

**Ann Arbor Area Transportation Authority  
Report of Operations - Unaudited  
For the Eleven Months Ended August 31, 2014**

					Comparison to Prior Year		
	8/31/2014 Year to Date Budget	8/31/2014 Year to Date Actual	Favorable (Unfavorable) Variance	Percent	8/31/2014 Year to Date Actual	Favorable (Unfavorable) Variance	Percent
<b>Revenues:</b>							
Passenger Revenue	2,062,770	\$1,982,441	(\$80,329)	-3.9% 1	\$2,013,500	(\$31,059)	-1.5%
Subcontracted Revenue	1,440,421	1,470,924	30,503	2.1% 2	1,356,292	114,632	8.5%
Special Fares (EMU, UofM, go!Pass)	1,934,668	1,899,749	(34,919)	-1.8% 3	2,367,598	(467,849)	-19.8%
Interest, Advertising and Other	361,499	292,038	(69,461)	-19.2% 4	450,537	(158,499)	-35.2%
Local Property Tax Revenue	13,562,779	13,562,779	0	0.0% 5	8,495,663	5,067,116	59.6%
<b>Local Property Tax for FY 2015</b>	<b>(3,850,000)</b>	<b>(3,850,000)</b>	<b>0</b>	<b>0.0% 5</b>	<b>0</b>	<b>(3,850,000)</b>	<b>-100.0%</b>
Purchase of Service Agreements	1,283,154	1,137,458	(145,696)	-11.4% 6	1,467,911	(330,453)	-22.5%
State Operating Assistance	8,762,320	8,707,584	(54,736)	-0.6% 7	7,927,669	779,915	9.8%
Federal Operating Assistance	4,898,474	4,891,922	(6,552)	-0.1%	4,135,325	756,597	18.3%
<b>Total Revenues</b>	<b>30,456,085</b>	<b>30,094,895</b>	<b>(361,190)</b>	<b>-1.2%</b>	<b>28,214,495</b>	<b>1,880,400</b>	<b>6.7%</b>
<b>Expenses:</b>							
<b>Wages</b>							
Operations	7,637,544	7,493,307	144,237	1.9%	7,136,236	(357,071)	-5.0%
Maintenance	1,988,275	1,934,113	54,162	2.7%	1,784,046	(150,067)	-8.4%
Administrative	2,388,000	2,380,182	7,818	0.3%	2,235,744	(144,438)	-6.5%
<b>Total Wages</b>	<b>12,013,819</b>	<b>11,807,602</b>	<b>206,217</b>	<b>1.7% 8</b>	<b>11,156,026</b>	<b>(651,576)</b>	<b>-5.8%</b>
<b>Fringe Benefits:</b>							
Payroll Taxes	910,784	864,400	46,384	5.1%	823,073	(41,327)	-5.0%
Pension	832,748	825,505	7,243	0.9%	755,781	(69,724)	-9.2%
Medical Insurance	2,285,623	2,197,880	87,743	3.8%	2,000,607	(197,273)	-9.9%
Post-Retirement Benefits & HCSP	359,645	340,581	19,064	5.3%	346,526	5,945	1.7%
Other Fringe Benefits	757,485	710,535	46,950	6.2%	743,399	32,864	4.4%
<b>Total Fringe Benefits</b>	<b>5,146,285</b>	<b>4,938,901</b>	<b>207,384</b>	<b>4.0% 9</b>	<b>4,669,386</b>	<b>(269,515)</b>	<b>-5.8%</b>
<b>Purchased Services:</b>							
Contracted Maintenance	537,236	526,286	10,950	2.0% 10	383,199	(143,087)	-37.3%
Consulting Fees/Public Relations	629,598	600,079	29,519	4.7%	516,473	(83,606)	-16.2%
Security Services	312,451	307,669	4,782	1.5%	248,953	(58,716)	-23.6%
Other Purchased Services	692,826	632,678	60,148	8.7% 10	501,819	(130,859)	-26.1%
<b>Total Purchased Services</b>	<b>2,172,111</b>	<b>2,066,712</b>	<b>105,399</b>	<b>4.9%</b>	<b>1,650,444</b>	<b>(416,268)</b>	<b>-25.2%</b>
<b>Materials and Supplies:</b>							
Diesel Fuel and Gasoline	1,896,200	1,870,516	25,684	1.4% 11	1,891,825	21,309	1.1%
Fuel Futures (Gains) or Losses	0	20,857	(20,857)	100.0% 11	17,892	(2,965)	-16.6%
Bus Parts	642,455	623,658	18,797	2.9%	559,057	(64,601)	-11.6%
Printing	187,020	111,795	75,225	40.2% 12	124,091	12,296	9.9%
Other Materials and Supplies	842,052	756,390	85,662	10.2% 13	736,362	(20,028)	-2.7%
<b>Total Materials and Supplies</b>	<b>3,567,727</b>	<b>3,383,216</b>	<b>184,511</b>	<b>5.2%</b>	<b>3,329,227</b>	<b>(53,989)</b>	
<b>Utilities</b>	<b>510,734</b>	<b>477,721</b>	<b>33,013</b>	<b>6.5% 14</b>	<b>370,357</b>	<b>(107,364)</b>	<b>-29.0%</b>
Casualty & Liability Insurance	605,826	591,018	14,808	2.4%	564,644	(26,374)	-4.7%
<b>Purchased Transportation:</b>							
Aride and Good as Gold	2,836,148	2,849,237	(13,089)	-0.5%	2,800,499	(48,738)	-1.7%
Night Ride	563,939	542,152	21,787	3.9%	550,526	8,374	1.5%
Air Ride	1,112,872	1,110,676	2,196	0.2%	1,028,748	(81,928)	-8.0%
WVAVE, Northfield and Mobility Mgmt	1,304,185	1,183,239	120,946	9.3% 15	1,167,829	(15,410)	-1.3%
<b>Total Purchased Transportation</b>	<b>5,817,144</b>	<b>5,685,304</b>	<b>131,840</b>	<b>2.3%</b>	<b>5,547,602</b>	<b>(137,702)</b>	<b>-2.5%</b>
<b>Other Expenses</b>	<b>673,305</b>	<b>579,157</b>	<b>94,148</b>	<b>14.0% 16</b>	<b>383,836</b>	<b>(195,321)</b>	<b>-50.9%</b>
Local Depreciation	195,400	195,400	0	0.0%	140,250	(55,150)	-39.3%
<b>Total Expenses</b>	<b>30,702,351</b>	<b>29,725,031</b>	<b>977,320</b>	<b>3.2%</b>	<b>27,811,772</b>	<b>(1,913,259)</b>	<b>-6.9%</b>
<b>Gain (Loss) from Operations</b>	<b>(\$246,266)</b>	<b>\$369,864</b>	<b>\$616,130</b>		<b>\$402,723</b>	<b>(32,859)</b>	

**Detail of Budget Variances - Positive (Negative):**

**Year-to-Date Variances:**

**A: Other Purchased Services Variances:**

	August
Management & Agency Fees	(\$24,099)
Physical Exam Fees	(1,425)
Legal Fees	21,659
IT Services	3,279
Custodial Services	19,503
Internet Services	38,571
Towing	1,620
Admin Fee - Benefit Source	1,040
	<u>60,148</u>

**B: Other Materials and Supplies Variances:**

Lubricants, Oils, DEF	16,349
Tires, Tubes and Wheels	36,234
Tools and Equipment	(561)
Equipment Repair	1,411
Other Materials and Supplies	16,130
Computer Software	16,099
	<u>85,662</u>

**C: Utilities Variances:**

	August
Natural Gas	4,237
Electricity	17,475
Water	8,888
Telephone	2,413
	<u>33,013</u>

**D: Other Expenses Variances:**

Uniform Expense	(16,157)
Postage	(735)
Dues and Subscriptions	(633)
Conference and Travel	7,635
Media costs	62,791
Employee Development	44,060
Millage Election Fees	0
Equipment Rental	(2,813)
	<u>94,148</u>

# Memorandum



To: Board of Directors, Ann Arbor Area Transportation Authority  
From: Philip Webb, Controller/Manager of Finance  
Date: **September 12, 2014**  
Re: **Notes for the Report of Operations Financial Statement – Eleven Months Ended August 31, 2014**

The following are the explanations and notes for budget to actual variances for the AATA's year-to-date unaudited financial report of operations, generally +/- 5.0% and \$10,000.

**OVERALL** – The July Report of Operations reflects the changes from FY 2014 Amended Operating Budget, including the additional 0.7 mill property tax levy, which was levied on July 1, 2014.

**REVENUES: Total Revenues are 1.2% under budget (unfavorable).**

1. Passenger Fares are under budget by 3.9% due to lower cash fares and monthly value pass sales from agencies. We budgeted a 3.3% increase in the FY 2014 budget over FY 2013 actual for cash fares.
2. Subcontracted Passenger Fares are over budget due to the AirRide fares are 12.7% over the amended budget, \$838,600 actual compared to \$744,300 budgeted. August fares were \$87,100.
3. Special Fares are under budget due to the application of the Federal formula for the MRide agreement. Ridership is consistent with the amount expected, but more of the funds are coming from Federal & State grants. Therefore, less revenue will be billed to UofM and more revenue will come from future Federal & State grants.
4. Interest, Advertising and Other is under budget due to and advertising revenue being \$59,300 (22.6%) under budget.
5. Property taxes reflect the additional 0.7 property tax millage levied on July 1, 2014, along with the budgeted reduction of \$3.85 million for FY 2015 capital needs.
6. Purchase of Service Agreements are under budget since there is \$25,000 less in private contractor match for AirRide due to the passenger fares being greater than budget. The nonurban People's Express service is operating at a lower level than budgeted, so the match amount recorded under the POSA is \$45,800 less.
7. State Operating Assistance is under budget by \$54,700. We received the FY 2010 final audit payment of \$94,920 for urban operating assistance, which was not set up as a receivable, so the total amount is recognized as revenue in FY 2014. The FY2014 actual is under budget by \$173,500, because it is based on eligible expenses x 31.015%, which is less than budgeted.

**EXPENSES: Total Expenses are 3.2% under budget (favorable).**

8. Wages are under budget as we had few vacant positions during the middle of FY 2014 in the service crew, facilities maintenance and community relations for part of the year.
9. Fringe Benefits are under budget due to the vacant positions, noted above. Also, we received a retro refund of \$142,500 from our workers' compensation carrier for the calendar year 2012, since our claims were \$22,000 for the year, so Accident fund returned 40% of our \$356,200 premium. However, we expected this amount and budgeted for it.
10. Contracted maintenance is now under budget, because we added \$100,000 in the amended budget due snow removal expenses for the near record snow fall the winter. Other Purchased Services are under budget primarily due to legal fees, internet, IT services and custodial services.
11. Fuel and fuel futures expenses are over budget by \$4,800, after consideration of the loss on fuel futures. We paid on average \$3.17 per gallon all year, which is at the budget estimate of \$3.25 per gallon. However, starting December 1, the winter grade of #1 ultra-low sulfur (ULS) is more expensive than our summer grade #2 ULS and we averaged \$3.45 for December through mid-March. We are back to summer blend since mid-March and deliveries since then have averaged \$3.07 per gallon, with the delivery on September 10, 2014 at \$2.90 per gallon.
12. Printing is under budget, due the timing differences and less spent on production with outside vendors.
13. Other Materials & Supplies are under budget due to lesser use of DEF (diesel exhaust fluid) recorded in lubricants and lesser expense on tires.
14. Utilities are now under budget as we added \$60,000 in the amended budget to cover natural gas usage from the cold winter. For the month of March, Michigan was the coldest place in the world, compared to historical normal average.
15. Purchased Transportation – Guaranteed Ride Home is under budget, since we are budgeting about \$3,000 per month, (YTD \$26,600) and have only spent \$8,700. MyRide is under budget as well by \$82,800 (24.1%).
16. Other expenses are under budget mainly due to differences for media expenses and employment development. These are a combination of permanent differences and timing differences.

Ann Arbor Area Transportation Authority  
 Report to the Treasurer: Summary Operating Statement by Mode  
 For the Eleven Months Ended August 31, 2014

Year-To-Date Summary Operating Statement by Mode							
	Fixed	Demand	Express		N/S Rail, GDT,		Total
Revenues (except Property Tax):	Route	Response	NonUrban	Ride	AirRide	UrbanCore, Van	Actual
Passenger Revenue	\$1,834,275	\$148,166	\$0	\$0	\$0	\$0	\$1,982,441
Subcontracted Passenger Revenue	\$0	\$540,654	\$76,450	\$0	\$838,638	\$15,182	\$1,470,924
Special Fares (EMU, UofM, go!Pass)	\$1,738,646	\$10,683	\$0	\$150,420	\$0	\$0	\$1,899,749
Interest, Advertising and Other	\$259,255	\$0	\$0	\$0	\$0	\$32,783	\$292,038
Purchase of Service Agreements	\$387,112	322,897	\$349,405	\$13,750	\$2,590	\$61,704	\$1,137,458
State Operating Assistance	\$6,400,345	\$1,396,883	\$375,318	\$80,142	\$378,208	\$76,688	\$8,707,584
Federal Operating Assistance	\$2,894,504	\$319,229	\$153,835	\$14,085	\$0	\$1,510,269	\$4,891,922
<b>Total Revenues</b>	<b>\$13,514,137</b>	<b>\$2,738,511</b>	<b>\$955,008</b>	<b>\$258,397</b>	<b>\$1,219,436</b>	<b>\$1,696,626</b>	<b>\$20,382,116</b>
<b>Expenses:</b>							
Wages	10,743,362	342,720	17,846	128,066	52,900	522,708	11,807,602
Fringe Benefits	4,485,186	146,880	7,648	52,498	22,671	224,018	4,938,901
Purchased Services	1,383,404	419	6,200	22,896	8,296	645,497	2,066,712
Diesel Fuel, Net of Futures	1,871,664	0	0	19,709	0	0	1,891,373
Materials and Supplies	1,380,559	31,840	2,984	15,866	427	60,167	1,491,843
Utilities	451,723	21,020	0	4,978	0	0	477,721
Insurance	533,145	47,281	4,433	6,159	0	0	591,018
Purchased Transportation	0	3,652,367	913,580	0	1,110,676	8,681	5,685,304
Other Expenses	358,372	2,027	2,317	6,189	24,466	185,786	579,157
Local Depreciation	143,595	0	0	2,036	0	49,769	195,400
<b>Total Expenses</b>	<b>21,351,010</b>	<b>4,244,554</b>	<b>955,008</b>	<b>258,397</b>	<b>1,219,436</b>	<b>1,696,626</b>	<b>29,725,031</b>
<b>Net Local Property Tax Applied</b>	<b>\$7,836,873</b>	<b>\$1,506,042</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,342,915</b>
Percent of Total	83.9%	16.1%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes (AA + Ypsi)							\$9,712,779
<b>Authority Wide Surplus (Loss)</b>							<b>\$369,864</b>
Service Hours	182,524	74,185		1,902	8,174		266,785
Cost per Service Hour	\$ 116.98	\$ 57.22		\$ 135.86	\$ 149.18		
Passengers	5,739,756	154,714		36,822	67,448		5,998,740
Cost per Passenger	\$ 3.72	\$ 27.43		\$ 7.02	\$ 18.08		\$ 4.96
Percent of Expenses Paid by Riders	16.7%	16.5%	8.0%	58.2%	68.8%		18.0%
Percent of Expenses Paid by Local Tax	36.7%	35.5%	0.0%	0.0%	0.0%		31.4%

Balance Sheet	
Assets:	8/31/2014
Cash & Investments	\$15,476,815
Accounts Receivables	613,594
Grants Receivables	3,425,211
Other Receivables	830,595
Inventory	714,650
Prepaid Expenses	964,843
<b>Total Current Assets</b>	<b>22,025,708</b>
Land & Buildings	32,774,683
Equipment	57,824,301
Accum Depreciation	(39,283,492)
Net Fixed Assets	51,315,492
<b>Total Assets</b>	<b>\$73,341,200</b>
<b>Liabilities:</b>	
Accounts payable	921,211
Accrued Payroll	256,710
Accrued Vacation	1,305,338
Other Accruals	470,628
Unearned Revenue	266,685
Post-Retire Benefits	246,209
	3,466,781
<b>Equity:</b>	
Unrestricted (GASB 31)	10,787,021
Unrestricted (Available)	7,771,906
<b>Total Unrestricted</b>	<b>18,558,927</b>
Invested in Fixed Assets	51,315,492
<b>Total Equity</b>	<b>69,874,419</b>
<b>Total Liab &amp; Equity</b>	<b>\$73,341,200</b>
<b>Total FY 2014 Expenses*</b>	<b>\$32,521,741</b>
Months in Unrestricted	
<b>Net Position (Min 3.0)</b>	<b>2.87</b>
Amount below Minimum	(\$358,530)

\*Expenses do not include one-time projects; Connector Study & Wally