



To: Chicago Transit Authority Board  
From: Jeremy Fine, Chief Financial Officer  
Re: Financial Results for March 2018  
Date: May 9, 2018

### I. Summary

CTA's financial results are \$0.9 million favorable to budget for March due to higher fare and pass revenue and the timing of contractual expenses. Results are \$1.7 million unfavorable to budget for year-to-date 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 39.9 million and was 1.2 million higher than budget due to better weather for special events. Ridership was 1.8 million or 4.4% less than March 2017 due to the timing of Spring Break. Ridership year-to-date was higher than budget and less than prior year by 0.2 million and 4.8 million, respectively. Low gas prices, cold weather and competition from rideshare services such as Uber and Lyft contributed to the loss. There was also one fewer weekday and one additional Saturday this year.

### II. Cash & Liquidity

The chart below highlights CTA's cash position at March 2018 compared to March 2017.

	March 2018	March 2017	Increase (Decrease)
Unrestricted Cash	\$ 108,257	\$ 219,526	\$ (111,269)
Damage Reserve	77,584	102,207	\$ (24,623)
Funds Owed by RTA	347,871	322,503	\$ 25,368
Trust Portfolio Assets	531,170	630,510	\$ (99,340)
Total Cash and Receivables	\$ 1,064,882	\$ 1,274,746	\$ (209,864)

CTA's total cash/receivables balance was equal to \$1.1 billion. Unrestricted cash was \$111.3 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 \$24.6 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$347.9 million which was \$25.4 million more than the prior year due to delayed 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 48,965	\$ 1,168	\$ 1,315	\$ 137,083	\$ 1,504	\$ 4,981

- Fare and pass revenue for March was \$1.2 million favorable to budget and \$1.3 million favorable to prior year mainly due to increased ridership for special events such as St. Patrick's Day. The average fare for the month was \$1.23 and was \$0.01 lower than budget and \$0.09 higher than the prior year.
- Year-to-date fare and pass revenue was \$1.5 million favorable to budget and \$5.0 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 \$0.01 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 3,540	\$ (3,540)	\$ -

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$3.5 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 3,139	\$ (91)	\$ 337	\$ 9,503	\$ (173)	\$ 1,078

- Advertising, Charter and Concessions Revenue was almost flat to budget at \$0.1 million unfavorable and \$0.2 million unfavorable year-to-date due to vehicle and platform advertising revenue. The month and year-to-date increase over prior year of \$0.3 million and \$1.1 million, respectively, was due to the increased advertising minimum guarantee.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 213	\$ 80	\$ (19)	\$ 660	\$ 260	\$ 26

- Investment income was \$0.1 million and \$0.3 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Other Revenue	\$ 3,915	\$ (158)	\$ 1,416	\$ 11,629	\$ (548)	\$ 4,264

- Other Revenue was unfavorable to budget for the month and year-to-date primarily due to the timing of non-capital grant revenue. Other revenue was \$1.4 million and \$4.3 million favorable compared to prior March and year-to-date, 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Total System Generated Revenue	\$ 57,412	\$ (180)	\$ 3,048	\$ 162,416	\$ (2,497)	\$ 10,350

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$0.2 million and \$2.5 million, respectively, primarily due to lower reduced fare revenue. It was more than March 2017 and prior year-to-date by \$3.0 million and \$10.4 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Labor	\$ 93,329	\$ (2,123)	\$ 726	\$ 267,819	\$ (3,546)	\$ (3,037)

- Labor expense was \$2.1 million unfavorable to budget for the month due to negotiated union contract increases. Slightly 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Material	\$ 7,791	\$ 252	\$ 382	\$ 23,173	\$ (234)	\$ (600)

- Material expense was \$0.3 million favorable to budget for the month and \$0.4 million favorable to prior year. Material expense was \$0.6 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,360	\$ 534	\$ 188	\$ 8,696	\$ (113)	\$ (1,185)

- Fuel for Revenue Equipment expense was \$0.5 million favorable to budget in March primarily due to lower than expected usage and an earlier than expected conversion from winter-grade fuel to less expensive regular fuel in 2018. 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,545	\$ -	\$ (664)	\$ 8,130	\$ 90	\$ (964)

- The Electric Power for Revenue Equipment expense was on par with budget for the month. Expenses were \$1.0 million unfavorable to prior year, primarily due higher consumption associated with the harsher weather 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Provision for Injuries & Damages	\$ 1,250	\$ -	\$ (458)	\$ 1,250	\$ -	\$ 1,125

- 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 \$1.1 million due to lower funding requirements in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,410	\$ 73	\$ (89)	\$ 4,200	\$ 251	\$ (227)

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

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 23,562	\$ 2,356	\$ 722	\$ 72,221	\$ 4,362	\$ 560

- The \$2.4 million and \$4.4 million favorable variances to budget for the month and year-to-date, respectively, were mainly due to the timing of contractual services invoices and non-capital grant expense. 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 132,247	\$ 1,093	\$ 808	\$ 385,490	\$ 810	\$ (4,328)

- Operating Expenses were \$1.1 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
	Mar-18	Budget Mar-18	Prior Year Mar18 vs. Mar17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	52.80%	0.38		51.48%	(0.59)	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 52.80% for the month. This was favorable to budget by 0.38 percentage points for the month. Year-to-date, the recovery ratio was 51.48%, which

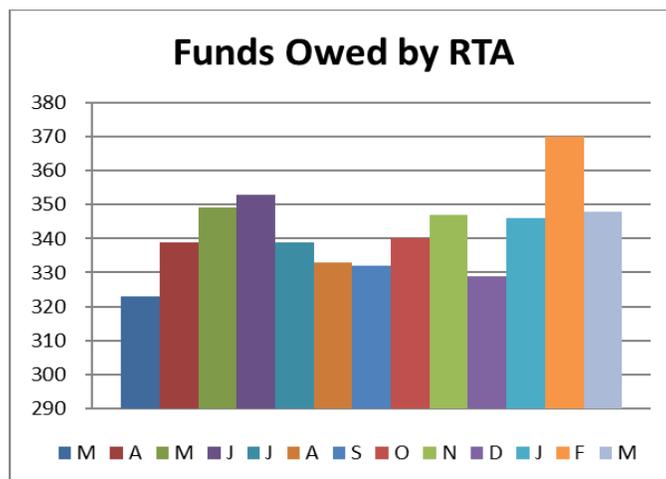
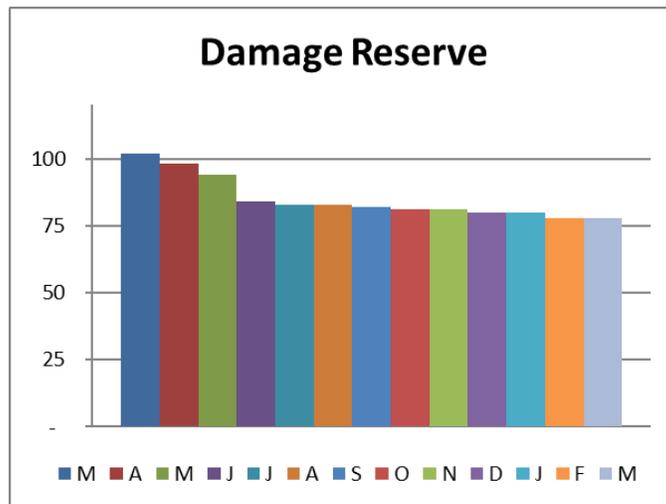
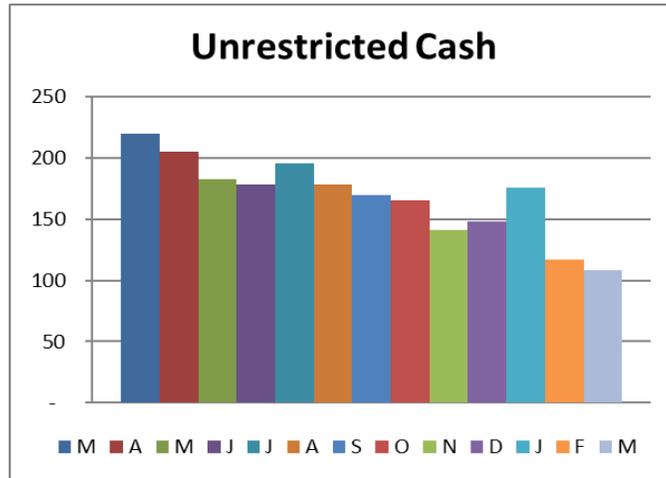
was unfavorable to budget by 0.59 percentage points but is on target to meet the RTA required recovery ratio.

## VI. Ridership

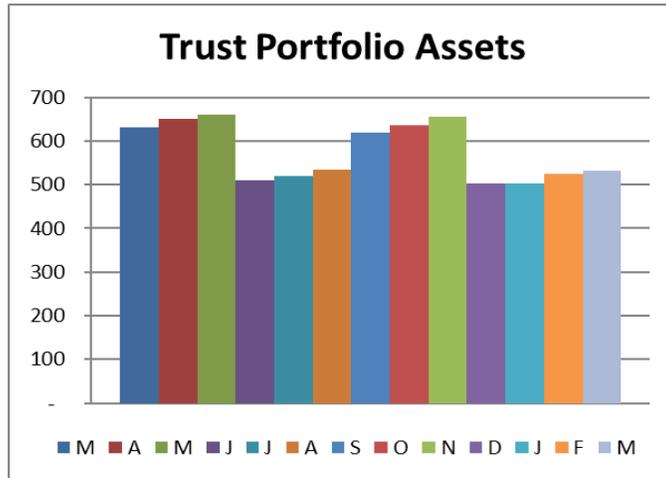
Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Mar-18	Mar-18	Mar18 vs. Mar17	2018	2018	2017
Bus	20,953	822	(1,169)	58,676	463	(2,918)
Rail	15,514	394	(559)	43,273	(98)	(1,570)
Rail to Rail Transfers	3,441	3	(113)	9,598	(181)	(344)
<b>Total</b>	<b>39,907</b>	<b>1,219</b>	<b>(1,841)</b>	<b>111,547</b>	<b>184</b>	<b>(4,831)</b>

- Ridership for the month of March was 39.9 million and was higher than budget and lower than prior year by 1.2 million and 1.8 million, respectively.
- Calendar adjusted ridership was down 2.9% from prior year due to low gas prices and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 111.5 million and was 0.2 million higher than budget and 4.8 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 4.3% from the prior year-to-date.
- More details on ridership can be found in the March Ridership Report

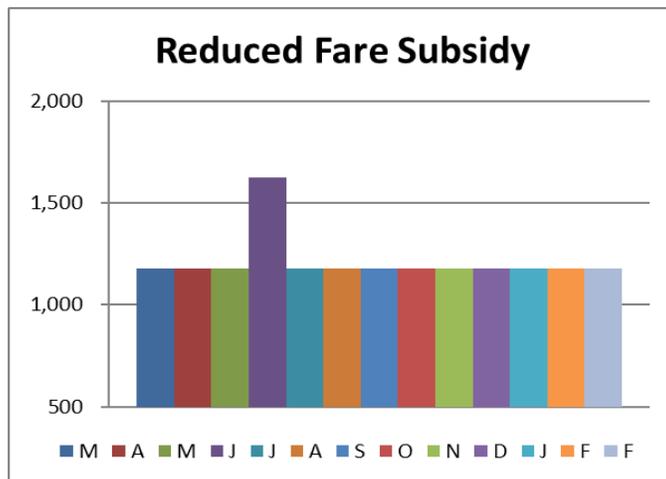
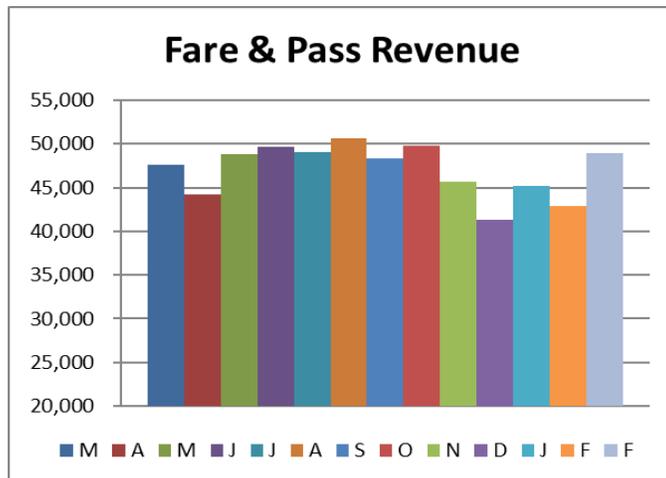
## Cash



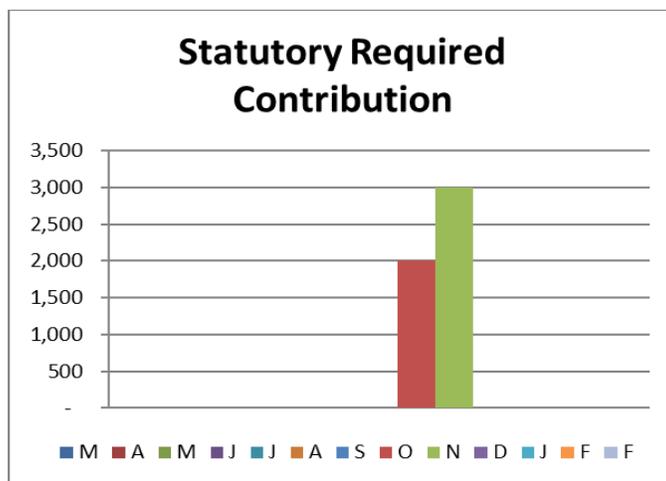
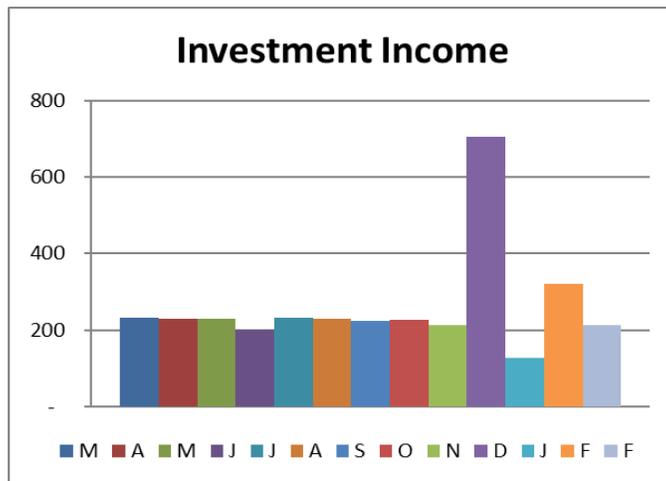
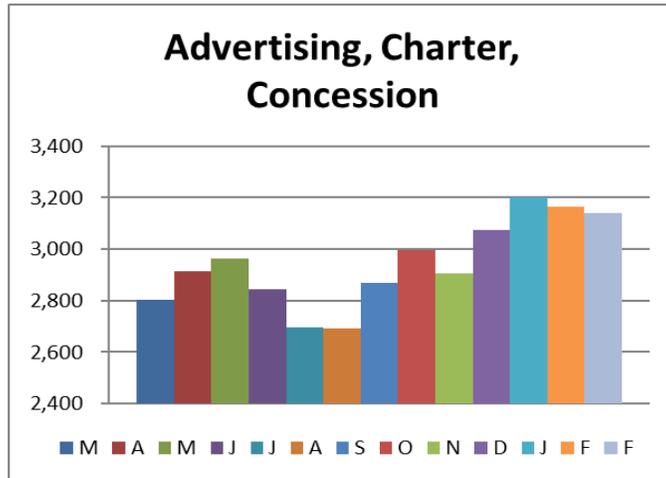
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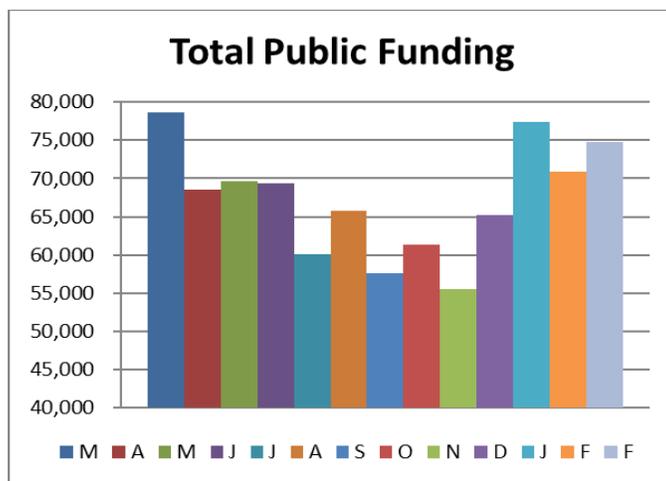
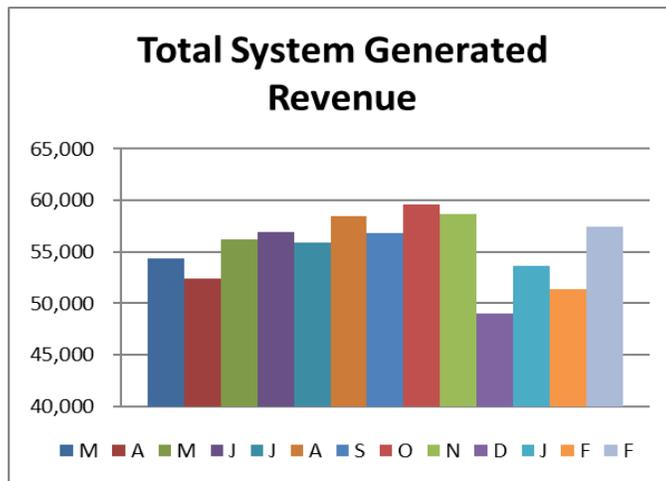
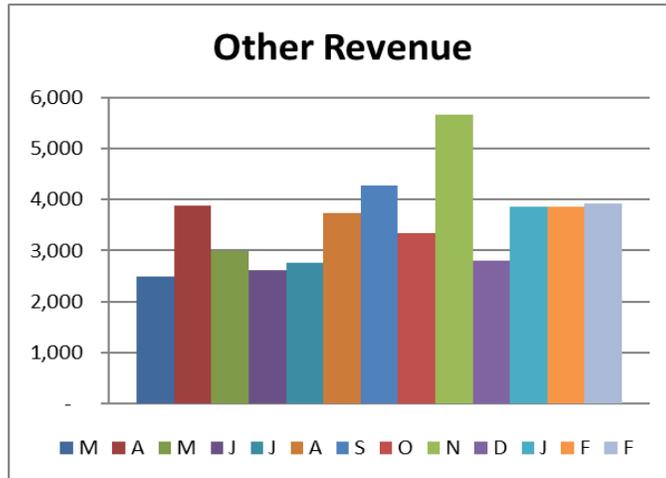
Revenue



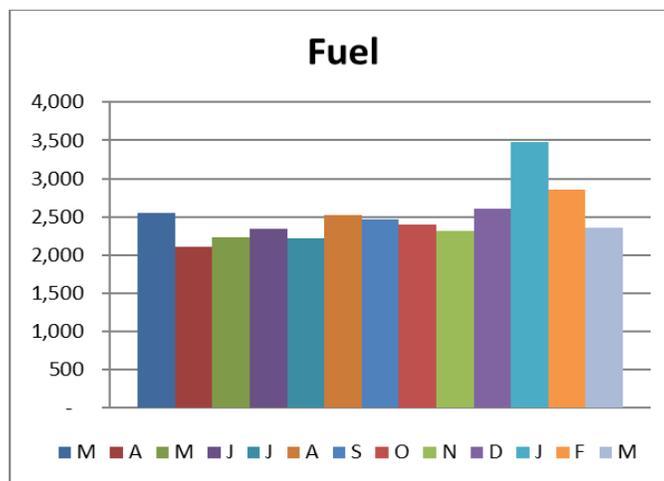
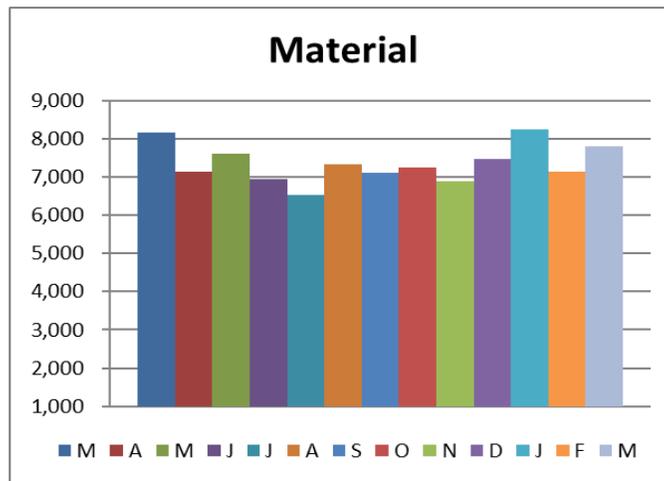
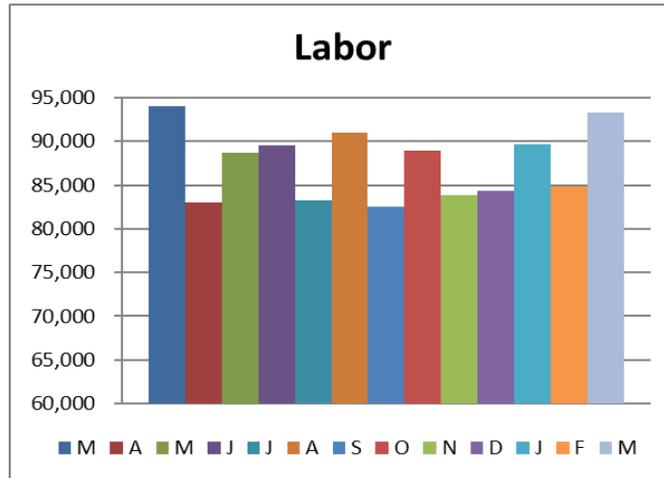
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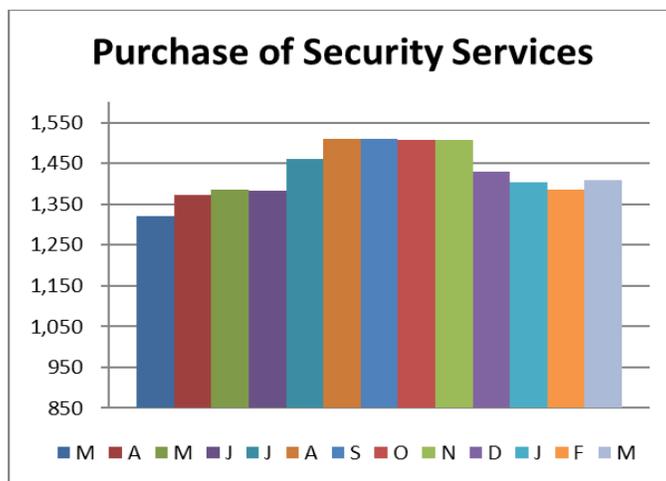
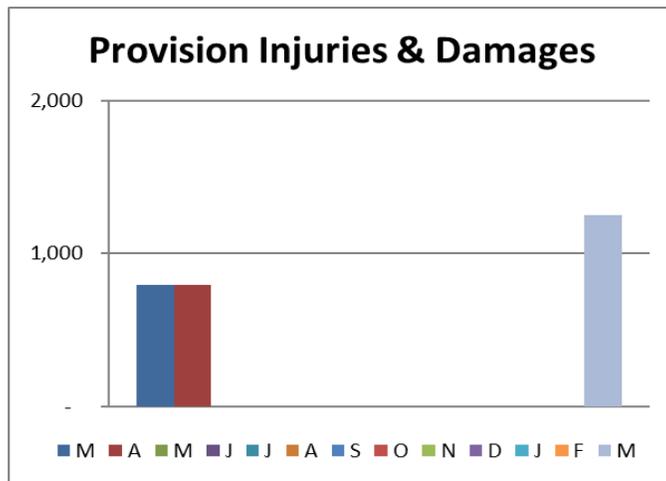
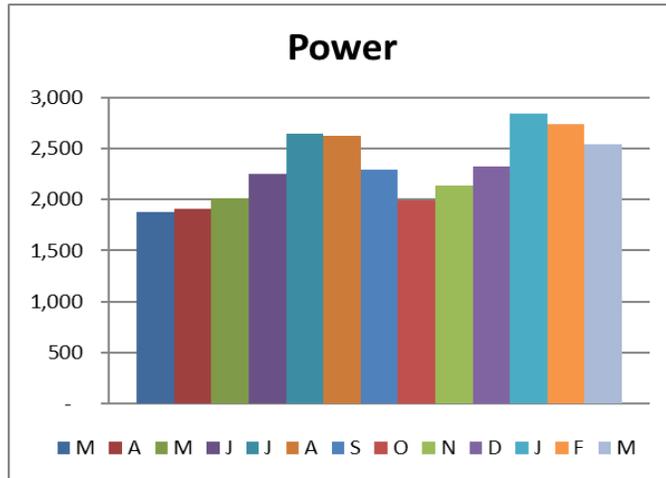
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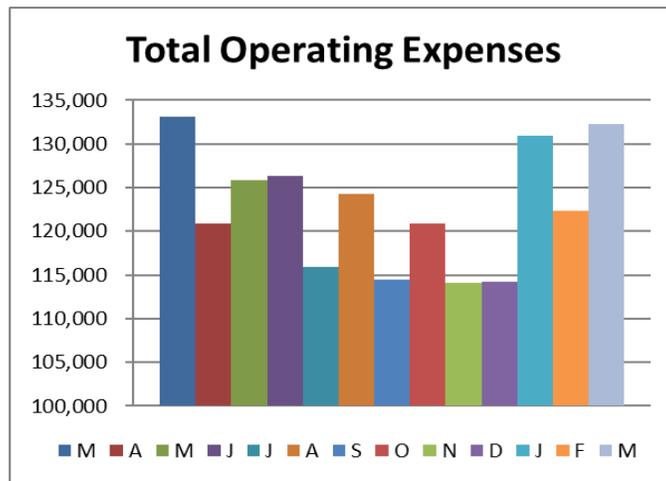
## Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Unrestricted Cash	220	205	183	178	196	178	170	165	141	148	176	117	108
Damage Reserve	102	98	94	84	83	83	82	81	81	80	80	78	78
Funds Owed by RTA	323	339	349	353	339	333	332	340	347	329	346	370	348
Trust Portfolio Assets	631	650	660	510	520	534	620	636	655	503	503	525	531

Revenue	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Fare & Pass Revenue	47,650	44,171	48,863	49,629	49,009	50,666	48,281	49,847	45,668	41,259	45,231	42,887	48,965
Reduced Fare Subsidy	1,180	1,180	1,180	1,625	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	2,803	2,914	2,963	2,845	2,697	2,691	2,867	2,997	2,907	3,073	3,201	3,163	3,139
Investment Income	233	229	230	202	231	230	223	226	212	704	126	320	213
Statutory Required Contribution	-	-	-	-	-	-	-	2,000	3,000	-	-	-	-
Other Revenue	2,499	3,875	2,981	2,624	2,758	3,727	4,274	3,349	5,675	2,791	3,852	3,862	3,915
Total System Generated Revenue	54,365	52,368	56,217	56,924	55,875	58,494	56,825	59,599	58,642	49,007	53,590	51,412	57,412
Total Public Funding	78,690	68,519	69,633	69,346	60,058	65,831	57,662	61,316	55,512	65,165	77,376	70,865	74,834

Expenses	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Labor	94,055	82,989	88,664	89,514	83,306	91,014	82,542	88,972	83,796	84,287	89,645	84,844	93,329
Material	8,173	7,137	7,597	6,933	6,521	7,336	7,096	7,259	6,874	7,456	8,250	7,133	7,791
Fuel	2,548	2,103	2,239	2,350	2,222	2,530	2,472	2,403	2,316	2,611	3,484	2,852	2,360
Power	1,881	1,907	2,014	2,252	2,650	2,622	2,298	1,993	2,140	2,328	2,844	2,741	2,545
Provision Injuries & Damages	792	792	-	-	-	-	-	-	-	-	-	-	1,250
Purchase of Security Services	1,321	1,373	1,386	1,382	1,461	1,510	1,510	1,508	1,508	1,430	1,403	1,387	1,410
Other Expenses	24,283	24,586	23,950	23,839	19,773	19,311	18,570	18,778	17,518	16,059	25,340	23,320	23,562
Total Operating Expenses	133,054	120,887	125,850	126,271	115,933	124,324	114,487	120,914	114,153	114,172	130,966	122,277	132,247