



**January 11, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2016-17 First Quarter Budget Status Report

**Overview**

The Orange County Transportation Authority's staff has implemented the fiscal year 2016-17 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the first quarter of fiscal year 2016-17.

**Recommendation**

Receive and file as an information item.

**Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2016-17 Budget on June 13, 2016. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects. The OCTA budget is a compilation of individual budgets for each of OCTA's funds, including the General Fund; five enterprise funds; five special revenue funds; two capital project funds; one debt service fund; four trust funds; and two internal service funds.

The balanced budget as originally approved by the Board in June was \$1.16 billion. Sources of funds were comprised of \$972.2 million in current year revenues and \$189.3 million in use of prior year designations. Uses of funds were comprised of \$1.09 billion of current year expenditures and \$68.8 million of designations.

***Discussion***

Staff monitors and analyzes revenues and expenditures versus the working budget. The Quarterly Budget Status Report (Attachment A) provides a summary level overview of amendments, staffing levels, and provides explanations for any material budget-to-actual variances within each pertinent OCTA program or fund. The OCTA programs and funds included are the Measure M2 (M2) Program, Transit Program, 91 Express Lanes Program, Commuter and Urban Rail Endowment Fund, and General Fund.

Attachment A is comprised of two sections. The first section covers total OCTA information, amendments, staffing, revenues, operating, and capital expenditures. The second section focuses on variance explanations by program or fund.

In the first quarter, actual M2 sales tax revenues underran the budget by \$2.5 million and Transit Program sales tax revenue underran by \$0.7 million. Sales tax revenue advances for the M2 and Transit programs grew by 2.21 percent and 2.18 percent year-over-year through the first quarter. The growth rates for the first quarter are below the budgeted growth rates of 4.4 percent for M2 and 2.8 percent for Transit.

Fare revenue for Transit Operations underran by approximately \$0.8 million, primarily due to a year-over-year decrease in fixed-route boardings of 9 percent. Underruns in operating revenue for the Transit Program are offset by underruns of \$2.1 million in operating expenditures. These underruns are discussed further in Attachment A.

The majority of variance explanations were due to timing issues for both revenues and expenses. In areas where expenditures underran the budget, the primary cause was timing issues related to capital projects. Often these same projects have external funding that cannot be sought for reimbursement until expenditures are incurred, thus creating underruns in revenues as well.

***Summary***

In the first quarter, actual M2 sales tax revenues underran the budget by \$2.5 million and Transit Program sales tax revenue underran by \$0.7 million. Sales tax revenue advances for the M2 and Transit programs grew by 2.21 percent and 2.18 percent year-over-year through the first quarter. The growth rates for the first quarter are below the budgeted growth rates of 4.4 percent for M2 and 2.8 percent for Transit. Fare revenue underran by approximately \$0.8 million, primarily due to a year-over-year decrease in fixed-route boardings of 9 percent. Underruns in operating revenue for the

Transit Program are offset by underruns of \$2.1 million in operating expenditures.

***Attachment***

- A. Quarterly Budget Status Report First Quarter of Fiscal Year 2016-17

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