



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for August 2018
Date: October 10, 2018

I. Summary

CTA's financial results are favorable to budget for August due to cost containment measures and higher pass revenue. Results are \$2.1 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 40.6 million and was 0.6 million higher than budget. Ridership was 1.0 million lower than August 2017. Ridership year-to-date was higher than budget but less than prior year by 3.1 million and 8.6 million, respectively. The ridership loss over the prior year to date is due to weather, 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 August 2018 compared to August 2017.

	August 2018	August 2017	Increase (Decrease)
Unrestricted Cash	\$ 128,128	\$ 177,608	\$ (49,480)
Damage Reserve	65,671	82,520	\$ (16,849)
Funds Owed by RTA	308,095	332,772	\$ (24,677)
Trust Portfolio Assets	447,237	533,759	\$ (86,522)
Total Cash and Receivables	\$ 949,131	\$ 1,126,659	\$ (177,528)

CTA's total cash/receivables balance was equal to \$0.9 billion. Unrestricted cash was \$49.5 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 \$16.8 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$308.1 million which was \$24.7 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 53,714	\$ 606	\$ 3,048	\$ 391,873	\$ 2,065	\$ 17,433

- Fare and pass revenue for August was \$0.6 million favorable to budget due to higher-than anticipated pass revenue and \$3.0 million favorable to prior year mainly due to the fare increase in 2018. The average fare for the month was \$1.32 and was \$0.01 less than budget and \$0.11 higher than the prior year.
- Year-to-date fare and pass revenue was \$2.1 million favorable to budget and \$17.4 million favorable to prior year due to the fare increase in 2018 and higher pass revenue. The average fare for the year was \$1.26 per ride and was \$0.01 less than budget and \$0.09 higher than the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 9,155	\$ (9,726)	\$ (730)

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$9.7 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 3,061	\$ 23	\$ 371	\$ 25,108	\$ (236)	\$ 2,574

- Advertising, Charter and Concessions Revenue was on par with budget for the month and \$0.2 million unfavorable to budget year-to-date due to an investment in a new video wall installed at a rail station and lower than anticipated advertising revenue. The revenue was \$0.4 million and \$2.6 million favorable to August 2017 and prior year-to-date, respectively, due to a higher advertising revenue minimum guarantee in 2018 and an increase in billboard revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 353	\$ 220	\$ 124	\$ 2,114	\$ 1,047	\$ 359

- Investment income was \$0.2 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Other Revenue	\$ 4,586	\$ 209	\$ 859	\$ 29,481	\$ (2,938)	\$ 6,151

- Other Revenue was favorable to budget for the month due to the timing of non-capital grant revenues and higher park & ride revenues. Year-to-date, other revenue was unfavorable to budget primarily due to the timing of miscellaneous and non-capital grant revenues and a lower than anticipated BAB subsidy due to Federal sequestration. Other revenue was higher than August 2017 and prior year-to-date by \$0.9 million and \$6.2 million, respectively, primarily due to the new ride-hailing fee revenue from the City of Chicago and higher park & ride revenues.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Total System Generated Revenue	\$ 62,895	\$ (121)	\$ 4,401	\$ 457,731	\$ (9,788)	\$ 25,787

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$0.1 million and \$9.8 million, respectively, primarily due to lower reduced fare revenue. It was more than August 2017 and prior year-to-date by \$4.4 million and \$25.8 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Labor	\$ 92,918	\$ (810)	\$ (1,904)	\$ 719,527	\$ (18,940)	\$ (19,259)

- Labor expense was \$0.8 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Material	\$ 8,031	\$ (669)	\$ (694)	\$ 60,605	\$ 697	\$ (2,507)

- Material expense was \$0.7 million unfavorable to budget for the month and \$0.7 million unfavorable to prior year. Material expense was \$2.5 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,765	\$ 185	\$ (234)	\$ 22,306	\$ 70	\$ (3,351)

- Fuel for Revenue Equipment expense was \$0.2 million favorable to budget in August primarily due to lower usage and a decrease 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,793	\$ (98)	\$ (170)	\$ 20,516	\$ 346	\$ (1,904)

- The Electric Power for Revenue Equipment expense was \$0.1 million unfavorable to budget for the month. Year-to-date, expenses were \$1.9 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Provision for Injuries & Damages	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 667

- 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 \$0.7 million due to lower funding requirements in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,560	\$ (77)	\$ (51)	\$ 11,733	\$ 136	\$ (648)

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and \$0.1 million favorable to prior year due to the timing of invoices and expected increased contract costs. Year-to-date, expenses were \$0.1 million favorable to budget and \$0.6 million unfavorable compared to the prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 18,157	\$ 3,898	\$ 1,154	\$ 170,123	\$ 25,422	\$ 14,118

- The \$3.9 million and \$25.4 million favorable variances to budget for the month and year-to-date, respectively, were mainly due to the timing of contractual services invoices and cost containment measures. 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 126,224	\$ 2,430	\$ (1,899)	\$ 1,007,311	\$ 7,730	\$ (12,884)

- Operating Expenses were \$2.4 million favorable to budget for the month due to the timing of contractual expenses and cost containment measures. 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
	Aug-18	Budget Aug-18	Prior Year Aug18 vs. Aug17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	61.56%	1.75		55.92%	(0.39)	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 61.56% for the month. This was favorable to budget by 1.75 percentage points for the month. Year-to-date, the recovery ratio was 55.92%, which

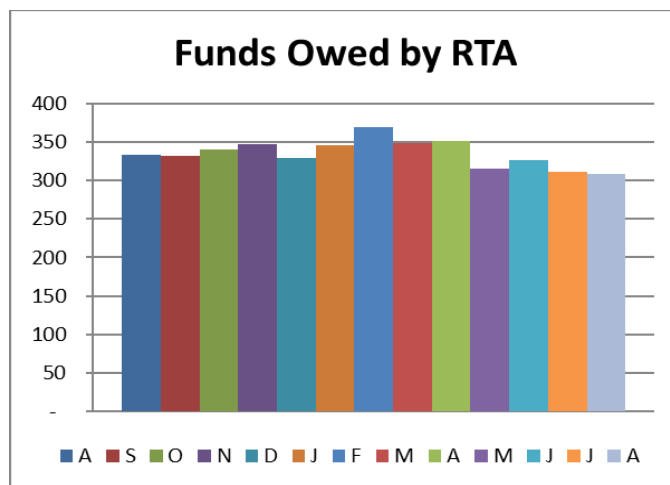
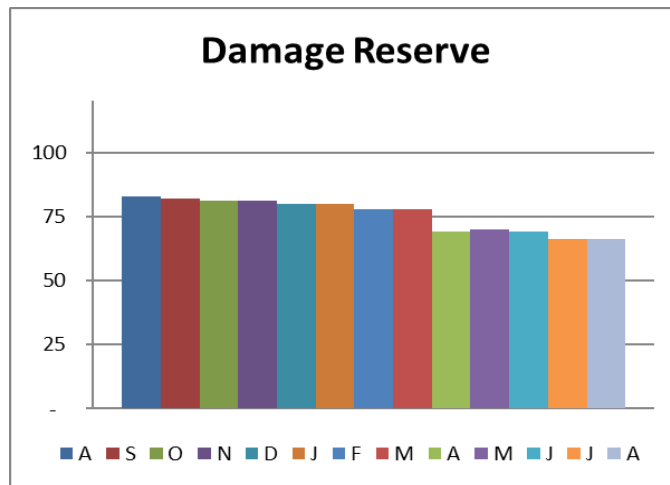
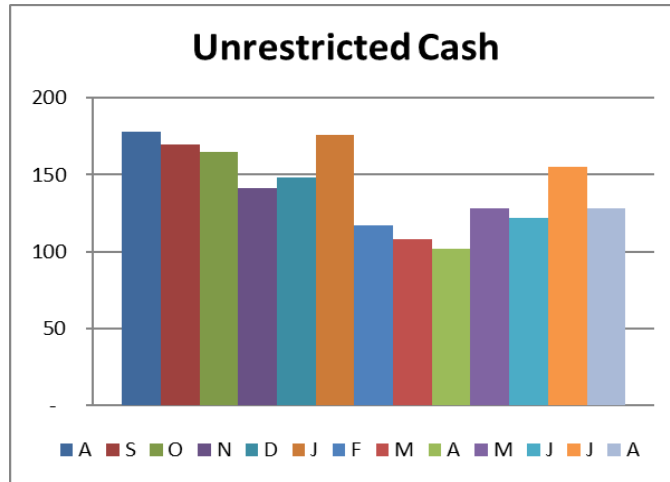
was unfavorable to budget by 0.39 percentage points but currently exceeds the RTA required recovery ratio of 54.75%.

VI. Ridership

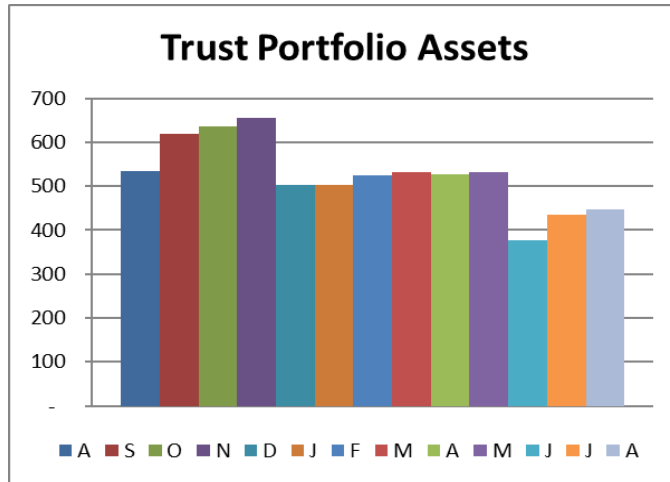
Category	Current Month			Full Year		
	Actual Aug-18	Variance to Budget Aug-18	Variance to Prior Year Aug18 vs. Aug17	Actual 2018	Variance to Budget 2018	Variance to Prior Year 2017
Bus	20,242	377	(636)	160,495	2,759	(4,885)
Rail	16,678	231	(290)	122,931	559	(3,002)
Rail to Rail Transfers	3,653	7	(63)	27,278	(210)	(674)
Total	40,573	615	(989)	310,703	3,107	(8,561)

- Ridership for the month of August was 40.6 million and was higher than budget and lower than prior year by 0.6 million and 1.0 million, respectively.
- Calendar adjusted ridership was down 2.4% 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 310.7 million and was 3.1 million higher than budget and 8.6 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 2.9% from the prior year-to-date.
- More details on ridership can be found in the August Ridership Report.

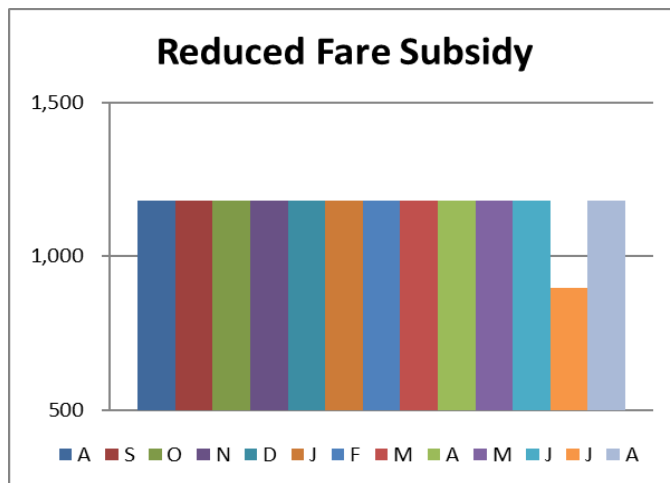
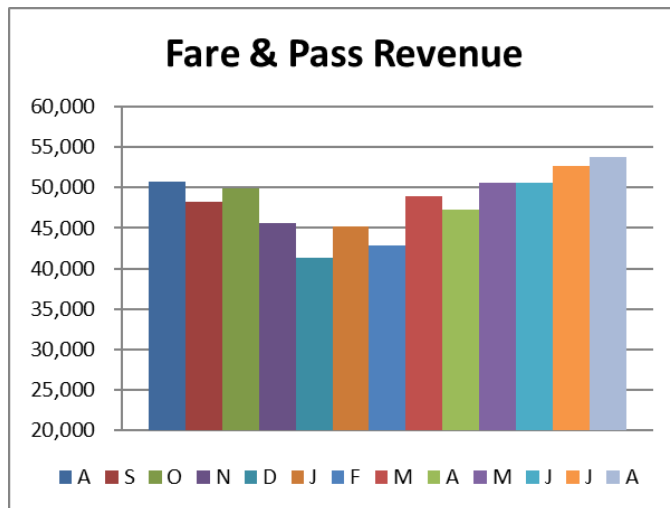
Cash



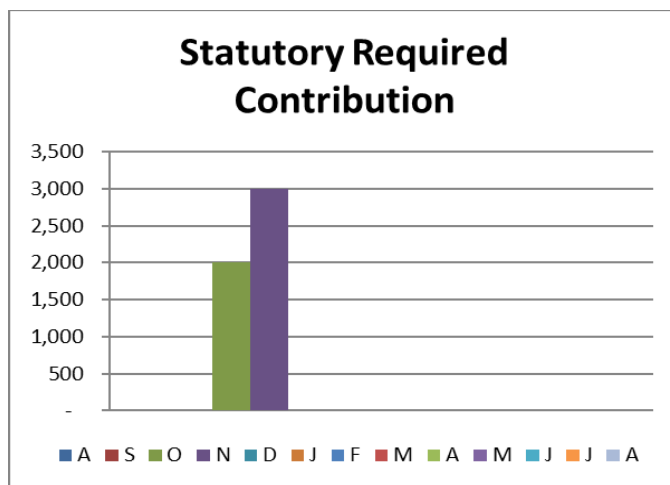
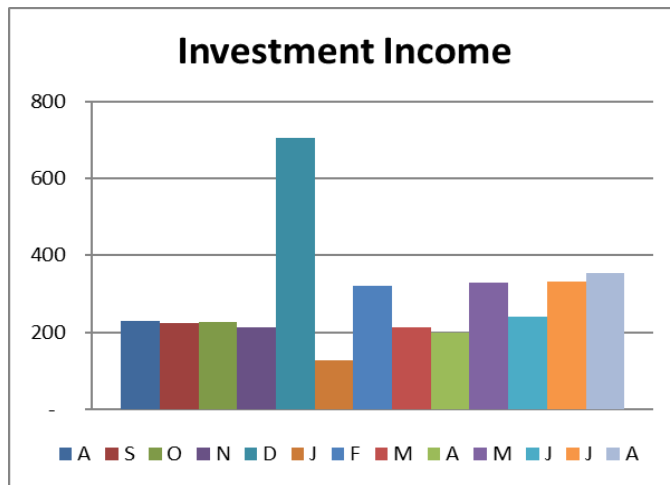
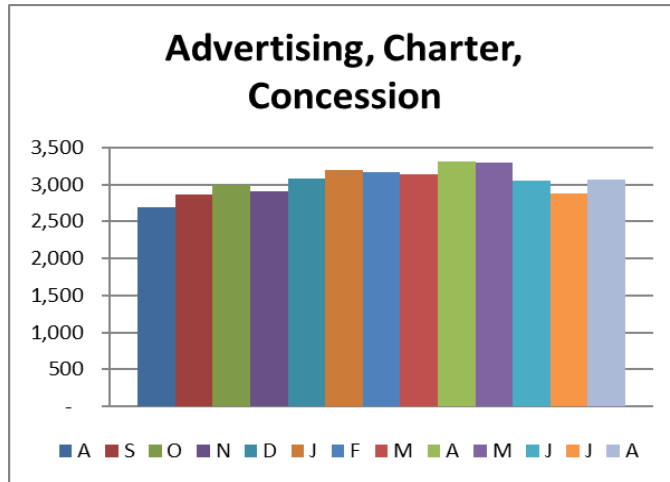
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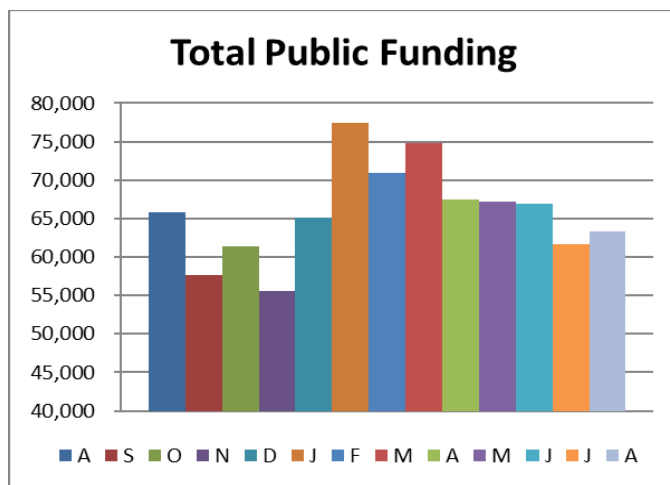
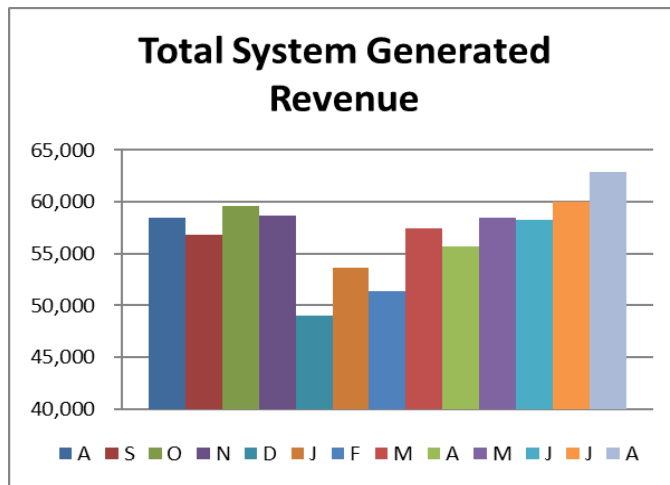
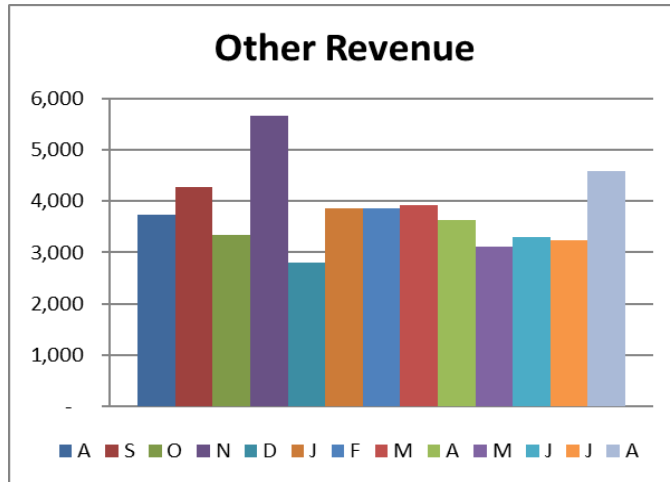
Revenue



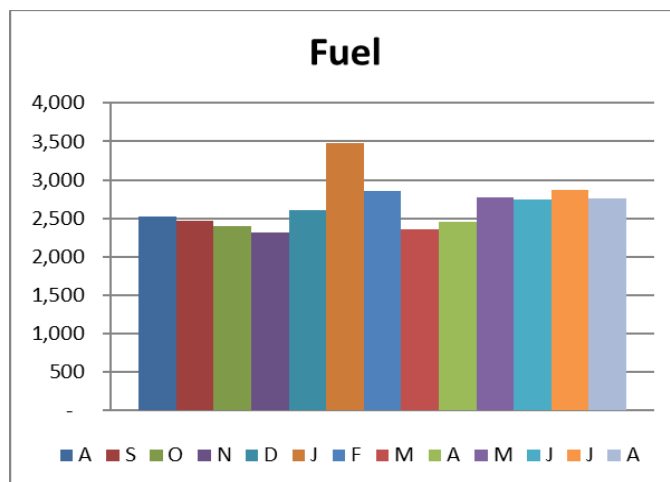
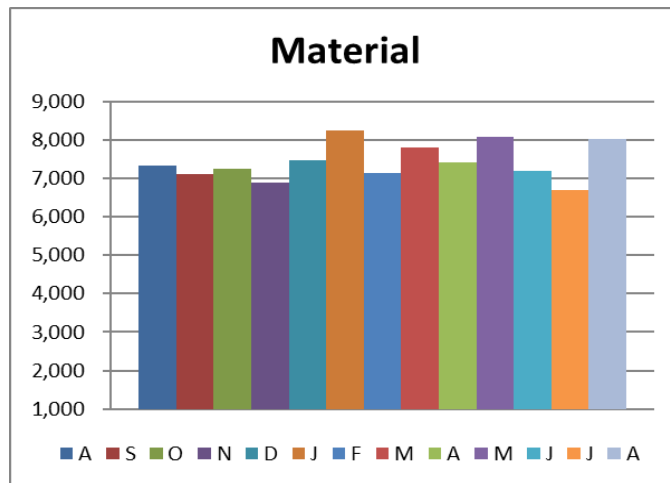
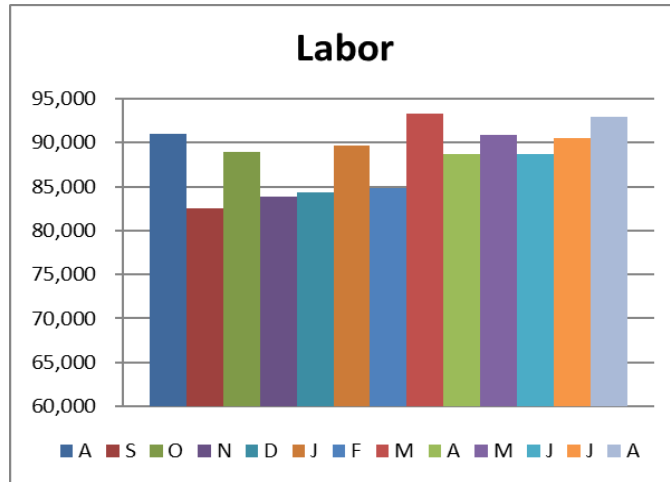
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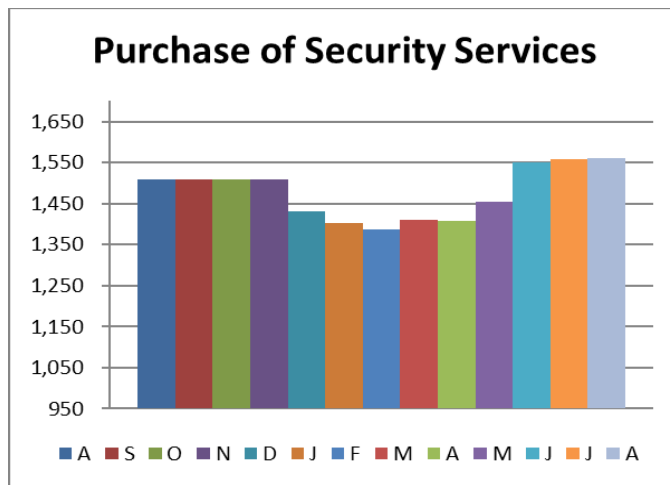
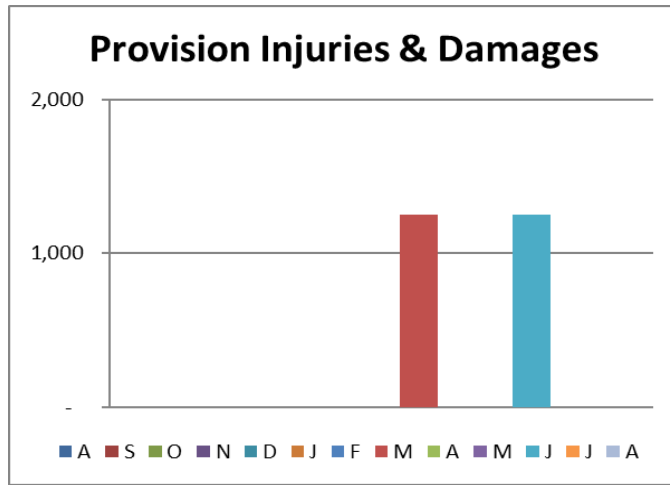
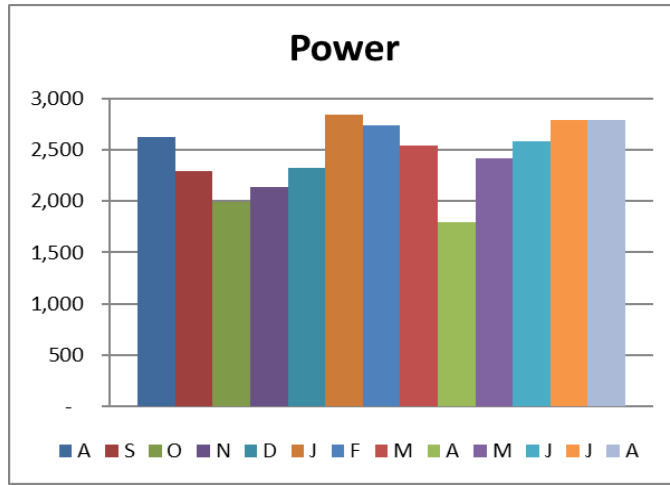
Revenue Cont'd



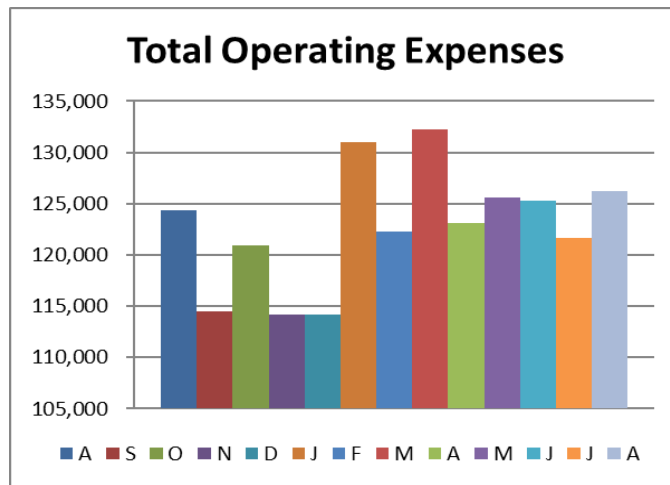
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Unrestricted Cash	178	170	165	141	148	176	117	108	102	128	122	155	128
Damage Reserve	83	82	81	81	80	80	78	78	69	70	69	66	66
Funds Owed by RTA	333	332	340	347	329	346	370	348	352	316	327	312	308
Trust Portfolio Assets	534	620	636	655	503	503	525	531	527	532	376	434	447

Revenue	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Fare & Pass Revenue	50,666	48,281	49,847	45,668	41,259	45,231	42,887	48,965	47,335	50,568	50,533	52,640	53,714
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	895	1,180
Advertising, Charter, Concession	2,691	2,867	2,997	2,907	3,073	3,201	3,163	3,139	3,309	3,301	3,050	2,883	3,061
Investment Income	230	223	226	212	704	126	320	213	198	330	241	332	353
Statutory Required Contribution	-	-	2,000	3,000	-	-	-	-	-	-	-	-	-
Other Revenue	3,727	4,274	3,349	5,675	2,791	3,852	3,862	3,915	3,635	3,109	3,293	3,230	4,586
Total System Generated Revenue	58,494	56,825	59,599	58,642	49,007	53,590	51,412	57,412	55,658	58,488	58,296	59,980	62,895
Total Public Funding	65,831	57,662	61,316	55,512	65,165	77,376	70,865	74,834	67,466	67,151	66,938	61,622	63,329

Expenses	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Labor	91,014	82,542	88,972	83,796	84,287	89,645	84,844	93,329	88,722	90,888	88,719	90,462	92,918
Material	7,336	7,096	7,259	6,874	7,456	8,250	7,133	7,791	7,424	8,075	7,196	6,706	8,031
Fuel	2,530	2,472	2,403	2,316	2,611	3,484	2,852	2,360	2,453	2,768	2,750	2,875	2,765
Power	2,622	2,298	1,993	2,140	2,328	2,844	2,741	2,545	1,799	2,414	2,585	2,796	2,793
Provision Injuries & Damages	-	-	-	-	-	-	-	1,250	-	-	1,250	-	-
Purchase of Security Services	1,510	1,510	1,508	1,508	1,430	1,403	1,387	1,410	1,409	1,455	1,551	1,558	1,560
Other Expenses	19,311	18,570	18,778	17,518	16,059	25,340	23,320	23,562	21,318	20,039	21,183	17,206	18,157
Total Operating Expenses	124,324	114,487	120,914	114,153	114,172	130,966	122,277	132,247	123,123	125,639	125,234	121,602	126,224