

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

**Comparison to Prior Year**

	7/31/2016	7/31/2016	Favorable		7/31/2015	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
<b>Revenues:</b>							
Passenger Revenue	\$1,993,490	\$1,827,244	(\$166,246)	-8.3% 1	\$1,866,850	(\$39,606)	-2.1%
Subcontracted Revenue	1,412,487	1,482,773	70,286	5.0% 1	1,386,967	95,806	6.9%
Special Fares (EMU,UofM,go!Pass)	1,890,800	1,694,938	(195,862)	-10.4% 1	1,895,983	(201,045)	-10.6%
Advertising, Interest, and Other	246,740	260,935	14,195	5.8%	269,859	(8,924)	-3.3%
Local Property Tax Revenue	11,477,300	11,725,669	248,369	2.2% 2	11,344,383	381,286	3.4%
Purchase of Service Agreements	1,175,910	1,227,612	51,702	4.4%	887,897	339,715	38.3%
State Operating Assistance	9,809,172	9,309,197	(499,975)	-5.1% 3	8,731,922	577,275	6.6%
Federal Operating Assistance	4,428,410	4,223,648	(204,762)	-4.6%	3,141,766	1,081,882	34.4%
<b>Total Revenues</b>	<b>32,434,309</b>	<b>31,752,016</b>	<b>(682,293)</b>	<b>-2.1%</b>	<b>29,525,627</b>	<b>2,226,389</b>	<b>7.5%</b>
<b>Expenses:</b>							
Operations Wages	9,067,868	8,752,474	315,394	3.5%	7,889,358	(863,116)	-10.9%
Maintenance Wages	2,365,072	2,272,674	92,398	3.9%	1,945,820	(326,854)	-16.8%
Administrative Wages	2,598,509	2,468,177	130,332	5.0%	2,347,822	(120,355)	-5.1%
<b>Total Wages</b>	<b>14,031,449</b>	<b>13,493,325</b>	<b>538,124</b>	<b>3.8% 4</b>	<b>12,183,000</b>	<b>(1,310,325)</b>	<b>-10.8%</b>
<b>Fringe Benefits:</b>							
Payroll Taxes	1,067,612	989,468	78,144	7.3%	891,878	(97,590)	-10.9%
Pension	1,072,427	996,750	75,677	7.1%	905,744	(91,006)	-10.0%
Medical Insurance	2,402,434	2,260,436	141,998	5.9%	2,001,565	(258,871)	-12.9%
Post-Retirement Benefits & HCSP	417,668	393,785	23,883	5.7%	346,585	(47,200)	-13.6%
Other Fringe Benefits	888,793	813,916	74,877	8.4%	739,963	(73,953)	-10.0%
<b>Fringe Benefits</b>	<b>5,848,934</b>	<b>5,454,355</b>	<b>394,579</b>	<b>6.7% 5</b>	<b>4,885,735</b>	<b>(568,620)</b>	<b>-11.6%</b>
	41.7%	40.4%					
<b>Purchased Services:</b>							
Contracted Maintenance	615,564	489,227	126,337	20.5% 6	465,524	(23,703)	-5.1%
Consulting Fees	433,213	349,436	83,777	19.3% 6	266,334	(83,102)	-31.2%
Security Services	286,400	268,465	17,935	6.3%	271,162	2,697	1.0%
Other Purchased Services	A 692,171	576,478	115,693	16.7%	740,884	164,406	22.2%
<b>Purchased Services</b>	<b>2,027,348</b>	<b>1,683,606</b>	<b>343,742</b>	<b>17.0%</b>	<b>1,743,904</b>	<b>60,298</b>	<b>3.5%</b>
<b>Materials and Supplies:</b>							
Diesel Fuel and Gasoline	1,648,920	967,585	681,335	41.3% 7	1,314,249	346,664	26.4%
Fuel Futures (Gains) or Losses	0	239,564	(239,564)	100.0% 7	374,993	135,429	36.1%
Bus Parts	730,160	727,437	2,723	0.4%	625,432	(102,005)	-16.3%
Printing	194,620	143,103	51,517	26.5% 8	132,446	(10,657)	-8.0%
Other Materials and Supplies	B 1,009,470	957,121	52,349	5.2%	824,252	(132,869)	-16.1%
<b>Materials and Supplies</b>	<b>3,583,170</b>	<b>3,034,810</b>	<b>548,360</b>	<b>15.3%</b>	<b>3,271,372</b>	<b>236,562</b>	<b>7.2%</b>
<b>Utilities</b>	<b>C 470,855</b>	<b>362,222</b>	<b>108,633</b>	<b>23.1% 9</b>	<b>502,418</b>	<b>140,196</b>	<b>27.9%</b>
Casualty & Liability Insurance	645,830	610,038	35,792	5.5%	438,223	(171,815)	-39.2%
<b>Purchased Transportation:</b>							
ARide and Good as Gold	2,285,623	2,911,866	(626,243)	-27.4% 10	2,543,968	(367,898)	-14.5%
Night Ride	473,689	459,737	13,952	2.9%	478,678	18,941	4.0%
Air Ride	941,130	1,016,256	(75,126)	-8.0%	1,017,222	966	0.1%
WWAVE, Northfield, MyRide, GRH	1,235,200	1,211,078	24,122	2.0%	1,243,942	32,864	2.6%
<b>Purchased Transportation</b>	<b>4,935,642</b>	<b>5,598,937</b>	<b>(663,295)</b>	<b>-13.4%</b>	<b>5,283,810</b>	<b>(315,127)</b>	<b>-6.0%</b>
<b>Other Expenses</b>	<b>D 605,150</b>	<b>494,076</b>	<b>111,074</b>	<b>18.4%</b>	<b>487,600</b>	<b>(6,476)</b>	<b>-1.3%</b>
Local Depreciation	248,330	339,500	(91,170)	-36.7% 11	247,500	(92,000)	-37.2%
<b>Total Expenses</b>	<b>32,396,708</b>	<b>31,070,869</b>	<b>1,325,839</b>	<b>4.1%</b>	<b>29,043,562</b>	<b>(2,027,307)</b>	<b>-7.0%</b>
<b>Gain (Loss) from Operations</b>	<b>\$37,601</b>	<b>\$681,147</b>	<b>\$643,546</b>		<b>\$482,065</b>	<b>199,082</b>	

**Variations:**

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

	July	July
	Year to Date	Year to Date
<b>A: Other Purchased Services Variances:</b>		
Management & Agency Fees	16,585	
Physical Exam Fees	5,723	
Legal Fees	45,698	
IT Services	10,485	
Custodial Services	(7,360)	
Internet Services	36,576	
Towing	(2,034)	
Admin Fee - Benefit Source	10,020	
	115,693	
<b>B: Other Materials and Supplies Variances:</b>		
Lubricants	(2,245)	
Tires, Tubes and Wheels	8,614	
Tools and Equipment	2,042	
Equipment Repair	3,944	
Other Materials and Supplies	4,655	
Computer Software	35,339	
	52,349	
<b>C: Utilities Variances:</b>		
Natural Gas		54,791
Electricity		37,961
Water		6,445
Telephone		9,436
		108,633
<b>D: Other Expenses Variances:</b>		
Uniform Expense		2,902
Postage		10,388
Dues and Subscriptions		7,137
Conference and Travel		7,407
Media costs		30,547
Employee Development		56,909
Wellness & Appreciation		10,649
Recruitment and Hiring		4,872
Equipment Rental		(19,737)
		111,074



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# MEMO

**To:** Board of Directors, Ann Arbor Area Transportation Authority  
**From:** Philip Webb, Controller/Manager of Finance  
**Date:** August 8, 2016  
**Re:** Notes to the Financial Report of Operations – July 31, 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 **\$681,000** surplus for the first ten months of the fiscal year. As planned, a portion of the July 2016 property tax millage will be allocated toward the purchase of vehicles rather than used for operating expenses in FY 2016. This will amount to \$1.0 million in FY 2016.

**REVENUES: Total Revenues are 2.1% under budget (unfavorable).**

1. Passenger fares are under budget for fares on the bus from cash, tokens and 30-day passes. Subcontracted fares are higher than budget for ARide and AirRide. Special fares are under budget for UofM and go!passes due to lower ridership. Overall, fares are \$292,000 under budget or 5.5%.
2. Property taxes reflects all the property tax millages which was levied on July 1, 2016, along with the deferment of \$1.0 million from operating to capital for bus purchases in FY 2016. We will use \$3.85 million from the July 1, 2014 levy from FY 2014 and \$2.4 million from the July 1, 2015 levy and \$1.0 million from the July 1, 2016 levy to purchase 15 large buses and 2 small buses to provide the additional 5YTIP services. We received 9 buses in April 2016 and used \$4.3 million of the additional property taxes to pay for them.
3. State Urban Operating Assistance is under budget by \$517,000, because it is calculated on incurred eligible expenses x 30.8%, which are less than budgeted.

**EXPENSES: Total Expenses are 4.1% under budget (favorable).**

4. Wages are under budget for operations, maintenance and administration due to a few vacant positions, which are gradually being filled. The budget assumed we would need to hire 11 additional drivers to continue to operate ARide lift-van services on May 1, 2016, but we started contracting out the lift-van service out. The drivers that were operating the lift-van services before May 1, 2016 were transferred to fixed route to operate the additional service hours we implemented on May 1, 2016.
5. Fringe Benefits are under budget due to overall wages being under budget. Overall fringes are 40.4% of wages compared to the budgeted amount of 41.7%.
6. Contracted maintenance is under budget due to timing differences for projects. We expect to use the majority of the budget by the end of the fiscal year, including YTC renovation work. We had fewer snow storms this winter. Consulting fees are under budget due to timing of projects.
7. Fuel and fuel futures expenses are under budget by \$442,000, after consideration of the loss on fuel futures. We have averaged \$1.45 per gallon for fuel deliveries for October through July, compared to the budget of \$2.45 per gallon. However, we have had realized losses on fuel futures of \$240,000. Fuel prices have decreased slightly, with the August 3, 2016 ultra-low sulfur biodiesel (B10%) fuel delivery at \$1.30 per gallon.
8. Printing is under budget by \$47,700 due to timing of projects. We incurred more printing for the service expansion and some of those invoices are still coming in.
9. Utilities are under budget by \$108,600 due to timing of bills received and a milder winter.
10. ARide is over budget as demand and expenses have increased throughout the year and since May 1, 2016 when the subcontractor started operating the lift-van services, which were budgeted to be provided in-house.
11. Local depreciation is over budget due to the recent purchase of minivans for the VanRide program in late FY 2015. These vehicles were purchased with local funds.

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

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	\$1,676,103	\$151,141	\$0	\$0	\$0	\$0	\$1,827,244
Subcontracted Revenue	\$0	\$450,203	\$87,000	\$0	\$901,793	\$43,777	\$1,482,773
Special Fares (EMU,UofM,go!Pass)	\$1,583,398	\$12,354	\$0	\$99,186	\$0	\$0	\$1,694,938
Advertising, Interest, and Other	\$226,907	\$7,984	\$0	\$0	\$0	\$26,044	\$260,935
Purchase of Service Agreements	\$625,446	204,454	\$332,404	\$12,500	\$0	\$52,808	\$1,227,612
State Operating Assistance	\$6,902,093	\$1,587,811	\$381,872	\$76,770	\$280,411	\$80,240	\$9,309,197
Federal Operating Assistance	\$2,928,479	\$180,841	\$171,220	\$60,796	\$0	\$882,312	\$4,223,648
<b>Total Revenues</b>	<b>\$13,942,426</b>	<b>\$2,594,788</b>	<b>\$972,496</b>	<b>\$249,252</b>	<b>\$1,182,204</b>	<b>\$1,085,181</b>	<b>\$20,026,347</b>
<b>Expenses:</b>							
Wages	12,093,664	743,812	30,095	128,784	72,211	424,758	\$13,493,325
Fringe Benefits	4,854,500	318,777	12,898	55,193	30,948	182,039	5,454,355
Purchased Services	1,300,395	0	5,051	15,670	14	362,476	1,683,606
Diesel Fuel, Net of Futures	1,177,118	19,600	0	10,431	0	0	1,207,149
Materials and Supplies	1,725,096	43,322	3,655	16,158	2,688	36,741	1,827,661
Utilities	342,756	16,336	0	3,130	0	0	362,222
Insurance	536,023	48,803	4,575	5,271	15,365	0	610,038
Purchased Transportation	0	3,648,770	914,245	0	1,016,256	19,666	5,598,937
Other Expenses	369,013	7,184	1,976	11,679	44,722	59,501	494,076
Local Depreciation	336,566	0	0	2,934	0	0	339,500
<b>Total Expenses</b>	<b>22,735,131</b>	<b>4,846,605</b>	<b>972,496</b>	<b>249,252</b>	<b>1,182,204</b>	<b>1,085,181</b>	<b>31,070,869</b>
<b>Net Local Property Tax Applied</b>	<b>\$8,792,705</b>	<b>\$2,251,817</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,044,522</b>
Percent of Total	79.6%	20.4%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$11,725,669
<b>Authority Wide Surplus (Loss)</b>							<b>\$681,147</b>
Service Hours	199,509	94,530		1,724	7,642		303,405
Cost per Service Hour	\$ 113.96	\$ 51.27		\$ 144.58	\$ 154.70		
Passengers	5,164,644	139,190		24,450	72,114		5,400,398
Cost per Passenger	\$ 4.40	\$ 34.82		\$ 10.19	\$ 16.39		\$ 5.75
Percent of Expenses Paid by Riders	14.3%	12.7%	8.9%	39.8%	76.3%		16.1%
Percent of Expenses Paid by Local Tax	38.7%	46.5%	0.0%	0.0%	0.0%		35.5%

Balance Sheet	
Assets:	7/31/2016
Cash & Investments	\$7,404,688
Accounts Receivables	245,189
Grants Receivables	2,204,715
Other Receivables	10,367,933
Inventory (Parts, Fuel)	843,805
Prepaid Expenses	477,757
<b>Total Current Assets</b>	<b>21,544,087</b>
Land & Buildings	36,103,440
Equipment	72,784,103
Accum Depreciation	(48,616,316)
Net Capital Assets	60,271,227
<b>Total Assets</b>	<b>\$81,815,314</b>
<b>Liabilities:</b>	
Accounts payable	\$598,141
Accrued Payroll	332,469
Accrued Sick/Vacation	1,524,808
Other Accruals	977,117
Unearned Revenue	1,082,824
Post-Retire Benefits	275,145
<b>Total Liabilities</b>	<b>4,790,504</b>
<b>Net Position</b>	
Unrestricted (GASB 31)	11,087,523
Unrestricted (Fuel Savings)	271,256
Unrestricted (Available)	<b>5,394,804</b>
<b>Total Unrestricted</b>	<b>16,753,583</b>
Invested in Capital Assets	60,271,227
<b>Total Net Position</b>	<b>77,024,810</b>
<b>Total Liab &amp; Net Position</b>	<b>81,815,314</b>
Total FY 2016 Expenses*	\$38,655,850
Months in Unrestricted	
Net Assets (Min 2.5)	<b>1.67</b>
Amount below Minimum	<b>(\$2,658,498)</b>

\*Expenses do not include R&D projects