



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

July 2017

Executive Summary for July 2017

Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-16	Jun-17	Jul-17
Total Aged Invoices	\$0	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0
Number of Invoices Paid	**	371	453
Value of Invoices Paid	**	\$96.9	\$161.5
Number of In-Process Invoices	**	186	177
Value of In-Process Invoices	**	\$70.6	\$104.4

- ▶ There were no aged invoices for Jul-17. There have been no aged invoices since the Jan-17 report.
- ▶ Overall expenditures have increased significantly (65.6%) from the previous year; last year's expenditures for Year-To-Date (YTD) Jul-16 were \$802.3M (\$27.4M for Administrative Expenditures and \$774.9M for Capital Outlay Expenditures). Expenditures for current YTD Jul-17 are \$1.197B (\$29.9M for Administrative Expenditures and \$1.167B for Capital Outlay Expenditures).

Note: ** Information for prior year Jul-16 is in Calstars, and unavailable since the Authority transitioned to FISCAL in Sep-16.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-16	Jun-17	Jul-17
Prop IA Bond Fund Ending Cash Balance	\$32.7	\$1,321.4	\$1,310.2
Cap and Trade Ending Cash Balance	\$636.6	\$631.1	\$574.4

- ▶ On April 20, 2017, the State Treasurer's Office sold \$1.248B in Proposition IA construction bonds for Phase I planning (\$119M), and the Central Valley Segment (\$1.129B). Bond proceeds were received on April 27, 2017. This is the first time in the Authority's history that Prop IA bonds for construction have been sold. These funds accrue interest at a rate of 0.769% and are used by the state to mitigate bond interest costs.
- ▶ Recent Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, Nov-16 \$75.0M and Apr-17 \$1.248B. Bond sales for Prop IA occur in the spring and fall. With full utilization of the federal ARRA grant funding, the Authority will begin to use Prop IA bond funds to match the federal ARRA grant funds used in the Central Valley.
- ▶ Cap and Trade funds are primarily used for expenditures not covered under the ARRA grant agreement such as the financial advisors and federal contracts. Additionally, Cap and Trade is also used as a clearing account for all federal expenditures. As of 5/31/17, Cap and Trade has approximately \$278.9M in the clearing account and \$574.4M in cash on hand bringing the total cash balance to \$853.3M.

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, Nov-16 \$91.1M, and Feb-17 \$2M (total \$552.5M).

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Executive Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-16	Jun-17	Jul-17
Monthly Expenditures	\$2.96	\$2.70	\$2.87
Percentage of Budget Expended YTD	66.2%	63.1%	69.8%
Percentage of Personal Services Budget Expended YTD	74.6%	70.6%	78.2%
Percentage of Operating Expenses and Equipment Expended	45.6%	41.1%	45.0%
Percentage of Fiscal Year Completed	91.7%	83.3%	91.7%
Total Authorized Positions	200	226	226
Total Filled Positions	189	191	193
Vacancy Rate	14.1%	15.5%	14.6%

- ▶ At YTD Jul-17, with 91.7% of the fiscal year complete, 69.8% (\$29.9M) of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 66.2% (\$27.4M) for YTD Jul-16. The 3.6% year-over-year increase is primarily due to an increase in Personal Services spending.
- ▶ Monthly expenditures for Jul-17 were \$2.87M, a decrease of \$97K or 3% compared to the same time period last year, but an increase of \$163K or 6% over the prior month.
- ▶ The Total Administrative Budget has increased by \$593K, from \$42.2M to \$42.8M due to increases in salaries and benefits as reflected in the Governor's FY2017-18 Budget (released on January 10, 2017).
- ▶ The percentage of Personal Services Budget expended is 78.2% for YTD Jul-17, compared to 74.6% for the prior year YTD Jul-16. The Authority's vacancy rate of 15.5% is the primary driver for the underutilization. Comparatively, the Authority's vacancy rate is slightly higher than the statewide average of 12.7% as of June 19, 2017.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 45% for YTD Jul-17, a 0.6% decrease from the 45.6% for the prior year YTD Jul-16.

Issue: Operating expenditures for YTD Jul-17, such as General Office Expense (15.2%), Board Costs (20.4%), Training (15.7%), External Contract (8.9%) and Data Processing (18.8%) are underspent with 91.7% of the fiscal year completed.

Executive Summary for July 2017

Capital Outlay Budget Summary

(\$ in millions)

	Prior Year Jul-16	Current Year Jun-17	Current Year Jul-17
Budget (Fiscal Year)	\$1,875.1	\$1,744.4	\$2,211.5
Monthly Expenditures	\$150.9	\$95.2	\$190.1
Percentage of Budget Expended Year to Date	41.3%	56%	52.8%
Percentage of Fiscal Year Completed	91.7%	83.3%	91.7%

- ▶ On March 3, 2017, the Authority received authorization of its Central Valley Segment Funding plan. The FY2016-17 Prop IA Construction budget has been set, initially, at \$9.8M with an equivalent reduction to the Cap and Trade Construction budget.
- ▶ Capital Outlay expenditures for Jul-17 were \$190.1M and were comprised of: Project Development (\$32.9M), Right-of-Way (\$83.8M), Design-Build Contract Work (\$34.8M), Rail Delivery Partner costs (\$7.5M), and other expenses (\$31.1M).

Issues: This report reflects a requested technical budget adjustment of \$467,128,433 as of June 20, 2017 to the unallocated contingency budget (currently \$68,046,668) of the Central Valley Segment. This adjustment is needed to right-size the unallocated contingency budget to be consistent with the overall Phase I project's unallocated contingency percentage. Because the impact of this project budget adjustment will be realized over several fiscal years, the Authority's appropriation totals will increase with the proceeds received from future Cap and Trade auctions, under Health and Safety Code 39719(b)(2), to cover the adjustment. This request has been approved by the Change Control Committee.

Total Project Expenditures with Forecasts

State Match to ARRA 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	Remaining Balance
Federal Funds¹¹			
ARRA	\$ 2,552,556,231	\$ 2,552,556,231	\$ -
FY10	\$ -	\$ 928,620,000	\$ 928,620,000
Federal Funds Total	\$ 2,552,556,231	\$ 3,481,176,231	\$ 928,620,000
State and Local Funds¹⁰			
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	\$ 2,845,645,419	\$ 6,346,752,462	\$ 3,501,107,043
Tapered Federal Funds⁹	\$ 2,259,467,043		

- ▶ The Federal Funds total as of May-17 is \$2.553B, a month-over-month increase of \$66M or 2.6% from \$2.487B in Apr-17. As a result, Tapered Federal Funds increased from \$2.194B in Apr-17 to \$2.259B in May-17.
- ▶ ⁸FRA paid, approved, and pending subtotal reflects state match through draw 16-140. ⁹Tapered Federal Funds is the amount the state will expend to meet the federal requirements. This will be satisfied with Prop IA and/or Cap and Trade. ¹⁰State Funds include Prop IA, Public Transportation Account (PTA), State Highway funds, and Cap and Trade Funds. ¹¹Federal Funds since FY2010-11.

Note: The ARRA grant has been fully utilized and finalization of reimbursement requests will occur through July 31st. The ARRA grant expires on September 30, 2017.

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Contracts and Expenditures Report

(\$ in billions)	Prior Year	Current Year	Current Year
	Jul-16	Jun-17	Jul-17
Number of Contracts and Purchase Orders	278	428	400
Total Value of Contracts and Purchase Orders	\$4.611	\$5.338	\$5.373
Small Business Utilization Rate	18.7%	19%	19%

- ▶ As of May 31, 2017, the Authority has 400 active contracts/purchase orders (PO's) with a total value of over \$5.373B. This is an increase of 122 net new contracts/PO's and \$764.5M from the 278 contracts/PO's valued at \$4.611B at prior year Jul-16. Between Jun-17 and Jul-17, the Authority had a net decrease of 28 contracts/PO's (from 428 to 400), but the total value of net contracts/PO's increased by \$37M (from \$5.338B to \$5.373B).
- ▶ 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 and governmental entities are excluded. The percentage represents the total dollar amount that went to small businesses by vendor divided by the total invoices. Small business utilization percentages reflect invoices received and verified to date.
- ▶ The Small Business Utilization Rate was 16.2% in February-2015, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate remained at 19% between the Jun-17 and the Jul-17 reports.

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
	Jul-16	Jun-17	Jul-17
Satisfactory 	15	6	6
Caution 	16	15	15
Escalate 	0	14	14
On hold 	1	3	3
Completed  	0	6	6
n/a – Milestones TBD	0	5	5
Total	32	49	49

- ▶ Six projects and initiatives are reported as complete in Jul-17: 1) ARRA Expenditures 2017 1st Quarter, 2) Capital Cost Estimate for 2018 Business Plan, 3) Integrated Train Planning System Options Assessment Document, 4) Records Management and Documentation Control Plan, 5) Risk Management, and 6) Program Controls Plan.

Issue: 1) Ten IT projects are currently under review for scope, functional and technical requirements, software/solution fit, and timeline.

Updates are forthcoming.

2) Fourteen projects (8 Project Development Sections and 6 IT projects) continue as status Escalate.