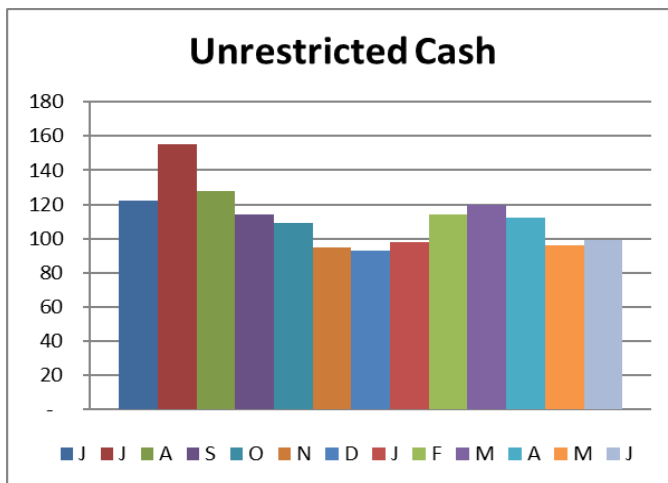
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 57.52% for the month. This was favorable to budget by 0.35 percentage points for the month. Year-to-date, the recovery ratio was 53.66%, which was unfavorable to budget by 0.49 percentage points but is on target to meet the RTA required recovery ratio of 54.75% for the year.

## VI. Ridership

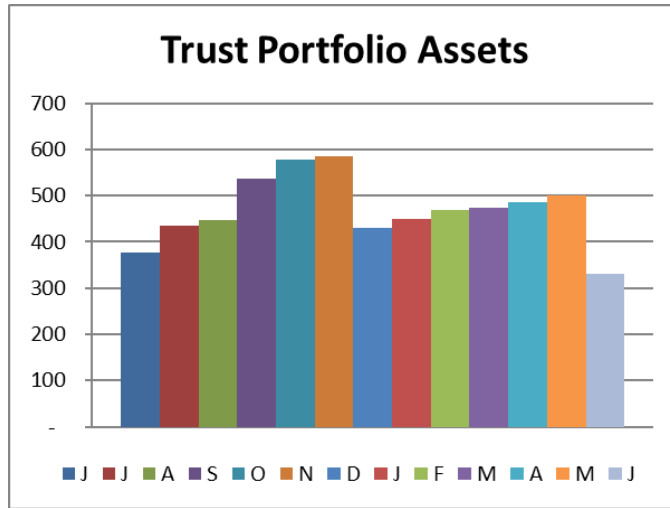
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jun-19	Budget Jun-19	Prior Year Jun19 vs. Jun18	2019	Budget 2019	Prior Year 2018
Bus	19,432	276	(517)	116,513	(1,512)	(3,982)
Rail	15,162	(337)	(726)	87,180	(2,566)	(3,140)
Rail to Rail Transfers	3,408	(77)	(161)	19,427	(562)	(699)
Total	38,002	(138)	(1,405)	223,121	(4,640)	(7,821)

- Ridership for the month of June was 38.0 million and was lower than budget and prior year by 0.1 million and 1.4 million, respectively.
- Calendar adjusted ridership was down 1.5% from prior year due to relatively low gas prices, rain events, and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 223.1 million and was 4.6 million lower than budget and 7.8 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 3.0% from the prior year-to-date.
- More details on ridership can be found in the June Ridership Report.

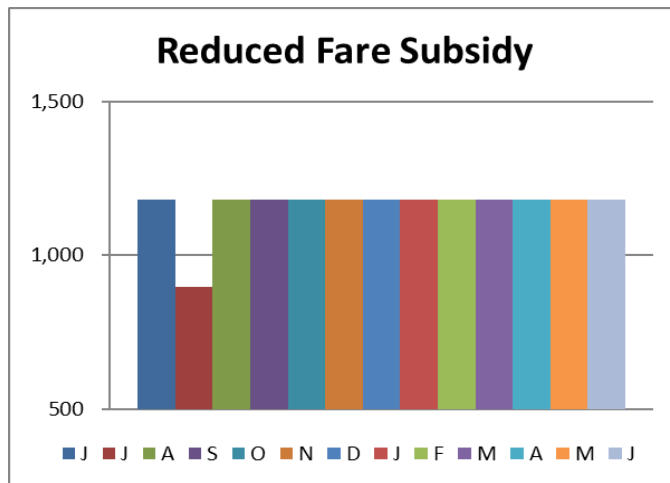
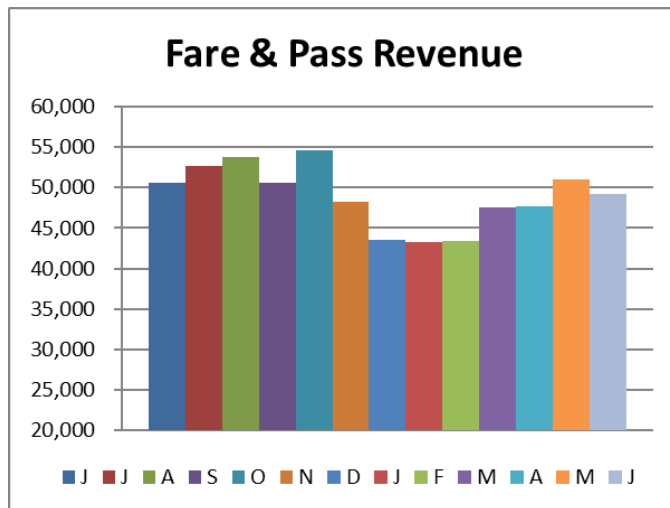
## Cash



Cash Cont'd

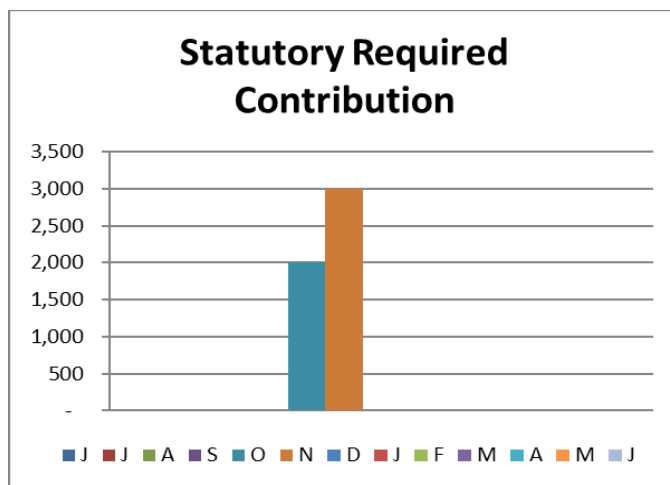
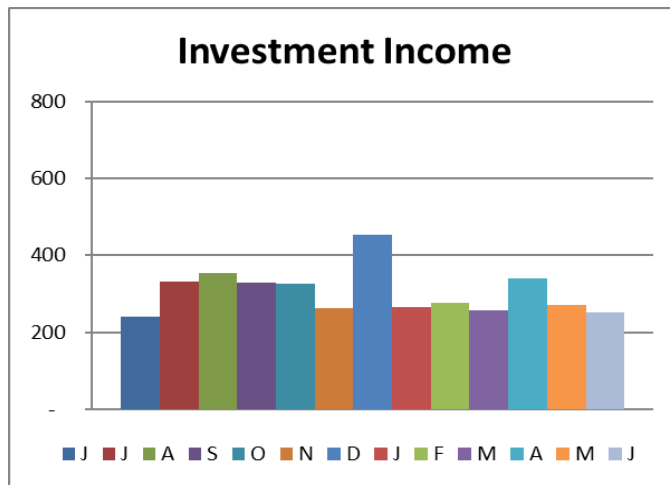
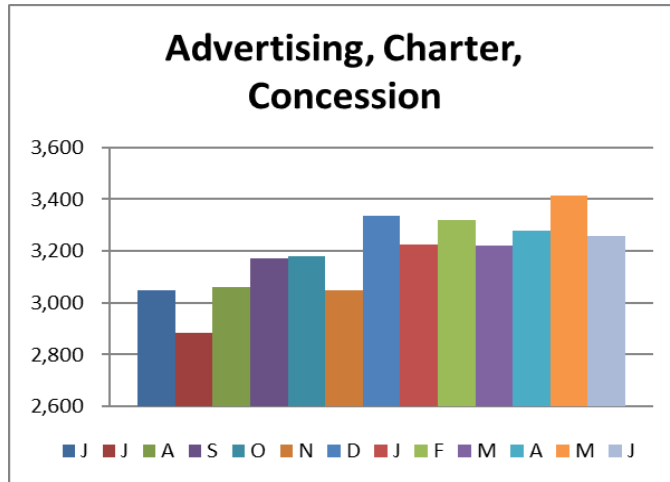


Revenue

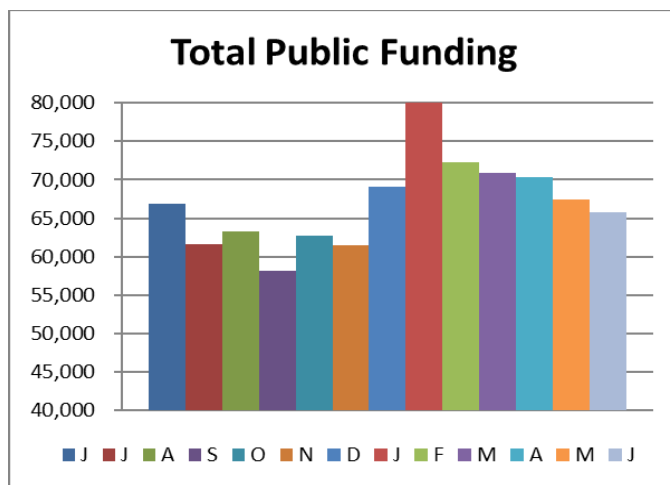
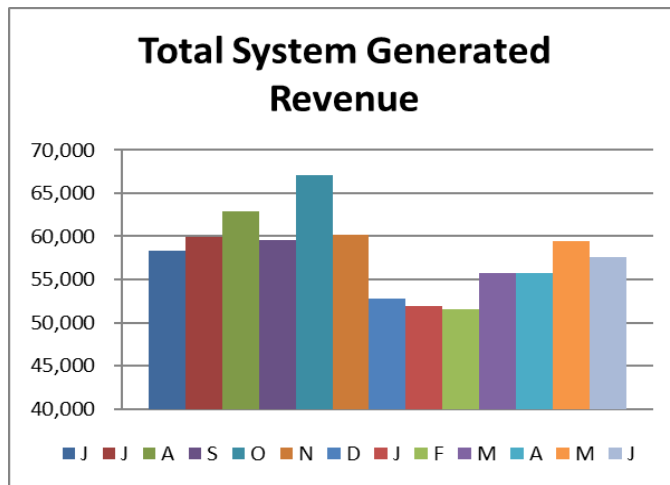
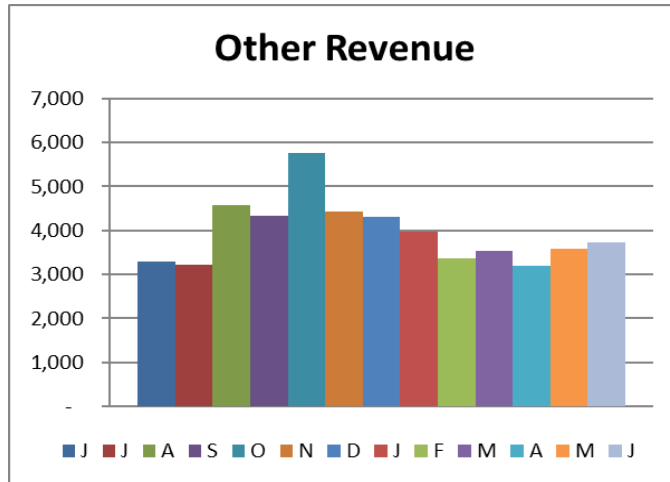




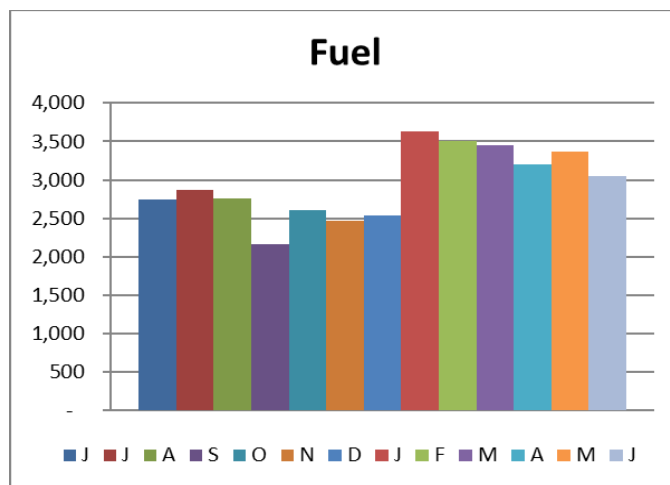
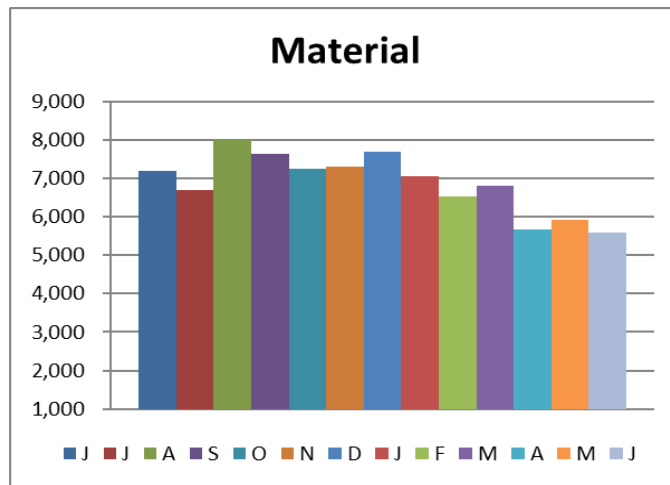
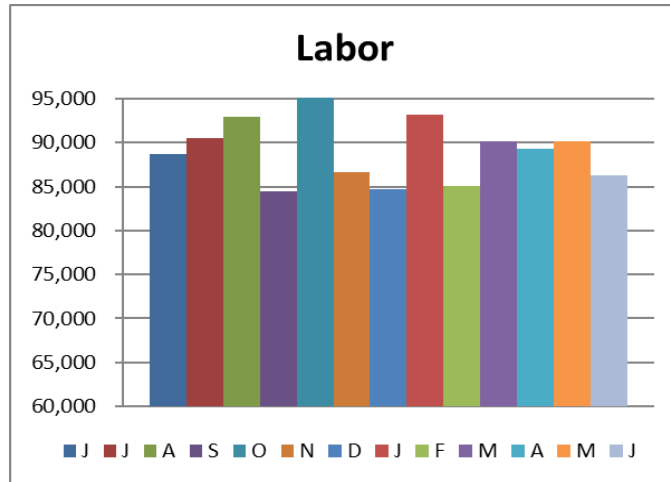
Revenue Cont'd



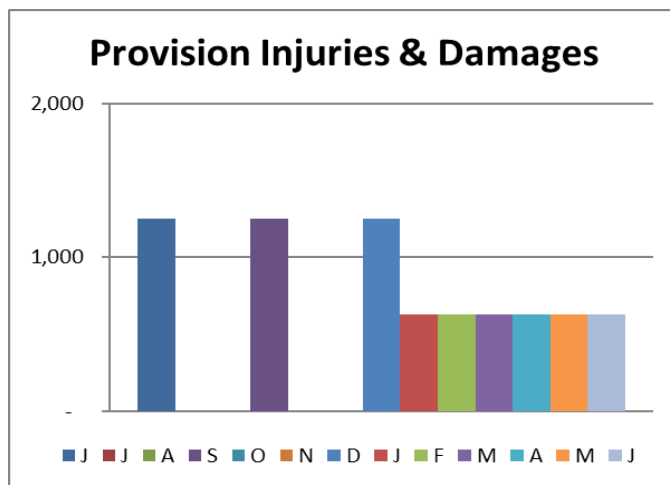
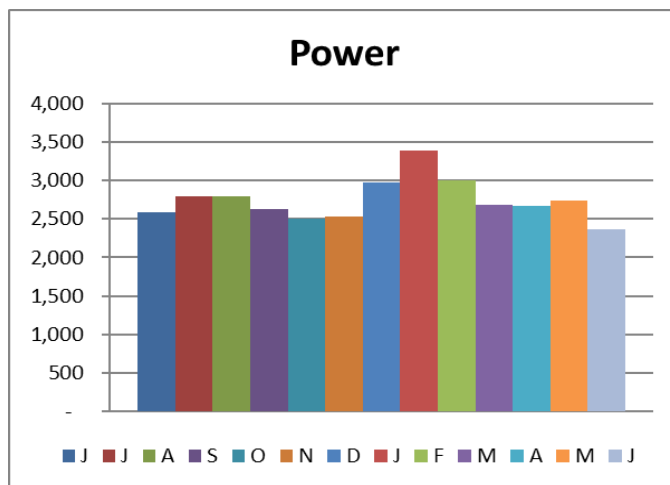
Revenue Cont'd



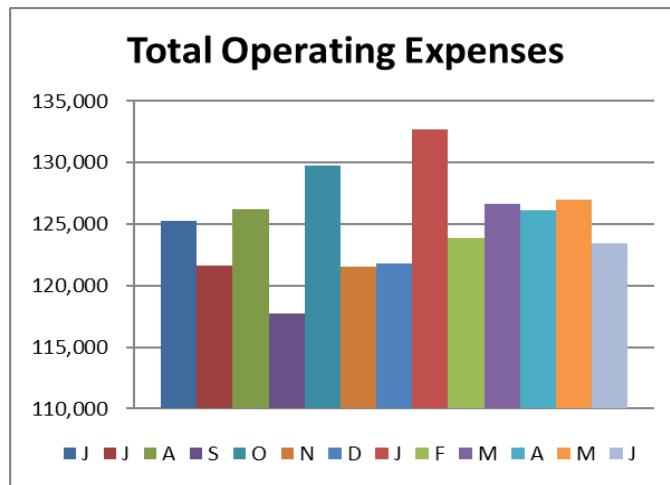
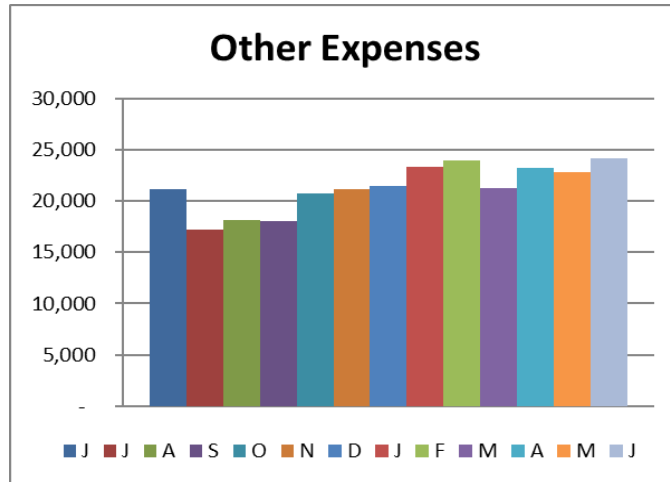
## Expenses



Expenses Cont'd



## Expenses Cont'd



<b>Cash</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
Unrestricted Cash	122	155	128	114	109	95	93	98	114	120	112	96	99
Damage Reserve	69	66	66	66	60	58	58	58	57	58	60	47	47
Funds Owed by RTA	327	312	308	297	299	305	306	314	309	301	314	324	326
Trust Portfolio Assets	376	434	447	537	578	586	430	449	468	473	485	500	331

<b>Revenue</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
Fare & Pass Revenue	50,533	52,640	53,714	50,594	54,595	48,219	43,510	43,236	43,416	47,591	47,741	51,027	49,212
Reduced Fare Subsidy	1,180	895	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	3,050	2,883	3,061	3,171	3,181	3,048	3,336	3,226	3,320	3,219	3,278	3,414	3,257
Investment Income	241	332	353	328	327	262	453	265	275	258	341	272	252
Statutory Required Contribution	-	-	-	-	2,000	3,000	-	-	-	-	-	-	-
Other Revenue	3,293	3,230	4,586	4,345	5,765	4,434	4,314	3,976	3,374	3,536	3,195	3,594	3,735
<b>Total System Generated Revenue</b>	<b>58,296</b>	<b>59,980</b>	<b>62,895</b>	<b>59,618</b>	<b>67,048</b>	<b>60,143</b>	<b>52,794</b>	<b>51,882</b>	<b>51,566</b>	<b>55,784</b>	<b>55,735</b>	<b>59,486</b>	<b>57,637</b>
Total Public Funding	66,938	61,622	63,329	58,121	62,728	61,417	69,030	80,857	72,323	70,843	70,381	67,490	65,820

<b>Expenses</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
Labor	88,719	90,462	92,918	84,405	95,214	86,658	84,653	93,193	85,024	90,206	89,260	90,095	86,253
Material	7,196	6,706	8,031	7,640	7,237	7,312	7,680	7,043	6,531	6,808	5,681	5,911	5,580
Fuel	2,750	2,875	2,765	2,165	2,601	2,473	2,535	3,629	3,512	3,445	3,208	3,364	3,047
Power	2,585	2,796	2,793	2,630	2,508	2,531	2,977	3,395	2,998	2,681	2,667	2,741	2,361
Provision Injuries & Damages	1,250	-	-	1,250	-	-	1,250	625	625	625	625	625	625
Purchase of Security Services	1,551	1,558	1,560	1,573	1,460	1,437	1,299	1,482	1,263	1,558	1,459	1,391	1,388
Other Expenses	21,183	17,206	18,157	18,076	20,756	21,149	21,430	23,373	23,938	21,304	23,215	22,849	24,202
<b>Total Operating Expenses</b>	<b>125,234</b>	<b>121,602</b>	<b>126,224</b>	<b>117,739</b>	<b>129,776</b>	<b>121,560</b>	<b>121,824</b>	<b>132,740</b>	<b>123,890</b>	<b>126,627</b>	<b>126,116</b>	<b>126,976</b>	<b>123,457</b>