

# Memorandum



To: Board of Directors  
From: Philip Webb, Controller/Manager of Finance  
Date: **June 13, 2013**  
Re: **Notes for the Operating Statement – Eight Months Ended May 31, 2013**

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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 \$20,000.

**REVENUES: Total Revenues are 1.3% under budget (unfavorable).**

1. Passenger revenues are consistent with last year while ridership has increased by a greater amount. Passenger fares are under budget for cash collections in the farebox. The budget overestimated cash fares.
2. AirRide subcontracted passenger fares are \$112,300 (29.2%) over budget for the eight months. There was no service in the first six months of FY 2012, so the AirRide service accounts for \$423,000 of the \$474,600 increase over 2012. Passenger fares paid for the AATA portion of the service for each month from October 2012 to March 2013. The 2<sup>nd</sup> year of the annual contract started.
3. Special Fares are under budget for UofM. The original ridership projection was revised after the budget was adopted. The unfavorable difference is projected to be \$160,000 for the year.
4. Advertising is over budget for the year by \$153,000. CBS Outdoor, our new bus advertising contractor, has exceeded our expectations. We expect the annual advertising revenue to be \$140,000 over budget.
5. State Operating Assistance is \$32,000 under the amount budgeted for preventive maintenance.
6. Federal Operating Assistance is under budget. We did not need to accrue \$128,000 in preventive maintenance.

**EXPENSES: Total Expenses are 4.4% under budget (favorable).**

7. MCO and other wages are under budget. We were down a few MCOs and a new training just started May 6. We also received a check from Michelin of \$25,900, which was used to offset labor costs spent replacing the tires on the fleet due to a recall. Separately, with new tires on our buses, tire expense has been under budget for all of 2013 (currently \$54,500 under budget).
8. Fringe benefits are under budget due to lower pension expense than calculated in the budget.
9. Consulting/Public Relations services are under budget by \$60,600 (15.5%).
10. Other purchased services are under budget with a \$69,600 favorable variance in internet services and custodial.
11. Fuel and fuel futures expenses are over budget by \$73,000, after consideration of the gains on fuel futures.
12. Bus Parts are over budget by \$42,500. We have had to replace some parts in the older Gilligs. This variance has been reduced since the 16 new buses have arrived and the older buses have been taken out of service. We sold 13 buses. The new buses are under warranty, so many of the initial repairs are covered.
13. Printing and other materials & supplies are under budget, partly due the lesser use of DEF (diesel exhaust fluid) as anticipated in the budget, recorded in lubricants.
14. Utilities are under budget, mainly in natural gas as our usage is below our historical average.
15. ARide is under budget by 10.9%. There were 3.2% fewer trips than the prior year, while the budget anticipated an increase.
16. NightRide is over budget for February by 10.8% and is 54.5% greater than the level from May 2012.
17. Other expenses are under budget by 38.7%, due to lower costs for media costs, uniforms and employee development.