

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: November 2-3, 2005

Reference No.: 3.1
Information Item

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Chief Financial Officer

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Ref: **CALTRANS MONTHLY FINANCE REPORT**

Attached are the 24-month cash forecasts for the State Highway Account (SHA), Public Transportation Account (PTA), Traffic Congestion Relief Fund (TCRF), and Transportation Investment Fund (TIF). The forecasts are the new “baseline” forecasts used for revenue and expenditure comparison purposes for Fiscal Year (FY) 2005-06. This report also presents activity for the month ending August 31, 2005.

PURPOSE

The purpose of the cash forecast is to estimate and monitor the balance of the following funds: the SHA, PTA, TCRF, and TIF. Cash forecasts allow the Department of Transportation (Department) to determine the level of allocations that can be authorized and to prepare for low or high cash periods. Each month, reported actuals are compared to the forecast. Adjustments to the forecast methodology are necessary if the forecast begins to greatly differentiate from the actuals.

FORECAST BASE ASSUMPTIONS

State Highway Account (Attachment 1):

SHA cash forecast assumptions are consistent with the adopted 2006 Fund Estimate Tier 1(B):

- Assumes \$50 million efficiency savings per year.
- Federal resources based on the 2006 Fund Estimate display of SAFETEA-LU.
- Non-Capital Outlay Support – Forecast based on 2005-06 Budget Act. Future years escalated at 3.1 percent, as identified in the 2006 Fund Estimate.
- Assumes Bargaining Unit 9 pay raises through FY 2008-09.

Assumption differences:

- SHA cash forecast includes forecasts for miscellaneous expenditure items for Items in Transit and Transportation Revolving Account. Both expenditure items cause variances caused by a timing difference between recording of expenditures and actual cash disbursement.

Public Transportation Account (Attachment 2):

PTA cash forecast assumptions are consistent with the adopted 2006 Fund Estimate Tier 1(B):

- Gasoline and diesel fuel sales tax based on Department of Finance estimates.
- Assumes no spillover revenue.
- Assumes Non-Article XIX transfer from SHA.
- Assumes a transfer to the Toll Bridge Seismic Retrofit Project of \$30 million in FY 2005-06 and \$40 million in FY 2006-07.
- Transfer of \$127 million from TIF in FY 2005-06; TIF transfer suspended in FY 2006-07.

Traffic Congestion Relief Fund (Attachment 3):

- TCRF cash forecast assumptions are generally consistent with the adopted TIF 2006 Fund Estimate Tier 2(A).
- Transfer from TIF of \$678 million in FY 2005-06.
- Does not assume tribal gaming revenue.
- The 2006 Fund Estimate does not include TCRF.

Assumption differences:

- Transfer from TIF suspended in FY 2006-07.

Transportation Investment Fund (Attachment 4):

TIF cash forecast assumptions are consistent with the adopted 2006 Fund Estimate Tier 2(A):

- Transfer from General Fund of \$1.313 billion in FY 2005-06; no transfer in FY 2006-07.

AUGUST 2005 HIGHLIGHTS

- The SHA ending cash balance was \$12 million above forecast. The majority of this difference (\$10 million) is due to lower than expected capital outlay expenditures.
- The PTA ending cash balance was relatively on target at \$2 million above forecast.
- The TCRF ending cash balance was \$10 million above forecast. This difference is due to lower than forecast capital outlay expenditures.

August 2005 Ending Cash Balance: Actual vs. Projected			
	Forecast	Actual	Difference
SHA	\$910	\$922	\$12
PTA	\$160	\$158	\$2
TCRF	\$150	\$160	\$10
TIF	\$0	\$0	\$0

FY 2005-06 ALLOCATION PLAN

The following chart shows the progress toward meeting the FY 2005-06 allocation plan. The funding capacity for all funds is \$4.152 billion plus \$152 million in additional allocations that were recommended at the September 2005 California Transportation Commission (Commission) meeting. Allocations represent Commission votes, emergency project funding (G-11) and projects processed under the Department's delegated authority. An evaluation of supplemental funding requests is in process, as the number and cost of these requests is significantly higher than projected. Depending on the impact of the supplemental funding requests, the Department's ability to fund projects, per the current allocation plan, may be limited. The allocation plan does not reflect votes recommended for November 2005. Final recommended vote numbers were not available prior to publishing this book item.

	SHOPP	STIP	Tribal Gaming	TCRP	Total
SHA	1,800	400	450	0	\$2,650
PTA	0	64	120	0	\$184
TCRF	0	0	290	678	\$968
TIF	0	350	0	0	\$350
Subtotal, Allocation Plan	\$1,800	\$814	\$860	\$678	\$4,152
Additional Recommended SHA Allocation Amount	0	101	0	0	\$101
Additional Recommended PTA Allocation Amount	0	51	0	0	\$51
Total, Allocation Plan	\$1,800	\$966	\$860	\$678	\$4,304
July Vote	563	525	0	152	\$1,240
August Vote	180	169	0	182	\$531
September Vote	88	148	0	175	\$411
TCRP Existing Allocation	0	0	0	86	\$86
Total, Unallocated	\$969	\$124	\$860	\$83	\$2,036

FUNDS DISCUSSION***State Highway Account***

The actual cash balance for August 2005 was \$12 million higher than forecast. The \$12 million difference is due to capital outlay expenditures coming in lower than forecast (\$10 million).

Federal Trust Fund

Approximately \$394 million of Federal Fiscal Year 2005-06 Obligation Authority remained unobligated, as of August 31, 2005. Total Advance Construction, including Grant Anticipation Revenue Vehicles (GARVEE), Toll Bridge Seismic Retrofit Program, Local Assistance and Emergency Relief, was \$4.0 billion.

GARVEE Projects Expenditure Report

All GARVEE projects have been awarded. Expenditures through August 31, 2005 total \$160 million, 37 percent below the forecast amount of \$255 million. Total interest earned on the balance is \$16 million. No earned interest has been posted to date for the current fiscal year. Total interest paid is \$39 million, at an interest cost of 3.03 percent through August 31, 2005.

Public Transportation Account

The actual cash balance for August 2005 was \$2 million higher than the forecast amount of \$160 million. There are no current indications that revenues or expenditures will deviate from the forecast.

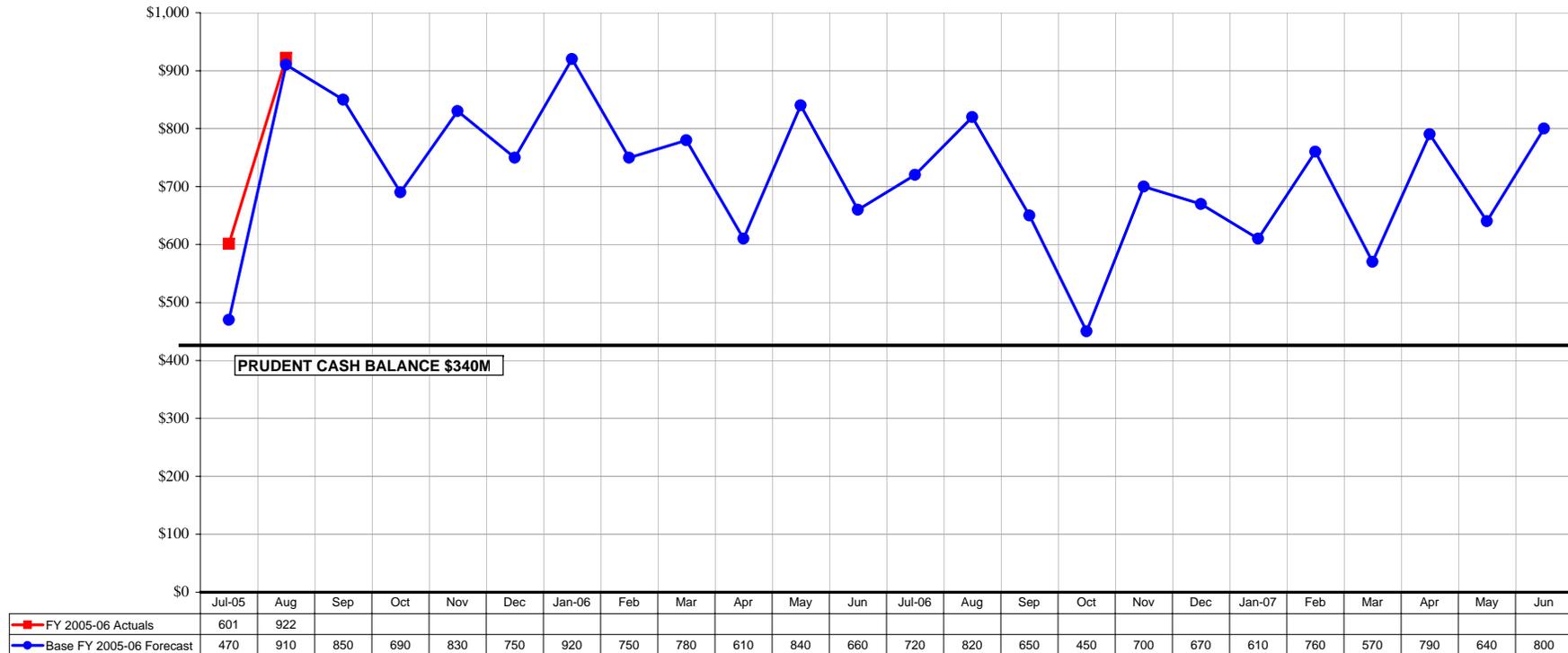
Traffic Congestion Relief Fund

The adjusted ending cash balance for August 2005 was \$160 million, which was \$10 million higher than forecast. The difference is due to lower than forecast capital outlay expenditures.

Transportation Investment Fund

There was no TIF activity in August 2005.

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



Base FY 2005-06 Forecast Assumptions:

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ Does not assume tribal gaming revenue.
- ▶ Assumes FY 2005-06 non-capital outlay support expenditures at the level included in the 2005-06 Budget Act. Future years are escalated at a rate of 3.1 percent, as applied in the 2006 Fund Estimate.
- ▶ Assumes Bargaining Unit 9 salary increases.
- ▶ Prudent Cash Balance increased to \$340 million in FY 2005-06, per 2006 Fund Estimate.

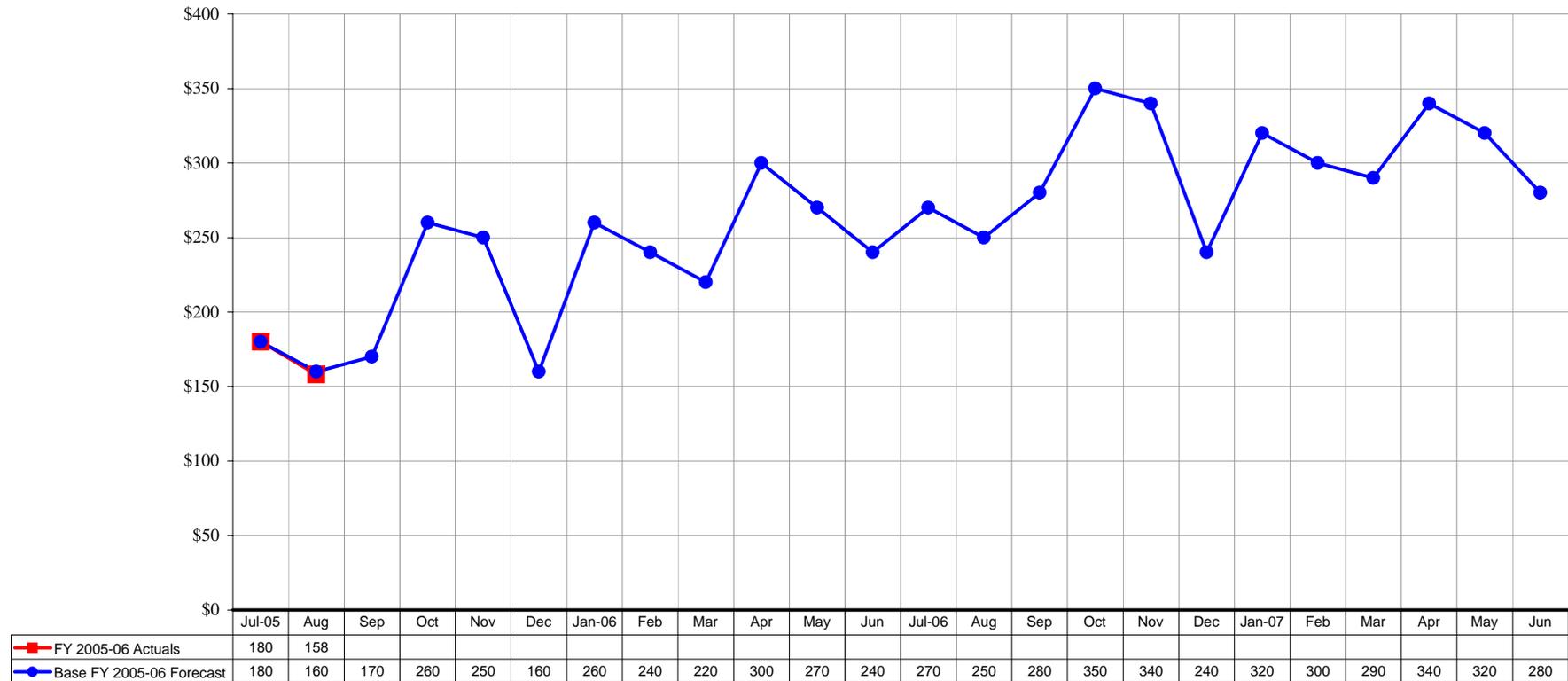
Differences from 2006 Fund Estimate:

- ▶ Assumes miscellaneous revenue and expenditures assumptions for Items in Transit and Transportation Revolving Account.

Allocation Assumptions:

- ▶ Assumes \$2.2 billion in allocations for FY 2005-06 and FY 2006-07.

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



Base FY 2005-06 Forecast Assumptions:

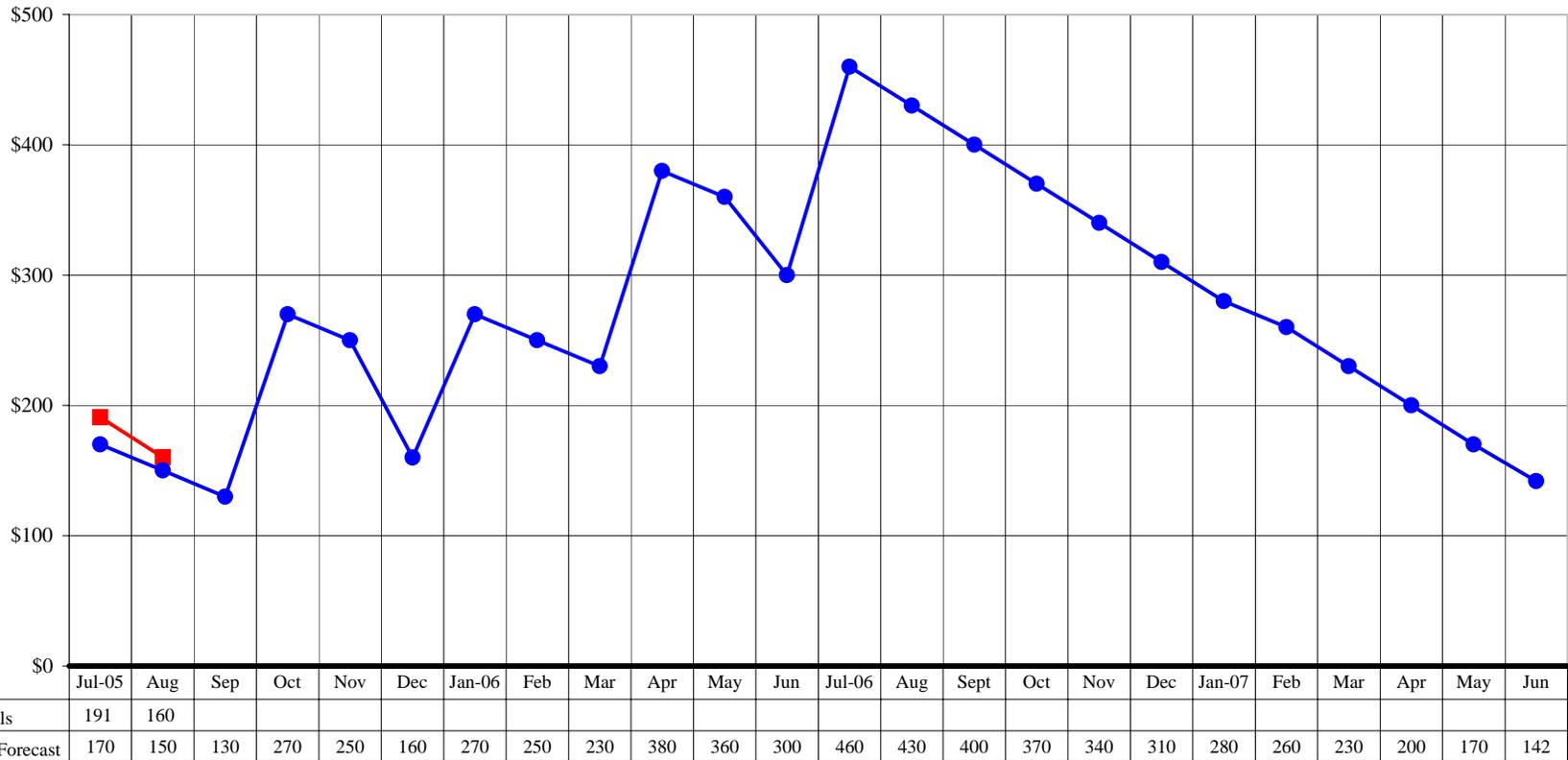
- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ TIF revenue in FY 2005-06 included.
- ▶ TIF suspension in FY 2006-07.
- ▶ Assumes no spillover revenue.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$115 million in allocations.
- ▶ There are no allocations proposed for FY 2006-07, unless spillover revenue is received.

24-Month Traffic Congestion Relief Fund (TCRF) Cash Forecast

(\$ in millions)



Base FY 2005-06 Forecast Assumptions:

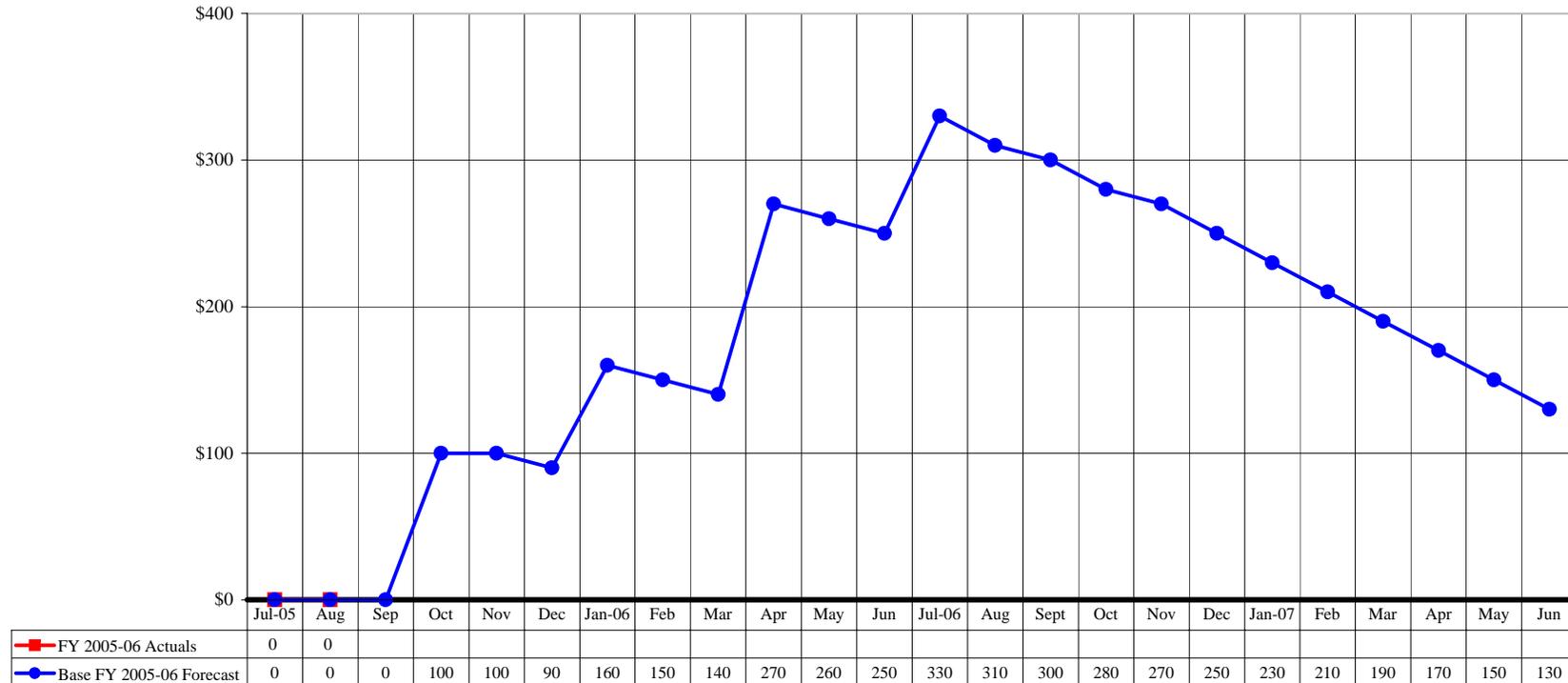
- ▶ Base on TIF 2006 Fund Estimate Tier 1(B).
- ▶ Tribal gaming revenue not included.
- ▶ Transfer from TIF of \$678 million to occur quarterly in FY 2005-06.
- ▶ Assumes no revenue from TIF in FY 2006-07.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$678 million in allocations, including \$86 million for existing projects
- ▶ There are no allocations proposed in FY 2006-07.

24-Month Transportation Investment Fund (TIF) Cash Forecast

(\$ in millions)



Base FY 2005-06 Forecast Assumptions:

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ Transfer from General Fund of \$1.313 billion.
- ▶ No transfer from General Fund in FY 2006-07.
- ▶ Transfer of \$678 million to TCRF in FY 2005-06.
- ▶ Transfer to TCRF suspended in FY 2006-07.

Difference from 2006 Fund Estimate:

- ▶ Assumes three quarterly transfers from General Fund, as portion of \$1.313 billion to be received in FY 2005-06.
- ▶ 4th quarter transfer of remaining \$1.313 billion assumed in 1st quarter of FY 2006-07.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$350 million in allocations.
- ▶ The FY 2006-07 allocation plan proposes \$250 million in allocations.