



STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

PAT MCCRORY  
GOVERNOR

ANTHONY J. TATA  
SECRETARY

September 12, 2014

North Carolina General Assembly  
Joint Legislative Transportation Oversight Committee  
16 West Jones Street  
Raleigh, NC 27601

Dear Honorable Chairs:

The North Carolina Department of Transportation ("NCDOT") is submitting its annual report for the state fiscal year ended June 30, 2014 in accordance with the provisions of North Carolina General Statutes §143C-6-11. Among the reporting requirements are 1) NCDOT's cash management policies and 2) results.

NCDOT's current planning efforts incorporate legislative directives in the implementation of the Strategic Transportation Investments bill (HB817) to leverage existing funding to enhance the state's infrastructure, providing greater opportunity for economic growth.

NCDOT continues to progress towards a results-based performance organization. Cash management planning is a defined performance measure. Please find the attached annual report for State Fiscal Year 2014.

If you need additional information, please contact me at 919-707-4320.

Sincerely,

A handwritten signature in black ink, appearing to read "David Tyeryar".

David Tyeryar  
Chief Financial Officer  
North Carolina Department of Transportation

Attachments

MAILING ADDRESS:  
NC DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION PROGRAM MANAGEMENT  
1595 MAIL SERVICE CENTER  
RALEIGH NC 27699-1595

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FAX: 919-212-5711  
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WWW.NCDOT.GOV

LOCATION:  
CENTURY CENTER COMPLEX  
ENTRANCE B-1  
1020 BIRCH RIDGE DRIVE  
RALEIGH NC

## **Executive Summary:**

GS 143C-6-11 (k) Highway Appropriation requires 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 the twelve percent (12%) of the combined estimate of the yearly receipts of the Funds. 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.

## **Financial Planning**

### **Policy to Projects Program:**

NCDOT uses statistical models to plan cash balance targets and to forecast construction expenditures. The output of this process 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 (and letting schedule) reflects planned project letting schedules that may be adjusted during the life of the program due to normal preconstruction and construction activities such as design alternatives, right of way and permitting. NCDOT continuously monitors and updates the Project List and forecasting models in response to changes in the program schedule, project scope, project cost estimates, and revenue forecasts. Outcomes have to be managed monthly based upon current economic conditions, program directives, project schedules, contract provisions, contractor awards, as well as revenue collections. Managing risk within these changing real world conditions is expected and can impact overall results.

### **SFY 2014 Forecast to Actual:**

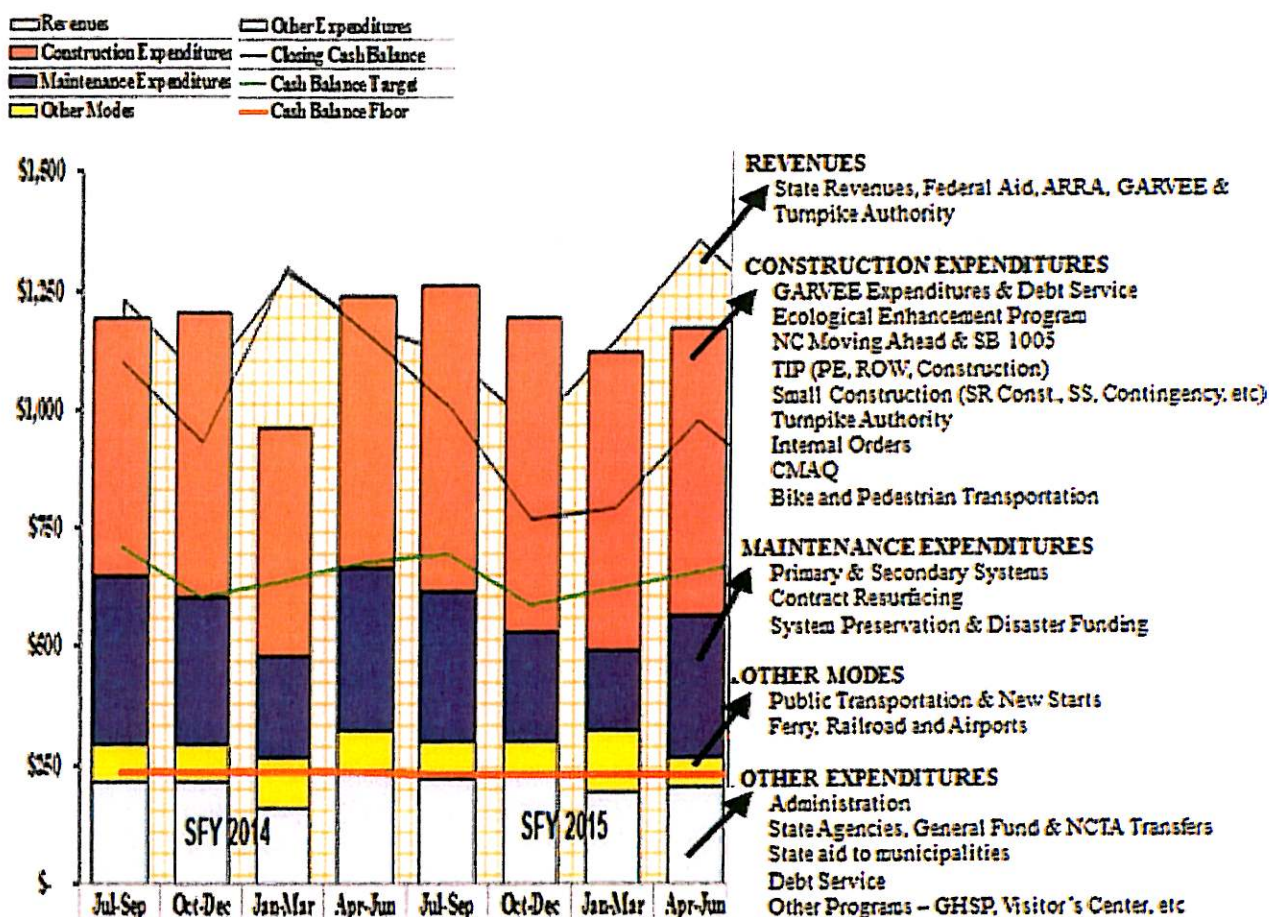
The department's cash balance as of June 2014 was \$1,158 million (excluding bond proceeds held by Trustee). The cash balance is reflective of the federal aid billings, cash reserved to service debt, mitigation delays, and the planning time to deliver initiatives recently prioritized in the legislature's 2013-2015 Biennium budget and NCDOT prioritization process.

**Results:** As of June 30, 2014 actual revenues collected equaled \$4,787.1 million versus planned collections of \$4,550.5 million which is 5.2% or \$236.6 million more than forecast. For the same period, actual expenditures equaled \$4,652.9 million versus \$4,620.7 million or 0.7% more than forecast. The combined average forecast variance was 2.9%.

## 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 black line with the green line representing twelve percent (12%) of the combined estimate of the yearly receipts of the Funds with the red line representing a cash floor equal to five percent (5%) of the estimates of yearly receipts.

## Benefits of Cash Management:

The Department is using the provisions in GS 143C-6-11 to meet NCDOT's mission and goals by:

- Promoting sound financial management
- Integrating all business functions
- Maximizing cash to deliver projects and programs
- Providing interactive planning and forecasting tools
- Enabling innovative financing
- Establishing management controls to minimize financial risk

Additional information is available <http://www.ncdot.gov/performance/reform/>.



# NCDOT Finances

Select Financial Report:

SFY14: Thru June 2014

David Tyeryar

Chief Financial Officer

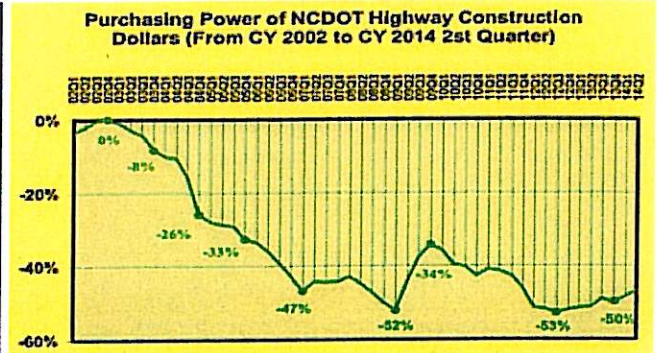
## Receipts

Planned to Actual Receipts	
Planned	\$4,550.5
Actual	\$4,787.1
Variance	5.2%

## Expenses

Planned to Actual Expenses	
Planned	\$4,620.7
Actual	\$4,652.9
Variance	0.7%

## Purchasing Power



## Forecast to Actual

Receipts		Expenses		Agency Transfers	
State	\$ 3,177,927,900	Construction	\$ 2,084,013,674	Direct Transfers:	
Toll Rev./Int.	18,980,073	Construction - Stimulus	4,552,898	Highway Patrol	\$ 196,582,981
Federal	1,313,921,702	Construction - NCTA	52,143,711	Public Instruction	25,795,164
Federal Stimulus	80,692,251	Maintenance	1,229,057,943	Other Agencies	32,422,952
Local & Other	50,073,340	Transit & Other modal	264,334,848	<b>Total</b>	<b>\$254,801,097</b>
Grants	70,991,305	Transit-Stimulus	2,480,450		
Debt - GARVEE	40,516,743	Rail-Stimulus	85,121,090	MEMO: GAP Funding for NCTA	
Debt - NCTA	34,010,621	Debt Service	159,414,916	from Highway Trust Fund	
		Fin. Credit Charge-NCTA	75,962,097	<b>Triangle Expressway - \$25,000,000</b>	
		Admin	263,967,795	<b>Monroe Connector - \$24,000,000</b>	
		Agency Transfers	254,801,097		
		State Aid Municipalities	145,588,013		
		Other Programs	31,537,385		
<b>Total</b>	<b>\$4,787,113,942</b>	<b>Total</b>	<b>\$4,652,975,917</b>		
<b>Forecast</b>	<b><u>4,550,456,869</u></b>	<b>Forecast</b>	<b><u>4,620,698,927</u></b>		
<b>Variance</b>	<b><u>236,657,073</u></b>	<b>Variance</b>	<b><u>\$32,276,990</u></b>		
<b>Variance %</b>	<b>5.2%</b>	<b>Variance %</b>	<b>0.7%</b>		