



# Dollars & Sense

A helpful bulletin on all matters financial

## Financial Management Division's mission:

To support the financial health of NCDOT by ensuring integrity, compliance and customer service for all stakeholders.

## SERVICE AREAS

- Accounts Receivable
- Accounts Payable
- Budget
- Compliance Reporting
- Contract Management
- DMV Revenue
- Federal Funds Management
- Funds Management & Administration
- General Ledger
- P Card
- Payroll
- State Funds Management
- Toll Revenue
- Travel Management Card

## CFO

Stephanie J. King

## GARVEE Bond Sale Completed

Face amount yields \$306 million, sets record at 1.53%

The N.C. Department of Transportation's most recent GARVEE bond sale closed Sept. 16 with a face amount of \$306 million, which was higher than the actual \$252 million bond debt, thanks to a very favorable 1.53% interest rate. The rate is the lowest the department has ever received for a GARVEE bond sale, and the competitive rate will reduce the agency's debt-retirement costs.



A GARVEE bond sale is a regular funding tool to help finance highway construction. All the GARVEE projects are in the STIP. If a new project comes up, it must first be added to the STIP before becoming eligible for GARVEE financing.

The benefits of using GARVEE bonds include starting projects sooner and spreading the cost of a project over the useful life. The department also can potentially save construction costs by commencing a project sooner.

### A GARVEE primer

- Stands for "Grant Anticipation Revenue Vehicle" bonds
- Backed by future federal apportionments
- N.C. General Assembly authorized their use in 2005
- NCDOT began using them in 2007
- NCDOT previously issued new GARVEE bond debt in 2019, 2015, 2012, 2011, 2010 & 2008

## Certified Budget Update



The state Legislature continues to work on passing a certified budget for the next two fiscal years, even though the new fiscal year began July 1. In the meantime, NCDOT is operating under a continuation budget.

Due to a change in state law in 2017, the department can continue to operate at the level of recurring expenditures from the previous fiscal – avoiding a possible shutdown.

While no new programs or program expansions can be implemented at this time, any one-time or non-recurring reductions from last fiscal year have been reinstated. Some examples of this include Mobility Modernization funds; State Secondary Roads funds; and funds for our multimodal divisions. These were reduced as part of Session Law 2020-91 (H77) and have been reinstated for fiscal year 2022.

Generally, state employee salaries will remain at the same level that was in effect on June 30 until a new state budget is passed.

## Financial Management Division Improvements

The Financial Management Division is undergoing a reorganization that better aligns with the Secretary's vision for the department.

This summer, **Michelle Overby became Director of Forecasting and Cash Modeling**. She'll assume additional duties that include assisting with developing the consensus revenue forecast with our state partners and improving expenditure forecasting techniques throughout the agency.

We are also welcoming NCDOT's first **Director of Finance, Matt Lane**. He previously served as the director of loan management and a finance project lead at Global Bankers Insurance Group.

At NCDOT, Lane oversees the development and execution of all debt offerings to ensure compliance with project criteria and related issues, as well as guiding the department on when to enter the bond market. In addition, he is leading our department in partnership with the State Treasurer's Office throughout the debt issuance process..

## Contact

Have a question or suggestion for the Financial Management Division?

Contact **Carla Williamson** below.



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