To: Chicago Transit Authority Board

From: Ron DeNard, Chief Financial Officer

Re: Financial Results for December 2013

Date: February 5, 2014

I. Summary

Overall year to date variance results finished on target to reforecast with a positive variance of $0.6 million in revenue and flat to expenses. December was unfavorable to the reforecast by $2.5 million in expenses and by $3.3 million in revenue. As stated in last month’s report, we expected that the positive variance year to date would be reduced in future months but would remain on track with the overall reforecast.

Ridership for the month was 39.0 million and was 1.1 million less than budget. Year to date ridership was 529.2 million and was 0.4 million less than budget.

II. Cash & Liquidity

The chart below highlights CTA’s cash position at December 2013 compared to December 2012.

<table>
<thead>
<tr>
<th></th>
<th>Dec 2013</th>
<th>Dec 2012</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash</td>
<td>$95.6</td>
<td>$125.1</td>
<td>$(29.5)</td>
</tr>
<tr>
<td>Damage Reserve</td>
<td>114.6</td>
<td>121.4</td>
<td>$(6.8)</td>
</tr>
<tr>
<td>Funds Owed by RTA</td>
<td>251.8</td>
<td>246.6</td>
<td>$5.2</td>
</tr>
<tr>
<td>Trust Portfolio Assets</td>
<td>420.7</td>
<td>804.2</td>
<td>$(383.5)</td>
</tr>
<tr>
<td>Total Cash and Receivables</td>
<td>$882.7</td>
<td>$1,297.3</td>
<td>$(414.6)</td>
</tr>
</tbody>
</table>

CTA’s total cash/receivables balance is equal to $882.7 million. Unrestricted cash was $29.5 million less than the prior year. The cash in Damage Reserve is $6.8 million lower than last year and is a source of short term borrowing if necessary. Funds owed by the RTA were approximately $251.8 million which was $5.2 million more than the prior year. CTA continues to work closely with the RTA to monitor their receivable balance owed; Trust Portfolio Assets represent bond proceeds held in Trust for funding capital projects and making required debt service payments. The balances will decrease as we meet our scheduled spend down plan and will increase as CTA receives additional bond proceeds or grant money.
## Revenue

### Fare & Pass Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fare &amp; Pass Revenue</td>
<td>$43,709</td>
<td>$(1,799)</td>
</tr>
</tbody>
</table>

- Fare and pass revenue was $1.8 million less than Reforecast for the month and $1.4 million more than December 2012. Revenue was lower than reforecast this month as ridership levels and average fares were slightly less than 2013 projections. Overall, fare and pass revenue is slightly unfavorable to reforecast for the year to date. The average fare for the month was $1.12.

### Reduced Fare Subsidy

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced Fare Subsidy</td>
<td>$1,217</td>
<td>$(15)</td>
</tr>
</tbody>
</table>

- Reduced Fare Subsidy is less than prior year due to the state reduction and is consistent with the reforecast. The YTD favorable variance is due to the receipt of an additional $483k adjustment that was more than we anticipated for the grant prior period (7/1/12 – 6/30/13).

### Advertising, Charter, Concessions

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising, Charter, Concessions</td>
<td>$2,617</td>
<td>$(2,420)</td>
</tr>
</tbody>
</table>

- Advertising, Charter and Concessions Revenue is less than reforecast for the month and year by $2.4 million and $4.0 million, respectively. The unfavorable variance is primarily due to lower than anticipated Vehicle & Platform advertising revenues. For the year this category finished on par with 2012.

### Investment Income

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$98</td>
<td>$(55)</td>
</tr>
</tbody>
</table>

- Investment Income Revenue was $55,000 less than Reforecast for the month.
**December Other Revenue** was ahead of reforecast due to a favorable ATM contract and additional miscellaneous revenue. In addition, year to date Other Revenue is $5.3 million ahead of Reforecast due to a one-time rental payment for cellular service infrastructure and an additional non-capital grant in November.

- **Total System-Generated Revenue** was $3.3 million less than Reforecast for the month. The favorable YTD variance is primarily due to positive other revenue as discussed in this section.

### IV. Expenses

- **The year to date Labor variance is 0.3% of total labor expense and is on target with the reforecast. December variance is primarily due to the timing of labor expense. Labor is higher than prior year due to increases in salaries and employer pension contribution and the new customer service assistant program.**

- **Material Expense** was over Reforecast by $2.1 million in December. The unfavorable monthly variance was due primarily to additional winter prep. The Year to date material expense is unfavorable to reforecast for the year due to higher bus parts use than anticipated and more expensive winter preparations.
Fuel for Revenue Equipment expense was favorable to Reforecast for the month and year to date primarily due to pricing.

Electric Power for Revenue Equipment was slightly higher than the forecast for the month and year to date. Power usage was higher than anticipated in the month of December as result of the extremely cold weather.

Provision for Injuries and Damages were unfavorable this month and year to date as a result of deciding not to utilize any additional credits this year.

Purchase of Security Services was on target with Reforecast for the month and year to date.
Other Expenses was $3.8 million less than Reforecast. The year to date positive variance is due to lower than anticipated expenses. Maintenance contracts and other contractual services in particular had lower than expenses than expected at the time of the reforecast. The expense is higher than prior year due to the impact of the elimination of a debt service reserve that produced a credit to reduce 2012 expenses. Other expenses consist of: Utilities, Advertising & Promotions, Travel & Meetings, Contractual Services, Leases & Rentals, Pension Obligation Bond, and General Expenses.

Operating Expenses were $2.5 million more than Reforecast for the month, primarily due to the unfavorable variances in material and labor expenses. As stated in last month’s report, we expected that the positive variance year to date would be reduced in future months but would remain on track with the overall reforecast. Expenses in 2013 are higher than 2012 due to the elimination of pension bond debt service reserve in 2012 that lowered 2012 expenses.

V. Other

![Table showing recovery ratio variance]

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 57.08% for the month and 60.43% for the year. This was unfavorable to budget by 3.30 percentage points for the month and 2.00 percentage points for the year to date.

VI. Ridership

![Table showing ridership variance]

Ridership for the month of December was 39.0 million and was 1.1 million less than budget and was 1.6 million less than prior year. Calendar adjusted ridership was down 5.1% from prior year.
• Ridership for the year to date was 529.2 million and was 0.4 million less than budget and 16.3 million less than prior year. Calendar adjusted ridership is down 2.8% over the prior year to date.
Appendix

Cash & Liquidity

Unrestricted Cash

Damage Reserve

Trust Portfolio Assets
Appendix

Cash & Liquidity (cont’d)

Funds Owed by RTA

Revenue

Fare & Pass Revenue

Investment Income
Appendix

Revenue (cont'd)

**Advertising, Charter, Concession**

**Statutory Required Contribution**

**Other Revenue**
Appendix

Revenue (con’t)

Total System Generated Revenue

Total Public Funding

Appendix

Expense

Labor