

Memorandum



To: Board of Directors
From: Philip Webb, Controller/Manager of Finance
Date: **March 15, 2013**
Re: **Notes for the Operating Statement – Five Months Ended February 28, 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 3.3% under budget (unfavorable).

1. Passenger revenues have increased 2.7% over last year while ridership has increased by a similar amount. Passenger fares are under budget for cash collections in the farebox. The budget overestimated cash fares.
2. AirRide subcontracted passenger fares are 24.8% over budget for the five months. There was no service in 2012, so the AirRide service accounts for \$296,000 of the \$326,000 increase over 2012. Passenger fares paid for the AATA portion of the service for each month from October 2012 to February 2013. This was the 11th 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. Advertising is over budget for the year by \$111,000. CBS Outdoor, our new bus advertising contractor, has been paying us our annual minimum on a monthly basis. In February, we recorded the amount \$74,800 earned during the 5.5 months of the contract, but not yet paid. We will receive this amount (and more) in September 2013 at the end of the 1st contract year.
5. State Operating Assistance is \$50,000 under the amount budgeted for preventive maintenance, \$20,000 under budget for planning and \$25,000 under budget for JARC due to the timing of billing for JARC.
6. Federal Operating Assistance is under budget. We did not need to accrue \$200,000 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).

7. 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 all of 2013 (currently \$32,500 under budget).
8. Fringe benefits are under budget due to lower pension expense than calculated in the budget.
9. Most of the other purchased services are less than budget. Contracted maintenance for facilities is under budget by \$52,200 or 39.8% for the five months.
10. Consulting is under budget by 39.7%. The ARide Service Delivery Model project has just started and has been partially billed to AATA. Also, public relations expenses have been lower than anticipated in the budget.
11. Other purchased services are under budget with a \$26,800 favorable variance in internet services.
12. Fuel and fuel futures expenses are over budget by \$23,800, after consideration of the gains on fuel futures.
13. Bus Parts are over budget by \$46,600. 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 since the new buses are starting to arrive and the older buses are taken out of service. The new buses are under warranty, so any many of the initial repairs are covered.
14. Printing and other materials & supplies are under budget, mainly due to the timing of payments.
15. ARide is under budget by 12.3%. There were 5.1% fewer trips than the prior year, while the budget anticipated an increase.
16. NightRide is over budget for February by 11.6% and is 75.2% greater than the level from February 2012.
17. Other expenses are under budget by 45.1%, due to lower costs for uniforms, media costs and employee development.