

Memorandum



To: Board of Directors, Ann Arbor Area Transportation Authority
From: Philip Webb, Controller/Manager of Finance
Date: **January 10, 2014**
Re: **Notes for the Operating Statement – Three Months Ended December 31, 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 2.5% under budget (unfavorable).

1. Passenger Fares are under budget by 5.0% due to cash collections in the farebox and pass sales.
2. Subcontracted Passenger Fares are over budget due to the AirRide fares are 37.6% over budget, \$224,000 actual compared to \$163,000 budgeted. December fares were a new record \$88,000, beating May 2013 fares of \$73,000 by \$15,000.
3. Interest, Advertising and Other revenue is under budget due to GetDowntown other revenue and advertising being slightly under budget for the first three months.
4. 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.
5. State Operating Assistance is under budget by \$130,000. The actual is based on eligible expenses x 30.86%, which is less than budgeted.

EXPENSES: Total Expenses are 4.3% under budget (favorable).

6. Wages are under budget 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 began their six week 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.
7. Fringe Benefits are under budget due to the vacant positions, noted above.
8. Contracted maintenance is under budget due to timing differences. We expect to incur snow removal expenses for the recent snow fall in late December and early January 2014.
9. 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.
10. Security Services are over budget by \$9,000 as we have 24/7 unarmed security at the temporary BTC. This is approximately \$10,000 per month that was not included in the budget, but is necessary.
11. Other Purchased Services are under budget primarily due to legal fees, internet and custodial services.
12. Fuel and fuel futures expenses are under budget by \$18,900, after consideration of the loss on fuel futures. We paid on average \$3.09 per gallon in the first two months versus a budget estimate of \$3.25 per gallon. However, starting December 1, the winter grade of #1 ultra-low sulfur (ULS) is more expensive than our summer grade #2 ULS and we are averaged \$3.46 for December.
13. Printing is under budget, due the timing differences.
14. Other Materials & Supplies are under budget due to lesser use of DEF (diesel exhaust fluid) recorded in lubricants and lesser expense on tires.
15. Utilities are under budget for the first three months.
16. 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.
17. Other expenses are under budget mainly due to timing differences for media expenses and employment development.