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**ISSUE BRIEF: FY2020 Q1 Financial Statement****Meeting: Board of Directors****Meeting Date: February 20, 2020**

<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>• 2.11.1.5 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 were adopted in June 2018.</li></ul>
<b>ISSUE SUMMARY:</b>
Staff present the First Quarter Financial Statement with currently available and reportable financial information for the period ending December 31, 2019.
<b>BACKGROUND:</b>
<p>Financial highlights from the first quarter (October, November, December 2019) include:</p> <ul style="list-style-type: none"><li>• The reserve was at 2.59 months of annual operating expense, exceeding the target of 2.5 months.</li><li>• The reserve balance was \$10.2 million, \$0.9 million higher than first quarter end last year.</li><li>• TheRide operated within the budget for the first quarter of the year.</li><li>• There was a \$126,861 surplus of revenue over expense, which represents a contingency margin of 1.1% of the adopted budget (FY2020 to date).</li><li>• Expenses were \$911,390 lower than budgeted. Savings were from lower wages, fringe benefits, contracted services, and other costs.</li><li>• Revenues were lower than budgeted by \$454,915 with less than expected state operating assistance and other revenues.</li><li>• Cash flow was adequate to cover expense; Q1 ended at \$18.6 million in cash/ investments.</li></ul>
<b>IMPACTS OF RECOMMENDED ACTION(S):</b>
<ul style="list-style-type: none"><li>• Budgetary/Fiscal: Demonstrates financial performance for the reporting period</li><li>• Governance: Supports Board in financial oversight/fiduciary responsibility</li></ul>
<b>ATTACHMENTS:</b>
FY2020 Q1 Financial Statement (Income Statement and Balance Sheet)

**Income Statement**

For the Period Ended December 31, 2019

**Revenue and Expense (Budget to Actual)**

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

BLACK = FAVORABLE  
RED = UNFAVORABLE

	Actual Quarter 1	Actual Quarter 3	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Variance (Dollars)	Variance (Percent)
<b>REVENUES</b>								
Fares and Contracts	\$ 2,402				\$ 2,402	\$ 2,382	\$ 20	0.8%
Local Property Taxes	4,378				4,378	4,378	-	0.0%
State Operating Assist.	3,502				3,502	3,900	(398)	-10.2%
Federal Operating Assist.	1,122				1,122	1,177	(56)	-4.8%
Other Revenues	94				94	116	(22)	-19.0%
<b>Total Operating Revenues</b>	<b>\$ 11,498</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,498</b>	<b>\$ 11,953</b>	<b>\$ (455)</b>	<b>-3.8%</b>
<b>EXPENSES</b>								
Salaries, Wages, Benefits	\$ 6,498				\$ 6,498	\$ 7,121	\$ 623	8.8%
Purchased Transportation	2,821				2,821	2,713	(108)	-4.0%
Fuel, Material, Supplies	1,114				1,114	1,176	62	5.3%
Contracted Services	381				381	684	303	44.3%
Other Expenses	557				557	588	31	5.2%
<b>Total Operating Exp.</b>	<b>\$ 11,371</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,371</b>	<b>\$ 12,283</b>	<b>\$ 911</b>	<b>7.4%</b>
<b>GAIN(LOSS) FROM OPS.</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 127</b>	<b>\$ (330)</b>	<b>\$ 456</b>	<b>1.1%</b>

REVENUE

\$454,915

Revenues were lower than budgeted by \$454,915 with lower than expected state operating revenues due to change in reimbursement rate and lower eligible expenses than expected.

EXPENSE

\$911,390

Expenses were \$911,390 lower than budgeted due to lower wages/benefits and contracted service costs than expected offset by higher than expected purchased transportation expenses. Contracted services includes maintenance, consulting, etc.

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TheRide had a \$126,861 surplus at the end of the first quarter and operated within the budget.

**YTD Revenue and Expense By Overhead and Mode**

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

	Overhead	Fixed Route	Demand Response	Non-Urban	Express Ride	AirRide	Other Modes	TOTAL ACTUAL
		<i>Fixed Route Bus</i>	<i>A-Ride, FlexRide, HolidayRide, MyRide, NightRide</i>	<i>WAVE, Peoples Express</i>	<i>Commuter Express</i>	<i>Airport Shuttle</i>	<i>VanRide, Ride Sharing</i>	
<b>DIRECT REVENUE</b>								
Fare Revenue	-	1,237	201	30	23	363	-	1,854
Contract Revenues	-	324	52	169	4	-	-	549
Advertising, Interest, Other	-	94	-	-	-	-	0	94
State Operating	-	2,444	514	179	20	142	204	3,502
<b>Total Direct Revenue</b>	<b>-</b>	<b>4,099</b>	<b>767</b>	<b>378</b>	<b>46</b>	<b>505</b>	<b>204</b>	<b>5,998</b>
<b>DIRECT EXPENSE</b>								
Salaries, Wages, Benefits	1,041	5,260	110	-	42	-	44	6,498
Purchased Transportation	-	-	1,623	534	-	416	248	2,821
Fuel, Material, Supplies	208	898	-	-	7	-	1	1,114
Contracted Services	181	159	-	-	1	-	39	381
Other Expenses	441	112	-	-	1	-	3	557
<b>Total Operating Expense</b>	<b>1,871</b>	<b>6,430</b>	<b>1,734</b>	<b>534</b>	<b>51</b>	<b>416</b>	<b>336</b>	<b>11,371</b>
<b>Gain(Loss) from Ops.</b>	<b>(1,871)</b>	<b>(2,331)</b>	<b>(967)</b>	<b>(156)</b>	<b>(5)</b>	<b>89</b>	<b>(132)</b>	<b>(5,373)</b>
<b>ALLOCATED REVENUE</b>								
Local Property Taxes	1,871	1,588	967	-	-	(47)	-	4,378
Federal Operating	-	870	-	156	5	(42)	132	1,122
<b>GAIN(LOSS) TOTAL:</b>	<b>-</b>	<b>127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127</b>



Ann Arbor Area Transportation Authority

# Q1 Financial Statement

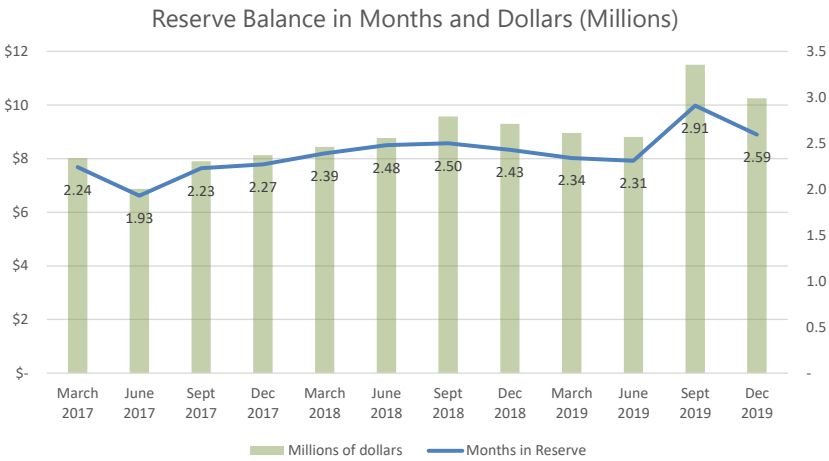
## Balance Sheet

For the Period Ended December 31, 2019

### Balance Sheet and Reserve

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

	Q1 2019 12/31/2018	Q4 2019 9/30/2019	Q1 2020 12/31/2019
<b>ASSETS</b>			
Cash & Investments	\$ 16,403	\$ 21,872	\$ 18,597
Other Current Assets	10,321	7,690	10,698
Capital Assets	51,974	46,744	47,904
<b>Total Assets</b>	<b>\$ 78,699</b>	<b>\$ 76,307</b>	<b>\$ 77,199</b>
<b>LIABILITIES</b>	<b>5,400</b>	<b>6,033</b>	<b>5,842</b>
<b>NET POSITION</b>	<b>\$ 73,298</b>	<b>\$ 70,273</b>	<b>\$ 71,357</b>
<b>Reserve Balance</b>	<b>\$ 9,296</b>	<b>\$ 11,501</b>	<b>\$ 10,248</b>
<b>Months in Reserve</b>	<b>2.43</b>	<b>2.91</b>	<b>2.59</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 2018				Fiscal Year 2019				Fiscal Year 2020
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Beginning Balance:</b>	\$ 15,638	\$ 15,119	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872
Cash from Operations	(1,519)	(3,584)	(5,417)	2,725	(5,289)	115	(3,040)	2,273	(4,626)
Cash from Capital	-	(5)	(31)	(2)	(50)	628	465	1,031	1,351
Cash from Investment	1,000	980	2,001	8,037	1,918	(3,534)	(1,610)	9,141	-
<b>Cash Flow:</b>	<b>\$ (519)</b>	<b>\$ (2,609)</b>	<b>\$ (3,447)</b>	<b>\$ 10,760</b>	<b>\$ (3,421)</b>	<b>\$ (2,791)</b>	<b>\$ (4,185)</b>	<b>\$ 12,445</b>	<b>\$ (3,275)</b>
<b>Ending Balance:</b>	<b>\$ 15,119</b>	<b>\$ 12,511</b>	<b>\$ 9,064</b>	<b>\$ 19,824</b>	<b>\$ 16,403</b>	<b>\$ 13,612</b>	<b>\$ 9,427</b>	<b>\$ 21,872</b>	<b>\$ 18,597</b>

**Q1 cash flow was negative at \$3.3 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 the normal position 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 9/30/2019	Transactions	Total as of 12/31/2019
U.S. Treasury Bill	10/15/2019	1.7%	1,000	(1,000)	-
U.S. Treasury Bill	11/19/2019	1.7%	2,000	(2,000)	-
U.S. Treasury Bill	12/26/2019	1.8%	2,000	(2,000)	-
U.S. Treasury Bill	2/20/2020	1.8%	2,000	-	2,000
U.S. Treasury Note	2/15/2020	1.8%	1,000	-	1,000
U.S. Treasury Note	8/15/2020	1.6%	1,494	-	1,494
U.S. Treasury Note	8/31/2020	1.7%	2,000	-	2,000
CD Other	1/3/2020	1.7%		240	240
CD Other	3/18/2020	1.6%		240	240
CD Other	3/30/2020	1.6%		240	240
CD Other	11/17/2020	1.7%		240	240
U.S. Agency Bond	9/28/2020	1.6%	-	150	150
U.S. Agency Bond	10/30/2020	1.7%	-	2,000	2,000
Money Market Funds	N/A	2.0%	147	1,890	2,037
<b>Total Investments:</b>			<b>\$ 11,641</b>	<b>\$ -</b>	<b>\$ 11,641</b>

**Q1 2020 Investment Income: \$62,145**

The majority of Operating Capital and Long Term Reserves are federally insured.

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 (2016 to 2020 YTD)

In Millions of Dollars.

