



To: Chicago Transit Authority Board  
From: Jeremy Fine, Chief Financial Officer  
Re: Financial Results for May 2018  
Date: July 11, 2018

### I. Summary

CTA's financial results are unfavorable to budget for May and year-to-date by \$1.5 million and \$3.1 million, respectively, 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 41.1 million and was 0.8 million higher than budget. Ridership was 0.7 million or 1.8% lower than May 2017. Ridership year-to-date was higher than budget but less than prior year by 1.2 million and 5.4 million, respectively. The ridership loss over the prior year to date is due to weather, 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 May 2018 compared to May 2017.

	May 2018	May 2017	Increase (Decrease)
Unrestricted Cash	\$ 128,268	\$ 183,417	\$ (55,149)
Damage Reserve	70,088	93,932	\$ (23,844)
Funds Owed by RTA	315,989	349,042	\$ (33,053)
Trust Portfolio Assets	531,632	660,390	\$ (128,758)
Total Cash and Receivables	\$ 1,045,977	\$ 1,286,781	\$ (240,804)

CTA's total cash/receivables balance was equal to \$1.0 billion. Unrestricted cash was \$55.1 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 \$23.8 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$316.0 million which was \$33.1 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 50,568	\$ (220)	\$ 1,705	\$ 234,987	\$ 1,474	\$ 9,851

- Fare and pass revenue for May was \$0.2 million unfavorable to budget due to lower-than anticipated bus cash revenue and \$1.7 million favorable to prior year mainly due to the fare increase in 2018. The average fare for the month was \$1.23 and was \$0.03 less than budget and \$0.06 higher than the prior year.
- Year-to-date fare and pass revenue was \$1.5 million favorable to budget and \$9.9 million favorable to prior year due to the fare increase in 2018 and higher pass revenue. The average fare for the year was \$1.23 per ride and was on par with budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 5,900	\$ (5,900)	\$ -

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$5.9 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 3,301	\$ 54	\$ 338	\$ 16,113	\$ (61)	\$ 1,811

- Advertising, Charter and Concessions Revenue was \$0.1 million favorable to budget and \$0.3 million favorable to prior year for the month due to advertising and billboard revenues. Year-to-date, the revenue was \$0.1 million unfavorable to budget and \$1.8 million higher than prior year due to advertising revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 330	\$ 197	\$ 100	\$ 1,188	\$ 521	\$ 96

- Investment income was \$0.2 million and \$0.5 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Other Revenue	\$ 3,109	\$ (633)	\$ 127	\$ 18,373	\$ (1,558)	\$ 4,152

- Other Revenue was unfavorable to budget for the month and year-to-date primarily due to the timing of non-capital grant revenue, a lower than anticipated BAB subsidy, and park & ride revenues. Other revenue was higher than May 2017 and prior year-to-date by \$0.1 million and \$4.2 million, respectively, primarily due to the new ride-hailing fee revenue from the City of Chicago.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Total System Generated Revenue	\$ 58,488	\$ (1,782)	\$ 2,271	\$ 276,561	\$ (5,524)	\$ 15,910

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$1.8 million and \$5.5 million, respectively, primarily due to lower reduced fare revenue. It was more than May 2017 and prior year-to-date by \$2.3 million and \$15.9 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Labor	\$ 90,888	\$ (3,189)	\$ (2,224)	\$ 447,428	\$ (10,230)	\$ (10,994)

- Labor expense was \$3.2 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Material	\$ 8,075	\$ (619)	\$ (478)	\$ 38,673	\$ (464)	\$ (1,366)

- Material expense was \$0.6 million unfavorable to budget for the month and \$0.5 million unfavorable to prior year. Material expense was \$1.4 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,768	\$ (82)	\$ (529)	\$ 13,917	\$ (32)	\$ (2,063)

- Fuel for Revenue Equipment expense was \$0.1 million unfavorable to budget in May primarily due to higher than expected usage and an increase 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,414	\$ (135)	\$ (400)	\$ 12,343	\$ 428	\$ (1,256)

- The Electric Power for Revenue Equipment expense was \$0.1 million unfavorable to budget for the month. This was due to higher consumption as a result of hotter than normal temperatures over the Memorial Day weekend and two extra days in the ComEd meter-reading cycle. Year-to-date, expenses were \$1.3 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Provision for Injuries & Damages	\$ -	\$ -	\$ -	\$ 1,250	\$ -	\$ 1,917

- The Provision for Injuries & Damages expense is budgeted quarterly in 2018 and was budgeted monthly in 2017. The expense was favorable to prior year-to-date by \$1.9 million due to lower funding requirements in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,455	\$ 29	\$ (68)	\$ 7,064	\$ 354	\$ (331)

- Purchase of Security Services was on par with budget for the month but slightly less than prior year due to the timing of invoices and expected increased contract costs. Year-to-date, expenses were \$0.4 million favorable to budget and \$0.3 million unfavorable compared to the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 20,039	\$ 4,242	\$ 3,912	\$ 113,578	\$ 12,394	\$ 7,740

- The \$4.2 million and \$12.4 million favorable variances to budget for the month and year-to-date, respectively, were mainly 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 125,639	\$ 245	\$ 212	\$ 634,252	\$ 2,451	\$ (6,353)

- Operating Expenses were \$0.2 million favorable to budget for the month due to the timing of contractual expenses. 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
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	57.21%	(1.40)		53.34%	(0.78)	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 57.21% for the month. This was unfavorable to budget

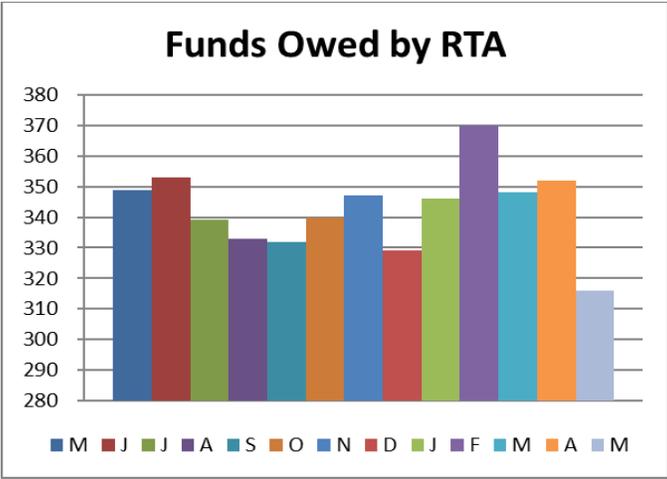
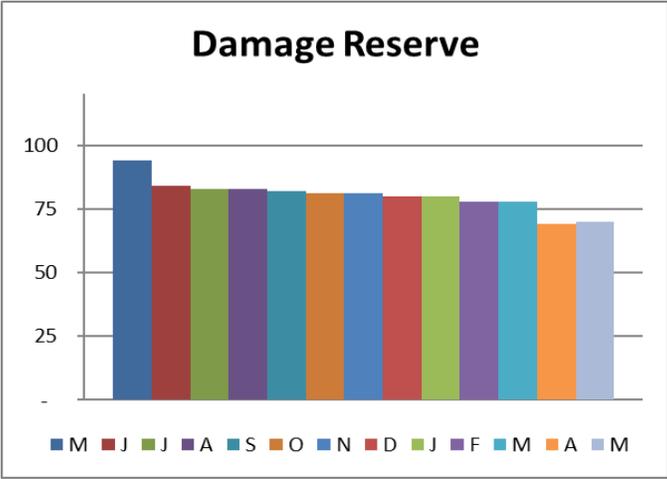
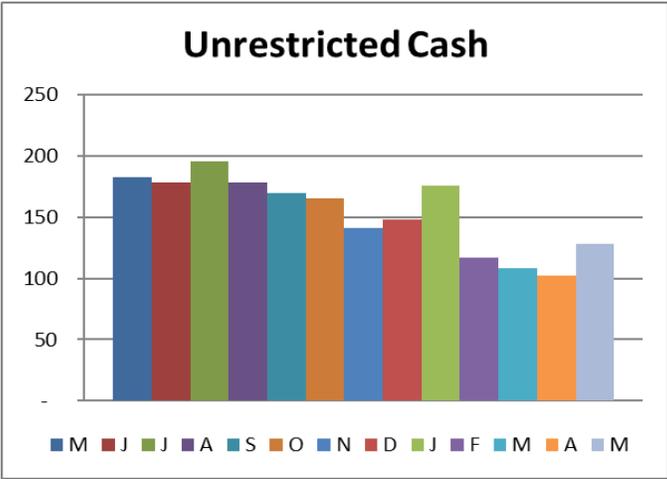
by 1.40 percentage points for the month. Year-to-date, the recovery ratio was 53.34%, which was unfavorable to budget by 0.78 percentage points but is on target to meet the RTA required recovery ratio.

## VI. Ridership

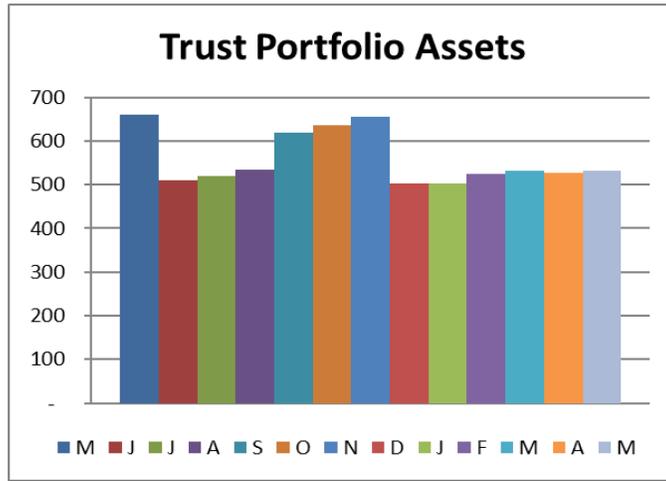
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	May-18	Budget May-18	Prior Year May18 vs. May17	2018	Budget 2018	Prior Year 2017
Bus	21,469	500	(465)	100,546	1,307	(3,093)
Rail	16,071	238	(228)	74,433	61	(1,877)
Rail to Rail Transfers	3,547	18	(51)	16,557	(176)	(420)
<b>Total</b>	<b>41,086</b>	<b>757</b>	<b>(744)</b>	<b>191,536</b>	<b>1,192</b>	<b>(5,390)</b>

- Ridership for the month of May was 41.1 million and was higher than budget and lower than prior year by 0.8 million and 0.7 million, respectively.
- Calendar adjusted ridership was down 1.8% from prior year due to cold weather, low gas prices, and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 191.5 million and was 1.2 million higher than budget and 5.4 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 3.2% from the prior year-to-date.
- More details on ridership can be found in the May Ridership Report.

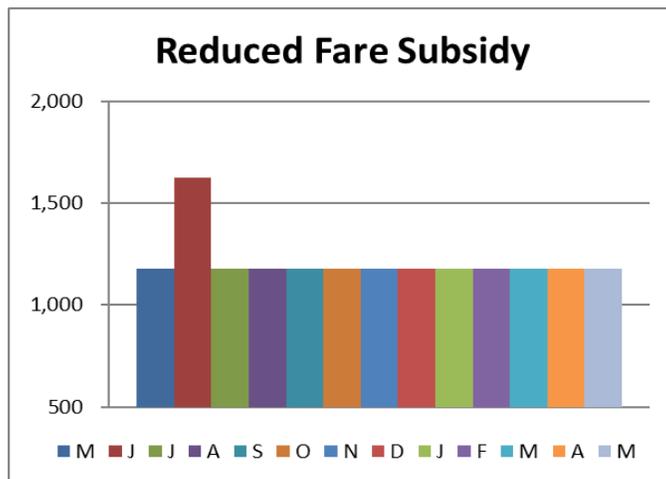
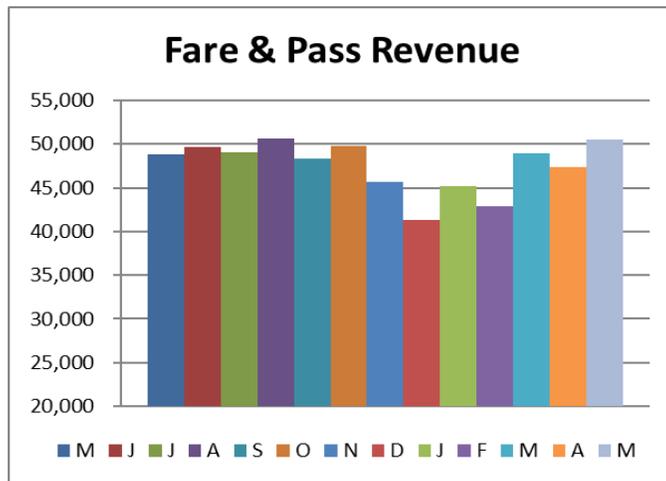
Cash & Liquidity



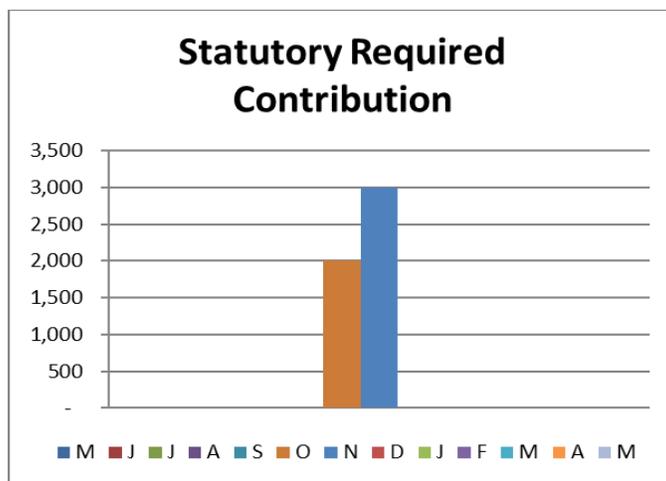
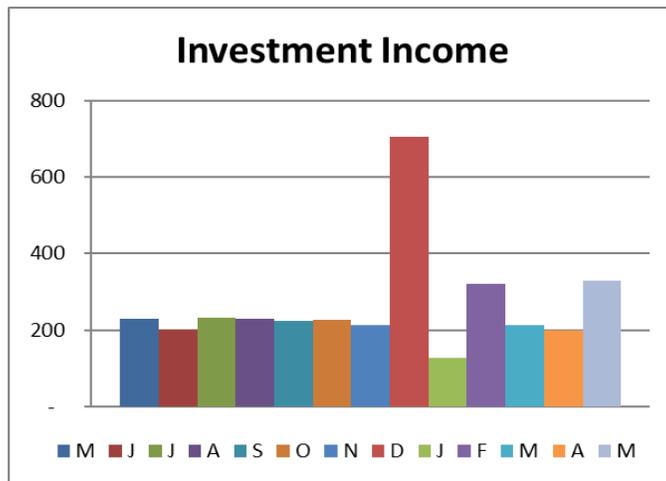
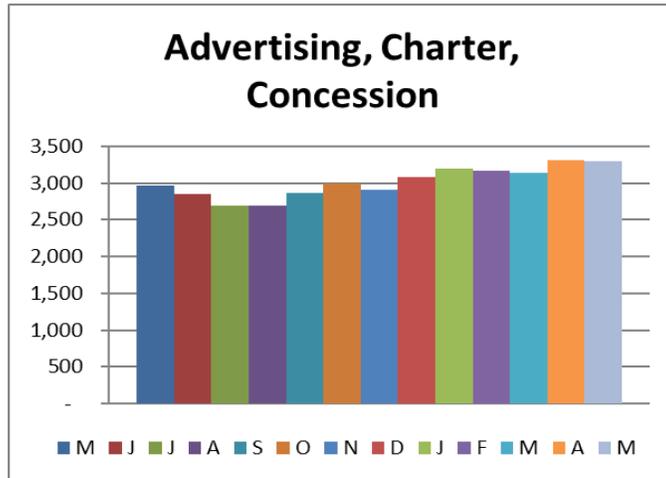
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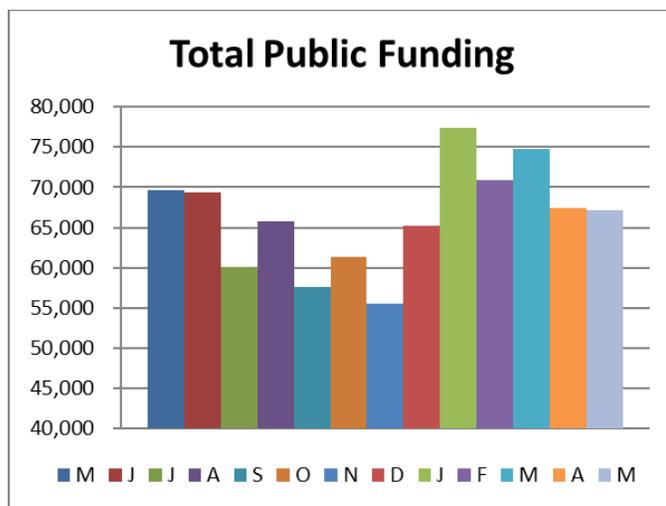
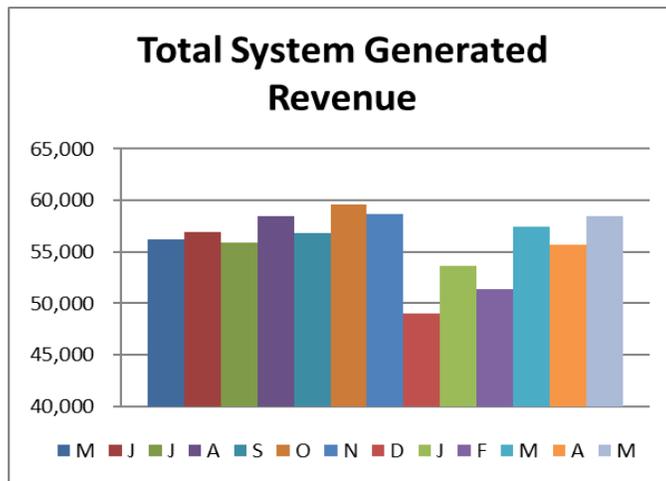
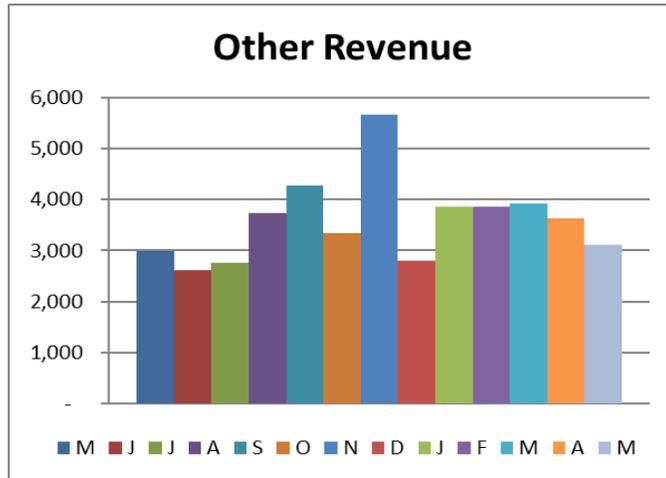
Revenue



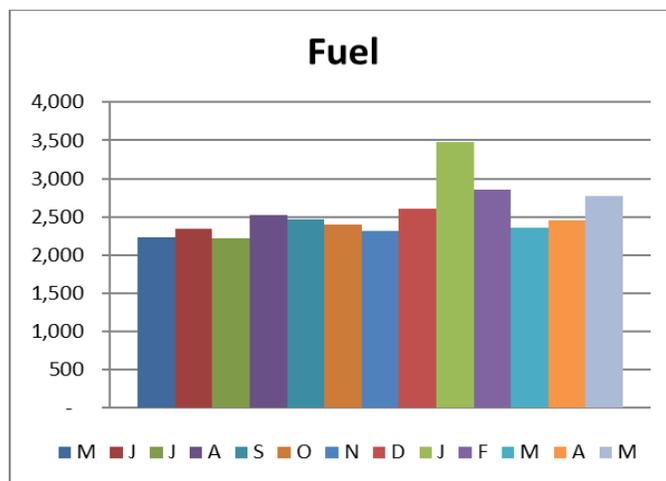
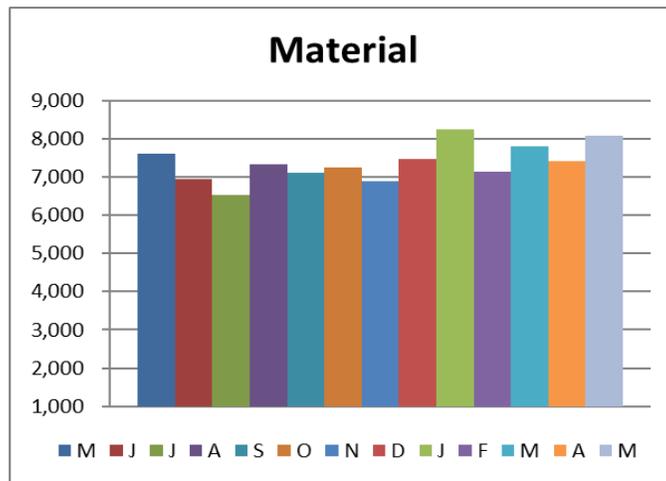
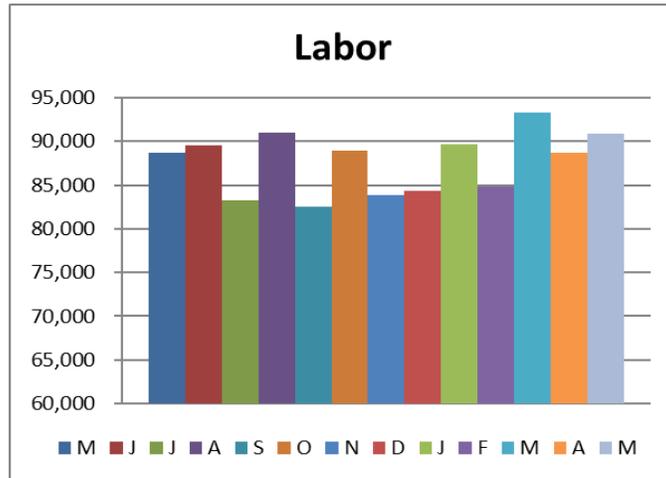
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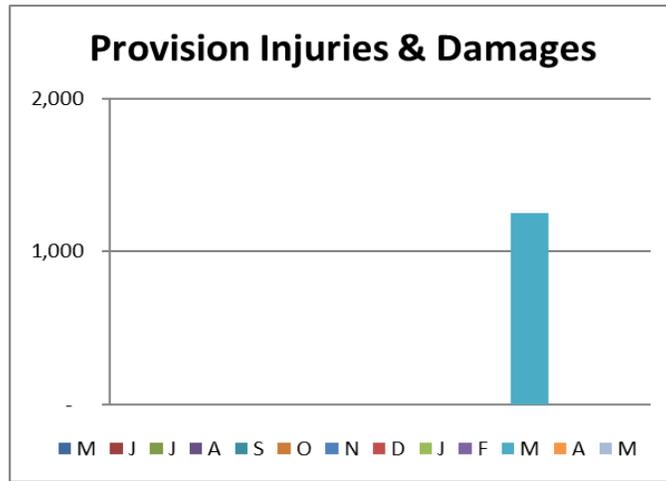
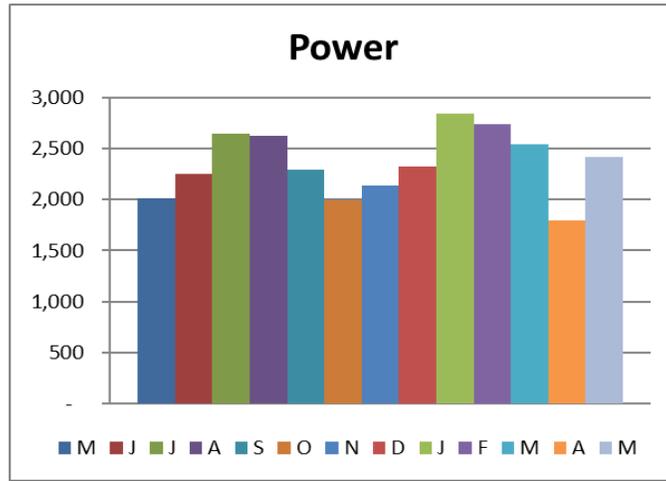
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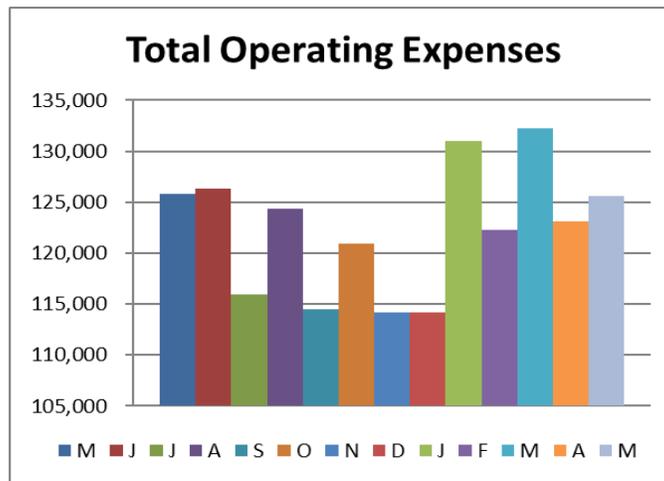
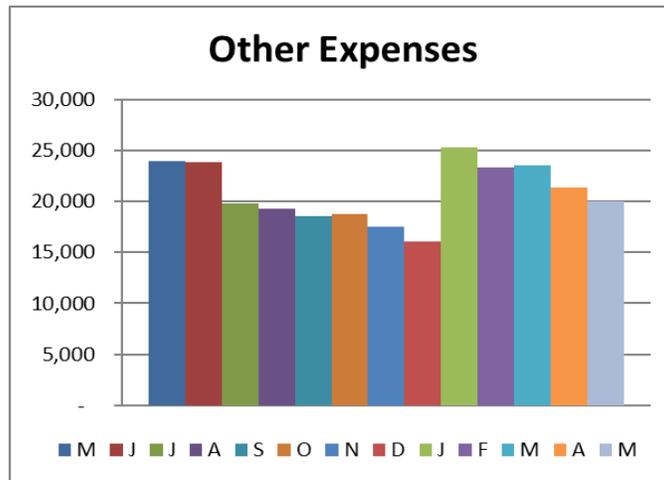
## Expenses



Expenses Cont'd



## Expenses Cont'd



<b>Cash</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>
Unrestricted Cash	183	178	196	178	170	165	141	148	176	117	108	102	128
Damage Reserve	94	84	83	83	82	81	81	80	80	78	78	69	70
Funds Owed by RTA	349	353	339	333	332	340	347	329	346	370	348	352	316
Trust Portfolio Assets	660	510	520	534	620	636	655	503	503	525	531	527	532

<b>Revenue</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>
Fare & Pass Revenue	48,863	49,629	49,009	50,666	48,281	49,847	45,668	41,259	45,231	42,887	48,965	47,335	50,568
Reduced Fare Subsidy	1,180	1,625	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	2,963	2,845	2,697	2,691	2,867	2,997	2,907	3,073	3,201	3,163	3,139	3,309	3,301
Investment Income	230	202	231	230	223	226	212	704	126	320	213	198	330
Statutory Required Contribution	-	-	-	-	-	2,000	3,000	-	-	-	-	-	-
Other Revenue	2,981	2,624	2,758	3,727	4,274	3,349	5,675	2,791	3,852	3,862	3,915	3,635	3,109
<b>Total System Generated Revenue</b>	<b>56,217</b>	<b>56,924</b>	<b>55,875</b>	<b>58,494</b>	<b>56,825</b>	<b>59,599</b>	<b>58,642</b>	<b>49,007</b>	<b>53,590</b>	<b>51,412</b>	<b>57,412</b>	<b>55,658</b>	<b>58,488</b>
Total Public Funding	69,633	69,346	60,058	65,831	57,662	61,316	55,512	65,165	77,376	70,865	74,834	67,466	67,151

<b>Expenses</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>
Labor	88,664	89,514	83,306	91,014	82,542	88,972	83,796	84,287	89,645	84,844	93,329	88,722	90,888
Material	7,597	6,933	6,521	7,336	7,096	7,259	6,874	7,456	8,250	7,133	7,791	7,424	8,075
Fuel	2,239	2,350	2,222	2,530	2,472	2,403	2,316	2,611	3,484	2,852	2,360	2,453	2,768
Power	2,014	2,252	2,650	2,622	2,298	1,993	2,140	2,328	2,844	2,741	2,545	1,799	2,414
Provision Injuries & Damages	-	-	-	-	-	-	-	-	-	-	1,250	-	-
Purchase of Security Services	1,386	1,382	1,461	1,510	1,510	1,508	1,508	1,430	1,403	1,387	1,410	1,409	1,455
Other Expenses	23,950	23,839	19,773	19,311	18,570	18,778	17,518	16,059	25,340	23,320	23,562	21,318	20,039
<b>Total Operating Expenses</b>	<b>125,850</b>	<b>126,271</b>	<b>115,933</b>	<b>124,324</b>	<b>114,487</b>	<b>120,914</b>	<b>114,153</b>	<b>114,172</b>	<b>130,966</b>	<b>122,277</b>	<b>132,247</b>	<b>123,123</b>	<b>125,639</b>