



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

August 2, 2018

MEMORANDUM TO: Chairs of the Joint Legislative
Transportation Oversight Committee

FROM: Michael S. Fox *Michael S. Fox*
Chairman, Board of Transportation

Robert W. Lewis, PE *R. Lewis*
Chief Operating Officer

SUBJECT: Cash Balance Report Pursuant to
Session Law 2014-100 §34.23(c)

As of July 31, 2018, the combined end of month closing cash balance of the Highway Fund and the Highway Trust Fund was \$1.3 billion, which is 85 days of working capital. The Department has contractual obligations of \$5.5 billion: outstanding purchase orders of \$344 million and outstanding contracts of \$5.2 billion.

The daily cash balance through July 31, 2018 fluctuated between \$1.2 and \$1.4 billion. Cash balances are projected to continue to fall as a result of the Department's project delivery efforts. Through June 2018, project delivery indicators have increased over the same period last year. Construction lettings increased 39% over the same period last year while maintenance lettings increased 51%. Preliminary engineering lettings increased 98%. All highway expenditure indicators increased year over year. The Department's progress in delivering projects has contributed to a June 2018 cash balance that is \$702 million lower than the cash balance level in June 2017, and \$324 million lower than the cash balance level in June, 2016.

If you need additional information, please contact Evan Rodewald at 919-707-4320 or erodewald@ncdot.gov.

Attachment: Cash Balance Update

ER/jde

cc: Board of Transportation Members
Fiscal Research Division



NORTH CAROLINA

Department of Transportation



Cash Balance Update

Evan Rodewald , Chief Financial Officer

August 1, 2018

Session Law 2014-100

SECTION 34.23.(c) In any month in which the Department's total cash balance on hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars (\$1,000,000,000), the Department shall report its cash balance no later than the 15th day of the following month as follows:

(1) To the Board of Transportation.

(2) If the General Assembly is in session, to the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, the Chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division.

(3) If the General Assembly is not in session, to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

The report shall include an explanation from the Department of the reasons the cash balance has exceeded the amount specified in this subsection, the actions to be taken by the Department to reduce the cash balance, and the estimated amount of time it will take to bring the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a) of this section.

SECTION 34.23.(d) Subsection (c) of this section becomes effective July 1, 2015.

Cash Balance

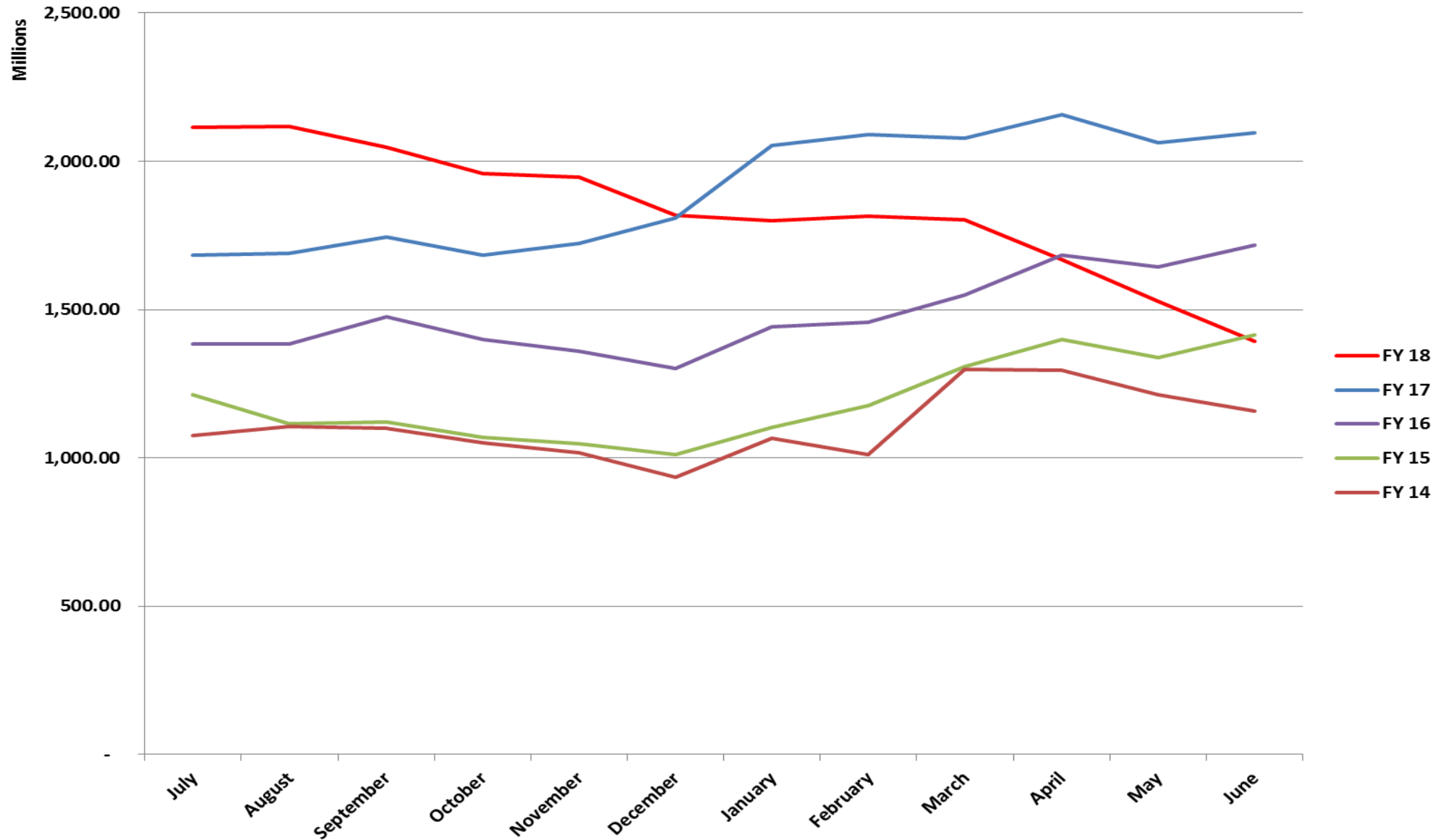
The Cash Balance As of July 31, 2018 is - \$1.3 Billion,

- Down \$0.1B since end of June 2018
- Down \$0.5B since beginning of the calendar year
- Down \$0.8B since beginning of the state fiscal year

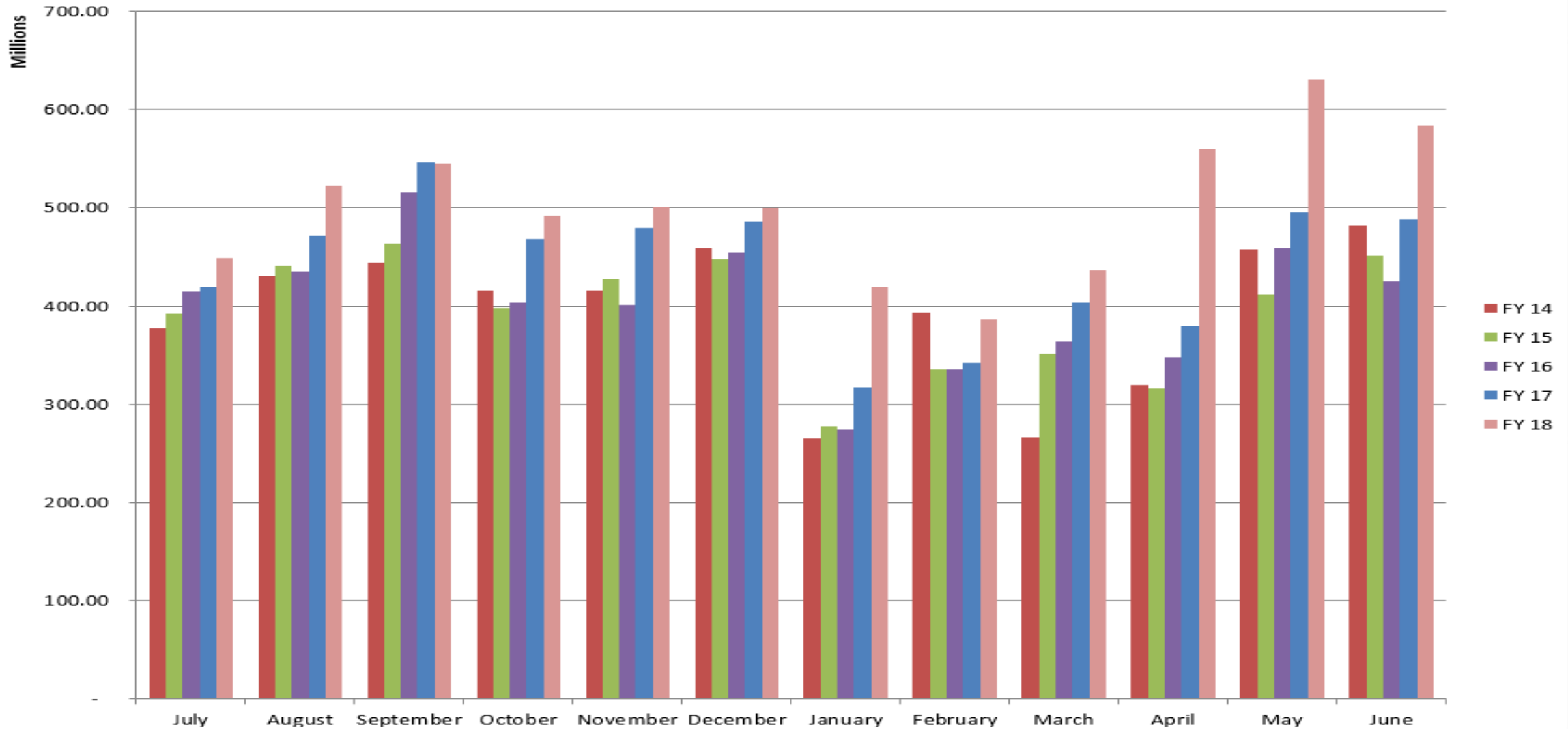
Since January 2015, the last time the cash balance was \$1 Billion:

- State revenues exceeded the forecast by \$547m
- Construction expenditures were less than predicted by \$698m

Monthly Closing Cash Balance by SFY and Month



Monthly Disbursements by Fiscal Year

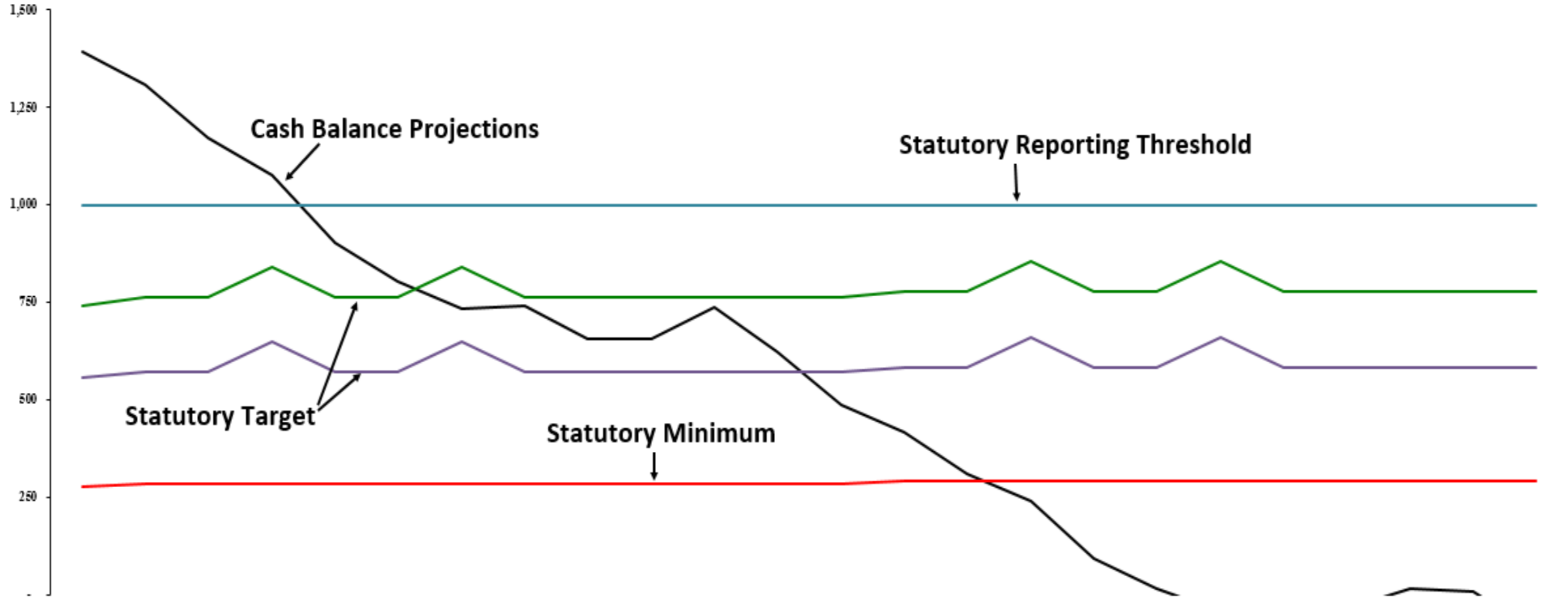


Project Delivery and Financial Indicators

(Year Over Year Comparison)

| (\$ in millions) | July - June 2018 | July - June 2017 | Difference \$ | Difference % |
|----------------------------------|---------------------|---------------------|---------------|--------------|
| PE Lettings (Awards) | 690 | 348 | 342 | 98% |
| Maintenance Lettings | 1,214 | 802 | 412 | 51% |
| Construction Lettings | 2,035 | 1,462 | 573 | 39% |
| | | | | |
| PE Expenditures | 409 | 266 | 143 | 54% |
| ROW Expenditures | 363 | 319 | 44 | 14% |
| Construction Expenditures | 2,327 | 1,861 | 466 | 25% |
| Maintenance Expenditures | 1,743 | 1,411 | 332 | 24% |
| Modal Expenditures | 353 | 357 | -4 | -1% |
| Other Expenditures | 620 | 553 | 67 | 12% |
| | | | | |
| Cash Balance | 1,393 | 2,095 | -702 | -34% |

Monthly Projected Ending Cash Balance



| | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| — Cash Balance Projections | 1,393 | 1,309 | 1,171 | 1,076 | 905 | 805 | 735 | 742 | 657 | 656 | 738 | 623 | 487 | 418 | 310 | 239 | 92 | 14 | (41) | (5) | (37) | 17 | 10 | (94) | |
| — Statutory Target - 20% | 742 | 765 | 765 | 840 | 765 | 765 | 840 | 765 | 765 | 765 | 765 | 765 | 765 | 780 | 780 | 856 | 780 | 780 | 856 | 780 | 780 | 780 | 780 | 780 | 780 |
| — Statutory Minimum | 278 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 |
| — Statutory Reporting Threshold | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| — Statutory Target - 15% | 557 | 574 | 574 | 648 | 574 | 574 | 648 | 574 | 574 | 574 | 574 | 574 | 574 | 585 | 585 | 661 | 585 | 585 | 661 | 585 | 585 | 585 | 585 | 585 | 585 |

Cash Balance Information

As of July 31, 2018 - The Cash Balance of \$1.3 Billion Represents:

- 85 Days of Working Capital
- NCDOT has contractual obligations of \$5.5 billion
 - Outstanding Purchase Orders of \$344 million
 - Outstanding Contracts of \$5.2 billion
- The following 10 contracts are 18% of contractual obligations:
 1. Flatiron Constructors, INC – BLYTHE(Future I-74, US 311 to SR 2211) \$131 million
 2. Flatiron Constructors, INC.(Rodanthe NC-12) \$121 million
 3. Balfour Beatty / Branch(Fayetteville Outer Loop) \$119 million
 4. Asheboro Bypass Constructors, LLC(Asheboro Southern BYP) \$118 million
 5. ES Wagner Company LLC/Smith-Rowe(US 29 North of Greensboro) \$114 million
 6. Balfour Beatty Infrastructure, INC.(From SR 1409 to US 17 in Wilmington) \$88 million
 7. The Lane Construction Corporation(I-85 from Lane Street in Cabarrus Co.) \$86 million
 8. Barnhill Contracting Company(Fayetteville Outer Loop from South of 401) \$76 million
 9. Flatiron Constructors, INC. - BLYTHE(US 158/US 421/NC 150/BUSINESS 40) \$69 million
 10. Flatiron Constructors, INC. – BLYTHE(I-40) \$63 million