



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for December 2018
Date: February 13, 2019

I. Summary

CTA's financial results are favorable to budget for December and year-to-date by \$2.5 million and \$6.0 million, respectively, due to cost containment measures and higher pass revenue.

Ridership for the month was 34.7 million and was 1.6 million higher than budget. Ridership was 0.5 million less than December 2017. Ridership year-to-date was higher than budget but less than prior year by 5.9 million and 11.4 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 December 2018 compared to December 2017.

	December 2018	December 2017	Increase (Decrease)
Unrestricted Cash	\$ 93,045	\$ 147,895	\$ (54,850)
Damage Reserve	57,769	80,011	\$ (22,242)
Funds Owed by RTA	305,543	301,291	\$ 4,252
Trust Portfolio Assets	429,758	502,701	\$ (72,943)
Total Cash and Receivables	\$ 886,115	\$ 1,031,898	\$ (145,783)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$54.9 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 \$22.2 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$305.5 million which was \$4.3 million more 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 43,510	\$ 1,243	\$ 2,251	\$ 588,791	\$ 5,686	\$ 29,296

- Fare and pass revenue for December was \$1.2 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 \$1.26 and was \$0.02 less than budget and \$0.08 higher than the prior year.
- Year-to-date fare and pass revenue was \$5.7 million favorable to budget and \$29.3 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 on par with budget and \$0.09 higher than the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 13,876	\$ (14,446)	\$ (730)

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$14.4 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-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 3,336	\$ 80	\$ 264	\$ 37,844	\$ (503)	\$ 3,466

- Advertising, Charter and Concessions Revenue was \$0.1 million favorable to budget for the month mainly due to higher advertising revenue and \$0.5 million unfavorable to budget year-to-date due to lower special contracts revenue and lower than anticipated advertising revenue. The revenue was \$0.3 million and \$3.5 million favorable to December 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 453	\$ 320	\$ (251)	\$ 3,483	\$ 1,883	\$ 364

- Investment income was \$0.3 million and \$1.9 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 Dec-18	Variance to Budget Dec-18	Variance to Prior Year Dec18 vs. Dec17	Actual 2018	Variance to Budget 2018	Variance to Prior Year 2017
Other Revenue	\$ 4,314	\$ (358)	\$ 7,662	\$ 48,339	\$ (2,863)	\$ 15,059

- Other Revenue was unfavorable to budget for the month by \$0.4 million primarily due to lower non-capital grant revenue. Year-to-date, other revenue was unfavorable to budget by \$2.9 million 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 December 2017 by \$7.7 million primarily due to higher non-capital grant revenue in December 2018. Year-to-date, other revenue was favorable to prior year by \$15.1 million primarily due to the new ride-hailing fee revenue from the City of Chicago.

Category	Current Month			Full Year		
	Actual Dec-18	Variance to Budget Dec-18	Variance to Prior Year Dec18 vs. Dec17	Actual 2018	Variance to Budget 2018	Variance to Prior Year 2017
Total System Generated Revenue	\$ 52,794	\$ 104	\$ 9,925	\$ 697,333	\$ (10,243)	\$ 47,454

- Total System-Generated Revenue was \$0.1 million higher than budget for the month due to higher fare and pass revenue. Year-to-date, total system-generated revenue was lower than budget by \$10.2 million primarily due to lower reduced fare revenue. It was more than December 2017 and prior year-to-date by \$9.9 million and \$47.5 million, respectively, due to an increase in fares and new ride hailing fee revenue in 2018.

IV. Expenses

Category	Current Month			Full Year		
	Actual Dec-18	Variance to Budget Dec-18	Variance to Prior Year Dec18 vs. Dec17	Actual 2018	Variance to Budget 2018	Variance to Prior Year 2017
Labor	\$ 84,653	\$ (760)	\$ 4,627	\$ 1,070,458	\$ (24,399)	\$ (25,599)

- Labor expense was \$0.8 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 Dec-18	Variance to Budget Dec-18	Variance to Prior Year Dec18 vs. Dec17	Actual 2018	Variance to Budget 2018	Variance to Prior Year 2017
Material	\$ 7,680	\$ 309	\$ (3,223)	\$ 90,474	\$ 1,951	\$ (6,691)

- Material expense was \$0.3 million favorable to budget for the month and \$3.2 million unfavorable to December 2017. Material expense was \$6.7 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,535	\$ 384	\$ 76	\$ 32,079	\$ 1,496	\$ (3,322)

- Fuel for Revenue Equipment expense was \$0.4 million favorable to budget in December primarily due to a decrease in the price of diesel fuel and very mild weather. 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,977	\$ (46)	\$ (648)	\$ 31,162	\$ 207	\$ (3,789)

- The Electric Power for Revenue Equipment expense was on par with budget for the month. Less consumption due to mild weather was offset by higher prices. Year-to-date, expenses were \$3.8 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Provision for Injuries & Damages	\$ 1,250	\$ -	\$ (1,250)	\$ 5,000	\$ -	\$ (1,833)

- 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 \$1.8 million due to lower than anticipated funding requirements in 2017.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,299	\$ 185	\$ 131	\$ 17,502	\$ 302	\$ (461)

- Purchase of Security Services was \$0.2 million favorable to budget for the month and \$0.1 million favorable to prior year. Year-to-date, expenses were \$0.3 million favorable to budget and \$0.5 million unfavorable compared to the prior year due to the timing of invoices and expected increased contract costs.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 21,430	\$ 2,362	\$ (14,677)	\$ 251,534	\$ 36,729	\$ (5,673)

- The \$2.4 million and \$36.7 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
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 121,824	\$ 2,434	\$ (14,964)	\$ 1,498,209	\$ 16,286	\$ (47,368)

- Operating Expenses were \$2.4 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 material expenses.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	53.13%	0.94		57.11%	(0.01)	

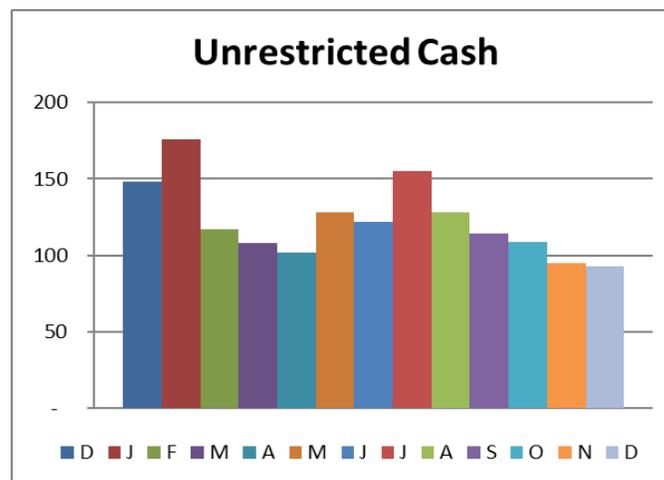
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.13% for the month. This was favorable to budget by 0.94 percentage points for the month. Year-to-date, the recovery ratio was 57.11%, which was unfavorable to budget by 0.01 percentage points but currently exceeds the RTA required recovery ratio of 54.75%.

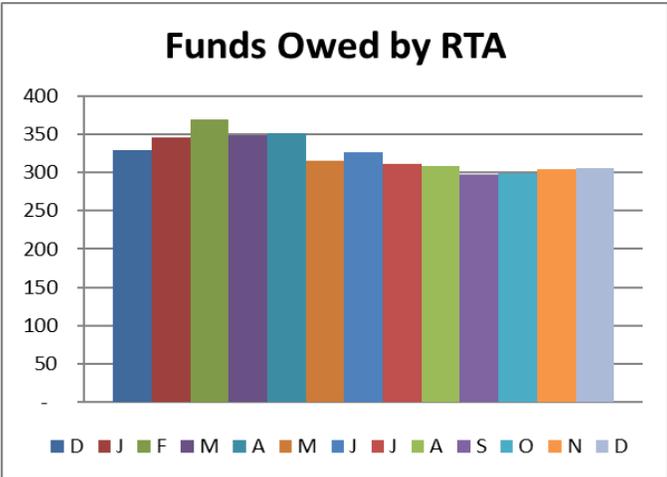
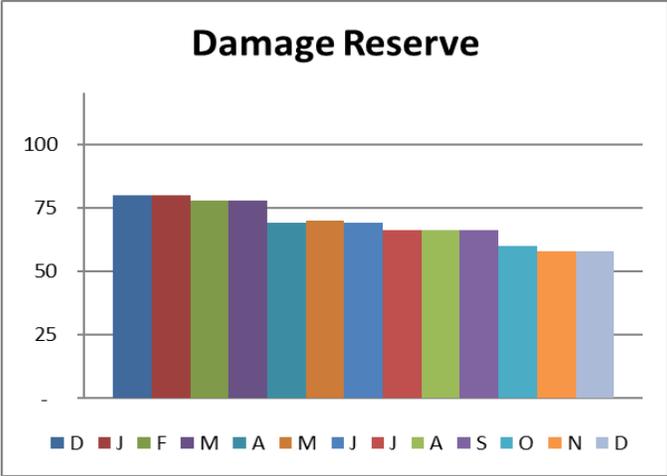
VI. Ridership

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-18	Budget Dec-18	Prior Year Dec18 vs. Dec17	2018	Budget 2018	Prior Year 2017
Bus	18,544	1,172	(228)	242,173	4,960	(7,058)
Rail	13,255	368	(230)	185,146	1,226	(3,519)
Rail to Rail Transfers	2,855	40	(50)	40,749	(242)	(790)
Total	34,654	1,580	(508)	468,068	5,943	(11,367)

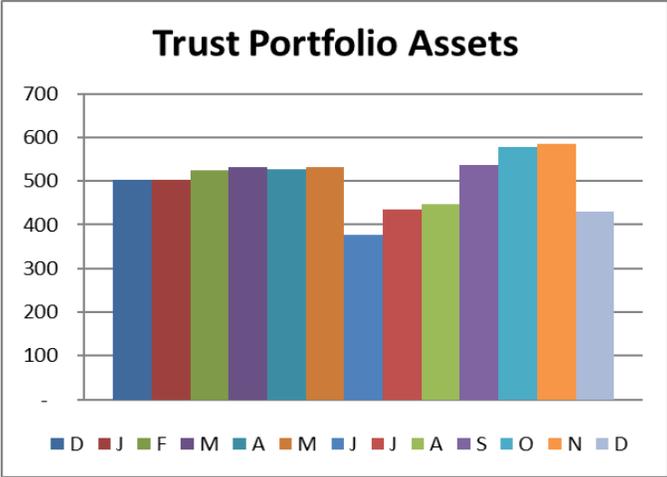
- Ridership for the month of December was 34.7 million and was higher than budget and lower than prior year by 1.6 million and 0.5 million, respectively.
- Calendar adjusted ridership was down 1.5% from prior year due to relatively low gas prices and competition from rideshare services such as Uber and Lyft. In addition, ridership was also positively affected this year by a prior year cold snap during the month.
- Ridership for the year-to-date was 468.1 million and was 5.9 million higher than budget and 11.4 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 2.5% from the prior year-to-date.
- More details on ridership can be found in the December Ridership Report.

Cash & Liquidity

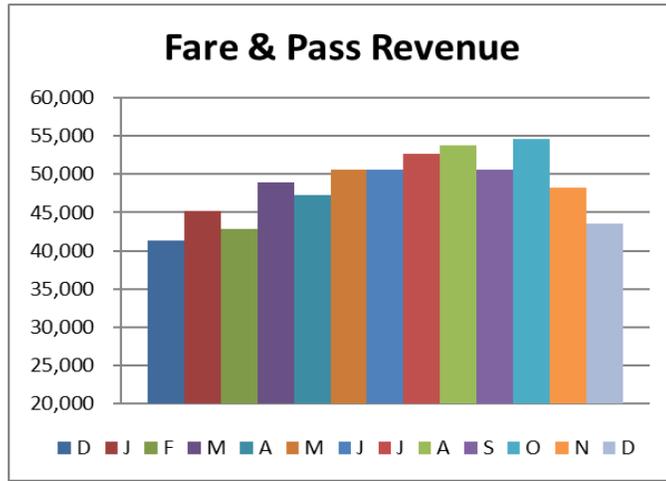




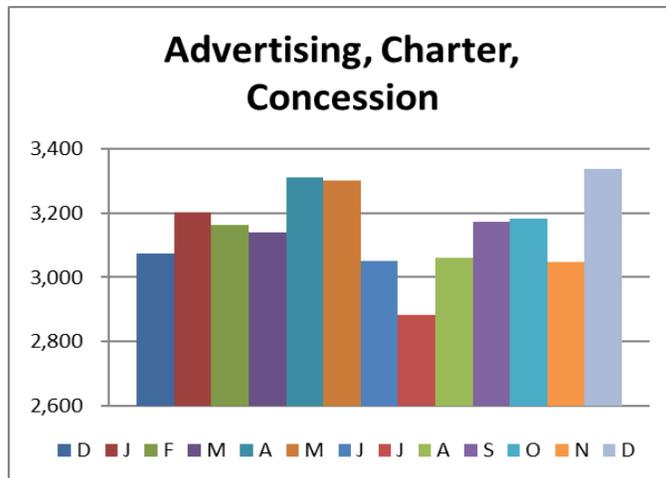
Cash & Liquidity Cont'd

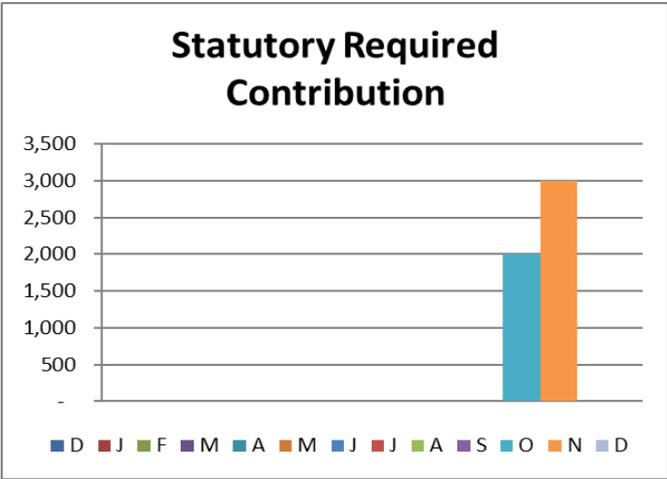
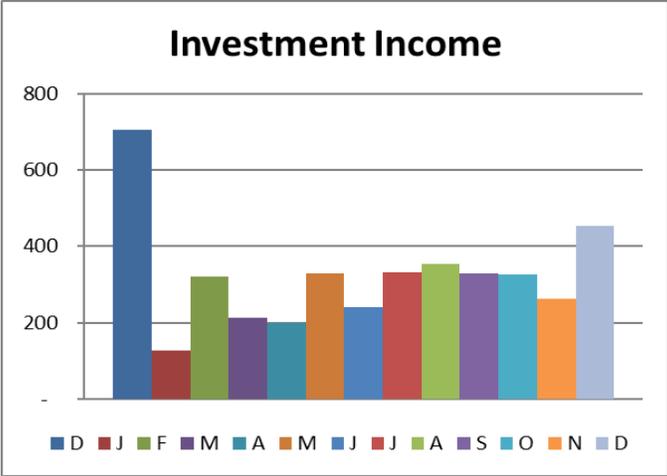


Revenue

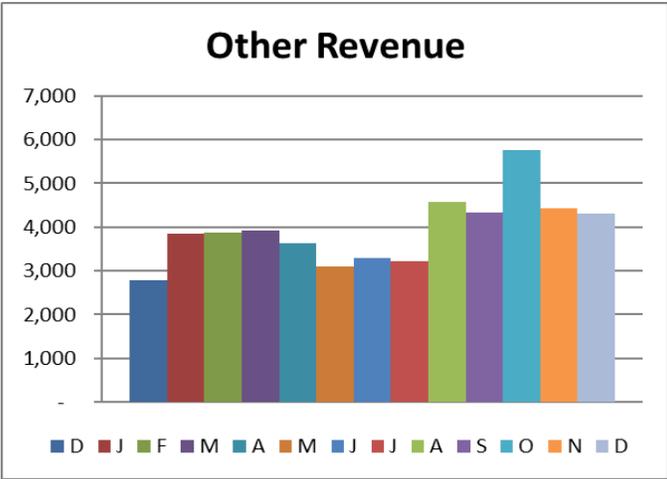


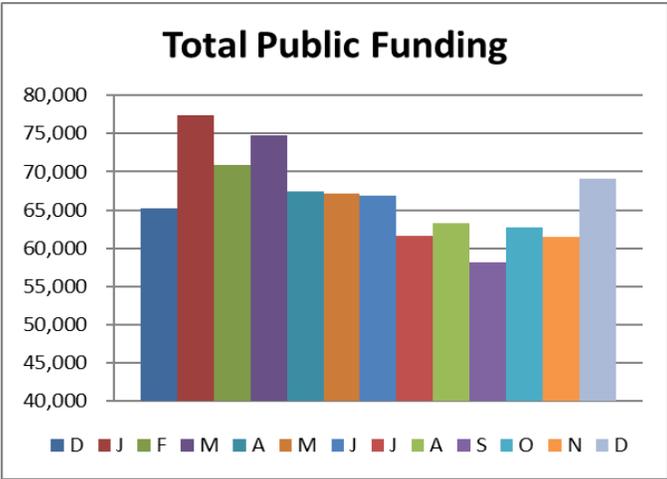
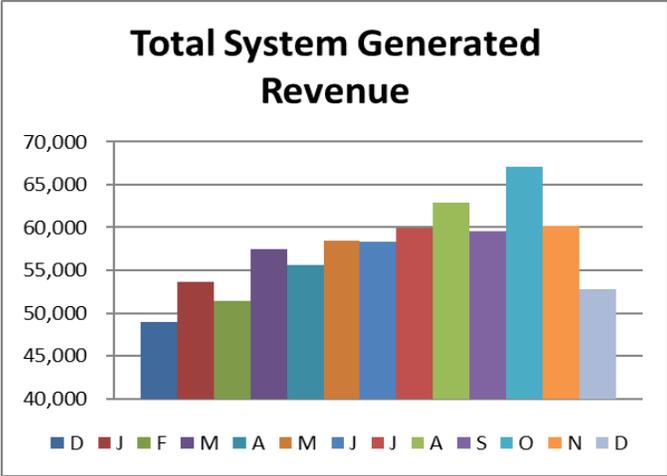
Revenue Cont'd



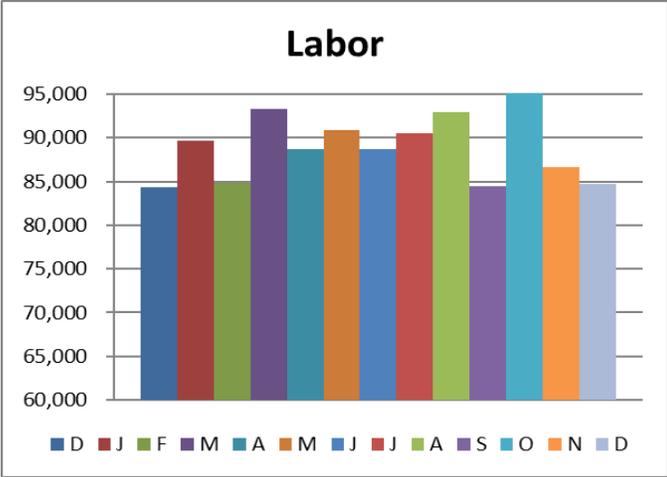


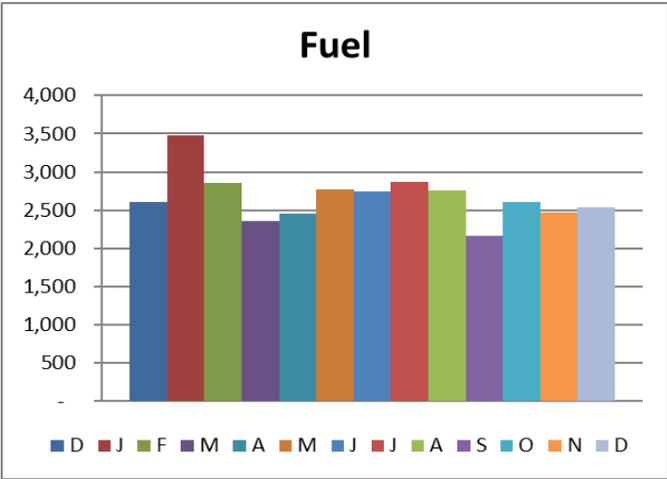
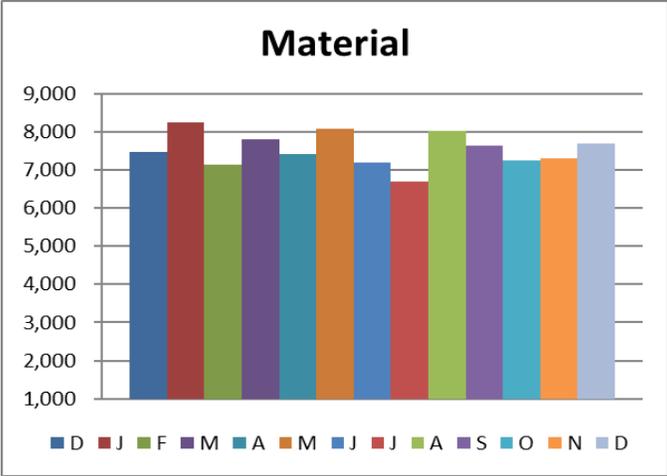
Revenue Cont'd



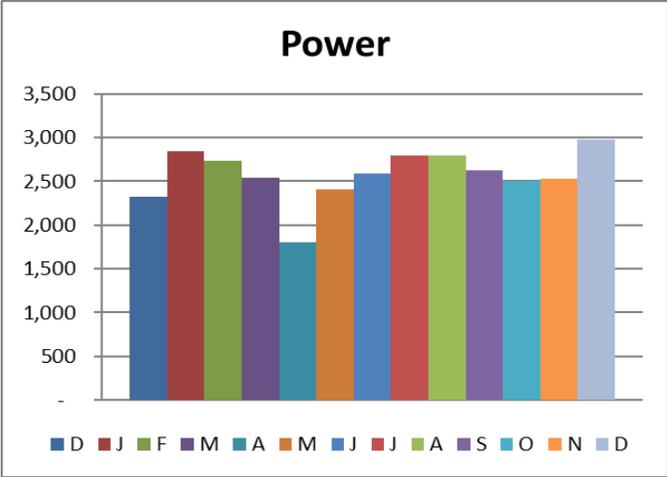


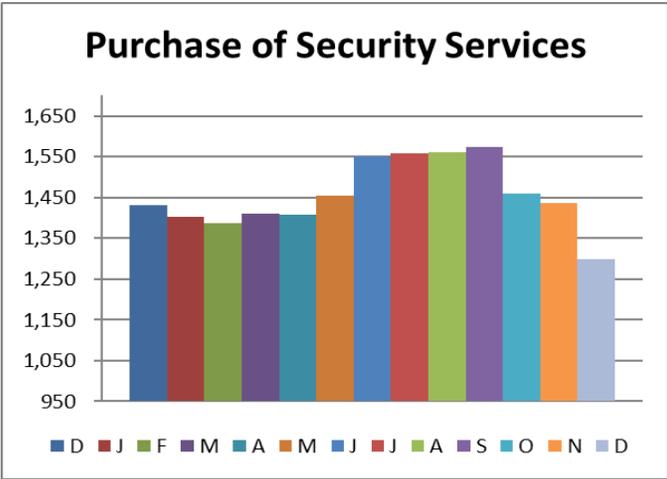
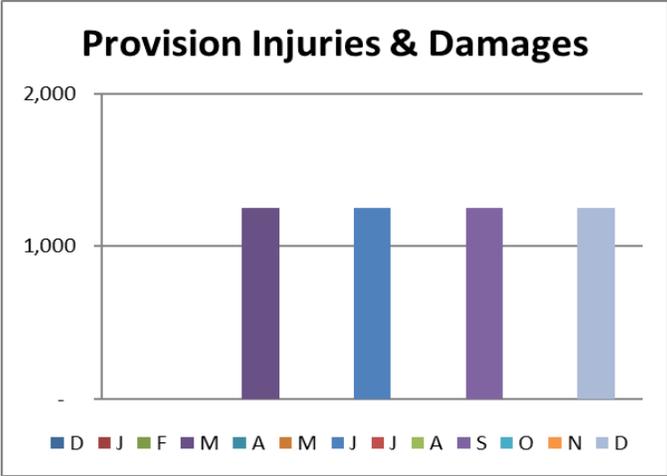
Expenses





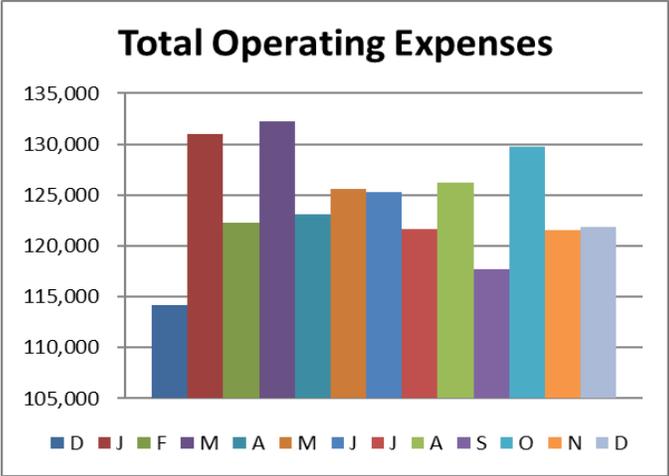
Expenses Cont'd





Expenses Cont'd





Cash	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Unrestricted Cash	148	176	117	108	102	128	122	155	128	114	109	95	93
Damage Reserve	80	80	78	78	69	70	69	66	66	66	60	58	58
Funds Owed by RTA	329	346	370	348	352	316	327	312	308	297	299	305	306
Trust Portfolio Assets	503	503	525	531	527	532	376	434	447	537	578	586	430

Revenue	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Fare & Pass Revenue	41,259	45,231	42,887	48,965	47,335	50,568	50,533	52,640	53,714	50,594	54,595	48,219	43,510
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,180	1,180	1,180	895	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	3,073	3,201	3,163	3,139	3,309	3,301	3,050	2,883	3,061	3,171	3,181	3,048	3,336
Investment Income	704	126	320	213	198	330	241	332	353	328	327	262	453
Statutory Required Contribution	-	-	-	-	-	-	-	-	-	-	2,000	3,000	-
Other Revenue	2,791	3,852	3,862	3,915	3,635	3,109	3,293	3,230	4,586	4,345	5,765	4,434	4,314
Total System Generated Revenue	49,007	53,590	51,412	57,412	55,658	58,488	58,296	59,980	62,895	59,618	67,048	60,143	52,794
Total Public Funding	65,165	77,376	70,865	74,834	67,466	67,151	66,938	61,622	63,329	58,121	62,728	61,417	69,030

Expenses	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Labor	84,287	89,645	84,844	93,329	88,722	90,888	88,719	90,462	92,918	84,405	95,214	86,658	84,653
Material	7,456	8,250	7,133	7,791	7,424	8,075	7,196	6,706	8,031	7,640	7,237	7,312	7,680
Fuel	2,611	3,484	2,852	2,360	2,453	2,768	2,750	2,875	2,765	2,165	2,601	2,473	2,535
Power	2,328	2,844	2,741	2,545	1,799	2,414	2,585	2,796	2,793	2,630	2,508	2,531	2,977
Provision Injuries & Damages	-	-	-	1,250	-	-	1,250	-	-	1,250	-	-	1,250
Purchase of Security Services	1,430	1,403	1,387	1,410	1,409	1,455	1,551	1,558	1,560	1,573	1,460	1,437	1,299
Other Expenses	16,059	25,340	23,320	23,562	21,318	20,039	21,183	17,206	18,157	18,076	20,756	21,149	21,430
Total Operating Expenses	114,172	130,966	122,277	132,247	123,123	125,639	125,234	121,602	126,224	117,739	129,776	121,560	121,824