

# **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**

- 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:**

Financial highlights from the first guarter (October, November, December 2020) include:

- 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):**

- 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)



Q1 Financial Statement

## **Income Statement**

For the Period Ended December 31, 2020

## Revenue and Expense (Budget to Actual)

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

BLACK = FAVORABLE RED = UNFAVORABLE

	Actual	Actual	Actual	Actual	Actual	Budgeted	Variance	Variance
REVENUES	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	YTD	(Dollars)	(Percent)
Fares and Contracts	\$ 652				\$ 652	\$ 1,124	\$ (472)	-42.0%
Local Property Taxes	4,066				4,066	4,066	-	0.0%
State Operating Assist.	2,569				2,569	2,648	(79)	-3.0%
Federal Operating Assist.	247				247	1,269	(1,022)	-80.5%
CARES Act Operating	1,599				1,599	1,612	(13)	-0.8%
Other Revenues	76				76	68	8	11.8%
<b>Total Operating Revenues</b>	\$ 9,209	\$ -	\$ -	\$ -	\$ 9,209	\$ 10,787	\$ (1,578)	-14.6%
EXPENSES								
Salaries, Wages, Benefits	\$ 5,937				\$ 5,937	\$ 6,063	\$ 126	2.1%
Purchased Transportation	1,146				1,146	2,042	896	43.9%
Fuel, Material, Supplies	791				791	1,156	365	31.6%
Contracted Services	560				560	840	280	33.3%
Other Expenses	776				776	686	(90)	-13.1%
Total Operating Exp.	\$ 9,209	\$ -	\$ -	\$ -	\$ 9,209	\$ 10,787	\$ 1,578	14.6%
GAIN(LOSS) FROM OPS.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ (0)	0.0%



TheRide broke even at the end of the first



**Revenues** were lower than budgeted by \$1,578,270 due to lower revenues across all categories as a result of the pandemic.



**Expenses** were **\$1,578,270** lower than budgeted due to lower costs across all 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 **December 31, 2020**, for eligible COVID-19-related

 Operating Expenditures
 \$ 3,003,719

 Capital Expenditures

 TOTAL EXPENDITURES
 \$ 3,003,719

CARES Act Funds Remaining: \$ 17,696,281

## YTD Revenue and Expense By Mode

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

	Fixed Route	Demand Response	Other Demand Response	Non-Urban	Express Ride	AirRide D2A2	Van Ride	TOTAL ACTUAL
DIRECT REVENUE	Fixed Route Bus	A-Ride	FlexRide, HolidayRide, MyRide, NightRide	WAVE, Peoples Express	Commuter Express	Airport/Detroit Shuttle	VanRide, Ride Sharing	
Fare Revenue	249	31	12	34	-	-	-	327
Contract Revenues	137	-	52	136	-	-	-	325
Advertising, Interest, Other	76	-	-	-	-	-	0	76
State Operating	1,740	399	139	242	-	-	50	2,569
<b>Total Direct Revenue</b>	2,202	430	203	412	-	-	50	3,297
TOTAL EXPENSE								
Salaries, Wages, Benefits	4,932	941	25	19	-	-	19	5,937
Purchased Transportation	-	-	398	614	-	-	134	1,146
Fuel, Material, Supplies	667	112	6	4	-	-	3	791
Contracted Services	477	79	-	4	-	-		560
Other Expenses	630	131	11	2	-	-	2	776
Total Operating Expense	6,706	1,263	440	644	-	-	157	9,209
Gain(Loss) from Ops.	(4,504)	(832)	(237)	(232)	-	-	(107)	(5,912)
ALLOCATED REVENUE								
Local Property Taxes	4,066	=	-	-	-	-	-	4,066
Federal Operating & CARES	437	832	237	232	-	-	107	1,846
GAIN(LOSS) TOTAL:	-	-	-	-	-	-	-	-

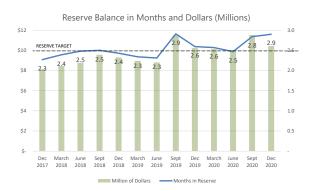
#### **Balance Sheet**

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 12/31/2019		Q4 2020 9/30/2020	Q1 2021 12/31/2020		
Cash	\$	6,899	\$	17,240	\$ 7,453		
Investments	\$	11,698		6,791	\$ 11,799		
Other Current Assets Capital Assets		10,698 47,904		7,414	11,306		
				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).

		Fiscal Year 2019									Fiscal Year 2020							Fiscal Year 2021	
Historical Cash Flows	Quarter 1		Quarter 2		Quarter 3		Q	Quarter 4		Quarter 1		Quarter 2		Quarter 3		Quarter 4		uarter 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 measureshow 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).

	Date of	Interest	Total as of		Total as of
Investment Instrument	Maturity	Rate	9/30/2020	Transactions	12/31/2020
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)

