

# CASH MANAGEMENT INITIATIVES OF THE WVDOH

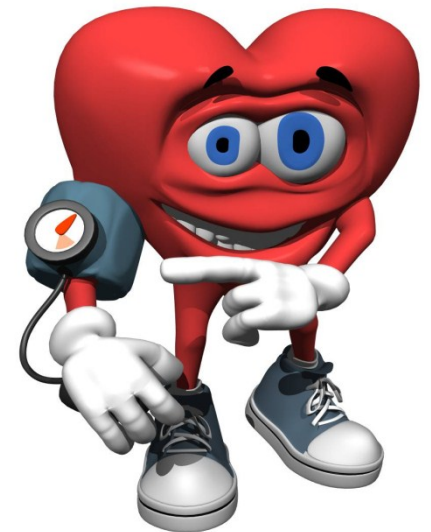


# WHAT IS CASH MANAGEMENT ?

The corporate process of collecting, managing and (short-term) investing of cash. It is a key component of ensuring a company's financial stability and solvency.

## WHY DO WE MANAGE CASH ?

1. To avoid insolvency (and therefore bankruptcy),
2. To ensure the Agency's overall financial health is adequate to conduct our Maintenance and Improvement Programs and employees get paid



State Road  
Fund  
Receives  
About  
\$1.1 Billion  
Annually

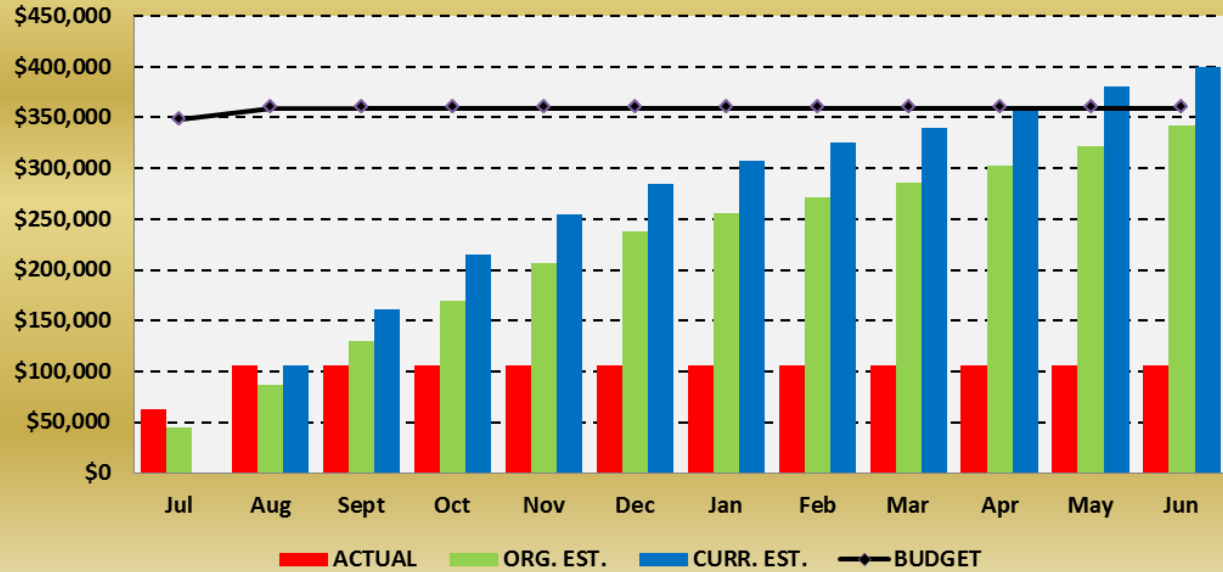


## WEST VIRGINIA DEPARTMENT OF TRANSPORTATION STATE ROAD FUND REVENUES AND EXPENDITURES

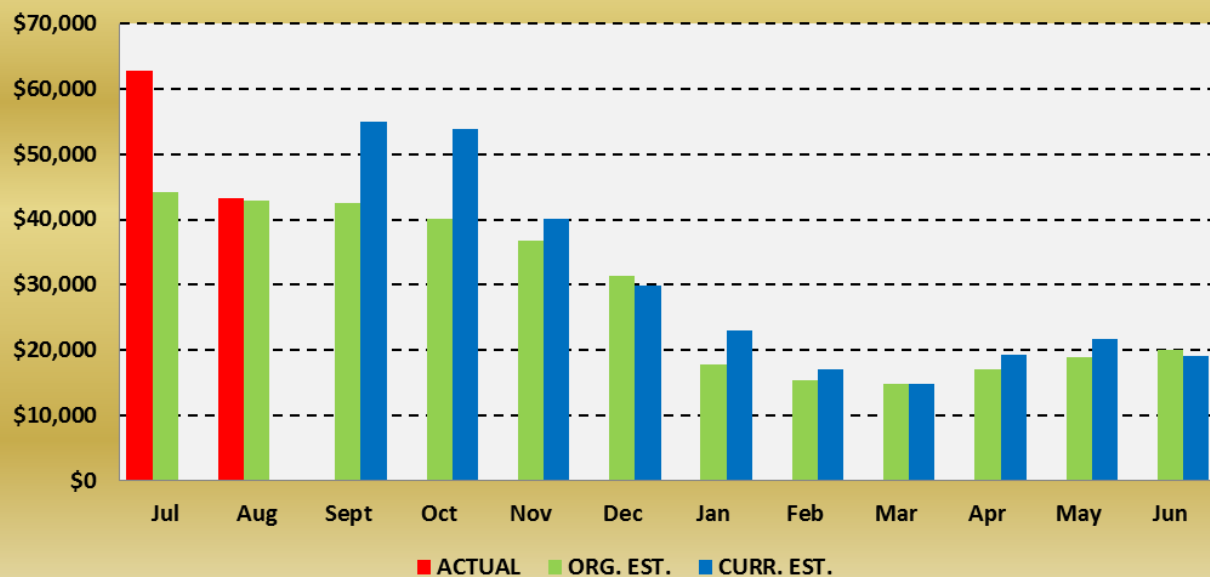
	FY2013 ACTUAL	FY2014	FY2015
<b>1 CASH BALANCE - START OF FY</b>	<b>\$46,373</b>	<b>\$87,263</b>	<b>\$100,454</b>
2 TAX REVENUES	688,326	699,945	677,088
3 MISCELLANEOUS REVENUES	36,127	37,515	34,930
<b>4 TOTAL NON FEDERAL (STATE) REVENUES</b>	<b>\$724,454</b>	<b>\$737,460</b>	<b>\$712,018</b>
5 FEDERAL REIMBURSEMENT	433,494	\$489,700	\$432,000
<b>6 TOTAL RECEIPTS</b>	<b>\$1,157,948</b>	<b>\$1,227,160</b>	<b>\$1,144,018</b>
<b>EXPENDITURES:</b>			
<b>7 STATE ROAD FUND SET ASIDES</b>			
8 DMV *	\$36,632	\$41,379	\$41,379
9 OFFICE OF ADMINISTRATIVE HEARINGS *	\$1,792	1,952	1,952
10 INDUSTRIAL ACCESS ROADS	3,000	3,000	3,000
11 CLAIMS (against DOH & DMV)	2,092	748	2,600
<b>12 TOTAL SET ASIDES</b>	<b>\$43,517</b>	<b>\$47,079</b>	<b>\$48,931</b>
<b>13 WVDOH PRIORITY EXPENDITURES (NF)</b>			
14 DEBT SERVICE	\$38,380	\$37,000	\$37,000
15 ADMIN SUPPORT (GEN OP+EQUIP+INV)	45,465	74,804	70,481
16 MAINTENANCE (ROUTINE+LITTER)	298,045	310,586	309,580
<b>17 TOTAL PRIORITY EXPENDITURES (NF)</b>	<b>\$381,890</b>	<b>\$422,390</b>	<b>\$417,061</b>
<b>18 CASH BALANCE AFTER SET ASIDES AND PRIORITY NF EXPENDITURES</b>	<b>\$778,914</b>	<b>\$844,954</b>	<b>\$778,480</b>
<b>19 FEDERAL AID-ELIGIBLE EXPENDITURES (includes federal &amp; state matching funds)</b>			
20 INTERSTATE	\$104,463	\$145,000	\$120,000
21 APPALACHIAN CORRIDORS	90,661	90,000	80,000
22 OTHER FEDERAL AID PROJECTS	349,999	359,000	325,000
23 ECONOMIC STIMULUS PROJECTS	2,883	1,500	1,000
<b>24 TOTAL FA-ELIGIBLE EXPENDITURES</b>	<b>\$548,006</b>	<b>\$595,500</b>	<b>\$526,000</b>
<b>25 CASH BALANCE AFTER FEDERAL AID-ELIGIBLE EXPENDITURES, SET ASIDES, &amp; PRIORITY NF EXPENDITURES</b>	<b>\$230,908</b>	<b>\$249,454</b>	<b>\$252,480</b>
<b>26 NF IMPROVEMENT EXPENDITURES</b>			
27 CONSTRUCTION	\$17,467	\$18,000	\$17,000
28 RENOVATION	40,275	46,000	47,000
29 CONTRACT PAVING	62,322	49,000	71,000
30 BRIDGE REPAIR & REPLACEMENT	23,581	36,000	37,000
<b>31 TOTAL NF IMPROVEMENT EXPENDITURES</b>	<b>\$143,645</b>	<b>\$149,000</b>	<b>\$172,000</b>
<b>32 CASH BALANCE - END OF FY</b>	<b>\$87,263</b>	<b>\$100,454</b>	<b>\$80,480</b>
<b>FY STATE REVENUE NEEDS SUMMARY</b>			
SET ASIDES (Line 12)	\$43,517	\$47,079	\$48,931
PRIORITY EXPENDITURES (Line 17)	381,890	422,390	417,061
MATCHING FUNDS - FED PROJECTS (Line 24 - 5)	114,512	105,800	94,000
NF IMPROVEMENTS (Line 31)	143,645	149,000	172,000
<b>TOTAL STATE FUNDS NEEDED</b>	<b>\$683,564</b>	<b>\$724,269</b>	<b>\$731,992</b>
<b>EXCESS / (SHORTFALL) IN STATE REVENUES</b>	<b>\$40,890</b>	<b>\$13,191</b>	<b>(\$19,974)</b>

# PROGRAM REVIEWED MONTHLY

## CUMULATIVE FY 14 OTHER FED-AID EXPENDITURES AS OF 8/31/13



## MONTHLY FY 14 OTHER FED-AID EXPENDITURES AS OF 8/31/13



## REVENUES



## STATE ROAD FUND

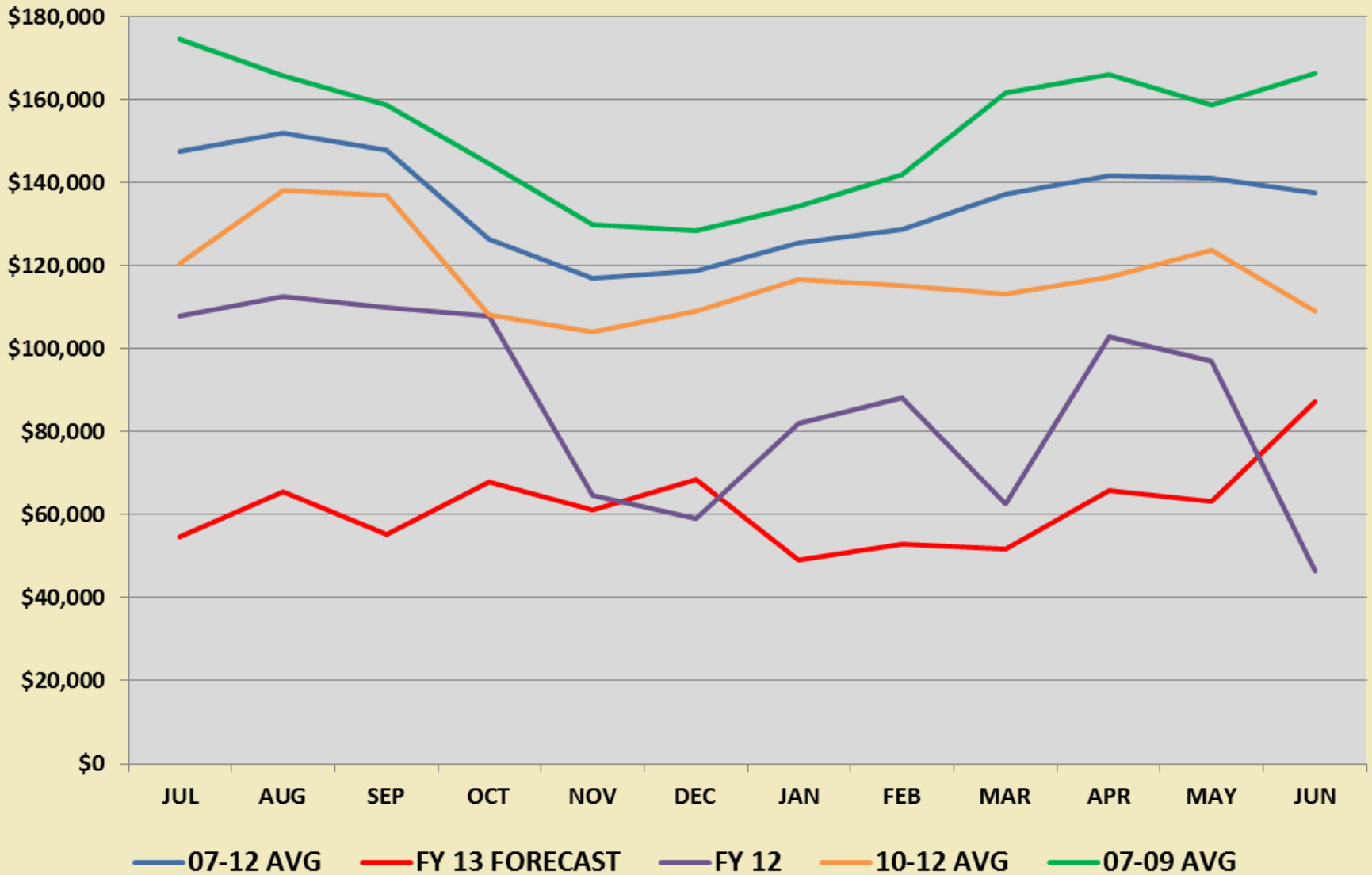


## EXPENDITURES



- While the SRF anticipates receipts of over \$1 Billion during FY14, those funds are not all available on July 1 for use by the WVDOH.
- Revenue comes in on various schedules (Daily, Monthly or Yearly) basis depending on its source.
  - Fuel Tax = Monthly
  - Privilege Tax = Daily
  - Registration Fees = Daily
  - Federal Reimbursement = Weekly, with 14 day delay
  - Miscellaneous Permits and Fees = Daily
  - General Fund Transfers = Yearly, in June

# COMPARISON OF HISTORICAL CASH BALANCES TO FY 13 ACTUALS (VALUES IN \$THOUSANDS)



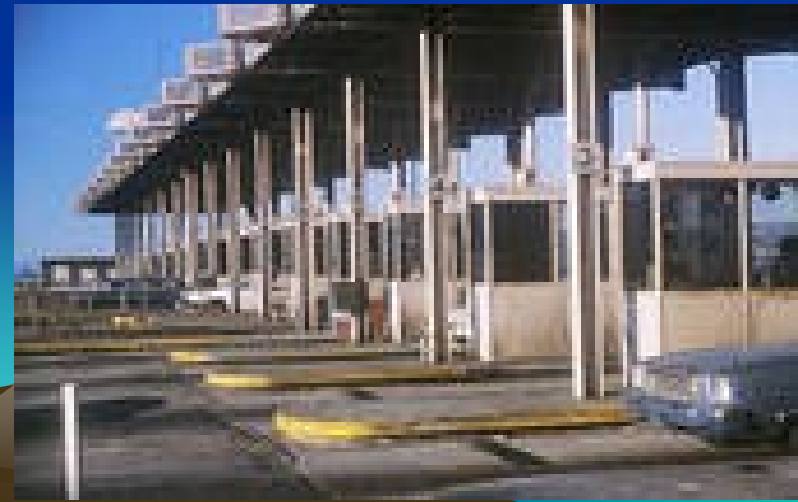
# CASH MANAGEMENT TOOLS

- TOLL CREDITS
- BRIDGE CREDITS
- ADVANCE CONSTRUCTION (AC) BANK



# TOLL CREDITS

- In 1991 the Intermodal Surface Transportation Efficiency Act (ISTEA) permitted states to apply the value of certain highway expenditures funded with toll revenues toward the required state match on current federal aid projects.
- Since 1991, West Virginia has earned \$187.8 million in Toll Credits through 6/30/2013.
- West Virginia has used \$123.7 million of these credits to provide matching funds on approximately 70 projects, which leaves a balance of \$64.1 million.
- The largest use (\$44 million) has been for the state match of the debt service associated with GARVEE bonds for the expansion of US 35.





# BRIDGE CREDITS

- **Similar to Toll Credits, WVDOT was informed in 2010 that the Code of Federal Regulations allows states to also earn a credit for expenditures by states on bridge projects that were federal-aid eligible, but were constructed without federal-aid funds.**
- **A credit is earned equal to 80% of the construction expenditures, which can be used as the required state match on future federal-aid bridge projects.**
- **WVDOT began accumulating Bridge Credits in CY 2010, applied retroactively to projects started in FY 2006.**
- **As of June 30, 2013 WVDOT has accumulated \$32.8 million in Bridge Credits.**
- **Unlike Toll Credits, which have been used extensively, no Bridge Credits have been used to date.**



## • AC & AC BANK

- Federal legislation permits states to initially construct projects that are federal-aid eligible and meet federal specifications with state funds and apply federal funds at a later date.
- Essentially the WVDOT fronts all or a portion of the entire funding for the construction of a project and “banks” those funds for conversion at a later date when additional federal obligation authority is available.
- Traditionally the WVDOT has used AC on larger jobs spanning multiple years to spread obligation authority, but conversion was always planned for in the near term.
- More recently the WVDOT has started using AC as a cash management tool



- AC & AC BANK

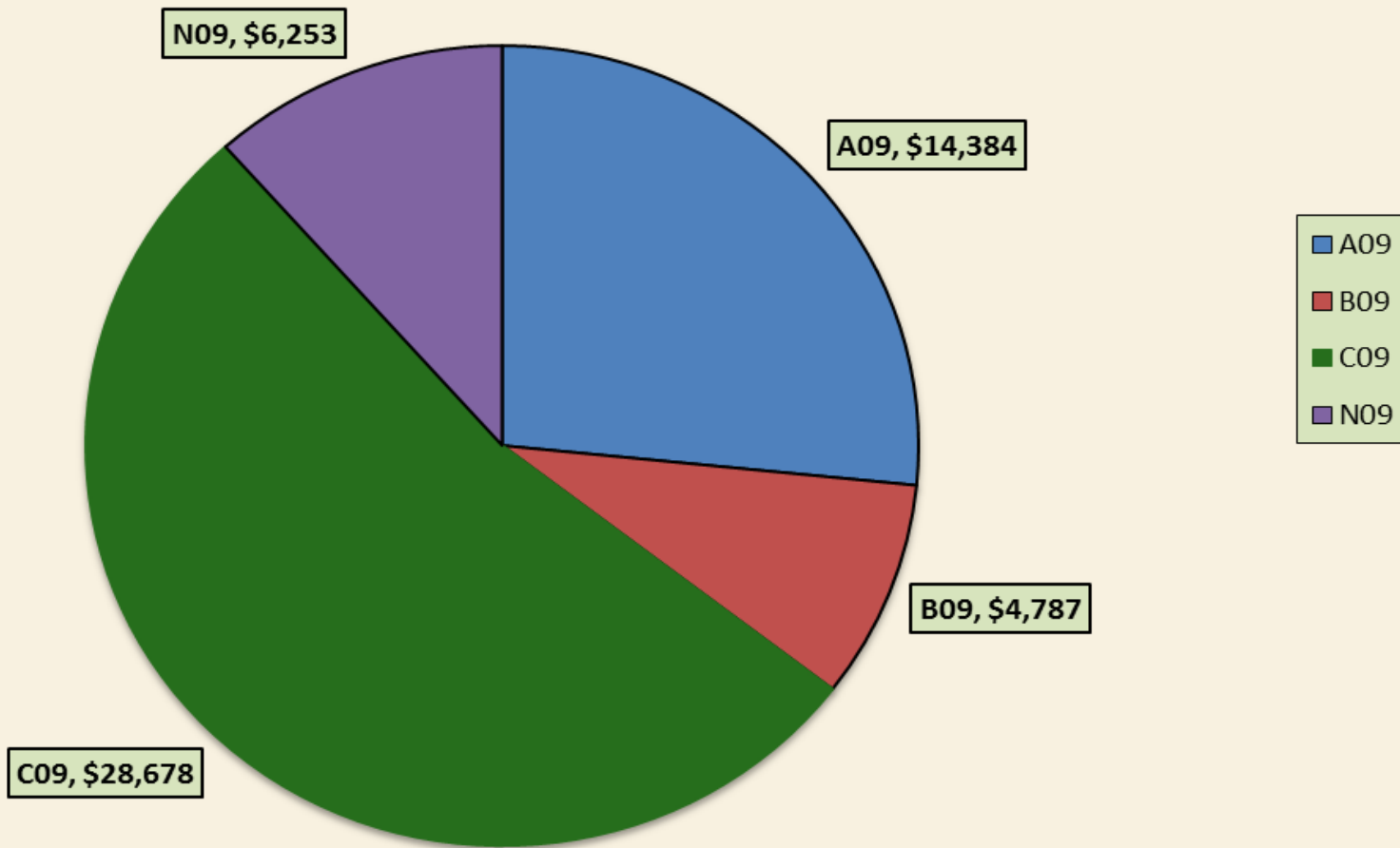
- For cash management purposes, the WVDOT recently began AC-ing FA eligible jobs that were going to be built with 100% State funds anyway. These projects have no “planned” conversion date. Expenditures are banked to provide a financial cushion by allowing the WVDOT to receive an infusion of cash equivalent to 80% of past expenditures from FHWA if needed.
- Since inception the WVDOT has AC Banked a mixture of Bridge, Paving, Renovation and Improvement projects with a total value of \$82.7 million.
- To bolster the SRF, WVDOT has tapped the AC Bank twice in CY2013 for \$5.2 and \$6.2 million in federal funds.
- As of 9/4/13 the federal share of the remaining AC Bank projects is \$54.1 million, of which \$10.3 can be converted.

# AC BANK TOTAL PROGRAMMED AMOUNT

## \$54,247,521

By Program

All Values in Thousands

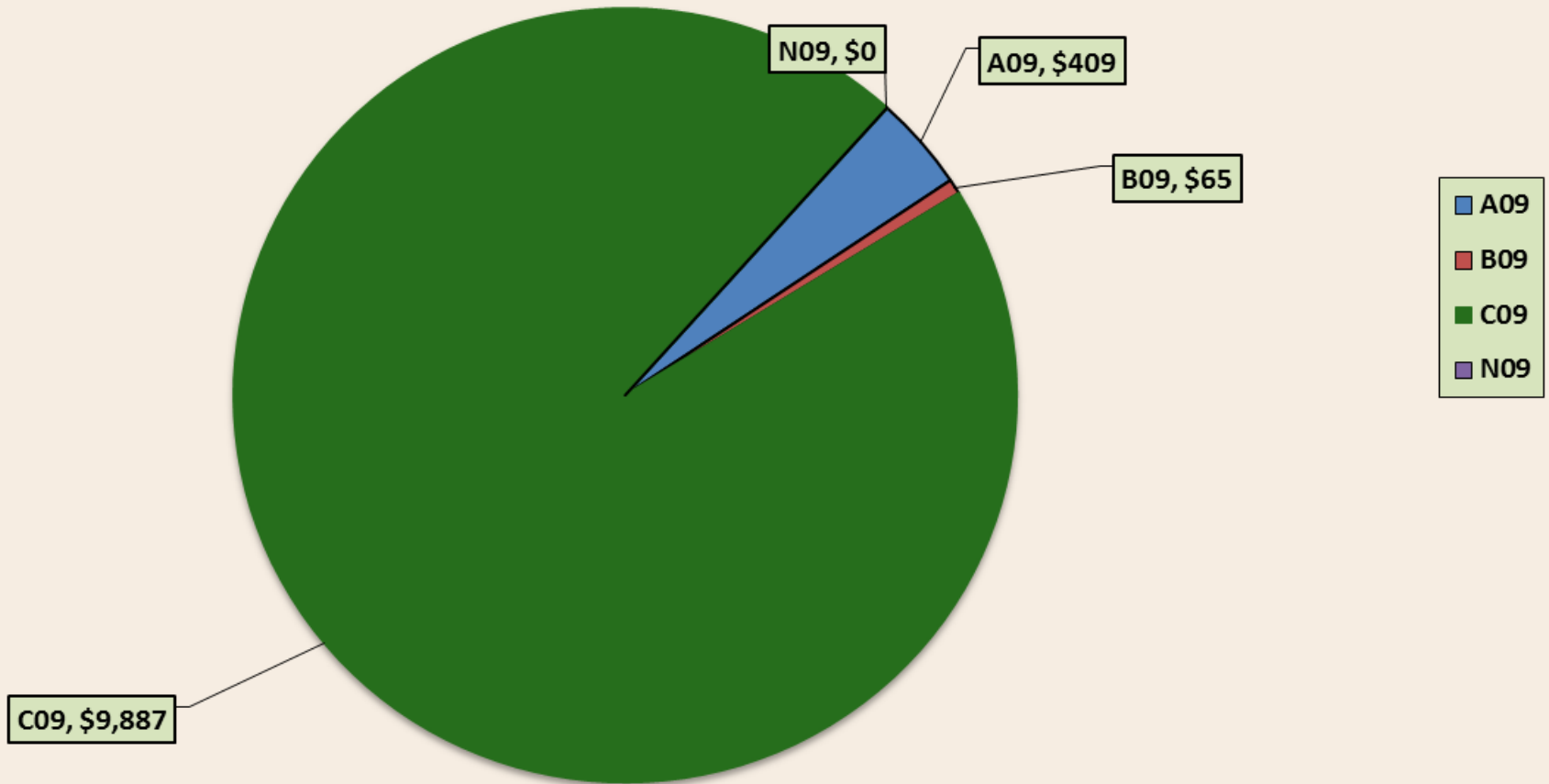


# AC BANK TOTAL CONVERTIBLE AMOUNT

## \$10,265,315

By Program

All Values in Thousands





OUR  
AC BANK  
IS  
CURRENTLY  
THIS BIG...



WHEN THE PAVING PROJECTS ARE DONE THE AC BANK  
WILL BE THIS BIG...



**SOMEDAY THE AC BANK WILL BE THIS BIG...  
LIFE IS BETTER AT THE LAKE!**



# QUESTIONS ???

