
Issue Brief: FY2019 Q2 Financial Statement Report

Meeting: Board of Directors

Meeting Date: June 20, 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 Second Quarter Financial Statement with currently available and reportable financial information for the period ending March 31, 2019. (Last month the Finance Committee recommended deferring this report for one month due to staff transitions in the Finance Department.)

Background:

Financial highlights from the second quarter (January, February, March 2019) include:

- TheRide operated within the budget for the second quarter of the year.
- There was a \$625,470 surplus of revenue over expense, which represents a contingency margin of 2.8% of the adopted budget to date.
- Expenses were \$332,340 lower than budgeted. Savings were from lower fringe benefits, purchased service, and other costs.
- Revenues were higher than budgeted by \$137,220 with higher fare/contract revenue, federal operating assistance, and interest income.
- Cash flow was adequate to cover expense; Q2 ended at \$13.6 million in cash/ investments.
- The reserve was at 2.34 months of annual operating expense, short of the target of 2.5 months.
- The reserve balance was \$8.96 million, \$.52 million higher than second quarter end last year.

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 Q2 Financial Statements (Income Statement, Balance Sheet, Cash Flow Statement)



Ann Arbor Area Transportation Authority

Q2 Financial Statement

Income Statement


For the Period Ended March 31, 2019

Revenue and Expense (Budget to Actual)

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


BLACK = FAVORABLE
RED = UNFAVORABLE

	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Variance (Dollars)	Variance (Percent)
REVENUES								
Fares and Contracts	\$ 2,463	\$ 2,403	\$ -	\$ -	\$ 4,866	\$ 4,647	\$ 219	4.7%
Local Property Taxes	4,132	4,132	-	-	8,264	8,264	-	0.0%
State Operating Assist.	3,533	3,655	-	-	7,188	7,495	(307)	-4.1%
Federal Operating Assist.	1,191	1,137	-	-	2,328	2,201	126	5.7%
Other Revenues	141	99	-	-	240	142	98	69.0%
Total Operating Revenues	\$ 11,460	\$ 11,427	\$ -	\$ -	\$ 22,887	\$ 22,750	\$ 137	0.6%
EXPENSES								
Salaries, Wages, Benefits	\$ 6,333	\$ 6,229	-	-	\$ 12,562	\$ 12,832	\$ 271	2.1%
Purchased Transportation	2,581	2,818	-	-	5,399	4,865	(535)	-11.0%
Fuel, Material, Supplies	1,382	818	-	-	2,200	2,406	206	8.6%
Contracted Services	409	705	-	-	1,114	1,325	210	15.9%
Other Expenses	432	555	-	-	987	1,167	180	15.4%
Total Operating Exp.	\$ 11,137	\$ 11,125	\$ -	\$ -	\$ 22,262	\$ 22,594	\$ 332	1.5%
GAIN(LOSS) FROM OPS.	\$ 323	\$ 302	\$ -	\$ -	\$ 625	\$ 156	\$ 469	




REVENUE
\$137,220

Revenues were higher than budgeted by \$137,220 with higher than expected fare revenue and interest income; State operating revenues were under budget because eligible expenses were under budget.



EXPENSE
\$332,340

Expenses were \$332,340 lower than budgeted with lower wage/benefit costs, purchased services, and other costs. Purchased transportation costs for A-Ride/GoldRide, AirRide, and Demand Responsive transportation were higher than anticipated in budgeting.



TheRide has a \$625,470 surplus at the end of the second 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 <small>Fixed Route Bus</small>	Demand Response <small>A-Ride, FlexRide, HolidayRide, MyRide, NightRide</small>	Non-Urban <small>WAVE, Peoples Express</small>	ExpressRide <small>Commuter Express</small>	AirRide <small>Airport Shuttle</small>	Other Modes <small>VanRide, Ride Sharing</small>	TOTAL ACTUAL
DIRECT REVENUE								
Fare Revenue	-	2,679	369	60	52	651	-	3,811
Contract Revenues	-	606	104	339	8	-	-	1,056
Advertising, Interest, Other	-	240	-	-	-	-	-	240
State Operating	-	5,081	1,197	370	43	281	217	7,188
Total Direct Revenue	-	8,606	1,669	769	102	932	217	12,295
DIRECT EXPENSE								
Salaries, Wages, Benefits	2,034	10,078	276	-	86	-	88	12,562
Purchased Transportation	-	-	3,177	1,011	-	795	417	5,399
Fuel, Material, Supplies	304	1,864	-	-	16	2	14	2,200
Contracted Services	419	499	-	-	4	-	192	1,114
Other Expenses	707	245	-	-	8	-	26	987
Total Operating Expense	3,465	12,685	3,453	1,011	114	797	737	22,262
Gain(Loss) from Ops.	(3,465)	(4,079)	(1,784)	(242)	(12)	135	(520)	(9,967)
ALLOCATED REVENUE								
Local Property Taxes	3,465	3,071	1,784	-	-	(56)	-	8,264
Federal Operating	-	1,634	-	242	12	(79)	520	2,328
GAIN(LOSS) TOTAL:	-	625	-	-	-	-	-	625



Ann Arbor Area Transportation Authority

Q2 Financial Statement

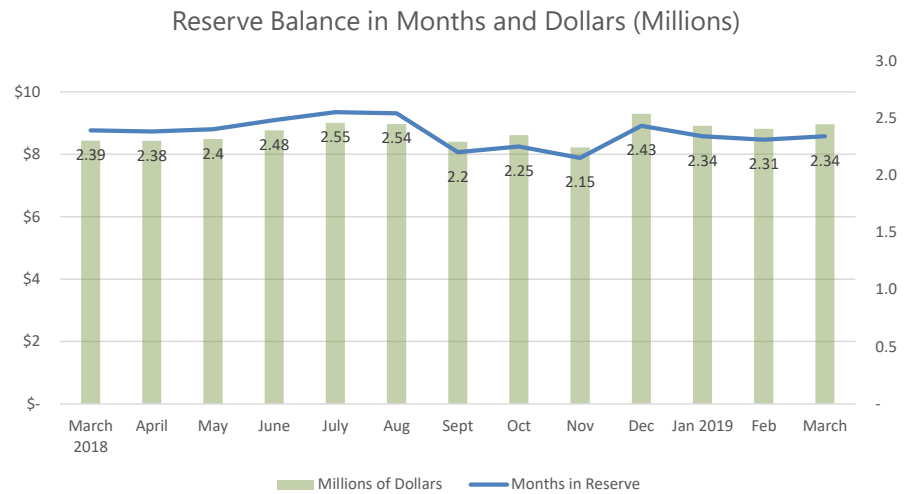
Balance Sheet

For the Period Ended March 31, 2019

Balance Sheet and Reserve

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

	Q2 2018	Q1 2019	Q2 2019
	3/31/2018	12/31/2018	3/31/2019
ASSETS			
Cash & Investments	\$ 12,511	\$ 16,403	\$ 13,612
Other Current Assets	11,969	10,321	12,623
Capital Assets	54,783	51,974	52,283
Total Assets	\$ 79,264	\$ 78,699	\$ 78,518
LIABILITIES	4,407	5,400	5,250
NET POSITION	\$ 74,856	\$ 73,298	\$ 73,268
Reserve Balance	\$ 8,437	\$ 9,296	\$ 8,957
Months in Reserve	2.36	2.43	2.34



Statement of Cash Flows (in Thousands of Dollars)

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

Historical Cash Flows	Fiscal Year 2017			Fiscal Year 2018				Fiscal Year 2019	
	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2
Beginning Cash:	\$ 16,638	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,119	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403
Cash from Operations	(1,263)	3,859	(137)	(1,519)	(3,584)	(5,417)	2,725	(5,289)	115
Cash from Capital	48	(1,958)	(447)	-	(5)	(31)	(2)	(50)	628
Cash from Investments	(2,438)	(7,349)	8,685	1,000	980	2,001	8,037	1,918	(3,534)
Cash Flow:	\$ (3,653)	\$ (5,448)	\$ 8,101	\$ (519)	\$ (2,609)	\$ (3,447)	\$ 10,760	\$ (3,421)	\$ (2,791)
Ending Cash:	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,119	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612

Q2 cash flow was negative at \$2.791 million

The Statement of Cash Flows summarizes the amount of cash and cash equivalents entering and leaving AAATA during the reporting period. It measures how AAATA generates cash to fund its operating, capital, and investing needs. **Negative cash flow is the normal position for all quarters except 4th quarter, when property tax revenues are typically received.**

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	Transactions	Total as of 3/31/2019
Bank of AA - CD	1/23/2019	1.9%	795	(795)	-
Bank of AA - CDARS	1/31/2019	0.7%	1,000	(1,000)	-
Bank of AA - CD	2/20/2019	2.0%	795	(795)	-
Bank of AA - CD	3/20/2019	2.0%	795	(795)	-
Bank of AA - CDARS	3/28/2019	0.7%	2,500	(2,500)	-
Bank of AA - CDARS	8/1/2019	0.8%	1,500	-	1,500
U.S. Treasury Bill	5/28/2019	2.4%	1,000	-	1,000
U.S. Treasury Bill	9/27/2019	2.3%	1,000	-	1,000
U.S. Treasury Bill	3/25/2020	2.4%	1,000	-	1,000
U.S. Treasury Bill	9/25/2020	2.5%	2,000	-	2,000
RBC Futures Account	Daily	0.1%	446	164	610
Key Bank Money Market	Daily	0.1%	5	-	5
Bank of AA - Money Market	Daily	0.6%	1,675	2,187	3,862
Total Investments:			\$ 14,512	\$ (3,534)	\$ 10,978

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 money market savings. 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.

Cash and Investments History

