



Birmingham-Jefferson County Transit Authority
1735 Morris Avenue · Post Office Box 10212 · Birmingham, Alabama 35202-0212
Phone (205) 521-0161 · Fax (205) 252-7633 · www.bjcta.org

Report to the Board Finance Committee

Wednesday, December 14, 2011

Opening: The meeting was called to order by Committee Chairman Johnnye P. Lassiter at 1:30 p.m. in the Executive Briefing Room located at Central Station, 1735 Morris Avenue, Birmingham, Alabama 35203.

Members Present: Johnnye P. Lassiter and Rev. Patrick Sellers

Members Absent: Keelon Hobbs (Mr. Hobbs sent notification to the Committee of prior commitments and his unavailability to attend the meeting.)

Others Present: Debra Anderson-Burse, Robert Ballard, Peter Behrman, Joyce Brooks, Anna Brown, Marva Douglas, Bing Edwards, Butch Ferrell, Peter First, Jacquese Gary, Richard Goldstein, Judy Gordon, Lee Jackson, Chuck Jeffries, Barbara Lawson, Chris Leffert, Dr. Jesse Lewis, Ronald Lyas, Julie McMillan, Andre Petties, Charles Ridley, Terri Sharpley, Tari Williams, and Solomon Wilson.

Adoption of the Agenda: The agenda was adopted by general consent.

Items for Information and/or Discussion:

Questions for Auditor Jeff White

Mr. White was not available to attend the meeting in person, but agreed to speak to the Committee via the telephone. Prior to the telephone call, Chief Financial Officer Julie McMillan distributed copies of the attached email dated December 13, 2011, regarding reports to the Finance Committee and Board of Directors. Ms. Lassiter requested that Mr. White copy Finance Committee members on future correspondence regarding reports to the board so that they would know if the chief financial officer is following recommendations. Mr. White commented that the communication was not intended to be a report but a communication to work out what reports are appropriate with meaning. The end product would be reports for the packets. Ms. Lassiter requested again for the Committee to be privy to the communications so that the Committee would be comfortable with the recommendations. Mr. White offered to meet with Mrs. McMillan as soon as she becomes available and a report to the Committee will follow promptly. He also agreed to be at the next Finance Committee meeting and the next board meeting.

Mr. White questioned the Committee regarding the upcoming audit and asked if there were any concerns the Committee had in mind, such as the cash balances. He remarked that the auditors are happy to receive calls from any board members regarding their progress or concerns of the audit. Ms. Lassiter responded that the Committee is looking for accuracy.

Financial Report

Mrs. McMillan reported that as of November 30, 2011, assets were \$40,795,337.90, while total liabilities were \$10,226,213.72. The Income Statement detailed year-to-date revenues of \$5,581,451.19 and expenses of \$5,083,807.43 resulting in a difference of \$497,643.76. The total cash and cash equivalents were \$6,790,411.36, of which \$4,311,188.42 was the balance in the operating and money market accounts. Total overall variance with the budget was a positive \$694,630.01. The carryover is not all cash but includes money reserved for the BJCTA with the federal government. Requests have to be made as the funds are available.

The major factors for the positive variance in revenues were:

- Passenger revenues \$47,000
- Advertising revenues for Homeland Security \$25,000
- FTA reimbursements for preventative maintenance \$28,000
- FTA reimbursements for bus washer \$95,000

As to expenses, the major factors for the positive variance were:

- Labor (vacant budgeted positions) \$106,000
- Health insurance for low health claims \$184,000
- General contingency \$188,000
- Other fringes \$ 70,000
- Legal services in law suit settlement \$106,000
- Vehicle maintenance, external \$112,000
- Equipment repair parts and material \$115,000

In response to Mr. Petties, Mrs. McMillan replied that the BJCTA is traveling close to the budget. The capital budget is the most pressing item.

Actions to be Taken:

The Committee requested the following:

- For the cash accounts listed on page 22 to be in the same order and wording as the cash accounts listed on page 5;
- List the bank for each account;
- Verify the amounts in each bank account that are protected by deposit insurance;
- Explanation of the dip in cash on hand since the last month;
- Justification/itemization of amounts for Central Station Lobby renovations and separate these items from radio/lt upgrades;

- Prepare a financial worksheet as on page 22 but with additional explanation by using bullet points. For example, for what purposes does Finance pull money from the money market account. Mrs. McMillan requested an opportunity to collaborate with the auditor regarding this request;
- Arrange for the auditor to attend a Finance Committee and give a step by step explanation of the new reports; and
- Prepare an amendment to the operating budget to reflect changes in revenues and expenses of the minor rehabilitation of buses and trolleys.

Resolutions for Consideration & Recommendation –

- A. **Resolution No. 2012-17:** Authorization to Adopt and Approve the Fiscal Year 2012 Capital Budget and Usage of Carryover Capital and Operating Funds was duly made, seconded, and forwarded to the full board for its consideration, with changes requested.

Discussion: Ms. Lassiter asked Ms. McMillan to justify the amounts transferred from carryover maintenance (\$1.9 million) to radio/IT upgrades. Mrs. McMillan requested the Committee to consider the budget distributed on this day. The capital budget was twice modified since the one prepared for the board packet.

In addition to the local match of federal funds for the replacement of 22 buses, and the minor rehabilitation of buses and trolleys, the Committee recommended a mixture of reserve and capital needs, equally dividing the amount of \$3,963,450. The capital needs will include the top priority needs recommended by staff and listed below:

- 8th Avenue Restoration – insurance deductible
- Rework dispatch room
- Miscellaneous furniture and dispatch area, which is a different facility than the dispatch room listed above.
- Radio/IT upgrades from IT study
- Central Station Signage

Ms. Lassiter requested that Mr. Behrman be prepared to justify the capital budget at the next board meeting.

Per the advice of Legal Counsel Bing Edwards, the board-approved operating and capital budgets will need to be forwarded to the City and County for approval.

Old/New Business:

Director of Maintenance reported that the wheel chair lift inspections are ongoing and approximately 85% of all lifts are now working. Hopefully within the next 30-45 days, all wheel chair lifts will be repaired. Rev. Sellers requested that Dr. Jesse Lewis of The Lewis Group do a press release as soon as the work is completed.

Adjournment: The meeting was adjourned.

Minutes submitted by: Barbara Lawson, Executive Administrative Assistant

Date: _____

Approved by: _____
Johnnye P. Lassiter, Committee Chairman