

Port Authority of Allegheny County

FINANCE DIVISION

Overview:

The Finance Division is responsible for all legal, financial, accounting, treasury and procurement related functions within the Port Authority. In addition, claims, along with workers' compensation and grants accounting, are part of this division.

Specific responsibilities of the Finance Division are: to prepare and monitor the annual operating and capital budgets; prepare financial documents and reports as required by federal, state, and county governments; collect and deposit revenues, cash management, financial projections and analysis; purchase, receive, store and distribute materials, supplies, and services consistent with Port Authority's needs; perform payroll and accounting functions; provide legal service support; and review and process all liability, property, and workers' compensation claims made against the Authority; as well as the grants accounting functions.

The Finance Division also provides oversight of the General Administrative Expenses of the Port Authority which includes the managed compensation plan for non-represented employees, retirement and disability plans, corporate and general insurance, and interest expense. General Administrative Expense also includes all federal and state capital programs used to offset operating expenses. These budgeted dollars are shown as a contra-expense account. For presentation purposes, the General Administrative departmental costs are shown separately.

FIGURE 3.4
Port Authority of Allegheny County
FINANCE DIVISION

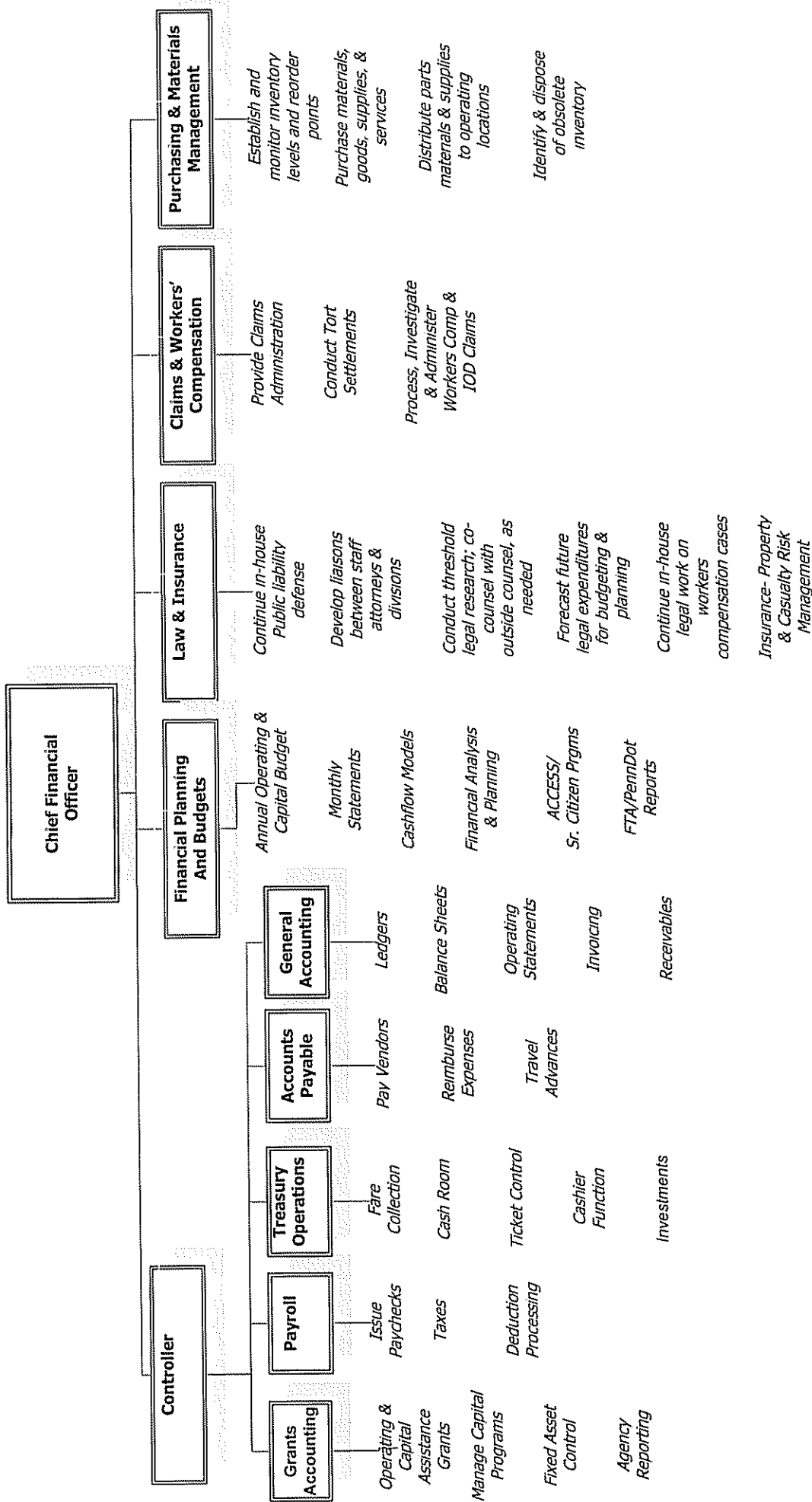
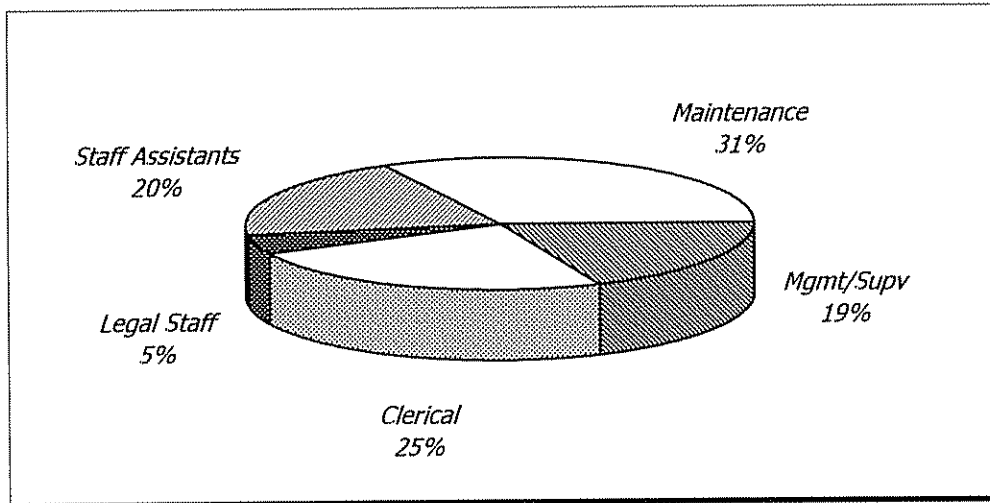


TABLE 3.4a

Port Authority of Allegheny County
FINANCE DIVISION
Personnel by Function & Department

Fiscal Year 2007 Budget



Personnel Summary (No. of Employees)

	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>
Exec & General - Finance	2	2	2
Law & Insurance	7	7	7
Claims & Workers' Compensation	16	16	18
Accounting	18	18	18
Treasury Operations	24	24	24
Financial Planning & Budgets	5	5	5
Grants Accounting	3	3	3
Materials	45	51	52
Procurement	22	21	22
Total Personnel	<u>142</u>	<u>147</u>	<u>151</u>

TABLE 3.4b

Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2005 Actual	FY 2006 Forecast	FY2007 Budget	% Change from 2006
	\$	\$	\$	%
Exec. & General - Finance	159,000	169,000	172,000	1.8%
Law & Insurance	1,280,000	1,264,000	1,599,000	26.5%
Claims & Workers' Compensation	4,999,000	4,915,000	5,802,000	18.0%
Accounting	850,000	851,000	876,000	2.9%
Treasury Operations	995,000	1,024,000	1,038,000	1.4%
Financial Planning & Budgets	211,000	179,000	213,000	19.0%
Grants Accounting	8,000	8,000	11,000	37.5%
Materials	2,784,000	2,823,000	2,941,000	4.2%
Procurement	988,000	1,027,000	1,060,000	3.2%
General & Administration	(58,222,000)	(72,100,000)	(60,848,000)	-15.6%
Total Net Expense	(45,948,000)	(59,840,000)	(47,136,000)	-21.2%

Expense by Category

Expense Summary (Total Expense)*

	FY 2005 Actual	FY 2006 Forecast	FY2007 Budget	% Change from 2006
	\$	\$	\$	%
Salaries & Wages	7,172,000	7,198,000	8,025,000	11.5%
Fringe Benefits	11,944,000	11,858,000	12,519,000	5.6%
Purchased Services	1,695,000	1,593,000	2,389,000	50.0%
Prov for Inj & Damages	3,333,000	3,384,000	3,682,000	8.8%
Materials & Supplies	32,000	26,000	89,000	242.3%
Utilities	54,000	47,000	54,000	14.9%
Interest Expense	1,092,000	1,495,000	1,807,000	20.9%
ACCESS	23,446,000	24,511,000	25,217,000	2.9%
Other Expenses	2,597,000	1,877,000	2,150,000	14.5%
Transfers & Capitalizations	(97,313,000)	(111,829,000)	(103,068,000)	-7.8%
Total Net Expense	(45,948,000)	(59,840,000)	(47,136,000)	-21.2%

Both the Expense by Department Analysis at top of page and Expense by Category at bottom of page include General Administration Expense that is not included in Table 3.4c.

TABLE 3.4c

Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (Functional Group)

	FY 2005 Actual	FY 2006 Forecast	FY2007 Budget	% Change from 2006
	\$	\$	\$	%
Exec. & General - Finance	159,000	169,000	172,000	1.8%
Law & Insurance	1,280,000	1,264,000	1,599,000	26.5%
Claims & Workers' Compensation	4,999,000	4,915,000	5,802,000	18.0%
Accounting	850,000	851,000	875,000	2.8%
Treasury Operations	995,000	1,024,000	1,038,000	1.4%
Financial Planning & Budgets	211,000	179,000	213,000	19.0%
Grants Accounting	8,000	8,000	11,000	37.5%
Materials	2,784,000	2,823,000	2,941,000	4.2%
Procurement	988,000	1,027,000	1,060,000	3.2%
	<u>12,274,000</u>	<u>12,260,000</u>	<u>13,711,000</u>	<u>11.8%</u>

Expense by Category

Expense Summary (Functional Group)

	FY 2005 Actual	FY 2006 Forecast	FY2007 Budget	% Change from 2006
	\$	\$	\$	%
Salaries & Wages	7,172,000	7,198,000	7,475,000	3.8%
Fringe Benefits	316,000	328,000	359,000	9.5%
Purchased Services	1,648,000	1,524,000	2,323,000	52.4%
Prov for Inj & Damages	3,333,000	3,384,000	3,683,000	8.8%
Materials & Supplies	26,000	27,000	85,000	214.8%
Utilities	54,000	46,000	55,000	19.6%
Other Expenses	122,000	130,000	136,000	4.6%
Transfers & Capitalizations	(397,000)	(377,000)	(405,000)	7.4%
	<u>12,274,000</u>	<u>12,260,000</u>	<u>13,711,000</u>	<u>11.8%</u>

TABLE 3.4d

Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (General & Admin. Group)

	<u>FY 2005</u> <u>Actual</u> s	<u>FY 2006</u> <u>Forecast</u> s	<u>FY2007</u> <u>Budget</u> s	<u>% Change</u> <u>from 2006</u> %
General Admin. Expense	<u>(58,222,000)</u>	<u>(72,100,000)</u>	<u>(60,848,000)</u>	<u>-15.6%</u>
	<u>(58,222,000)</u>	<u>(72,100,000)</u>	<u>(60,848,000)</u>	<u>-15.6%</u>

Expense by Category

Expense Summary (General & Admin. Group)

	<u>FY 2005</u> <u>Actual</u> \$	<u>FY 2006</u> <u>Forecast</u> \$	<u>FY2007</u> <u>Budget</u> \$	<u>% Change</u> <u>from 2006</u> %
Salaries & Wages	-	-	550,000	100.0%
Fringe Benefits	11,627,000	11,530,000	12,159,000	5.5%
Purchased Services	47,000	69,000	67,000	-2.9%
Materials & Supplies	7,000	-	5,000	100.0%
Interest Expense	1,092,000	1,495,000	1,807,000	20.9%
ACCESS	23,446,000	24,511,000	25,217,000	2.9%
Other Expenses	2,475,000	1,747,000	2,010,000	15.1%
Transfers & Capitalizations	<u>(96,916,000)</u>	<u>(111,452,000)</u>	<u>(102,663,000)</u>	<u>-7.9%</u>
	<u>(58,222,000)</u>	<u>(72,100,000)</u>	<u>(60,848,000)</u>	<u>-15.6%</u>

Port Authority of Allegheny County

FINANCE DIVISION

Divisional Expense Highlights:

- The FY 2006 Total Net Expense decrease for the Finance Division is predominantly attributable to increased capitalizations in the General & Administration Department as depicted in Tables 3.4b & 3.4c. These increased capitalizations are the result of Port Authority's receipt of increased temporary funding from the Commonwealth of Pennsylvania in the form of additional Federal Flex grant funds from \$25.3 million in FY 2005 to \$45.0 million in FY 2006.
- The FY 2007 Budget for Total Net Expense is expected to increase to \$-47.1 million due to a decrease in Transfers and Capitalizations to \$60.8 million. The decreased capitalizations are due to a decrease in supplemental Federal Flex funding from \$45.0 million in FY 2006 to \$32.0 million in FY 2007.

FY 2006 Highlights:

- Completed FY 2006 with a balanced operating budget.
- Participated in an evaluation of additional finance and procurement modules for the Peoplesoft financial system upgrade.
- Participated in the contract negotiations with the Amalgamated Transit Union, Local #85. Prepared financial analysis for proposals and counter-proposals.
- The Claims Department collected back \$383,098 in moneys owed to Port Authority for accidents in which we were not at fault during Fiscal Year 2006. This is a \$160,000 increase over FY 2005 levels.
- Entered into an agreement with a third party that provides software to monitor the value of Port Authority's SWAPTION transaction.
- Created a new reporting system utilizing Peoplesoft to monitor receivables for Advertising Revenues.
- Completed Request for Proposal (RFP) for banking services.

FY 2007 Goals and Objectives:

- Finish FY 2007 with balanced Operating and Capital Budgets by continuing to monitor variances to budget and recommend actions for departmental and project managers.
- Plan the implementation of GASB 45 and bring Port Authority into compliance with the standard.

- Finalize the Limits of Authority (LOA) procedures and communicate them to the organization.
- Complete implementation of upgrade to Peoplesoft financial system.
- Complete implementation of new systems and procedures to improve contract administration and financial oversight of major capital projects.
- Develop a comprehensive investment and debt policy based on a review of other agencies. This policy would pertain to debt ceilings, maturities, selection of investments, qualified institutions and internal controls.
- Continue refinement of procurement system by identifying obsolete inventories, reducing stock levels of expensive items and implementing continuous coverage of receiving areas.
- Assist in the acquisition and implementation of a "state-of-the-art" automated fare collection system utilizing SmartCard technology.