



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for September 2017
Date: November 15, 2017

I. Summary

CTA's financial results are \$7.7 million favorable to budget for September primarily due to lower operating expenses. Results are \$19.0 million favorable to budget for year-to-date due to lower operating expenses.

Ridership for the month was 42.1 million and was 1.1 million less than budget. Ridership was 1.4 million or 3.3% less than September 2016 due to low gas prices and competition from rideshare services such as Uber and Lyft. Ridership year-to-date was less than budget and prior year by 12.2 million and 14.3 million, respectively.

II. Cash & Liquidity

The chart below highlights CTA's cash position at September 2017 compared to September 2016.

	September 2017	September 2016	Increase (Decrease)
Unrestricted Cash	\$ 170.1	\$ 177.7	\$ (7.6)
Damage Reserve	82.2	108.1	\$ (25.9)
Funds Owed by RTA	331.6	323.1	\$ 8.5
Trust Portfolio Assets	619.7	405.3	\$ 214.4
Total Cash and Receivables	<u>\$ 1,203.6</u>	<u>\$ 1,014.2</u>	<u>\$ 189.4</u>

CTA's total cash/receivables balance was equal to \$1.2 billion. Unrestricted cash was \$7.6 million lower than the prior year due to timing of cash receipts and invoice payments. The Damage Reserve is sufficiently funded and was \$25.9 million lower than last year due to payments made in 2017. Funds owed by the RTA were approximately \$331.6 million which was \$8.5 million less than the prior year. 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 increases when new debt is issued and decreases when payments are made.

III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Fare & Pass Revenue	\$ 48,281	\$ (906)	\$ (1,150)	\$ 422,721	\$ (13,103)	\$ (13,476)

- Fare and pass revenue for September was \$0.9 million unfavorable to budget and \$1.2 million unfavorable to prior year mainly due to lower pass and rail full fare revenue. The average fare for the month was \$1.15 and was \$0.01 higher than budget and \$0.01 higher than prior year.
- Year-to-date fare and pass revenue was \$13.1 million unfavorable to budget and \$13.5 million lower compared to prior year due to lower ridership. The average fare for the year was \$1.17 per ride and was on par with budget and \$0.01 higher than prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ (224)	\$ 11,066	\$ (10,176)	\$ 221

- Reduced Fare Subsidy was unfavorable to budget for the month and year-to-date by \$1.2 million and \$10.2 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Advertising, Charter, Concession	\$ 2,867	\$ (27)	\$ 181	\$ 25,402	\$ 462	\$ 1,203

- Advertising, Charter and Concessions Revenue was on par with budget for the month and \$0.5 million higher year-to-date due to higher vehicle and platform advertising revenue. The \$1.2 million increase over prior year-to-date was also mainly due to higher vehicle and platform advertising revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Investment income	\$ 223	\$ 130	\$ 59	\$ 1,977	\$ 1,137	\$ 592

- Investment income was \$0.1 million higher than budget for the month and \$1.1 million favorable to budget year-to-date due to higher short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Other Revenue	\$ 4,274	\$ 702	\$ (2,599)	\$ 27,604	\$ 5,447	\$ (3,704)

- Other Revenue was favorable to budget by \$0.7 million due to higher-than-anticipated non-capital grant revenue. Other revenue was unfavorable to prior year due to higher non-capital grant revenue in September 2016. The year-to-date was favorable to budget by \$5.4 million due to higher non-capital grant, rentals and movie-generated revenues. Other revenue was \$3.7 million unfavorable compared to prior year-to-date primarily due to the sale of surplus property in the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Total System Generated Revenue	\$ 56,825	\$ (1,282)	\$ (3,733)	\$ 488,770	\$ (16,232)	\$ (15,163)

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$1.3 million and \$16.2 million, respectively, due to lower reduced fare subsidy and fare and pass revenue. It was lower than September 2016 and prior year-to-date by \$3.7 million and \$15.2 million, respectively, due to lower fare and pass revenue and the sale of surplus property in 2016.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Labor	\$ 82,542	\$ 2,192	\$ 3,016	\$ 782,810	\$ 4,527	\$ (13,265)

- Labor expense was \$2.2 million favorable to budget for the month due to managing vacant positions and restrictions on noncritical overtime to control costs. Slightly higher fringe benefits in 2017 contributed to higher expenses compared to 2016 year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Material	\$ 7,096	\$ 580	\$ 153	\$ 65,194	\$ 1,722	\$ (2,409)

- Material expense was \$0.6 million favorable to budget for the month and year-to-date expenses were \$1.7 million favorable to budget due to the timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Fuel	\$ 2,472	\$ 226	\$ 254	\$ 21,427	\$ 4,120	\$ 3,053

- Fuel for Revenue Equipment expense was \$0.2 million favorable to budget in September primarily due to favorable pricing and lower consumption. Fuel expense was \$0.3 million and \$3.1 million favorable compared to prior September and 2016 year-to-date, respectively, due to a reduction in the price of diesel fuel, lower usage and an increase in fuel efficiency.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Power	\$ 2,298	\$ 335	\$ 49	\$ 20,911	\$ 2,266	\$ 1,004

- The Electric Power for Revenue Equipment expense was \$0.3 million favorable to budget for the month due to lower prices. Year-to-date, expenses were \$2.3 million under budget, primarily due to favorable prices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Provision for Injuries & Damages	\$ -	\$ 792	\$ 3,375	\$ 3,167	\$ 3,958	\$ 4,958

- The Provision for Injuries & Damages expense was favorable to budget for the month and year-to-date by \$0.8 million and \$4.0 million, respectively, due to lower than expected funding requirements.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Purchase of Security Services	\$ 1,510	\$ (106)	\$ (298)	\$ 12,595	\$ 34	\$ (2,122)

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and on par with year-to-date due to the timing of invoices.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Other Expenses	\$ 18,570	\$ 4,991	\$ 5,490	\$ 202,811	\$ 18,640	\$ (1,481)

- Other Expenses were favorable to budget by \$5.0 million for the month due to cost containment and the timing of contractual expenses. The unfavorable variance to prior year to-date was mainly due to new debt service. Of the total monthly other expenses, the pension obligation bond expense is \$8.8 million; the remaining expenses are for utilities, maintenance contracts, services, and other expenses.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Total Operating Expenses	\$ 114,487	\$ 9,009	\$ 12,038	\$ 1,108,914	\$ 35,266	\$ (10,262)

- Operating Expenses were \$9.0 million favorable to budget for the month due to cost containment efforts in labor and other expenses. The unfavorable variance to prior year-to-date was due primarily to higher labor expenses.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-17	Budget Sep-17	Prior Year Sep17 vs. Sep16	2017	Budget 2017	Prior Year 2016
Recovery Ratio	63.23%	5.44		54.44%	0.55	

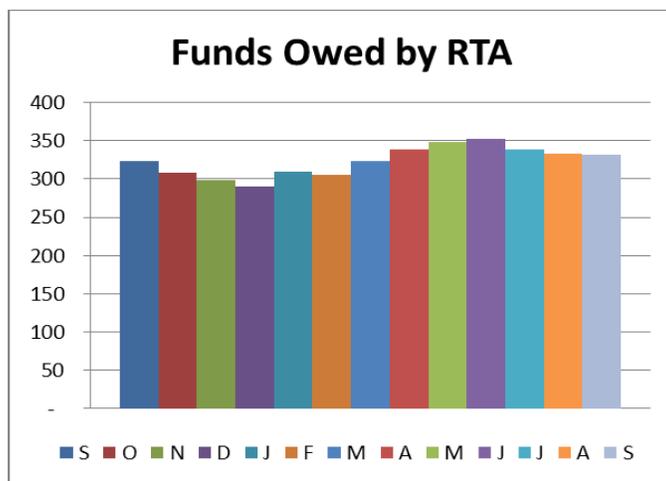
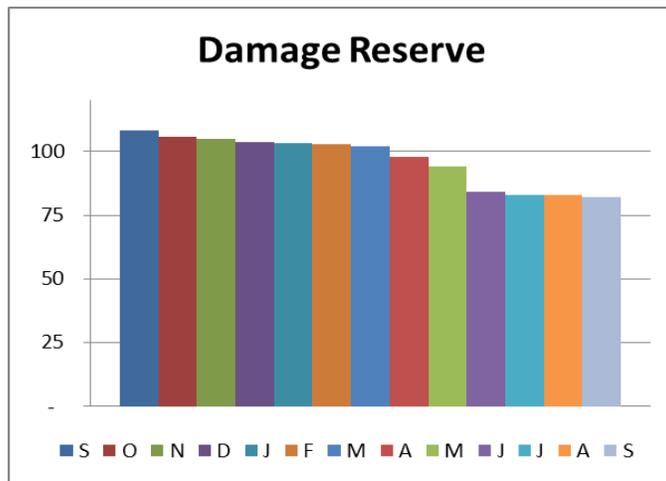
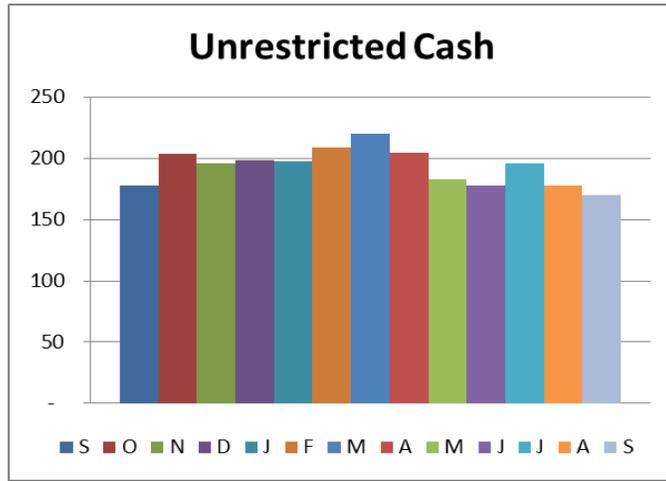
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 63.23% for the month. This was favorable to budget by 5.44 percentage points. Year-to-date, the recovery ratio was 54.44%, which was favorable to budget by 0.55 percentage points.

VI. Ridership

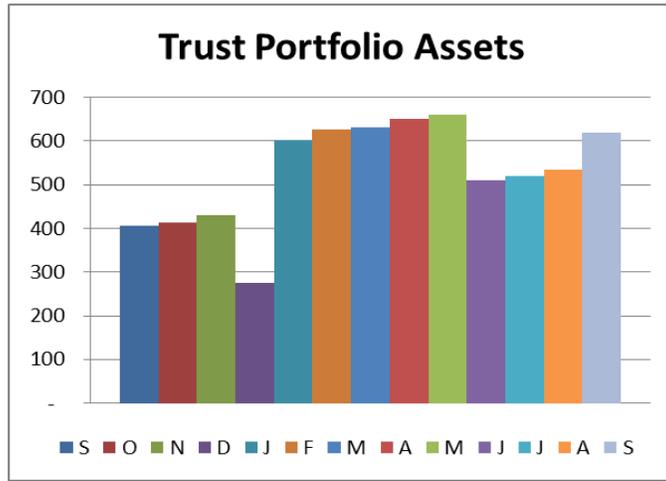
Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Sep-17	Sep-17	Sep17 vs. Sep16	2017	2017	2016
Bus	21,896	393	(807)	187,275	147	(8,406)
Rail	16,572	(1,277)	(525)	142,505	(10,590)	(4,843)
Rail to Rail Transfers	3,603	(211)	(100)	31,556	(1,784)	(1,077)
Total	42,071	(1,095)	(1,431)	361,336	(12,226)	(14,326)

- Ridership for the month of September was 42.1 million and was lower than budget and prior year by 1.1 million and 1.4 million, respectively.
- Calendar adjusted ridership was down 1.8% 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 361.3 million and was 12.2 million less than budget and 14.3 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 3.4% from the prior year-to-date.
- More details on ridership can be found in the September Ridership Report.

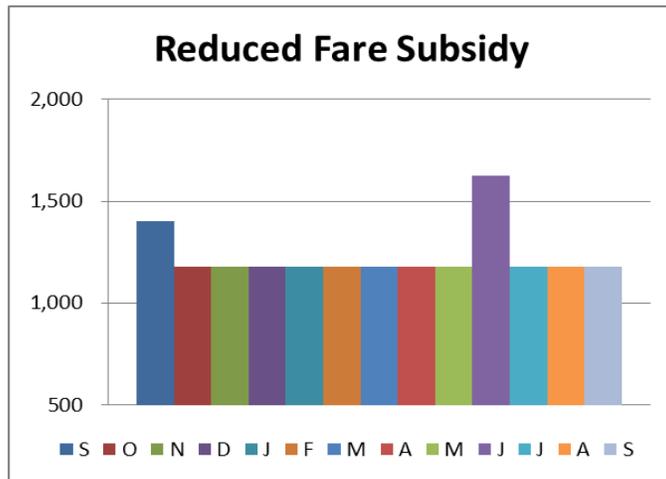
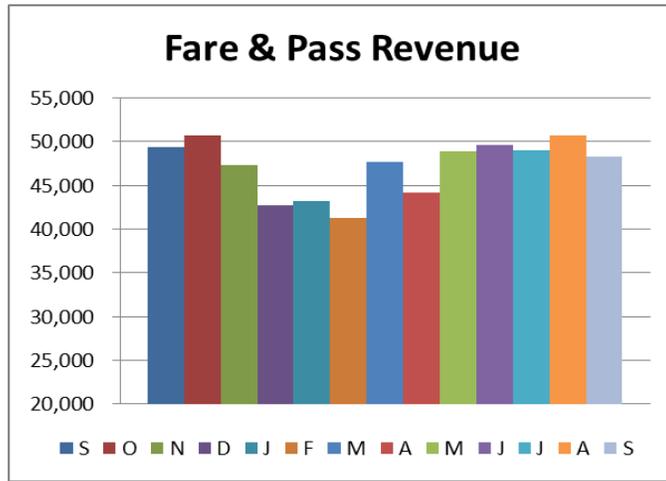
Cash



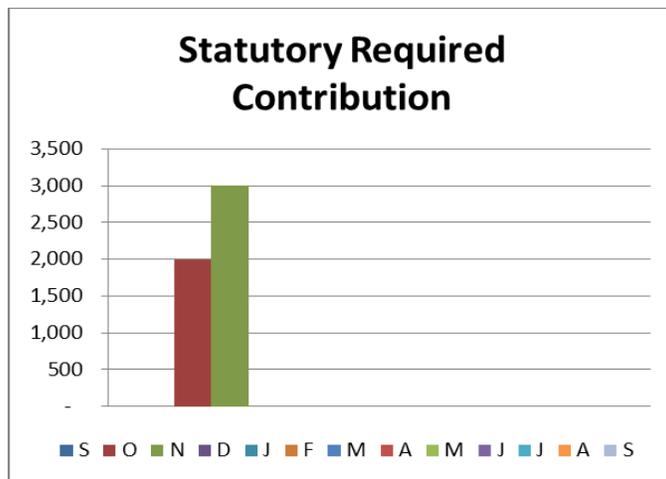
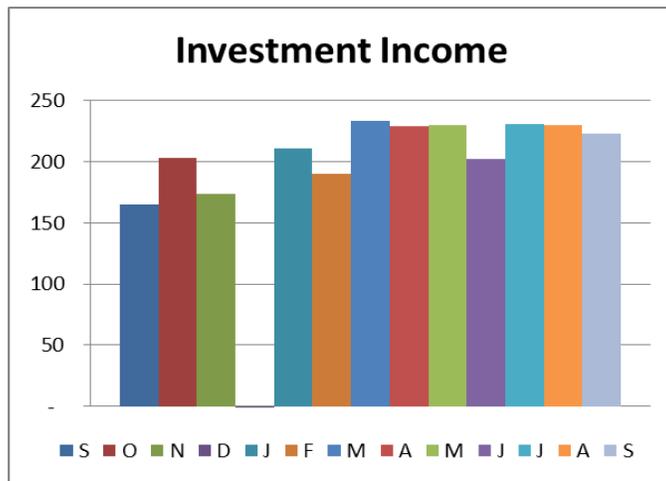
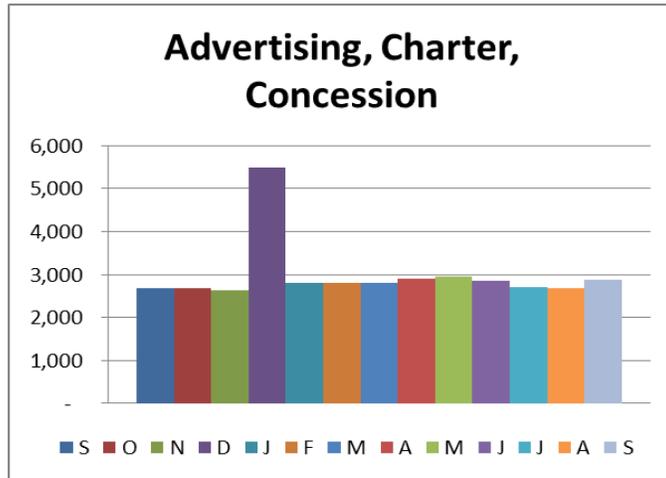
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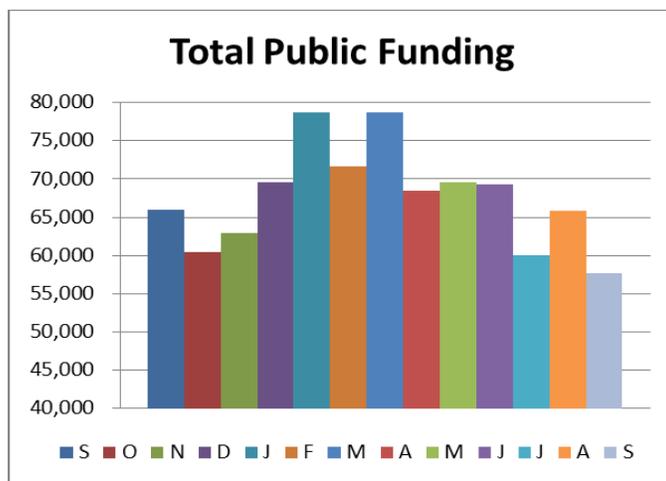
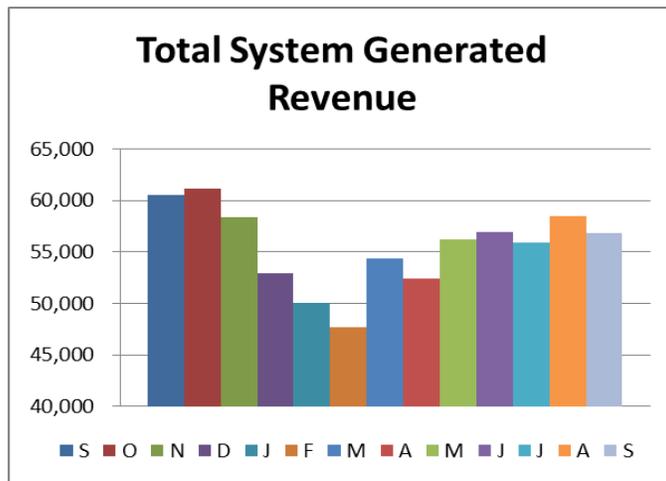
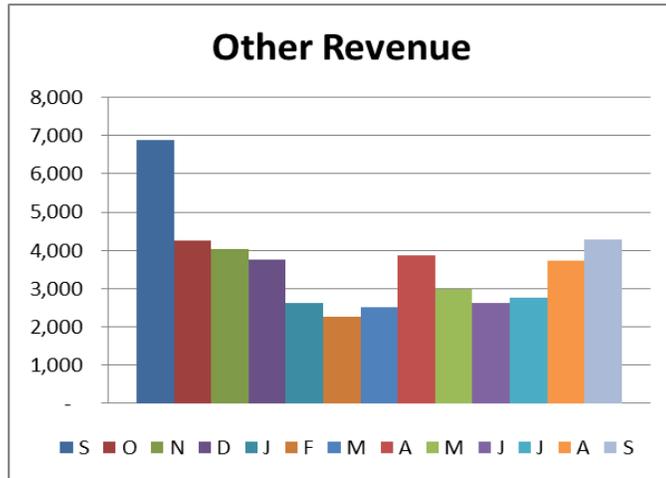
Revenue



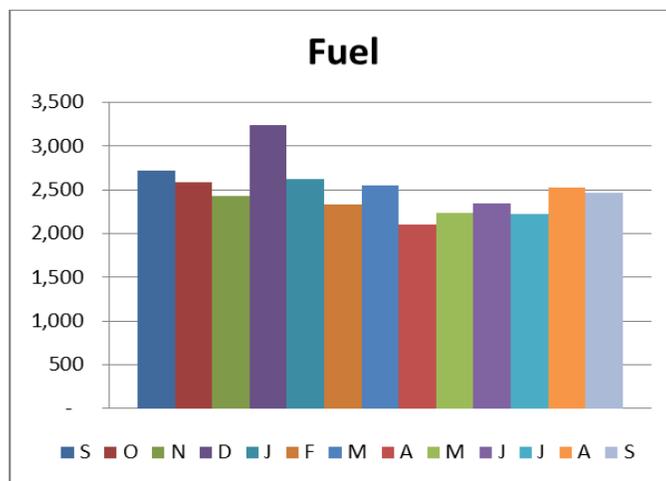
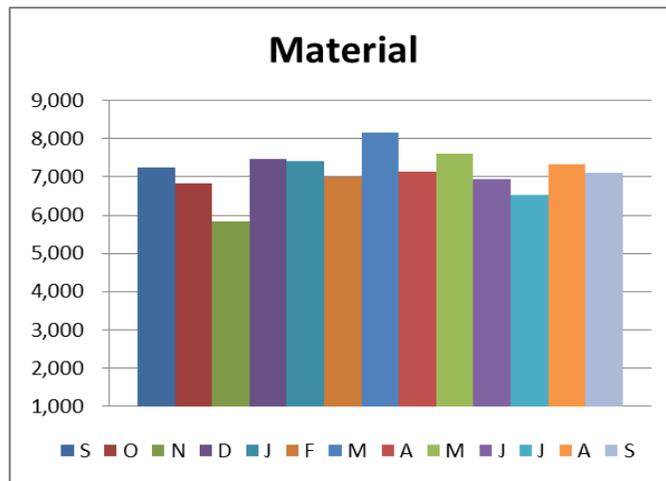
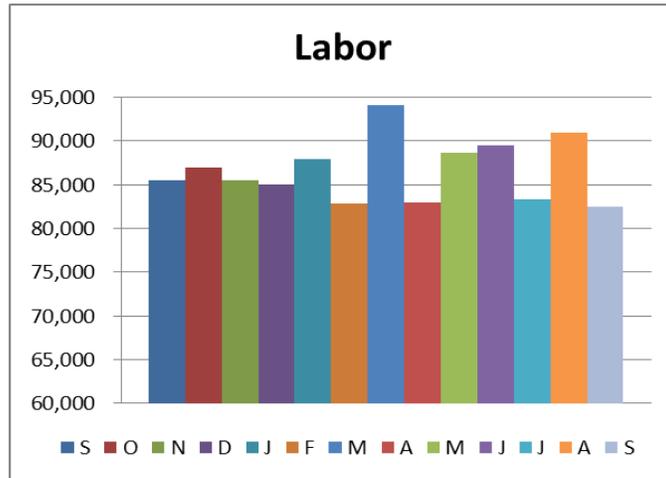
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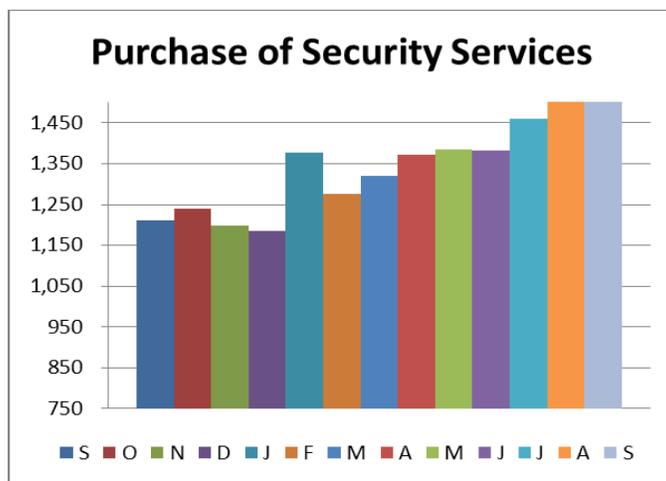
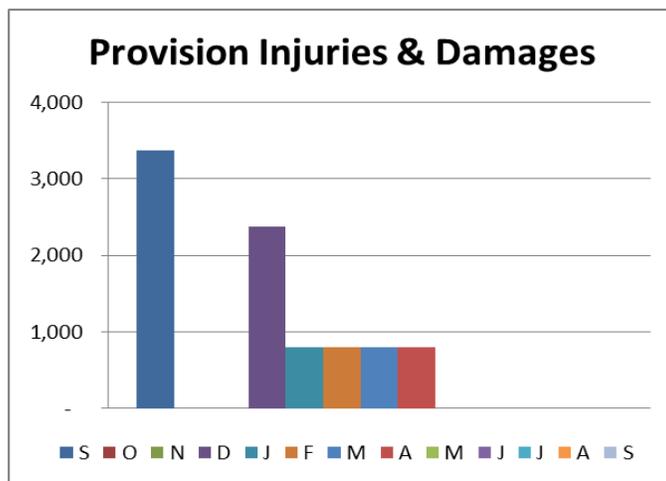
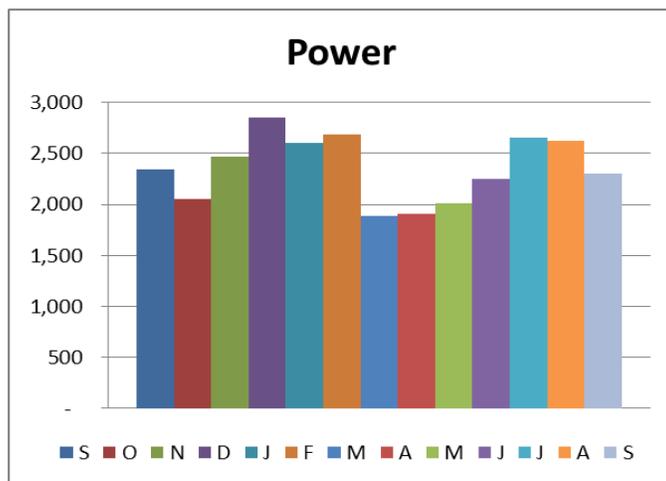
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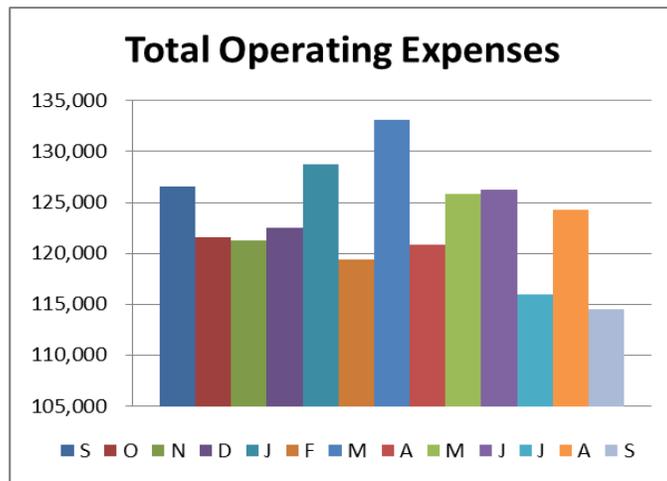
Expenses



Expenses Cont'd



Expenses



Cash	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Unrestricted Cash	178	204	196	199	197	209	220	205	183	178	196	178	170
Damage Reserve	108	106	105	104	103	103	102	98	94	84	83	83	82
Funds Owed by RTA	323	308	298	290	310	305	323	339	349	353	339	333	332
Trust Portfolio Assets	405	413	429	275	603	626	631	650	660	510	520	534	620

Revenue	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Fare & Pass Revenue	49,431	50,764	47,357	42,688	43,174	41,278	47,650	44,171	48,863	49,629	49,009	50,666	48,281
Reduced Fare Subsidy	1,404	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,625	1,180	1,180	1,180
Advertising, Charter, Concession	2,686	2,690	2,637	5,493	2,816	2,807	2,803	2,914	2,963	2,845	2,697	2,691	2,867
Investment Income	165	203	174	(155)	211	190	233	229	230	202	231	230	223
Statutory Required Contribution	-	2,000	3,000	-	-	-	-	-	-	-	-	-	-
Other Revenue	6,873	4,266	4,046	3,743	2,618	2,248	2,499	3,875	2,981	2,624	2,758	3,727	4,274
Total System Generated Revenue	60,559	61,103	58,394	52,950	49,999	47,703	54,365	52,368	56,217	56,924	55,875	58,494	56,825
Total Public Funding	65,967	60,422	62,881	69,551	78,707	71,699	78,690	68,519	69,633	69,346	60,058	65,831	57,662

Expenses	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Labor	85,558	86,924	85,560	85,016	87,882	82,845	94,055	82,989	88,664	89,514	83,306	91,014	82,542
Material	7,248	6,826	5,828	7,482	7,415	6,985	8,173	7,137	7,597	6,933	6,521	7,336	7,096
Fuel	2,726	2,584	2,433	3,242	2,627	2,335	2,548	2,103	2,239	2,350	2,222	2,530	2,472
Power	2,347	2,048	2,465	2,856	2,601	2,684	1,881	1,907	2,014	2,252	2,650	2,622	2,298
Provision Injuries & Damages	3,375	-	-	2,375	792	792	792	792	-	-	-	-	-
Purchase of Security Services	1,211	1,239	1,199	1,185	1,376	1,276	1,321	1,373	1,386	1,382	1,461	1,510	1,510
Other Expenses	24,060	21,905	23,790	20,346	26,014	22,484	24,283	24,586	23,950	23,839	19,773	19,311	18,570
Total Operating Expenses	126,525	121,525	121,274	122,502	128,706	119,402	133,054	120,887	125,850	126,271	115,933	124,324	114,487