
Issue Brief: FY2019 Q1 Financial Statement Report

Meeting: Board of Directors

Meeting Date: February 12, 2019

Recommended Committee Action(s): Receive as CEO Operational Update

Prior Relevant Board Actions and Policies:

- 2.11.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports.
- Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August.
- Policy 2.6 Investments and Appendix F Investment Policy were adopted in June 2018.

Issue Summary:

Staff present the First Quarter Financial Statement with currently available and reportable financial information for the period ending December 31, 2018.

Background:

Financial highlights from the first quarter (October, November, December 2018) include:

- Changes made last year to the investments strategy are paying off. Interest income for Q1 was \$64,712 compared to \$3,189 for Q1 last year.
- The reserve was at 2.4 months of annual operating expense, near the target of 2.5 months.
- The reserve balance was \$9.3 million, \$1.2 million higher than first quarter end last year.
- TheRide operated within the budget for the first quarter of the year.
- There was a \$322,098 surplus of revenue over expense, which represents a contingency margin of 2.8% of the adopted budget (FY2019 to date).
- Expenses were \$311,563 lower than budgeted. Savings were from lower fringe benefits, purchased service, and other costs.
- Revenues were higher than budgeted by \$27,728 with higher than expected passenger fares, advertising sales, and other contract revenues.
- Cash flow was adequate to cover expense; Q1 ended at \$16.4 million in cash/ investments.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** Demonstrates financial performance for the reporting period
- **Governance:** Supports Board in financial oversight/fiduciary responsibility

Attachments:

- FY 2019 Q1 Financial Statement (Income Statement and Balance Sheet)



Ann Arbor Area Transportation Authority

Income Statement

For the Period Ended December 31, 2018

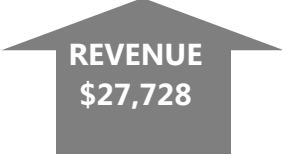
Revenue and Expense (Budget to Actual)

In Thousands of Dollars (which means add a comma and three zeros).

BLACK = FAVORABLE


RED = UNFAVORABLE

REVENUES	Actual	Quarter 1	Actual	Quarter 2	Actual	Quarter 3	Actual	Quarter 4	Actual	Budgeted	Variance	Variance
									YTD	YTD	(Dollars)	(Percent)
Fares and Contracts	\$	2,463	\$	-	\$	-	\$	-	\$ 2,463	\$ 2,325	\$ 138	5.9%
Local Property Taxes		4,132		-		-		-	4,132	4,132	-	0.0%
State Operating Assist.		3,533		-		-		-	3,533	3,748	(215)	-5.7%
Federal Operating Assist.		1,191		-		-		-	1,191	1,157	34	2.9%
Other Revenues		141		-		-		-	141	71	70	98.5%
Total Operating Revenues	\$	11,460	\$	-	\$	-	\$	-	\$ 11,460	\$ 11,432	\$ 28	0.2%
EXPENSES												
Salaries, Wages, Benefits	\$	6,333	\$	-		-	\$	-	\$ 6,333	\$ 6,541	\$ 208	3.2%
Purchased Transportation		2,581		-		-		-	2,581	2,450	(132)	-5.4%
Fuel, Material, Supplies		1,382		-		-		-	1,382	1,271	(111)	-8.7%
Contracted Services		409		-		-		-	409	626	217	34.7%
Other Expenses		432		-		-		-	432	561	129	23.0%
Total Operating Exp.	\$	11,138	\$	-	\$	-	\$	-	\$ 11,138	\$ 11,449	\$ 312	2.7%
GAIN(LOSS) FROM OPS.	\$	322	\$	-	\$	-	\$	-	\$ 322	\$ (17)	\$ 340	




REVENUE
\$27,728

Revenues were higher than budgeted by \$27,728 with higher than expected fare revenue and interest income; State operating revenues were under budget by \$214,930 because eligible expenses were under budget.



EXPENSE
\$311,563

Expenses were \$311,563 lower than budgeted due to savings from lower fringe benefits, purchased services, and other costs. Purchased transportation costs for AirRide and Demand Responsive transportation were higher than anticipated.



TheRide has a \$322,098 surplus at the end of the first quarter, and operated within the budget.

YTD Revenue and Expense By Overhead and Mode

In Thousands of Dollars (which means add a comma and three zeros).

	Overhead	Fixed	Route	Demand Response	Non-Urban	ExpressRide	AirRide	Other Modes	TOTAL ACTUAL
			Fixed Route Bus	A-Ride, FlexRide, HolidayRide, MyRide, NightRide	WAVE, Peoples Express	Commuter Express	Airport Shuttle	VanRide, Ride Sharing	
DIRECT REVENUE									
Fare Revenue			1,304	214	30	26	358	-	1,933
Contract Revenues	-		305	52	169	4	-	-	530
Advertising, Interest, Other	-		141	-	-	-	-	-	141
State Operating	-		2,540	540	176	22	153	102	3,532
Total Direct Revenue	-		4,290	806	376	52	511	102	6,136
DIRECT EXPENSE									
Salaries, Wages, Benefits	1,012		5,095	138	-	43	-	45	6,333
Purchased Transportation	-		-	1,504	463	-	436	179	2,581
Fuel, Material, Supplies	180		1,190	-	-	10	0	1	1,382
Contracted Services	185		199	-	-	2	-	22	409
Other Expenses	354		72	-	-	1	-	6	432
Total Operating Expense	1,731		6,557	1,642	463	55	436	254	11,138
Gain(Loss) from Ops.	(1,731)		(2,266)	(836)	(87)	(3)	75	(152)	(5,001)
ALLOCATED REVENUE									
Local Property Taxes	1,177		2,270	685	-	-	-	-	4,132
Federal Operating	555		318	151	87	3	(75)	152	1,191
GAIN(LOSS) TOTAL:	-		322	-	-	-	-	-	322



Ann Arbor Area Transportation Authority

Q1 Financial Statement

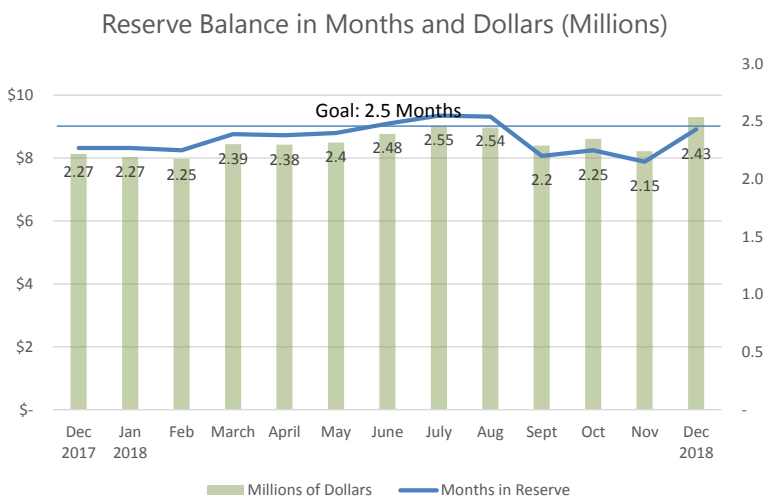
Balance Sheet

For the Period Ended December 31, 2018

Balance Sheet and Reserve

In Thousands of Dollars (which means add a comma and three zeros), With Prior Year Comparison.

	Current Quarter 12/31/2018	Last Quarter 9/30/2018	Last Year 12/31/2017
ASSETS			
Cash & Investments	\$ 16,403	\$ 19,824	\$ 15,120
Other Current Assets	\$ 10,321	\$ 8,771	\$ 8,764.79
Capital Assets	\$ 51,974	\$ 58,293	\$ 54,691
Total Assets	\$ 78,699	\$ 86,888	\$ 78,576
LIABILITIES	5,400	8,555	4,123
NET POSITION	\$ 73,298	\$ 78,333	\$ 74,453
Reserve Balance	\$ 9,296	\$ 8,404	\$ 8,126
Months in Reserve	2.43	2.20	2.27



Statement of Cash Flows (in Thousands of Dollars)

In Thousands of Dollars (which means add a comma and three zeros).

	Fiscal Year 2017			Fiscal Year 2018				Fiscal Yr 2019
Cash & Investments	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Beginning Balance	\$ 16,638	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,120	\$ 12,511	\$ 9,064	\$ 19,824
Effect of Operations	(1,263)	3,859	(137)	(1,519)	(3,584)	(5,417)	2,725	(5,289)
Effect of Capital	48	(1,958)	(447)	-	(5)	(31)	(2)	(50)
Effect of Investments	(2,438)	(7,349)	8,685	1,000	980	2,001	8,037	1,918
Ending Balance:	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,120	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403

Investments Summary

In Thousands of Dollars (which means add a comma and three zeros).

Investment Instrument	Date of Maturity	Interest Rate	Total as of 12/31/2018
Bank of AA - CD	1/23/2019	1.9%	795
Bank of AA - CDARS	1/31/2019	0.7%	1,000
Bank of AA - CD	2/20/2019	2.0%	795
Bank of AA - CD	3/20/2019	2.0%	795
Bank of AA - CDARS	3/28/2019	0.7%	2,500
Bank of AA - CDARS	8/1/2019	0.8%	1,500
U.S. Treasury Bill	3/28/2019	2.1%	1,000
U.S. Treasury Bill	9/27/2019	2.3%	1,000
U.S. Treasury Bill	3/25/2020	2.4%	1,000
U.S. Treasury Bill	9/25/2020	2.5%	2,000
RBC Futures Account	Daily	0.1%	446
Key Bank Money Market	Daily	0.1%	5
MERS Retirement Savings			109
Total Investments:			\$ 12,945

Projected FY2019 Investment Income: \$153,421

The majority of Operating Capital and Long Term Reserves are federally insured. CDARS (Certificate of Deposit Account Registry Service) allows AAATA funds to be distributed to various banks to ensure funds remain under the FDIC \$250,000 limit. This is facilitated by Bank of Ann Arbor.

U.S. Treasury Bills are short term bonds (2 years or less) backed by the Treasury Department of the U.S. Government (rates shown are after the annual fee of .28%).

Accounts that are not FDIC insured or with balances above the FDIC insurance threshold are used for day-to-day working capital and include Bank of Ann Arbor CDs, a fuel futures commodity account, and a money market account. Bank of Ann Arbor CDs are a prudent investment; the bank has \$1.6 billion in assets and \$142.9 million in net capital as of June 30, 2018, has been profitable the past 9 years, and does not enter into risky investments.

MERS Retirement Savings, managed by Municipal Employee’s Retirement System of Michigan, is not operating capital.

Cash and Investments History

