

MEMO TO: BOARD OF DIRECTORS

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

THRU: ALLAN POLLOCK, GENERAL MANAGER

SUBJECT: FY2017 PRELIMINARY YEAR-END FINANCIAL REPORT

Issue

Shall the Board accept the FY2017 preliminary year-end financial report?

Background and Findings

The Districts fiscal year ended June 30, 2017. 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.

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. Remaining transactions and adjustments not in this preliminary report include depreciation of assets, year-end accruals for vacation and sick leave and the last five days of payroll, year-end revenue accruals, and various expense adjustments.

The preliminary report shows that the District has received more than the projected Property Tax collections for the year. Passenger Fares are at 92% 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 and reimbursement of salary expenses for an employee working for the union. Also, interest on investments is over 276 percent of projections, as our LGIP balance is higher than prior years and interest rates are increasing. The additional federal 5307 revenues will be reported in the audited report.

The General Fund Division expenses are under budget in all reporting levels. The General Manager/Board of Directors Division expenses are at 87 percent (\$525,136) of the annual

appropriation. The Administration Division spent 97 percent (\$1,758,176) of its appropriation. The Transportation Development Division spent 87 percent (\$1,739,999) of its budget and the Operations Division spent 99% (\$17,126,800) of its budget. Additionally, the Unallocated General Administration expenses are at 86% (\$991,662) of its budgeted amount.

Looking closer at the department level of expenses, some department budgets have exceeded their budgets. For example, the Human Resources Department has exceeded its budget by 5% (approximately \$31,000) of its annual appropriation due to the higher than anticipated legal costs. The Customer Service Department has exceeded its annual appropriations by 9% (about \$50,000) because of payout expense to long-time employee retiring and costs associated with temporary help to fill vacancy. Within the Operations Division, the Facilities Maintenance Department was over budget by 8% (about \$62,000) due to higher personnel costs. The Cherrlots Fixed route Service Department was over budget 2% (about \$268,000) due to the increase in operators needed to operate the State Shuttle (15X).

In reviewing the Transportation Programs Fund revenues, most of the federal funds reflect only three quarters with the remaining quarter to be accrued in the audited report. As reported in the discussion of the general fund revenues, federal 5307 revenues will be reported in the audited report.

The Transportation Programs Fund as a whole is under the appropriated amount of \$17,709,220, with \$16,887,423 spent. All Divisions' budget amounts are under budget.

Overall, the Capital Project Fund has spent 4 percent of the approved budget. Many of the capital projects were re-budgeted for the FY2018 budget year to be completed.

Recommendation

Staff recommends the Board accept the FY2017 preliminary year-end financial report as presented.

Proposed Motion

I move the Board accept the FY2017 preliminary year-end financial report as presented.

Salem Area Mass Transit District
 Fiscal Year 2016-17 Preliminary Year End Financial Report

General Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2016-17 Adopted Budget	% of Budget
Operating Revenues/Resources			
Passenger Fares	2,816,171	3,059,000	92%
Other Fixed Route Services	219,988	290,000	76%
Planning Grant	90,583	121,500	75%
Federal 5307	597,018	3,975,200	15% ①
DMAP Reimbursement	(107,889)	68,000	-159% ②
Miscellaneous	310,820	116,600	267% ③
Property Taxes	11,606,405	11,312,700	103%
Oregon State In-Lieu	5,965,065	5,500,000	108%
Interest on Investments	220,963	80,000	276% ④
Energy Tax Credit	222,714	-	
Operating Revenues/Resources Total	21,941,838	24,523,000	89%
Operating Expenses/Requirements			
General Manager/Board of Directors	525,136	603,900	87%
Administration	1,758,176	1,813,400	97%
Communication	1,350,585	1,502,700	90%
Transportation Development	1,739,999	1,991,500	87%
Operations	17,126,042	17,276,800	99%
Unallocated General Administration	991,662	1,153,400	86%
Operating Expenses/Requirements Total	23,491,600	24,341,700	97%

- ① Federal 5307 will be accrued in Comprehensive Annual Financial Report.
- ② As a result of reconciling FY2016 expenses to revenues received a balance was due back to Oregon Health Authority (OHA). The negative number was created when these funds were refunded to OHA.
- ③ Higher than expected miscellaneous revenue from reimbursement of salary for employee working for union and \$74,623 SAIF dividend.
- ④ Higher than expected return on investments due to higher investment balance and better than anticipated interest rate.

Salem Area Mass Transit District
 Fiscal Year 2016-17 Preliminary Year End Financial Report

General Fund Department Expenses/Requirements Summary	Actual	FY2016-17	
		Adopted Budget	% of Budget
General Manager/Board of Directors			
General Manager	511,078	554,400	92%
Board of Directors	14,058	49,500	28%
Total	525,136	603,900	87%
Administration			
Human Resources	642,344	611,700	105% ⑤
Human Resources Safety	183,277	183,500	100%
Finance	932,555	1,018,200	92%
Total	1,758,176	1,813,400	97%
Communication			
Marketing and Communications	766,419	968,900	79%
Customer Service	584,166	533,800	109% ⑥
Total	1,350,585	1,502,700	90%
Transportation Development			
Transportation Development Administration	614,668	792,700	78%
Information Technology	955,518	948,800	101%
Vanpool Lease	169,813	250,000	68%
Total	1,739,999	1,991,500	87%
Operations			
Operations Administration	473,642	492,000	96%
Vehicle Maintenance	3,997,714	4,315,100	93%
Facility Maintenance	844,269	782,400	108% ⑦
Security	437,483	547,700	80%
Cherriots Fixed Route Service	11,158,695	10,890,800	102% ⑧
West Salem Connector Operations	186,178	200,100	93%
West Salem Connector Vehicle Maintenance	28,061	48,700	58%
Total	17,126,042	17,276,800	99%
Unallocated			
General Administration	991,662	1,153,400	86%

⑤ Legal expenses were more than planned.

⑥ Payout expense to long-time employee retiring and cost associated with temporary help to fill vacancy.

⑦ Personnel Services were higher than planned.

⑧ Personnel Services was budgeted for 112 FTEs; however, additional operator's were hired to operate the 15X route.

Salem Area Mass Transit District
 Fiscal Year 2016-17 Preliminary Year End Financial Report

Transportation Programs Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2016-17	
		Adopted Budget	% of Budget
Operating Revenues/Resources			
Passenger Fares	354,855	376,300	94%
Federal Direct 5310 Funds	200,012	224,000	89%
Federal 5311 Funds	284,777	322,900	88%
Federal New Freedom	63,348	85,700	74% ⑨
Federal 5310 Funds Through State	535,499	729,900	73% ⑨
Rideshare Grant	127,567	199,300	64% ⑨
TDM Grant	108,567	154,500	70% ⑨
DD53 Revenues	1,836,031	2,600,000	71% ⑨
Federal 5307	48,318	823,200	6% ①
DMAP Revenues	9,738,872	10,170,100	96%
STF Pass Through Funds	331,517	277,400	120%
State STF Funds	959,104	1,219,300	79%
Operating Revenues/Resources Total	14,588,467	17,182,600	85%
Operating Expenses/Requirements			
Operations	16,024,736	16,814,220	95%
Communication	219,515	233,300	94%
Transportation Development	643,172	661,700	97%
Operating Expenses/Requirements Total	16,887,423	17,709,220	95%

⑨ These federal grants reflect three quarters; additional revenues will be accrued in Comprehensive Annual Report.

Salem Area Mass Transit District
 Fiscal Year 2016-17 Preliminary Year End Financial Report

Transportation Programs Fund Program Expenses/Requirements Summary	Actual	FY2016-17	
		Adopted Budget	% of Budget
Operations			
CherryLift	4,305,110	4,830,420	89%
RED Line	291,606	303,400	96%
CARTS	1,327,895	1,510,300	88%
DMAP/WVCH	10,092,272	10,170,100	99%
Operations Total	16,024,736	16,814,220	95%
Communication			
Mobility Management/Travel Trainer	219,515	233,300	94%
Transportation Development			
Special Transportation Coordination	301,469	307,900	98%
Trip Choice	341,703	353,800	97%
Transportation Development Total	643,172	661,700	97%
Transportation Programs Fund Total	16,887,423	17,709,220	95%

Salem Area Mass Transit District
 Fiscal Year 2016-17 Preliminary Year End Financial Report

Capital Project Fund Revenues/Resources and Expenses/Requirements Resolution Summary	Actual	FY2016-17 Adopted Budget	% of Budget
Capital Revenues/Resources			
Federal STP Funds	7,737	2,248,500	0%
Federal 5310 Funds Through State	363	224,300	0%
Federal Flex Funds	23,863	1,927,600	1%
FTA 5339 Funds	-	1,943,500	0%
Federal 5307	-	2,503,000	0%
Federal STP Funds	3,697	107,800	3%
Federal 5309 Funds	1,318	2,385,000	0%
Connect Oregon Funds	-	1,000,000	0%
State STF Funds	-	264,600	0%
Capital Revenues/Resources Total	36,978 ^⑩	12,604,300	0%
Capital Expenses/Requirements			
Administration	6,070	349,000	2%
Transportation Development			
Capital Project Administration	21,134	57,800	37%
Keizer Transit Center	185,620	1,679,800	11%
South Salem Transit Center	971	1,520,700	0%
Bus Stops & Shelters	47,880	1,720,999	3%
BI Project	-	125,000	0%
Technology Equipment	77,563	232,000	33%
Operations			
Del Webb Improvements	138,949	330,500	42%
Shop Equipment	-	158,000	0%
Ops Technology Equipment	-	125,000	
Cherriots Revenue Vehicles	10,166	5,950,000	0%
CherryLift Revenue Vehicles	955	635,400	0%
CARTS Revenue Vehicles	955	488,900	0%
CH2 Tenant Improvements	14,287	-	
CH2 Lease Space Improvements	5,000	50,000	10%
Capital Expenses/Requirements Total	509,550	13,423,099	4%

^⑩ Additional revenues will be accrued in the Comprehensive Annual Financial Report.