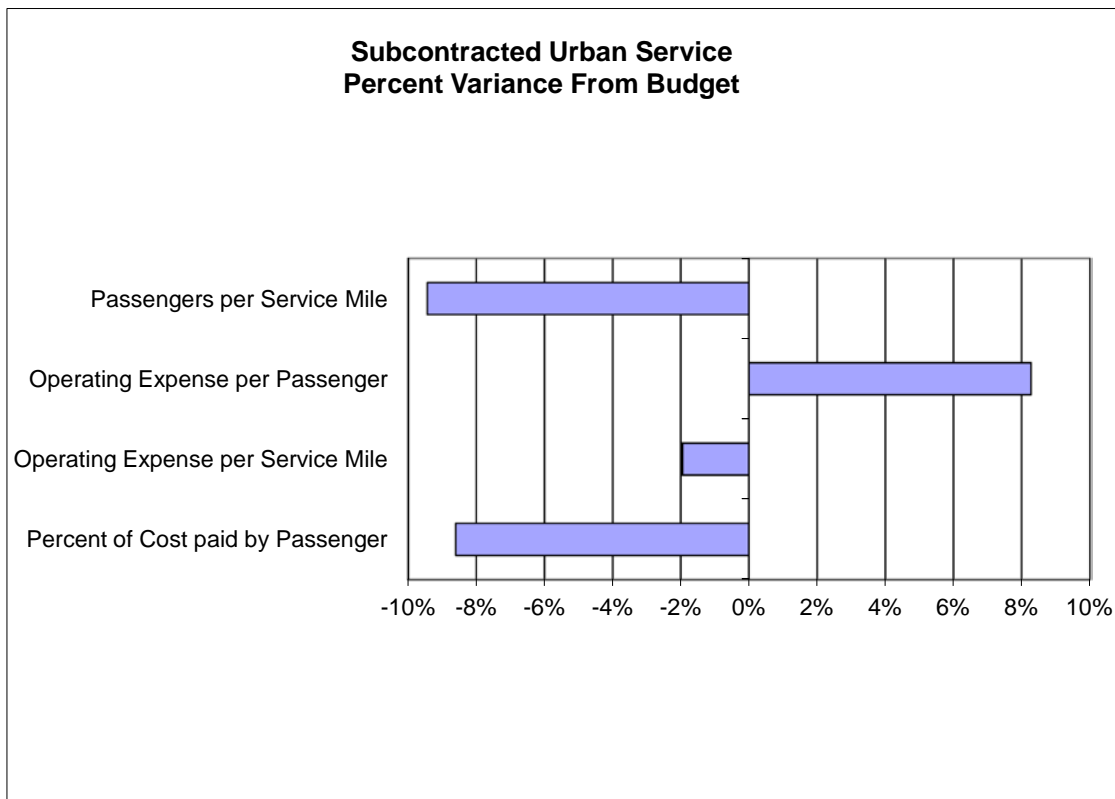
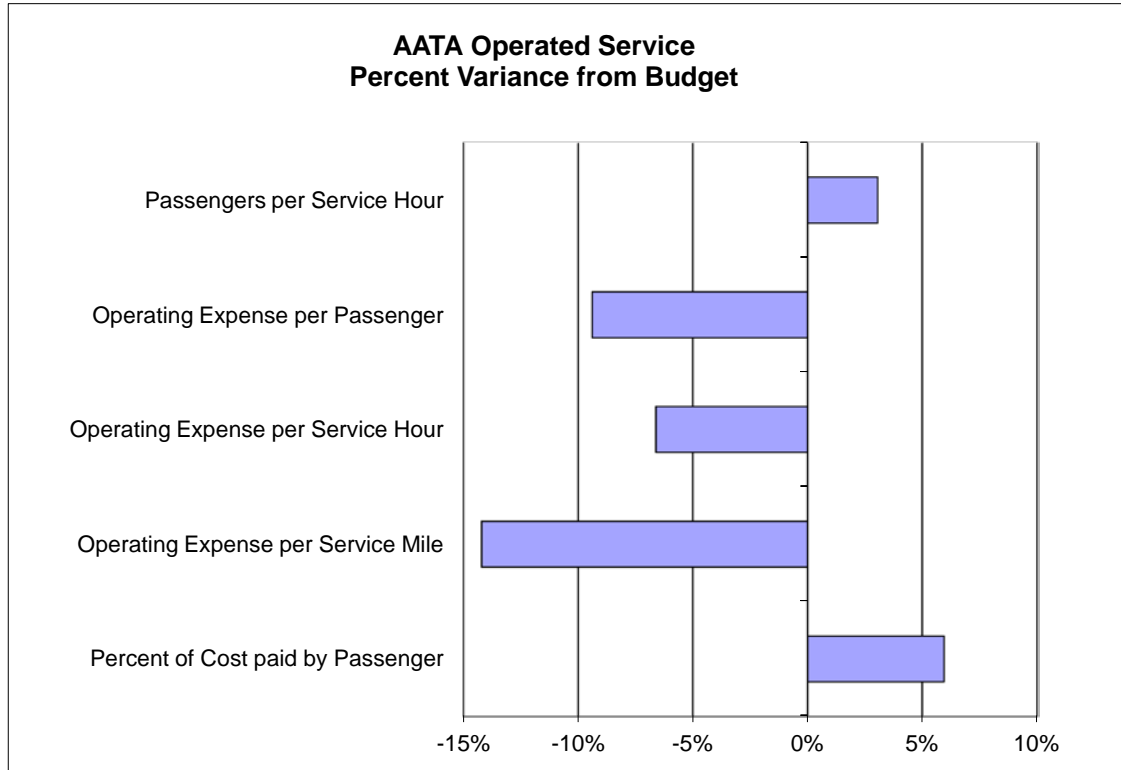


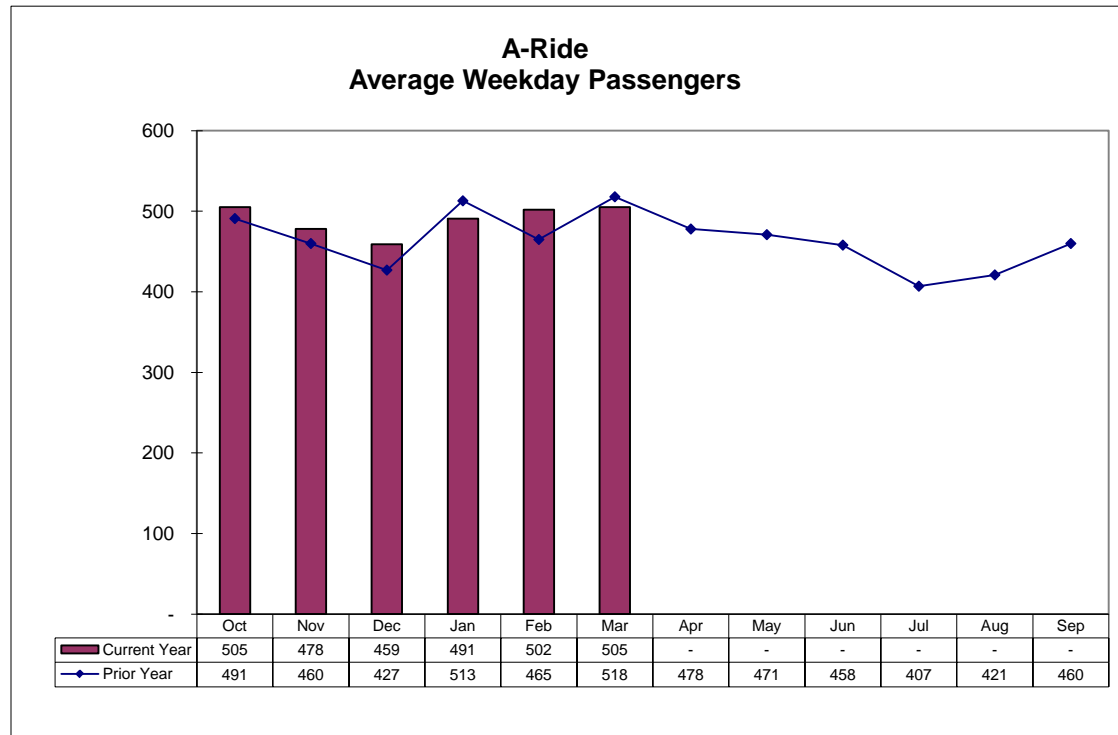
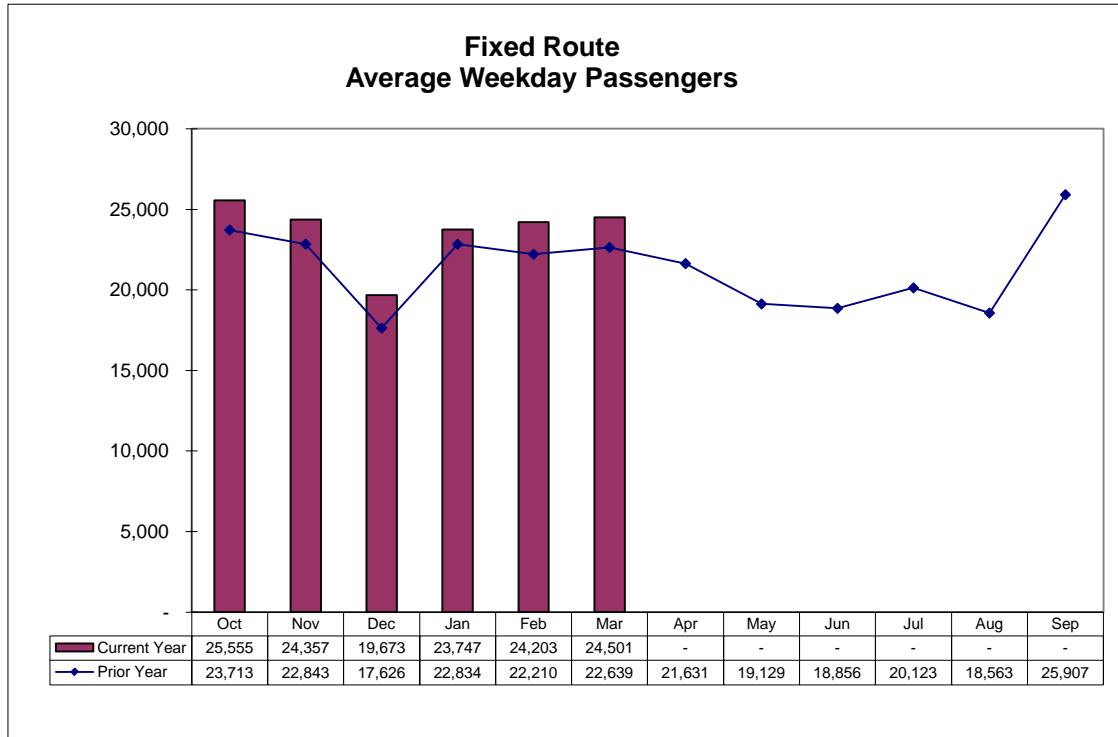
Monthly Performance Report

March 2012



Average Weekday Passengers

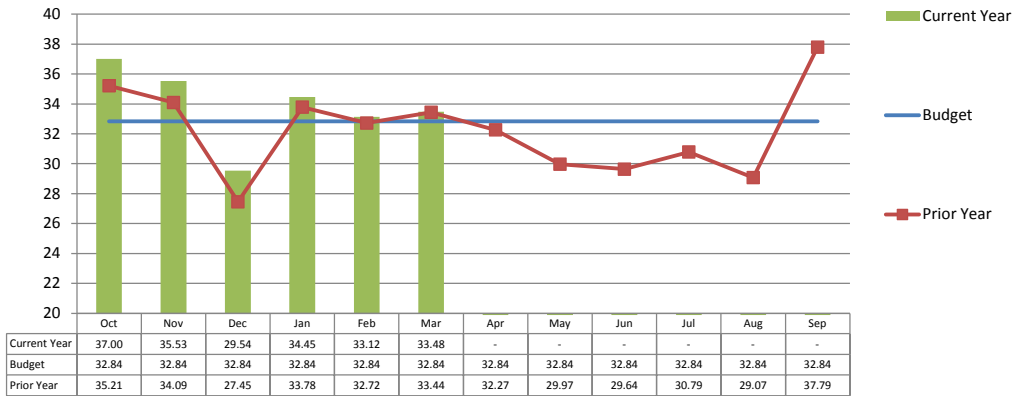
March 2012



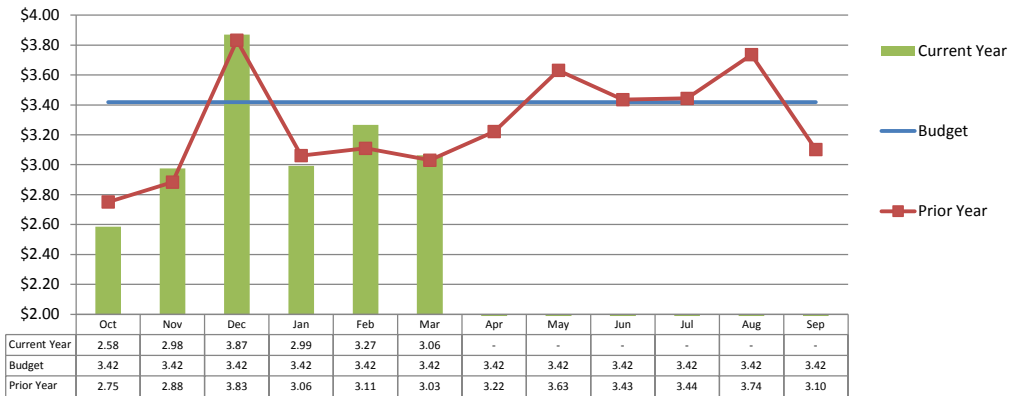
Urban Fixed Route Service

October - 2011 -- March - 2012

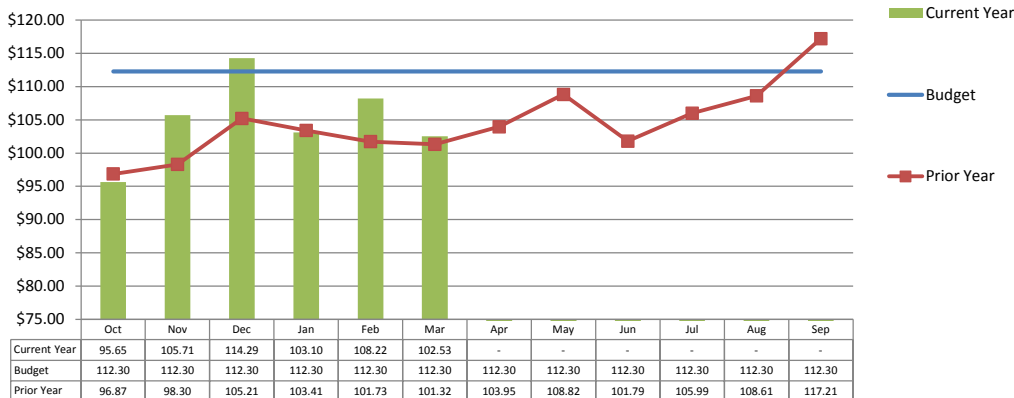
Passengers per Service Hour



Operating Expense per Passenger

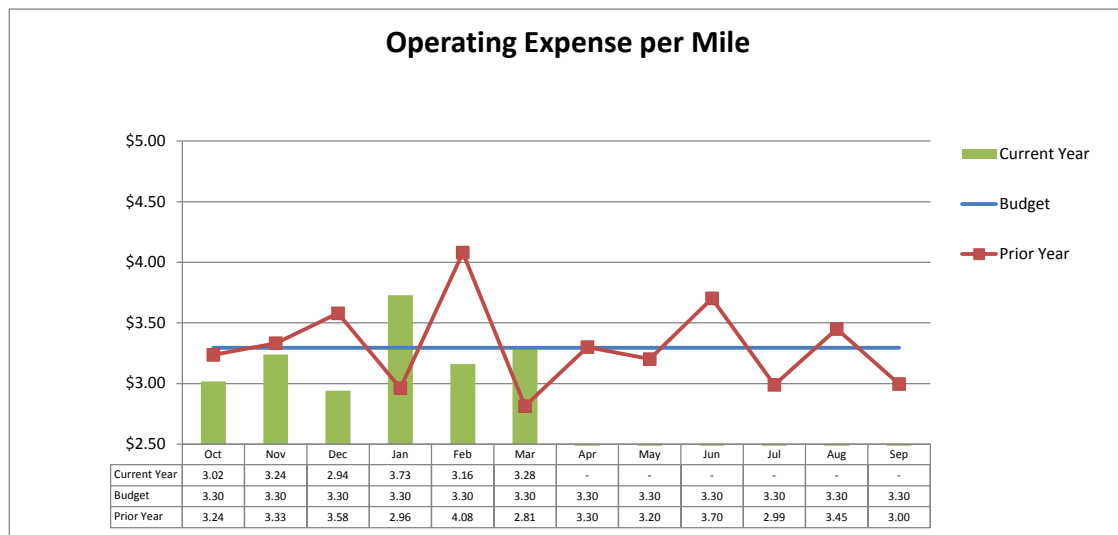
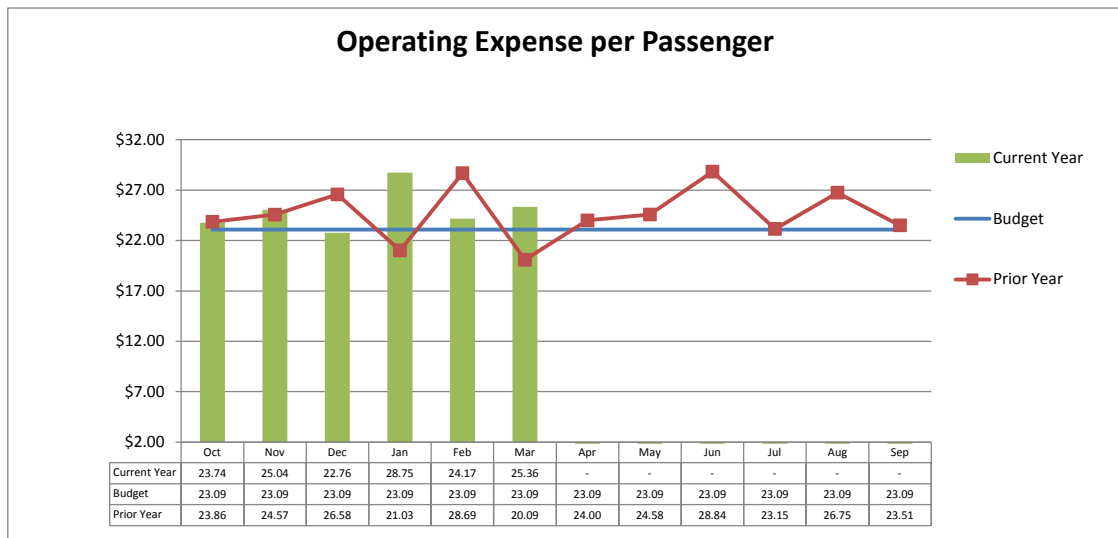
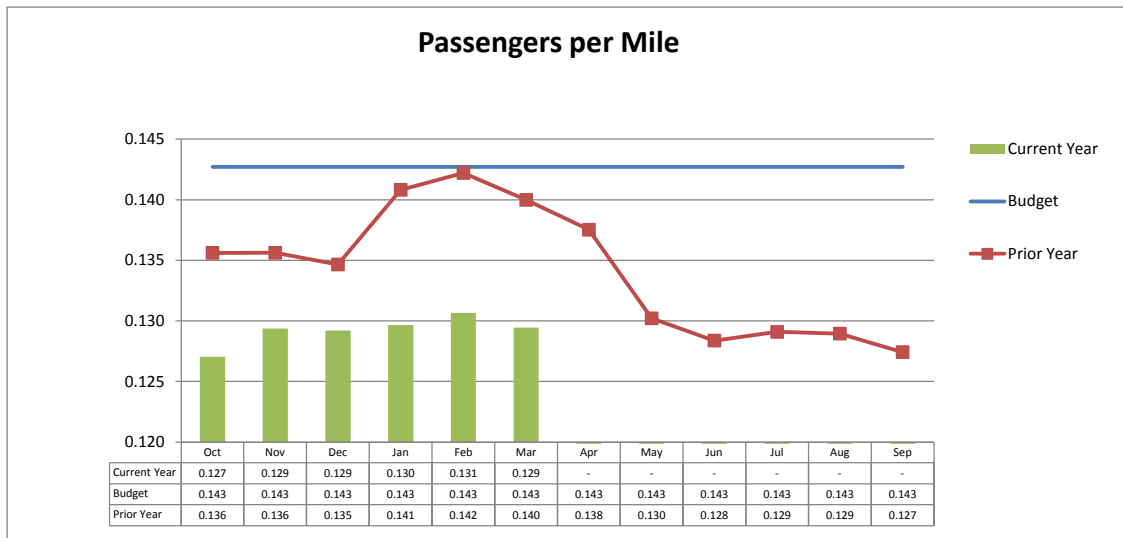


Operating Expense per Service Hour



Urban Demand Response Subcontracted Service

October - 2011 -- March - 2012



**Ann Arbor Transportation Authority
Report of Operations - Unaudited
For the Six Months Ended March 31, 2012**

Comparison to Prior Year

	3/31/2012	3/31/2012	Favorable		3/31/2011	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
Revenues:							
Passenger Revenue	\$1,209,235	\$1,166,790	(\$42,445)	-3.5%	\$1,070,678	\$96,112	9.0%
Subcontracted Revenue	293,337	308,025	14,688	5.0%	280,286	27,739	9.9%
Special Fares (EMU,UofM,go!Pass)	1,281,628	1,298,956	17,328	1.4%	1,262,387	36,569	2.9%
Interest, Advertising and Other	91,480	63,112	(28,368)	-31.0%	69,682	(6,570)	-9.4%
Local Property Tax Revenue	4,620,000	4,620,000	0	0.0%	4,717,890	(97,890)	-2.1%
Purchase of Service Agreements	644,735	665,855	21,120	3.3%	661,235	4,620	0.7%
State Operating Assistance	4,300,914	4,080,329	(220,585)	-5.1%	3,504,327	576,002	16.4%
Federal Operating Assistance	1,749,188	1,478,438	(270,750)	-15.5%	1,175,832	302,606	25.7%
Total Revenues	14,190,517	13,681,505	(509,012)	-3.6%	12,742,317	939,188	7.4%
Expenses:							
Wages							
Operator Wages	3,203,777	3,171,797	31,980	1.0%	2,993,962	(177,835)	-5.9%
Other Wages	2,553,732	2,432,391	121,341	4.8%	2,244,229	(188,162)	-8.4%
Total Wages	5,757,509	5,604,188	153,321	2.7%	5,238,191	(365,997)	-7.0%
Fringe Benefits:							
Payroll Taxes	427,216	410,871	16,345	3.8%	371,638	(39,233)	-10.6%
Pension	406,259	386,175	20,084	4.9%	400,927	14,752	3.7%
Medical Insurance	1,018,005	941,456	76,549	7.5%	888,337	(53,119)	-6.0%
Post-Retirement Benefits & HCSP	179,311	163,153	16,158	9.0%	167,994	4,841	2.9%
Other Fringe Benefits	413,949	381,415	32,534	7.9%	371,849	(9,566)	-2.6%
Total Fringe Benefits	2,444,740	2,283,070	161,670	6.6%	2,200,745	(82,325)	-3.7%
Purchased Services:							
Contracted Maintenance	216,414	169,252	47,162	21.8%	210,078	40,826	19.4%
Consulting Fees	288,264	234,710	53,554	18.6%	382,909	148,199	38.7%
Security Services	112,994	110,213	2,781	2.5%	85,768	(24,445)	-28.5%
Mobility Management	99,996	113,050	(13,054)	-13.1%	109,184	(3,866)	-3.5%
Other Purchased Services	A 457,793	412,391	45,402	9.9%	245,983	(166,408)	-67.7%
Total Purchased Services	1,175,461	1,039,616	135,845	11.6%	1,033,922	(5,694)	-0.6%
Materials and Supplies:							
Diesel Fuel and Gasoline	870,000	1,009,129	(139,129)	-16.0%	862,501	(146,628)	-17.0%
Fuel Futures (Gains) or Losses	0	(209,870)	209,870	100.0%	(200,701)	9,169	-4.6%
Bus Parts	282,664	253,234	29,430	10.4%	172,561	(80,673)	-46.8%
Printing	115,562	56,980	58,582	50.7%	65,370	8,390	12.8%
Other Materials and Supplies	B 449,986	437,197	12,789	2.8%	432,700	(4,497)	-1.0%
Total Materials and Supplies	1,718,212	1,546,670	171,542	10.0%	1,332,431	(214,239)	-16.1%
Utilities	C 283,076	247,708	35,368	12.5%	288,896	41,188	14.3%
Casualty & Liability Insurance	246,498	233,883	12,615	5.1%	217,520	(16,363)	-7.5%
Purchased Transportation:							
Aride and Good as Gold	1,448,733	1,579,649	(130,916)	-9.0%	1,503,401	(76,248)	-5.1%
Night Ride	182,412	181,427	985	0.5%	139,871	(41,556)	-29.7%
WWAVE, Northfield and Mobility Mgmt	595,740	627,341	(31,601)	-5.3%	521,607	(105,734)	-20.3%
Total Purchased Transportation	2,226,885	2,388,417	(161,532)	-7.3%	2,164,879	(223,538)	-10.3%
Other Expenditures	D 302,739	238,981	63,758	21.1%	154,181	(84,800)	-55.0%
Local Depreciation	97,500	97,500	0	0.0%	105,000	7,500	7.1%
Total Expenses	14,252,620	13,680,033	572,587	4.0%	12,735,765	(944,268)	-7.4%
Gain (Loss) from Operations	(\$62,103)	\$1,472	\$63,575		\$6,552	(5,080)	-77.5%

Variances:

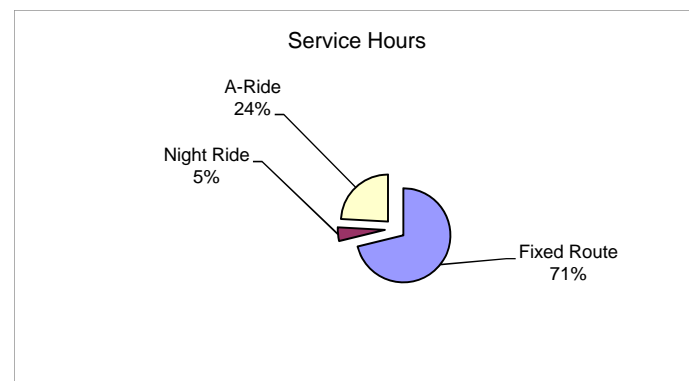
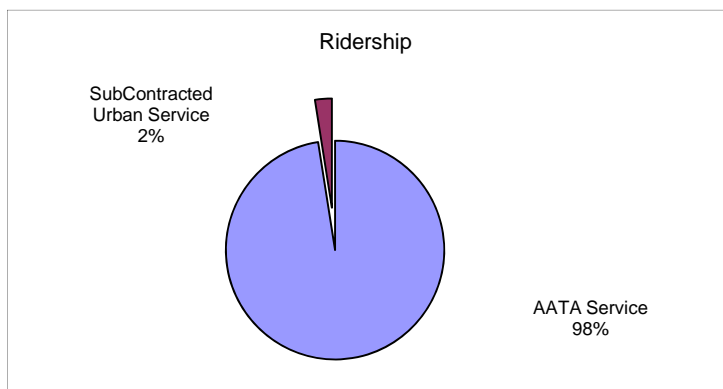
Detail of Budget Variances - Positive (Negative):

	March	March
	Year to Date	Year to Date
A: Other Purchased Services Variances:		
Agency & Design Fees	\$56,423	
Physical Exam Fees	(1,291)	
Legal Fees	(32,525)	
Auditing Fees	0	
Collection Fees	0	
IT Services	2,050	
Custodial Services	4,860	
Internet Services	16,995	
Towing	(2,094)	
Admin Fee - Benefit Source	984	
	<u>45,402</u>	
B: Other Materials and Supplies Variances:		
Lubricants	6,912	
Tires, Tubes and Wheels	8,565	
Tools and Equipment	2,929	
Equipment Repair	854	
Other Materials and Supplies	(10,234)	
Computer Software	3,763	
	<u>12,789</u>	
C: Utilities Variances:		
Natural Gas		40,833
Electricity		(13,009)
Water		3,716
Telephone		3,828
		<u>35,368</u>
D: Other Expenses Variances:		
Uniform Expense		(17,975)
Postage		22,668
Dues and Subscriptions		2,216
Conference and Travel		(10,189)
Media costs		45,491
Employee Development		15,543
Recruitment and Hiring		(10)
Equipment Rental		6,014
		<u>63,758</u>

Ann Arbor Transportation Authority Operating Statistics

October 1, 2011 - March 31, 2012

	All Service	Fixed Route Service			Subcontracted Urban Service		
	Total	Fixed Route	ExpressRide	Total	Night Ride	A-Ride	Total
Ridership	3,389,514	3,287,061	18,218	3,305,279	12,476	71,759	84,235
Service Hours	136,366	97,109	1,226	97,109	6,394	32,863	39,256
Passengers Per Service Hour	24.9	33.8	14.9	34.0	2.0	2.2	2.1
Average # of Weekday Passengers	24,195	23,507	141	23,649	57	490	547
Average Operating Expense per Passenger	\$ 3.67	\$ 3.10	\$ 7.58	\$ 3.12	\$ 18.14	\$ 26.19	\$ 25.00
Subsidy per Passenger	\$ 2.86	\$ 2.39	\$ 4.61	\$ 2.40	\$ 13.35	\$ 22.20	\$ 20.89
Percent Cost Paid by Passenger	22.0%	22.9%	39.2%	23.1%	26.4%	15.2%	16.4%



Ann Arbor Transportation Authority
Report to the Treasurer: Summary Operating Statement by Mode
For the Six Months Ended March 31, 2012

Year-To-Date Summary Operating Statement by Mode

	Fixed Route	Demand Response	Commuter NonUrban	TDM, GDT, Express	TDM, GDT, County-Wide	Total Actual
Revenues (except Property Tax):						
Passenger Revenue	\$1,032,840	\$79,812	\$0	\$54,138	\$0	\$1,166,790
Subcontracted Revenue	\$0	\$266,325	\$41,700	\$0	\$0	\$308,025
Special Fares (EMU,UofM,go!Pass)	\$1,298,956	\$0	\$0	\$0	\$0	\$1,298,956
Interest, Advertising and Other	\$61,509	\$0	\$0	\$0	\$1,603	\$63,112
Purchase of Service Agreements	\$362,410	\$85,244	\$218,202	\$0	\$0	\$665,855
State Operating Assistance	\$3,029,054	\$671,329	\$203,874	\$42,313	\$133,759	\$4,080,329
Federal Operating Assistance	\$965,440	\$161,339	\$116,400	\$0	\$235,259	\$1,478,438
Total Revenues	\$6,750,209	\$1,264,048	580,176	\$96,451	\$370,621	\$9,061,505
Expenses:						
Wages	5,214,012	63,271	12,597	64,660	249,648	\$5,604,188
Fringe Benefits	2,105,100	28,894	5,753	29,318	114,005	\$2,283,070
Purchased Services	670,800	115,344	3,119	13,420	236,933	\$1,039,616
Diesel Fuel, Net of Futures	789,168	0	0	10,091	0	799,259
Materials and Supplies	675,019	30,049	1,495	10,237	30,611	747,411
Utilities	230,588	11,172	0	3,127	2,821	247,708
Insurance	205,788	18,711	1,754	2,953	4,678	233,883
Purchased Transportation	0	1,833,823	554,502	0	92	2,388,417
Other Expenses	197,412	4,718	956	3,017	32,878	238,981
Local Depreciation	96,269	0	0	1,231	0	97,500
Total Expenses	10,184,156	2,105,982	580,176	138,053	671,666	13,680,033
Net Local Property Tax Applied	\$3,433,948	\$841,933	\$0	\$41,602	\$301,045	\$4,618,528
Percent of Total	74.4%	18.2%	0.0%	0.9%	6.5%	100.0%
Local Property Taxes						\$4,620,000
AATA Agency Wide Surplus (Loss)						\$1,472
Service Hours	97,109	39,256		1,226		137,591
Cost per Service Hour	\$ 104.87	\$ 53.65		\$ 112.60		
Passengers	3,287,061	84,235		18,218	-	3,389,514
Cost per Passenger	\$ 3.10	\$ 25.00		\$ 7.58		\$ 4.04
Percent of Expenses Paid by Fares	22.9%	16.4%	7.2%	39.2%	0.0%	20.3%
Percent of Expenses Paid by Local Tax	33.7%	40.0%		30.1%	44.8%	33.8%

Balance Sheet

Assets:	3/31/2012
Cash & Investments	\$9,883,577
Accounts Receivables	491,270
Grants Receivables	560,600
Other Receivables	5,482,047
Inventory	817,688
Prepaid Expenses	533,023
Total Current Assets	17,768,205
Land & Buildings	25,951,370
Equipment	48,947,060
Accum Depreciation	(36,843,271)
Net Fixed Assets	38,055,159
Total Assets	\$55,823,364
Liabilities:	
Accounts payable	\$463,870
Accrued Payroll	215,944
Accrued Vacation	1,025,120
Other Accruals	18,762
Unearned Revenue	166,830
Post-Retire Benefits	207,670
	2,098,196
Equity:	
Invested in Fixed Assets	38,055,159
Unrestricted	15,670,009
Total Equity	53,725,168
Total Liab & Equity	\$55,823,364
Total FY 2012 Expenses	\$30,410,616
Months in Unrestricted Net Assets (Min 3.0)	6.18
Amount over Minimum	\$8,067,355

Ann Arbor Transportation Authority

Performance Report - Year to Date

Urban Fixed-Route Service

March 2012

Performance Indicators	Actual		Budgeted		Previous Year	
	Year to Date		Year to Date	% Variance	to Same Date	% Variance
Average # of Weekday Passengers	23,507				21,831	8%
Passengers per Service Hour	33.8		32.8	3%	32.8	3%
Operating Expense per Passenger	\$ 3.10		\$ 3.42	-9%	\$ 3.09	0%
Operating Expense per Service Hour	\$ 104.87		\$ 112.30	-7%	\$ 101.15	4%
Operating Expense per Service Mile	\$ 7.57		\$ 8.83	-14%	\$ 7.27	4%
Percent of Cost paid by Passenger	22.9%		21.6%	6%	23.4%	-2%

Base Data	Actual		Previous Year	
	Year to Date		to Same Date	% Variance
Service Inputs				
AATA Operating Expenses	\$ 10,184,156		9,413,415	8%
Service Outputs				
AATA Service Hours	97,109		93,065	4%
AATA Service Miles	1,344,968		1,294,990	4%
Service Consumption				
AATA Passengers	3,287,061		3,049,386	8%
AATA Passenger Revenue	\$ 2,331,796		2,203,759	6%
Total # of Weekday Passengers	3,032,459		2,816,257	8%

Number of Weekdays Fy 2011: 129
 Fy 2012: 129

Ann Arbor Transportation Authority

Performance Report - Year to Date

ExpressRide - Fixed-Route Service

March 2012

Performance Indicators	Actual	Budgeted		Previous Year	
	Year to Date	Year to Date	% Variance	to Same Date	% Variance
Average # of Weekday Passengers	141			87.0	62%
Passengers per Service Hour	14.9	12.0	24%	9.7	54%
Operating Expense per Passenger	\$ 7.58	\$ 10.90	-30%	13.50	-44%
Operating Expense per Service Hour	\$ 112.63	\$ 130.80	-14%	130.41	-14%
Operating Expense per Service Mile	\$ 4.45	\$ 4.79	-7%	5.29	-16%
Percent of Cost paid by Passenger	39.2%	31.4%	25%	22.7%	72%

Base Data	Actual	Previous Year	
	Year to Date	to Same Date	% Variance
Service Inputs			
Operating Expenses	\$ 138,053	\$ 151,499	-9%
Service Outputs			
Service Hours	1,226	1,161.70	6%
Service Miles	31,000	28,618.39	8%
Service Consumption			
Passengers	18,218	11,226	62%
Passenger Revenue	\$ 54,138	\$ 34,466	57%
Total # of Weekday Passengers	18,218	11,226	62%

Number of Weekdays Fy 2011: 129
 Fy 2012: 129

Memorandum



To: Michael Ford
Cc: Dawn Gabay, Chris White, Michelle Sanders
From: Philip Webb
Date: **April 13, 2012**
Re: **Corrective Action Plan for Single Audit & Management Letter (SAS 114) Findings**

Plante & Moran performed the FY 2011 audit of the financial statements and single audit and issued their report dated February 22, 2012. As part of the audit, they are also required to issue “communications required under Statement of Auditing Standards (SAS) #114”, also known as a management letter. They have six findings, two from the Single Audit and four from the SAS 114 letter. These are stated below along with AATA’s response and corrective action plan.

Plante & Moran Finding:	AATA’s Response & Corrective Action Plan
2011-01: GASB No. 33, <i>Accounting and Financial Reporting for Non-exchange Transactions</i> , would indicate that the property tax revenue received from the City of Ann Arbor should be recorded when received by the Authority as it is at that point that all of the eligibility requirements have been met.	Completed. The Authority will begin recording property tax revenue in its entirety when it is levied by the City and received by the Authority.
2011-02: The Davis Bacon Act requirements are in effect for all construction contracts over \$2,000. AATA interpreted this requirement incorrectly that Davis Bacon would not be required on individual bus shelter pad projects, which are each under \$2,000. However, the \$2,000 threshold should be applied to contracts over \$2,000, not individual projects.	Completed. The Authority will amend its practices to apply Davis-Bacon requirements based on contract basis rather than project basis for future construction type activities.
Senate Bill 34 - Elimination of the Personal Property Tax: On January 19, 2011, SB 34 was introduced. Very simply, this bill, if it becomes law, will amend PA 206 of 1893 and exempt all personal property from the collection of taxes. Altogether, this would reduce revenue for communities, and therefore	This is informational only. No action is required. If this bill becomes law, AATA’s annual property tax levy would decrease by about \$420,000.

<p>the Authority, across the State by approximately \$770 million. Including the school districts, the lost revenue would be over \$1 billion. This bill does not provide any source of revenue to replace that which is lost.</p>	
<p>Federal Grants Period of Availability: We noted instances where dated grants (grants that have exceeded the period of availability) are still being drawn down by the Authority and reimbursed by the FTA. Each federal grant outlines the funding availability of awarded grants which begins when the funds become available (in the year of appropriation) plus two to three additional years for a total of three to four-year eligibility period (depending on the grant type). Although the FTA has not enforced this compliance requirement in the past, under grants that are funded with the ARRA monies, enforcement will be more stringent. Additionally, we understand that as this is being enforced under ARRA, it is anticipated that enforcement for all federal grant programs will also be more rigorous in future years. Given the significance of federal awards to the Authority, we encourage the Authority to review its processes and procedures for ensuring that grants are being spent within the period of availability going forward to ensure that awarded amounts are not forfeited.</p>	<p>This is not true. It is based on a misunderstanding of Federal regulations by Plante Moran. Federal Grants – except ARRA grants – do not have an expiration date. The grant contract does not include any date by which funds have to be expended or they could be withdrawn by FTA.</p> <p>The misunderstanding by Plante Moran is based on the “period of availability” of Federal transit funds. The period of availability is either 2 or 3 years, depending on the program. What this means is that the appropriated funds must be “obligated” within this period of availability. For the Federal Transit Administration (FTA) the funds are “obligated” once they are put into an approved grant. Once a grant is approved, there is no expiration date. AATA has never had an instance in which we have lost funds because they were not approved in a grant before the period of availability expired.</p> <p>AATA does submit a planned schedule for expenditure of grant funds to FTA before grant approval. AATA reports quarterly to FTA on the schedule and any delays in expending funds. The FTA will ask for an action plan from a grantee when projects are not moving. AATA has never had to submit such an action plan.</p> <p>Plante Moran provided a draft of the letter with this erroneous information to us in advance. We provided information to them that this note was inaccurate. They did not respond to us or correct the note before issuing the letter.</p>
<p>Investment Policy and Heating Oil Futures: During the audit, Plante & Moran, PLLC reviewed the Authority’s investments for</p>	<p>In Process: The Authority has consulted with legal counsel and is awaiting reply.</p>

<p>compliance with Public Act 20 of 1943 and the Authority's investment policy. It appears that as of September 30, 2011, the Authority is investing in heating oil futures. Based on our review of the Authority's investment policy, it does not appear that this investment complies with the Authority's investment policy. Based on a review of Public Act 20 of 1943, it does not appear that this investment is in compliance with state law. However, we encourage the Authority to consult with their legal counsel regarding this matter and, based on the opinion received regarding the legality of this investment, either adjust the Authority's investment policy or appropriately adjust the types of investment in which the Authority is investing.</p>	
<p>Quarterly investment report: Public Act 217 of 2007 requires that the Authority provide to the Board on a quarterly basis an investment report that reports on the types of investments that the Authority is investing in along with other information related to the investments that the board will find valuable. For example, the Board may want to know the interest rate on each investment. It does not appear that the Authority is in compliance with this state law as of September 30, 2011.</p>	<p>Complete: The Authority will provide a quarterly investment report starting with the April 2012 PMER meeting.</p>