



# Annual Financial Report For the Fiscal Year Ended June 30, 2015



**Piedmont Authority  
for Regional Transportation  
Greensboro, North Carolina**

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**ANNUAL FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2015**

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**Piedmont Authority for Regional Transportation  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

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**Established.....July 17, 1997**

**Board of Trustees**

Darrell L. Frye, Chair  
Dan Besse, Vice Chair  
Leonard D. Williams, Treasurer  
Carolyn Coleman, Secretary  
Mary Abuzuaite  
Kevin Austin  
Bob Byrd  
C. Zane Cardwell  
Jim Davis  
Neal Grimes  
Sharon Hightower  
Ronda Jones  
Larry Phillips  
Scott Piper  
David Plyler  
Terry Renegar  
Don W. Truell  
Ronnie K. Wall  
Larry T. Williams  
Jake Alexander  
Cheryl McQueary  
Andrew M. Perkins, Jr.

**Executive Director .....Scott W. Rhine**

**General Counsel ..... Thomas E. Terrell, Jr.  
Smith Moore Leatherwood LLP  
Greensboro, North Carolina**

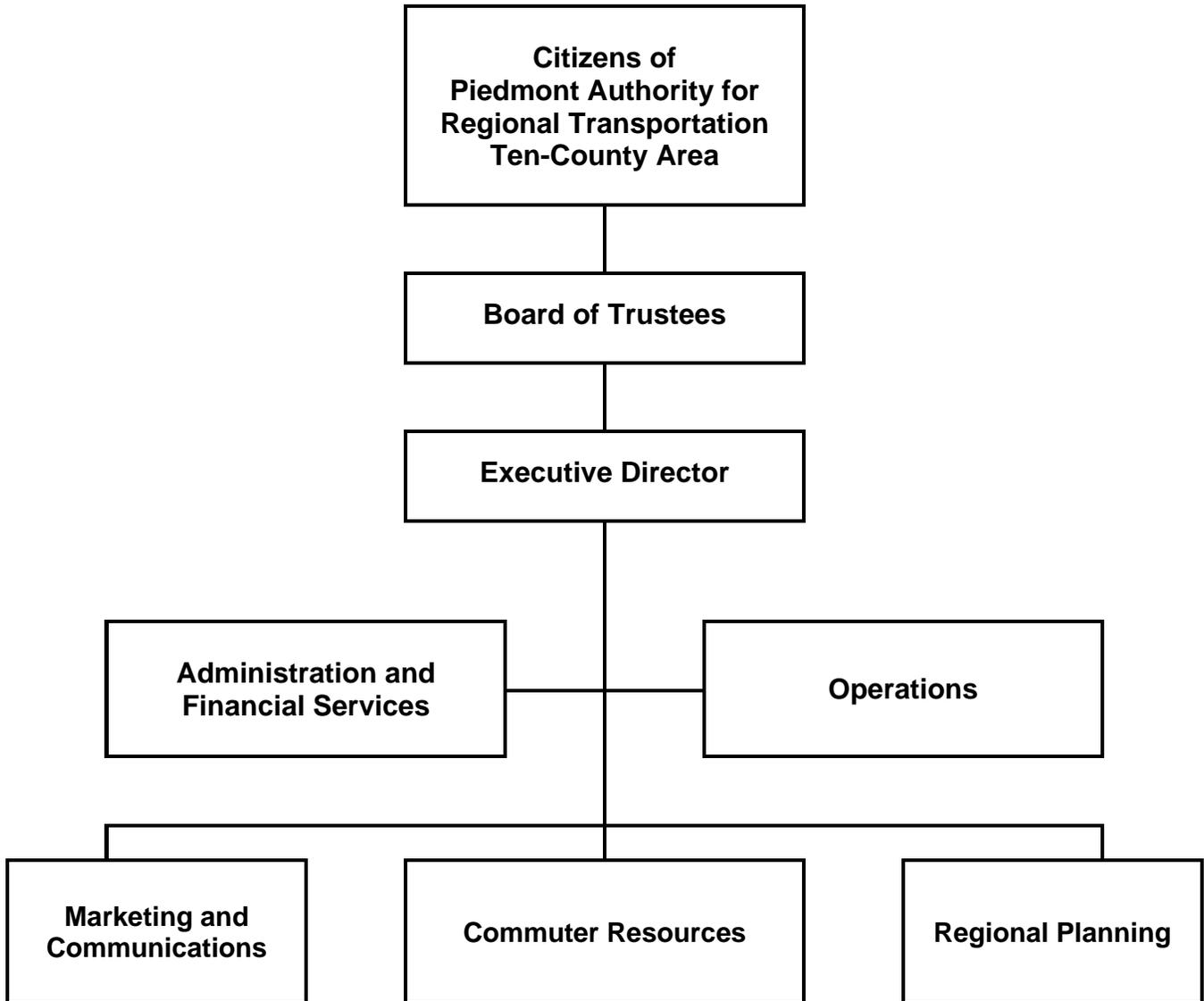
**Chief Finance Officer..... Patricia C. Webster**

**Independent Auditors..... Dixon Hughes Goodman LLP  
High Point, North Carolina**

**Piedmont Authority for Regional Transportation  
Annual Financial Report**

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**Organization Chart**



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Piedmont Authority for Regional Transportation  
Greensboro, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Piedmont Authority for Regional Transportation, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Piedmont Authority for Regional Transportation as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund and Grants Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 14 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Piedmont Authority for Regional Transportation. The introductory information, budgetary schedules, and the accompanying schedule of expenditures of federal and state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules and the accompanying schedule of expenditures of federal and state awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required under Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015 on our consideration of the Piedmont Authority for Regional Transportation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering Piedmont Authority for Regional Transportation's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

***High Point, North Carolina  
October 23, 2015***

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# Management's Discussion & Analysis

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Our discussion of the Piedmont Authority for Regional Transportation's (PART) financial performance is intended as an overview of the Authority's activities for the fiscal year ended June 30, 2015. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. Beginning in October 2014 two additional shuttle routes were provided in and around the PTI airport area funded by a Federal grant. On January 12, 2015 PART increased the Alamance Burlington Express (previously known as Medical Connector) route based on a partnership with Burlington, Alamance County, Go Triangle, UNC-Chapel Hill, and Moses Cone Health System. This service now accommodates commuters, students, faculty staff and patients along this corridor. All other PART routes remained at the same level in FY 2015 as operated in FY 2014.

PART operates a bus fleet of 39 vehicles providing services to meet demands throughout nine of the ten counties in which PART operates. In order to provide necessary financial resources for the services, PART and six of these counties implemented a 5% tax on gross receipts of the temporary rental of vehicles, and a separate county levied a vehicle registration tax to support PART. This tax quickly became the principal source of operational funding. Ridership for FY 2015 grew by 7.3% to a total of 512,000 passenger trips. During the fiscal year ended June 30, 2015, PART operated well within the approved balanced budget, resulting in an increase of General Fund balance by \$934 thousand. PART has taken the necessary steps to go forward with current services within existing revenues and will be able to expand services, should additional stable financial resources become secured. A GPS tracking system was purchased and implemented in FY 2015 to provide real-time tracking information for the PART fleet of buses.

## Financial Highlights

### **Highlights of PART's fiscal year ended June 30, 2015, include:**

- Total net position decreased \$180,427 from \$23.7 million to \$23.5 million. The decrease was primarily a result of a change in accounting estimate of useful life for Improvements Other Than Buildings in governmental activities. See Note 2.E. Change in Accounting Estimate for further explanation.
- At June 30, 2015, net position of \$23.5 million included \$4.2 million in unrestricted net position, which in large part are held primarily for PART's future working capital needs and to meet local match requirements for federal and state capital and operating grants.
- At June 30, 2015, the governmental funds reported a fund balance of approximately \$5.6 million, an increase of approximately \$.9 million from the prior fiscal year, which is the result of operating grant revenues and a reduction of fuel expenditures.
- The Grants Fund reported capital expenditures totaling \$1.7 million which were principally funded by federal and state grants.
- The Transportation Demand Management Fund was able to transfer \$75k to the General Fund as of June 30, 2015.

# Management's Discussion & Analysis

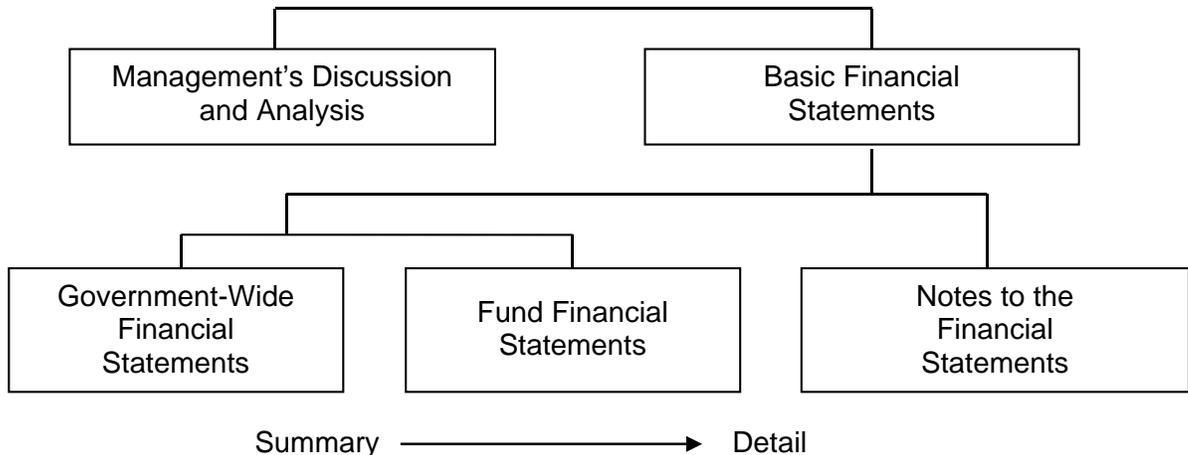
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## Overview of Financial Statements

Piedmont Authority for Regional Transportation's basic financial statements consists of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements, as shown in Figure 1 below. The basic financial statements present two different views of PART through the use of government-wide and individual fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of PART. This report includes all funds and accounts of PART. Note 1 in the financial statements includes further discussion of the reporting entity and descriptions of funds.

## Required Components of Annual Financial Report

Figure 1



## Government-Wide Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-Wide Financial Statements. These financial statements provide a broad overview of PART's financial position and operations, in a manner similar to a private-sector business.

The statement of net position presents PART's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of PART is improving. The statement of activities presents information on how PART's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement, which result in cash flows in future fiscal periods, such as grants receivable, and earned but unused vacation leave.

# *Management's Discussion & Analysis*

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## **Government-Wide Financial Statements (Continued)**

Government-wide financial statements are divided into governmental and business-type activities. All operating expenditures are covered by various revenue streams. Business-type activities include operations of the Transportation Demand Management (Ridesharing/Vanpool) program, which provides vanpool and ride-match services to employers and employees of the area. Charges for services and contributions from participating governments and the North Carolina Department of Transportation finance the costs of Transportation Demand Management activities.

## **Fund Financial Statements**

The fund financial statements (Exhibits 3 through 9) provide a more detailed look at PART's most significant activities. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting ensures and reflects compliance, or noncompliance, with related legal requirements, such as General Statutes, grantor provisions, or the budget adopted by the Board of Trustees. The funds of PART are divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for most basic services, including PART Express, Regional Planning, Marketing and Financial and Administrative Services, and are reported as governmental activities in the government-wide financial statements. PART Express provides regional transportation services within the region's ten counties. PART Express is accounted for as a department within the General Fund because it does not meet the criteria of an enterprise fund with rate structures that are intended to cover full operating costs, plus depreciation and interest expense. PART Express depends on general revenues to cover operating costs and provide reasonable working capital and other reserves.

Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is made in a reconciliation of the financial statements.

PART adopts an annual budget for its general fund and grants fund as required by North Carolina general statutes. Budgetary comparison statements demonstrating compliance with the adopted budgets, as amended, are provided in the basic financial statements.

**Proprietary Funds.** PART has a Proprietary Fund that is used to account for the Transportation Demand Management (TDM) program. Proprietary funds report business-type activities that are included in the government-wide-financial statements. Rate structures of Proprietary Funds are set, insofar as practical, to cover full operating costs plus depreciation and interest expense and to provide reasonable working capital and other reserves. Proprietary fund financial statements provide more detailed information than that presented in the government-wide financial statements.

# Management's Discussion & Analysis

## Fund Financial Statements (Continued)

**Notes to the Financial Statements.** The next section of the basic financial statements is the notes to the financial statements, which adds detailed explanations of some of the data contained in the statements. The notes may provide a better understanding of the information presented in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes supplemental information in Exhibits 10, 11, and 12, regarding the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund, Grants Fund, and TDM Fund. The Schedule of Expenditures of Federal and State Awards is shown in Exhibit 13.

## Government-Wide Financial Analysis

Figure 2 is a summary of net position for June 30, 2015 (as shown in Exhibit 1) with comparative data for June 30, 2014.

### Net Position of the Piedmont Authority for Regional Transportation

**Figure 2**

|  | Governmental Activities |                      | Business-Type Activities |                   | Total                |                      |
|--|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|  | 2015                    | 2014                 | 2015                     | 2014              | 2015                 | 2014                 |
| <b>Assets</b>  |                         |                      |                          |                   |                      |                      |
| Current and other assets                                   | \$ 6,506,933            | \$ 5,507,746         | \$ 83,926                | \$ 91,681         | \$ 6,590,859         | \$ 5,599,427         |
| Capital assets   | 17,221,498              | 18,193,417           | 679,800                  | 813,471           | 17,901,298           | 19,006,888           |
| <b>Total assets</b>  | <b>23,728,431</b>       | <b>23,701,163</b>    | <b>763,726</b>           | <b>905,152</b>    | <b>24,492,157</b>    | <b>24,606,315</b>    |
| <b>Liabilities and deferred inflows of resources</b>       |                         |                      |                          |                   |                      |                      |
| Long-term liabilities outstanding                          | 67,347                  | 55,758               | 7,875                    | 9,961             | 75,222               | 65,719               |
| Other liabilities  | 844,193                 | 789,269              | 40,750                   | 48,703            | 884,943              | 837,972              |
| Deferred inflows of resources                              | 37,828                  | 28,033               | -                        | -                 | 37,828               | 28,033               |
| <b>Total liabilities and deferred inflows of resources</b> | <b>949,368</b>          | <b>873,060</b>       | <b>48,625</b>            | <b>58,664</b>     | <b>997,993</b>       | <b>931,724</b>       |
| <b>Net position:</b>                                       |                         |                      |                          |                   |                      |                      |
| Net investment in capital assets                           | 17,221,498              | 18,193,417           | 679,800                  | 813,471           | 17,901,298           | 19,006,888           |
| Stabilization by State Statute                             | 1,383,865               | 2,788,894            | -                        | -                 | 1,383,865            | 2,788,894            |
| Unrestricted   | 4,173,700               | 1,845,792            | 35,301                   | 33,017            | 4,209,001            | 1,878,809            |
| <b>Total net position</b>                                  | <b>\$ 22,779,063</b>    | <b>\$ 22,828,103</b> | <b>\$ 715,101</b>        | <b>\$ 846,488</b> | <b>\$ 23,494,164</b> | <b>\$ 23,674,591</b> |

# *Management's Discussion & Analysis*

## Government-Wide Financial Analysis (Continued)

As shown above, assets of the Authority exceeded liabilities by \$23,494,164 at June 30, 2015. Capital assets decreased \$1,105,590 primarily resulting from the change in the accounting life of one class of assets resulting in acceleration of depreciation. The Authority's net position decreased by \$180,427 during the fiscal year ended June 30, 2015. The largest portion (76.2%) reflects the Authority's investments in capital assets (e.g., land, buildings, improvements other than buildings, and machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The Authority uses these capital assets to provide services to citizens of the ten-county region; consequently, the assets are not available for future spending. Although PART's investment in capital assets is reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of PART's net position, \$1,383,865 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,209,002 is unrestricted.

Figure 3 is a summary of the statement of activities for June 30, 2015 (as shown in Exhibit 2) with comparative data for June 30, 2014.

**Changes in Net Position of the Piedmont Authority for Regional Transportation** **Figure 3**

|                                     | Governmental Activities |                      | Business-Type Activities |                   | Total                |                      |
|-------------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|                                     | 2015                    | 2014                 | 2015                     | 2014              | 2015                 | 2014                 |
| Revenues:                           |                         |                      |                          |                   |                      |                      |
| Program revenues:                   |                         |                      |                          |                   |                      |                      |
| Charges for services                | \$ 544,717              | \$ 584,667           | \$ 563,872               | \$ 650,339        | \$ 1,108,589         | \$ 1,235,006         |
| Operating grants and contributions  | 2,577,236               | 3,114,834            | 279,798                  | 281,121           | 2,857,034            | 3,395,955            |
| Capital grants and contributions    | 1,354,967               | 1,301,842            | -                        | -                 | 1,354,967            | 1,301,842            |
| General revenues:                   |                         |                      |                          |                   |                      |                      |
| Rental vehicle tax                  | 3,575,567               | 3,368,734            | -                        | -                 | 3,575,567            | 3,368,734            |
| Vehicle license tax                 | 152,174                 | 147,173              | -                        | -                 | 152,174              | 147,173              |
| Other                               | 73,328                  | 63,893               | 20,613                   | 76,605            | 93,941               | 140,498              |
| Total revenues                      | <u>8,277,989</u>        | <u>8,581,143</u>     | <u>864,283</u>           | <u>1,008,065</u>  | <u>9,142,272</u>     | <u>9,589,208</u>     |
| Expense                             |                         |                      |                          |                   |                      |                      |
| Transportation                      | 8,325,316               | 7,721,225            | -                        | 10,812            | 8,325,316            | 7,732,037            |
| Ridesharing vanpool                 | -                       | -                    | 997,383                  | 1,008,790         | 997,383              | 1,008,790            |
| Transfers                           | 1,713                   | 347,910              | (1,713)                  | (347,910)         | -                    | -                    |
| Total expenses                      | <u>8,327,029</u>        | <u>8,069,135</u>     | <u>995,670</u>           | <u>671,692</u>    | <u>9,322,699</u>     | <u>8,740,827</u>     |
| Increase (decrease) in net position | (49,040)                | 512,008              | (131,387)                | 336,373           | (180,427)            | 848,381              |
| Net position, July 1                | <u>22,828,103</u>       | <u>22,316,095</u>    | <u>846,488</u>           | <u>510,115</u>    | <u>23,674,591</u>    | <u>22,826,210</u>    |
| Net position, June 30               | <u>\$ 22,779,063</u>    | <u>\$ 22,828,103</u> | <u>\$ 715,101</u>        | <u>\$ 846,488</u> | <u>\$ 23,494,164</u> | <u>\$ 23,674,591</u> |

# *Management's Discussion & Analysis*

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## **Government-Wide Financial Analysis (Continued)**

**Governmental Activities.** Net position of governmental activities decreased by \$49,040. Key elements of this decrease are as follows:

- Total revenues decreased by approximately \$228K basically as a result of a reduction in operating grants.

**Business-Type Activities.** Net position of business-type activities decreased by \$131K during the year. Rate structures of enterprise operations should be set, insofar as practicable, to recover full operating costs including depreciation and interest expense, and to provide a reasonable working capital reserve. The TDM Fund made a \$75K transfer to the General Fund.

**General Fund Budgetary Highlights.** The general fund is the chief operating fund of PART. At the end of the current fiscal year, total fund balance of the general fund was approximately \$5.6 million, of which \$4.4 million was unrestricted and available for working capital needs, and to meet PART's future local match requirements for federal and state grants. The General Fund budget was amended one time during FY 2015 to adjust grant revenues, expenditures and transfers (to) from other funds. This amendment was made to increase revenue budgets by \$252K to include additional revenue for the PTRM Freight Study and growth in Rental Vehicle Tax, to increase the PART Express departmental expense budget by \$69K for additional services, and a decrease of \$29K from the TDM Fund as a transfer to the General Fund. On an actual basis, revenues exceeded budget projections by \$67,982 due primarily to increased rental vehicle tax. Expenditures were under the final budget \$400,038 as a result of savings in every department. The final actual performance resulted in an increase of fund balance of \$934,470 million.

**Proprietary Fund Budgetary Highlights.** The TDM Fund (Ridesharing/Vanpool) program activities budget was amended one time during FY2015 to adjust revenues, expenses and transfers (to) from other funds. The amendment decreased vanpool rental income by \$60K, decreased expenses by \$31K to recognize a reduction in fuel cost, and a reduction in transfers from the TDM Fund to the General Fund of \$29K. On an actual basis, TDM transferred \$75K to the General Fund while changing the net position by a negative \$131K.

**Capital Assets.** PART's net investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$17.9 million (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure such as parking lot paving, curbs and landscaping), machinery and equipment, and construction in progress.

# *Management's Discussion & Analysis*

## Government-Wide Financial Analysis (Continued)

### Capital Assets (Net of Depreciation)

**Figure 4**

|                                   | Governmental Activities |                      | Business-Type Activities |                   | Total                |                      |
|-----------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|                                   | 2015                    | 2014                 | 2015                     | 2014              | 2015                 | 2014                 |
| Land                              | \$ 6,099,210            | \$ 5,479,360         | \$ -                     | \$ -              | \$ 6,099,210         | \$ 5,479,360         |
| Buildings                         | 1,644,880               | 1,694,079            | -                        | -                 | 1,644,880            | 1,694,079            |
| Improvements other than buildings | 3,819,149               | 4,975,659            | -                        | -                 | 3,819,149            | 4,975,659            |
| Construction in progress          | 768,107                 | 85,363               | -                        | -                 | 768,107              | 85,363               |
| Machinery and equipment           | 4,890,152               | 5,958,956            | 679,800                  | 813,471           | 5,569,952            | 6,772,427            |
| <b>Total</b>                      | <b>\$ 17,221,498</b>    | <b>\$ 18,193,417</b> | <b>\$ 679,800</b>        | <b>\$ 813,471</b> | <b>\$ 17,901,298</b> | <b>\$ 19,006,888</b> |

Major capital asset transactions during the year include the following additions and disposals:

- PART completed the purchase of land for the Intermodal Transportation Terminal Complex in the amount of \$619K.
- PART continued the engineering, environmental and design work for the Intermodal Transportation Terminal Complex during the year.
- PART had a full year of depreciation in FY2015 for vehicles purchased in FY2014 and previously had only a partial year of depreciation.
- A change in accounting estimate for useful life of Improvements Other Than Buildings was effective July 1, 2014 as explained in Note 2.E. Change in Accounting Estimate.

Additional information on capital assets is included in Notes 1E and 3A of the Basic Financial Statements.

## Budget Highlights for the Fiscal Year Ending June 30, 2016

### Governmental Activities

PART has stabilized its fiscal controls and accountability during this past fiscal year as evidenced by the previous information. In the budget for fiscal year 2016, revenues and expenditures are projected to be balanced and have decreased from FY2015 due to a reduction in Federal Operating Grants. Rental vehicle tax continues to be PART's principal operating revenue and fare revenues are projected to be flat. Expenditures are projected to decrease due to the reduction in fuel costs and the completion of a Transportation Model in FY2015. PART is projecting to return \$308,026 to the fund balance for FY 2016.

The grants budget reflects expenditures of \$7.2 million for PART's projected activity regarding the Intermodal Terminal on Arrow Road, which is to be completed in FY 2017.

# *Management's Discussion & Analysis*

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## **Business-Type Activities**

Transportation Demand Management (TDM) has 46 vans leased, which enable passengers to commute to places of employment throughout the ten counties in this area. Budget performance was stable during the prior fiscal year with TDM transferring funds to General Fund. The TDM budget for FY 2016 is balanced with a projected transfer from the General Fund of approximately \$56K due mainly to PART's share of the cost for the Call Center discussed in Note 2.F.

## **Requests for Information**

PART's annual financial report is filed in its office and questions or requests for additional information should be directed to Office of the Executive Director, Piedmont Authority for Regional Transportation, 107 Arrow Road, Greensboro, NC 27409.

***BASIC FINANCIAL STATEMENTS***

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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

Exhibit 1

| <b>ASSETS</b>  | <b>Primary Government</b>          |                                     | <b>Total</b>  |
|--|------------------------------------|-------------------------------------|---------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |               |
| Current assets:  |                                    |                                     |               |
| Cash and cash equivalents  | \$ 5,085,326                       | \$ 64,082                           | \$ 5,149,408  |
| Rental vehicle tax receivable                                      | 410,221                            | -                                   | 410,221       |
| Due from other governments   | 105,994                            | 43,432                              | 149,426       |
| Accounts receivable  | 39,253                             | 4,642                               | 43,895        |
| Grants receivable  |                                    |                                     |               |
| Federal Transit Administration                                     | 638,749                            | -                                   | 638,749       |
| NC Department of Transportation                                    | 105,944                            | 36,267                              | 142,211       |
| Internal balances  | 75,000                             | (75,000)                            | -             |
| Prepaid expenses   | 46,446                             | -                                   | 46,446        |
| Restricted cash and cash equivalents                               | -                                  | 10,503                              | 10,503        |
| Total current assets   | 6,506,933                          | 83,926                              | 6,590,859     |
| Noncurrent assets:   |                                    |                                     |               |
| Capital assets:  |                                    |                                     |               |
| Land and other nondepreciable assets                               | 6,099,210                          | -                                   | 6,099,210     |
| Construction in progress   | 768,107                            | -                                   | 768,107       |
| Other capital assets, net of depreciation                          | 10,354,181                         | 679,800                             | 11,033,981    |
| Total capital assets   | 17,221,498                         | 679,800                             | 17,901,298    |
| Total assets   | \$ 23,728,431                      | \$ 763,726                          | \$ 24,492,157 |
| <b>LIABILITIES</b>   |                                    |                                     |               |
| Current liabilities:   |                                    |                                     |               |
| Accounts payable and other accrued liabilities                     | \$ 844,193                         | \$ 30,247                           | \$ 874,440    |
| Payable from restricted assets - security deposits                 | -                                  | 10,503                              | 10,503        |
| Current portion of long-term liabilities                           | 67,347                             | 7,875                               | 75,222        |
| Total liabilities  | 911,540                            | 48,625                              | 960,165       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                                    |                                     |               |
| Unearned revenue - valuecards                                      | 37,828                             | -                                   | 37,828        |
| <b>NET POSITION</b>  |                                    |                                     |               |
| Net investment in capital assets                                   | 17,221,498                         | 679,800                             | 17,901,298    |
| Restricted for:  |                                    |                                     |               |
| Stabilization by State Statute                                     | 1,383,865                          | -                                   | 1,383,865     |
| Unrestricted   | 4,173,700                          | 35,301                              | 4,209,001     |
| Total net position   | 22,779,063                         | 715,101                             | 23,494,164    |
| Total liabilities, deferred inflows of resources, and net position | \$ 23,728,431                      | \$ 763,726                          | \$ 24,492,157 |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

| Functions/Programs                   | Program Revenues |                         |  |  |
|--------------------------------------|------------------|-------------------------|--|--|
|                                      | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary government:</b>           |                  |                         |  |  |
| Governmental activities:             |                  |                         |  |  |
| Transportation                       | \$ 8,325,316     | \$ 544,717              | \$ 2,577,236                             | \$ 1,354,967                           |
| Total governmental activities        | 8,325,316        | 544,717                 | 2,577,236                                | 1,354,967                              |
| Business-type activities:            |                  |                         |  |  |
| Transportation Demand Management     | \$ 997,383       | \$ 563,872              | \$ 279,798                               | \$ -                                   |
| Total business-type activities       | 997,383          | 563,872                 | 279,798                                  | -                                      |
| Total primary government             | \$ 9,322,699     | \$ 1,108,589            | \$ 2,857,034                             | \$ 1,354,967                           |
| General revenues                     |                  |                         |  |  |
| Rental vehicle tax                   |                  |                         |  |  |
| Vehicle registration tax             |                  |                         |  |  |
| Gain on sale of capital assets       |                  |                         |  |  |
| Miscellaneous                        |                  |                         |  |  |
| Transfers                            |                  |                         |  |  |
| Total general revenues and transfers |                  |                         |  |  |
| Change in net position               |                  |                         |  |  |
| Net position - beginning             |                  |                         |  |  |
| Net position - ending                |                  |                         |  |  |

The accompanying notes are an integral part of this statement.

| <b>Net Revenue (Expense) and Changes in Net Position</b> |                                 |                |
|--|---------------------------------|----------------|
| <b>Primary Government</b>                                |                                 |                |
| <b>Governmental Activities</b>                           | <b>Business-Type Activities</b> | <b>Total</b>   |
| \$ (3,848,396)   | \$ -                            | \$ (3,848,396) |
| (3,848,396)  | -                               | (3,848,396)    |
| \$ -   | \$ (153,713)                    | \$ (153,713)   |
| -  | (153,713)                       | (153,713)      |
| (3,848,396)  | (153,713)                       | (4,002,109)    |
| 3,575,567  | -                               | 3,575,567      |
| 152,174  | -                               | 152,174        |
| 19,752   | 10,064                          | 29,816         |
| 53,576   | 10,549                          | 64,125         |
| (1,713)  | 1,713                           | -              |
| 3,799,356  | 22,326                          | 3,821,682      |
| (49,040)   | (131,387)                       | (180,427)      |
| 22,828,103   | 846,488                         | 23,674,591     |
| \$ 22,779,063  | \$ 715,101                      | \$ 23,494,164  |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

**Exhibit 3**

| <b>ASSETS</b>  | <b>Major Funds</b>  |                    | <b>Total</b>              |
|--|---------------------|--------------------|---------------------------|
|  | <b>General Fund</b> | <b>Grants Fund</b> | <b>Governmental Funds</b> |
| Cash and cash equivalents  | \$ 5,085,326        | \$ -               | \$ 5,085,326              |
| Rental vehicle tax receivable  | 410,221             | -                  | 410,221                   |
| Due from other governments   | 105,994             | -                  | 105,994                   |
| Accounts receivable  | 39,253              | -                  | 39,253                    |
| Grants receivable:   |                     |                    |                           |
| Federal Transit Administration   | 522,873             | 115,876            | 638,749                   |
| NC Department of Transportation  | 61,861              | 44,083             | 105,944                   |
| Due from other funds - Grants Fund   | 8,704               | -                  | 8,704                     |
| Due from other funds - Transportation Demand Management Fund   | 75,000              | -                  | 75,000                    |
| Prepaid expenses   | 46,446              | -                  | 46,446                    |
| Total assets   | \$ 6,355,678        | \$ 159,959         | \$ 6,515,637              |
| <br><b>LIABILITIES</b>   |                     |                    |                           |
| Accounts payable and other accrued liabilities   | \$ 692,938          | \$ 151,255         | \$ 844,193                |
| Due to other funds - General Fund  | -                   | 8,704              | 8,704                     |
| Total liabilities  | 692,938             | 159,959            | 852,897                   |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                    |                           |
| Unearned revenue - valuecards  | 37,828              | -                  | 37,828                    |
| <br><b>FUND BALANCES</b>   |                     |                    |                           |
| Nonspendable   |                     |                    |                           |
| Prepaid items  | 46,446              | -                  | 46,446                    |
| Restricted   |                     |                    |                           |
| Stabilization by State Statute   | 1,223,906           | 159,959            | 1,383,865                 |
| Unassigned   | 4,354,560           | (159,959)          | 4,194,601                 |
| Total fund balances  | 5,624,912           | -                  | 5,624,912                 |
| Total liabilities, deferred inflows of resources and fund balances   | \$ 6,355,678        | \$ 159,959         |                           |
| <br>Amounts reported for governmental activities in the statement of net position are different because:   |                     |                    |                           |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds |                     |                    | 17,221,498                |
| Some liabilities are not due and payable in the current period and therefore not included:   |                     |                    |                           |
| Compensated absences payable   |                     |                    | (67,347)                  |
| Net position of governmental activities  |                     |                    | \$ 22,779,063             |

**The accompanying notes are an integral part of this statement.**

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

Exhibit 4

|  | Major Funds  |             | Total<br>Governmental<br>Funds |
|--|--------------|-------------|--------------------------------|
|  | General Fund | Grants Fund |                                |
| <b>REVENUES</b>  |              |             |                                |
| Rental vehicle tax                                     | \$ 3,575,567 | \$ -        | \$ 3,575,567                   |
| Vehicle registration tax                               | 152,174      | -           | 152,174                        |
| Farebox (including PART Connections)                   | 544,717      | -           | 544,717                        |
| Grants   |              |             |                                |
| Federal Transit Administration                         | 1,146,054    | 1,163,541   | 2,309,595                      |
| NC Department of Transportation                        | 1,236,373    | 233,416     | 1,469,789                      |
| Regional MPOs  | 152,819      | -           | 152,819                        |
| Other local revenue                                    | 53,575       | -           | 53,575                         |
| TOTAL REVENUES   | 6,861,279    | 1,396,957   | 8,258,236                      |
| <b>EXPENDITURES</b>                                    |              |             |                                |
| Board of Trustees                                      | 15,326       | -           | 15,326                         |
| Office of Executive Director                           | 226,144      | -           | 226,144                        |
| Administration and Financial Services                  | 544,677      | 13,008      | 557,685                        |
| PART Express   | 4,058,560    | -           | 4,058,560                      |
| Marketing and Communications                           | 223,097      | -           | 223,097                        |
| Planning   | 677,878      | 52,488      | 730,366                        |
| Capital outlay   | 23,282       | 1,589,307   | 1,612,589                      |
| TOTAL EXPENDITURES                                     | 5,768,964    | 1,654,803   | 7,423,767                      |
| REVENUES OVER<br>(UNDER) EXPENDITURES                  | 1,092,315    | (257,846)   | 834,469                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |              |             |                                |
| Sale of capital assets                                 | 24,999       | -           | 24,999                         |
| Transfer to Grants Fund: Capital Grants                | (257,846)    | 257,846     | -                              |
| Transfer from Transportation Demand<br>Management Fund | 75,000       | -           | 75,000                         |
| TOTAL OTHER FINANCING<br>SOURCES (USES)                | (157,847)    | 257,846     | 99,999                         |
| NET CHANGE IN<br>FUND BALANCES                         | 934,468      | -           | 934,468                        |
| FUND BALANCE, beginning of year                        | 4,690,444    | -           | 4,690,444                      |
| FUND BALANCE,<br>end of year                           | \$ 5,624,912 | \$ -        | \$ 5,624,912                   |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

Exhibit 4  
Continued

|   | Major Funds        |
|---|--------------------|
| <b>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:</b>   |                    |
| Total net change in fund balances - Total Governmental Funds  | \$ 934,468         |
| Amounts reported for governmental activities in the Statement of Activities are different because:  |                    |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. |                    |
| Capital outlay expenditures that were capitalized   | 1,612,589          |
| Depreciation expense for governmental assets  | (2,502,548)        |
| Net carrying value of capital assets transferred to business-type activities.   | (76,713)           |
| Proceeds from sale of capital assets  | (24,999)           |
| Gain on sale of capital assets  | 19,752             |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.                               |                    |
| Change in compensated absences  | (11,589)           |
| <b>Total change in net position - governmental activities</b>   | <u>\$ (49,040)</u> |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2015**

Exhibit 5

|   | Budgeted Amounts |                  | Actual<br>Amounts   | Variance<br>with Final<br>Positive<br>(Negative) |
|---|------------------|------------------|---------------------|--|
|   | Original         | Final            |                     |  |
| <b>REVENUES</b>                                     |                  |                  |                     |  |
| Rental vehicle tax                                  | \$ 3,212,200     | \$ 3,500,000     | \$ 3,575,567        | \$ 75,567  |
| Vehicle registration tax                            | 135,885          | 140,000          | 152,174             | 12,174   |
| Farebox (including PART Connections)                | 598,510          | 590,975          | 544,717             | (46,258)   |
| Grant revenues                                      |                  |                  |                     |  |
| Federal Transit Administration                      | 1,442,000        | 1,137,750        | 1,146,054           | 8,304  |
| NC Department of Transportation                     | 1,022,452        | 1,254,896        | 1,236,373           | (18,523)   |
| Local revenues                                      |                  |                  |                     |  |
| Regional MPOs                                       | 153,000          | 153,000          | 152,819             | (181)  |
| Other local revenue                                 | 4,500            | 43,500           | 53,575              | 10,075   |
| <b>Total revenues</b>                               | <b>6,568,547</b> | <b>6,820,121</b> | <b>6,861,279</b>    | <b>41,158</b>                                    |
| <b>EXPENDITURES</b>                                 |                  |                  |                     |  |
| Board of Trustees                                   | 43,000           | 23,000           | 15,326              | 7,674  |
| Office of Executive Director                        | 318,857          | 258,650          | 226,144             | 32,506   |
| Administration and Financial Services               | 549,301          | 560,900          | 544,677             | 16,223   |
| PART Express  | 4,364,746        | 4,331,956        | 4,058,560           | 273,396  |
| Marketing and Communications                        | 211,954          | 241,019          | 223,097             | 17,922   |
| Planning  | 518,862          | 689,425          | 677,878             | 11,547   |
| Capital outlay                                      | 93,750           | 64,050           | 23,282              | 40,768   |
| <b>Total expenditures</b>                           | <b>6,100,470</b> | <b>6,169,000</b> | <b>5,768,964</b>    | <b>400,036</b>                                   |
| Revenues over expenditures                          | 468,077          | 651,121          | 1,092,315           | 441,194  |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                  |                  |                     |  |
| Sale of capital assets                              | -                | -                | 24,999              | 24,999   |
| Transfer to Grants Fund - Capital Grants            | (370,148)        | (370,148)        | (257,846)           | 112,302  |
| Transfer from Transportation Demand Management Fund | 139,486          | 110,000          | 75,000              | (35,000)   |
| <b>Total other financing uses</b>                   | <b>(230,662)</b> | <b>(260,148)</b> | <b>(157,847)</b>    | <b>102,301</b>                                   |
| Fund balance appropriated                           | (237,415)        | (390,973)        | -                   | (390,973)  |
| <b>Net change in fund balance</b>                   | <b>\$ -</b>      | <b>\$ -</b>      | <b>934,468</b>      | <b>\$ 934,468</b>                                |
| Fund balance at beginning of year                   |                  |                  | 4,690,444           |  |
| Fund balance at end of year                         |                  |                  | <b>\$ 5,624,912</b> |  |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GRANTS FUND - STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2015**

Exhibit 6

|  | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final</u> |
|--|-------------------------|------------------|---------------------------|--------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                           | <u>Positive<br/>(Negative)</u> |
| <b>REVENUES</b>                                |                         |                  |                           |                                |
| FTA Capital Grants                             | \$ 2,969,880            | \$ 2,969,880     | \$ 1,163,541              | \$ (1,806,339)                 |
| North Carolina Department of<br>Transportation |                         |                  |                           |                                |
| Capital Grants                                 | 332,016                 | 332,016          | 191,426                   | (140,590)                      |
| Operating Grants                               | 48,770                  | 48,770           | 41,990                    | (6,780)                        |
| Total revenues                                 | <u>3,350,666</u>        | <u>3,350,666</u> | <u>1,396,957</u>          | <u>(1,953,709)</u>             |
| <b>EXPENDITURES</b>                            |                         |                  |                           |                                |
| Terminal Facility                              | 2,906,193               | 2,816,471        | 1,302,593                 | 1,513,878                      |
| Rehab Park and Rides                           | 753,658                 | 757,850          | 214,192                   | 543,658                        |
| Technology                                     | -                       | 85,530           | 85,530                    | -                              |
| Electric Vehicle Charging Stations             | 60,963                  | 60,963           | 52,488                    | 8,475                          |
| Total expenditures                             | <u>3,720,814</u>        | <u>3,720,814</u> | <u>1,654,803</u>          | <u>2,066,011</u>               |
| Revenues under expenditures                    | <u>(370,148)</u>        | <u>(370,148)</u> | <u>(257,846)</u>          | <u>112,302</u>                 |
| <b>OTHER FINANCING SOURCES</b>                 |                         |                  |                           |                                |
| Transfer from General Fund                     | <u>370,148</u>          | <u>370,148</u>   | <u>257,846</u>            | <u>(112,302)</u>               |
| Total other financing sources                  | <u>370,148</u>          | <u>370,148</u>   | <u>257,846</u>            | <u>(112,302)</u>               |
| Net change in fund balance                     | <u>\$ -</u>             | <u>\$ -</u>      | <u>-</u>                  | <u>\$ -</u>                    |
| Fund balance at beginning of<br>year           |                         |                  | <u>-</u>                  |                                |
| Fund balance at end of year                    |                         |                  | <u>\$ -</u>               |                                |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND  
June 30, 2015**

Exhibit 7

| <b>ASSETS</b>                                      | <b>Transportation<br/>Demand<br/>Management<br/>Fund</b> | <b>Total<br/>Enterprise<br/>Fund</b> |
|--|--|--------------------------------------|
|  |  |                                      |
| Current assets:                                    |  |                                      |
| Cash and cash equivalents                          | \$ 64,082  | \$ 64,082                            |
| Due from other governments                         | 43,432   | 43,432                               |
| Accounts receivable                                | 4,642  | 4,642                                |
| Grants receivable                                  |  |                                      |
| NC Department of Transportation                    | 36,267   | 36,267                               |
| Restricted cash and cash equivalents               | 10,503   | 10,503                               |
|  | 158,926  | 158,926                              |
| Total current assets                               |  |                                      |
| Capital assets                                     |  |                                      |
| Other capital assets, net of depreciation          | 679,800  | 679,800                              |
|  | \$ 838,726   | \$ 838,726                           |
| Total assets                                       |  |                                      |
|  | \$ 838,726   | \$ 838,726                           |
| <br><b>LIABILITIES</b>                             |  |                                      |
| Current liabilities:                               |  |                                      |
| Accounts payable and other accrued liabilities     | \$ 30,247  | \$ 30,247                            |
| Payable from restricted assets - security deposits | 10,503   | 10,503                               |
| Due to other fund - General Fund                   | 75,000   | 75,000                               |
| Current portion of long-term liabilities           | 7,875  | 7,875                                |
|  | 123,625  | 123,625                              |
| Total current liabilities                          |  |                                      |
| Total liabilities                                  | 123,625  | 123,625                              |
| <br><b>NET POSITION</b>                            |  |                                      |
| Net investment in capital assets                   | 679,800  | 679,800                              |
| Unrestricted                                       | 35,301   | 35,301                               |
|  | \$ 715,101   | \$ 715,101                           |
| Total net position                                 |  |                                      |
|  | \$ 715,101   | \$ 715,101                           |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - PROPRIETARY FUND**  
Year Ended June 30, 2015

Exhibit 8

|  | Transportation<br>Demand<br>Management | Total<br>Enterprise<br>Fund |
|--|--|-----------------------------|
| <b>OPERATING REVENUES</b>                            |  |                             |
| Charges for sales and services                       | \$ 563,872                             | \$ 563,872                  |
| Total operating revenues                             | 563,872                                | 563,872                     |
| <b>OPERATING EXPENSES</b>                            |  |                             |
| <b>TDM/Vanpool</b>                                   |  |                             |
| Vehicle expense                                      | 423,058                                | 423,058                     |
| Personnel expense                                    | 282,657                                | 282,657                     |
| Administration                                       | 31,956                                 | 31,956                      |
| Office expense                                       | 5,441                                  | 5,441                       |
| Space and furnishings                                | 26,809                                 | 26,809                      |
| Professional development                             | 4,380                                  | 4,380                       |
| Depreciation   | 221,774                                | 221,774                     |
| <b>Piedmont Transit Resources Information Center</b> |  |                             |
| Other professional services                          | 1,000                                  | 1,000                       |
| Office expense                                       | 49                                     | 49                          |
| Professional development                             | 259                                    | 259                         |
| Total operating expenses                             | 997,383                                | 997,383                     |
| Operating loss                                       | (433,511)                              | (433,511)                   |
| <b>NONOPERATING REVENUES</b>                         |  |                             |
| NC Department of Transportation                      | 139,962                                | 139,962                     |
| City of Greensboro                                   | 67,121                                 | 67,121                      |
| City of High Point                                   | 22,374                                 | 22,374                      |
| City of Winston-Salem                                | 50,341                                 | 50,341                      |
| Total intergovernmental revenues                     | 279,798                                | 279,798                     |
| Gain on sale of capital assets                       | 10,064                                 | 10,064                      |
| Other nonoperating revenue                           | 10,549                                 | 10,549                      |
| Total nonoperating revenues                          | 300,411                                | 300,411                     |
| Income (loss) before transfers                       | (133,100)                              | (133,100)                   |
| Transfers of capital assets                          | 76,713                                 | 76,713                      |
| Transfer to General Fund                             | (75,000)                               | (75,000)                    |
| Total transfers                                      | 1,713                                  | 1,713                       |
| Change in net position                               | (131,387)                              | (131,387)                   |
| Total net position, beginning                        | 846,488                                | 846,488                     |
| Total net position, ending                           | \$ 715,101                             | \$ 715,101                  |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended June 30, 2015**

Exhibit 9

|   | <u>Transportation<br/>Demand<br/>Management</u> | <u>Total<br/>Enterprise<br/>Fund</u> |
|---|---|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |   |                                      |
| Cash received from customers                                    | \$ 561,474                                      | \$ 561,474                           |
| Cash paid for goods and services                                | (499,970)                                       | (499,970)                            |
| Cash paid to employees for services                             | (284,743)                                       | (284,743)                            |
| Net cash used by operating activities                           | <u>(223,239)</u>                                | <u>(223,239)</u>                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |   |                                      |
| State grant   | 139,962   | 139,962                              |
| Other governmental agencies                                     | 152,179   | 152,179                              |
| Due to other funds  | (75,000)  | (75,000)                             |
| Net cash provided by noncapital financing activities            | <u>217,141</u>                                  | <u>217,141</u>                       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |   |                                      |
| Transfers to other funds  | (75,000)  | (75,000)                             |
| Proceeds from the sale of capital assets                        | 10,621  | 10,621                               |
| Purchase of capital assets                                      | (11,947)  | (11,947)                             |
| Net cash used by capital and related activities                 | <u>(76,326)</u>                                 | <u>(76,326)</u>                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |   |                                      |
| Other revenues  | 10,549  | 10,549                               |
| Net cash provided by investing activities                       | <u>10,549</u>                                   | <u>10,549</u>                        |
| Net decrease in cash and cash equivalents                       | (71,875)  | (71,875)                             |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>           |   |                                      |
| Cash and cash equivalents at end of year                        | <u>\$ 74,585</u>                                | <u>\$ 74,585</u>                     |
| <b>CASH AND CASH EQUIVALENTS</b>                                |   |                                      |
| Unrestricted  | \$ 64,082                                       | \$ 64,082                            |
| Restricted  | 10,503  | 10,503                               |
|   | <u>\$ 74,585</u>                                | <u>\$ 74,585</u>                     |

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
Year Ended June 30, 2015**

**Exhibit 9  
(Continued)**

|  | <u>Transportation<br/>Demand<br/>Management</u> | <u>Total<br/>Enterprise<br/>Fund</u> |
|--|---|--------------------------------------|
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH<br/>USED BY OPERATING ACTIVITIES</b> |   |                                      |
| Operating loss   | \$ (433,511)                                    | \$ (433,511)                         |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities: |   |                                      |
| Depreciation and amortization  | 221,774   | 221,774                              |
| Change in assets and liabilities   |   |                                      |
| Increase in accounts receivable  | (1,463)   | (1,463)                              |
| Decrease in accounts payable and accrued liabilities                                 | (9,104)   | (9,104)                              |
| Increase in security deposits  | (935)   | (935)                                |
|  | <u>\$ (223,239)</u>                             | <u>\$ (223,239)</u>                  |
| <br>   |   |                                      |
| <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND<br/>FINANCING ACTIVITIES</b>       |   |                                      |
| Transfer of capital assets from governmental activities                              | <u>\$ 76,713</u>                                | <u>\$ 76,713</u>                     |

**The accompanying notes are an integral part of this statement.**

***NOTES TO THE FINANCIAL STATEMENTS***

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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies**

Accounting policies conform to generally accepted accounting principles applicable to governmental units. The following paragraphs summarize significant policies:

A. Reporting Entity

Piedmont Authority for Regional Transportation (PART) is a public authority established by the governing boards of the municipalities of Burlington, Greensboro, High Point and Winston-Salem under the Regional Public Transportation Authority Act, North Carolina General Statutes Chapter 160A, Article 27, and was chartered by the Secretary of State on July 17, 1998. The purpose of PART as defined in State Statute 160A-638 is "to enhance the quality of life in its territorial jurisdiction by promoting the development of sound transportation systems which provide transportation choices, enhance mobility, accessibility, and safety, encourage economic development and sound growth patterns, and protect the man-made and natural environments of the region." PART is governed by a 23-member board of trustees. This report presents the financial position and results of operations of the authority.

B. Basis of Presentation

*Government-Wide Financial Statements:* the Statement of Net Position and the Statement of Activities, display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (1) fees or charges for services paid by customers or recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Authority's funds. Separate statements for each fund category - governmental and proprietary are presented. The emphasis of fund statements is on major governmental and enterprise funds, each displayed in a separate column.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

The Authority reports the following major governmental funds:

**The General Fund** is the primary operating fund of PART and accounts for the provision of governmental services. The general fund summarizes the financial transactions of governmental services including PART Express, a regional bus service, regional planning, regional development and policy, marketing and communications, and administrative and financial management support.

**The Grants Fund** centralizes the accounting for activities of capital grants from the Federal Transit Administration and North Carolina Department of Transportation. Operating grants, which provide support for regional transportation services, are included in the General Fund.

The authority reports the following major proprietary funds:

**The Transportation Demand Management Fund (“TDM”)** accounts for services to both employers and individual commuters by offering vanpools, rideshare matching, guaranteed emergency ride home and various other tools to improve mobility. The TDM program strives to reduce vehicle miles travelled on the region’s streets and highways, and emissions to improve air quality.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Authority are maintained during the year using the modified accrual basis of accounting.

*Government-wide and Proprietary Fund Financial Statements* are reported using the economic resources measurement focus. The government-wide and proprietary funds financial statements are reported using the accrual basis of accounting. Revenues are recognized in the period earned, and expenses are recognized in the period incurred, regardless of the timing of related cash flows. Privilege taxes are recognized as revenues in the year for which they are earned. Revenue from grants and similar items is recognized when all eligibility requirements have been met. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods and services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements* are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are generally recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

PART considers all revenues available if they are collected within 90 days after year end.

Grant revenues which are unearned at year end are recorded as unearned revenues. Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, both restricted net position and unrestricted net position are available to finance the program. It is PART's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

D. Budgetary Accounting

PART's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Grants Fund and Transportation Demand Management Fund. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations for all annually budgeted funds. All amendments which change the total of any fund must be approved by the governing board. If annual budgets have not been adopted by June 30, the Board must adopt interim budgets that cover the time until annual ordinances can be adopted.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets

1. Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 15-31]. The Authority may designate, as an official depositor, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposits such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 15-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value as determined by quoted market prices. The NCCMT-Term Portfolio's securities are valued at fair value.

In accordance with state law, the Authority may invest in federally insured securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. There were no investments of this type at the end of the fiscal year.

2. Restricted Assets

Restricted assets in the amount of \$10,503 are related to customer security deposits on van rentals.

3. Receivables

All receivables are shown at actual value and are considered fully collectible.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets (Continued)

4. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings and improvements, \$15,000; infrastructure, \$20,000; equipment and furniture, \$1,000; vehicles and motorized equipment, \$10,000; and computer equipment, \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statements. The cost of maintenance and repairs is recorded as an expenditure or expense, whereas a significant betterment is capitalized. Major outlays are capitalized as projects are constructed.

Property, plant, and equipment of the authority are depreciated using the straight-line method over the following estimated useful lives:

|                                   | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Buildings                         | 40 years           |
| Improvements other than buildings | 10 years           |
| Machinery and equipment           | 3 to 12 years      |

F. Deferred Outflows/Inflows of Resources

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. PART has one item that meets the criterion for this category - unearned revenue value cards.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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**Note 1. Summary of Significant Accounting Policies (Continued)**

G. Liabilities

1. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, and business-type activities, as well as in proprietary fund type statement of net position. The face amount of the debt issued is reported as other financing sources.

2. Compensated Absences

Earned vacation may be accumulated to a maximum of 35 days at the end of each calendar year. Accumulated vacation is due when leave time is taken by the employee or at the time of termination, retirement, or death. Accrued vacation leave is recorded as a liability when incurred in the government-wide and proprietary fund financial statements.

Employees terminating service forfeit accumulated sick leave; therefore, sick leave is charged as an expenditure or expense when paid. Sick leave may be accumulated without limit until termination of employment. Since PART has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

H. Net Position/Fund Balances

1. Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through state statute.

2. Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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**Note 1. Summary of Significant Accounting Policies (Continued)**

H. Net Position/Fund Balances

2. Fund Balances

*Prepaid items* - Portion of fund balance that is not available for appropriation because it represents the year-end fund balance of prepaid items, which are not expendable available resources.

**Restricted Fund Balance** - This classification includes amounts that are restricted to specific purposes externally imposed by law or creditors.

*Restricted for Stabilization by State Statute* - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**Committed Fund Balance** - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of PART's Board of Trustees (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action of the governing body.

**Assigned Fund Balance** - portion of fund balance that PART intends to use for specific purposes.

**Unassigned Fund Balance** - portion of fund balance that has not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, PART considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, PART considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless PART has provided otherwise in its commitment or assignment actions.

The Authority has not adopted a formal fund balance policy.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 2. Detailed Notes on All Funds**

A. Assets and Investments

1. Deposits

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in its name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling method. The Authority has no formal standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, PART's deposits had a carrying amount of \$5,006,569 and a bank balance of \$5,056,776. Of the bank balances, \$500,000 in four accounts was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority has \$225 cash on hand at June 30, 2015.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**Note 2. Detailed Notes on All Funds (Continued)**

A. Assets and Investments (Continued)

2. Investments

The Authority's overall investment policy is to preserve and protect PART's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities. With this policy understood, it is PART's goal to maximize investment earnings opportunities with appropriate considerations for safety, legality, liquidity and yield. As of June 30, 2015, PART had the following investments and maturities.

| <u>Investment Type</u>                           | <u>Fair Value</u> | <u>Less Than<br/>6 Months</u> | <u>6-12 Months</u> | <u>1-3 Years</u> |
|--|-------------------|-------------------------------|--------------------|------------------|
| NC Capital Management<br>Trust - Term Portfolio* | \$ 153,117        | \$ 153,117                    | \$ -               | \$ -             |

\* Because the NC Capital Management Trust Term Portfolio had duration of 0.19 years, it was presented as an investment with a maturity of less than six months. The Term Portfolio is not rated

3. Receivables

At June 30, 2015, the Authority's receivables consist of the following:

| <u>Fund</u>                | <u>Federal</u>    | <u>State</u>      | <u>Local</u>      |
|----------------------------|-------------------|-------------------|-------------------|
| <b>Governmental Funds</b>  |                   |                   |                   |
| Grants receivable          | \$ 638,749        | \$ 105,944        | \$ -              |
| Rental vehicle tax         | -                 | -                 | 410,221           |
| Accounts receivable        | -                 | -                 | 39,253            |
| Due from other governments | -                 | -                 | 105,994           |
| Total Governmental Funds   | <u>638,749</u>    | <u>105,944</u>    | <u>555,468</u>    |
| <b>Business-type Funds</b> |                   |                   |                   |
| Grants receivable          | -                 | 36,267            | -                 |
| Accounts receivable        | -                 | -                 | 4,642             |
| Due from other governments | -                 | -                 | 43,432            |
| Total Business-Type Funds  | <u>-</u>          | <u>36,267</u>     | <u>48,074</u>     |
| Total receivables          | <u>\$ 638,749</u> | <u>\$ 142,211</u> | <u>\$ 603,542</u> |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**Note 2. Detailed Notes on All Funds (Continued)**

A. Assets and Investments (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

|   | Beginning<br>Balances | Increases           | Decreases        | Transfers          | Ending<br>Balances   |
|---|-----------------------|---------------------|------------------|--------------------|----------------------|
| <b>Governmental activities:</b>             |                       |                     |                  |                    |                      |
| Capital assets not being depreciated:       |                       |                     |                  |                    |                      |
| Land  | \$ 5,479,360          | \$ 619,850          | \$ -             | \$ -               | \$ 6,099,210         |
| Construction-in-progress                    | 85,363                | 682,744             | -                | -                  | 768,107              |
| Total capital assets not being depreciated  | <u>5,564,723</u>      | <u>\$ 1,302,594</u> | <u>\$ -</u>      | <u>\$ -</u>        | <u>6,867,317</u>     |
| Capital assets being depreciated:           |                       |                     |                  |                    |                      |
| Buildings                                   | 1,967,944             | \$ -                | \$ -             | \$ -               | 1,967,944            |
| Improvements other than buildings           | 5,735,416             | 210,000             | -                | -                  | 5,945,416            |
| Machinery and equipment                     | 12,592,807            | 99,995              | 76,103           | (76,713)           | 12,539,986           |
| Total capital assets being depreciated      | <u>20,296,167</u>     | <u>\$ 309,995</u>   | <u>\$ 76,103</u> | <u>\$ (76,713)</u> | <u>20,453,346</u>    |
| Less accumulated depreciation for:          |                       |                     |                  |                    |                      |
| Buildings                                   | 273,865               | \$ 49,199           | \$ -             | \$ -               | 323,064              |
| Improvements other than buildings           | 759,757               | 1,366,510           | -                | -                  | 2,126,267            |
| Machinery and equipment                     | 6,633,851             | 1,086,839           | 70,856           | -                  | 7,649,834            |
| Total accumulated depreciation              | <u>7,667,473</u>      | <u>\$ 2,502,548</u> | <u>\$ 70,856</u> | <u>\$ -</u>        | <u>10,099,165</u>    |
| Total capital assets being depreciated, net | <u>12,628,694</u>     |                     |                  |                    | <u>10,354,181</u>    |
| Governmental activity capital assets, net   | <u>\$ 18,193,417</u>  |                     |                  |                    | <u>\$ 17,221,498</u> |

Depreciation expense of \$2,502,548 was charged to the transportation function.

|  | Beginning<br>Balances | Increases         | Decreases        | Transfers        | Ending<br>Balances |
|--|-----------------------|-------------------|------------------|------------------|--------------------|
| <b>Business-type activities:</b>           |                       |                   |                  |                  |                    |
| Capital assets being depreciated:          |                       |                   |                  |                  |                    |
| Machinery and equipment                    | \$ 1,684,747          | \$ 11,947         | \$ 48,249        | \$ 76,713        | \$ 1,725,158       |
| Total capital assets being depreciated     | <u>1,684,747</u>      | <u>\$ 11,947</u>  | <u>\$ 48,249</u> | <u>\$ 76,713</u> | <u>1,725,158</u>   |
| Less accumulated depreciation for:         |                       |                   |                  |                  |                    |
| Machinery and equipment                    | 871,276               | \$ 221,774        | \$ 47,692        | \$ -             | 1,045,358          |
| Total accumulated depreciation             | <u>871,276</u>        | <u>\$ 221,774</u> | <u>\$ 47,692</u> | <u>\$ -</u>      | <u>1,045,358</u>   |
| Business-type activity capital assets, net | <u>\$ 813,471</u>     |                   |                  |                  | <u>\$ 679,800</u>  |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 2. Detailed Notes on All Funds (Continued)**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

|                                | Vendors    | Other     | Total      |
|--------------------------------|------------|-----------|------------|
| Governmental activities:       |            |           |            |
| General Fund                   | \$ 652,334 | \$ 40,604 | \$ 692,938 |
| Grants Fund                    | 151,255    | -         | 151,255    |
| Total governmental activities  | \$ 803,589 | \$ 40,604 | \$ 844,193 |
| Business-type activities:      |            |           |            |
| TDM Fund                       | \$ 30,247  | \$ -      | \$ 30,247  |
| Total business-type activities | \$ 30,247  | \$ -      | \$ 30,247  |

2. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. PART carries Public Officials Liability coverage with limits of \$1,000,000 per occurrence and \$1,000,000 aggregate through Darwin National Assurance Corporation. The Synergy Insurance Company insures workers' compensation for PART employees. PART carries automobile liability coverage for vanpool vehicles through Lancer Insurance Company. Lancer insures the Authority's vehicles with a \$1,000,000 liability for each "accident." General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate are provided through Lancer Insurance. Threats of cyber-attack are covered under a \$1 million Special Risk Protector Policy with the National Union Fire Insurance Company of Pittsburgh, PA. Real and personal property liability insurance coverage for PART's administrative offices, the regional bus hub and park-and-ride lots is also provided through Fireman's Insurance Company of Washington, DC.

PART Express, a service provided by contract with National Express Transit Corporation maintains automobile liability, automobile collision, and commercial general liability, fidelity bond, and workers compensation insurance for services provided by National Express. The Authority is listed as an additional insured on National Express' insurance and provides the Authority a certificate of said insurance.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 2. Detailed Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Risk Management (Continued)

The Authority does not hold flood insurance. At the present time, the Authority does not hold buildings that are located in a designated flood plain.

In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at a given time of the Authority's funds have a performance bond through a commercial surety bond. The Travelers Insurance Company has bonded Patricia C. Webster, Chief Financial Officer for the Piedmont Authority for Regional Transportation, in the amount of \$50,000 in accordance with G.S. 159-29. The remaining employees that have access to funds are covered by Employee Dishonesty within the General Liability insurance with Berkley.

The Hartford Fire Insurance Company maintains the performance bond on Scott W. Rhine, Executive Director for the Piedmont Authority for Regional Transportation, in the amount of \$500,000 through January 2016.

3. Operating Leases

PART leases office equipment under non-cancelable operating leases expiring at various times through 2020. Future minimum lease payments approximate the following:

| <u>Year Ending</u> |                  |
|--------------------|------------------|
| 2016               | \$ 14,196        |
| 2017               | 12,966           |
| 2018               | 11,736           |
| 2019               | 11,324           |
| 2020               | <u>2,420</u>     |
|                    | <u>\$ 52,642</u> |

Rent expense under operating leases for the year ended June 30, 2015 was \$11,405 for the General Fund and \$5,932 for the TDM Fund.

4. Retirement Plan

PART has a defined contribution retirement plan covering substantially all employees. The Authority matches 100% of the first 6% of total compensation that a participant contributes to the plan. Amounts charged to expense for this plan totaled approximately \$51,890 for the General Fund and \$12,194 for the TDM Fund.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**Note 2. Detailed Notes on All Funds (Continued)**

B. Liabilities (Continued)

5. Long-Term Liabilities -

a. Changes in Long-Term Liabilities

|                                  | Balance<br>July 1, 2014 | Increases        | Decreases        | Balance<br>June 30, 2015 | Current<br>Portion of<br>Long-Term<br>Liabilities |
|----------------------------------|-------------------------|------------------|------------------|--------------------------|---|
| <b>Governmental activities:</b>  |                         |                  |                  |                          |   |
| Compensated absences             | \$ 55,758               | \$ 67,347        | \$ 55,758        | \$ 67,347                | \$ 67,347   |
|                                  | <u>\$ 55,758</u>        | <u>\$ 67,347</u> | <u>\$ 55,758</u> | <u>\$ 67,347</u>         | <u>\$ 67,347</u>                                  |
| <b>Business-type activities:</b> |                         |                  |                  |                          |   |
| Compensated absences             | 9,961                   | 7,875            | 9,961            | 7,875                    | 7,875   |
|                                  | <u>\$ 9,961</u>         | <u>\$ 7,875</u>  | <u>\$ 9,961</u>  | <u>\$ 7,875</u>          | <u>\$ 7,875</u>                                   |

6. Contingent Liabilities and Commitments

PART has federal and state grants for specific purposes that are subject to annual audit and other periodic review by grantor agencies. Such reviews could result in requests for reimbursement to the grantor agencies for costs which may be disallowed as appropriate expenditures under grant terms. PART management believes disallowances, if any will be insignificant.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Authority's financial position, results of operations, or liquidity.

C. Interfund Balances and Activities

The composition of inter-fund receivables and payables at June 30, 2015, is as follows:

|                                       | <u>Interfund Balances</u> |                  |
|---------------------------------------|---------------------------|------------------|
|                                       | <u>Receivables</u>        | <u>Payables</u>  |
| General Fund                          | \$ 83,704                 | \$ -             |
| Grants Fund                           | -                         | 8,704            |
| Transportation Demand Management Fund | -                         | 75,000           |
| Total Interfund Balances              | <u>\$ 83,704</u>          | <u>\$ 83,704</u> |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**Note 2. Detailed Notes on All Funds (Continued)**

C. Interfund Balances and Activities (Continued)

The Grants Fund interfund payable represents receivables for reimbursements of expenditures due from Federal Transit Administration and North Carolina Department of Transportation grants.

The interfund payable from the Transportation Demand Management Fund represents amounts used in prior years to provide assistance for operating expenses and debt service. This amount decreased \$75,000 during the fiscal year.

PART uses transfers to provide unrestricted revenues, collected in the General Fund, to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer to the Grants Fund in the amount of \$257,846 provided PART's matching requirements on federal and state grants. The transfer from the Transportation Demand Management Fund in the amount of \$75,000 was for payment of local match for capital purchases.

D. General Fund - Fund Balance

The following schedule provides management and citizens with information on the portion of fund balance of the General Fund that is available for appropriation.

|   |    |           |
|---|----|-----------|
| Total fund balances - General Fund        | \$ | 5,624,912 |
| Less                                      |    |           |
| Prepaid items                             |    | 46,446    |
| Stabilization by State Statute            |    | 1,223,906 |
| Working capital/fund balance policy       |    | -         |
| Fund balances available for appropriation | \$ | 4,354,560 |

E. Change in Accounting Estimate

Effective July 1, 2014, the Authority implemented a revised policy for useful lives of certain capital assets based on asset lives that more closely align with industry standards. The revised policy was implemented on a prospective basis with fiscal year 2015 being the first year of implementation. The impact for 2015 was to increase the depreciation of governmental activities by approximately \$1,213,000. The difference resulted in reducing the estimate useful life of certain improvements to park-and-ride lots such as paving and landscape work from 40 to 10 years.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**Note 2. Detailed Notes on All Funds (Continued)**

F. Subsequent Events

Effective August 3, 2015, PART began operating the Piedmont Transit Resources Call Center. The Call Center currently handles calls from PART, the City of High Point Hi-Tran and Davidson County riders. Funds for operating the Call Center are provided by the North Carolina Department of Transportation, the City of High Point, Davidson County and PART.

In October 2015, PART awarded a contract for the construction of the Howard Coble Intermodal Terminal in the amount of \$5,513,400. The funding for this project is to be provided from funding sources as follows:

|         |     |
|---------|-----|
| Federal | 80% |
| State   | 10% |
| Local   | 10% |

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***SUPPLEMENTARY INFORMATION***

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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2015**

Exhibit 10

|   | <u>Final Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|---|---------------------|---------------------------|--|
| <b>REVENUES</b>                             |                     |                           |  |
| Rental vehicle tax                          | \$ 3,500,000        | \$ 3,575,567              | \$ 75,567  |
| Vehicle registration tax                    | 140,000             | 152,174                   | 12,174   |
| Farebox (including PART Connections)        | 590,975             | 544,717                   | (46,258)   |
| Grants                                      |                     |                           |  |
| Federal Transit Administration              |                     |                           |  |
| Operating grant                             | 637,750             | 646,054                   | 8,304  |
| Preventative maintenance grant              | 325,000             | 325,000                   | -  |
| Routine capital grant                       | 175,000             | 175,000                   | -  |
| NC Department of Transportation             |                     |                           |  |
| State maintenance assistance                | 609,121             | 609,121                   | -  |
| Air quality/air awareness                   | 50,000              | 41,023                    | (8,977)  |
| Model enhancement                           | 38,250              | 38,175                    | (75)   |
| Model maintenance                           | 25,500              | 25,500                    | -  |
| JARC  | 141,025             | 133,379                   | (7,646)  |
| City of Winston-Salem (PTRM Freight Study)  | 150,000             | 150,000                   | -  |
| City of Greensboro (Shuttle service)        | 241,000             | 239,175                   | (1,825)  |
| Local revenues                              |                     |                           |  |
| Regional MPO Model Enhancement              | 91,800              | 91,619                    | (181)  |
| Regional MPO Model Maintenance              | 61,200              | 61,200                    | -  |
| Other local revenue                         | 43,500              | 53,575                    | 10,075   |
| Total revenues                              | <u>6,820,121</u>    | <u>6,861,279</u>          | <u>41,158</u>  |
| <b>EXPENDITURES</b>                         |                     |                           |  |
| Board of Trustees                           |                     |                           |  |
| Salaries and benefits                       | 12,500              | 8,586                     | 3,914  |
| Travel and meetings                         | 10,500              | 6,740                     | 3,760  |
| Total Board of Trustees                     | <u>23,000</u>       | <u>15,326</u>             | <u>7,674</u>   |
| Office of Executive Director                |                     |                           |  |
| Salaries and benefits                       | 145,400             | 126,438                   | 18,962   |
| Legal services                              | 53,000              | 52,564                    | 436  |
| Other professional services                 | 25,000              | 16,860                    | 8,140  |
| Travel and meetings                         | 14,500              | 13,217                    | 1,283  |
| Office expenses                             | 11,750              | 8,686                     | 3,064  |
| Space and furnishings                       | 9,000               | 8,379                     | 621  |
| Total Office of Executive Director          | <u>258,650</u>      | <u>226,144</u>            | <u>32,506</u>  |
| Administration and Financial Services       |                     |                           |  |
| Salaries and benefits                       | 385,000             | 371,541                   | 13,459   |
| Insurance - property and casualty           | 57,000              | 56,947                    | 53   |
| Professional services                       | 50,000              | 49,632                    | 368  |
| Travel and training                         | 15,300              | 15,148                    | 152  |
| Office expenses                             | 12,100              | 11,250                    | 850  |
| Space and furnishings                       | 41,500              | 40,159                    | 1,341  |
| Total Administration and Financial Services | <u>560,900</u>      | <u>544,677</u>            | <u>16,223</u>  |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2015**

**Exhibit 10  
(Continued)**

|                                    | <u>Final Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------------|---------------------------|--|
| <b>EXPENDITURES (Continued)</b>    |                     |                           |  |
| PART Express                       |                     |                           |  |
| Vehicle operations contract        | \$ 3,005,193        | \$ 2,915,089              | \$ 90,104  |
| Fuel and lubricants                | 750,000             | 609,457                   | 140,543  |
| Maintenance and repairs            | 55,500              | 54,944                    | 556  |
| Buildings and ground management    | 120,000             | 118,431                   | 1,569  |
| Uniforms                           | 5,500               | 4,968                     | 532  |
| Miscellaneous                      | 2,500               | -                         | 2,500  |
| Salaries and benefits              | 261,000             | 256,568                   | 4,432  |
| Professional services              | 58,988              | 34,289                    | 24,699   |
| Travel and training                | 10,000              | 8,447                     | 1,553  |
| Office expenses                    | 43,275              | 37,355                    | 5,920  |
| Space and furnishings              | 20,000              | 19,012                    | 988  |
| Total PART Express                 | <u>4,331,956</u>    | <u>4,058,560</u>          | <u>273,396</u>   |
| Marketing and Communications       |                     |                           |  |
| Salaries and benefits              | 70,000              | 63,794                    | 6,206  |
|                                    | 23,269              | 21,657                    | 1,612  |
| Media and advertising              | 129,230             | 124,588                   | 4,642  |
| Travel and training                | 3,500               | 2,045                     | 1,455  |
| Office expenses                    | 5,020               | 4,204                     | 816  |
| Space and furnishings              | 10,000              | 6,809                     | 3,191  |
| Total Marketing and Communications | <u>241,019</u>      | <u>223,097</u>            | <u>17,922</u>  |
| Planning                           |                     |                           |  |
| Salaries and benefits              | 229,100             | 228,999                   | 101  |
| Professional services              | 150,300             | 150,284                   | 16   |
| Travel and training                | 18,500              | 16,121                    | 2,379  |
| Office expenses                    | 14,525              | 8,005                     | 6,520  |
| Space and furnishings              | 22,000              | 20,541                    | 1,459  |
| Model enhancement                  | 153,000             | 151,928                   | 1,072  |
| Model maintenance                  | 102,000             | 102,000                   | -  |
| Total Planning                     | <u>689,425</u>      | <u>677,878</u>            | <u>11,547</u>  |
| Capital outlay                     | <u>64,050</u>       | <u>23,282</u>             | <u>40,768</u>  |
| Total expenditures                 | <u>6,169,000</u>    | <u>5,768,964</u>          | <u>400,036</u>   |
| Revenues over expenditures         | <u>651,121</u>      | <u>1,092,315</u>          | <u>441,194</u>   |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2015**

**Exhibit 10  
(Continued)**

|  | <u>Final Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|--|---------------------|---------------------------|--|
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                     |                           |  |
| Sale of capital assets                                 | \$ -                | \$ 24,999                 | \$ 24,999  |
| Transfer to Grants Fund - Capital Grants               | (370,148)           | (257,846)                 | 112,302  |
| Transfer from Transportation Demand<br>Management Fund | <u>110,000</u>      | <u>75,000</u>             | <u>(35,000)</u>  |
| Total other financing uses                             | <u>(260,148)</u>    | <u>(157,847)</u>          | <u>102,301</u>   |
| Fund balance appropriated                              | <u>(390,973)</u>    | <u>-</u>                  | <u>390,973</u>   |
| Net change in fund balance                             | <u>\$ -</u>         | <u>934,468</u>            | <u>\$ 934,468</u>  |
| Fund balance at beginning of year                      |                     | <u>4,690,444</u>          |  |
| Fund balance at end of year                            |                     | <u>\$ 5,624,912</u>       |  |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GRANTS FUND - SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2015**

Exhibit 11

|  | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------------|--|
| <b>REVENUES</b>                        |                         |                           |  |
| Federal Transit Administration Grants  |                         |                           |  |
| Terminal Facility                      | \$ 2,324,954            | \$ 950,187                | \$ (1,374,767)   |
| Rehab Park and Rides                   | 644,926                 | 213,354                   | (431,572)  |
| NC Department of Transportation Grants |                         |                           |  |
| Terminal Facility                      | 200,673                 | 108,415                   | (92,258)   |
| Rehab Park and Rides                   | 54,366                  | 6,034                     | (48,332)   |
| Technology                             | 76,977                  | 76,977                    | -  |
| Other                                  | 48,770                  | 41,990                    | (6,780)  |
| Total revenues                         | <u>3,350,666</u>        | <u>1,396,957</u>          | <u>(1,953,709)</u>   |
| <b>EXPENDITURES</b>                    |                         |                           |  |
| Terminal Facility                      | 2,816,471               | 1,302,593                 | 1,513,878  |
| Rehab Park and Rides                   | 757,850                 | 214,192                   | 543,658  |
| Technology                             | 85,530                  | 85,530                    | -  |
| Electric Vehicle Charging Stations     | 60,963                  | 52,488                    | 8,475  |
| Total expenditures                     | <u>3,720,814</u>        | <u>1,654,803</u>          | <u>2,066,011</u>   |
| Revenues under expenditures            | <u>(370,148)</u>        | <u>(257,846)</u>          | <u>112,302</u>   |
| <b>OTHER FINANCING SOURCES</b>         |                         |                           |  |
| Transfer from General Fund             | <u>370,148</u>          | <u>257,846</u>            | <u>(112,302)</u>   |
| Total other financing sources          | <u>370,148</u>          | <u>257,846</u>            | <u>(112,302)</u>   |
| Net change in fund balance             | <u>\$ -</u>             | <u>-</u>                  | <u>\$ -</u>  |
| Fund balance at beginning of year      |                         | <u>-</u>                  |  |
| Fund balance at end of year            |                         | <u>\$ -</u>               |  |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION** **Exhibit 12**  
**TRANSPORTATION DEMAND MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (Non-GAAP)**  
**For the Year Ended June 30, 2015**

|  | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------------|--|
| <b>OPERATING REVENUES</b>                            |                         |                           |  |
| Charges for sales and services                       | 615,000                 | 563,872                   | (51,128)   |
| Total operating revenues                             | <u>615,000</u>          | <u>563,872</u>            | <u>(51,128)</u>  |
| <b>OPERATING EXPENDITURES</b>                        |                         |                           |  |
| <b>TDM/Vanpool</b>                                   |                         |                           |  |
| Salaries and benefits                                | 285,032                 | 284,743                   | 289  |
| Fuel and lubricants                                  | 181,168                 | 170,927                   | 10,241   |
| Maintenance and repairs                              | 69,350                  | 69,193                    | 157  |
| Insurance - vehicles                                 | 163,950                 | 162,947                   | 1,003  |
| Vehicle damage and recovery                          | 12,750                  | 11,321                    | 1,429  |
| Transportation                                       | 8,000                   | 7,690                     | 310  |
| Marketing  | 25,000                  | 24,411                    | 589  |
| Information technology services                      | 6,000                   | 5,400                     | 600  |
| Drive testing  | 4,500                   | 980                       | 3,520  |
| Travel and training                                  | 5,700                   | 4,380                     | 1,320  |
| Printing   | 2,600                   | 2,145                     | 455  |
| Office expense                                       | 5,450                   | 5,441                     | 9  |
| Space and furnishings                                | 30,000                  | 26,809                    | 3,191  |
|  | <u>799,500</u>          | <u>776,387</u>            | <u>23,113</u>  |
| <b>Piedmont Transit Resources Information Center</b> |                         |                           |  |
| Capital Outlay                                       | 11,950                  | 11,947                    | 3  |
| Other Professional Services                          | 1,000                   | 1,000                     | -  |
| Office Expense                                       | 50                      | 49                        | 1  |
| Conference/Travel                                    | 300                     | 259                       | 41   |
|  | <u>13,300</u>           | <u>13,255</u>             | <u>45</u>  |
| Total operating expenditures                         | <u>812,800</u>          | <u>789,642</u>            | <u>23,158</u>  |
| Operating loss                                       | <u>(197,800)</u>        | <u>(225,770)</u>          | <u>(27,970)</u>  |
| <b>NONOPERATING REVENUES</b>                         |                         |                           |  |
| NC Department of Transportation                      | 141,662                 | 139,962                   | (1,700)  |
| City of Greensboro                                   | 68,000                  | 67,121                    | (879)  |
| City of High Point                                   | 22,670                  | 22,374                    | (296)  |
| City of Winston-Salem                                | 51,000                  | 50,341                    | (659)  |
| Total intergovernmental revenues                     | <u>283,332</u>          | <u>279,798</u>            | <u>(3,534)</u>   |
| Other nonoperating revenue                           | <u>25,000</u>           | <u>10,549</u>             | <u>(14,451)</u>  |
| Total nonoperating revenues                          | <u>308,332</u>          | <u>290,347</u>            | <u>(17,985)</u>  |
| Revenues over expenditures                           | <u>110,532</u>          | <u>64,577</u>             | <u>(45,955)</u>  |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
TRANSPORTATION DEMAND MANAGEMENT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (Non-GAAP)  
For the Year Ended June 30, 2015**

Exhibit 12  
(Continued)

|   | Final<br>Budget | Actual<br>Amounts | Variance<br>with Final<br>Positive<br>(Negative) |
|---|-----------------|-------------------|--|
| <b>OTHER FINANCING SOURCES (USES)</b>   |                 |                   |  |
| Sale of capital assets  | \$ -            | \$ 10,621         | \$ 10,621  |
| Transfer to General Fund  | (110,532)       | (75,000)          | 35,532   |
| Total other financing uses  | (110,532)       | (64,379)          | 46,153   |
| Revenues over expenditures and other uses   | \$ -            | 198               | \$ 198   |
| <b>RECONCILIATION FROM BUDGETARY BASIS<br/>BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b> |                 |                   |  |
| Depreciation  |                 | (221,774)         |  |
| Gain on sale of capital assets  |                 | 10,064            |  |
| Proceeds from sale of capital assets  |                 | (10,621)          |  |
| Change in compensated absences  |                 | 2,086             |  |
| Capital outlay  |                 | 11,947            |  |
| Transfer of capital assets from governmental activities                                 |                 | 76,713            |  |
| Change in net position  |                 | \$ (131,387)      |  |

***COMPLIANCE SECTION***

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Piedmont Authority for Regional Transportation  
Greensboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Piedmont Authority for Regional Transportation (PART) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Piedmont Authority for Regional Transportation's basic financial statements, and have issued our report thereon dated October 23, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered PART's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PART's internal control. Accordingly, we do not express an opinion on the effectiveness of PART's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether PART's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

***High Point, North Carolina  
October 23, 2015***

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

***INDEPENDENT AUDITORS' REPORT***

To the Board of Trustees  
Piedmont Authority for Regional Transportation  
Greensboro, North Carolina

***Report on Compliance for Each Major Federal Program***

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of PART's major federal programs for the year ended June 30, 2015. PART's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the PART's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PART's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of PART's compliance.

***Opinion on Each Major Federal Program***

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

***Report on Internal Control over Compliance***

Management of PART is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PART's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PART's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
October 23, 2015**

**REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Piedmont Authority for Regional Transportation  
Greensboro, North Carolina

***Report on Compliance for Each Major State Program***

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, which could have a direct and material effect on PART's major state program for the year ended June 30, 2015. PART's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for PART's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about PART's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of PART's compliance.

***Opinion on Each Major State Program***

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2015.

***Report on Internal Control over Compliance***

Management of PART is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PART's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PART's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
October 23, 2015**

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
  
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
  
- Noncompliance material to federal awards? \_\_\_\_\_ Yes   X   No

Type of auditors' report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

| CFDA Number | Name of Federal Program or Cluster  |
|-------------|---|
| 20.516      | Job Access and Reverse Commute Program (Transit Services Program Cluster) |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2015**

**I. Summary of Auditors' Results (Continued)**

Federal Awards (Continued)

| CFDA Number     | Name of Federal Program or Cluster   |
|-----------------|--|
| 20.500 / 20.507 | Federal Transit Cluster (Includes Federal Transit Formula Grants - Urbanized Area Formula Program and Federal Transit - Capital Investment Grants) |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?        Yes   X   No

State Awards

Internal control over major state programs:

• Material weaknesses identified?        Yes   X   No

• Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to State awards?        Yes   X   No

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?        Yes   X   No

Identification of major state programs:

| State Number | Name of Program                      |
|--------------|--------------------------------------|
| DOT 9        | State Maintenance Assistance Program |

**II. Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2015.

**III. Federal Awards Findings and Questioned Costs**

There were no findings related to federal awards for the fiscal year ended June 30, 2015.

**IV. State Award Findings and Questioned Costs**

There were no findings related to state awards for the fiscal year ended June 30, 2015.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2015**

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There were no prior year audit findings.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2015**

Exhibit 13

| Grantor/Pass-Through<br>Grantor/Program Title                     | Federal<br>CFDA<br>Number | State<br>Number | Grant<br>Number | Current Year Expenditures |   |                       |                       |
|---|---------------------------|-----------------|-----------------|---------------------------|---|-----------------------|-----------------------|
|   |                           |                 |                 | Total                     | Federal<br>Expenditures<br>(Direct and<br>Pass-<br>Through) | State<br>Expenditures | Local<br>Expenditures |
| <b>FEDERAL GRANTS</b>   |                           |                 |                 |                           |   |                       |                       |
| U.S. Department of Transportation                                 |                           |                 |                 |                           |   |                       |                       |
| Federal Transit Cluster   |                           |                 |                 |                           |   |                       |                       |
| Federal Transit - Formula Grants (Urbanized Area Formula Program) |                           |                 |                 |                           |   |                       |                       |
| Rehab Park & Ride Lots Burlington Park & Ride Lot                 | 20.507                    | DOT-19          | NC-95-X026      | \$ 266,692                | \$ 213,354  | \$ -                  | \$ 53,338             |
| Operating Assistance and Routine Capital Preventative Maintenance | 20.507                    | DOT-19          | NC-90-X476      | 12,070                    | -   | 6,035                 | 6,035                 |
|   | 20.507                    | DOT-19          | NC-90-X570      | 1,510,603                 | 821,054   | -                     | 689,549               |
|   | 20.507                    | DOT-19          | NC-95-X081      | 1,015,625                 | 325,000   | -                     | 690,625               |
|   |                           |                 |                 | <u>2,804,990</u>          | <u>1,359,408</u>  | <u>6,035</u>          | <u>1,439,547</u>      |
| Federal Transit - Capital Investment Grants                       |                           |                 |                 |                           |   |                       |                       |
| Intermodal Terminal Intermodal Transportation Center              | 20.500                    | DOT-19          | NC-03-0070      | 49,471                    | 39,577  | -                     | 9,894                 |
|   | 20.500                    | DOT-19          | NC-04-0024      | 1,253,112                 | 910,610   | 108,415               | 234,087               |
|   |                           |                 |                 | <u>1,302,583</u>          | <u>950,187</u>  | <u>108,415</u>        | <u>243,981</u>        |
| Passed through the North Carolina Department of Transportation:   |                           |                 |                 |                           |   |                       |                       |
| Highway Planning and Construction (Federal Aid Highway Program)   |                           |                 |                 |                           |   |                       |                       |
| Air Awareness - Triad   | 20.205-1                  |                 | C-4936          | 42,188                    | 33,750  | -                     | 8,438                 |
| Air Awareness - Davie   | 20.205-1                  |                 | C-5222          | 9,091                     | 7,273   | -                     | 1,818                 |
| Piedmont Triad Regional Model                                     | 20.205-1                  |                 | 7500016500      | 254,699                   | 63,675  | -                     | 191,024               |
|   |                           |                 |                 | <u>305,978</u>            | <u>104,698</u>  | <u>-</u>              | <u>201,280</u>        |
| Transit Services Programs Cluster                                 |                           |                 |                 |                           |   |                       |                       |
| Job Access Reverse Commute - Surry                                | 20.516                    |                 | 12-JA-914D      | 266,760                   | 133,380   | -                     | 133,380               |
| Passed through the City of Greensboro:                            |                           |                 |                 |                           |   |                       |                       |
| Job Access Reverse Commute - Greensboro                           | 20.516                    |                 | NC-37-X036      | 478,348                   | 239,174   | -                     | 239,174               |
| Passed through the City of Winston-Salem:                         |                           |                 |                 |                           |   |                       |                       |
| Highway Research and Development Program                          | 20.200                    |                 | SPR-000S(775)   | 150,000                   | 150,000   | -                     | -                     |
| Passed through North Carolina State University:                   |                           |                 |                 |                           |   |                       |                       |
| Clean Fuel Advanced Technology - Vehicle Charging Stations        | 20.205                    |                 | C-4902A         | 52,488                    | 41,990  | -                     | 10,498                |
| <b>Total U.S. DOT assistance:</b>                                 |                           |                 |                 | <u>5,361,147</u>          | <u>2,978,837</u>  | <u>114,450</u>        | <u>2,267,860</u>      |
| <b>STATE GRANTS</b>   |                           |                 |                 |                           |   |                       |                       |
| North Carolina Department of Transportation:                      |                           |                 |                 |                           |   |                       |                       |
| State Maintenance Assistance                                      |                           | DOT-9           | 12-SM-022       | 609,121                   | -   | 609,121               | -                     |
| Ridesharing   |                           | DOT-11          | 11-RS-002       | 279,924                   | -   | 139,962               | 139,962               |
| Advanced Technology Program                                       |                           | DOT-10          | 13-AT-120       | 85,530                    | -   | 76,977                | 8,553                 |
|   |                           |                 |                 | <u>974,575</u>            | <u>-</u>  | <u>826,060</u>        | <u>148,515</u>        |
| <b>TOTAL ASSISTANCE</b>   |                           |                 |                 | <u>\$ 6,335,722</u>       | <u>\$ 2,978,837</u>   | <u>\$ 940,510</u>     | <u>\$ 2,416,375</u>   |

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**June 30, 2015**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Piedmont Authority for Regional Transportation and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.