



Agenda Item No. 2.a.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of May 22, 2008

From: Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
a) **BUDGET TRANSFERS IN THE FY 07/08 OPERATING BUDGET**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize the following budget transfers relative to the FY 07/08 Operating Budget:

- a) A transfer in the amount of \$1,000,000 from Bus Professional Services and \$400,000 from Bridge Interest Expense to Bus Fuel and Related Taxes to be funded by \$600,000;
- b) A transfer in the amount of \$800,000 from Ferry Professional Services and \$550,000 Bridge Interest Expense to Ferry Fuel and Related Taxes to be funded by \$250,000;
- c) A transfer in the amount of \$200,000 from Bus Professional Services to Bus Benefit Expenses; and,
- d) A transfer in the amount of \$600,000 from Bridge Interest Expense to Bridge Legal Expenses.

Summary

There are no net additional expenses added to the FY 07/08 District's Operating Budget. However, several line items have incurred higher expenses than budgeted. This item transfers funds to cover these expenses. All budget transfers across different Divisions and different line items in the same division greater than \$50,000 are subject to Board approval.

The Board adopted an operating budget on June 8, 2007, in the amount of \$156,886,000. During FY 07/08, there have been two Board approved budget adjustments totaling \$2,067,600 bringing the current FY 07/08 Operating Budget to \$158,953,600.

There are three main areas of the operating budget that need to be addressed to be in compliance with the District's policy. The most significant area is in fuel for both the Bus and Ferry Divisions. The current FY 07/08 budget reflects \$2.20 per gallon. The annual average per

gallon cost for fuel is estimated to be \$2.80 by the end of the fiscal year. It is anticipated that the Bus Division will need approximately an additional \$1 million and the Ferry Division will need an additional \$800,000 for the end of this fiscal year. For FY 08/09, the budget reflects \$3.00 average per gallon fuel cost.

In addition, the Bus Division's benefit expense budget needs to reflect an additional \$200,000 due to increased medical payments. The legal expense budget for the Bridge Division needs to be adjusted \$600,000 due to unanticipated, one-time additional Bridge litigation costs.

However, the agency's overall operating budget will not reflect a net increase. All of the additions will be absorbed within their respective divisions except for the need to transfer \$400,000 to the Bus Division and \$550,000 to the Ferry Division from the Bridge Division's interest expense category. The interest expense category projects a savings in the Commercial Paper interest expense line item at the end of the year.

Fiscal Impact

There is no fiscal impact to this action. The budget transfers, totaling \$2.6 million, will not conclude in a net increase in the operating budget for the agency.