

ISSUE BRIEF: FY2021 Q2 Financial Statement

Finance Committee Review Date: May 11, 2021

Board Meeting Review Date: May 20, 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 Second Quarter Financial Statement with currently available and reportable financial information for the period ending March 31, 2021.
BACKGROUND:
<p>Financial highlights from the second quarter (January, February, March 2021) include:</p> <ul style="list-style-type: none"> • The budget shown represents the <u>original budget</u> adopted by the Board in September 2021. The amended budget approved by the Board in April 2021 will be presented in the third quarter 2021 financial report. • TheRide operated within the budget for the second quarter of the year. • There was a zero surplus of revenue over expense as budgeted. • Expenses were \$2.9 million lower than budgeted. Savings were from lower wages, fringe benefits, purchased transportation, fuel, materials, and contracted services, a result of the pandemic period, with reduced service and ridership. • Revenues were \$2.9 million lower than budgeted. This is a result of less than expected fares, federal operating assistance, CARES Act funding, and other revenues, a result of the pandemic period, with lower ridership and less federal grant funding needed to cover expenses. • The operating reserve is at 3 months and a capital reserve of \$1.0 million (as approved in January 2021) is shown. • ~\$4 million in CARES Act revenue has been used to date to support operations.

- Cash flow was adequate to cover expense; Q2 2021 ended at \$16.8 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 Q2 Financial Statement (Income Statement and Balance Sheet)

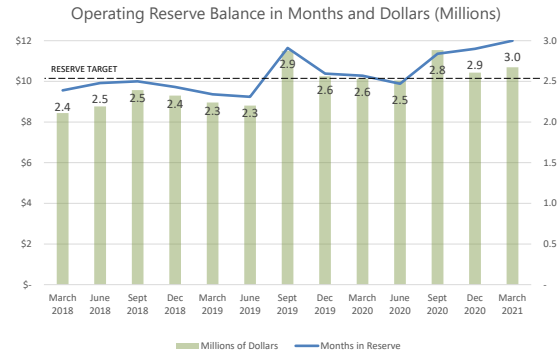
Balance Sheet

For the Period Ended March 31, 2021

Balance Sheet and Reserve

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

ASSETS	Q2 2020	Q1 2021	Q2 2021
	3/31/2020	12/31/2020	3/31/2021
Cash	\$ 5,063	\$ 7,453	\$ 4,989
Investments	8,790	11,799	11,791
Other Current Assets	14,806	11,306	19,672
Capital Assets	52,477	46,369	45,533
Total Assets	\$ 81,135	\$ 76,927	\$ 81,985
LIABILITIES	5,320	6,456	12,535
TOTAL NET POSITION	\$ 75,815	\$ 70,471	\$ 69,449
Capital Reserve Balance			\$ 1,000
Operating Reserve Balance	\$ 10,134	\$ 10,429	\$ 10,691
Months in Reserve	2.6	2.9	3.0



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 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2
Beginning Balance:	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252
Cash from Operations	115	(3,040)	2,273	(4,626)	(1,495)	(618)	11,383	(243)	(3,755)
Cash from Capital	628	465	1,031	1,351	(304)	738	674	472	1,291
Cash from Investments	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)	2	(5,008)	(8)
Cash Flow:	\$ (2,791)	\$ (4,185)	\$ 12,445	\$ (3,275)	\$ (4,744)	\$ (1,881)	\$ 12,059	\$ (4,779)	\$ (2,472)
Ending Balance:	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252	\$ 16,780

Q2 cash flow was negative at \$2.5 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 12/31/2020	Transactions	Total as of 3/31/2021
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	11/6/2023	0.3%	2,000	-	2,000
U.S. Agency Bond	4/9/2021	1.6%	1,000	-	1,000
U.S. Agency Bond	8/12/2022	0.13%	1,500	-	1,500
U.S. Agency Bond	1/19/2024	0.23%	-	750	750
U.S Treasury Notes	5/15/2023	0.13%	-	1,500	1,500
Money Market Funds	N/A	0.2%	1,774	(1,742)	32
Mark-to-Market Adjustment			45	(36)	9
Total Investments:			\$ 11,799	\$ (8)	\$ 11,791

Q2 2021 Investment Income (year to date): \$2,461

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 capital.

Cash and Investments History

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

In Millions of Dollars.

