

Policy Owner: Director, Office of Financial Management

Policy Contact: Budget Director, Office of Financial Management

## Policy Statement

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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

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- [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

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All MnDOT employees must comply with MnDOT policies.

Key stakeholders with responsibilities under this policy include:

- Commissioner
- Chief Financial Officer
- Office of Financial Management

## Definitions

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### 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

MnDOT's primary operating fund which consists of:

- 62 percent of the net highway user tax distribution fund, as provided in Article 14 of the Constitution of the State of Minnesota
- Proceeds of any bond sale authorized by Article 14 of the Constitution
- Monetary aid from the federal government for the construction and maintenance of trunk highways
- Any other money otherwise allotted, appropriated, or legislated.

### 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

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### 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 the policy every two years, or sooner as necessary, to ensure the policy remains up-to-date.
- Ensure documents and training associated with the policy remain current.
- Monitor state, federal, enterprise, agency, or other requirements that apply to the policy or procedures.

- Ensure the policy and procedures remain compliant with all state, federal, enterprise, agency, or other requirements and that necessary approvals by state or federal agencies are obtained before changes to the policy or procedures are implemented.
- Work with the Policy Coordinator to revise the policy and/or confirm its accuracy.
- Communicate policy revisions, reviews, and retirements to stakeholders.

## Resources & Related Information

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### 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

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### Initial Adoption

Date: 7-1-2010

Comments: Policy #2.4 adopted

### First Revision

Date: 1-7-2013

Comments: Policy revised and renumbered as #FM005

### Second Revision

Date: 10-27-2020

Comments: Policy updated and converted to new template

## Authorization

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### Policy Owner:

Signature: **Robin Sylvester**  Digitally signed by Robin Sylvester  
Date: 2020.10.20 15:05:19 -05'00'

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

### Governance Committee has reviewed this policy and recommends approval:

Signature: **Corrine Calhoun**  Digitally signed by Corrine Calhoun  
Date: 2020.10.21 06:41:58 -05'00'

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

### Responsible Senior Officer:

Signature: **Scott R Peterson**  Digitally signed by Scott R Peterson  
Date: 2020.10.27 10:18:15 -05'00'

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Policy Review

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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.

### First Review

Policy Owner Signature and Date: \_\_\_\_\_

Comments: Added two policy owner responsibilities to match revised template; updated definitions to match BDC language