

**Metropolitan Transportation Commission  
Administration Committee**

**March 8, 2023,**

**Agenda Item 2g**

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

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**Subject:**

The FY 2022-23 MTC Unaudited Financial Statements for the second quarter period ending December 31, 2022.

**Background:**

As of December 31, 2022, 50 % of the budget year expired, and MTC ended the second quarter of FY 2022-23 with a surplus of \$5 million primarily due to the quarterly Bay Area Toll Authority (BATA) 1% administrative draw. Total operating revenue was \$38.9 million, with operating expenses of \$32.6 million. The second 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 the budget at approximately \$37.7 million, or 12.5% of the authorized budget. The timing of revenue and expense recognition fluctuates throughout the fiscal year. Therefore, we are expected to come closer to the budget as the year progresses.

**General Fund Revenue:**

Transportation Development Act (TDA) or sales tax revenue is higher than expected at \$8.1 million in the second quarter or at 50% of the budget. A boost in sales tax was anticipated based on financial indicators, such as inflation and other economic factors. The sales increase was mainly from Alameda County, which increased by 12%, and 17% from San Francisco County, compared to the same time as the prior year.

**Federal and State Revenue:**

Federal revenue is below budget at \$14.5 million, or 6.4%, and state funding revenue is at \$5.1 million, or 22.1% of the budget. The federal revenue is below budget primarily due to Surface Transportation Block Grants (STBG) and Congestion Mitigation and Air Quality (CMAQ) for multi-year grants. It includes grants that have not been obligated for projects. Federal revenue includes \$35 million for Congestion Management Agencies (CMA) and \$49.5 million for MTC regional planning grants, awarded in September 2022, and have not incurred any expenses. The

state revenue is below budget primarily due to State Transit Assistance (STA) and the Clean California Enhancement Proposal grants, which have had minimal project activity to date. 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 BATA 1%, which provides ongoing capital and operating administrative funding through legislation. Historically the BATA 1% transfers were made at the beginning of the year. This year we are making the BATA transfers quarterly and thus reflect a more accurate picture at 32.7%.

**Operating Expenditures:**

Total operating expenditures are \$21.8 million, before contract expenses and 38.9% of the FY 2022-23 budget. The three major contributors to the operating expenses are staffing, computer services, and general operating expenses, making up 60% of the total expenses reported. Salaries and Benefits are slightly under budget at 37.7% due to vacancies throughout the agency. General Operations costs are running at 40.2% of the approved budget. General Operations and Computer Services expenses tend to be heavy when we encumber most contracts at the beginning 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 \$254.7 million. During the second quarter, we expended \$19.1 million for staff and consultants, leaving a balance of just under \$233.5 million.

**Issues:**

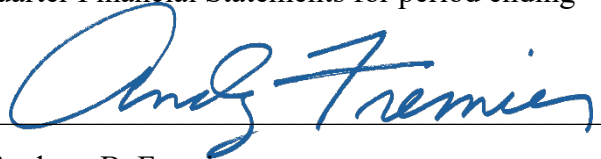
None identified.

**Recommendations:**

Information.

**Attachments:**

- Attachment A: FY 2022-23 Second Quarter Financial Statements for period ending December 31, 2022.



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