

West Virginia Division of Highways
Administrative Operating Procedures
Section II, Chapter 8

SECTION TITLE: ACCOUNTING

CHAPTER TITLE: ESCROW ACCOUNTS

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I. **INTRODUCTION**

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This procedure governs deposit, transfer into the appropriate project authorization, and/or refunding of monies in Escrow Accounts. At the request of government agencies, corporations, or private citizens the Division of Highways may perform work on public highways for which the requesting party, under contractual agreement, partially or wholly subsidizes. The balance of funding for this type of highway project may be federal, state, or local funds. The agreement between the DOH and the requesting party specifies the funding contribution to be made by each of the parties. Initially, the monies received by the DOH from the requesting party will be deposited in Account # 2621 until it can be transferred into a project authorization or until the project is cancelled and the monies can be refunded.

Escrow Accounts may also be used to deposit funds that must be held until the account can be resolved. For example, in the event that a land developer is required by the DOH to post a bond due to the possibility of his work resulting in damage to DOH property, this bond money would be held in escrow until it has been determined that the threat no longer exists or the money is required to make repairs.

II. **NOTIFICATION**

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The originating division or district (the DOH organization which negotiated the agreement and has received the check for deposit in Escrow Accounts) will transmit the requesting party's check to Finance Division, Accounts Receivable Section by memorandum, requesting the monies be deposited into the Escrow Account. A copy of the check and the memorandum should be retained by the originating organization. If a check is not received from the requesting party when the agreement is executed, the originating organization shall transmit the memorandum without the check indicating the expected amount and when the check will be received. The memorandum must include the following information for recordation.

A. **HIGHWAY PROJECT RELATED**

1. The name and mailing address of the contractual party or depositor.
2. The contractual amount received or expected to be received for deposit.
3. A brief description of the project type and its location.
4. An indication of the remaining funding expected, i.e., Federal-Aid, state, or local.
5. The percentages of the total project costs that are each funding party's responsibility.
6. Along with this memo, the originating division shall attach a photocopy of the agreement(s) for all funding parties.

B. **OTHER TYPES (NON-HIGHWAY PROJECT RELATED)**

1. The name and address of the depositor.
2. A brief description of the purpose of the deposit.
3. The amount to be received for deposit.
4. A photocopy of any agreement associated with the deposit should also be attached.

III. **RECEIPT AND DEPOSIT OF FUNDS**

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Upon receipt, the monies will be deposited by the Accounts Receivable Section in Escrow Account #2621. The deposit must be made within 24 hours of receipt of the check. Once deposit has been made, the Accounts Receivable Section will

record the transaction on the Escrow Accounts Control Log and retain a copy of the deposit documentation along with the originating division's or district's memo in a project file. Accounts Receivable will provide a photocopy of the originating organization's memo and a photocopy of the agreement to the Federal-Aid Section for federally funded projects or to the General Accounting Section and the Data Control Section of Finance Division for non-federally funded projects.

IV. **TRANSFERS**

When the originating division or district submits an Authorization (Form BF-98) to Finance Division, either for professional engineering, right of way or construction, a memorandum instructing Finance Division, Accounts Receivable Section to prepare a journal voucher to transfer the appropriate funds previously deposited in Escrow to the project authorization's "Amount Paid" field must also be attached. This transfer should be proportioned to match the requesting party's appropriate participation in funding the project engineering authorization and then later for right of way or construction costs and their authorizations.

For project authorizations submitted by DOH organizations other than the originating division or district that negotiated the agreement, the organization submitting the authorization request will mark the appropriate block for the originating organization under "DISTRIBUTION" on Authorization Form BF-98 so that they will receive a copy of the approved BF-98. Receipt of a copy of the approved Form BF-98 will notify the originating division or district that they should request Finance Division to prepare a journal voucher to transfer the appropriate funds from Escrow to the project authorization's "Amount Paid" field as described above.

For Escrow Deposits that are not highway project related, the director or district administrator of the originating organization must submit a memo to Finance Division listing the justification for the requested transfer of the deposited funds along with a request to prepare the necessary journal voucher to execute the transfer.

V. **REFUNDS OR BILLINGS**

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Upon determining a project will be cancelled, the originating division/district must transmit a memo to Finance Division, Accounts Receivable Section and Federal-Aid Section or General Accounting Section notifying them that the project has been cancelled and that the amount deposited in Escrow should be refunded. The Accounts Receivable Section will then initiate the appropriate action to ensure the amount deposited is refunded the depositor or requesting party.

Upon project completion and subsequent preparation of final voucher, if the final project costs are found to be under the original estimate and a refund is due the requesting party, Finance Division's Federal-Aid Section for federally funded projects, or the General Accounting Section for non-federally funded projects shall initiate the appropriate action to ensure the refund amount is distributed to

the requesting party. Similarly, if the final project costs have exceeded the original estimate and the requesting party owes additional funds, the necessary invoice will be processed and mailed to the requesting party.

VI. **MONITORING**

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Semi-Annually on November 1 and May 1, the Accounts Receivable Section will send a memo to each originating division/district listing all projects with funds in Escrow Account #2621. This memo shall include the name of the requesting party, the amount deposited and the project name, number, and a brief description. The memo will request the originating division/district to review these projects and advise Finance Division, Accounts Receivable Section of the present status.