



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

April 13, 2017

TO: Chairs of the House of Representatives Appropriations Subcommittee on
Transportation

Chairs of the Senate Appropriations Committee on Department of
Transportation

FROM: Michael S. Fox
Chairman, Board of Transportation

Robert W. Lewis
Chief Operating Officer

RE: Department of Transportation Cash Balance Report Pursuant to Session
Law

Pursuant to Session Law 2014-100 §24.23(c), the North Carolina Department of Transportation (NCDOT) is required to report its cash balance when in excess of one billion dollars at the end of each month. As of March 31, 2017, the balance is \$2.1 billion, which is 152 days of working capital.

Over the past 60 days, there has been an in-depth assessment of the cash balance build-up. The assessment found the following:

- Capital program delivery rate is below 80% on average
- Operation program spend plans are not being tracked
- No program delivery executive oversight
- No process for adjusting projects and programs due to revenue and delivery changes

The Department will immediately begin the following oversight measures:

- Executive Team will review bi-monthly status of all projects above \$100M
- Senior leaders will review monthly projects less than \$100M
- Spend plans will be tracked monthly to make necessary adjustments to programs

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Through the recent assessment the department has made adjustments to nearly 600 project schedules that have resulted in increasing annual lettings from \$1.7B to \$2.6B. It is anticipated that with the implementation of capital project changes, operational program changes and increased oversight the cash balance will be below \$1B by the end of the 1st quarter of SFY 2018/2019.

If you need additional information, please contact David Tyeryar at 919-707-4320 or via email at dtyeryar1@ncdot.gov.

cc: Members, Board of Transportation
Fiscal Research Division