



NORTH CAROLINA

Department of Transportation



Report on NCDOT Cash Balances

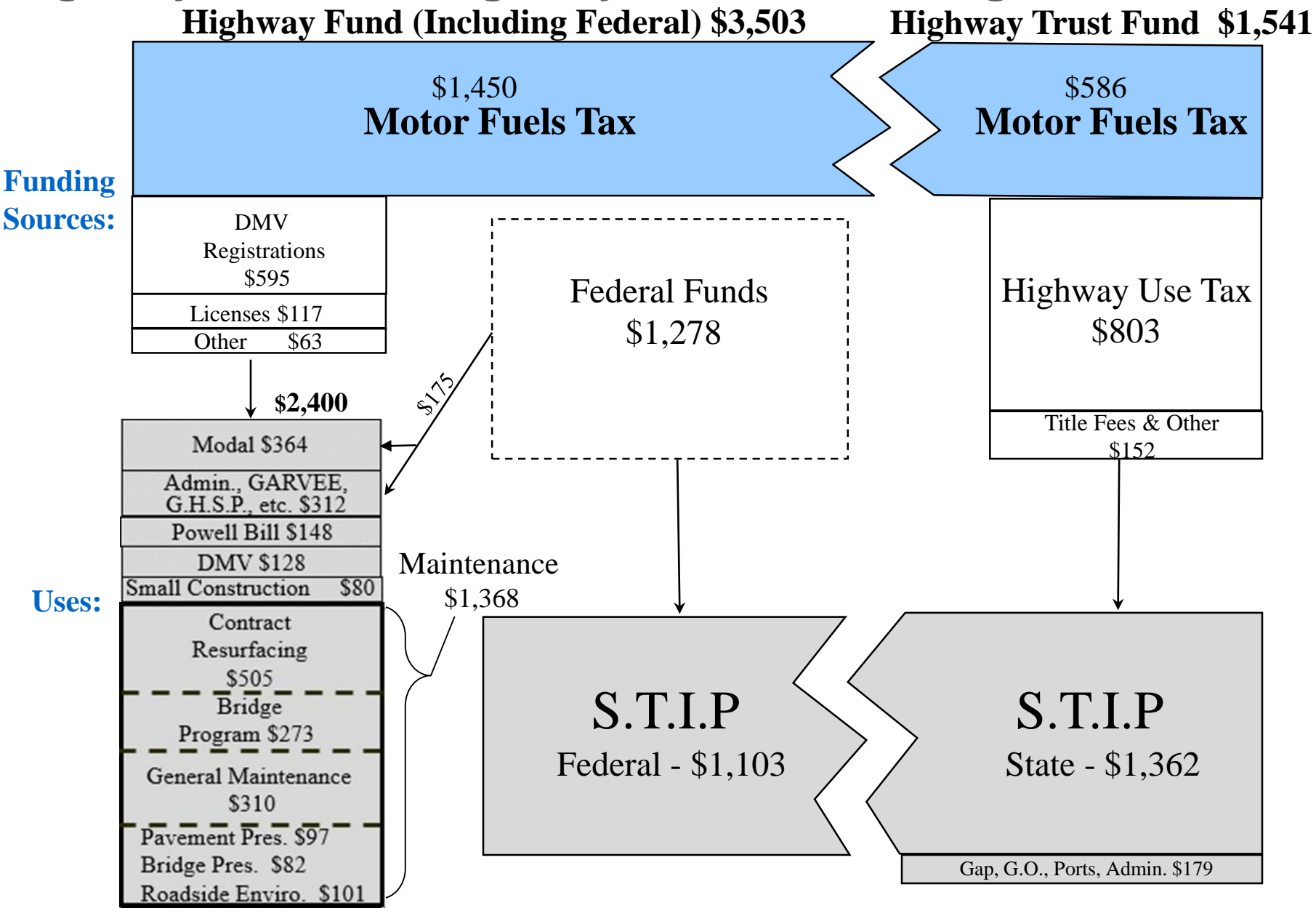
Evan Rodewald, Chief Financial Officer, NCDOT

November 8, 2018

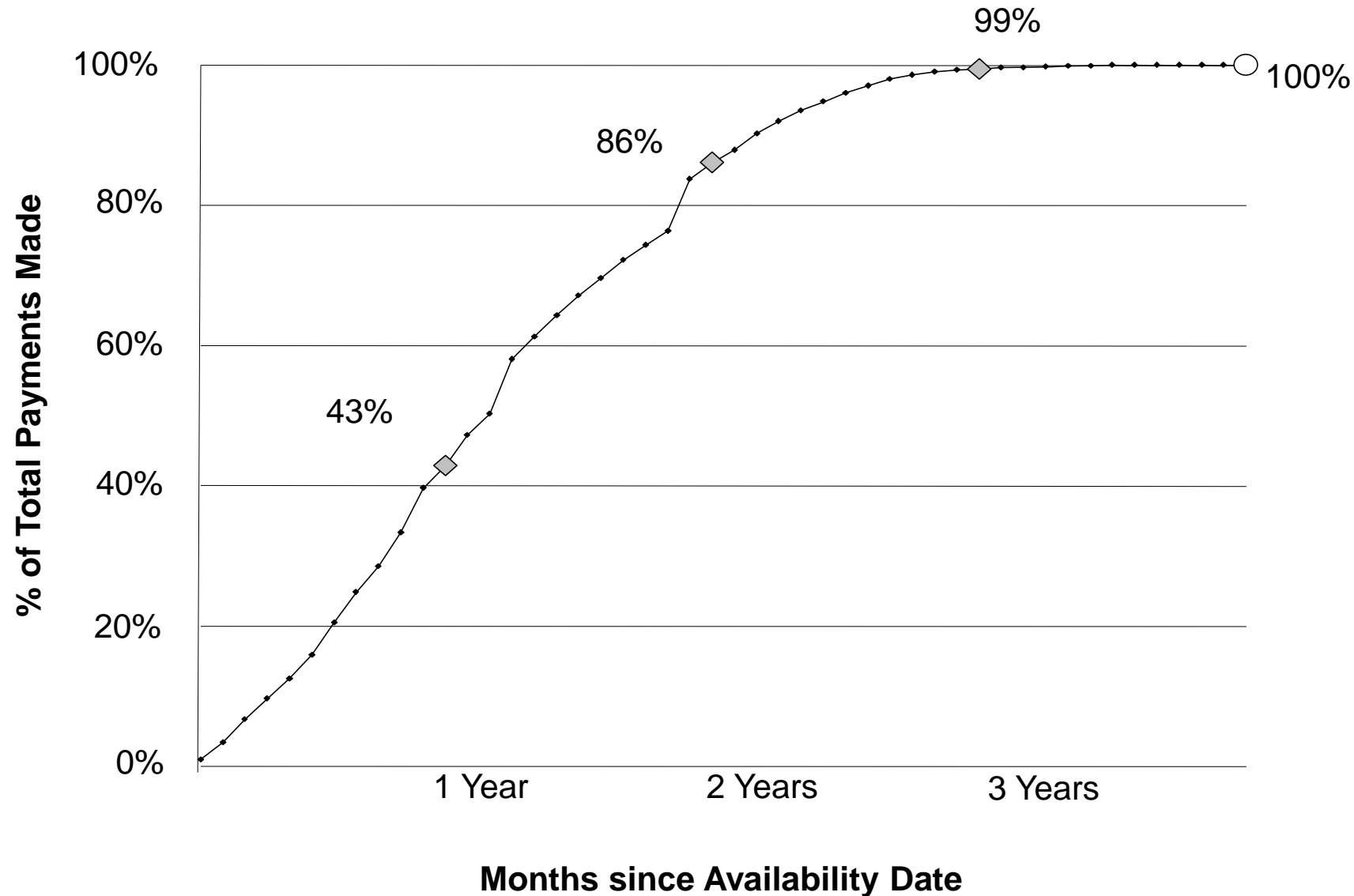
Overview of Report on NCDOT Cash Balances

- **NCDOT Funding**
- **History of Cash Model**
- **Current Trends in Cash Balances**
- **Cash Projections**

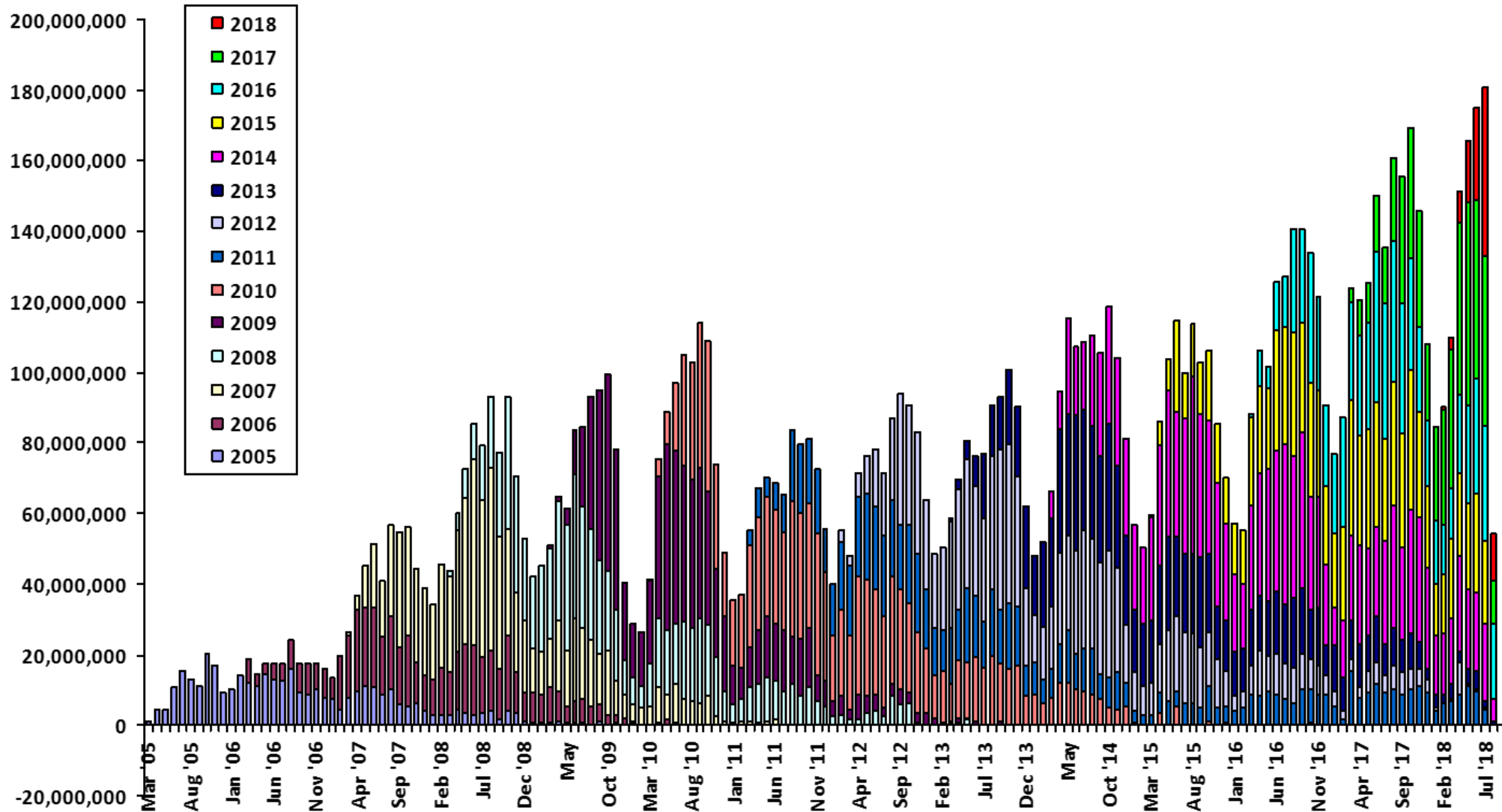
Highway Fund and Highway Trust Fund Budget, SFY 2018-19



Payout Curve for Typical Construction Project



Construction Payment History by Year of Letting/Obligation



Historical Context for NCDOT Cash Management Processes

- Prior to 1989, NCDOT cash balances were low:
 - Most funding for TIP construction was federal which is reimbursed as funds are expended.
- With the creation of the HTF and new sources of State funding for construction, cash immediately started accumulating. By June 2001:
 - Cash balances were over \$1.1 billion
 - NCDOT also had authority to issue \$700 million in G.O. bonds authorized in 1996 but unsold
- JLTOC commissioned a study of NCDOT cash that led to the current legal and procedural framework for managing cash balances.

Background and Purpose of Cash Model

- Session Law 2001-424, Section 27.23(a), required NCDOT to :
 - “...utilize **cash flow financing** to the maximum extent possible...”
 - “Establish necessary management controls to facilitate use of cash flow financing”
 - “Strengthen the project delivery process by reorganization of preconstruction functions in order to expedite project delivery and maximize use of cash flow financing of projects.”
- **Cash model** is forecasting tool NCDOT uses to meet the managerial and financial goals established under this legislation
 - Allows NCDOT to balance cash needs and project delivery

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

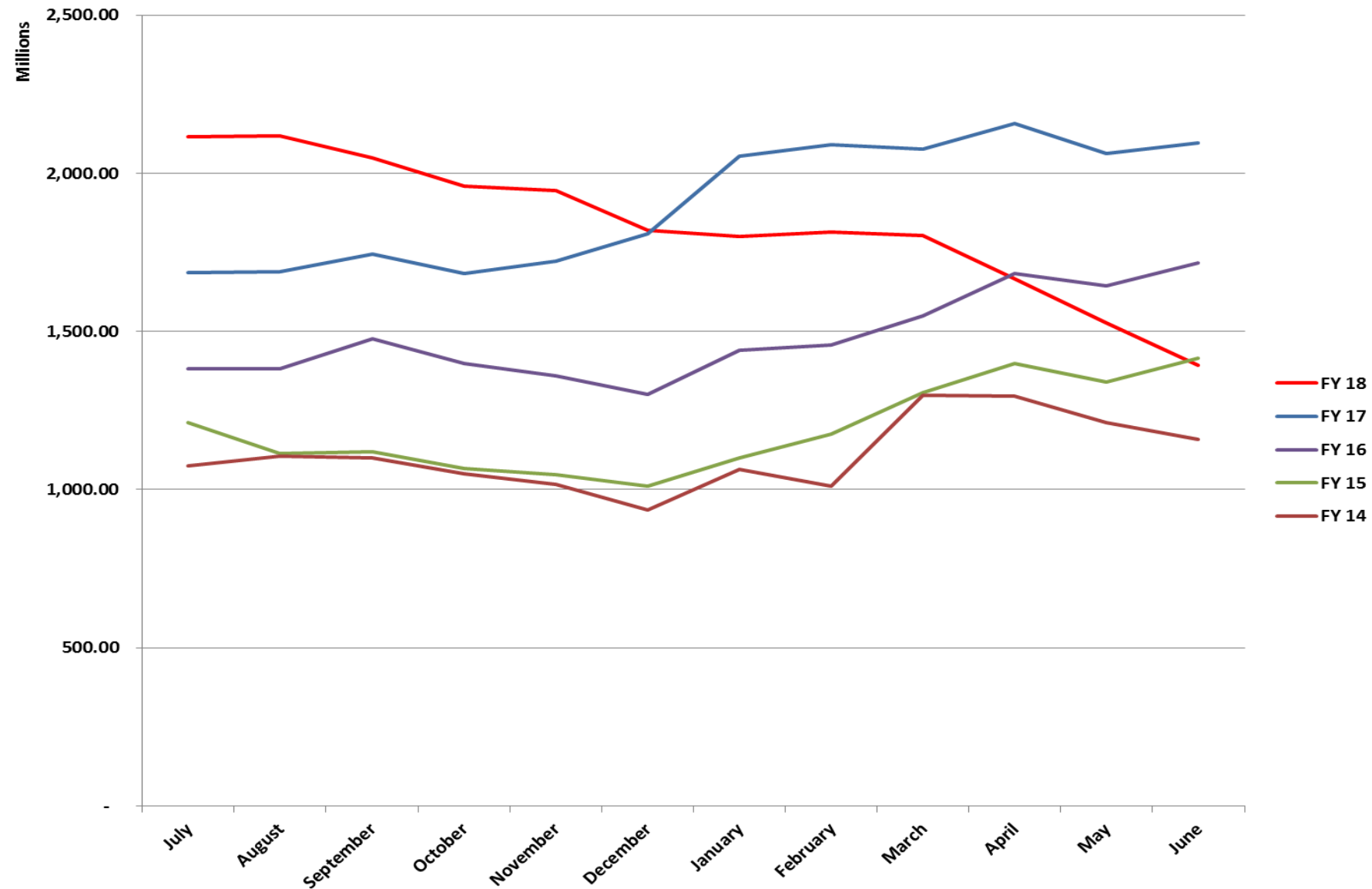
The Daily Cash Balance As of October 31, 2018 was \$715 Million

- Represents 41 days of working capital
- For perspective, NCDOT has contractual obligations of \$6.6 billion:
 - Outstanding contracts of \$6.3 billion
 - Outstanding purchase orders of \$368 million

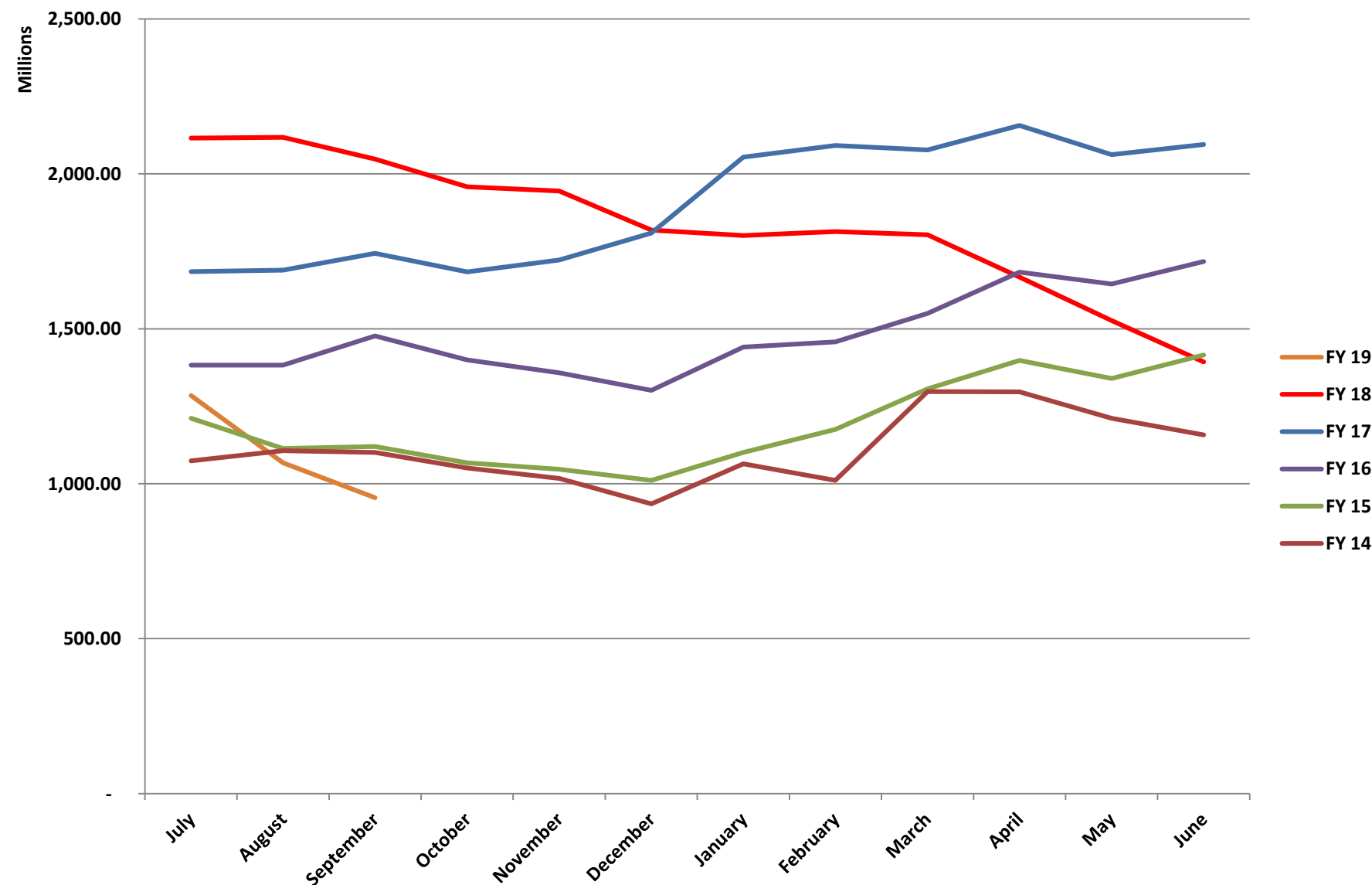
Closing Cash Balance by Month SFY2013-14 to September 2018



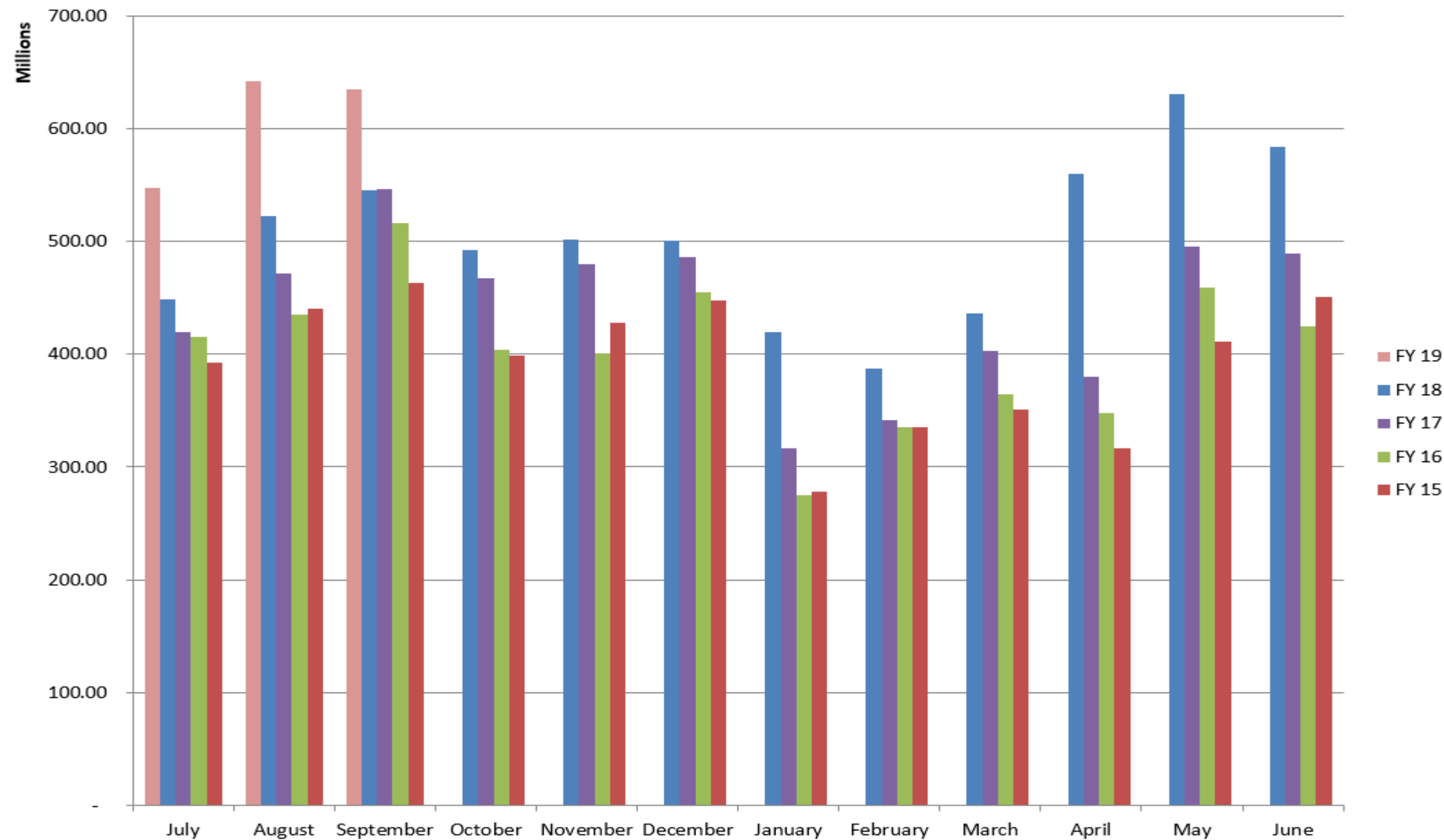
Monthly Closing Cash Balance by SFY and Month



Monthly Closing Cash Balance by SFY and Month



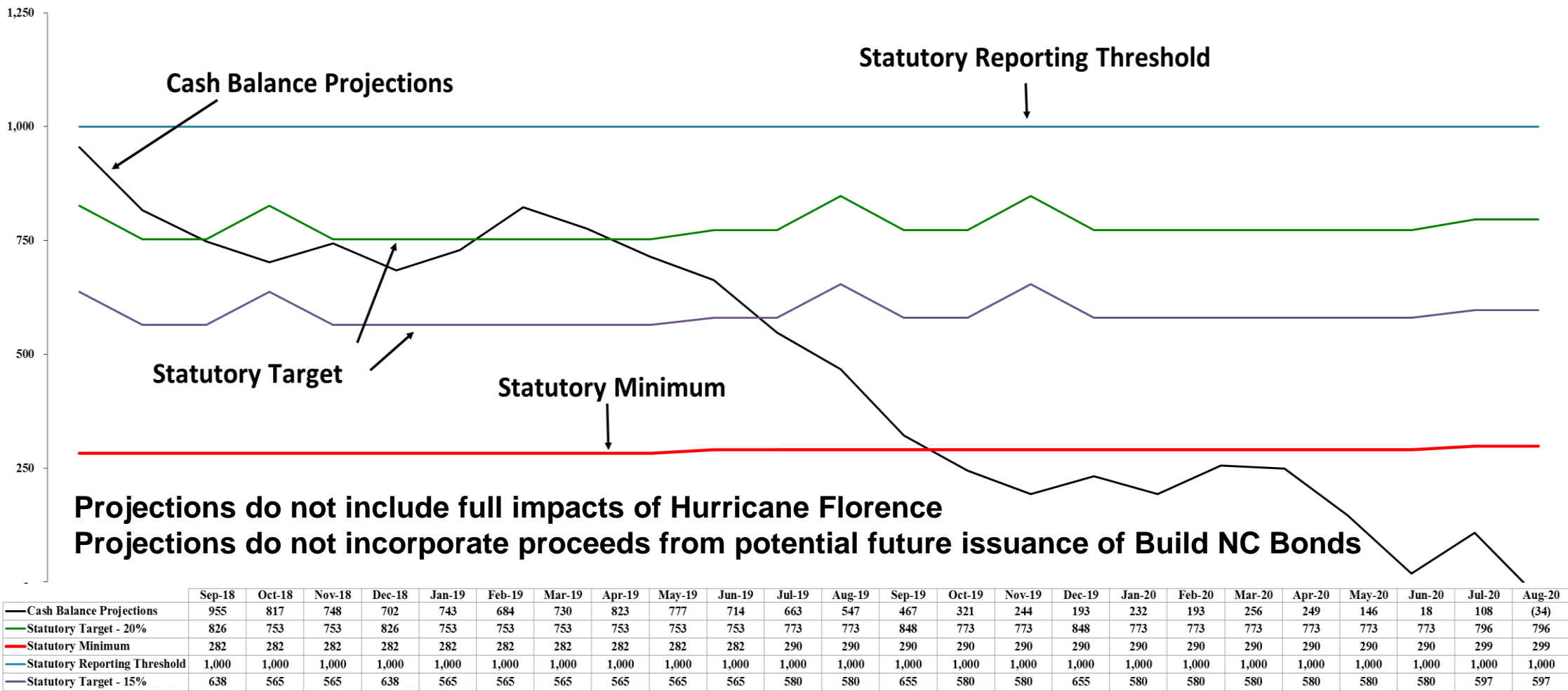
Monthly Disbursements by Fiscal Year



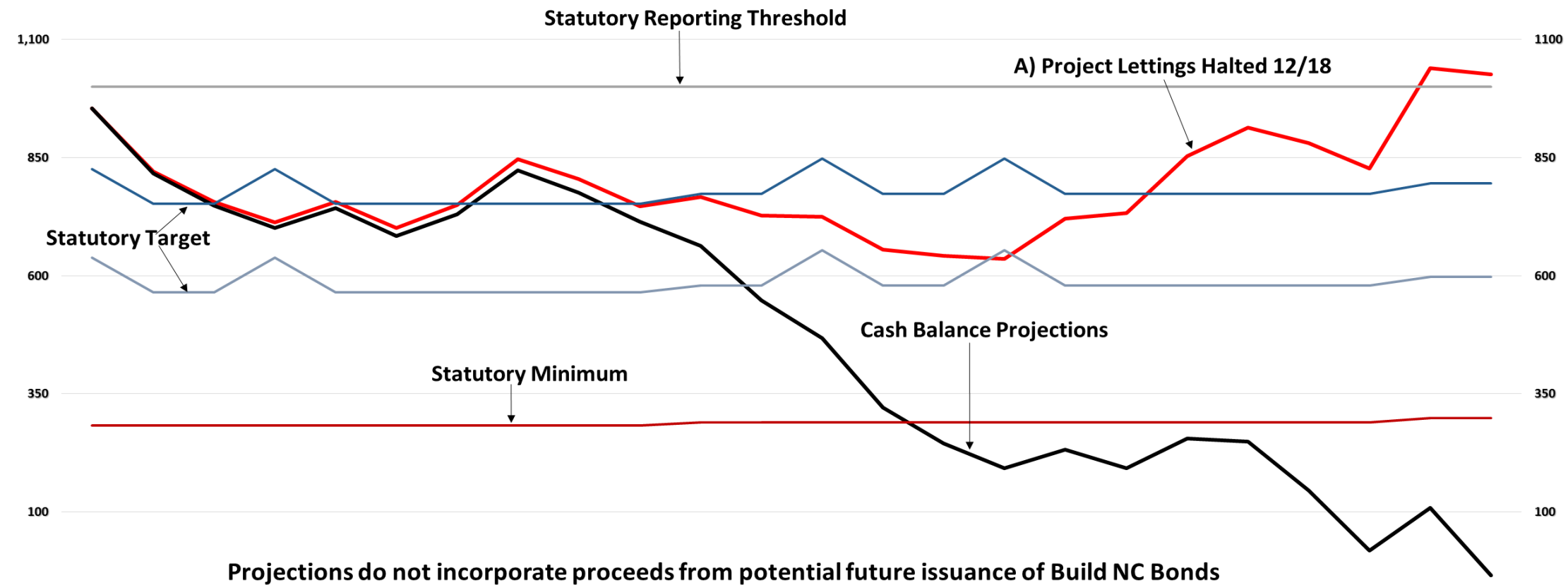
Project Delivery and Financial Indicators

(\$ in millions)	FY 2016-17	FY 2017-18	Difference %	Q1, FY2017-18	Q1, FY2018-19	Difference %
PE Lettings (Awards)	348	690	98%	187	172	-8%
Maintenance Lettings	802	1,214	51%	434	276	-36%
Construction Lettings	1,462	2,035	39%	254	1,145	351%
PE Expenditures	266	409	54%	83	103	24%
ROW Expenditures	319	363	14%	81	113	40%
Construction Expenditures	1,861	2,327	25%	544	650	19%
Maintenance Expenditures	1,411	1,743	24%	427	553	30%
Modal Expenditures	357	353	-1%	88	143	63%
Other Expenditures	553	620	12%	105	87	-17%
Cash Balance	2,095	1,393	-34%	2,047	955	-53%

Monthly Projected Ending Cash Balance



Monthly Ending Cash Balance Forecast Compared with Hypothetical Scenario Halting Lettings December 2018



	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	Jun-20	Jul-20	Aug-20
A)	955	821	756	713	757	701	750	847	805	747	767	728	725	656	642	636	720	733	854	914	881	827	1,039	1,026
cash balance	955	817	748	702	743	684	730	823	777	714	663	547	467	321	244	193	232	193	256	249	146	18	108	-34

Questions?



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