



**California High-Speed Rail:
Financial Reports Executive Summary**

November 2016

Executive Summary for November 2016

Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
Total Aged Invoices	\$0	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0

- Overall expenditures have increased significantly from the previous year. Last year's expenditures for Year-To-Date (YTD) Nov-15 were \$132M (\$6.5M for Administrative Budget and \$125.5M for Capital Outlay Budget). Expenditures for current year YTD Nov-16 are \$324.6M (\$7.6M for Administrative Budget and \$317M for Capital Outlay Budget).

Note: Regarding prompt payment penalties, the Authority has gone from paying a high of \$295K in FY2011-12 to a low of \$28K in FY2015-16, a decrease of 90%. In the same time frame, annual expenditures went from \$145M in FY2011-12 to \$968M in FY15-16, an increase of 568%.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
Prop IA Bond Fund Ending Cash Balance	\$36	\$8	\$15
Cap and Trade Ending Cash Balance	\$383	\$675	\$629

- Bond sales for Proposition IA occur in the Spring and Fall. HSR received \$56M from the Apr-16 bond sale, compared to \$45M from the Apr-15 bond sale. The low burn rate for Proposition IA cash is due to a focus on spending Federal Funds first for Project Development. Uses of Proposition IA includes non-construction activities such as the Administrative Budget and Project Development costs not eligible for Federal Funds such as Phase II and Federal entities.
- Prop IA cash balance is \$15M for the Nov-16 report, compared to \$8M for the Oct-16 report. Proposition IA cash needs can be met by commercial paper, which is issued by the State Treasurer's Office (STO) the last week of each month. The requesting agency must request commercial paper from STO at least one week before that last week. Commercial paper was last issued on April 6, 2016 for \$10M.
- The Oct-16 Cap and Trade cash balance was \$675M. The Nov-16 Cap and Trade cash balance of \$629M reflects \$64.6M in expenditures, \$14.1M in reimbursements from FRA, and a net \$2M change in GHGRF Revolving Fund and \$2.1M in auction proceeds.
- Cap and Trade proceeds from the last five auctions total \$459M (Aug-15: \$161M, Nov-15: \$164M, Feb-16: \$129M, May-16: \$2.5M, Aug-16: \$2.1M).

Executive Summary for November 2016

Executive Budget Summary

	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
Monthly Expenditures (\$ in thousands)	\$2,412	\$2,549	\$2,559
Percentage of Budget Expended YTD	16%	12%	18%
Percentage of Personal Services Budget Expended YTD	20%	14%	21%
Total Authorized Positions	219	226	226
Vacancy Rate	23.5%	16.4%	16.4%

- ▶ For YTD Nov-16, 18% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 25% of the fiscal year completed.
- ▶ The percentage of Personal Services Budget expended is 21% for YTD Nov-16, compared to 20% for the prior year YTD Nov-15 as a result of the additional positions.
 - ▶ The Personal Services budget for FY16-17 consists of 226 positions (174 + 35 +10+1+6 positions full year). The Personal Services budget for FY15-16 included budget for 220 positions (174 + 35 +10+1 positions full year).
- ▶ Vacancy rate history:
 - ▶ Nov-15 vacancy rate was 23.5% (51.5 vacant positions out of 219 total positions). The 23.5% vacancy rate was due to 35 new positions added in Mar-15. (Prior to the new positions, Feb-15 vacancy rate was 14.9%).
 - ▶ Nov-16 vacancy rate is 16.4% (37 vacant positions out of 226 total positions).
 - ▶ The statewide vacancy rate was 13.5% at June 29, 2016.

Note: The Risk Management and Project Controls Office, which is fully staffed, shows YTD forecast and expenditures of \$896K, \$23K more than the budget of \$873K. The forecast includes a Benefit and General Salary Increase (GSI) pending the Governor's budget (anticipated January 10, 2017). When the Governor's budget is approved, the budget will be revised upward for the GSI. Current expenditures and forecasted data include bargaining units with approved GSI.

Executive Summary for November 2016

Capital Outlay Budget Summary	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
Budget (Fiscal Year) (\$ in millions)	\$1,748	\$1,718	\$1,718
Monthly Expenditures (\$ in millions)	\$51	\$133	\$107
Percentage of Budget Expended Year to Date	7%	12%	18%

- Capital Outlay expenditures were \$107M for Nov-16 which included Project Development (\$14M), Right of Way (\$4M), Design-Build Contract Work (\$65M), Rail Delivery Partner costs (\$9M), Program Construction Management and other expenses (\$15M). The current Capital Outlay budget for FY16-17 is \$1.72B, compared to \$936M in Capital Outlay expenditures for FY15-16.

Note: The forecast for FY 2016-17 has been updated from \$1.72B in Oct-2016 to \$1.27B in Nov-2016, a decline of \$445M, including \$59M in Project Development and \$386M in Construction. Forecast updates for Project Development reflect the potential efficiencies for environmental documentation production and review. Forecast updates for Construction reflects current information from the Design-Builders.

Total Project Expenditures with Forecasts (\$ in millions)

Program Total by Fund Type	2006-16
State Funds ¹	\$705
Federal Funds ²	\$1,681
TOTAL	\$2,386

State Match to ARRA (Federal Funds)	
FY2010 - 14 ³	\$102.1
FY2014 - 15 ⁵	\$171.3
FY2015 - 16 ⁵	\$6.4
FY2016 - 17 ⁵	\$13.3
TOTAL (to date) ⁴	\$293.1

State Match Liability	
Federal Funds	\$1,681
State Match to ARRA	\$293
Tapered Federal Funds ⁶	\$1,387

- ¹ Prop IA, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY2010-11; ³State paid amount as of FY2013-14; ⁴ State-match to ARRA funds; ⁵ The State Match to ARRA total for FY2014-15, FY15-16, and FY16-17; ⁶ Tapered Federal Funds is the amount that the state will expend to meet the Federal requirements (This will be satisfied with Prop IA and Cap and Trade expenditures).
- The Federal Funds total for Nov-16 is \$1.681B, an increase of \$62M from the \$1.619B for Oct-16. As a result, Tapered Federal Funds increased from \$1.326B in Oct-16 to \$1.387B in Nov-16.

Note: The ARRA Grant expires 9/30/2017. As of October 4, 2016, 66% of the ARRA grant (\$1.68B of \$2.55B total) has been approved and paid by FRA or was pending approval; an additional 11% (\$283M of \$2.55B total) was accruals and Work-In Progress. A total of 77% (\$1.963B of \$2.55B) of the ARRA grant has been paid, pending, accruals, or Work-in-Progress. As of November 1, 2016, total ARRA expenditures are \$2.007B or 78.6% of the \$2.553B grant including FRA paid, approved, and pending invoices plus invoices pending submittal to FRA, invoices received by HSRA, and Work-in-Progress.

Executive Summary for November 2016

Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
Number of Contracts	229	302	288
Total Value of Contracts (\$ in millions)	\$4,614	\$4,922	\$4,937
Small Business Utilization Rate	21.3%	16.5%	17.2%

- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from August-2012. All subsequent eligible contracts and amendments include the small business goal. Exempt contracts, such as third party utilities, interagency agreements, governmental entities and leveraged procurements are excluded. The percentage represents the total dollar amount that went to small business by vendor divided by the total invoices. Small business utilization percentages reflect invoices received to date.
- ▶ The Small Business Utilization Rate was 16.19% in Feb-15, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate increased by 0.7%, from 16.5% for the Oct-16 report to 17.2% for the Nov-16 report.

Note: Over time, the small business utilization rate is expected to increase as construction activity progresses.

Projects & Initiatives Report

	Prior Year	Current Year	Current Year
	Nov-15	Oct-16	Nov-16
■ Satisfactory	4	10	11
◆ Caution	1	13	10
● Escalate	-	3	4
★ On hold	1	1	2
n/a	-	5	5
Total	6	32	32

- ▶ As of September 1, 2016, the Authority reached a major milestone with the transition to FI\$Cal.
- ▶ n/a indicates that milestones for the project or initiative are currently under development.

Note: Financial System has been updated from Caution to Satisfactory due to the establishment of an implementation strategy.

- ▶ PMIS – Enterprise Document Management System has been changed from Caution to Escalate since the Go Live date has been changed from 10/3/16 to 12/31/16.
- ▶ PMIS – Business Intelligence Center has been changed from Caution to On Hold until the systems that will generate the data inputs become operational.