



Suburban Mobility Authority for Regional Transportation

1st and 2nd Quarter Financial Report

FY2019 – December 31, 2018

As Presented By:

Finance Department

February 28, 2019

SMART
2nd Quarter FY2019

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1st and 2nd Quarter FY2019 Financial Reports

Submitted By: David L. Sabuda, CPA, Director of Finance

The first and second quarter cumulative financial statement of FY 2019 has been completed. SMART's balance sheet remains stable while absorbing the GASB 75, OPEB net obligation at 6/30/2018 in the amount of \$126,752,930. As compared to second quarter FY 2018, FY 2019 total assets are 5.6% higher. The key individual assets that support the overall asset increase are grant receivables and net capital assets. Total FY 2019 liabilities are up 77% as compared to second quarter FY 2018. This liability increase is due to the implementation of Governmental Accounting Standard Statement 75 regarding the addition of the net OPEB obligation. Current liabilities reflect a slight upward trend with Accounts Payable values at 12/31/18, driving the liability increase. The Balance Sheet bottom line reflects a negative unrestricted asset balance of \$70.5 million due to the addition of the OPEB liability at 6/30/18. At 12/31/2018. The unrestricted fund balance was a positive \$22.6 million.

Due to current assets being greater than current liabilities on the balance sheet, the State of Michigan, Department of Treasury will not seek from the Authority a deficit elimination plan if this was the end of the fiscal year.

First and second quarter FY2019, overall actual revenue compared to FY 2019 overall appropriation is on target with a -0.9% deviation between actual revenues collected and appropriation. As compared to FY 2018 at this time period, overall revenues are up approximately 8.6%. Specifically, Fare revenues (up 7.8%) due to the new SMART FAST program have contributed to this revenue increase as well as, gas tax contributions and the receiving of federal/state preventative maintenance dollars for this time period.

First and second quarter FY2019, overall actual expenditures compared to FY 2019 overall appropriation are currently 15.5% below FY2019 appropriation amounts through 12/31/18. Fixed routes, as well as connector and general administration personal services costs (wages and fringes) are down as compared to current appropriation. This trend is due to open fixed route and connector bus positions as well as maintenance cost being lower due to the new bus purchases. As compared to FY 2018 at this time period, overall expenses are up \$3.1 million or 6%. This is primarily due to the FAST program staffing and bus operational costs along with an increase in community contributions. Greater marketing as well as outside professional service costs also contribute to the 6% comparative expenditure increase.

I will be available to answer any questions regarding this report at the Board's convenience.

BALANCE SHEET**December 2018****FY 2018/19****FY 2017/18****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$	61,680,382	\$	58,699,782
Operating assistance due from Federal & State		-		2,332,502
Accrued interest receivable		-		-
Grants receivable		31,275,280		14,741,906
Local contributions receivable		32,920,836		32,413,795
Other receivables		-		813,688
Materials and supplies inventory		2,814,666		3,305,206
Prepaid expenses		1,631,831		1,075,224
TOTAL CURRENT ASSETS	\$	130,322,995	\$	113,382,103

NONCURRENT ASSETS:

Capital assets, net	\$	135,931,407	\$	124,156,295
Deferred outflows		7,471,392		24,017,783
Held to Maturity Securities		13,063,201		10,013,228
TOTAL NONCURRENT ASSETS	\$	156,466,000	\$	158,187,306

TOTAL ASSETS**\$ 286,788,995 \$ 271,569,409****LIABILITIES AND NET ASSETS****CURRENT LIABILITIES:**

Municipal and community credits payable	\$	4,912,920	\$	3,872,075
Accounts Payable under purchase of service agreements		639,426		72,081
Accrued self insurance		12,532,269		14,345,124
Payable to the State of Michigan		2,541,026		3,080,761
Accounts Payable and Accrued Expenses		7,788,539		3,969,174
Accrued interest payable		-		-
Current Portion of Notes Payable		-		-
Accrued Compensation		3,457,456		3,066,943
TOTAL CURRENT LIABILITIES	\$	31,871,636	\$	28,406,158

Net Pension Obligation	\$	53,714,491	\$	74,997,492
OPEB Net Obligation		126,752,930		19,478,841
Deferred Inflows - Pension		8,183,391		1,886,788
Deferred Inflows - OPEB		668,268		0
TOTAL LIABILITIES	\$	221,190,716	\$	124,769,279

NET ASSETS:

Invested in capital assets, net of related debt	\$	135,931,407	\$	124,156,295
Restricted		207,100		-
Unrestricted		(70,540,228)		22,643,835
TOTAL NET ASSETS	\$	65,598,279	\$	146,800,130

TOTAL LIABILITIES AND NET ASSETS**\$ 286,788,995 \$ 271,569,409**

SMART FUNCTIONAL INCOME STATEMENT

2nd Quarter FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV/(UNFAV)	% Variance
<u>FEDERAL OPERATING REVENUE:</u>				
Section 5307	\$ 2,000,000	\$ 1,999,998		0%
Other Federal Grants & CMAQ	502,347	754,152	(251,805)	-33%
Total Federal Operating Revenue	\$ 2,502,347	\$ 2,754,150	(251,803)	-9%
<u>STATE OF MICHIGAN REVENUE:</u>				
ACT 51 - Gas Taxes	\$ 16,988,124	\$ 17,643,251	(655,127)	-4%
State PM Revenue	500,000	500,000	-	-
Other State Grant	8,937	72,945	(64,008)	(1)
Total State Operating Revenue	\$ 17,497,061	\$ 18,216,196	(719,135)	-4%
<u>LOCAL CONTRIBUTION:</u>				
Contribution From County Transit Authorities	\$ 35,720,000	\$ 35,719,998	2	0%
<i>Contra Revenue - Local Contribution</i>	(450,000)	(450,000)	-	0%
Total Local Contribution Revenue	\$ 35,270,000	\$ 35,269,998	2	0%
<u>OPERATION REVENUE:</u>				
Fixed Route	\$ 6,672,611	\$ 6,503,580	169,031	3%
Connector	387,760	386,754	1,006	0.3%
Interest Revenue	1,085,542	310,002	775,540	250%
Restricted Revenue	3,269,121	3,870,792	(601,671)	-16%
Total Operational Revenue	\$ 11,415,034.05	\$ 11,071,128.00	343,906.05	3%
Total Operating Revenues	\$ 66,684,442	\$ 67,311,472	(627,030)	-0.9%
<u>FUNCTIONAL OPERATION EXPENSES:</u>				
Fixed Route	\$ 33,015,750	\$ 36,480,654	3,464,904	9.5%
Connector	6,609,434	8,368,612	1,759,178	21.0%
General Administration	11,936,001	15,305,143	3,369,142	22.0%
Community Credits	1,875,141	1,875,102	(39)	0.0%
Nankin Transit Commission	156,972	157,000	28	0.0%
Community Transit Service	96,294	96,300	6	0.0%
Depreciation (Eligible)	433,332	1,750,002	1,316,670	75.2%
Restricted Expenses	3,269,121	3,870,792	601,671	15.5%
Total Operating Expenses	\$ 57,392,045	\$ 67,903,605	10,511,560	15.5%
Operating Revenues over (under) Expenses	\$ 9,292,397	\$ (592,133)	9,884,530	

SMART OPERATIONAL INCOME STATEMENT REVENUE

2nd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
Route Revenue:							
Fare Revenue	\$ 6,267,640	\$ 6,412,495	\$ (144,855)	-2.3%		\$ 12,825,000	\$ 6,557,360
Agency Revenue	57,300	59,250	(1,950)	-3.3%		118,500	61,200
Total Route Revenue	\$ 6,324,940	\$ 6,471,745	\$ (146,805)	-2.3%		\$ 12,943,500	\$ 6,618,560
Federal Sources:							
Section 5307 Grant	\$ 2,000,000	\$ 2,000,000	\$ -	0.0%		\$ 4,000,000	\$ 2,000,000
Other Federal Grants	502,347	624,150	(121,803)	-19.5%		1,248,300	745,953
CMAQ Grant	-	130,002	(130,002)	-100.0%		260,000	260,000
Total Federal Sources	\$ 2,502,347	\$ 2,754,152	\$ (251,805)	-9.1%		\$ 5,508,300	\$ 3,005,953
State Sources:							
State ACT 51 SMART	\$ 16,988,124	\$ 17,643,252	\$ (655,128)	-3.7%		\$ 35,286,500	\$ 18,298,376
State PM Match	500,000	500,000	-	0.0%		1,000,000	500,000
Other State Revenue	8,934	72,948	(64,014)	-87.8%		145,900	136,966
Total State Sources	\$ 17,497,058	\$ 18,216,200	\$ (719,142)	-3.9%		\$ 36,432,400	\$ 18,935,342
Local Sources:							
Contributions From Local Transit Authorities	\$ 35,720,000	\$ 35,719,998	\$ 2	0.0%		\$ 71,440,000	\$ 35,720,000
Contra Revenue - Local Contribution	(450,000)	(450,000)	-	0.0%		(900,000)	(450,000)
Total From Local Sources	\$ 35,270,000	\$ 35,269,998	\$ 2	0.0%		\$ 70,540,000	\$ 35,270,000
Other Income:							
Interest Income	\$ 1,085,542	\$ 310,002	\$ 775,540	250.2%		\$ 620,000	\$ (465,542)
Local Comm Transit Operating Rev	130,644	115,002	15,642	13.6%		230,000	99,356
Advertising	391,399	262,494	128,905	49.1%		525,000	133,601
Miscellaneous/Rental Income	213,388	41,094	172,294	419.3%		82,200	(131,188)
Total Other Income	\$ 1,820,973	\$ 728,592	\$ 1,092,381	149.9%		\$ 1,457,200	\$ (363,773)
Restricted Pass Through Revenue (Exp. Match):							
	\$ 3,269,121	\$ 3,870,792	\$ (601,671)	-15.5%		\$ 7,741,600	\$ 4,472,479
TOTAL REVENUES	\$ 66,684,439	\$ 67,311,479	\$ (627,040)	-0.9%		\$ 134,623,000	\$ 67,938,561

SMART OPERATIONAL INCOME STATEMENT EXPENSES (Part 1 of 3)

FY 2018/19

2nd Quarter FY 2018/19

AMENDED BUDGET BUDGET REMAINING

WAGE AND WAGE RELATED EXPENSES:

ACTIVE EMPLOYEES:

Active Salaries, Wages & Taxes:

	ACTUAL	BUDGET	\$\$ Variance FAV(UNFAV)	% Variance	Notes
Administrative	\$ 2,783,271	\$ 3,029,295	\$ 246,024	8.1%	
Operations	15,093,526	15,624,181	530,655	3.4%	
Maintenance	4,573,983	4,651,638	77,655	1.7%	
Total Active Salaries, Wages, Taxes	\$ 22,450,780	\$ 23,305,114	\$ 854,334	3.7%	

Active Employee Benefits:

Hospitalization/Medical	\$ 5,376,659	\$ 5,749,956	\$ 373,297	6.5%	
Premium Sharing Healthcare	(814,484)	(821,250)	(6,766)	0.8%	
Life, AD&D, Drug, Dental, Optical	508,561	622,236	113,675	18.3%	
Other Employee Benefits	191,759	291,990	100,231	34.3%	
Workers Compensation	501,198	501,198	-	0.0%	
Health Care Savings Plan	363,299	399,198	35,899	9.0%	
FICA	1,689,398	1,804,950	115,552	6.4%	
Pension Funding	3,322,485	4,299,996	977,511	22.7%	
Employee Contributions	(990,765)	-	990,765	0.0%	
Total Active Employee Benefits	\$ 10,148,110	\$ 12,848,274	\$ 2,700,164	21.0%	

% Of Total Active Wages

45%

55%

55%

57%

Total Active Employee Wages & Benefits:

	\$ 32,598,890	\$ 36,153,388	\$ 3,554,498	9.8%	
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Post Employment Benefits:

OPEB Net Unfunded Obligation	\$ 2,500,000	\$ 2,874,996	\$ 374,996	13.0%	
Retiree Medical/Drug Premiums	3,915,112	4,227,642	312,530	7.4%	
Total Post Retirement	\$ 6,415,112	\$ 7,102,638	\$ 687,526	9.7%	

Total Wage and Wage Related Expenses

	\$ 39,014,002	\$ 43,256,026	\$ 4,242,024	9.8%	
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SMART OPERATIONAL INCOME STATEMENT

2nd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$ \$ Variance FAV(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
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EXPENSES (Part 2 of 3)

OPERATIONS:

OPERATIONAL EXPENSES:

Direct Variable (Vehicle):							
Diesel Fuels	\$ 3,320,755	\$ 3,988,650	\$ 667,895	16.7%		\$ 7,977,300	\$ 4,656,545
Gas, Oil, Lubricants, Etc.	236,133	235,050	(1,083)	-0.5%		470,100	233,967
Repair Parts	1,796,533	1,605,000	(191,533)	-11.9%		3,210,000	1,413,467
Tires	378,424	373,500	(4,924)	-1.3%		747,000	368,576
Vehicle Insurance	3,712,173	5,049,258	1,337,085	26.5%		10,098,400	6,386,227
Bus Contract Repairs-Maintenance	181,091	217,118	36,027	16.6%		423,000	241,909
Contract Repair-Accidents	-	23,442	23,442	100.0%		46,900	46,900
Other Repair Parts	954	33,000	32,046	97.1%		66,000	65,046
Towing	106,043	107,454	1,411	1.3%		202,000	95,957
Total Direct Variable (Vehicle)	\$ 9,732,106	\$ 11,632,472	\$ 1,900,366	16.3%		\$ 23,240,700	\$ 13,508,594

Indirect Variable:

Radio Towers	\$ -	\$ 30,000	\$ 30,000	100.0%		\$ 60,000	\$ 60,000
Fare Collection Costs	245,918	289,992	44,074	15.2%		580,000	334,082
Route Facilities Maint.	66,537	84,504	17,967	21.3%		169,000	102,463
Other- Operational	60,477	69,498	9,021	13.0%		139,000	78,523
Total Indirect Variable	\$ 372,932	\$ 473,994	\$ 101,062	21.3%		\$ 948,000	\$ 575,068

Facilities:

Utilities	\$ 590,422	\$ 661,432	\$ 71,010	10.7%		\$ 1,434,000	\$ 843,578
Contract Bldg Maint./Other Maint	471,402	558,759	87,357	15.6%		1,066,400	594,998
Business Insurance	32,196	32,394	198	0.6%		64,800	32,604
Total Facilities	\$ 1,094,020	\$ 1,252,585	\$ 158,565	12.7%		\$ 2,565,200	\$ 1,471,180

Total Operational Expenses	\$ 11,199,058	\$ 13,359,051	\$ 2,159,993	16.2%		\$ 26,753,900	\$ 15,554,842
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SMART OPERATIONAL INCOME STATEMENT EXPENSES (Part 3 of 3)

2nd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV/(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
Administrative:							
General Supplies	\$ 128,415	\$ 191,370	\$ 62,955	32.9%		\$ 341,000	\$ 212,585
Professional, Outside Serv.	777,549	960,756	183,207	19.1%		1,745,600	968,051
Outside Counsel-Non V/L & WC	75,905	150,000	74,095	49.4%		300,000	224,095
Computer Maint.	142,310	336,696	194,386	57.7%		673,400	531,090
Marketing Expense	412,124	558,492	146,368	26.2%		907,000	494,876
Other- Administration	66,685	120,814	54,129	44.8%		225,600	158,915
Total Administration	\$ 1,602,988	\$ 2,318,128	\$ 715,140	30.8%		\$ 4,192,600	\$ 2,589,612
Other:							
Depreciation-Eligible	\$ 433,332	\$ 1,750,002	\$ 1,316,670	75.2%		\$ 3,500,000	\$ 3,066,668
Vehicle Purchases	-	1,140,000.00	1,140,000	100.0%		1,140,000	1,140,000
Funded & Capital Grant Transfer	23,804.00	-	(23,804)	0.0%		-	(23,804)
Total Other	\$ 457,136	\$ 2,890,002	\$ 2,432,866	84.2%		\$ 4,640,000	\$ 4,182,864
Special Services:							
Community Credit Exp.	\$ 1,875,141	\$ 1,875,102	\$ (39)	0.0%		\$ 3,750,200	\$ 1,875,059
POS, Comm.Trans. & Alloc. Overhead	(25,401)	334,511	359,912	107.6%		331,600	357,001
Total Special Services:	\$ 1,849,740	\$ 2,209,613	\$ 359,873	16.3%		\$ 4,081,800	\$ 2,232,060
Contingency:							
	-	-	-	0.0%		\$ 118,000	\$ 118,000
Restricted Pass Through Expense (Rev. Match)	\$ 3,269,121	\$ 3,870,792	\$ 601,671	15.5%		\$ 7,741,600	\$ 4,472,479
Total Operational Expenses	\$ 18,378,043	\$ 24,647,586	\$ 6,269,543	25.4%		\$ 47,527,900	\$ 29,149,857
TOTAL EXPENSES (Wages & Operational)	\$ 57,392,045	\$ 67,903,612	\$ 10,511,567	15.5%		\$ 134,623,000	\$ 77,230,955
NET INCOME (LOSS)	\$ 9,292,394	\$ (592,133)	\$ (9,884,527)			\$ -	\$ (9,292,394)

Administration, Other, Spec. Serv, Contingency :

SMART
 FY19 Quarterly Investment Report
 1st and 2nd Quarter Ended
 December 31, 2018

Month	Beginning Balance	Account Transfers	Service Charges	Annual Interest Rate (%)	Investment Earnings	Ending Balance
BUSINESS MONEY MARKETS						
Jul	\$ 105,330.01	\$ -	(7.00)	0.25	\$ 22.36	\$ 105,345.37
Aug	\$ 105,345.37	\$ -	(7.00)	0.25	\$ 22.37	\$ 105,360.74
Sep	\$ 105,360.74	\$ -	(7.00)	0.25	\$ 21.65	\$ 105,375.39
Oct	\$ 105,375.39	\$ -	(7.00)	0.25	\$ 22.37	\$ 105,390.76
Nov	\$ 105,390.76	\$ -	(7.00)	0.25	\$ 21.66	\$ 105,405.42
Dec	\$ 105,405.42	\$ -	(7.00)	0.25	\$ 22.38	\$ 105,420.80
Total Money Market Revenue - Comerica						
Jul	\$ 10,025,008.37	\$ -	-	1.81	\$ 15,820.29	\$ 10,040,828.66
Aug	\$ 10,040,828.66	\$ -	-	1.81	\$ 15,350.09	\$ 10,056,178.75
Sep	\$ 10,056,178.75	\$ -	-	1.81	\$ 13,968.45	\$ 10,070,147.20
Oct	\$ 10,070,147.20	\$ -	-	1.97	\$ 17,753.80	\$ 10,087,901.00
Nov	\$ 10,087,901.00	\$ -	-	1.97	\$ 16,168.28	\$ 10,104,069.28
Dec	\$ 10,104,069.28	\$ -	-	1.97	\$ 16,734.00	\$ 10,120,803.28
Total Money Market Revenue - PNC						
Jul	\$ 65,275,667.93	\$ (7,370,346.31)	-	1.85	\$ 100,101.62	\$ 58,005,424.24
Aug	\$ 58,005,424.24	\$ (1,036,352.76)	-	1.84	\$ 96,480.88	\$ 57,065,552.36
Sep	\$ 57,065,552.36	\$ (6,957,173.79)	-	1.99	\$ 89,670.81	\$ 50,195,999.39
Oct	\$ 50,195,999.39	\$ (3,631,970.34)	-	2.07	\$ 82,641.68	\$ 46,646,670.73
Nov	\$ 46,646,670.73	\$ (2,793,010.20)	-	2.18	\$ 82,277.73	\$ 43,935,938.26
Dec	\$ 43,935,938.26	\$ (16,953,784.36)	-	2.46	\$ 79,611.62	\$ 27,061,765.52
Total Fund Revenue - Comerica						
Jul	\$ 24,127,806.30	\$ -	-	2.14	\$ 43,383.78	\$ 24,171,190.08
Aug	\$ 24,171,190.08	\$ -	-	2.13	\$ 43,316.10	\$ 24,214,506.18
Sep	\$ 24,214,506.18	\$ -	-	2.16	\$ 42,351.29	\$ 24,257,037.47
Oct	\$ 24,257,037.47	\$ -	-	2.31	\$ 47,178.28	\$ 24,304,215.75
Nov	\$ 24,304,215.75	\$ -	-	2.36	\$ 46,544.24	\$ 24,350,759.99
Dec	\$ 24,350,759.99	\$ -	-	2.38	\$ 48,768.23	\$ 24,399,528.22
Total Money Market Revenue - Comerica						
Jul	\$ 9,953,294.80	\$ 885,713.64	-	1.34%	\$ (55,664.87)	\$ 10,783,343.57
Aug	\$ 64,400.70	\$ -	-	1.61%	\$ 199,616.26	\$ 264,016.96
Dec	\$ 2,015,840.00	\$ -	-	2.98%	\$ -	\$ 2,015,840.00
LONG-TERM INVESTMENTS						
Investment in US Government Bonds (AAA/AA+)	\$ 9,953,294.80	\$ 885,713.64	-	1.34%	\$ (55,664.87)	\$ 10,783,343.57
Comerica Federated Government Reserves	\$ 64,400.70	\$ -	-	1.61%	\$ 199,616.26	\$ 264,016.96
Municipal Bonds	\$ 2,015,840.00	\$ -	-	2.98%	\$ -	\$ 2,015,840.00
Total Revenue From Long-term Investment Activity						
	\$ 12,033,535.50	\$ 885,713.64	\$ -		\$ 143,951.39	\$ 13,063,200.53

BANK	AMOUNT
Comerica Money Market	\$ 105,421
PNC Money Market	\$ 10,120,803
Comerica J-Fund	\$ 27,061,766
Flagstar Premier Savings Account	\$ 24,399,528
Long-term Investments	\$ 13,063,201
Comerica Earnings Credit Account	\$ 25,000
PNC Earnings Credit Account	\$ 5,129,260
Others*	\$ 15,064
Total	\$ 79,920,043

* Hartford

Total Combined Cash and Investments, December 31, 2017 \$ 74,159,596