

**Ann Arbor Area Transportation Authority
Financial Report of Operations - Unaudited
For the Three Months Ended December 31, 2016**

Comparison to Prior Year

| | 12/31/2016 | 12/31/2016 | Favorable | | 12/31/2015 | Favorable | |
|------------------------------------|-------------------|-------------------|------------------|-----------------|------------------|------------------|---------------|
| | Year to Date | Year to Date | (Unfavorable) | Percent | Year to Date | (Unfavorable) | Percent |
| | Budget | Actual | Variance | | Actual | Variance | |
| Revenues: | | | | | | | |
| Passenger Fare Revenue | \$571,945 | \$587,344 | \$15,399 | 2.7% | \$555,235 | \$32,109 | 5.8% |
| Subcontracted Fare Revenue | 461,939 | 490,665 | 28,726 | 6.2% 1 | 459,878 | 30,787 | 6.7% |
| Special Fares (EMU,UofM,go!Pass) | 647,745 | 695,194 | 47,449 | 7.3% | 597,108 | 98,086 | 16.4% |
| Advertising, Interest, and Other | 70,246 | 68,375 | (1,871) | -2.7% | 68,761 | (386) | -0.6% |
| Local Property Tax Revenue | 3,813,134 | 3,812,864 | (270) | 0.0% 2 | 3,442,825 | 370,039 | 10.7% |
| Purchase of Service Agreements | 518,015 | 471,580 | (46,435) | -9.0% | 244,756 | 226,824 | 92.7% |
| State Operating Assistance | 3,319,790 | 3,008,006 | (311,784) | -9.4% 3 | 2,683,498 | 324,508 | 12.1% |
| Federal Operating Assistance | 1,156,713 | 1,162,213 | 5,500 | 0.5% | 958,616 | 203,597 | 21.2% |
| Total Revenues | 10,559,527 | 10,296,241 | (263,286) | -2.5% | 9,010,677 | 1,285,564 | 14.3% |
| Expenses: | | | | | | | |
| Operations Wages | 2,889,392 | 2,815,489 | 73,903 | 2.6% 4 | 2,546,293 | (269,196) | -10.6% |
| Maintenance Wages | 784,503 | 707,140 | 77,363 | 9.9% 4 | 670,139 | (37,001) | -5.5% |
| Administrative Wages | 835,037 | 727,539 | 107,498 | 12.9% 4 | 746,090 | 18,551 | 2.5% |
| Total Wages | 4,508,932 | 4,250,168 | 258,764 | 5.7% 4 | 3,962,522 | (287,646) | -7.3% |
| Fringe Benefits: | | | | | | | |
| Payroll Taxes | 332,386 | 320,679 | 11,707 | 3.5% | 305,266 | (15,413) | -5.0% |
| Pension | 345,775 | 359,001 | (13,226) | -3.8% | 304,520 | (54,481) | -17.9% |
| Medical Insurance | 692,050 | 658,645 | 33,405 | 4.8% | 678,097 | 19,452 | 2.9% |
| Post-Retirement Benefits & HCSP | 132,933 | 125,832 | 7,101 | 5.3% | 112,917 | (12,915) | -11.4% |
| Other Fringe Benefits | 257,962 | 242,443 | 15,519 | 6.0% 5 | 200,188 | (42,255) | -21.1% |
| Fringe Benefits | 1,761,106 | 1,706,600 | 54,506 | 3.1% 5 | 1,600,988 | (105,612) | -6.6% |
| | 39.1% | 40.2% | | | | | |
| Purchased Services: | | | | | | | |
| Contracted Maintenance | 221,442 | 165,360 | 56,082 | 25.3% 6 | 82,881 | (82,479) | -99.5% |
| Consulting Fees | 160,128 | 121,201 | 38,927 | 24.3% | 32,556 | (88,645) | -272.3% |
| Security Services | 84,045 | 71,160 | 12,885 | 15.3% | 78,741 | 7,581 | 9.6% |
| Other Purchased Services | A 203,513 | 122,152 | 81,361 | 40.0% 6 | 156,090 | 33,938 | 21.7% |
| Purchased Services | 669,128 | 479,873 | 189,255 | 28.3% | 350,268 | (129,605) | -37.0% |
| Materials and Supplies: | | | | | | | |
| Diesel Fuel and Gasoline | 424,600 | 344,184 | 80,416 | 18.9% 7 | 332,848 | (11,336) | -3.4% |
| Fuel Futures (Gains) or Losses | 0 | (73,147) | 73,147 | 100.0% 7 | 118,973 | 192,120 | 161.5% |
| Bus Parts | 295,200 | 184,996 | 110,204 | 37.3% | 192,689 | 7,693 | 4.0% |
| Printing | 60,438 | 2,118 | 58,320 | 96.5% 8 | 20,477 | 18,359 | 89.7% |
| Other Materials and Supplies | B 283,387 | 230,495 | 52,892 | 18.7% 8 | 239,069 | 8,574 | 3.6% |
| Materials and Supplies | 1,063,625 | 688,646 | 374,979 | 35.3% | 904,056 | 215,410 | 23.8% |
| Utilities | C 112,845 | 74,616 | 38,229 | 33.9% 9 | 75,878 | 1,262 | 1.7% |
| Casualty & Liability Insurance | 207,000 | 195,617 | 11,383 | 5.5% | 175,333 | (20,284) | -11.6% |
| | | | | | | U | |
| Purchased Transportation: | | | | | | | |
| ARide and Good as Gold | 1,110,750 | 1,096,584 | 14,166 | 1.3% | 771,079 | (325,505) | -42.2% |
| Night Ride | 137,499 | 135,623 | 1,876 | 1.4% | 135,662 | 39 | 0.0% |
| Air Ride | 297,339 | 316,366 | (19,027) | -6.4% | 308,723 | (7,643) | -2.5% |
| WWAVE, Northfield, MyRide, GRH | 396,080 | 387,742 | 8,338 | 2.1% | 323,444 | (64,298) | -19.9% |
| Purchased Transportation | 1,941,668 | 1,936,315 | 5,353 | 0.3% | 1,538,908 | (397,407) | -25.8% |
| Other Expenses | D 197,023 | 107,631 | 89,392 | 45.4% 10 | 123,840 | 16,209 | 13.1% |
| Local Depreciation | 105,000 | 105,000 | 0 | 0.0% | 101,850 | (3,150) | -3.1% |
| Total Expenses | 10,566,327 | 9,544,466 | 1,021,861 | 9.7% | 8,833,643 | (710,823) | -8.0% |
| Gain (Loss) from Operations | (\$6,800) | \$751,775 | \$758,575 | | \$177,034 | 574,741 | |

Variations:

Detail of Budget Variances - Positive (Negative):

| | December | December |
|---|--------------|--------------|
| | Year to Date | Year to Date |
| A: Other Purchased Services Variances: | | |
| Management & Agency Fees | 18,639 | |
| Physical Exam Fees | 6,348 | |
| Legal Fees | 5,402 | |
| Auditing Fees | 0 | |
| IT Services | 12,542 | |
| Custodial Services | 229 | |
| Internet Services | 25,231 | |
| Towing | 2,064 | |
| Admin Fee - Benefit Source | 10,906 | |
| | 81,361 | |
| B: Other Materials and Supplies Variances: | | |
| Lubricants | 2,362 | |
| Tires, Tubes and Wheels | 650 | |
| Tools and Equipment | (1,013) | |
| Equipment Repair | 2,411 | |
| Other Materials and Supplies | 39,508 | |
| Computer Software | 8,974 | |
| | 52,892 | |
| C: Utilities Variances: | | |
| Natural Gas | | 13,394 |
| Electricity | | 7,196 |
| Water | | 2,300 |
| Telephone | | 15,339 |
| | | 38,229 |
| D: Other Expenses Variances: | | |
| Uniform Expense | | (114) |
| Postage | | 4,226 |
| Dues and Subscriptions | | 486 |
| Conference and Travel | | 12,612 |
| Media costs | | 30,971 |
| Employee Development | | 25,134 |
| Wellness & Appreciation | | 4,916 |
| Recruitment and Hiring | | 8,256 |
| Equipment Rental | | 2,905 |
| | | 89,392 |



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: January 18, 2017

Re: Notes to the Financial Report of Operations – Three Months Ended Dec. 30, 2016

Message: The following are the explanations and notes for budget to actual variances for the AAATA's year-to-date unaudited financial report of operations, generally +/- 5.0% and \$20,000.

OVERALL – The Report of Operations reflects a **\$752,000** surplus for the first three months of the fiscal year.

REVENUES: Total Revenues are 2.5% under budget (unfavorable).

1. Subcontracted fares are over budget for AirRide and ARide to higher ridership than expected
2. Property taxes reflect two twelfths of the property tax millages which will be levied on July 1, 2017.
3. State operating assistance is under budget by \$311,800, because eligible expenses (which are lower than budgeted) are calculated using the lower formula percentage of 32.2% (urban).

EXPENSES: Total Expenses are 9.7% under budget (favorable).

4. Wages are under budget for operations, maintenance and administration due to a few vacant positions, which are budgeted from the first day of the fiscal year. The vacant positions include call center supervisor, 2 vehicle mechanics, parts clerk, service crew supervisor, facilities manager, and CFO.
5. Fringe Benefits are under budget due to overall wages being under budget. The largest savings in fringes are health care benefits, due to a few vacant positions to start the year. Overall fringes are 40.2% of wages compared to the budgeted amount of 39.1%.
6. Contracted maintenance is under budget due to timing differences for projects. Many disbursements in October & November are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses. Some monthly expenses are estimated, such as custodial, security, etc. where we can reasonably estimate the monthly amounts. Other expenses, such as legal fees, contracted maintenance and towing, are not estimated, due to their variable nature.
7. Fuel and fuel futures expenses are under budget by \$153,600, 36.2%, after consideration of the loss on fuel futures. We have averaged \$1.58 per gallon for fuel deliveries, compared to the budget of \$2.00 per gallon.
8. Other materials and supplies are under budget. Many disbursements in October & November are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses.
9. Utilities are under budget by \$38,200 due to timing of the bills received and we are using less electricity and natural gas due to the milder temperature.
10. Other Expenses are under budget primarily because many disbursements in October are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses.

Ann Arbor Area Transportation Authority
Report to the Treasurer: Summary Operating Statement by Mode
For the Three Months Ended December 31, 2016

Year-To-Date Summary Operating Statement by Mode - Unaudited

| | Fixed | Demand | | Express | | N/S Rail, GDT, | Total |
|--|--------------------|------------------|------------------|------------------|------------------|-----------------------|--------------------|
| Revenues (except Property Tax): | Route | Response | NonUrban | Ride | AirRide | UrbanCore, Van | Actual |
| Passenger Revenue | \$540,769 | \$46,575 | \$0 | \$0 | \$0 | \$0 | \$587,344 |
| Subcontracted Revenue | \$0 | \$149,512 | \$26,100 | \$0 | \$303,258 | \$11,795 | \$490,665 |
| Special Fares (EMU,UofM,go!Pass) | \$667,194 | \$0 | \$0 | \$28,000 | \$0 | \$0 | \$695,194 |
| Advertising, Interest, and Other | \$67,937 | \$0 | \$0 | \$0 | \$0 | \$438 | \$68,375 |
| Purchase of Service Agreements | \$268,938 | 63,263 | \$114,642 | \$11,250 | \$0 | \$13,487 | \$471,580 |
| State Operating Assistance | \$2,254,794 | \$510,364 | \$162,822 | \$20,105 | \$59,921 | \$0 | \$3,008,006 |
| Federal Operating Assistance | \$794,691 | \$30,000 | \$62,392 | \$3,044 | \$0 | \$272,086 | \$1,162,213 |
| Total Revenues | \$4,594,323 | \$799,715 | \$365,956 | \$62,398 | \$363,179 | \$297,806 | \$6,483,377 |
| Expenses: | | | | | | | |
| Wages | 3,842,733 | 207,351 | 13,177 | 35,585 | 28,438 | 122,883 | \$4,250,168 |
| Fringe Benefits | 1,550,189 | 79,600 | 5,059 | 13,661 | 10,917 | 47,174 | 1,706,600 |
| Purchased Services | 366,256 | 0 | 1,440 | 3,763 | 0 | 108,415 | 479,873 |
| Diesel Fuel, Net of Futures | 268,912 | 0 | 0 | 2,125 | 0 | 0 | 271,037 |
| Materials and Supplies | 402,473 | 8,354 | 835 | 3,274 | 0 | 2,672 | 417,609 |
| Utilities | 70,462 | 3,365 | 0 | 789 | 0 | 0 | 74,616 |
| Insurance | 172,411 | 15,649 | 1,467 | 1,534 | 4,556 | 0 | 195,617 |
| Purchased Transportation | 0 | 1,276,401 | 343,548 | 0 | 316,366 | 0 | 1,936,315 |
| Other Expenses | 86,695 | 0 | 431 | 844 | 3,000 | 16,662 | 107,631 |
| Local Depreciation | 104,177 | 0 | 0 | 823 | 0 | 0 | 105,000 |
| Total Expenses | 6,864,307 | 1,590,721 | 365,956 | 62,398 | 363,276 | 297,806 | 9,544,466 |
| Net Local Property Tax Applied | \$2,269,985 | \$791,007 | \$0 | \$0 | \$98 | \$0 | \$3,061,089 |
| Percent of Total | 74.2% | 25.8% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Local Property Taxes | | | | | | | \$3,812,864 |
| Authority Wide Surplus (Loss) | | | | | | | \$751,775 |
| Service Hours | 66,320 | 29,454 | | 520 | 2,296 | | 98,590 |
| Cost per Service Hour | \$ 103.50 | \$ 54.01 | | \$ 120.00 | \$ 158.22 | | |
| Passengers | 1,697,691 | 43,179 | | 6,448 | 25,054 | | 1,772,372 |
| Cost per Passenger | \$ 4.04 | \$ 36.84 | | \$ 9.68 | \$ 14.50 | | \$ 5.39 |
| Percent of Expenses Paid by Riders | 17.6% | 12.3% | 7.1% | 44.9% | 83.5% | | 18.6% |
| Percent of Expenses Paid by Local Tax | 33.1% | 49.7% | 0.0% | 0.0% | 0.0% | | 32.1% |

| Balance Sheets | Unaudited | Unaudited |
|---------------------------------------|----------------------|---------------------|
| Assets: | 12/31/2016 | 12/31/2015 |
| Cash & Investments | \$16,637,607 | \$14,072,562 |
| Accounts Receivables | 886,874 | 714,483 |
| Grants Receivables | 378,181 | 3,216,229 |
| Other Receivables | 3,876,790 | 3,903,029 |
| Inventory (Parts, Fuel) | 830,720 | 872,143 |
| Prepaid Expenses | 590,820 | 544,330 |
| Total Current Assets | 23,200,992 | 23,322,776 |
| Land & Buildings | 36,308,508 | 36,103,440 |
| Equipment | 70,114,121 | 64,879,778 |
| Accum Depreciation | (51,126,005) | (48,378,666) |
| Net Capital Assets | 55,296,624 | 52,604,552 |
| Total Assets | \$78,497,616 | \$75,927,328 |
| Liabilities: | | |
| Accounts payable | \$827,467 | \$322,962 |
| Accrued Payroll | 348,025 | 240,601 |
| Accrued Sick/Vacation | 1,605,136 | 1,413,254 |
| Other Accruals | 577,164 | 266,070 |
| Unearned Revenue | 221,261 | 505,087 |
| Post-Retire Benefits | 275,347 | 238,178 |
| Total Liabilities | 3,854,400 | 2,986,152 |
| Net Position: | | |
| Unrestricted (GASB 31) | 11,441,502 | 11,087,523 |
| Unrestrictd (Fuel Savings) | 223,964 | 239,517 |
| Unrestricted (Available) | 7,681,126 | 9,009,584 |
| Total Unrestricted | 19,346,592 | 20,336,624 |
| Invested in Capital Assets | 55,296,624 | 52,604,552 |
| Total Net Position | 74,643,216 | 72,941,176 |
| Total Liab & Net Position | 78,497,616 | 75,927,328 |
| Total FY 2017 Expenses* | \$42,924,546 | \$38,655,850 |
| Increase from 9/30/2015 | \$4,268,696 | |
| Months in Unrestricted | | |
| Net Assets (Min 2.5) | 2.15 | 2.80 |
| Amount below Minimum | (\$1,261,488) | \$956,282 |
| *Expenses do not include R&D projects | \$889,000 | +Budget 2.5 Mos |

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
CASH AND INVESTMENT STATUS REPORT
AS OF 12/31/2016**

| ACCOUNT NUMBER | ACCOUNT NAME | 10/1/2016 BEG BALANCE | RECEIPTS | DISBURSEMENTS | NET TRANSFERS | CURRENT BALANCE |
|-----------------|---------------------|--------------------------|-----------------|-------------------|------------------|--------------------|
| 990-101-200 | IMPREST | \$696,593.07 | \$1,692,730.75 | (\$193,233.16) | (\$618,000.00) | \$1,578,090.66 |
| 990-101-210 | OPERATING | \$218,766.99 | | (\$4,134,811.09) | \$4,045,000.00 | \$128,955.90 |
| 990-101-300 | PAYROLL | \$88,831.38 | | (\$2,820,841.63) | \$2,766,345.11 | \$34,334.86 |
| 990-101-100,110 | CHANGERS/PETTY | \$2,820.00 | | | \$0.00 | \$2,820.00 |
| 990-101-410 | PASSES/TOKENS | \$8,519.36 | \$2,667.44 | | \$0.00 | \$11,186.80 |
| 990-101-500 | CAPITAL | \$1,021,820.14 | \$2,403,910.30 | (\$36.00) | (\$3,044,000.00) | \$381,694.44 |
| 990-101-970 | FLEX SPENDING | \$24,087.26 | | | \$23,968.08 | \$48,055.34 |
| 990-101-730 | GETDOWNTOWN | \$318,611.35 | \$45,979.82 | | \$0.00 | \$364,591.17 |
| TOTAL CASH | | \$2,380,049.55 | \$4,145,288.31 | (\$7,148,921.88) | \$3,173,313.19 | \$2,549,729.17 |
| 990-102-150 | PAYROLL TAX TRNSFR | | | (\$1,119,949.88) | \$1,119,949.88 | |
| | WIRE TO MASS MUTUAL | | | (\$793,090.93) | \$793,090.93 | |
| | WIRE TO MERS | | | (\$128,646.00) | \$128,646.00 | |
| 990-101-700&800 | INVESTMENTS | \$14,354,961.59 | \$9,298,582.59 | (\$4,350,667.33) | (\$5,215,000.00) | \$14,087,876.85 |
| GRAND TOTAL | | \$16,735,011.14 | \$13,443,870.90 | (\$13,541,276.02) | \$0.00 | \$16,637,606.02 |

S/B \$0.00

INVESTMENTS SUMMARY:

12/31/2016

| TYPE OF | PURCHASE | DATE OF MATURITY | INTEREST RATE | TOTAL | Annualized Interest |
|--|----------|---------------------|------------------|------------------------|---------------------|
| Bank of AA - CDARS | | 1/12/2017 | 0.10% | \$4,350,667.33 | \$4,350.67 |
| Bank of AA - CDARS | | 3/23/2017 | 0.20% | \$5,300,000.00 | \$10,600.00 |
| Bank of AA - CDARS | | 9/21/2017 | 0.30% | \$1,450,000.00 | \$4,350.00 |
| RBC Futures Account | | Daily | 0.10% | \$450,815.50 | \$450.82 |
| KEY BANK MONEY MARKET | | Daily | 0.10% | \$5,399.42 | \$5.48 |
| BANK OF AA MONEY MARKET SAVINGS | | Daily | 0.20% | \$2,431,253.25 | \$4,862.51 |
| MERS Retirement Savings | | | | \$99,741.35 | |
| TOTAL INVESTED | | | | <u>\$14,087,876.85</u> | <u>\$24,619.47</u> |
| | | | | \$14,087,876.85 | |
| | DATE | | Check S/B \$0.00 | \$0.00 | |
| | | | CDARS total | \$11,100,667.33 | |
| | | | MIF & Savings | \$2,887,468.17 | |
| | | | MERS | \$99,741.35 | |
| | | | | <u>\$14,087,876.85</u> | |

Ann Arbor Area Transportation Authority
 Fuel Savings and Technology Fund
 FY 2017

Quarter
Oct - Dec 2016

| | |
|---|--------------------|
| Beginning Balance: | \$ 245,400 |
| | |
| Additions: | |
| | |
| Fuel Savings - calculated | \$ 34,172 |
| | |
| Subtractions: | |
| | |
| Environmentally sustainable vehicle and/or equipment | \$ - |
| Product research and testing | \$ - |
| Dedicated route analysis and optimization | \$ - |
| Driver education and training on environmental habits | \$ - |
| Unanticipated hybrid drive system repairs | \$ (55,609) |
| Off-warranty costs | \$ - |
| Transit-related projects & investments to reduce CO2 or emissions | \$ - |
| | <u>\$ (55,609)</u> |
| | |
| Total Subtractions | <u>\$ (55,609)</u> |
| | |
| Ending Balance | <u>\$ 223,964</u> |
| | 12/31/2016 |

NOTES:

| | |
|--|---------------------|
| DPIM Warranty work AAATA pays 10%, bus 451 10/20/16 ck 19434 | \$ 6,805.00 |
| Cummins Bridgeway, replace engine on 444, 11/23/16 ck 93604 | \$ 22,184.26 |
| Cummins Bridgeway, replace engine on 439, 11/30/16 ck 93643 | \$ 22,247.62 |
| WW Williams, DPIM work on 461, 11/30/16 ck 93663 | \$ 4,371.64 |
| | <u>\$ 55,608.52</u> |