



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

October 2016

Executive Summary for October 2016

Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Oct-15	Sep-16	Oct-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) Oct-15 were \$78M (\$4M for Administrative Budget and \$74M for Capital Outlay Budget). Expenditures for current year YTD Oct-16 are \$216M (\$5M for Administrative Budget and \$211M 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 FY15-16, an increase of 568%.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Oct-15	Sep-16	Oct-16
Prop IA Bond Fund Ending Cash Balance	\$38	\$7	\$8
Cap and Trade Ending Cash Balance	\$569	\$733	\$675

- 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 \$8M for the Oct-16 report, compared to \$7M for the Sep-16 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 Sep-16 Cap and Trade cash balance was \$733M. The Oct-16 Cap and Trade cash balance of \$675M reflects \$138.7M in expenditures, \$82.2M in reimbursements from FRA, and a net \$2M change in GHGRF 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).

Executive Summary for October 2016

Executive Budget Summary

	Prior Year	Current Year	Current Year
	Oct-15	Sep-16	Oct-16
Monthly Expenditures (\$ in thousands)	\$2,163	\$2,541	\$2,549
Percentage of Budget Expended YTD	10%	6%	12%
Percentage of Personal Services Budget Expended YTD	13%	7%	14%
Total Authorized Positions	219	226	226
Vacancy Rate	22.1%	14.6%	16.4%

- ▶ For YTD Oct-16, 12% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 16.7% of the fiscal year completed. This is higher than the previous year's 10% due to increases in spending as a percentage of budget in Financial Office, Legal Office, Program Delivery Office, and Regional Directors.
- ▶ The percentage of Personal Services Budget expended is 14% for YTD Oct-16, compared to 13% for the prior year Oct-15 YTD 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 includes budget for 220 positions (174 + 35 +10+1 positions full year).
- ▶ Vacancy rate history:
 - ▶ Oct-15 vacancy rate was 22.1% (53.5 vacant positions out of 219 total positions). The 22.1% vacancy rate was due to 35 new positions added in Mar-15. (Prior to the new positions, Feb-15 vacancy rate was 14.9%).
 - ▶ Oct-16 vacancy rate is 16.4% (37 vacant positions out of 226 total positions). Three of the six new audit positions added as of July 1, 2016 have been filled.
 - ▶ 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 October 2016

Capital Outlay Budget Summary

	Prior Year Oct-15	Current Year Sep-16	Current Year Oct-16
Budget (Fiscal Year) (\$ in millions)	\$1,747	\$1,707	\$1,718
Monthly Expenditures (\$ in millions)	\$74	\$78	\$133
Percentage of Budget Expended Year to Date	4%	5%	12%

- Capital Outlay expenditures were \$133M for Oct-16 which included Project Development (\$12M), Right of Way (\$75M), Design-Build Contract Work (\$29M), Rail Delivery Partner costs (\$8M), Program Construction Management and other expenses (\$7M). The current Capital Outlay budget for FY16-17 is \$1.718B, compared to \$936M in Capital Outlay expenditures for FY15-16.

Note: The budget increased from \$1,707M in Sep-16 to \$1,718M in Oct-16 due to the approval of the Financial Advisor contract (total \$40M over 4 years).

Total Project Expenditures with Forecasts (\$ in millions)

Program Total by Fund Type	2006-16
State Funds ¹	\$705
Federal Funds ²	\$1,619
TOTAL	\$2,324

State Match to ARRA (Federal Funds)	
FY2010 - 14 ³	\$102
FY2014 - 15 ⁵	\$171
FY2015 - 16 ⁵	\$7
FY2016 - 17 ⁵	\$13
TOTAL (to date) ⁴	\$293

State Match Liability	
Federal Funds	\$1,619
State Match to ARRA	\$293
Tapered Federal Funds ⁶	\$1,326

- 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, 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 Oct-16 is \$1.619B, an increase of \$194M from the \$1.425B for Aug-16. As a result, Tapered Federal Funds increased from \$1.142B in Sep-16 to \$1.619B in Oct-16.

Note: The ARRA Grant expires 9/30/2017. As of August 31, 2016, 64% of the ARRA grant (\$1.62B of \$2.55B total) has been approved and paid by FRA or was pending approval; an additional 9% (\$238M of \$2.55B total) was accruals and Work-In Progress. A total of 73% (\$1.857B of \$2.55B) of the ARRA grant has been paid, pending, accruals, or Work-in-Progress.

Executive Summary for October 2016

Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Oct-15	Sep-16	Oct-16
Number of Contracts	240	298	302
Total Value of Contracts (\$ in millions)	\$4,613	\$4,905	\$4,922
Small Business Utilization Rate	20.9%	16.3%	16.5%

- ▶ 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 0.2%, from 16.3% for the Sep-16 report to 16.5% for the Oct-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
	Oct-15	Sep-16	Oct-16
■ Satisfactory	4	13	10
◆ Caution	1	18	13
● Escalate	-	-	3
★ On hold	1	1	1
n/a	-	-	5
Total	6	32	32

Note: 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.
- ▶ Three projects have been changed to Escalate:
 1. PMIS – Cost Management System: Go Live has been moved back six months from Dec-16 to Jun-17
 2. PMIS – Schedule Management System: Go Live has been moved back one month from Nov-16 to Dec-16
 3. PMIS – Contract Management System: Go Live has been moved back two months from Feb-17 to Apr-17