




COMMITTEE TRANSMITTAL

June 24, 2019

To: Members of the Board of Directors
From: Laurena Weinert,  Clerk of the Board
Subject: Fiscal Year 2018-19 Third Quarter Budget Status Report

Finance and Administration Committee Meeting June 12, 2019

Present: Directors Do, Hennessey, Jones, R. Murphy, and Steel
Absent: Directors Hernandez and Wagner

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file as an information item.

Staff Discussion

At the June 12, 2019 Finance and Administration Committee Meeting, Andrew Oftelie, Chief Financial Officer, reported that the sales tax growth rates for the fiscal year for both the Local Transportation Authority (LTA), which funds the Measure M2 (M2) Program, and the Local Transportation Fund (LTF), which is the primary source of operating funds for the Bus Program, declined substantially based on the final payment of the third quarter. Sales tax growth for both sales tax revenues had shown strong growth through the fiscal year until the final payment of the third quarter from the California Department of Tax and Fee Administration (CDTFA). The final payments of the third quarter for both LTA and LTF were so low that sales tax revenues were 10.4 percent below the amounts received for the same quarter last fiscal year. It also reduced the fiscal year-to-date growth in M2 and LTF sales tax to 0.1 percent and 1.1 percent respectively, which is below the budgeted growth rates of 3.7 percent and 3.1 percent.



Staff Discussion (Continued):

Throughout the past two fiscal years the CDTFA has been delinquent in the timely distribution of sales tax revenues due to an issue caused by the implementation of a new computer system. Given that history, the Orange County Transportation Authority (OCTA) reached out to the CDTFA to determine if that was the cause of the anomaly with the final payment of the third quarter. The CDTFA stated that they are no longer behind in distributing sales tax payments. Mr. Oftelie stated given the large discrepancy the reported amounts may not be correct, and that staff has asked MuniServices to look into the matter in order to determine if the CDTFA is correct or if OCTA should expect additional sales tax revenue over coming months that would be attributable to the third quarter.

Darrell E. Johnson, Chief Executive Officer, stated that once the analysis is complete that staff will provide an update to the Finance and Administration Committee and Board of Directors.