

Memorandum



To: Board of Directors
From: Philip Webb, Controller/Manager of Finance
Date: July 16, 2012
Re: Notes for the Operating Statement – Nine Months Ended June 30, 2012

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 1.2% under budget (unfavorable).

1. Passenger fares are under budget mainly for cash collections in the farebox. Passenger revenue is 9.4% greater than last year, but under this year's budget.
2. Special Fares are over budget due to UofM ridership currently running over budget as we near the end of the contract year. We expect the end of the contract year reconciliation (July 31, 2012) to yield about \$100,000.
3. State Operating Assistance is greater than last year, but less than the current year budget. The percentage has decreased from 31.41% in FY 2011 to 30.65% in FY 2012 for urban operating. The amount of the actual revenues is the total of the monthly payments received, plus an accrual for revenue to be received during the reconciliation process. The State is paying us based on the \$21.9 million Urban expenses in the State application submitted in February 2011. The approved budget includes \$24.8 million in urban operating expenses. After the end of this fiscal year, the state will reconcile the operating assistance revenue with the audited expenses incurred. We also received \$209,000 more than expected in State revenue for the payment from the final audited reconciliation for FY 2009.
4. Federal Operating Assistance is under budget. Preventive maintenance is \$221,000 under budget year to date.

EXPENSES: Total Expenses are 3.4% under budget (favorable).

5. Other Wages are under budget. We have vacant positions for part of the year and recently filled the last open position (Financial Analyst/Planner). We hired non-budgeted positions of Grants Asst. and Purchasing Asst.
6. Fringe benefits are under budget due to lower workers compensation rates and a workers' compensation retention dividend from CY2010 for \$128,000. Also, a training class for 10 new drivers started on November 14, 2011. Generally, fringe benefits for MCOs start 90 days after start of employment, so these differences are permanent differences.
7. Contracted maintenance expense is under budget year to date. We have had a mild winter without significant accumulation of snow. Some of the year to date savings were used to repaint the bus storage garage.
8. Consulting is under budget by \$120,600 due to timing of projects. The Organizational Strategic Plan will be less than the adopted budget amount of \$250,000.
9. Most of the other purchased services are less than budget due to timing differences of projects. We expect to use more agency fees later in the fiscal year. However, legal expenses are running over due to additional help on construction contracts and the bus advertising lawsuit against AATA (\$50,000 deductible).
10. Fuel and fuel futures expenses are over budget for year to date, after consideration of the gains on fuel futures.
11. Printing is under budget due to timing differences.
12. Utilities are under budget, mainly for natural gas as this winter has been milder than previous years.
13. ARide is over budget by 8.5%. Demand for the service is high. The budget may have been too aggressive.
14. AirRide – This is the third month of AirRide and the expense is close to the amount expected. The annual budget will show savings, since there will only be six months of service, instead of twelve.
15. Other expenses are under budget. The detail is below under Letter D. The main reason is that postage and employee development expenses are under budget so far in the fiscal year. We expect greater usage in the upcoming months.