



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

April 2017

Executive Summary for April 2017

Accounts Payable Aging Report

(\$ in thousands)	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
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) Apr-16 were \$472.2M (\$18.9M for Administrative Expenditures and \$453.3M for Capital Outlay Expenditures). Expenditures for current year YTD Apr-17 are \$835.1M (\$21.5M for Administrative Expenditures and \$813.6M for Capital Outlay Expenditures).
- ▶ There were no aged invoices for Apr-17.

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 90.5%. In the same time frame, annual expenditures went from \$144.9M in FY2011-12 to \$968.3M in FY2015-16, an increase of 568.3%.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
Prop IA Bond Fund Ending Cash Balance	\$19.5	\$82.7	\$78.7
Cap and Trade Ending Cash Balance	\$633.3	\$647.1	\$602.0

- ▶ Prop IA cash balance is \$78.7M for the Apr-17 report, compared to \$82.7M for the Mar-17 report. If needed, Prop 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. Requests for commercial paper are due two weeks prior to month end. Commercial paper was last issued on April 6, 2016 for \$10M.
- ▶ Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, and Nov-16 \$75.0M.
- ▶ Bond sales for Prop IA occur in the spring and fall. The low burn rate for Prop IA cash is due to a focus on spending Federal Funds first for Project Development. Uses of Prop IA include non-construction activities such as the Administrative Budget and Project Development costs not eligible for Federal Funds, such as Phase II and Federal entities.
- ▶ The Apr-17 Cap and Trade cash balance was \$602.0M. The Apr-17 Cap and Trade cash balance of \$602.0M reflects \$94.5M in expenditures, \$54.3M in reimbursements from FRA and a net \$5.0M change in the Cap and Trade Revolving Fund.
- ▶ Cap and Trade is used as a clearing account for all federal expenditures. As of 2/28/17, Cap and Trade has approximately \$299.3M in the clearing account, bringing the total cash balance to \$901.3M.

Note: Proceeds from the Cap and Trade auctions are as follows: Aug-15 \$161.3M, Nov-15 \$164.2M, Feb-16 \$129.2M, May-16 \$2.5M, Aug-16 \$2.1M, and Nov-16 \$91.1M (total \$550.5M). Feb-17 auction results have been released but not finalized; the Authority's share is estimated to be \$2M.

Executive Summary for April 2017

Executive Budget Summary

	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
Monthly Expenditures (\$ in thousands)	\$2,407	\$2,670	\$2,746
Percentage of Budget Expended YTD	45.6%	43.9%	50.3%
Percentage of Personal Services Budget Expended YTD	52.8%	48.6%	56.0%
Total Authorized Positions	220	226	226
Vacancy Rate	15.0%	13.7%	14.6%

- ▶ Monthly expenditures for Apr-17 were \$2.75M, an increase of \$339K over the \$2.41M during the previous year, Apr-16. For YTD Apr-17, \$21.5M or 50.3% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 66.7% of the fiscal year completed, which is a 4.7% increase over the 45.6%, or \$18.9M, for YTD Apr-16.
- ▶ The Total Administrative Budget has increased by \$593K, from \$42.2M to \$42.8M due to the release of the Governor's FY2017-18 Budget on January 10, 2017.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 33.7% for YTD Apr-17, compared to 28.2% for the prior year YTD Apr-16.
- ▶ The percentage of Personal Services Budget expended is 56.0% for YTD Apr-17, compared to 52.8% for the prior year YTD Apr-16. The increase is due to an increase in filled positions, six additional authorized positions, and salary increases.
 - ▶ The Personal Services Budget for FY2016-17 consists of 226 positions (174 + 35 + 10 + 1 + 6 positions full year). The Personal Services Budget for FY2015-16 included budget for 220 positions (174 + 35 + 10 + 1 positions full year).
- ▶ Vacancy rate history:
 - ▶ The Apr-16 vacancy rate was 15.0% (33 vacant positions out of 220 total positions). The 15.0% vacancy rate was due to 35 new positions added in Mar-15. (Prior to the new positions, Feb-15 vacancy rate was 14.9%).
 - ▶ The Apr-17 vacancy rate is 14.6% (33 vacant positions out of 226 total positions), compared to Mar-17 13.7%, Feb-17 15.7%, Jan-17 16.2% and Dec-16 16.8% vacancy rates.
 - ▶ The statewide vacancy rate was 13.14% as of March 1, 2017.

Note: General operating expenditures for YTD Apr-17, such as General Office Expense (13.2%), Board Costs (14.3%), Out-of-State Travel (7.0%), Training (10.0%), Data Processing (18.4%) and External Contracts (5.8%) are underspent with 66.7% of the fiscal year completed. It is expected that spending will ramp up in the last four months of the fiscal year. Printing (47.1%), Interdepartmental Contracts (46.6%), Rent (55.3%), and Consolidated Data Centers (66.2%) remain near target.

Executive Summary for April 2017

Capital Outlay Budget Summary

	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
Budget (Fiscal Year) (\$ in millions)	\$1,866.6	\$1,744.4	\$1,744.4
Monthly Expenditures (\$ in millions)	\$62.3	\$80.2	\$106.9
Percentage of Budget Expended Year to Date	24.3%	40.5%	46.6%

- ▶ Capital Outlay expenditures for Apr-17 were \$106.9M which included Project Development (\$0.6M), Right-of-Way (\$12.0M), Design-Build Contract Work (\$50.6M), Rail Delivery Partner costs (\$9.6M), Program Construction Management and other expenses (\$34.1M).
- ▶ For YTD Apr-17, at 66.7% of the fiscal year completed, 89.4% of the ARRA Project Development Budget, 76.3% of the ARRA Construction Budget, 29.6% of the Project Development Budget and 50.2% of the Construction Budget have been expended, resulting in 46.6% expended overall.

Note: The FY2016-17 Cap Outlay Budget was reduced from \$1.768B to \$1.744B to align with a \$23M reduction in Cap and Trade for FY2016-17 in the Governor's Budget. The Total Program Budget was increased from \$9.1B to \$9.2B due to an increase in funding in the Governor's Budget.

Total Project Expenditures with Forecasts

State Match to ARRA ^{7, 8}	
FY2010-FY2013	\$ 102,100,000
FY2014-FY2015	\$ 171,286,474
FY2015-FY2016	\$ 6,411,319
FY2016-FY2017	\$ 13,291,394
TOTAL (to date)	\$ 293,089,188

Fund Type	State Match Liability		
	Spend To Date	Total Obligation ¹¹	Remaining Balance
Federal Funds¹⁰			
ARRA	\$ 2,349,576,152	\$ 2,552,556,231	\$ 202,980,079
FY10	\$ -	\$ 928,620,000	\$ 928,620,000
Federal Funds Total	\$ 2,349,576,152	\$ 3,481,176,231	\$ 1,131,600,079
State and Local Funds⁹			
ARRA State Match	\$ 293,089,188	\$ 2,453,671,231	\$ 2,160,582,043
FY10 State Match	\$ -	\$ 359,805,000	\$ 359,805,000
Local	\$ -	\$ 52,100,000	\$ 52,100,000
State Funds Total	\$ 293,089,188	\$ 2,865,576,231	\$ 2,572,487,043
TOTAL	\$ 2,642,665,340	\$ 6,346,752,462	\$ 3,704,087,122
Tapered Federal Funds⁸	\$ 2,056,486,964		

- ▶ ⁷The State Match to ARRA through Apr-17 agrees with ARRA Drawdown 16-104. ⁸ Tapered Federal Funds is the amount the state will expend to meet the Federal requirements. This will be satisfied with Prop IA and Cap and Trade expenditures. ⁹ State Funds include Prop IA, Public Transportation Account (PTA), State Highway funds, and Cap and Trade Funds. ¹⁰ Federal Funds since FY2010-11. ¹¹ Total Obligation for ARRA State Match was previously misstated and included Local Obligation of \$52.1M. Total obligation for state match has been updated to \$2.453B.
- ▶ The Federal Funds total as of February 28, 2017 is \$2.350B, a month-over-month increase of \$92.0M from \$2.258B in Jan-17. As a result, Tapered Federal Funds increased from \$1.965B in Jan-17 to \$2.056B in Feb-17.

Note: The ARRA Grant expires September 30, 2017. As of March 14, 2017, total ARRA expenditures and accruals are \$2.363B or 92.6% of the \$2.553B grant, resulting in \$189.5M or 7.4% of the grant remaining with approximately three and a half months before June 30, 2017, the deadline for the Authority to submit invoices so they can be processed prior to the grant's expiration. The Authority's average cash burn rate for the last three months (December \$108M, January \$29M and February \$91M) is \$76M, which is \$21.7M higher than the straight line basis burn rate of \$54.3M. The Authority's average cash burn rate for the last six months (September \$106M, October \$81M, November \$76M, December \$108M, January \$29M and February \$91M) is \$81.8M, which is \$27.5M higher than the straight line basis burn rate.

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Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
Number of Contracts	238	382	389
Total Value of Contracts (\$ in millions)	\$4096.5	\$5,201.9	\$5,239.1
Small Business Utilization Rate	16.6%	17.5%	18.8%

- ▶ As of Apr-17, the Authority has 389 active contracts with a total value of over \$5.239B, an increase of 151 contracts and \$1.142B from the 238 contracts valued at \$4.097B at prior year Apr-16. Between Mar-17 and Apr-17, the Authority gained 7 net additional active contracts (from 382 to 389), increasing total value of contracts by \$37.2M (from \$5.202B to \$5.239B).
- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from Aug-12. 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 16.2% in Feb-15, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate increased 1.3% from 17.5% for the Mar-17 report to 18.8% for the Apr-17 report.

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

Projects & Initiatives Report

Time Line	Prior Year	Current Year	Current Year
	Apr-16	Mar-17	Apr-17
Satisfactory 	2	9	9
Caution 	11	18	18
Escalate 	1	11	14
On hold 	0	3	3
Completed  	0	6	1
n/a – Milestones TBD	0	5	5
Total	14	52	50

- ▶ One project (ARRA Expenditures 2016 4th Quarter Reporting) was reported as complete in April-17. Three IT projects (Asset Management – Maximo, PMIS – Schedule Management System, and PMIS – Risk Management System) reported as Complete in Mar-17 have been updated to Escalate in Apr-17 since additional functionality is planned. Two projects (Central Valley Interconnections and Amazon Web Services) have been removed from the Projects and Initiative Report due to them being complete and reported as such for two months.

Note: - The Financial Systems project (FIMS) is being put on hold since FISCAL is not ready to integrate with other systems at this point in time.
 - In addition to the three IT projects, eleven projects continue as Escalate items including eight project development milestones, and three other IT projects (PMIS – Cost Management System end date updated from 8/18/17 to 10/18/17, PMIS–Contract Management System end date updated from 8/30/17 to 10/31/17, and PMIS – EDMS end date updated from 10/31/17 to 12/31/17).