To: Chicago Transit Authority Board

From: Ron DeNard, Chief Financial Officer

Re: Financial Results for February 2015

Date: April 15, 2015

I. Summary

CTA’s financial results are favorable for the month and year to date by $0.2 million and $2.2 million, respectively. The favorable variance is primarily due to lower expenses than anticipated in the budget.

Ridership for the month was 38.2 million and was less than budget and prior year by 1.1 million and 1.4 million, respectively. For the year to date ridership was 77.6 million and was 1.1 million less than budget.

II. Cash & Liquidity

The chart below highlights CTA’s cash position at February 2015 compared to February 2014.

<table>
<thead>
<tr>
<th></th>
<th>FEB 2015</th>
<th>FEB 2014</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash</td>
<td>$134.8</td>
<td>$114.3</td>
<td>$20.5</td>
</tr>
<tr>
<td>Damage Reserve</td>
<td>105.6</td>
<td>113.7</td>
<td>$(8.1)</td>
</tr>
<tr>
<td>Funds Owed by RTA</td>
<td>253.5</td>
<td>263.3</td>
<td>$(9.8)</td>
</tr>
<tr>
<td>Trust Portfolio Assets</td>
<td>661.9</td>
<td>430.8</td>
<td>$231.1</td>
</tr>
<tr>
<td>Total Cash and Receivables</td>
<td>$1,155.8</td>
<td>$922.1</td>
<td>$233.7</td>
</tr>
</tbody>
</table>

CTA’s total cash/receivables balance is equal to $1.2 billion. Unrestricted cash was $20.5 million more than the prior year due to an improvement in the cash flow lag for PTF (Public Transportation Funding) collections from five to four months. The cash in Damage Reserve is sufficiently funded and was $8.2 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately $253.5 million which was $9.8 million less than the prior year. 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.
### III. Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Feb-15</td>
<td>Variance to Actual 2015</td>
</tr>
<tr>
<td></td>
<td>Budget Feb-15</td>
<td>Prior Year 2015</td>
</tr>
<tr>
<td></td>
<td>Feb15 vs. Feb14</td>
<td></td>
</tr>
<tr>
<td>Fare &amp; Pass Revenue</td>
<td>$41,724</td>
<td>$(1,519)</td>
</tr>
<tr>
<td>Reduced Fare Subsidy</td>
<td>$2,360</td>
<td>$-</td>
</tr>
<tr>
<td>Advertising, Charter, Concession</td>
<td>$2,510</td>
<td>$134</td>
</tr>
</tbody>
</table>

- Fare and pass revenue for February was unfavorable to budget and prior year by $1.5 million and $1.3 million, respectively. The average fare for the month was $1.09 and was $0.01 less than budget. February’s average temperature of 14.6 degrees tied the record for the coldest February ever in Chicago and was the third-snowiest February on record. This below normal temperature and above average snow, along with two days of cancelled schools, negatively impacted ridership.
- Year to date fare and pass revenue was $1.1 million less than budget and $1.3 million less than prior year. The average fare for the year to date was $1.11 per ride and is on par with budget.

- Reduced Fare Subsidy is on par with budget for the month and is favorable to 2014 for the month and year to date due to the timing of the 2014 mid-year reinstatement of funding.

- Advertising, Charter and Concessions Revenue is favorable to budget and prior year for both the month and year to date. The increase over prior year is due to higher special contract guarantees, concession contracts, and the annual increase in vehicle and platform advertising minimum guarantee.
Investment income was higher than budget for the month and prior year. An overall higher yielding portfolio and better security selection will continue to improve investment income in FY 15.

Other Revenue was favorable to budget for the month due to revenues from rentals and scrap material sales. The year to date is lower than prior year due to a one-time sale of property in 2014.

Total System-Generated Revenue was $1.2 million less than budget for the month primarily due to lower fare and pass revenue than anticipated. The year to date system-generated revenue is $0.7 million less than prior year due to the sale of property in 2014.

IV. Expenses

Labor expense was $1.1 million favorable to budget for the month, mainly due to timing of hiring for the year and favorable fringe expenses. Labor expense is $1.6 million unfavorable to prior year for the month due to timing of a labor credit in 2014 and contractual wage rate increases in 2015.
Material expense was unfavorable to budget and prior year for the month by $0.8 million and $1.1 million, respectively. The unfavorable variance for the month and year to date are primarily due to additional mileage and parts use because of the severe weather. The unfavorable variance to prior year is due to a reclassification of expenses from Other Expenses into Materials.

Fuel for Revenue Equipment expense was $0.3 million favorable to budget for the month. Fuel expense is $1.4 million favorable to prior year to date primarily due to lower usage and prices.

The Electric Power for Revenue Equipment expense was slightly unfavorable to budget for the month due to extreme cold temperatures in February 2015 but favorable to prior year because power prices were locked in ahead of time through the forward fixed purchase strategy.

Purchase of Security Services was slightly favorable to budget for the month. Security expense was $0.7 million unfavorable to prior year to date primarily due to a one-time 2014 reclassification of charges eligible for grant reimbursement.
Current Month Full Year
Variance to Variance to Variance to Variance to
Actual Budget Prior Year Actual Budget Prior Year
Other Expenses $21,784 $966 $ (2,171) $45,771 $639 $ (3,511)

- Other Expenses were $1.0 million favorable to budget for the month and $2.2 million higher than prior year. The increase over prior year is due to the timing of contractual expenses. Of the total monthly other expenses, the pension obligation bond expense is $10 million; the remaining expenses are for utilities, maintenance contracts, services, and other expenses.

Current Month Full Year
Variance to Variance to Variance to Variance to
Actual Budget Prior Year Actual Budget Prior Year
Total Operating Expenses $114,980 $1,330 $ (3,137) $236,924 $2,445 $ (1,836)

- Operating Expenses were $1.3 million less than budget for the month but $3.1 million more than prior year. The favorable variance to budget is due primarily to favorable labor and other expense which offset unfavorable variances in materials and power.

V. Recovery Ratio

Current Month Full Year
Variance to Variance to Variance to Variance to
Actual Budget Prior Year Actual Budget Prior Year
Recovery Ratio 51.08% (0.76) 50.93% 0.28

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 51.08% for the month. This was unfavorable to budget by 0.76 percentage points.

VI. Ridership

Current Month Full Year
Variance to Variance to Variance to Variance to
Actual Budget Prior Year Actual Budget Prior Year
Bus 20,974 (497) (786) 42,378 (476) 62
Rail 14,098 (465) (490) 28,796 (458) (60)
Rail to Rail Transfers 3,104 (153) (109) 6,398 (151) (7)
Total 38,176 (1,116) (1,385) 77,573 (1,085) (5)
• Ridership for the month of February was 38.2 million and was less than budget and prior year by 1.1 million and 1.4 million, respectively. Calendar adjusted ridership was down 3.5% from prior year.

• Ridership for the year to date was 39.4 million and was 1.1 million less than budget and 0.5 million less than prior year. Calendar adjusted ridership was up 0.7% from prior year.

• More details on ridership can be found in the February Ridership Report.
Cash & Liquidity (cont)

Funds Owed by RTA

Revenue

Fare & Pass Revenue

Reduced Fare Subsidy
Expense (cont)

Other Expenses

Total Operating Expenses