

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 19-20, 2007

Reference No.: 3.7
Information Item

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Chief Financial Officer

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Budgets

Subject: **FY 2006-07 YEAR-END FINANCE REPORT**

Attached is the Department of Transportation's Year-End Finance Report for FY 2006-07.

Attachment



Department of Transportation Quarterly Finance Report

Fourth Quarter 2006-07

**California Department of Transportation
 Quarterly Finance Report
 Schedule of Reports**

Fiscal Year	Quarterly Report	Activity	Date
2007-08	2006-07 Q4	Close of Quarter	6/30/07
		Quarterly Report to Commission Staff	8/31/07
		Presented to Commission	9/19/07
	2007-08 Q1	Close of Quarter	9/30/07
		Quarterly Report to Commission Staff	11/15/07
		Presented to Commission	12/12/07
	2007-08 Q2	Close of Quarter	12/31/07
		Quarterly Report to Commission Staff	2/15/08
		Presented to Commission	3/12/08
	2007-08 Q3	Close of Quarter	3/31/08
		Quarterly Report to Commission Staff	5/15/08
		Presented to Commission	6/25/08
2008-09	2007-08 Q4	Close of Quarter	6/30/08
		Quarterly Report to Commission Staff	9/1/08
		Presented to Commission	9/24/08

Department of Transportation Quarterly Finance Report

Fiscal Year 2006-07

Executive Summary

The purpose of this quarterly finance report is to enable the California Transportation Commission (Commission) and the Department of Transportation (Department) to evaluate transportation funding policy, allocation capacity, and forecast methodology in order to ensure the efficient and prudent management of transportation resources.

Year End Forecasts vs. Actuals

The year ending cash balances for the State Highway Account (SHA) ended \$300 million (38 percent) below forecast, a result of lower federal receipts, lower Highway Users Tax Account (HUTA) receipts, which are derived from state fuel excise taxes, and higher capital outlay expenditures. These items improved during the fourth quarter, but weren't enough to make up the cumulative difference for the year. These trends are factored into the 2007-08 forecast. The Traffic Congestion Relief Fund (TCRF) also ended slightly below forecast.

The cash balances for the Public Transportation Account (PTA), Transportation Investment Fund (TIF) and Transportation Deferred Investment Fund (TDIF) ended the year higher than forecast. The TIF cash balance was \$154 million (64 percent) above forecast, primarily the result of differences between slower than expected expenditures and forecast. This variance is factored into the 2007-08 model and forecast.

2006-07 Year Ending Cash Balance Actuals vs. Forecast by Fund (\$ millions)				
Fund	Forecast	Actuals	Difference	
SHA	\$790	\$490	-\$300	-38%
PTA	\$540	\$555	\$15	3%
TCRF	\$910	\$851	-\$59	-6%
TIF	\$240	\$394	\$154	64%
TDIF	\$390	\$453	\$63	16%

Capital Allocations vs. Plan

2006-07 Allocation Capacity vs. Allocations without Tribal Gaming Capacity (\$ millions)				
	SHOPP	STIP	TCRP	TOTAL
Total Allocation Capacity	\$1,890	\$1,290	\$1,684	\$4,864
Total Allocations	1,809	1,286	1,381	\$4,476
Total Remaining Capacity	\$81	\$4	\$303	\$388

The Commission allocated \$4.5 billion towards 838 projects during the 2006-07 fiscal year. This total was \$388 million lower than the final 2006-07 total allocation capacity of \$4.9 billion (not including tribal gaming capacity). The State Highway Operations and Protection Program (SHOPP) had \$81 million of allocation capacity available even after making additional allocations against awards savings and project rescissions. This excess 2006-07 capacity has been factored into the 2007-08 SHOPP allocation capacity.

The State Transportation Improvement Program (STIP) had only \$4 million allocation capacity remaining at year end. Over-allocations against the SHA and PTA were offset by the remaining unallocated balance of TIF and TDIF capacity. The over-allocation of SHA STIP will impact allocation capacity for the SHOPP in 2007-08.

After advancing 2007-08 capacity into the 2006-07 fiscal year, TCRF allocations totaled \$1.4 billion, leaving \$303 million of capacity for the 2007-08 fiscal year.

Outlook for Funding & Allocations

State Highway Account. As previously mentioned actual receipts were lower than forecast, while capital expenditures were higher for 2006-07. In July 2007, California received \$343 million in federal emergency obligation authority for previously approved disasters. Approximately \$307 million is available to the SHA, and helps generate new capacity in 2007-08. The 2007-08 cash forecast takes both these recent trends and emergency funding into consideration in the 2007-08 allocation capacity.

In the long-term, the outlook for the SHOPP funding remains precarious. Future allocation levels have been lower than the previous sustainable allocation level of \$2.0 billion in the past in order to maintain a prudent cash balance in the SHA. The primary factors affecting future allocation levels include costs rising faster than revenues, such as increased maintenance expenditures, the cash flow impact of the \$300 million supplemental cost increases in 2005-06, and the projected deficit of the Federal Highway Trust Fund by 2009 that may result in lower obligation authority levels in the future.

Public Transportation Account. The 2007-08 Budget Act and associated trailer bills significantly reduce PTA resources in 2007-08 and future years, diverting \$1.3 billion in 2007-08 and approximately \$600 million per year in 2008-09 and beyond. The future diversions are funded from 50 percent of the annual spillover revenues, while two-thirds of the remaining spillover will be transferred to the State Transit Assistance (STA) Fund.

This budget significantly reduces the PTA fund balance, particularly in 2008-09 after allocating the 2007-08 PTA funded STIP. If actual sales tax revenues, specifically spillover revenues, are lower than currently forecast and/or other unforeseen expenditures impact the PTA, the PTA may require the use of short-term loans in the future in order to maintain liquidity, even if no allocations are made to programmed PTA projects in 2008-09.

Transportation Investment Fund. Beginning with the 2007-08 Budget Act, TIF will provide funding for STIP-related costs that historically have been funded out of the SHA, including STIP right-of-way capital and AB 3090 payments. As a result, the total 2007-08 TIF allocation capacity is lower and must cover not only capital projects, but also STIP right-of-way allocations and non-PTA eligible AB 3090 payments. All of these factors are included in the 2007-08 allocation capacity.

Recommendations

Based on the 2006-07 cash forecast results, the Department has made revisions to the 2007-08 cash forecast models for the SHA and TIF in order to adjust for the lower HUTA and federal receipts and variances in capital outlay expenditures.

Also, based on the 2007-08 Budget Act, the Department is recommending a total 2007-08 allocation capacity of \$5.469 billion, including bond funding, at this time, as follows:

Recommended 2007-08 Allocation Capacity By Fund and Program (\$ millions)					
Fund	STIP	SHOPP	TCRP	Other (Bonds)	Total
SHA	\$65	\$1,850	\$0	\$0	\$1,915
PTA	600	0	0	0	\$600
TIF	650	0	0	0	\$650
TDIF	32	0	0	0	\$32
TCRF	0	0	303	0	\$303
Bonds	664	382	0	923	\$1,969
Total	\$2,011	\$2,232	\$303	\$923	\$5,469

The Department will be reporting on bond fund allocations and bond program capacity in future quarterly reports.

Cash Forecast

Methodology and Assumptions

The cash forecasts are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be authorized, and to prepare for low or high cash periods.

Cash forecasts are prepared for the SHA, PTA, TCRF, TIF, and TDIF. Actual cash balances are compared to the forecasts and variances are identified and reported to management and the Commission. If necessary, adjustments are made to capital allocation levels or forecast methodology.

The 2006-07 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and local assistance were based on the 2006-07 Budget Act, plus estimated employee pay raises.
- Capital outlay expenditures are based on actual and projected Commission allocations, using the existing expenditure model that is founded on historical project expenditure patterns, regardless of seasonal construction variations.
- Proposition 42 transfers occur during the forecast period. The current forecast methodology assumes transfers occur one month after the close of the previous quarter except in the fourth quarter, which is assumed to occur in June.
- Proceeds from Tribal Gaming bonds are not included.
- Spillover revenues are transferred to the PTA during the forecast period as statutorily prescribed. The distribution of spillover revenues for 2006-07 is based on the 2006-07 Budget Act.
- General Fund loan repayments via the TDIF, are based on the early loan repayment of \$1.4 billion authorized by the 2006 –07 Budget Act.
- Federal receipts, of approximately at \$2.6 billion, are based on an estimate of federal obligation authority from the 2006 Fund Estimate using SAFETEA-LU apportionments. Obligation authority (OA) was assumed to be 93 percent of the apportionments.
- Capital outlay support (COS) expenditures are based on historical expenditures.

Changes for 2007-08

The 2007-08 cash forecasts and allocation capacities are based on the following assumptions:

- Based on 2007-08 Budget Act.

- Includes \$100 million tribal gaming revenue for SHA.
- Includes \$307 million for SHA for federal Emergency Relief allocation. This funding increases resources for allocation capacity since SHA funds have already been expended on those emergency repair projects.
- Includes non-Article XIX transfer from SHA to PTA.
- Transfers TIF funding to the SHA for STIP capital outlay support (COS), and allocates STIP right-of-way capital and non-PTA eligible AB 3090 payments from the TIF.
- Federal based on two-year actual receipts.

Year End Fund Summaries

Below is a summary of the 2006-07 year end cash forecast results by fund.

State Highway Account

The SHA ended the year at \$490 million, \$300 million (38 percent) below forecast. The lower ending balance is the result of lower federal and HUTA receipts and higher capital outlay expenditures.

Revenues and transfers for the year totaled \$6.1 billion, \$103 million (2 percent) below forecast.

- Federal receipts were \$2.7 billion, \$109 million (4 percent) below forecast. Forecasting federal receipts was also challenging due to the lack of a federal Appropriations Act. This issue has been resolved for 2007-08 with the recent passage of a federal Appropriations Act.
- HUTA receipts from state fuel excise taxes were \$2.1 billion, \$43 million (2 percent) below forecast. As reported in the third quarter, it was anticipated that annual HUTA receipts would be lower than forecast by year end as fuel reports show a slight reduction in consumption.
- Weight fee receipts totaled \$998 million, \$19 million (2 percent) above forecast.
- Total net transfers were \$93 million, \$33 million above forecast. This amount includes loans made to the General Fund, non-Article XIX transfers, TIF transfers and Section 194 transfers. The majority of this difference is due to \$90 million received in June 2007 for tribal gaming revenue. The receipt of this tribal gaming revenue was made by executive order in June 2007 and therefore was not included in the original 2006-07 forecast.
- For the year, other miscellaneous revenues, including Surplus Money Investment Fund (SMIF) interest, state property rentals, sale of documents and licenses/permits were \$153 million, or \$2 million below forecast.

Total SHA expenditures for the year were \$6.0 billion, or \$63 million (1 percent) higher than forecast.

- State operations expenditures were \$2.9 billion, or \$35 million (1 percent) below forecast.
- Capital outlay expenditures totaled \$2.1 billion, \$154 million (8 percent) above forecast.
- Local assistance expenditures totaled \$987 million, \$1 million below forecast.
- Non-departmental expenditures and items-in-transit were a net \$54 million below forecast.

Total net adjustments for the year were a negative \$151 million. This difference is temporary and is due to the timing difference between expenditures on work done for others and the actual receipt of those reimbursements by the Department.

Public Transportation Account

The PTA ending cash balance for the year was \$555 million, \$15 million (3 percent) above forecast. The high balance is due to lower than forecast expenditures across the board.

Total revenues and transfers for the year were \$1.2 billion, \$171 million (13 percent) below forecast. The majority of this difference is due to lower than forecast spillover receipts.

- Year-to-date spillover revenue totaled \$281 million, \$188 million (40 percent) below the forecast amount. The \$188 million is due to \$74 million in delayed forecasted receipts and \$114 million in forecasted receipts below forecast. The 2006-07 fourth quarter transfer posted to the PTA in July 2007 rather than June, as forecast.
- Revenue from diesel sales tax year-to-date was \$325 million, \$12 million (4 percent) above forecast. Proposition 111 gasoline sales tax revenues (derived from a sales tax on 9 cents of the excise tax) were \$67 million, \$1 million (1 percent) below forecast.
- Year-to-date TIF transfers were \$147 million, \$1 million below forecast. The PTA portion of the 2006-07 TDIF repayment was \$214 million as forecast.
- Other miscellaneous revenues and transfers year-to-date include SMIF interest, Section 194, Non-Article XIX and PFAs, totaled \$123 million, \$7 million above forecast. SMIF interest and Non-Article XIX transfers were higher than originally forecast.

Year-to-date PTA expenditures totaled \$700 million, \$226 million (24 percent) below forecast. The majority of this difference is due to lower than forecast Non-departmental expenditures, including late State Transit Assistance (STA) payments.

- State operations expenditures were \$120 million, \$50 million (30 percent) below forecast
- Local assistance expenditures totaled \$76 million, \$10 million (12 percent) below the forecast.
- Capital outlay expenditures totaled \$26 million, \$4 million (14 percent) below forecast.
- Non-departmental expenditures, including STA transfers, totaled \$479 million year-to-date, and were \$160 million (25 percent) below forecast as a result of the fourth quarter STA transfer not occurring until July 2007, rather than June as forecast.

Traffic Congestion Relief Fund

The TCRF ending cash balance for the year was \$851 million, \$59 million (6 percent) below forecast.

Revenues and transfers totaled \$998 million for the year, \$1 million below forecast. The TIF transfers of Proposition 42 revenues were \$678 million, while the net 2006-07 TDIF loan repayment to the TCRF totaled \$320 million.

Expenditures totaled \$588 million for the year, \$43 million (8 percent) higher than forecast.

- State operations expenditures were \$21 million, \$8 million (28 percent) below forecast.
- Capital and local expenditures were \$567 million, \$51 million (10 percent) higher than forecast.

Total net adjustments for the year were a negative \$13 million, including a negative \$78 million from PFAs and a positive net TRA balance of \$65 million.

Transportation Investment Fund

The TIF ending cash balance for the year was \$394 million \$154 million (64 percent) higher than forecast. This difference is primarily due to actual expenditure cash flows spending slower than the model. The 2007-08 forecast model has been adjusted to account for this difference.

- Revenues totaled \$1.4 billion, \$5 million lower than forecast.
- Net transfers totaled \$1.1 billion, \$83 million (8 percent) above forecast. This difference is due to an unexpected delayed transfer out of \$77 million per AB 438 for 2006-07 that occurred in 2007-08. The remaining difference is due to the net difference of the PFAs.
- Expenditures for the year totaled \$225 million, \$238 million (51 percent) lower than forecast. The 2007-08 forecast model has been adjusted to account for this difference.

Transportation Deferred Investment Fund

The TDIF cash balance ended the year at \$453 million, \$63 million (16 percent) higher than forecast.

- Total net revenues and transfers totaled \$464 million for the year, \$24 million (6 percent) above forecast.
- Year-to-date expenditures totaled \$11 million, \$42 million (80 percent) lower than forecast. The lower expenditures are due to allocations occurring later in the year than forecast, as well as lower allocations than forecast that resulted in a carryover capacity of \$32 million into 2007-08.

Federal Highway Funds

The Department has received \$2.7 billion of OA for federal fiscal year 2007 which began in October 2006. Through June 30, 2007, the Department has a remaining OA balance of \$1.1 billion that must be obligated by September 30, 2007.

Federal Emergency Projects

The Department received an Emergency Relief allocation of \$343.4 million on July 24, 2007, to partially cover Disaster CA06-1. Approximately \$351 million in total needs still remain unallocated for California disasters.

The chart below details current Emergency Relief funding for all California federally declared active disasters, and the remaining balance of federal emergency authority that still needs to be allocated to California as of August 28, 2007. In the interim, the SHA has been used to fund these system repairs.

Emergency Federal Funding Summary (\$ millions)					
Disaster	Emergency Relief Needs			Federal Emergency Allocations	Total Remaining Needs
	State	Local	Total		
Devil's Slide CA 83-1	\$386	\$0	\$386	\$242	\$144
Dec. 2004 Storm CA05-1	256	144	400	245	\$155
Dec. 2005 Storm CA06-1	356	61	417	392	\$25
MacArthur Maze Fire CA07-1	26	0	26	0	\$26
Total	\$1,024	\$205	\$1,229	\$878	\$351

Future federal allocations of this type can only be used to fund emergency projects and do not represent new allocation capacity, except to the extent that SHA funds have already been advanced for emergency projects.

2006-07 Allocation Capacity

The final allocation capacity for 2006-07 was \$5.7 billion. Excluding the tribal gaming capacity, the effective allocation capacity was \$4.9 billion. (Note: The current policy is to not allocate Tribal Gaming capacity until the revenues are received.)

2006-07 Allocation Capacity By Fund and Program (\$ millions)						
Fund	STIP	SHOPP	TCRP	Subtotal	Commission Action	Total
SHA	\$160	\$1,890	\$0	\$2,050	\$0	\$2,050
PTA	300	0	0	\$300	0	\$300
TIF	390	0	0	\$390	0	\$390
TDIF	440	0	0	\$440	0	\$440
TCRF	0	0	1000	\$1,000	684	\$1,684
Total	\$1,290	\$1,890	\$1,000	\$4,180	\$684	\$4,864

This allocation capacity includes:

- The estimated impact of the negotiated employee pay raises in 2006-07 and 2007-08.
- The shifting of \$105 million in SHOPP projects to the Maintenance Program.
- An early TDIF loan repayment of \$1.4 billion in 2006-07 based on Department of Finance (DOF) estimated interest and distributions by fund.
- An advance TCRF loan repayment of \$151 million in June 2006 to the SHA from Tribal Gaming revenues.
- Updated gasoline and diesel sales tax revenues from the 2006-07 May Revise.
- Includes \$96 million in federal reimbursements for federally qualified emergency expenditures that were paid in 2005-06.
- \$684 million of 2007-08 TCRF program capacity was advanced by the Commission late in the fiscal year.

Capital Allocations

Year End Summary

For 2006-07, the Commission allocated \$4.5 billion towards 838 projects, including G-02-12 project adjustments. This total was \$388 million below the total 2006-07 allocation capacity level of \$4.9 billion, not including tribal gaming capacity. Most of the remaining 2006-07 capacity is in the TCRF and TIF. The TCRF capacity was increased, which makes up the majority of the remaining capacity. The TCRF capacity was increased by the Commission action late in the year and advanced program capacity from 2007-08 to provide sponsoring agencies the opportunity to accelerate project delivery.

SHOPP

The 2006-07 SHOPP allocations totaled \$1.809 billion for 392 projects, including 82 emergency projects. This total was \$81 million below the \$1.89 billion capacity. This remaining capacity was the result of additional allocations made against \$237 million in realized savings from Resolution G-02-12 project adjustments and project rescissions.

STIP

STIP allocations totaled \$1.3 billion for 366 projects for the year. The SHA and PTA were over-allocated for the year by \$184 million and \$27 million, respectively. The \$184 million shortage is the result of the unforeseen SHOPP Right-of-way reverse condemnation legal settlement.

Excess capacity of \$183 million in the TIF and \$32 million in the TDIF offset SHA over-allocations for the program as a whole, leaving approximately \$4 million in STIP capacity. The over-allocation of SHA funds will reduce allocation capacity in future years in order to maintain a prudent cash balance.

TCRP

The 2006-07 TCRF allocation capacity was increased to \$1.7 billion by advancing \$684 million of 2007-08 capacity into the year. Total TCRP allocations for the year totaled \$1.4 billion for 80 project allocations, leaving \$303 million in TCRP allocation capacity for 2007-08.

2006-07 Allocations				
Final Allocations through June 2007 Vote				
(\$ in millions)				
FUND	SHOPP	STIP	TCRP	TOTAL
State Highway Account (SHA)	\$1,890	\$160	\$0	\$2,050
Public Transportation Account (PTA) ¹	0	300	0	300
Transportation Investment Fund (TIF)	0	390	0	390
Transportation Deferred Investment Fund (TDIF)	0	440	0	440
Transportation Congestion Relief Fund (TCRF) ²	0	0	1,684	1,684
Tribal	0	0	0	850
Total Allocation Capacity	\$1,890	\$1,290	\$1,684	\$5,714
Allocations Year-To-Date ³	\$1,809	\$1,286	\$1,381	\$4,476
Total Remaining Capacity ⁴	\$81	\$4	\$303	\$1,238

Footnotes

¹ PTA 2006-07 Allocation Capacity was reduced from \$500 million to \$300 million in the 2nd Quarter Report.

² Includes \$684 million from 2007-08 Allocation Capacity.

³ Includes \$39 million for Emergency Projects reported in July and September.

⁴ Transfers during the year between TIF and SHA offset the overall over-allocation.

Outlook for Funding & Allocations

Outlook

SHOPP

State Highway Account. The SHA ending cash balance for 2006-07 was \$490 million, \$300 million (38 percent) below forecast. This difference was primarily the result of lower HUTA and federal receipts and higher capital expenditures for the year, despite the reversing trends during the fourth quarter. In July 2007, the Federal Highway Administration allocated \$343 million in federal emergency funding to California for previously approved disasters from the 2005-2006 winter storms. Of this amount, approximately \$307 million is available as federal reimbursements to the SHA. Since the work on these winter storms have already been funded out of the SHA, the reimbursements would represent additional cash resources. The 2007-08 cash forecast assumes both the recent trends and emergency.

In the long-term, the outlook for the SHOPP funding remains precarious. The costs of doing business funded by the SHA, including maintenance, construction and pay raises, continue to rise, leaving fewer resources for future SHOPP allocations. Major maintenance increases include the redirection of \$105 million from 2006-07 SHOPP, \$85 million in increased funding for 2007-08 for pavement maintenance, employee compensation increases and the Budget Change Proposal for cost of material increases. Finally, there has not been any action taken at the federal level to address the current projections of the Federal Highway Trust Fund going into deficit by 2009. These factors are likely to result in substantially lower allocation capacity for the SHOPP in the future unless significant actions are take at the state and/or federal levels.

STIP

Public Transportation Account. The PTA cash balance ended 2006-07 at \$555 million, \$15 million (3 percent) above forecast. Spillover revenues are at historical highs and are forecasted by the DOF to remain at these levels over the next five years. However, the 2007-08 Budget Act significantly reduces PTA resources in the 2007-08 and future years.

The 2007-08 Budget Act diverts \$1.3 billion of PTA resources in 2007-08:

- Redirects to the General Fund for debt service payments on transportation bonds.
- Includes an annual loan repayment to the TCRF (per Proposition 1A).
- Provides funding for Department of Development Services Regional Center Transportation Program, and the Department of Education Home-to-Schools Transportation Program.

Trailer bills associated with the 2007-08 Budget Act also include future diversions of approximately \$600 million per year to the General Fund for continued funding of Regional Center Transportation, debt service, and other General Fund related transportation expenditures. These future diversions are funded from 50 percent of the annual spillover revenues, while two-thirds of the remaining balance is transferred to the STA Fund.

If actual sales tax revenues, specifically spillover revenues, are lower than currently forecast and/or other unforeseen expenditures impact the PTA, the PTA may require the use of short-term loans in the future in order to maintain liquidity, even if no allocations are made to programmed PTA projects in 2008-09.

Transportation Investment Fund. The TIF ending cash balance for the year was \$394 million, \$154 million (64 percent) higher than forecast due to the lower than forecasted expenditures. In the 2007-08 Budget Act, TIF will provide funding for all STIP-related costs including right-of-way capital and AB 3090 payments. This is consistent with the fact that all available SHA capital resources are needed to meet maintenance and rehabilitation needs of the State systems, per Streets and Highways Code Section 163.

The total 2007-08 TIF allocation capacity is lower as a result of increased STIP expenditures. Furthermore, this total capacity will have to fund not only capital projects, but also STIP right-of-way allocations and non-PTA eligible AB 3090 payments. Projects currently programmed for receipt of PTA funding are also eligible for TIF funding. All of these factors have been included in the 2007-08 allocation capacity.

Transportation Facilities Account. The Transportation Facilities Account (TFA) bond fund provides approximately \$2.0 billion for the STIP. The 2007-08 Budget Act authorizes \$727 million in expenditures from this fund. This total includes \$664 million for capital and \$63 million for support.

Recommendations

Below are the Department's recommendations with respect to transportation funding policy, allocation capacity, and forecast methodology.

Based on the 2006-07 cash forecast results, the Department will revise its 2007-08 cash forecast models to adjust for lower HUTA transfers and variances in capital outlay expenditures.

At this time the Department is recommending a total 2007-08 allocation capacity of \$5.469 billion. This total includes \$1.969 billion from bond fund programs.

Recommended 2007-08 Allocation Capacity By Fund and Program (\$ millions)					
Fund	STIP	SHOPP	TCRP	Other (Bonds)	Total
SHA	\$65	\$1,850	\$0	\$0	\$1,915
PTA	600	0	0	0	\$600
TIF	650	0	0	0	\$650
TDIF	32	0	0	0	\$32
TCRF	0	0	303	0	\$303
Bonds	664	382	0	923	\$1,969
Total	\$2,011	\$2,232	\$303	\$923	\$5,469

- The total STIP allocation capacity is derived from \$60 million of federal TE funding from the SHA, \$30 million carryover of TDIF capacity, and \$600 million from each the TIF and PTA.
- The SHOPP capital allocations total approximately \$2.232 billion, including SHOPP major, Minor, right-of-way, and stormwater.
- The TCRP allocation capacity of \$300 million for 2007-08 represents the carryover of 2007-08 capacity that was advanced into 2006-07, but not allocated by year end.

The Department will be reporting on bond fund allocations and bond program capacity in future quarterly reports.

Appendix

Appendix A

2006-07 State Highway Account 24-Month Forecast

Appendix B

2006-07 Public Transportation Account 24-Month Forecast

Appendix C

2006-07 Traffic Congestion Relief Fund 24-Month Forecast

Appendix D

2006-07 Transportation Investment Fund 24-Month Forecast

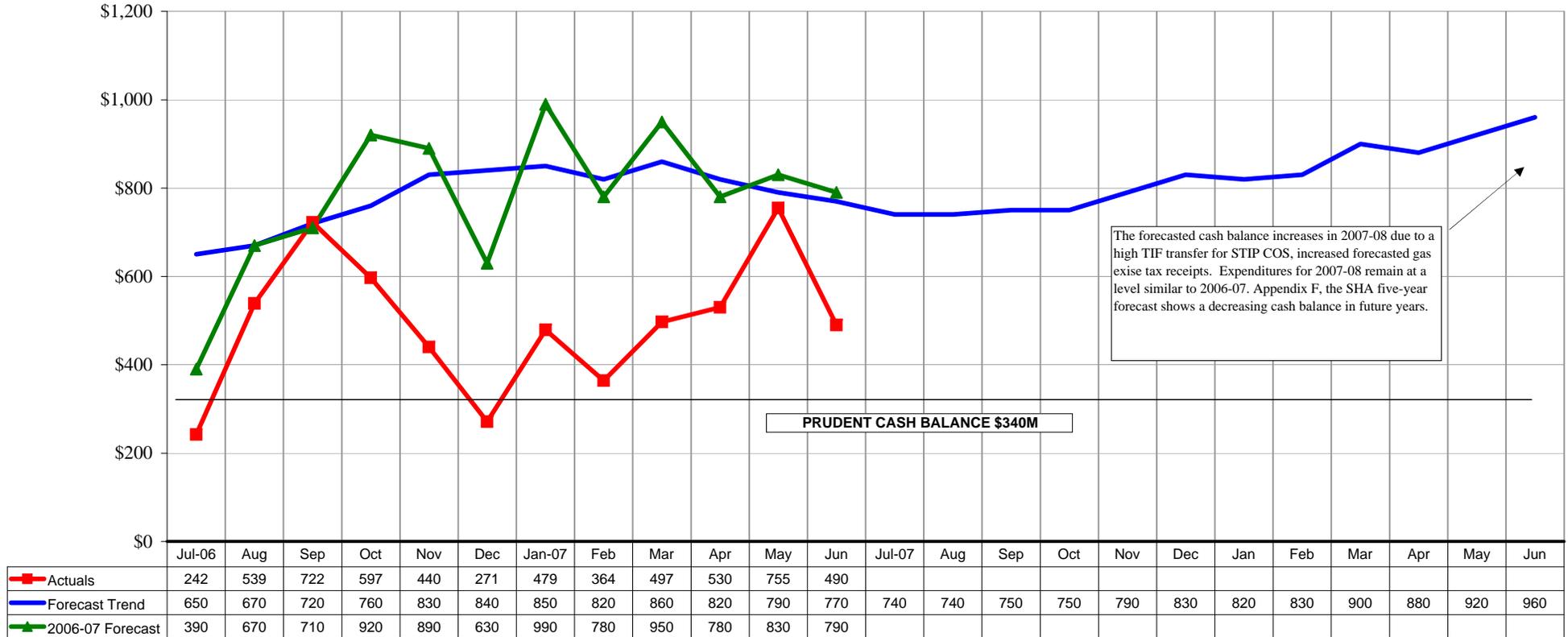
Appendix E

**2006-07 Transportation Deferred Investment Fund
24-Month Forecast**

Appendix F

2006-07 State Highway Account Five-Year Forecast

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



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007.

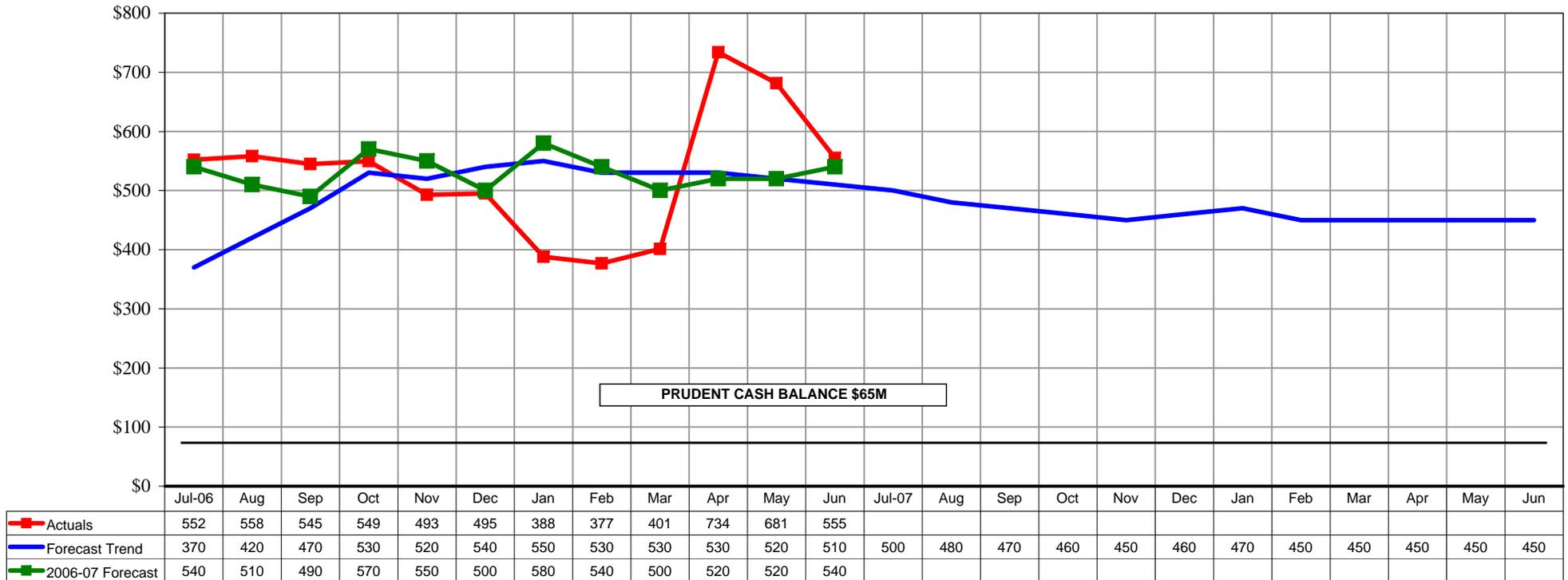
Base FY 2006-07 Forecast Assumptions:

- ▶ Includes \$210 million in federal August redistribution received in September 2006.
- ▶ Includes \$96 million in federal accrual received in September 2006.
- ▶ Assumes estimated employee compensation increases.
- ▶ Assumes no tribal gaming revenue.
- ▶ Forecast trend line is a five-month moving average.

Allocation Assumptions:

- ▶ The current Allocation Plan proposes \$2.050 billion for 2006-07, all remaining years \$2.0 billion.

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



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007.

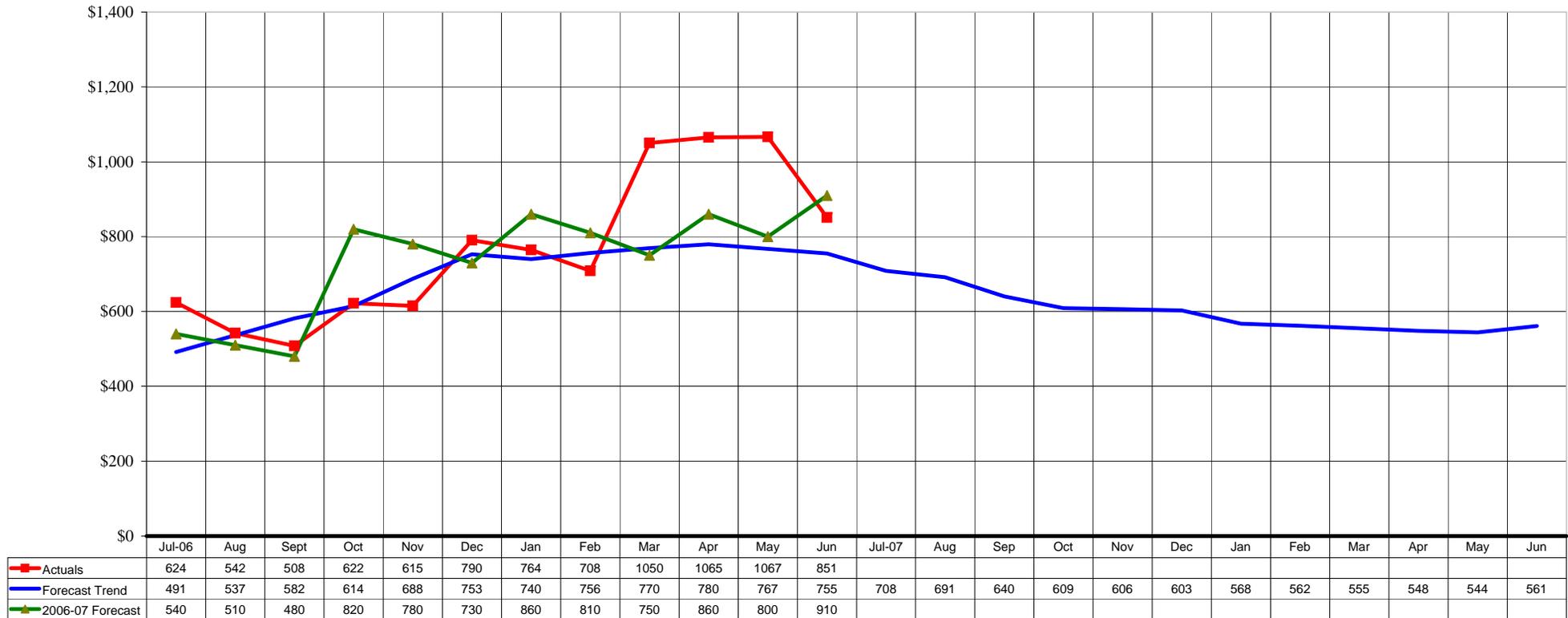
Base FY 2006-07 Forecast Assumptions:

- ▶ Based on 2006-07 Enacted Budget.
- ▶ Forecasted cash balance includes cash advances to TRA.
- ▶ TDIF Repayment of \$214 million included.
- ▶ Transfer from TIF of \$148.5 million included.
- ▶ Total of Spillover revenue split 80% to STA and 20% to PTA in 2006-07 per Budget Act.

Allocation Assumptions:

- ▶ The current 2006-07 Allocation Plan proposes \$300 million for STIP.

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



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007.

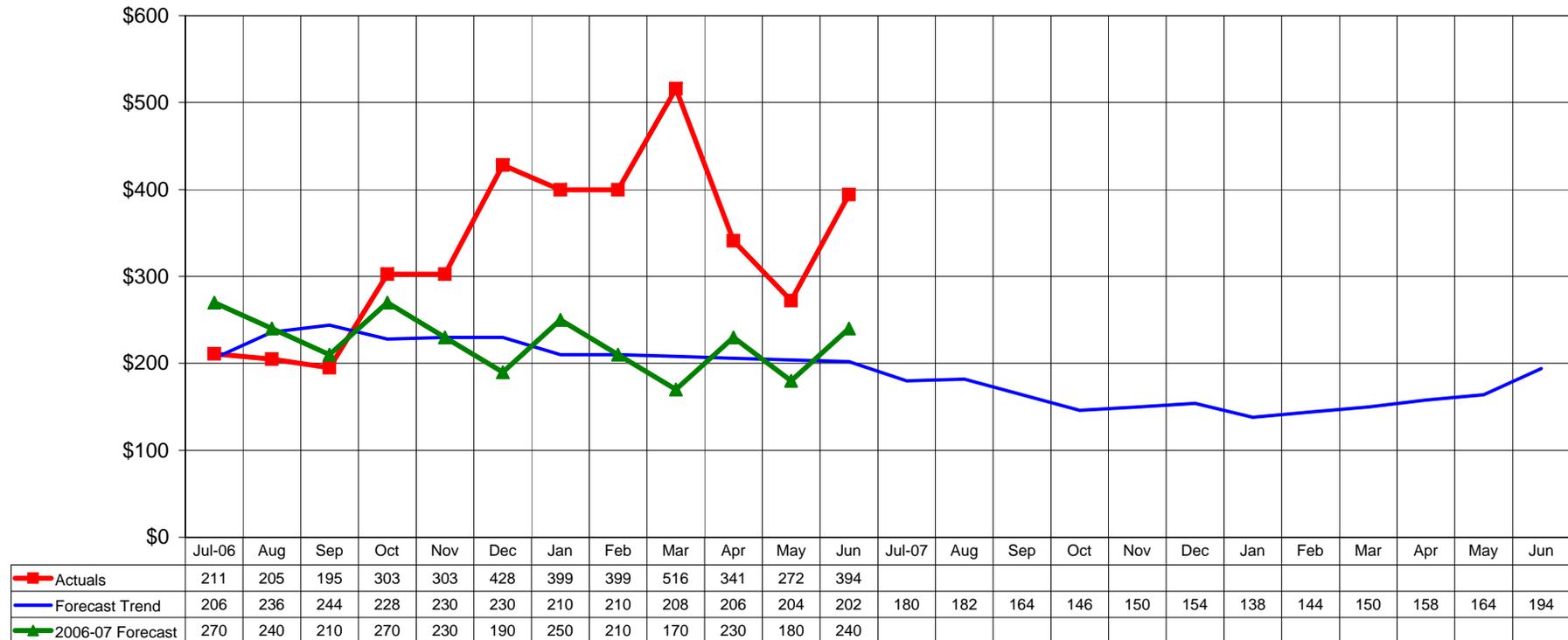
Base FY 2006-07 Forecast Assumptions:

- ▶ Updated project expenditure patterns.
- ▶ TIF transfer of \$678 million in FY 2006-07.
- ▶ TDIF transfer of \$321 million in FY 2006-07.
- ▶ No Tribal Gaming Revenues.

Allocation Assumptions:

- ▶ The current 2006-07 Allocation Plan proposes \$1.0 billion for the TCRP.

24-Month Transportation Investment Fund (TIF) Cash Forecast (\$ millions)



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007.

Base FY 2006-07 Assumptions:

- ▶ Based on the Governor Budget
- ▶ Assumes TIF in all years.
- ▶ Transfers of \$678 million to the TCRF, \$148 million to the PTA in FY 2006-07.
- ▶ Transfers of \$602 million to the TCRF, \$176 million to the PTA in FY 2007-08.

Allocation Assumptions

- ▶ The current 2006-07 Allocation Plan proposes \$390 million for STIP.

24-Month Transportation Deferred Investment Fund (TDIF) Cash Forecast (\$ millions)



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007.

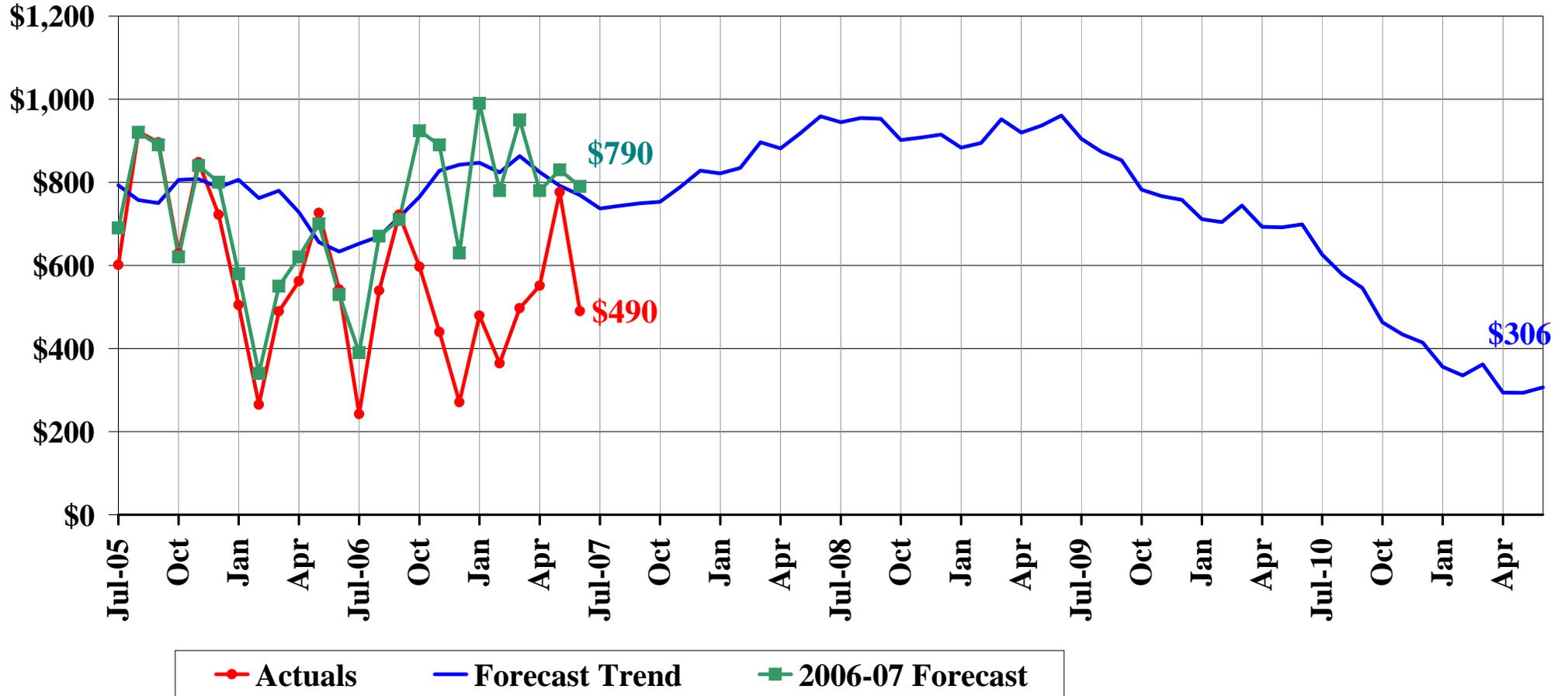
Base FY 2006-07 Forecast Assumptions:

- ▶ 2006-07 Prop 42 Loan Repayments distributions of 1.415 Billion:
- ▶ \$440 million to Local Streets & Roads, \$214 million to PTA and \$321 million to TCRP.
- ▶ \$200 million represents spillover which was diverted to the TDIF for Prop 42 loan repayment.

Allocation Assumptions:

- ▶ The current 2006-07 Allocation Plan proposes \$440 million for STIP.

STATE HIGHWAY ACCOUNT FIVE-YEAR CASH FORECAST (\$ millions)



Note: This chart represents the 2006-07 cash forecast and final comparison. The 2007-08 forecasts were presented to the California Transportation Commission on September 5, 2007