



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for July 2018
Date: September 12, 2018

I. Summary

CTA's financial results are unfavorable to budget for July and year-to-date by \$0.6 million and \$4.4 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 39.2 million and was 1.0 million higher than budget. Ridership was on par with July 2017. Ridership year-to-date was higher than budget but less than prior year by 2.5 million and 7.6 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 July 2018 compared to July 2017.

	July 2018	July 2017	Increase (Decrease)
Unrestricted Cash	\$ 155,145	\$ 196,104	\$ (40,959)
Damage Reserve	66,349	82,896	\$ (16,547)
Funds Owed by RTA	311,564	338,574	\$ (27,010)
Trust Portfolio Assets	434,285	519,672	\$ (85,387)
Total Cash and Receivables	\$ 967,343	\$ 1,137,246	\$ (169,903)

CTA's total cash/receivables balance was equal to \$1.0 billion. Unrestricted cash was \$41.0 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 \$16.5 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$311.6 million which was \$27.0 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 52,640	\$ 666	\$ 3,631	\$ 338,159	\$ 1,459	\$ 14,385

- Fare and pass revenue for July was \$0.7 million favorable to budget due to higher-than anticipated pass revenue and \$3.6 million favorable to prior year mainly due to the fare increase in 2018. The average fare for the month was \$1.34 and was \$0.02 less 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 \$14.4 million favorable to prior year due to the fare increase in 2018 and higher pass revenue. The average fare for the year was \$1.25 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 895	\$ (1,465)	\$ (285)	\$ 7,975	\$ (8,546)	\$ (730)

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.5 million and \$8.5 million, respectively, based on expected reimbursements from the State. In July 2018, CTA received the annual reduced fare reimbursement from the State, of which 5% was withheld due to the State's budget constraints.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 2,883	\$ (129)	\$ 186	\$ 22,047	\$ (260)	\$ 2,203

- Advertising, Charter and Concessions Revenue was \$0.1 million and \$0.3 million unfavorable to budget for the month and year-to-date, respectively, due to an investment in a new video wall installed at a rail station and lower than anticipated advertising revenue. The revenue was \$0.2 million and \$2.2 million favorable to July 2017 and prior year-to-date, respectively, due to a higher advertising revenue minimum guarantee in 2018.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 332	\$ 199	\$ 101	\$ 1,761	\$ 827	\$ 236

- Investment income was \$0.2 million and \$0.8 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Other Revenue	\$ 3,230	\$ (1,132)	\$ 471	\$ 24,895	\$ (3,147)	\$ 5,292

- Other Revenue was unfavorable to budget for the month and year-to-date 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 July 2017 and prior year-to-date by \$0.5 million and \$5.3 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Total System Generated Revenue	\$ 59,980	\$ (1,861)	\$ 4,104	\$ 394,836	\$ (9,667)	\$ 21,385

- Total System-Generated Revenue was less than budget for the month and year-to-date by \$1.9 million and \$9.7 million, respectively, primarily due to lower reduced fare revenue. It was more than July 2017 and prior year-to-date by \$4.1 million and \$21.4 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Labor	\$ 90,462	\$ (4,661)	\$ (7,157)	\$ 626,609	\$ (18,129)	\$ (17,355)

- Labor expense was \$4.7 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Material	\$ 6,706	\$ 1,106	\$ (185)	\$ 52,575	\$ 1,366	\$ (1,813)

- Material expense was \$1.1 million favorable to budget for the month and \$0.2 million unfavorable to prior year. The favorability for the month was due to lower than anticipated fare media invoices. Material expense was \$1.8 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,875	\$ (146)	\$ (653)	\$ 19,541	\$ (116)	\$ (3,117)

- Fuel for Revenue Equipment expense was \$0.1 million unfavorable to budget in July primarily due to higher usage related to special events and summer construction. 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,796	\$ -	\$ (145)	\$ 17,724	\$ 444	\$ (1,734)

- The Electric Power for Revenue Equipment expense was on par with budget for the month. Year-to-date, expenses were \$1.7 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,558	\$ (74)	\$ (97)	\$ 10,173	\$ 213	\$ (597)

- Purchase of Security Services was \$0.1 million unfavorable to budget for the month and \$0.1 million unfavorable to prior year due to the timing of invoices and expected increased contract costs. Year-to-date, expenses were \$0.2 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 17,206	\$ 5,030	\$ 2,568	\$ 151,966	\$ 21,523	\$ 12,964

- The \$5.0 million and \$21.5 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 121,602	\$ 1,255	\$ (5,669)	\$ 881,088	\$ 5,301	\$ (10,985)

- Operating Expenses were \$1.3 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
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	60.94%	(0.94)		55.12%	(0.68)	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 60.94% for the month. This was unfavorable to budget

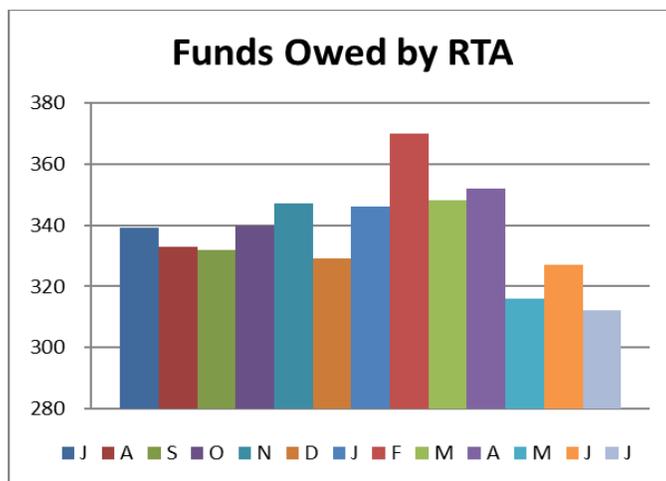
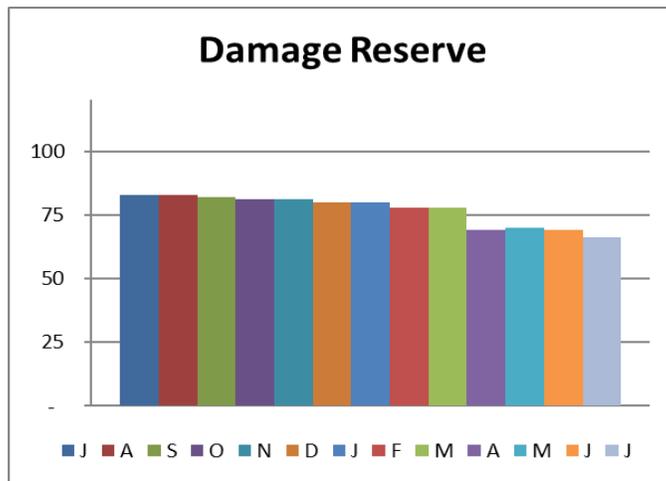
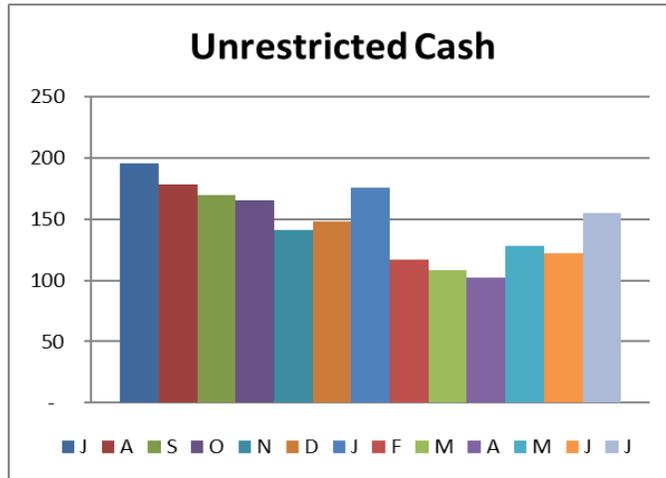
by 0.94 percentage points for the month. Year-to-date, the recovery ratio was 55.12%, which was unfavorable to budget by 0.68 percentage points but currently exceeds the RTA required recovery ratio of 54.75%.

VI. Ridership

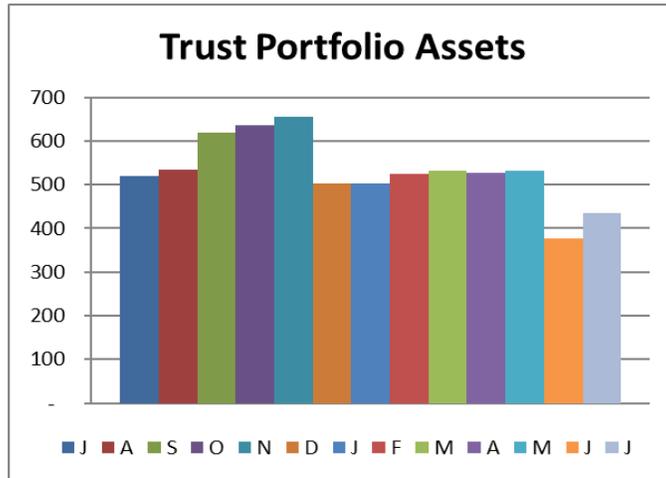
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Jul-18	Budget Jul-18	Prior Year Jul18 vs. Jul17	2018	Budget 2018	Prior Year 2017
Bus	19,757	713	(28)	140,252	2,381	(4,249)
Rail	15,932	303	14	106,253	328	(2,712)
Rail to Rail Transfers	3,499	25	(8)	23,625	(217)	(611)
Total	39,188	1,042	(22)	270,130	2,492	(7,572)

- Ridership for the month of July was 39.2 million and was higher than budget by \$1.0 million and on par with prior year.
- Calendar adjusted ridership was down 1.3% 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 270.1 million and was 2.5 million higher than budget and 7.6 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 3.0% from the prior year-to-date.
- More details on ridership can be found in the July Ridership Report.

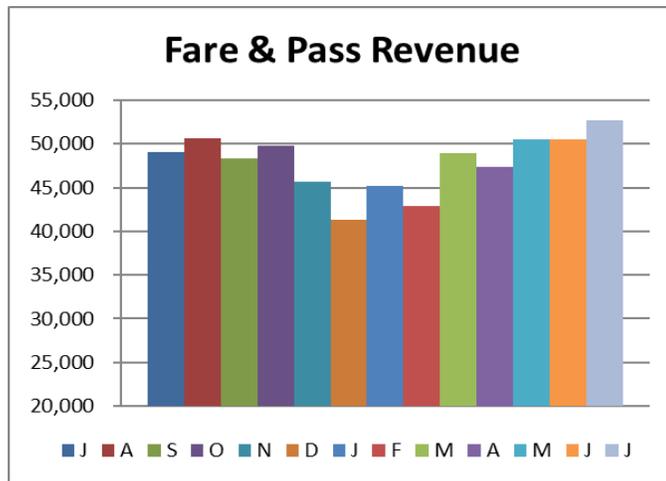
Cash



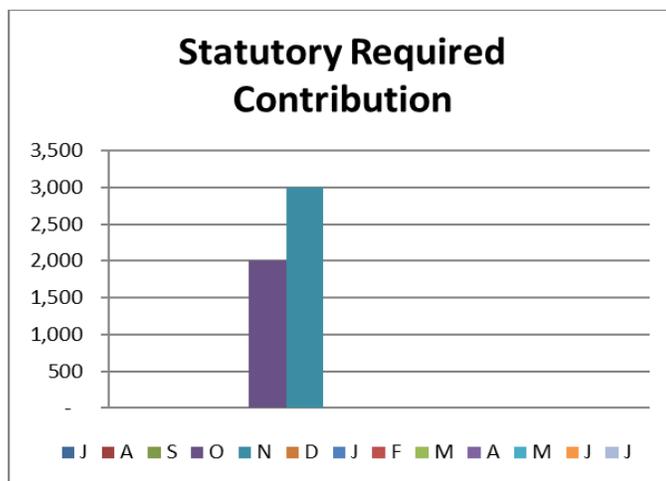
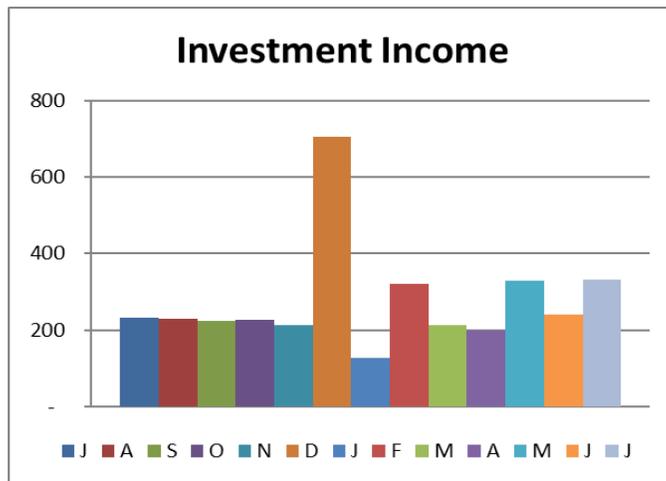
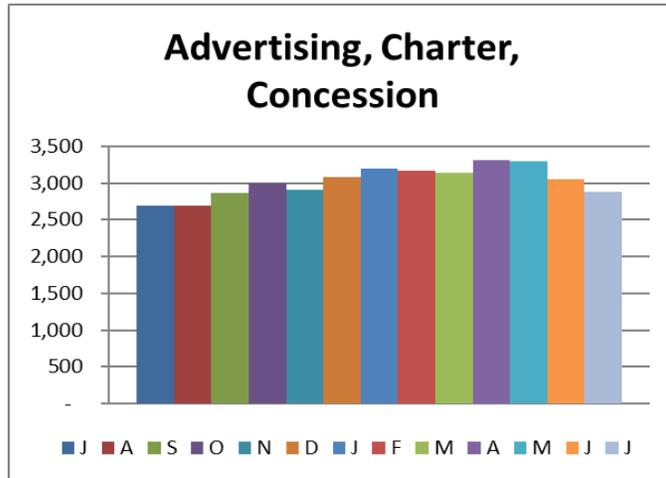
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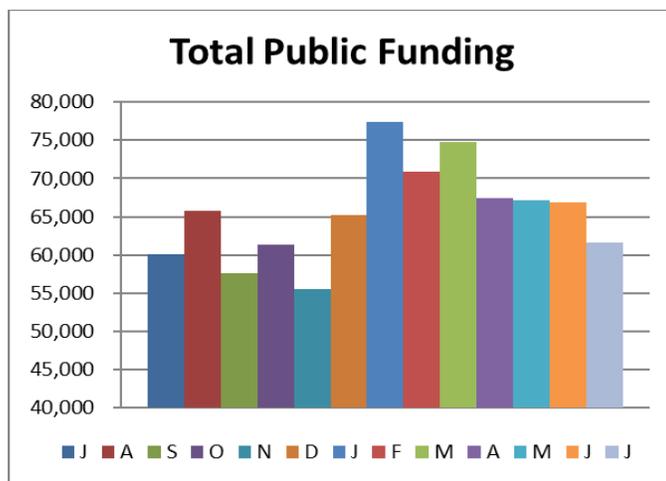
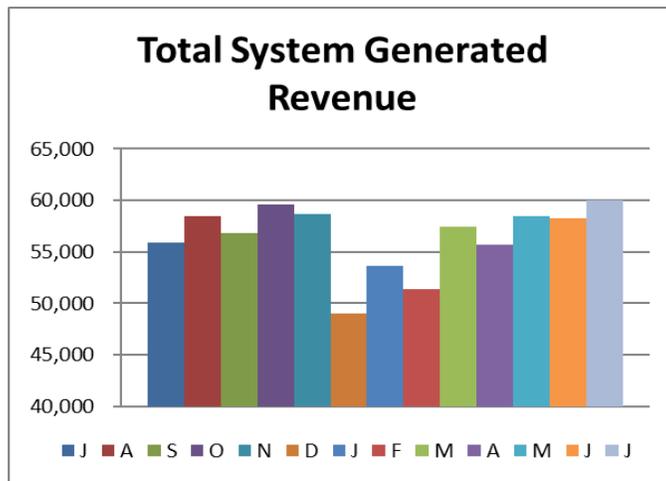
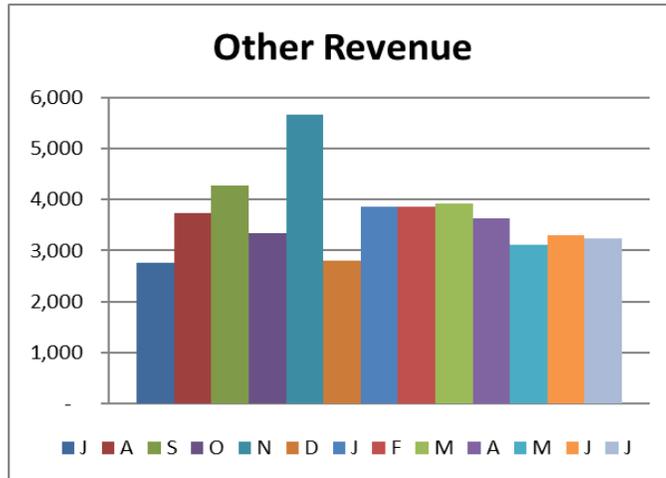
Revenue



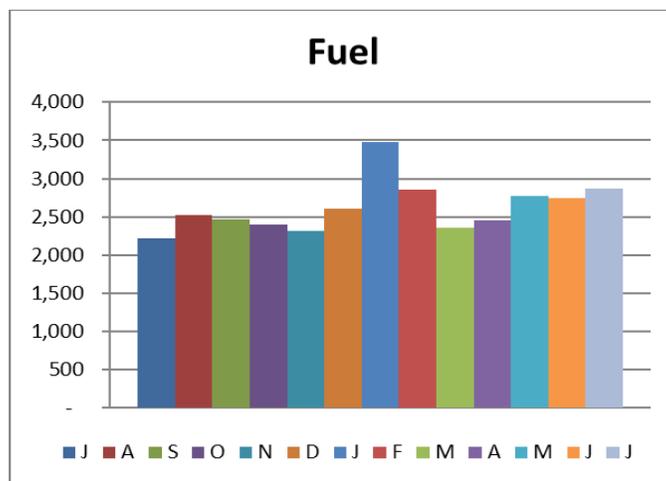
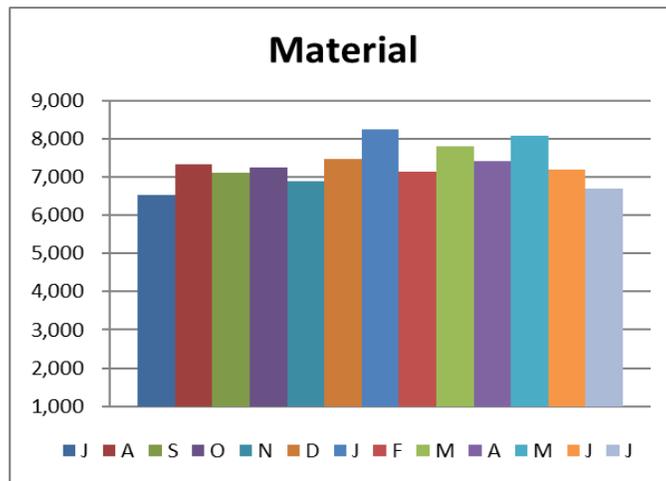
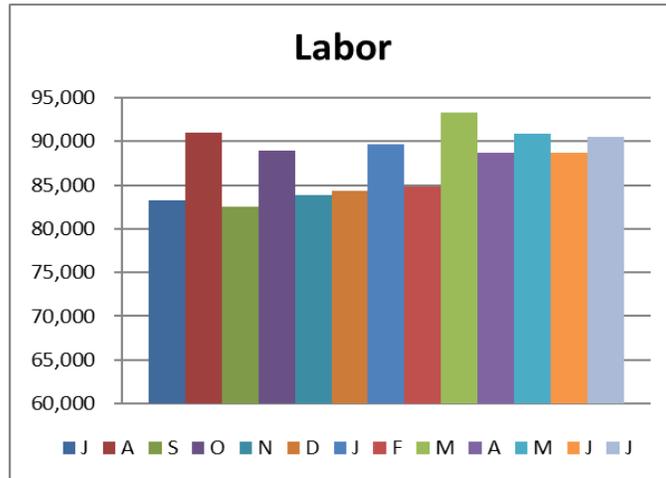
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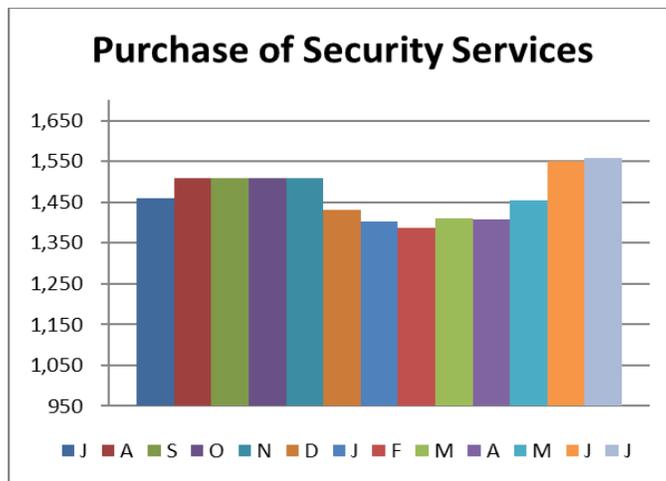
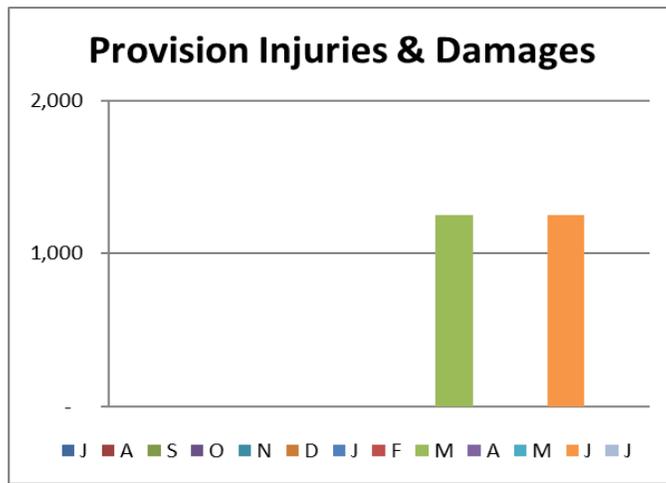
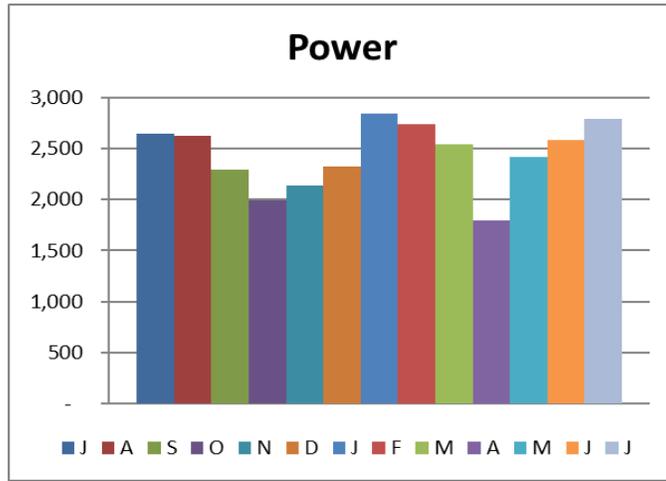
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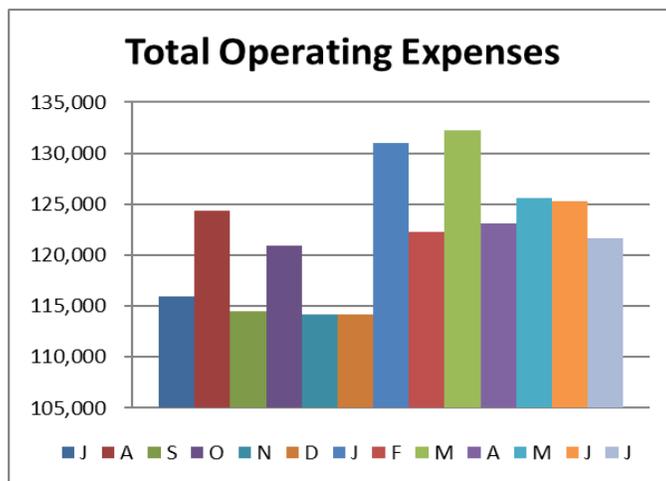
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Unrestricted Cash	196	178	170	165	141	148	176	117	108	102	128	122	155
Damage Reserve	83	83	82	81	81	80	80	78	78	69	70	69	66
Funds Owed by RTA	339	333	332	340	347	329	346	370	348	352	316	327	312
Trust Portfolio Assets	520	534	620	636	655	503	503	525	531	527	532	376	434

Revenue	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Fare & Pass Revenue	49,009	50,666	48,281	49,847	45,668	41,259	45,231	42,887	48,965	47,335	50,568	50,533	52,640
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	1,180	895
Advertising, Charter, Concession	2,697	2,691	2,867	2,997	2,907	3,073	3,201	3,163	3,139	3,309	3,301	3,050	2,883
Investment Income	231	230	223	226	212	704	126	320	213	198	330	241	332
Statutory Required Contribution	-	-	-	2,000	3,000	-	-	-	-	-	-	-	-
Other Revenue	2,758	3,727	4,274	3,349	5,675	2,791	3,852	3,862	3,915	3,635	3,109	3,293	3,230
Total System Generated Revenue	55,875	58,494	56,825	59,599	58,642	49,007	53,590	51,412	57,412	55,658	58,488	58,296	59,980
Total Public Funding	60,058	65,831	57,662	61,316	55,512	65,165	77,376	70,865	74,834	67,466	67,151	66,938	61,622

Expenses	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Labor	83,306	91,014	82,542	88,972	83,796	84,287	89,645	84,844	93,329	88,722	90,888	88,719	90,462
Material	6,521	7,336	7,096	7,259	6,874	7,456	8,250	7,133	7,791	7,424	8,075	7,196	6,706
Fuel	2,222	2,530	2,472	2,403	2,316	2,611	3,484	2,852	2,360	2,453	2,768	2,750	2,875
Power	2,650	2,622	2,298	1,993	2,140	2,328	2,844	2,741	2,545	1,799	2,414	2,585	2,796
Provision Injuries & Damages	-	-	-	-	-	-	-	-	1,250	-	-	1,250	-
Purchase of Security Services	1,461	1,510	1,510	1,508	1,508	1,430	1,403	1,387	1,410	1,409	1,455	1,551	1,558
Other Expenses	19,773	19,311	18,570	18,778	17,518	16,059	25,340	23,320	23,562	21,318	20,039	21,183	17,206
Total Operating Expenses	115,933	124,324	114,487	120,914	114,153	114,172	130,966	122,277	132,247	123,123	125,639	125,234	121,602