

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

					Comparison to Prior Year			
	7/31/2014	7/31/2014	Favorable	Percent	7/31/2014	Favorable	Percent	
	Year to Date	Year to Date	(Unfavorable)		Year to Date	(Unfavorable)		
	Budget	Actual	Variance		Actual	Variance		
<b>Revenues:</b>								
Passenger Revenue	1,868,447	\$1,824,969	(\$43,478)	-2.3% 1	\$1,814,268	\$10,701	0.6%	
Subcontracted Revenue	1,307,327	1,332,946	25,619	2.0% 2	1,229,895	103,051	8.4%	
Special Fares (EMU, UoFM, go!Pass)	1,759,597	1,732,559	(27,038)	-1.5% 3	2,205,427	(472,868)	-21.4%	
Interest, Advertising and Other	297,892	233,583	(64,309)	-21.6% 4	407,904	(174,321)	-42.7%	
Local Property Tax Revenue	12,742,863	12,742,863	0	0.0% 5	7,723,330	5,019,533	65.0%	
<b>Local Property Tax for FY 2015</b>	(3,850,000)	(3,850,000)	0	0.0% 5	0	(3,850,000)	-100.0%	
Purchase of Service Agreements	1,204,700	1,166,707	(37,993)	-3.2% 6	1,390,792	(224,085)	-16.1%	
State Operating Assistance	7,903,909	7,923,828	19,919	0.3% 7	7,065,464	858,364	12.1%	
Federal Operating Assistance	4,543,239	4,536,687	(6,552)	-0.1%	3,730,787	805,900	21.6%	
<b>Total Revenues</b>	<b>27,777,974</b>	<b>27,644,142</b>	<b>(133,832)</b>	<b>-0.5%</b>	<b>25,567,867</b>	<b>2,076,275</b>	<b>8.1%</b>	
<b>Expenses:</b>								
<b>Wages</b>								
Operations	6,889,908	6,808,604	81,304	1.2%	6,486,268	(322,336)	-5.0%	
Maintenance	1,795,555	1,765,487	30,068	1.7%	1,620,832	(144,655)	-8.9%	
Administrative	2,179,054	2,166,795	12,259	0.6%	2,027,575	(139,220)	-6.9%	
<b>Total Wages</b>	<b>10,864,517</b>	<b>10,740,886</b>	<b>123,631</b>	<b>1.1% 8</b>	<b>10,134,675</b>	<b>(606,211)</b>	<b>-6.0%</b>	
<b>Fringe Benefits:</b>								
Payroll Taxes	791,496	751,593	39,903	5.0%	719,677	(31,916)	-4.4%	
Pension	729,130	720,320	8,810	1.2%	657,496	(62,824)	-9.6%	
Medical Insurance	2,077,352	2,013,283	64,069	3.1%	1,818,155	(195,128)	-10.7%	
Post-Retirement Benefits & HCSP	326,949	307,860	19,089	5.8%	316,299	8,439	2.7%	
Other Fringe Benefits	653,616	613,920	39,696	6.1%	659,873	45,953	7.0%	
<b>Total Fringe Benefits</b>	<b>4,578,543</b>	<b>4,406,976</b>	<b>171,567</b>	<b>3.7% 9</b>	<b>4,171,500</b>	<b>(235,476)</b>	<b>-5.6%</b>	
<b>Purchased Services:</b>								
Contracted Maintenance	495,760	483,185	12,575	2.5% 10	327,342	(155,843)	-47.6%	
Consulting Fees/Public Relations	585,380	583,797	1,583	0.3%	357,205	(226,592)	-63.4%	
Security Services	287,410	291,596	(4,186)	-1.5%	231,425	(60,171)	-26.0%	
Other Purchased Services	637,093	582,756	54,337	8.5% 10	480,422	(102,334)	-21.3%	
<b>Total Purchased Services</b>	<b>2,005,643</b>	<b>1,941,334</b>	<b>64,309</b>	<b>3.2%</b>	<b>1,396,394</b>	<b>(544,940)</b>	<b>-39.0%</b>	
<b>Materials and Supplies:</b>								
Diesel Fuel and Gasoline	1,726,000	1,705,399	20,601	1.2% 11	1,738,447	33,048	1.9%	
Fuel Futures (Gains) or Losses	0	17,615	(17,615)	100.0% 11	29,060	11,445	39.4%	
Bus Parts	584,050	558,201	25,849	4.4%	517,091	(41,110)	-8.0%	
Printing	169,200	95,464	73,736	43.6% 12	116,575	21,111	18.1%	
Other Materials and Supplies	787,289	702,349	84,940	10.8% 13	693,379	(8,970)	-1.3%	
<b>Total Materials and Supplies</b>	<b>3,266,539</b>	<b>3,079,028</b>	<b>187,511</b>	<b>5.7%</b>	<b>3,094,552</b>	<b>15,524</b>	<b>0.5%</b>	
<b>Utilities</b>	<b>483,140</b>	<b>455,229</b>	<b>27,911</b>	<b>5.8% 14</b>	<b>346,679</b>	<b>(108,550)</b>	<b>-31.3%</b>	
Casualty & Liability Insurance	541,660	540,203	1,457	0.3%	492,541	(47,662)	-9.7%	
<b>Purchased Transportation:</b>								
Aride and Good as Gold	2,562,683	2,598,675	(35,992)	-1.4%	2,536,794	(61,881)	-2.4%	
Night Ride	517,881	493,317	24,564	4.7%	499,526	6,209	1.2%	
Air Ride	1,018,012	1,007,948	10,064	1.0%	933,888	(74,060)	-100.0%	
WWAVE, Northfield and Mobility Mgmt	1,179,456	1,063,589	115,867	9.8% 15	1,071,058	7,469	0.7%	
<b>Total Purchased Transportation</b>	<b>5,278,032</b>	<b>5,163,529</b>	<b>114,503</b>	<b>2.2%</b>	<b>5,041,266</b>	<b>(122,263)</b>	<b>-2.4%</b>	
<b>Other Expenses</b>	<b>616,117</b>	<b>538,252</b>	<b>77,865</b>	<b>12.6% 16</b>	<b>333,198</b>	<b>(205,054)</b>	<b>-61.5%</b>	
Local Depreciation	173,100	173,100	0	0.0%	127,500	(45,600)	-35.8%	
<b>Total Expenses</b>	<b>27,807,291</b>	<b>27,038,537</b>	<b>768,754</b>	<b>2.8%</b>	<b>25,138,305</b>	<b>(1,900,232)</b>	<b>-7.6%</b>	
<b>Gain (Loss) from Operations</b>	<b>(\$29,317)</b>	<b>\$605,605</b>	<b>\$634,922</b>		<b>\$429,562</b>	<b>176,043</b>		

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

**Year-to-Date Variances:**

	July
<b>A: Other Purchased Services Variances:</b>	
Management & Agency Fees	(\$26,620)
Physical Exam Fees	(739)
Legal Fees	13,681
IT Services	14,668
Custodial Services	19,054
Internet Services	32,910
Towing	1,492
Admin Fee - Benefit Source	(109)
	54,337
<b>B: Other Materials and Supplies Variances:</b>	
Lubricants, Oils, DEF	10,078
Tires, Tubes and Wheels	36,698
Tools and Equipment	(1,211)
Equipment Repair	1,356
Other Materials and Supplies	24,117
Computer Software	13,902
	84,940

**C: Utilities Variances:**

	July
Natural Gas	2,409
Electricity	14,261
Water	8,784
Telephone	2,457
	27,911

**D: Other Expenses Variances:**

	July
Uniform Expense	(13,868)
Postage	(1,250)
Dues and Subscriptions	5,061
Conference and Travel	6,656
Media costs	44,883
Employee Development	39,329
Millage Election Fees	0
Equipment Rental	(2,946)
	77,865

# Memorandum



To: Board of Directors, Ann Arbor Area Transportation Authority  
From: Philip Webb, Controller/Manager of Finance  
Date: August 15, 2014  
Re: Notes for the Report of Operations Financial Statement – Ten Months Ended July 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 0.5% under budget (unfavorable).**

1. Passenger Fares are under budget by 2.3% due to cash fares and monthly value pass sales from agencies.
2. Subcontracted Passenger Fares are over budget due to the AirRide fares are 11.0% over the amended budget, \$751,500 actual compared to \$676,700 budgeted (amended). July fares were \$70,600.
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 revenue is under budget due to advertising revenue being \$53,300 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 operating and 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 \$40,000 less.
7. State Operating Assistance is over budget by \$20,000. 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 \$92,500, because it is based on eligible expenses x 31.015%, which is less than budgeted.

**EXPENSES: Total Expenses are 2.8% under budget (favorable).**

8. Wages are under budget as we have a few employees off on medical or workers compensation leave. We started a class of 12 MCOs, who began their six week training on June 2, 2014. We also have had a mechanic and a service crew technician off on medical or workers' compensation leave. Other wages are under budget as we have a vacant position in Community Relations for part of the year, which is now filled.
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 \$3,000, after consideration of the loss on fuel futures. We paid on average \$3.20 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 August 13, 2014 at \$2.91 per gallon.
12. Printing is under budget, due the timing differences.
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 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 \$90,800 (30.1%).
16. Other expenses are under budget mainly due to timing differences for media expenses and employment development. These are mostly timing differences.

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

Year-To-Date Summary Operating Statement by Mode										Balance Sheet	
Revenues (except Property Tax):	Fixed		Demand		Express		N/S Rail, GDT, UrbanCore, Van		Total Actual	7/31/2014	
	Route	Response	NonUrban	Ride	AirRide	UrbanCore, Van	Total	Assets:			
Passenger Revenue	\$1,688,233	\$136,736	\$0	\$0	\$0	\$0	\$1,824,969	Cash & Investments	\$6,391,321	Accounts Receivables	651,670
Subcontracted Passenger Revenue	\$0	\$496,745	\$69,500	\$0	\$751,519	\$15,182	\$1,332,946	Grants Receivables	3,138,640	Other Receivables	10,648,597
Special Fares (EMU, UofM, go!Pass)	\$1,591,268	\$10,683	\$0	\$130,608	\$0	\$0	\$1,732,559	Inventory	748,235	Prepaid Expenses	447,706
Interest, Advertising and Other	\$201,289	\$0	\$0	\$0	\$0	\$32,294	\$233,583	Total Current Assets	22,026,169	Land & Buildings	32,774,683
Purchase of Service Agreements	\$452,008	306,151	\$320,908	\$12,500	\$13,436	\$61,704	\$1,166,707	Equipment	57,447,435	Accum Depreciation	(39,261,192)
State Operating Assistance	\$5,811,926	\$1,274,708	\$343,314	\$73,275	\$343,917	\$76,688	\$7,923,828	Net Fixed Assets	50,960,926	Total Assets	\$72,987,095
Federal Operating Assistance	\$2,634,162	\$319,229	\$139,850	\$19,874	\$0	\$1,423,572	\$4,536,687	Liabilities:		Accounts payable	352,204
Total Revenues	\$12,378,886	\$2,544,252	\$873,572	\$236,257	\$1,108,872	\$1,609,440	\$18,751,279	Accrued Payroll	747,306	Accrued Vacation	1,305,338
Expenses:								Other Accruals	421,224	Unearned Revenue	266,685
Wages	9,773,395	311,564	16,224	116,423	48,091	475,189	10,740,886	Post-Retire Benefits	246,000	Equity:	
Fringe Benefits	3,994,507	133,527	6,953	47,726	20,610	203,653	4,406,976	Unrestricted (GASB 31)	10,787,021	Unrestricted (Available)	7,900,391
Purchased Services	1,261,269	419	5,824	21,495	8,296	644,031	1,941,334	Total Unrestricted	18,687,412	Invested in Fixed Assets	50,960,926
Diesel Fuel, Net of Futures	1,704,963	0	0	18,051	0	0	1,723,014	Total Equity	69,648,338	Total Liab & Equity	\$72,987,095
Materials and Supplies	1,265,049	28,605	2,712	14,526	427	44,694	1,356,014	Total FY 2014 Expenses*	\$32,521,741	Months in Unrestricted	
Utilities	430,430	20,030	0	4,769	0	0	455,229	Net Position (Min 3.0)	2.92	Amount below Minimum	(\$230,044.50)
Insurance	487,275	43,216	4,052	5,660	0	0	540,203	*Expenses do not include one-time projects; Connector Study & Wally			
Purchased Transportation	0	3,311,246	835,654	0	1,007,948	8,681	5,163,529				
Other Expenses	321,356	2,027	2,153	5,793	23,500	183,423	538,252				
Local Depreciation	121,517	0	0	1,814	0	49,769	173,100				
Total Expenses	19,359,762	3,850,634	873,572	236,257	1,108,872	1,609,440	27,038,537				
Net Local Property Tax Applied	\$6,980,876	\$1,306,382	\$0	\$0	\$0	\$0	\$8,287,258				
Local Property Taxes (AA + Ypsi)	84.2%	15.8%	0.0%	0.0%	0.0%	0.0%	100.0%				
Authority Wide Surplus (Loss)							\$8,892,863				
Service Hours	165,320	67,810		1,732	7,415		242,277				
Cost per Service Hour	\$ 117.10	\$ 56.79		\$ 136.41	\$ 149.54		\$ 5,509,702				
Passengers	\$ 5,273,958	141,473		33,678	60,593		\$ 4.91				
Cost per Passenger	\$ 3.67	\$ 27.22		\$ 7.02	\$ 18.30		18.1%				
Percent of Expenses Paid by Riders	16.9%	16.7%	8.0%	55.3%	67.8%		30.6%				
Percent of Expenses Paid by Local Tax	36.1%	33.9%	0.0%	0.0%	0.0%						