



Finance Committee

Information Item III-A

November 2, 2017

**Application of Prior Year Budget
Surpluses to FY2017**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201929

Resolution:
☒ Yes ☐ No

TITLE:

Apply Prior Year Budget Surpluses to FY2017

PRESENTATION SUMMARY:

Management actions and other savings reduced a \$116.3 million FY2017 revenue shortfall by \$101.0 million to a \$15.3 million year-end deficit. As planned, Board authorization is sought to use \$15.3 million of prior year budget surpluses to balance FY2017.

PURPOSE:

To request Board authorization to use of \$15.3 million of prior year budget surpluses to close the remaining FY2017 operating budget deficit.

DESCRIPTION:

Key Highlights:

- Management actions and other savings reduced a \$116.3 million FY2017 revenue shortfall by \$101.0 million resulting in a \$15.3 million year-end deficit
- As planned, staff recommends Board authorization to use \$15.3 million of prior year budget surpluses to close the remaining FY2017 budget shortfall.

Background and History:

Management actions to reduce expenses, other cost savings and use of prior year budget surplus allowed Metro to finish FY2017 better than previously projected, despite a substantial operating revenue shortfall compared to budget.

Discussion:

FY2017 operating budget revenues totaled \$784 million and were \$116 million below budget or \$87 million less than FY2016. However, management actions and other cost savings worth \$101 million reduced the shortfall to \$15.3 million.

Prior year budget surpluses totaling \$17.6 million are available for use to close the \$15.3 million shortfall. This action will erase the FY2017 budget deficit without requiring additional subsidy from jurisdictional funding partners.

FUNDING IMPACT:

This action will use \$15.3 million of prior year budget surpluses to balance the remaining FY2017 operating budget deficit. After this action, \$2.6 million of prior year budget surpluses will remain.

TIMELINE:

| | |
|---|---|
| Previous Actions | September 2017 - FY2017 Year End Financial Update October 2017 - FY2017 Financial Audit Complete |
| Anticipated actions after presentation | November 2017 - Closeout of FY2017 activities |

RECOMMENDATION:

Staff recommends Committee and Board approval of a resolution authorizing the use of \$15.3 million of prior year budget surpluses to close the remaining FY2017 operating budget deficit.



Washington Metropolitan Area Transit Authority

Application of Prior Year Budget Surpluses to FY2017

Finance Committee
November 2, 2017



Background and Purpose

- Management actions and other savings reduced a \$116.3 million FY2017 revenue shortfall by \$101.0 million to a \$15.3 million year-end deficit
- As planned, Board authorization is sought to use \$15.3 million of prior year budget surpluses to close the FY2017 budget



FY2017 Operating Budget Final Results

| (\$ in millions) | FY2017 Actual | FY2017 Budget | Variance |
|--|------------------|------------------|---------------|
| Revenue | \$783.8 | \$900.0 | \$(116.3) |
| Expense | \$1,644.4 | \$1,745.3 | \$101.0 |
| Subsidy | \$860.6 | \$845.3 | \$(15.3) |
| Apply Prior Year Budget Surplus | | | \$15.3 |
| Final FY2017 Surplus/Deficit | | | \$0 |

- Total of \$17.9 million of prior year budget surplus funds available
- This action will erase the FY2017 budget deficit; \$2.6 million of prior year budget surpluses will remain



Recommendation

Staff recommends Board authorize use of \$15.3 million of prior year budget surplus to close FY2017 year-end operating budget deficit

SUBJECT: APPLICATION OF PRIOR YEAR BUDGET SURPLUSES TO FY2017
SHORTFALL

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 99-24 permits prior year subsidy savings to be applied as a credit to subsequent fiscal years; and

WHEREAS, There is currently \$17.9 million of unused prior-year budget surpluses available for use; and

WHEREAS, Fiscal Year (FY) 2017 will finish with a \$15.3 million budget shortfall; and

WHEREAS, Staff recommends that the Board of Directors authorize the use of \$15.3 million of prior-year budget surpluses to offset the FY2017 budget shortfall; now, therefore, be it

RESOLVED, That the Board of Directors authorizes the application of \$15.3 million in prior-year budget surpluses to offset the FY2017 budget shortfall; and, be it finally

RESOLVED, That this Resolution shall be effective immediately to timely close out the FY2017 budget year.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel