

ISSUE BRIEF: FY2021 Q1 Financial Statement

Finance Committee Review Date: March 10, 2021

Board Meeting Review Date: March 18, 2021

INFORMATION TYPE:
Receive as CEO operational update
RECOMMENDED ACTION(S):
Receive as CEO operational update
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • 2.10.1.5 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.
ISSUE SUMMARY:
Staff present the First Quarter Financial Statement with currently available and reportable financial information for the period ending December 31, 2020.
BACKGROUND:
<p>Financial highlights from the first quarter (October, November, December 2020) include:</p> <ul style="list-style-type: none"> • The reserve was at 2.9 months of annual operating expense, exceeding the target of 2.5 months. • The reserve balance was \$10.4 million, \$0.2 million higher than first quarter end last year. • TheRide operated within the budget for the first quarter of the year. • There was a zero surplus of revenue over expense as budgeted. • Expenses were \$1.6 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. • Revenues were lower than budgeted by \$1.6 million with less than expected passenger fares, subcontract fares, state operating assistance, and other revenues, a result of the pandemic period. • \$3.0 million in CARES Act revenue has been used to date to support operations. • Cash flow was adequate to cover expense; Q1 ended at \$19.3 million in cash/ investments.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Demonstrates financial performance for the reporting period • Governance: Supports Board in financial oversight/fiduciary responsibility
ATTACHMENTS:
1. FY2021 Q1 Financial Statement (Income Statement and Balance Sheet)

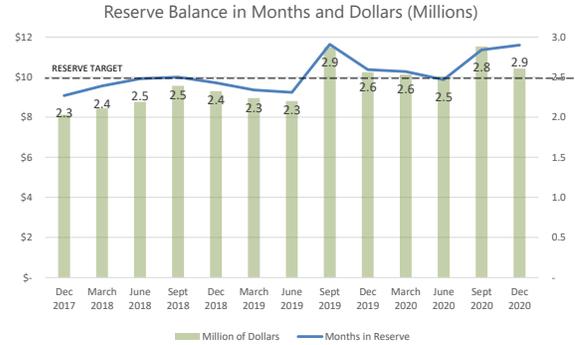
Balance Sheet

For the Period Ended December 31, 2020

Balance Sheet and Reserve

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

ASSETS	Q1 2020	Q4 2020	Q1 2021
	12/31/2019	9/30/2020	12/31/2020
Cash	\$ 6,899	\$ 17,240	\$ 7,453
Investments	\$ 11,698	\$ 6,791	\$ 11,799
Other Current Assets	10,698	7,414	11,306
Capital Assets	47,904	46,999	46,369
Total Assets	\$ 77,199	\$ 78,444	\$ 76,927
LIABILITIES	5,842	7,225	6,456
NET POSITION	\$ 71,357	\$ 71,220	\$ 70,471
Reserve Balance	\$ 10,248	\$ 11,536	\$ 10,429
Months in Reserve	2.6	2.8	2.9



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 2019				Fiscal Year 2020				Fiscal Year 2021
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Beginning Balance:	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031
Cash from Opera	(5,289)	115	(3,040)	2,273	(4,626)	(1,495)	(618)	11,383	(5,259)
Cash from Capita	(50)	628	465	1,031	1,351	(304)	738	674	472
Cash from Invest	1,918	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)	2	8
Cash Flow:	\$ (3,421)	\$ (2,791)	\$ (4,185)	\$ 12,445	\$ (3,275)	\$ (4,744)	\$ (1,881)	\$ 12,059	\$ (4,779)
Ending Balance:	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252

Q1 cash flow was negative at \$4.8 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 normal 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		Total as of 12/31/2020
			9/30/2020	Transactions	
Bank of AA - CDARS	4/1/2021	0.2%	-	2,500	2,500
Bank of AA - CDARS	9/30/2021	0.2%	-	2,500	2,500
CD Other	1/15/2021	1.7%	240		240
CD Other	1/21/2021	1.7%	240		240
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	1.6%	1,500	(1,500)	-
U.S. Agency Bond	8/12/2022	0.13%	1,500		1,500
Money Market Funds	N/A	0.2%	274	1,500	1,774
Mark-to-Market Adjustment			37	8	45
Total Investments:			\$ 6,791	\$ 5,008	\$ 11,799

Q1 2021 Investment income (year to date): \$9,576

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, 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

Cash and Investments History

Total Cash and Investments by Month and Year (2017 to 2021 YTD)

In Millions of Dollars.

