

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

Comparison to Prior Year

	12/31/2014	12/31/2014	Favorable		12/31/2013	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
Revenues:							
Passenger Revenue	\$541,147	\$573,470	\$32,323	6.0% 1	\$534,974	\$38,496	7.2%
Subcontracted Revenue	389,341	440,564	51,223	13.2% 2	415,781	24,783	6.0%
Special Fares (EMU, UofM, go!Pass)	581,127	579,284	(1,843)	-0.3%	626,892	(47,608)	-7.6%
Interest, Advertising and Other	65,250	63,640	(1,610)	-2.5%	59,130	4,510	7.6%
Local Property Tax Revenue	3,400,896	3,400,896	0	0.0% 3	2,459,748	941,148	38.3%
Purchase of Service Agreements	273,438	188,705	(84,733)	-31.0% 4	242,588	(53,883)	-22.2%
State Operating Assistance	2,687,255	2,415,431	(271,824)	-10.1% 5	2,207,998	207,433	9.4%
Federal Operating Assistance	1,062,328	1,062,328	0	0.0%	1,228,701	(166,373)	-13.5%
Total Revenues	9,000,782	8,724,318	(276,464)	-3.1%	7,775,812	948,506	12.2%
Expenses:							
Wages							
Operations	2,278,514	2,249,901	28,613	1.3%	2,001,642	(248,259)	-12.4%
Maintenance	624,186	565,423	58,763	9.4% 6	512,066	(53,357)	-10.4%
Administrative	745,438	695,465	49,973	6.7% 6	641,939	(53,526)	-8.3%
Total Wages	3,648,138	3,510,789	137,349	3.8%	3,155,647	(355,142)	-11.3%
Fringe Benefits:							
Payroll Taxes	255,414	228,376	27,038	10.6%	206,242	(22,134)	-10.7%
Pension	228,734	221,598	7,136	3.1%	202,188	(19,410)	-9.6%
Medical Insurance	646,927	596,055	50,872	7.9% 7	616,022	19,967	3.2%
Post-Retirement Benefits & HCSP	108,310	98,158	10,152	9.4%	92,111	(6,047)	-6.6%
Other Fringe Benefits	248,786	239,739	9,047	3.6%	206,338	(33,401)	-16.2%
Total Fringe Benefits	1,488,171	1,383,926	104,245	7.0% 7	1,322,901	(61,025)	-4.6%
Purchased Services:							
Contracted Maintenance	161,740	105,219	56,521	34.9% 8	84,893	(20,326)	-23.9%
Consulting Fees	56,889	49,177	7,712	13.6%	71,274	22,097	31.0%
Security Services	83,145	83,986	(841)	-1.0%	84,237	251	0.3%
Other Purchased Services	177,716	212,903	(35,187)	-19.8% 8	131,753	(81,150)	-61.6%
Total Purchased Services	479,490	451,285	28,205	5.9%	372,157	(79,128)	-21.3%
Materials and Supplies:							
Diesel Fuel and Gasoline	562,900	478,682	84,218	15.0% 9	492,624	13,942	2.8%
Fuel Futures (Gains) or Losses	0	61,064	(61,064)	100.0% 9	10,987	(50,077)	-455.8%
Bus Parts	183,975	159,195	24,780	13.5%	175,013	15,818	9.0%
Printing	41,116	23,627	17,489	42.5%	10,916	(12,711)	-116.4%
Other Materials and Supplies	164,571	133,099	31,472	19.1%	169,450	36,351	21.5%
Total Materials and Supplies	952,562	855,667	96,895	10.2%	858,990	3,323	0.4%
Utilities	132,695	122,530	10,165	7.7%	105,818	(16,712)	-15.8%
Casualty & Liability Insurance	175,000	171,063	3,937	2.2%	143,556	(27,507)	-19.2%
Purchased Transportation:							
Arise and Good as Gold	788,251	785,942	2,309	0.3%	772,320	(13,622)	-1.8%
Night Ride	142,499	139,277	3,222	2.3% 10	149,768	10,491	7.0%
Air Ride	302,691	310,377	(7,686)	-2.5% 10	296,447	(13,930)	-4.7%
WWAVE, Northfield and Guar Ride	360,201	335,598	24,603	6.8%	308,663	(26,935)	-8.7%
Total Purchased Transportation	1,593,642	1,571,194	22,448	1.4%	1,527,198	(43,996)	-2.9%
Other Expenses	182,321	152,379	29,942	16.4% 11	87,941	(64,438)	-73.3%
Local Depreciation	74,250	74,250	0	0.0%	37,000	(37,250)	-100.7%
Total Expenses	8,726,269	8,293,083	433,186	5.0%	7,611,208	(681,875)	-9.0%
Gain (Loss) from Operations	\$274,513	\$431,235	\$156,722		\$164,604	266,631	

Variances:

Detail of Budget Variances - Positive (Negative):

	December	December	
	Year to Date	Year to Date	
A: Other Purchased Services Variances:		C: Utilities Variances:	
Management & Agency Fees	(\$12,042)	Natural Gas	(3,850)
Physical Exam Fees	883	Electricity	7,135
Legal Fees	(7,160)	Water	4,144
IT Services/Contract Employees	(30,667)	Telephone	2,736
Custodial Services	(5,093)		<u>10,165</u>
Internet Services	17,667	D: Other Expenses Variances:	
Towing	2,322	Uniform Expense	4,672
Admin Fee - Benefit Source	(1,097)	Postage	4,105
	<u>(35,187)</u>	Dues and Subscriptions	546
B: Other Materials and Supplies Variances:		Conference and Travel	2,320
Lubricants	(6,454)	Media costs	(10,449)
Tires, Tubes and Wheels	(5,604)	Employee Development	18,714
Tools and Equipment	1,700	Wellness	2,389
Equipment Repair	1,746	Recruitment and Hiring	43
Other Materials and Supplies	30,290	Equipment Rental	7,602
Computer Software	9,794		<u>29,942</u>
	<u>31,472</u>		



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority
From: Philip Webb, Controller/Manager of Finance
Date: December 12, 2014
Re: Notes to the Financial Report of Operations—December 31, 2014

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 \$10,000.

OVERALL – The Report of Operations reflects a \$431,000 surplus after deferring \$263,325 of the future July 2015 property tax millage to the purchase of buses in late FY 2015.

REVENUES: Total Revenues are 3.1% under budget (unfavorable), but consistent with expenses.

1. Passenger Fares are over budget by 6.0 % due to higher cash fares and monthly pass sales. We budgeted a modest increase in the FY 2015 budget over FY 2014.
2. Subcontracted Fares are over budget due to the higher than expected fares for AirRide for October to December, (\$280,000 vs. \$217,100 budgeted).
3. Property taxes reflect the additional 0.7 property tax millage to be levied on July 1, 2015, along with the budgeted deferment of \$1.053 million for FY 2015 bus purchases (\$87,775 per month).
4. Purchase of Service Agreements are under budget since there is \$56,000 less in private contractor match for AirRide due to the passenger fares being greater than budget.
5. State Urban Operating Assistance is under budget by \$200,000 because it is based on eligible expenses x 31.015%, which is less than budgeted. We received \$88,441 from MDOT, final payment on FY 2011 based on the audit. However, we were expecting \$143,243, creating a loss (contra-revenue) on this prior year adjustment of \$54,802.

EXPENSES: Total Expenses are 5.0% under budget (favorable).

6. Wages are under budget for maintenance due to 3 new positions in the budget as of October 1, which are still vacant. These positions are a facility maintenance supervisor, facilities technician and the 2nd bus stop technician. There are 2 vacant positions in administration; administrative assistant in Community Relations and IT Computer Support Technician.
7. Fringe Benefits are under budget due to the vacant positions.
8. Contracted maintenance is under budget due to the timing of keeping payables open for Fiscal Year 2014. Many disbursements in October and some in November are recorded back into September to ensure proper cutoff between FY 2014 and FY 2015 expenses.
9. Fuel and fuel futures expenses are under budget by \$23,000, after consideration of the loss on fuel futures. We paid an average of \$2.93 per gallon in October & November and \$2.44 in December, which are below the budget of \$3.25 per gallon. However, we recognized losses on fuel futures of \$61,100. With fuel prices falling, we realize a loss on futures contracts when we sell. Our last 2 fuel deliveries on 12/31 and 1/13 have averaged \$1.65, which is \$1.60 per gallon below budget. This will save about \$88,000 per month on 55,000 gallons projected to be used in January 2015, which will offset the loss of \$49,000 on the fuel futures contract sold in January.
10. Purchased Transportation –NightRide is under budget due to the later hours on the fixed route. AirRide is over budget due to extra runs being added due to demand, but the increase in fare revenue covers the added cost.
11. Other expenses are under budget as noted under note D.

Ann Arbor Area Transportation Authority
Report to the Treasurer: Summary Operating Statement by Mode
For the Three Months Ended December 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	\$531,290	\$42,180	\$0	\$0	\$0	\$0	\$573,470
Subcontracted Revenue	\$0	\$136,863	\$23,575	\$0	\$280,126	\$0	\$440,564
Special Fares (EMU, UofM, go!Pass)	\$539,672	\$0	\$0	\$39,612	\$0	\$0	\$579,284
Interest, Advertising and Other	\$62,225	\$0	\$0	\$0	\$0	\$1,415	\$63,640
Purchase of Service Agreements	\$24,077	40,591	\$108,012	\$3,750	\$0	\$12,276	\$188,705
State Operating Assistance	\$1,802,769	\$366,971	\$121,680	\$22,347	\$101,665	\$0	\$2,415,431
Federal Operating Assistance	\$750,229	\$30,000	\$44,583	\$6,053	\$0	\$231,463	\$1,062,328
Total Revenues	\$3,710,261	\$616,604	\$297,850	\$71,761	\$381,791	\$245,154	\$5,323,422
Expenses:							
Wages	3,180,954	129,310	5,979	38,015	25,152	131,380	\$3,510,789
Fringe Benefits	1,242,568	55,419	2,562	16,292	10,779	56,306	\$1,383,926
Purchased Services	394,589	0	1,354	4,311	1,125	49,906	\$451,285
Diesel Fuel, Net of Futures	534,590	0	0	5,156	0	0	539,746
Materials and Supplies	296,226	8,788	632	3,018	445	6,812	315,921
Utilities	115,833	5,526	0	1,171	0	0	122,530
Insurance	154,461	13,685	1,283	1,634	0	0	171,063
Purchased Transportation	0	971,641	289,176	0	310,377	0	1,571,194
Other Expenses	115,651	0	610	1,456	33,912	751	152,379
Local Depreciation	73,541	0	0	709	0	0	74,250
Total Expenses	6,108,412	1,184,370	301,595	71,761	381,791	245,154	8,293,083
Net Local Property Tax Applied	\$2,398,151	\$567,766	\$3,745	\$0	\$0	\$0	\$2,969,661
Percent of Total	80.8%	19.1%	0.1%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$3,400,896
Authority Wide Surplus (Loss)							\$431,235
Service Hours	54,434	20,059		520	2,256		77,269
Cost per Service Hour	\$ 112.22	\$ 59.04		\$ 138.00	\$ 169.23		
Passengers	1,677,236	41,767		8,947	22,613		1,750,563
Cost per Passenger	\$ 3.64	\$ 28.36		\$ 8.02	\$ 16.88		\$ 4.74
Percent of Expenses Paid by Riders	17.5%	15.1%	7.8%	55.2%	73.4%		19.2%
Percent of Expenses Paid by Local Tax	39.3%	47.9%	1.2%	0.0%	0.0%		35.8%

Balance Sheet	
Assets:	12/31/2014
Cash & Investments	\$15,058,933
Accounts Receivables	619,882
Grants Receivables	1,717,936
Other Receivables	3,794,331
Inventory	808,327
Prepaid Expenses	545,620
Total Current Assets	22,545,029
Land & Buildings	35,036,067
Equipment	54,780,962
Accum Depreciation	(43,086,146)
Net Capital Assets	46,730,883
Total Assets	\$69,275,912
Liabilities:	
Accounts payable	\$716,422
Accrued Payroll	672,456
Accrued Vacation	1,388,016
Other Accruals	179,329
Unearned Revenue	546,301
Post-Retire Benefits	251,512
	3,754,036
Equity:	
Unrestricted (GASB 31)	10,992,663
Unrestricted (Available)	7,798,330
Total Unrestricted	18,790,993
Invested in Capital Assets	46,730,883
Total Equity	65,521,876
Total Liab & Equity	\$69,275,912
Total FY 2015 Expenses*	\$35,633,507
Months in Unrestricted	
Net Assets (Min 2.5)	2.63
Amount above Minimum	\$374,683

*Expenses do not include R&D projects