

# Memorandum



To: Board of Directors  
From: Philip Webb, Controller/Manager of Finance  
Date: **February 13, 2013**  
Re: **Notes for the Operating Statement – Four Months Ended January 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 \$10,000.

**REVENUES: Total Revenues are 2.9% under budget (unfavorable).**

1. Passenger revenues have increased 4.2% over last year while ridership has increased by the same amount. Passenger fares are under budget for cash collections in the farebox. The budget overestimated cash fares.
2. AirRide subcontracted passenger fares are 32.8% over budget for the four months. There was no service in 2012, so the AirRide service accounts for \$252,000 of the \$280,000 increase over 2012. Passenger fares paid for the AATA portion of the service for each month from October 2012 to January 2013. We are in the 10<sup>th</sup> month of the annual contract.
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. State Operating Assistance is \$15,000 under the amount budgeted for preventive maintenance and \$25,000 under budget for JARC due to the timing of billing for JARC.
5. Federal Operating Assistance is under budget. We did not need to accrue \$60,000 in preventive maintenance and we are under budget for JARC and New Freedom by \$42,000 due to the timing of billings.

**EXPENSES: Total Expenses are 5.9% under budget (favorable).**

6. Other wages are under budget. We 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, we expect tire expense to be under budget for 2013.
7. Fringe benefits are under budget due to lower pension expense than calculated in the budget.
8. Most of the other purchased services are less than budget. Contracted maintenance for facilities is under budget by \$46,600 or 29.2% for the four months.
9. Consulting is under budget by 77.0%. The ARide Service Delivery Model project has just started and has not been billed to AATA yet. Also, public relations expenses have been lower than anticipated in the budget.
10. Other purchased services are under budget with a \$20,700 favorable variance in internet services.
11. Fuel and fuel futures expenses are over budget by \$1,500, after consideration of the gains on fuel futures.
12. Bus Parts are over budget. We have had to replace some fuel injectors in the older Gilligs. Some of the expense represents the "cores" and we will receive a credit once they are returned to the manufacturer. We expect this to level off and reverse once the new buses arrive and the older buses are taken out of service and the new buses are under warranty.
13. Printing and other materials & supplies are under budget, mainly due to the timing of payments.
14. ARide is under budget by 12.9%. For the four months ended January 31, 2013, there were 4.3% fewer trips than through January 31, 2012, while the budget anticipated an increase.
15. NightRide is over budget for December and is 82.8% greater than the level from January 2012.
16. Other expenses are under budget by 45.1%, due to lower media costs and employee development.