State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

M e m o r a n d u m

Tab 36

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 20, 2014

Reference No.: 3.7
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Steven Keck
Division Chief
Budgets

Subject: **FY 2013-14 SECOND QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2013-14 Second Quarter Finance Report.

Attachment

Department of Transportation
Quarterly Finance Report

Second Quarter
2013-14

Department of Transportation
Division of Budgets

The purpose of the Quarterly Finance Report is to provide the California Transportation Commission (Commission) 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 Commission 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 2013-14 Quarterly Finance Reports.

California Department of Transportation			
Quarterly Finance Report			
Schedule of Reports			
Fiscal Year	**Quarterly Report**	**Activity**	**Date**
2013-14	**2012-13 Q4**	**Close of Quarter**	**6/30/13**
		Quarterly Report to Commission Staff	**8/30/13**
		Presented to Commission	**10/8/13**
	2013-14 Q1	**Close of Quarter**	**9/30/13**
		Quarterly Report to Commission Staff	**11/15/13**
		Presented to Commission	**12/10/13**
	2013-14 Q2	**Close of Quarter**	**12/31/13**
		Quarterly Report to Commission Staff	**2/15/14**
		Presented to Commission	**3/20/14**
	2013-14 Q3	**Close of Quarter**	**3/31/14**
		Quarterly Report to Commission Staff	**5/15/14**
		Presented to Commission	**5/21/14**
2014-15	**2013-14 Q4**	**Close of Quarter**	**6/30/14**
		Quarterly Report to Commission Staff	**8/30/14**
		Presented to Commission	**10/8/14**

Department of Transportation Quarterly Finance Report

Second Quarter 2013-14

EXECUTIVE SUMMARY

2013-14 Capital Allocations vs. Capacity
Summary through December 31, 2013
($ in millions)

	SHOPP[1]	STIP	TCRP[3]	BONDS	TOTAL
Total Allocation Capacity	$2,085	$640	$71	$765	$3,561
Total Votes	598	332	78	280	$1,289
Authorized Changes[2]	-61	0	0	0	-$61
Total Remaining Capacity	**$1,547**	**$308**	**$0**	**$485**	**$2,333**

Note: Totals may not add due to rounding
[1]Proposition 1B bond capacity included in total: $86 million (Proposition 1B SHOPP).
[2]Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.
[3]TCRP funds are over-allocated. See TCRP section for details.

The California Transportation Commission (Commission) has allocated $1.3 billion toward 211 projects through the second quarter of fiscal year 2013-14. Adjustments totaled negative $61 million, leaving $2.3 billion (approximately 66 percent) in remaining allocation capacity.

The large remaining allocation capacity amount is primarily due to low State Highway Operation and Protection Program (SHOPP) allocations. The California, Department of Transportation (Department) anticipates a large SHOPP delivery during the fourth quarter. In addition, during the second quarter a Budget Revision was approved authorizing a $76 million increase to the Proposition 1B Trade Corridors Improvement Fund allocation capacity. These funds are anticipated to be allocated during the third and fourth quarters.

During the second quarter, the State Highway Account (SHA) ended with a high cash balance primarily due to delayed second quarter transfers, which are now anticipated to occur in the third quarter. The Public Transportation Account (PTA) also ended the second quarter with a higher than forecasted cash balance due to the receipt of $156 million in diesel sales tax revenue, which was forecasted to occur after the close of the quarter. The Transportation Deferred Investment Fund (TDIF) ended the second quarter with a higher than forecasted cash balance due to a Capital Outlay credit to the fund and lower than anticipated expenditures. The Transportation Investment Fund (TIF) and the Traffic Congestion Relief Fund (TCRF) both ended the second quarter with a higher than forecasted cash balance due to lower than anticipated expenditures.

Through December 2013, approximately $11 billion of the total authorized $12 billion for the Proposition 1B programs has been allocated. In the Fall, the Department received $677 million from two bond sales, and the Public Transportation Modernization, Improvement, and Service Account (PTMISEA) received $330 million. The majority of these bond sale proceeds were used to fund existing projects.

On January 9, 2014, Governor Brown released his proposed 2014-15 Budget for California. The Budget authorizes $10.9 billion in expenditures for the Department, including $4.3 billion for Capital Outlay and $2.5 billion for Local Assistance. This is a decrease (approximately 15 percent) from the 2013-14 Enacted Budget, primarily due to reductions in Proposition 1B programs which are nearing completion. The 2014-15 Budget proposes $351 million in early General Fund (GF) loan repayments, of which the Department will receive $246 million: $210 million for SHOPP, $27 million for maintenance, and $9 million to the Active Transportation Program (ATP) within the SHA. Early loan repayments received by the Department will be immediately available for projects.

Included in this quarterly report is a 36-month look at how the SHA is expected to perform through 2015-16. The forecast illustrates a spike in cash during 2013-14 and 2014-15 due to the temporary increase in revenues from the price-based excise tax, which rose from 18 cents per gallon to 21.5 cents per gallon. However, the forecast does not include the proposed early loan repayments mentioned above, which would increase and extend the high cash balance. This spike is expected to decrease in future years, as allocated projects begin spending and as projected revenues decline. The Department expects this downward trend to continue unless additional revenue sources are identified. SHA resources are currently projected to be sufficient to fund its commitments through 2013-14.

In January 2014, Congress passed a $1.9 trillion 2013-14 appropriations bill. The bill honors current federal transportation funding levels through September 30, 2014 and eliminates the need for additional short-term continuing resolutions; which had been funding the government since October 1, 2013. Despite the bill, Congress is still searching for sustainable funding solutions for the Federal Highway Trust Fund (FHTF); which supports highway and transit programs across the nation. Based on current spending and revenue trends, the United States (U.S.) Department of Transportation (DOT) estimates that the FHTF may encounter a shortfall by September 2014. Impacts of the potential shortfall could include slowed federal reimbursement to the states or partial/pro-rated reimbursements based on available cash. In an effort to show both transportation stakeholders and the general public how close the FHTF is to running out of resources, the U.S. DOT will be posting monthly reports on their website showing the balance of the FHTF. The Department will continue to 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	$250	$161	-$9	$152	$98
FTF	1,750	438	-56	382	1,368
Proposition 1B	85	0	4	4	81
Total	**$2,085**	**$598**	**-$61**	**$538**	**$1,547**

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission has allocated $598 million toward 118 SHOPP projects through the second quarter of 2013-14. Adjustments totaled negative $61 million, leaving $1.5 billion (approximately 74 percent) in remaining allocation capacity. The large amount in remaining capacity is anticipated to be delivered during the fourth quarter.

Outlook for Funding & Allocations

SHA. The 2014-15 Budget proposes $237 million in early loan repayments from the GF to the SHA. These resources will be immediately available for maintenance and SHOPP projects which will improve the safety, preservation, and operational efficiency of highways throughout the State. The SHA is currently forecasting a spike in cash during 2013-14 and 2014-15 as a result of the temporary increase in revenues from the price-based excise tax which rose from 18 cents per gallon to 21.5 cents per gallon. However, this forecast does not include the proposed early loan repayments, which could increase the high cash balance further. Although the increase translates to additional revenues for the SHA in the short term, this spike is projected to decrease in future years, as allocated projects begin spending and as projected revenues steadily decline. The Department expects this downward trend to continue unless additional revenue sources are identified. SHA resources are currently projected to be sufficient to fund its commitments through 2013-14.

Federal Trust Fund (FTF). The Commission has committed net allocations totaling $382 million, roughly 22 percent, of allocation capacity available for federally eligible SHOPP projects through the second quarter. Despite concerns that the FHTF may run out of resources by September 30, 2014, the Department will continue to obligate federal funds. This decision is based on analysis which indicates the SHA has sufficient balances should federal reimbursements slow. Should reimbursements cease all together, the SHA has sufficient resources to fund commitments for a short time before projects will be impacted.

Proposition 1B. Proposition 1B projects reported minimal activity during the second quarter. In October and November 2013, the STO conducted general obligation bond sales which yielded approximately $677 million for the Department and $330 million dedicated to the PTMISEA for cash flow.

Recommendations

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

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program ($ in millions)					
Fund	**Allocation Capacity**	**Allocations to Date**	**Adjustments**	**Net Allocations**	**Remaining Capacity**
SHA	$250	$154	$0	$154	$96
FTF*	350	146	0	146	204
PTA	40	32	0	32	8
Total	**$640**	**$332**	**$0**	**$332**	**$308**

Note: Totals may not add due to rounding.

Capital Allocations vs. Capacity

The Commission has allocated $332 million toward 66 STIP projects through the second quarter of 2013-14. Adjustments were minimal, leaving $308 million (approximately 48 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. SHA resources are currently projected to be sufficient to fund its commitments through 2013-14. The price-based excise tax on gasoline increased from 18 cents per gallon to 21.5 cents per gallon effective July 2013. Although the increase translates to additional revenues for the SHA in 2013-14, future revenues are projected to decrease in the out years. The Department will continue to closely monitor the fund balance and any major changes will be communicated to the Commission.

FTF. The Department has obligated $146 million (roughly 42 percent) on federally eligible STIP projects through the second quarter. Despite concerns that the federal FHTF will run out of resources by September 30, 2014, the Department will continue to obligate federal funds. This decision is based on analysis which indicated the SHA has sufficient balances should federal reimbursements slow. Should reimbursements cease all together, the SHA has sufficient resources to fund commitments for a short time before projects will be impacted.

PTA. On October 08, 2013, the PTA loaned $9 million to the High Speed Rail Authority (HSRA) as authorized by the Budget Act, which increased the 2013-14 total loan amount to $14 million. The HRSA is authorized to borrow as much as $26 million from the PTA in 2013-14, and as much as $29 million is proposed in 2014-15. Although the PTA currently has enough resources to meet its commitments through 2013-14, future projects may be impacted depending on the final loan amount and when repayments are scheduled to occur.

TIF. The TIF no longer receives revenues. In addition, TIF expenditures are steadily decreasing and that trend is expected to continue. The Department anticipates requesting to move any remaining TIF resources and obligations to the SHA during 2014-15.

Recommendations

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

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program ($ in millions)					
Fund	**Allocation Capacity**	**Allocations to Date**	**Adjustments**	**Net Allocations**	**Remaining Capacity**
TCRF	$71	$78	$0	$78	$0
Total	**$71**	**$78**	**$0**	**$78**	**$0**

Capital Allocations vs. Capacity

The Commission has allocated $78 million toward eight TCRP projects through the second quarter of 2013-14. The TCRF is currently over-allocated by $7 million. The Department plans to reduce the 2014-15 allocation capacity to offset the overage. There are no remaining projects expected to be allocated during this year.

Outlook for Funding & Allocations

As of December 2013, approximately $167 million in suspended Proposition 42 loan repayments are still outstanding from the GF (See Appendix D). The TCRF is also owed $482 million in Pre-Proposition 42 loans repayments. The 2011-12 Budget indicated that Tribal Gaming loan repayments would begin no earlier than 2016-17; however, there is no statutory repayment schedule. At the current time, the TCRF cash flow is sufficient to fund its commitments through 2013-14.

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**
Proposition 1A	$360	$142	$218
TCIF	220	71	150
Intercity Rail	44	4	40
Local Bridge Seismic	25	11	14
Grade Separations	28	2	26
Traffic Light Synch.	34	7	27
Route 99	53	44	9
Total	**$765**	**$280**	**$485**

Note: Totals may not add due to rounding.

Capital Allocations vs. Capacity

The Commission has allocated $280 million toward 19 Bond projects through the second quarter of 2013-14. No adjustments have been made, leaving $485 million (approximately 63 percent) in remaining allocation capacity. During the second quarter, a Budget Revision was approved authorizing a $76 million increase to the Proposition 1B Trade Corridors Improvement Fund allocation capacity. The majority of Proposition 1B funds are expected to be fully allocated by June 30, 2014.

Outlook for Funding & Allocations

Bond Funding. General obligation bonds are normally sold twice a year, in the Spring and Fall. The Fall 2013 sale yielded approximately $677 million in proceeds for the Department and $330 million for the PTMISEA. This coupled with the availability of Commercial Paper (CP), provides sufficient cash flow for existing projects through the Spring 2014 bond sale, which will occur in March or April. Approximately 99 percent of bond sale proceeds were used to fund existing project commitments with the remaining one percent being used to fund new projects.

In October 2013, the Department received $156 million in additional authority to draw upon CP issued by the STO, bringing the Department's CP authority balance to $493 million. Later in October, the STO issued $275 million in CP for the Department, bringing the balance of authority to issue commercial paper to $218 million at the end of the second quarter of 2013-14. 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.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. During the second quarter, the Department recommended allocation of all bond projects that came forward for vote. The Department anticipates being able to continue this recommendation.

APPENDICES

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2013-14 Allocation Capacity By Fund and Program ($ in millions)					
Fund	**SHOPP**	**STIP**	**TCRP**	**Other Bonds**	**Total**
SHA	$250	$250	$0	$0	**$500**
FTF	1,750	350	0	0	**2,100**
PTA	0	40	0	0	**40**
TCRF	0	0	71	0	**71**
Prop 1A Bonds	0	0	0	360	**360**
Prop 1B Bonds	85	0	0	404	**489**
Total Capacity*	**$2,085**	**$640**	**$71**	**$765**	**$3,561**

**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 SHA 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 capacity also includes 2012-13 carryover capacity.

- 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 Commission, in consultation with the Department and local agencies.

- The annual TCRF allocation is typically $83 million, but was reduced to $81 million in 2013-14 due to a suspended Proposition 42 payment of $2 million to the PTA.

- TCRF allocation capacity for 2013-14 was reduced from $81 million to $71 million due to a $10 million over-allocation in 2012-13.

- The PTA will receive $2 million in 2013-14 for the final repayment of outstanding Proposition 42 suspensions.

- Bond capacity for the SHOPP is based on the remaining bond authority, budget authority, and any administrative costs.

- Proposition 1A and 1B capacities are based on the enacted budget and include 2012-13 savings. The bond capacities are also dependent on the sale of sufficient bonds for funding.

- Budget Revision 2 authorized a $76 million increase to the Proposition 1B Trade Corridors Improvement Fund allocation capacity during the second quarter of 2013-14.

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 Commission. 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 use 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 Commission 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 State Controller's Office (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, coinciding with a $300 million payment to BATA in 2013-14.
- 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 Department of Finance (DOF).
- Miscellaneous revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund (TDSF).
- Prudent cash balance of $415 million.

PTA

- Includes revenue projections provided by the DOF.
- Includes a $2 million suspended Proposition 42 repayment 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 $83 million in 2013-14, followed by a $2 million transfer to the 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

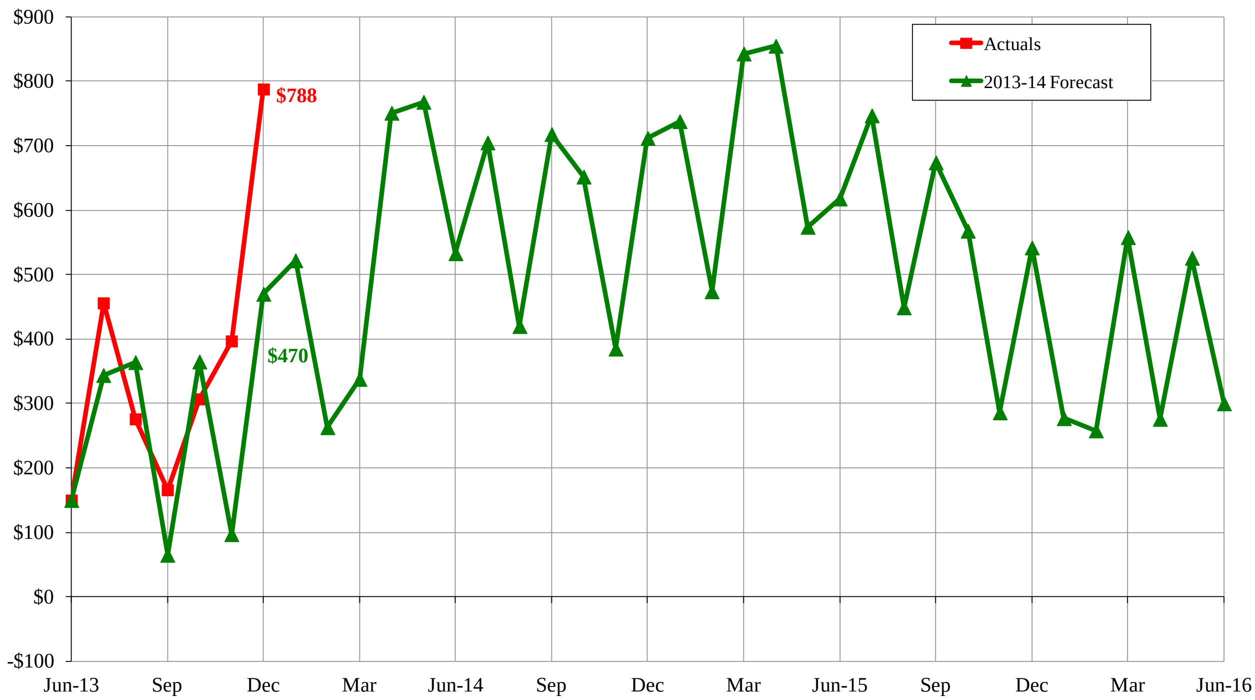
- The fund will not receive any new revenue.

TDIF

- Receipt of $83 million in Proposition 42 repayments.
- Transfer of $83 million to the TCRF.

APPENDIX B – CASH FORECASTS – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

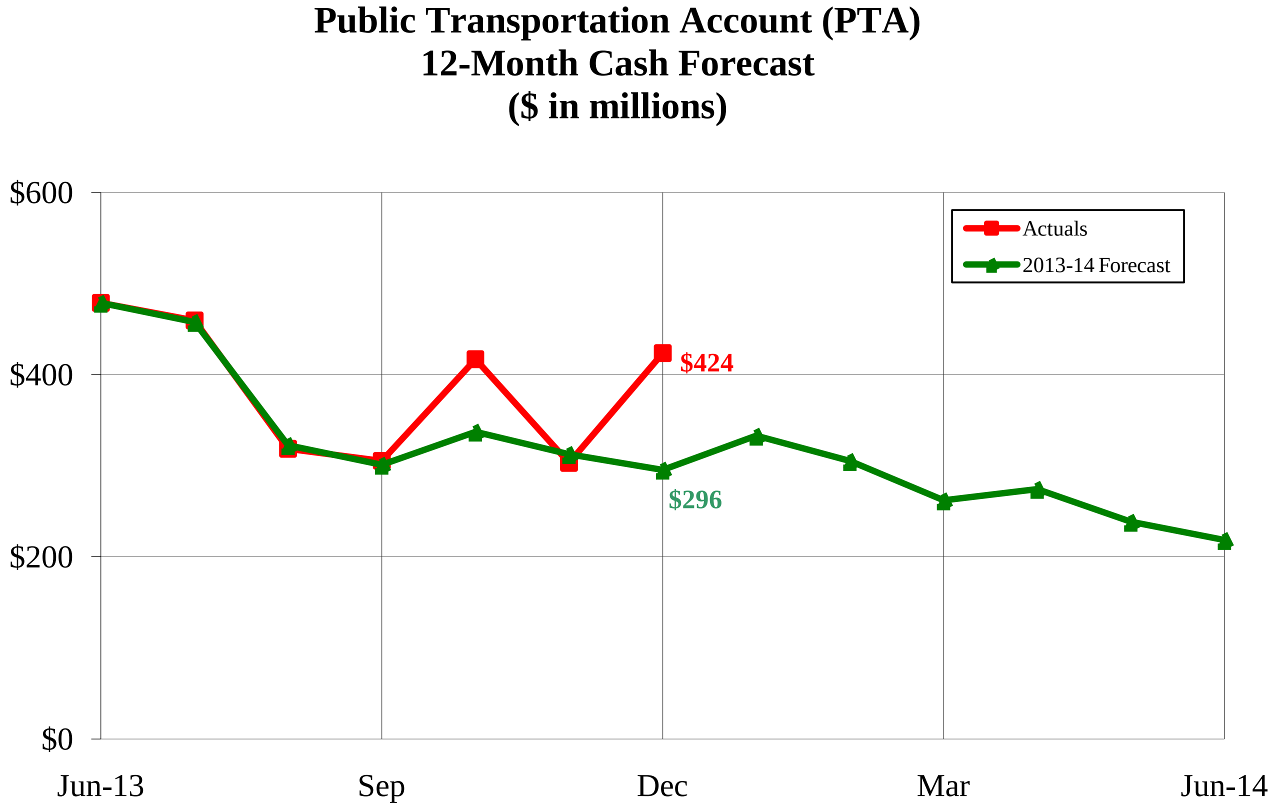
The SHA ending cash balance through the second quarter was $788 million, $318 million (68 percent) above the forecasted amount of $470 million. The high cash balance was primarily the result of $122 million in delayed transfers to the TDSF and to the receipt of a $50 million loan repayment from the GF that was intended to be subsequently transferred to the TCRF during the second quarter. These transfers are now expected to occur during the third quarter. As a result, the Department expects the cash balance to trend closer to forecast in future months. Transfers totaled negative $56 million, $178 million (76 percent) below forecast. Revenues totaled $2.5 billion, $109 million (5 percent) above the forecast. Expenditures totaled $2 billion, $9 million (0.4 percent) below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, totaled a positive $221 million.

Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$150**	**$150**	**N/A**	
Revenues	2,361	2,470	109	
Transfers	-234	-56	178	
Expenditures	-2,006	-1,997	9	
Adjustments	200	221	21	
Ending Cash Balance	**$470**	**$788**	**$318**	**68%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – CASH FORECASTS – PUBLIC TRANSPORTATION ACCOUNT



Year-to-Date PTA Summary

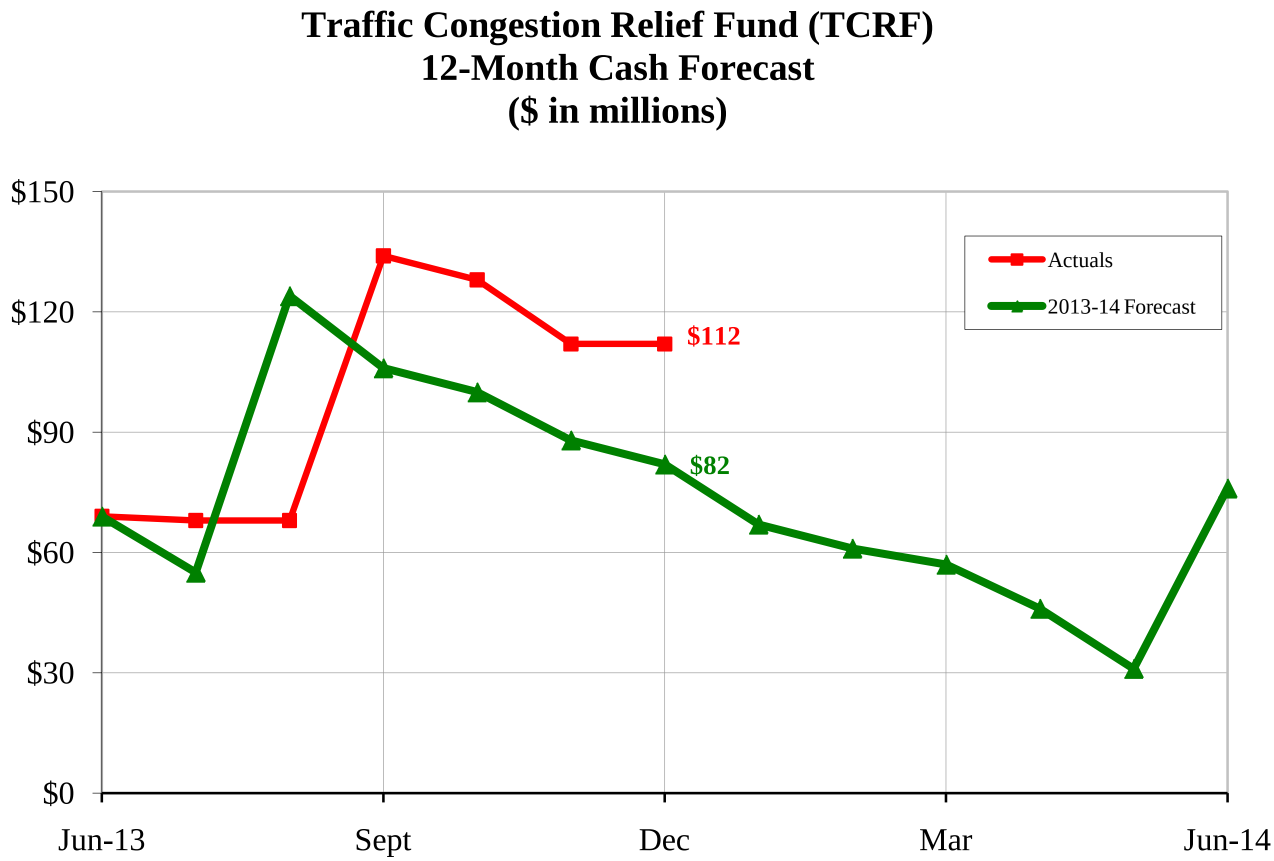
The PTA ending cash balance through the second quarter was $424 million, $128 million (43 percent) above the forecasted amount of $296 million. This is primarily due to the early receipt of $156 million in diesel sales tax revenue, which was forecasted to occur after the close of the quarter. Transfers totaled less than $500,000; a result of loans to the HSRA offsetting transfers into the account. Expenditures totaled $206 million, $6 million below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, totaled a negative $150 million.

Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$479**	**$479**	**N/A**	
Revenues	153	300	147	
Transfers	15	0	-15	
Expenditures	-212	-206	6	
Adjustments	-139	-150	-11	
Ending Cash Balance	**$296**	**$424**	**$128**	**43%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – CASH FORECASTS – TRAFFIC CONGESTION RELIEF FUND



Year-to-Date TCRF Summary

The TCRF ending cash balance through the second quarter was $112 million, $30 million (37 percent) above the forecasted amount of $82 million. The variance is due to expenditures being lower than anticipated. There were no revenues for the quarter. Year-to-date transfers equaled the forecasted $81 million, which consisted of the annual suspended Proposition 42 transfer from the TDIF. Expenditures totaled $39 million, $30 million (44 percent) lower than forecast. There were no adjustments for the quarter.

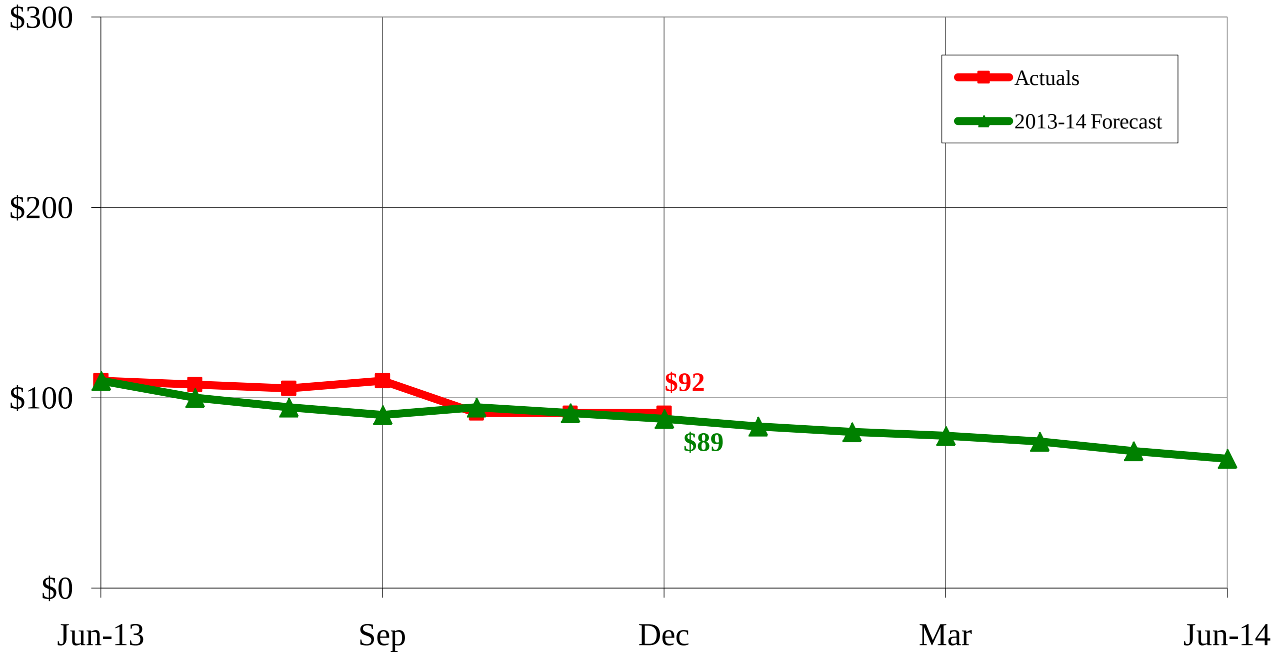
Year-to-Date Reconciliation

	($ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	**$69**	**$69**	**N/A**	
Revenues	0	0	0	
Transfers	81	81	0	
Expenditures	-68	-39	29	
Adjustments	0	0	0	
Ending Cash Balance	**$82**	**$112**	**$30**	**37%**

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 second quarter was $92 million, $4 million (4 percent) above the forecasted amount of $89 million. The variance can be attributed to expenditures processing slower than anticipated. There were no revenues or transfers during the second quarter. Expenditures totaled $17 million, almost $4 million lower than forecasted. TIF expenditures are steadily decreasing and that trend is expected to continue. The Department anticipates requesting to move any remaining TIF resources and obligations to the SHA during 2014-15.

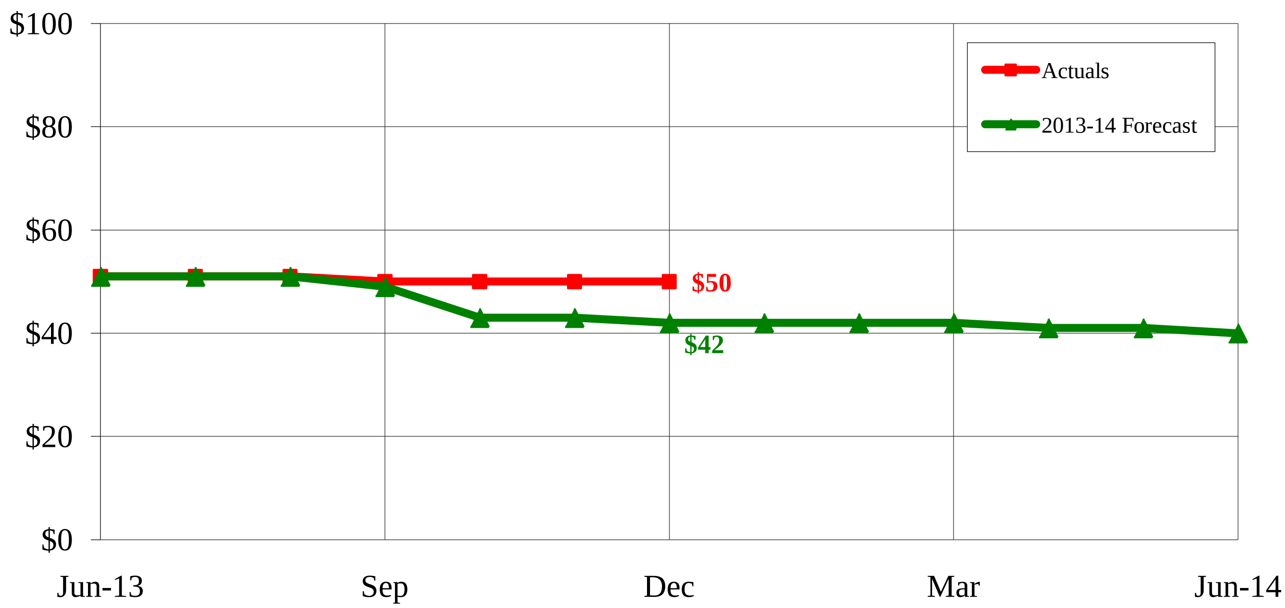
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$109**	**$109**	**N/A**	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-20	-17	4	
Adjustments	0	0	0	
Ending Cash Balance	**$89**	**$92**	**$4**	**4%**

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 second quarter was $50 million, $8 million (19 percent) above the forecasted amount of $42 million. The variance is due to a $7 million Capital Outlay credit that occurred after a previously allocated TDIF project became federally funded. The Department will deduct outstanding expenditures from the credit and transfer the balance of the credit to the TDIF as cash during the third quarter. As a result of the credit, no expenditures occurred during the second quarter. Revenues totaled $83 million. Year-to-date transfers totaled negative $83 million, which is attributable to the $83 million suspended Proposition 42 transfer to the TCRF.

Year-to-Date Reconciliation

	($ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	**$51**	**$51**	**N/A**	
Revenues	83	83	0	
Transfers	-83	-83	0	
Expenditures	-8	0	8	
Adjustments	0	0	0	
Ending Cash Balance	**$42**	**$50**	**$8**	**19%**

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

For the quarter ending December 31, 2013, the Federal Highway Administration (FHWA) acknowledged as declared disasters; the July Los Angeles tanker fire, the August Rim Fire in Mariposa and Tuolumne Counties, and the July Inyo County flood. However, there have not been any new allocations for Federal Emergency Relief Funding during this quarter. The chart below represents disasters that have not been completely funded by FHWA.

Disaster Repair Costs
Approved Federal Funding and State/Local Impact
($ millions)

Disaster	Identified Cost of Disaster Repair		
	State	Local	Total
Devil's Slide CA83-1	$631	$0	$631
Dec. 2004 Storm CA05-1	209	103	312
Dec. 2005 Storm CA06-1	393	52	445
So. California Wildfires CA08-3	21	5	26
California Wildfires CA08-6	7	0	7
So. California Wildfires CA09-1	6	0	6
So. California Wildfires CA09-2	16	6	22
Jan. 2010 Storm CA10-1	93	13	106
Humboldt Co. Earthquake CA10-2	1	2	3
Dec. 2010 Storm CA11-1	58	18	76
Mar. 2011 Storm CA11-3	235	26	261
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
LA Co. Wildfires CA13-2	0	3	3
Riverside Co. Wildfires CA13-3	2	0	2
July '13 LA Tanker Fire CA13-4	26	0	26
Aug. '13 Rim Fire CA13-5	2	0	2
July '13 Inyo Co. Flood CA13-6	0	3	3
Total Damage Estimate	**$1,733**	**$238**	**$1,971**
Amount Obligated To Date			**$1,491**
Allocation Available for Future Project Costs			**$52**
Remaining Need			**$428**

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

Status of Outstanding Transportation Loans, as of December 31, 2013 ($ in millions)			
FUND	**Original Loan**	**Loans / Interest Paid-to-Date**	**Remaining Balance**
Pre-Proposition 42 (Tribal Gaming Revenue):			
State Highway Account (SHA)[1]	$473	$341	$132
Public Transportation Account (PTA)	275	10	265
Traffic Congestion Relief Fund (TCRF)	482	0	482
Subtotal Pre-Proposition 42 Tribal Gaming Loans:	**$1,230**	**$351**	**$879**
Proposition 42:			
Public Transportation Account (PTA)[2]	$220	$220	$0
Transportation Investment Fund (TIF)[2]	440	440	0
Transportation Congestion Relief Fund (TCRF)[3]	1,066	898	167
Locals	440	440	0
Subtotal Proposition 42 Loans:	**$2,166**	**$1,999**	**$167**
General Fund Loan:			
State Highway Account (SHA)[4]	$335	$100	$235
State Highway Account - Weight Fee Revenues[5]	227	0	227
State Highway Account - Weight Fee Revenues[5a]	590	0	590
Highway User Tax Account (HUTA)[6]	328	0	328
Public Transportation Account[7]	29	0	29
Other transportation accounts	31	2	29
Subtotal General Fund Loan:	**$1,540**	**$52**	**$1,488**
Totals:	**$4,936**	**$2,402**	**$2,534**

Note: Numbers may not add due to rounding.

[1]The remaining balance of $132 million will be directed to debt service per AB 115 (2010).

[2]Includes interest payments of $8 million for PTA, $16 million for TIF and Locals.

[3]The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

[4]The SHA is expected to be repaid $135 million in 2013-14, $50 million in 2014-15, and $50 million in 2015-16.

[5]The $80 and $147 million was authorized by Budget Act of 2010 and subsequently characterized as weight fees via AB 115.

[5a]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).

[6]The HUTA is expected to be repaid $328 million, plus interest, in 2014-15.

[7]The PTA is expected to be repaid $29 million in 2020-21.

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 looked to transportation funds to help fill the budget shortfall. The Transportation Refinancing Plan, Assembly Bill (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 Governor's 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 be subsequently transferred to the Transportation Debt Service Fund (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 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. A net transfer of $81 million was made to the TCRF during the first quarter. As of December 2013, the TCRF is owed $167 million.

General Fund Loans

The Budget Act of 2008 authorized $231 million in loans to the GF from the SHA, the Bicycle Transportation Account (BTA), the Local Airport Loan Account, the Motor Vehicle Fuel Account (MVFA), the Environmental Enhancement and Mitigation Program Fund (EEM), the Historic Property Maintenance Fund (HPMF), and the Pedestrian Safety Account (PSA). 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 in December 2013. The remaining $100 million is scheduled to be repaid in 2014-15 and 2015-16. A total of $2 million has been repaid to the HPMF and repayment of the final $1 million is due to the HPMF no later than June 30, 2014. Due to the enactment of Senate Bill (SB) 99, the BTA has been eliminated and is now an element of the ATP within the SHA. In addition, the 2014-15 Governor's Budget proposed the early loan repayment of $6 million in outstanding loan repayments owed to the BTA be redirected to the SHA by June 30, 2015. SB 99 also changed the administering agency for the EEM from the Department to the Secretary of the Natural Resources Agency. As a result, loan repayments owed to the EEM will no longer be monitored by the Department. The 2014-15 Governor's Budget proposed the early loan repayment of $1.7 million owed to the PSA be subsequently transferred to the SHA for use in the ATP. This early loan repayment is expected to occur by June 30, 2015. The remaining loan repayments due to other transportation accounts are expected to occur in 2016-17.

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. The 2014-15 Governor's Budget proposes the $135 million loan repayment occur by June 30, 2014.

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

The outstanding Highway Users Tax Account loans of $328 million were authorized by the Budget Act of 2010 and had an original repayment date of June 30, 2021. The 2014-15 Governor's Budget proposes the $328 million loan repayment, plus approximately $9 million in accrued interest, occur by June 30, 2015. The early loan repayment is intended to accelerate projects for the preservation and maintenance of state and local roads. The total loan repayment of $337 million is proposed to be divided as follows: $210 million to fund SHOPP projects, $100 million to cities and counties for local streets and roads projects and $27 million for highway pavement maintenance.

AB 115 authorized the postponement of repayment of $227 million in loans from the GF to transportation funds until June 30, 2021. Upon repayment, the SCO will immediately transfer these funds to the TDSF for transportation bond debt service.

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 is 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 $44 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, $25 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 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 be subsequently transferred to the TDSF.

APPENDIX D – INTERFUND TRANSPORTATION LOANS

Interfund Transportation Loans
($ in millions)

Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid[1]	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
			Totals	**$335**	**$50**	**$285**

[1]Short-term loan repayment of $50M from the SHA to the TCRF occurred on 7/25/2012.

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 repaid to the TCRF in July 2012, leaving a balance of $150 million. Of the remaining balance owed, $50 million is expected to be repaid in February 2014, another $50 million will be repaid in 2014-15, and the final $50 million will be repaid in 2015-16.

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 is expected to occur by the end of 2013-14.