

**September 10, 2010 Board Meeting
Financial Report
Reporting Period 07/01/09 – 06/30/10**

	<u>Jul 09 - Jun 10</u>	<u>Budget</u>	<u>Variance</u>
Income/Expense			
Income			
4000 · Income	<u>478,310.50</u>	<u>450,000.00</u>	<u>28,310.50</u>
Total Income	<u>478,310.50</u>	<u>450,000.00</u>	<u>28,310.50</u>
Expense			
5100 · Payroll Costs	303,343.36	324,614.00	-21,270.64
5600 · Travel Costs	5,586.19	8,820.00	-3,233.81
6100 · General Office Expenses	12,599.61	21,240.00	-8,640.39
6190 · Dues and Subscriptions	3,174.00	2,500.00	674.00
6200 · Postage	9,343.03	8,400.00	943.03
6400 · Contracted Services	47,658.50	60,426.00	-12,767.50
6500 · Rent and Occupancy	15,676.20	16,800.00	-1,123.80
6600 · Background Checks	3,690.00	15,000.00	-11,310.00
6650 · Investigation Expenses	18.25	0.00	18.25
6800 · Computers & Accessories	<u>0.00</u>	<u>4,200.00</u>	<u>-4,200.00</u>
Total Expense	<u>401,089.14</u>	<u>462,000.00</u>	<u>-60,910.86</u>
Net Income	<u>\$ 77,221.36</u>	<u>\$ (12,000.00)</u>	<u>\$ 89,221.36</u>

**September 10, 2010 Board Meeting
 Financial Report Narrative
 Reporting Period Fiscal Year 07/01/09 – 6/30/10**

Total Income is over budget by \$28,311

The Board's projected income for the fiscal year '09-'10 was budgeted at \$450,000. Actual income booked for July '09 through June '10 was \$478,311; this created a positive income variance of \$28,311.

The vast majority of the Board income variance was derived from renewal and initial licensure income received being greater than projected. The income forecast was originally based on historical data and adjusted for current environment and economic trends. In this case the forecasted numbers were lowered slightly to account for the lost of renewal income projected because it was a continue education (CE) period. Typically during a CE certification period the renewal numbers drop because of the CE requirement to renew. Also, project renewal numbers were lowered because PTAs are now required in be license in Washington State. And so, it was felt that those PTAs who did carry an Oregon license, for credentialing purposes, would no longer feel the need to continue to be licensed in Oregon. The actual income variance due to the under estimation of initial and renewal income was almost \$37,000. This was offset by a deficit in projected civil penalty income of almost \$8,000.

Total Expenses are under budget by (\$60,911)

5100 Payroll Costs are **(\$21,271)** under budget as a combination of several expense factors:

Expense Classification	Over Budget	Under Budget
Salaries		(\$11,482)
Board Stipends		(\$3,600)
Employee Training		(\$2,340)
PERS Bond Debt Obligation		(\$1,846)
PEBB Medical Premiums		(\$1,254)
PERS ER Paid EE Contrib		(\$800)
Payroll Taxes		(\$481)
PERS Employer Admin	\$532	

Narrative:

- Salaries - are under budget due primarily to the 2009-2011 salary freeze and reduction in pay due to planned furlough days.
- Board Stipends - are under budget because the planned increase had been accrued monthly since July '09. The actual Statute authority did not take affect until January '10 and the decision on setting Board stipend, by the Advisory Committee, did not take effect until March '10. Currently, only seven of the eight Board members accept stipend payments. With stipends set at \$150/member per meeting, each Board meeting, for the remainder of the biennium, will incur a stipend expense of \$1,050. The Board meeting schedule has been reduced from six to five meetings per calendar year.
- Employee training - is under budget because the Board Investigator did not attend the CLEAR conference this year as originally planned. Also, the Board Investigator attended

two other professional education programs, but was able to save the Board training dollars because she attended the sessions as a presenter, as well as a participant. The Board was reimbursed for a lot of the costs associated with registration and travel. The unused training dollars will be reallocated in the fall of 2010 for Board member and staff use.

- PERS Bond Debt, Employer paid employee contribution and payroll taxes are all under budget relative to total salaries. Since these costs are a direct product of total salaries, and because salaries are below budget, it is reasonable to expect the associated costs to be under budget also.

5600 Travel Costs are **(\$3,234)** under budget.

Travel costs include both in-state and out-of-state travel. Although the costs associated with in State Board member travel are on the increase, they are offset by the accrual for costs associated with out-of-state travel. The savings for out-of-state travel is identified in the employee training section above.

6100 General Office Expenses are **(\$8,640)** under budget because of a combination of several expense factors.

Expense Classification	Over Budget	Under Budget
Printing/Copying		(\$3,121)
Parking Validation Stickers		(\$1,500)
Bank Charges/Fees		(\$1,200)
Telecommunications		(\$852)
Liability Insurance		(\$738)
Dues		(\$498)
Office Supplies		(\$379)
Board Meeting Expenses		(\$194)
Other		(\$154)
Copier		(4)

Narrative:

- Printing and copying fees - are below budget due to timing. The Board did not issue a spring 2010 edition of its Newsletter. The remainder of savings came from the in-house production of the 2010-2011 renewal forms with instruction letters.
- Parking validation sticker fees – usage of Board parking validation stickers is down. The Board had no reason to purchase additional stickers for the 2009-2010 fiscal year. The Board will however need to replenish its parking sticker supply for the fiscal year 2010-2011.
- Bank charges – this variance is a matter of timing. The Bank fee assessments are charged back to the Board’s DDA account biannually. Actual fees from January through June of 2010 are just over \$8,000. These fees are higher than budgeted because of the drop in the earnings credit rate used to offset bank charges. Earnings credit rates drop from just over 1% a year ago to .35%. The \$8,000 in fees include the last of the heavy lockbox services used for renewals January through March 2010 nearly \$5,000, and another \$3,000 for the setup and equipment to move from lockbox services to E-Pay and Electronic Deposit Services. The lockbox services were cancelled as of May 1, 2010. The move to electronic deposit and E-payment merchant account should save the Board several thousand dollars annually in bank service fees. Because this is not the end of a biennium, no adjustments were made to accrue the fee back into the 2009-2010 fiscal year end reports. They will occur in July 2010.

6190 Dues and Subscriptions are \$674 over budget.

6200 Postage is \$943 over budget.

6400 Contracted Services are (\$12,768) under budget as a combination of several expense factors:

Expense Classification	Over Budget	Under Budget
Audit Charges	\$8,042	
Merchant Account Fees	\$4,169	
DAS Charges	\$2,560	
Other Services	\$2,229	
Computer Support	\$1,633	
Attorney General Fees		(\$21,470)
Emp Hearing Officer Panel		(\$5,040)
Investigators Fee		(\$4,017)
CPA Accounting Fees		(\$510)
Payroll Service Charges		(\$364)

Narrative:

- Audit Charges - are over budget as a matter of timing, accruing at \$250/month over the biennium for a total of \$6,000. The Secretary of State changed outside auditors this year with actual audit costs coming in at closer to \$11,000. For the biennium ending June 30, 2011 the Board will be under accrued by a net total of \$5,000.
- Merchant Account Fees - were not budgeted for this biennium. These fees are incurred through the use of credit, debit, and ACH account transactions allowed through the Board's new on-line renewal system. Charge for usage of the system is offset by the charging of a convenience fee that is credited to Other Income.
- DAS Charges - were not budgeted for this biennium. However, based on safety concerns and relevant need, the Board approved the installation of a key card security system for access to the Suite. Total cost for the system and installation \$2,560.
- Other Services - are over budget because the use of outside contracted help was underestimated for extended project work. The total costs include the use of outside contracted support for the public records scanning project, the new on-line renewal project, and the 2010 renewal CE audit. Also, not budgeted was the Board's share of the costs for the SIBA lobbyist contract. The lobbyist contracted expense will continue into the next fiscal year but, right now, are offset by the dollars saved in outside Investigator Fees.
- Computer Support - is over budget because the total costs for the design, development and implementation of the new electronic banking interface exceeded the projected costs.
- Attorney General Fees - are under budget based on lower than anticipated utilization of legal counsel, no contested case hearing requests in this fiscal year, and expanded use of staff resources in the drafting of Board action documents.
- Emp Hearing Officer Panel - is under budget as mentioned above in attorney fees. To date, this fiscal year there has been no requests or referrals to the Office of Administrative Hearings.
- Investigators Fee - is under budget based on lower than anticipated utilization. The staff investigator has been able to maintain the current status on open cases. The contract investigator will be used to perform the annual LEDs audit. Excess accrual in this account is being allocated to offset the use of outside other services.

6500 Rent and Occupancy is **(\$1,124)** under budget as a matter of timing. The June 2010 rent will be charged in July 2010. Because this is not the end of a biennium, no adjustments were made to accrue the June rent back into the 2009-2010 fiscal year end reports.

6600 Background Checks are **(\$11,310)** under budget.

Background checks are under budget because of a change in the vendor cost structure. Originally, budgeted at a cost of \$40 per background screening at the beginning of the biennium, the actual cost dropped to \$12 per background screening. This is a cost that is directly offset by an actual cost charged back to the applicants via the application fee. After this change, the application fee dropped from \$190 per application to \$162 per application.

6650 Investigation Expenses are **\$19** over budget.

6800 Computer & Accessories are **(\$4,200)** under budget.

Computer and accessories are under budget as a matter of timing. The Board was scheduled to replace a computer and two printers in 2nd quarter 2010. These dollars will be carried over into the next fiscal year and this purchase will actually occur in fiscal year 2010-2011.

Note: Only significant variances greater than \$1,000, are addressed by this document.