

MEMO TO: BOARD OF DIRECTORS

**FROM: WENDY FETH, ACCOUNTANT
PAULA DIXON, DIRECTOR OF ADMINISTRATION**

THRU: ALLAN POLLOCK, GENERAL MANAGER

SUBJECT: FY2016 PRELIMINARY YEAR-END FINANCIAL REPORT

Issue

Shall the Board accept the FY2016 preliminary year-end financial report?

Background and Findings

Annually, the Board adopts a budget that includes resources and requirements. 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, the District has prepared a report providing preliminary results. Audited reports will be prepared when the independent audit work has been completed.

This report provides information about how the budget was implemented for FY2016 and includes statements for the General Fund, Transportation Programs Fund, and the Capital Projects Fund. These statements compare the budget amounts to actual amounts by legal appropriations category. Remaining transactions and adjustments not in this preliminary report include depreciation of assets, year-end accruals for vacation and sick leave, year-end revenue accruals, and various expense adjustments.

In reviewing General Fund revenues, the District has received more than the projected Property Tax collections for the year. Passenger Fares are at 96% of budget. The District's miscellaneous revenue has exceeded the amount projected in the budget for the current year due to receiving an unbudgeted insurance dividend reimbursement. Also, interest on investments is over 220% of projections, as our Local Government Investment Pool (LGIP) balance is higher than in prior years and interest rates are increasing.

The General Fund Division expenses are under budget in all reporting levels. The General Manager/Board of Directors Division expenses are at 97 percent (\$650,402) of the annual appropriation after the May 26th budget amendment. The Administration Division spent 91 percent (\$2,295,032) of its appropriation. The Transportation Development Division spent 93 percent (\$1,627,742) of its budget. The Operations Division spent 91% (\$16,571,978) of its budget. Additionally, the Unallocated General Administration expenses are at 83% (\$884,161) of its budgeted amount.

Looking closer at department level of expenses, some department budgets exceeded their budgets. For example, the Board of Directors exceeded its budget by 27% (approximately \$34,000) of its annual appropriation due to the higher than anticipated cost associated with the ballot measure for the November 2015 election. The Finance Department exceeded its annual

appropriations by 7% (about \$52,000) due to National Transit Database (NTD) certification costs and triennial consultant costs. Within the Operations Division, the West Salem Connector Operations and Vehicle Maintenance are over budget by 28% (about \$44,000) and 153% (about \$18,000) respectively. The West Salem Connector Operations was over budget as the cost to run the service was more than originally anticipated. The West Salem Connector Vehicle Maintenance budget exceeded its annual appropriations due to the higher cost of maintaining older vehicles.

In reviewing the Transportation Programs Fund, the fund as a whole is well under the appropriated amount of \$17,947,392, with \$15,368,151 spent. A closer look at the programs shows all programs except one are in line with spending of the annual budgeted amounts. Mobility Management spent 110% of its annual budget due to the hiring of additional Transit Hosts on the transit center at Courthouse Square.

Overall, the Capital Project Fund spent 20 percent of the adopted budget. Many of the capital projects are in the planning or procurement stages. As a result, Capital Project Administration exceeds its budget by 2 percent as more time was spent on the overall administration of the projects. Many of the projects in the current year budget have been carried forward into the adopted budget for next year.

Recommendation

Staff recommends the Board accept the FY2016 preliminary year-end financial report as presented.

Proposed Motion

I move the Board accepts the FY2016 preliminary year-end financial report as presented.

**For Board Meeting of July 28, 2016
Agenda Item No. H.1**

Salem Area Mass Transit District
Fiscal Year 2015-16 Preliminary Year End Financial Report

General Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2015-16 Adopted Budget	% of Budget	
Operating Revenues/Resources				
Passenger Fares	2,301,822	2,408,190	96%	
Other Fixed Route Services	241,997	300,000	81%	①
Planning Grant	140,879	120,325	117%	②
Federal 5307	2,019,186	4,989,082	40%	
DMAP Reimbursement	54,406	66,000	82%	
Miscellaneous	213,410	106,500	200%	③
Property Taxes	11,333,132	10,557,639	107%	④
Oregon State In-Lieu	4,185,870	5,250,000	80%	
Interest on Investments	90,605	40,000	227%	⑤
Energy Tax Credit	183,311	180,000	102%	
Operating Revenues/Resources Total	20,764,618	24,017,736	86%	
Operating Expenses/Requirements				
General Manager/Board of Directors Administration	650,402	671,157	97%	
Transportation Development	2,295,032	2,529,214	91%	
Operations	1,627,742	1,749,722	93%	
Unallocated General Administration	16,571,978	18,242,951	91%	
	884,161	1,063,720	83%	
Operating Expenses/Requirements Total	22,029,315	24,256,764	91%	

- ① District has only received the payments through May 2016.
- ② Additional grant was received which was not included in the budget.
- ③ SAIF Dividend reimbursement (52,080); Sales of Assets (approximately 36,000); Reimbursement from Union for employees' time (approximately 41,000).
- ④ Property taxes received were higher than anticipated.
- ⑤ Due to large monthly balances and increasing interest rates.

Salem Area Mass Transit District
 Fiscal Year 2015-16 Preliminary Year End Financial Report

General Fund Department Expenses/Requirements Summary	Actual	FY2015-16	
		Adopted Budget	% of Budget
General Manager/Board of Directors			
General Manager	490,126	545,157	90%
Board of Directors	160,276	126,000	127% ⑥
Total	650,402	671,157	97%
Administration			
Human Resources	720,126	793,437	91%
Human Resources Safety	140,269	205,087	68%
Marketing and Communications	622,021	770,456	81%
Finance	812,616	760,234	107% ⑦
Total	2,295,032	2,529,214	91%
Transportation Development			
Transportation Development Administration	651,154	654,190	100%
Information Technology	769,986	845,532	91%
Vanpool Lease	206,602	250,000	83%
Total	1,627,742	1,749,722	93%
Operations			
Operations Administration	432,904	481,802	90%
Customer Service	531,356	515,140	103%
Vehicle Maintenance	3,759,765	4,586,424	82%
Facility Maintenance	748,218	751,080	100%
Security	427,649	494,373	87%
Cherriots Fixed Route Service	10,436,968	11,208,312	93%
State Fair Shuttle Service	-	33,550	0%
West Salem Connector Operations	203,984	159,950	128% ⑧
West Salem Connector Vehicle Maintenance	31,134	12,320	253% ⑨
Total	16,571,978	18,242,951	91%
Unallocated			
General Administration	884,161	1,063,720	83%

⑥ Special election costs.

⑦ NTD certification costs and triennial consultant costs.

⑧ Operation costs associated with software and contracted services higher than anticipated.

⑨ Pilot project expenses higher than anticipated.

Salem Area Mass Transit District
 Fiscal Year 2015-16 Preliminary Year End Financial Report

Transportation Programs Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2015-16 Adopted Budget	% of Budget
Operating Revenues/Resources			
Passenger Fares	359,767	382,925	94%
Federal Direct 5310 Funds	260,699	229,839	113% ^⑩
Federal 5311 Funds	226,125	319,050	71%
Federal New Freedom	56,093	-	
Federal 5310 Funds Through State	647,772	711,501	91%
Federal 5310 Pass Through Funds	-	97,805	0%
Rideshare Grant	120,445	225,375	53%
TDM Grant	81,869	113,039	72%
DD53 Revenues	1,969,337	3,000,000	66%
Federal 5307	45,348	1,489,568	3%
DMAP Revenues	10,203,329	12,272,955	83%
STF Pass Through Funds	294,000	293,877	100%
State STF Funds	909,104	647,474	140% ^⑪
Transfers from Other Funds	-	-	
Operating Revenues/Resources Total	15,173,888	19,783,408	77%
Operating Expenses/Requirements			
Operations	15,368,151	17,947,392	86%
Transportation Development	516,641	779,398	66%
Operating Expenses/Requirements Total	15,884,792	18,726,790	85%

^⑩ More expenses were applied to grant revenue than anticipated.

^⑪ More revenue was received than anticipated.

Salem Area Mass Transit District
 Fiscal Year 2015-16 Preliminary Year End Financial Report

Transportation Programs Fund Program Expenses/Requirements Summary	Actual	FY2015-16	
		Adopted Budget	% of Budget
Operations			
CherryLift	4,321,811	5,230,667	83%
RED Line	250,104	281,695	89%
CARTS	1,307,808	1,448,624	90%
DMAP/WVCH	9,240,299	10,777,948	86%
Trip Link Call Center **	18,261	-	
Mobility Management/Travel Trainer	229,868	208,458	110% ¹²
Operations Total	15,368,151	17,947,392	86%
Transportation Development			
Special Transportation Coordination	235,633	440,984	53%
Rideshare/TDM	281,008	338,414	83%
Transportation Development Total	516,641	779,398	66%
Transportation Programs Fund Total	15,884,792	18,726,790	85%

¹² Additional Transit Ambassador costs.

**The Trip Link Call Center is allocated to those programs that utilize the call center

Salem Area Mass Transit District
Fiscal Year 2015-16 Preliminary Year End Financial Report

Capital Project Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2015-16 Adopted Budget	% of Budget
Capital Revenues/Resources			
Federal STP Funds	219,459	582,000	38%
Federal New Freedom	2,099	-	
Federal 5310 Funds Through State	517	224,325	0%
Federal Flex Funds	114,165	2,552,373	4%
Federal 5307	32,151	1,426,400	2%
Federal STP Funds	474,485	835,297	57%
Federal 5309 Funds	85,591	2,472,556	3%
Connect Oregon Funds	-	1,000,000	0%
State STF Funds	-	264,555	0%
Capital Revenues/Resources Total	958,409	9,357,506	10%
Capital Expenses/Requirements			
Administration	-	175,000	0%
Transportation Development			
Capital Project Administration	33,535	32,979	102%
Keizer Transit Center	2,790	2,300,282	0%
South Salem Transit Center	84,844	267,202	32%
Bus Stops & Shelters	1,030,574	2,350,000	44%
BI Project	1,875	100,000	2%
Call Center Phones	41,889	-	
Technology Equipment	50,203	85,000	59%
CH2 Improvements	-	75,000	0%
CH2 Lease Space Improvements	28,103	50,000	56%
Operations			
Del Webb Improvements	18,496	765,000	2%
Shop Equipment	2,650	250,000	1%
ADA Assessment Center	6,565	-	
Cherriots Revenue Vehicles	252,109	258,553	98% ¹³
CherryLift Revenue Vehicles	757	502,464	0%
CARTS Revenue Vehicles	778	488,880	0%
Technology Equipment	-	143,000	0%
Capital Expenses/Requirements Total	1,555,168	7,843,360	20%

¹³ CNG Replacement tanks project has incurred most of its costs in the fiscal year.