

Memorandum



To: Board of Directors
From: Philip Webb, Controller/Manager of Finance
Date: **July 14, 2013**
Re: **Notes for the Operating Statement – Nine Months Ended June 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 \$20,000.

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

1. Passenger revenues are consistent with last year while ridership has increased by a greater amount. Passenger fares are under budget for cash collections in the farebox. The budget overestimated cash fares.
2. AirRide subcontracted passenger fares are \$124,200 (28.7%) over budget for the nine months. There was no service in the first six months of FY 2012, so the AirRide service accounts for \$443,000 of the \$494,200 increase over 2012. Passenger fares paid for the AATA portion of the service for each month from October 2012 to March 2013. The 2nd year of the annual contract started April 1, 2013.
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 \$165,400. CBS Outdoor, our new bus advertising contractor, has exceeded our expectations. We expect the annual advertising revenue to be \$210,000 over budget.
5. State Operating Assistance is \$250,000 under the amount budgeted for formula operating due to lower eligible expenses multiplied by 27.11%. The actual does not include the promised supplemental for FY2013 of an estimated \$986,000 and the reduction of \$110,000 for the reconciliation of FY 2012.

EXPENSES: Total Expenses are 3.6% 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, tire expense has been under budget for all of 2013 (currently \$61,300 under budget).
7. Fringe benefits are under budget due to lower pension expense than calculated in the budget.
8. Contracted maintenance is under budget due overall repairs and maintenance on the facilities is under budget.
9. Consulting/Public Relations services are under budget by \$66,600 (16.5%), mainly less spent on consulting projects within administration.
10. Other purchased services are under budget with a \$67,400 favorable variance in internet services and custodial.
11. Fuel and fuel futures expenses are over budget by \$134,000, after consideration of the realized and unrealized gains and losses on fuel futures.
12. Bus Parts are over budget by \$31,500. We have had to replace some parts in the older Gilligs. This variance has been reduced since the 16 new buses have arrived and the older buses have been taken out of service. We sold 13 buses. The new buses are under warranty, so many of the initial repairs are covered.
13. Printing and other materials & supplies are under budget, partly due the lesser use of DEF (diesel exhaust fluid) as anticipated in the budget, recorded in lubricants. We recorded a \$100,000 allowance on the upcoming sale of the New Flyer bus parts, currently recorded at \$130,000 on the balance sheet, of which we conservatively expect about 25 cents on dollar.
14. Utilities are under budget, mainly in natural gas as our usage is below our historical average.
15. ARide is under budget by 10.8%. There were 2.9% fewer trips than the prior year, while the budget anticipated an increase.
16. NightRide is over budget for February by 11.5% and is 50.2% greater than the level from May 2012.
17. Other expenses are under budget by 36.5%, due to lower costs for media costs, uniforms and employee development.