

AGENDA ITEM 9-A
INFORMATION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: MAY 18, 2007

RE: FY 2007 YEAR-END FINANCIAL PROJECTION

Each month, the VRE Operations Board receives financial information in summary form that shows year-to-date, actual to budgeted fare revenue, grant revenue and operating expenses, along with an accompanying balance sheet. In December of each year, a revised budget for the year is prepared, based on the most current information as of that date. In December of 2006, the amended FY 2007 budget was presented to the Operations Board and assumed a projected loss of \$1.88 million, to be funded with one-time funds.

The information below is a projection of year-end revenue and expenses for FY 2007 and the implications of this projection on FY 2008.

YEAR-END PROJECTION

The only significant projected variance is a decrease to budgeted fare revenue of approximately 4.5% or almost \$900,000. This decrease is consistent with the financial and ridership data that has been provided each month. As the result of a slightly positive variance for operating expenses and select federal and state grant revenues, we believe that VRE will end the year with \$470,000 more than was anticipated when the budget was amended in December. This will reduce the need for one-time funds from \$1.8 million to approximately \$1.4 million.

The chart below summarizes actual to budget data by major category:

FY07 Year End Operating Budget Projection (in millions)				
	Revised	Current		
Description	Budget	Estimate	Variance	% Chg
Fare Revenue	20.34	19.47	(0.87)	-4.5%
Local Subsidy (1)	7.67	7.67	-	0.0%
Appropriation from Reserve	1.88	1.88	-	0.0%
Grant Revenue	23.98	24.81	0.83	3.3%
Other Revenue	0.36	0.42	0.06	14.3%
Total Revenue	54.23	54.25	0.02	0.0%
Operating Expenses	41.65	41.29	(0.36)	-0.9%
Debt Service and Other	12.58	12.49	(0.09)	-0.7%
Total Expenses	54.23	53.78	(0.45)	-0.8%
Net Income (loss)	-	0.47	0.47	

(1) The local subsidy amount shown here is the amount needed for operations; total subsidy is \$8.8M.

IMPLICATIONS FOR FY 2008

The year-end projection of expenses for FY 2007 is generally in line with the budgeted expenses for FY 2008. However, as a result of less than budgeted ridership in FY 2007, the FY 2008 budget for fare revenue has been reviewed. Staff's original budget was based on 15,200 riders. As of March 31, 2007, we are averaging 14,500 riders.

Once the state budget has been adopted, a revised projection for FY 2008 will be prepared that shows the combined impact of changes to the original projections for fare revenue and grant funds available for operations.