

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

Comparison to Prior Year

| | 1/31/2016 | 1/31/2016 | Favorable | | 1/31/2015 | Favorable | |
|---------------------------------------|-------------------|-------------------|------------------|----------------|-------------------|------------------|---------------|
| | Year to Date | Year to Date | (Unfavorable) | Percent | Year to Date | (Unfavorable) | Percent |
| Revenues: | Budget | Actual | Variance | | Actual | Variance | |
| Passenger Revenue | \$772,496 | \$743,706 | (\$28,790) | -3.7% 1 | \$772,738 | (\$29,032) | -3.8% |
| Subcontracted Revenue | 591,988 | 622,112 | 30,124 | 5.1% 1 | 589,833 | 32,279 | 5.5% |
| Special Fares (EMU,UofM,go!Pass) | 795,864 | 746,182 | (49,682) | -6.2% 1 | 764,667 | (18,485) | -2.4% |
| Advertising, Interest, and Other | 100,896 | 108,622 | 7,726 | 7.7% | 98,491 | 10,131 | 10.3% |
| Local Property Tax Revenue | 4,590,920 | 4,590,555 | (365) | 0.0% 2 | 4,534,528 | 56,027 | 1.2% |
| Purchase of Service Agreements | 457,789 | 437,385 | (20,404) | -4.5% | 275,825 | 161,560 | 58.6% |
| State Operating Assistance | 3,921,332 | 3,569,332 | (352,000) | -9.0% 3 | 3,305,524 | 263,808 | 8.0% |
| Federal Operating Assistance | 1,581,933 | 1,590,933 | 9,000 | 0.6% | 1,475,814 | 115,119 | 7.8% |
| Total Revenues | 12,813,218 | 12,408,827 | (404,391) | -3.2% | 11,817,420 | 591,407 | 5.0% |
| Expenses: | | | | | | | |
| Wages | | | | | | | |
| Operations | 3,489,696 | 3,355,874 | 133,822 | 3.8% | 2,997,935 | (357,939) | -11.9% |
| Maintenance | 937,351 | 879,290 | 58,061 | 6.2% | 746,949 | (132,341) | -17.7% |
| Administrative | 1,041,798 | 987,077 | 54,721 | 5.3% | 921,770 | (65,307) | -7.1% |
| Total Wages | 5,468,845 | 5,222,241 | 246,604 | 4.5% 4 | 4,666,654 | (555,587) | -11.9% |
| Fringe Benefits: | | | | | | | |
| Payroll Taxes | 431,708 | 390,093 | 41,615 | 9.6% | 342,927 | (47,166) | -13.8% |
| Pension | 441,931 | 393,164 | 48,767 | 11.0% | 338,904 | (54,260) | -16.0% |
| Medical Insurance | 944,901 | 909,419 | 35,482 | 3.8% | 796,089 | (113,330) | -14.2% |
| Post-Retirement Benefits & HCSP | 164,708 | 152,341 | 12,367 | 7.5% | 131,869 | (20,472) | -15.5% |
| Other Fringe Benefits | 310,204 | 291,039 | 19,165 | 6.2% | 339,204 | 48,165 | 14.2% |
| Total Fringe Benefits | 2,293,452 | 2,136,056 | 157,396 | 6.9% 5 | 1,948,993 | (187,063) | -9.6% |
| | 41.9% | 40.9% | | | | | |
| Purchased Services: | | | | | | | |
| Contracted Maintenance | 230,056 | 138,595 | 91,461 | 39.8% 6 | 176,051 | 37,456 | 21.3% |
| Consulting Fees | 86,376 | 47,556 | 38,820 | 44.9% | 87,562 | 40,006 | 45.7% |
| Security Services | 114,560 | 115,642 | (1,082) | -0.9% | 93,062 | (22,580) | -24.3% |
| Other Purchased Services | A 271,527 | 219,124 | 52,403 | 19.3% | 281,282 | 62,158 | 22.1% |
| Total Purchased Services | 702,519 | 520,917 | 181,602 | 25.9% | 637,957 | 117,040 | 18.3% |
| Materials and Supplies: | | | | | | | |
| Diesel Fuel and Gasoline | 659,568 | 405,074 | 254,494 | 38.6% 7 | 601,816 | 196,742 | 32.7% |
| Fuel Futures (Gains) or Losses | 0 | 177,589 | (177,589) | 100.0% 7 | 110,036 | (67,553) | -61.4% |
| Bus Parts | 292,064 | 247,600 | 44,464 | 15.2% | 219,903 | (27,697) | -12.6% |
| Printing | 69,598 | 24,326 | 45,272 | 65.0% | 62,653 | 38,327 | 61.2% |
| Other Materials and Supplies | B 349,816 | 338,529 | 11,287 | 3.2% | 263,899 | (74,630) | -28.3% |
| Total Materials and Supplies | 1,371,046 | 1,193,118 | 177,928 | 13.0% | 1,258,307 | 65,189 | 5.2% |
| Utilities | C 192,367 | 138,482 | 53,885 | 28.0% 8 | 195,648 | 57,166 | 29.2% |
| Casualty & Liability Insurance | 258,332 | 230,420 | 27,912 | 10.8% | 213,916 | (16,504) | -7.7% |
| Purchased Transportation: | | | | | | | |
| ARide and Good as Gold | 905,626 | 1,031,618 | (125,992) | -13.9% 9 | 1,050,121 | 18,503 | 1.8% |
| Night Ride | 187,688 | 186,288 | 1,400 | 0.7% | 188,276 | 1,988 | 1.1% |
| Air Ride | 379,538 | 411,162 | (31,624) | -8.3% | 417,184 | 6,022 | 1.4% |
| WWAVE, Northfield, MyRide, GRH | 492,280 | 435,992 | 56,288 | 11.4% | 485,053 | 49,061 | 10.1% |
| Total Purchased Transportation | 1,965,132 | 2,065,060 | (99,928) | -5.1% | 2,140,634 | 75,574 | 3.5% |
| Other Expenses | D 231,092 | 137,066 | 94,026 | 40.7% | 170,074 | 33,008 | 19.4% |
| Local Depreciation | 99,332 | 135,800 | (36,468) | -36.7% 10 | 99,000 | (36,800) | -37.2% |
| Total Expenses | 12,582,117 | 11,779,160 | 802,957 | 6.4% | 11,331,183 | (447,977) | -4.0% |
| Gain (Loss) from Operations | \$231,101 | \$629,667 | \$398,566 | | \$486,237 | 143,430 | |

Variations:

Detail of Budget Variances - Positive (Negative):

| | January | January |
|---|---------------|---------------|
| | Year to Date | Year to Date |
| A: Other Purchased Services Variances: | | |
| Management & Agency Fees | \$22,475 | |
| Physical Exam Fees | 2,708 | |
| Legal Fees | 5,020 | |
| IT Services | 744 | |
| Custodial Services | 3,463 | |
| Internet Services | 12,382 | |
| Towing | 1,056 | |
| Admin Fee - Benefit Source | 4,555 | |
| | <u>52,403</u> | |
| B: Other Materials and Supplies Variances: | | |
| Lubricants | 6,161 | |
| Tires, Tubes and Wheels | (10,651) | |
| Tools and Equipment | 2,306 | |
| Equipment Repair | 2,513 | |
| Other Materials and Supplies | 8,552 | |
| Computer Software | 2,406 | |
| | <u>11,287</u> | |
| C: Utilities Variances: | | |
| Natural Gas | | 29,334 |
| Electricity | | 17,525 |
| Water | | 3,948 |
| Telephone | | 3,078 |
| | | <u>53,885</u> |
| D: Other Expenses Variances: | | |
| Uniform Expense | | 8,242 |
| Postage | | 1,841 |
| Dues and Subscriptions | | 2,402 |
| Conference and Travel | | 8,225 |
| Media costs | | 35,178 |
| Employee Development | | 28,587 |
| Wellness & Appreciation | | 4,207 |
| Recruitment and Hiring | | 5,460 |
| Equipment Rental | | (116) |
| | | <u>94,026</u> |



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority
From: Philip Webb, Controller/Manager of Finance
Date: February 10, 2016
Re: Notes to the Financial Report of Operations – January 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 **\$630,000** surplus for the first four 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 3.2% under budget (unfavorable).

1. Passenger fares are under budget for cash fares on the bus. Subcontracted fares are higher than budget for ARide and AirRide.
2. Property taxes reflects all the property tax millages which will be 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.
3. State Urban Operating Assistance is under budget by \$352,000, because it is based on incurred eligible expenses x 30.8%, which are less than budgeted.

EXPENSES: Total Expenses are 6.4% under budget (favorable).

4. Wages are under budget for operations, since we are down a few drivers compared to budget. Wages for maintenance and administration are under budget to a few vacant positions, which are gradually being filled.
5. Fringe Benefits are under budget due to overall wages being under budget. Overall fringes are 40.9% of wages compared to the budgeted amount of 41.9%.
6. Contracted maintenance is under budget due to timing differences for projects. Many disbursements in October are recorded back into September to ensure proper cutoff between FY 2015 and FY 2016 expenses. Some monthly expenses are estimated, such as custodial, security, etc. where we have known monthly amounts, while others expenses are not, due to their variable nature, such as legal fees, contracted maintenance and towing. We have only had one big snow storm so far this winter.
7. Fuel and fuel futures expenses are under budget by \$76,900, after consideration of the loss on fuel futures. We have averaged \$1.48 per gallon for fuel deliveries for October through January, compared to the budget of \$2.45 per gallon. However, we have had realized losses on fuel futures of \$177,600. The January 19, 2016 ultra-low sulfur biodiesel (B10%) fuel was 97.5 cents per gallon.
8. Utilities are under budget by \$53,900 due to timing of bills received.
9. ARide is over budget as demand has increased over the last few months.
10. 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 Four Months Ended January 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 | \$670,187 | \$73,519 | \$0 | \$0 | \$0 | \$0 | \$743,706 |
| Subcontracted Revenue | \$0 | \$172,522 | \$34,800 | \$0 | \$399,883 | \$14,907 | \$622,112 |
| Special Fares (EMU,UofM,go!Pass) | \$697,835 | \$8,566 | \$0 | \$39,781 | \$0 | \$0 | \$746,182 |
| Advertising, Interest, and Other | \$102,489 | \$0 | \$0 | \$0 | \$0 | \$6,133 | \$108,622 |
| Purchase of Service Agreements | \$203,972 | 79,253 | \$140,360 | \$5,000 | \$0 | \$8,800 | \$437,385 |
| State Operating Assistance | \$2,739,442 | \$569,438 | \$149,625 | \$29,298 | \$63,929 | \$17,600 | \$3,569,332 |
| Federal Operating Assistance | \$1,190,543 | \$30,000 | \$60,488 | \$21,044 | \$0 | \$288,858 | \$1,590,933 |
| Total Revenues | \$5,604,468 | \$933,299 | \$385,273 | \$95,123 | \$463,812 | \$336,298 | \$7,818,272 |
| Expenses: | | | | | | | |
| Wages | 4,662,377 | 297,525 | 12,038 | 51,514 | 28,885 | 169,903 | \$5,222,241 |
| Fringe Benefits | 1,896,114 | 127,511 | 5,159 | 22,077 | 12,379 | 72,816 | 2,136,056 |
| Purchased Services | 457,358 | 0 | 1,563 | 5,079 | 0 | 56,917 | 520,917 |
| Diesel Fuel, Net of Futures | 565,598 | 11,840 | 0 | 5,225 | 0 | 0 | 582,663 |
| Materials and Supplies | 572,052 | 14,691 | 1,221 | 5,474 | 1,181 | 15,836 | 610,455 |
| Utilities | 130,995 | 6,246 | 0 | 1,242 | 0 | 0 | 138,482 |
| Insurance | 208,192 | 18,434 | 1,728 | 2,066 | 0 | 0 | 230,420 |
| Purchased Transportation | (7,990) | 1,290,882 | 363,016 | 0 | 411,162 | 7,990 | 2,065,060 |
| Other Expenses | 108,969 | 3,279 | 548 | 1,229 | 10,205 | 12,836 | 137,066 |
| Local Depreciation | 134,582 | 0 | 0 | 1,218 | 0 | 0 | 135,800 |
| Total Expenses | 8,728,247 | 1,770,407 | 385,273 | 95,123 | 463,812 | 336,298 | 11,779,160 |
| Net Local Property Tax Applied | \$3,123,780 | \$837,108 | \$0 | \$0 | \$0 | \$0 | \$3,960,888 |
| Percent of Total | 78.9% | 21.1% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Local Property Taxes | | | | | | | \$4,590,555 |
| Authority Wide Surplus (Loss) | | | | | | | \$629,667 |
| Service Hours | 76,170 | 36,802 | | 683 | 3,147 | | 116,802 |
| Cost per Service Hour | \$ 114.59 | \$ 48.11 | | \$ 139.27 | \$ 147.38 | | |
| Passengers | 2,126,322 | 56,554 | | 9,442 | 33,406 | | 2,225,724 |
| Cost per Passenger | \$ 4.10 | \$ 31.30 | | \$ 10.07 | \$ 13.88 | | \$ 5.29 |
| Percent of Expenses Paid by Riders | 15.7% | 14.4% | 9.0% | 41.8% | 86.2% | | 17.9% |
| Percent of Expenses Paid by Local Tax | 35.8% | 47.3% | 0.0% | 0.0% | 0.0% | | 33.6% |

| Balance Sheet | |
|--------------------------------------|-----------------------|
| Assets: | 1/31/2016 |
| Cash & Investments | \$12,743,011 |
| Accounts Receivables | 497,744 |
| Grants Receivables | 3,966,699 |
| Other Receivables | 5,066,031 |
| Inventory (Parts, Fuel) | 852,379 |
| Prepaid Expenses | 765,819 |
| Total Current Assets | 23,891,683 |
| Land & Buildings | 36,103,440 |
| Equipment | 65,332,503 |
| Accum Depreciation | (48,412,616) |
| Net Capital Assets | 53,023,327 |
| Total Assets | \$76,915,010 |
| Liabilities: | |
| Accounts payable | \$578,728 |
| Accrued Payroll | 304,641 |
| Accrued Sick/Vacation | 1,413,254 |
| Other Accruals | 269,193 |
| Unearned Revenue | 589,303 |
| Post-Retire Benefits | 238,039 |
| Total Liabilities | 3,393,158 |
| Net Position | |
| Unrestricted (GASB 31) | 11,087,523 |
| Unrestricted (Fuel Savings) | 239,517 |
| Unrestricted (Available) | 9,171,485 |
| Total Unrestricted | 20,498,525 |
| Invested in Capital Assets | 53,023,327 |
| Total Net Position | 73,521,852 |
| Total Liab & Net Position | 76,915,010 |
| Total FY 2016 Expenses* | \$38,655,850 |
| Months in Unrestricted | |
| Net Assets (Min 2.5) | 2.85 |
| Amount above Minimum | \$1,118,182.92 |

*Expenses do not include R&D projects