

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: September 15, 2011

Reference No.: 3.13
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Budgets

Subject: **FY 2010-11 FOURTH QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2010-11 Fourth Quarter Finance Report.

Attachment



Department of Transportation Quarterly Finance Report

Fourth Quarter 2010-11

Department of Transportation
Division of Budgets

The purpose of the quarterly finance report is to provide the California Transportation Commission (Commission) with the status of capital allocations versus capacity, and to report any trends or issues that may require action by the Department of Transportation (Department) or Commission regarding transportation funding policy, allocation capacity, or forecast methodology to ensure the efficient and prudent management of transportation resources. Below is the schedule of dates for the development of the 2010-11 Quarterly Finance Reports.

California Department of Transportation Quarterly Finance Report Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
2010-11	2009-10 Q4	Close of Quarter	6/30/10
		Quarterly Report to Commission Staff	8/31/10
		Presented to Commission	9/22/10
	2010-11 Q1	Close of Quarter	9/30/10
Quarterly Report to Commission Staff		11/15/10	
2010-11	2010-11 Q2	Presented to Commission	1/19/11
		Close of Quarter	12/31/10
		Quarterly Report to Commission Staff	2/15/11
	Presented to Commission	3/23/11	
2010-11	2010-11 Q3	Close of Quarter	3/31/11
		Quarterly Report to Commission Staff	5/16/11
		Presented to Commission	6/22/11
	2011-12	2010-11 Q4	Close of Quarter
Quarterly Report to Commission Staff			8/31/11
Presented to Commission			9/14/11

Department of Transportation Quarterly Finance Report

Fourth Quarter 2010-11

EXECUTIVE SUMMARY

2010-11 Capital Allocations vs. Capacity Summary through June 30, 2011 (\$ in millions)					
	SHOPP ¹	STIP ¹	TCRP	BONDS	TOTAL
Total Allocation Capacity	\$2,057	\$1,094	\$84	\$3,643	\$6,878
Total Votes	2,242	836	86	652	\$3,816
Authorized Changes ²	-207	-40	-1	N/A	-\$249
Total Remaining Capacity	\$23	\$298	\$0	\$2,991	\$3,311

Note: Totals may not add due to rounding

¹Proposition 1B bond capacity included in total: \$57M (Prop 1B SHOPP); \$469M (Prop 1B STIP).

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

The Commission allocated \$3.816 billion toward 746 projects through the fourth quarter of 2010-11. This represents approximately 56 percent of the \$6.878 billion total capacity approved by the Commission. Authorized changes totaled a negative \$249 million, leaving \$3.311 billion in remaining capacity. The majority of the remaining capacity originates from the inability of the State Treasurer's Office (STO) to sell bonds in the current economic climate. Although \$3.6 billion was authorized for bond capacity; only \$652 million was allocated toward bond programs during 2010-11. There were no bond sales during the fourth quarter; however, the Department of Finance is anticipating a fall 2011 bond sale.

Cash balances for all primary Departmental funds differed from forecasted amounts (Refer to Appendix B) for various reasons. Although the State Highway Account (SHA) year-end cash balance appears close to the forecasted amount, this is somewhat deceptive. The higher cash balance in June resulted from a General Fund (GF) loan to the SHA totaling \$404 million. A plan to repay the \$404 million was sent to DOF for approval. The Public Transportation Account (PTA) and the Transportation Investment Fund (TIF) ending cash balances were higher than forecasted due to the slower than projected spending from projects. In addition, the PTA received \$63 million from the Transportation Debt Service Fund (TDSF) for reversal of a transfer which was in conflict with Proposition 22. The TIF received \$60 million from the PTA for repayment of an inter-fund loan. The Transportation Congestion Relief Fund (TCRF) ended the year with a cash balance that was lower than forecasted due to the processing of outstanding expenditures from the previous year, which were higher than anticipated.

During the fourth quarter, two legislative bills were passed that will have an impact on transportation resources in the upcoming fiscal year. They include: Senate Bill (SB) 87, which authorizes a loan of \$43.7 million from the SHA to the GF in 2011-12, and Assembly Bill (AB) 115, which postpones the loan repayment dates for almost \$1 billion in loans from transportation accounts until June 30, 2021.

During the June commission meeting, the Department put forth its expected allocation capacity for the 2011-12 fiscal year. (See Appendix A for detail by fund.)

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	\$200	\$232	-\$48	\$184	\$16
FTE	1,800	1,996	-159	1,837	-37
Prop 1B SHOPP	57	14	-1	13	44
Total	\$2,057	\$2,242	-\$207	\$2,034	\$23

Capital Allocations vs. Capacity

SHOPP allocations totaled \$2.242 billion toward 381 projects through the fourth quarter, representing 99 percent of the \$2.057 billion approved capacity. Adjustments totaled a negative \$207 million and resulted in net allocations of \$2.034 billion. The Department was able to use all available Federal resources in 2010-11.

Outlook for Funding & Allocations

Transportation resources continue to be impacted by the state's sluggish economy, lower than expected revenues, and legislative changes. Unfortunately, the SHA experienced the majority of the impact. AB 105 extended the repayment date of a \$135 million loan from the SHA to the GF until June 30, 2013. The 2010-11 base gasoline excise tax revenues were \$94 million lower than forecasted and the tax swap portion of excise tax revenues (17.3 cents per gallon) were \$138 million lower than projected. After processing outstanding June expenditures, including a GF loan for \$147 million; the SHA was left with a low cash balance that forced the borrowing of \$404 million from the GF. Taking into consideration current commitments from the SHA, the fund may reach insolvency levels in 2011-12 unless additional loans are secured for this account. The funding shortfall could result in a delay in contractor payments and the jeopardizing of federal funds due to inadequate matching state funds.

The projected SHOPP capacity for the SHA in 2011-12 is \$180 million, which is the minimum necessary to ensure use of all available federal funding.

Recommendations

The Department will continue to closely monitor the fund balance of the SHA and will communicate any changes to the Commission.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program					
(\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$229	\$0	\$229	-\$29
FTF	200	319	-33	286	-86
PTA	225	206	0	206	19
TIF	0	0	0	0	0
Prop 1B STIP	469	82	-7	75	394
Total	\$1,094	\$836	-\$40	\$796	\$298

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.

Capital Allocations vs. Capacity

Of the \$1.094 billion STIP capacity, a net total of \$796 million was allocated through the fourth quarter of 2010-11, including adjustments totaling \$40 million in award savings. There were 280 projects allocated through the fourth quarter, with a total remaining capacity of \$298 million. The bulk of the remaining capacity is bond resources. As the economy continued to struggle to improve in 2010-11, the STO has been unable to sell sufficient bonds to support bond projects. Any remaining bond capacity in 2010-11 is likely to carry over into 2011-12.

Outlook for Funding & Allocations

State Highway Account (SHA). STIP funding from the SHA remains over allocated and the forecasted cash balance is below the prudent cash balance. The over-allocation of SHA funds will reduce allocation capacity in future years in order to maintain a prudent cash balance.

Federal Trust Fund (FTF). The FTF is over-allocated for STIP due to the advancing of projects in order to ensure all federal resources were encumbered prior to the end of the fiscal year. Less than half of the difference has been offset through award savings.

Public Transportation Account (PTA). Pursuant to AB 105, 75 percent of sales tax revenues on diesel fuel are now redirected to State Transit Assistance (STA). As a result, PTA only retains 25 percent of the total revenues. Based on current revenue projections, the PTA can only support \$25 million in capacity for 2011-12 and no allocation capacity for future years. AB 115 postponed the repayment of a \$29 million loan from the GF until June 30, 2021.

Transportation Facilities Account (TFA). There were no general obligation bond sales in the spring of 2010-11. No bond sale is expected prior to the second quarter of 2011-12.

Transportation Investment Fund (TIF). The Department projects TIF resources will be sufficient to fund its obligations through 2011-12. Any remaining TIF obligations which cannot be funded with resources in that fund will become SHA obligations.

Recommendations

The Department will monitor potential impacts, and if necessary, recommend a change to the 2011-12 capacity. No additional capacity has been identified in the fourth quarter from the SHA cash forecast. Therefore, the Department continues to recommend the delay of STIP SHA and FTF funded projects.

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program					
(\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	\$84	\$86	-\$1	\$84	\$0
Total	\$84	\$86	-\$1	\$84	\$0

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

There were no allocations from the TCRP during the fourth quarter. At the end of Fiscal Year 2009-10, the TCRP was over-allocated by \$76 million. As a result, current year capacity was reduced. Only \$8 million of the \$84 million reflected above was available for allocation in 2010-11.

Outlook for Funding & Allocations

Approximately \$898 million in loan repayments are still outstanding from the GF (See Appendix D). TCRP receives \$83 million per year for repayment of \$416 million in outstanding Proposition 42 loans. The 2011-12 Governor's Budget has indicated that Tribal Gaming repayments (Pre-Proposition 42) would start no earlier than 2016-17.

Recommendations

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

PROPOSITION 1 A & 1B BONDS

Proposition 1B Bonds (\$ in millions)			
Fund	Allocation Capacity	Allocations to Date	Remaining Capacity
Proposition 1A	\$101	\$78	\$23
CMIA	\$1,492	\$124	\$1,368
TCIF	736	126	\$610
Intercity Rail	125	4	\$121
State-Local Partnership	424	234	\$190
Local Bridge Seismic	24	0	\$24
Grade Separations	216	2	\$214
Traffic Light Synch.	182	62	\$120
Route 99	343	23	\$320
Total	\$3,643	\$653	\$2,989

Note: Totals may differ due to rounding.

Capital Allocations vs. Capacity

Bond allocations through the fourth quarter totaled \$653 million, representing 18 percent of the \$3.643 billion capacity. A total of 83 projects were allocated through the fourth quarter.

Outlook for Funding & Allocations

As the state's economy continued to struggle, the STO has been unable to sell sufficient bonds to fund new projects. There were no bond sales during the fourth quarter of 2010-11. The DOF anticipates a sale in the fall; however, no specific details have been released at this time.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. The Department recommends continuing with the current practice of securing sufficient bond sale proceeds prior to the allocation of new projects.

APPENDICES

Appendix A Allocation Capacity and Assumptions

Appendix BCash Forecasts

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

Appendix C Federal Funding

Appendix DTransportation Loans

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2011-12 Allocation Capacity By Fund and Program (\$ in millions)					
Fund	SHOPP	STIP	TCRP	Other Bonds	Total
SHA	\$180	\$200	\$0	\$0	\$380
FTF	1,820	200	0	0	2,020
PTA	0	47	0	0	47
TCRF	0	0	84	0	84
TDIF	0	0	0	0	0
<i>Prop 1A Bonds*</i>	0	0	0	285	285
<i>Prop 1B Bonds*</i>	48	395	0	4,447	4,890
Total Capacity	\$2,048	\$842	\$84	\$4,732	\$7,706

* Bond capacity represents total budget authority and is subject to sales in 2011-12.

The 2011-12 allocation capacity of \$7.706 billion includes Proposition 1B and Proposition 1A capacity.

This allocation capacity is based on:

- For SHOPP, 2010-11 Budget Act revenue and expenditure estimates, and 2010 STIP Fund Estimate federal receipts.
- The PTA allocation capacity of \$47 million is based on a lowered prudent cash balance (\$100 million) and includes unused rolled over capacity from 2010-11.
- 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 Commission, in consultation with the Department 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 and is dependent on the sale of sufficient bonds for funding.
- Proposed Proposition 1A capacity is based on the enacted budget and includes 2010-11 savings.

APPENDIX B – FORECAST METHODOLOGY

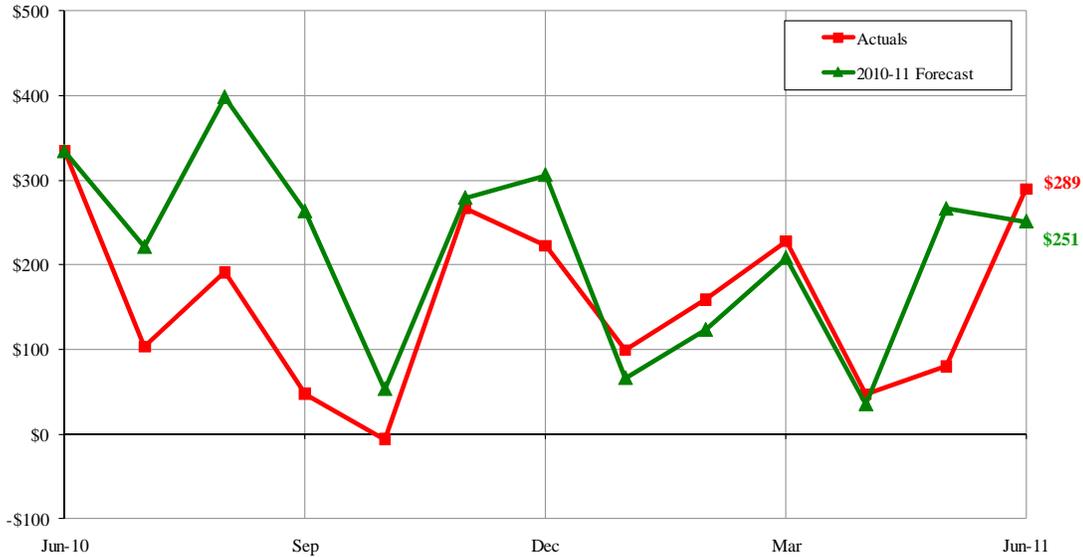
Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and Transportation Deferred Investment Fund (TDIF) are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be supported, and to prepare for low or high cash periods. Variances are identified and reported to management and the Commission. If necessary, adjustments are made to capital allocation levels, funding policy, or forecast methodology. The 2010-11 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and capital outlay support (COS) are based on the 2010-11 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 forecast, 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 (PFAs), funds transferred in and out, and reimbursements.
- A \$135 million loan from the SHA to the GF authorized in the 2009-10 Budget was included in the 2009-10 SHA forecast. However, the loan was not transferred until July 2010. Also included, is the assumption that the repayment of the \$200 million loan from the SHA to the GF in the 2008-09, and the subsequent intra-fund loan from the TCRF to the SHA for \$200 million will both be delayed until June 2013.
- Federal receipts of approximately \$3.0 billion are based on the 2010 STIP Fund Estimate.

APPENDIX B – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

The SHA ended the fourth quarter with a cash balance of \$289 million, \$38 million (15 percent) above forecast. Revenue and transfers year-to-date were \$3.6 billion, \$220 million (7 percent) above forecast. Expenditures through the fourth quarter totaled \$3.6 billion, \$201 million (6 percent) above forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$18 million.

Although the SHA’s ending cash balance is within the acceptable range to forecast, these totals are misleading. The State excise tax transfer from the Highway Users Tax Account (HUTA) was not received in April, which resulted in a low fund cash balance. In addition, a \$147.1 million loan to the GF was processed on June 24, 2011. The forecast assumed a double HUTA payment for May, but the actual transfer was a single HUTA payment. The higher cash balances in June resulted from the receipt of a regular HUTA payment and a payment for the TDSF, which was subsequently to be transferred to the GF. When SCO requested the payment for the TDSF, the SHA did not have an adequate balance to make the full transfer. This has resulted in the SHA owing the GF \$404 million. A repayment plan for the \$404 million was sent to DOF for approval.

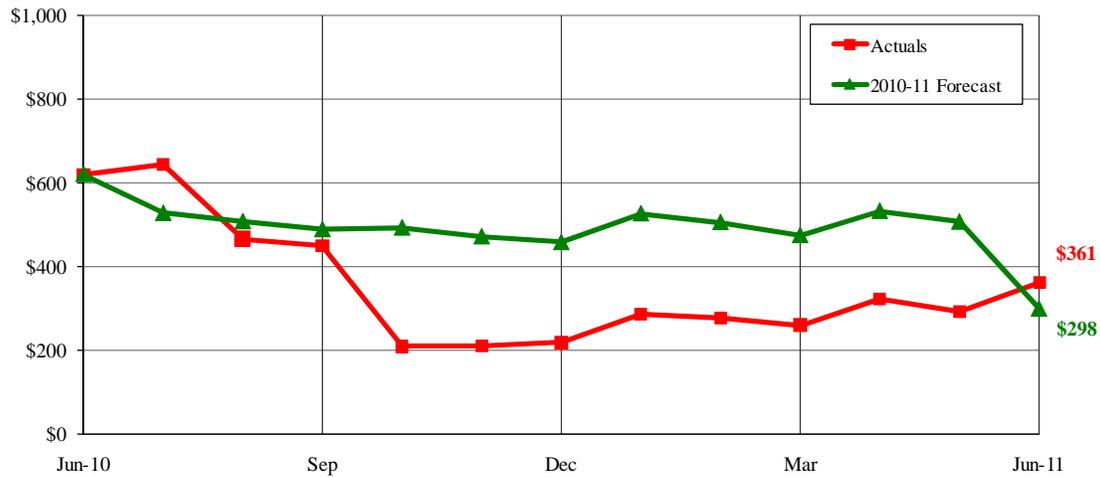
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$334	\$334	N/A	
Revenues	3,547	4,176	629	
Transfers	-175	-584	-409	
Expenditures	-3,455	-3,655	-201	
Adjustments	0	18	18	
Ending Cash Balance	\$251	\$289	\$38	15%

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 cash balance through the fourth quarter of 2010-11, was \$361 million; \$62 million (21 percent) above the forecasted amount of \$298 million. Adjustments were \$294 million, \$48 million (14 percent) below forecast. PTA year end revenues and transfers are on target with forecast. In June 2011, the PTA received \$63 million as a result of the reversal of the TDSF transfers which were in conflict with Proposition 22. Pursuant to AB 115, repayment of a \$29 million loan from the GF was postponed until June 30, 2021.

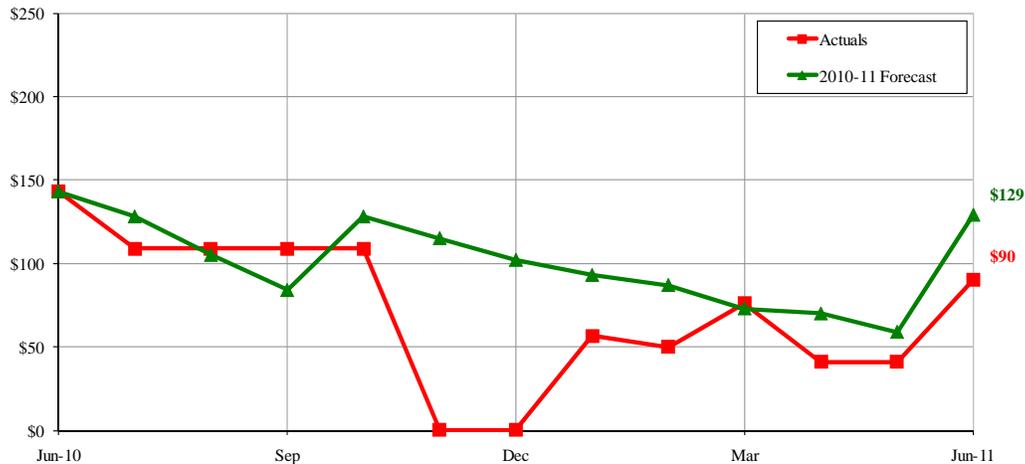
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$620	\$620	N/A	
Revenues	329	329	1	
Transfers	-289	-290	-1	
Expenditures	-20	-5	15	
Adjustments	-341	-294	48	
Ending Cash Balance	\$298	\$361	\$62	21%

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 cash balance through the fourth quarter, ending June 30, 2011, was \$90 million, \$39 million (30 percent) below the forecasted amount of \$129 million. Year-to-date transfers totaled \$143 million, as forecasted. This included the 2010-11 suspended Proposition 42 transfer of \$83 million from the TDIF on July 5, 2011. Year-to-date expenditures were \$226 million, \$69 million (44 percent) above forecast. This difference was attributed to the processing of outstanding expenditures from the previous year, which were higher than anticipated. Net adjustments for the year were a positive \$30 million.

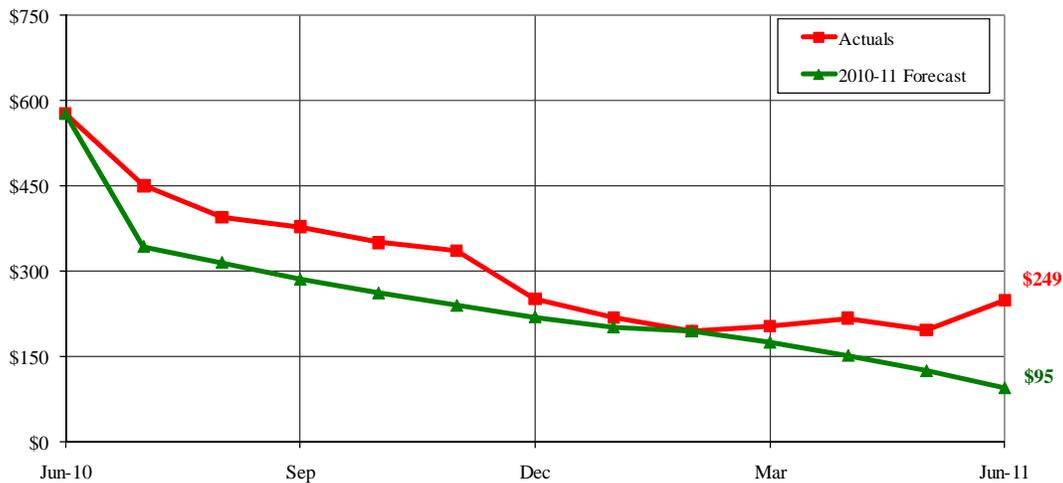
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$143	\$143	N/A	
Revenues	0	0	0	
Transfers	143	143	0	
Expenditures	-157	-226	-69	
Adjustments	0	30	30	
Ending Cash Balance	\$129	\$90	-\$39	-30%

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION INVESTMENT FUND

Transportation Investment Fund (TIF) 12-Month Cash Forecast (\$ in millions)



Year-to-Date TIF Summary

The TIF ending cash balance for the fourth quarter was \$249 million, \$154 million (162 percent) above the forecasted amount of \$95 million. The difference between forecast and actuals is due to expenditures being lower than anticipated and a \$60 million loan repayment from the PTA. TIF is no longer receiving revenue due to ABX8 6 and ABX8 9, collectively known as the fuel tax swap. Year-to-date transfers totaled \$161 million, as forecasted. Year-to-date expenditures totaled \$210 million, \$112 million (35 percent) below forecast. Net adjustments for the year were a positive \$42 million.

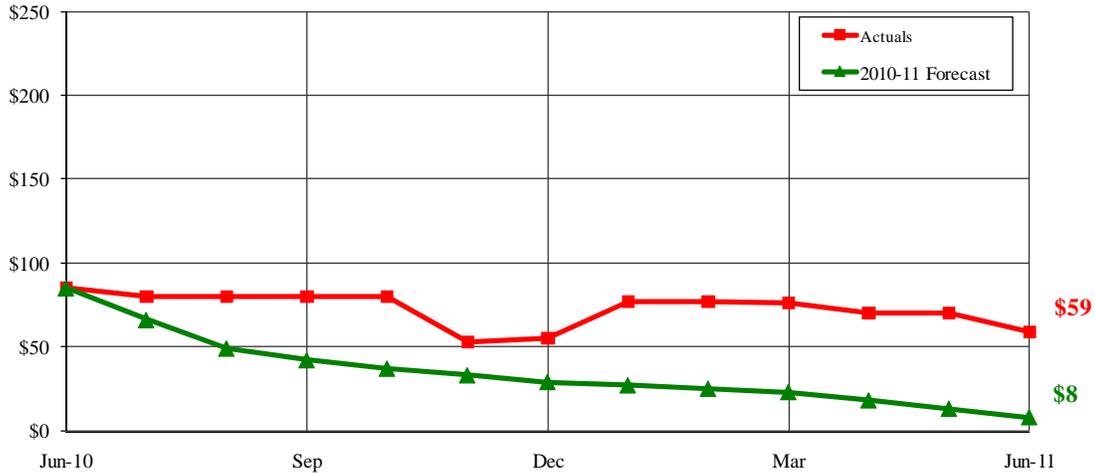
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$578	\$578	N/A	
Revenues	0	0	0	
Transfers	-161	-161	0	
Expenditures	-322	-210	112	
Adjustments	0	42	42	
Ending Cash Balance	\$95	\$249	\$154	162%

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 \$59 million, approximately 52 million (650 percent) above forecast. Year-to-date expenditures totaled \$22 million and net adjustments were a negative \$4 million. The difference between the year-to-date forecast and actual ending cash balance is due to projects spending slower than expected. There will be no future allocations from the TDIF unless project savings are generated.

Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$85	\$85	N/A	
Revenues	83	83	0	
Transfers	-83	-83	0	
Expenditures	-78	-22	56	
Adjustments	0	-4	-4	
Ending Cash Balance	\$8	\$59	\$52	650%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

There have been no new disaster declarations for the quarter ending June 30, 2011, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration (FHWA). The chart below represents disasters that have not been completely funded by FHWA.

Disaster Repair Costs Approved Federal Funding and State/Local Impact (\$ millions)			
Disaster	Identified Cost of Disaster Repair		
	State	Local	Total
Dec. 2004 Storm CA05-1	212	101	313
Dec. 2005 Storm CA06-1	331	59	390
So. California Wildfires CA08-3	28	8	36
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	8	0	8
So. California Wildfires CA09-2	12	7	19
Jan. 2010 Storm CA10-1	72	3	75
Humboldt Co. Earthquake CA10-2	1	2	3
Imperial Co. Earthquake CA10-3	1	7	8
Dec. 2010 Storm CA11-1	56	62	118
Modoc Co. Storm CA11-1	0	1	1
March 2011 Storm CA 11-3	21	294	315
Total Damage Estimate	\$751	\$544	\$1,295
Amount Obligated To Date			\$734
Allocation Available for Future Project Costs			\$17
Remaining Need			\$544

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 emergency projects.

APPENDIX D – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of June 30, 2011			
(\$ in millions)			
FUND	Original Loan	Amount Paid-to-Date	Remaining Balance
Pre-Proposition 42 (Tribal Gaming Revenue):			
State Highway Account (SHA)	\$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) ¹	1,066	650	416
Locals	440	440	0
Subtotal Proposition 42 Loans:	\$2,167	\$1,749	\$418
General Fund Loan:			
State Highway Account (SHA) ²	\$335	\$0	\$335
State Highway Account - Weight Fee Revenues ²	\$576	\$0	\$576
Public Transportation Account ³	\$29	\$0	\$29
Other transportation accounts	31	0	31
Subtotal General Fund Loan:	\$971	\$0	\$971
Totals:	\$4,367	\$2,100	\$2,267

Note: Numbers may not add due to rounding.

¹The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

²The SHA is expected to be repaid \$200 million in 2011-12, \$135 million in 2012-13, and \$576 million in 2020-21.

³The 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 Director of Finance began using the compact revenues to make annual payments towards these loan balances pursuant to Section 63048.65 of the Government Code. However, the 2011-12 Governor's Budget has indicated that Tribal Gaming repayments would start no earlier than 2016-17 with the SHA as the first fund to be repaid. It should be noted that there is no specific repayment plan required by statute, and no deadline for repayment of loans.

Proposition 42 Loans

In March 2002, Proposition 42 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 reenactment of the fuel tax swap in March 2011 (AB 105), 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 \$230.7 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 authorized \$230.7 million in loans was scheduled to be repaid by June 30, 2011. The Budget Act of 2010 delayed the repayments by one year. These loans are now required to be repaid, with interest calculated at the rate earned by the Pooled Money Investment Account (PMIA), by June 30, 2012. Repayments will be made to ensure that the programs supported by the SHA are not adversely affected by the loan.

A \$135 million loan from the SHA to the GF was authorized in the 2009-10 Budget. The loan to the GF occurred on June 30, 2010. This loan is required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2013.

The 2010-11 Budget authorized a \$227 million loan from the SHA to the GF, and a \$29 million loan from the PTA to the GF. Per Government Code 16965.1 loans from the SHA are from weight fee revenues in the SHA fund balance. In addition, a loan of \$349 million was transferred to the GF from vehicle weight fees. These loans are required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2021.

Assembly Bill 115 of 2011, which was signed into legislation as the trailer bill to the Budget Act of 2011, extends the use of weight fee revenues and other revenues deposited in the TDSF to pay for transportation debt service through next year. AB 115 authorized the postponement for repayment of \$576 million in loans from the GF to transportation funds until June 30, 2021. Upon repayment of the \$576 million in loans, the Controller will immediately transfer these funds to the TDSF. In addition, the SHA currently owes the GF \$404 million from a payment for the TDSF, which was subsequently to be transferred to the GF.

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
	TCRF	PTA	Cover PTA expenditures per GC 14556.85 ¹	60	-60	0
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
2010-11	PTA	SHA	Cover SHA expenditures per GC 14556.7 ²	140	-140	0
	TIF	PTA	Cover PTA expenditures per GC 14556.7 ³	60	-60	0
Totals				\$595	(\$260)	\$335

¹Short-term loan repayment of \$60M from the PTA to the TCRF occurred on 3/7/2011.

²Short-term loan repayment of \$140M from the SHA to the PTA occurred on 3/23/2011.

³Short-term loan repayment of \$60M from the PTA to the TIF occurred on 6/8/2011.

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 \$60 million was transferred from the TCRF to the PTA to ensure adequate funding for commitments. 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. In addition, a short-term loan of \$140 million from the PTA was transferred to the SHA in October 2010 to ensure adequate funding for ongoing commitments. A loan of \$60 million was transferred in 2010-11 to the PTA from the TIF to cover PTA expenditures.

Currently \$260 million in interfund transportation loans have been repaid. A repayment of \$60 million was made from the PTA to the TCRF, and a repayment of \$140 million was made from the SHA to the PTA in March 2011. The PTA repaid \$60 million to the TIF in June 2011, leaving a total of \$335 million in outstanding interfund transportation loans.