

---

## ISSUE BRIEF: FY2020 Q4 Financial Statement

Finance Committee Review Date: November 10, 2020

Board Meeting Review Date: November 19, 2020

<b>INFORMATION TYPE:</b>
Receive as CEO operational update
<b>RECOMMENDED ACTION(S):</b>
Receive as CEO operational update
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
<ul style="list-style-type: none"><li>• 2.11.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports.</li><li>• Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August.</li><li>• Policy 2.6 Investments and Appendix F Investment Policy were adopted in June 2018.</li></ul>
<b>ISSUE SUMMARY:</b>
Staff present the Fourth Quarter Financial Statement with currently available and reportable financial information for the period ending September 30, 2020. Revenues and expenses are reported year-to-date for the fiscal year.
<b>BACKGROUND:</b>
<p>Financial highlights from the fourth quarter ending September 30, 2020 (year-to-date) include:</p> <ul style="list-style-type: none"><li>• The reserve was at the target of 2.6 months of annual operating expense. The reserve balance was \$10.5 million, \$1.1 million lower than fourth quarter last year.</li><li>• TheRide operated within the budget for the fourth quarter of the year.</li><li>• There was zero net income of revenue over expense, The net income was \$435 thousand off from the budgeted surplus.</li><li>• Expenses were \$7.32 million lower than budgeted. Savings were from lower wages, fringe benefits, purchased transportation, fuel, materials, contracted services, and other costs, a result of the pandemic period with reduced service and ridership.</li><li>• Revenues were lower than budgeted by \$7.75 million with less than expected passenger fares, subcontract fares, state operating assistance, and other revenues, a result of the pandemic period with fare collection cessation during the year, reduced service and lower ridership.</li><li>• \$2.2 million in CARES Act revenue has been used to date to support operations.</li><li>• Cash flow was adequate to cover expense; Q4 ended at \$24.01 million.</li></ul>
<b>IMPACTS OF RECOMMENDED ACTION(S):</b>
<ul style="list-style-type: none"><li>• Budgetary/Fiscal: Demonstrates financial performance for the reporting period</li><li>• Governance: Supports Board in financial oversight/fiduciary responsibility</li></ul>
<b>ATTACHMENTS:</b>
1. FY2020 Q4 Financial Statement (Income Statement and Balance Sheet)



Ann Arbor Area Transportation Authority

PRELIMINARY

Q4 Financial Statement

Income Statement

For the Period Ended September 30, 2020 (First Close)

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	\$ 2,402	\$ 1,885	\$ 414	\$ 457	\$ 5,158	\$ 9,611	\$ (4,453)	-46.3%
Local Property Taxes	4,378	4,378	4,378	4,378	17,513	17,513	-	0.0%
State Operating Assist.	3,502	3,615	3,618	1,887	12,622	16,999	(4,377)	-25.7%
Federal Operating Assist.	1,122	828	40	1,663	3,652	4,708	(1,056)	-22.4%
CARES Act Operating	-	-	1,217	986	2,203	-	2,203	0.0%
Other Revenues	94	138	50	44	326	394	(67)	-17.0%
Total Operating Revenues	\$ 11,498	\$ 10,845	\$ 9,717	\$ 9,415	\$ 41,475	\$ 49,224	\$ (7,750)	-15.7%
EXPENSES								
Salaries, Wages, Benefits	\$ 6,498	6,313	6,420	\$ 5,762	\$ 24,993	\$ 26,650	\$ 1,657	6.2%
Purchased Transportation	2,821	2,545	1,592	1,087	8,045	12,097	4,052	33.5%
Fuel, Material, Supplies	1,114	899	560	581	3,154	4,704	1,550	32.9%
Contracted Services	381	579	652	585	2,197	2,731	534	19.6%
Other Expenses	557	615	506	597	2,275	2,608	332	12.7%
Depreciation Expense	-	-	-	811	811	-	(811)	0.0%
Total Operating Exp.	\$ 11,371	\$ 10,951	\$ 9,730	\$ 9,423	\$ 41,475	\$ 48,789	\$ 7,315	15.0%
GAIN(LOSS) FROM OPS.	\$ 127	\$ (106)	\$ (13)	\$ (8)	\$ -	\$ 435	\$ (435)	0.0%

TheRide broke even at the end of the fourth quarter and operated within the budget.

Revenues were lower than budgeted by \$7,749,523 due to lower revenues in several categories as a result of the pandemic.

Expenses were \$7,314,552 lower than budgeted due to lower costs across most categories as a result of the pandemic.

CARES Act Utilization

Expenditures from \$20.7 million in Coronavirus Aid, Relief, and Economic Security Act funding as of September 30, 2020, for eligible COVID-19-related

Operating Expenditures	\$ 2,203,325
Capital Expenditures	\$ -
TOTAL EXPENDITURES	\$ 2,203,325

CARES Act Funds Remaining: \$ 18,496,675

YTD Revenue and Expense By Overhead and Mode

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

	Overhead	Fixed Route  <i>Fixed Route Bus</i>	Demand Response  <i>A-Ride</i>	Non-Urban  <i>WAVE, Peoples Express</i>	Other Demand Response  <i>FlexRide, HolidayRide, MyRide, NightRide</i>	AirRide D2A2  <i>Airport/Detroit Shuttle</i>	Other Modes  <i>VanRide, Ride Sharing, Express Ride</i>	TOTAL ACTUAL
DIRECT REVENUE								
Fare Revenue	-	2,470	340	100	47	-	46	3,002
Contract Revenues	-	654	-	578	208	614	103	2,157
Advertising, Interest, Other	-	274	-	-	-	-	53	326
State Operating	-	9,372	1,406	646	428	290	480	12,621
Total Direct Revenue	-	12,769	1,746	1,324	682	904	682	18,107
DIRECT EXPENSE								
Salaries, Wages, Benefits	4,154	19,236	943	-	457	-	203	24,993
Purchased Transportation	-	-	3,717	1,912	819	789	808	8,045
Fuel, Material, Supplies	799	2,335	4	-	8	1	7	3,154
Contracted Services	979	990	49	-	7	2	171	2,197
Depreciation & Other	2,528	462	7	-	2	54	34	3,086
Total Operating Expense	8,460	23,022	4,720	1,912	1,292	846	1,223	41,475
Gain(Loss) from Ops.	(8,460)	(10,253)	(2,974)	(588)	(610)	58	(541)	(23,368)
ALLOCATED REVENUE								
Local Property Taxes	8,460	7,222	1,831	-	-	-	-	17,513
Federal Operating & CARES	-	3,031	1,143	588	610	(58)	541	5,856
GAIN(LOSS) TOTAL:	-	-	-	-	-	-	-	-





Ann Arbor Area Transportation Authority

PRELIMINARY

# Q4 Financial Statement

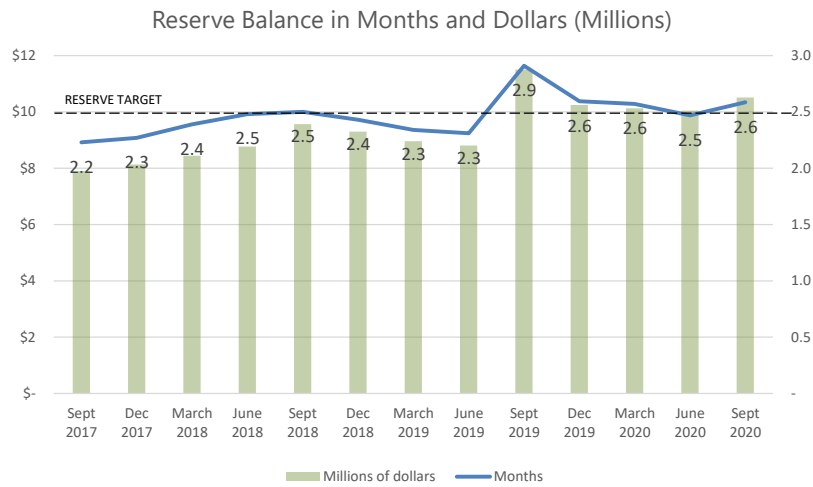
## Balance Sheet

For the Period Ended September 30, 2020 (First Close)

### Balance Sheet and Reserve

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

	Q4 2019	Q3 2020	Q4 2020
	9/30/2019	6/30/2020	9/30/2020
ASSETS			
Cash	\$ 10,228	\$ 5,183	\$ 17,219
Investments	\$ 11,642	6,789	\$ 6,791
Other Current Assets	8,532	16,316	5,349
Capital Assets	46,749	52,784	46,539
Total Assets	\$ 77,151	\$ 81,071	\$ 75,898
LIABILITIES	6,769	5,038	6,165
NET POSITION	\$ 70,382	\$ 76,033	\$ 69,733
Reserve Balance	\$ 11,585	\$ 10,045	\$ 10,510
Months in Reserve	2.9	2.5	2.6



### 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 2018		Fiscal Year 2019				Fiscal Year 2020			
	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Beginning Balance:	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972
Cash from Operations	(5,417)	2,725	(5,289)	115	(3,040)	2,273	(4,626)	(1,495)	(618)	11,362
Cash from Capital	(31)	(2)	(50)	628	465	1,031	1,351	(304)	738	674
Cash from Investment	2,001	8,037	1,918	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)	2
Cash Flow:	\$ (3,447)	\$ 10,760	\$ (3,421)	\$ (2,791)	\$ (4,185)	\$ 12,445	\$ (3,275)	\$ (4,744)	\$ (1,881)	\$ 12,038
Ending Balance:	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,010

**Q4 cash flow was positive at \$12.04 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 usual position for all quarters except 4th quarter, when property tax receipts generate positive cash flow.**

### Investments Summary

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

Investment Instrument	Date of Maturity	Interest Rate	Total as of 6/30/2020	Transactions	Total as of 9/30/2020
U.S. Treasury Note	8/15/2020	1.5%	1,494	(1,494)	-
CD Other	1/15/2021	1.7%	240		240
CD Other	1/21/2021	1.7%	240		240
U.S. Agency Bond	9/28/2020	1.4%	150	(150)	-
U.S. Agency Bond	10/30/2020	1.5%	2,000		2,000
U.S. Agency Bond	4/9/2021	1.6%	1,000		1,000
U.S. Agency Bond	8/11/2022	0.4%	1,500		1,500
U.S. Agency Bond	8/12/2022	0.1%	-	1,500	1,500
Money Market Funds	N/A	0.2%	119	155	274
Mark-to-Market Adjustment			46	(9)	37
Total Investments:			\$ 6,789	\$ 2	\$ 6,791

**Q4 2020 Investment Income (year to date): \$161,119**

The majority of Operating Capital and Long Term Reserves are federally insured.

U.S. Treasury Bills, Notes, and Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before 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.

### Cash and Investments History

