



# COLORADO

## Department of Transportation

Division of Accounting and Finance

4201 East Arkansas Avenue, Room 262  
Denver, CO 80222

### MEMORANDUM

**TO: TRANSPORTATION COMMISSION**

**FROM: SCOTT RICHRATH, CHIEF FINANCIAL OFFICER (CFO)**

**DATE: SEPTEMBER 17, 2014**

**SUBJECT: FY2014 & FY2015 BUDGET TOPICS**

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#### Purpose

This memorandum summarizes information related to FY2014 year-end close budget reconciliation items and the corresponding FY2015 Transportation Commission Contingency Reserve Fund (TCCRF) impact, including:

- The current FY2014 preliminary revenue reconciliation
- FY2014 to FY2015 cost center roll forward requests approved by the Transportation Commission (TC) and Department staff

#### Action

To review and approve staff recommendation for surplus fund balances correlated to the FY2014 revenue reconciliation and approved cost center roll forwards.

#### Background & Details

##### ***FY2014 Preliminary Revenue Reconciliation***

At the close of each fiscal year, the Office of Financial Management and Budget (OFMB) within the Division of Accounting and Finance (DAF), compares the planned budget to the actual revenues and recommends a course of action for any surpluses or deficits to the TC. This process is similar to the initial development of the Department's allocation for the new year, followed by developing the new fiscal year budget and then balancing the budget. Any potential surpluses or deficits are discussed followed by a recommendation to the TC.

The FY2014 revenue reconciliation was recently completed using supplement documents provided by the State Department of Revenue and the Federal Highway Administration (FHWA). Given that the federal fiscal year ends September 30, 2014, there is a possibility that FY2014 reconciling items may change slightly. In addition, the Department is eligible to receive an increase in the annual allocation known as "Federal re-distribution". Last year, the Department received \$25.5 million. The amount available to states varies each year. The Department has not yet been notified of the FY2014 amount. Future updates to the reconciliation and the re-distribution will be provided to the TC.

Currently, FY2014 reconciliation reports for the Department and the Enterprises reveal the following surplus and deficit amounts (see Attachment A):

- The Colorado Department of Transportation had estimated revenues for the FY2014 Budget of \$1,101.9 million and received actual revenues in the amount of \$1,238.4 million creating a surplus of \$136.5 million. The surplus is primarily due to Emergency Relief funding related to the September 2013 and US24 flooding events. Excluding the surplus specifically identified to fund the Emergency Relief efforts, the TC can direct approximately \$7.5 million of the revenue surplus.



- The Colorado High Performance Transportation Enterprise had estimated revenues for the FY2014 Budget of \$32.5 million and received actuals in the amount of \$25.0 million leaving a deficit of \$7.5 million. This deficit is primarily due to revenue in the budget being deferred and not recognized as revenue is received.
- The Colorado Statewide Bridge Enterprise had estimated revenues for the FY2014 Budget of \$115.5 million and received actual in the amount of \$119.6 million creating a surplus of \$4.2 million. This surplus is primarily due to FASTER Bridge Enterprise surcharge revenues received above the budget estimate.

***FY2014-FY2015 Cost Center Roll Forward Request***

Last month, DAF recommended year-end roll forward request procedures including Department staff and TC approval thresholds. Under the newly adopted Policy Directive 703.0, the TC shall be presented with all staff recommended cost center roll forwards of \$1.0 million or more. Requests totaling less than \$1.0 million will be managed by Department staff. The section below summarizes the estimated TC directed FY2014 residual fund balance including the automatic and staff recommended roll forward credit and the roll forward request approved by the TC in August.

A complete reconciliation of the FY2014 year-end close reconciliation items outlined in the memo narrative is provided in the table below:

**FY2014 Surplus Fund Reconciliation (Revenue and Cost Center Balances)**

FY2014 Remaining Cost Center Fund Balances		<b>\$ 32,167,182</b>
FY2014 Automatic Roll Forwards:		<b><u>(16,496,084)</u></b>
• E0249-010 - Equipment Pool Headquarters	(85,031)	
• S0247-010 - Road Equipment Pool	(97,403)	
• OI440-010 - Intelligent Transportation Systems Project Pool	(4,096,233)	
• FASTER Transit	(12,217,417)	
FY2014 Total Approved Roll Forward Requests:		<b><u>(5,182,453)</u></b>
• FY14 Roll Forward Request Approved by TC in August	(2,543,681)	
• FY14 Roll Forward Requests <i>Tentatively</i> Approved by Department	(2,638,772)	
FY2014 Remaining Balance after Roll Forwards		<b>\$ 10,488,645</b>
FY2014 Current Revenue Reconciliation over the FY2014 budget		<b><u>7,499,042</u></b>
Total FY2014 Remaining Fund Balance		<b>\$ 17,987,687</b>
FY2015 Pushed Amount over Budget		<b><u>\$(10,009,523)</u></b>

Transfers were made from the Operation line of the budget allocation sheet based upon a March 2014 decision to keep programs whole for final budget adoption and reconcile through this year end process. In addition, changes were made in SAP in accordance with statewide common policy updates provided by the Governor’s Office of State Planning and Budget.

FY2014 Estimated Roll Forward to TC Contingency **\$ 7,978,164**

**Key Benefits**

The TCCRF fund will increase by approximately \$8.0 million and the TC can direct the use of the surplus funds. Options and recommendations are included in the next section of the memo.



### Options and Recommendations

- 1.) Roll forward combined FY2014 cost center and revenue surplus fund balances to the TCCRF- Staff Recommendation. (see Attachment B and Attachment C)
- 2.) Roll forward combined FY2014 cost center and revenue surplus fund balances to RAMP.
- 3.) Request additional information related to FY2014 cost center roll forwards and revenue surpluses.

### Next Steps

In October, DAF will:

- Provide recent updates to FY2014 revenue reconciliations and Federal re-distribution; and
- Provide the FY2016 Narrative Budget for TC review and discussion
- Provide recommendation for use of the surplus TC Contingency.

In November, the Division of Accounting and Finance will ask for the approval and adoption of the FY2016 Draft Budget for submission to the Office of State Planning and Budget and Joint Budget Committee. A preliminary FY2016 budget summary is included under separate memo in the September TC packet for review and discussion.

### Attachments

Attachment A - FY2014 Preliminary Revenue Reconciliation

Attachment B - September FY2015 Contingency Balance Reconciliation

Attachment C - FY2015 Contingency Balance Projection including FY2014 year-end reconciling items



**Colorado Department of Transportation**  
**Fiscal Year 2014 Preliminary Budget / Actual Revenue Comparison**

REVENUE SOURCE	FY 2014		Actual over (under) Budget	NOTES
	Budget	Actual		
<b>Total Colorado Department of Transportation Revenue</b>	<b>1,101,963,212</b>	<b>1,238,422,883</b>	<b>136,459,671</b>	
<b>STATE FUNDS</b>	<b>481,720,000</b>	<b>477,802,679</b>	<b>(3,917,321)</b>	
HUTF Revenue to CDOT (Flexible)	407,000,000	411,736,079	4,736,079	
CDOT Miscellaneous Revenue (Flexible)	28,800,000	25,341,003	(3,458,997)	
General Fund Revenue to CDOT	0	0	0	
State Infrastructure Bank	500,000	608,466	108,466	
State Safety Education Funds	2,620,000	3,234,868	614,868	
Aeronautics Funds	42,800,000	36,882,264	(5,917,736)	
<b>FASTER FUNDS</b>	<b>101,900,000</b>	<b>106,148,151</b>	<b>4,248,151</b>	
FASTER Safety - State Share to CDOT (Flexible)	96,900,000	101,148,151	4,248,151	
FASTER Safety - Local Share for Rail and Transit	5,000,000	5,000,000	0	
<b>FEDERAL FUNDS</b>	<b>489,473,717</b>	<b>625,113,430</b>	<b>135,639,713</b>	
Federal Highway Administration (Flexible)	325,333,736	327,307,545	1,973,809	
Federal Highway Administration	146,109,263	279,969,340	133,860,077	Includes \$132 million of ER in actual
Federal Transit Administration	16,030,718	16,047,788	17,070	
National Highway Traffic Safety Administration	1,700,000	1,700,000	0	
Federal Aviation Administration	300,000	88,757	(211,243)	
<b>LOCAL MATCHING FUNDS</b>	<b>28,869,495</b>	<b>29,358,623</b>	<b>489,128</b>	
Local Match for FHWA Funding	19,867,343	20,234,436	367,093	
Local Match for FTA Funding	9,002,152	9,124,187	122,035	

**Notes:**

<i>Total CDOT Flexible</i>	<i>858,033,736</i>	<i>865,532,778</i>	<i>7,499,042</i>	
<i>Total CDOT Inflexible</i>	<i>243,929,476</i>	<i>372,890,106</i>	<i>128,960,630</i>	

**Colorado High Performance Transportation Enterprise  
Fiscal Year 2014 Preliminary Budget / Actual Revenue Comparison**

REVENUE SOURCE	FY 2014		Actual over (under) Budget	NOTES
	Budget	Actual		
<b>High Performance Transportation Enterprise Revenue</b>	<b>32,500,000</b>	<b>25,017,332</b>	<b>(7,482,668)</b>	
<b>STATE FUNDS</b>	<b>2,500,000</b>	<b>4,329,350</b>	<b>1,829,350</b>	
Tolling Fee Revenue (Enterprise)	2,500,000	4,013,683	1,513,683	
Tolling Violations	0	24,845	24,845	
Interest Income - Exempt	0	290,821	290,821	
<b>LOCAL CONTRIBUTIONS</b>	<b>30,000,000</b>	<b>20,687,982</b>	<b>(9,312,018)</b>	
Managed Lanes Revenue	30,000,000	20,687,982	(9,312,018)	

**Colorado Statewide Bridge Enterprise  
Fiscal Year 2014 Preliminary Budget / Actual Revenue Comparison**

REVENUE SOURCE	FY 2014		Actual over (under) Budget	NOTES
	Budget	Actual		
<b>Statewide Bridge Enterprise Revenue</b>	<b>115,481,900</b>	<b>119,646,415</b>	<b>4,164,515</b>	
<b>STATE FUNDS</b>	<b>2,500,000</b>	<b>3,023,910</b>	<b>523,910</b>	
Other Enterprise Charges	0	0	0	
Interest Income - Exempt	2,500,000	3,023,910	523,910	
Cost Recovery	0	0	0	
<b>FASTER FUNDS</b>	<b>91,600,000</b>	<b>95,700,102</b>	<b>4,100,102</b>	
FASTER - Bridge Surcharge	91,600,000	95,700,102	4,100,102	
<b>FEDERAL FUNDS</b>	<b>21,381,900</b>	<b>20,922,403</b>	<b>(459,497)</b>	
Buy America Bonds Credit	6,381,900	5,922,403	(459,497)	
Re-distributed FHWA for BE Projects	15,000,000	15,000,000	0	

<b>Total Transportation Revenue</b>	<b>1,249,945,112</b>	<b>1,383,086,630</b>	<b>133,141,518</b>
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Attachment B - September FY2015 Contingency Balance Reconciliation

<b>FY 2015 Contingency Balance Projection</b>		
September FY 2015 TC Contingency Balance <sup>(1)</sup>	\$89,137,072	
FY 2015 State Match for Emergency Relief/Permanent Recovery	Low Estimate	High Estimate
	(\$5,000,000)	(\$13,000,000)
Federal Reimbursement of US24; Return of HPTE loans; and Other Impacts	Max Reimbursement Estimate	Min Reimbursement Estimate
	\$9,000,000	\$4,000,000
FY 2015 Contingency Estimate - Prior to FY 2015 TCCRF Funding Requests	High Balance	Low Balance
	\$93,137,072	\$80,137,072
Estimated FY2015 TCCRF Funding Requests (October through June)	(\$18,750,000)	(\$18,750,000)
Projected FY 2015 YE Contingency Balance	\$74,387,072	\$61,387,072
<b><i>TCCRF Fund Balance Adjustment to Reach \$50M Balance - Period 1 FY2016</i></b>	<b><i>(\$24,387,072)</i></b>	<b><i>(\$11,387,072)</i></b>

*Estimated future railroad exposure not currently included - (\$10,000,000)*

(1) Per Budget Memo September FY2015 TC balance includes pending FY14 reconciliation adjustment of + \$7,978,164

Attachment C - FY2015 Contingency Balance Projection including FY2014 year-end reconciling items

<b>September FY 2015 Contingency Balance Reconciliation</b>	
August FY 2015 TC Contingency Balance	\$77,014,267
Emergency Relief Project Allocation - Permanent Restoration Return of state match due to Central Federal Lands projects qualifying for 100% federal	\$2,727,999
Return of US550 Rockslide funds upon FHWA ER funding allocation	\$912,005
US-24 Flood Mitigation Bid Savings	\$504,637
FY2014 Surplus Fund Reconciliation (pending)	\$7,978,164
<b>September FY 2015 TC Contingency Balance</b>	<b>\$89,137,072</b>



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## MEMORANDUM

**TO: TRANSPORTATION COMMISSION**

**FROM: SCOTT RICHRATH, CHIEF FINANCIAL OFFICER (CFO)**

**DATE: SEPTEMBER 17, 2014**

**SUBJECT: FY2016 REVENUE ESTIMATES**

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### Purpose

This memorandum summarizes FY2016 revenue estimates in preparation for the Transportation Commission's (TC) review and adoption of the Draft Budget in October.

### Action

To review and comment on the FY2016 revenue estimates.

### Background

A comparison of the preliminary FY2016 revenue estimates versus FY2015 for all Transportation Revenue is summarized as follows (see Attachment A - FY2015 / FY2016 Budget Revenue Comparison):

- The FY2016 Colorado Department of Transportation's estimated revenues for next fiscal year's Draft Budget are \$1.398 billion which is an increase of \$181.2 million or 14.9%; the majority of the increase is driven by SB 09-228 which is a new revenue source.
- The FY2016 Colorado High Performance Transportation Enterprise's estimated revenues for next fiscal year's Draft Budget are \$4.4 million which is a decrease of \$26.2 million or 85%. This decrease is primarily due to \$30M of revenue being deferred and not recognized as revenue received.
- The FY2016 Colorado Statewide Bridge Enterprise's estimated revenues for next fiscal year's Draft Budget are \$199.7 million which is an increase of \$4.8 million or 4.2%. This increase is due primarily to the projected growth in FASTER bridge surcharge revenues.

### Details

The attached FY2015 / FY2016 Budget Revenues Comparison also identifies revenues estimated for flexible (TC directed) and inflexible programs. FY2016 revenues specific to a program are considered inflexible (i.e., MAP-21 and State mandated programs such as safety education and Aeronautics) and have been automatically adjusted based on the total FY2016 revenue assumptions. All other program revenues, highlighted in green are considered flexible and are estimated based on the FY2015 budget amounts as adopted by the TC in March 2014.





Last year the TC adopted revenue estimates for the 2040 Long Range Transportation Plan (LRP). At that time, the total Transportation Revenue estimate for FY 2016 was \$1.409 billion. The current total Transportation Revenue estimate for the FY 2016 Budgets is \$1.522 billion. When compared, the current estimate is \$113.6 million higher than the LRP estimate. Two major revenue sources (SB 09-228 and FHWA Apportionments) contribute significantly to the estimate increase.

- For SB 09-228 the LRP revenue was estimated to be \$152.8 million and for the FY2016 Budget estimate it is \$203.2M, representing an increase of \$50.4 million.
- For FHWA Apportionments the LRP revenue was estimated to be \$481.4 million and for the FY2016 Budget estimate it is \$466.2 million, representing a decrease of \$15.2 million. If estimated emergency relief funds were included in this total, the FY2016 budget estimate is \$553.2 million representing a \$71.8 million increase.
- For State Bridge Enterprise the LRP revenue was estimated to be \$130.2 million and for the FY2016 Budget estimate it is \$119.7 million, representing a decrease of \$10.5 million.

#### Key Benefits

N/A

#### Options and Recommendations

- 1.) Review and comment on the FY2016 revenue estimates in preparation of next month's review of the Draft Budget - Staff Recommendation.
- 2.) Request additional information related to the FY2016 revenue estimates.

#### Next Steps

In October, Department staff will use these revenue estimates to provide the TC with the FY2016 Draft Budget. The TC will be asked to balance the Draft Budget and consider adoption. On or before December 15<sup>th</sup>, the Division of Accounting and Finance will submit the TC adopted Draft Budget to the Office of State Planning and Budget.

#### Attachments

Attachment A - FY2015 / FY2016 Budgets Revenue Comparison



**Colorado Department of Transportation**  
**Comparison of Fiscal Year 2015 / Fiscal Year 2016 Revenue Estimates**

REVENUE SOURCE	BUDGET ESTIMATE		FY2016 over (under) FY2015	NOTES
	FY2015	FY2016		
<b>Total Colorado Department of Transportation Revenue</b>	<b>1,217,259,949</b>	<b>1,398,421,251</b>	<b>181,161,302</b>	
<b>STATE FUNDS</b>	<b>485,650,001</b>	<b>678,177,300</b>	<b>192,527,299</b>	
HUTF Revenue to CDOT (Flexible)	409,700,001	412,477,300	2,777,299	
CDOT Miscellaneous Revenue (Flexible)	29,500,000	19,200,000	(10,300,000)	Decrease is due to lower earned interest.
General Fund Revenue to CDOT	0	203,200,000	203,200,000	This is a new revenue source for FY2016.
State Infrastructure Bank	700,000	500,000	(200,000)	
State Safety Education Funds	2,950,000	3,400,000	450,000	
Aeronautics Funds	42,800,000	39,400,000	(3,400,000)	
<b>FASTER FUNDS</b>	<b>102,900,000</b>	<b>111,293,236</b>	<b>8,393,236</b>	
FASTER Safety - State Share to CDOT (Flexible)	97,900,000	106,293,236	8,393,236	
FASTER Safety - Local Share for Rail and Transit	5,000,000	5,000,000	0	
<b>FEDERAL FUNDS</b>	<b>599,325,330</b>	<b>578,675,362</b>	<b>(20,649,968)</b>	
Federal Highway Administration (Flexible)	326,201,464	326,897,445	695,981	
Federal Highway Administration	250,258,370	226,288,537	(23,969,833)	FY2016 is based on MAP-21 level plus ER.
Federal Transit Administration	16,030,718	17,789,380	1,758,662	
National Highway Traffic Safety Administration	6,534,778	7,500,000	965,222	
Federal Aviation Administration	300,000	200,000	(100,000)	
<b>LOCAL MATCHING FUNDS</b>	<b>29,384,618</b>	<b>30,275,353</b>	<b>890,735</b>	
Local Match for FHWA Funding	20,069,966	19,876,093	(193,873)	
Local Match for FTA Funding	9,314,652	10,399,260	1,084,608	

**Notes:**

<i>Total CDOT Flexible</i>	<i>863,301,465</i>	<i>864,867,981</i>	<i>1,566,516</i>
<i>Total CDOT Inflexible</i>	<i>353,958,484</i>	<i>533,553,270</i>	<i>179,594,786</i>

**Colorado High Performance Transportation Enterprise  
Comparison of Fiscal Year 2015 / Fiscal Year 2016 Revenue Estimates**

REVENUE SOURCE	BUDGET ESTIMATE		FY2016 over (under) FY2015	NOTES
	FY2015	FY2016		
<b>High Performance Transportation Enterprise Revenue</b>	<b>30,575,000</b>	<b>4,400,000</b>	<b>(26,175,000)</b>	
<b>STATE FUNDS</b>	<b>575,000</b>	<b>4,400,000</b>	<b>3,825,000</b>	
Tolling Fee Revenue (Enterprise)	375,000	4,200,000	3,825,000	
Tolling Violations	0	0	0	
Interest Income - Exempt	200,000	200,000	0	
<b>LOCAL CONTRIBUTIONS</b>	<b>30,000,000</b>	<b>0</b>	<b>(30,000,000)</b>	
Managed Lanes Revenue	30,000,000	0	(30,000,000)	FY2015 was the last year for this funding.

**Colorado Statewide Bridge Enterprise  
Comparison of Fiscal Year 2015 / Fiscal Year 2016 Revenue Estimates**

REVENUE SOURCE	BUDGET ESTIMATE		FY2016 over (under) FY2015	NOTES
	FY2015	FY2016		
<b>Statewide Bridge Enterprise Revenue</b>	<b>114,881,900</b>	<b>119,700,000</b>	<b>4,818,100</b>	
<b>STATE FUNDS</b>	<b>2,400,000</b>	<b>3,000,000</b>	<b>600,000</b>	
Other Enterprise Charges	0	0	0	
Interest Income - Exempt	2,400,000	3,000,000	600,000	
Cost Recovery	0	0	0	
<b>FASTER FUNDS</b>	<b>91,100,000</b>	<b>95,400,000</b>	<b>4,300,000</b>	
FASTER - Bridge Surcharge	91,100,000	95,400,000	4,300,000	
<b>FEDERAL FUNDS</b>	<b>21,381,900</b>	<b>21,300,000</b>	<b>(81,900)</b>	
Buy America Bonds Credit	6,381,900	6,300,000	(81,900)	
Re-distributed FHWA for BE Projects	15,000,000	15,000,000	0	

<b>Total Transportation Revenue</b>	<b>1,362,716,849</b>	<b>1,522,521,251</b>	<b>159,804,402</b>
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