

**Ann Arbor Area Transportation Authority
Financial Report of Operations - Unaudited
For the Four Months Ended January 31, 2017**

Comparison to Prior Year

	1/31/2017	1/31/2017	Favorable		1/31/2016	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
Revenues:							
Passenger Fare Revenue	\$749,260	\$744,963	(\$4,297)	-0.6%	\$746,360	(\$1,397)	-0.2%
Subcontracted Fare Revenue	610,502	629,060	18,558	3.0% 1	622,112	6,948	1.1%
Special Fares (EMU,UofM,go!Pass)	863,660	895,550	31,890	3.7% 2	746,181	149,369	20.0%
Advertising, Interest, and Other	93,661	91,820	(1,841)	-2.0%	108,622	(16,802)	-15.5%
Local Property Tax Revenue	5,084,178	5,083,902	(276)	0.0%	4,590,555	493,347	10.7%
Purchase of Service Agreements	685,901	649,428	(36,473)	-5.3%	437,385	212,043	48.5%
State Operating Assistance	4,426,115	4,059,503	(366,612)	-8.3% 3	3,569,332	490,171	13.7%
Federal Operating Assistance	1,520,089	1,531,189	11,100	0.7%	1,590,933	(59,744)	-3.8%
Total Revenues	14,033,366	13,685,415	(347,951)	-2.5%	12,411,480	1,273,935	10.3%
Expenses:							
Operations Wages	3,903,178	3,784,049	119,129	3.1% 4	3,355,874	(428,175)	-12.8%
Maintenance Wages	1,059,755	940,501	119,254	11.3% 4	879,290	(61,211)	-7.0%
Administrative Wages	1,126,035	976,234	149,801	13.3% 4	987,078	10,844	1.1%
Total Wages	6,088,968	5,700,784	388,184	6.4% 4	5,222,242	(478,542)	-9.2%
Fringe Benefits:							
Payroll Taxes	438,896	420,019	18,877	4.3%	389,978	(30,041)	-7.7%
Pension	456,517	462,805	(6,288)	-1.4%	393,560	(69,245)	-17.6%
Medical Insurance	922,733	879,865	42,868	4.6%	909,419	29,554	3.2%
Post-Retirement Benefits & HCSP	177,244	166,516	10,728	6.1%	152,340	(14,176)	-9.3%
Other Fringe Benefits	342,927	318,904	24,023	7.0% 5	291,039	(27,865)	-9.6%
Fringe Benefits	2,338,317	2,248,109	90,208	3.9% 5	2,136,336	(111,773)	-5.2%
	38.4%	39.4%					
Purchased Services:							
Contracted Maintenance	295,256	212,883	82,373	27.9% 6	140,145	(72,738)	-51.9%
Consulting Fees	185,407	117,107	68,300	36.8% 6	47,556	(69,551)	-146.3%
Security Services	112,060	123,001	(10,941)	-9.8%	115,642	(7,359)	-6.4%
Other Purchased Services	276,712	182,474	94,238	34.1% 6	219,124	36,650	16.7%
Purchased Services	869,435	635,465	233,970	26.9%	522,467	(112,998)	-21.6%
Materials and Supplies:							
Diesel Fuel and Gasoline	568,600	465,807	102,793	18.1% 7	405,074	(60,733)	-15.0%
Fuel Futures (Gains) or Losses	0	(31,329)	31,329	100.0% 7	177,589	208,918	117.6%
Bus Parts	393,600	238,069	155,531	39.5% 8	247,600	9,531	3.8%
Printing	80,584	32,748	47,836	59.4% 8	24,326	(8,422)	-34.6%
Other Materials and Supplies	389,504	315,950	73,554	18.9% 8	338,529	22,579	6.7%
Materials and Supplies	1,432,288	1,021,245	411,043	28.7%	1,193,118	171,873	14.4%
Utilities	171,781	117,754	54,027	31.5% 9	138,483	20,729	15.0%
Casualty & Liability Insurance	276,000	235,370	40,630	14.7% 10	236,132	762	0.3%
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Purchased Transportation:							
ARide and Good as Gold	1,481,000	1,472,502	8,498	0.6%	1,031,618	(440,884)	-42.7%
Night Ride	183,332	182,617	715	0.4%	186,288	3,671	2.0%
Air Ride	396,452	421,642	(25,190)	-6.4% 11	411,162	(10,480)	-2.5%
WWAVE, Northfield, MyRide, GRH	535,329	518,258	17,071	3.2%	435,992	(82,266)	-18.9%
Purchased Transportation	2,596,113	2,595,019	1,094	0.0%	2,065,060	(529,959)	-25.7%
Other Expenses	257,689	173,775	83,914	32.6% 12	137,066	(36,709)	-26.8%
Local Depreciation	140,000	140,000	0	0.0%	135,800	(4,200)	-3.1%
Total Expenses	14,170,591	12,867,521	1,303,070	9.2%	11,786,704	(1,080,817)	-9.2%
Gain (Loss) from Operations	(\$137,225)	\$817,894	\$955,119		\$624,776	193,118	

Variations:

Detail of Budget Variances - Positive (Negative):

	January	January
	Year to Date	Year to Date
A: Other Purchased Services Variances:		
Management & Agency Fees	11,376	
Physical Exam Fees	6,174	
Legal Fees	13,695	
Collection Fees	15,422	
IT Services	18,707	
Custodial Services	(800)	
Internet Services	31,241	
Towing	2,434	
Admin Fee - Benefit Source	(4,011)	
	94,238	
B: Other Materials and Supplies Variances:		
Lubricants	12,465	
Tires, Tubes and Wheels	4,602	
Tools and Equipment	(898)	
Equipment Repair	2,926	
Other Materials and Supplies	42,837	
Computer Software	11,622	
	73,554	
C: Utilities Variances:		
Natural Gas		29,399
Electricity		5,886
Water		1,772
Telephone		16,970
		54,027
D: Other Expenses Variances:		
Uniform Expense		4,993
Postage		5,985
Dues and Subscriptions		2,245
Conference and Travel		12,790
Media costs		32,395
Employee Development		9,599
Wellness & Appreciation		4,791
Recruitment and Hiring		6,261
Equipment Rental		4,855
		83,914



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: February 14, 2017

Re: Notes to the Financial Report of Operations – Four Months Ended January 31, 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 **\$818,000** surplus for the first four months of the fiscal year.

REVENUES: Total Revenues are 2.5% under budget (unfavorable).

1. Subcontracted fares are over budget for AirRide and ARide to higher ridership than expected
2. 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.
3. State operating assistance is under budget by \$366,600, because eligible expenses (which are lower than budgeted) are calculated using the formula percentage of 32.2% (urban).

EXPENSES: Total Expenses are 9.2% under budget (favorable).

4. Wages are under budget for operations, maintenance and administration due to a few vacant positions, which are budgeted from the first day of the fiscal year. The vacant positions include call center supervisor, 2 vehicle mechanics, parts clerk, service crew supervisor, facilities manager, CFO and an administrative assistant.
5. 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%.
6. 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.
7. Fuel and fuel futures expenses are under budget by \$134,100, 23.6%, after consideration of the loss on fuel futures. We have averaged \$1.57 per gallon for fuel deliveries, compared to the budget of \$2.00 per gallon.
8. Other materials and supplies are under budget. Many disbursements in October & November are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses. There have not been as many hybrid engine replacements so far this year, which has kept bus parts below budget by \$154,200.
9. Utilities are under budget by \$54,000 due to timing of the bills received and we are using less electricity and natural gas due to the milder temperature.
10. 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 Four Months Ended January 31, 2017

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

	Fixed	Demand		Express		N/S Rail, GDT,	Total
Revenues (except Property Tax):	Route	Response	NonUrban	Ride	AirRide	UrbanCore, Van	Actual
Passenger Revenue	\$685,458	\$59,505	\$0	\$0	\$0	\$0	\$744,963
Subcontracted Revenue	\$0	\$194,300	\$34,800	\$0	\$388,165	\$11,795	\$629,060
Special Fares (EMU,UofM,go!Pass)	\$858,488	\$0	\$0	\$37,062	\$0	\$0	\$895,550
Advertising, Interest, and Other	\$91,382	\$0	\$0	\$0	\$0	\$438	\$91,820
Purchase of Service Agreements	\$388,979	79,938	\$152,856	\$11,250	\$0	\$16,405	\$649,428
State Operating Assistance	\$3,014,737	\$704,952	\$213,307	\$26,836	\$99,671	\$0	\$4,059,503
Federal Operating Assistance	\$1,063,872	\$30,000	\$86,956	\$8,143	\$0	\$342,218	\$1,531,189
Total Revenues	\$6,102,916	\$1,068,695	\$487,919	\$83,291	\$487,836	\$370,856	\$8,601,513
Expenses:							
Wages	5,157,537	276,468	17,570	47,447	37,917	163,844	\$5,700,784
Fringe Benefits	2,039,561	106,134	6,745	18,215	14,556	62,899	2,248,109
Purchased Services	505,718	1,267	1,906	4,738	0	121,836	635,465
Diesel Fuel, Net of Futures	431,239	0	0	3,239	0	0	434,478
Materials and Supplies	566,133	11,737	1,174	4,375	0	3,348	586,767
Utilities	111,259	5,311	0	1,184	0	0	117,754
Insurance	207,771	18,830	1,765	1,755	5,250	0	235,370
Purchased Transportation	0	1,702,548	458,064	0	421,642	12,765	2,595,019
Other Expenses	157,149	0	695	1,296	8,471	6,164	173,775
Local Depreciation	138,956	0	0	1,044	0	0	140,000
Total Expenses	9,315,324	2,122,295	487,919	83,291	487,836	370,856	12,867,521
Net Local Property Tax Applied	\$3,212,409	\$1,053,600	\$0	\$0	\$0	\$0	\$4,266,008
Percent of Total	75.3%	24.7%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$5,083,902
Authority Wide Surplus (Loss)							\$817,894
Service Hours	93,756	39,548		699	3,057		137,060
Cost per Service Hour	\$ 99.36	\$ 53.66		\$ 119.16	\$ 159.58		
Passengers	2,263,942	57,371		8,865	32,045		2,362,223
Cost per Passenger	\$ 4.11	\$ 36.99		\$ 9.40	\$ 15.22		\$ 5.45
Percent of Expenses Paid by Riders	16.6%	12.0%	7.1%	44.5%	79.6%		17.6%
Percent of Expenses Paid by Local Tax	34.5%	49.6%	0.0%	0.0%	0.0%		33.2%

Balance Sheets	Unaudited	Unaudited
Assets:	1/31/2017	1/31/2016
Cash & Investments	\$14,692,985	\$12,743,011
Accounts Receivables	705,645	497,744
Grants Receivables	936,174	3,966,699
Other Receivables	5,146,412	5,066,031
Inventory (Parts, Fuel)	810,255	852,379
Prepaid Expenses	776,953	765,819
Total Current Assets	23,068,424	23,891,683
Land & Buildings	36,308,508	36,103,440
Equipment	70,425,181	65,332,503
Accum Depreciation	(51,161,005)	(48,412,616)
Net Capital Assets	55,572,684	53,023,327
Total Assets	\$78,641,108	\$76,915,010
Liabilities:		
Accounts payable	\$753,250	\$578,728
Accrued Payroll	441,223	304,641
Accrued Sick/Vacation	1,625,136	1,413,254
Other Accruals	304,829	269,193
Unearned Revenue	225,168	589,303
Post-Retire Benefits	259,532	238,039
Total Liabilities	3,609,138	3,393,158
Net Position:		
Unrestricted (GASB 31)	11,441,502	11,087,523
Unrestrictd (Fuel Savings)	223,964	239,517
Unrestricted (Available)	7,793,820	9,171,485
Total Unrestricted	19,459,286	20,498,525
Invested in Capital Assets	55,572,684	53,023,327
Total Net Position	75,031,970	73,521,852
Total Liab & Net Position	78,641,108	76,915,010
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)	2.18	2.85
Amount below Minimum	(\$1,148,794)	\$1,118,183
*Expenses do not include R&D projects	\$889,000	+Budget 2.5 Mos