



2700 S. Industrial Highway
Ann Arbor, MI 48104

734.973.6500 **Phone**
734.973.6338 **Fax**
TheRide.org **Online**

MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority
From: Philip Webb, Controller/Manager of Finance
Date: April 10, 2014
Re: Notes to the Financial Report of Operations–March 31, 2015

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

OVERALL – The Report of Operations reflects a \$744,000 surplus after deferring \$527,000 of the future July 2015 property tax millage to the purchase of buses to be delivered in August 2015.

REVENUES: Total Revenues are 1.9% under budget (unfavorable).

1. Passenger Fares are over budget by 4.6 % due to higher cash fares. We budgeted a modest increase in the FY 2015 budget over FY 2014.
2. Subcontracted Fares are over budget due to the higher than expected fares for AirRide for October to January, (\$529,200 vs. \$430,000 budgeted).
3. Property taxes reflect the additional 0.7 property tax millage to be levied on July 1, 2015, along with the budgeted deferment of \$1.053 million for FY 2015 bus purchases (\$87,775 per month).
4. Purchase of Service Agreements are under budget since there is \$64,800 less in private contractor match for AirRide due to the passenger fares being greater than budget.
5. State Urban Operating Assistance is under budget by \$244,000 because it is based on incurred eligible expenses x 31.015%, which is less than budgeted. We received \$88,441 from MDOT, which was the final payment on FY 2011 based on the audit. However, we were expecting \$143,243, creating a loss (contra-revenue) of \$54,802 on this prior year adjustment.

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

6. Wages are under budget for maintenance due to 3 new positions in the FY 2015 budget as of October 1, which were vacant for a while. These positions are a facility maintenance supervisor, facilities technician (now filled) and the 2nd bus stop technician. There were 3 vacant positions in administration; CEO, Admin Assistant in CR and Computer Support Technician (now filled).
7. Fringe Benefits are under budget due to the vacant positions.
8. Consulting Fees are under budget due to timing differences for projects and public relations.
9. Other Purchased Services are over budget as the Interim CEO services are recorded here and more in legal due to an employment related arbitration.
10. Fuel and fuel futures expenses are under budget by \$74,700, after consideration of the loss on fuel futures. We paid an average of \$2.93 per gallon in October & November, \$2.44 in December and \$2.00 in January through March, which are all below the budget of \$3.25 per gallon. However, we recognized losses on fuel futures of \$201,100. With fuel prices falling, we realize a loss on futures contracts when we sell. Our 2 fuel deliveries in March averaged \$2.00, which is \$1.25 per gallon below budget. This will save about \$71,200 per month on 57,000 gallons used in March 2015, which will offset the loss of \$45,800 on the fuel futures contract sold in March. The April 7, 2015 delivery price was down to \$1.79 per gallon for B10% ultra-low sulfur diesel fuel.
11. Utilities are over budget because natural gas is over by \$42,700 due to the cold winter.
12. Insurance is \$31,000 under budget due to fewer claims under our \$25,000 deductible.
13. Other expenses are under budget as noted under note D.