

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

- 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:

Financial highlights from the second quarter (January, February, March 2021) include:

- 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 guarter 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)





Income Statement

For the Period Ended March 31, 2021

Revenue and Expense (Budget to Actual)

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

BLACK = FAVORABLE RED = UNFAVORABLE

In Thousands of Dollars (which means add	Original	RED = UNF	AVORABLE							
	Actua	al	Actual	Actual	Actual	A	ctual	Budgeted	Variance	Variance
REVENUES	Quarte	er 1	Quarter 2	Quarter 3	Quarter 4		YTD YTD		(Dollars)	(Percent)
Fares and Contracts	\$	652	\$ 884			\$	1,536	\$ 2,249	\$ (713)	-32%
Local Property Taxes	4	4,066	4,066				8,133	8,133	_	0%
State Operating Assist.	2	2,569	3,327				5,896	5,296	600	11%
Federal Operating Assist.		247	136				383	2,538	(2,155)	-85%
CARES Act Operating	1	1,599	1,002				2,601	3,224	(623)	-19%
Other Revenues		76	51				127	136	(9)	-7%
Total Operating Revenues	\$ 9	,209	\$ 9,466	\$ -	\$ -	\$	18,676	\$ 21,576	\$ (2,900)	-13%
EXPENSES										
Salaries, Wages, Benefits	\$ 5	5,937	5,779			\$	11,716	\$ 12,127	\$ 411	3%
Purchased Transportation	1	1,146	1,145				2,291	4,096	1,805	44%
Fuel, Material, Supplies		791	917				1,708	2,312	605	26%
Contracted Services		560	755				1,315	1,681	366	22%
Other Expenses		776	871				1,646	1,360	(286)	-21%
Total Operating Expenses	\$ 9	,209	\$ 9,466	\$ -	\$ -	\$	18,676	\$ 21,576	\$ 2,900	13%
GAIN(LOSS) FROM OPS	\$	-	\$ (0)	\$ -	\$ -	\$	(0)	\$ 0	\$ 0	0%



TheRide had a zero net income result at the end of the second quarter and operated within the budget.



Revenues were **\$2.9** million lower than budgeted due to the pandemic period causing lower than expected fares and federal grant funding needed to cover expenses.



Expenses were **\$2.9 million** 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 **March 31, 2021**, for eligible COVID-19-related costs:

TOTAL EXPENDITURES	\$ 4,005,705
Capital Expenditures	\$ _
Operating Expenditures	\$ 4,005,705

CARES Act Funds Remaining: \$ 16,694,295

YTD Revenue and Expense By Mode

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

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		Fixed Route	Demand Response	Other Demand Response		Non-Urban			Express Ride	AirRide D2A2		Van Ride			OTAL CTUAL
DIRECT REVENUE	Fixe	d Route Bus	A-Ride		Ride, HolidayRide, ⁄Ride, NightRide	WAV	/E, Peoples Express	Commuter Express		Airport/Detroit Shuttle		VanRide, Ride Sharing			
Fare Revenue	\$	510	\$ 68	\$	26	\$	68	\$	(0)	\$	-	\$	-	\$	672
Contract Revenues		284	-		313		268		-		-		-		865
Advertising, Interest, Other		119	-		-		-		-		-		8		127
State Operating		4,267	788		265		476		-		-		100		5,896
Total Direct Revenue	\$	5,180	\$ 856	\$	604	\$	812	\$	(0)	\$	-	\$	108	\$	7,559
TOTAL EXPENSE															
Salaries, Wages, Benefits	\$	9,806	\$ 1,783	\$	49	\$	39	\$	-	\$	-	\$	39	\$	11,716
Purchased Transportation		-	-		812		1,211		-		-		268		2,291
Fuel, Material, Supplies		1,452	230		13		8		-		-		5		1,708
Contracted Services		1,103	203		-		8		-		-				1,315
Other Expenses		1,339	278		23		4		-		-		4		1,646
Total Operating Expense	\$	13,700	\$ 2,494	\$	897	\$	1,269	\$	-	\$	-	\$	315	\$	18,676
Gain(Loss) from Ops.	\$	(8,521)	\$ (1,638)	\$	(293)	\$	(457)	\$	(0)	\$	-	\$	(207)	\$ (11,116)
ALLOCATED REVENUE															
Local Property Taxes		8,075	=		58		-		-		-		-		8,133
Federal Operating & CARES		445	1,638		236		457		0		-		207		2,983
GAIN(LOSS) TOTAL:	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0



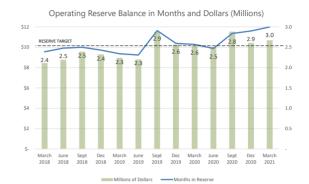
Balance Sheet

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.

	Q2 2020		Q1 2021	Q2 2021
ASSETS	3/31/2020	1	2/31/2020	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)

	Fiscal Year 2019						Fiscal Year 2020								Fiscal Year 2021			
Historical Cash Flows	Quart	uarter 2 Quarter 3		Quarter 4		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Quarter 1		Quarter 2		
Beginning Balance:	\$ 1	6,403	\$	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	2,791)	\$	(4,185)	\$	12,445	\$	(3,275)	\$	(4,744)	\$	(1,881)	\$	12,059	\$	(4,779)	\$ (2,472)	
Ending Balance:	\$ 1.	3,612	\$	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)

	Date of	Interest	l otal as of		lotal as of
Investment Instrument	Maturity	Rate	12/31/2020	Transactions	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
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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)

