



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

September 2016

Executive Summary for September-2016

Accounts Payable Aging Report

	Prior Year	Current Year	Current Year
	Sept-2015	Aug-2016	Sept-2016
Total Aged Invoices (\$ in millions)	\$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) Sept-2015 were \$1.9M (\$1.9M for Administrative Budget and \$0M for Capital Outlay Budget). Expenditures for current year YTD Sept-2016 are \$80.9M (\$2.4M for Administrative Budget and \$78.5M 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 FY 2015-16, a decrease of 90%. In the same time frame, annual expenditures went from \$145M in FY2011-12 to \$968M in FY2015-16, an increase of 568%.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Sept-2015	Aug-2016	Sept-2016
Prop IA Bond Fund Ending Cash Balance	\$41	\$16	\$7
Cap and Trade Ending Cash Balance	\$410	\$772	\$733

- Bond sales for Proposition IA occur in the Spring and Fall. HSR received \$56M from the April-2016 bond sale, compared to \$45M from the April-2015 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 \$7M for the Sept-2016 report, compared to \$16M for the Aug-2016 report. Commercial paper was issued on April 6, 2016 for \$10M. 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.
- The Aug-2016 Cap and Trade cash balance was \$772M. The Sept-2016 Cap and Trade cash balance of \$733M reflects \$87M in expenditures, \$58M in reimbursements from FRA, and a net \$9.5M advance to the revolving fund.
- Cap and Trade proceeds from the last four auctions total \$457M (Aug-15: \$161M, Nov-15: \$164M, Feb-16: \$129M, May-16: \$2.5M).

Note: The Authority has received approval on an increase in the ARRA funding available for project development costs. As a result it is anticipated that there will be fewer Prop IA project development expenditures in the near term as the program focuses on ARRA expenditures. Furthermore, \$31M in Prop IA project development expenditures are being reallocated to ARRA, which will increase Prop IA funds by \$31M by November-2016.

Executive Summary for September-2016

Executive Budget Summary

	Prior Year	Prior Year	Current Year
	Sept-2015	Aug-2016	Sept-2016
Monthly Expenditures (\$ in thousands)	\$1,881	\$4,711	\$2,541
Percentage of Budget Expended Year-to-Date (YTD)	5%	78%	6%
Percentage of Personal Services Budget Expended YTD	6%	82%	7%
Total Authorized Positions	219	220	226
Vacancy Rate	24.4%	13.2%	14.6%

- ▶ For YTD Sept-2016, 6% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 8% of the fiscal year completed. This is higher than the previous year's 5% due to budget increases as a result of seven new positions (from 219 in Sept-2015 to 226 in Sept-2016) and an increase in corresponding Operating Expenses and Equipment Budget.
- ▶ The percentage of Personal Services Budget expended is 7% for YTD Sept-2016, compared to 6% for the prior year Sept-2015 YTD as a result of the additional positions.
 - ▶ 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 includes budget for 220 positions (174 + 35 +10+1 positions full year).
- ▶ Vacancy rate history:
 - ▶ Sept-2015 vacancy rate was 24.4% (53.5 vacant positions out of 219 total positions). The 24.4% vacancy rate was due to 35 new positions added in March-2015. (Prior to the new positions, February-2015 vacancy rate was 14.9%).
 - ▶ Sept-2016 vacancy rate is 14.6% (33 vacant positions out of 226 total positions). Due to six new audit positions added as of July 1, 2016, the Sept-2016 vacancy rate is 1.4% higher than the Aug-2016 vacancy rate of 13.2% (29 vacant positions out of 220 total positions). To date, two of the six new positions have been filled.
 - ▶ The statewide vacancy rate was 13.5% at June 29, 2016.

Note: Monthly expenditures dropped approximately \$2.2M, from \$4.7M in Aug-2016 to \$2.5M in Sept-2016, primarily due to an increase in charges at 2015-16 fiscal year-end. There was a \$950K increase in interagency billing (from \$99K to \$1.05M) and a \$669K increase in expenditures (primarily rent, external contracts, consolidated data centers, and data processing).

Executive Summary for September-2016

Capital Outlay Budget Summary

	Prior Year Sept-2015	Prior Year Aug-2016	Current Year Sept-2016
Budget (Fiscal Year) (\$ in millions)	\$1,748	\$1,875	\$1,707
Monthly Expenditures (\$ in millions)	\$0	\$175	\$78
Percentage of Budget Expended Year to Date	0%	50%	5%

- ▶ Capital Outlay expenditures were \$78M for Sept-2016 which included Project Development (\$15M), Right of Way (\$23M), Design-Build Contract Work (\$23M), Rail Delivery Partner costs (\$7M), Program Construction Management and other expenses (\$10M). The current Capital Outlay budget for FY2016-17 is \$1.707B, compared to \$1.875B for FY2015-16.

Note: Capital Outlay expenditures were \$78M for Sept-16 which was \$21M below the forecasted expenditures of \$99M. The shortfall was due to delays in Right-of-Way (\$9M) which in turn caused construction delays (\$16M). The shortfall was partially offset by higher than forecasted costs in RDP, PCM, and other costs (\$4M).

Total Project Expenditures with Forecasts (\$ in millions)

Program Total by Fund Type	2006-2016
State Funds ¹	\$705
Federal Funds ²	\$1,425
TOTAL	\$2,130

State Match to ARRA (Federal Funds)	
FY2010 - 13 ³	\$102
FY2014 - 15 ⁵	\$171
FY2015 - 16 ⁵	\$7
FY2016 - 17 ⁵	\$3
TOTAL (to date) ⁴	\$283

State Match Liability	
Federal Funds	\$1,425
State Match to ARRA	\$283
Tapered Federal Funds ⁶	\$1,142

- ▶ ¹ Prop IA, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY2010-11; ³ State paid amount as of FY2013-14; ⁴ State-match to ARRA funds; ⁵ The State Match to ARRA total for FY2014-15, FY2015-16, and FY2016-17; 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 Sep-2016 is \$1.425B, an increase of \$83M from the \$1.342B for Aug-2016. As a result, Tapered Federal Funds increased from \$1.062B in Aug-2016 to \$1.142B in Sep-2016.

Note: The ARRA Grant expires 9/30/2017. As of July 31, 2016, 53% of the ARRA grant (\$1.34B of \$2.55B total) has been approved and paid by FRA; an additional 16% (\$419M of \$2.55B total) is pending FRA approval, accruals, and Work-In Progress. A total of 68.9% (\$1.759B of \$2.55B) of the ARRA grant has been paid, pending, accruals, or Work-in-Progress.

Executive Summary for September-2016

Contracts and Expenditures Report

	Prior Year Sept-2015	Current Year Aug-2016	Current Year Sept-2016
Number of Contracts	197	279	298
Total Value of Contracts (\$ in millions)	\$4,575	\$4,633	\$4,905
Small Business Utilization Rate	20.9%	15.7%	16.3%

- ▶ 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-2015, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate increased by 0.6%, from 15.7% for the Aug-2016 report to 16.3% for the Sept-2016 report.

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

Projects & Initiatives Report

	Prior Year Sept-2015	Current Year Aug-2016	Current Year Sept-2016
■ Satisfactory	5	14	13
◆ Caution	1	17	18
● Escalate	-	0	0
★ On hold	1	1	1
Total	7	32	32

Note: As of September 1, 2016, the Authority has reached a major milestone. The Authority is now officially on FI\$Cal.

- ▶ “Central Region Construction Package 4 (CP4)” end date has been moved up from June 19, 2019 to April 28, 2019.
- ▶ “Right of Way Management System - geoAmps” timeline is changed from Satisfactory to Caution as the Phase 2 schedule is developed.
- ▶ “Environmental Mitigation Management and Assessment Management - EMMA 2.0” deployment date has been moved back from October 31, 2016 to January 2, 2017. Timeline rating was Caution and remains at Caution.