

October 23, 1998

MEMORANDUM

TO: BOARD OF DIRECTORS

FROM: Diane Hellekson, Finance Manager

SUBJECT: Monthly Financial Report

Enclosed for your review is the monthly financial report for August 1998. As mentioned at the August work session, a combination of problems has resulted in reporting delays. These delays do not affect the audit or the Comprehensive Annual Financial Report. The audit will be presented for Board acceptance at the November regular meeting. The firm of Grove, Mueller, Hall, and Swank has performed the audit of fiscal year 1997-98, and representatives will attend the Board meeting to discuss results and answer any questions Board members may have.

Year-to-date financial results for FY 1998-99 are satisfactory, and there are no adverse conditions existent or anticipated at this time. As with the July 1998 report, there is a comment page that has been incorporated into the standard report to provide reminders of events or activities that have influenced changes in the year-to-date results versus budget and year-to-year comparisons.

The September report is in preparation, and will be forwarded to Board members as soon as possible. Because September is the end of a quarter, there are additional reporting requirements for payroll and federal grants that have slowed the month-end closing process. The Finance Department recently has welcomed new staff into key technical positions, which, in the short term, has slowed processing while staff training is completed. All of the new Finance team members come with excellent skills and relevant experience, so it is expected that the transition period will be brief.

If there are any questions about any of the material included in the August report, please do not hesitate to call me at 682-6100.

Enclosures.

## MONTHLY FINANCIAL REPORT COMMENTS

### Revenue:

- **Passenger fares** are generally lower in the summer months when school is not in session. Revenue to date is as expected.
- **Group pass revenue** is driven by the two major participants: the University of Oregon and Sacred Heart Hospital. Both of these contracts are billed quarterly, so revenue comes in four times per year, not monthly.
- **Operating revenue** overall is well ahead of the prior year for the first two months.

### Expense:

- **Administration personnel** expenses have increased over the prior year for several reasons:
  - ◆ The implementation of a new salary schedule last year resulted in the opportunity for all but two administrative employees to earn merit increases that became effective in July. Last year, the majority of administrative employees were at 100 percent of their authorized pay ranges.
  - ◆ Administrative employees were given a 1.7 percent cost of living adjustment in July. In addition, the cost of health insurance coverage increased 8 percent.
  - ◆ Three new positions funded by the General Fund were added in July. These positions were among those approved in the FY 1998-99 adopted budget. In addition, one position vacancy was filled at a higher rate of pay than the previous incumbent earned.

Although administrative wage expense is higher than last year, expenses year to date are nearly exactly as planned and approved in the current year budget.

- **Contract personnel** expenses increased due to the increase in the cost of health insurance, and the implementation of a 3 percent wage increase in accordance with the current ATU contract. Additional bus operators approved in the current-year budget were added in August.
- **Materials and services** expenses are generally lower than last year due to a change in timing of projects this year versus last year.

**Capital revenue** lags capital expenses, because the grant reimbursements for August expenses were not processed until September. Normally the reimbursements due would be posted as grant receivables, even if they had not been transmitted to the FTA. However, Finance has been short of staff since the end of July, and there are backlogs of posting work in some areas. The remaining adjustments are not considered material, and affect only transfers from the General Fund to the Capital Fund, and Capital Fund grant revenue. All backlogs will be cleared by the end of October. Three new full-time employees joined the Finance Department in October.