Primoris Services Corp
Form 10-Q
November 06, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to .

Commission file number 0001-34145

Primoris Services Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	20-4743916 (I.R.S. Employer Identification No.)
2100 McKinney Avenue, Suite 1500 Dallas, Texas (Address of Principal Executive Offices)	75201 (Zip Code)

Registrant's telephone number, including area code: (214) 740-5600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer Do not check if a smaller reporting company.	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At November 6, 2017, 51,448,753 shares of the registrant's common stock, par value $0.0001 per share, were outstanding.

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PRIMORIS SERVICES CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PRIMORIS SERVICES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Amounts)

(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents ($67,034 and $7,045 related to VIEs. See Note 11)	$ 143,235	$ 135,823
Short-term investments	19,304	—
Customer retention deposits	926	481
Accounts receivable, net	356,851	388,000
Costs and estimated earnings in excess of billings	177,662	138,618
Inventory and uninstalled contract materials	39,617	49,201
Prepaid expenses and other current assets	14,529	19,258
Total current assets	752,124	731,381
Property and equipment, net	305,046	277,346
Intangible assets, net	48,655	32,841
Goodwill	151,118	127,226
Other long-term assets	4,749	2,004
Total assets	$ 1,261,692	$ 1,170,798
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 153,677	$ 168,110
Billings in excess of costs and estimated earnings	159,120	112,606
Accrued expenses and other current liabilities	125,626	108,006
Dividends payable	2,829	2,839
Current portion of capital leases	214	188
Current portion of long-term debt	62,697	58,189
Current portion of contingent earnout liabilities	1,252	—
Total current liabilities	505,415	449,938
Long-term capital leases, net of current portion	245	15
Long-term debt, net of current portion	191,948	203,381

Deferred tax liabilities	9,830	9,830
Other long-term liabilities	13,007	9,064
Total liabilities	720,445	672,228
Commitments and contingencies		
Stockholders’ equity		
Common stock—$.0001 par value; 90,000,000 shares authorized; 51,448,753 and 51,576,442 issued and outstanding at September 30, 2017 and December 31, 2016	5	5
Additional paid-in capital	160,277	162,128
Retained earnings	376,537	335,218
Non-controlling interest	4,428	1,219
Total stockholders’ equity	541,247	498,570
Total liabilities and stockholders’ equity	$ 1,261,692	$ 1,170,798

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	$ 608,311	$ 507,828	$ 1,800,978	$ 1,395,085
Cost of revenue	537,890	457,699	1,591,021	1,262,394
Gross profit	70,421	50,129	209,957	132,691
Selling, general and administrative expenses	42,559	35,994	128,390	101,150
Impairment of goodwill	—	2,716	—	2,716
Operating income	27,862	11,419	81,567	28,825
Other income (expense):				
Investment income	6,066	—	6,066	—
Foreign exchange gain (loss)	167	(92)	299	288
Other expense	(39)	(278)	(52)	(278)
Interest income	228	31	411	122
Interest expense	(2,198)	(2,246)	(6,605)	(6,754)
Income before provision for income taxes	32,086	8,834	81,686	22,203
Provision for income taxes	(9,952)	(4,078)	(28,644)	(9,244)
Net income	$ 22,134	$ 4,756	$ 53,042	$ 12,959
Less net income attributable to noncontrolling interests	(1,537)	(252)	$ (3,209)	$ (706)
Net income attributable to Primoris	$ 20,597	$ 4,504	$ 49,833	$ 12,253
Dividends per common share	$ 0.055	$ 0.055	$ 0.17	$ 0.17
Earnings per share:				
Basic	$ 0.40	$ 0.09	$ 0.97	$ 0.24
Diluted	$ 0.40	$ 0.09	$ 0.96	$ 0.24
Weighted average common shares outstanding:				
Basic	51,441	51,780	51,491	51,759
Diluted	51,707	52,034	51,751	51,978

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

	Nine Months Ended September 30, 2017	2016
Cash flows from operating activities:		
Net income	$ 53,042	$ 12,959
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	43,064	46,430
Amortization of intangible assets	6,184	5,015
Goodwill and intangible asset impairment	477	2,716
Stock-based compensation expense	911	1,169
Unrealized gain on short-term investments	(5,980)	—
Gain on sale of property and equipment	(3,880)	(3,361)
Changes in assets and liabilities:		
Customer retention deposits	(445)	(451)
Accounts receivable	41,870	27,093
Costs and estimated earnings in excess of billings	(38,464)	(39,936)
Other current assets	17,210	13,865
Other long-term assets	(2,745)	(1,963)
Accounts payable	(17,813)	10,036
Billings in excess of costs and estimated earnings	46,067	(41,584)
Accrued expenses and other current liabilities	17,858	18,580
Other long-term liabilities	4,076	49
Net cash provided by operating activities	161,432	50,617
Cash flows from investing activities:		
Purchase of property and equipment	(57,346)	(52,137)
Proceeds from sale of property and equipment	7,027	7,763
Purchase of short-term investments	(13,588)	—
Sale of short-term investments	350	—
Cash paid for acquisitions	(66,205)	(4,108)
Net cash used in investing activities	(129,762)	(48,482)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	30,000	30,000
Repayment of capital leases	(191)	(626)
Repayment of long-term debt	(41,088)	(36,867)
Payment of debt issuance costs for amended and restated credit agreement	(631)	—

Proceeds from issuance of common stock purchased under a long-term incentive plan	1,148	1,439
Repurchase of common stock	(4,999)	—
Dividends paid	(8,497)	(8,536)
Net cash used in financing activities	(24,258)	(14,590)
Net change in cash and cash equivalents	7,412	(12,455)
Cash and cash equivalents at beginning of the period	135,823	161,122
Cash and cash equivalents at end of the period	$ 143,235	$ 148,667

See Accompanying Notes to Condensed Consolidated Financial Statements

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	2017	2016
	(Unaudited)	
Cash paid:		
Interest	$ 6,236	$ 6,654
Income taxes, net of refunds received	$ 25,618	$ 2,079

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Nine Months Ended September 30,	
	2017	2016
	(Unaudited)	
Obligations incurred for the acquisition of property	$ 4,163	$ —
Dividends declared and not yet paid	$ 2,829	$ 2,848

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars In Thousands, Except Share and Per Share Amounts)

(Unaudited)

Note 1—Nature of Business

Organization and operations — Primoris Services Corporation is a holding company of various construction and product engineering subsidiaries. The Company's underground and directional drilling operations install, replace and repair natural gas, petroleum, telecommunications and water pipeline systems, including large diameter pipeline systems. The Company's industrial, civil and engineering operations build and provide maintenance services to industrial facilities including power plants, petrochemical facilities, and other processing plants; construct multi-level parking structures; and engage in the construction of highways, bridges and other environmental construction activities. The Company is incorporated in the State of Delaware, and its corporate headquarters is located at 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201.

Reportable Segments — Through the end of the year 2016, the Company segregated its business into three reportable segments: the Energy segment, the East Construction Services segment and the West Construction Services segment. In the first quarter 2017, the Company changed its reportable segments in connection with a realignment of the Company's internal organization and management structure. The segment changes during the quarter reflect the focus of our chief operating decision maker ("CODM") on the range of services we provide to our end user markets. Our CODM regularly reviews the Company's operating and financial performance based on these segments.

The current reportable segments include the Power, Industrial and Engineering ("Power") segment, the Pipeline and Underground ("Pipeline") segment, the Utilities and Distribution ("Utilities") segment and the Civil segment. Segment information for prior periods have been restated to conform to the new segment presentation. See Note 18 – "Reportable Segments" for a brief description of the reportable segments and their operations.

The classification of revenues and gross profit for segment reporting purposes can at times require judgment on the part of management. Our segments may perform services across industries or perform joint services for customers in multiple industries. To determine reportable segment gross profit, certain allocations, including allocations of shared and indirect costs, such as facility costs, equipment costs and indirect operating expenses were made.

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The following table lists the Company's primary business units and their reportable segment:

Business Unit	Reportable Segment	Prior Reportable Segment
ARB Industrial (a division of ARB, Inc.)	Power	West
ARB Structures	Power	West
Primoris Power (formerly PES Saxon division)	Power	Energy
Primoris Renewable Energy (a division of Primoris AV)	Power	Energy
Primoris Industrial Constructors (formerly PES Industrial Division)	Power	Energy
Primoris Fabrication (a division of PES)	Power	Energy
Primoris Mechanical Contractors (a combination of a division of PES and Cardinal Contractors)	Power	Energy
OnQuest	Power	Energy
OnQuest Canada	Power	Energy
Primoris Design and Construction ("PD&C"); created 2017	Power	NA
Rockford Corporation ("Rockford")	Pipeline	West
Vadnais Trenchless Services ("Vadnais Trenchless")	Pipeline	West
Primoris Field Services (a division of PES Primoris Pipeline)	Pipeline	Energy
Primoris Pipeline (a division of PES Primoris Pipeline)	Pipeline	Energy
Primoris Coastal Field Services; created 2017	Pipeline	NA
ARB Underground (a division of ARB, Inc.)	Utilities	West
Q3 Contracting ("Q3C")	Utilities	West
Primoris AV	Utilities	Energy
Primoris Distribution Services ("PDS"); created 2017	Utilities	NA
Primoris Heavy Civil (formerly JCG Heavy Civil Division)	Civil	East
Primoris I&M (formerly JCG Infrastructure & Maintenance Division)	Civil	East
BW Primoris	Civil	East

The Company owns a 50% interest in two separate joint ventures, both formed in 2015. The Carlsbad Power Constructors joint venture ("Carlsbad") is engineering and constructing a gas-fired power generation facility, and the "ARB Inc. & B&M Engineering Co." joint venture ("Wilmington") is also engineering and constructing a gas-fired power generation facility. Both projects are located in Southern California. The joint venture operations are included as part of the Power segment. As a result of determining that the Company is the primary beneficiary of the two variable interest entities ("VIEs"), the results of the Carlsbad and Wilmington joint ventures are consolidated in the Company's financial statements. Both projects are expected to be completed in 2018. Financial information for the joint ventures is presented in Note 11 – "Noncontrolling Interests".

On January 29, 2016, the Company acquired the net assets of Mueller Concrete Construction Company ("Mueller") for $4.1 million, and on November 18, 2016, the Company acquired the net assets of Northern Energy & Power ("Northern") for $6.8 million. On May 26, 2017, the Company acquired the net assets of Florida Gas Contractors ("FGC") for $37.7 million; on May 30, 2017, the Company acquired certain engineering assets for approximately $2.3 million;

and on June 16, 2017, the Company acquired the net assets of Coastal Field Services (“Coastal”) for $27.5 million. Both Mueller and FGC operations are included in the Utilities segment, Northern operations are included in the Power segment, and Coastal operations are included in the Pipeline segment. See Note 7— “Business Combinations”.

Unless specifically noted otherwise, as used throughout these consolidated financial statements, “Primoris”, “the Company”, “we”, “our”, “us” or “its” refers to the business, operations and financial results of the Company and its wholly-owned subsidiaries.

Note 2—Basis of Presentation

Interim consolidated financial statements — The interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2017 and 2016 have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As such, certain disclosures, which would substantially duplicate the disclosures contained in the Company’s Annual Report on Form 10-K, filed on February 28, 2017, which contains the Company’s audited consolidated financial statements for the year ended December 31, 2016, have been omitted.

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This Third Quarter 2017 Report should be read in concert with the Company's most recent Annual Report on Form 10-K. The interim financial information is unaudited. In the opinion of management, the interim information includes all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the interim financial information.

Short-term investments — The Company classifies as short-term investments all securities or other assets acquired which have ready marketability and can be liquidated, if necessary, within the current operating cycle and which have readily determinable fair values. Short-term investments are classified as trading and are recorded at fair value using the first-in, first-out method. The Company's short-term investments are generally short-term dollar-denominated bank deposits, U.S. Treasury Bills and marketable equity securities.

Revenue recognition

Fixed-price contracts — Historically, a substantial portion of the Company's revenue has been generated under fixed-price contracts. For fixed-price contracts, the Company recognizes revenues primarily using the percentage-of-completion method, which may result in uneven and irregular results. In the percentage-of-completion method, estimated contract values, estimated cost at completion and total costs incurred to date are used to calculate revenues earned. Unforeseen events and circumstances can alter the estimate of the costs and potential profit associated with a particular contract. Total estimated costs, and thus contract revenues and income, can be impacted by changes in productivity, scheduling, the unit cost of labor, subcontracts, materials and equipment. Additionally, external factors such as weather, client needs, client delays in providing permits and approvals, labor availability, governmental regulation and politics may affect the progress of a project's completion and thus the timing of revenue recognition. To the extent that original cost estimates are modified, estimated costs to complete increase, delivery schedules are delayed, or progress under a contract is otherwise impeded, cash flow, revenue recognition and profitability from a particular contract may be adversely affected.

Other contract forms — The Company also uses unit price, time and material, and cost reimbursable plus fee contracts. For these jobs, revenue is recognized primarily based on contractual terms. Generally, time and material and cost reimbursement contract revenues are recognized on an input basis, based on labor hours incurred and on purchases made. Unit price contracts generally recognize revenue on an output based measurement such as the completion of specific units at a specified unit price.

The Company considers unapproved change orders to be contract variations for which customers have not agreed to both scope and price. Costs associated with unapproved change orders are included in the estimated cost to complete and are treated as project costs as incurred. The Company will recognize revenue if we believe it is probable that the contract price will be adjusted and can be reliably estimated. Unapproved change orders involve the use of estimates, and it is reasonably possible that revisions to the estimated costs and recoverable amounts may be required in future reporting periods to reflect changes in estimates or final agreements with customers.

The Company considers claims to be amounts it seeks, or will seek, to collect from customers or others for customer-caused changes in contract specifications or design, or other customer-related causes of unanticipated additional contract costs on which there is no agreement with customers. Claims can also be caused by non-customer-caused changes, such as weather delays or rain. Costs associated with claims are included in the estimated costs to complete the contracts and are treated as project costs when incurred. Claims are included in revenue to the extent we have a reasonable legal basis, the related costs have been incurred, realization is probable, and amounts can be reliably estimated. Revenue in excess of contract costs from claims is recognized when an agreement is reached with customers as to the value of the claims, which in some instances may not occur until after completion of work under the contract.

At September 30, 2017, we had unapproved change orders and claims included in contract value that totalled approximately $87.6 million, which were in the process of being negotiated in the normal course of business. Approximately $74.2 million of unapproved change orders and claims had been recognized as revenue on a cumulative percentage-of-completion basis through September 30, 2017.

For all contracts, if an estimate of total contract cost and estimated total revenue indicates a loss on a contract, the projected loss is recognized in full at that time and recognized as an “accrued loss provision” which is included in the accrued expenses and other current liabilities amount on the balance sheet. For fixed price contracts, as the percentage-of-completion method is used to calculate revenues, the accrued loss provision is changed so that the gross profit for the contract remains zero in future periods.

Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and income. These revisions are recognized as changes in accounting estimates in the period in which the revisions are identified.

In all forms of contracts, the Company estimates its collectability of contract amounts at the same time that it estimates project costs. If the Company anticipates that there may be issues associated with the collectability of the full amount calculated as revenues, the Company may reduce the amount recognized as revenue to reflect the uncertainty associated with realization of the eventual cash collection. For example, when a cost reimbursable project exceeds the client's expected budget amount, the client frequently requests an adjustment to the final amount. Similarly, some utility clients reserve the right to audit costs for significant periods after performance of the work. In these situations, the Company may choose to defer recognition of a portion of the revenue until the client pays for the services.

The caption "Costs and estimated earnings in excess of billings" in the Consolidated Balance Sheets represents unbilled receivables which arise when revenues have been recorded but the amount will not be billed until a later date. Balances represent: (a) unbilled amounts arising from the use of the percentage-of-completion method of accounting which may not be billed under the terms of the contract until a later date or project milestone; (b) incurred costs to be billed under cost reimbursement type contracts; (c) amounts arising from routine lags in billing; or (d) the revenue associated with unapproved change orders or claims when realization is probable and amounts can be reliably determined. For those contracts in which billings exceed contract revenues recognized to date, the excess amounts are included in the caption "Billings in excess of costs and estimated earnings".

In accordance with applicable terms of certain construction contracts, retainage amounts may be withheld by customers until completion and acceptance of the project. Some payments of the retainage may not be received for a significant period after completion of our portion of a project. In some jurisdictions, retainage amounts are deposited into an escrow account.

Significant revisions in contract estimates — Revenue recognition is based on the percentage-of-completion method for fixed-price contracts. Under this method, the costs incurred to date as a percentage of total estimated costs are used to calculate revenue. Total estimated costs, and thus contract revenues and margin, are impacted by many factors, which can cause significant changes in estimates during the life cycle of a project.

For projects that were in process at the end of the prior year or a prior quarter, there can be a difference in revenues and profits that would have been recognized in the prior year or prior quarter had current estimates of costs to complete been used at the end of the prior year or prior quarter.

Customer concentration — The Company operates in multiple industry segments encompassing the engineering and construction of commercial, industrial and public works infrastructure assets primarily throughout the United States. Typically, the top ten customers in any one calendar year generate revenues in excess of 50% of total revenues; however, the group that comprises the top ten customers varies from year to year.

During the three and nine months ended September 30, 2017, revenues generated by the top ten customers were approximately \$317.2 million and \$1,058.5 million, respectively, which represented 52.2% and 58.8%, respectively, of total revenues during the period. During the periods, a California utility project represented 10.6% and 8.8% of total revenues, respectively and Texas Department of Transportation ("TXDOT") represented 8.4% and 9.8% of total revenues, respectively.

During the three and nine months ended September 30, 2016, revenues generated by the top ten customers were \$272.0 million and \$805.0 million, respectively, which represented 53.5% and 57.7%, respectively, of total revenues during the period. During the periods, a Louisiana petrochemical project represented 10.3% and 11.6% of total revenues, respectively and TXDOT represented 7.9% and 10.4% of total revenues, respectively.

At September 30, 2017, approximately 10.8% of the Company's accounts receivable were due from one customer, and that customer provided 7.9% of the Company's revenues for the nine months ended September 30, 2017.

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In addition, of total accounts receivable, approximately 11.2% are from one customer with whom the Company is currently in dispute resolution. See Note 17 – "Commitments and Contingencies".

At September 30, 2016, approximately 15.4% of the Company's accounts receivable were due from one customer, and that customer provided 11.6% of the Company's revenues for the nine months ended September 30, 2016. In addition, approximately 11.2% of total accounts receivable at September 30, 2016 were in dispute resolution.

Multiemployer plans — Various subsidiaries are signatories to collective bargaining agreements. These agreements require that the Company participate in and contribute to a number of multiemployer benefit plans for its union employees at rates determined by the agreements. The trustees for each multiemployer plan determine the eligibility and allocations of contributions and benefit amounts, determine the types of benefits, and administer the plan. Federal law requires that if the Company were to withdraw from an agreement, it would incur a withdrawal obligation. The potential withdrawal obligation may be significant. In accordance with Generally Accepted Accounting Principles ("GAAP"), any withdrawal liability would be recorded when it is probable that a liability exists and can be reasonably estimated.

Inventory and uninstalled contract materials — Inventory consists of expendable construction materials and small tools that will be used in construction projects and is valued at the lower of cost, using first-in, first-out method, or net realizable value. Uninstalled contract materials are certain job specific materials not yet installed, for highway construction projects, which are valued using the specific identification method relating the cost incurred to a specific project. In most cases, the Company is able to invoice a state agency for the materials, but title will not pass to the state agency until the materials are installed.

Note 3—Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", with several clarifying updates issued during 2016 and 2017. The new standard is effective for reporting periods beginning after December 15, 2017. The new standard will supersede all current revenue recognition standards and guidance. Revenue recognition will occur when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The mandatory adoption will require new qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, information about contract balances and performance obligations, and assets recognized from costs incurred to obtain or fulfill a contract. The standard permits the "modified retrospective method", which requires prospective application of the new standard as a cumulative-effect adjustment. The Company expects to adopt this new standard using the modified retrospective method that will result in a cumulative-effect adjustment to retained earnings as of the date of adoption. The adoption will only apply to customer contracts that are not substantially complete as of January 1, 2018.

The Company is currently evaluating the impact of adopting the standard on the Company's financial position, results of operations, cash flows and related disclosures. While we are still in our evaluation process, we do not expect Topic 606 to have a material impact on our financial statements, though internal documentation and record keeping may be significantly impacted. The impact to our results is not believed to be material because Topic 606 generally supports the recognition of revenue over time under the cost-to-cost method for the majority of our contracts, which is consistent with our current percentage of completion revenue recognition model. In most of our fixed price contracts, the customer typically controls the work in process as evidenced either by contractual termination clauses or by our rights to payment for work performed to date to deliver services that do not have an alternative use to us.

The Company does not expect the new standard to materially affect the total revenue that can be recognized over the life of a construction project; however, the revenue recognized on a quarterly basis during the construction period may change. We believe that Topic 606 is likely to be more impactful to certain of our lump sum projects as a result of the following potential changes from our current practices:

§ Performance obligations – Topic 606 requires a review of contracts and contract modifications to determine whether there are multiple performance obligations. Each separate performance obligation must be accounted for as a distinct project, which could impact the timing of revenue recognition. There is a potential that some of our contracts may have multiple performance obligations which may affect the timing of revenue recognition.

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- § Variable consideration – In accordance with Topic 606, revenue recognition must account for variable consideration, including potential liquidated damages and customer discounts. Currently, we assess the impact of liquidated damages as an estimated cost of the project. The adoption of the new standard may affect the timing of the recognition of revenue for both liquidated damages and discounts.

- § Mobilization costs – Mobilization costs typically include costs to provide labor, equipment and facilities to a project site and they are recorded currently as project costs as incurred. Topic 606 requires these costs to be capitalized as an asset and amortized over the duration of the project.

- § Significant components – For some projects, we may purchase equipment from a third party, such as micro–LNG equipment, and install the equipment at the project site. Under today's standard, the Company recognizes the associated revenue and profit for the equipment. Depending on the terms of the contract, under the new standard, revenue may be recognized without profit.

We expect significant expanded disclosures relating to revenue recognized during each period. We do not expect Topic 606 to have a material impact on our consolidated balance sheet.

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)". The ASU will require recognition of operating leases with lease terms of more than twelve months on the balance sheet as both assets for the rights and liabilities for the obligations created by the leases. The ASU will require disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The guidance is effective for fiscal years beginning after December 15, 2018. The Company is reviewing the impact of the ASU and will establish procedures to adopt the ASU.

In March 2016, the FASB issued ASU 2016-09 "Compensation — Stock Compensation (Topic 718) — Improvements to Employee Share-Based Payment Accounting". The ASU modifies the accounting for excess tax benefits and tax deficiencies associated with share-based payments by requiring that excess tax benefits or deficiencies be included in the income statement rather than in equity. Additionally, the tax benefits for dividends on share-based payment awards will also be reflected in the income statement. As a result of these modifications, the ASU requires that the tax-related cash flows resulting from share-based payments will be shown on the cash flow statement as operating activities rather than as financing activities. The Company adopted the ASU as of January 1, 2017, which did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. ASU 2017-01 is effective for interim and annual reporting periods beginning after December 15, 2017. The Company does not expect the adoption of ASU 2017-01 to have an impact on its financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment". ASU 2017-04 removes the second step of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for interim and annual reporting periods beginning after December 15, 2019 and will be applied prospectively. The Company does not expect the adoption of ASU 2017-04 to have an impact on its financial position, results of operations or cash flows.

In May 2017, the FASB issued ASU 2017-09, “Compensation — Stock Compensation (Topic 718) — Scope of Modification Accounting”. The ASU amends the scope of modification accounting for share-based payment arrangements. The amendments in the ASU provide guidance on types of changes to the terms or conditions of share-based payment awards would be required to apply modification accounting under ASC 718, “Compensation — Stock Compensation”. The ASU is effective for interim and annual reporting periods beginning after December 15, 2017 with early adoption permitted. The Company does not expect the adoption of ASU 2017-09 to have an impact on its financial position, results of operations or cash flows.

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Note 4—Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures" defines fair value, establishes a framework for measuring fair value in GAAP and requires certain disclosures about fair value measurements. ASC Topic 820 addresses fair value GAAP for financial assets and financial liabilities that are re-measured and reported at fair value at each reporting period and for non-financial assets and liabilities that are re-measured and reported at fair value on a non-recurring basis.

In general, fair values determined by Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs use data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are "unobservable data points" for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The following table presents, for each of the fair value hierarchy levels identified under ASC Topic 820, the Company's financial assets and liabilities that are required to be measured at fair value at September 30, 2017 and December 31, 2016:

		Fair Value Measurements at Reporting Date		
	Amount Recorded on Balance Sheet	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets as of September 30, 2017:				
Cash and cash equivalents	$ 143,235	$ 143,235	—	—
Short-term investments	19,304	19,304	—	—
Liabilities as of September 30, 2017:				
Contingent consideration	$ 1,252	—	—	1,252
Assets as of December 31, 2016:				
Cash and cash equivalents	$ 135,823	$ 135,823	—	—
Liabilities as of December 31, 2016:				
None				

Other financial instruments of the Company not listed in the table consist of accounts receivable, accounts payable and certain accrued liabilities. These financial instruments generally approximate fair value based on their short-term nature. The carrying value of the Company's long-term debt approximates fair value based on comparison with current prevailing market rates for loans of similar risks and maturities.

The following table provides changes to the Company's contingent consideration liability Level 3 fair value measurements during the nine months ended September 30, 2017 and 2016:

	Significant Unobservable Inputs (Level 3)	
Contingent Consideration Liability	2017	2016
Beginning balance, January 1,	$ —	$ —
Additions to contingent consideration liability:		
Florida Gas Contractors acquisition	1,200	—
Change in fair value of contingent consideration liability during year	52	—
Ending balance, September 30,	$ 1,252	$ —

On a quarterly basis, the Company assesses the estimated fair value of the contractual obligation to pay the contingent consideration and any changes in estimated fair value are recorded in Other expense in the Company's Consolidated Statements of Income. Fluctuations in the fair value of contingent consideration are impacted by two unobservable inputs, management's estimate of the probability of the acquired company meeting the contractual operating performance target and the estimated discount rate (a rate that approximates the Company's cost of capital). Significant changes in either of those inputs in isolation would result in a different fair value measurement. Generally, a change in the assumption of the probability of meeting the performance target is accompanied by a directionally similar change in the fair value of contingent consideration liability, whereas a change in assumption used of the estimated discount rate is accompanied by a directionally opposite change in the fair value of contingent consideration liability.

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Note 5—Accounts Receivable

The following is a summary of the Company's accounts receivable:

	September 30, 2017	December 31, 2016
Contracts receivable, net of allowance for doubtful accounts of $480 at September 30, 2017 and $1,030 at December 31, 2016, respectively	$ 292,281	$ 340,871
Retention receivable	59,388	46,394
	351,669	387,265
Other accounts receivable	5,182	735
	$ 356,851	$ 388,000

Note 6—Costs and Estimated Earnings on Uncompleted Contracts

Costs and estimated earnings on uncompleted contracts consist of the following:

	September 30, 2017	December 31, 2016
Costs incurred on uncompleted contracts	$ 5,475,483	$ 5,391,124
Gross profit recognized	458,018	456,871
	5,933,501	5,847,995
Less: billings to date	(5,914,959)	(5,821,983)
	$ 18,542	$ 26,012

This amount is included in the accompanying consolidated balance sheets under the following captions:

	September 30, 2017	December 31, 2016
Costs and estimated earnings in excess of billings	$ 177,662	$ 138,618

Billings in excess of cost and estimated earnings	(159,120)	(112,606)
	$ 18,542	$ 26,012

Note 7 — Business Combinations

On January 29, 2016, the Company's subsidiary, Primoris AV, acquired certain assets and liabilities of Mueller Concrete Construction Company for $4.1 million. The purchase was accounted for using the acquisition method of accounting. During the second quarter of 2016, the Company finalized its estimate of fair value of the acquired assets of Mueller, which included $2.0 million of fixed assets, $2.0 million of goodwill and $0.1 million of inventory. Mueller operates as a division of Primoris AV, within the Utilities segment. Goodwill largely consists of expected benefits from providing foundation expertise for Primoris AV's construction efforts in underground line work, substations and telecom/fiber. Goodwill also includes the value of the assembled workforce that the Mueller acquisition provides to the Primoris AV business. Based on the current tax treatment, goodwill will be deductible for income tax purposes over a fifteen-year period.

On June 24, 2016, the Company's subsidiary, Vadnais Trenchless, purchased property, plant and equipment from Pipe Jacking Unlimited, Inc., consisting of specialty directional drilling and tunneling equipment for $13.4 million in cash. The Company determined this purchase did not meet the definition of a business as defined under ASC 805. The estimated fair value of the equipment was equal to the purchase price. The Company believes the purchase of the equipment will aid in the Company's pipeline construction projects and enhance the work provided to our utility clients.

On November 18, 2016, the Company's subsidiary, Primoris AV, acquired certain assets and liabilities of Northern Energy & Power for $6.8 million. The acquired business unit name was changed to Primoris Renewable Energy ("PRE"). PRE operates in the Power segment and serves the renewable energy sector with a specific focus on solar photovoltaic installations in the United States. The purchase was accounted for using the acquisition method of accounting. During the second quarter of 2017, the Company finalized its estimated fair value of the acquired assets of PRE, which resulted in a $0.1 million reduction in goodwill compared to amounts previously recorded. The allocation of the total purchase price included fixed assets of $0.1 million; intangible assets of $3.0 million; and goodwill of $3.7 million. Intangible assets consist of customer relationships. Goodwill largely consists of synergies expected from expanded operations as well as the value of the assembled workforce that PRE provides. Based on the current tax treatment, goodwill will be deductible for income tax purposes over a fifteen-year period.

On May 26, 2017, the Company's subsidiary, PDS, acquired certain assets of Florida Gas Contractors, a utility contractor specializing in underground natural gas infrastructure, for approximately $33.0 million in cash. In addition, the sellers could receive a contingent earnout amount of up to $1.5 million over a one-year period ending May 26, 2018, based on the achievement of certain operating targets. The estimated fair value of the potential contingent consideration on the acquisition date was $1.2 million. FGC operates in the Utilities segment and expands the Company's presence in the Florida and Southeast markets. The purchase was accounted for using the acquisition method of accounting. The preliminary allocation of the total purchase price consisted of $4.8 million of fixed assets; $4.2 million of working capital; $10.5 million of intangible assets; and $14.7 million of goodwill. The Company continues to assess the final cutoff data and expects to finalize its estimate of fair value of the acquired assets of FGC during the fourth quarter of 2017. In connection with the FGC acquisition, the Company also paid $3.5 million to acquire certain land and buildings. Intangible assets primarily consist of customer relationships. Goodwill associated with the FGC acquisition principally consists of expected benefits from providing expertise for the Company's construction efforts in the underground utility business as well as the expansion of the Company's geographic presence. Goodwill also includes the value of the assembled workforce that the FGC acquisition provides to the Company. Based on the current tax treatment, goodwill will be deductible for income tax purposes over a fifteen-year period.

On May 30, 2017, the Company's subsidiary, PD&C, acquired certain engineering assets for approximately $2.3 million in cash. PD&C operates in the Power segment and the acquisition futher enhances its ability to provide quality service for engineering and design projects. The purchase was accounted for using the acquisition method of accounting. The preliminary allocation of the total purchase price consisted of $0.2 million of fixed assets and $2.1 million of intangible assets. Intangible assets primarily consist of customer relationships.

On June 16, 2017, the Company acquired certain assets and liabilities of Coastal Field Services for approximately $27.5 million in cash. Coastal provides pipeline construction and maintenance, pipe and vessel coating and insulation, and integrity support services for companies in the oil and gas industry. Coastal operates in the Pipeline segment and increases the Company's market share in the Gulf Coast energy market. The purchase was accounted for using the acquisition method of accounting. The preliminary allocation of the total purchase price consisted of $4.0 million of fixed assets; $4.6 million of working capital; $9.9 million of intangible assets; $9.3 million of goodwill; and $0.3 million of long-term capital leases. The Company continues to assess the final cutoff data and expects to finalize its estimate of fair value of the acquired assets of Coastal during the fourth quarter of 2017. Intangible assets primarily consist of customer relationships and tradename. Goodwill associated with the Coastal acquisition principally consists of expected benefits from providing expertise for the Company's expansion of services in the pipeline construction and maintenance business. Goodwill also includes the value of the assembled workforce that the Coastal acquisition provides to the Company. Based on the current tax treatment, goodwill will be deductible for income tax purposes over a fifteen-year period.

Supplemental Unaudited Pro Forma Information for the three and nine months ended September 30, 2017 and 2016

The following pro forma information for the three and nine months ended September 30, 2017 and 2016 presents the results of operations of the Company as if these acquisitions had occurred at the beginning of 2016. The supplemental pro forma information has been adjusted to include:

- the pro forma impact of amortization of intangible assets and depreciation of property, plant and equipment, based on the purchase price allocations; and

- the pro forma tax effect of both the income before income taxes and the pro forma adjustments, calculated using a tax rate of 36.5% and 44.2% for the three and nine months ended September 30, 2017 and 2016, respectively.

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The pro forma results are presented for illustrative purposes only and are not necessarily indicative of, or intended to represent, the results that would have been achieved had the various acquisitions been completed on January 1, 2016. For example, the pro forma results do not reflect any operating efficiencies and associated cost savings that the Company might have achieved with respect to the acquisitions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Revenues	$ 608,311	$ 533,609	$ 1,827,045	$ 1,441,319
Income before provision for income taxes	$ 32,086	$ 12,977	$ 83,458	$ 24,752
Net income attributable to Primoris	$ 20,597	$ 6,816	$ 52,068	$ 13,675
Weighted average common shares outstanding:				
Basic	51,441	51,780	51,491	51,759
Diluted	51,707	52,034	51,751	51,978
Earnings per share:				
Basic	$ 0.40	$ 0.13	$ 1.01	$ 0.26
Diluted	$ 0.40	$ 0.13	$ 1.01	$ 0.26

Note 8—Goodwill and Intangible Assets

Goodwill by segment was recorded as follows:

Reporting Segment	September 30, 2017	December 31, 2016
Power	$ 24,391	$ 24,512
Pipeline	51,521	42,252
Utilities	35,056	20,312
Civil	40,150	40,150
Total Goodwill	$ 151,118	$ 127,226

At September 30, 2017 and December 31, 2016, intangible assets other than goodwill totaled $48.7 million and $32.8 million, respectively, net of amortization. The table below summarizes the intangible asset categories, amounts and the average amortization periods, which are on a straight-line basis:

	Amortization Period	September 30, 2017	December 31, 2016
Tradename	3 to 10 years	$ 10,918	$ 11,754
Customer relationships	3 to 15 years	36,306	20,136
Non-compete agreements	2 to 5 years	1,186	951
Other	3 years	245	—
		$ 48,655	$ 32,841

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Amortization expense of intangible assets was $2.6 million and $1.8 million for the three months ended September 30, 2017 and 2016, respectively and amortization expense for the nine months ended September 30, 2017 and 2016 was $6.2 million and $5.0 million, respectively. Estimated future amortization expense for intangible assets is as follows:

For the Years Ending December 31,	Estimated Intangible Amortization Expense
2017 (remaining three months)	$ 2,505
2018	9,741
2019	9,393
2020	6,650
2021	5,413
Thereafter	14,953
	$ 48,655

Note 9—Accounts Payable and Accrued Liabilities

At September 30, 2017 and December 31, 2016, accounts payable were $153.7 million and $168.1 million, respectively. These balances included retention amounts for the same periods of approximately $11.8 million and $10.6 million, respectively. The retention amounts are due to subcontractors and have been retained pending contract completion and customer acceptance of jobs.

The following is a summary of accrued expenses and other current liabilities:

	September 30, 2017	December 31, 2016
Payroll and related employee benefits	$ 52,755	$ 43,768
Insurance, including self-insurance reserves	46,835	42,546
Reserve for estimated losses on uncompleted contracts	12,562	12,801
Corporate income taxes and other taxes	8,553	3,368
Accrued administrative cost	1,719	2,741
Other	3,202	2,782
	$ 125,626	$ 108,006

Note 10—Credit Arrangements

Long-term debt and credit facilities consist of the following:

	September 30, 2017	December 31, 2016
Commercial equipment notes	$ 153,987	$ 161,148
Mortgage notes	11,372	7,564
Revolving credit facility	—	—
Senior secured notes	89,286	92,858
	$ 254,645	$ 261,570
Less: current portion	(62,697)	(58,189)
Long-term debt, net of current portion	$ 191,948	$ 203,381

Commercial Notes Payable and Mortgage Notes Payable

From time to time, the Company enters into commercial equipment notes payable with various equipment finance companies and banks. At September 30, 2017, interest rates ranged from 1.78% to 3.51% per annum and maturity dates range from June 15, 2018 to August 22, 2022. The notes are secured by certain construction equipment of the Company.

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The Company also entered into two secured mortgage notes payable to a bank in December 2015 totaling $8.0 million, with interest rates of 4.3% per annum and maturity dates of January 1, 2031. The mortgage notes are secured by two buildings.

During the nine months ended September 30, 2017, the Company acquired three properties from a related party and assumed mortgage notes secured by the properties totaling $4.2 million, with interest rates of 5.0% per annum and maturity dates of October 1, 2038.

Revolving Credit Facility

On September 29, 2017, the Company entered into an amended and restated credit agreement (the “Credit Agreement”) with CIBC Bank USA, as administrative agent (the “Administrative Agent”) and co-lead arranger, The Bank of the West, as co-lead arranger, and Branch Banking and Trust Company, IBERIABANK, Bank of America, and Simmons Bank (the “Lenders”), which increased its borrowing capacity from $125.0 million to $200.0 million. The Credit Agreement consists of a $200.0 million revolving credit facility whereby the Lenders agreed to make loans on a revolving basis from time to time and to issue letters of credit for up to the $200.0 million committed amount. The termination date of the Credit Agreement is September 29, 2022. The Company capitalized $0.6 million of debt issuance costs during the third quarter of 2017 that is being amortized as interest expense over the life of the Credit Agreement.

The principal amount of any loans under the Credit Agreement will bear interest at either: (i) LIBOR plus an applicable margin as specified in the Credit Agreement (based on the Company’s senior debt to EBITDA ratio as defined in the Credit Agreement), or (ii) the Base Rate (which is the greater of (a) the Federal Funds Rate plus 0.50% or (b) the prime rate as announced by the Administrative Agent). Quarterly non-use fees, letter of credit fees and administrative agent fees are payable at rates specified in the Credit Agreement.

The principal amount of any loan drawn under the Credit Agreement may be prepaid in whole or in part at any time, with a minimum prepayment of $5.0 million.

The Credit Agreement includes customary restrictive covenants for facilities of this type, as discussed below.

Commercial letters of credit outstanding were $19.5 million at September 30, 2017 and $16.2 million at December 31, 2016. Other than commercial letters of credit, there were no borrowings under the Credit Agreement or the previous credit agreement during the nine months ended September 30, 2017, and available borrowing capacity at September 30, 2017 was $180.5 million.

Senior Secured Notes and Shelf Agreement

On December 28, 2012, the Company entered into a $50.0 million Senior Secured Notes purchase agreement (“Senior Notes”) and a $25.0 million private shelf agreement (the “Notes Agreement”) by and among the Company, The Prudential Investment Management, Inc. and certain Prudential affiliates (the “Noteholders”). On June 3, 2015, the Notes Agreement was amended to provide for the issuance of additional notes of up to $75.0 million over the three year period ending June 3, 2018 ("Additional Senior Notes").

The Senior Notes amount was funded on December 28, 2012. The Senior Notes are due December 28, 2022 and bear interest at an annual rate of 3.65%, paid quarterly in arrears. Annual principal payments of $7.1 million are required from December 28, 2016 through December 28, 2021 with a final payment due on December 28, 2022. The principal amount may be prepaid, with a minimum prepayment of $5.0 million, at any time, subject to make-whole provisions.

On July 25, 2013, the Company drew $25.0 million available under the Notes Agreement. The notes are due July 25, 2023 and bear interest at an annual rate of 3.85%, paid quarterly in arrears. Seven annual principal payments of $3.6 million are required from July 25, 2017 with a final payment due on July 25, 2023.

On November 9, 2015, the Company drew $25.0 million available under the Additional Senior Notes Agreement. The notes are due November 9, 2025 and bear interest at an annual rate of 4.6%, paid quarterly in arrears. Seven annual principal payments of $3.6 million are required from November 9, 2019, with a final payment due on November 9, 2025.

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Loans made under both the Credit Agreement and the Notes Agreement are secured by our assets, including, among others, our cash, inventory, goods, equipment (excluding equipment subject to permitted liens) and accounts receivable. All of our domestic subsidiaries have issued joint and several guaranties in favor of the Lenders and Noteholders for all amounts under the Credit Agreement and Notes Agreement.

Both the Credit Agreement and the Notes Agreement contain various restrictive and financial covenants including, among others, senior debt/EBITDA ratio and debt service coverage requirements. In addition, the agreements include restrictions on investments, change of control provisions and provisions in the event the Company disposes more than 20% of its total assets.

The Company was in compliance with the covenants for the Credit Agreement and Notes Agreement at September 30, 2017.

Canadian Credit Facility

The Company has a demand credit facility for $8.0 million in Canadian dollars with a Canadian bank for purposes of issuing commercial letters of credit in Canada. The credit facility has an annual renewal and provides for the issuance of commercial letters of credit for a term of up to five years. The facility provides for an annual fee of 1.0% for any issued and outstanding commercial letters of credit. Letters of credit can be denominated in either Canadian or U.S. dollars. At December 31, 2016, there were no letters of credit outstanding. Letters of credit outstanding was $0.5 million in Canadian dollars at September 30, 2017, and the available borrowing capacity was $7.5 million in Canadian dollars. The credit facility contains a working capital restrictive covenant for OnQuest Canada, ULC. At September 30, 2017, OnQuest Canada, ULC was in compliance with the covenant.

Note 11 — Noncontrolling Interests

The Company is currently participating in two joint ventures, each of which has been determined to be a variable interest entity (“VIE”), with the Company as the primary beneficiary as a result of its significant influence over the joint venture operations.

Each joint venture is a partnership, and consequently, no tax effect has been recognized for the income. The net assets of the joint ventures are restricted for use by the specific project and are not available for general operations of the Company.

Carlsbad Joint Venture

The Carlsbad joint venture operating activities began in 2015 and are included in the Company's consolidated statements of income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 28,722	$ 608	$ 65,725	$ 7,276
Net income attributable to noncontrolling interests	550	41	930	327

The Carlsbad joint venture made no distributions to the partners, and the Company made no capital contributions to the Carlsbad joint venture during the nine months ended September 30, 2017. The project is expected to be completed in 2018.

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The carrying value of the assets and liabilities associated with the operations of the Carlsbad joint venture are included in the Company's consolidated balance sheets as follows:

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	September 30, 2017	December 31, 2016
Cash	$ 51,869	$ 4,630
Accounts receivable	$ 10,832	$ —
Costs and estimated earnings in excess of billings	$ —	$ 124
Billings in excess of costs and estimated earnings	$ 42,964	$ 3,426
Accounts payable	$ 16,882	$ 286
Due to Primoris	$ —	$ 46

Wilmington Joint Venture

The Wilmington joint venture operating activities began in October 2015 and are included in the Company's consolidated statements of income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 5,143	$ 6,140	$ 29,742	$ 11,057
Net income attributable to noncontrolling interests	987	211	2,279	379

The Wilmington joint venture made no distributions to the partners, and the Company made no capital contributions to the Wilmington joint venture during the nine months ended September 30, 2017. The project is expected to be completed in 2018.

The carrying value of the assets and liabilities associated with the operations of the Wilmington joint venture are included in the Company’s consolidated balance sheets as follows:

	September 30, 2017	December 31, 2016
Cash	$ 15,165	$ 2,415
Accounts receivable	$ 239	$ 4,242

Billings in excess of costs and estimated earnings	$ 1,822	$ 2,572
Accounts payable	$ 2,766	$ 602
Due to Primoris	$ 4,809	$ 2,035

Summary – Joint Venture Balance Sheets

The following table summarizes the total balance sheet amounts for the two joint ventures, which are included in the Company's condensed consolidated balance sheets:

At September 30, 2017	Joint Venture Amounts	Consolidated Amounts
Cash	$ 67,034	$ 143,235
Accounts receivable	$ 11,071	$ 356,851
Costs and estimated earnings in excess of billings	$ —	$ 177,662
Accounts payable	$ 19,648	$ 153,677
Billings in excess of costs and estimated earnings	$ 44,786	$ 159,120
At December 31, 2016		
Cash	$ 7,045	$ 135,823
Accounts receivable	$ 4,242	$ 388,000
Costs and estimated earnings in excess of billings	$ 124	$ 138,618
Accounts payable	$ 888	$ 168,110
Billings in excess of costs and estimated earnings	$ 5,998	$ 112,606

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Note 12—Related Party Transactions

Prior to March 2017, Primoris leased three properties in California from Stockdale Investment Group, Inc. (“SIGI”). Our Chairman of the Board of Directors, who is our largest stockholder, and his family hold a majority interest of SIGI. In March 2017, the Company exercised a right of first refusal and purchased the SIGI properties. The purchase was approved by the Company’s Board of Directors for $12.8 million. The Company assumed three mortgage notes totaling $4.2 million with the remainder paid in cash.

During the three months ended September 30, 2017 and 2016, the Company paid $0 and $0.2 million, respectively, in lease payments to SIGI for the use of these properties. During the nine months ended September 30, 2017 and 2016, the Company paid $0.2 million and $0.6 million, respectively, in lease payments to SIGI for the use of these properties.

Primoris leases properties from other individuals that are current employees. The amounts leased are not material and each arrangement was approved by the Board of Directors.

Note 13—Stock-Based Compensation

In July 2008, the shareholders approved and the Company adopted the Primoris Services Corporation 2008 Long-term Incentive Equity Plan, which was replaced by the Primoris Services Corporation 2013 Long-term Incentive Equity Plan (“Equity Plan”), after approval by the shareholders and adoption by the Company on May 3, 2013.

The Company’s Board of Directors has granted 259,065 Restricted Stock Units (“Units”) to executives under the Equity Plan. The grants were documented in RSU Award Agreements, which provide for a vesting schedule and require continuing employment of the executive. The Units are subject to earlier acceleration, termination, cancellation or forfeiture as provided in the underlying RSU Award Agreement. During the nine months ended September 30, 2017 and 2016, the Company issued 10,000 Units and 100,553 Units, respectively

At September 30, 2017, a total of 173,650 Units were vested. The vesting schedule for the remaining Units are as follows:

	Number of Units

For the Years Ending December 31,	to Vest
2017 (remaining three months)	—
2018	28,471
2019	