State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: September 26-27, 2012

Reference No.: 3.9
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Division Chief
Budgets

Subject: **FY 2011-12 FOURTH QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2011-12 Fourth Quarter Finance Report.

Attachment

Department of Transportation
Quarterly Finance Report

Fourth Quarter
2011-12

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 Department of Transportation (Caltrans) 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 2011-12 Quarterly Finance Reports.

California Department of Transportation
Quarterly Finance Report
Schedule of Reports

Fiscal Year	Quarterly Report	Activity	Date
2011-12	2010-11 Q4	Close of Quarter	6/30/11
		Quarterly Report to Commission Staff	8/31/11
		Presented to Commission	9/15/11
	2011-12 Q1	Close of Quarter	9/30/11
		Quarterly Report to Commission Staff	11/15/11
		Presented to Commission	12/7/11
	2011-12 Q2	Close of Quarter	12/31/11
		Quarterly Report to Commission Staff	2/15/12
		Presented to Commission	3/29/12
	2011-12 Q3	Close of Quarter	3/31/12
		Quarterly Report to Commission Staff	5/15/12
		Presented to Commission	6/28/12
2012-13	2011-12 Q4	Close of Quarter	6/30/12
		Quarterly Report to Commission Staff	8/31/12
		Presented to Commission	9/27/12

Department of Transportation Quarterly Finance Report

Fourth Quarter FY 2011-12

EXECUTIVE SUMMARY

2011-12 Capital Allocations vs. Capacity
Summary through June 30, 2012
($ in millions)

	SHOPP[1]	STIP[1]	TCRP	BONDS	TOTAL
Total Allocation Capacity	$2,069	$895	$84	$4,485	$7,533
Total Votes	2,227	954	88	3,440	6,709
Authorized Changes[2]	-333	-13	0	0	-346
Total Remaining Capacity	**$175**	**-$46**	**-$4**	**1,046**	**$1,171**

Note: Totals may differ due to rounding.
[1]Proposition 1B bond capacity included in total: $58M (Prop 1B SHOPP); $395M (Prop 1B STIP).
[2]Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.

The California Transportation Commission (CTC) allocated $6.7 billion toward 884 projects through the fourth quarter of fiscal year 2011-12. Adjustments totaled negative $346 million, leaving $1.2 billion (16 percent) in remaining capacity. The majority of the remaining capacity is from unallocated bond authority. Although $4.5 billion was authorized for bond capacity, only $3.4 billion was allocated toward bond programs through this quarter.

The cash balances for all of Caltrans' major funds differed from forecasted amounts for varying reasons (Refer to Appendix B). The most significant variations were due to external factors related to the timing of loans and payments. The State Highway Account (SHA) cash balance was higher than expected primarily because the General Fund (GF) loan repayment of $404 million was extended until 2012-13. The Public Transportation Account (PTA) cash balance was higher than forecast due to a delay in the State Transit Assistance (STA) transfer and adjustments relating to timing differences between the State Controller's Office (SCO) accounting system and Caltrans' accounting system. The Traffic Congestion Relief Fund (TCRF) cash balance was lower than forecast due to the reduction in the $200 million loan repayment that was expected from the SHA. The Transportation Investment Fund (TIF) cash balance was higher than forecast due to lower-than-forecasted expenditures. Lastly, the Transportation Deferred Investment Fund (TDIF) cash balance was higher-than-forecasted primarily due to projects spending slower than expected.

The 2012-13 Budget Act (Budget), released on June 28, 2012, includes $13.2 billion in expenditures for Caltrans, which is a reduction of approximately $100 million from the 2011-12 Budget Act. The Budget now includes bond appropriations of approximately 30 percent of the total funding available, and sufficient authority for the State Transportation Improvement Program (STIP) and the State Highway Operation Protection Program (SHOPP). Additionally, it includes 19,808 personnel years (PY) for Caltrans, which is a 655 PY reduction from the 2011-12 Budget Act.

In addition, the Budget includes transfers of approximately $312 million from the SHA to the GF that are associated with revenues from gasoline purchased for off-highway use. This includes a transfer of $184 million in 2011-12 and $128.2 million annually starting in 2012-13. Revenues transferred to off-highway programs from the base 18-cent excise tax are not affected by the Budget. It should be noted that these transfers flow through the SHA to other departments and do not typically impact transportation programs.

Consistent with recent practice, $936 million in weight fees will be transferred from the SHA to the GF for debt service on transportation-related general obligation bonds ($604 million) and as a loan for GF relief ($332 million). Trailer bill language was passed to ensure Caltrans receives its due portion of the price-based excise taxes, which are intended as a net-sum-zero replacement for the redirected weight fees.

Lastly, the Budget includes loan deferrals that were introduced in the Governor's Proposed Budget. The Budget defers repayment of $150 million of the $200 million GF loan from the SHA, authorized in the Budget Act of 2008; $50 million will be repaid in 2012-13 and the remaining $150 million will be repaid in 2013-14. The Budget deferred repayment of $135 million to the SHA until 2014-15. In addition, loan repayments were extended for various smaller funds including the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement and Mitigation Program, the Historic Property Maintenance Fund, and the Pedestrian Safety Account.

After nine extensions, a new federal reauthorization bill was signed into law by the President on July 6. The law, entitled Moving Ahead for Progress in the 21st Century (MAP-21), is a $105 billion surface transportation bill that provides federal funding through 2014. MAP-21 provides California with funding consistent with the previous bill (accounting for inflation) and eliminates earmarks. The bill also consolidates and streamlines approximately 60 highway transit programs, allows for the continuation of the Highway Research Program, and extends the Highway Trust Fund and tax collections through 2016.

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	$180	$255	-$18	$237	-$57
FTF	1,820	1,903	-313	1,590	230
Prop 1B SHOPP	69	69	-2	67	2
Total	**$2,069**	**$2,227**	**-$333**	**$1,894**	**$175**

Note: Totals may differ due to rounding.

Capital Allocations vs. Capacity

SHOPP allocations totaled $2.2 billion toward 371 projects through the fourth quarter. Adjustments totaled negative $333 million resulting in $175 million (8 percent) in remaining capacity. Overall, the remaining SHOPP capacity is within acceptable range; however, the SHA is over-allocated by $57 million.

Outlook for Funding & Allocations

Transportation resources continue to be impacted by lower than expected revenues and legislative changes. Assembly Bill 105 of 2011 (AB 105) extended the repayment date of a $135 million loan from the SHA to the GF until June 30, 2013; however, the Budget extended this date to 2014-15. Caltrans will closely monitor all of the fund balances; however, it is anticipated that the SHA may reach insolvency levels in the early months of 2012-13. This shortfall will likely necessitate another loan to the SHA.

As previously reported, the SHA did not receive a portion of the monthly backfill amount from excise taxes related to the Weight Fee Swap. However, corroboration between Caltrans staff and the Department of Finance (DOF) resulted in the passage of Assembly Bill 1466 of 2012 (AB 1466). AB 1466 is a trailer bill to the Budget that reverses funds erroneously transferred, and ensures that the SHA receives future backfill payments as originally intended.

The federal reauthorization bill, entitled MAP-21, was signed into law by the President on July 6. MAP-21 authorizes Federal-aid highway programs for two years while maintaining current spending levels. In addition, it eliminates earmarks. Some of the additional MAP-21 highlights include:

- Funding levels stayed the same in the bill, with some slight adjustments for inflation in 2014.
- The consolidation/streamlining of highway and transit programs. Approximately 60 programs were eliminated or consolidated with the intent that more resources would be available to states directly.
- The establishment of a National Freight Policy and National Freight Network.
- The continuation of the Highway Research Program.
- The expansion of availability for innovative finance mechanisms. The Transportation Infrastructure Finance and Innovation Act (TIFIA), for example, is expanded and enhanced in the bill by increasing the amount of a project's cost that can be funded with loans and guarantees to a maximum of 49 percent (up from the previous 33 percent). TIFIA also received more funding in the bill.

- The expansion of the ability for states to utilize tolling while maintaining the same amount of free lanes.
- The enhancement of highway safety. The Highway Safety Improvement Program funding doubled as a result of this bill.
- The streamlining of environmental processes without compromising environmental protections.

In addition, the bill extends the Highway Trust Fund and tax collections through 2016, which is two years beyond the reauthorization period.

Recommendations

Caltrans prepared the final 2012-13 allocation capacity for the SHOPP based on long-range cash forecasts and anticipated MAP-21 revenues. Please see Appendix B for details.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program ($ in millions)					
Fund	**Allocation Capacity**	**Allocations to Date**	**Adjustments**	**Net Allocations**	**Remaining Capacity**
SHA	$200	$173	$2	$175	$25
FTF	200	332	-2	330	-130
PTA	100	65	0	65	35
Prop 1B STIP	395	384	-13	370	24
Total	**$895**	**$954**	**-$13**	**$940**	**-$46**

Note: 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. Totals may differ due to rounding.

Capital Allocations vs. Capacity

STIP allocations totaled $954 million toward 260 projects through the fourth quarter. Adjustments totaled negative $14 million in award savings, leaving $940 million in net allocations. The remaining STIP capacity is within acceptable range; however, the FTF is over-allocated by $130 million. In response to the shortage in funding, Caltrans modified the allocation spread for 2012-13 among the STIP funds to accommodate departmental spending trends.

Outlook for Funding & Allocations

State Highway Account (SHA). Although the SHA ended the 2011-12 year with a high balance, it will soon face reduced revenues and shortfalls. The SHA will repay a $404 million loan to the GF, and will be facing a revenue reduction as a result of changes made in the Budget. Some of those changes include loan repayment extensions to the SHA, revenue redirections to the GF, and loans to the GF. Also, as noted in the third quarter, the repayment date for a $135 million loan to the GF on was extended to June 30, 2015. All of these factors will contribute to the reduced funding in the SHA. Short term loans may be necessary throughout the year to ensure that the SHA remains solvent.

Federal Trust Fund (FTF). A federal reauthorization bill was signed by the President on July 6, which stabilizes funding through 2014 for the FTF. The bill also extends the Highway Trust Fund and tax collections through 2016. As noted above, the FTF ended the year over-allocated for STIP.

Public Transportation Account (PTA). As noted in previous reports, effective July 1, 2011, sales of all diesel fuel are subject to an additional sales tax of 1.87 percent, which is transferred quarterly to the PTA. This amount was increased on July 1, 2012 to 2.17 percent. Pursuant to AB 105, approximately 75 percent of sales tax revenues on diesel fuel are now redirected to the STA. As a result, the PTA only retains about 25 percent of the total revenues. Based on current revenue projections, Caltrans anticipates the PTA will be able to support $50 million in allocation capacity for 2012-13.

Transportation Facilities Account (TFA). The State Treasurer's Office (STO) conducted a general obligation bond sale in April 2012. Caltrans received $200 million in Proposition 1B bond proceeds from the sale that were identified for Public Transportation Modernization, Improvement, and Service

Enhancement Account (PTMISEA) local transit projects. Caltrans is closely monitoring the new Proposition 1B bond funds at this time to ensure that existing projects have sufficient cash resources until the planned fall 2012 bond sale.

Transportation Investment Fund (TIF). As projected, TIF resources were sufficient to fund its obligations through 2011-12. In addition, Caltrans now anticipates that the TIF will be able to meet its obligations through 2013-14. This updated projection is attributed to projects spending slower than anticipated.

Recommendations

As previously noted, Caltrans prepared the final 2012-13 allocation capacity for the STIP based on long-range cash forecasts and anticipated MAP-21 revenues.

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program
($ in millions)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	$84	$88	$0	$88	-$4
Total	**$84**	**$88**	**$0**	**$88**	**-$4**

Note: Totals may differ due to rounding.

Capital Allocations vs. Capacity

Approximately $88 million was allocated from the TCRP through the fourth quarter, which represents 105 percent of the allocation capacity. There were five projects allocated through the fourth quarter. The TCRF was over-allocated by $4 million, as a result Caltrans will account for the overage in the 2012-13 TCRF capacity.

Outlook for Funding & Allocations

Approximately $814 million in loan repayments are still outstanding from the GF (See Appendix D). The TCRP receives $83 million per year for repayment of $332 million in outstanding Proposition 42 loans. The 2011-12 Governor's Budget indicated that Tribal Gaming repayments (Pre-Proposition 42) would start no earlier than 2016-17; however, the Pre-Proposition 42 loans have no statutory repayment schedule.

Recommendations

Caltrans will account for the current year over-allocation in the 2012-13 TCRF capacity. See Appendix B for details.

PROPOSITION 1A & 1B BONDS

Proposition 1A and 1B Bonds ($ in millions)			
Fund	**Allocation Capacity**	**Allocations to Date**	**Remaining Capacity**
Proposition 1A	$51	$51	$0
CMIA	1,697	1,676	21
TCIF	1,391	771	620
Intercity Rail	240	67	172
State-Local Partnership	200	182	18
Local Bridge Seismic	19	5	14
Grade Separations	214	71	143
Traffic Light Synch.	98	48	50
Route 99	574	568	6
Total	**$4,485**	**$3,439**	**$1,046**

Note: Totals may differ due to rounding.

Capital Allocations vs. Capacity

A total of $3.4 billion was allocated toward 248 Proposition 1A and 1B bond projects through the fourth quarter. This represents 23 percent of the $4.5 billion capacity.

During the fourth quarter, Caltrans completed the restructure of existing Proposition 1B tax certificates for bonds issued prior to December 2010 thereby significantly reducing the amount of unspent Proposition 1B balances. This was accomplished by "backfilling" unused balances in older certificates with new local PTMISEA transit projects. The action allowed additional local transit projects to go forward using existing Proposition 1B cash resources.

In April 2012, the STO conducted its spring 2012 General Obligation bond sale. From that sale, $200 million in Proposition 1B proceeds was identified for local PTMISEA transit projects and $19 million was made available for Proposition 116 projects. In consultation with the DOF, Caltrans is retaining the new Proposition 1B bond funds to ensure that existing projects have sufficient cash resources until the planned fall 2012 bond sale.

Outlook for Funding & Allocations

The CTC allocated $46 million toward 22 Proposition 1B projects in June that will count against the 2012-13 fiscal year allocation capacity. The STO bond calendar indicates that there will be a general obligation bond sale in the first quarter of 2012-13.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. Due to the success of 2011-12 bond sales, Caltrans anticipates that it will recommend allocation of all bond projects as they come forward for vote through 2012-13.

APPENDICES

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2012-13 Allocation Capacity
By Fund and Program
($ in millions)

Fund	SHOPP	STIP	TCRP	Other Bonds	Total
SHA	$225	$200	$0	$0	$425
FTF	1,400	300	0	0	1,700
PTA	0	85	0	0	85
TCRF	0	0	83	0	83
Prop 1A Bonds[1]	*0*	*0*	*0*	*819*	*819*
Prop 1B Bonds[1]	*47*	*35*	*0*	*1,982*	*2,064*
Total Capacity	**$1,672**	**$620**	**$83**	**$2,801**	**$5,176**

[1]Bond capacity represents total budget authority.

The 2012-13 allocation capacity of $5.2 billion includes Proposition 1A and Proposition 1B capacity.

This allocation capacity is based on:

- The SHA allocation capacity of $425 million is based on a prudent cash balance of $415 million.
- The PTA allocation capacity of $85 million is based on a prudent cash balance of $100 million and includes unused capacity from 2011-12.
- The SHOPP allocation capacity is based on the 2012-13 Budget Act revenue and expenditure estimates and the 2012 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 Caltrans and local agencies.
- SHOPP and STIP bond capacity is based on the remaining bond authority, budget authority, and any administrative costs. Other Proposition 1B bond capacity is based on budget authority for those funds.
- Proposed Proposition 1A capacity is based on the enacted budget and includes 2011-12 savings.

APPENDIX B – FORECAST METHODOLOGY

Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and TDIF are used by Caltrans 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 FY 2011-12 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and capital outlay support are based on the FY 2011-12 Budget Act.

- 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 Caltrans' accounting system and the SCO. These adjustments include short-term loans made to the GF, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.

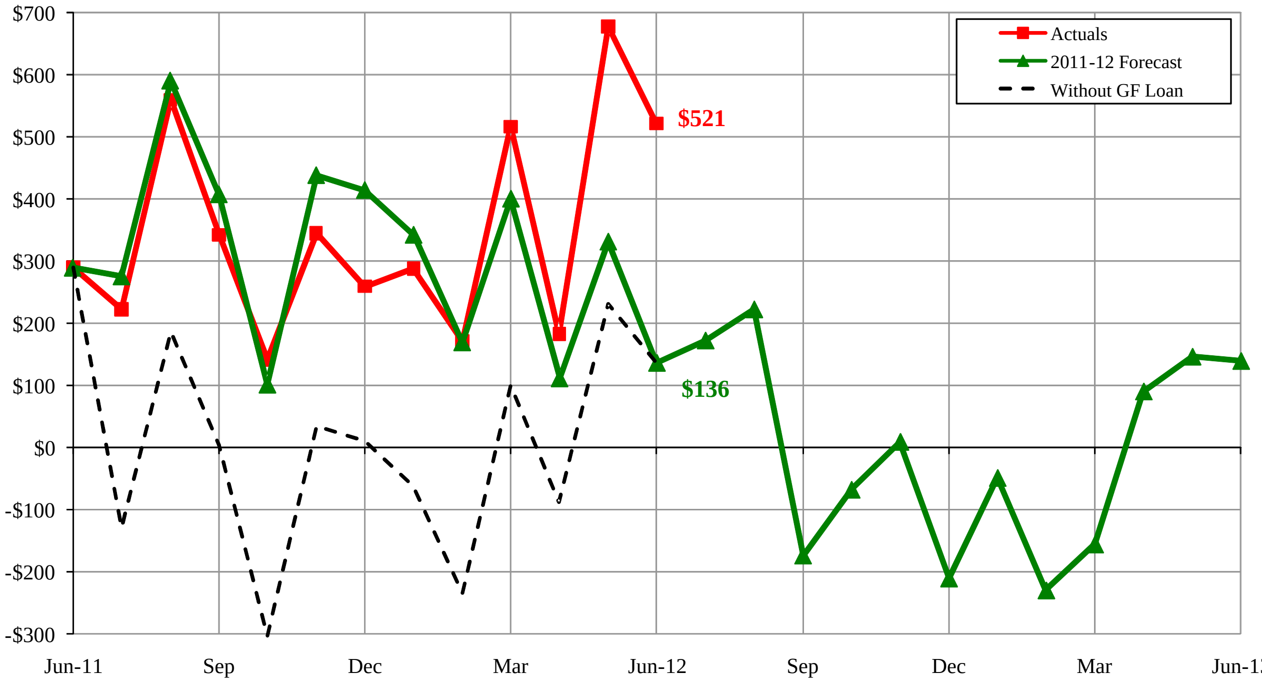
- A $135 million loan from the SHA to the GF authorized in the FY 2009-10 Budget was included in the FY 2010-11 SHA forecast. Also included is the assumption that the repayment of the $200 million loan from the SHA to the GF in FY 2008-09 and the subsequent intra-fund loan from the TCRF to the SHA for $200 million will both be delayed until June 2012.

- Federal receipts of approximately $3.0 billion are based on the 2012 STIP Fund Estimate.

The 2012-13 cash forecasts will be shown beginning in the First Quarter Report for 2012-13.

APPENDIX B – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

The SHA ended the fourth quarter with a cash balance of $521 million, $385 million (284 percent) above the forecasted amount of $136 million. The high cash balance is primarily due to the extension of the $404 million loan repayment to the GF in 2010-11. The GF loan was forecasted to be repaid in four equal installments in 2011-12; however, the repayment schedule was revised and the GF will be repaid in two payments: the first payment is now due July 2012 and the second in April 2013. The delay in this loan repayment was the primary reason for the high cash balance. If the full $404 million loan had been repaid according to the original payment schedule, the SHA would have ended the fiscal year within an acceptable range of forecast. Transfers totaled $765 million, $462 million lower than projected, and expenditures were $299 million below forecast. Year-to-date revenues totaled $4.4 billion, $204 million lower than projected. Adjustments, which represent timing differences between Caltrans' accounting system and the SCO's accounting system, totaled a negative $171 million.

The 2011-12 forecast included a $200 million loan repayment from the GF. The May Revise reduced the loan repayment amount from $200 million to $50 million. The $50 million repayment was scheduled for June 2012 and the remaining balance of $150 million in June 2014. It should be noted, the $50 million loan repayment from the GF did not occur until July 2012. Loans totaling $71 million were transferred to the GF in June 2012: $24 million pursuant to California Vehicle Code §9400.4 and $44 million pursuant to the Budget Act 2011.

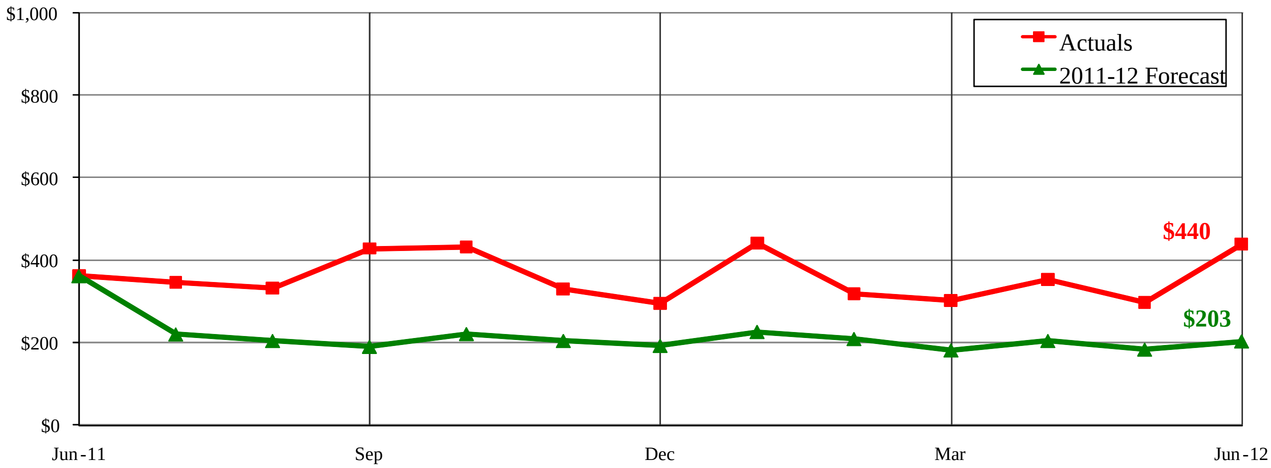
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$289**	**$289**	**N/A**	
Revenues	4,677	4,472	-204	
Transfers	-1,227	-765	462	
Expenditures	-3,603	-3,304	299	
Adjustments		-171	-171	
Ending Cash Balance	**$136**	**$521**	**$385**	**284%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – PUBLIC TRANSPORTATION ACCOUNT

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



Year-to-Date PTA Summary

The PTA ending cash balance through the fourth quarter was $440 million, $237 million (116 percent) above the forecasted amount of $203 million. The primary reason for the high cash balance are attributed to a delay in the State Transit Assistance payment, which occurred after the close of the quarter.

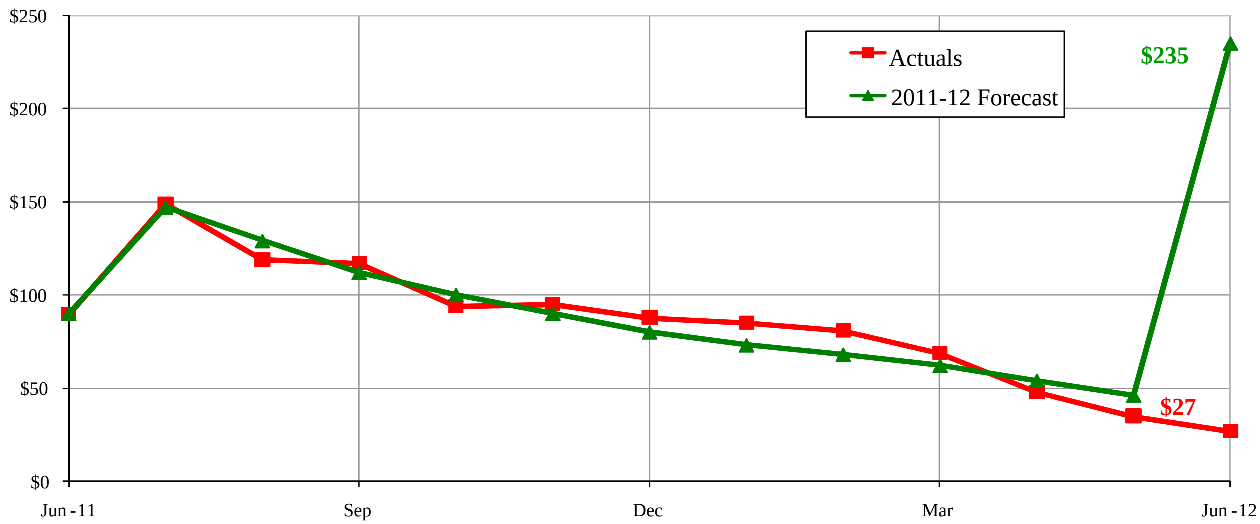
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$362**	**$362**	**N/A**	
Revenues	547	599	53	
Transfers	25	25	0	
Expenditures	-380	-305	75	
Adjustments	-350	-241	109	
Ending Cash Balance	**$203**	**$440**	**$237**	**116%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRAFFIC CONGESTION RELIEF FUND

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



Year-to-Date TCRF Summary

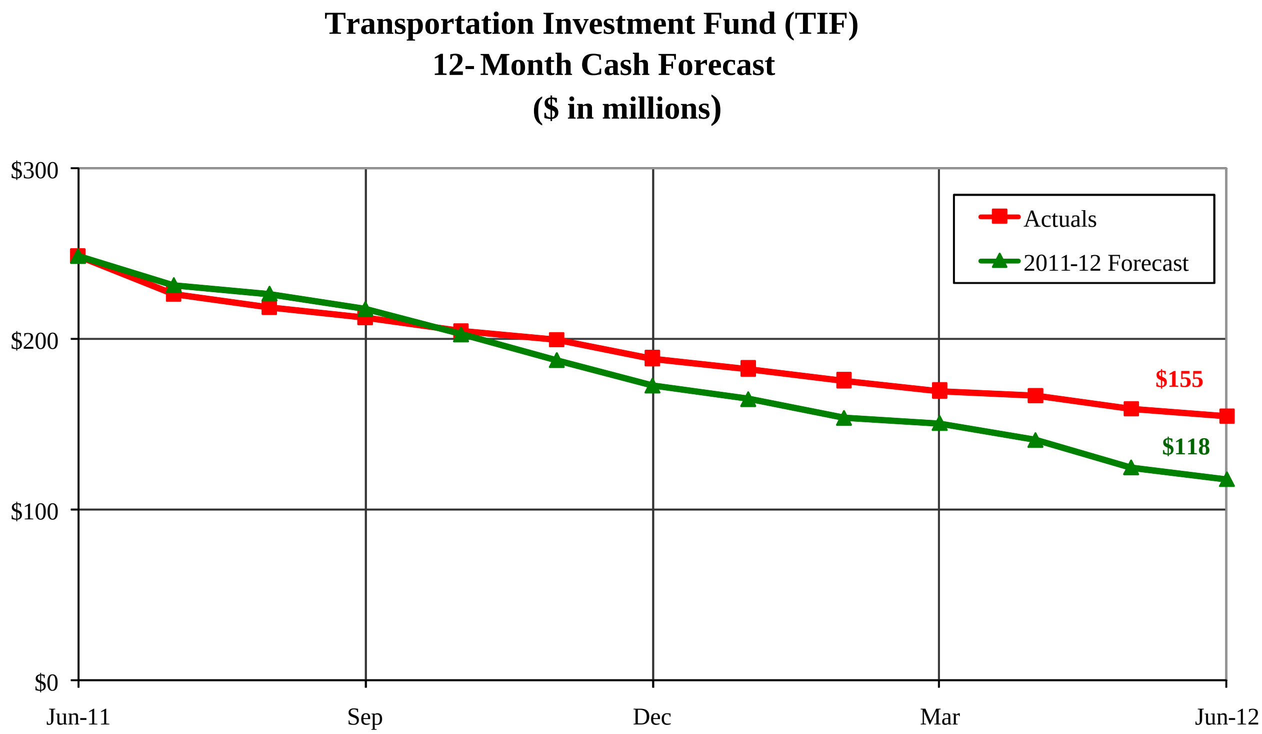
The TCRF ending cash balance for the fourth quarter was $27 million, $208 million (89 percent) below the forecasted amount of $235 million. The primary difference can be attributed to the anticipated $200 million loan repayment from the SHA that was included in the 2011-12 forecast. However, changes to the payment schedule were implemented in the Budget which resulted in a partial loan repayment of only $50 million. The remaining balance of $150 million is now scheduled to be repaid in 2013-14. In addition, the $50 million payment was not received until after the close of the quarter. Year-to-date fund transfers totaled $145 million, which included the 2011-12 suspended Proposition 42 transfer from the TDIF in the first quarter. Expenditures totaled $227 million, $88 million (64 percent) higher than forecast. This difference was primarily attributed to the processing of the remaining accrued expenditures from the previous year and current year. Adjustments, which represent timing differences between Caltrans' accounting system and the SCO's accounting system, totaled $18 million.

Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$90**	**$90**	**N/A**	
Revenues	0	0	0	
Transfers	283	145	-138	
Expenditures	-138	-227	-88	
Adjustments		18	18	
Ending Cash Balance	**$235**	**$27**	**-$208**	**-89%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION INVESTMENT FUND



Year-to-Date TIF Summary

The TIF ending cash balance for the fourth quarter was $155 million, $37 million (31 percent) above the forecasted amount of $118 million. The TIF no longer receives revenue, due to the passage of ABX8 6 and ABX8 9 of 2010, collectively known as the Fuel Tax Swap. No transfers were made through the fourth quarter. Expenditures totaled $98 million, $34 million (25 percent) below forecast. Year-to-date adjustments totaled $3 million.

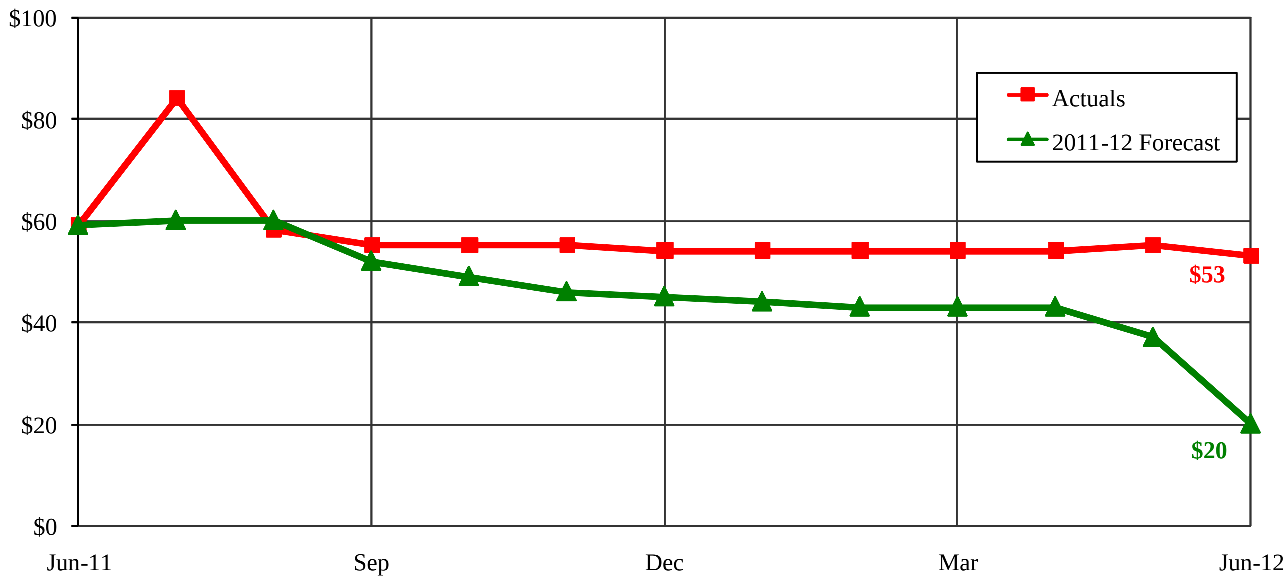
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$250**	**$250**	**N/A**	
Revenues	0	0	0	
Transfers	0	0.3	0	
Expenditures	-132	-98	34	
Adjustments		3	3	
Ending Cash Balance	**$118**	**$155**	**$37**	**31%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – 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 for the fourth quarter was $53 million, $33 million (163 percent) above the forecasted amount of $20 million. Year-to-date transfers totaled $48 million, $35 million below forecast. Expenditures totaled $31 million, 8 million (21 percent) below forecast. Year-to-date adjustments totaled a negative $11 million. The primary reason for the difference between the forecasted and actual ending balance is due to slower than anticipated spending on projects. No future allocations will be made from the TDIF.

Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$59**	**$59**	**N/A**	
Revenues	83	83	0	
Transfers	-83	-48	35	
Expenditures	-39	-31	8	
Adjustments		-11	-11	
Ending Cash Balance	**$20**	**$53**	**$33**	**163%**

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

The Federal Highway Administration (FHWA) acknowledged the March 2012 Northern California storms as a declared disaster during the fourth quarter. 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	208	107	315
Dec. 2005 Storm CA06-1	431	55	486
So. California Wildfires CA08-3	20	9	29
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	9	0	9
So. California Wildfires CA09-2	12	7	19
Jan. 2010 Storm CA10-1	78	4	82
Humboldt Co. Earthquake CA10-2	1	2	3
Imperial Co. Earthquake CA10-3	1	7	8
Dec. 2010 Storm CA11-1	56	52	108
Modoc Co. Storm damage CA11-2	0	1	1
Mar. 2011 Storm CA11-3	308	15	323
LA Tanker Fire CA12-1	39	0	39
So. California Windstorm CA12-2	1	2	3
Mar. 2012 Storm CA12-3	31		31
Total Damage Estimate	**$1,835**	**$261**	**$2,096**
Amout Obligated To Date			**$1,342**
Allocation Available for Future Project Costs			**$96**
Remaining Need			**$658**

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 June 30, 2012 ($ 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)	$220	$218	$2
Transportation Investment Fund (TIF)	440	440	0
Transportation Congestion Relief Fund (TCRF)[2]	1,066	733	332
Locals	440	440	0
Subtotal Proposition 42 Loans:	**$2,167**	**$1,832**	**$334**
General Fund Loan:			
State Highway Account (SHA)[3]	$335	$0	$335
State Highway Account - Weight Fee Revenues[3]	227	0	227
Highway User Tax Account (HUTA)[4]	328	0	328
Public Transportation Account[5]	29	0	29
Other transportation accounts	31	0	31
Subtotal General Fund Loan:	**$950**	**$0**	**$950**
Totals:	**$4,346**	**$2,183**	**$2,163**

Note: Numbers may not add due to rounding.

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

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

[3]The SHA is expected to be repaid $200 million in FY 2013-14, $135 million in FY 2014-15, and $227 million in FY 2020-21.

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

[5]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, 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. Passage of Assembly Bill 115 of 2010 (AB 115) declared that the SHA repayments are revenues derived from weight fees. As such, repayment of the loan to the SHA will be transferred to the TDSF by the SCO.

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 $1.415 billion, leaving approximately $752 million due to the TCRF. Outstanding Proposition 42 loans, as of July 1, 2007, shall be repaid in annual installments not less than one-tenth of the total amount required to be transferred by June 30, 2016. With the re-enactment of the Fuel Tax Swap in March 2011 (AB 105 of 2011), which eliminated the state portion of sales tax on gasoline, there are no current Proposition 42 transfers.

General Fund Loans

The Budget Act of 2008 authorized $231 million in loans to the GF from the SHA, the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement and Mitigation Program, the Historic Property Maintenance Fund, and the Pedestrian Safety Account. These funds were transferred to the GF on November 14, 2008. The $231 million authorized in loans were scheduled to be repaid by June 30, 2011, but the Budget Act of 2012 delayed the repayments. The SHA received $50 million after the close of the fourth quarter, and the repayment of $150 million is scheduled to be repaid by June 30, 2015. The repayment of $28 million to the various transportation accounts are expected in 2016-17. The Historic Property Maintenance Fund repayment of $2 million has been extended to a date no earlier than 2013-14. The remaining balance of $1 million is scheduled to be repaid by June 30, 2017.

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 Budget Act of 2010 authorized a $227 million loan from the SHA to the GF, and a $29 million loan from the PTA to the GF. The passage of AB 115 declared that the SHA repayments are revenues derived from weight fees; consequently, repayment of the loan to the SHA will be transferred to the TDSF by the SCO. In addition, a loan of $328 million was transferred to the GF from the Highway Users Tax Account. These loans are required to be repaid, with interest calculated at the rate earned by the Pooled Money Investment Account, by June 30, 2021.

The passage of AB 115 authorized the postponement for repayment of $555 million in loans from the GF to transportation funds until June 30, 2021. Upon repayment of the $555 million in loans, the SCO will immediately transfer these funds to the TDSF.

Interfund Transportation Loans

Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	$200	$0	$200
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
			Totals	**$335**	**$50**	**$285**

A loan of $200 million was transferred in 2008-09 to the SHA from the TCRF to backfill the $200 million loan to the GF. A loan of $135 million was transferred in 2009-10 to the SHA from the PTA to backfill the $135 million loan to the GF. The $200 million loan to the TCRF was partially repaid, and the $135 million loan repayment to the PTA has been extended to June 2015.