

## ISSUE BRIEF: FY2021 Q3 Financial Statement

**Finance Committee Review Date: August 10, 2021**

**Board Meeting Review Date: August 19, 2021**

<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>• 2.10.1.5 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.</li> </ul>
<b>ISSUE SUMMARY:</b>
Staff present the Third Quarter Financial Statement with currently available and reportable financial information for the period ending June 30, 2021.
<b>BACKGROUND:</b>
<p>Financial highlights from the third quarter (April, May, June 2021) include:</p> <ul style="list-style-type: none"> <li>• The budgeted local property tax revenues are adjusted to reflect the FY2021 amended budget presented in August 2021.</li> <li>• TheRide operated within the budget for the third quarter of the year.</li> <li>• There was a \$9.48 million surplus of revenue over expense as budgeted. This surplus is projected to be transferred to the capital reserve.</li> <li>• 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.</li> <li>• Revenues were \$2.4 million lower than budgeted. This is a result of less than expected fares, federal operating assistance, and other revenues, a result of the pandemic period, with lower ridership and less federal grant funding needed to cover expenses.</li> <li>• Based on board action, there are now three reserves: operating reserve at 3 months, capital reserve of \$1.0 million, and insurance reserve at \$0.5 million.</li> <li>• \$12.8 million in CARES Act revenue has been used to date to support operations.</li> </ul>

- Cash flow was adequate to cover expense; Q3 2021 ended at \$17.5 million in cash and 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 Q3 Financial Statement (Income Statement and Balance Sheet)

## Income Statement

For the Period Ended June 30, 2021

### Revenue and Expense (Budget to Actual)

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

REVENUES	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Amended		Variance (Dollars)	Variance (Percent)
						Budgeted YTD			
Fares and Contracts	\$ 652	\$ 884	\$ 730		\$ 2,267	\$ 2,921		\$ (654)	-22%
Local Property Taxes	4,066	4,066	4,066		12,199	12,199	*	-	0%
State Operating Assist.	2,569	3,327	3,134		9,030	9,047		(17)	0%
Federal Operating Assist.	247	136	1,703		2,086	3,807		(1,721)	-45%
CARES Act Operating	1,599	1,002	10,224		12,825	12,825		-	0%
Other Revenues	76	51	49		176	227		(52)	-23%
<b>Total Operating Revenues</b>	<b>\$ 9,209</b>	<b>\$ 9,466</b>	<b>\$ 19,906</b>	<b>\$ -</b>	<b>\$ 38,582</b>	<b>\$41,026</b>		<b>\$ (2,444)</b>	<b>-6%</b>
<b>EXPENSES</b>									
Salaries, Wages, Benefits	\$ 5,937	5,779	6,956		\$ 18,672	\$ 20,069		\$ 1,397	7%
Purchased Transportation	1,146	1,145	1,111		3,402	4,292		890	21%
Fuel, Material, Supplies	791	917	786		2,494	3,361		867	26%
Contracted Services	560	755	749		2,064	2,337		273	12%
Other Expenses	776	871	822		2,468	2,014		(454)	-23%
<b>Total Operating Expenses</b>	<b>\$ 9,209</b>	<b>\$ 9,466</b>	<b>\$ 10,424</b>	<b>\$ -</b>	<b>\$ 29,099</b>	<b>\$32,072</b>		<b>\$ 2,973</b>	<b>9%</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,483</b>	<b>\$ -</b>	<b>\$ 9,483</b>	<b>\$ 8,954</b>		<b>\$ (529)</b>	<b>-6%</b>
<b>Reserve Transfer</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (9,483)</b>	<b>\$ -</b>	<b>\$ (9,483)</b>	<b>\$ (8,954)</b>		<b>\$ 529</b>	<b>-6%</b>
<b>OPERATING BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	

BLACK = FAVORABLE  
RED = UNFAVORABLE

\* The budgeted property tax revenues are adjusted to reflect the proposed amendment in August 2021.

<p><input checked="" type="checkbox"/> TheRide had a \$9,482,616 surplus at the end of the third quarter and operated within the budget.</p> <p>Revenues were lower than budgeted by \$2,444,442 due to federal operating assistance being less than expected as a result of less than expected expenses along with lower passenger fares.</p> <p>Expenses were \$2,973,108 lower than budgeted due to lower costs across most categories as a result of the pandemic period.</p>	<h4>CARES Act Utilization</h4> <p>Expenditures from \$20.7 million in Coronavirus Aid, Relief, and Economic Security Act funding as of June 30, 2021, for eligible COVID-19-related costs:</p> <table border="0"> <tr> <td>Operating Expenditures</td> <td style="text-align: right;">\$ 14,230,006</td> </tr> <tr> <td>Capital Expenditures</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td><b>TOTAL EXPENDITURES</b></td> <td style="text-align: right;"><b>\$ 14,230,006</b></td> </tr> </table> <p>CARES Act Funds Remaining: \$ 6,469,994</p>	Operating Expenditures	\$ 14,230,006	Capital Expenditures	\$ -	<b>TOTAL EXPENDITURES</b>	<b>\$ 14,230,006</b>
Operating Expenditures	\$ 14,230,006						
Capital Expenditures	\$ -						
<b>TOTAL EXPENDITURES</b>	<b>\$ 14,230,006</b>						

### 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	VanRide	TOTAL ACTUAL
	<i>Fixed Route Bus</i>	<i>A-Ride</i>	<i>FlexRide, HolidayRide, MyRide, NightRide</i>	<i>WAVE, Peoples Express</i>	<i>Commuter Express</i>	<i>Airport/Detroit Shuttle</i>	<i>VanRide, Ride Sharing</i>	
<b>DIRECT REVENUE</b>								
Fare Revenue	\$ 786	\$ 109	\$ 44	\$ 111	\$ (0)	\$ -	\$ -	\$ 1,050
Contract Revenues	617	-	352	248	-	-	-	1,217
Advertising, Interest, Other	167	-	-	-	-	-	8	176
State Operating	6,567	1,199	430	685	-	-	149	9,030
<b>Total Direct Revenue</b>	<b>\$ 8,137</b>	<b>\$ 1,308</b>	<b>\$ 826</b>	<b>\$ 1,044</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ 157</b>	<b>\$ 11,472</b>
<b>TOTAL EXPENSE</b>								
Salaries, Wages, Benefits	\$ 15,632	\$ 2,851	\$ 72	\$ 58	\$ -	\$ -	\$ 58	\$ 18,672
Purchased Transportation	-	-	1,264	1,738	-	-	400	3,402
Fuel, Materials, Supplies	2,045	412	18	11	-	-	7	2,494
Contracted Services	1,810	242	-	12	-	-	-	2,064
Other Expenses	2,133	288	35	6	-	-	5	2,468
<b>Total Operating Expense</b>	<b>\$ 21,621</b>	<b>\$ 3,794</b>	<b>\$ 1,390</b>	<b>\$ 1,825</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470</b>	<b>\$ 29,099</b>
<b>Surplus (Deficit) from OPS</b>	<b>\$ (13,484)</b>	<b>\$ (2,486)</b>	<b>\$ (564)</b>	<b>\$ (781)</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (313)</b>	<b>\$ (17,627)</b>
<b>ALLOCATED REVENUE</b>								
Local Property Taxes	12,171	-	28	-	-	-	-	12,199
Federal Operating & CARES	10,900	2,486	536	675	0	-	313	14,911
<b>SURPLUS (DEFICIT):</b>	<b>\$ 9,588</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (106)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,483</b>

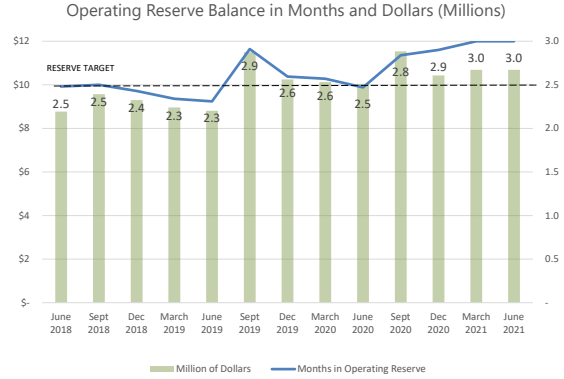
## Balance Sheet

For the Period Ended June 30, 2021

### Balance Sheet and Reserve

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

	Q3 2020 6/30/2020	Q2 2021 3/31/2021	Q3 2021 6/30/2021
<b>ASSETS</b>			
Cash	\$ 5,183	\$ 4,989	\$ 5,716
Investments	6,789	11,791	11,790
Other Current Assets	16,316	19,672	21,809
Capital Assets	52,784	45,533	44,079
<b>Total Assets</b>	<b>81,071</b>	<b>81,985</b>	<b>83,395</b>
<b>LIABILITIES</b>	<b>5,038</b>	<b>6,586</b>	<b>6,112</b>
<b>TOTAL NET POSITION</b>	<b>\$ 76,033</b>	<b>\$ 75,399</b>	<b>\$ 77,282</b>
<b>RESERVES:</b>	<b>Balances</b>		
Capital	\$ 1,000	\$ 1,000	\$ 1,000
Insurance			\$ 500
Operating	\$ 10,045	\$ 10,691	\$ 10,691
<b>Months in Operating Reserve</b>	<b>2.5</b>	<b>3.0</b>	<b>3.0</b>



### 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	Quarter 3
<b>Beginning Balance:</b>	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252	\$ 16,780
Cash from Operations	115	(3,040)	2,273	(4,626)	(1,495)	(618)	11,383	(250)	(3,755)	967
Cash from Capital	628	465	1,031	1,351	(304)	738	674	472	1,291	(240)
Cash from Investments	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)	2	(5,001)	(8)	(1)
<b>Cash Flow:</b>	<b>\$ (2,791)</b>	<b>\$ (4,185)</b>	<b>\$ 12,445</b>	<b>\$ (3,275)</b>	<b>\$ (4,744)</b>	<b>\$ (1,881)</b>	<b>\$ 12,059</b>	<b>\$ (4,779)</b>	<b>\$ (2,472)</b>	<b>\$ 726</b>
<b>Ending Balance:</b>	<b>\$ 13,612</b>	<b>\$ 9,427</b>	<b>\$ 21,872</b>	<b>\$ 18,597</b>	<b>\$ 13,853</b>	<b>\$ 11,972</b>	<b>\$ 24,031</b>	<b>\$ 19,252</b>	<b>\$ 16,780</b>	<b>\$ 17,506</b>

### Q3 cash flow was positive at \$0.7 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. Typically 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 3/31/2021		Total as of 6/30/2021	
			Transactions		Transactions	
Bank of AA - CDARS	4/1/2021	0.2%	2,500	(2,500)	-	-
Bank of AA - CDARS	3/31/2022	0.1%	-	2,502	2,502	2,502
Bank of AA - CDARS	9/30/2021	0.2%	2,500	-	2,500	2,500
U.S. Agency Bond	11/6/2023	0.3%	2,000	-	2,000	2,000
U.S. Agency Bond	4/9/2021	1.6%	1,000	(1,000)	-	-
U.S. Agency Bond	4/8/2024	0.4%	-	1,000	1,000	1,000
U.S. Agency Bond	8/12/2022	0.13%	1,500	-	1,500	1,500
U.S. Agency Bond	1/19/2024	0.23%	750	-	750	750
U.S Treasury Notes	5/15/2023	0.13%	1,500	-	1,500	1,500
Money Market Funds	N/A	0.2%	32	8	40	40
Mark-to-Market Adjustment			9	(11)	(2)	(2)
<b>Total Investments:</b>			<b>\$ 11,791</b>	<b>\$ (1)</b>	<b>\$ 11,790</b>	<b>\$ 11,790</b>

Q3 2021 Investment Income (year to date): \$2,818

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.

