
ISSUE BRIEF: FY2020 Q3 Financial Statement

Finance Committee Review Date: August 11, 2020

Board Meeting Review Date: August 20, 2020

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">2.11.1.5 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 were adopted in June 2018.
ISSUE SUMMARY:
Staff present the Third Quarter Financial Statement with currently available and reportable financial information for the period ending June 30, 2020. Revenues and expenses are reported year-to-date for the fiscal year.
BACKGROUND:
<p>Financial highlights from the third quarter ending June 30, 2020 (year-to-date) include:</p> <ul style="list-style-type: none">The reserve was at the target of 2.5 months of annual operating expense. The reserve balance was \$10.04 million, \$1.2 million higher than third quarter last year.TheRide operated within the budget for the third quarter of the year.There was a \$7,402 surplus of revenue over expense, which represents a contingency margin less than 1% of the adopted budget (FY2020 to date). The surplus was \$334 thousand off from the budgeted surplus.Expenses were \$4.5 million lower than budgeted. Savings were from lower wages, fringe benefits, purchased transportation, fuel, materials, contracted services, and other costs, a result of the pandemic period with reduced service and ridership.Revenues were lower than budgeted by \$4.9 million with less than expected passenger fares, subcontract fares, state operating assistance, federal operating assistance, and other revenues, a result of the pandemic period with cessation of fare collection, reduced service and lower ridership.Cash flow was adequate to cover expense; Q3 ended at \$11.97 million.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none">Budgetary/Fiscal: Demonstrates financial performance for the reporting periodGovernance: Supports Board in financial oversight/fiduciary responsibility
ATTACHMENTS:
1. FY2020 Q3 Financial Statement (Income Statement and Balance Sheet)

Income Statement

For the Period Ended June 30, 2020

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 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Variance (Dollars)	Variance (Percent)
REVENUES								
Fares and Contracts	\$ 2,402	\$ 1,885	\$ 414		\$ 4,702	\$ 7,166	\$ (2,464)	-34.4%
Local Property Taxes	4,378	4,378	\$ 4,378		13,134	13,134	-	0.0%
State Operating Assist.	3,502	3,615	\$ 3,618		10,736	12,749	(2,014)	-15.8%
Federal Operating Assist.	1,122	828	\$ 1,257		3,206	3,531	(325)	-9.2%
Other Revenues	94	138	\$ 50		282	348	(66)	-19.0%
Total Operating Revenues	\$ 11,498	\$ 10,845	\$ 9,717	\$ -	\$ 32,059	\$ 36,928	\$ (4,869)	-13.2%
EXPENSES								
Salaries, Wages, Benefits	\$ 6,498	6,313	6,420		\$ 19,231	\$ 20,204	\$ 973	4.8%
Purchased Transportation	2,821	2,545	1,592		6,958	9,035	2,077	23.0%
Fuel, Material, Supplies	1,114	899	560		2,573	3,528	954	27.1%
Contracted Services	381	579	652		1,611	2,050	438	21.4%
Other Expenses	557	615	506		1,678	1,771	92	5.2%
Total Operating Exp.	\$ 11,371	\$ 10,951	\$ 9,730	\$ -	\$ 32,052	\$ 36,587	\$ 4,535	12.4%
GAIN(LOSS) FROM OPS.	\$ 127	\$ (106)	\$ (13)	\$ -	\$ 7	\$ 341	\$ (334)	0.0%

REVENUE

\$4,868,974

Revenues were lower than budgeted by \$4,868,974 due to lower revenues across all categories as a result of the pandemic.

EXPENSE

\$4,535,230

Expenses were \$4,535,230 lower than budgeted due to lower costs across all categories as a result of the pandemic.

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TheRide had a \$7,402 surplus at the end of the third 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 D2A2	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/Detroit Shuttle</i>	<i>VanRide, Ride Sharing</i>	
DIRECT REVENUE								
Fare Revenue	-	2,240	371	90	46	614	-	3,360
Contract Revenues	-	578	156	508	11	-	88	1,341
Advertising, Interest, Other	-	254	-	-	-	-	28	282
State Operating	-	8,042	1,531	537	40	286	299	10,736
Total Direct Revenue	-	11,115	2,057	1,135	97	900	415	15,719
DIRECT EXPENSE								
Salaries, Wages, Benefits	3,101	15,631	279	-	86	-	133	19,231
Purchased Transportation	-	-	4,094	1,509	-	789	566	6,958
Fuel, Material, Supplies	592	1,969	-	-	11	1	1	2,573
Contracted Services	752	727	16	-	4	2	110	1,611
Other Expenses	1,241	363	-	-	6	44	23	1,678
Total Operating Expense	5,686	18,691	4,388	1,509	107	836	834	32,052
Gain(Loss) from Ops.	(5,686)	(7,576)	(2,332)	(374)	(10)	64	(419)	(16,333)
ALLOCATED REVENUE								
Local Property Taxes	5,686	5,093	2,332	-	-	23	-	13,134
Federal Operating	-	2,490	-	374	10	(87)	419	3,206
GAIN(LOSS) TOTAL:	-	7	-	-	-	-	-	7

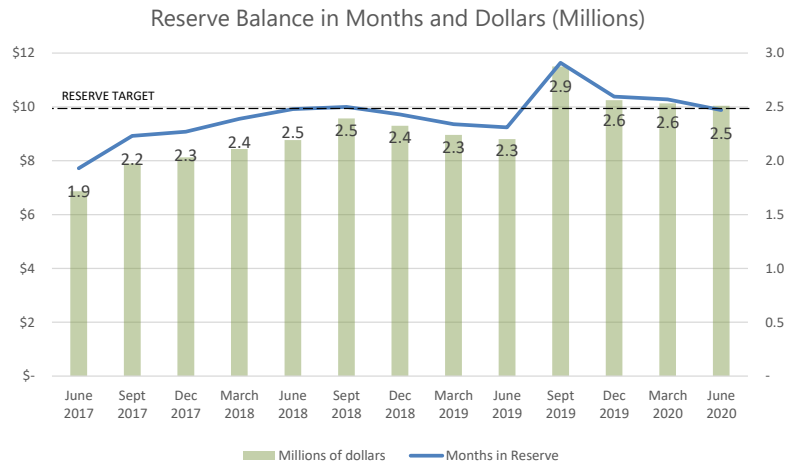
Balance Sheet

For the Period Ended June 30, 2020

Balance Sheet and Reserve

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

	Q3 2019	Q2 2020	Q3 2020
	6/30/2019	3/31/2020	6/30/2020
ASSETS			
Cash	\$ 3,022	\$ 5,063	\$ 5,183
Investments	\$ 6,405	\$ 8,790	\$ 6,789
Other Current Assets	16,162	14,806	16,316
Capital Assets	52,726	52,477	52,784
Total Assets	\$ 78,315	\$ 81,135	\$ 81,071
LIABILITIES	4,752	5,320	5,038
NET POSITION	\$ 73,563	\$ 75,815	\$ 76,033
Reserve Balance	\$ 8,809	\$ 10,134	\$ 10,045
Months in Reserve	2.3	2.6	2.5



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 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3
Beginning Balance:	\$ 15,119	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853
Cash from Operation	(3,584)	(5,417)	2,725	(5,289)	115	(3,040)	2,273	(4,626)	(1,495)	(618)
Cash from Capital	(5)	(31)	(2)	(50)	628	465	1,031	1,351	(304)	738
Cash from Investmen	980	2,001	8,037	1,918	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)
Cash Flow:	\$ (2,609)	\$ (3,447)	\$ 10,760	\$ (3,421)	\$ (2,791)	\$ (4,185)	\$ 12,445	\$ (3,275)	\$ (4,744)	\$ (1,881)
Ending Balance:	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972

Q3 cash flow was negative at \$1.88 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 3/31/2020	Transactions	Total as of 6/30/2020
U.S. Treasury Note	8/15/2020	1.5%	1,494		1,494
U.S. Treasury Note	8/31/2020	1.7%	2,000	(2,000)	-
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	1.4%	150		150
U.S. Agency Bond	10/30/2020	1.5%	2,000		2,000
U.S. Agency Bond	4/9/2021	1.6%	1,000		1,000
U.S. Agency Bond	8/11/2022	1.6%	1,500		1,500
Money Market Funds	N/A	0.2%	72	47	119
Mark-to-Market Adjustment			94	(48)	46
Total Investments:			\$ 8,790	\$ (2,001)	\$ 6,789

Q3 2020 Investment Income (year to date): \$156,647

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.

