

Capital Finance Fundamentals

Winter Workshop
February 18, 2010

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DeIDOT Finance Unit

Objective

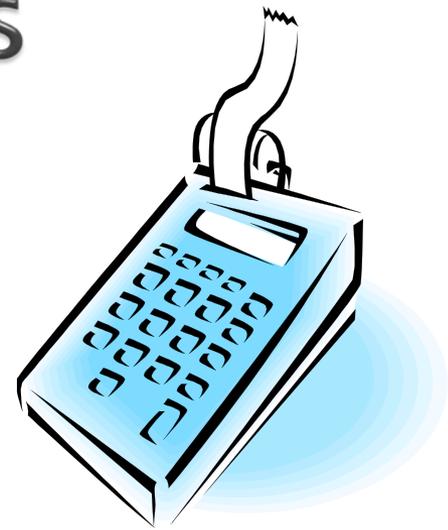
▶ Financial Tools

- Capital Transportation Program (CTP)
- Capital Project Tracking System – Primavera
- Funds Allocation for Capital Transportation (FACTS)
- DeIDOT Accounting System – BACIS
- Enterprise Resource Planning (ERP)

▶ Identify the following fundamental financial terms:

- Authorization
- Obligation
- Allotment
- Encumbrance
- Expenditure
- Spend

Financial Tools



Financial Tools

▶ CTP

- 6-year Capital Transportation Plan – multi-agency development

▶ Primavera

- Electronic capital project tracking system – used by project managers to manage project and estimate information

▶ FACTS

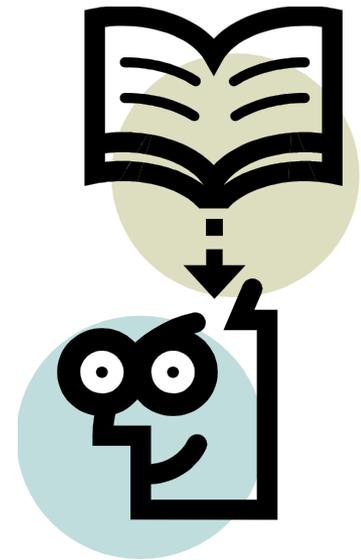
- Financial tool that allows finance to track estimates, authorizations, obligations and spend information on a detailed project level.
 - Financial documents are prepared using FACTS

Financial Tools (cont)

- ▶ **BACIS**
 - DeIDOT's electronic accounting system that is currently being utilized to track and record all accounting transactions

- ▶ **ERP First State Financial System**
 - The state's new accounting system set to go live July 1, 2010 for the start-up of new State Fiscal Year 2011.

Finance Key Terms



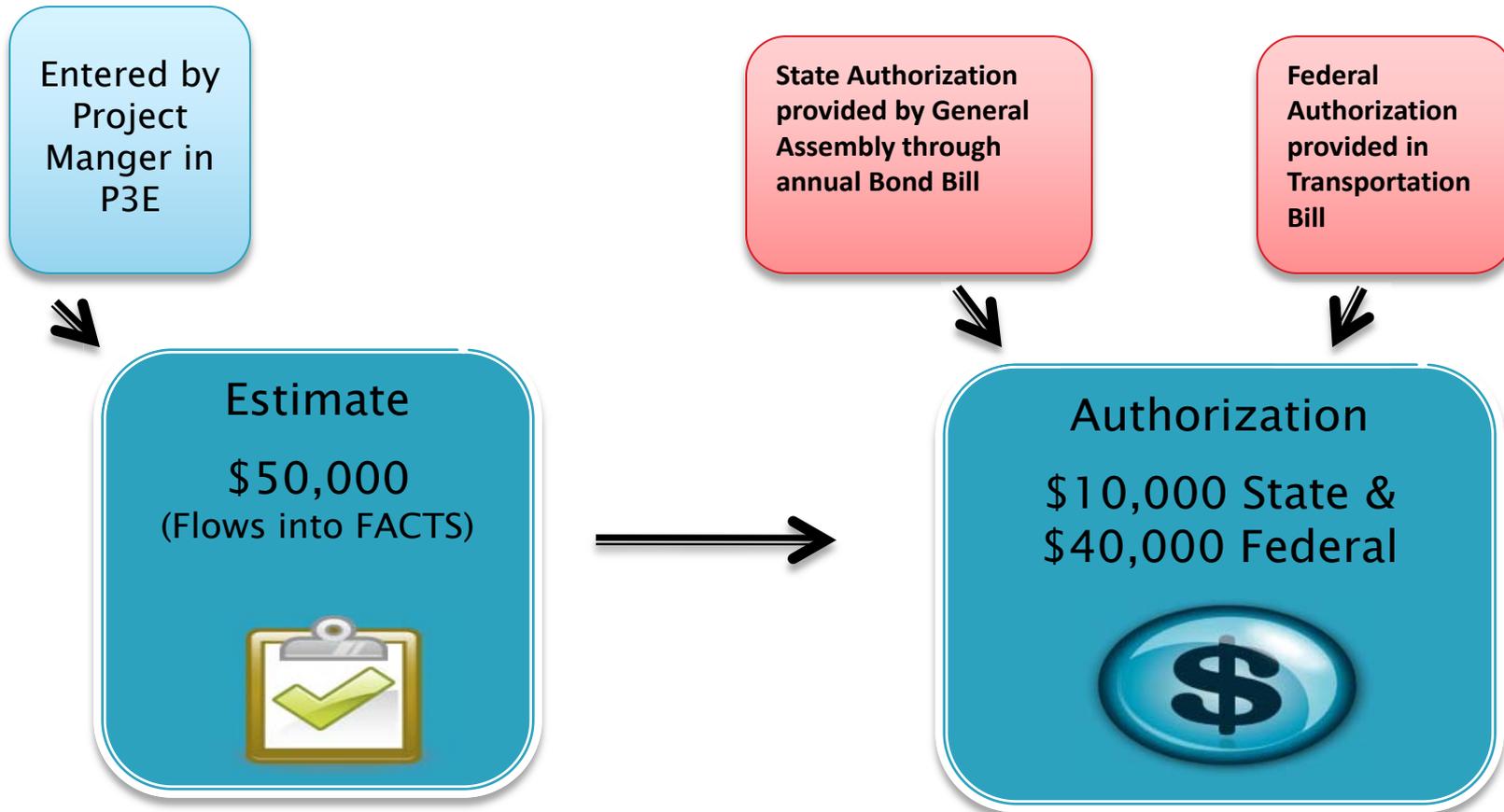
Authorization (State funding)

- ▶ Based on Estimates that are provided in the Capital Transportation Program (CTP)
- ▶ Provided by the State Legislation through the Bond Bill
- ▶ All State authorization is given at the start of a new phase
- ❖ Authorization is not “Cash”
 - Authorization is similar to an upset limit for eventual cash that will be spent over a period of time

Obligation (Federal Funding)

- ▶ Provided by federal legislation
- ▶ Obligation provides authority to DeIDOT to spend federal funds
- ▶ There are multiple federal funding sources
- ▶ The annual Transportation Bill provides each state funding appropriation for each apportionment type
 - ▶ Example: L010= Interstate Maintenance (I-95)
- ▶ All federal funds are obligated at the beginning of each new phase
- ▶ Obligation is cash over time based on Spend Plan

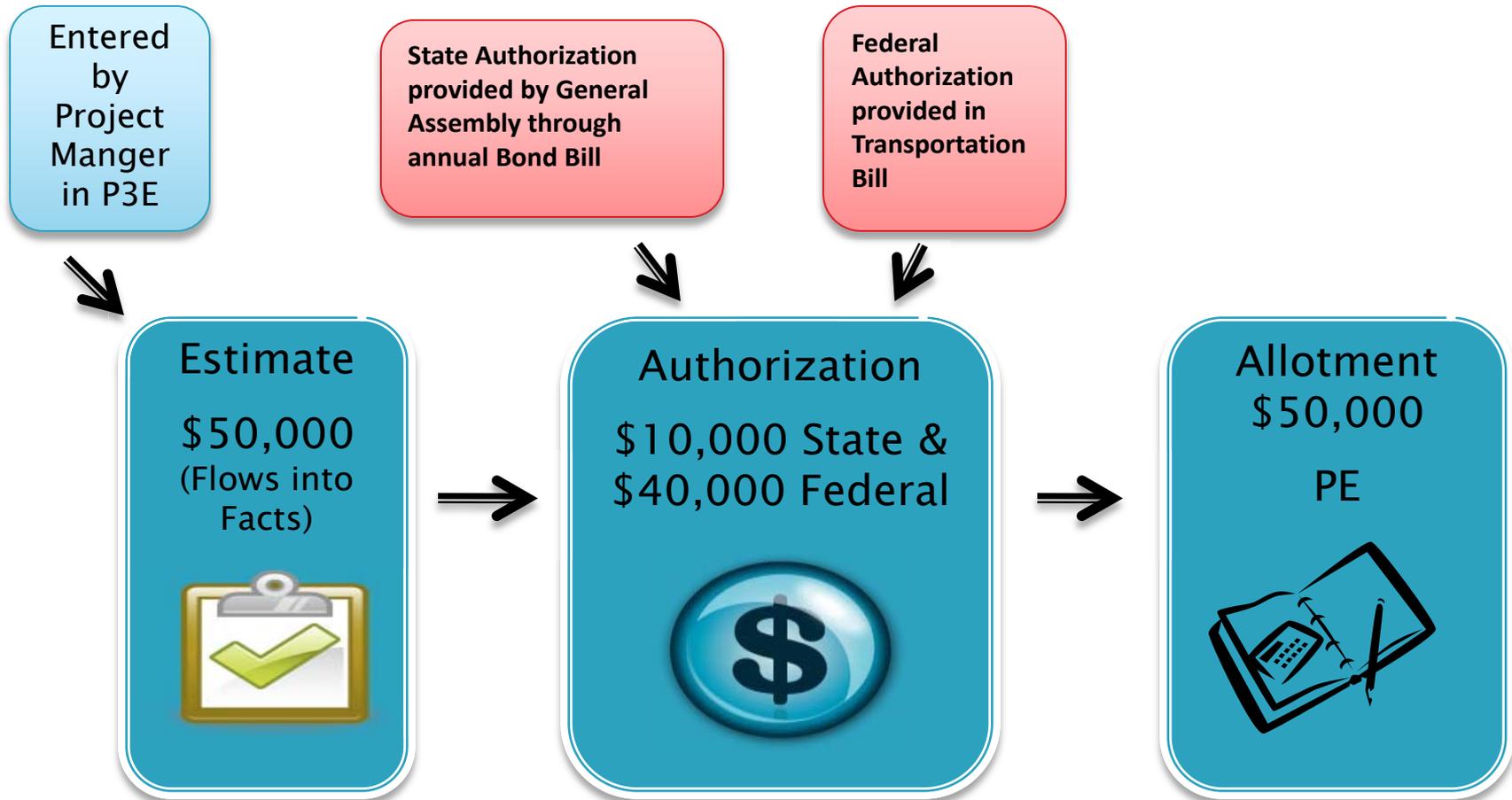
Example of Project Authorization – for Federal Participating Capital Project



Allotment

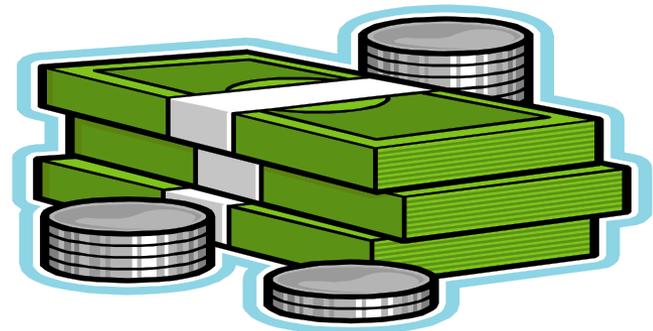
- ▶ A “set aside” of authorization for a specific capital project
- ▶ Project must be in CTP
- ▶ An Allotment is not “Cash”
- ▶ Allotment is granted by phase via transactions in FACTS and BACIS
- ▶ Allotment balance is all allotments less expenditures and encumbrance balances

Example of Project Allotment – for Federal Participating Capital Project

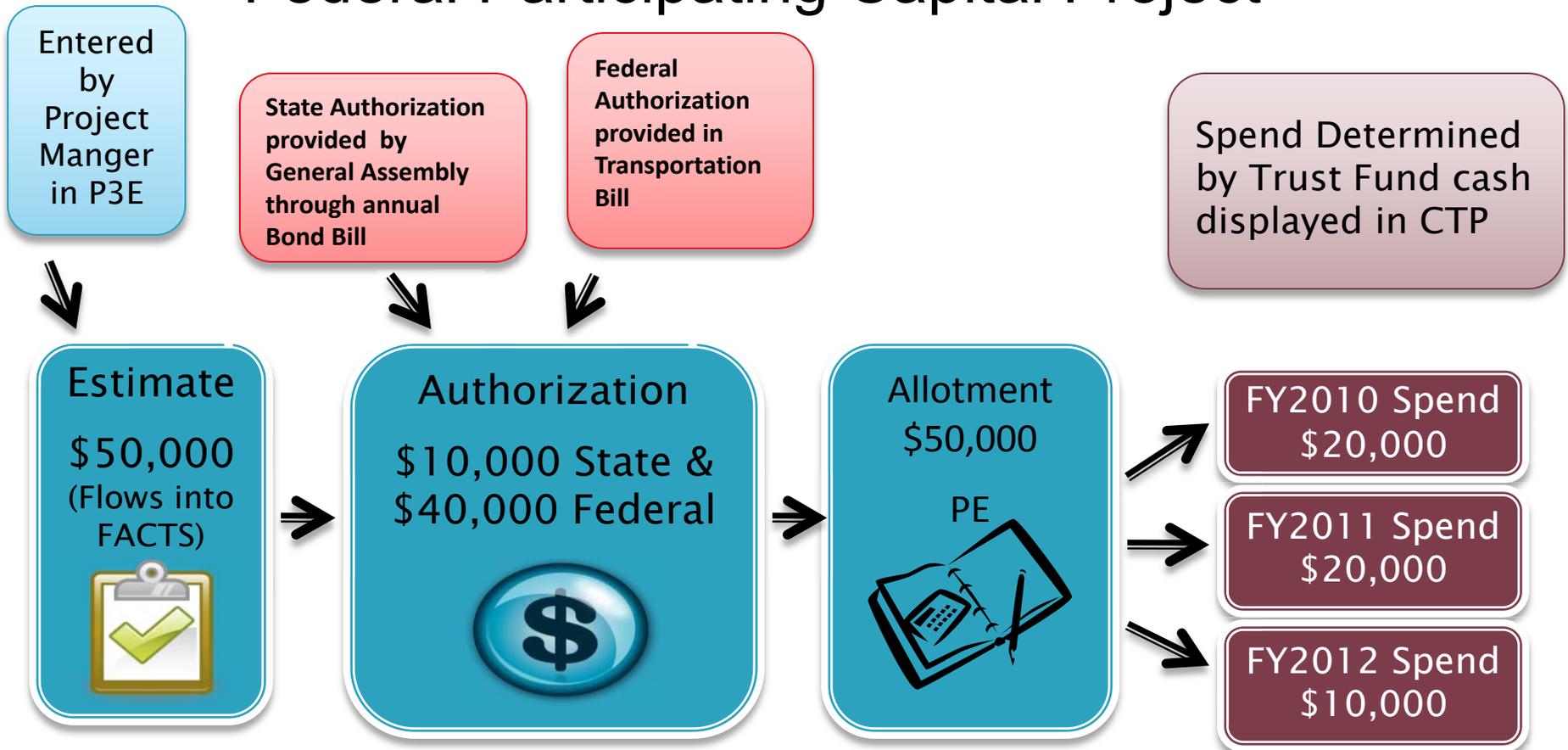


Spend & Spend Limits

- ▶ Derived from actual “CASH” into the Transportation Trust Fund. Revenues come from:
 - Fees associated with DMV (example: car registration fees)
 - Tolls collections – SR1 and I95
 - Motor Fuel Tax – based on gallons of gas sold
- ▶ Revenue projections determine overall capital project spending



Example of Project Spend – for Federal Participating Capital Project



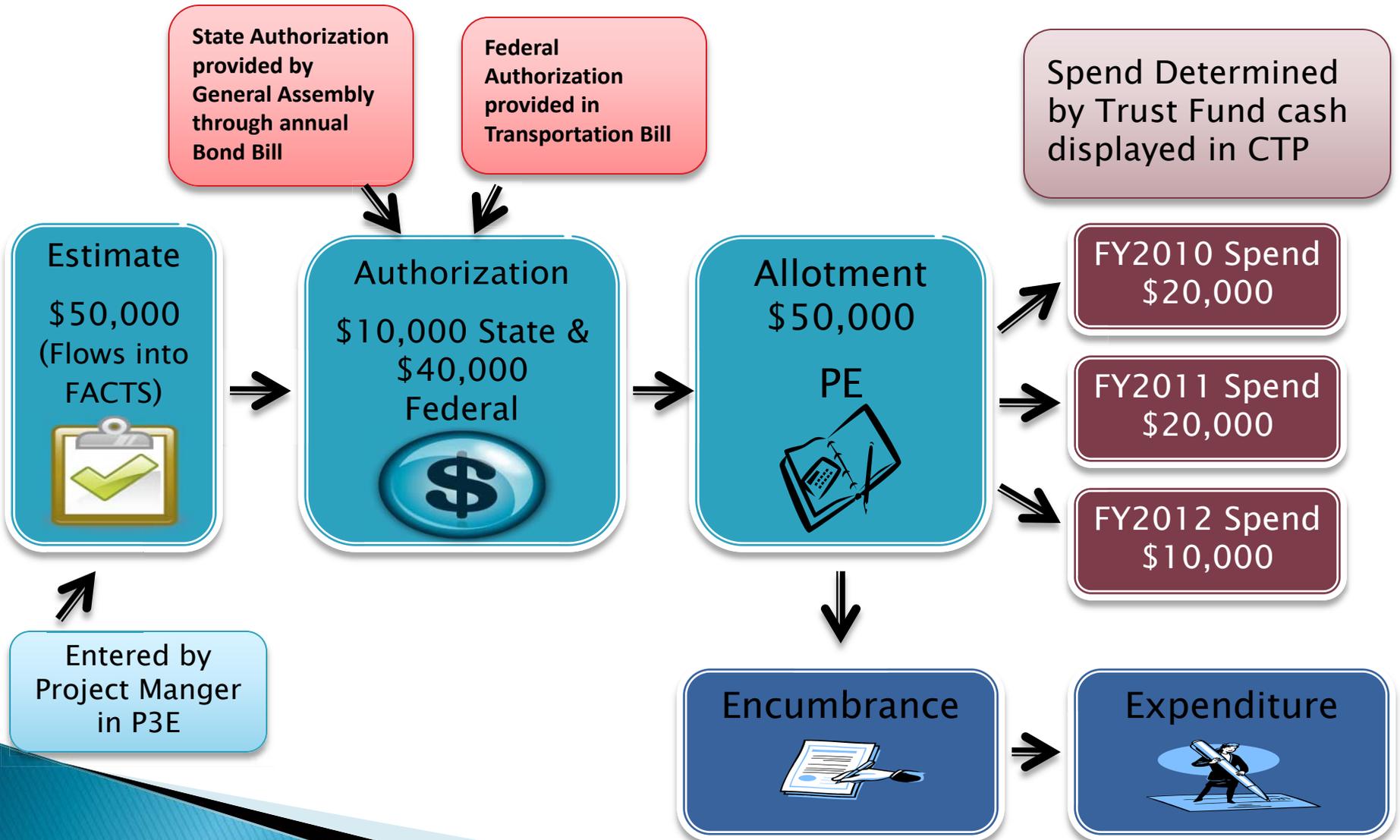
Encumbrance

- ▶ Allotment that has been assigned to a specific vendor/contractor/consultant
- ▶ Used to hold allotment on a particular phase of a project
- ▶ An Encumbrance is not “Cash”, in order to expend an encumbrance Spend needs to be assigned to the project via the CTP
 - ❖ Encumbrances are a good indication of future spend

Expenditures

- ▶ Actual payments made to vendors / contractors / consultants
- ▶ Reduces the available spend on a project's phase
 - $\text{Spend} - \text{Expenditures} = \text{Spend Balance}$

Example of Project Summary – for Federal Participating Capital Project



Example of Project from the Current Capital Transportation Program

State of Delaware

Department of Transportation
FY 2010 – FY 2015

Capital Transportation Program

Project Title

SR 26, Atlantic Avenue from Clarksville to Assawoman Canal

Primavera#

04-00800

Project #

24-112-10

Project Description

This project was a result of the recommendations of the SR 26 Planning Study and includes improvements to intersections and the addition of five-foot shoulders along the SR 26 corridor from Clarksville to the Assawoman Canal. Sidewalks will be constructed from Windmill Road (S362) to the Assawoman Canal. The typical section for this project is two 11-foot travel lanes, two 5-foot shoulders, and a 12-foot continuous center left turn lane. The section from Clarksville to west of Railway Road will be an open section with roadside ditching for drainage. The section from west of Railway Road to the Assawoman Canal will be a closed section with curb, gutter, and closed drainage. The majority of the closed section will also have a 3-foot grass strip behind the curb and gutter, as well as 5-foot sidewalks (from Windmill Road to the Assawoman Canal). Right turn lanes are being added at most intersections. The intersection of SR26 and Central Avenue will be realigned, and turn lanes will be added in each direction.

Project Justification

In the summer and fall of 1998, the department collected traffic count data on SR 26 from US 113 to the Assawoman Canal. Based on the traffic information and an inventory of existing conditions in the study area, a Project Needs Report was completed in February 1999. The Needs Report identified four factors that contribute to the need for improvements to SR 26. Those needs are to reduce traffic congestion, improve safety, establish defined property entrances and exits, and improve roadway conditions. The SR 26 Advisory Committee, a group that includes local government leaders, business owners, developers, and local residents, concurred with the conclusions included in the Needs Report as discussed above.



Example of Project Authorization from the Current Capital

State of Delaware

Department of Transportation
FY 2010 – FY 2015

Capital Transportation Program

SR 26, Atlantic Avenue from Clarksville to Assawoman Canal



PROJECT AUTHORIZATION SCHEDULE IN (\$000)

PROJECT NUMBER	PHASE	FUNDING SOURCE	CURRENT ESTIMATE	FY 2010			FY 2011			FY 2012			FY 2013			STATE TOTAL	FEDERAL TOTAL
				STATE	FEDERAL	FUND TYPE	STATE	FEDERAL	FUND TYPE	STATE	FEDERAL	FUND TYPE	STATE	FEDERAL	FUND TYPE		
24-112-10	PD	100% STATE	42.4														
24-112-10	PE	80% FHWA	2,165.7														
24-112-10	PE	100% STATE	706.5														
24-112-10	ROW	80% FHWA	43,134.3														
24-112-10	ROW	100% STATE	865.7														
24-112-10	C	80% FHWA	29,106.6										5,821.3	1,000.0	1,240	5,821.3	1,000.0
24-112-10	C	100% STATE	393.4														
Total			76,414.6										5,821.3	1,000.0		5,821.3	1,000.0

Note: When there is a Federal Spend – with no authorization/obligation listed for the FY10 Federal – Phase was previously authorized or planned to be authorized/obligated prior to September 30, 2009.

Example of Project Spend Plan from the Capital Transportation Program

PROJECT FUNDING SCHEDULE

IN (\$000)

PROJECT NUMBER	PHASE	FUNDING SOURCE	BALANCE AS OF July 1, (State Only)	CURRENT ESTIMATE	FY 2010			FY 2011			FY 2012			FY 2013			FY 2014	FY 2015
					STATE	FEDERAL	OTHER	STATE	FEDERAL	OTHER	STATE	FEDERAL	OTHER	STATE	FEDERAL	OTHER	TOTAL	TOTAL
24-112-10	PD	100% STATE	4.2	42.4														
24-112-10	PE	80% FHWA	75.3	2,165.7	50.0	200.0												
24-112-10	PE	100% STATE		706.5														
24-112-10	ROW	80% FHWA	7,414.2	43,134.3	2,300.0	9,200.0	2,200.0	8,800.0	2,200.0	8,800.0								
24-112-10	ROW	100% STATE		865.7														
24-112-10	C	80% FHWA		29,106.6									225.0	900.0		10,875.0	9,000.0	
24-112-10	C	100% STATE	56.2	393.4														
Total			7,549.8	76,414.6	2,350.0	9,400.0	2,200.0	8,800.0	2,200.0	8,800.0	2,200.0	8,800.0	225.0	900.0		10,875.0	9,000.0	

Capital Project Contacts

▶ Capital Project Team Leads

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▶ Capital Project Administrators

- Earle Timpson 760-2678
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▶ Capital Resources

- Finance Intranet website: <http://mydot/divisions/finance/>
- CTP Link: http://www.deldot.gov/information/pubs_forms/



Thank you!

- ▶ Questions/Comments?