



December 16, 2011

To: Executive Board

Subject: **October Financial Statements and Investment Summary**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first four months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$61.3 million is \$10.3 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase accounts receivable of \$230,000. Sources of cash include an increase in accounts payable \$1.7 million, a decrease in due from other governments of \$6.7 million, an increase in deferred revenue of \$1.7 million and excess operating revenues over expenditures of \$430,000.

September 2011 fare revenues were \$1.55 million, this approximately \$98,000 more than the September revenues and 8.13 percent more than the monthly budgeted amount. This is a continuation of the trend established in the prior fiscal year even though revenue estimates were increased approximately ten percent. Fare revenues have remained relatively flat for more than a year, very similar to the economy. This continues to be good news; the economy may be stabilizing with hopes of future improvements.

Operating costs through October were \$20.7 million, which is \$1.69 million less than the budget. These costs are \$375,000 or 1.8 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as of October 31, 2011 shows total assets at \$217.5 million. This total consists primarily of \$149.4 million in fixed assets and \$61.2 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$26.9 million in non-interest bearing accounts held with Bank of the West; \$15.2 million in an interest bearing account with Bank of the West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with

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Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

#### Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of October 2011 was 0.385 percent; slightly more than the previous month's rate of 0.378 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

#### Liabilities

The accounts payable balance is \$5.6 million. \$3.6 million of this amount represents the amount due and payable to the contractors for September and October services. Other amounts payable include fuel costs of \$735,000, and \$427,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

#### **Operating Revenue and Expense Analysis (Attachment C):**

##### Fare Revenue

October 2011 fare revenue of \$1.55 million was 8.13 percent more than the monthly budgeted amount and \$98,000 more than the adjusted September 2011 revenue. The October revenues are \$39,900 or 2.76 percent more than the prior year monthly average. October revenues are 8.13 percent more than the amount budgeted and slightly more than the fiscal year 2011 monthly average of \$1.45 million. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$17.9 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 5.7 percent more than planned for in the budget. This is the results of receiving grant subsidies that were delayed at the beginning of the fiscal year. Foothill Transit has sufficient funds to meet all of its obligations.

##### Expenses

October 2011 year to date operating expenses were \$20.6 million, compared with the budget of \$22.3 million. This difference of approximately \$1.6 million resulted in a 7.53 percent favorable variance. The majority of this favorable variance is the result of lower



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than budgeted service cost of \$780,000 and fuel cost savings of \$530,000, with the balance spread over several departments and not attributable to any one account. It should be noted that the October 2011 year to date expenses of \$207 million are \$375,000 more than the prior fiscal year.

Farebox Recovery Ratio

The October 2011 year to date farebox recovery ratio was 28.73 percent; 2.77 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$5,945,236 by the total operating expense figure of \$20697.077. This ratio has increased 0.49 percent from the September 2011 figure of 28.24 percent.

Sincerely,

Richard Hasenohrl  
Director of Finance

Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of October 31, 2011

**Assets**

## Current Assets:

Cash	\$ 42,113,678
Investments	19,142,993
Due from government agencies	4,751,317
Other receivables	1,682,087
Other assets	<u>345,362</u>
Total Current Assets	68,035,438
Property & Equipment (net of depreciation)	149,424,568
Total Assets	<u><u>\$ 217,460,005</u></u>

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 5,597,670
Current portion of long term debt	1,000,000
Deferred Revenue	<u>34,431,435</u>
Total Liabilities	<u>41,029,104</u>

**Equity**

Investment in Fixed Assets (net):	
Fund Balance:	<u>176,430,901</u>
Total Equity	<u>176,430,901</u>
Total Liabilities and Equity	<u><u>\$ 217,460,005</u></u>

Summary of Cash and  
Investment Account  
For October 31, 2011

Cash:	Interest Rate	Term	Principal Amount/Book Value	Market Value
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$15,865,132	\$15,865,132
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%	Demand Deposit	10,015,408	10,015,408
Bank of the West-Money Market	0.250%	Demand Deposit	4,500,610	4,500,610
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	658,044	658,044
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			<u>42,113,678</u>	<u>42,113,678</u>
 Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	5,152,636	5,152,636
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.381%	Demand Deposit	5,006,199	5,006,199
Subtotal Unrestricted Investments			<u>19,142,993</u>	<u>19,142,993</u>
Total Cash and Investments			<u>\$61,256,671</u>	<u>\$61,256,671</u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit  
Statement of Revenue and Expense  
For Month Ended October 31 2011

	Actual October -11	Budget October -11	Variance Favorable (Unfavorable)	Actual October- 10
<b>Operating Revenue</b>				
Farebox	\$3,752,693	\$3,906,533	(3.94%)	\$3,691,279
Pass Sales	1,068,213	886,133	20.55%	957,132
TAP Cash Purse	656,684	474,200	38.48%	756,011
MetroLink	17,407	8,833	97.07%	10,009
EZ Transit Pass	792,238	471,800	67.92%	389,849
<b>Total Operating Revenue</b>	<b>6,287,236</b>	<b>5,747,500</b>	<b>9.39%</b>	<b>5,804,280</b>
<b>Non-Operating Revenue</b>				
FTA Sec 5307 Operating	734,633			476,041
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	5,811,184	7,239,067	(19.72%)	
STA	1,098,552	1,083,333	1.40%	1,275,108
Prop A 40% Discretionary	4,471,406	4,000,000	11.79%	4,246,928
Prop A & C Interest				
Prop A 40% BSCP	1,265,596	966,667	30.92%	547,518
Prop C Base Restructuring	591,912	566,667	4.45%	580,364
Prop C BSIP	275,578	270,333	1.94%	270,199
Prop C Transit Service Expansion	98,637	96,667	2.04%	96,711
Transit Security-Operating	205,888	200,000	2.94%	181,253
Measure R Operating	2,926,448	2,096,667	39.58%	2,470,224
Excise Tax Credit				
Gain on Sale of Fixed Assets				
ARRA				
Auxiliary Revenue	487,080	500,000	(2.58%)	521,194
<b>Total Non-Operating Revenue</b>	<b>17,966,914</b>	<b>17,019,401</b>	<b>5.57%</b>	<b>11,063,528</b>
<b>Total Revenue</b>	<b>24,254,150</b>	<b>22,766,901</b>	<b>6.53%</b>	<b>16,867,808</b>
<b>Available Capital Funding</b>				
Capital Grants	1,812,696			10,986,370
Other				
<b>Total Revenue and Capital Funding</b>	<b>26,066,847</b>	<b>22,766,901</b>		<b>27,854,178</b>
<b>OPERATING EXPENSES</b>				
Operations	17,320,944	18,724,233	7.49%	17,119,365
Marketing and Communications	477,726	531,500	10.12%	484,295
Information Technology	620,193	579,667	(6.99%)	437,854
Administration	548,485	592,683	7.46%	669,121
Procurement	142,810	212,617	32.83%	
Sales and Service	581,609	582,800	0.20%	561,443
Finance	421,660	421,400	(0.06%)	353,683
Safety and Security	216,607	267,667	19.08%	211,717
Planning	159,805	228,867	30.18%	227,681
Building Management	207,239	242,133	14.41%	256,682
<b>Total Operating Expenses</b>	<b>20,697,077</b>	<b>22,383,567</b>	<b>7.53%</b>	<b>20,321,841</b>
<b>Capital and Other Expenses</b>				
Capital	1,853,816		N/A	11,025,740
Interest			N/A	
Dial-A-Ride	243,349		N/A	192,986
Special Services	33,421		N/A	81,210
Other Misc. expense	(19,818)		N/A	19,253
<b>Total Capital and Other Expenditures</b>	<b>2,110,767</b>		<b>N/A</b>	<b>11,319,189</b>
<b>Increase (Decrease) of Revenues Over Expenditures</b>	<b>\$ 3,259,002</b>			<b>\$ (3,786,852)</b>