



Oregon Travel Information Council

1500 Liberty Street SE, Suite 150
Salem, Oregon 97302

MINUTES

Finance Committee

Wednesday, September 28, 2016

Members Participating:

Mike Marsh; Mike Drennan; Bob Russell

Members Excused:

Gwenn Baldwin

OTE Staff Participating:

Tim Pickett, Operations Director; Diane Welter, Accounting Manager; Jessica Carbone, Office Assistant

The meeting was called to order by Marsh at 2:00 p.m.

Roll Call: Staff present in person; Marsh, Drennan and Russell present by phone.

Approval of the Minutes: Drennan moved to approve the minutes from the June 1, 2016, June 22, 2016 and August 3, 2016 meetings with the amendments previously discussed. Russell seconded the motion. The motion passed unanimously. Marsh then opened discussion on the August 31, 2016 minutes by proposing capitalizing the A in "Fixed assets" in the fifth line, first paragraph after Business. On page two, Other Business, line one change "to a change and application of" to "change in application of". Russell moved to approve the August 31, 2016 minutes with the proposed amendments. Drennan seconded. The motion was unanimously approved.

Business:

Financial Statement Analysis: Pickett reported the month of August is slightly ahead at the bottom line. The Current Ratio increased over July. Debt to Equity remains strong and Earnings before Income Tax and Depreciation and Amortization remains strong. It remains the case that the agency is in the position to move forward with some level of capital expansion. Operations in August were remarkably quiet.

The work to define the sign program is now finished and we are waiting on the ODOT response to the mile point review. Diane Cheyne is working on the classification, meaning when signs and their components are due to be replaced. That project is on track to be able to look at program balance and to be able to look at the relationship of cost and revenue going forward.

Russell asked for information on the accident at Gettings Creek. Pickett responded that there was a work vehicle that was damaged by another car. We paid money to DAS because they coordinated the repairs. We are still waiting on recovery by Risk Management as they try to contact the other person's insurance. Russell asked what the cost of repairs was. Pickett responded it was between \$2,500 and \$3,000 dollars. Drennan asked Pickett to speak about the Resources from other State Agencies- the

unplanned payment from ODOT. Pickett explained ODOT replaced a sign that had been knocked down using their resources. Michelle Roth coordinated with the State Controller's office on how they would like that repair exchange recognized. ODOT will have an expense on their books and we will have a credit on our books that will wash out in the consolidation. Drennan asked why ODOT sent us money for the sign. Pickett responded because it is between two State agencies it is as if we were executing a consolidation entry. ODOT has an expense and the beneficiary is another state agency. At the CAFR consolidation level those two entries need to wash each other out. ODOT did not send us money, but we need to show the value of that repair. Drennan asked what our offsetting entry was. Pickett responded that we have an asset for the value of that sign.

Drennan asked for clarification on last month's Risk Management payment adjustment recorded in last month's minutes. Pickett responded the wrong total amount of \$150,000 had been recorded. There is reduced expense in August that adjusts the previous two months to the correct amount of \$85,000. Drennan asked if our payments to Risk Management are spread out over the year or paid in one lump sum. Pickett responded that we are subject to GAAP so it is spread over the year and hits each period. The amount increase, partly, has to deal with having 25 or more employees and the risk exposure across the state.

Marsh asked why there was increase in auto rent from DAS motor pool. Pickett responded that the change in billing is specific to individual vehicles and their expected life span and mileage before they are rolled over. Some vehicles did not change at all, some changed moderately and some had a substantial change. Jason Nash's vehicle went from \$300 to \$600 due to mileage. Marsh asked if the agency had reached a point for looking at purchasing its own vehicles instead of renting them. The agency currently owns three vehicles for the sign program. Five vehicles for the rest area program were purchased from DAS motor pool. We pay \$13 dollars a month for administration fees. The agency purchasing its own vehicles is a future discussion while we look at long term finances. Russell commented that DeSouza has the issue on a list for near term discussion.

Marsh asked if Account 1310 would be fully reconciled by the end to the month. Welter responded that she is in communication with Roth who is doing the work on that account. There are a number of entries to that account that are quite old and we haven't put anything to that account in years. Some items in that account are going to need to be expensed because they are under the \$5,000 limit. That adjustment would be taken to Retained Earnings. There are also assets that should have been depreciated, but were not. Those will be put on the balance sheet and depreciation will begin. She believes it will be cleaned up the end of the month. Drennan appreciated the detail in the memo. Russell once again commended staff on their work on accounts receivable.

Balance Sheet: Drennan asked, due to the upcoming capital projects and the amount of cash we have on hand, if the Rest Area Reserve Fund should be increased. Russell felt the reserve should be left where it is for now and as the estimates come in we could take a look at it. Marsh also felt it should be left as is. In addressing Councilor Drennan's concerns, Pickett said that there is another mechanism of encumbering funds if they aren't spent by June 30. You can make a note in the budget that identifies capital projects that are commitments against cash carried forward.

Moss-Adams Financial Review: Welter reported that Moss/Adams team arrived on time September 12 and were able to complete all of their field work in one day. Marsh stated that was a compliment to staff that the team was able to finish in that time frame. They looked at 10 random disbursements for review approval, coding and classification. They also looked at five random revenues for classification and coding. On the rest areas side they looked at 35 transactions and contacted our banking institutions to confirm our accounts and their balances.

Other Business:

Budget Preparation Process: Work sheets are being completed and are due by the end of the month. As of today Pickett, has 7 of 17 input reports on the Rest Areas side. The field ops/ sign division is close to finishing their work. The personnel shells are initially built. PEBB information should be in by the end of October. The first draft is targeted for the end of October. The executive review and any modifications would be by the end of November. The Finance Committee should have the first draft by the beginning of December.

Drennan asked how the meeting with Travel Oregon went. Pickett responded that it was one of the most pleasant meetings he could remember. They left with a preliminary agreement to discuss points where the agencies touch. They requested an inventory of all assets that the agency is engaged with to deliver information to travelers. They look forward to meeting with us in December.

Russell asked what Full Circle Property Management does for the agency. Pickett responded that they provide janitorial service for us at two rest areas. Russell requested follow up information.

Adjournment: Meeting was adjourned at 2:40 p.m.

Next Meeting: Wednesday, October 26, 2016 at 2:00 p.m.
