

**Ann Arbor Area Transportation Authority  
Report of Operations - Unaudited  
For the Nine Months Ended June 30, 2014**

**Comparison to Prior Year**

	6/30/2014	6/30/2014	Favorable		6/30/2013	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
Revenues:	Budget	Actual	Variance		Actual	Variance	
Passenger Revenue	1,673,773	\$1,619,463	(\$54,310)	-3.2% 1	\$1,702,789	(\$83,326)	-4.9%
Subcontracted Revenue	1,051,394	1,205,452	154,058	14.7% 2	1,108,776	96,676	8.7%
Special Fares (EMU,UofM,go!Pass)	1,773,881	1,609,806	(164,075)	-9.2% 3	1,891,419	(281,613)	-14.9%
Interest, Advertising and Other	265,285	207,482	(57,803)	-21.8% 4	378,403	(170,921)	-45.2%
Local Property Tax Revenue	7,379,244	7,379,244	0	0.0%	6,950,997	428,247	6.2%
Purchase of Service Agreements	1,061,068	996,298	(64,770)	-6.1% 5	1,203,252	(206,954)	-17.2%
State Operating Assistance	7,126,475	7,139,652	13,177	0.2% 6	5,867,231	1,272,421	21.7%
Federal Operating Assistance	4,072,903	4,066,740	(6,163)	-0.2%	3,410,659	656,081	19.2%
<b>Total Revenues</b>	<b>24,404,023</b>	<b>24,224,137</b>	<b>(179,886)</b>	<b>-0.7%</b>	<b>22,513,526</b>	<b>1,710,611</b>	<b>7.6%</b>
<b>Expenses:</b>							
<b>Wages</b>							
Operator Wages	5,258,247	5,197,045	61,202	1.2%	4,985,723	(211,322)	-4.2%
Other Wages	4,396,581	4,320,440	76,141	1.7%	4,070,895	(249,545)	-6.1%
<b>Total Wages</b>	<b>9,654,828</b>	<b>9,517,485</b>	<b>137,343</b>	<b>1.4% 7</b>	<b>9,056,618</b>	<b>(460,867)</b>	<b>-5.1%</b>
<b>Fringe Benefits:</b>							
Payroll Taxes	711,840	672,914	38,926	5.5%	651,904	(21,010)	-3.2%
Pension	660,058	649,739	10,319	1.6%	594,462	(55,277)	-9.3%
Medical Insurance	1,868,670	1,815,463	53,207	2.8%	1,643,311	(172,152)	-10.5%
Post-Retirement Benefits & HCSP	294,253	276,203	18,050	6.1%	285,552	9,349	3.3%
Other Fringe Benefits	567,866	536,411	31,455	5.5%	593,228	56,817	9.6%
<b>Total Fringe Benefits</b>	<b>4,102,687</b>	<b>3,950,730</b>	<b>151,957</b>	<b>3.7% 8</b>	<b>3,768,457</b>	<b>(182,273)</b>	<b>-4.8%</b>
<b>Purchased Services:</b>							
Contracted Maintenance	371,284	460,160	(88,876)	-23.9% 9	288,061	(172,099)	-59.7%
Consulting Fees/Public Relations	514,362	497,546	16,816	3.3%	337,977	(159,569)	-47.2%
Security Services	225,369	247,527	(22,158)	-9.8%	198,467	(49,060)	-24.7%
Other Purchased Services	A 573,761	472,423	101,338	17.7% 10	417,646	(54,777)	-13.1%
<b>Total Purchased Services</b>	<b>1,684,776</b>	<b>1,677,656</b>	<b>7,120</b>	<b>0.4%</b>	<b>1,242,151</b>	<b>(435,505)</b>	<b>-35.1%</b>
<b>Materials and Supplies:</b>							
Diesel Fuel and Gasoline	1,545,700	1,531,312	14,388	0.9% 11	1,574,898	43,586	2.8%
Fuel Futures (Gains) or Losses	0	15,502	(15,502)	100.0% 11	29,060	13,558	46.7%
Bus Parts	525,645	495,320	30,325	5.8%	490,244	(5,076)	-1.0%
Printing	164,708	119,027	45,681	27.7% 12	89,622	(29,405)	-32.8%
Other Materials and Supplies	B 723,823	646,594	77,229	10.7% 13	648,935	2,341	0.4%
<b>Total Materials and Supplies</b>	<b>2,959,876</b>	<b>2,807,755</b>	<b>152,121</b>	<b>5.1%</b>	<b>2,832,759</b>	<b>25,004</b>	<b>0.9%</b>
Utilities	C 404,546	428,304	(23,758)	-5.9% 14	322,757	(105,547)	-32.7%
Casualty & Liability Insurance	460,494	492,638	(32,144)	-7.0% 15	428,215	(64,423)	-15.0%
<b>Purchased Transportation:</b>							
Aride and Good as Gold	2,297,993	2,331,657	(33,664)	-1.5%	2,209,894	(121,763)	-5.5%
Night Ride	464,390	441,814	22,576	4.9%	448,425	6,611	1.5%
Air Ride	836,552	905,222	(68,670)	-8.2% 16	839,028	(66,194)	-100.0%
VWAVE, Northfield and Mobility Mgr	1,054,727	945,684	109,043	10.3% 17	952,680	6,996	0.7%
<b>Total Purchased Transportation</b>	<b>4,653,662</b>	<b>4,624,377</b>	<b>29,285</b>	<b>0.6%</b>	<b>4,450,027</b>	<b>(174,350)</b>	<b>-3.9%</b>
Other Expenses	D 537,272	493,138	44,134	8.2% 18	288,736	(204,402)	-70.8%
Local Depreciation	110,997	150,800	(39,803)	-35.9% 19	114,750	(36,050)	-31.4%
<b>Total Expenses</b>	<b>24,569,138</b>	<b>24,142,883</b>	<b>426,255</b>	<b>1.7%</b>	<b>22,504,470</b>	<b>(1,638,413)</b>	<b>-7.3%</b>
<b>Gain (Loss) from Operations</b>	<b>(\$165,115)</b>	<b>\$81,254</b>	<b>\$246,369</b>		<b>\$9,056</b>	<b>72,198</b>	

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

**Year-to-Date Variances:**

**A: Other Purchased Services Variances:**

	June
Management & Agency Fees	(\$29,075)
Physical Exam Fees	(4,227)
Legal Fees	42,852
Auditing Fees	0
Collection Fees	0
IT Services	25,290
Custodial Services	20,529
Internet Services	42,198
Towing	1,704
Admin Fee - Benefit Source	2,067
	<u>101,338</u>

**B: Other Materials and Supplies Variances:**

Lubricants, Oils, DEF	41,415
Tires, Tubes and Wheels	30,313
Tools and Equipment	(1,712)
Equipment Repair	982
Other Materials and Supplies	6,184
Computer Software	47
	<u>77,229</u>

**C: Utilities Variances:**

Natural Gas	(58,436)
Electricity	21,218
Water	7,554
Telephone	5,906
	<u>(23,758)</u>

**D: Other Expenses Variances:**

Uniform Expense	3,248
Postage	(2,735)
Dues and Subscriptions	996
Conference and Travel	8,029
Media costs	28,943
Employee Development	36,941
Millage Election Fees	(15,827)
Equipment Rental	(15,461)
	<u>44,134</u>

# Memorandum



To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: July 11, 2014

Re: Notes for the Report of Operations Financial Statement – Nine Months Ended June 30, 2014

The following are the explanations and notes for budget to actual variances for the AATA's year-to-date unaudited financial report of operations, generally +/- 5.0% and \$10,000.

## **REVENUES: Total Revenues are 0.7% under budget (unfavorable).**

1. Passenger Fares are under budget by 3.2% due to cash fares and monthly value pass sales.
2. Subcontracted Passenger Fares are over budget due to the AirRide fares are 39.2% over budget, \$606,000 actual compared to \$435,000 budgeted. June fares were \$74,700, down slightly from March's record of \$88,400.
3. Special Fares are under budget due to the application of the Federal formula for the MRide agreement. Ridership is consistent with the amount expected, but more of the funds are coming from Federal & State grants. Therefore, less revenue will be billed to UofM and more revenue will come from Federal & State grants.
4. Interest, Advertising and Other revenue is under budget due to and advertising revenue being \$45,400 under budget.
5. Purchase of Service Agreements are under budget since there is \$32,000 less in private contractor match for AirRide due to the passenger fares being greater than budget. The nonurban People's Express service is operating at a lower level than budgeted, so the match amount recorded under the POSA is \$34,000 less.
6. State Operating Assistance is over budget by \$13,000. We received the FY 2010 final audit payment of \$94,920 for urban operating assistance, which was not set up as a receivable, so the total amount is recognized as revenue in FY 2014. The FY2014 actual is under budget by \$93,000, because it is based on eligible expenses x 31.015%, which is less than budgeted.

## **EXPENSES: Total Expenses are 1.7% under budget (favorable).**

7. Wages are under budget as we have a few employees off on medical or workers compensation leave. We started a class of 12 MCOs, who began their six week training on June 2, 2014. We also have had a mechanic and a service crew technician off on medical or workers' compensation leave. Other wages are under budget as we have a vacant position in Community Relations for part of the year, which is now filled.
8. Fringe Benefits are under budget due to the vacant positions, noted above. Also, we received a retro refund of \$142,500 from our workers' compensation carrier for the calendar year 2012, since our claims were \$22,000 for the year, so Accident fund returned 40% of our \$356,200 premium. However, we expected this amount and budgeted for it.
9. Contracted maintenance is over budget due snow removal expenses for the near record snow fall the winter. Also, the 4 tanks for the restroom trailers at the temporary BTC need to be emptied every day and this was not anticipated in the operating budget.
10. Other Purchased Services are under budget primarily due to legal fees, internet and custodial services.
11. Fuel and fuel futures expenses are over budget by \$1,000, after consideration of the loss on fuel futures. We paid on average \$3.25 per gallon all year, which is at the budget estimate of \$3.25 per gallon. However, starting December 1, the winter grade of #1 ultra-low sulfur (ULS) is more expensive than our summer grade #2 ULS and we are averaged \$3.45 for December through mid-March. We are back to summer blend since mid-March and deliveries since then have averaged \$3.12 per gallon, with the delivery on June 26, 2014 at \$3.17 per gallon.
12. Printing is under budget, due the timing differences.
13. Other Materials & Supplies are under budget due to lesser use of DEF (diesel exhaust fluid) recorded in lubricants and lesser expense on tires.
14. Utilities are over budget, due to natural gas usage from the cold winter. For the month of March, Michigan was the coldest place in the world, compared to historical normal average.
15. Insurance is over budget by 7.0% due to higher than expected claims that have been made under our \$25,000 deductible on vehicle liability coverage.
16. AirRide is over budget due to the increased demand over the holiday season and Michigan Flyer running extra buses. We also added an additional daily run. However, there is additional fare revenue from these additional buses.
17. Purchased Transportation – Guaranteed Ride Home is under budget, since we are budgeting about \$3,000 per month, (YTD \$26,600) and have only spent \$8,700. MyRide is under budget as well by \$90,800 (30.1%).
18. Other expenses are under budget mainly due to timing differences for media expenses and employment development. These are mostly timing differences.
19. Local Depreciation expense is over budget as the VanRide vans, bought with local funds, have been placed in service. There is about \$600,000 for 28 minivans, depreciated over 60 months.

Ann Arbor Area Transportation Authority  
 Report to the Treasurer: Summary Operating Statement by Mode  
 For the Nine Months Ended June 30, 2014

Year-To-Date Summary Operating Statement by Mode

Revenues (except Property Tax):	Fixed		Demand		Express		N/S Rail, GDT, UrbanCore, Van		Total Actual
	Route	Response	NonUrban	AirRide	UrbanCore, Van	Actual			
Passenger Revenue	\$1,432,161	\$121,976	\$0	\$0	\$0	\$1,619,463			
Subcontracted Passenger Revenue	\$0	\$446,840	\$62,550	\$680,880	\$15,182	\$1,205,452			
Special Fares (EMU, UofM, goIPass)	\$1,548,436	\$10,683	\$0	\$0	\$0	\$1,609,806			
Interest, Advertising and Other	\$181,744	\$0	\$0	\$0	\$25,738	\$207,482			
Purchase of Service Agreements	\$433,108	199,461	\$292,931	\$8,471	\$51,077	\$996,298			
State Operating Assistance	\$5,217,357	\$1,151,050	\$311,646	\$309,925	\$83,663	\$7,139,652			
Federal Operating Assistance	\$2,387,125	\$283,478	\$125,865	\$0	\$1,250,710	\$4,066,740			
<b>Total Revenues</b>	<b>\$11,199,931</b>	<b>\$2,213,488</b>	<b>\$792,992</b>	<b>\$999,276</b>	<b>\$1,426,370</b>	<b>\$16,844,893</b>			
<b>Expenses:</b>									
Wages	8,646,744	280,407	14,601	104,781	427,670	9,517,485			
Fringe Benefits	3,579,508	120,175	6,258	42,953	183,287	3,950,730			
Purchased Services	1,092,513	419	5,033	18,721	552,674	1,677,656			
Diesel Fuel, Net of Futures	1,530,574	0	0	16,240	0	1,546,814			
Materials and Supplies	1,176,706	26,704	2,522	13,559	41,024	1,260,941			
Utilities	404,491	19,317	0	4,497	0	428,304			
Insurance	444,360	39,411	3,695	5,172	0	492,638			
Purchased Transportation	0	2,951,564	758,910	0	8,681	4,624,377			
Other Expenses	277,109	2,027	1,973	5,331	183,198	493,138			
Local Depreciation	119,382	0	0	1,583	29,835	150,800			
<b>Total Expenses</b>	<b>17,271,386</b>	<b>3,440,023</b>	<b>792,992</b>	<b>212,837</b>	<b>1,426,370</b>	<b>24,142,883</b>			

<b>Net Local Property Tax Applied</b>	<b>\$6,071,455</b>	<b>\$1,226,535</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,297,990</b>
Percent of Total	83.2%	16.8%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes (AA + Ypsi)						\$7,379,244
<b>Authority Wide Surplus (Loss)</b>						<b>\$81,254</b>

Service Hours	147,920	61,042	1,553	6,653	217,168
Cost per Service Hour	\$ 116.76	\$ 56.36	\$ 137.05	\$ 150.20	\$ 4,992,910
Passengers	4,787,246	127,498	30,198	47,968	4,992,910
Cost per Passenger	\$ 3.61	\$ 26.98	\$ 7.05	\$ 20.83	\$ 4.84
Percent of Expenses Paid by Riders	17.3%	16.8%	7.9%	54.5%	18.4%
Percent of Expenses Paid by Local Tax	35.2%	35.7%	0.0%	0.0%	30.2%

Balance Sheet

<b>Assets:</b>	6/30/2014
Cash & Investments	\$4,216,118
Accounts Receivables	818,395
Grants Receivables	3,638,629
Other Receivables	7,356,640
Inventory	736,726
Prepaid Expenses	705,666
<b>Total Current Assets</b>	<b>17,472,174</b>
Land & Buildings	32,774,683
Equipment	57,386,023
Accum Depreciation	(39,238,892)
<b>Net Fixed Assets</b>	<b>50,921,814</b>
<b>Total Assets</b>	<b>\$68,393,988</b>

<b>Liabilities:</b>	378,992
Accounts payable	563,906
Accrued Payroll	1,305,338
Accrued Vacation	395,480
Other Accruals	246,685
Unearned Revenue	245,790
Post-Retire Benefits	3,136,191

<b>Equity:</b>	7,173,747
Unrestricted (GASB 31)	7,162,236
Unrestricted (Available)	14,335,983
Total Unrestricted	50,921,814
Invested in Fixed Assets	65,257,797
Total Equity	\$68,393,988

Total FY 2014 Expenses*	\$32,521,741
Months in Unrestricted	
Net Position (Min 3.0)	2.64
Amount below Minimum	(\$968,199)
*Expenses do not include one-time projects; Connector Study & Wally	