



STIP
Federal Fiscal Years 2009 - 2014

Statewide Transportation Improvement Program

Joe Manchin III
GOVERNOR

Paul A. Mattox, Jr., PE
CABINET SECRETARY

VIII. CASH FLOW

GENERAL:

The prior section emphasized the allocation of funds that will be available for programming purposes. Since each of the development phases (engineering, right-of-way, and construction) of the larger State and federal-aid road and bridge projects can take several years, actual expenditures relating to a project may not, and in general will not, all occur in the year in which they were originally programmed. While longer development schedules spread expenditures over time and generally lessen the cash requirements of the State at a given time, the converse can also be true. For various reasons, it is possible for numerous projects that had started at different times to finish simultaneously. This can require the State to expend more or less funds in a month or year than were actually programmed for the period. As the result, the amount of federal-aid funds projected to actually be expended during the six-year period is greater than the amount WVDOH actually expects to obligate during the period.

Since the timing of actual expenditures is different from that when the funds are committed, WVDOH must ensure that sufficient monies are in the State Road Fund to cover highway expenditures (approximately \$120 million during summer construction season). To accomplish this task, the Budget Division, in conjunction with the Program Planning and Administration Division, conducts a cash flow analysis. The analysis projects future revenues and expenditures on a month-by-month basis to determine the impact on the State Road Fund's cash balance. Project-specific expenditures contained in the analysis include not only those for all currently authorized or awarded projects, but also for all projects on which WVDOH expects to work during the forecast period.

WVDOH currently prepares an adjusted cash flow analysis monthly. Initially expenditures are projected under the assumption that all schedules are met and all cost estimates prepared for projects are perfect. After reviewing the expenditures that would be required in this utopia, the expenditures are adjusted either up or down to reflect the impacts of weather, project specific information (legal challenges, environmental issues, etc.) and historical trends. No agency responsible for such varied work could possibly meet every schedule, but WVDOH continues to place emphasis on setting realistic schedules and meeting them. As the implementation of the six-year STIP continues to unfold, WVDOH personnel will be held more accountable for the projects in their charge and will be expected to provide valid reasons why a schedule cannot be met. As WVDOH personnel become more familiar with these processes, it is anticipated that fewer schedules will be missed, and there will be less need to revise project listings.

Since monthly State Road Fund expenditures can vary by as much as \$70 million during a given fiscal year, the cash flow information provided by the Budget Division



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is by necessity developed for a one-year period on a monthly basis. Given the number of assumptions used in the development of a STIP covering six years, a monthly cash flow breakdown over the 72-month period is unrealistic. Instead, cash flow projections for the STIP were developed on a fiscal year basis. The cash flow developed for the first year of the STIP, however, should be virtually identical to the monthly cash flow report for the same period. Cash flows for the later years of the program should be used as a tool for future decisions, not to state definitively what will happen. The STIP will be dynamic and by necessity will need to be revised to continually cover a six-year planning horizon and to account for amendments and revisions. It is anticipated that the full narrative for the STIP will only be updated annually and that more frequent amendments presented for public comment will only provide a brief discussion of the changes specific to that document.

DEVELOPMENT:

The official State revenue estimates, cost of projected Set-Asides, and the projected cost of WVDOH's priority expenditures developed earlier, in conjunction with the current cash balance of the State Road Fund, form the foundation of the cash flow projections. Since WVDOH has little control over revenue generation, legislative Set-Asides, or the requirements of its mandated priorities, these items were assumed unalterable. After assembling this information, expenditure schedules and federal-aid reimbursement rates were developed for the recommended program of improvement projects. All revenue and expenditure data were then combined on a State fiscal year basis to determine the overall impact on the cash position of the State Road Fund (i.e., Does the recommended program allow WVDOH to maintain a cash balance of \$100 million?).

The end of the State fiscal year is an appropriate time to examine the cash balance. It generally marks the beginning of the busiest part of the State's construction season. Due to heavy construction expenditures, WVDOH usually spends more than it takes in during the months of July through October. The State Road Fund needs to be in a strong position at that point to avoid any shortfalls in State funds.

The cash flow analysis shown in Table # 4 reflects the expenditure data associated with the recommended program of improvement projects contained in this document. The projected expenditure information is based on a combination of current budgets, ongoing projects, planned projects that are part of the recommended STIP and future NF projects to be defined at a later date. A review of Table # 4 indicates that in order to achieve a higher level of expenditures, the agency will draw down its available cash balance from \$209 million, which the State Road Fund possessed at the beginning of FY 2009, to only \$41 million at the end of FY 2014.



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TABLE # 4
WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
PROJECTED STATE ROAD FUND REVENUES AND EXPENDITURES
SIX-YEAR STIP AS OF AUGUST 2008

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
CASH BALANCE START OF FY	\$208,822	\$101,977	\$100,551	\$108,423	\$100,150	\$100,023
TAX REVENUES	638,115	671,347	719,577	709,360	694,212	649,356
MISCELLANEOUS REVENUES	37,495	37,168	33,497	31,319	27,267	27,407
TOTAL NON FEDERAL (STATE) REVENUES	\$675,610	\$708,515	\$753,074	\$740,679	\$721,479	\$676,763
FEDERAL REIMBURSEMENT	455,337	405,803	306,422	360,000	360,000	360,000
TOTAL RECEIPTS	\$1,130,947	\$1,114,318	\$1,059,496	\$1,100,679	\$1,081,479	\$1,036,763
ROAD FUND SET ASIDES						
DMV OPS*	35,846	35,482	36,263	37,060	37,876	38,709
STATE POLICE*	0	0	0	0	0	0
PSC	0	0	0	0	0	0
IAR	3,000	3,000	3,000	3,000	3,000	3,000
CLAIMS	714	1,000	1,000	1,000	1,000	1,000
TOTAL SET ASIDES	\$39,560	\$39,482	\$40,263	\$41,060	\$41,876	\$42,709
WVDOH PRIORITY EXPENDITURES (NF)						
DEBT SERVICE	50,000	50,000	50,000	50,000	38,818	36,973
ADMIN SUPPORT (GEN OP+EQUIP+INV)	68,371	73,500	74,347	75,213	76,098	77,002
MAINTENANCE (ROUTINE+LITTER)	272,425	278,372	284,489	290,679	297,015	303,534
TOTAL PRIORITY EXPENDITURES (NF)	\$390,796	\$401,872	\$408,836	\$415,892	\$411,730	\$417,509
CASH BALANCE LESS SET ASIDES AND PRIORITY NF EXPENDITURES	\$909,413	\$774,941	\$710,948	\$752,150	\$728,023	\$676,568
FEDERAL AID EXPENDITURES						
INTERSTATE	134,000	68,361	60,000	77,000	55,000	55,000
ADHS	93,421	101,560	76,739	53,000	43,000	43,000
OTHER FEDERAL AID PROJECTS	325,700	321,439	235,786	303,000	337,000	337,000
TOTAL FA EXPENDITURES (ADVER/AUTH+PROG)	\$553,121	\$491,390	\$372,525	\$433,000	\$435,000	\$435,000
CASH BALANCE LESS FEDERAL AID EXPENDITURES	\$356,292	\$283,551	\$338,423	\$319,150	\$293,023	\$241,568
NF IMPROVEMENT EXPENDITURES						
CONSTRUCTION	49,000	25,000	20,000	20,000	20,000	20,000
RENOVATION	40,000	37,500	40,000	40,000	40,000	40,000
CONTRACT PAVING	113,000	83,000	120,000	110,000	93,000	100,000
BRIDGE REPAIR & REPLACEMENT	52,315	37,500	50,000	49,000	40,000	40,000
TOTAL NF IMPROVEMENT EXPENDITURES	\$254,315	\$183,000	\$230,000	\$219,000	\$193,000	\$200,000
CASH BALANCE - END OF FY	\$101,977	\$100,551	\$108,423	\$100,150	\$100,023	\$41,569
FY STATE REVENUE NEEDS SUMMARY						
SET ASIDES	\$39,560	\$39,482	\$40,263	\$41,060	\$41,876	\$42,709
PRIORITY EXPENDITURES	\$390,796	\$401,872	\$408,836	\$415,892	\$411,730	\$417,509
FA MATCHING FUNDS	\$97,784	\$85,587	\$66,103	\$73,000	\$75,000	\$75,000
NF IMPROVEMENTS	\$254,315	\$183,000	\$230,000	\$219,000	\$193,000	\$200,000
TOTAL STATE FUNDS NEEDED	\$782,455	\$709,941	\$745,202	\$748,952	\$721,606	\$735,218
EXCESS/SHORTFALL IN STATE FUNDS	(\$106,845)	(\$1,426)	\$7,872	(\$8,273)	(\$127)	(\$58,455)

B&G - \$10 million; remainder 2.2% increase

Routine Maintenance increases 2.2%; litter expenditure equals litter revenues