

Metropolitan Transportation Commission
Administration Committee

December 14, 2022

Agenda Item 2f

**Metropolitan Transportation Commission (MTC) Fiscal Year (FY) 2022-23 First Quarter
Financial Statements (Unaudited)**

Subject:

The FY 2022-23 Metropolitan Transportation Commission (MTC) Financial Statements for the first quarter period ending September 30, 2022.

Background:

As of September 30, 2022, 25 % of the budget year expired, the MTC ended the first quarter of FY 2022-23 with a surplus of \$1.7 million. Total operating revenue was \$16.9 million with operating expenses of \$15.2 million. The first quarter is still too early in the year to evaluate and project the revenue and expense trends.

Operating Revenue:

Overall revenue is running less than budget at approximately \$16.9 million or 6.6% of the authorized budget. The timing of revenue and expense recognition fluctuates throughout the fiscal year, therefore, it is anticipated that we will come in closer to the budget as the year progresses.

General Fund Revenue:

Transportation Development Act (TDA) or sales tax revenue is higher than expected at \$4.4 million in the first quarter or at 28% of the budget. A boost in sales tax was expected due to financial indicators, such as inflation and other economic factors.

Federal and State Funding Revenue:

Federal revenue is below budget at \$5.9 million or 3.4% and state funding revenue is at \$1.7 million or 5.8% of the budget. The federal revenue actual is below budget primarily due to Surface Transportation Block Grants (STBG) and Congestion Mitigation and Air Quality (CMAQ) grants which are multi-year grants. Actual federal revenue also includes \$34 million for Congestion Management Agencies (CMA) as well as \$49 million for MTC regional planning grants which were awarded in September 2022 and have not incurred any expenses. The state revenue actual is below budget mainly due to Low Carbon Transit Operations Program

(LCTOP), State Transit Assistance (STA) and the Clean California Enhancement Proposal grant that has not been awarded yet. A combination of grant applications, the timing issues of getting funding agreements executed and project contracts approved cause delays in project reimbursements.

Transfers from Other Funds and Reimbursement for Administrative Overhead:

MTC's budget includes overhead transfers from other entities including the Bay Area Toll Authority (BATA) 1% which provides through legislation ongoing capital and operating administrative funding. Historically the BATA 1% transfers were made at the beginning of the year. This year we are making the transfers on a quarterly basis. These will catch up by year end when all the administrative overhead reimbursements are included, and the overall transfers will come in close to budget.

Operating Expenditures:

Total operating expenditures are \$10.7 million, before contract expenses and 26% of the FY 2022-23 budget. The three major contributors to the operating expenses are staffing, computer services, and general operating expenses making up 75.5% of the total expenses reported. Salaries and Benefits are slightly under budget at 21.5% due to vacancies and lack of allocated overhead costs, since MTC's Indirect Cost Rate Proposal (ICRP) is not approved yet. General Operations costs including encumbrances are running at 46% of the approved budget. General Operations tend to be heavy at the beginning of the year when we encumber most contracts. However, the lack of applied overhead costs and contract encumbrances have the effect of understating expenses at this time of the year. We will know more as expenditures increase through the year and prior year contracts are carried over to the FY 2022-23 budget.

Grants:

The Federal grant budget is now at \$252.1 million. During the first quarter, we expended \$8.8 million for staff and consultants leaving a current balance of just under \$243.3 million.

Next Steps:

Actions under Executive Director Signature Authority: Please see Attachment A, pages 5 through 10 for relevant actions.

Issues:

None identified.

Recommendations:

This item is for information only, and no action is required of the Committee.

Attachments:

- Attachment A: FY 2022-23 First Quarter Financial Statements for period ending September 30, 2022



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