

Policy Owner: Director, Office of Financial Management

Policy Contact: Budget Director, Office of Financial Management

Policy Statement

The Minnesota Department of Transportation (MnDOT) must manage the projected cash balance in the Trunk Highway Fund to be not less than the cash needs for any upcoming 15-day time period.

Reason for Policy

- [Minnesota Statutes, §16A.124](#) requires that payments are made within 30 days of receipt of an invoice.
- Inability to make timely payments negatively affects business relationships with contractors and suppliers.
- Available funding for a given accounting period is a mixture of estimated and actual revenue. Although unlikely, events could occur to affect the receipt of actual revenue, such as major disruption of petroleum supplies, substantial economic recession, and unexpected unavailability of federal reimbursement. Spending patterns must be coordinated or changed to mitigate potential shortfalls.
- In addition, the potential exists to commit to use of federal advance construction funding in excess of cash resources of the Trunk Highway Fund. Until the authorization of future federal funding occurs, delays to normal reimbursement from the Federal Highway Administration are expected.
- Delays in authorization of federal funding by the U.S. Congress could also affect the timing of federal reimbursement.

Applicability

All MnDOT employees must comply with MnDOT policies.

Key stakeholders affected by this policy include:

- Commissioner
- Chief Financial Officer
- Office of Financial Management

Definitions

Cash Balance

The amount of cash at the fund level shown in the state accounting system based on actual receipts from all sources including transfers from the Highway User Tax Distribution Fund. The cash balance is a legally prescribed share of motor fuel tax, motor vehicle registration tax, and motor vehicle excise tax revenues and other ongoing revenues, reimbursements from the Federal Highway Administration for expenditures related to highway construction, and actual expenditures made from existing encumbrances.

Projected Cash Balance

The estimated amount of cash in the Trunk Highway fund taking into account anticipated revenues, transfers, and bond sales (with respect to the Trunk Highway Bond Fund), and anticipated expenditures, based on historical patterns of spending from various MnDOT programs, including transfers required to be made to the state bond fund in November of each year.

Trunk Highway Fund

The principal operating fund for MnDOT and, to some extent, for the Department of Public Safety. It is supported by state motor fuel taxes, vehicle registration fees, and vehicle sales taxes and used for construction, maintenance, and operation of Minnesota's trunk highway transportation infrastructure. Annual transfers of funds to the Minnesota Management and Budget (MMB) debt service account in the state debt service fund are also made from this fund.

Trunk Highway Bond Fund

As authorized in [Minnesota Constitution article 14, section 11](#), the trunk highway bond fund consists of proceeds of trunk highway bonds and payments for projects authorized for funding.

Responsibilities

Commissioner

- Ensure that sufficient cash balances exist for ongoing payments of legal obligations to contractors and suppliers.

Chief Financial Officer (CFO)

- Ensure compliance with this policy.

Office of Financial Management

- Monitor cash balances in the Trunk Highway and Trunk Highway Bond funds on a monthly basis.
- If needed, make recommendations to CFO and Commissioner for steps needed to return to compliance with policy, such as delaying or cancelling constructions projects

Policy Owner (Director, Office of Financial Management)

- Review policy every two years, or sooner as necessary, to ensure policy remains up-to-date.
- Ensure documents and training associated with the policy remain current.
- Work with Policy Coordinator to revise policy and/or confirm its accuracy.
- Communicate policy revisions, reviews, and retirements to stakeholders.

Resources & Related Information

Resources

- [Minnesota Statutes, §16A.124](#)
- [Minnesota Constitution article 14, section 11](#)
- [MnDOT Advance Construction Policy](#)
- [MnDOT Fund Balance Policy](#)
- Business Data Catalog (BDC) – accessible from employee Intranet
- MnDOT's [Policy Website](#)

History & Updates

Title: *Cash Balance Policy (2020)*

Revision	Date	Comments
Initial Adoption	7-1-2010	Policy #2.4 adopted
1 st Revision	1-7-2013	Policy updated and renumbered FM005
2 nd Revision		Policy updated and converted to new template
3 rd Revision		

Authorization

Policy Owner:

Signature: _____

Print Name: _____

Date: _____

Governance Committee has reviewed this policy and recommends approval:

Signature: _____

Print Name: _____

Date: _____

Responsible Senior Officer:

Signature: _____

Print Name: _____

Date: _____

Policy Review

This policy has been reviewed by the Policy Owner, the policy content is current, and no significant modifications are needed. Minor modifications have been noted in the "Comments" section.

Date	Policy Owner Signature	Comments