

M Management Committee

Meeting date: March 28, 2007

ADVISORY INFORMATION

Date:	March 7, 2007
Subject:	2006 Financial Results
District(s), Member(s):	All
Policy/Legal Reference:	
Staff Prepared/Presented:	Paul Conery (602-1374), Manager, Budget & Evaluation
Division/Department:	All

Proposed Action/Motion

This financial report is submitted for the Management Committee's information. No action is required. Focus is on operating expenditures and does not address capital, pass-through or debt service expenditures.

Overview and Funding

Overall, the unaudited operating expenditures for the Council were \$20.3 million (4.6%) under the amended budget of \$444.8 million. Common throughout the Council were salary and benefits savings resulting from vacancies, deferred contracts/projects and lower than expected utility/chemical expenses. The savings realized from reduced expenditures are offset in part by MVST revenues falling below budget, proposed division carry-forwards into 2007 and, in Environmental Services, possible pay-as-you-go options or OPEB Liability.

Expenditures exceeded the amended budget in three areas. In two instances, Metro Mobility and the Family Affordable Housing Program, revenues were also over budget with a net effect on fund balance being favorable. In the case of Rural Small Urban, the primary reason is an adjusting 'book only' entry made for cash fares received directly by the providers that records the revenue and an offsetting expense. To ensure these types of occurrences are identified earlier, staff is currently working on a revised reporting format and schedule.

General Fund

- Regional Administration was under budget in every department. The significant contributors were vacancies and deferred contracts/projects. Approximately 80% of the savings is passed on to Metro Transit and Environmental Services through reduced cost allocation charges.
- Community Development is under budget due to vacancies and deferred contracts and projects.
- Regional Administration is requesting \$550,000 in budget authority be carried forward and Community Development is requesting \$200,000.

Metro HRA & Family Affordable Housing Program (FAHP)

- FAHP actual revenues came in over budget. The significant contributors were \$100,000 from MHFA, \$200,000 from Ramsey County and \$80,000 in investment earnings.
- The additional revenue was required to be expended in 2006. It was used for capital improvements and non-routine maintenance.

Environmental Services

- Under budget items are \$3 million in vacancies, \$2.6 million resulting from deferred contracts and equipment purchases, \$1.6 million from lower cost allocation and \$1.3 million due to lower chemical usage in the new plants.
- \$3.2 million over budget on utilities due to cost increases and additional facilities on line
- The Environment Committee is reviewing options for utilizing the additional funds available. Possible options include using it for pay-as-you-go and/or applying it against the OPEB liability.

Transportation

Metro Transit – Bus

- Bus operations were under budget by \$8.9 million. The major reductions in expenses were as follows: \$3.2 million less in operator labor, fringes, vacation, sick and holiday due to less operators than budgeted as a result of a new Hastus Scheduling System; \$900,000 reduction in utilities; \$900,000 reduction in medical insurance due to under budget employees; \$1.6 million reduction in Council Allocated Expenses; \$900,000 reduction in materials and supplies and \$1.2 million reduction in other miscellaneous expenses and modal allocations due to expense monitoring and cost containment.
- This surplus will be offset by revenue reductions as follows: \$700,000 reduction in passenger fares due to a lower than budgeted average fare per passenger; reduction in MVST receipts of \$2.0 million, a \$700,000 reduction in Federal Revenues for reduced CMAQ Service. and a \$700,000 reduction in advertising and contracted service revenues. The remaining balance of the surplus will be used as follows: To Transfer \$1.7 million to 2007 to balance 2007 Budgeted Operations and over \$2 million to Fund Balance.

Metro Transit – Rail

- Rail operations were \$1.4 million under budget. The variance was due to \$500,000 in Utilities and \$800,000 savings in parts, materials and labor.

Metropolitan Transportation Services

- Transit Administration budget is primarily composed of federal Unified Planning Work Program revenue. The 2006 budget was amended to reflect carry-over authority from 2005. Not all of this amount was expended in 2006 and will be requested to be carried forward at a future date.
- Metro Mobility was under budget on fuel, salaries and consultants. However, due to a miscalculation during the budgeting process, contract costs exceeded budget by \$1.3 million. Increased federal revenues and a fuel excise tax rebate offset the increased expenditures and resulted in an increase to fund balance
- The Suburban Transit Providers budget reflects pass-through revenue from the motor vehicle sales tax. As state forecasts have dropped this amount has dropped below the adopted budget.
- Cash fares for Rural Small Urban programs were budgeted at \$850,000. The Council records cash fares and the corresponding expenses for this program at the end of each year. This final 'book only' entry of the cash receipts and offsetting expenses was \$1.4 million. The \$550,000 budget increase in both revenues and expenses results in no change to fund balance.
- Regular Route fund federal revenues were under budget because contracts originally thought to be eligible for federal 5307 funding were not. This resulted in a deficit of \$1.8 million in the Regular Route fund. MTS programs as a whole finished the year with a surplus because additional federal revenues were drawn for expenses in the Metro Mobility fund. To rebalance the individual funds within the overall MTS program, a reprogramming of \$1.8 million in state appropriations from Metro Mobility to Regular Route will be necessary. With the transfer, the Metro Mobility fund will show a surplus of \$200,000 for the year and the Regular Route fund will be balanced.

2006 Year to Date Financial Results (Unaudited)
December 31, 2006

	Adopted	Budget Changes	Current	Year To Date		Variance	
				Budget	Actual	\$	%
General Fund							
Regional Administration	30,046,249	727,677	30,773,926	30,773,926	26,260,280	4,513,646	14.7%
Community Development	5,051,727	288,422	5,340,149	5,340,149	4,194,780	1,145,369	21.4%
Less: Cost Allocation Recoveries	(25,203,690)	(256,686)	(25,460,376)	(25,460,376)	(21,808,857)	(3,651,519)	14.3%
Total General Fund	9,894,286	759,413	10,653,699	10,653,699	8,646,203	2,007,496	18.8%
HRA & FAHP							
HRA Operations	4,576,354	-	4,576,354	4,576,354	4,421,364	154,990	3.4%
FAHP Operations	981,795	-	981,795	981,795	1,369,263	(387,468)	-39.5%
Total HRA & FAHP Operations	5,558,149	-	5,558,149	5,558,149	5,790,627	(232,478)	-4.2%
Total Environmental Services	111,895,407	-	111,895,407	111,895,407	106,180,741	5,714,666	5.1%
Transportation							
Metro Transit							
Bus	219,741,328	1,034,256	220,775,584	220,775,584	211,727,002	9,048,582	4.1%
Rail	19,854,486	-	19,854,486	19,854,486	18,605,073	1,249,413	6.3%
Subtotal Metro Transit	239,595,814	1,034,256	240,630,070	240,630,070	230,332,075	10,297,995	4.3%
Metropolitan Trans Svcs							
Transit Administration	4,018,759	1,362,616	5,381,375	5,381,375	4,324,944	1,056,431	19.6%
Metro Mobility	31,396,201	-	31,396,201	31,396,201	32,048,335	(652,134)	-2.1%
Suburban Transit Providers	23,349,837	-	23,349,837	23,349,837	20,711,330	2,638,507	11.3%
Rural Small Urban	4,216,109	-	4,216,109	4,216,109	4,824,933	(608,824)	-14.4%
Regular Route	11,586,070	160,000	11,746,070	11,746,070	11,651,283	94,787	0.8%
Subtotal Metropolitan Trans Svcs	74,566,976	1,522,616	76,089,592	76,089,592	73,560,825	2,528,767	3.3%
Total Transportation	314,162,790	2,556,872	316,719,662	316,719,662	303,892,900	12,826,762	4.0%
Grand Total	441,510,632	3,316,285	444,826,917	444,826,917	424,510,471	20,316,446	4.6%