

**Ann Arbor Area Transportation Authority
Financial Report of Operations - Unaudited
For the Two Months Ended November 30, 2016**

Comparison to Prior Year

	11/30/2016	11/30/2016	Favorable		11/30/2015	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
Revenues:							
Passenger Fare Revenue	\$384,630	\$395,264	\$10,634	2.8%	\$360,512	\$34,752	9.6%
Subcontracted Fare Revenue	297,126	324,910	27,784	9.4% 1	298,482	26,428	8.9%
Special Fares (EMU,UofM,go!Pass)	431,830	425,682	(6,148)	-1.4%	427,859	(2,177)	-0.5%
Advertising, Interest, and Other	46,831	45,753	(1,078)	-2.3%	42,584	3,169	7.4%
Local Property Tax Revenue	2,542,089	2,542,030	(59)	0.0% 2	2,295,460	246,570	10.7%
Purchase of Service Agreements	357,172	325,718	(31,454)	-8.8%	157,547	168,171	106.7%
State Operating Assistance	2,182,650	1,963,294	(219,356)	-10.0% 3	1,732,468	230,826	13.3%
Federal Operating Assistance	741,503	747,003	5,500	0.7%	545,744	201,259	36.9%
Total Revenues	6,983,831	6,769,654	(214,177)	-3.1%	5,860,656	908,998	15.5%
Expenses:							
Operations Wages	1,882,416	1,811,943	70,473	3.7% 4	1,639,127	(172,816)	-10.5%
Maintenance Wages	511,116	465,353	45,763	9.0% 4	448,378	(16,975)	-3.8%
Administrative Wages	544,039	481,297	62,742	11.5% 4	493,268	11,971	2.4%
Total Wages	2,937,571	2,758,593	178,978	6.1% 4	2,580,773	(177,820)	-6.9%
Fringe Benefits:							
Payroll Taxes	190,248	183,106	7,142	3.8%	174,140	(8,966)	-5.1%
Pension	197,904	196,351	1,553	0.8%	175,217	(21,134)	-12.1%
Medical Insurance	461,366	441,795	19,571	4.2%	486,098	44,303	9.1%
Post-Retirement Benefits & HCSP	88,622	82,768	5,854	6.6%	75,728	(7,040)	-9.3%
Other Fringe Benefits	161,856	150,070	11,786	7.3% 5	175,330	25,260	14.4%
Fringe Benefits	1,099,996	1,054,090	45,906	4.2%	1,086,513	32,423	3.0%
	37.4%	38.2%					
Purchased Services:							
Contracted Maintenance	147,628	141,816	5,812	3.9% 6	41,064	(100,752)	-245.4%
Consulting Fees	73,046	61,820	11,226	15.4%	23,444	(38,376)	-163.7%
Security Services	56,030	44,892	11,138	19.9%	46,493	1,601	3.4%
Other Purchased Services	A 130,315	85,815	44,500	34.1% 6	94,276	8,461	9.0%
Purchased Services	407,019	334,343	72,676	17.9%	205,277	(129,066)	-62.9%
Materials and Supplies:							
Diesel Fuel and Gasoline	281,800	234,166	47,634	16.9% 7	251,994	17,828	7.1%
Fuel Futures (Gains) or Losses	0	(10,534)	10,534	100.0% 7	64,084	74,618	116.4%
Bus Parts	196,800	133,436	63,364	32.2%	114,136	(19,300)	-16.9%
Printing	40,292	1,485	38,807	96.3% 8	9,938	8,453	85.1%
Other Materials and Supplies	B 194,022	160,622	33,400	17.2% 8	168,568	7,946	4.7%
Materials and Supplies	712,914	519,175	193,739	27.2%	608,720	89,545	14.7%
Utilities	C 60,272	41,987	18,285	30.3% 9	40,308	(1,679)	-4.2%
Casualty & Liability Insurance	138,000	125,168	12,832	9.3%	119,890	(5,278)	-4.4%
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Purchased Transportation:							
ARide and Good as Gold	740,500	731,898	8,602	1.2%	511,909	(219,989)	-43.0%
Night Ride	91,666	89,547	2,119	2.3%	87,762	(1,785)	-2.0%
Air Ride	198,226	207,252	(9,026)	-4.6%	205,723	(1,529)	-0.7%
WWAVE, Northfield, MyRide, GRH	256,831	231,227	25,604	10.0%	195,765	(35,462)	-18.1%
Purchased Transportation	1,287,223	1,259,924	27,299	2.1%	1,001,159	(258,765)	-25.8%
Other Expenses	D 143,695	77,364	66,331	46.2% 10	77,958	594	0.8%
Local Depreciation	70,000	70,000	0	0.0%	49,666	(20,334)	-40.9%
Total Expenses	6,856,690	6,240,644	616,046	9.0%	5,770,264	(470,380)	-8.2%
Gain (Loss) from Operations	\$127,141	\$529,010	\$401,869		\$90,392	438,618	

Variations:

Detail of Budget Variances - Positive (Negative):

	November	November
	Year to Date	Year to Date
A: Other Purchased Services Variances:		
Management & Agency Fees	10,564	
Physical Exam Fees	3,515	
Legal Fees	(222)	
Auditing Fees	0	
IT Services	7,997	
Custodial Services	191	
Internet Services	14,966	
Towing	1,081	
Admin Fee - Benefit Source	6,408	
	44,500	
B: Other Materials and Supplies Variances:		
Lubricants	3,556	
Tires, Tubes and Wheels	385	
Tools and Equipment	(211)	
Equipment Repair	1,579	
Other Materials and Supplies	21,775	
Computer Software	6,316	
	33,400	
C: Utilities Variances:		
Natural Gas		1,945
Electricity		5,093
Water		760
Telephone		10,487
		18,285
D: Other Expenses Variances:		
Uniform Expense		4,546
Postage		3,386
Dues and Subscriptions		(1,895)
Conference and Travel		7,064
Media costs		22,753
Employee Development		14,603
Wellness & Appreciation		3,170
Recruitment and Hiring		7,923
Equipment Rental		4,781
		66,331



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MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: December 29, 2016

Re: Notes to the Financial Report of Operations – Two Months Ended November 30, 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 **\$529,000** surplus for the first two months of the fiscal year.

REVENUES: Total Revenues are 3.1% under budget (unfavorable).

1. Subcontracted fares are over budget for AirRide and ARide to higher ridership than expected
2. Property taxes reflect two twelfths of the property tax millages which will be levied on July 1, 2017.
3. State operating assistance is under budget by \$219,200, because eligible expenses (which are lower than budgeted) are calculated using the lower formula percentage of 32.2% (urban).

EXPENSES: Total Expenses are 9.0% 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 HR 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 38.2% of wages compared to the budgeted amount of 37.4%.
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.
7. Fuel and fuel futures expenses are under budget by \$58,200, 20.6%, after consideration of the loss on fuel futures. We have averaged \$1.52 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.
9. Utilities are under budget by \$18,300 due to timing of the bills received and we are using less electricity and natural gas due to the milder autumn.
10. Other Expenses are under budget primarily because many disbursements in October are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses.

Ann Arbor Area Transportation Authority
 Report to the Treasurer: Summary Operating Statement by Mode
 For the Two Months Ended November 30, 2016

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

	Fixed Route	Demand Response	NonUrban	Express Ride	AirRide	N/S Rail, GDT, UrbanCore, Van	Total Actual
Revenues (except Property Tax):							
Passenger Revenue	\$363,554	\$31,710	\$0	\$0	\$0	\$0	\$395,264
Subcontracted Revenue	\$0	\$105,631	\$17,400	\$0	\$201,879	\$0	\$324,910
Special Fares (EMU, UofM, go!Pass)	\$406,370	\$0	\$0	\$19,312	\$0	\$0	\$425,682
Advertising, Interest, and Other	\$45,549	\$0	\$0	\$0	\$0	\$204	\$45,753
Purchase of Service Agreements	\$213,441	33,350	\$76,428	\$2,500	\$0	\$0	\$325,718
State Operating Assistance	\$1,482,633	\$323,090	\$106,775	\$13,404	\$37,393	\$0	\$1,963,294
Federal Operating Assistance	\$497,986	\$30,000	\$43,428	\$6,385	\$0	\$169,205	\$747,003
Total Revenues	\$3,009,532	\$523,780	\$244,031	\$41,601	\$239,272	\$169,409	\$4,227,624
Expenses:							
Wages	2,486,970	138,234	8,785	23,724	18,958	81,922	\$2,758,593
Fringe Benefits	949,816	53,067	3,372	9,107	7,278	31,449	1,054,090
Purchased Services	278,712	0	1,003	2,452	0	52,176	334,343
Diesel Fuel, Net of Futures	221,992	0	0	1,640	0	0	223,632
Materials and Supplies	285,662	5,913	591	2,167	0	1,210	295,543
Utilities	39,581	1,894	0	512	0	0	41,987
Insurance	110,475	10,013	939	918	2,823	0	125,168
Purchased Transportation	0	823,640	229,032	0	207,252	0	1,259,924
Other Expenses	70,836	0	309	567	3,000	2,651	77,364
Local Depreciation	69,487	0	0	513	0	0	70,000
Total Expenses	4,513,531	1,032,761	244,031	41,601	239,311	169,409	6,240,644
Net Local Property Tax Applied	\$1,504,000	\$508,981	\$0	\$0	\$39	\$0	\$2,013,020
Percent of Total	74.7%	25.3%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$2,542,030
Authority Wide Surplus (Loss)							\$529,010
Service Hours	46,499	19,695		341	1,535		68,070
Cost per Service Hour	\$ 97.07	\$ 52.44		\$ 122.00	\$ 155.90		
Passengers	1,205,900	28,997		4,536	16,551		1,255,984
Cost per Passenger	\$ 3.74	\$ 35.62		\$ 9.17	\$ 14.46		\$ 4.97
Percent of Expenses Paid by Riders	17.1%	13.3%	7.1%	46.4%	84.4%		18.4%
Percent of Expenses Paid by Local Tax	33.3%	49.3%	0.0%	0.0%	0.0%		32.3%

Balance Sheets	Unaudited 11/30/2016	Unaudited 11/30/2015
Assets:		
Cash & Investments	\$15,339,165	\$13,365,008
Accounts Receivables	829,104	898,576
Grants Receivables	2,662,707	4,547,835
Other Receivables	2,616,211	2,523,115
Inventory (Parts, Fuel)	841,548	762,324
Prepaid Expenses	600,179	371,663
Total Current Assets	22,888,914	22,468,521
Land & Buildings	36,308,509	36,103,441
Equipment	69,964,041	64,800,671
Accum Depreciation	(51,091,005)	(48,326,482)
Net Capital Assets	55,181,545	52,577,630
Total Assets	\$78,070,459	\$75,046,151
Liabilities:		
Accounts payable	\$743,941	\$203,068
Accrued Payroll	832,703	648,479
Accrued Sick/Vacation	1,585,136	1,415,998
Other Accruals	132,731	139,247
Unearned Revenue	221,261	420,871
Post-Retire Benefits	268,263	252,783
Total Liabilities	3,784,035	3,080,446
Net Position:		
Unrestricted (GASB 31)	11,441,502	11,087,523
Unrestrctd (Fuel Savings)	245,400	196,236
Unrestricted (Available)	7,417,977	8,104,316
Total Unrestricted	19,104,879	19,388,075
Invested in Capital Assets	55,181,545	52,577,630
Total Net Position	74,286,424	71,965,705
Total Liab & Net Position	78,070,459	\$75,046,151
Total FY 2017 Expenses*	\$42,924,546	\$38,655,850
Increase from 9/30/2015	\$4,268,696	
Months in Unrestricted		
Net Assets (Min 2.5)	2.07	2.52
Amount below Minimum	(\$1,524,637)	\$51,014
*Expenses do not include R&D projects	\$889,000	+Budget 2.5 Mos