

**Ann Arbor Area Transportation Authority
Financial Report of Operations - Unaudited
For the Five Months Ended February 28, 2017**

					Comparison to Prior Year			
	2/28/2017	2/28/2017	Favorable		2/28/2016	Favorable		
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent	
	Budget	Actual	Variance		Actual	Variance		
Revenues:								
Passenger Fare Revenue	\$926,575	\$932,251	\$5,676	0.6%	\$907,332	\$24,919	2.7%	
Subcontracted Fare Revenue	775,315	772,304	(3,011)	-0.4%	745,506	26,798	3.6%	
Special Fares (EMU,UofM,golPass)	1,082,574	1,221,107	138,533	12.8% 1	943,254	277,853	29.5%	
Advertising, Interest, and Other	117,077	114,270	(2,807)	-2.4%	134,999	(20,729)	-15.4%	
Local Property Tax Revenue	6,355,223	6,354,561	(662)	0.0%	5,738,285	616,276	10.7%	
Purchase of Service Agreements	842,241	814,376	(27,865)	-3.3%	554,535	259,841	46.9%	
State Operating Assistance	5,532,440	5,053,400	(479,040)	-8.7% 2	4,473,242	580,158	13.0%	
Federal Operating Assistance	1,891,879	1,902,979	11,100	0.6%	2,050,054	(147,075)	-7.2%	
Total Revenues	17,523,324	17,165,248	(358,076)	-2.0%	15,547,207	1,618,041	10.4%	
Expenses:								
Operations Wages	4,784,732	4,639,759	144,973	3.0% 3	4,176,490	(463,269)	-11.1%	
Maintenance Wages	1,299,103	1,147,980	151,123	11.6% 3	1,088,233	(59,747)	-5.5%	
Administrative Wages	1,412,409	1,224,309	188,100	13.3% 3	1,223,815	(494)	0.0%	
Total Wages	7,496,244	7,012,048	484,196	6.5% 3	6,488,538	(523,510)	-8.1%	
Fringe Benefits:								
Payroll Taxes	545,406	512,790	32,616	6.0%	478,883	(33,907)	-7.1%	
Pension	567,259	561,899	5,360	0.9%	480,078	(81,821)	-17.0%	
Medical Insurance	1,153,417	1,096,461	56,956	4.9%	1,130,327	33,866	3.0%	
Post-Retirement Benefits & HCSP	221,555	208,600	12,955	5.8%	192,745	(15,855)	-8.2%	
Other Fringe Benefits	427,892	393,069	34,823	8.1% 4	383,368	(9,701)	-2.5%	
Fringe Benefits	2,915,529	2,772,819	142,710	4.9% 4	2,665,401	(107,418)	-4.0%	
	38.9%	39.5%						
Purchased Services:								
Contracted Maintenance	369,070	254,396	114,674	31.1% 5	201,163	(53,233)	-26.5%	
Consulting Fees	224,742	174,723	50,019	22.3% 5	54,556	(120,167)	-220.3%	
Security Services	140,075	152,013	(11,938)	-8.5%	143,252	(8,761)	-6.1%	
Other Purchased Services	A 351,114	235,741	115,373	32.9% 5	272,679	36,938	13.5%	
Purchased Services	1,085,001	816,873	268,128	24.7%	671,650	(145,223)	-21.6%	
Materials and Supplies:								
Diesel Fuel and Gasoline	700,800	584,588	116,212	16.6% 6	475,681	(108,907)	-22.9%	
Fuel Futures (Gains) or Losses	0	(29,089)	29,089	100.0% 6	228,724	257,813	112.7%	
Bus Parts	492,000	274,466	217,534	44.2% 7	316,522	42,056	13.3%	
Printing	100,730	34,222	66,508	66.0%	34,909	687	2.0%	
Other Materials and Supplies	B 495,621	421,902	73,719	14.9% 7	494,888	72,986	14.7%	
Materials and Supplies	1,789,151	1,286,089	503,062	28.1%	1,550,724	264,635	17.1%	
Utilities	C 230,317	190,564	39,753	17.3% 8	181,229	(9,335)	-5.2%	
Casualty & Liability Insurance	345,000	298,081	46,919	13.6%	293,127	(4,954)	-1.7%	
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Purchased Transportation:								
ARide and Good as Gold	1,851,250	1,839,284	11,966	0.6%	1,292,113	(547,171)	-42.3%	
Night Ride	229,165	221,510	7,655	3.3%	228,416	6,906	3.0%	
Air Ride	495,565	516,977	(21,412)	-4.3%	515,702	(1,275)	-0.2%	
WWAVE, Northfield, MyRide, GRH	674,578	678,131	(3,553)	-0.5%	577,436	(100,695)	-17.4%	
Purchased Transportation	3,250,558	3,255,902	(5,344)	-0.2%	2,613,667	(642,235)	-24.6%	
Other Expenses	D 321,356	217,421	103,935	32.3% 9	201,344	(16,077)	-8.0%	
Local Depreciation	175,000	175,000	0	0.0%	169,750	(5,250)	-3.1%	
Total Expenses	17,608,156	16,024,797	1,583,359	9.0%	14,835,430	(1,189,367)	-8.0%	
Gain (Loss) from Operations	(\$84,832)	\$1,140,451	\$1,225,283		\$711,777	428,674		

Variations:

Detail of Budget Variances - Positive (Negative):

	February	February
	Year to Date	Year to Date
A: Other Purchased Services Variances:		
Management & Agency Fees	19,562	
Physical Exam Fees	7,182	
Legal Fees	17,905	
Collection Fees	0	
IT Services	24,872	
Custodial Services	1,331	
Internet Services	39,366	
Towing	1,955	
Admin Fee - Benefit Source	3,200	
	115,373	
B: Other Materials and Supplies Variances:		
Lubricants	5,627	
Tires, Tubes and Wheels	(25,043)	
Tools and Equipment	(6)	
Equipment Repair	3,758	
Other Materials and Supplies	67,131	
Computer Software	22,252	
	73,719	
C: Utilities Variances:		
Natural Gas		7,988
Electricity		5,687
Water		2,880
Telephone		23,198
		39,753
D: Other Expenses Variances:		
Uniform Expense		10,113
Postage		6,730
Dues and Subscriptions		7,751
Conference and Travel		18,497
Media costs		17,671
Employee Development		15,282
Wellness & Appreciation		6,536
Recruitment and Hiring		13,935
Equipment Rental		7,420
		103,935



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: March 24, 2017

Re: Notes to the Financial Report of Operations – Five Months Ended February 28, 2017

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 **\$1,140,500** surplus for the first five months of the fiscal year.

REVENUES: Total Revenues are 2.0% under budget (unfavorable).

1. Special Fares are over budget due to the UofM billing for the reconciliation for the contract year that ended July 31, 2016 that was billed in this fiscal year and go!pass revenue is higher than budgeted.
2. State operating assistance is under budget by \$479,000, because eligible expenses (which are lower than budgeted) are calculated using the formula percentage of 32.2% (urban).

EXPENSES: Total Expenses are 9.0% under budget (favorable).

3. Wages are under budget for operations, maintenance and administration due to a few vacant positions, which mostly were budgeted from the first day of the fiscal year. The vacant positions include call center supervisor (recently filled), 2 vehicle mechanics, parts clerk, service crew supervisor (recently filled), facilities manager, CFO and an administrative assistant.
4. 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 39.4% of wages compared to the budgeted amount of 38.4%.
5. 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. So far, snow removal expenses are under budget.
6. Fuel and fuel futures expenses are under budget by \$145,300, 20.7%, after consideration of the loss on fuel futures. We have averaged \$1.59 per gallon for fuel deliveries, compared to the budget of \$2.00 per gallon.
7. Other materials and supplies are under budget. There have not been as many hybrid engine replacements so far this year, which has kept bus parts below budget by \$217,500.
8. Utilities are under budget by \$39,700 due to timing of the bills received and we are using less electricity and natural gas due to the milder temperature.
9. Other Expenses are under budget primarily due to lower media costs and conference & travel.

Ann Arbor Area Transportation Authority
 Report to the Treasurer: Summary Operating Statement by Mode
 For the Five Months Ended February 28, 2017

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

	Fixed Route	Demand Response	NonUrban	Express Ride	AirRide	N/S Rail, GDT, UrbanCore, Van	Total Actual
Revenues (except Property Tax):							
Passenger Revenue	\$855,075	\$77,176	\$0	\$0	\$0	\$0	\$932,251
Subcontracted Revenue	\$0	\$237,243	\$43,500	\$0	\$466,708	\$24,853	\$772,304
Special Fares (EMU, UofM, go!Pass)	\$1,169,926	\$3,994	\$0	\$47,187	\$0	\$0	\$1,221,107
Advertising, Interest, and Other	\$113,121	\$0	\$0	\$0	\$0	\$1,149	\$114,270
Purchase of Service Agreements	\$482,602	108,976	\$191,071	\$11,250	\$0	\$20,477	\$814,376
State Operating Assistance	\$3,720,182	\$885,767	\$262,571	\$33,907	\$150,973	\$0	\$5,053,400
Federal Operating Assistance	\$1,314,817	\$30,000	\$112,848	\$12,891	\$0	\$432,423	\$1,902,979
Total Revenues	\$7,655,724	\$1,343,156	\$609,990	\$105,234	\$617,681	\$478,902	\$10,810,687
Expenses:							
Wages	6,332,990	345,586	21,962	59,309	47,396	204,806	\$7,012,048
Fringe Benefits	2,512,134	132,667	8,431	22,768	18,195	78,623	2,772,819
Purchased Services	642,782	1,267	2,451	6,085	0	164,289	816,873
Diesel Fuel, Net of Futures	551,361	0	0	4,138	0	0	555,499
Materials and Supplies	705,725	14,614	1,461	5,442	0	3,348	730,590
Utilities	180,040	8,594	0	1,929	0	0	190,564
Insurance	263,189	23,846	2,236	2,220	6,590	0	298,081
Purchased Transportation	0	2,153,408	572,580	0	516,977	12,937	3,255,902
Other Expenses	167,590	3,500	870	2,040	28,523	14,899	217,421
Local Depreciation	173,696	0	0	1,304	0	0	175,000
Total Expenses	11,529,507	2,683,483	609,990	105,234	617,681	478,902	16,024,797
Net Local Property Tax Applied	\$3,873,783	\$1,340,327	\$0	\$0	\$0	\$0	\$5,214,110
Percent of Total	74.3%	25.7%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$6,354,561
Authority Wide Surplus (Loss)							\$1,140,451
Service Hours	115,724	49,066		862	3,745		169,397
Cost per Service Hour	\$ 99.63	\$ 54.69		\$ 122.08	\$ 164.93		
Passengers	2,811,403	71,298		10,911	38,804		2,932,416
Cost per Passenger	\$ 4.10	\$ 37.64		\$ 9.64	\$ 15.92		\$ 5.46
Percent of Expenses Paid by Riders	17.6%	11.9%	7.1%	44.8%	75.6%		18.3%
Percent of Expenses Paid by Local Tax	33.6%	49.9%	0.0%	0.0%	0.0%		32.5%

Balance Sheets	Unaudited 2/28/2017	Unaudited 2/28/2016
Assets:		
Cash & Investments	\$13,936,360	\$13,705,139
Accounts Receivables	827,691	470,805
Grants Receivables	994,087	1,519,076
Other Receivables	6,393,283	6,296,589
Inventory (Parts, Fuel)	803,042	873,045
Prepaid Expenses	835,424	699,170
Total Current Assets	23,789,887	23,563,824
Land & Buildings	36,308,508	36,103,440
Equipment	70,427,206	66,296,141
Accum Depreciation	(51,196,005)	(48,446,566)
Net Capital Assets	55,539,709	53,953,015
Total Assets	\$79,329,596	\$77,516,839
Liabilities:		
Accounts payable	\$1,059,162	\$628,671
Accrued Payroll	471,443	360,205
Accrued Sick/Vacation	1,635,136	1,413,254
Other Accruals	295,937	329,232
Unearned Revenue	223,921	678,519
Post-Retire Benefits	258,984	237,900
Total Liabilities	3,944,583	3,647,781
Net Position:		
Unrestricted (GASB 31)	11,441,502	11,087,523
Unrestrictd (Fuel Savings)	223,964	239,517
Unrestricted (Available)	8,179,838	8,589,003
Total Unrestricted	19,845,304	19,916,043
Invested in Capital Assets	55,539,709	53,953,015
Total Net Position	75,385,013	73,869,058
Total Liab & Net Position	79,329,596	77,516,839
Total FY 2017 Expenses*	\$42,924,546	\$38,655,850
Increase from FY 2016	\$4,268,696	
Months in Unrestricted		
Net Assets (Min 2.5)	2.29	2.67
Amount below Minimum	(\$762,776)	\$535,701
*Expenses do not include R&D projects	\$889,000	