



BOARD MEETING MEMO

Agenda Item H.2

MEMO TO: BOARD OF DIRECTORS

FROM: AL MCCOY, FINANCE DIRECTOR/CFO

THRU: ALLAN POLLOCK, GENERAL MANAGER

DATE: July 26, 2018

SUBJECT: FY2018 PRELIMINARY YEAR-END FINANCIAL REPORT

ISSUE

Shall the Board accept the FY2018 preliminary year-end financial report?

BACKGROUND AND FINDINGS

The District's fiscal year ended June 30, 2018. State regulations require the District to make a financial report for the previous year available to its Board on or before July 30. To comply with the timeframe established by the State of Oregon, District staff have prepared a report providing preliminary results. Audited reports will be prepared when the independent audit work has been completed.

The preliminary report includes statements for the General Fund, Transportation Programs Fund, and the Capital Project Fund. These statements compare the budget amounts to actual amounts by legal appropriations category. Because this is an early preliminary look at FY18, some transactions and adjustments have not yet been made, so they are not included in this preliminary report. These items include depreciation of assets, year-end accruals for vacation and sick leave and last five days of payroll, year-end revenue accruals, and various expense adjustments.

FINANCIAL IMPACT

General Fund total revenues are at 93% of budget. Passenger Fares are at 83% of budget because the FY18 Adopted Budget assumed a continuation of the State Employee Bus Pass program (\$650,000), which was not renewed. Federal 5307 funding is only 46% of annual budget. However, additional federal funding reimbursement requests are being filed for the final quarter and will be reported in the final audited financial report. The District received 3% more than the budgeted Property Tax collections for the year, and surpassed its projection on Oregon-in-Lieu taxes by 11%. Miscellaneous Revenue exceeded the annual budget primarily due to a CNG Fuel tax credit of \$187,354 that was included in the budget.



Interest earned on investments is 210% of budget, due to our LGIP balance being higher than prior years and interest rates increasing twice during the fiscal year.

The General Fund total expenses are at 98% of budget. The General Manager/Board of Directors Division expenses are at 105% percent of the annual appropriation due to executive search recruiting costs. The Administration Division is at 104% percent of its appropriation primarily due to higher than expected legal costs. The Operations Division is at 101% of its annual budget due to higher than anticipated personnel costs in administration and maintenance. All other divisions are at 100% or below their appropriated budget.

**Salem Area Mass Transit District
Fiscal Year 2017-18 Preliminary Year End Financial Report**

**General Fund Revenues/Resources and
Expenses/Requirements Resolution**

Summary	Actual	FY2017-18 Adopted Budget	% of Budget
Operating Revenues/Resources			
Passenger Fares	2,498,675	3,016,000	83%
Other Fixed Route Services	162,671	260,000	63%
Federal Funding	2,170,758	4,754,523	46%
Advertising	63,000	-	
Miscellaneous	327,103	159,000	206%
Property Taxes	12,078,234	11,744,225	103%
Oregon State In-Lieu	6,212,475	5,610,000	111%
Interest on Investments	354,847	168,695	210%
Operating Revenues/Resources Total	23,867,763	25,712,443	93%
Operating Expenses/Requirements			
General Manager/Board of Directors	647,158	615,358	105%
Administration	928,432	889,848	104%
Finance	912,576	910,968	100%
Marketing & Communications	1,397,686	1,732,630	81%
Transportation Development	2,044,082	2,049,116	100%
Operations	17,811,904	17,683,354	101%
Unallocated General Administration	800,489	1,076,956	74%
Operating Expenses/Requirements Total	24,542,327	24,958,230	98%



In reviewing the Transportation Programs Fund revenues, most of the federal funds reflect only three quarters with the remaining quarter expenses to be accrued and reported in the audited report. As reported in the discussion of the general fund revenues, federal reimbursement requests for year-end grant reimbursements are in process and the revenues will be reported in the audited report.

The Transportation Programs Fund as a whole is under the appropriated amount of \$18,626,964 with \$14,739,559 spent, or 79% of the appropriated amount.

**Salem Area Mass Transit District
Fiscal Year 2017-18 Preliminary Year End Financial Report**

Transportation Programs Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2017-18 Adopted Budget	% of Budget
Transportation Fund Revenues/Resources			
Passenger Fares	402,103	386,900	104%
Federal Funds	1,041,584	2,335,392	45%
State Funds	8,306,312	10,491,328	79%
Rideshare Grant	150,447	211,199	71%
TDM Grant	128,160	167,341	77%
DD53 Revenues	1,875,346	2,392,000	78%
Transportation Fund Revenues/Resources Total	11,903,952	15,984,160	74%
Transportation Fund Expenses/Requirements			
Operations	14,121,497	17,979,765	79%
Transportation Development	618,062	647,125	96%
Transportation Fund Expenses/Requirements Total	14,739,559	18,626,890	79%



Overall, the Capital Project Fund has received about 24% of budgeted resources and spent 18% of the appropriated expenses. Many of the FY18 capital projects were carried forward to the FY2018-19 budget year to be completed.

Fiscal Year 2017-18 Preliminary Year End Financial Report

Capital Project Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2017-18 Adopted Budget	% of Budget
Capital Revenues/Resources			
Net Working Capital	2,727,200	2,383,068	114%
Federal Funding	167,124	8,588,148	2%
State Funding	8,963	1,277,632	1%
Capital Revenues/Resources Total	2,903,287	12,248,848	24%
Capital Expenses/Requirements			
Administration	272,818	216,775	126%
Communications	-	20,000	0%
Transportation Development	495,993	3,589,890	14%
Operations	1,444,026	8,333,015	17%
Capital Expenses/Requirements Total	2,212,837	12,159,680	18%

RECOMMENDATION

Staff recommends that the Board accept the FY2018 preliminary year-end financial report as presented.

PROPOSED MOTION

I move the Board accept the FY2018 preliminary year-end financial report as presented.

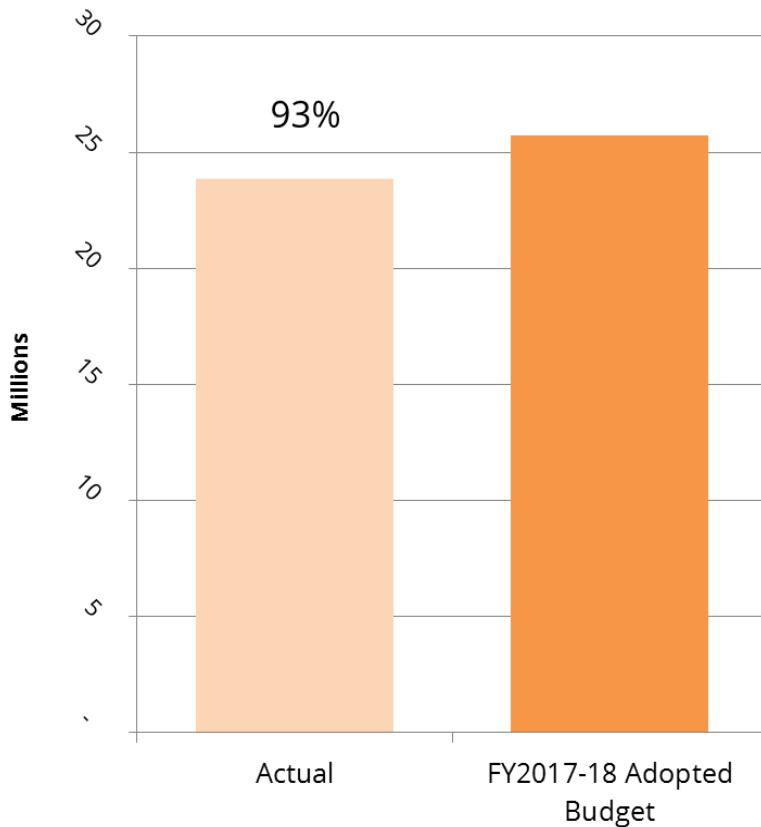
Preliminary Year End Financial Report (unaudited)

July 1, 2017 – June 30, 2018

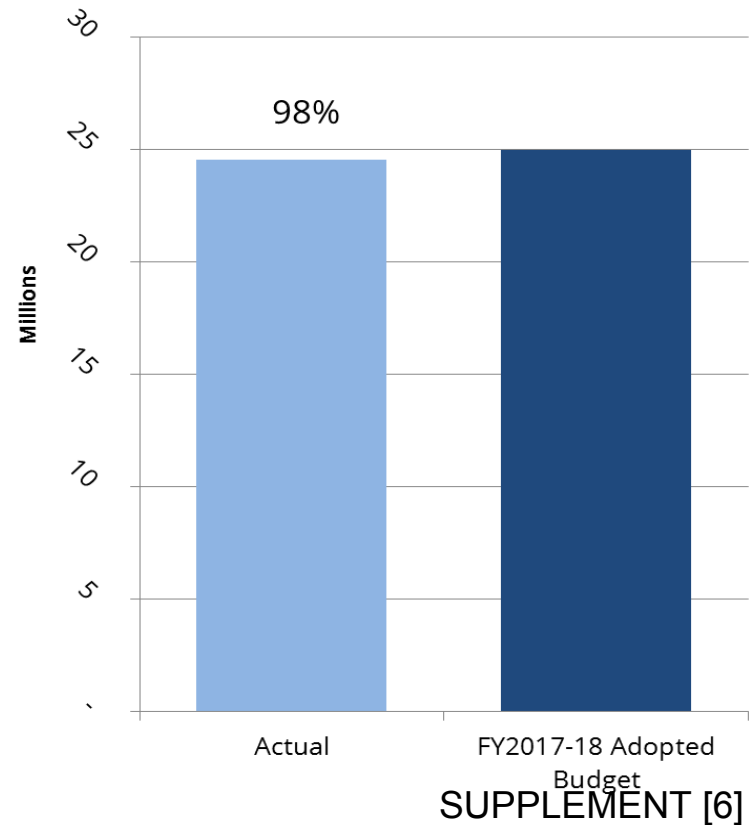


General Fund Budget and Actual Non-GAAP Budget Basis (unaudited)

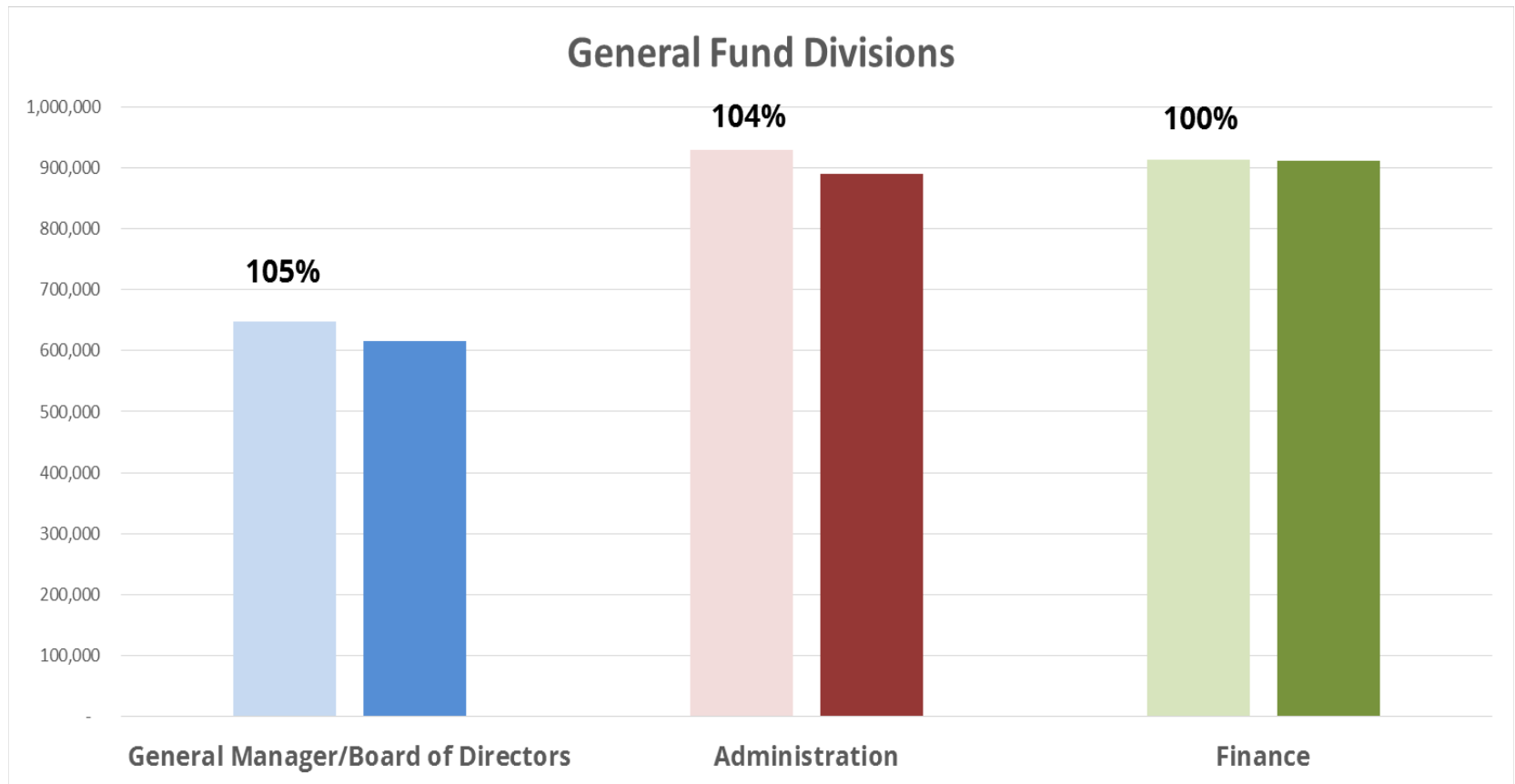
Revenues/Resources Total



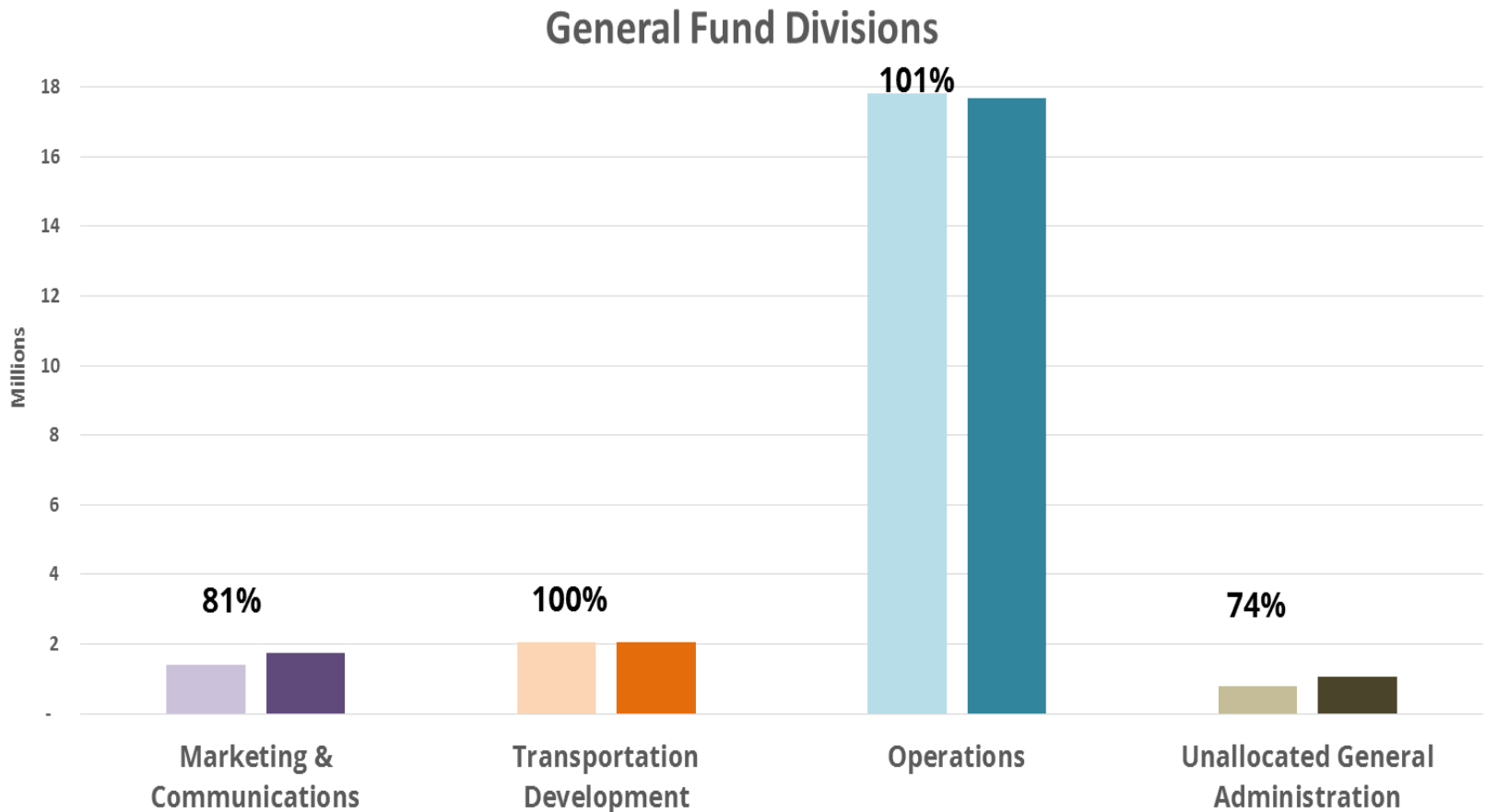
General Fund Expenses/Requirements Total



General Fund Budget and Actual Non-GAAP Budget Basis (unaudited)

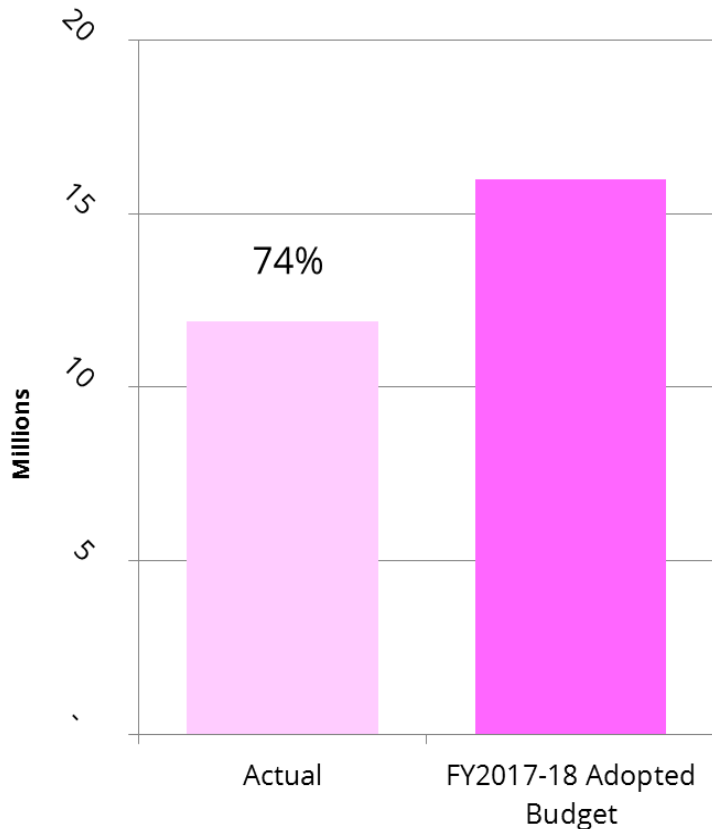


General Fund Budget and Actual Non-GAAP Budget Basis (unaudited)

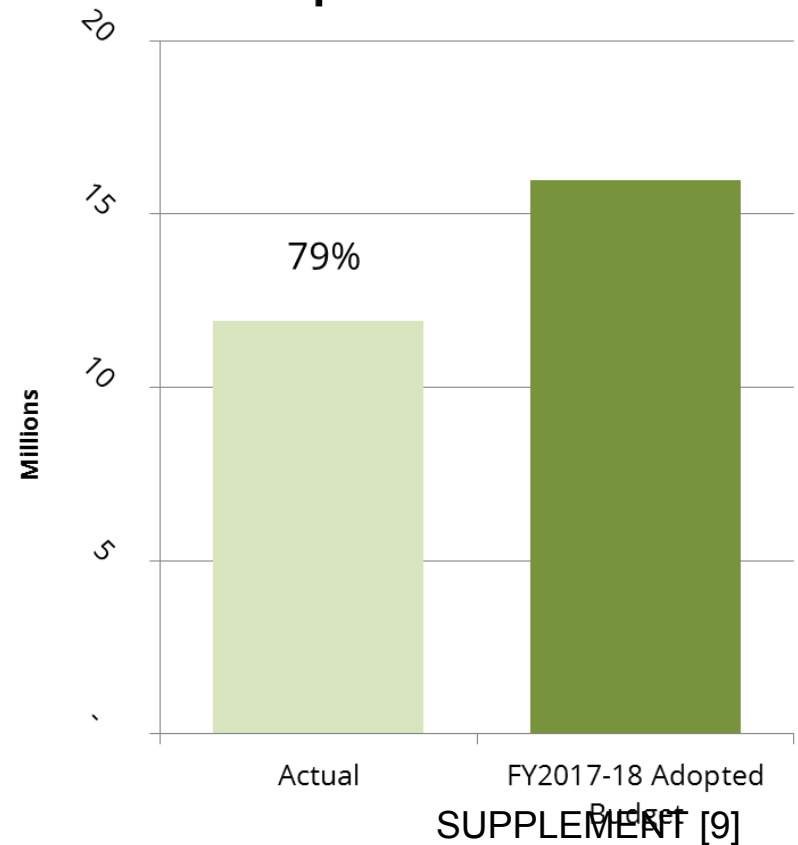


Transportation Programs Fund Budget and Actual Non-GAAP Budget Basis (unaudited)

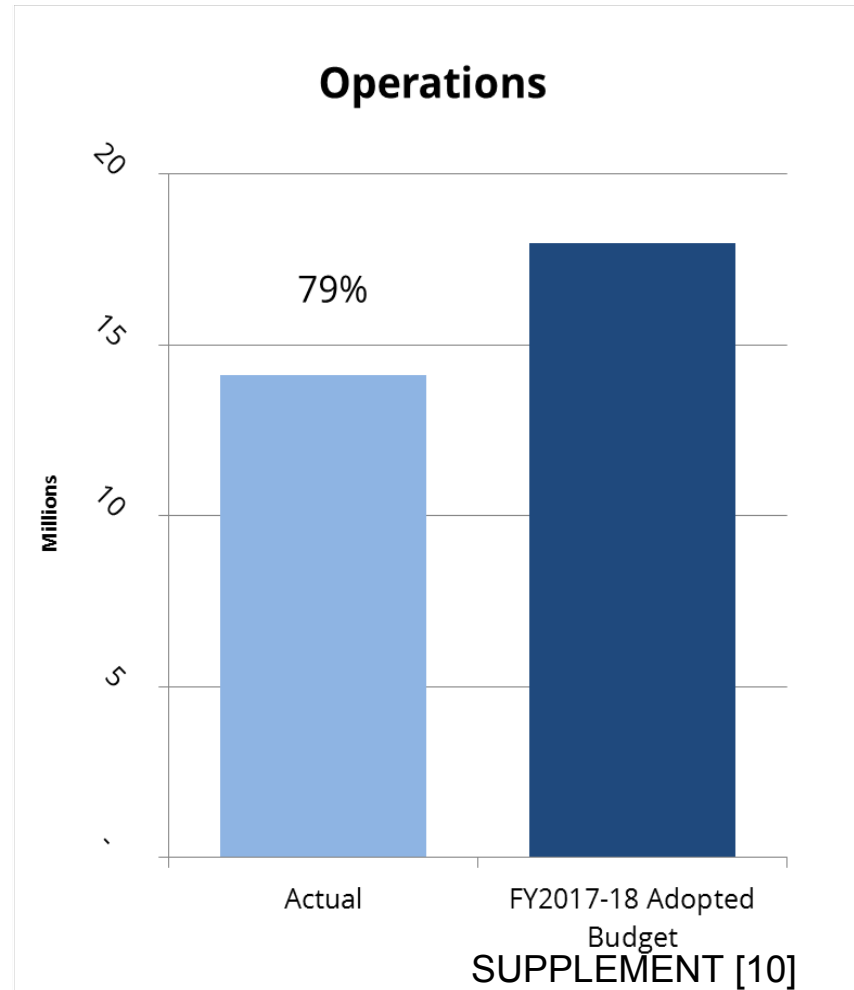
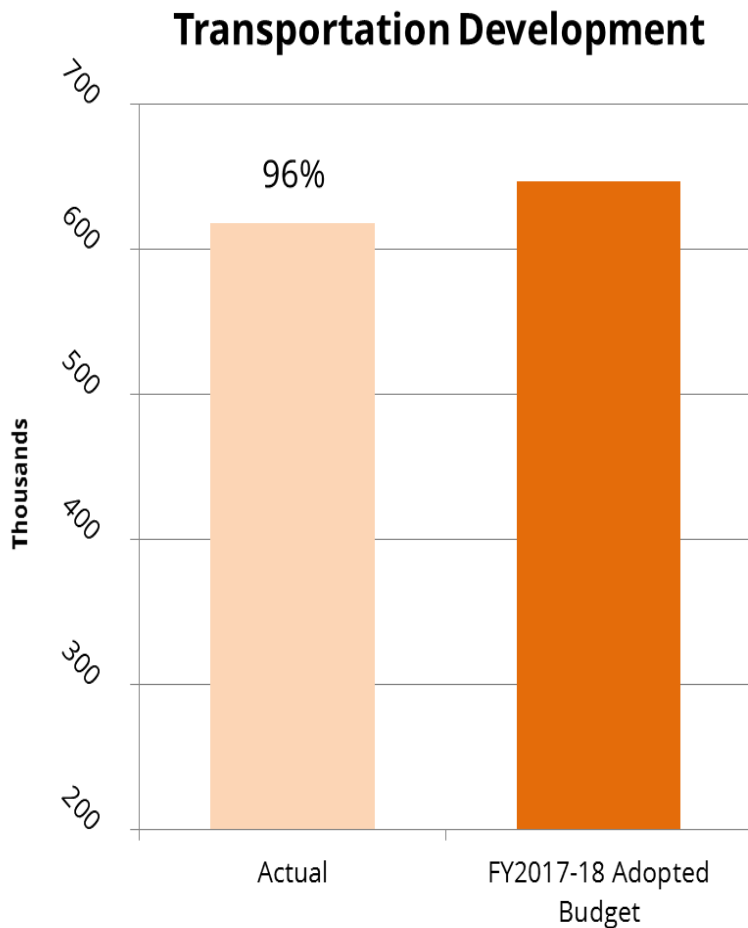
Transportation Fund Revenues/Resources Total



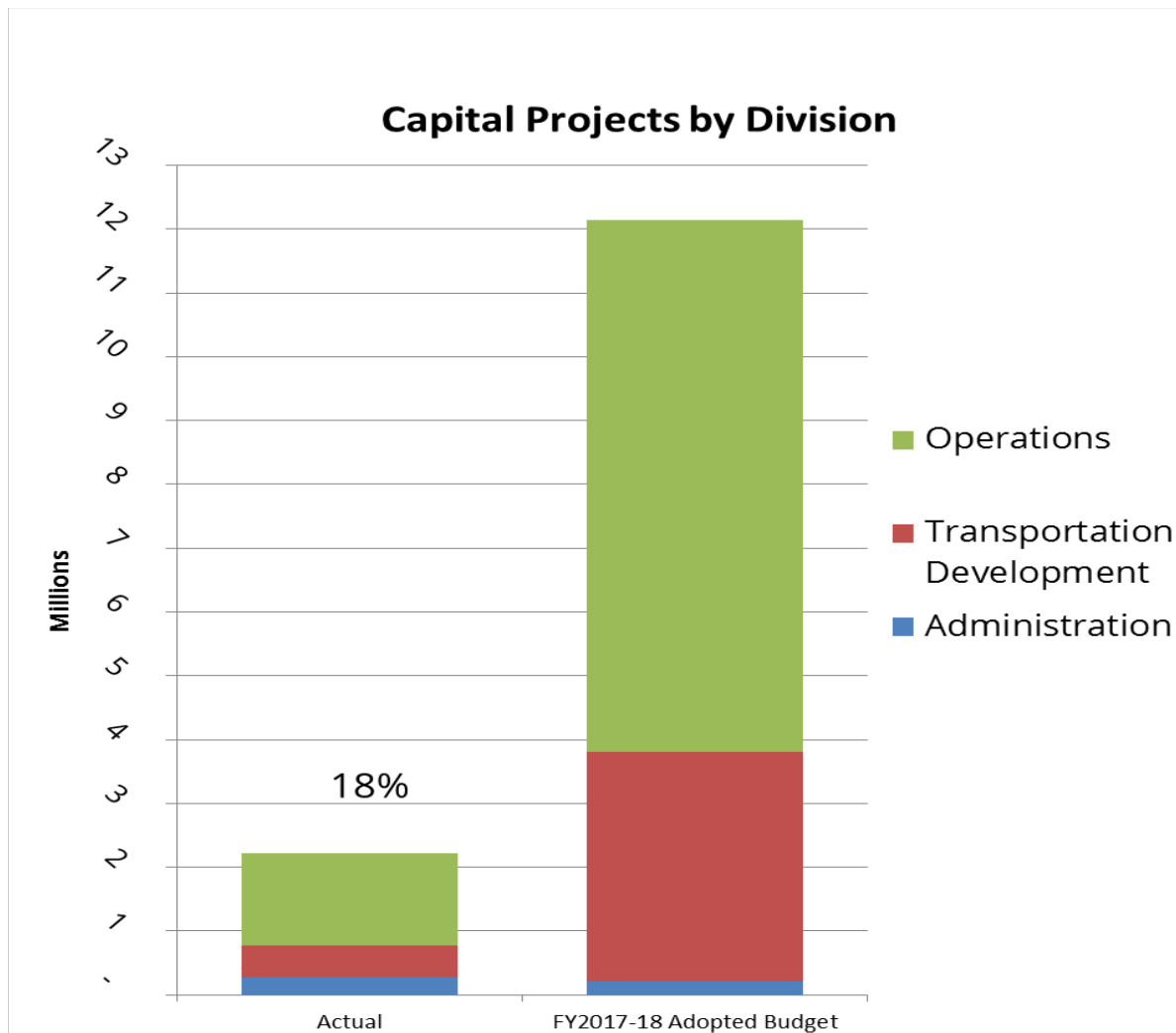
Transportation Fund Expense Requirements Total



Transportation Programs Fund Budget and Actual Non-GAAP Budget Basis (unaudited) By Division



Capital Projects Fund Budget and Actual Non-GAAP Budget Basis (unaudited)



- Questions about the Preliminary Year End Financial Report?