



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for September 2019
Date: November 20, 2019

I. Summary

CTA's financial results are \$2.6 million favorable to budget for September primarily due to cost containment measures. Results are favorable to budget for year-to-date by \$11.1 million due to cost containment measures and lower material expenses which were partially offset by significantly lower fare revenue associated with the January 2019 polar vortex and lower reduced fare reimbursements from the State.

Ridership for the month was 40.0 million and was 0.2 million lower than budget. Ridership was 0.4 million less than September 2018. Ridership year-to-date was lower than budget and prior year by 5.7 million and 9.6 million, respectively. The ridership loss over the prior year to date was due to historically cold weather in addition to snow and rain events, 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 September 2019 compared to September 2018.

	September 2019	September 2018	Increase (Decrease)
Unrestricted Cash	\$ 115,363	\$ 114,427	\$ 936
Damage Reserve	49,529	65,965	\$ (16,436)
Funds Owed by RTA	286,074	296,725	\$ (10,651)
Trust Portfolio Assets	452,427	536,588	\$ (84,161)
Total Cash and Receivables	\$ 903,393	\$ 1,013,705	\$ (110,312)

CTA's total cash/receivables balance was equal to \$903.4 million. Unrestricted cash was \$0.9 million higher than the prior year due to the timing of cash receipts and invoice payments. The Damage Reserve fund was \$16.4 million lower than last year due to settlement payments. Funds owed by the RTA were approximately \$286.1 million which was \$10.7 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Fare & Pass Revenue	\$ 49,965	\$ (1,012)	\$ (628)	\$ 435,500	\$ (7,191)	\$ (6,967)

- Fare and pass revenue for September was \$1.0 million unfavorable to budget and \$0.6 million unfavorable to prior year due to lower rail ridership. Projects such as the Blue line signal work between O'Hare and Rosemont and weekend work on the Green and Pink lines resulted in service disruptions that contributed to the revenue loss. The average fare for the month was \$1.25 per ride and was \$0.02 lower than budget and on par with the prior year.
- Year-to-date fare and pass revenue was \$7.2 million unfavorable to budget and \$7.0 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 \$1.28 per ride and was on par with budget and \$0.02 higher than the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 11,066	\$ (10,175)	\$ 730

- Reduced Fare Subsidy was less than 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-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Advertising, Charter, Concession	\$ 3,235	\$ 7	\$ 63	\$ 29,210	\$ 167	\$ 930

- Advertising, Charter and Concessions Revenue was slightly favorable to budget for the month and \$0.2 million favorable year-to-date due to higher vehicle and platform advertising revenue. This revenue category was \$0.9 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Investment income	\$ 284	\$ 88	\$ (44)	\$ 2,501	\$ 954	\$ 59

- Investment income was \$0.1 million and \$1.0 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Other Revenue	\$ 3,849	\$ (165)	\$ (496)	\$ 33,240	\$ (318)	\$ (586)

- Other Revenue for the month was \$0.2 million unfavorable to budget due to lower miscellaneous revenue and \$0.5 million unfavorable to prior year primarily due to lower non-capital grant and rental revenue. Year-to-date, other revenue was unfavorable to budget by \$0.3 million due to lower than anticipated rental and miscellaneous revenues partially offset by higher parking lot revenue. Other revenue was unfavorable to prior year-to-date by \$0.6 million primarily due to lower rental and non-capital grant revenues.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Total System Generated Revenue	\$ 58,512	\$ (2,262)	\$ (1,105)	\$ 511,516	\$ (16,564)	\$ (5,833)

- Total System-Generated Revenue was lower than budget for the month and year-to-date by \$2.3 million and \$16.6 million, respectively, due to lower fare and reduced fare revenues. It was less than prior year-to-date by \$5.8 million due to lower fare revenue.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Labor	\$ 87,743	\$ 5	\$ (3,338)	\$ 807,675	\$ 2,229	\$ (3,742)

- Labor expense was slightly favorable to budget for the month and \$2.2 million favorable year-to-date due to managing vacant positions. Labor expense was \$3.3 million unfavorable to September 2018 and \$3.7 million unfavorable to prior year-to-date due to negotiated union contract increases that took effect in July 2019.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Material	\$ 5,658	\$ 1,381	\$ 1,982	\$ 54,299	\$ 6,176	\$ 13,947

- Material expense was \$1.4 million favorable to budget for the month and \$6.2 million favorable year-to-date due to targeted capital maintenance campaigns. Material expense was \$2.0 million and \$13.9 million favorable to September 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Fuel	\$ 3,154	\$ 335	\$ (990)	\$ 30,272	\$ 2,601	\$ (5,802)

- Fuel for Revenue Equipment expense was \$0.3 million favorable to budget in September primarily due to lower than anticipated usage. 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Power	\$ 2,502	\$ 295	\$ 128	\$ 25,001	\$ 862	\$ (1,855)

- The Electric Power for Revenue Equipment expense was \$0.3 million favorable to budget for the month. Year-to-date, expenses were \$1.9 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Provision for Injuries & Damages	\$ 625	\$ -	\$ 625	\$ 5,625	\$ -	\$ (1,875)

- The Provision for Injuries & Damages expense is budgeted monthly in 2019 and was budgeted quarterly in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Purchase of Security Services	\$ 1,223	\$ 386	\$ 350	\$ 12,775	\$ 1,705	\$ 531

- Purchase of Security Services was \$0.4 million favorable to budget for the month and \$0.4 million favorable to prior year. Year-to-date, expenses were \$1.7 million favorable to budget and \$0.5 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Other Expenses	\$ 20,811	\$ 2,491	\$ (2,736)	\$ 197,381	\$ 14,120	\$ (9,182)

- Other expenses were \$2.5 million favorable to budget for the month and \$14.1 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
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Total Operating Expenses	\$ 121,718	\$ 4,894	\$ (3,979)	\$ 1,133,028	\$ 27,694	\$ (7,978)

- Operating Expenses were \$4.9 million favorable to budget for the month primarily due to 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 in addition to higher fuel expenses resulting from higher prices and harsher weather.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Sep-19	Budget Sep-19	Prior Year Sep19 vs. Sep18	2019	Budget 2019	Prior Year 2018
Recovery Ratio	59.06%	0.39		55.46%	0.08	

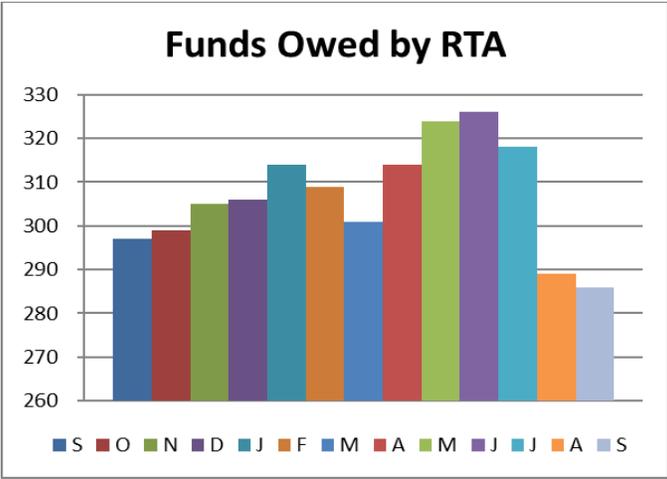
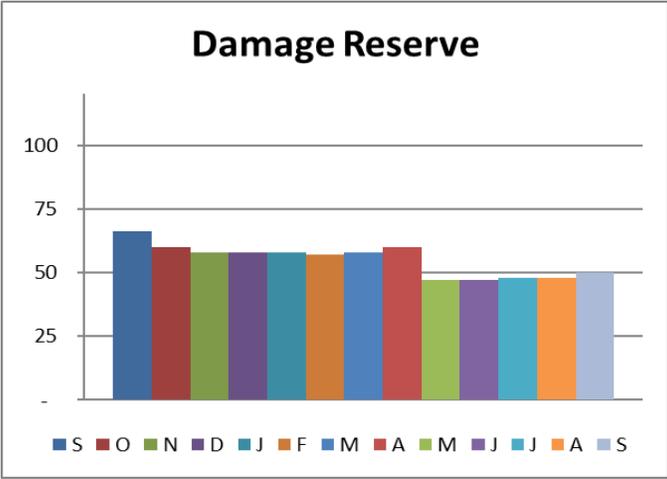
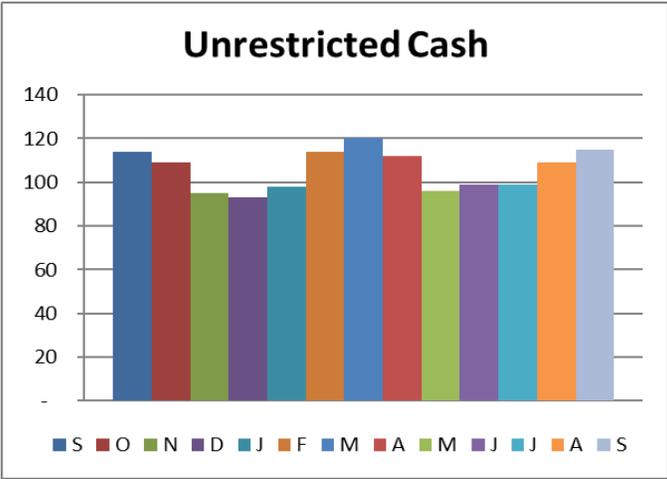
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 59.06% for the month. This was favorable to budget by 0.39 percentage points for the month. Year-to-date, the recovery ratio was 55.46%, which was favorable to budget by 0.08 percentage points and is on target to meet the RTA required recovery ratio of 54.75% for the year.

VI. Ridership

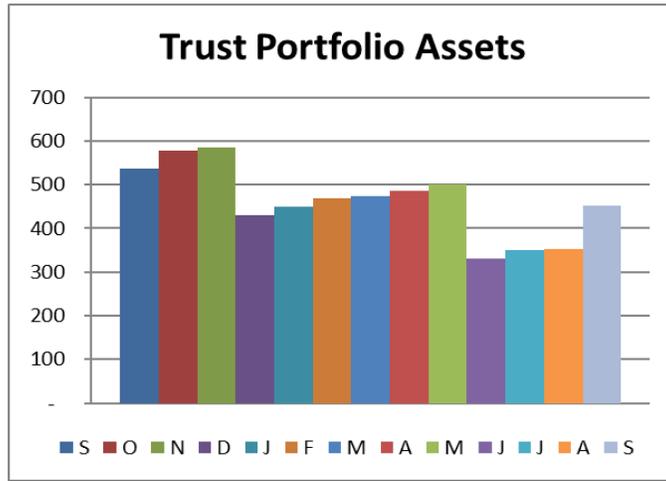
Category	Current Month			Full Year		
	Actual Sep-19	Variance to Budget Sep-19	Variance to Prior Year Sep19 vs. Sep18	Actual 2019	Variance to Budget 2019	Variance to Prior Year 2018
Bus	20,858	(88)	184	177,216	(1,277)	(3,953)
Rail	15,764	(109)	(459)	134,532	(3,596)	(4,622)
Rail to Rail Transfers	3,414	(18)	(117)	29,767	(781)	(1,042)
Total	40,036	(215)	(392)	341,514	(5,654)	(9,617)

- Ridership for the month of September was 40.0 million and was lower than budget and prior year by 0.2 million and 0.4 million, respectively.
- Calendar adjusted ridership was down 2.6% from prior year due to rain events, relatively low gas prices, and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 341.5 million and was 5.7 million lower than budget and 9.6 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 September Ridership Report.

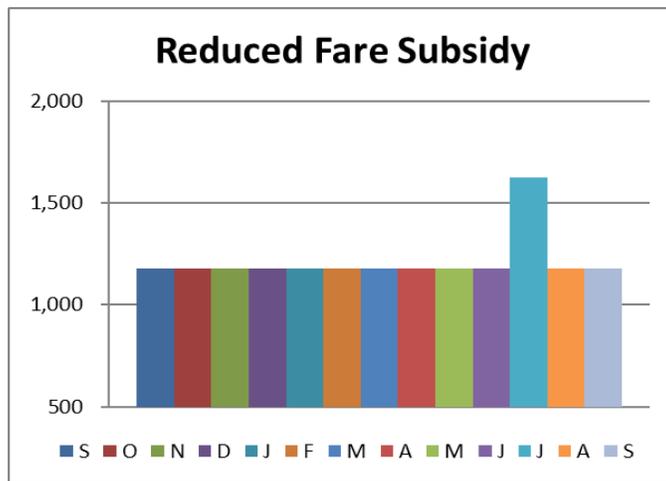
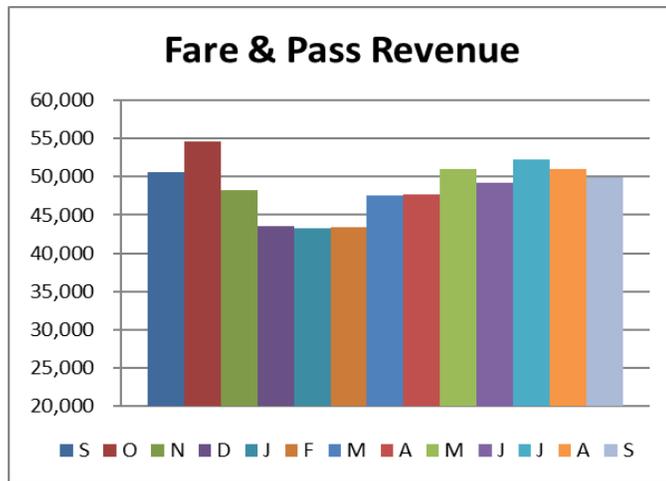
Cash & Liquidity



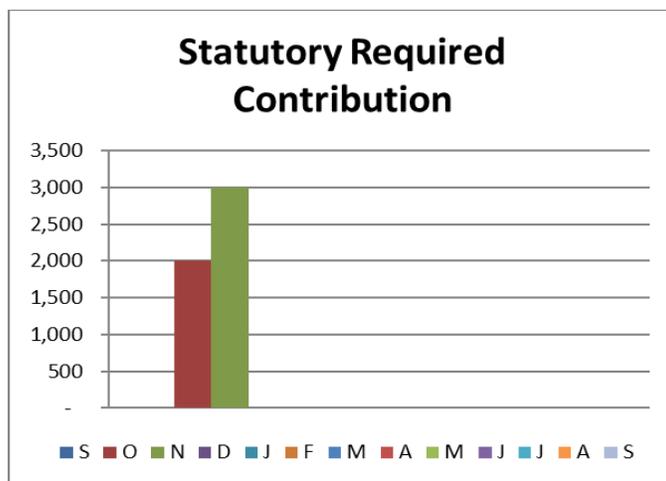
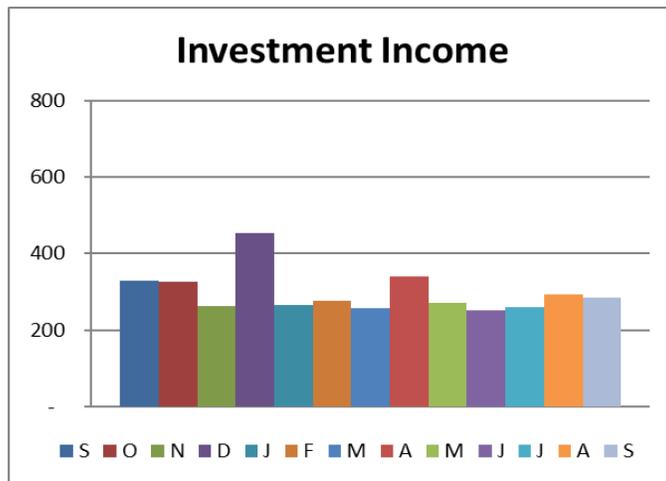
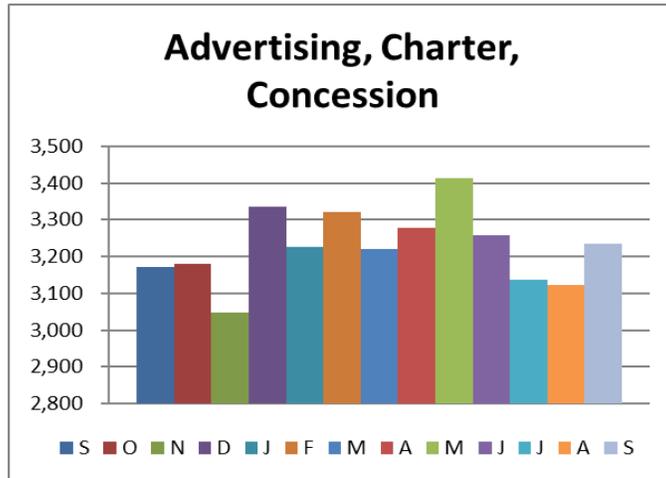
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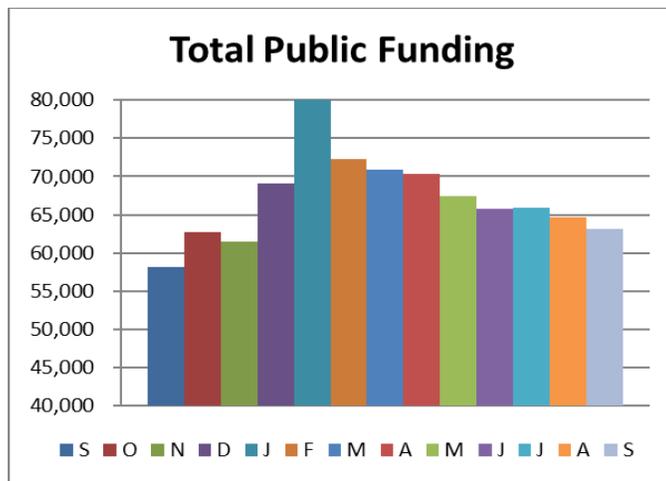
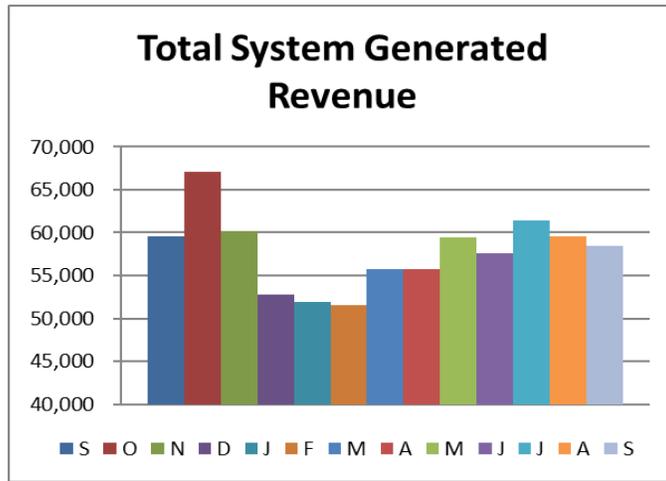
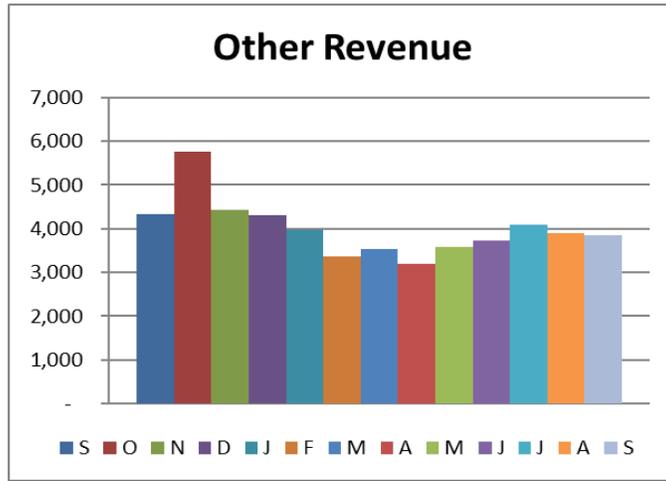
Revenue



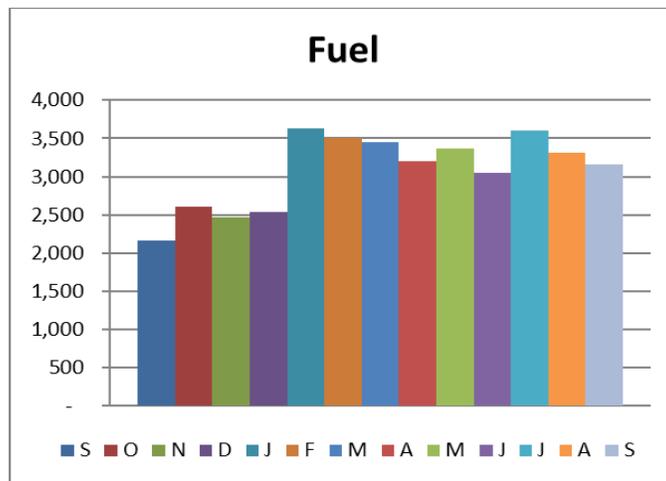
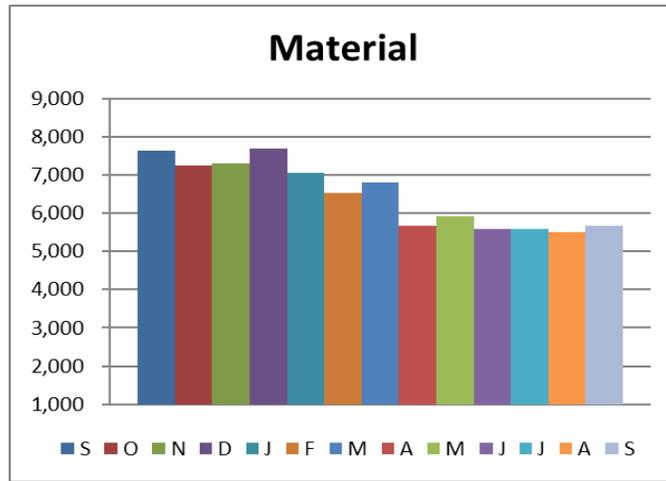
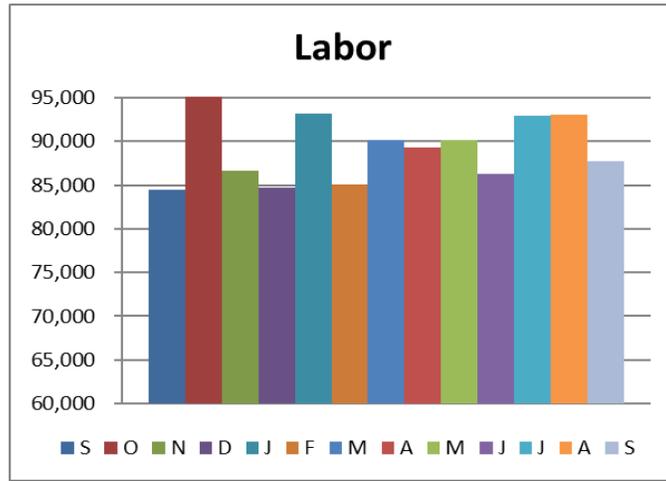
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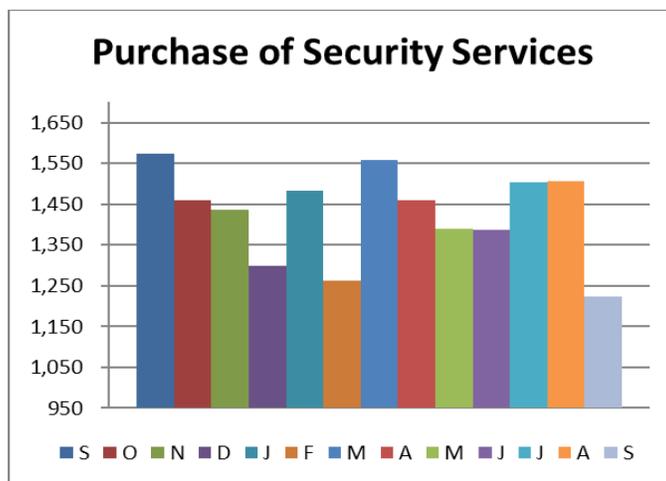
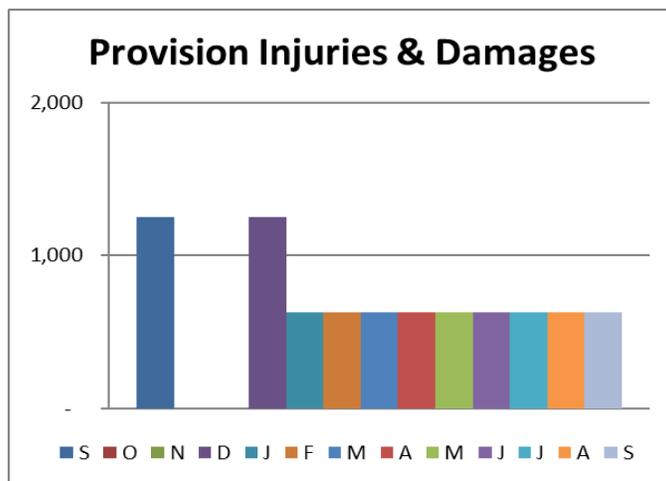
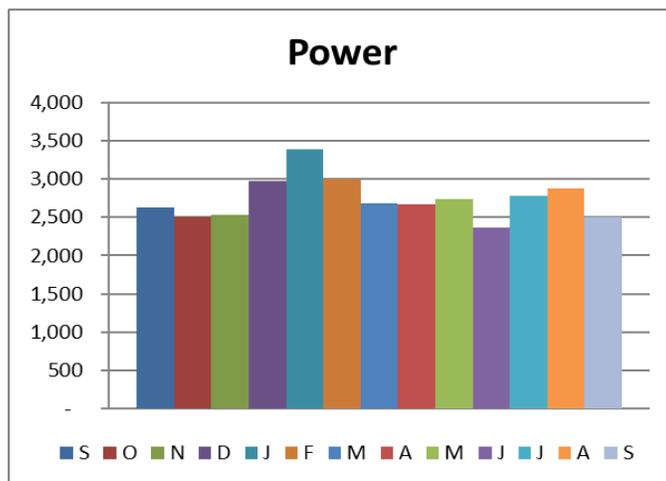
Revenue Cont'd



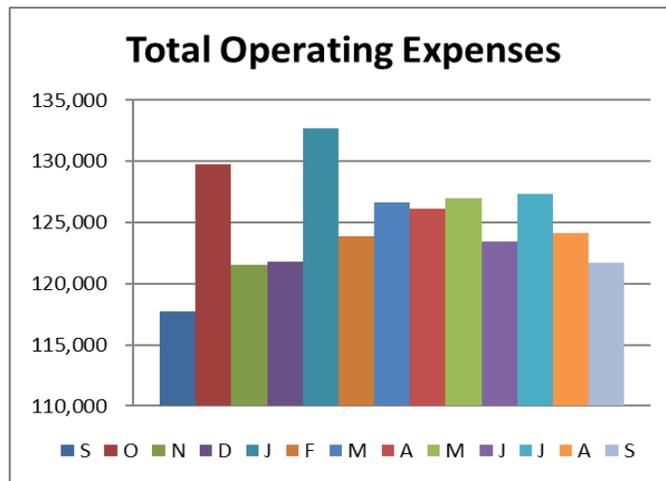
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Unrestricted Cash	114	109	95	93	98	114	120	112	96	99	99	109	115
Damage Reserve	66	60	58	58	58	57	58	60	47	47	48	48	50
Funds Owed by RTA	297	299	305	306	314	309	301	314	324	326	318	289	286
Trust Portfolio Assets	537	578	586	430	449	468	473	485	500	331	351	353	452

Revenue	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Fare & Pass Revenue	50,594	54,595	48,219	43,510	43,236	43,416	47,591	47,741	51,027	49,212	52,247	51,064	49,965
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,625	1,180	1,180
Advertising, Charter, Concession	3,171	3,181	3,048	3,336	3,226	3,320	3,219	3,278	3,414	3,257	3,138	3,122	3,235
Investment Income	328	327	262	453	265	275	258	341	272	252	261	293	284
Statutory Required Contribution	-	2,000	3,000	-	-	-	-	-	-	-	-	-	-
Other Revenue	4,345	5,765	4,434	4,314	3,976	3,374	3,536	3,195	3,594	3,735	4,088	3,893	3,849
Total System Generated Revenue	59,618	67,048	60,143	52,794	51,882	51,566	55,784	55,735	59,486	57,637	61,360	59,553	58,512
Total Public Funding	58,121	62,728	61,417	69,030	80,857	72,323	70,843	70,381	67,490	65,820	65,970	64,623	63,205

Expenses	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Labor	84,405	95,214	86,658	84,653	93,193	85,024	90,206	89,260	90,095	86,253	92,900	93,001	87,743
Material	7,640	7,237	7,312	7,680	7,043	6,531	6,808	5,681	5,911	5,580	5,579	5,507	5,658
Fuel	2,165	2,601	2,473	2,535	3,629	3,512	3,445	3,208	3,364	3,047	3,599	3,314	3,154
Power	2,630	2,508	2,531	2,977	3,395	2,998	2,681	2,667	2,741	2,361	2,784	2,872	2,502
Provision Injuries & Damages	1,250	-	-	1,250	625	625	625	625	625	625	625	625	625
Purchase of Security Services	1,573	1,460	1,437	1,299	1,482	1,263	1,558	1,459	1,391	1,388	1,505	1,507	1,223
Other Expenses	18,076	20,756	21,149	21,430	23,373	23,938	21,304	23,215	22,849	24,202	20,339	17,349	20,811
Total Operating Expenses	117,739	129,776	121,560	121,824	132,740	123,890	126,627	126,116	126,976	123,457	127,330	124,176	121,718