State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 11-12, 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 FIRST QUARTER FINANCE REPORT**

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

Attachment

Department of Transportation Quarterly Finance Report

First Quarter 2013-14

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 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

First Quarter 2013-14

EXECUTIVE SUMMARY

2013-14 Capital Allocations vs. Capacity
Summary through September 30, 2013
($ in millions)

	SHOPP[1]	**STIP**	**TCRP[3]**	**BONDS**	**TOTAL**
Total Allocation Capacity	$2,085	$640	$71	$688	$3,484
Total Votes	403	194	78	67	742
Authorized Changes[2]	2	0	0	0	2
Total Remaining Capacity	**$1,680**	**$446**	**$0**	**$621**	**$2,740**

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 (CTC) has allocated $742 million toward 92 projects through the first quarter of fiscal year 2013-14. Adjustments totaled positive $2 million, leaving $2.7 billion (approximately 79 percent) in remaining allocation capacity.

During the first quarter, delays in transfers and expenditures created a net difference which resulted in a higher than anticipated ending cash balance for the State Highway Account (SHA). The delayed transfers and expenditures are expected to occur during the second quarter. The Traffic Congestion Relief Fund (TCRF) and the Transportation Investment Fund (TIF) each ended the first quarter with a slightly higher than forecasted ending cash balance due to expenditures processing slower than anticipated. The Public Transportation Account (PTA) and the Transportation Deferred Investment Fund (TDIF) were each within acceptable range of forecast.

In July 2013, the California Department of Transportation (Department) received $200 million in Proposition 1B Commercial Paper (CP). The CP enabled the Department to meet funding commitments during the summer months. In August 2013, the State Treasurer's Office (STO) conducted a general obligation bond sale which yielded approximately $205 million in Proposition 1B proceeds for the Department. The $205 million will be used for repayment to the SHA for resources advanced from American Recovery and Reinvestment Act (ARRA) funds borrowed in 2009 under Assembly Bill (AB) 3X 20. As of the close of the first quarter, the $300 million repayment from Proposition 1B to the SHA was still pending. Repayment is expected to occur in the second quarter and will subsequently be transferred to the Bay Area Toll Authority (BATA) for the demolition of the east span of the San Francisco-Oakland Bay Bridge.

On September 26, 2013, Senate Bill 99 was approved by the Governor, enacting a new Active Transportation Program (ATP). The bill eliminates the Bicycle Transportation Account and changes the Environmental Enhancement and Mitigation Program Fund appropriation from the Department to the Natural Resources Agency. Other sub-programs consolidated into the new ATP include the state and federal Safe Routes to School Programs and the federal Transportation Alternatives Program.

In October 2013, the federal government had a brief shutdown as a result of a federal funding impasse. Prior to the shutdown, the Federal Highway Administration (FHWA) confirmed the impacts to the Department would be minimal. The shutdown primarily affected federal General Funded and non-essential services. As expected, impacts to the Department were nominal. On October 18, 2013, Congress reached a compromise to raise the federal debt ceiling through February 7, 2014 and reopened the government. Included in the decision was a Continuing Resolution (CR) that funds the federal government temporarily through January 15, 2014.

Although the federal government has reopened and a CR has been agreed upon, Congress is still searching for viable long-term 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, the Congressional Budget Office projects that the HTF will be unable to meet all its obligations during 2013-14. Impacts of the potential shortfall include slowed federal reimbursement to the states or partial/pro-rated reimbursements based on available cash. The Department will continue to monitor progress closely.

Effective July 1, 2013 the California price-based excise tax on gasoline increased from 18 cents per gallon to 21.5 cents per gallon. Based on the gasoline consumption figures published by the Board of Equalization for 2012-13, the 3.5 increase is estimated to generate approximately $507 million in additional revenues in 2013-14. This will translate to approximately $284 million for the SHOPP and STIP. Although the SHA is projected to receive additional revenue from the price-based excise tax increase, decreasing fuel consumption coupled with decreasing gasoline prices, plus the perpetual backlog of SHOPP and STIP projects continue to make the SHA a constrained fund. The Department of Finance projects the state’s price-based excise tax will decrease to as low as 13 cents per gallon by 2015-16. Additionally, due to more fuel efficient vehicles and lower demand for gasoline, the United States Energy Information Administration projects fuel prices will continue to decrease through 2015-16. These constraints translate to significantly less revenue for the SHA.

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. While the cash balance appears to be high, the projected decrease in future revenues will cause the SHA to struggle to keep up with SHOPP and STIP project needs. During 2015-16, the SHA cash balance is expected to drop below the prudent cash balance of $415 million. The Department anticipates 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; however, the Department will continue to closely monitor the fund balance and any major changes will be communicated to the CTC.

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	$115	-$2	$113	$137
FTF	1,750	288	4	291	1,459
Proposition 1B	85	0	1	1	84
Total	**$2,085**	**$403**	**$2**	**$405**	**$1,680**

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The CTC has allocated $405 million, including adjustments, toward 50 SHOPP projects through the first quarter of 2013-14. Adjustments totaled positive $2 million, leaving $1.7 billion (approximately 81 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. Effective July 1, 2013 the price-based excise tax on gasoline increased from 18 cents per gallon to 21.5 cents per gallon. Although the increase translates to additional revenue for the SHA in 2013-14, future revenue trends and program backlogs show a decline in the health of the fund. Refer to the SHA 36-month forecast graph in the Appendix B for additional information.

Federal Trust Fund (FTF). By September 30, 2013, the Department was successful in committing 100 percent of its federal obligation authority. The Department also received $155 million in additional federal obligation authority during August Redistribution. As a result, federally funded projects continue to move forward.

Proposition 1B. Proposition 1B projects reported minimal activity during the first quarter. In August 2013, the STO conducted a general obligation bond sale which yielded approximately $205 million in Proposition 1B proceeds for the Department. The $205 million will be used for repayment to the SHA for resources advanced from ARRA funds borrowed in 2009 under AB 3X 20.

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	$126	$0	$126	$124
FTF*	350	69	0	68	282
PTA	40	0	0	0	40
Total	**$640**	**$194**	**$0**	**$194**	**$446**

*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 $194 million toward 30 STIP projects through the first quarter of 2013-14. Adjustments were minimal, leaving $446 million (approximately 70 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. Effective July 1, 2013 the price-based excise tax on gasoline increased from 18 cents per gallon to 21.5 cents per gallon. Although the increase translates to additional revenue for the SHA in 2013-14, future revenue trends and program backlogs show a decline in the health of the fund. Refer to the SHA 36-month forecast graph in the Appendix B for additional information.

FTF. By September 30, 2013, the Department was successful in committing 100 percent of its federal obligation authority. The Department also received $155 million in additional federal obligation authority during August Redistribution. As a result, federally funded projects continue to move forward.

PTA. On August 16, 2013, the PTA loaned $5 million to the High Speed Rail Authority (HSRA) as authorized by the Budget Act. The HRSA is authorized to borrow as much as $26 million from the PTA. 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 moving 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 CTC has allocated $78 million toward four TCRP projects through the first quarter of 2013-14. The TCRF is currently over-allocated by $7 million.

Outlook for Funding & Allocations

As of September 2013, approximately $167 million in suspended Proposition 42 loan repayments are still outstanding from the General Fund (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.

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	$0	$360
TCIF	144	66	78
Intercity Rail	44	0	44
Local Bridge Seismic	25	0	25
Grade Separations	28	0	28
Traffic Light Synch.	34	0	33
Route 99	53	0	53
Total	**$688**	**$67**	**$621**

Note: Totals may not add due to rounding.

Capital Allocations vs. Capacity

The CTC has allocated $67 million toward eight Bond projects through the first quarter of 2013-14. No adjustments have been made, leaving $621 million (approximately 90 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

Bond Funding. In August 2013, the STO conducted a general obligation bond sale which yielded approximately $205 million in Proposition 1B proceeds for the Department. The $205 million will be used for repayment to the SHA for resources advanced from ARRA funds borrowed in 2009 under AB 3X 20. Repayment of the $300 million to the SHA is expected to occur in the second quarter and will be subsequently transferred to the BATA for the demolition of the east span of the San Francisco-Oakland Bay Bridge.

In August 2013, the STO also sold general obligation bonds to refund certain outstanding bonds for economic savings through the reduction of debt service costs. Refunded bonds administered by the Department included three issuances under Proposition 108 (Passenger Rail and Clean Air Bond Act of 1990) and five issuances under Proposition 192 (Seismic Retrofit Bond Act of 1996). Refunded bonds administered by the CTC included seven issuances under Proposition 116 (Clean Air and Transportation Improvement Bond Act of 1990).

In July 2013, the Department received $200 million in Proposition 1B CP. The issuance left a remaining CP balance of $337 million still available to the Department at the end of the first 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. The CP enabled the Department to meet funding commitments during the summer months when expenditures were higher than anticipated.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. During the first 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 Final Allocation Capacity
By Fund and Program
($ in millions)

Fund	SHOPP	STIP	TCRP	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	0	0	0	$360	**360**
PROP 1B	85	0	0	$328	**413**
Total Capacity*	**$2,085**	**$640**	**$71**	**$688**	**$3,484**

Totals may differ 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 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.
- 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.

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 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 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 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 DOF.
- Miscellaneous revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund.
- 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 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.

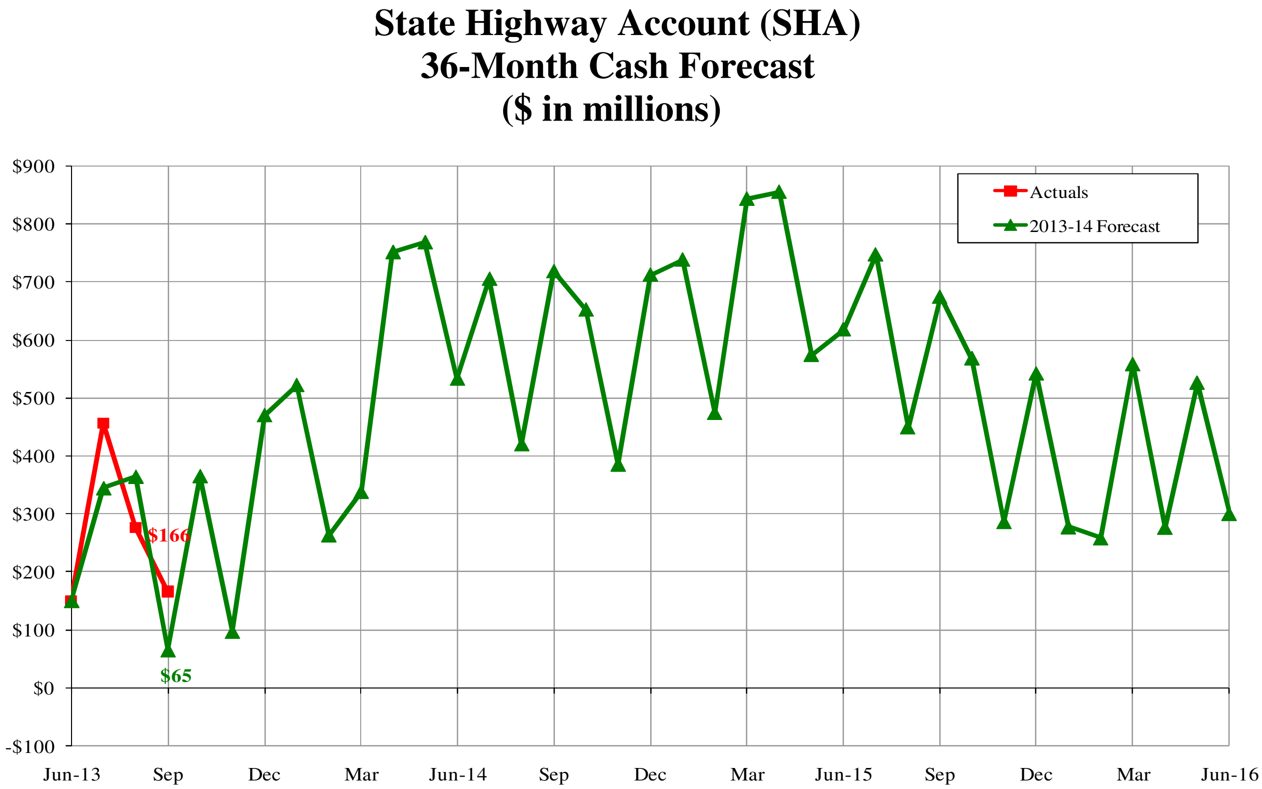
TIF

- 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



Year-to-Date SHA Summary
The SHA ending cash balance through the first quarter was $166 million, $101 million (154 percent) above the forecasted amount of $65 million. Revenues totaled $888 million, $37 million (4 percent) above the forecast balance. Transfers totaled negative $189 million, $261 million (361 percent) below forecast due to the delay in a $300 million transfer from Proposition 1B funds as repayment for the advancement of ARRA funds. In addition, transfers to the Transportation Debt Service Fund (TDSF) were $51 million higher than forecasted due to timing differences between the Department's accounting system and the SCO's accounting system. Expenditures totaled $832 million, $376 million (31 percent) below forecast due to the delay of a $300 million payment to BATA. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, totaled a positive $149 million. The revenues, transfers, expenditures and adjustments for September are estimates due to a delay in year-end closing. Delays in transfers and expenditures during the first quarter created a net difference which resulted in a higher ending cash balance for the SHA. The delayed transfers and expenditures are expected to occur during the second quarter.

The 36-month forecast included in this quarter's report illustrates an spike in cash due to the temporary increase in excise tax revenues. While the cash balance appears to be high, the projected decrease in revenues beginning 2014-15 will cause the SHA to struggle to keep up with SHOPP and STIP project needs. During 2015-16, the SHA cash balance is expected to drop below the prudent cash balance of $415 million. The Department anticipates this downward trend to continue unless additional revenue sources are identified.

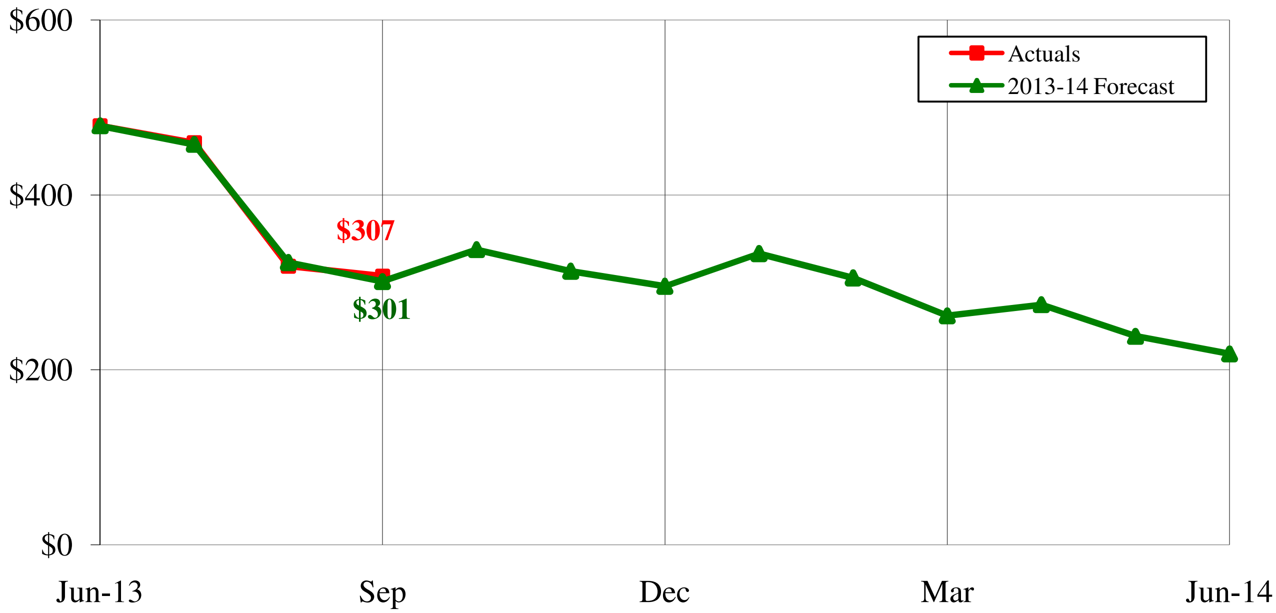
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$150**	**$150**	**N/A**	
Revenues	852	888	37	
Transfers	72	-189	-261	
Expenditures	-1,208	-832	376	
Adjustments	200	149	-51	
Ending Cash Balance	**$65**	**$166**	**$101**	**154%**

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 first quarter was $307 million, $6 million (2 percent) above the forecasted amount of $301 million. Revenues and transfers totaled $3 million, $3 million below forecast. Expenditures totaled $111 million, $1 million below forecast. The delayed 2012-13 fourth quarter State Transit Assistance transfer represented the majority of the expenditures. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, totaled a negative $64 million. There were no significant items to report for the first quarter.

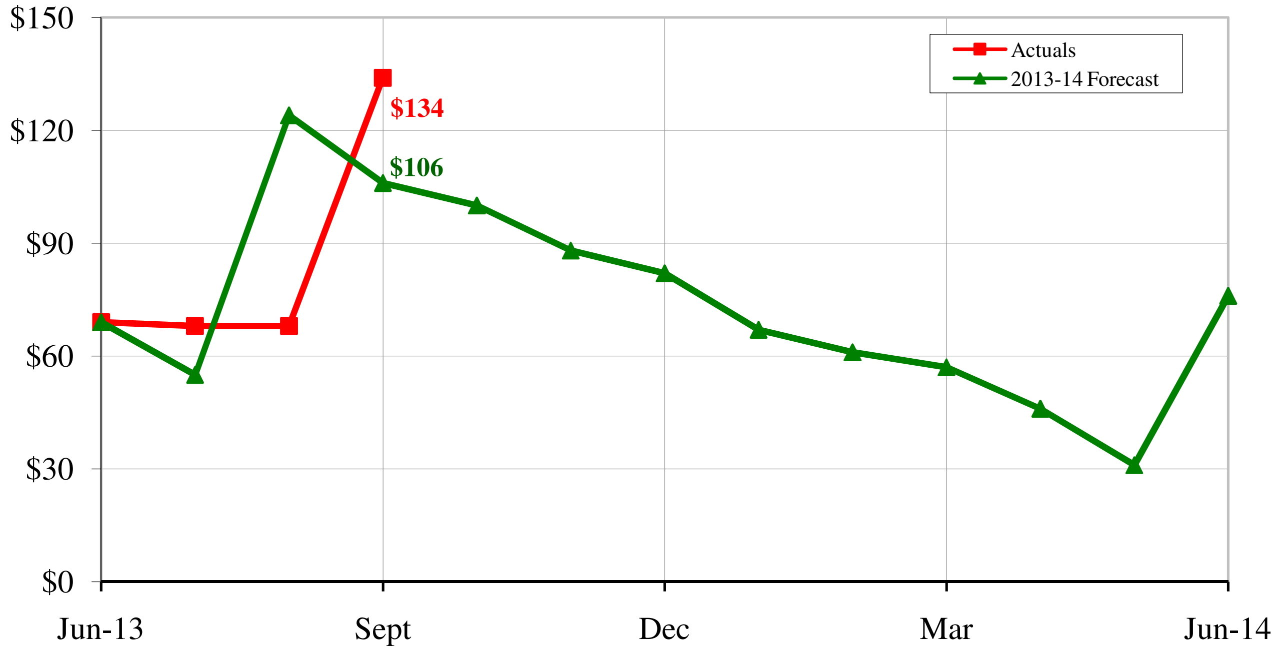
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$479**	**$479**	**N/A**	
Revenues	0	0	0	
Transfers	6	3	-3	
Expenditures	-112	-111	1	
Adjustments	-72	-64	8	
Ending Cash Balance	**$301**	**$307**	**$6**	**2%**

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 first quarter was $134 million, $28 million (26 percent) above the forecasted amount of $106 million. The variance is due to expenditures processing slower than anticipated due to year end closing. There were no revenues for the quarter. Transfers equaled the forecasted $81 million, which consisted of the annual suspended Proposition 42 transfer from the TDIF. Expenditures totaled $16 million, $28 million (64 percent) lower than forecast. There were no adjustments for the quarter.

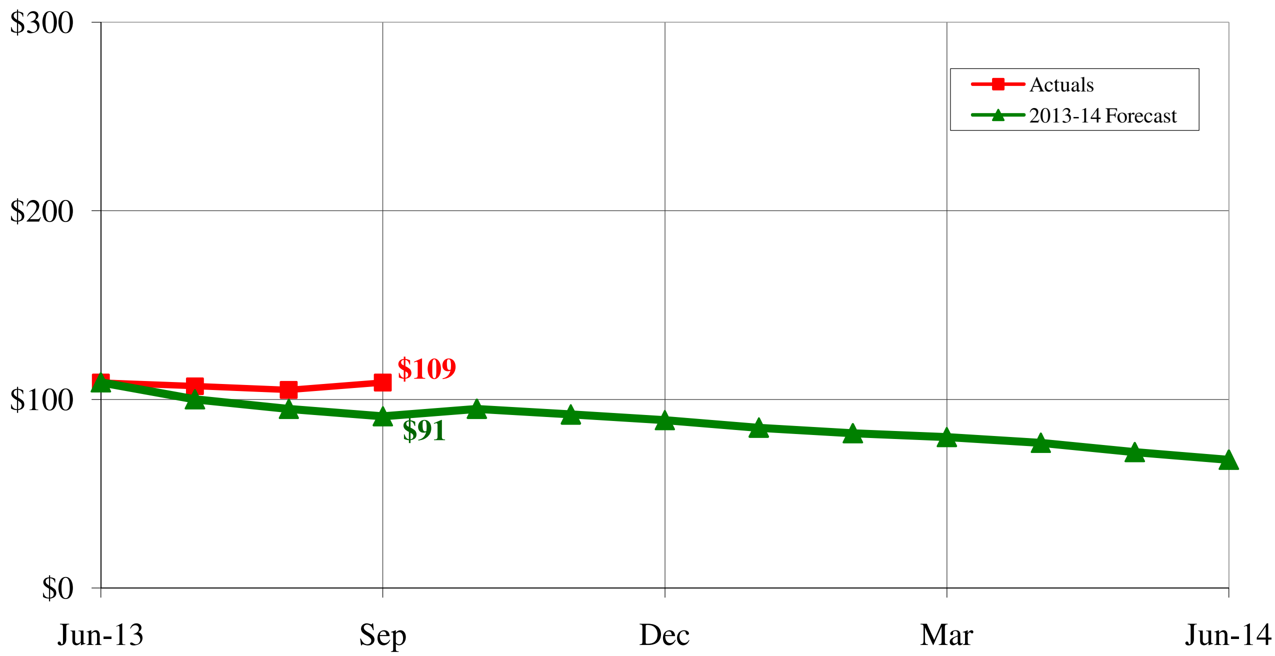
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$69**	**$69**	**N/A**	
Revenues	0	0	0	
Transfers	81	81	0	
Expenditures	-44	-16	28	
Adjustments	0	0	0	
Ending Cash Balance	**$106**	**$134**	**$28**	**26%**

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

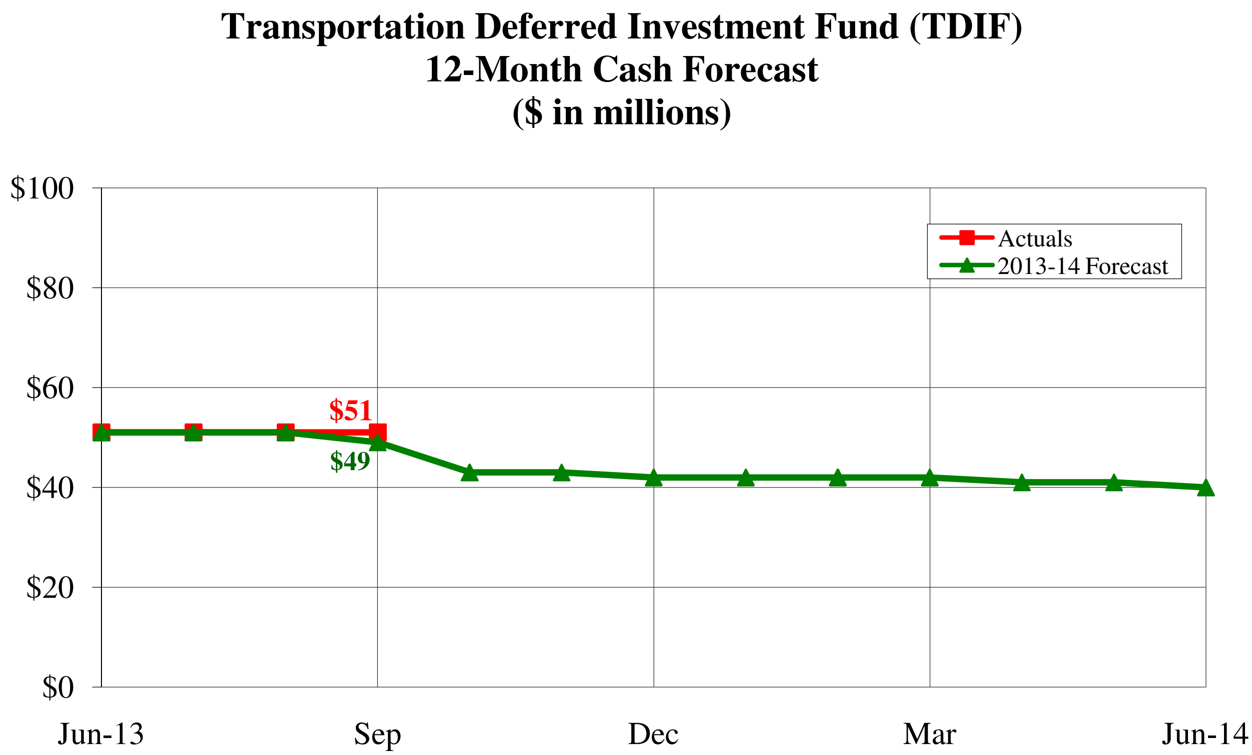
The TIF ending cash balance through the first quarter was $109 million, $18 million (20 percent) above the forecasted amount of $91 million. The variance is due to expenditures processing slower than anticipated due to year end closing. The TIF no longer receives tax revenue due to the passage of ABX8 6 and ABX8 9 of 2010, collectively known as the Fuel Tax Swap. There were no revenues, expenditures, or adjustments for the quarter. TIF expenditures are steadily decreasing and that trend is expected to continue. The Department anticipates moving 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	-18	0	18	
Adjustments	0	0	0	
Ending Cash Balance	**$91**	**$109**	**$18**	**20%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – CASH FORECASTS – TRANSPORTATION DEFERRED INVESTMENT FUND



Year-to-Date TDIF Summary

The TDIF ending cash balance through the first quarter was $51 million, $2 million (4 percent) above the forecasted amount of $49 million. Revenues totaled $83 million. Transfers totaled negative $83 million, which is attributable to the $83 million suspended Proposition 42 transfer to the TCRF, followed by a $2 million transfer to the PTA. No expenditures or transfers occurred during the first quarter.

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	-2	0	2	
Adjustments	0	0	0	
Ending Cash Balance	**$49**	**$51**	**$2**	**4%**

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

For the quarter ending September 30, 2013, the Federal Highway Administration (FHWA) acknowledged as declared disasters; the Los Angeles County wild fires, which began May 2013, and the Riverside County wild fires, which began August 2013. 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)

	Identified Cost of Disaster Repair		
Disaster	**State**	**Local**	**Total**
Devil's Slide CA83-1	$631	$0	$631
Dec. 2004 Storm CA05-1	209	103	312
Dec. 2005 Storm CA06-1	282	54	336
So. California Wildfires CA08-3	21	5	26
California Wildfires CA08-6	8	0	8
So. California Wildfires CA09-1	7	0	7
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	16	74
Mar. 2011 Storm CA11-3	235	22	257
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
Total Damage Estimate	**$1,596**	**$231**	**$1,827**
Amount Obligated To Date			**$1,501**
Allocation Available for Future Project Costs			**$57**
Remaining Need			**$269**

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 September 30, 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)[7]	$220	$220	$0
Transportation Investment Fund (TIF)[7]	440	440	0
Transportation Congestion Relief Fund (TCRF)[2]	1,066	898	167
Locals	440	440	0
Subtotal Proposition 42 Loans:	**$2,166**	**$1,999**	**$167**
General Fund Loan:			
State Highway Account (SHA)[3]	$335	$50	$285
State Highway Account - Weight Fee Revenues[4]	227	0	227
State Highway Account - Weight Fee Revenues[4a]	590	0	590
Highway User Tax Account (HUTA)[5]	328	0	328
Public Transportation Account[6]	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]The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

[3]The SHA is expected to be repaid $135 million in 2013-14, $100 million in 2014-15, $85 million in 2014-15, and $50 million in 2015-16.

[4]The $80 and $147 million was authorized by Budget Act of 2010 and subsequently characterized as weight fees via AB 115.
[4a]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).

[5]The HUTA is expected to be repaid $328 million in 2020-21.

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

[7]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 looked to transportation funds 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 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 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. An $81 million transfer was anticipated during the first quarter; however in September 2013, an $83 million transfer occurred incorrectly. The PTA was owed $2 million of the suspended Proposition 42 transfer. The Department worked with the SCO to correct the transfer and the final payment of $2 million to the PTA for the suspended Proposition 42 loan occurred in September 2013 from TCRF. As of end of September 2013, 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 is scheduled to be repaid in fiscal year 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 and repayment of the final $1 million is due to the HPMF no later than June 30, 2014. The repayment of $28 million to the various other transportation accounts is expected in 2016-17. Due to the enactment of Senate Bill 99, the BTA has been eliminated and is now an element of the Active Transportation Program within the SHA. As a result, outstanding loan repayments owed to the BTA should be made 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 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 (HUTA) loans of $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 $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 balance owed, $50 million is expected to be repaid in 2013-14, 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. It is expected that $85 million will be repaid in 2013-14 and $50 million in 2014-15.