



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for July 2019
Date: September 11, 2019

I. Summary

CTA's financial results are \$3.8 million favorable to budget for July primarily due to the timing of contractual services invoices. Results are favorable to budget for year-to-date by \$3.9 million due to the timing of contractual services invoices and lower than anticipated material expenses which were partially offset by significantly lower fare revenue associated with the January 2019 polar vortex and lower reduced fare reimbursements from the State.

Ridership for the month was 39.0 million and was 0.5 million lower than budget. Ridership was 0.2 million less than July 2018. Ridership year-to-date was lower than budget and prior year by 5.1 million and 8.0 million, respectively. The ridership loss over the prior year to date was due to 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 July 2019 compared to July 2018.

	July 2019	July 2018	Increase (Decrease)
Unrestricted Cash	\$ 98,890	\$ 155,145	\$ (56,255)
Damage Reserve	48,208	66,349	\$ (18,141)
Funds Owed by RTA	318,163	311,564	\$ 6,599
Trust Portfolio Assets	350,742	434,285	\$ (83,543)
Total Cash and Receivables	\$ 816,003	\$ 967,343	\$ (151,340)

CTA's total cash/receivables balance was equal to \$816.0 million. Unrestricted cash was \$56.3 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 \$18.1 million lower than last year due to an increase in settlement payments throughout 2018 and 2019. Funds owed by the RTA were approximately \$318.2 million which was \$6.6 million higher 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Fare & Pass Revenue	\$ 52,247	\$ (585)	\$ (393)	\$ 334,470	\$ (4,129)	\$ (3,689)

- Fare and pass revenue for July was \$0.6 million unfavorable to budget and \$0.4 million unfavorable to prior year as rail ridership was suppressed partly due to weekend service disruptions on the Blue, Green, and Pink lines for planned work. The average fare for the month was \$1.34 per ride and was on par with budget and the prior year.
- Year-to-date fare and pass revenue was \$4.1 million unfavorable to budget and \$3.7 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 ridership in June and July. The average fare for the year was \$1.28 per ride and was \$0.01 higher than budget and \$0.02 higher than the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Reduced Fare Subsidy	\$ 1,625	\$ (735)	\$ 730	\$ 8,705	\$ (7,815)	\$ 730

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$0.7 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-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Advertising, Charter, Concession	\$ 3,138	\$ 7	\$ 255	\$ 22,852	\$ 176	\$ 806

- Advertising, Charter and Concessions Revenue was slightly favorable to budget for the month and \$0.2 million favorable year-to-date due to higher vehicle and platform advertising revenue. This revenue category was \$0.8 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Investment income	\$ 261	\$ 68	\$ (71)	\$ 1,924	\$ 765	\$ 163

- Investment income was \$0.1 million and \$0.8 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Other Revenue	\$ 4,088	\$ 81	\$ 859	\$ 25,498	\$ (51)	\$ 604

- Other Revenue for the month was \$0.1 million favorable to budget and \$0.9 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 favorable to prior year-to-date by \$0.6 million primarily due to higher parking lot and non-capital grant revenues.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Total System Generated Revenue	\$ 61,360	\$ (1,163)	\$ 1,381	\$ 393,451	\$ (11,054)	\$ (1,386)

- Total System-Generated Revenue was lower than budget for the month and year-to-date by \$1.2 million and \$11.1 million, respectively, due to lower fare and reduced fare revenues. It was less than prior year-to-date by \$1.4 million due to lower fare revenue.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Labor	\$ 92,900	\$ 1,240	\$ (2,438)	\$ 626,930	\$ 1,583	\$ (321)

- Labor expense was \$1.2 million favorable to budget for the month and \$1.6 million favorable year-to-date due to managing vacant positions. Labor expense was \$2.4 million unfavorable to July 2018 and \$0.3 million unfavorable to prior year-to-date due to negotiated union contract increases that took effect in July 2019.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Material	\$ 5,579	\$ 956	\$ 1,127	\$ 43,133	\$ 3,682	\$ 9,442

- Material expense was \$1.0 million favorable to budget for the month and \$3.7 million favorable year-to-date due to lower than anticipated material needs. Material expense was \$1.1 million and \$9.4 million favorable to July 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Fuel	\$ 3,599	\$ (18)	\$ (724)	\$ 23,804	\$ 1,719	\$ (4,262)

- Fuel for Revenue Equipment expense was slightly unfavorable to budget in July. 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Power	\$ 2,784	\$ 62	\$ 12	\$ 19,627	\$ 566	\$ (1,903)

- The Electric Power for Revenue Equipment expense was \$0.1 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Provision for Injuries & Damages	\$ 625	\$ -	\$ (625)	\$ 4,375	\$ -	\$ (1,875)

- 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Purchase of Security Services	\$ 1,505	\$ 104	\$ 53	\$ 10,045	\$ 1,217	\$ 127

- Purchase of Security Services was \$0.1 million favorable to budget for the month and \$0.1 million favorable to prior year. Year-to-date, expenses were \$1.2 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Other Expenses	\$ 20,339	\$ 2,647	\$ (3,133)	\$ 159,220	\$ 6,233	\$ (7,254)

- Other expenses were \$2.6 million favorable to budget for the month and \$6.2 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Total Operating Expenses	\$ 127,330	\$ 4,992	\$ (5,728)	\$ 887,135	\$ 15,001	\$ (6,047)

- Operating Expenses were \$5.0 million favorable to budget for the month primarily due to the timing of contractual services invoices and lower than anticipated labor and material expenses. The unfavorable variance to prior year-to-date was due to the timing of contractual services invoices in addition 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
	Jul-19	Budget Jul-19	Prior Year Jul19 vs. Jul18	2019	Budget 2019	Prior Year 2018
Recovery Ratio	59.13%	1.91		54.44%	(0.15)	

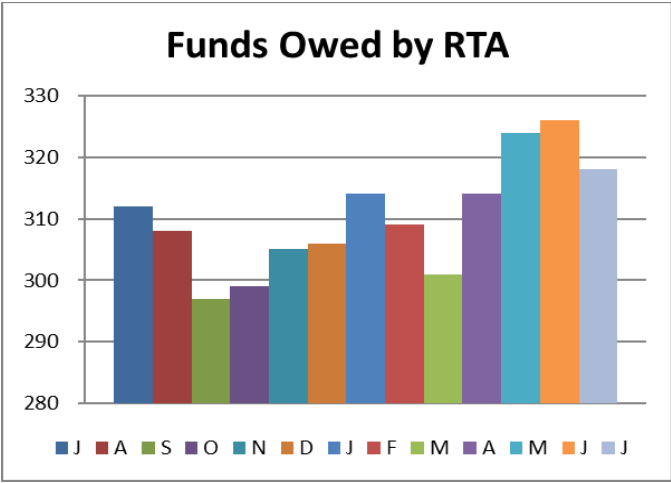
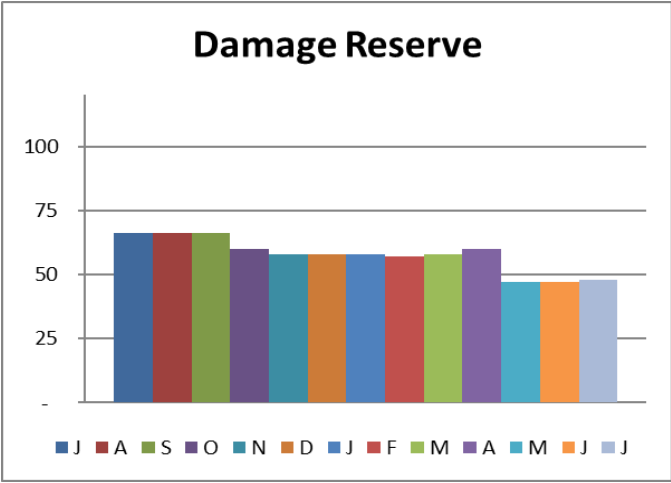
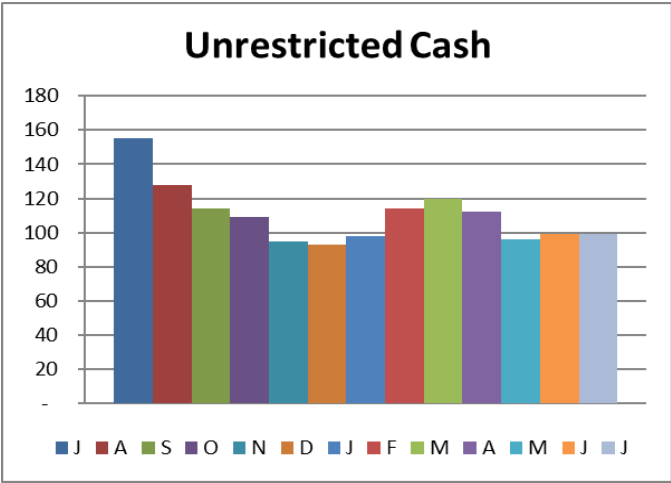
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 59.13% for the month. This was favorable to budget by 1.91 percentage points for the month. Year-to-date, the recovery ratio was 54.44%, which was unfavorable to budget by 0.15 percentage points but is on target to meet the RTA required recovery ratio of 54.75% for the year.

VI. Ridership

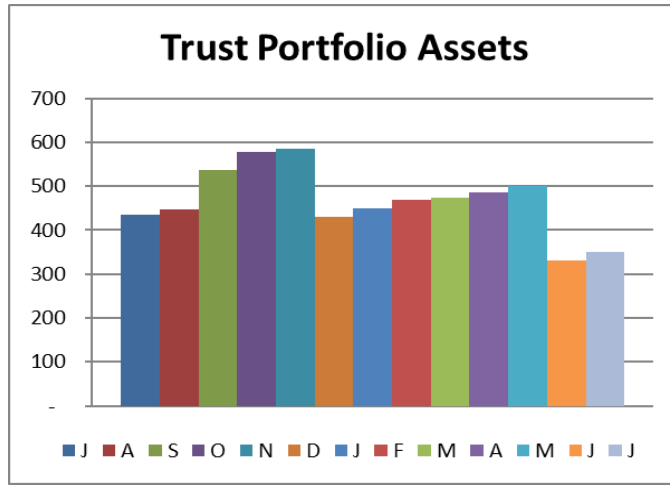
Category	Current Month			Full Year		
	Actual Jul-19	Variance to Budget Jul-19	Variance to Prior Year Jul19 vs. Jul18	Actual 2019	Variance to Budget 2019	Variance to Prior Year 2018
Bus	19,904	156	147	136,417	(1,356)	(3,835)
Rail	15,669	(507)	(263)	102,850	(3,073)	(3,403)
Rail to Rail Transfers	3,435	(111)	(65)	22,861	(673)	(763)
Total	39,008	(462)	(181)	262,129	(5,102)	(8,002)

- Ridership for the month of July was 39.0 million and was lower than budget and prior year by 0.5 million and 0.2 million, respectively.
- Calendar adjusted ridership was down 2.3% from prior year due to relatively low gas prices and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 262.1 million and was 5.1 million lower than budget and 8.0 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 2.7% from the prior year-to-date.
- More details on ridership can be found in the July Ridership Report.

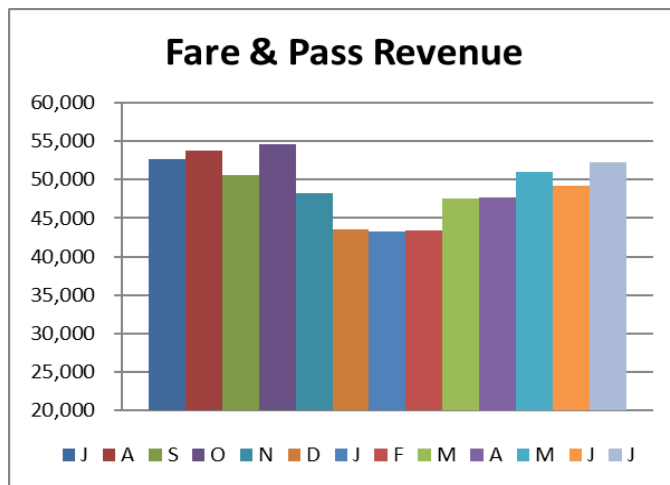
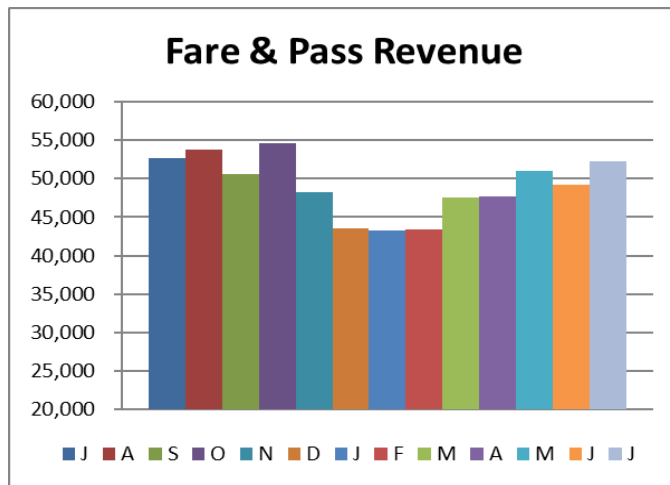
Cash & Liquidity



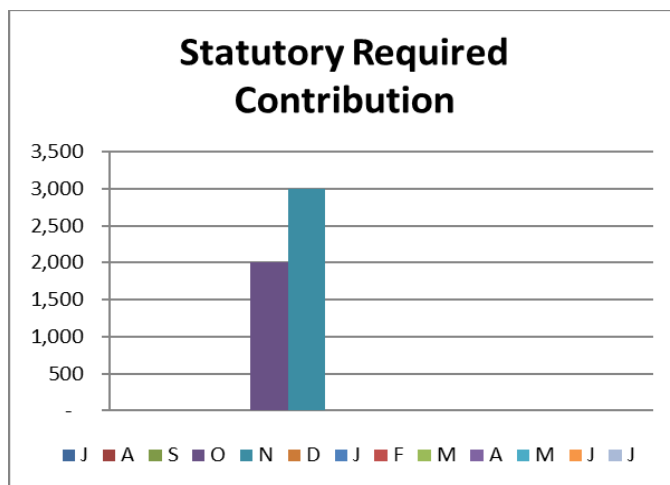
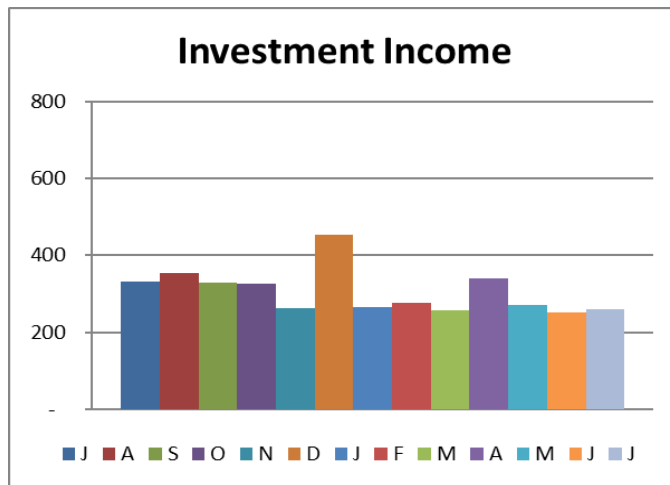
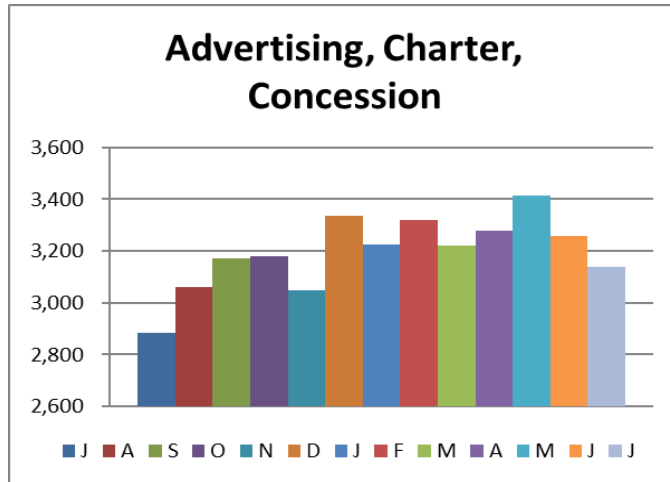
Cash & Liquidity Cont'd



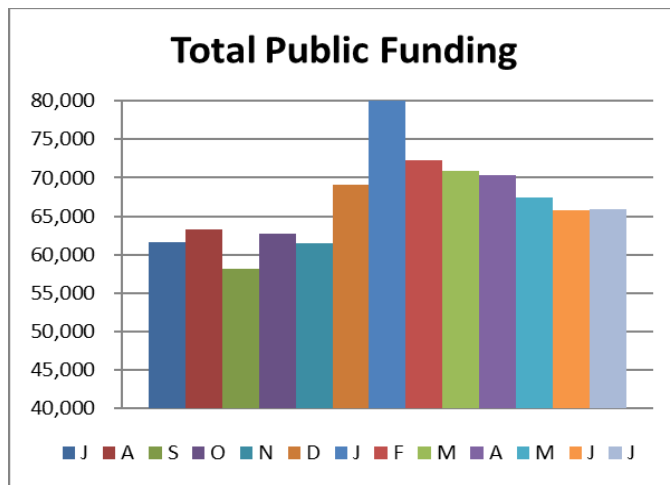
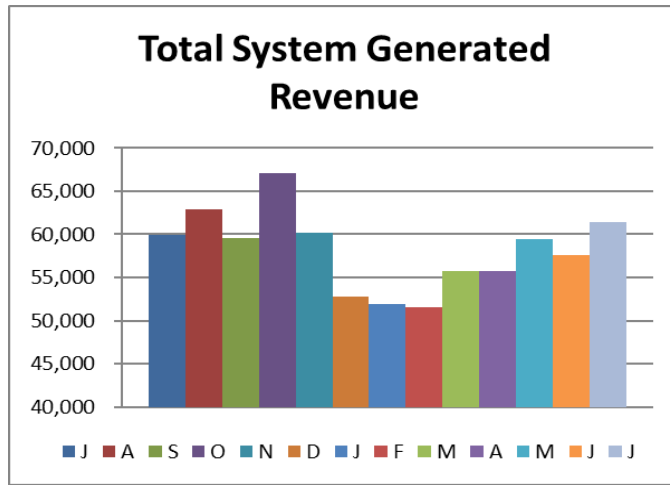
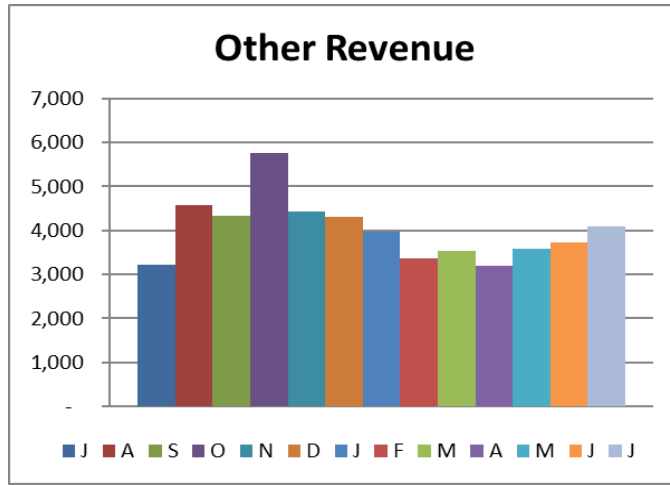
Revenue



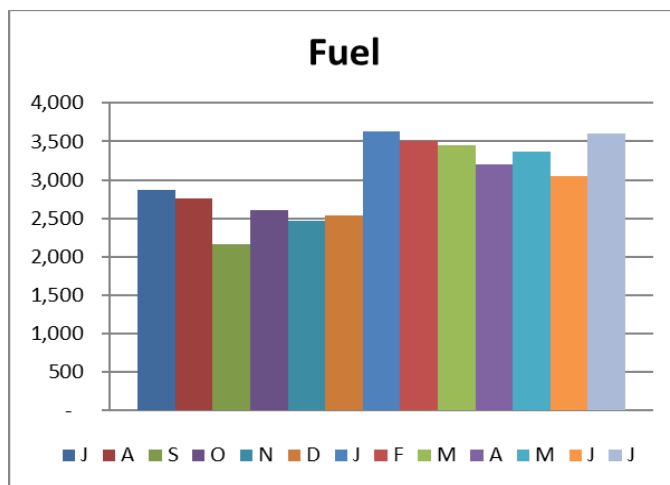
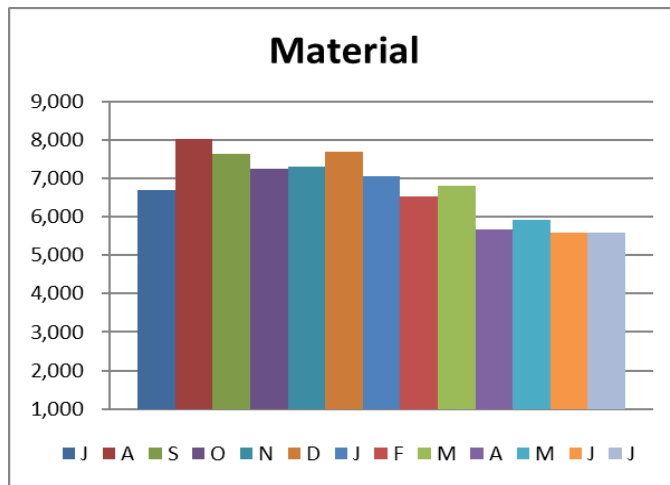
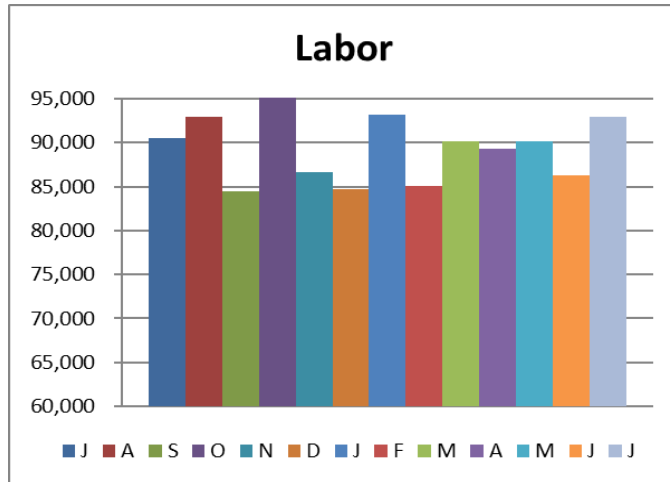
Revenue Cont'd



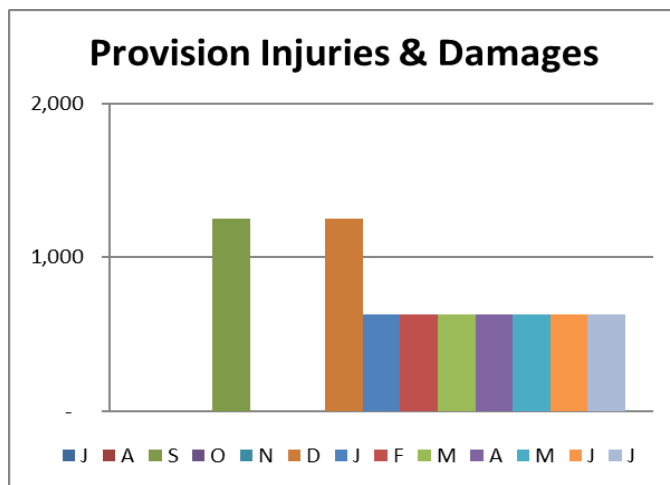
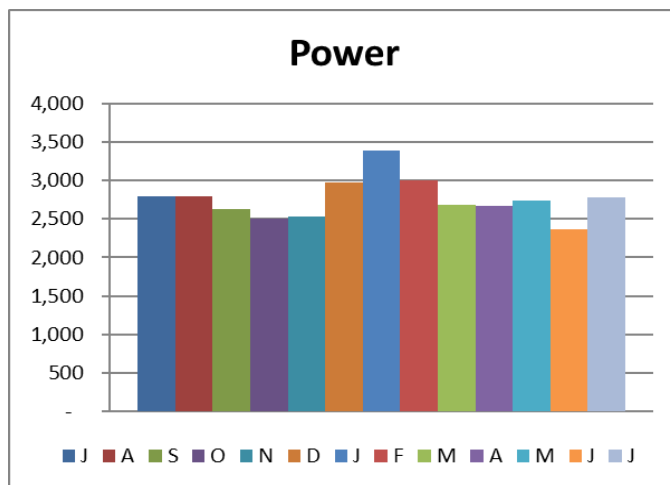
Revenue Cont'd



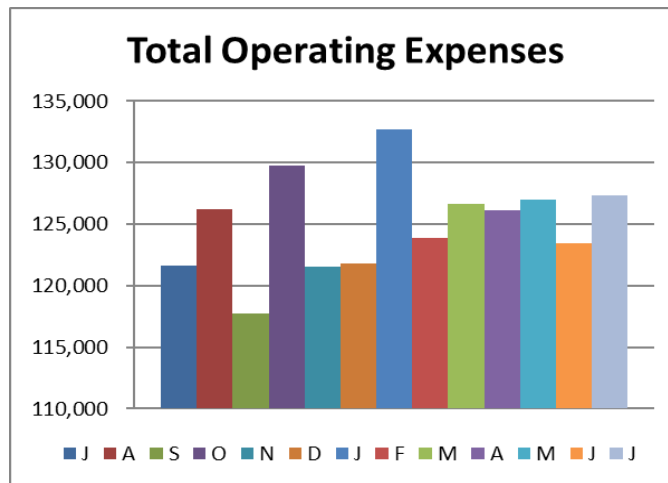
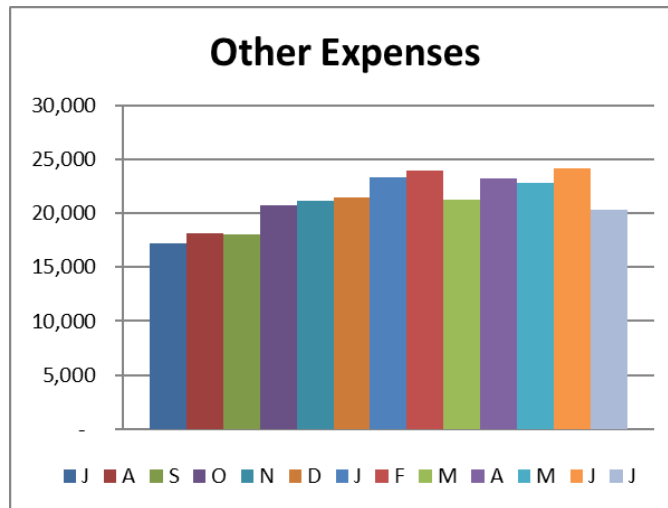
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Unrestricted Cash	155	128	114	109	95	93	98	114	120	112	96	99	99
Damage Reserve	66	66	66	60	58	58	58	57	58	60	47	47	48
Funds Owed by RTA	312	308	297	299	305	306	314	309	301	314	324	326	318
Trust Portfolio Assets	434	447	537	578	586	430	449	468	473	485	500	331	351

Revenue	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Fare & Pass Revenue	52,640	53,714	50,594	54,595	48,219	43,510	43,236	43,416	47,591	47,741	51,027	49,212	52,247
Reduced Fare Subsidy	895	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,625
Advertising, Charter, Concession	2,883	3,061	3,171	3,181	3,048	3,336	3,226	3,320	3,219	3,278	3,414	3,257	3,138
Investment Income	332	353	328	327	262	453	265	275	258	341	272	252	261
Statutory Required Contribution	-	-	-	2,000	3,000	-	-	-	-	-	-	-	-
Other Revenue	3,230	4,586	4,345	5,765	4,434	4,314	3,976	3,374	3,536	3,195	3,594	3,735	4,088
Total System Generated Revenue	59,980	62,895	59,618	67,048	60,143	52,794	51,882	51,566	55,784	55,735	59,486	57,637	61,360
Total Public Funding	61,622	63,329	58,121	62,728	61,417	69,030	80,857	72,323	70,843	70,381	67,490	65,820	65,970

Expenses	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Labor	90,462	92,918	84,405	95,214	86,658	84,653	93,193	85,024	90,206	89,260	90,095	86,253	92,900
Material	6,706	8,031	7,640	7,237	7,312	7,680	7,043	6,531	6,808	5,681	5,911	5,580	5,579
Fuel	2,875	2,765	2,165	2,601	2,473	2,535	3,629	3,512	3,445	3,208	3,364	3,047	3,599
Power	2,796	2,793	2,630	2,508	2,531	2,977	3,395	2,998	2,681	2,667	2,741	2,361	2,784
Provision Injuries & Damages	-	-	1,250	-	-	1,250	625	625	625	625	625	625	625
Purchase of Security Services	1,558	1,560	1,573	1,460	1,437	1,299	1,482	1,263	1,558	1,459	1,391	1,388	1,505
Other Expenses	17,206	18,157	18,076	20,756	21,149	21,430	23,373	23,938	21,304	23,215	22,849	24,202	20,339
Total Operating Expenses	121,602	126,224	117,739	129,776	121,560	121,824	132,740	123,890	126,627	126,116	126,976	123,457	127,330