



JANUARY 11, 2024

AGENDA ITEM # 5

RECEIVE AND FILE BUDGET-TO-ACTUAL REPORTS – FOR THE FISCAL YEAR-TO-DATE THROUGH SEPTEMBER 30, 2023

Action Requested: Receive and File

Key Staff: Dustin Purinton, Accounting Manager

Each quarter staff prepare analyses summarizing budgeted to actual revenue and expenditures for the Sacramento Transportation Authority's (STA) General Fund, SacMetro FSP, the Administration Fund, the Sacramento Abandoned Vehicle Service Authority (SAVSA), the Transit Fund, and the Debt Service Fund. Notable variances for this year-to-date period are as follows:

STA General Fund

1. Interest revenue came in \$2.1 million higher than expected \$2.1 million versus the budgeted amount of \$63 thousand. Interest rates have remained high from the 2022-23 fiscal year and are expected to remain high for much of the 2023-24 fiscal year. This increases the amounts that our Interest Rate Swap Partners remit to the Authority for the first quarter of the 2023-24 fiscal year. The rising rates also increase the expense of debt service that the Authority needs to pay to bond holders. Note that the variable rate bonds and related swap agreements were refunded and terminated in September. See related Debt Service explanation below.
2. Professional fees came in \$42,500 lower than expected \$-0- versus the budgeted amount of \$42,500. This line item typically includes expenses related to sales tax recovery services, which are dependent on sales tax audit recoveries. Audit recoveries are inconsistent and, in some cases, take years to develop. Muniservices has not billed the STA for services performed during the first quarter.
3. Measure A allocations were lower than expected by \$1.8 million (-5.4%) because monthly pass-through allocations closely parallel the sales tax revenue stream. These expenses should follow the change in sales tax revenues closely.
4. Capital program expenditures were lower than expected by \$8.0 million (-84.9%). Budgeted expenditures were \$9.5 million and actual expenditures were \$1.4 million. Capital project expenditures vary from year to year, but expenditures will not exceed contract values. Unused capital funds will be carried forward in the fund balance.

SacMetro FSP

1. Salaries and Benefits are lower than expected by \$9 thousand (23.3%) because there was a change in the allocation methodology to reflect actual hours worked on each operating unit.

2. Contractors expenses have increased by \$83 thousand (-10.2%) due to the extension of the Zone 2 contract, which currently has the highest operating cost per hour. This was expected to be replaced through a Request for Proposal, but bids came in higher than expected. The extension of Zone 2 allows staff to identify a more sustainable, long-term solution. Changes that were made during the October and November Board meeting will not be in effect until December 2023 and beyond.

Administration

1. Insurance expenses were budgeted at \$10 thousand but the actual expenditures were \$13 thousand due to increasing insurance rates and the overhead allocation being performed at the end of the year.
2. Professional services were budgeted at \$80 thousand but the actual expenditures were \$33 thousand. They were budgeted to include enhanced public outreach, but these efforts have not been fully utilized in the current quarter.

SAVSA

1. DMV allocations came in from the prior year fees being paid after the fee sunset. These immaterial allocations are being held by the Authority until the future of the program is determined.

Transit

1. Intergovernmental ongoing expenses are slower than anticipated, there are delays in bus orders being fulfilled for both Sacramento Regional Transit and Paratransit. These delays are anticipated to be resolved in the 2023-24 fiscal year.

Debt Service

1. Interest and other charges were about \$7.9 million less than budgeted, actuals of \$30.3 million compared the budgeted \$38.2 million. Interest rates remained high during the first quarter (see STA General Fund Interest Revenue). Rates have been high, but the impact on the variable rate bonds has been unpredictable due to week-to-week fluctuations in the rate paid to bond holders. The material portion of this difference is due to the interest rate swap termination that occurred with the refinancing of the 2009C, 2014A, and 2015A Bond Series. Notably, the budget had initially anticipated a higher cost for the swap termination that came in lower.
2. Transfers in are within a reasonable threshold of the budget. The transfers are dependent on the interest expense and the needs of the trustee US Bank to hold funds for various upcoming payments.

3. Bond proceeds have been separated from Transfers to increase comparability. Bond proceeds are lower than budgeted by \$11.5 million, \$354 million budgeted versus \$342 million in actuality. The budget anticipated an increased interest rate swap termination cost.

Attachment

Budget to Actual Analysis Fiscal Year-to-Date (accrual basis) through September 30, 2023

**September 30, 2023
STA General Fund**

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|----------------------|-----------------------|--------------------------|--------------|--|
| Revenue: | | | | | |
| Sales Tax | \$ 43,500,000 | \$ 44,201,787 | \$ 701,787 | 1.6% | Sales tax revenues is on target with budget projections. |
| Mitigation Fees | - | - | - | 0.0% | Mitigation fees are paid two times a year, the first payment will occur in January 2024. |
| Interest and Other | 62,500 | 2,117,005 | 2,054,505 | 3287.2% | Interest from swap agreements and various bank balances are significantly higher this year due to the increases in interest rates. This is expected to decrease significantly with the termination of the swap agreements in September 2023. |
| Total Revenue | \$ 43,562,500 | \$ 46,318,792 | \$ 2,756,292 | 6.3% | |
| Beginning Fund Balance | 48,229,368 | 58,669,761 | 10,440,393 | 21.6% | Actual beginning fund balance - June 30, 2023 audited financial statements. |
| Total Revenue and Beginning Fund Balance | \$ 91,791,868 | \$ 104,988,553 | \$ 13,196,685 | 14.4% | |

Appropriations:

| | | | | | |
|---|----------------------|----------------------|---------------------|--------------|--|
| Professional Services | \$ 42,500 | \$ - | 42,500 | 100.0% | No sales tax recovery fees have been paid in the first quarter. |
| Ongoing allocations to Measure A Entities | 34,015,059 | 32,189,349 | 1,825,710 | 5.4% | Budgeted allocation was slightly higher than actual payments made. This expense should follow the changes in sales tax revenues closely. |
| Capital Improvement Program | 9,475,225 | 1,429,484 | 8,045,741 | 84.9% | The capital improvement program budget is based on contracts with projected yearly spending. Expenditure timing varies from year to year, but never exceeds contract maximums. |
| Total Appropriations | \$ 43,532,783 | \$ 33,618,833 | \$ 9,913,950 | 22.8% | |

Other Financing Sources (Uses):

| | | | | | |
|--|----------------------|----------------------|----------------------|--------------|---|
| Transfers out (to the Debt Service Fund) | (5,625,000) | (5,236,322) | 388,678 | -6.9% | Debt service was estimated based on a higher cost refinancing. The refinancing from variable rate to fixed rate debt occurred in September 2023, debt service going forward should be easily predictable. |
| Transfers out (Transit Fund) | (250,000) | (250,000) | - | 0.0% | |
| Transfers out (Admin Fund) | (320,667) | (326,132) | (5,466) | -100.0% | |
| Total Financing Sources (Uses) | \$ (6,195,667) | \$ (5,812,454) | \$ 383,213 | -6.2% | |
| Ending Fund Balance | \$ 42,063,419 | \$ 65,557,266 | \$ 23,493,848 | 55.9% | |

September 30, 2023

SacMetro Freeway Service Patrol (FSP)

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|---------------------|---------------------|--------------------------|--------------|---|
| Revenue: | | | | | |
| State Allocation | \$ 623,439 | \$ 634,724 | \$ 11,285 | 1.8% | State allocation is expected to come in at \$2.14M for the year, under what was originally budgeted. The original budget anticipated grant funds to carry over from the prior year, which didn't occur. All grant funds allocated in the 2022-23 fiscal year were expended in the fiscal year, resulting in no carry over. |
| CVR-SAFE* | 910,000 | 910,000 | - | 0.0% | Full CVR-SAFE allocation was received early in the fiscal year. |
| Total Revenue | \$ 1,533,439 | \$ 1,544,724 | \$ 11,285 | 0.7% | |
| Beginning Fund Balance | 293,189 | 143,432 | (149,757) | -51.1% | Actual beginning fund balance - June 30, 2023 audited financial statements |
| Total Revenue and Beginning Fund Balance | \$ 1,826,628 | \$ 1,688,156 | \$ (138,472) | -7.6% | |
| Appropriations: | | | | | |
| Salaries and Benefits | \$ 36,853 | \$ 28,261 | \$ 8,592 | 23.3% | Change in allocation method to exact number of hours worked has changed the allocation. |
| Overhead | - | - | - | 0.0% | The overhead allocation is performed at the end of the fiscal year. |
| Conferences and Travel | 488 | - | 488 | 100.0% | |
| Communications | 18,075 | 22,053 | (3,978) | -22.0% | |
| Other Operating Expenditures | 638 | 3,341 | (2,704) | -424.1% | |
| Contractors | 816,769 | 899,777 | (83,008) | -10.2% | Contractors expenses have increased due to the extension of the Zone 2 contract, which currently has the highest operating cost per hour. This was expected to be replaced through a Request for Proposal, but bids came in higher than expected. The extension of Zone 2 allows staff to identify a more sustainable, long-term solution. Changes that were made during the October and November Board meeting will not be in effect until December 2023 and beyond. |
| Total Appropriations | \$ 872,822 | \$ 953,432 | \$ (80,611) | -9.2% | |
| Ending Fund Balance | \$ 953,806 | \$ 734,724 | \$ 594,159 | 62.3% | |

* Capitol Valley Regional Service Authority for Freeways and Expressways

**September 30, 2023
STA Administration**

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|---------------------|---------------------|--------------------------|---------------|---|
| Revenue: | | | | | |
| Sales Tax | \$ 320,667 | \$ 326,133 | \$ 5,467 | 1.7% | |
| Other | 8,750 | 7,402 | (1,348) | -15.4% | |
| Total Revenue | \$ 329,417 | \$ 333,535 | \$ 4,119 | 1.3% | |
| Beginning Fund Balance | 2,398,456 | 1,871,973 | (526,483) | -22.0% | Actual beginning fund balance - June 30, 2023 audited financial statements |
| Total Revenue and Beginning Fund Balance | \$ 2,727,873 | \$ 2,205,508 | \$ (522,365) | -19.1% | |
| Appropriations: | | | | | |
| Salaries and Benefits | \$ 223,830 | \$ 215,741 | \$ 8,089 | 3.6% | The budget includes the full payment of the CalPERS Unfunded Accrued Liability for the fiscal year and the overhead allocation between the operating units. |
| Rent | 10,401 | 15,207 | (4,806) | -46.2% | Year end allocation between operating units occurs at the end of the fiscal year. |
| Conferences and Travel | 2,000 | 1,584 | 416 | 20.8% | |
| Insurance | 9,888 | 12,660 | (2,772) | -28.0% | Insurance expenses are incurred in early fiscal year 2023-24, costs have also increased in the current year. This variance will decrease with the year end overhead allocation. |
| Professional Services | 80,169 | 33,139 | 47,030 | 58.7% | Professional services were budgeted to include enhanced public outreach, but these efforts have not been fully utilized in the current quarter. The polling budget is expected to go unused in the 2023-24 fiscal year, given the absence of any current plans to pursue a measure. |
| I/TOC | 3,000 | 2,825 | 175 | 5.8% | |
| Other Operating Expenditures | 7,500 | 10,824 | (3,324) | -44.3% | Procurement of a teleconferencing cart in the quarter increased the cost during this quarter. Expenses should be more consistent over the fiscal year. |
| Total Appropriations | \$ 336,788 | \$ 291,980 | \$ 44,808 | 13.3% | |
| Ending Fund Balance | \$ 2,391,085 | \$ 1,913,528 | \$ (436,107) | -18.2% | |

September 30, 2023

Sacramento Abandoned Vehicle Service Authority (SAVSA)

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|-------------------|-------------------|--------------------------|---------------|--|
| Revenue: | | | | | |
| Vehicle License Fees | \$ 87,851 | \$ 4,885 | \$ (82,966) | -94.4% | The original budget assumed the program would be restarted during late 2024, as of the first quarter the program has not be restarted. |
| Interest | 125 | 643 | 518 | 414.4% | |
| Total Revenue | \$ 87,976 | \$ 5,528 | \$ (82,448) | -93.7% | |
| Beginning Fund Balance | 136,584 | 143,428 | 6,844 | 5.0% | Actual beginning fund balance - June 30, 2023 audited financial statements |
| Total Revenue and Beginning Fund Balance | \$ 224,560 | \$ 148,956 | \$ (75,604) | -33.7% | |
| Appropriations: | | | | | |
| Distributions to SAVSA Partner Agencies | \$ - | \$ - | \$ - | 0.0% | No distributions to program partners due to the program sunseting in April of 2022. |
| Salaries and Overhead | - | - | - | 0.0% | The allocation is performed at the end of the fiscal year. |
| Total Appropriations | \$ - | \$ - | \$ - | 0.0% | |
| Ending Fund Balance | \$ 224,560 | \$ 148,956 | \$ 5,044 | 2.2% | |

**September 30, 2023
STA Transit Fund**

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|--------------|---------------|--------------------------|----------|--|
| Revenue: | | | | | |
| Interest | \$ 27,958 | \$ 24,642 | \$ (3,316) | -11.9% | Interest rates have increased to a higher level during the year, resulting in increased interest income. |
| Total Revenue | \$ 27,958 | \$ 24,642 | \$ (3,316) | -11.9% | |
| Beginning Fund Balance | 5,591,561 | 6,159,270 | 567,709 | 10.2% | Actual beginning fund balance - June 30, 2023 audited financial statements. |
| Total Revenue and Beginning Fund Balance | \$ 5,619,519 | \$ 6,183,912 | \$ 564,393 | 10.0% | |
| Appropriations: | | | | | |
| Intergovernmental Ongoing Expenses | \$ 1,125,000 | \$ - | \$ 1,125,000 | 100.0% | Expenditures for the Neighborhood Shuttle program came in during the second quarter. Additionally, the CTSA program did not receive any reimbursement requests during the quarter. Both SacRT and Paratransit have buses on order that will be reimbursed when they are delivered. |
| Total Appropriations | \$ 1,125,000 | \$ - | \$ 1,125,000 | 100.0% | |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | \$ 250,000 | \$ 250,000 | \$ - | 0.0% | |
| Total Financing Sources (Uses) | \$ 250,000 | \$ 250,000 | \$ - | 0.0% | |
| Ending Fund Balance | \$ 4,744,519 | \$ 6,433,912 | \$ 4,230,520 | 89.2% | |

**September 30, 2023
STA Debt Service**

| | YTD Budget | Actual Amount | Budget / Actual Variance | % Change | Comments |
|---|----------------|----------------|--------------------------|----------|---|
| Revenue: | | | | | |
| Interest | \$ 600 | \$ 51,230 | \$ 50,630 | 8438.3% | Interest rates have risen significantly. |
| Total Revenue | \$ 600 | \$ 51,230 | \$ 50,630 | 8438.3% | |
| Beginning Fund Balance | 6,287,510 | 7,498,295 | 1,210,785 | 19.3% | Actual beginning fund balance - June 30, 2023 audited financial statements. |
| Total Revenue and Beginning Fund Balance | \$ 6,288,110 | \$ 7,549,525 | \$ 1,261,415 | 20.1% | |
| Appropriations: | | | | | |
| Principal | \$ 318,300,000 | \$ 318,300,000 | \$ - | 0.0% | Refinancing of the 2009C, 2014A and 2015A Series Bonds. |
| Interest and other charges | 38,189,549 | 30,255,146 | 7,934,403 | 20.8% | The refinancing of the 2009C, 2014A and 2015A Series Bonds was anticipated to have a higher swap agreement termination cost. |
| Total Appropriations | \$ 356,489,549 | \$ 348,555,146 | \$ 7,934,403 | 2.2% | |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | \$ 5,625,000 | \$ 5,236,322 | \$ (388,678) | -6.9% | The budgeted refinancing of the 2009C, 2014A and 2015A Series Bonds was moved to Bond Proceeds \$354,000,000, for increased comparability. The difference between the budget and actual is due to the uncertainty of the bond refinancing and the ultimate cost of the transaction. |
| Bond Proceeds | 354,000,000 | 342,465,953 | (11,534,047) | -3.3% | The budgeted refinancing of the 2009C, 2014A and 2015A Series Bonds was less expensive than anticipated due to the market rates on the transaction date. |
| Total Financing Sources (Uses) | \$ 359,625,000 | \$ 347,702,275 | \$ (11,922,725) | -3.3% | |
| Ending Fund Balance | \$ 9,423,561 | \$ 6,696,654 | \$ (2,726,907) | -28.9% | |