

Memorandum



To: Board of Directors, Ann Arbor Area Transportation Authority
From: Philip Webb, Controller/Manager of Finance
Date: **December 13, 2014**
Re: **Notes for the Operating Statement – Two Months Ended November 30, 2013**

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 1.8% under budget (unfavorable).

1. Subcontracted Passenger Fares are over budget due to the AirRide fares are 25% over budget, \$136,000 actual compared to 108,700 budgeted.
2. Purchase of Service Agreements are under budget since there is less in private contractor match for AirRide due to the passenger fares being greater than budget.
3. State Operating Assistance is under budget by \$58,000. The actual is based on eligible expenses x 30.86%, which is less than budgeted.

EXPENSES: Total Expenses are 5.8% under budget (favorable).

4. Wages are under budget for MCOs as we have a few employees off on medical or workers compensation leave. We are down enough MCOs and are in the process of hiring a class of 8 MCOs, who will begin training on January 6, 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.
5. Medical Insurance is under budget due to the vacant positions, noted above.
6. Most of the purchased services are less than budget due to the timing of keeping payables open for Fiscal Year 2013. Many disbursements in October and November are recorded back into September to ensure proper cutoff between FY 2013 and FY 2014 expenses. Consulting fees are under budget for public relations agency fees. This is a timing difference as we expect to use more in the fiscal year.
7. Fuel and fuel futures expenses are under budget by \$12,500, after consideration of the loss on fuel futures. We paid on average \$3.09 per gallon in October versus a budget estimate of \$3.25 per gallon
8. Printing and other materials & supplies are under budget, partly due the timing differences and also lesser use of DEF (diesel exhaust fluid) as anticipated in the budget, recorded in lubricants. Once again, payables are held open as of September 30, 2013.
9. Utilities are under budget for the first two months.
10. Insurance is over budget for the first two months. Our claims under the \$25,000 deductible have been higher than anticipated.
11. ARide is over budget for the first two months by 2.5%.
12. Purchased Transportation – Guaranteed Ride Home is under budget, since we are budgeting about \$3,000 per month and have only had a few trips taken.
13. Other expenses are under budget mainly due to timing differences for media expenses and other expenses.