

# Memorandum

**To:** CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

**CTC Meeting:** October 8, 2013

**Reference No.:** 3.7  
Information Item

**From:** STEVEN KECK  
Acting Chief Financial Officer

**Prepared by:** Ron Sheppard  
Acting Division Chief  
Budgets

**Subject:** **FY 2012-13 FOURTH QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2012-13 Fourth Quarter Finance Report.

Attachment



# **Department of Transportation Quarterly Finance Report**

## **Fourth Quarter 2012-13**

Department of Transportation  
Division of Budgets

The purpose of the Quarterly Finance Report is to provide the California Transportation Commission (CTC) with the status of capital allocations versus capacity and to report any trends or issues that may require action by the California Department of Transportation or CTC regarding transportation funding policy, allocation capacity, or forecast methodology to ensure the efficient and prudent management of transportation resources. Below is the schedule of dates for the development of the fiscal year 2012-13 Quarterly Finance Reports.

<b>California Department of Transportation</b>			
<b>Quarterly Finance Report</b>			
<b>Schedule of Reports</b>			
<b>Fiscal Year</b>	<b>Quarterly Report</b>	<b>Activity</b>	<b>Date</b>
<b>2012-13</b>	<b>2011-12 Q4</b>	<b>Close of Quarter</b>	<b>6/30/12</b>
		<b>Quarterly Report to Commission Staff</b>	<b>8/30/12</b>
		<b>Presented to Commission</b>	<b>9/26/12</b>
	<b>2012-13 Q1</b>	<b>Close of Quarter</b>	<b>9/30/12</b>
		<b>Quarterly Report to Commission Staff</b>	<b>11/15/12</b>
		<b>Presented to Commission</b>	<b>12/5/12</b>
	<b>2012-13 Q2</b>	<b>Close of Quarter</b>	<b>12/31/12</b>
		<b>Quarterly Report to Commission Staff</b>	<b>2/15/13</b>
		<b>Presented to Commission</b>	<b>3/5/13</b>
	<b>2012-13 Q3</b>	<b>Close of Quarter</b>	<b>3/31/13</b>
		<b>Quarterly Report to Commission Staff</b>	<b>5/15/13</b>
		<b>Presented to Commission</b>	<b>6/11/13</b>
<b>2013-14</b>	<b>2012-13 Q4</b>	<b>Close of Quarter</b>	<b>6/30/13</b>
		<b>Quarterly Report to Commission Staff</b>	<b>8/30/13</b>
		<b>Presented to Commission</b>	<b>10/8/13</b>

# Department of Transportation Quarterly Finance Report

*Fourth Quarter 2012-13*

## EXECUTIVE SUMMARY

2012-13 Capital Allocations vs. Capacity Summary through June 30, 2013 (\$ in millions)					
	SHOPP <sup>1</sup>	STIP <sup>1,3</sup>	TCRP <sup>4</sup>	BONDS	TOTAL
Total Allocation Capacity	\$1,672	\$620	\$83	\$2,825	\$5,200
Total Votes	1,181	666	93	1,907	3,847
Authorized Changes <sup>2</sup>	-77	-30	0	0	-106
<b>Total Remaining Capacity</b>	<b>\$567</b>	<b>-\$16</b>	<b>\$0</b>	<b>\$918</b>	<b>\$1,459</b>

Note: Totals may not add due to rounding

<sup>1</sup>Proposition 1B bond capacity included in total: \$47M (Proposition 1B SHOPP); \$35M (Proposition 1B STIP).

<sup>2</sup>Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.

<sup>3</sup>STIP Federal Trust Funds were over-allocated. See STIP FTF section for details.

<sup>4</sup>TCRP funds were over-allocated. See TCRP section for details.

The California Transportation Commission (CTC) has allocated \$3.8 billion toward 907 projects through the fourth quarter of fiscal year 2012-13. Adjustments totaled negative \$106 million, leaving \$1.5 billion (approximately 28 percent) in remaining allocation capacity.

The large unallocated SHOPP balance was primarily the result of three contributing factors. The first factor was the de-allocation of \$206 million of SHOPP federal funds in favor of the Corridor Mobility Improvement Account (CMIA) for the Gerald Desmond Bridge and Devore Heights projects. Second, \$300 million in projects were no longer eligible for federal funds due the requirements of Title 23 United States Code, §313 – Buy America (Buy America). These projects are anticipated to be delivered by September 2013. Finally, some state funded projects scheduled to be delivered in the fourth quarter were postponed to August 2013.

The State Highway Account (SHA) and the Transportation Investment Fund (TIF) ended the fourth quarter within acceptable range of forecast. The Public Transportation Account (PTA) ended with a larger cash balance than forecasted due to expenditures posting to the account slower than anticipated and a delay in the fourth quarter State Transit Assistance (STA) transfer. The Traffic Congestion Relief Fund (TCRF) and the Transportation Deferred Investment Fund (TDIF) cash balances were higher than forecasted primarily because of lower than anticipated expenditures.

In April 2013, the State Treasurer's Office (STO) conducted its second spring general obligation bond sale. The sale yielded approximately \$679 million in Proposition 1B proceeds for the California Department of Transportation (Department). Proceeds will be used to fund projects as well as repay the SHA for a \$300 million advancement of American Recovery and Reinvestment Act of 2009 (ARRA) funds. Also, in April 2013, bond allocation capacity increased by \$23 million when Budget Revision (BR) 11 authorized an increase to the State-Local Partnership Program (SLPP).

The 2013-14 Budget Act, was signed by Governor Brown on June 27, 2013. The Budget authorizes \$12.8 billion in expenditures for the Department, which includes \$5 billion for Capital Outlay expenditures and \$3.2 billion for Local Assistance. The Budget also authorizes \$438.8 million for 2013-14 Proposition 1B projects. This appropriation will ensure that all programmed projects have authority to proceed to construction. Cash to fund new and ongoing projects will be made available on an “as needed” basis.

The Budget contains provisional language to suspend budget authority for Active Transportation Program (ATP) constituent sub-programs until the Secretary of Transportation convenes a stakeholder group and legislation is enacted to create a revised active transportation program. Sub-programs affected include the state and federal Safe Routes to School Programs, the Bicycle Transportation Account (BTA), the Environmental Enhancement and Mitigation Program (EEM), and the federal Transportation Alternatives Program.

The Budget also includes an increase of \$18.6 million in Amtrak operating costs in order to comply with the federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA). PRIIA requires all short distance Amtrak corridor service to be 100% state-supported. This increase represents the additional funding to meet PRIIA compliance for the first three quarters of the federal fiscal year, beginning October 1, 2013.

Trailer Bill language was adopted to permanently continue the diversion of approximately \$67 million in SHA miscellaneous revenue, not subject to Article XIX of the State Constitution. The transfer will be used to offset General Fund (GF) debt service costs on specified general obligation transportation bonds.

In April 2013, President Obama released the 2014 Federal Budget, which included roughly \$77 billion for transportation-related projects, plus an additional \$50 billion for immediate transportation investments. In an effort to uphold budget commitments, Congress is searching for viable options to financially support the federal Highway Trust Fund (HTF); which supports highway and transit programs across the nation. Revenues for the HTF primarily stem from fuel taxes. Since fuel consumption is on the decline, it is projected that the HTF will be unable to meet all its obligations during 2013-14. Congress is looking for long-term solutions to fund transportation projects and prevent revenue shortfalls. Revenue shortfalls may impact the Department’s funding due to delays in federal reimbursement. As a result, the Department will monitor progress closely.

## STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP)

State Highway Operation and Protection Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$225	\$191	\$2	\$193	\$32
FTF	1,400	951	-70	880	520
Proposition 1B	47	40	-8	31	15
<b>Total</b>	<b>\$1,672</b>	<b>\$1,181</b>	<b>-\$77</b>	<b>\$1,104</b>	<b>\$567</b>

Note: Totals may not add due to rounding

### Capital Allocations vs. Capacity

The CTC has allocated more than \$1 billion toward 305 SHOPP projects through the fourth quarter of 2012-13. Adjustments totaled negative \$77 million, leaving \$567 million (approximately 34 percent) in remaining allocation capacity. The large amount of remaining capacity is primarily due to the postponement of SHA projects in the fourth quarter, the de-allocation of federal funds in favor of CMIA projects, and the change of funding of project funding (from federal to state) due to the requirements of Buy America. Details can be found in the Outlook for Funding and Allocations section, below.

### Outlook for Funding & Allocations

**SHA.** The unallocated SHA balance was the result of the postponement of SHOPP projects scheduled to be delivered in the fourth quarter. These projects are now scheduled to be allocated in August 2013.

The Department continues to work with the State Controller's Office (SCO) and the Department of Finance (DOF) to monitor backfill amounts from excise taxes related to the Weight Fee Swap. As of June 2013, \$125 million in transfers from SCO have been made, satisfying the outstanding 2011-12 and 2012-13 balances stemming from the overpayments to LS&R during the distribution of price-based gas tax revenues for the Weight Fee Backfill. Because of timing differences between the Department's accounting system and the SCO's accounting system, approximately \$82 million is still owed to the SHA from the regular Weight Fee Backfill for 2012-13. The funds are anticipated in early 2013-14.

**Federal Trust Fund (FTF).** As stated previously, the large unallocated FTF balance was primarily due to two contributing factors. The first factor was the de-allocation of \$206 million of SHOPP funding in favor of the CMIA for the Gerald Desmond Bridge and Devore Heights projects. Second, \$300 million in projects were no longer eligible for federal funds due to Buy America requirements. These projects are anticipated to be delivered by September 2013.

**Proposition 1B.** As anticipated, approximately \$15 million in Proposition 1B authority remained unused at the end of the fourth quarter. Of this amount, \$7 million will revert and become available for future appropriations. The remaining amount will be added to 2013-14 allocation capacity. The 2013-14 Budget authorized \$78 million in new Proposition 1B SHOPP appropriations.

Refer to Appendix A for the 2013-14 Allocation Capacity.

### Recommendations

The Department prepared the final 2013-14 allocation capacity for the SHOPP based on long-range cash forecasts and expected revenues. Refer to Appendix B for Forecast Methodology details.

## STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$134	\$2	\$136	\$64
FTF*	300	448	-32	416	-116
PTA	85	68	0	68	17
Proposition 1B	35	16	0	16	20
<b>Total</b>	<b>\$620</b>	<b>\$666</b>	<b>-\$30</b>	<b>\$637</b>	<b>-\$16</b>

\*The FTF STIP capacity was identified only for Transportation Enhancement projects; however, previously approved federally funded Right-of-Way costs continue to charge against the FTF. These charges are expected to taper off in the coming years.

Note: Totals may not add due to rounding.

### Capital Allocations vs. Capacity

The CTC has allocated \$666 million toward 230 STIP projects through the fourth quarter of 2012-13. Adjustments totaled negative \$30 million. The FTF was over-allocated by \$116 million, leaving no remaining STIP allocation capacity.

### Outlook for Funding & Allocations

**SHA.** The FTF over-allocation left no remaining STIP allocation capacity for SHA projects. However, the SHA cash balance was sufficient to cover all outstanding commitments during 2012-13.

**FTF.** At the June 2013 CTC Meeting, votes for STIP Transportation Enhancement advancements, large multi-funded projects (such as Doyle Drive), and SLPP projects contributed to the allocation capacity overrun. The remaining balance in SHOPP FTF was used to offset a portion of overrun.

**PTA.** The PTA will loan \$26 million to the High Speed Rail Authority in 2013-14. This loan will cause the PTA fund cash balance to be low, but the PTA should have enough funds to cover commitments in 2013-14.

**Proposition 1B.** The Department is in the process of completing a project reconciliation and should have it complete during the first quarter of 2013-14.

**TIF.** TIF resources are projected to be sufficient to fund its obligations through 2013-14.

Refer to Appendix A for the 2013-14 Allocation Capacity.

### Recommendations

The Department prepared the final 2013-14 allocation capacity for the STIP based on long-range cash forecasts and expected revenues. Refer to Appendix B for Forecast Methodology details.

## TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	\$83	\$93	\$0	\$93	\$0
<b>Total</b>	<b>\$83</b>	<b>\$93</b>	<b>\$0</b>	<b>\$93</b>	<b>\$0</b>

### Capital Allocations vs. Capacity

The TCRP remained unchanged for the fourth quarter of 2012-13. \$93 million has been allocated toward twelve projects. The TCRF was over-allocated by \$10 million. The Department reduced the 2013-14 allocation capacity by \$10 million to offset the overage.

### Outlook for Funding & Allocations

Approximately \$731 million in loan repayments are still outstanding from the GF (See Appendix D). The TCRP continues to receive \$83 million per year in repayment for \$249 million in outstanding Proposition 42 loans. The 2011-12 Budget indicated that Tribal Gaming repayments (Pre-Proposition 42) would begin no earlier than 2016-17; however, there is no statutory repayment schedule.

Refer to Appendix A for the 2013-14 Allocation Capacity.

### Recommendations

The Department will continue to monitor for potential impacts, and if necessary, recommend changes.

## PROPOSITION 1A & 1B BONDS

Proposition 1A & 1B Bonds (\$ in millions)			
Fund	Allocation Capacity	Allocations to Date	Remaining Capacity
<b>Proposition 1A</b>	\$819	\$459	\$361
<b>CMIA</b>	324	190	133
<b>TCIF</b>	794	655	140
<b>Intercity Rail</b>	172	27	146
<b>State-Local Partnership</b>	526	521	5
<b>Local Bridge Seismic</b>	23	4	19
<b>Grade Separations</b>	43	15	27
<b>Traffic Light Synch.</b>	50	7	43
<b>Route 99</b>	73	29	44
<b>Total</b>	<b>\$2,825</b>	<b>\$1,907</b>	<b>\$918</b>

Note: Totals may not add due to rounding.

### Capital Allocations vs. Capacity

The CTC has allocated almost \$2 billion toward 360 Proposition 1A and 1B projects through the fourth quarter of 2012-13. No adjustments have been made, leaving \$918 million (approximately 68 percent) in remaining allocation capacity. Of the remaining capacity, approximately \$546 million will be carried forward for use in 2013-14.

### Outlook for Funding & Allocations

**Bond Funding.** In April 2013, the STO conducted its second spring general obligation bond sale. The sale yielded approximately \$679 million in Proposition 1B proceeds for the Department, and \$252 million for local transit projects in the Public Transportation Modernization, Improvement, and Service Enhancement Account Program. Of the amount received by the Department, \$379 million was applied toward Proposition 1B projects. The remaining \$300 million was set aside for repayment to the SHA for the advancement of ARRA funds that were used to fund six Proposition 1B projects, pursuant to Assembly Bill (AB) X3 20 (2009). The \$300 million repayment is expected to occur in 2013-14 and will be subsequently used by the Department and the Bay Area Toll Authority for the demolition of the east span of the San Francisco-Oakland Bay Bridge.

In April 2013, the Department's Proposition 1B Commercial paper (CP) authority was increased to a total of \$637 million. CP consists of short-term notes issued for the purpose of meeting short-term financial obligations, and is repaid from future general obligation bond sales. The Department used \$100 million of the CP authority in February 2013, leaving a balance of \$537 million for future use. \$200 million of the remaining CP authority will be utilized in July 2013.

In April 2013, the Department received \$204 million in bond proceeds to fund high-speed rail connectivity projects under Proposition 1A. The Department will monitor the progress of these projects and make recommendations to the CTC, as necessary.

Also, in April 2013, BR 11 authorized an allocation capacity increase to the SLPP in the amount of \$23 million, using past year savings. The new SLPP allocation capacity for 2012-13 was increased from \$503 million to \$526 million.

Refer to Appendix A for the 2013-14 Allocation Capacity.

### **Recommendations**

Proposition 1A and 1B 2013-14 allocation capacities include savings from 2012-13.

**APPENDICES**

**Appendix A ..... Allocation Capacity and Assumptions**

**Appendix B ..... Cash Forecasts**

**Forecast Methodology**  
**State Highway Account**  
**Public Transportation Account**  
**Traffic Congestion Relief Fund**  
**Transportation Investment Fund**  
**Transportation Deferred Investment Fund**

**Appendix C ..... Federal Emergency Projects**

**Appendix D ..... Transportation Loans**

**Status of Outstanding Transportation Loans, as of June 30, 2013**  
**Interfund Transportation Loans**

**APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS**

<b>2013-14 Allocation Capacity By Fund and Program (\$ in millions)</b>					
<b>Fund</b>	<b>SHOPP</b>	<b>STIP</b>	<b>TCRP</b>	<b>Other Bonds</b>	<b>Total</b>
<b>SHA</b>	\$250	\$250	\$0	\$0	<b>\$500</b>
<b>FTF</b>	1,750	350	0	0	<b>2,100</b>
<b>PTA</b>	0	40	0	0	<b>40</b>
<b>TCRF</b>	0	0	71	0	<b>71</b>
<b>Prop 1A Bonds</b>	0	0	0	360	<b>360</b>
<b>Prop 1B Bonds</b>	85	0	0	328	<b>413</b>
<b>Total Capacity</b>	<b>\$2,085</b>	<b>\$640</b>	<b>\$71</b>	<b>\$688</b>	<b>\$3,484</b>

Note: Totals may not add due to rounding.

The 2013-14 allocation capacity of \$3.5 billion includes Proposition 1A and Proposition 1B capacity.

This allocation capacity is based on:

- The PTA allocation capacity of \$40 million is based on a prudent cash balance of \$100 million.
- The SHOPP allocation capacity is based on the 2013-14 Budget Act revenue and expenditure estimates and the proposed 2014 STIP Fund Estimate federal receipts.
- The annual TCRF allocation capacity is based on a dollar-for-dollar ratio of actual revenues received for current year expenditures. The allocation capacity and specific project funding was established by the CTC, in consultation with the Department and local agencies. Allocation capacity for 2013-14 was reduced from \$81 million to \$71 million due to a \$10 million over-allocation in 2012-13.
- SHOPP and STIP bond capacity is based on the remaining bond authority, budget authority, and any administrative costs. Other Proposition 1B bond capacity is based on budget authority for those funds and is dependent on the sale of sufficient bonds for funding.
- Proposed Proposition 1A and 1B capacities are based on the enacted budget and includes 2012-13 savings.

## APPENDIX B – CASH FORECASTS – FORECAST METHODOLOGY

### Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and TDIF are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be supported, and to prepare for low or high cash periods. Variances are identified and reported to management and the CTC. If necessary, adjustments are made to capital allocation levels, funding policy, or forecast methodology. The 2013-14 cash forecasts and allocation capacities are based on the following assumptions:

- State Operations projections are based on historical trends and using the Planning Estimate with a two-percent increase each year.
- Includes the most current expenditure projections available for Right-of-Way SHOPP and STIP.
- Capital Outlay and Local Assistance expenditures are based on actual and projected CTC allocations using historical and seasonal construction patterns.
- Monthly adjustments are not forecasted, since they comprise timing differences between the Department's accounting system and the SCO. These adjustments include short-term loans made to the GF, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.
- Federal receipts of approximately \$2.1 billion are based on the proposed 2014 STIP Fund Estimate.

### SHA

- Beginning balance includes two payments to the Project Information System and Analysis in June 2014.
- Includes a \$38 million loan to the GF in 2013-14, per Vehicle Code (VC) 9400.4 (c).
- Repayment from Proposition 1B for a \$300 million advancement of ARRA funds.
- Repayment of \$50 million from the GF in 2013-14, coinciding with a \$50 million loan repayment to the TCRF in 2013-14.
- Repayment of \$100 million from the GF in 2014-15, coinciding with a \$100 million loan repayment to the TCRF in 2014-15.
- Repayment of \$85 million from the GF in 2014-15, coinciding with a \$85 million loan repayment to the PTA in 2014-15
- State Operations expenditures are based on historical trends.
- Weight fee and excise tax revenue projections provided by the DOF.
- Miscellaneous revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund.
- Transfer to the Toll Bridge Seismic Retrofit Program of \$300 million in 2013-14.
- Prudent cash balance of \$415 million.

### PTA

- Includes revenue projections provided by the DOF.
- Includes a \$2 million loan repayment from TDIF in 2013-14.
- Includes \$26 million loan to the High-Speed Passenger Train Bond Fund in 2013-14.
- Prudent cash balance of \$100 million.

**TCRF**

- Annual suspended Proposition 42 transfer from the TDIF in the amount of \$81 million in 2013-14 instead of \$83 million due to a \$2 million transfer to PTA. Resume \$83 million transfer in 2014-15 and 2015-16.
- Reduced 2013-14 allocation capacity from \$81 million to \$71 million due to a \$10 million over-allocation in 2012-13.
- Future allocations are based on the projected net revenues received in 2013-14.
- No future tribal compact (Pre-Proposition 42) payments are expected to be received.

**TIF**

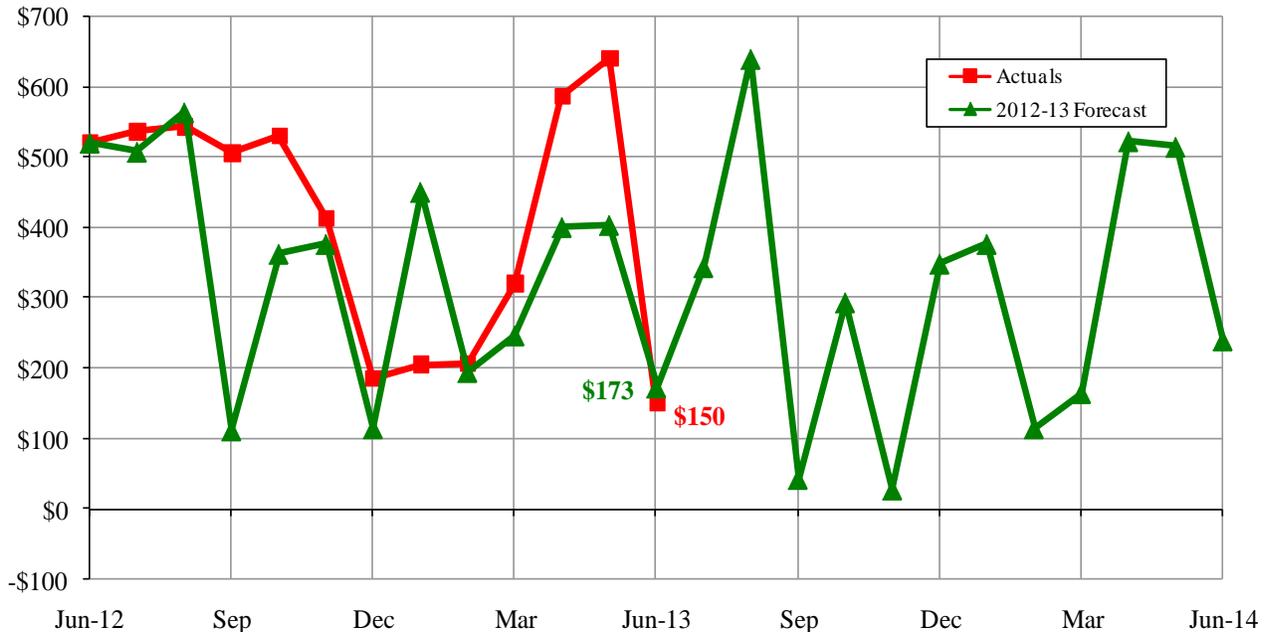
- The fund will not receive any new revenue.

**TDIF**

- Receipt of \$83 million in Proposition 42 repayments.
- Transfer of \$81 million to the TCRF.
- Transfer of \$2 million to the PTA.

**APPENDIX B – CASH FORECASTS – STATE HIGHWAY ACCOUNT**

**State Highway Account (SHA)  
24-Month Cash Forecast  
(\$ in millions)**



**Year-to-Date SHA Summary**

The SHA ending cash balance through the fourth quarter was \$150 million, \$23 million (13 percent) below the forecasted amount of \$173 million. Revenues totaled \$5 billion, \$70 million above forecast. Transfers totaled \$1 billion, \$22 million (2 percent) above forecast. Expenditures totaled \$4 billion, \$224 million (7 percent) above forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$153 million.

As of June 2013, \$125 million in transfers from SCO have been made, satisfying the outstanding 2011-12 and 2012-13 balances stemming from overpayments made to LS&R during the distribution of price-based gas tax revenues for the Weight Fee Backfill. Approximately \$82 million is still owed to the SHA from the regular Weight Fee Backfill for 2012-13. The funds are anticipated in early 2013-14. Pursuant to VC §9400.4, after all debt service costs for the year had been reimbursed, the remaining balance of \$310 million in weight fee revenues was transferred to the GF as a loan.

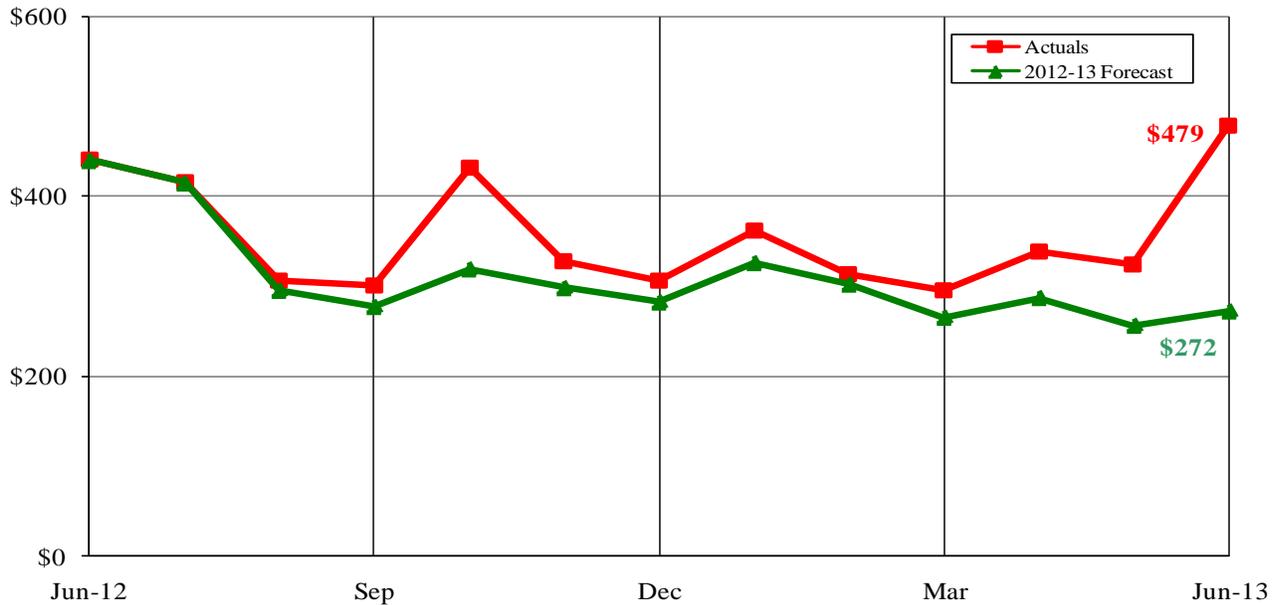
**Year-to-Date Reconciliation**

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$521</b>	<b>\$521</b>	<b>N/A</b>	
Revenues	4,440	4,510	70	
Transfers	-1,378	-1,399	-22	
Expenditures	-3,409	-3,633	-224	
Adjustments	0	153	153	
<b>Ending Cash Balance</b>	<b>\$173</b>	<b>\$150</b>	<b>-\$23</b>	<b>-13%</b>

Note: Ending cash balance may differ due to rounding.

**APPENDIX B – CASH FORECASTS – PUBLIC TRANSPORTATION ACCOUNT**

**Public Transportation Account (PTA)  
12-Month Cash Forecast  
(\$ in millions)**



**Year-to-Date PTA Summary**

The PTA ending cash balance through the fourth quarter was \$479 million, \$207 million (76 percent) above the forecasted amount of \$272 million. The primary reasons for the high cash balance are expenditures posting to the account slower than anticipated and a delay in the forecasted \$120 million fourth quarter STA transfer, which is now scheduled to occur after the close of the quarter. Had the STA transfer occurred on time, the fund balance would have been \$359 million, which is much closer to forecast. Revenues and transfers totaled \$686 million, \$57 million below forecast. Expenditures totaled \$412 million, \$175 million below forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$235 million.

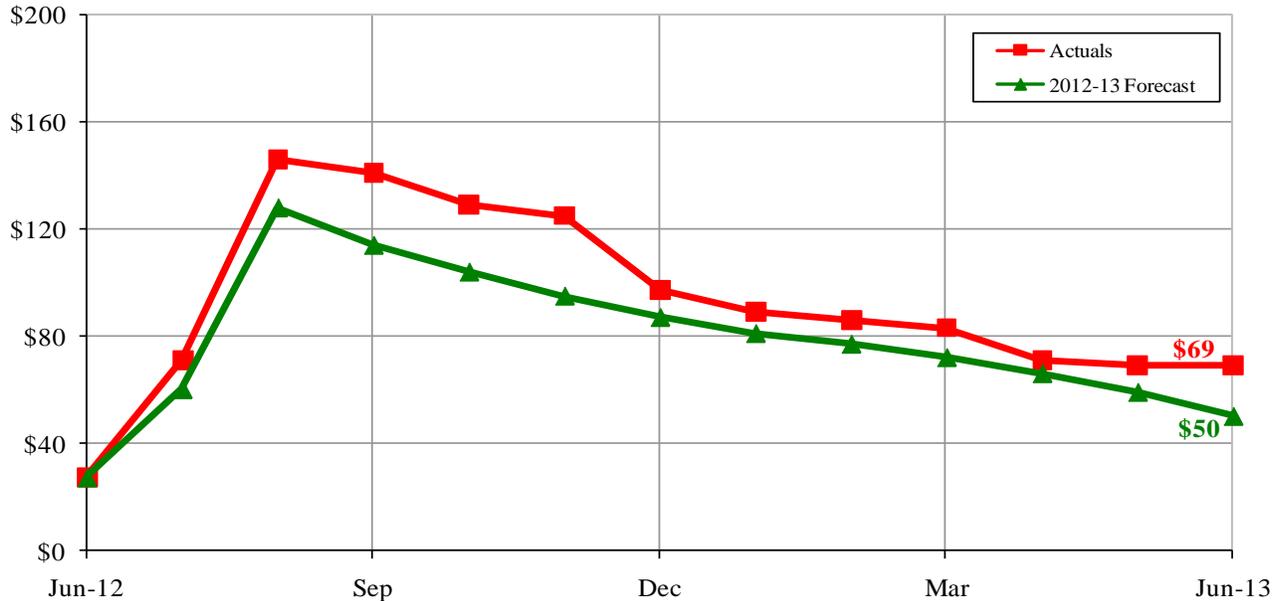
**Year-to-Date Reconciliation**

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$440	\$440	N/A	
Revenues	718	667	-51	
Transfers	25	19	-6	
Expenditures	-587	-412	175	
Adjustments	-324	-235	89	
<b>Ending Cash Balance</b>	<b>\$272</b>	<b>\$479</b>	<b>\$207</b>	<b>76%</b>

Note: Ending cash balance may differ due to rounding.

**APPENDIX B – CASH FORECASTS – TRAFFIC CONGESTION RELIEF FUND**

**Traffic Congestion Relief Fund (TCRF)  
12-Month Cash Forecast  
(\$ in millions)**



**Year-to-Date TCRF Summary**

The TCRF ending cash balance through the fourth quarter was \$69 million, \$19 million (38 percent) above the forecasted amount of \$50 million. Transfers totaled \$133 million, which included a \$50 million partial loan repayment from the SHA. Expenditures totaled \$134 million, \$24 million (22 percent) higher than forecast. This variance can be attributed to the processing of the remaining accrued expenditures from 2011-12 along with 2012-13 expenditures. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$43 million.

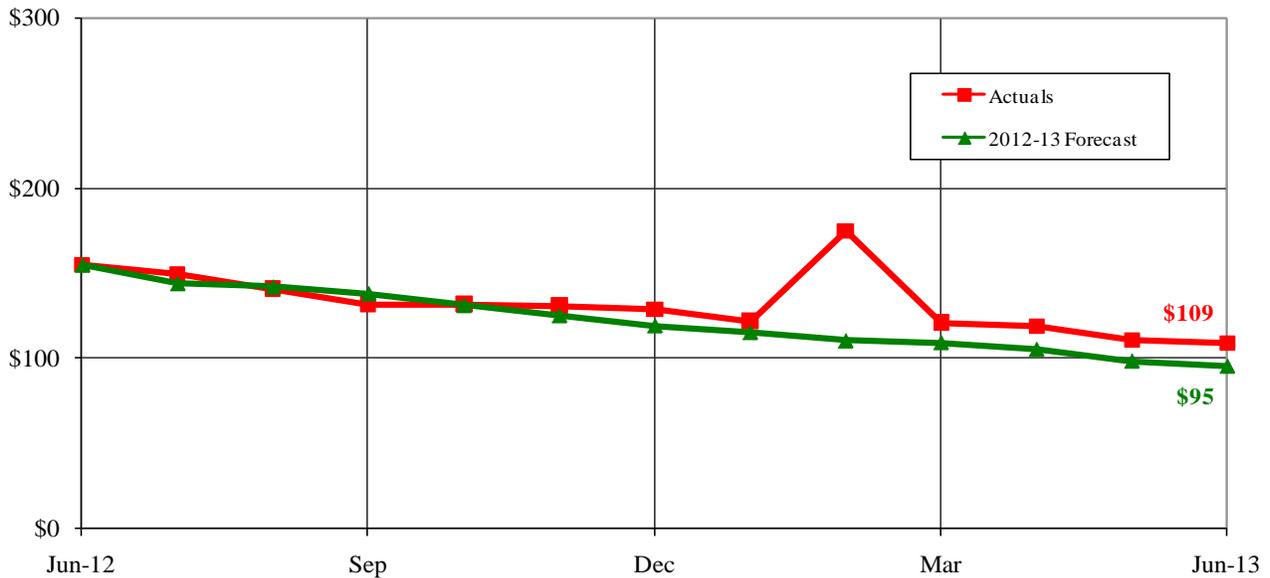
**Year-to-Date Reconciliation**

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$27	\$27	N/A	
Revenues	0	0	0	
Transfers	133	133	0	
Expenditures	-110	-134	-24	
Adjustments		43	43	
<b>Ending Cash Balance</b>	<b>\$50</b>	<b>\$69</b>	<b>\$19</b>	<b>38%</b>

Note: Ending cash balance may differ due to rounding.

**APPENDIX B – CASH FORECASTS – TRANSPORTATION INVESTMENT FUND**

**Transportation Investment Fund (TIF)  
12-Month Cash Forecast  
(\$ in millions)**



**Year-to-Date TIF Summary**

The TIF ending cash balance through the fourth quarter was \$109 million, \$14 million (15 percent) above the forecasted amount of \$95 million. The TIF no longer receives revenue due to the passage of ABX8 6 and ABX8 9 of 2010, collectively known as the Fuel Tax Swap. Transfers totaled \$35 million and expenditures totaled \$39 million, \$21 million (35 percent) below forecast. This can be attributed to projects spending slower than anticipated. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$42 million.

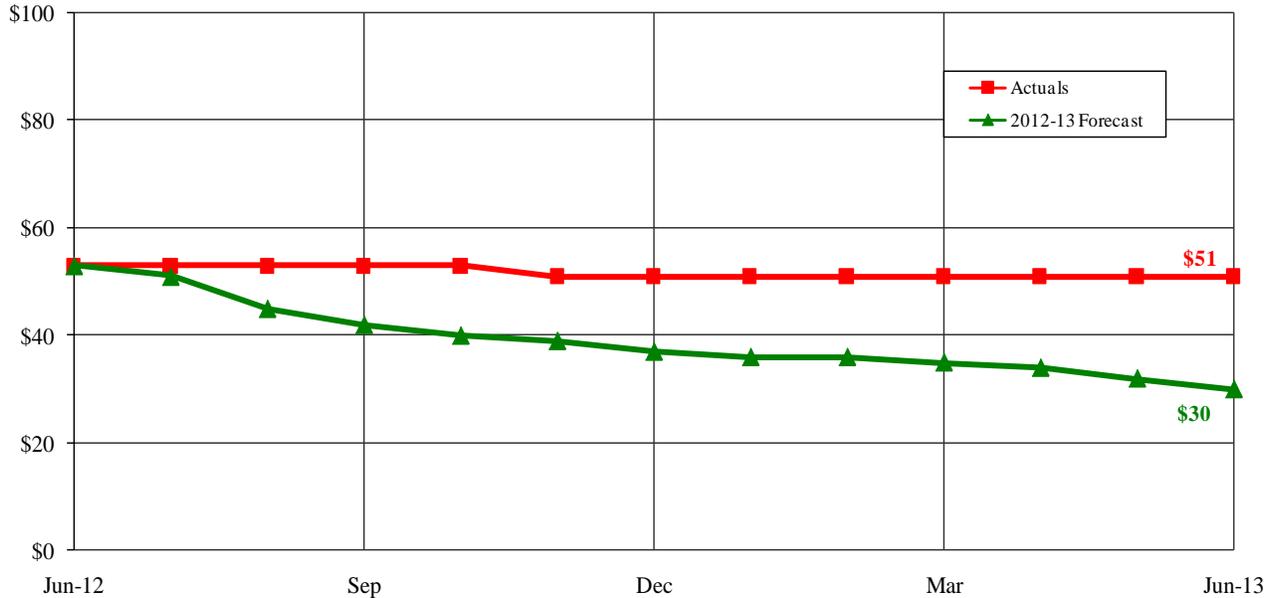
**Year-to-Date Reconciliation**

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$155	\$155	N/A	
Revenues	0	0	0	
Transfers	0	35	35	
Expenditures	-60	-39	21	
Adjustments		-42	-42	
<b>Ending Cash Balance</b>	<b>\$95</b>	<b>\$109</b>	<b>\$14</b>	<b>15%</b>

Note: Ending cash balance may differ due to rounding.

**APPENDIX B – CASH FORECASTS – TRANSPORTATION DEFERRED INVESTMENT FUND**

**Transportation Deferred Investment Fund (TDIF)  
12-Month Cash Forecast  
(\$ in millions)**



**Year-to-Date TDIF Summary**

The TDIF ending cash balance through the fourth quarter was \$51 million, \$21 million (70 percent) above the forecasted amount of \$30 million. Year-to-date transfers totaled negative \$83 million, which is attributable to an \$83 million revenue transfer to the TCRF. Expenditures totaled \$3 million, \$20 million (87 percent) below forecast. This can be attributed to projects spending slower than anticipated. The Department is currently analyzing expenditures and may revise the forecast methodology next fiscal year to ensure a more accurate projection. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$1 million. No future allocations will be made from the TDIF and STIP project expenditures are expected to end by 2014-15. Transfers to the TCRF will continue until the Proposition 42 loans are repaid in full.

**Year-to-Date Reconciliation**

(\$ in millions)				
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$53	\$53	N/A	
Revenues	83	83	0	
Transfers	-83	-83	0	
Expenditures	-23	-3	20	
Adjustments		1	1	
<b>Ending Cash Balance</b>	<b>\$30</b>	<b>\$51</b>	<b>\$21</b>	<b>70%</b>

Note: Ending cash balance may differ due to rounding.

## APPENDIX C – FEDERAL EMERGENCY PROJECTS

For the quarter ending June 30, 2013, there have been no new disaster declarations, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration (FHWA). The chart below represents disasters that have not been completely funded by the FHWA.

<b>Disaster Repair Costs Approved Federal Funding and State/Local Impact (\$ millions)</b>			
<b>Disaster</b>	<b>Identified Cost of Disaster Repair</b>		
	<b>State</b>	<b>Local</b>	<b>Total</b>
Devil's Slide CA83-1	\$631	\$0	\$631
Dec. 2004 Storm CA05-1	208	518	726
Dec. 2005 Storm CA06-1	282	54	336
So. California Wildfires CA08-3	21	11	32
California Wildfires CA08-6	8	0	8
So. California Wildfires CA09-1	7	0	7
So. California Wildfires CA09-2	16	7	23
Jan. 2010 Storm CA10-1	98	12	110
Humboldt Co. Earthquake CA10-2	1	2	3
Imperial Co. Earthquake CA10-3	1	2	3
Dec. 2010 Storm CA11-1	63	52	115
Modoc Co. Storm damage CA11-2	0	1	1
Mar. 2011 Storm CA11-3	308	15	323
LA Tanker Fire CA12-1	39	0	39
So. California Windstorm CA12-2	1	4	5
Mar. 2012 Storm CA12-3	31	0	31
San Mateo Co. Storm CA13-1	1	3	4
<b>Total Damage Estimate</b>	<b>\$1,716</b>	<b>\$681</b>	<b>\$2,397</b>
<b>Amount Obligated To Date</b>			<b>\$1,910</b>
<b>Allocation Available for Future Project Costs</b>			<b>\$84</b>
<b>Remaining Need</b>			<b>\$403</b>

Note: Totals may not add due to rounding.

Future federal emergency relief of this type can only be used to fund emergency projects and does not represent new capacity, except to the extent that the SHA funds have already been advanced for the emergency projects.

## APPENDIX D – TRANSPORTATION LOANS

<b>Status of Outstanding Transportation Loans, as of June 30, 2013</b> (\$ in millions)			
<b>FUND</b>	<b>Original Loan</b>	<b>Loans / Interest Paid-to-Date</b>	<b>Remaining Balance</b>
<b>Pre-Proposition 42 (Tribal Gaming Revenue):</b>			
State Highway Account (SHA) <sup>1</sup>	\$473	\$341	\$132
Public Transportation Account (PTA)	275	10	265
Traffic Congestion Relief Fund (TCRF)	482	0	482
<b>Subtotal Pre-Proposition 42 Tribal Gaming Loans:</b>	<b>\$1,230</b>	<b>\$351</b>	<b>\$879</b>
<b>Proposition 42:</b>			
Public Transportation Account (PTA) <sup>7</sup>	\$220	\$218	\$2
Transportation Investment Fund (TIF) <sup>7</sup>	440	440	0
Transportation Congestion Relief Fund (TCRF) <sup>2</sup>	1,066	817	249
Locals <sup>5</sup>	440	440	0
<b>Subtotal Proposition 42 Loans:</b>	<b>\$2,166</b>	<b>\$1,916</b>	<b>\$250</b>
<b>General Fund Loan:</b>			
State Highway Account (SHA) <sup>3</sup>	\$335	\$50	\$285
State Highway Account - Weight Fee Revenues <sup>4</sup>	227	0	227
State Highway Account - Weight Fee Revenues <sup>4a</sup>	590	0	590
Highway User Tax Account (HUTA) <sup>5</sup>	328	0	328
Public Transportation Account <sup>6</sup>	29	0	29
Other transportation accounts	31	2	29
<b>Subtotal General Fund Loan:</b>	<b>\$1,540</b>	<b>\$52</b>	<b>\$1,488</b>
<b>Totals:</b>	<b>\$4,936</b>	<b>\$2,319</b>	<b>\$2,617</b>

Note: Numbers may not add due to rounding.

<sup>1</sup>The remaining balance of \$132 million will be directed to debt service per AB 115 of 2010.

<sup>2</sup>The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in FY 2015-16.

<sup>3</sup>The SHA is expected to be repaid \$50 million in FY 2013-14, \$100 million in 2014-15, \$85 million in 2014-15, \$50 million in 2015-16.

<sup>4</sup>The \$80 and \$147 million was authorized by Budget Act of 2010 and subsequently characterized as weight fees via AB 115.

<sup>4a</sup>Post AB 115 weight fee transfers-Budget Act of 2011-\$43.7 million loan, \$139 million-excess weight fee loan to GF (11-12), \$24.7 million excess weight fee loan to GF from SHA (11-12), VC9400.4(b)(2) - \$42 million , \$30.3 million-excess weight fee loan to GF (11-12), \$310 million-excess weight fee loan to GF (12-13).

<sup>5</sup>The HUTA is expected to be repaid \$328 million in 2020-21.

<sup>6</sup>The PTA is expected to be repaid \$29 million in 2020-21.

<sup>7</sup>Includes interest payments \$8 million for PTA, \$16 million for TIF and Locals.

### Pre-Proposition 42 Loans (Tribal Gaming)

The Pre-Proposition 42 loans occurred in 2001-02, when the state was faced with a growing budget deficit and transportation funds were utilized to help fill the budget shortfall. The Transportation Refinancing Plan, AB 438 (Chapter 113, Statutes of 2001), authorized a series of loans that included delaying the transfers of gasoline sales tax to transportation for two years (until 2003-04), a TCRF loan to the GF, and loans from the SHA and PTA to the TCRF.

In 2004-05, the Governor negotiated Tribal Gaming compacts to repay these loans through bonds, but legal challenges have prevented the bonds from being issued. In 2005-06, the DOF began using the compact revenues to make annual payments toward these loan balances, pursuant to Government Code §63048.65. However, the 2011-12 Budget indicated that Tribal Gaming repayments would restart no earlier than 2016-17, with the SHA as the first fund to be repaid. AB 115 (2010) declared that the SHA repayments are revenues derived from weight fees. As such, the June 30, 2021 scheduled repayment of the loans to the SHA will subsequently be transferred to the TDSF.

### **Proposition 42 Loans**

The passage of Proposition 42 in 2002 made the transfer of gasoline sales tax to transportation permanent. However, as state budget shortfalls continued, Proposition 42 transfers were partially suspended in 2003-04 and completely suspended in 2004-05, creating the Proposition 42 loan balances. These loans were partially repaid in 2006-07 with a payment of \$1.4 billion, leaving approximately \$752 million due to the TCRF. Outstanding Proposition 42 loans, as of July 1, 2007, shall be repaid in annual installments with not less than one-tenth of the total amount of the remaining loan and is required to be repaid in full by June 30, 2016. An \$81 million transfer is anticipated in July 2013. As of June 2013, TCRF is due \$249 million.

### **General Fund Loans**

The Budget Act of 2008 authorized \$231 million in loans to the GF from the SHA, the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement Mitigation Program Fund, the Historic Property Maintenance Fund (HPMF), and the Pedestrian Safety Account. These funds were transferred to the GF on November 14, 2008. The \$231 million authorized in loans were scheduled to be repaid by June 30, 2011, but the Budget Act of 2012 delayed the repayments. The SHA received a partial repayment of \$50 million after the close of the fourth quarter of 2011-12, and an additional \$50 million is scheduled to be repaid in 2013-14. The remaining \$100 million is scheduled to be repaid by 2014-15. A total of \$2 million has been repaid to the HPMF. Repayment of the remaining HPMF loan balance of \$1 million is due no later than June 30, 2014. The repayment of \$28 million to the various other transportation accounts is expected in 2016-17. The EEM and BTA are being considered for consolidation into the proposed ATP. The program would be administered from the SHA and, if enacted, loan repayments should be made directly to the SHA.

A \$135 million loan from the SHA to the GF was authorized in the Budget Act of 2009. The loan to the GF occurred on June 30, 2010. The authorized \$135 million loan was scheduled to be repaid by June 30, 2013, but the Budget Act of 2012 delayed the repayment to June 30, 2015. In 2011, the passage of AB 105 subsequently identified the \$135 million loan as revenue derived from weight fees.

The Budget Act of 2010 authorized a \$29 million loan from the PTA to the GF. This loan is scheduled to be repaid by June 30, 2021.

The outstanding Highway Users Tax Account (HUTA) loans totaling \$328 million were authorized by the Budget Act of 2010. These loans are required to be repaid by June 30, 2021, including interest calculated at the rate earned by the Pooled Money Investment Account at the time of the original transfer.

AB 115 authorized the postponement of repayment of \$804 million in loans from the GF to various transportation funds until June 30, 2021. Upon repayment, the SCO will immediately transfer these funds to the TDSF for transportation bond debt service.

In 2010, a \$404 million payment deferral from the SHA to the GF occurred. A partial re-payment of \$204 million was made in July 2012. The remaining \$200 million repayment was made in April 2013.

## Weight Fees

In 2010, California voters passed Proposition 22, which amended the California Constitution by significantly restricting the State from using fuel excise tax revenues for GF relief, which was previously allowed. In 2011, the passage of AB 105 created a “Weight Fee Swap” which allowed the state to use weight fee revenues for GF relief rather than fuel excise tax revenues. Furthermore, the bill authorized transfers of weight fee revenues from the SHA to the GF for transportation debt service and loans. To offset this diversion, an equivalent amount from the new price-based excise tax was transferred to the SHA.

The Budget Act of 2010 authorized \$80 million and \$147 million in loans from the SHA to the GF. With the passage of AB 115, these loans were “grandfathered” into statute and characterized as being derived from weight fees; consequently, the repayment of these loans to the SHA will be transferred to the TDSF for transportation bond debt service.

AB 115 also proposed an additional loan of \$43.7 million to the GF, which was authorized in the 2011 Budget Act. At the end of 2011-12 and 2012-13, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$139 million, \$24.7 million and \$310 million. Pursuant to Section 9400.4(b)(2) of the Vehicle Code, an additional \$42 million was transferred as a loan from excess weight fee revenues in the SHA to the GF in July 2012. The \$42 million shall be repaid no later June 30, 2021. In May 2013, \$30.3 million was transferred to the GF from remaining weight fees in 2011-12. In total, there are \$817 million in outstanding loans to the GF derived from weight fee revenues. As such, the June 30, 2021 scheduled repayment of the loans to the SHA will subsequently be transferred to the TDSF.

## APPENDIX D – INTERFUND TRANSPORTATION LOANS

Interfund Transportation Loans (\$ in millions)						
Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	\$200	\$50	\$150
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
<b>Totals</b>				<b>\$335</b>	<b>\$50</b>	<b>\$285</b>

A loan of \$200 million was transferred in 2008-09 to the SHA from the TCRF to backfill a \$200 million loan to the GF. A partial repayment of \$50 million was made to the TCRF in July 2012, leaving a balance of \$150 million. \$50 million is expected to be repaid in 2013-14 and the remaining \$100 million will be repaid in 2014-15.

A loan of \$135 million was transferred in 2009-10 to the SHA from the PTA to backfill a \$135 million loan to the GF. The \$135 million loan repayment to the PTA has been extended to June 2015.