



# Memorandum

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1111 Broadway, Suite 800, Oakland, CA 94607 • 510.208.7400 • www.AlamedaCTC.org

**DATE:** May 6, 2019

**TO:** Finance and Administration Committee

**FROM:** Patricia Reavey, Deputy Executive Director of Finance and Administration  
Yoana Navarro, Accounting Manager

**SUBJECT:** Alameda CTC FY2018-19 Third Quarter Consolidated Financial Report

## Recommendation

It is recommended that the Commission approve the Alameda CTC FY2018-19 Third Quarter Consolidated Financial Report.

## Summary

Alameda CTC's expenditures through March 31, 2019 are within year-to-date budget authority per the currently adopted budget. The agency remains in a strong financial position compared to budget through the third quarter of FY2018-19.

The attached FY2018-19 Third Quarter Financial Report has been prepared on a consolidated basis and is compared to the currently adopted budget on a year-to-date basis. This report provides a summary of FY2018-19 actual revenues and expenditures through March 31, 2019. Variances from the year-to-date budget are demonstrated as a percentage of the budget used by line item as well as stating either a favorable or unfavorable variance in dollars. Percentages over 100 percent indicate that actual revenue or expenditure items are more than 75 percent of the total annual budget through the third quarter of the fiscal year, and percentages under 100 percent indicate that actual revenue or expenditure items are less than 75 percent of the total annual budget through the third quarter of the fiscal year. As of March 31, 2019, Alameda CTC activity for the fiscal year results in a net increase in fund balance in the amount of \$61.9 million mostly due to sales tax revenues received this fiscal year that have not yet been spent, primarily in the Measure BB Capital Projects and Special Revenue Funds.

## **Background**

The following are highlights of actual revenues and expenditures compared to budget as of March 31, 2019 by major category:

### *Revenues*

Sales tax revenues are over budget by \$28.2 million, or 12.4 percent, and investment income is over budget by \$2.6 million or 43.9 percent as interest rates have been on the rise. Toll and toll violation revenues are over budget by \$0.7 million which will help to fund the targeted operational reserve goal established in the I-580 Express Lanes Expenditure Plan, and grant revenues are under budget by \$10.5 million mostly related to timing on capital projects. Grant revenues are recognized on a reimbursement basis and, therefore, correlate directly with related expenditures, so capital and other project expenditures also are under budget.

### *Salaries and Benefits*

Salaries and benefits are slightly under budget by \$0.08 million, or 1.8 percent, as of March 31, 2019.

### *Administration*

Costs for overall administration are over budget by \$5.5 million, or 21.5 percent, mainly due to debt service costs which incurred 100 percent of the annual costs by March 31, 2019 and will not incur any additional costs in the fourth quarter of this fiscal year. Debt service costs are required to be recorded when incurred per government accounting standards. Actual expenditures in the debt service fund will equal 100% of the budget by the end of the fiscal year.

### *Freeway Operations*

Freeway Operations expenditures are under budget by \$6.1 million, or 63.2 percent, primarily related to a toll system upgrade special project accounted for in the budget which is not anticipated to begin until late in the fiscal year.

### *Planning*

Planning expenditures are under budget by \$0.6 million, or 35.4 percent, mostly related to delays in contracting and funding agreements which resulted in some work being delayed and invoices coming in later than anticipated.

### *Programs*

Programs expenditures are under budget by \$4.5 million, or 3.0 percent, largely due to the timing of invoices for discretionary programmatic grants. Grant recipients generally submit invoices on a semi-annual basis, therefore, it is anticipated that expenditures will be closer to budget at the end of the fiscal year. Expenditures for direct local distributions (DLD) have reduced the amount under budget significantly in the programs section because DLDs are over budget by \$14.6 million due to sales tax revenues coming in higher than budgeted. There is a budget adjustment for sales tax revenues for FY2018-19 along with the corresponding DLD expenditures coming before you concurrently this month for approval to account for this variance.

### *Capital Projects*

Capital Projects expenditures are under budget by \$150.7 million, or 73.0 percent. This variance is due in part to a delay in billing for construction work completed earlier this fiscal year. In addition, Alameda CTC utilizes a rolling capital budget system in which any unused approved budget from prior years is available to pay for costs in subsequent fiscal years. Additional budget authority is requested by project only as needed in accordance with the budget process. The year-to-date budget amount used for comparisons is a straight line amortization of the total approved project budget including unspent budget authority rolled over from the prior year. Expenditures planned through March 31, 2019 in the budget process generally will differ from the straight line budgeted amount used for the comparison. However, presenting the information with this comparison helps financial report users, project managers, and the project control team review year-to-date expenditures to give them an idea of how the project is progressing as compared to the approved budget. There are currently no real budget issues on capital projects.

### *Limitations Calculations*

Staff has completed the limitation calculations required for both 2000 Measure B and 2014 Measure BB related to salary and benefits and administration costs, and Alameda CTC is in compliance with all limitation requirements.

**Fiscal Impact:** There is no fiscal impact associated with the approval of this item.

### **Attachment:**

- A. Alameda CTC Consolidated Revenues/Expenditures as of March 31, 2019

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**ALAMEDA COUNTY TRANSPORTATION COMMISSION**  
**Consolidated Revenues/Expenditures**  
**March 31, 2019**

	<u>Total Consolidated</u>		<u>% Used</u>	<u>Favorable</u>
	<u>YTD</u>	<u>YTD</u>		<u>(Unfavorable)</u>
	<u>Actuals</u>	<u>Budget</u>		<u>Variance</u>
<b>REVENUES</b>				
Sales Tax Revenue	\$ 256,184,582	\$ 228,000,000	112.36	\$ 28,184,582
Investment Income	8,510,955	5,913,750	143.92	2,597,205
Member Agency Fees	1,077,499	1,077,499	100.00	-
VRF Funds	9,879,878	9,000,000	109.78	879,878
TFCA Revenues	1,608,321	1,568,465	102.54	39,856
Toll Revenues	9,943,517	9,750,000	101.98	193,517
Toll Violation/Penalty Revenues	2,108,848	1,575,000	133.90	533,848
Other Revenues	1,539	-	-	1,539
Regional/State/Federal Grants	3,527,166	9,624,943	36.65	(6,097,777)
Local and Other Grants	7,988,228	12,383,957	64.50	(4,395,729)
<b>Total Revenues</b>	<b>\$ 300,830,533</b>	<b>\$ 278,893,613</b>		<b>\$ 21,936,920</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Salaries and Benefits <sup>(1)</sup>	2,039,827	1,792,033	113.83	(247,794)
General Office Expenses	1,083,432	1,232,916	87.88	149,484
Travel Expense	23,773	48,225	49.30	24,452
Debt Service <sup>(2)</sup>	26,472,450	19,854,337	133.33	(6,618,113)
Professional Services	1,570,329	2,509,135	62.58	938,806
Commission and Community Support	123,509	189,563	65.15	66,054
Contingency	-	150,000	-	150,000
Subtotal	31,313,320	25,776,209		(5,537,111)
<b>Freeway Operations</b>				
Salaries and Benefits <sup>(1)</sup>	232,295	287,674	80.75	55,379
Operating Expenditures	3,386,081	4,153,350	81.53	767,269
Special Project Expenditures	(32,992)	5,287,500	(0.62)	5,320,492
Subtotal	3,585,384	9,728,524		6,143,140
<b>Planning</b>				
Salaries and Benefits <sup>(1)</sup>	498,928	593,963	84.00	95,035
Transportation Planning	561,403	947,302	59.26	385,899
Other Planning Projects	-	99,596	-	99,596
Subtotal	1,060,331	1,640,861		580,530
<b>Programs</b>				
Salaries and Benefits <sup>(1)</sup>	1,089,849	1,121,656	97.16	31,807
Programs Management and Support	417,052	1,706,628	24.44	1,289,576
Safe Routes to School Program	870,513	1,801,313	48.33	930,800
VRF Programming	8,144,082	10,327,118	78.86	2,183,036
Measure B/BB Direct Local Distribution	132,365,436	117,812,377	112.35	(14,553,059)
Grant Awards	2,969,669	8,878,017	33.45	5,908,348
TFCA Programming	295,908	2,377,985	12.44	2,082,077
CMA TIP Programming	1,213,240	7,868,759	15.42	6,655,519
Subtotal	147,365,749	151,893,853		4,528,104
<b>Capital Projects</b>				
Salaries and Benefits <sup>(1)</sup>	760,320	910,075	83.54	149,755
Capital Project Expenditures	54,884,264	205,440,762	26.72	150,556,498
Subtotal	55,644,584	206,350,837		150,706,253
<b>Total Expenditures</b>	<b>\$ 238,969,368</b>	<b>\$ 395,390,284</b>		<b>\$ 156,420,916</b>
<b>Net revenue over / (under) expenditures</b>	<b>\$ 61,861,165</b>	<b>\$ (116,496,671)</b>		

(1) Salaries and benefits are under budget by \$84,182 or 1.8% as of March 31, 2019.

(2) Debt service cost are required to be recorded when incurred per government accounting standards and will equal budget by year end.

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