



**April 13, 2017**

**Agenda Item # 7**

**BUDGET-TO-ACTUAL ANALYSIS THROUGH MARCH 31, 2017**

Action Requested: Receive and file

Key Staff: Timothy Jones, Accounting Manager

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**Recommendation**

Receive and file the budget-to-actual analysis for the period July 1, 2016 through March 31, 2017.

**Background**

In its Management Letter to the Authority, our current auditor, Richardson and Company, recommended that Authority accounting staff provide the Executive Director a quarterly analysis summarizing the budget to actual revenue and expenditures for his/her review. This is not a finding, but an additional step the Authority can take to improve management's role in the oversight of the agency's finances. The auditor recommended that this information be brought to the Board and ITOC quarterly. The analyses attached to this document was not reviewed by the ITOC since its last scheduled meeting was on March 30, 2017, before the end of the most recent quarter. However, staff determined that this information is important in the context of the proposed fiscal year 2017-18 budget being presented in this meeting, therefore we are submitting the analyses without ITOC's prior review.

**Discussion**

In general, revenue and expenditures are trending as expected as summarized in the three attached analyses for STA, SAVSA, and FSP. However, there are a few noteworthy exceptions:

1. Mitigation fees are up significantly – the expectation based on the budget was \$2.5 million, but \$4.62 million has been received so far this year. The increase can be explained by fees generated by large commercial construction projects within the City of Sacramento.
2. Interest revenue is up significantly – the expectation based on the budget is \$450,000, but \$1.14 million has been received so far. This can be explained by the interest income received from the bond interest swap arrangements. As interest rates rise, so will the related interest receipts.

3. Capital project expenditures are down significantly – the expectation based on the budget is \$22.28 million, but only \$7.59 million has been spent so far this year. The variance can be explained by decreased expenditures for the Intermodal Station – actual expenditures are \$2.9 million but budgeted for \$7.875 million, actual expenditures for County projects are \$1.5 million but budgeted for \$4.275 million, and actual expenditures for the Southeast Connector (JPA) are \$1 million but budgeted for \$5.25 million.
4. Debt service costs were expected to be \$12.3 million through March, but totaled \$15.57 million because the budget prepared for fiscal year 2016-17 did not include a bond principal payment due in October 2016.

Although there are variances that are within the SAVSA and FSP programs, we will not highlight them here since the amount of each variance is insignificant to the Authority and its budget overall. Please see attachments for the analyses and explanations.

Attachments