



Suburban Mobility Authority for Regional Transportation
3rd Quarter Financial Report

FY2019 – March 31, 2019

As Presented By:

Finance Department

May 23, 2019

SMART

3rd Quarter FY2019

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3rd Quarter FY2019 Financial Report

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

The third 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 third quarter FY 2018, FY 2019 total assets are 2.5% higher. The key individual assets that support the overall asset increase are cash and investments. However, this growth is offset by a reduction in deferred outflows and an increase in the reserve for uncollected property taxes calculation bringing the local contributions receivable into a credit position. Total FY 2019 liabilities are up 73% as compared to third quarter FY 2018. This liability increase is due to the recording of the net OPEB obligation. The Balance Sheet reflects a negative unrestricted net asset balance of \$60.7 million. This is a reduction of \$9.8 million dollars as compared to the Unrestricted net asset balance at 12/31/18. However, the unrestricted net asset balance is down by 233% as compared to the same time last year again, due to the addition of the OPEB liability at 6/30/18. At 12/31/2018, the unrestricted fund balance was a positive \$45.4 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.

Third quarter FY2019, overall actual revenue compared to FY 2019 overall appropriation is on target with a 1.4% actual revenue recorded over anticipated appropriation amounts. As compared to FY 2018 at this time period, overall revenues are up approximately 8.1% with all FY2019 revenue centers up over last fiscal year. Specifically, fare revenues are up 2% and 4% over FY 2019 appropriation for the third quarter FY2019.

Third quarter FY2019, overall actual expenditures compared to FY2019 overall appropriation are currently 6.7% below FY2019 appropriation amounts through 3/31/19. 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 \$10.0 million or 11.8%. This is primarily due to the FAST program staffing, employee health care expenses along with an increase in community contributions. Greater depreciation as well as outside professional service costs also contribute to the 11.8% comparative fiscal year expenditure increase.

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

BALANCE SHEET**March 2019****FY 2018/19****FY 2017/18****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$	107,912,617	\$	77,634,054
Accrued Interest Receivable		20,855		38,291
Grants receivable		19,401,033		16,427,078
Local contributions receivable		(617,558)		17,632,402
Other receivables		(50,014)		193,700
Materials and supplies inventory		2,776,471		3,215,318
Prepaid expenses		871,364		907,565
TOTAL CURRENT ASSETS	\$	130,314,768	\$	116,048,408

NONCURRENT ASSETS:

Capital assets, net	\$	128,496,940	\$	125,181,981
Deferred outflows		7,471,392		24,017,783
Cash Restricted for Reinvestment		207,100		209,006
Held to Maturity Securities		16,001,915		9,982,527
TOTAL NONCURRENT ASSETS	\$	152,177,347	\$	159,391,297

TOTAL ASSETS**\$ 282,492,115 \$ 275,439,705****LIABILITIES AND NET ASSETS****CURRENT LIABILITIES:**

Municipal and community credits payable	\$	4,942,262	\$	3,833,067
Accounts Payable under purchase of service agreements		(479,273)		995,547
Accrued self insurance		12,442,793		14,603,792
Payable to the State of Michigan		2,541,026		3,080,761
Accounts Payable and Accrued Expenses		3,051,185		2,809,901
Accrued Compensation		2,630,991		2,459,415
TOTAL CURRENT LIABILITIES	\$	25,128,984	\$	27,782,483

Net Pension Obligation		53,714,491		74,997,492
OPEB Net Obligation		126,752,930		19,478,840
Deferred Inflows - OPEB		668,268		-
Deferred Inflows - Pension		8,183,391		1,886,788
TOTAL LIABILITIES	\$	214,448,064	\$	124,145,603

NET ASSETS:

Invested in capital assets, net of related debt	\$	128,496,940	\$	125,181,981
Restricted	\$	207,100	\$	209,006
Unrestricted		(60,659,989)		25,903,114
TOTAL NET ASSETS	\$	68,044,051	\$	151,294,101

TOTAL LIABILITIES AND NET ASSETS**\$ 282,492,115 \$ 275,439,704**

SMART FUNCTIONAL INCOME STATEMENT

3rd Quarter FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV(INFAV)	% Variance
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FEDERAL OPERATING REVENUE:

Section 5307 & 5309	\$ 2,800,000	\$ 3,000,000	(200,000)	-7%
Other Federal Grants	813,146	1,131,228	(318,082)	-28%
Total Federal Operating Revenue	\$ 3,613,146	\$ 4,131,228	(518,082)	-13%

STATE OF MICHIGAN REVENUE:

ACT 51				
State PM Revenue	\$ 26,496,847	\$ 26,464,878	\$ 31,969	0%
Other State Grant	700,000	750,000	(50,000)	-7%
	8,937	109,422	(100,485)	-92%

Total State Operating Revenue	\$ 27,205,784	\$ 27,324,300	(118,516)	0%
Contribution From County Transit Authorities				
<i>Contra Revenue - Local Contribution</i>	\$ 53,580,000	\$ 53,579,997	3	0%
Local Community Stabilization	(675,000)	(675,000)	-	0%
Total Local Contribution Revenue	\$ 1,648,077.00	\$ 1,648,077	0	0%

OPERATION REVENUE:

Fixed Route	\$ 9,996,116	\$ 9,755,370	\$ 240,746	2%
Connector	600,867	580,131	20,736	4%
Interest Revenue	1,507,300	465,027	1,042,273	224%
Restricted Revenue	4,863,856	5,806,188	(942,332)	-16%
Total Operating Revenues	\$ 102,340,146	\$ 100,967,241	\$ 1,372,905	1.360%

FUNCTIONAL OPERATION EXPENSES:

Fixed Route	\$ 49,115,114	\$ 54,786,622	\$ 5,671,508	10.4%
Connector	9,834,759	12,590,799	2,756,040	21.9%
General Administration	18,224,680	22,084,776	3,860,096	17.5%
Community Credits	2,812,713	2,812,653	(60)	0.0%
Nankin Transit Commission	235,458	(17,550)	(253,008)	1441.6%
Community Transit Service	128,121	144,450	16,329	11.3%
Depreciation (Eligible)	8,917,213	2,625,003	(6,292,210)	-239.7%
Other/Election Expenses	16,275	16,300	25	0.15%
Gain or Loss on Assets	24,018	-	(24,018)	0.0%
Restricted Expenses	4,863,856	5,806,188	942,332	16.2%
Contingency	-	118,000	118,000	100.0%

Total Operating Expenses	\$ 94,172,207	\$ 100,967,241	\$ 6,795,034	6.7%
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Operating Revenues over (under) Expenses	\$ 8,167,939	\$ -	\$ 8,167,939	
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SMART OPERATIONAL INCOME STATEMENT REVENUE

		3rd Quarter FY 2018/19			FY 2018/19	
	ACTUAL	BUDGET	\$ \$ Variance FAV(UNFAV)	% Variance	AMENDED BUDGET	BUDGET REMAINING
						Notes
Route Revenue:						
Fare Revenue	\$ 8,981,305	\$ 9,618,741	\$ (637,436)	-6.6%	\$ 12,825,000	\$ 3,843,695
Agency Revenue	86,247	88,875	(2,628)	-3.0%	118,500	32,253
Total Route Revenue	\$ 9,067,552	\$ 9,707,616	\$ (640,064)	-6.6%	\$ 12,943,500	\$ 3,875,948
Federal Sources:						
Section 5307 Grant	\$ 2,800,000	\$ 3,000,000	\$ (200,000)	-6.7%	\$ 4,000,000	\$ 1,200,000
Other Federal Grants	813,146	936,225	(123,079)	-13.1%	1,248,300	435,154
CMAQ Grant	-	195,000	(195,000)	-100.0%	260,000	260,000
Total Federal Sources	\$ 3,613,146	\$ 4,131,225	\$ (518,079)	-12.5%	\$ 5,508,300	\$ 1,895,154
State Sources:						
State ACT 51 SMART	\$ 26,496,847	\$ 26,464,875	\$ 31,972	0.1%	\$ 35,286,500	\$ 8,789,653
State PM Match	700,000	750,000	(50,000)	-6.7%	1,000,000	300,000
Other State Revenue	8,937	109,425	(100,488)	-91.8%	145,900	136,963
Total State Sources	\$ 27,205,784	\$ 27,324,300	\$ (118,516)	-0.4%	\$ 36,432,400	\$ 9,226,616
Local Sources:						
Contributions From Local Transit Authorities	\$ 53,580,000	\$ 53,580,000	\$ -	0.0%	\$ 71,440,000	\$ 17,860,000
Contra Revenue - Local Contribution	(675,000)	(675,000)	-	0.0%	(900,000)	(225,000)
Local Community Stabilization	1,648,077	-	1,648,077	0.0%	-	(1,648,077)
Total From Local Sources	\$ 54,553,077	\$ 52,905,000	\$ 1,648,077	3.1%	\$ 70,540,000	\$ 15,986,923
Other Income:						
Interest Income	\$ 1,507,300	\$ 465,000	\$ 1,042,300	224.2%	\$ 620,000	\$ (887,300)
Local Comm Transit Operating Rev	203,177	172,500	30,677	17.8%	230,000	26,823
Advertising	525,896	393,750	132,146	33.6%	525,000	(896)
Miscellaneous /Rental Income	800,357	61,650	738,707	1198.2%	82,200	(718,157)
Total Other Income	\$ 3,036,730	\$ 1,092,900	\$ 1,943,830	177.9%	\$ 1,457,200	\$ (1,579,530)
Restricted Pass Through Revenue (Exp. Match):						
	\$ 4,863,856	\$ 5,806,200	\$ (942,344)	-16.2%	\$ 7,741,600	\$ 2,877,744
TOTAL REVENUES	\$ 102,340,145	\$ 100,967,241	\$ 1,372,904	1.4%	\$ 134,623,000	\$ 32,282,855

SMART OPERATIONAL INCOME STATEMENT

3rd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
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EXPENSES (Part 1 of 3)

WAGE AND WAGE RELATED EXPENSES:

ACTIVE EMPLOYEES:

Active Salaries, Wages & Taxes:

Administrative Operations	\$ 4,174,892	\$ 4,566,300	\$.391,408	8.6%		\$ 6,088,400	\$ 1,913,508
Maintenance	22,501,412	23,777,025	1,275,613	5.4%		31,702,700	9,201,288
	6,809,220	7,051,650	242,430	3.4%		9,402,200	2,592,980
Total Active Salaries, Wages, Taxes	\$ 33,485,524	\$ 35,394,975	\$ 1,909,451	5.4%		\$ 47,193,300	\$ 13,707,776

Active Employee Benefits:

Hospitalization/Medical Premium Sharing Healthcare	\$ 7,793,956	\$ 8,625,000	\$ 831,044	9.6%		\$ 11,500,000	\$ 3,706,044
Life, AD&D, Drug, Dental, Optical	(1,210,384)	(1,231,875)	(21,491)	1.7%		(1,642,500)	(432,116)
Other Employee Benefits	829,303	933,375	104,072	11.2%		1,244,500	415,197
Workers Compensation	284,158	185,250	(98,908)	-53.4%		247,000	(37,158)
Health Care Savings Plan	751,797	959,550	207,753	21.7%		1,279,400	527,603
FICA	549,004	598,800	49,796	8.3%		798,400	249,396
Pension Funding	2,534,793	2,707,425	172,632	6.4%		3,609,900	1,075,107
Employee Contributions	5,001,104	6,450,000	1,448,896	22.5%		8,600,000	3,598,896
	(1,495,278)	-	1,495,278	0.0%		-	1,495,278
Total Active Employee Benefits	\$ 15,038,453	\$ 19,227,525	\$ 4,189,072	21.8%		\$ 25,636,700	\$ 10,598,247

% Of Total Active Wages

45%

54%

77%

Total Active Employee Wages & Benefits:

	\$ 48,523,977	\$ 54,622,500	\$ 6,098,523	11.2%		\$ 72,830,000	\$ 24,306,023
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Post Employment Benefits:

OPEB Net Unfunded Obligation	\$ 4,000,000	\$ 4,312,500	\$ 312,500	7.2%		\$ 5,750,000	\$ 1,750,000
Retiree Medical/Drug Premiums	5,952,024	6,386,325	434,301	6.8%		8,515,100	2,563,076
Total Post Retirement	\$ 9,952,024	\$ 10,698,825	\$ 746,801	7.0%		\$ 14,265,100	\$ 4,313,076

Total Wage and Wage Related Expenses

	\$ 58,476,001	\$ 65,321,325	\$ 6,845,324	10.5%		\$ 87,095,100	\$ 28,619,099
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SMART OPERATIONAL INCOME STATEMENT

3rd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAV(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
EXPENSES (Part 2 of 3)							
OPERATIONS:							
OPERATIONAL EXPENSES:							
Direct Variable (Vehicle):							
Diesel Fuels	\$ 4,675,572	\$ 5,982,975	\$ 1,307,403	21.9%		\$ 7,977,300	\$ 3,301,728
Gas, Oil, Lubricants, Etc.	323,261	352,575	29,314	8.3%		470,100	146,839
Repair Parts	2,515,815	2,407,500	(108,315)	-4.5%		3,210,000	694,185
Tires	572,602	560,250	(12,352)	-2.2%		747,000	174,398
Vehicle Insurance	5,545,316	7,573,800	2,028,484	26.8%		10,098,400	4,553,084
Bus Contract Repairs-Maintenance	367,852	317,250	(50,602)	-16.0%		423,000	55,148
Contract Repair-Accidents	-	35,175	35,175	100.0%		46,900	46,900
Other Repair Parts	7,626	-	(7,626)	0.0%		-	(7,626)
Towing	157,729	151,500	(6,229)	-4.1%		202,000	44,271
Total Direct Variable (Vehicle)	\$ 14,165,773	\$ 17,381,025	\$ 3,215,252	18.5%		\$ 23,174,700	\$ 9,008,927
Indirect Variable:							
Radio Towers	\$ -	\$ 45,000	\$ 45,000	100.0%		\$ 60,000	\$ 60,000
Fare Collection Costs	380,095	435,000	54,905	12.6%		580,000	199,905
Route Facilities Maint.	124,667	126,750	2,083	1.6%		169,000	44,333
Other- Operational	82,178	162,675	80,497	49.5%		216,900	134,722
Total Indirect Variable	\$ 586,940	\$ 769,425	\$ 182,485	23.7%		\$ 1,025,900	\$ 438,960
Facilities:							
Utilities	\$ 1,048,968	\$ 1,075,500	\$ 26,532	2.5%		\$ 1,434,000	\$ 385,032
Contract Bldg Maint./Other Maint	841,705	795,150	(46,555)	-5.9%		1,060,200	218,495
Business Insurance	48,294	48,600	306	0.6%		64,800	16,506
Total Facilities	\$ 1,938,967	\$ 1,919,250	\$ (19,717)	-1.0%		\$ 2,559,000	\$ 620,033
Total Operational Expenses	\$ 16,691,680	\$ 20,069,700	\$ 3,378,020	16.8%		\$ 26,759,600	\$ 10,067,920

SMART OPERATIONAL INCOME STATEMENT

3rd Quarter FY 2018/19

FY 2018/19

	ACTUAL	BUDGET	\$\$ Variance FAY/(UNFAV)	% Variance	Notes	AMENDED BUDGET	BUDGET REMAINING
EXPENSES (Part 3 of 3)							
Administration, Other, Spec. Serv, Contingency :							
Administrative:							
General Supplies	\$ 182,053	\$ 398,250	\$ 216,197	54.3%		\$ 531,000	\$ 348,947
Professional, Outside Serv.	1,093,717	1,303,650	209,933	16.1%		1,738,200	644,483
Outside Counsel-Non V/L & WC	128,653	225,000	96,347	42.8%		300,000	171,347
Computer Maint.	453,890	505,050	51,160	10.1%		673,400	219,510
Marketing Expense	457,362	537,750	80,388	14.9%		717,000	259,638
Other- Administration	102,153	158,250	56,097	35.4%		211,000	108,847
Total Administration	\$ 2,417,828	\$ 3,127,950	\$ 710,122	22.7%		\$ 4,170,600	\$ 1,752,772
Other:							
Vehicle Purchase	\$ -	\$ 855,000	\$ 855,000	0.0%		\$ 1,140,000	\$ 1,140,000
Depreciation-Eligible & Ineligible	8,917,213	2,625,000	(6,292,213)	-239.7%		3,500,000	(5,417,213)
Other	40,293	12,225	(28,068)	0.0%		16,300	(23,993)
Funded & Capital Grant Transfer	22,260	-	(22,260)	0.0%		-	(22,260)
Total Other	\$ 8,979,766	\$ 3,492,225	\$ (5,487,541)	-157.1%		\$ 4,656,300	\$ (4,323,466)
Special Services:							
Community Credit Exp.	\$ 2,812,713	\$ 2,812,650	\$ (63)	0.0%		\$ 3,750,200	\$ 937,487
POS, Comm.Trans. & Alloc. Overhead	(69,639)	248,700	318,339	128.0%		331,600	401,239
Total Special Services:	\$ 2,743,074	\$ 3,061,350	\$ 318,276	10.4%		\$ 4,081,800	\$ 1,338,726
Contingency:							
	-	88,491.00	88,491.00	0.0%		\$ 118,000	\$ 118,000
Restricted Pass Through Expense (Rev. Match)	\$ 4,863,856	\$ 5,806,200	\$ 942,344	16.2%		\$ 7,741,600	\$ 2,877,744
Total Operational Expenses	\$ 35,696,204	\$ 35,645,916	\$ (50,288)	-0.1%		\$ 47,527,900	\$ 11,831,696
TOTAL EXPENSES (Wages & Operational)	\$ 94,172,205	\$ 100,967,241	\$ 6,795,036	6.7%		\$ 134,623,000	\$ 40,450,795
NET INCOME (LOSS)	\$ 8,167,940	\$ -	\$ (8,167,940)			\$ -	\$ (8,167,940)

SMART

FY17 Quarterly Investment Report

1st Quarter Ended September 30, 2016

INVESTMENTS

Month	Beginning Balance	Account Transfers	Service Charges	Annual Interest Rate (%)	Investment Earnings	Ending Balance
BUSINESS MONEY MARKETS						
January	\$ 105,420.80	\$ -	(7.00)	0.25	\$ 22.38	\$ 105,436.18
February	105,436.18	-	(7.00)	0.25	20.22	105,449.40
March	105,449.40	-	(7.00)	0.25	22.39	105,464.79
Total Money Market Revenue - Comerica					\$ 64.99	
January	\$ 10,120,803.28	\$ -	\$ -	2.26	\$ 19,257.26	\$ 10,140,060.54
February	10,140,060.54	-	-	2.27	17,502.02	10,157,562.56
March	10,157,562.56	(3,000,000.00)	-	2.27	13,720.03	7,171,282.59
Total Money Market Revenue - PNC					\$ 50,479.31	
COMERICA J-FUND						
January	\$ 27,061,765.52	\$ 1,889,498.79	\$ -	2.32	\$ 71,483.44	\$ 29,022,747.75
February	29,022,747.75	15,418,541.60	-	2.34	52,733.84	44,494,023.19
March	44,494,023.19	20,497,127.53	-	2.31	67,818.93	65,058,969.63
Total Money Market Revenue - Comerica					\$ 192,036.21	
FLAGSTAR PREMIER SAVINGS						
January	\$ 24,599,528.22	\$ -	\$ -	2.49	\$ 51,112.00	\$ 24,450,640.22
February	24,450,640.22	-	-	2.51	46,516.51	24,497,156.73
March	24,497,156.73	7,000,000.00	-	2.51	63,896.48	31,561,053.21
Total Money Market Revenue - Comerica					\$ 161,524.99	
LONG-TERM INVESTMENTS						
Investment in US Government Bonds (AAA/AA+)	\$ 9,953,294.80	\$ 3,733,069.15		1.34%	\$ 25,344.39	\$ 13,711,708.34
Comerica Federated Government Reserves	64,400.70	-		1.61%	209,966.29	274,366.99
Municipal Bond	2,015,840.00	-		2.98%	-	2,015,840.00
Total Revenue From Long-term Investment Activity					\$ 235,310.68	\$ 16,001,915.33

Combined cash and investments, March 31, 2019		AMOUNT
BANK		
Comerica Money Market	\$	105,465
PNC Money Market	\$	7,171,283
Comerica J-Fund	\$	65,058,970
Flagstar Premier Savings Account	\$	31,561,053
Long-term Investments	\$	16,001,915
Comerica Earnings Credit Account	\$	25,000
PNC Earnings Credit Account	\$	4,365,057
Others*	\$	30,064
Total	\$	124,318,807