



AUGUST 22, 2024

AGENDA ITEM # 5-6

RECEIVE AND FILE BUDGET-TO-ACTUAL REPORTS – FOR THE FISCAL YEAR-TO-DATE THROUGH MARCH 31, 2024, AND APPROVE BUDGET AMENDMENT

Action Requested: Receive and File and Approve

Key Staff: Dustin Purinton, Accounting Manager

Recommendation

Receive and file a budget-to-actual report – for the fiscal year-to-date through March 31, 2023. Receive information and approve budget amendment for the Authority – for the fiscal year-to-date through March 31, 2024.

Background

Budget-to-Actual

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. This report summarizes the year-to-date budget and actual financial activity to display budgetary performance. It complementary to understanding STA's financial health and to assist with strategic planning.

Budget Amendment

The Authority's adopted budget is a fiscal plan of revenues and expenditures for FY 2023-24. The budget includes annual operating costs for programs, administrative functions, and debt service activities. The budget was approved on June 16, 2023.

Discussion

Budget-to-Actual

A consolidated summary chart of the yearly budget, year-to-date budget, actual amounts, and changes are shown below. Notable changes are described in greater detail after the chart.

	Amended Budget	YTD Budget	YTD Actual Amount	\$ Change	% Change
Consolidated Revenue:					
Sales Tax Revenues	\$ 174,000,000	\$ 130,500,000	\$ 133,814,142	\$ 3,314,142	2.5%
Mitigation Fees	6,022,951	3,011,476	3,951,064	939,589	31.2%
State and Local Grants	3,403,755	2,780,316	2,852,844	72,528	2.6%
Vehicle License Fee	351,405	263,554	8,120	(255,434)	-96.9%
Bond Proceeds	353,733,663	354,000,000	342,465,953	(11,534,047)	-3.3%
Interest and Other	399,731	299,798	2,970,197	2,670,399	890.7%
Total Revenue	\$ 537,911,505	\$ 490,855,144	\$ 486,062,320	\$ (4,792,824)	-1.0%

Consolidated Appropriations:					
Ongoing and Capital Programs	\$ 173,961,132	\$ 130,470,849	\$ 112,369,473	\$ (18,101,376)	-13.9%
Program Professional Services	170,000	127,500	30,043	(97,457)	-76.4%
Freeway Service Patrol	3,556,379	2,618,465	2,518,410	(100,055)	-3.8%
Administrative	1,366,487	1,040,587	1,005,973	(34,614)	-3.3%
SAVSA	351,421	-	-	-	0.0%
Transit	4,500,000	3,375,000	5,649,928	2,274,928	67.4%
Debt Service: Principal Payment	322,680,000	322,680,000	322,680,000	-	0.0%
Debt Service: Interest and Other	50,919,399	38,189,549	30,770,122	(7,419,427)	-19.4%
Total Appropriations	\$ 557,504,818	\$ 498,501,950	\$ 475,023,949	\$ (23,478,001)	-4.7%

STA General Fund

1. Sales tax revenue came in \$3.3 million higher (2.5%) than expected - \$133.8 million versus the budgeted amount of \$130.5 million. The local economy is maintaining spending levels.
2. Interest revenue came in \$2.7 million higher than expected - \$3.0 million versus the budgeted amount of \$0.3 million. Interest rates have remained elevated in FY2023-24 and are expected to remain high throughout the remainder of the year. The STA terminated the interest rate swaps in September 2023, which will reduce the amount of interest income and related debt service expense for the rest of the year.
3. Measure A ongoing allocations were higher than expected by \$3.7 million (3.6%) because monthly pass-through allocations closely parallel the sales tax revenue stream – as it increases so do the allocations.
4. Capital program expenditures were lower than expected by \$21.8 million (-76.8%). Budgeted expenditures were \$28.4 million and actual expenditures were \$6.6 million. Capital project expenditures vary from year to year, but expenditures will not exceed contract values. Unused capital funds will be carried forward into future years.

FSP

1. State allocations came in \$73 thousand higher than expectations. Reimbursement requests go to Caltrans as expenses are incurred. Staff are anticipating exhausting grant funds prior to the end of the fiscal year.

2. Contractor expenses were evaluated by staff in the second quarter of this fiscal year. Consequently, contract adjustments were made during the October and November Board meetings to align service levels with current funding. These changes are starting to positively impact on expenses. It is anticipated that actual expenses will increasingly diverge from the budget as we move further into the fourth quarter.

Administration

1. Expenditures for salaries and benefits were budgeted at about \$671 thousand but the actual expenditures were almost \$740 thousand. The accelerated payment of CalPERS Unfunded Accrued Liability amounts caused the overage in the second quarter. This variance is expected to reduce over the remainder of the year.

SAVSA

DMV allocations came in from the prior year before the fee sunset in April of 2022. These fees will be retained by the program until it is either reinstated or terminated. In the event of terminating the program remaining fund balance will be paid out to the participating jurisdictions.

Transit

1. Expenditures have increased beyond the year-to-date budget by \$2.3 million (67.4%). Buses that were on order with Sacramento Regional Transit have been delivered and reimbursements have been made to the agency.

Debt Service

1. Interest and other charges were about \$7.4 million less than budgeted (-19.4%), \$30.8 million versus \$38.2 million. This is due to the semi-annual interest payment schedule of April and October; interest expense is anticipated to be approximately \$8.0 million on April 1, 2024. Additionally, the termination of the interest rate swap agreements occurred in September 2023, while the budgeted amount is spread over the entire year.
2. Transfers in have increased substantially due to the 2012 Series Bonds refinancing and the increased debt service expense due to increasing interest expenses. This is part of the overarching bond refinancing that lowered the Authority's debt service for the remainder of the term.

Budget Amendment

Staff monitor revenue and expenditure throughout the year for substantive changes that require budgetary amendments. This amendment aims to align the budget with year-end projections based on activity through March 31st, 2024.

Below is a summary of the FY 2023-24 adopted budget and the proposed budget for the line items that are being amended. Please see attachment for detailed fund by fund amendments for funds that are being amended.

	Original Budget	Proposed Budget	\$ Change	% Change
Consolidated Revenue:				
State and Local Grants (FSP)	3,403,755	3,049,666	(354,089)	-10.4%
Total Revenue	\$ 3,403,755	\$ 3,049,666	\$ (354,089)	-11.6%
Consolidated Appropriations:				
Freeway Service Patrol	3,556,379	3,002,351	(554,028)	-15.6%
Transit	4,500,000	6,236,128	1,736,128	38.6%
Total Appropriations	\$ 8,056,379	\$ 9,238,479	\$ 1,182,100	14.7%

Attachment

- 1) Budget to Actual Analysis Fiscal Year-to-Date Through March 31, 2024
- 2) Original Budget to Proposed Amendment Analysis