



To: Chicago Transit Authority Board  
From: Jeremy Fine, Chief Financial Officer  
Re: Financial Results for December 2019  
Date: February 10, 2020

### I. Summary

CTA's financial results are \$13.9 million favorable to budget for December. Results are favorable to budget for year-to-date by \$31.1 million and this favorable variance is expected to offset the anticipated shortfalls in public funding for fiscal year 2019.

Ridership for the month was 34.5 million, which was 0.4 million higher than budget and 0.1 million lower than December 2018. Ridership year-to-date was lower than budget and prior year by 6.1 million and 12.9 million, respectively. The ridership loss over the prior year to date was due to January's polar vortex, the CPS strike, weekend rail construction projects, 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 2019 compared to December 2018.

	December 2019	December 2018	Increase (Decrease)
Unrestricted Cash	\$ 126,539	\$ 93,045	\$ 33,494
Damage Reserve	50,071	57,769	\$ (7,698)
Funds Owed by RTA	230,706	314,019	\$ (83,313)
Trust Portfolio Assets	353,926	429,758	\$ (75,832)
Total Cash and Receivables	\$ 761,242	\$ 894,591	\$ (133,349)

CTA's total cash/receivables balance was equal to \$761.2 million. Unrestricted cash was \$33.5 million higher than the prior year due to the timing of cash receipts and invoice payments. The Damage Reserve fund was \$7.7 million lower than last year due to settlement payments. Funds owed by the RTA were approximately \$230.7 million which was \$83.3 million lower 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-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Fare & Pass Revenue	\$ 47,438	\$ 4,933	\$ 3,928	\$ 585,297	\$ (2,715)	\$ (3,494)

- Fare and pass revenue for December was \$4.9 million favorable to budget and \$3.9 million favorable to prior year. Fare and pass revenue for the month was favorable due to one additional weekday in 2019 compared to 2018, the timing of the Thanksgiving holiday, which resulted in higher pass revenue in December, and additional accrued revenue associated with account balances in accordance with the account terms and conditions. The average fare for the month was \$1.37 per ride and was \$0.13 higher than budget and \$0.12 higher than the prior year.
- Year-to-date fare and pass revenue was \$2.7 million unfavorable to budget and \$3.5 million unfavorable to prior year due to lower ridership during January 2019's extreme cold weather, wintry weather in March, lower summer visitor/event ridership, and planned service disruptions on weekends on the rail system. The average fare for the year was \$1.29 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
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 14,606	\$ (13,716)	\$ 730

- Reduced Fare Subsidy was less than 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-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Advertising, Charter, Concession	\$ 3,319	\$ 90	\$ (17)	\$ 38,987	\$ 229	\$ 1,143

- Advertising, Charter and Concessions Revenue was \$0.1 million favorable to budget for the month due to higher revenue from special contract guarantees and \$0.2 million favorable year-to-date due to higher vehicle and platform advertising revenue and revenue from special contract guarantees. This revenue category was \$1.1 million higher than prior year-to-date due to an increase in the vehicle and platform advertising revenue minimum guarantee in 2019.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Investment income	\$ 760	\$ 579	\$ 307	\$ 3,822	\$ 1,722	\$ 339

- Investment income was \$0.6 million and \$1.7 million higher than budget for the month and year-to-date, respectively, due to higher than budgeted short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Other Revenue	\$ 5,072	\$ 1,073	\$ 757	\$ 49,178	\$ 3,623	\$ 839

- Other Revenue for the month was \$1.1 million favorable to budget due to higher parking lot and miscellaneous revenues and \$0.8 million favorable to prior year primarily due to higher miscellaneous and non-capital grant revenues. This is offset by higher non-capital expense in the Other Expenses category. Year-to-date, other revenue was favorable to budget by \$3.6 million due to higher non-capital grant and parking lot revenues. Other revenue was favorable to prior year-to-date by \$0.8 million primarily due to higher miscellaneous, parking lot, and non-capital grant revenues.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Total System Generated Revenue	\$ 57,769	\$ 5,495	\$ 4,975	\$ 696,890	\$ (10,856)	\$ (443)

- Total System-Generated Revenue was higher than budget for the month by \$5.5 million due to accrued revenue associated with account balances in accordance with the account terms and conditions in addition to higher pass revenue and lower than budget for the year-to-date by \$10.9 million due to lower fare and reduced fare revenues. It was less than prior year-to-date by \$0.4 million due to lower fare revenue.

#### IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Labor	\$ 95,693	\$ (5,820)	\$ (11,040)	\$ 1,088,954	\$ (4,854)	\$ (18,496)

- Labor expense was \$5.8 million unfavorable to budget for the month and \$4.9 million unfavorable year-to-date due to higher fringe benefit costs. Labor expense was \$11.0 million unfavorable to December 2019 and \$18.5 million unfavorable to prior year-to-date due to negotiated union contract increases that took effect in July 2019 and higher fringe benefit costs.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Material	\$ 3,469	\$ 3,202	\$ 4,210	\$ 67,652	\$ 12,412	\$ 22,823

- Material expense was \$3.2 million favorable to budget for the month and \$12.4 million favorable year-to-date due to targeted capital maintenance campaigns. Material expense was \$4.2 million and \$22.8 million favorable to December 2018 and prior year-to-date, respectively, due to cost management measures and targeted capital maintenance campaigns.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Fuel	\$ 3,405	\$ 482	\$ (870)	\$ 40,396	\$ 3,688	\$ (8,317)

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget in December primarily due to a positive year-end inventory credit. Year-to-date, expenses were favorable to budget due to lower than anticipated costs per gallon. 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-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Power	\$ 2,528	\$ 478	\$ 449	\$ 31,560	\$ 2,812	\$ (399)

- The Electric Power for Revenue Equipment expense was \$0.5 million favorable to budget for the month due to lower than anticipated unit costs. Expenses were \$2.8 million favorable to budget for the year-to-date primarily due to less energy consumption than forecast for the year. Year-to-date, expenses were \$0.4 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
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Provision for Injuries & Damages	\$ 625	\$ -	\$ 625	\$ 7,500	\$ -	\$ (2,500)

- The Provision for Injuries & Damages expense is budgeted monthly in 2019 and was budgeted quarterly in 2018. The expense was unfavorable to prior year-to-date by \$2.5 million due to higher funding requirements in 2019.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Purchase of Security Services	\$ (965)	\$ 2,573	\$ 2,264	\$ 14,920	\$ 4,387	\$ 2,582

- Purchase of Security Services was \$2.6 million favorable to budget for the month after a year-end adjustment of accrual balances. The current month actual and favorable variance to budget, prior to year-end adjustment was \$1.5 million and \$0.1 million, respectively. Year-to-date, expenses were \$4.4 million favorable to budget and \$2.6 million favorable to prior year due to the timing of invoices and lower than anticipated security costs.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Other Expenses	\$ 17,115	\$ 7,499	\$ 4,317	\$ 259,152	\$ 23,534	\$ (7,616)

- Other expenses were \$7.5 million favorable to budget for the month and \$23.5 million favorable to budget for the year-to-date due to cost management measures and the timing of 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
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Total Operating Expenses	\$ 121,871	\$ 8,414	\$ (46)	\$ 1,510,133	\$ 41,979	\$ (11,923)

- Operating Expenses were \$8.4 million favorable to budget for the month primarily due cost containment measures and lower than anticipated material expenses. The unfavorable variance to prior year-to-date was due to the timing of contractual services invoices, higher fuel expenses resulting from higher prices and harsher weather, and an increase in labor expenses.

## V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Recovery Ratio	56.83%	7.15		56.46%	0.90	

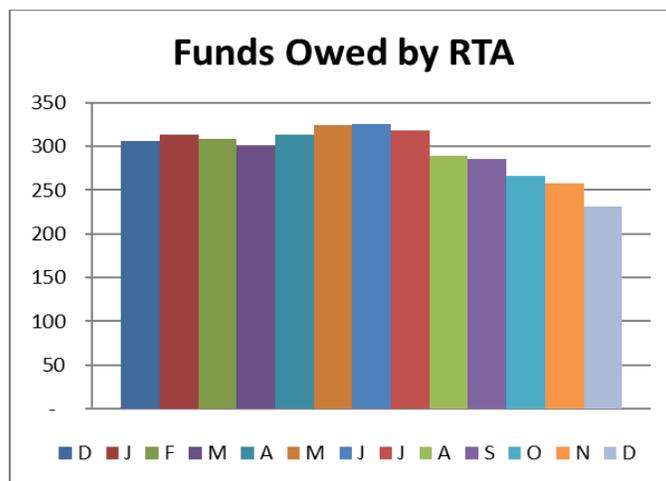
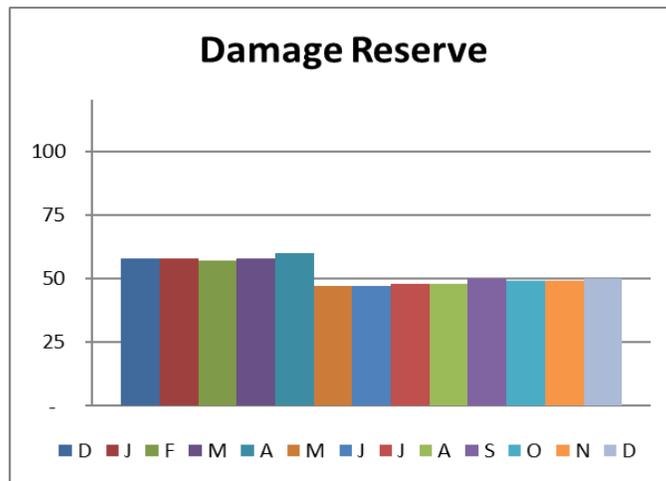
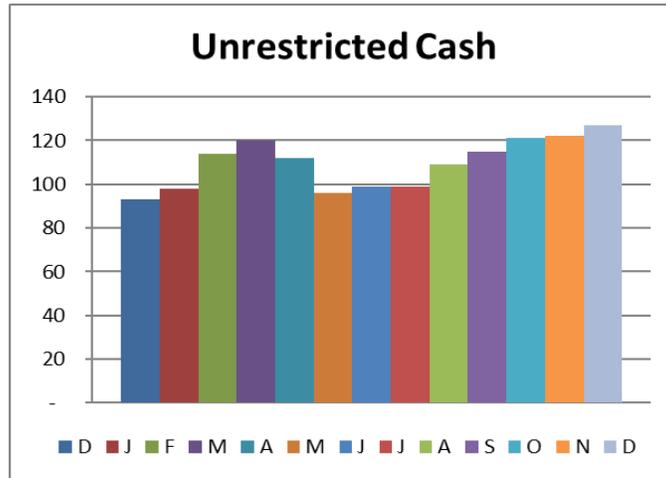
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.83% for the month. This was favorable to budget by 7.15 percentage points for the month. Year-to-date, the recovery ratio was 56.46%, which was favorable to budget by 0.90 percentage points and exceeds the RTA required recovery ratio of 54.75% for the year.

## VI. Ridership

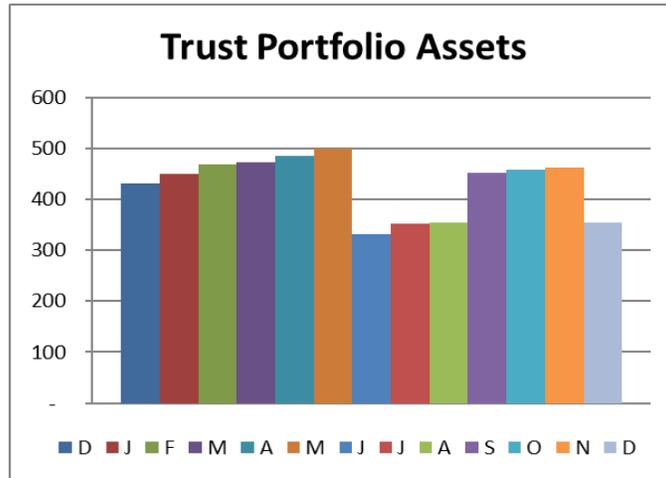
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-19	Budget Dec-19	Prior Year Dec19 vs. Dec18	2019	Budget 2019	Prior Year 2018
Bus	18,594	514	50	236,914	(1,046)	(5,259)
Rail	13,105	(123)	(150)	178,897	(4,147)	(6,250)
Rail to Rail Transfers	2,819	(26)	(36)	39,357	(900)	(1,392)
<b>Total</b>	<b>34,517</b>	<b>366</b>	<b>(136)</b>	<b>455,167</b>	<b>(6,094)</b>	<b>(12,901)</b>

- Ridership for the month of December was 34.5 million and was higher than budget and lower than prior year by 0.4 million and 0.1 million, respectively.
- Calendar adjusted ridership was down 2.0% 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 455.2 million and was 6.1 million lower than budget and 12.9 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 2.6% from the prior year-to-date.
- More details on ridership can be found in the December Ridership Report.

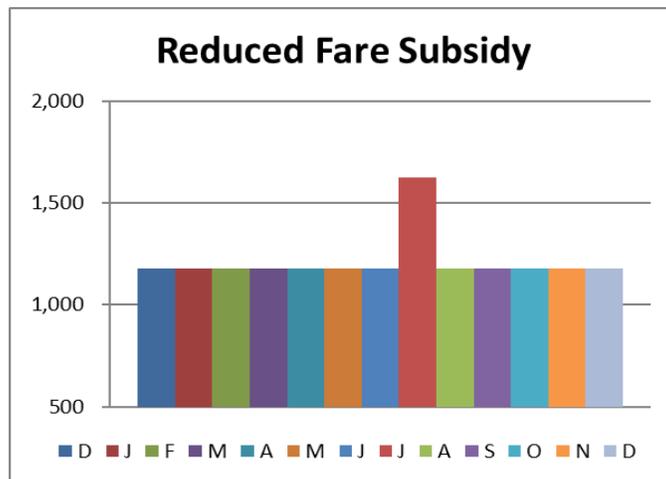
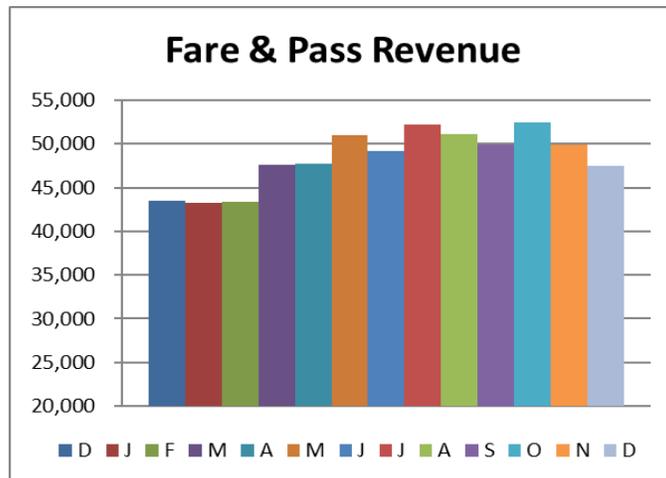
## Cash & Liquidity



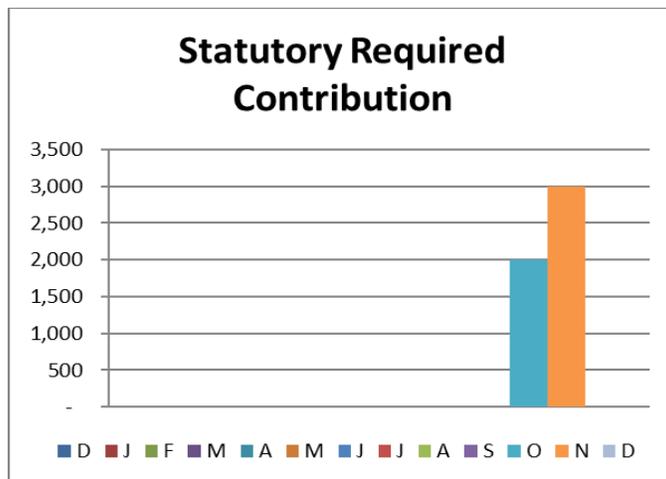
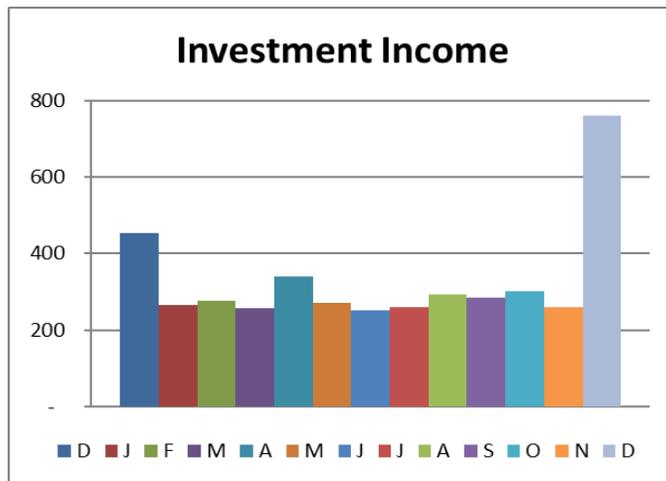
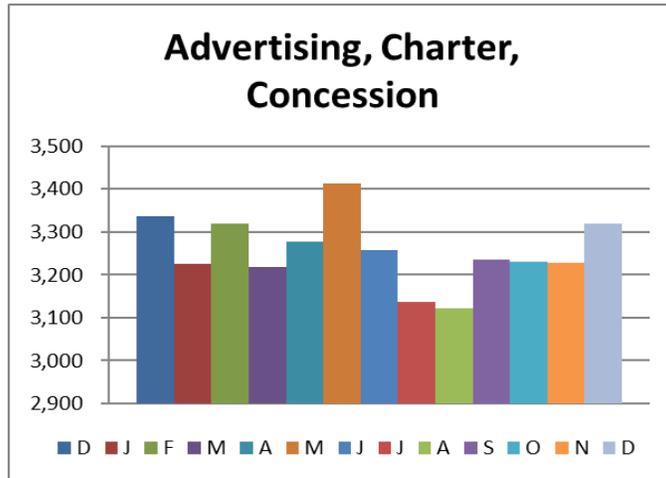
### Cash & Cash Liquidity



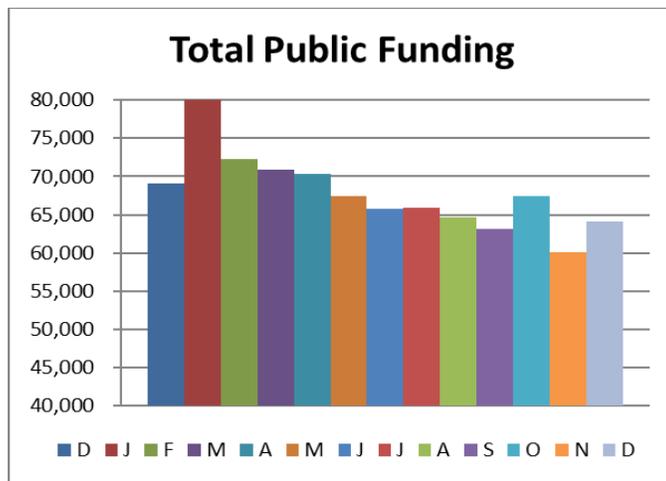
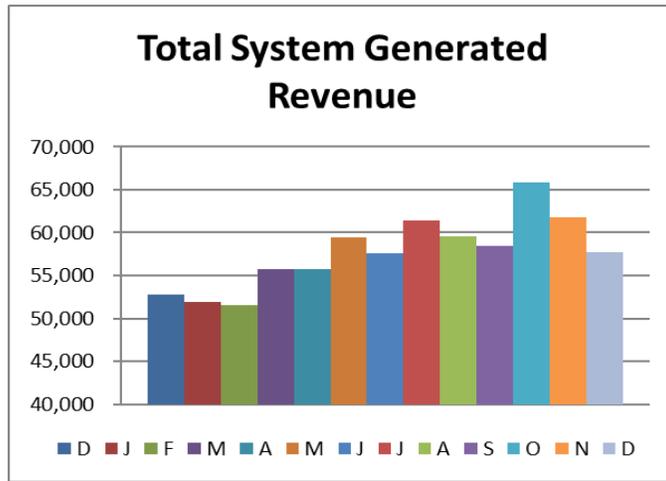
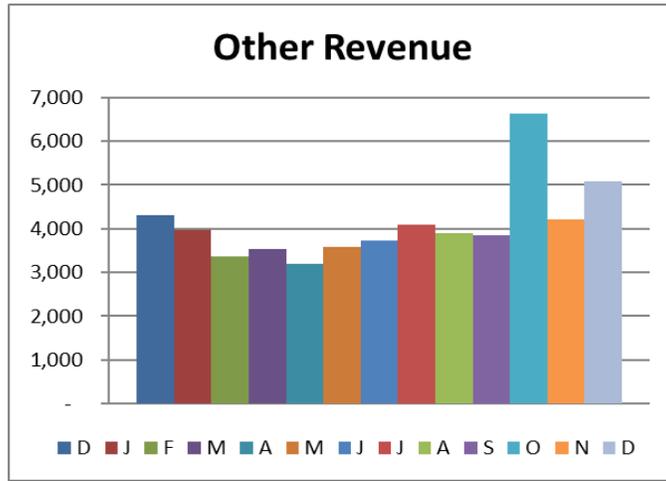
### Revenue



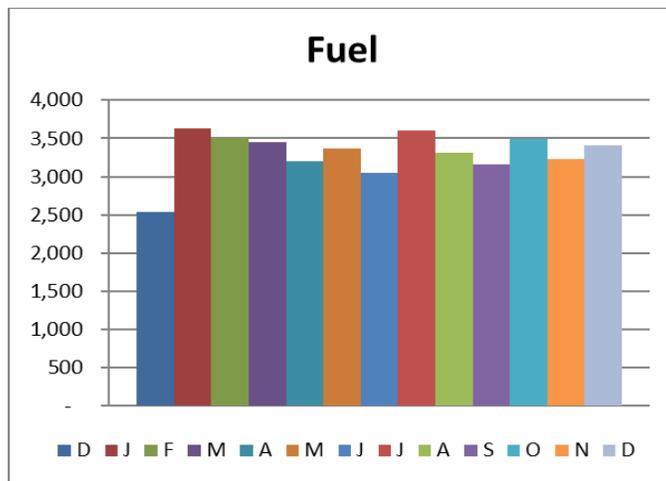
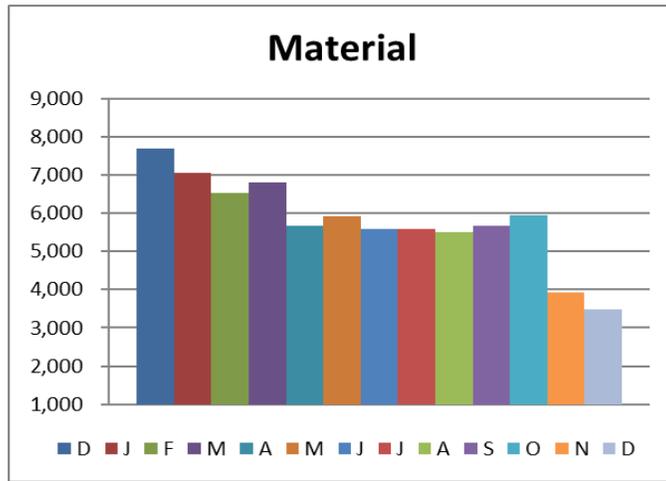
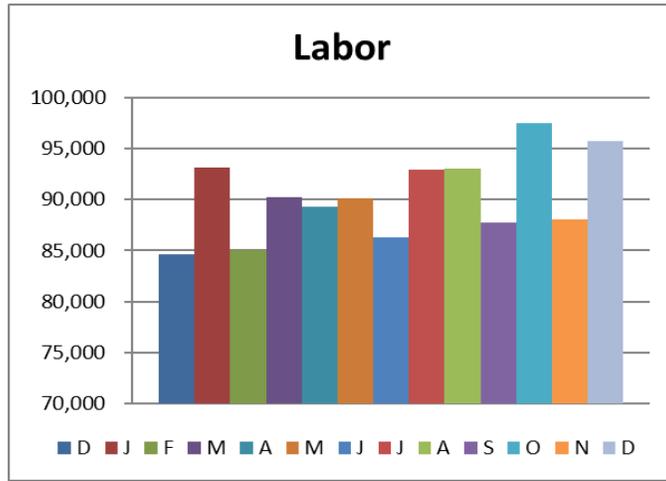
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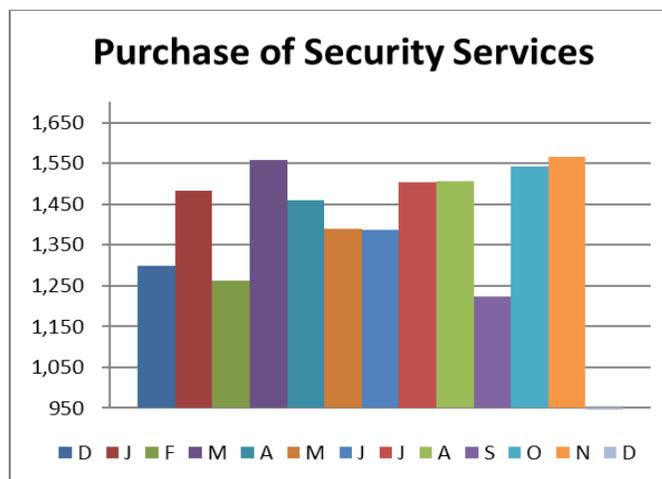
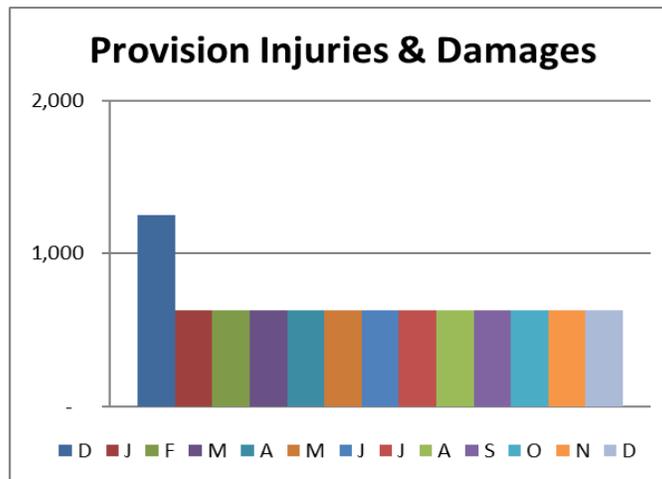
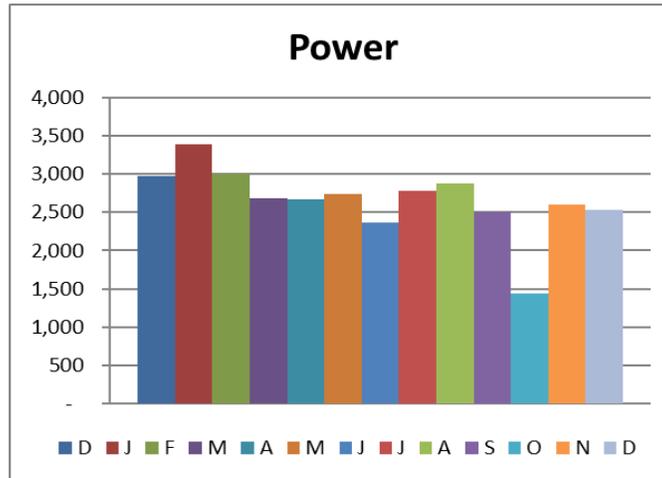
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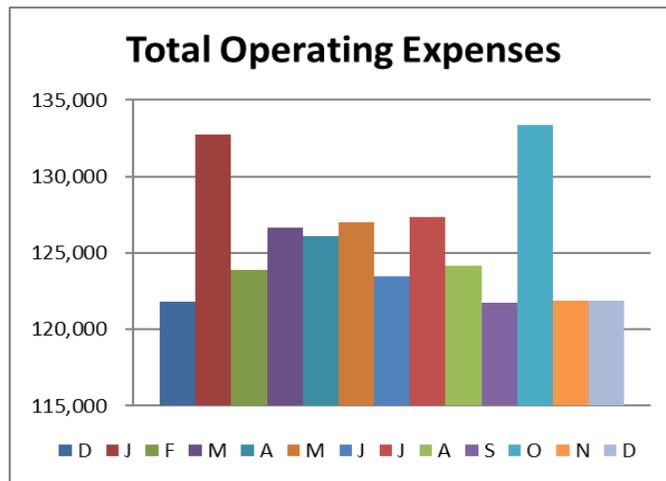
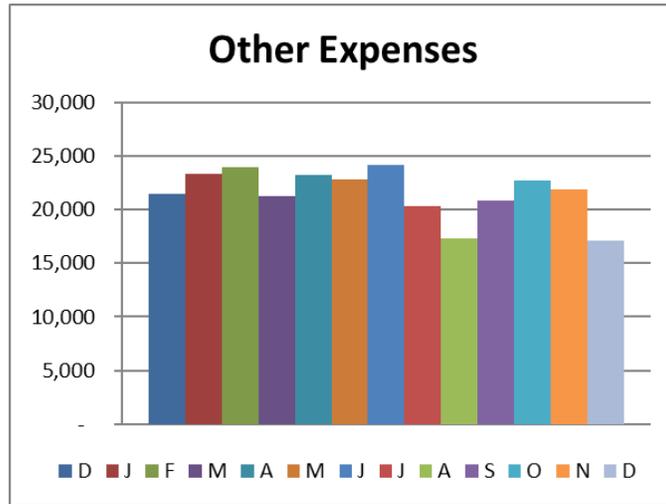
## Expenses



## Expenses Cont'd



Expenses Cont'd



Cash	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Unrestricted Cash	93	98	114	120	112	96	99	99	109	115	121	122	127
Damage Reserve	58	58	57	58	60	47	47	48	48	50	49	49	50
Funds Owed by RTA	306	314	309	301	314	324	326	318	289	286	266	258	231
Trust Portfolio Assets	430	449	468	473	485	500	331	351	353	452	458	461	354

Revenue	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Fare & Pass Revenue	43,510	43,236	43,416	47,591	47,741	51,027	49,212	52,247	51,064	49,965	52,498	49,861	47,438
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,625	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	3,336	3,226	3,320	3,219	3,278	3,414	3,257	3,138	3,122	3,235	3,230	3,228	3,319
Investment Income	453	265	275	258	341	272	252	261	293	284	302	259	760
Statutory Required Contribution	-	-	-	-	-	-	-	-	-	-	2,000	3,000	-
Other Revenue	4,314	3,976	3,374	3,536	3,195	3,594	3,735	4,088	3,893	3,849	6,643	4,224	5,072
Total System Generated Revenue	52,794	51,882	51,566	55,784	55,735	59,486	57,637	61,360	59,553	58,512	65,853	61,752	57,769
Total Public Funding	69,030	80,857	72,323	70,843	70,381	67,490	65,820	65,970	64,623	63,205	67,478	60,151	64,102

Expenses	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Labor	84,653	93,193	85,024	90,206	89,260	90,095	86,253	92,900	93,001	87,743	97,545	88,041	95,693
Material	7,680	7,043	6,531	6,808	5,681	5,911	5,580	5,579	5,507	5,658	5,958	3,925	3,469
Fuel	2,535	3,629	3,512	3,445	3,208	3,364	3,047	3,599	3,314	3,154	3,487	3,232	3,405
Power	2,977	3,395	2,998	2,681	2,667	2,741	2,361	2,784	2,872	2,502	1,435	2,596	2,528
Provision Injuries & Damages	1,250	625	625	625	625	625	625	625	625	625	625	625	625
Purchase of Security Services	1,299	1,482	1,263	1,558	1,459	1,391	1,388	1,505	1,507	1,223	1,542	1,567	(965)
Other Expenses	21,430	23,373	23,938	21,304	23,215	22,849	24,202	20,339	17,349	20,811	22,739	21,917	17,115
Total Operating Expenses	121,824	132,740	123,890	126,627	126,116	126,976	123,457	127,330	124,176	121,718	133,332	121,903	121,871