

## ISSUE BRIEF: FY2020 Q2 Financial Statement

**Finance Committee Review Date: May 12, 2020**

**Board Meeting Review Date: May 21, 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 Second Quarter Financial Statement with currently available and reportable financial information for the period ending March 31, 2020. Revenues and expenses are reported year-to-date for the fiscal year.
<b>BACKGROUND:</b>
<p>Financial highlights from the second quarter (January, February, March 2020) include:</p> <ul style="list-style-type: none"> <li>• The reserve was at 2.57 months of annual operating expense, exceeding the target of 2.5 months. The reserve balance was \$10.1 million, \$1.2 million higher than second quarter end last year.</li> <li>• TheRide operated within the budget for the second quarter of the year.</li> <li>• There was a \$20,602 surplus of revenue over expense, which represents a contingency margin of 0.0001% of the adopted budget (FY2020 to date). The surplus was \$405 thousand off from the budgeted surplus.</li> <li>• Expenses were \$1.2 million lower than budgeted. Savings were from lower wages, fringe benefits, fuel, materials, contracted services, and other costs.</li> <li>• Revenues were lower than budgeted by \$1.6 with less than expected passenger fares, subcontract fares, state operating assistance and federal operating assistance.</li> <li>• Cash flow was adequate to cover expense; Q2 ended at \$13.9 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>
1. FY2020 Q2 Financial Statement (Income Statement and Balance Sheet)

## Income Statement


For the Period Ended March 31, 2020

### Revenue and Expense (Budget to Actual)


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

BLACK = FAVORABLE  
RED = UNFAVORABLE

REVENUES	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Variance (Dollars)	Variance (Percent)
Fares and Contracts	\$ 2,402	\$ 1,885			\$ 4,288	\$ 4,777	\$ (490)	-10.3%
Local Property Taxes	4,378	\$ 4,378			8,756	8,756	-	0.0%
State Operating Assist.	3,502	\$ 3,615			7,117	7,799	(682)	-8.7%
Federal Operating Assist.	1,122	\$ 828			1,949	2,354	(405)	-17.2%
Other Revenues	94	\$ 138			232	232	1	0.4%
<b>Total Operating Revenues</b>	<b>\$ 11,498</b>	<b>\$ 10,845</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,342</b>	<b>\$ 23,919</b>	<b>\$ (1,576)</b>	<b>-6.6%</b>
<b>EXPENSES</b>								
Salaries, Wages, Benefits	\$ 6,498	\$ 6,313			\$ 12,811	\$ 13,177	\$ 366	2.8%
Purchased Transportation	2,821	\$ 2,545			5,366	5,422	56	1.0%
Fuel, Material, Supplies	1,114	\$ 899			2,013	2,352	339	14.4%
Contracted Services	381	\$ 579			960	1,365	406	29.7%
Other Expenses	557	\$ 615			1,172	1,176	4	0.3%
<b>Total Operating Exp.</b>	<b>\$ 11,371</b>	<b>\$ 10,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,322</b>	<b>\$ 23,492</b>	<b>\$ 1,171</b>	<b>5.0%</b>
<b>GAIN(LOSS) FROM OPS.</b>	<b>\$ 127</b>	<b>\$ (106)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21</b>	<b>\$ 426</b>	<b>\$ (405)</b>	<b>0.1%</b>



**REVENUE**  
\$1,576,390



**EXPENSE**  
\$1,170,506

Revenues were lower than budgeted by \$1,576,390 with lower than expected fares, state operating revenues and federal operating revenues.

Expenses were \$1,170,506 lower than budgeted due to lower than expected wages/benefits, material/ supplies and contracted service costs.

TheRide had a \$20,602 surplus at the end of the second 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 <small>Fixed Route Bus</small>	Demand Response <small>A-Ride, FlexRide, HolidayRide, MyRide, NightRide</small>	Non-Urban <small>WAVE, Peoples Express</small>	Express Ride <small>Commuter Express</small>	AirRide D2A2 <small>Airport/Detroit Shuttle</small>	Other Modes <small>VanRide, Ride Sharing</small>	TOTAL ACTUAL
<b>DIRECT REVENUE</b>								
Fare Revenue	-	2,189	383	60	46	614	-	3,292
Contract Revenues	-	458	104	339	8	-	88	996
Advertising, Interest, Other	-	224	-	-	-	-	9	232
State Operating	-	5,085	1,103	358	40	339	192	7,117
<b>Total Direct Revenue</b>	<b>-</b>	<b>7,955</b>	<b>1,590</b>	<b>757</b>	<b>93</b>	<b>953</b>	<b>289</b>	<b>11,637</b>
<b>DIRECT EXPENSE</b>								
Salaries, Wages, Benefits	2,055	10,392	192	-	84	-	87	12,811
Purchased Transportation	-	-	3,128	1,091	-	789	358	5,366
Fuel, Material, Supplies	476	1,524	-	-	12	0	1	2,013
Contracted Services	454	440	-	-	4	-	63	960
Other Expenses	853	254	-	-	7	44	15	1,172
<b>Total Operating Expense</b>	<b>3,838</b>	<b>12,610</b>	<b>3,320</b>	<b>1,091</b>	<b>107</b>	<b>834</b>	<b>523</b>	<b>22,322</b>
<b>Gain(Loss) from Ops.</b>	<b>(3,838)</b>	<b>(4,655)</b>	<b>(1,730)</b>	<b>(334)</b>	<b>(14)</b>	<b>120</b>	<b>(235)</b>	<b>(10,685)</b>
<b>ALLOCATED REVENUE</b>								
Local Property Taxes	3,838	3,046	1,730	-	-	142	-	8,756
Federal Operating	-	1,629	-	334	14	(262)	235	1,949
<b>GAIN(LOSS) TOTAL:</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>

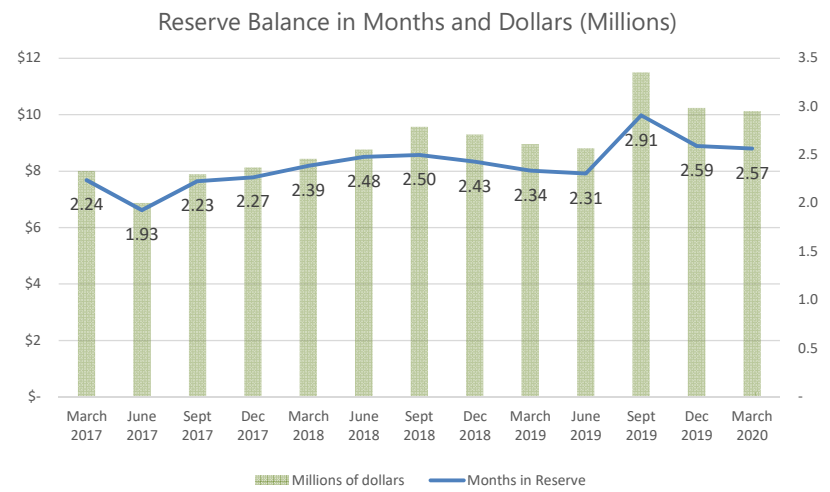
## Balance Sheet

For the Period Ended March 31, 2020

### Balance Sheet and Reserve

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

	Q2 2019 3/31/2019	Q1 2020 12/31/2019	Q2 2020 3/31/2020
<b>ASSETS</b>			
Cash	\$ 6,496	\$ 6,899	\$ 5,063
Investments	\$ 7,116	\$ 11,698	\$ 8,790
Other Current Assets	12,623	10,698	14,806
Capital Assets	52,283	47,904	52,477
<b>Total Assets</b>	<b>\$ 78,518</b>	<b>\$ 77,199</b>	<b>\$ 81,135</b>
<b>LIABILITIES</b>	5,250	5,842	5,320
<b>NET POSITION</b>	<b>\$ 73,268</b>	<b>\$ 71,357</b>	<b>\$ 75,815</b>
<b>Reserve Balance</b>	<b>\$ 8,957</b>	<b>\$ 10,248</b>	<b>\$ 10,134</b>
<b>Months in Reserve</b>	<b>2.34</b>	<b>2.59</b>	<b>2.57</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	Quarter 2
<b>Beginning Balance:</b>	\$ 15,638	\$ 15,119	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597
Cash from Operations	(1,519)	(3,584)	(5,417)	2,725	(5,289)	115	(3,040)	2,273	(4,626)	(1,495)
Cash from Capital	-	(5)	(31)	(2)	(50)	628	465	1,031	1,351	(304)
Cash from Investments	1,000	980	2,001	8,037	1,918	(3,534)	(1,610)	9,141	-	(2,945)
<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>\$ (4,744)</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>	<b>\$ 13,853</b>

#### Q2 cash flow was negative at \$4.7 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. 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).

\*\*Summary below excludes investment income

Investment Instrument	Date of Maturity	Interest Rate	Total as of 12/31/2019		Total as of 3/31/2020
			Transactions	Transactions	
U.S. Treasury Bill	10/15/2019	1.7%	-	-	-
U.S. Treasury Bill	11/19/2019	1.7%	-	-	-
U.S. Treasury Bill	12/26/2019	1.8%	-	-	-
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)	-
CD Other	1/15/2021	1.7%	-	240	240
CD Other	1/21/2021	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
U.S. Agency Bond	4/9/2021	1.6%	-	1,000	1,000
U.S. Agency Bond	8/5/2022	1.6%	-	1,500	1,500
Money Market Funds	N/A	2.0%	2,037	(1,965)	72
<b>Total Investments:</b>			<b>\$ 11,641</b>	<b>\$ (2,945)</b>	<b>\$ 8,696</b>

**Q2 2020 Investment Income: \$157,243**

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.

