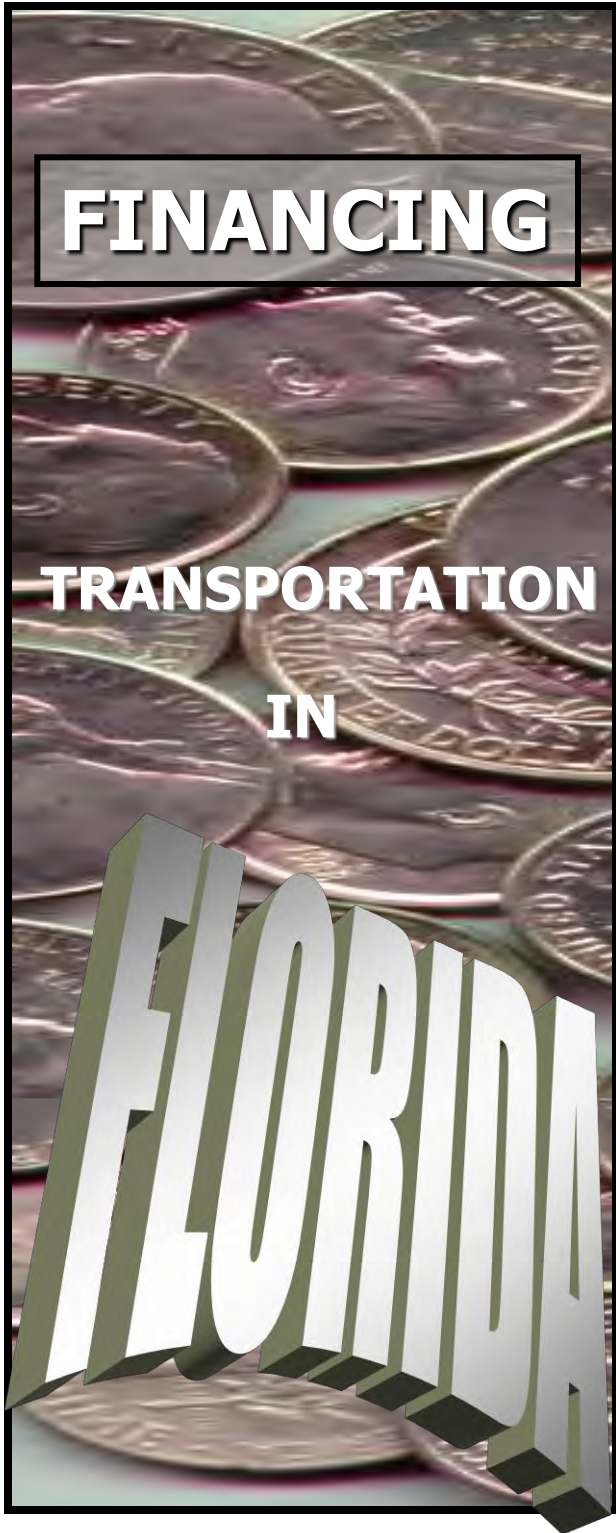




Florida Department of Transportation
 Financial Management Office
 605 Suwannee Street, MS 24
 Tallahassee, Florida 32399

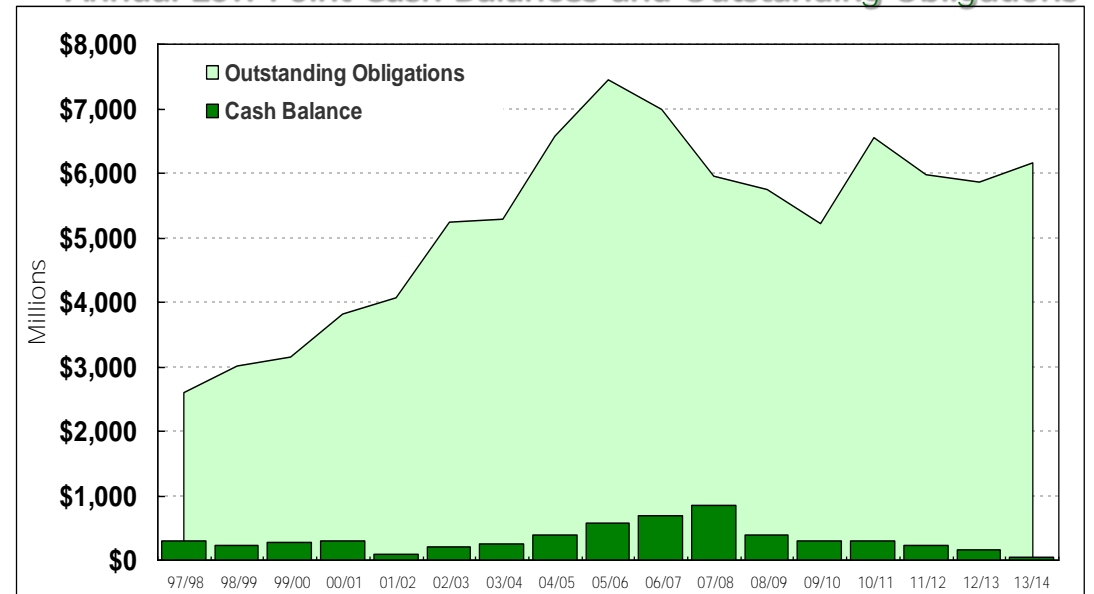


On September 30, 2009, the Florida Department of Transportation had approximately \$6.5 billion in outstanding commitments and only \$556.2 million in the bank to cover it.

At first glance, it may look like the Florida Department of Transportation has money sitting idle that could be used for other purposes. But the reality is that the Department has \$6.5 billion worth of outstanding obligations to road and bridge builders and other transportation contractors as of September 30, 2009. In order to improve **Florida's** transportation systems in the future, there is an average of \$5.9 billion planned project commitments per year for the next five years. The chart displays the lowest cash balance in each fiscal year and the outstanding obligations at that point in time. In order to pay for these future obligations, the cash balance will be reduced to \$50.3 million at the end of the five year work program.

State Transportation Trust Fund

Annual Low Point Cash Balances and Outstanding Obligations





THE CRYSTAL BALL

Imagine if you had to predict your personal income and expenses for the next 5 years with a small margin of error. That means you would not only have to predict your own income down to the last dollar, but also the changing costs over time of the goods and services you buy. It may sound impossible, but the Florida Department of Transportation must predict monthly revenue and expenses to make certain there is adequate cash to pay all obligations as well as maximize the usage of these funds for transportation projects.

MAXIMIZING THE USE OF TRANSPORTATION FUNDS

For most transportation projects in Florida, the Department begins design and construction before the total amount of cash is available to fund the project. The Department anticipates that future revenues will be available to finance current projects in much the same way that a family anticipates future earnings to pay for a mortgage. Other Florida agencies require the entire contract amount to be on hand in the same year work begins. The method used by **Florida's** transportation agency allows them to address the maximum amount of the **State's** transportation needs as quickly as possible.

The Department forecasts monthly cash receipts and disbursements for a six year time span. Since the cash balance can decrease as much as \$185 million in one day, and more than \$240 million in a week, a reasonable cash balance and an accurate forecast are critical. In a typical business environment, a one year forecast is normally considered accurate when the variance between forecast and actual is 10 percent or less. The forecast gives the Department the ability to maximize the use of their revenues, anticipate any cost fluctuations and meet **it's** mission of providing a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

CASH MANAGEMENT AND THE LAW

Florida statutes require the Department of Transportation to maintain a minimum cash balance at the end of each quarter of \$50 million. The actual minimum cash balance needed to support the work program in many cases is higher due to the high level of outstanding commitments the cash balance supports. The State Transportation Trust Fund currently has \$6.5 billion of obligations outstanding on transportation related contracts. The current cash balance to support the commitments outstanding is \$556.2 million. The cash balance today is currently 8.6% of outstanding obligations.