To: Chicago Transit Authority Board

From: Ron DeNard, Chief Financial Officer

Re: Financial Results for September 2013

Date: November 13, 2013

I. Summary

September results show the positive effects of actions taken as part of our budget reforecast. Overall results for September were positive to the reforecast by $0.5 million in revenue and $2.2 million in expenses. Year to date results are tracking ahead of the reforecast by $3.8 million in revenue and $8.3 million in expenses.

Ridership for the month was 46.1 million and was 0.3 million more than budget. Year to date ridership was 399.2 million and was 1.6 million more than budget.

II. Cash & Liquidity

The chart below highlights CTA's cash position at September 2013 compared to September 2012.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash</td>
<td>$111.0</td>
<td>$102.1</td>
<td>$8.9</td>
</tr>
<tr>
<td>Damage Reserve</td>
<td>117.9</td>
<td>123.6</td>
<td>($5.7)</td>
</tr>
<tr>
<td>Funds Owed by RTA</td>
<td>265.0</td>
<td>237.8</td>
<td>$27.2</td>
</tr>
<tr>
<td>Trust Portfolio Assets</td>
<td>570.7</td>
<td>962.7</td>
<td>($392.0)</td>
</tr>
<tr>
<td>Total Cash and Receivables</td>
<td>$1,064.6</td>
<td>$1,426.2</td>
<td>($361.6)</td>
</tr>
</tbody>
</table>

CTA’s total cash/receivables balance is equal to $1.1 billion. Unrestricted cash was $8.9 million more than the prior year. The cash in Damage Reserve is $5.7 million lower than last year and is a source of short term borrowings if necessary. Funds owed by the RTA were approximately $265.0 million which was $27.2 million more than the prior year. CTA continues to work closely with the RTA to monitor their receivable balance owed; Trust Portfolio Assets are bond proceeds held in trust and are $392.0 million less than prior year. This amount will decrease as we spend bond proceeds on capital projects and increase when we issue bonds for new projects.
### III. Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Sep-13</td>
<td>Sep-13</td>
</tr>
<tr>
<td>Fare &amp; Pass Revenue</td>
<td>$47,756</td>
<td>$136</td>
</tr>
<tr>
<td>Reduced Fare Subsidy</td>
<td>$1,701</td>
<td>$469</td>
</tr>
<tr>
<td>Advertising, Charter, Concession</td>
<td>$2,175</td>
<td>$51</td>
</tr>
<tr>
<td>Investment income</td>
<td>$20</td>
<td>$(14)</td>
</tr>
</tbody>
</table>

- Fare and pass revenue was on par with the Reforecast for the month and $2.9 million more than September 2012. Revenue met the reforecast in this month as ridership levels continued to stay on track with the 2013 projections. The average fare for the month was $1.04. The average fare is slightly less than the last month primarily as a result of additional student ridership.

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

- Advertising, Charter and Concessions Revenue was on par with the Reforecast for the month. Year to date vehicle and platform ads are running behind forecast but should catch up at the end of the year. Revenues continue to track above 2012.

- Investment Income Revenue was $14,000 less than Reforecast for the month.
- All Other Revenue was on par with the Reforecast for the month. Year to date is $2.5 million ahead of Reforecast due to a one-time rental payment for cellular service infrastructure along with additional parking lot lot revenue.

- Total System-Generated Revenue was $0.5 million more than Reforecast for the month. Favorable variance is due to positive Fare & Pass revenue and other revenue as discussed in this section.

IV. Expenses

- Labor Expense was $1.9 million less than Reforecast for the month and on par for the year to date. One-time offsets, mainly due to expenses for capital projects in prior months along with close management of hiring and overtime helped lower labor expenses for the month and bring it in line with reforecast for the year to date. Labor is higher than prior year to date due to increases in salaries and employer pension contribution and the new customer service assistant program.

- Material Expense was over Reforecast by $1.4 million. The unfavorable variance was due primarily to the timing of materials needed to prepare vehicles for winter. The Year to date material expense is tracking below 2012.
<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Sep-13</td>
<td>Variance to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reforecast</td>
</tr>
<tr>
<td></td>
<td>Sep-13</td>
<td>Sep-13</td>
</tr>
<tr>
<td>Fuel</td>
<td>$ 5,265</td>
<td>$ 47</td>
</tr>
<tr>
<td>Power</td>
<td>$ 2,015</td>
<td>$ (18)</td>
</tr>
<tr>
<td>Provision Injuries &amp; Damages</td>
<td>$(3,000)</td>
<td>$ 1,379</td>
</tr>
<tr>
<td>Purchase of Security Services</td>
<td>$ 1,334</td>
<td>$ (30)</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$ 20,641</td>
<td>$ 264</td>
</tr>
</tbody>
</table>

- Fuel for Revenue Equipment expense was slightly lower than Reforecast for the month and on target year to date.

- Electric Power for Revenue Equipment was on target with the forecast for the month and year to date.

- Provision for Injuries and Damages were favorable with the forecast. The Injuries and Damages Reserve is in a surplus position, allowing for the credit to be taken.

- Purchase of Security Services was on par with Reforecast for the month and year to date.

- Other Expenses was $0.3 million less than Reforecast due to both lower spending in September and timing of expected payments. The year to date positive variance is due to both lower anticipated expenses and timing. Some expenses anticipated for Q3 will be realized in Q4. 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 $2.2 million less than Reforecast for the month, primarily due to the favorable variance in labor expense. We expect that the positive variance year to date will be reduced in future months but we 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

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 63.6% for the month and 60.2% for the year. This was unfavorable to budget by 0.84 percentage points for the month and 1.49 percentage points for the year to date.

VI. Ridership

- Ridership for the month of September was 46.1 million and was 0.3 million more than budget and was 0.2 million less than prior year. Calendar adjusted ridership was down 1.8% from prior year.

- Ridership for the year to date was 399.2 million and was 1.6 million more than budget and 10.1 million less than prior year. Calendar adjusted ridership is down 2.4% over the prior year to date.
Appendix
Cash & Liquidity

Unrestricted Cash

Damage Reserve

Funds Owed by RTA
Appendix
Cash & Liquidity (cont’d)

Trust Portfolio Assets

Appendix
Revenue

Total System Generated Revenue
Appendix
Revenue (cont’d)

Fare & Pass Revenue

Reduced Fare Subsidy

Advertising, Charter, Concession
Appendix
Revenue (cont’d)

Investment Income

Statutory Required Contribution

Other Revenue
Appendix
Expenses (cont’d)

Labor

Material

Power
Appendix
Expenses (cont’d)
Appendix
Expenses (cont’d)