

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 10, 2014

Reference No.: 3.7
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Division of
Budgets

Subject: FISCAL YEAR 2014-15 FIRST QUARTER FINANCE REPORT

Attached is the California Department of Transportation's Fiscal Year 2014-15 First Quarter Finance Report.

Attachment



Department of Transportation Quarterly Finance Report

First Quarter 2014-15

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 and 2014-15 Quarterly Finance Reports.

Quarterly Finance Report			
Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
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
	2014-15 Q1	Close of Quarter	9/30/14
		Quarterly Report to Commission Staff	11/15/14
		Presented to Commission	12/10/14
	2014-15 Q2	Close of Quarter	12/31/14
		Quarterly Report to Commission Staff	2/15/15
		Presented to Commission	3/26/15
	2014-15 Q3	Close of Quarter	3/31/15
		Quarterly Report to Commission Staff	5/15/15
		Presented to Commission	5/28/15
2015-16	2014-15 Q4	Close of Quarter	6/30/15
		Quarterly Report to Commission Staff	8/30/15
		Presented to Commission	10/22/15

Department of Transportation Quarterly Finance Report

First Quarter 2014-15

EXECUTIVE SUMMARY

2014-15 Capital Allocations vs. Capacity Summary through September 30, 2014 (\$ in millions)							
	SHOPP ¹	STIP ¹	TCRP	AERO	ATP	BONDS	TOTAL
Total Allocation Capacity	\$1,969	\$745	\$76	\$6	\$248	\$597	\$3,641
Total Votes	133	242	77	1	0	21	\$473
Authorized Changes ²	-5	0	0	0	0	0	-\$6
Total Remaining Capacity	\$1,842	\$503	\$0	\$5	\$248	\$576	\$3,174

Note: Totals may not add due to rounding

¹Proposition 1B Bond included in totals: \$179 million total capacity (\$77 million SHOPP; \$102 million STIP).

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

The California Transportation Commission (Commission) has allocated \$473 million toward 63 projects through the first quarter of fiscal year 2014-15. Adjustments totaled negative \$6 million, leaving approximately \$3.2 billion (87 percent) in remaining allocation capacity.

The State Highway Account (SHA), the Public Transportation Account (PTA), the Transportation Investment Fund (TIF), and the Transportation Deferred Investment Fund (TDIF) each ended the first quarter within acceptable range of forecast. The Traffic Congestion Relief Fund (TCRF) ended the first quarter with a lower than expected cash balance due to the delay of an \$83 million suspended Proposition 42 loan repayment, which is now anticipated to be received in October 2014.

During the first quarter, the State Treasurer's Office (STO) conducted general obligation bond sales, which yielded approximately \$922 million in proceeds. Additional information regarding these sales can be located in the Proposition 1A and 1B Bonds section of this report.

Effective July 1, 2014, the price-based excise tax on gasoline decreased from 21.5 cents per gallon to 18 cents per gallon. Also, effective July 1, 2014, the excise tax on diesel fuel increased from 10 cents to 11 cents per gallon. These modifications have been accounted for, and are in line with, the 2014 Fund Estimate (FE), as well as the SHA and the PTA 2014-15 forecasts.

The 2014-15 Budget Act authorized \$337 million in loan repayments from the General Fund (GF) to the Highway Users Tax Account (HUTA). During August 2014, the HUTA received the repayments and \$237 million was subsequently transferred from the HUTA to the SHA for State Highway Operations and Protection Program (SHOPP) and Highway Maintenance projects.

Due to the addition of the newly enacted Active Transportation Program (ATP) and as a result of recent changes in the Aeronautics Program (AERO), this report now incorporates financial information on both Programs.

In August 2014, the Senate passed an extension to the federal transportation act, which extended funding authority through May 31, 2015. While the authority to commit funds on federally eligible projects has been extended, the Federal Highway Trust Fund (FHTF) still faces long-term funding shortfalls and will not be able to meet its funding commitments through May 2015.

On September 9, 2014, the President signed a Continuing Resolution (CR) providing federal funds to states through December 11, 2014. The CR provides approximately ten weeks of federal funds at the 2014 rate. The CR includes \$7.9 billion of obligation limitation for the Federal-aid Highway Program, \$2 billion for federal transit programs, and \$280 million for federal highway safety programs. Neither the extension of the federal transportation act nor the CR provides long-term funding solutions for the FHTF shortfall. However, the California Department of Transportation (Department) will continue to obligate funds for federally eligible projects and monitor the FHTF solvency issues closely.

On September 10, 2014 the Federal Highway Administration announced the redistribution of unused federal funds by all states, also known as August Redistribution. California received more than \$191 million, which is the second largest amount recorded to date.

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	\$410	\$119	-\$1	\$118	\$292
FTF	1,482	13	-4	9	1,473
Proposition 1B	77	0	0	0	77
Total	\$1,969	\$133	-\$5	\$127	\$1,842

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated \$127 million, including adjustments, toward six SHOPP projects through the first quarter of 2014-15, leaving \$1.8 billion (approximately 94 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. Effective July 1, 2014, the price-based excise tax on gasoline decreased from 21.5 to 18 cents per gallon. This modification has been accounted for, and is in line with, the 2014 FE and the SHA 2014-15 cash forecast. As a result, no additional impacts are anticipated for the SHOPP.

Federal Trust Fund (FTF). Net allocations totaling \$9 million were committed toward federally eligible SHOPP projects through the first quarter, leaving roughly \$1.5 billion (99 percent) in remaining allocation capacity. By September 30, 2013, the Department was successful in committing 100 percent of its federal obligation authority for federal fiscal year 2013-14. The Department also received \$191 million in additional federal obligation authority during August Redistribution. These resources will be committed onto existing federally eligible projects.

Proposition 1B. No STIP Proposition 1B projects were authorized during the first quarter.

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	\$200	\$64	\$0	\$63	\$137
FTF	370	171	0	171	199
PTA	73	8	0	8	65
Prop 1B STIP*	102	0	0	0	102
Total	\$745	\$242	\$0	\$242	\$503

Note: Totals may not add due to rounding.

*Contingent upon Corridor Mitigation Improvement Act (CMIA) project closeout savings

Capital Allocations vs. Capacity

The Commission allocated \$242 million, including adjustments, toward 48 STIP projects through the first quarter of 2014-15, leaving \$503 million (approximately 68 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. Effective July 1, 2014, the price-based excise tax on gasoline decreased from 21.5 to 18 cents per gallon. This modification has been accounted for, and is in line with, the 2014 FE and the SHA 2014-15 cash forecast.

FTF. Net allocations totaling \$171 million were committed toward federally eligible STIP projects through the first quarter, leaving approximately \$199 million (54 percent) in remaining allocation capacity. As previously mentioned, the Department was successful in committing 100 percent of its federal obligation authority for federal fiscal year 2013-14.

PTA. The Commission allocated \$8 million toward PTA projects through the first quarter. Effective July 1, 2014, the excise tax on diesel fuel increased from 10 cents to 11 cents per gallon. This modification has been accounted for, and is in line with, the PTA 2014-15 cash forecast. During the first quarter, approximately \$7 million was loaned from the PTA to the High-Speed Rail Passenger Train Bond Fund, bringing the total amount loaned for 2013-14 and 2014-15 up to \$30 million. Repayments will occur when the PTA is determined to be in need of the funds or when the High-Speed Passenger Train Bond Fund no longer needs the funds. The PTA will be monitored closely to ensure fund solvency.

Proposition 1B. No STIP Proposition 1B projects were allocated during the first quarter.

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	\$76	\$77	\$0	\$77	\$0
Total	\$76	\$77	\$0	\$77	\$0

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission has allocated \$77 million toward six TCRP projects during the first quarter of 2014-15. The TCRF is currently over-allocated by \$1 million. No remaining project allocations are expected during 2014-15. The Department will reduce the 2015-16 allocation capacity to offset the overage.

Outlook for Funding & Allocations

As of September 2014, approximately \$167 million in suspended Proposition 42 loan repayments are still outstanding from the GF. Of that amount, \$83.4 million is expected to be repaid during the second quarter of 2014-15. Refer to Appendix E for additional details. The TCRF is also owed \$482 million in Pre-Proposition 42 (Tribal Gaming) loan repayments. The 2011-12 Budget indicated that the Tribal Gaming loan repayments would begin no earlier than 2016-17; however, there is no statutory repayment schedule.

Recommendations

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

AERONAUTICS PROGRAM (AERO)

Aeronautics Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
AERO	\$6	\$1	\$0	\$1	\$5
Total	\$6	\$1	\$0	\$1	\$5

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated almost \$1 million toward three AERO projects through the first quarter of 2014-15, leaving \$5 million (approximately 83 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

Each year the Commission approves a “set-aside” to match federal Airport Improvement Program (AIP) grants. This allocation provides the authority for the Department to subvent matching funds to individual projects as requested by airport sponsors. During the first quarter of 2014-15, the Commission allocated \$550,000 to match federal AIP grants.

The Aeronautics Account is currently operating with a projected future deficit in funding. As a result, the 2014-15 Budget Act authorized a \$4 million transfer from the Local Airport Loan Account; which occurred in September 2014. These resources will be used to provide temporary relief to the Aeronautics Account in order to fund grants.

Recommendations

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

ACTIVE TRANSPORTATION PROGRAM (ATP)

Active Transportation Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$77	\$0	\$0	\$0	\$77
FTF	171	0	0	0	171
Total	\$248	\$0	\$0	\$0	\$248

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission did not allocate any ATP projects during the first quarter of 2014-15.

Outlook for Funding & Allocations

The Cycle 1 Statewide and Small Urban/Rural ATP project lists were adopted by the Commission on August 20, 2014. The Statewide component consisted of 126 projects which were awarded approximately \$184 million in ATP funds. The Small Urban and Rural component consisted of 22 projects which were awarded \$37 million.

During the November 2014 meeting, the Commission will adopt the proposed Metropolitan Planning Organization's Cycle 1 ATP project list. Project allocations are expected as soon as December.

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	\$211	\$0	\$211
CMIA*	102	0	102
TCIF	44	11	33
Intercity Rail	192	0	191
Local Bridge Seismic	13	0	13
Grade Separations	1	0	1
Traffic Light Synch.	21	9	11
Route 99	16	0	16
Total	\$597	\$21	\$576

Note: Totals may not add due to rounding.

*Contingent upon project close-out and administrative savings.

Capital Allocations vs. Capacity

The Commission allocated \$21 million toward previously allocated Bond projects through the first quarter of 2014-15, leaving \$578 million (approximately 97 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

Bond Funding. In August and September 2014, the STO issued a total of \$300 million in Commercial Paper (CP) to the Department for Proposition 1B projects. In September 2014, the STO conducted a general obligation refunding bond sale and attributed \$261 million of the sale toward CP debt owed by the Department. To date, the Department has been issued more than \$1 billion in CP and approximately \$836 million of that total has been repaid.

In September 2014, the STO conducted another general obligation bond sale that yielded upfront proceeds of \$200 million to the Department for Proposition 1B projects, \$197 million for Proposition 1A High-Speed Rail projects, and \$525 million for Public Transportation Modernization, Improvement and Service Enhancement Account local transit projects. Of the \$525 million, \$247 million was made available for three local transit projects specified by the STO as part of a new “Green Bond” series. Proceeds from the Green Bond series will exclusively fund environmentally beneficial projects from various categories such as air pollution reduction, preservation of clean water, protection of rivers and coastal waterways, and flood prevention.

Recommendations

Upcoming general obligation bond sales are anticipated in November 2014. The Department will continue to monitor for potential impacts, and if necessary, recommend changes.

APPENDICES

Appendix A Allocation Capacity and Assumptions

Appendix B Authorized Changes

Appendix C Cash Forecasts

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

Appendix D Federal Emergency Projects

Appendix E Transportation Loans

- Status of Outstanding Transportation Loans, as of September 30, 2014**
- Interfund Transportation Loans**

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2014-15 Allocation Capacity By Fund and Program (\$ in millions)							
Fund	SHOPP	STIP	TCRP	AERO	ATP	BONDS	Total
SHA	\$410	\$200	\$0	\$0	\$77	\$0	\$687
FTF	1,482	370	0	0	171	0	2,023
PTA	0	73	0	0	0	0	73
TCRF	0	0	76	0	0	0	76
AERO	0	0	0	6	0	0	6
Prop 1A Bonds *	0	0	0	0	0	210	210
Prop 1B Bonds *	77	102	0	0	0	387	566
Total Capacity	\$1,969	\$745	\$76	\$6	\$248	\$597	\$3,641

Note: Totals may not add due to rounding

* Subject to Bond Sales

The 2014-15 allocation capacity of \$3.6 billion is based on the following:

- The SHOPP allocation capacity is based on the 2014-15 Budget Act revenue and expenditure estimates and the 2014 STIP Fund Estimate federal receipts. The total allocation capacity includes \$32 million in 2013-14 carryover capacity and approximately \$600 million in project allocations that were voted during the August 2014 Commission meeting.
- The ATP allocation capacity is based on the 2014 Fund Estimate, includes 2013-14 carry-over capacity, and \$9 million in loan repayments from the GF. The 2014-15 ATP also incorporates the following assumptions:
 - Federal Highway Safety Improvement Program funds are not incorporated into the ATP.
 - State and federal resources are forecasted to remain stable throughout the FE period.
- The STIP PTA allocation capacity of \$73 million includes approximately \$8 million in 2013-14 carryover capacity and is based on a prudent cash balance of \$100 million.
- The TCRP allocation is based on annual Proposition 42 suspension repayments of approximately \$83 million.
 - The TCRP allocation capacity for 2014-15 was reduced from \$83 million to \$76 million due to a \$7 million over-allocation in 2013-14.
- The AERO capacity is based on the 2014 Fund Estimate, revised on July 21 2014, and includes a one-time, \$4 million transfer from the LALA, authorized by the 2014-15 Budget.
 - The 2014-15 AERO capacity assumes approximately \$1 million in remaining 2013-14 authority will be available due to project de-allocation.
- 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 2014-15 Enacted Budget and include 2013-14 remaining authority of approximately \$134 million. The bond capacities are also dependent on the sale of sufficient bonds for funding.
 - Transportation Financing Subaccount (TFA) and CMIA allocation capacities are contingent upon project close-out and administrative savings.

APPENDIX B – AUTHORIZED CHANGES

2014-15 Authorized Changes Summary through September 30, 2014 (\$ in millions)				
Program	# of Adjustments			Net Change
	Increases	Decreases	Total	
SHOPP ¹	20	16	36	-\$5
STIP ²	2	2	4	0
TOTAL	22	18	40	-\$6

Note: Totals may not add due to rounding

¹Includes SHOPP and Proposition 1B Bond G-12 (SHOPP Augmentation) adjustments.

²Includes STIP and Proposition 1B Bond G-12 (TFA) adjustments

Summary of Authorized Changes

The Department has processed a total of 40 allocation adjustments through the first quarter of 2014-15, resulting in savings totaling \$6 million.

Background

Commission Resolution G-09-12 (Resolution G-12) allows for the Director of the Department to adjust project allocations within specific limits. It is intended that the Director's approved "decreases" will offset the Director's approved "increases." These authorized changes are known as G-12 authority. This delegation of authority greatly reduces the volume of financial transactions submitted to the Commission and increases the efficiency of the Department in processing changes. The Resolution G-12 requires that the Department report on all project capital outlay allocation changes made under this delegation to the Commission's Executive Director on a monthly basis. The Department provides a detailed, project by project, report to Commission staff each month.

APPENDIX C – 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 2014-15 cash forecasts and allocation capacities are based on the following assumptions:

- State Operations projections are based on historical trends and assumes a two-percent increase each year, based on the 2014-15 Price Letter.
- 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 are based on the 2014 STIP Fund Estimate.

SHA

- Beginning cash balance includes two payments to the Project Information System and Analysis (PISA).
- Repayments totaling \$100 million from the GF in 2014-15 (two \$50 million repayments), coinciding with \$100 million in loan repayments to the TCRF in 2014-15 (two \$50 million repayments).
- Repayment of a \$135 million loan to the PTA in 2014-15.
- Receipt of approximately \$29 million in remaining assets from the Bicycle Transportation Account (BTA) due to closure of the fund.
- Repayment of a \$6 million loan from the GF in 2014-15 (formerly owed to the BTA).
- Proceeds from a \$237 million loan repayment to the HUTA in 2014-15.
- Includes anticipated expenditures from the new ATP.
- 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

- Revenue projections provided by the DOF.
- Repayment of a \$135 million loan from the SHA in 2014-15.
- Includes an anticipated \$29 million loan to the High-Speed Passenger Train Bond Fund in 2014-15.
- Prudent cash balance of \$100 million.

TCRF

- Annual suspended Proposition 42 transfers from the TDIF in the amount of \$83 million in 2014-15 and 2015-16.
- Reduced 2014-15 allocation capacity from \$83 million to \$76 million due to a \$7 million over-allocation in 2013-14.
- Future allocations are based on the projected net revenues received in 2014-15.

TIF

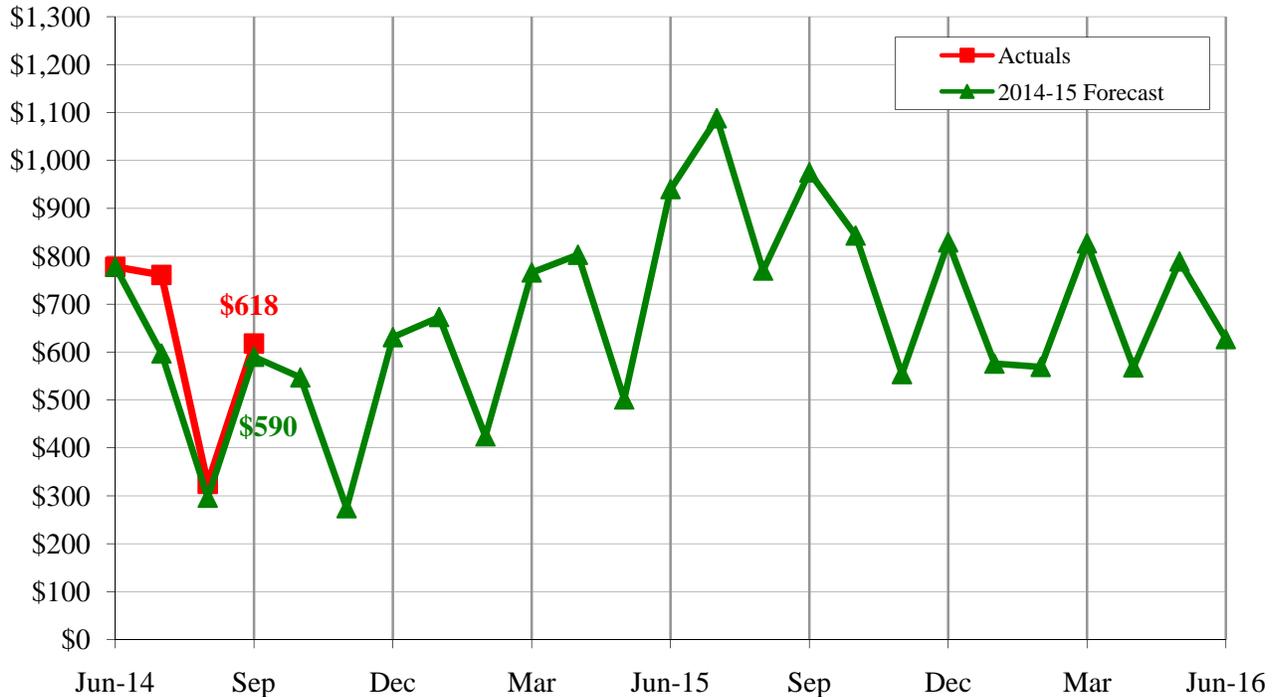
- The fund will not receive any new revenue.

TDIF

- Annual suspended Proposition 42 transfers in the amount of \$83 million in 2014-15 and 2015-16.
- Annual transfers in the amount of \$83 million to the TCRF.

APPENDIX C – 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 first quarter was \$618 million, \$28 million (5 percent) higher than anticipated, and was within acceptable range of forecast. Revenues totaled \$1.2 billion, \$93 million (8 percent) above forecast. Transfers totaled negative \$481 million, \$106 million (28 percent) above forecast, primarily due to a delayed \$92 million transfer to the GF, pursuant to California Vehicle Code, Section 9400.4(c). The transfer was originally anticipated in the fourth quarter of 2013-14. Expenditures totaled \$795 million, \$117 million (13 percent) below forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$117 million. September revenues, transfers, expenditures and adjustments are estimates due to a delay in 2013-14 year-end closing.

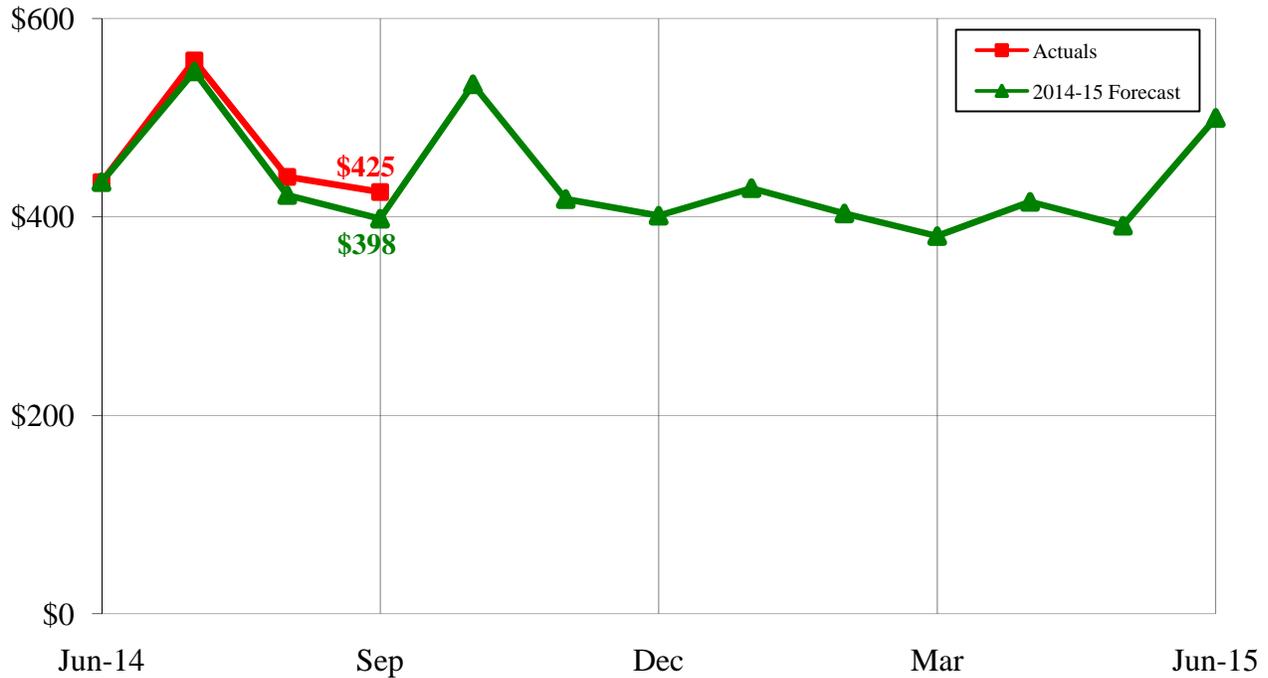
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$778	\$778	N/A	
Revenues	1,140	1,233	93	
Transfers	-375	-481	-106	
Expenditures	-912	-795	117	
Adjustments	-40	-117	-77	
Ending Cash Balance	\$590	\$618	\$28	5%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – 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 first quarter was \$425 million, which was within acceptable range of forecast. No revenues were anticipated or received during the quarter. Transfers equaled the forecasted amount of \$128 million, and consisted of a \$135 million loan repayment from the SHA and a \$7 million loan to the High Speed Rail Authority. Expenditures totaled \$113 million, \$18 million (19 percent) above forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled negative \$25 million.

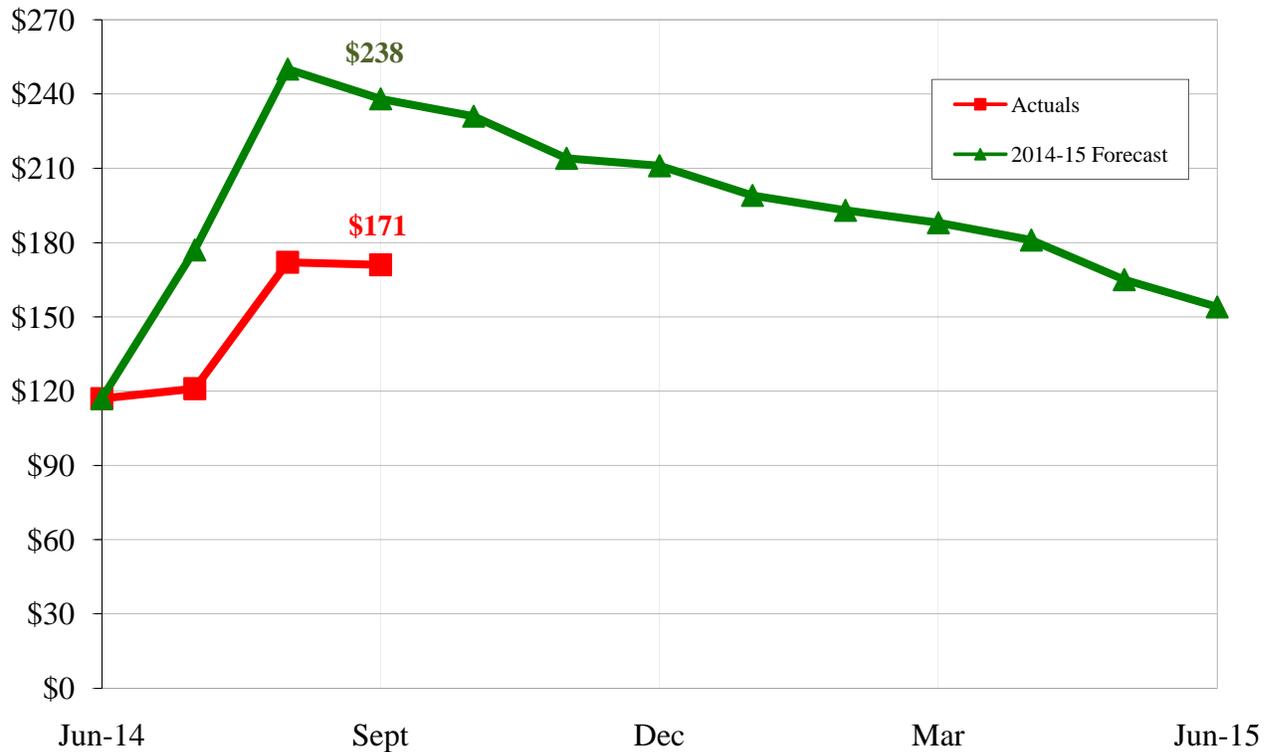
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$435	\$435	N/A	
Revenues	0	0	0	
Transfers	128	128	0	
Expenditures	-95	-113	-18	
Adjustments	-69	-25	44	
Ending Cash Balance	\$398	\$425	\$27	7%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – 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 first quarter was \$171 million, \$67 million (28 percent) below the forecasted amount of \$238 million. The variance is primarily due to the delayed receipt of the suspended Proposition 42 loan repayment of \$83 million, which it is now expected to be received during the second quarter. Transfers totaled a positive \$50 million. Expenditures totaled negative \$5 million, \$16 million (138 percent) lower than forecast, which is due to project savings being credited back to the fund. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, were minimal.

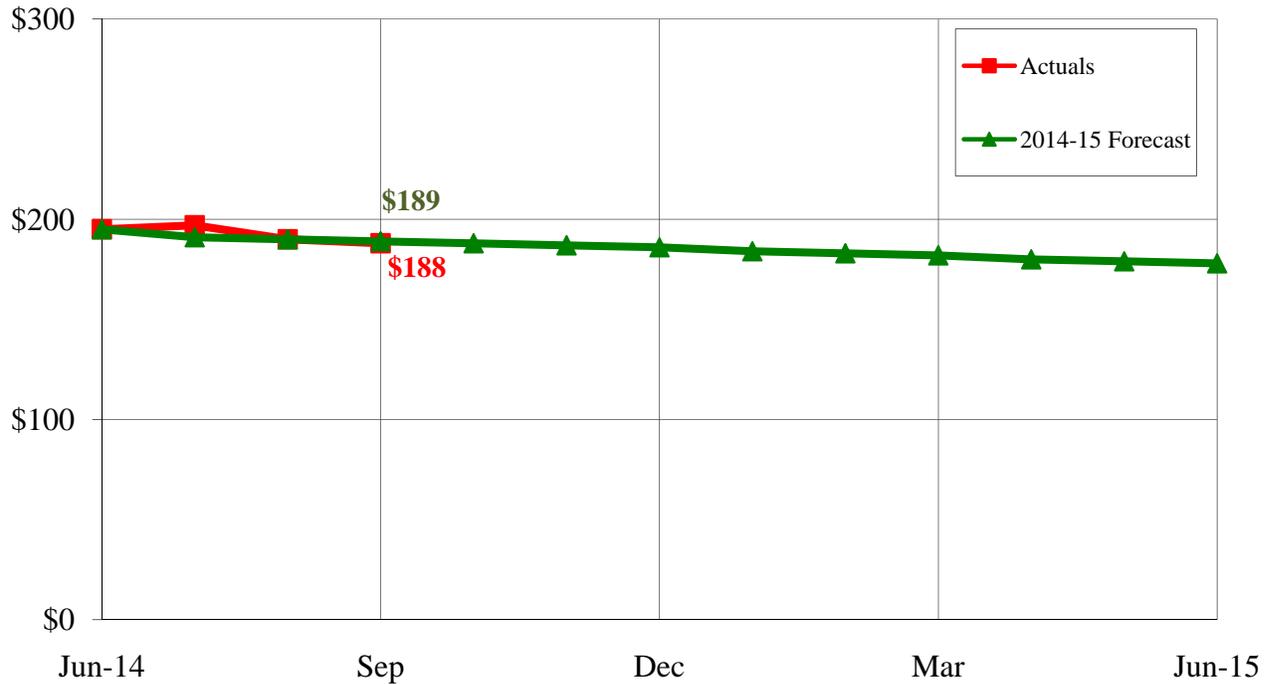
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$117	\$117	N/A	
Revenues	0	0	0	
Transfers	133	50	-83	
Expenditures	-12	5	16	
Adjustments	0	0	0	
Ending Cash Balance	\$238	\$171	-\$67	-28%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – 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 first quarter was \$188 million, which was within acceptable range of forecast. No revenues or transfers occurred during the first quarter. Expenditures totaled \$10 million, approximately \$4 million (63 percent) higher than forecast due to the delay in processing of 2013-14 fourth quarter expenditures. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$3 million.

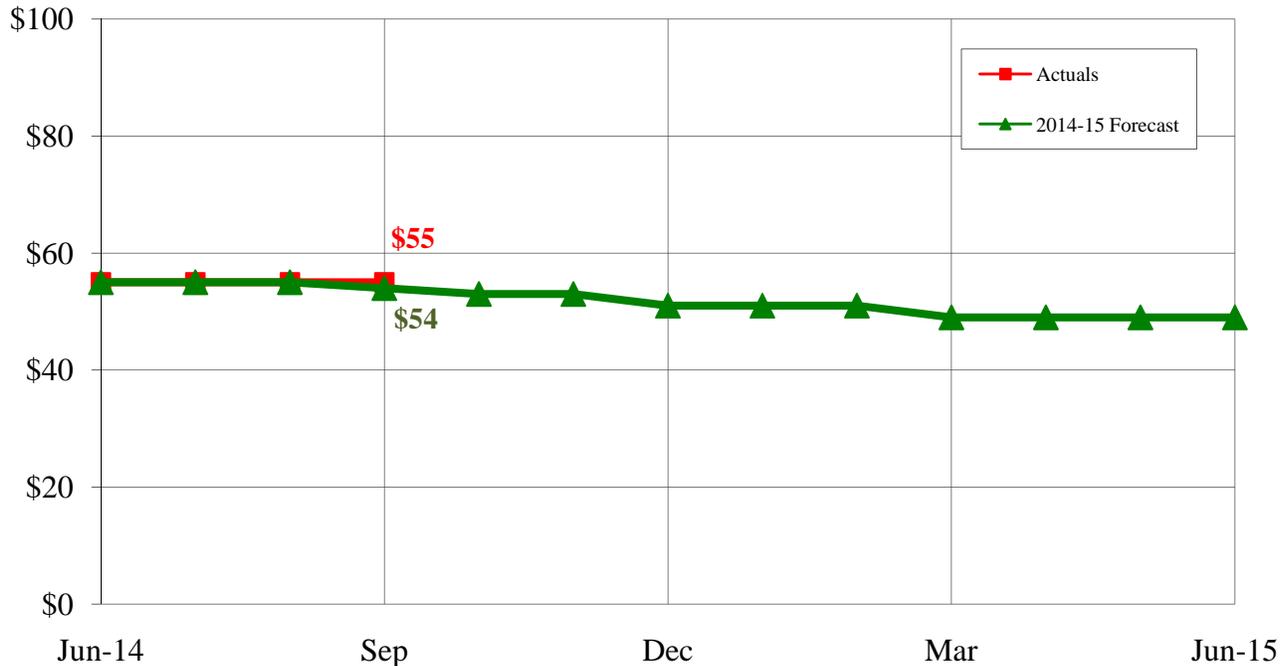
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$195	\$195	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-6	-10	-4	
Adjustments	0	3	3	
Ending Cash Balance	\$189	\$188	-\$1	0%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – 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 first quarter was \$55 million, which was within acceptable range of forecast. The suspended Proposition 42 loan repayment of \$83 million was anticipated to be received in the first quarter, however, due to delayed processing it is now expected to be received during the second quarter. Since the \$83 million will be immediately transferred to the TCRF, the delay has no impact to the cash balance of this fund. No revenues or transfers occurred during the first quarter. Expenditures totaled \$160,000. This is \$500,000 (approximately 75 percent) lower than forecast due to lower than anticipated expenditures. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, were minimal.

Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$55	\$55	N/A	
Revenues	83	0	-83	
Transfers	-83	0	83	
Expenditures	-1	0	0	
Adjustments		0	0	
Ending Cash Balance	\$54	\$55	\$1	1%

Note: Ending cash balance may differ due to rounding.

APPENDIX D – FEDERAL EMERGENCY PROJECTS

For the quarter ending September 30, 2014, the Federal Highway Administration (FHWA) acknowledged as a declared disaster the Napa Earthquake which occurred on August 24, 2014. Furthermore, the Department received two Emergency Relief allocations in the amount of \$71.2 million on August 6, 2014 and \$2 million on August 26, 2014. 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	\$622	\$0	\$622
Dec. 2004 Storm CA05-1	210	103	313
Dec. 2005 Storm CA06-1	378	50	428
Jan. 2010 Storm CA10-1	93	17	110
Dec. 2010 Storm CA11-1	69	19	88
Mar. 2011 Storm CA11-3	239	27	266
So. California Windstorm CA12-2	1	3	4
Mar. 2012 Storm CA12-3	8	0	8
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 2013 LA Tanker Fire CA13-4	20	0	20
Aug. 2013 Rim Fire CA13-5	2	0	2
July 2013 Inyo Co. Flood CA13-6	0	3	3
Feb. 2014 Storm CA14-1	3	3	6
Aug. 2014 Napa Earthquake CA14-2	6	1	7
Total Damage Estimate	\$1,654	\$232	\$1,886
Amount Obligated To Date			\$1,543
Allocation Available for Future Project Costs			\$95
Remaining Need			\$248

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 E – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of September 30, 2014			
(\$ 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:			
Transportation Congestion Relief Fund (TCRF) ²	\$1,066	\$898	\$167
Subtotal Proposition 42 Loans:	\$1,066	\$898	\$167
General Fund:			
State Highway Account - Weight Fee Revenues ³	\$227	\$0	\$227
State Highway Account - Weight Fee Revenues ^{3a}	1,086	0	1,086
State Highway Account (SHA) ⁴	335	285	50
Highway User Tax Account (HUTA) ⁵	328	334	0
Public Transportation Account (PTA) ⁶	29	0	29
State Highway Account (SHA) ⁷	6	7	0
Local Airport Loan Account (LALA) ⁸	8	0	8
Motor Vehicle Fuel Account (MVFA) ⁹	8	0	8
Historic Property Maintenance Fund (HPMF) ¹⁰	3	3	0
Pedestrian Safety Account (PSA) ¹¹	2	2	0
Subtotal General Fund Loans:	\$2,031	\$631	\$1,407
High-Speed Passenger Train:			
Fiscal Year 2013-14 Public Transportation Account (PTA) ¹²	\$23	\$0	\$23
Fiscal Year 2014-15 Public Transportation Account (PTA) ¹³	7	0	7
Subtotal High-Speed Passenger Train Loans:	\$30	\$0	\$30
Totals:	\$4,357	\$1,880	\$2,484

Note: Numbers may not add due to rounding.

¹The remaining balance of \$132 million will be directed to the GF for debt service, per Assembly Bill (AB) 115 of 2011.

²The remaining amount owed to the TCRF as a result of Proposition 42 suspensions will be repaid in equal annual installments ending in 2015-16.

³The \$80 and \$147 million (total \$227 million) was authorized by the 2010-11 Budget Act and subsequently characterized as weight fees via AB 115.

^{3a}Post AB 115 weight fee transfers - 2011-12 Budget Act: \$43.7 million loan, \$139 million-excess weight fee loan to GF (2011-12), \$24.7 million-excess weight fee loan to GF (2011-12), Vehicle Code 9400.4(b)(2) - \$42 million loan, \$203.7 million-excess weight fee loan to GF (2010-11), \$200 million-excess weight fee loan to GF (2010-11), \$30.3 million-excess weight fee loan to GF (2011-12), \$310 million-excess weight fee loan to GF (2012-13), \$92 million-excess weight fee loan to GF (2013-14).

⁴The SHA is expected to be repaid \$50 million in 2014-15.

⁵The HUTA was repaid \$328 million, plus interest, in August 2014.

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

⁷Pursuant to Senate Bill (SB) 99 of 2013, the Bicycle Transportation (BTA) has been eliminated and is now an element of the Active Transportation Program (ATP) within the SHA. The \$6 million in principal owed to the BTA was repaid, along with \$1 million in interest, to the SHA in August 2014.

⁸The LALA is expected to be repaid \$7.5 million in 2016-17.

⁹The MVFA is expected to be repaid \$8 million in 2016-17.

¹⁰The HPMF was repaid with three \$1 million payments in June 2012, June 2013, and June 2014.

¹¹The PSA was repaid \$1.715 million in August 2014.

¹²Appropriation of up to \$26 million authorized for 2013-14. Approximately \$23 million was loaned during 2013-14. Repayments will occur when the PTA is determined to be in need of the funds or when the High-Speed Passenger Train Bond Fund no longer needs the funds.

¹³Appropriation of up to \$29 million authorized for 2014-15. As of September 2014, approximately \$7 million was loaned for 2014-15. Repayments will occur when the PTA is determined to be in need of the funds or when the High-Speed Passenger Train Bond Fund no longer needs the funds.

Pre-Proposition 42 Loans (Tribal Gaming)

The Pre-Proposition 42 (Tribal Gaming) 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 (2001), authorized a series of loans that included delaying the transfers of gasoline sales tax to transportation for two years (until 2003-04), a loan from the TCRF to the GF, and loans from the SHA and PTA to the TCRF.

In 2004-05, the Governor negotiated compacts that authorized the use of Tribal Gaming bond revenue to repay these loans in 2005-06, but legal challenges prevented the bonds from being issued. Due to the lack of Tribal Gaming bond proceeds, the GF was tasked with repayment of the loans. Between 2005-06 and 2007-08, the GF made partial loan repayments to the SHA and PTA, totaling \$351 million. However, since statute did not specify repayment dates and the State was facing continuing budget shortfalls, repayments were temporarily suspended. The 2011-12 Governor's Budget indicated that the remaining Tribal Gaming loan repayments would start no earlier than 2016-17, with the SHA as the first fund to be repaid.

AB 115 (2011) declared that the SHA loan 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). Repayments to the PTA and TCRF are currently scheduled to occur in installments between 2017-18 and 2024-25.

Proposition 42 Loans

Pursuant to Proposition 42 (2002), the transfer of gasoline sales tax for transportation purposes was made 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. As of July 2007, outstanding Proposition 42 loans are required to be repaid in annual installments with not less than one-tenth of the total amount of the remaining loan and the balance being repaid in full by June 30, 2016. As of September 2014, the TCRF is owed approximately \$167 million, of which \$83.4 is expected to be repaid during the second quarter of 2014-15.

Weight Fees Loans

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. Pursuant to AB 105 (2011), a "Weight Fee Swap" was created, 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 2010-11 Budget Act authorized a total of \$227 million in loans from the SHA to the GF (\$80 million and \$147 million). Pursuant to 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.

An additional loan of \$44 million to the GF was authorized by the 2011-12 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 July 2012, \$204 million was transferred to the GF from excess weight fees in 2010-11. In April 2013, \$200 million was transferred to the GF from excess weight fees in 2010-11. In May 2013, \$30 million was transferred to the GF from remaining weight fees in 2011-12. In July 2014, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$92 million for 2013-14. In total, there are \$1.313 billion in outstanding loans to the GF derived from weight fee revenues. As a result, the June 30, 2021 scheduled repayment of the loans to the SHA will be subsequently transferred to the TDSF.

General Fund Loans

The 2008-09 Budget Act authorized \$227 million in loans to the GF from the SHA, the Bicycle Transportation Account (BTA), the Local Airport Loan Account (LALA), the Motor Vehicle Fuel Account (MVFA), the Historic Property Maintenance Fund (HPMF), and the Pedestrian Safety Account (PSA). The SHA loaned a total of \$200 million to the GF and has received \$150 million in partial repayments; \$50 million in July 2012, \$50 million in December 2013, and \$50 million in July 2014. The remaining \$50 million is scheduled to be repaid by the end of 2014-15. As of September 2014, the \$3 million HPMF loan and the \$1.715 million PSA loan have been repaid in full. Pursuant to Senate Bill (SB) 99 (2013), the BTA has been eliminated and is now an element of the ATP within the SHA. As a result, the \$6 million owed to the BTA was repaid in full, along with \$1 million in interest, to the SHA in August 2014. The MVFA and the LALA are owed \$8 million and \$7.5 million, respectively. These repayments are expected to occur in 2016-17.

A \$135 million loan from the SHA to the GF was authorized by the 2009-10 Budget Act. The authorized \$135 million loan was originally scheduled to be repaid by June 30, 2012, but the 2012-13 Budget Act delayed the repayment. In 2013-14, the loan repayment was authorized by an Executive Order from the DOF in an effort to reduce the State's "Wall of Debt". On August 29 2014, the loan was repaid in full.

The 2010-11 Budget Act authorized a loan of \$29 million from the PTA to the GF. This loan is scheduled to be repaid by June 30, 2021.

The 2010-11 Budget Act authorized loans to the GF totaling \$328 million from the HUTA. The 2014-15 Budget Act authorized up to \$337 million in loan repayments, including interest. During August 2014, the HUTA the repayments were received and \$237 million was subsequently transferred from the HUTA to the SHA for SHOPP and Maintenance projects.

High-Speed Passenger Train Loans

The 2013-14 Budget Act authorized up to \$26 million in loans from the PTA to the High-Speed Passenger Train Bond Fund to cover support costs incurred by the High-Speed Rail Authority. During 2013-14, approximately \$23 million was loaned. The 2014-15 Budget Act authorized an additional amount of up to \$29 million for support costs incurred in 2014-15. As of September 2014, approximately \$7 million has been loaned for 2014-15. Repayments will occur when the PTA is determined to be in need of the funds.

APPENDIX E – 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	\$150	\$50
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	135	0
Totals				\$335	\$285	\$50

A loan in the amount of \$200 million was made from the TCRF to the SHA in 2008-09, as a means to backfill a \$200 million loan to the GF. A partial repayment of \$50 million was applied to the TCRF in July 2012, a second partial repayment of \$50 million was made in February 2014, and a third partial repayment of \$50 million was made in August 2014, leaving a balance of \$50 million. Once the SHA receives the remaining \$50 million loan repayment, a transfer to the TCRF is expected to occur by the end of 2014-15.

A loan of \$135 million was made from the PTA to the SHA in 2009-10, as a means to backfill a \$135 million loan to the GF. A full repayment of \$135 million was applied to the PTA in July 2014.