

October 1, 2016

**Executive Summary:**

During the period from July 1, 2015 through June 30, 2016; the NCDOT exceeded all three targets set forth in the cash management legislation. The cash balance at month's end during the period ranged between \$1.3 Billion and \$1.7 Billion. Under the guidelines, operating cash on hand would have been between \$489 million and \$652 million, and at the end of each month the cash balance would have been less than \$1.0 Billion.

The accumulation of cash during the 2016 state fiscal year was attributable to two things; higher than projected state revenue of \$273 million, due to an increase in DMV Fees, higher motor fuel consumption, and higher than projected vehicle sales; and lower than expected construction expenditures of \$101 million.

**Legislative Directive:**

This report was prepared pursuant to GS 143C-6-11 (k) Highway Appropriation requiring NCDOT to:

1. Utilize cash flow financing to the extent possible to fund transportation projects with the goal of reducing the combined average daily cash balance of the Highway Fund and the Highway Trust Fund to an amount equal to between fifteen and twenty percent (15-20%) of the total appropriations for the current fiscal year from those funds. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. Any federal funds on hand shall not be considered as cash for the purposes of this subsection. The target amount shall include an amount necessary to make all municipal-aid funding requirements of the Department.
2. Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financing report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.
3. Report annually, on October 1 of each year, to the Joint Legislative Transportation Oversight Committee on its cash management policies and results.



PAT McCRORY  
*Governor*

NICHOLAS J. TENNYSON  
*Secretary*

### **Financial Planning:**

NCDOT uses statistical models to plan cash balance targets and to forecast construction expenditures. The output of these processes along with legislative program budgets, Project Lists, historical outcomes, and revenue projections guide the development of the State Transportation Improvement Program (STIP).

The Project List reflects planned expenditures that may be adjusted over the life of the program due to normal preconstruction and construction activities such as design alternatives, right of way acquisition and permitting. NCDOT continuously monitors and updates forecast in response to changes in the schedule, project scope, cost estimates, and revenue forecasts.

### **Results:**

Under current legislative directives, NCDOT's targeted cash balance for SFY 2016 was between \$489 million and \$652 million. The average monthly cash balance was \$1,483 million and the ending cash balance as of June 30, 2016, was \$1.7 billion. Project letting delays and increased state revenues in three main categories: DMV fees, motor fuels, and highway use tax contributed to the result.

### **Project Delivery**

NCDOT construction expenditures were \$101 million less than forecasted primarily due to project letting delays. The actual project delivery rate for SFY 2016 was 83.96%.

### **DMV Fees**

House Bill 97 increased DMV fees for Drivers License Fees, Title Fees, Staggered Registration, Truck Licenses, and International Registrations effective January 1. Projections were \$710 million for SFY 2016 but actual revenues were \$822 million. NCDOT exceeded the forecast by 16% or \$112 million.

### **Motor Fuels**

The projected balance for motor fuels was \$1,832 million. NCDOT received \$1,923 million, 5% or \$91 million more than expected. Motor fuel consumption was more than anticipated.

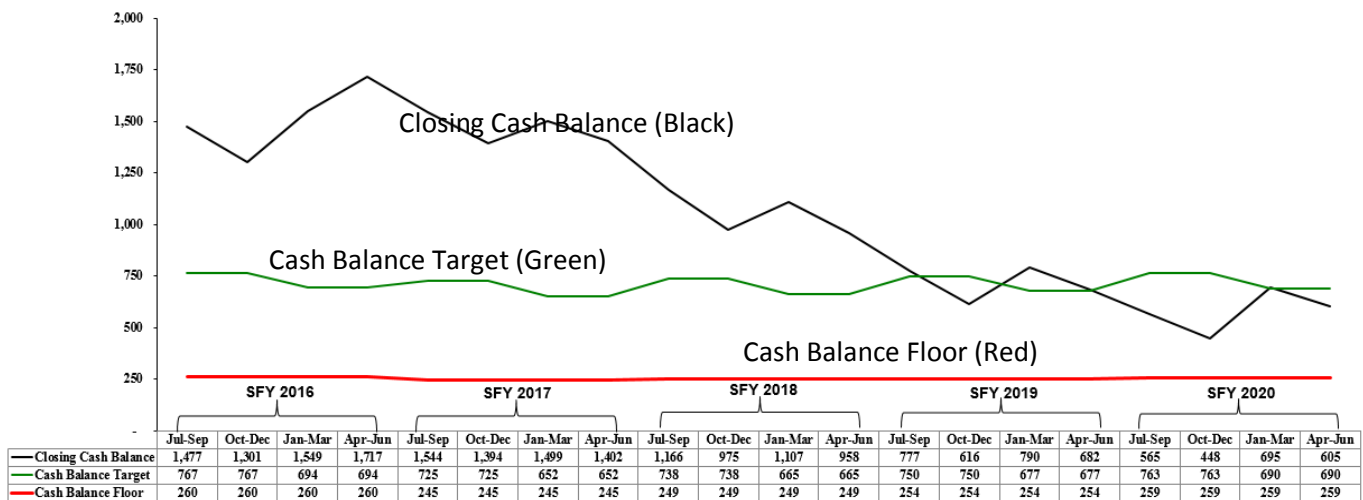


## Highway Use Tax

Highway Use Tax was estimated to be \$656 million. NCDOT received \$726 million, 10% or \$70 million higher than anticipated. Car sale volumes were unexpectedly higher due to the pent up demand from the recessionary period.

### Cash Model Reports:

Financial reports and issues are reviewed monthly by the Financial Planning Committee as chaired by the NCDOT Chief Financial Officer. Financial Updates are presented to the NCDOT Board of Transportation including a summary model view that presents the following components. <http://www.ncdot.gov/about/board/>



The projected cash balance is represented by the black line with the green line representing twenty percent (20%) of the total appropriations for the current fiscal year with the red line representing a cash floor equal to (7.5%) of the total appropriations for the current fiscal year.

### SFY 2016 Performance Measure Results:

As of June 30, 2016 actual revenues collected were \$5,051.9 million versus planned collections of \$4,558.8 million which is \$493.1 million more than forecast. For the same period, actual expenditures were \$4,737.9 million versus \$4,689.5 million which is \$48.4 million more than forecasted. (Please reference chart on the following page for a breakdown of total revenues and expenditures.)



## NCDOT Finances

Select Financial Report:

SFY16: Thru June 2016

David Tyeryar

Chief Financial Officer

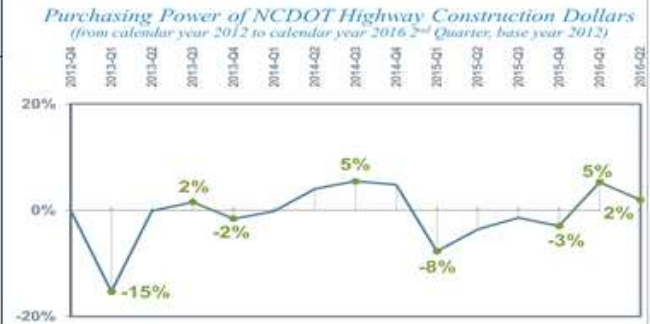
### Receipts

Planned to Actual Receipts	
<b>Planned</b>	\$4,558.8
<b>Actual</b>	\$5,051.9
<b>Variance</b>	10.8%

### Expenses

Planned to Actual Expenses	
<b>Planned</b>	\$4,689.5
<b>Actual</b>	\$4,737.9
<b>Variance</b>	1.0%

### Purchasing Power



### Forecast to Actual

Receipts		Expenses		
State	\$ 3,471,604,403	Construction	\$ 2,237,592,120	MEMO: GAP Funding for NCTA from Highway Trust Fund <b>Triangle Expressway - \$25,000,000</b> <b>Monroe Connector - \$24,000,000</b>
Toll Rev./Int.	49,152,471	Construction - Stimulus	-	
Federal	1,087,544,492	Construction - NCTA	120,970,019	
Federal Stimulus	151,372,332	Maintenance	1,256,681,036	
Local & Other	34,006,539	Transit & Other modal	226,378,258	
Grants	43,597,903	Transit-Stimulus	827,064	
Debt - GARVEE	83,370,520	Rail-Stimulus	146,154,904	
Debt - NCTA	<u>131,299,036</u>	Debt Service	148,618,167	
		Fin. Credit Charge-NCTA	80,843,086	
		Admin	292,955,657	
		Agency Transfers	45,547,443	
		State Aid Municipalities	147,728,810	
		Other Programs	<u>33,566,027</u>	
<b>Total</b>	<b>\$5,051,947,696</b>	<b>Total</b>	<b>\$4,737,862,591</b>	
<b>Forecast</b>	<b><u>4,558,800,000</u></b>	<b>Forecast</b>	<b><u>4,689,525,000</u></b>	
<b>Variance</b>	<b><u>493,147,696</u></b>	<b>Variance</b>	<b><u>48,337,591</u></b>	
<b>Variance %</b>	<b>10.8%</b>	<b>Variance %</b>	<b>1.0%</b>	