



# ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



# **Piedmont Authority for Regional Transportation**

**Greensboro, North Carolina**

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**Annual Financial Report**

**Year Ended June 30, 2017**

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## ***Introductory Section***

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# Piedmont Authority for Regional Transportation

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

## **Board of Trustees**

Dan Besse, Chair – Winston-Salem  
Leonard D. Williams, Vice Chair – Burlington-Graham TAC  
Carolyn Coleman, Treasurer – Guilford County  
Ronda Jones, Secretary – Stokes County  
Mary Abuzuaiter – Greensboro TAC  
Kevin Austin – Yadkin County  
Bob Byrd – Alamance County  
Jim Butler – Burlington  
Jim Davis – High Point  
Fleming El-Amin – Forsyth County  
Mike Fox – NCDOT Div. 7  
Darrell Frye – Randolph County  
Neal Grimes – High Point TAC  
Sharon Hightower – Greensboro  
Larry Johnson – Surry County  
Andrew M. Perkins, Jr. – NCDOT Mass Transit  
Scott Piper – Airport Commission Forsyth County  
Terry Renegar – Davie County  
Mark F. Richardson – Rockingham County  
Don W. Truell – Davidson County  
Mike Wells – NCDOT Div. 9  
Larry T. Williams – Winston-Salem TAC

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

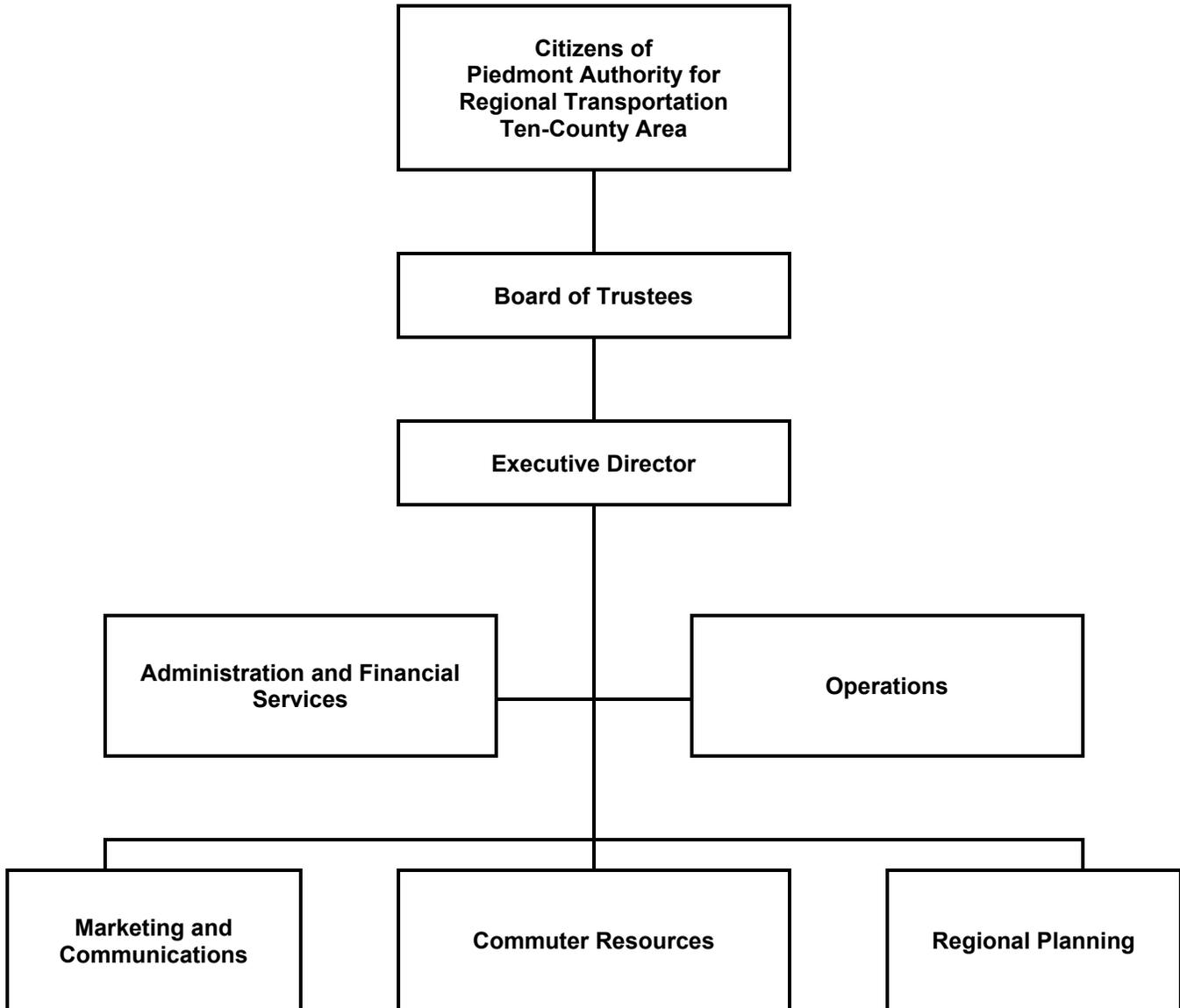
**General Counsel .....Thomas E. Terrell, Jr.**  
**Smith Moore Leatherwood LLP**  
Greensboro, North Carolina

**Chief Finance Officer ..... Connie M. Conklin, CPA**

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

# **Piedmont Authority for Regional Transportation**

## **Organization Chart**



## **Independent Auditors' Report**

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, 2017, 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.

### ***Auditors' 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 auditors' 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, 2017, 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 13 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 and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, and is also 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 20, 2017 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 20, 2017**

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## **Management's Discussion and Analysis**

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, 2017. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. Throughout this fiscal year, the PART Board of Trustee's provided programmatic and policy directive that included the development of a Capital Reserve Fund Policy to further stabilize the future business practices of the Regional Authority. The PART Express system also underwent a complete system re-design to expand service delivery in areas with both local financial support, and ridership effectiveness. Phase I of construction activities for The Coble Transportation Center (CTC) completed for the new \$5.3M Regional PART Hub, and was dedicated for public use on May 17, 2017. To support the efficient operation of PART Express, the PART Board authorized the purchase of 8 replacement buses, utilizing \$4.2M investment of federal, state, and local dollars. These replacement buses will go into active service in Fiscal Year 2017-18. On April 12, 2017, the PART Board expanded the Special Tax district in Alamance County with a local fund source to support the services provided in Alamance County. In FY 2017, PART continued to seek increased federal funding to support the services and programs administered by the agency in order to enhance mobility options for the region.

PART operates a bus fleet of 38 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 is the principal source of operational funding. Ridership for FY 2017 decreased by 6.5% to a total of 438,859 passenger trips which is reflective of the nationwide public transportation trend. During the fiscal year ended June 30, 2017, PART operated well within the approved balanced budget and has taken the necessary steps to go forward with expanded services for Fiscal Year 2017-18 utilizing additional financial resources.

### **Financial Highlights**

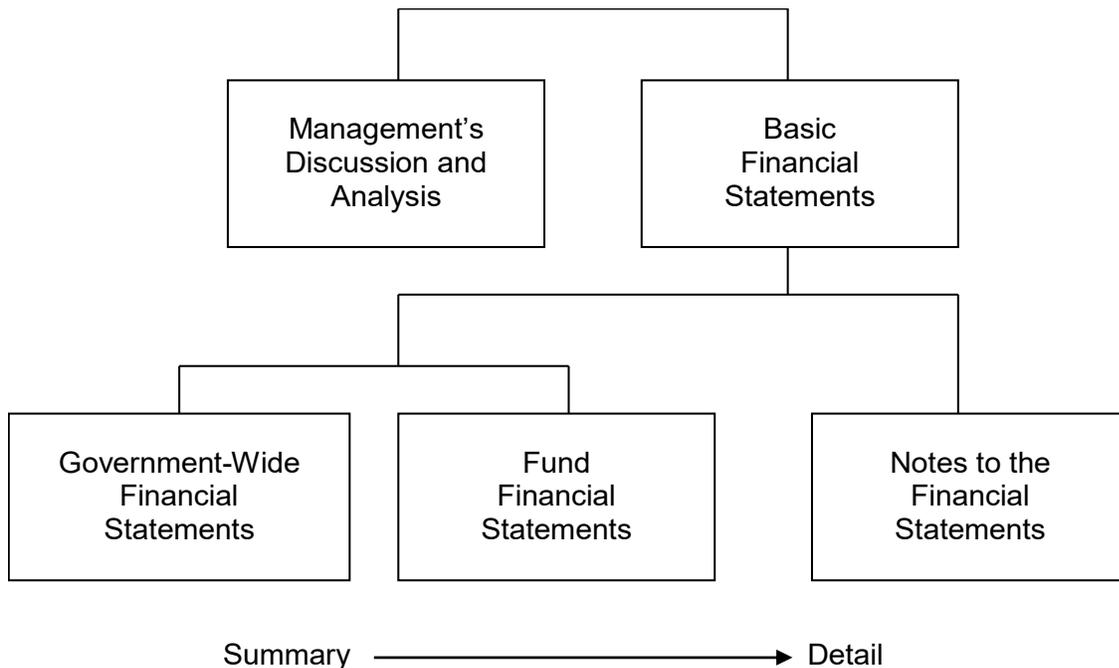
#### ***Highlights of PART's fiscal year ended June 30, 2017, include:***

- Total net position increased \$5.7 million from \$24.8 million to \$30.5 million. The increase was primarily a result of grant funds received for the construction of the Coble Intermodal Terminal Complex.
- At June 30, 2017, net position of \$30.5 million included \$4.7 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, 2017, the governmental funds reported a fund balance of approximately \$6.5 million, an increase of approximately \$30,000.
- The Grants Fund reported capital expenditures totaling \$7.8 million which were principally funded by federal and state grants.

**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.

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 Commuter Resources program, which provides vanpool, ride-share and call center services for the region. Charges for services and contributions from participating governments and the North Carolina Department of Transportation finance the costs of Commuter Resources activities.

## **Piedmont Authority for Regional Transportation Management's Discussion and Analysis**

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### ***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 Commuter Resources 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.

**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 Commuter Resources Fund. The Schedule of Expenditures of Federal and State Awards is shown in Exhibit 13.

**Piedmont Authority for Regional Transportation  
Management's Discussion and Analysis**

***Government-wide financial analysis***

Figure 2 is a summary of net position for June 30, 2017 (as shown in Exhibit 1) with comparative data for June 30, 2016.

**Piedmont Authority for Regional Transportation's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 7,722,329	\$ 7,461,242	\$ 397,571	\$ 235,688	\$ 8,119,900	\$ 7,696,930
Capital assets	<u>22,879,392</u>	<u>17,530,800</u>	<u>832,754</u>	<u>707,185</u>	<u>23,712,146</u>	<u>18,237,985</u>
Total assets	<u>30,601,721</u>	<u>24,992,042</u>	<u>1,230,325</u>	<u>942,873</u>	<u>31,832,046</u>	<u>25,934,915</u>
Long-term liabilities outstanding	44,168	25,123	-	-	44,168	25,123
Other liabilities	1,212,277	1,036,502	46,157	48,218	1,258,434	1,084,720
Deferred inflows of resources	<u>56,372</u>	<u>49,939</u>	<u>-</u>	<u>-</u>	<u>56,372</u>	<u>49,939</u>
Total liabilities and deferred inflows of resources	<u>1,312,817</u>	<u>1,111,564</u>	<u>46,157</u>	<u>48,218</u>	<u>1,358,974</u>	<u>1,159,782</u>
Net position:						
Net investment in capital assets	22,879,392	17,530,800	832,754	707,185	23,712,146	18,237,985
Restricted	2,053,999	1,877,417	-	-	2,053,999	1,877,417
Unrestricted	<u>4,355,513</u>	<u>4,472,261</u>	<u>351,414</u>	<u>187,470</u>	<u>4,706,927</u>	<u>4,659,731</u>
Total net position	<u>\$ 29,288,904</u>	<u>\$ 23,880,478</u>	<u>\$ 1,184,168</u>	<u>\$ 894,655</u>	<u>\$ 30,473,072</u>	<u>\$ 24,775,133</u>

As shown above, assets of the Authority exceeded liabilities by \$29,288,904 at June 30, 2017. Capital assets increased \$5,474,161, primarily resulting from the construction in process of the Coble Intermodal Terminal Complex. The Authority's net position increased by \$5,697,939 during the fiscal year ended June 30, 2017. The largest portion of net position (77.8%) 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, \$2,053,999, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,706,927 is unrestricted.

**Piedmont Authority for Regional Transportation  
Management's Discussion and Analysis**

Figure 3 is a summary of the statement of activities for June 30, 2017 (as shown in Exhibit 2) with comparative data for June 30, 2016.

**Piedmont Authority for Regional Transportation's Changes in Net Position  
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 484,417	\$ 510,310	\$ 561,576	\$ 539,387	\$ 1,045,993	\$ 1,049,697
Operating grants and contributions	2,163,852	1,952,765	481,170	416,290	2,645,022	2,369,055
Capital grants and contributions	6,878,272	2,506,493	-	-	6,878,272	2,506,493
General revenues:						
Rental vehicle tax	3,867,119	3,814,727	-	-	3,867,119	3,814,727
Vehicle license tax	155,288	152,465	-	-	155,288	152,465
Other	32,912	279,851	108,433	74,858	141,345	354,709
Total revenues	<u>13,581,860</u>	<u>9,216,611</u>	<u>1,151,179</u>	<u>1,030,535</u>	<u>14,733,039</u>	<u>10,247,146</u>
Expenses:						
Transportation	7,785,757	7,690,311	-	-	7,785,757	7,690,311
Commuter Resources	-	-	1,249,343	1,275,866	1,249,343	1,275,866
Transfers	387,677	424,885	(387,677)	(424,885)	-	-
Total expenses	<u>8,173,434</u>	<u>8,115,196</u>	<u>861,666</u>	<u>850,981</u>	<u>9,035,100</u>	<u>8,966,177</u>
Increase in net position	5,408,426	1,101,415	289,513	179,554	5,697,939	1,280,969
Net position, July 1	<u>23,880,478</u>	<u>22,779,063</u>	<u>894,655</u>	<u>715,101</u>	<u>24,775,133</u>	<u>23,494,164</u>
Net position, June 30	<u>\$ 29,288,904</u>	<u>\$ 23,880,478</u>	<u>\$ 1,184,168</u>	<u>\$ 894,655</u>	<u>\$ 30,473,072</u>	<u>\$ 24,775,133</u>

**Governmental activities.** Net position of governmental activities increased by \$5,408,426. Key elements of this increase are as follows:

- Increase of \$4,536,263 in capital grants and contributions resulting from grants received for Construction in Progress for the Coble Transportation Center.
- Increase in Rental Vehicle Tax revenue of approximately \$52,000 as a result of an improving economy.

**Business-type activities.** Net position of business-type activities increased by \$289,513 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. Revenues exceeded Expenses requiring no transfers from the General Fund.

**Piedmont Authority for Regional Transportation Management’s Discussion and Analysis**

**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 \$6.5 million, of which \$5.2 million was unrestricted and available for working capital needs and transfers (to) from other funds. The General Fund budget was amended one time during FY 2017 to adjust grant revenues, expenditures. This amendment was made to decrease revenue budgets by \$31,000. This amount included minimal changes to various funding sources. Expenditures were increased to cover additional matching of funds for costs associated with the Piedmont Triad Regional Model (PTRM). On an actual basis, revenues were below budget projections by \$1,783. Expenditures were under the final budget \$798,639 resulting from reduced fuel and route costs, expenditures associated with CTC and savings in every department. The final actual performance resulted in an increase of fund balance of \$26,913.

**Proprietary fund.** The Commuter Resources Fund program activities budget was amended twice during FY2017; in March to adjust revenues, expenses and transfers (to) from other funds. The amendment increased revenue by \$212,500, to recognize additional revenue for Telematics, Vanpool incentives and Air Quality. Expenses increased by a slightly lower amount to account for staffing changes. In June, revenues were increased by \$82,000 to account for increased van sales resulting in \$62,868 reduction of transfers required by the general fund and an increase of \$20,240 transfer to the Grants fund for insurance proceeds to be applied to a van purchase. The net position increased by \$289,513.

**Capital assets.** PART’s net investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$23,712,146 (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.

**Piedmont Authority for Regional Transportation’s Capital Assets (Net of Depreciation)**  
**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,099,210	\$ 6,099,210	\$ -	\$ -	\$ 6,099,210	\$ 6,099,210
Buildings	1,546,483	1,595,681	-	-	1,546,483	1,595,681
Improvements other than buildings	2,290,525	3,311,715	-	-	2,290,525	3,311,715
Machinery and equipment	3,063,948	3,872,616	832,754	707,185	3,896,702	4,579,801
Construction in progress	9,879,226	2,651,578	-	-	9,879,226	2,651,578
Total	<u>\$ 22,879,392</u>	<u>\$ 17,530,800</u>	<u>\$ 832,754</u>	<u>\$ 707,185</u>	<u>\$ 23,712,146</u>	<u>\$ 18,237,985</u>

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

- Construction costs of \$7.2 million on the Intermodal Transportation Terminal Complex occurred in FY17 with completion anticipated in September of FY18.
- PART purchased 12 new vans totaling \$407,917 for the vanpool fleet and disposed of 14 vans for proceeds of \$101,879.

Additional information on capital assets is included in Notes 1E and 2A of the Basic Financial Statements.

## **Piedmont Authority for Regional Transportation Management's Discussion and Analysis**

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### ***Budget highlights for the fiscal year ending June 30, 2018***

**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 2017-18, revenues and expenditures are projected to be balanced and in line with the FY2017 budgeted amounts. Rental vehicle tax continues to be PART's principal operating revenue and fare revenues are projected to be flat. Expenditures are projected to increase due to increases in the vehicle operations contract, fuel and expanded service. PART is projecting to return \$172,000 to the fund balance for Fiscal Year 2017-18.

The grants budget reflects expenditures of \$4.6 million for PART's projected activity regarding the completion of The Coble Transportation Center as well as the purchase of eight commuter buses.

**Business-type activities.** Commuter Resources (CR) has 50 vans leased which enable passengers to commute to places of employment throughout the ten counties in this area. The CR budget for Fiscal Year 2017-18 is balanced with a projected transfer from the Commuter Resources Fund Balance of approximately \$87,000, due mainly to PART's share of the cost for the Call Center and the match on Telematic Grant.

### ***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.

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## ***Basic Financial Statements***

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**Piedmont Authority for Regional Transportation**  
**Statement of Net Position**  
**June 30, 2017**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,646,595	\$ 258,240	\$ 5,904,835
Rental vehicle tax receivable	394,521	-	394,521
Due from other governments	192,130	51,786	243,916
Accounts receivable	49,400	5,184	54,584
Grants receivable:			
Federal Transit Administration	1,275,015	-	1,275,015
NC Department of Transportation	163,318	69,008	232,326
Prepaid expenses	1,350	-	1,350
Restricted cash and cash equivalents	-	13,353	13,353
Total current assets	<u>7,722,329</u>	<u>397,571</u>	<u>8,119,900</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	6,099,210	-	6,099,210
Construction in progress	9,879,226	-	9,879,226
Other capital assets, net of depreciation	6,900,956	832,754	7,733,710
Total capital assets	<u>22,879,392</u>	<u>832,754</u>	<u>23,712,146</u>
Total assets	<u>\$ 30,601,721</u>	<u>\$ 1,230,325</u>	<u>\$ 31,832,046</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 1,179,776	\$ 22,883	\$ 1,202,659
Payable from restricted assets - security deposits	-	13,353	13,353
Compensated absences - current	32,501	9,921	42,422
Total current liabilities	<u>1,212,277</u>	<u>46,157</u>	<u>1,258,434</u>
Noncurrent liabilities			
Compensated absences	44,168	-	44,168
Total noncurrent liabilities	<u>44,168</u>	<u>-</u>	<u>44,168</u>
Total liabilities	<u>1,256,445</u>	<u>46,157</u>	<u>1,302,602</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - pass sales	<u>56,372</u>	<u>-</u>	<u>56,372</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,879,392	832,754	23,712,146
Restricted for:			
Stabilization by State Statute	2,053,999	-	2,053,999
Unrestricted	4,355,513	351,414	4,706,927
Total net position	<u>29,288,904</u>	<u>1,184,168</u>	<u>30,473,072</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 30,601,721</u>	<u>\$ 1,230,325</u>	<u>\$ 31,832,046</u>

The notes to the financial statements are an integral part of this statement.

**Piedmont Authority for Regional Transportation  
Statement of Activities  
Year Ended June 30, 2017**

**Exhibit 2  
(2 pages)**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
Transportation	\$ 7,785,757	\$ 484,417	\$ 2,163,852	\$ 6,878,272
Total governmental activities	7,785,757	484,417	2,163,852	6,878,272
Business-type activities:				
Transportation Demand Management	1,249,343	561,576	481,170	-
Total business-type activities	1,249,343	561,576	481,170	-
Total primary government	\$ 9,035,100	\$ 1,045,993	\$ 2,645,022	\$ 6,878,272
General revenues and transfers:				
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				

<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>
\$ 1,740,784	\$ -	\$ 1,740,784
1,740,784	-	1,740,784
-	(206,597)	(206,597)
-	(206,597)	(206,597)
1,740,784	(206,597)	1,534,187
3,867,119	-	3,867,119
155,288	-	155,288
8,061	107,558	115,619
24,851	875	25,726
(387,677)	387,677	-
3,667,642	496,110	4,163,752
5,408,426	289,513	5,697,939
23,880,478	894,655	24,775,133
<u>\$ 29,288,904</u>	<u>\$ 1,184,168</u>	<u>\$ 30,473,072</u>

**Piedmont Authority for Regional Transportation**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

**Exhibit 3**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,642,226	\$ 4,369	\$ 5,646,595
Rental vehicle tax receivable	394,521	-	394,521
Due from other governments	192,130	-	192,130
Accounts receivable	49,400	-	49,400
Grants receivable:			
Federal Transit Administration	652,510	622,505	1,275,015
NC Department of Transportation	35,153	128,165	163,318
Prepaid expenses	1,350	-	1,350
Total assets	<u>\$ 6,967,290</u>	<u>\$ 755,039</u>	<u>\$ 7,722,329</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	<u>\$ 424,737</u>	<u>\$ 755,039</u>	<u>\$ 1,179,776</u>
Total liabilities	<u>424,737</u>	<u>755,039</u>	<u>1,179,776</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	56,372	-	56,372
Unavailable revenue	20,385	-	20,385
	<u>76,757</u>	<u>-</u>	<u>76,757</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	1,350	-	1,350
Restricted:			
Stabilization by State Statute	1,303,329	750,670	2,053,999
Assigned:			
Capital expenditures	20,000	-	20,000
Unassigned:	5,141,117	(750,670)	4,390,447
Total fund balances	<u>6,465,796</u>	<u>-</u>	<u>6,465,796</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,967,290</u>	<u>\$ 755,039</u>	

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

22,879,392

Earned revenues considered deferred inflows of resources in the funds

20,385

Some liabilities are not due and payable in the current period and therefore not included:

    Compensated absences payable

(76,669)

Net position of governmental activities

\$ 29,288,904

**Piedmont Authority for Regional Transportation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2017**

**Exhibit 4**  
**(2 pages)**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
<b>Revenues</b>			
Rental vehicle tax	\$ 3,867,119	\$ -	\$ 3,867,119
Vehicle registration tax	155,288	-	155,288
Farebox (including PART Connections)	484,417	-	484,417
Grants:			
Federal Transit Administration	1,070,367	6,232,551	7,302,918
NC Department of Transportation	904,889	778,243	1,683,132
City of Greensboro	-	82,242	82,242
Regional MPOs	106,354	-	106,354
Other local revenue	24,851	-	24,851
	<u>6,613,285</u>	<u>7,093,036</u>	<u>13,706,321</u>
<b>Expenditures</b>			
Board of Trustees	18,794	-	18,794
Office of Executive Director	211,056	-	211,056
Administration and Financial Services	581,491	-	581,491
PART Express	4,105,907	-	4,105,907
Marketing and Communications	238,506	-	238,506
Planning	547,131	-	547,131
Capital outlay	33,915	7,801,030	7,834,945
	<u>5,736,800</u>	<u>7,801,030</u>	<u>13,537,830</u>
Revenues over (under) expenditures	876,485	(707,994)	168,491
<b>Other financing sources (uses)</b>			
Sale of capital assets	8,061	-	8,061
Transfer to Grants Fund: capital grants	(857,633)	857,633	-
Transfer from Commuter Resources Fund	-	20,240	20,240
	<u>(849,572)</u>	<u>877,873</u>	<u>28,301</u>
Net change in fund balance	26,913	169,879	196,792
Fund balance, beginning of year	<u>6,438,883</u>	<u>(169,879)</u>	<u>6,269,004</u>
Fund balance, end of year	<u>\$ 6,465,796</u>	<u>\$ -</u>	<u>\$ 6,465,796</u>

The notes to the financial statements are an integral part of this statement.

**Piedmont Authority for Regional Transportation  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2017**

**Exhibit 4  
(2 pages)**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:**

Total net change in fund balances - Total Governmental Funds \$ 196,792

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	7,829,480
Depreciation expense for governmental assets	(2,072,971)
Net carrying value of capital assets transferred to business-type activities.	(407,917)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds

Change in unavailable revenue	(132,522)
-------------------------------	-----------

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	(4,436)
--------------------------------	---------

Total change in net position - governmental activities	\$ 5,408,426
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**Piedmont Authority for Regional Transportation  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended June 30, 2017**

**Exhibit 5**

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Rental vehicle tax	\$ 3,746,950	\$ 3,746,950	\$ 3,867,119	\$ 120,169
Vehicle registration tax	144,200	144,200	155,288	11,088
Farebox (including PART Connections)	515,065	515,065	484,417	(30,648)
Grant revenues:				
Federal Transit Administration	1,145,570	1,145,570	1,070,367	(75,203)
NC Department of Transportation	940,875	914,783	904,889	(9,894)
Local revenues:				
Regional MPOs	99,000	99,000	106,354	7,354
Other local revenue	54,300	49,500	24,851	(24,649)
<b>Total revenues</b>	<b>6,645,960</b>	<b>6,615,068</b>	<b>6,613,285</b>	<b>(1,783)</b>
<b>Expenditures</b>				
Board of Trustees	38,000	38,000	18,794	19,206
Office of Executive Director	318,115	318,115	211,056	107,059
Administration and financial services	661,090	661,090	581,491	79,599
PART Express	4,560,639	4,560,639	4,105,907	454,732
Marketing and communications	325,585	295,585	238,506	57,079
Planning	547,010	612,010	547,131	64,879
Capital outlay	50,000	50,000	33,915	16,085
<b>Total expenditures</b>	<b>6,500,439</b>	<b>6,535,439</b>	<b>5,736,800</b>	<b>798,639</b>
<b>Revenues over expenditures</b>	<b>145,521</b>	<b>79,629</b>	<b>876,485</b>	<b>796,856</b>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	8,061	8,061
Transfer to Grants Fund - Capital Grants	-	(1,063,665)	(857,633)	206,032
Transfer to Commuter Resources Fund	(62,869)	-	-	-
<b>Total other financing uses</b>	<b>(62,869)</b>	<b>(1,063,665)</b>	<b>(849,572)</b>	<b>214,093</b>
Appropriation from (to) fund balance	(82,652)	984,036	-	(984,036)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>26,913</b>	<b>\$ 26,913</b>
Fund balance at beginning of year			6,438,883	
Fund balance at end of year			<b>\$ 6,465,796</b>	

The notes to the financial statements are an integral part of this statement.

**Piedmont Authority for Regional Transportation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Grants Fund**  
**Year Ended June 30, 2017**

**Exhibit 6**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
FTA capital grants	\$ 6,382,697	\$ 7,078,067	\$ 6,232,551	\$ (845,516)
North Carolina Department of Transportation:				
Capital grants	944,768	976,533	778,243	(198,290)
Bus Advertising	15,000	-	-	-
City of Greensboro	-	-	82,242	82,242
	<u>-</u>	<u>-</u>	<u>82,242</u>	<u>82,242</u>
Total revenues	<u>7,342,465</u>	<u>8,054,600</u>	<u>7,093,036</u>	<u>(961,564)</u>
<b>Expenditures</b>				
Terminal facility	7,633,384	8,390,446	7,220,850	1,169,596
Vans	405,809	427,909	420,180	7,729
Rehab park and rides	50,000	50,000	-	50,000
Technology	120,000	110,150	-	110,150
Buses	160,000	160,000	160,000	-
Bus Advertising	15,000	-	-	-
	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,384,193</u>	<u>9,138,505</u>	<u>7,801,030</u>	<u>1,337,475</u>
Revenues under expenditures	<u>(1,041,728)</u>	<u>(1,083,905)</u>	<u>(707,994)</u>	<u>375,911</u>
<b>Other financing sources</b>				
Transfer from General Fund	1,041,728	1,063,665	857,633	(206,032)
Transfer from Commuter Resources Fund	-	20,240	20,240	-
	<u>-</u>	<u>20,240</u>	<u>20,240</u>	<u>-</u>
Total other financing sources	<u>1,041,728</u>	<u>1,083,905</u>	<u>877,873</u>	<u>(206,032)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	169,879	<u>\$ 169,879</u>
Fund balance at beginning of year			<u>(169,879)</u>	
Fund balance at end of year			<u>\$ -</u>	

The notes to the financial statements are an integral part of this statement.

**Piedmont Authority for Regional Transportation**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2017**

**Exhibit 7**

	<b>Commuter Resources Fund</b>	<b>Total Enterprise Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 258,240	\$ 258,240
Due from other governments	51,786	51,786
Accounts receivable	5,184	5,184
Grants receivable:		
NC Department of Transportation	69,008	69,008
Restricted cash and cash equivalents	13,353	13,353
<b>Total current assets</b>	<b>397,571</b>	<b>397,571</b>
Capital assets:		
Other capital assets, net of depreciation	832,754	832,754
<b>Total assets</b>	<b>1,230,325</b>	<b>1,230,325</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	22,883	22,883
Payable from restricted assets - security deposits	13,353	13,353
Current portion of long-term liabilities	9,921	9,921
<b>Total current liabilities</b>	<b>46,157</b>	<b>46,157</b>
<b>Total liabilities</b>	<b>46,157</b>	<b>46,157</b>
<b>NET POSITION</b>		
Net investment in capital assets	832,754	832,754
Unrestricted	351,414	351,414
<b>Total net position</b>	<b>\$ 1,184,168</b>	<b>\$ 1,184,168</b>

**Piedmont Authority for Regional Transportation**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2017**

**Exhibit 8**

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
<b>Operating revenues</b>		
Charges for sales and services	\$ 561,576	\$ 561,576
Total operating revenues	<u>561,576</u>	<u>561,576</u>
<b>Operating expenses</b>		
TDM/vanpool:		
Vehicle expense	419,919	419,919
Personnel expense	269,491	269,491
Administration	61,815	61,815
Office expense	7,605	7,605
Space and furnishings	24,838	24,838
Professional development	7,305	7,305
Depreciation	266,808	266,808
Piedmont Transit Resources Information Center:		
Personnel expense	151,056	151,056
Administration	10,744	10,744
Professional development	1,207	1,207
Other professional services	9,518	9,518
Office expense	1,758	1,758
Space and furnishings	17,279	17,279
Total operating expenses	<u>1,249,343</u>	<u>1,249,343</u>
Operating loss	<u>(687,767)</u>	<u>(687,767)</u>
<b>Nonoperating revenues</b>		
NC Department of Transportation	169,450	169,450
City of Greensboro	68,000	68,000
City of High Point	24,164	24,164
City of Winston-Salem	54,367	54,367
NC Department of Transportation - Call Center	94,619	94,619
City of High Point - Call Center	32,785	32,785
Davidson County - Call Center	32,785	32,785
Amtrak	5,000	5,000
Total intergovernmental revenues	<u>481,170</u>	<u>481,170</u>
Gain on sale of capital assets	107,558	107,558
Other nonoperating revenue	875	875
Total nonoperating revenues	<u>589,603</u>	<u>589,603</u>
Loss before transfers	<u>(98,164)</u>	<u>(98,164)</u>
Transfers of capital assets	407,917	407,917
Transfer to Grants Fund	(20,240)	(20,240)
Total transfers	<u>387,677</u>	<u>387,677</u>
Change in net position	289,513	289,513
Total net position, beginning	<u>894,655</u>	<u>894,655</u>
Total net position, ending	<u>\$ 1,184,168</u>	<u>\$ 1,184,168</u>

The notes to the financial statements are an integral part of this statement.

**Piedmont Authority for Regional Transportation  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2017**

**Exhibit 9  
(2 pages)**

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 563,681	\$ 563,681
Cash paid for goods and services	(568,299)	(568,299)
Cash paid to employees for services	(419,670)	(419,670)
Net cash used by operating activities	<u>(424,288)</u>	<u>(424,288)</u>
<b>Cash flows from noncapital financing activities</b>		
State grants	252,314	252,314
Other governmental agencies	235,337	235,337
Transfers to other funds	(20,240)	(20,240)
Net cash provided by noncapital financing activities	<u>467,411</u>	<u>467,411</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from disposal of capital assets	<u>193,452</u>	<u>193,452</u>
Net cash provided by capital and related activities	<u>193,452</u>	<u>193,452</u>
<b>Cash flows from investing activities</b>		
Other revenues:	<u>875</u>	<u>875</u>
Net cash provided by investing activities	<u>875</u>	<u>875</u>
Net increase in cash and cash equivalents	237,450	237,450
Cash and cash equivalents at beginning of year	<u>34,143</u>	<u>34,143</u>
Cash and cash equivalents at end of year	<u>\$ 271,593</u>	<u>\$ 271,593</u>
<b>Cash and cash equivalents</b>		
Unrestricted	\$ 258,240	\$ 258,240
Restricted	<u>13,353</u>	<u>13,353</u>
	<u>\$ 271,593</u>	<u>\$ 271,593</u>

**Piedmont Authority for Regional Transportation  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2017**

**Exhibit 9  
(2 pages)**

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (687,767)	\$ (687,767)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	266,808	266,808
Change in assets and liabilities:		
Increase in accounts receivable	(1,268)	(1,268)
Decrease in accounts payable and accrued liabilities	(1,761)	(1,761)
Decrease in security deposits	(300)	(300)
Net cash used by operating activities	<u>\$ (424,288)</u>	<u>\$ (424,288)</u>
 Supplemental schedule of noncash investing and financing activities:		
Transfer of capital assets from governmental activities	<u>\$ 407,917</u>	<u>\$ 407,917</u>

***Notes to the Financial Statements***

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## **Notes to Financial Statements**

### **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.

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:

*General Fund.* 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.

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

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*Grants Fund.* This 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:

*Commuter Resources Fund ("CR").* This fund accounts for services to both employers and individual commuters by offering vanpools, rideshare matching, guaranteed emergency ride home, call center and various other tools to improve mobility. The CR 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.** The 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.

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.** Government funds 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.

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

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***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 Commuter Resources 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.

***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 \$13,353 are related to customer security deposits on van rentals.

(3) Receivables

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

(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 one year. 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

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

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**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 two items that meet the criterion for this category - unearned revenue from the sale of value cards and unavailable revenue from grants receivable.

**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.

*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)].

## **Piedmont Authority for Regional Transportation Notes to Financial Statements**

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*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 balances may be assigned by the CEO for specific purposes.

*Capital expenditures* - Portion of fund balance that has been assigned for the construction of capital assets and capital projects.

*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.

## **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, 2017, PART's deposits had a carrying amount of \$5,561,449 and a bank balance of \$5,615,850. 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 \$150 cash on hand at June 30, 2017.

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

(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, 2017, PART had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Term Portfolio*	\$ 356,589	\$ 356,589	\$ -	\$ -

\* Because the NC Capital Management Trust Term Portfolio had duration of 0.09 years, it was presented as an investment with a maturity of less than six months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. The NC Capital Management Trust Term Portfolio is a Level 1 investment in the fair value hierarchy. Level 1 investments include debt securities values using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The Authority does not have a formal investment policy.

*Credit Risk.* The Authority has no formal policy regarding credit risk, but has internal management procedures that limits the Authority's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Authority's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments permitted under G.S. 159-30 as amended.

(3) Receivables

At June 30, 2017, the Authority's receivables consist of the following:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Governmental funds:			
Grants receivable	\$ 1,275,015	\$ 163,318	\$ -
Rental vehicle tax	-	-	394,521
Accounts receivable	-	-	49,400
Due from other governments	-	-	192,130
Total governmental funds	<u>1,275,015</u>	<u>163,318</u>	<u>636,051</u>
Business-type funds:			
Grants receivable	-	69,008	-
Accounts receivable	-	-	5,184
Due from other governments	-	-	51,786
Total business-type funds	<u>-</u>	<u>69,008</u>	<u>56,970</u>
Total receivables	<u>\$ 1,275,015</u>	<u>\$ 232,326</u>	<u>\$ 693,021</u>

**Piedmont Authority for Regional Transportation**  
**Notes to Financial Statements**

(4) Capital assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,099,210	\$ -	\$ -	\$ -	\$ 6,099,210
Construction-in-progress	<u>2,651,578</u>	<u>7,227,648</u>	<u>-</u>	<u>-</u>	<u>9,879,226</u>
Total capital assets not being depreciated	<u>8,750,788</u>	<u>\$ 7,227,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,978,436</u>
Capital assets being depreciated:					
Buildings	1,967,944	\$ -	\$ -	\$ -	1,967,944
Improvements other than buildings	6,434,708	-	-	-	6,434,708
Machinery and equipment	<u>12,559,433</u>	<u>601,832</u>	<u>(224,883)</u>	<u>(407,917)</u>	<u>12,528,465</u>
Total capital assets being depreciated	<u>20,962,085</u>	<u>\$ 601,832</u>	<u>\$ (224,883)</u>	<u>\$ (407,917)</u>	<u>20,931,117</u>
Less accumulated depreciation for:					
Buildings	372,263	\$ 49,198	\$ -	\$ -	421,461
Improvements other than buildings	3,122,993	1,021,190	-	-	4,144,183
Machinery and equipment	<u>8,686,817</u>	<u>1,002,583</u>	<u>(224,883)</u>	<u>-</u>	<u>9,464,517</u>
Total accumulated depreciation	<u>12,182,073</u>	<u>\$ 2,072,971</u>	<u>\$ (224,883)</u>	<u>\$ -</u>	<u>14,030,161</u>
Total capital assets being depreciated, net	<u>8,780,012</u>				<u>6,900,956</u>
Governmental activity capital assets, net	<u>\$ 17,530,800</u>				<u>\$ 22,879,392</u>

Depreciation expense of \$2,072,941 was charged to the transportation function.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	\$ 1,907,330	\$ -	\$ (364,337)	\$ 407,917	\$ 1,950,910
Total capital assets being depreciated	<u>1,907,330</u>	<u>\$ -</u>	<u>\$ (364,337)</u>	<u>\$ 407,917</u>	<u>1,950,910</u>

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Less accumulated depreciation for:					
Machinery and equipment	\$ 1,200,145	\$ 266,808	\$ (348,797)	\$ -	\$ 1,118,156
Total accumulated depreciation	<u>1,200,145</u>	<u>\$ 266,808</u>	<u>\$ (348,797)</u>	<u>\$ -</u>	<u>1,118,156</u>
Business-type activity capital assets, net	<u>\$ 707,185</u>				<u>\$ 832,754</u>

The Authority has active construction projects as of June 30, 2017 with the following remaining commitments:

	<u>Spent to Date</u>	<u>Total Commitment</u>
Coble Intermodal Terminal Complex	\$ 8,790,467	\$ 9,520,900

**B. Liabilities**

(1) Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 361,728	\$ 63,009	\$ 424,737
Grants Fund	<u>755,039</u>	<u>-</u>	<u>755,039</u>
Total governmental activities	<u>\$ 1,116,767</u>	<u>\$ 63,009</u>	<u>\$ 1,179,776</u>
Business-type activities:			
CR Fund	\$ 22,883	\$ -	\$ 22,883
Total business-type activities	<u>\$ 1,139,650</u>	<u>\$ 63,009</u>	<u>\$ 1,202,659</u>

(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 \$2,000,000 per occurrence and \$2,000,000 aggregate through Greenwich Insurance Company. 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.

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

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.

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 Connie M. Conklin, Chief Financial Officer for the Piedmont Authority for Regional Transportation, in the amount of \$100,000 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 2018.

**(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>	
2018	\$ 11,736
2019	11,324
2020	<u>2,420</u>
	<u>\$ 25,480</u>

Rent expense under operating leases for the year ended June 30, 2017 was \$8,012 for the General Fund and \$4,954 for the CR Fund.

**(4) Retirement plan**

PART sponsors 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 \$65,061 for the General Fund and \$19,192 for the CR Fund.

**(5) Long-term liabilities**

Changes in long-term liabilities:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>	<u>Current Portion of Long-Term Liabilities</u>
Governmental activities:					
Compensated absences	\$ 72,233	\$ 27,897	\$ (23,461)	\$ 76,669	\$ 32,501
	<u>\$ 72,233</u>	<u>\$ 27,897</u>	<u>\$ (23,461)</u>	<u>\$ 76,669</u>	<u>\$ 32,501</u>
Business-type activities:					
Compensated absences	\$ 9,044	\$ 9,921	\$ (9,044)	\$ 9,921	\$ 9,921
	<u>\$ 9,044</u>	<u>\$ 9,921</u>	<u>\$ (9,044)</u>	<u>\$ 9,921</u>	<u>\$ 9,921</u>

**Piedmont Authority for Regional Transportation  
Notes to Financial Statements**

**(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.

**(7) Deferred outflows and inflows of resources**

PART has deferred inflows of resources at year end is comprised of the following:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Grants receivable	\$ 20,385	\$ -
Value card receipts	-	56,372
	<u>\$ 20,385</u>	<u>\$ 56,372</u>

**C. *Interfund activities***

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 \$857,633 provided PART's matching requirements on federal and state grants. The transfer from the Commuter Resources Fund in the amount of \$20,240 was for the purchase of a van. The Grants Fund purchased 12 vans in the amount of \$407,917 and subsequently transferred the vans to the Commuter Resources Fund.

**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	\$ 6,465,796
Less:	
Prepaid items	1,350
Stabilization by State Statute	1,303,329
Assigned:	
Capital expenditures	<u>20,000</u>
Fund balances available for appropriation	<u>\$ 5,141,117</u>

The Authority has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Authority in such a manner that available fund balance is at least equal to or greater than 30% of General Fund expenditures plus transfers out, less debt issued.

**E. *Subsequent events***

Effective July 3, 2017, The Coble Transportation Center terminal began bus operations relocating from the terminal at 602 S. Regional Road. In addition, PART evaluated the entire Express Commuter Bus System and implemented changes to routes and fare structures. This will improve the efficiency of the PART Express System. The fare structure change is expected to be revenue neutral. PART will begin Saturday service on routes 1, 2 and 3 effective January 6, 2018. The budget for fiscal year 2017-2018 has accounted for this service increase.

***Supplementary Information***

**Piedmont Authority for Regional Transportation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2017**

**Exhibit 10**  
**(3 pages)**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>Revenues</b>			
Rental vehicle tax	\$ 3,746,950	\$ 3,867,119	\$ 120,169
Vehicle registration tax	144,200	155,288	11,088
Farebox (including PART Connections)	515,065	484,417	(30,648)
Grants:			
Federal Transit Administration:			
Operating grant	865,229	940,138	74,909
Preventative maintenance grant	83,641	-	(83,641)
Routine capital grant	196,700	130,229	(66,471)
NC Department of Transportation:			
State maintenance assistance	600,000	641,629	41,629
Air quality/air awareness	60,000	14,848	(45,152)
Model enhancement	107,000	105,833	(1,167)
Model maintenance	29,250	29,250	-
JARC	114,000	109,314	(4,686)
Apprentice grant	4,533	4,015	(518)
Local revenues:			
Regional MPO model enhancement	28,800	36,154	7,354
Regional MPO model maintenance	70,200	70,200	-
Bus Advertising Commission	15,000	12,544	(2,456)
Duke Energy Grant revenue	30,000	-	(30,000)
Other local revenue	4,500	12,307	7,807
	<u>6,615,068</u>	<u>6,613,285</u>	<u>(1,783)</u>
<b>Expenditures</b>			
Board of Trustees:			
Salaries and benefits	12,500	10,846	1,654
Travel and meetings	10,500	7,948	2,552
Regional Transit Summit	15,000	-	15,000
	<u>38,000</u>	<u>18,794</u>	<u>19,206</u>
Office of Executive Director:			
Salaries and benefits	151,625	123,626	27,999
Legal services	75,000	39,647	35,353
Other professional services	50,000	24,020	25,980
Travel and meetings	14,185	6,984	7,201
Office expenses	15,995	8,268	7,727
Space and furnishings	11,310	8,511	2,799
	<u>318,115</u>	<u>211,056</u>	<u>107,059</u>

**Piedmont Authority for Regional Transportation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2017**

**Exhibit 10**  
**(3 pages)**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Administration and financial services:			
Salaries and benefits	\$ 450,815	\$ 431,334	\$ 19,481
Insurance - property and casualty	80,615	53,390	27,225
Professional services	52,250	43,200	9,050
Travel and training	21,225	11,150	10,075
Office expenses	11,665	5,400	6,265
Space and furnishings	44,520	37,017	7,503
	<u>661,090</u>	<u>581,491</u>	<u>79,599</u>
PART Express:			
Vehicle operations contract	3,299,480	3,143,913	155,567
Fuel and lubricants	600,855	418,270	182,585
Maintenance and repairs	39,315	41,223	(1,908)
Buildings and ground management	104,500	100,813	3,687
Uniforms	5,665	4,894	771
Miscellaneous	2,500	121	2,379
Salaries and benefits	326,014	276,543	49,471
Professional services	57,000	50,421	6,579
Travel and training	10,300	10,014	286
Office expenses	46,535	37,339	9,196
Space and furnishings	68,475	22,356	46,119
	<u>4,560,639</u>	<u>4,105,907</u>	<u>454,732</u>
Marketing and communications:			
Salaries and benefits	108,440	115,363	(6,923)
Professional services	20,275	23,837	(3,562)
Media and advertising	144,500	85,470	59,030
Travel and training	6,000	4,174	1,826
Office expenses	5,275	1,872	3,403
Space and furnishings	11,095	7,790	3,305
	<u>295,585</u>	<u>238,506</u>	<u>57,079</u>

**Piedmont Authority for Regional Transportation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2017**

**Exhibit 10**  
**(3 pages)**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Planning:			
Salaries and benefits	\$ 245,750	\$ 220,523	\$ 25,227
Travel and training	15,450	6,137	9,313
Office expenses	6,965	3,441	3,524
Space and furnishings	23,845	17,512	6,333
Bus Advertising	15,000	-	15,000
Duke Energy Grant Exp	30,000	20,385	9,615
Model enhancement	158,000	162,133	(4,133)
Model maintenance	117,000	117,000	-
	<u>612,010</u>	<u>547,131</u>	<u>64,879</u>
Total planning			
Capital outlay	<u>50,000</u>	<u>33,915</u>	<u>16,085</u>
Total expenditures	<u>6,535,439</u>	<u>5,736,800</u>	<u>798,639</u>
Revenues over expenditures	<u>79,629</u>	<u>876,485</u>	<u>796,856</u>
Other financing sources (uses):			
Sale of capital assets	-	8,061	8,061
Transfer to Grants Fund - Capital Grants	<u>(1,063,665)</u>	<u>(857,633)</u>	<u>206,032</u>
Total other financing uses	<u>(1,063,665)</u>	<u>(849,572)</u>	<u>214,093</u>
Fund balance appropriated	<u>984,036</u>	<u>-</u>	<u>(984,036)</u>
Net change in fund balance	<u>\$ -</u>	<u>26,913</u>	<u>\$ 26,913</u>
Fund balance at beginning of year		<u>6,438,883</u>	
Fund balance at end of year		<u>\$ 6,465,796</u>	

**Piedmont Authority for Regional Transportation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Grants Fund**  
**Year Ended June 30, 2017**

**Exhibit 11**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>Revenues</b>			
Federal Transit Administration Grants:			
Terminal Facility	\$ 6,713,420	\$ 5,912,599	\$ (800,821)
Rehab Park and Rides	40,000	-	(40,000)
Vans	324,647	319,952	(4,695)
NC Department of Transportation Grants:			
Terminal Facility	835,653	739,475	(96,178)
Vans	41,745	38,768	(2,977)
Technology	99,135	-	(99,135)
City of Greensboro Terminal Facility	-	82,242	82,242
Total revenues	<u>8,054,600</u>	<u>7,093,036</u>	<u>(961,564)</u>
<b>Expenditures</b>			
Terminal Facility	8,390,446	7,220,850	1,169,596
Vans	427,909	420,180	7,729
Rehab Park and Rides	50,000	-	50,000
Technology	110,150	-	110,150
Vehicles	160,000	160,000	-
Total expenditures	<u>9,138,505</u>	<u>7,801,030</u>	<u>1,337,475</u>
Revenues under expenditures	<u>(1,083,905)</u>	<u>(707,994)</u>	<u>375,911</u>
<b>Other financing sources</b>			
Transfer from General Fund	1,063,665	857,633	(206,032)
Transfer from Commuter Resources Fund	20,240	20,240	-
Total other financing sources	<u>1,083,905</u>	<u>877,873</u>	<u>(206,032)</u>
Net change in fund balance	<u>\$ -</u>	<u>169,879</u>	<u>\$ 169,879</u>
Fund balance at beginning of year		<u>(169,879)</u>	
Fund balance at end of year		<u>\$ -</u>	

**Piedmont Authority for Regional Transportation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Commuter Resources Fund**  
**Year Ended June 30, 2017**

**Exhibit 12**  
**(2 pages)**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>Operating revenues</b>			
Charges for sales and services	\$ 500,000	\$ 561,576	\$ 61,576
Total operating revenues	<u>500,000</u>	<u>561,576</u>	<u>61,576</u>
<b>Operating expenditures</b>			
<b>TDM/Vanpool</b>			
Salaries and benefits	287,090	269,491	17,599
Fuel and lubricants	175,000	171,498	3,502
Maintenance and repairs	80,000	54,287	25,713
Insurance - vehicles	172,875	176,008	(3,133)
Vehicle damage and recovery	7,000	3,423	3,577
Transportation	15,000	14,703	297
Marketing	82,150	51,499	30,651
Information technology services	66,180	5,400	60,780
Other Professional Services	54,900	-	54,900
Driver testing	4,500	1,427	3,073
Travel and training	6,500	7,305	(805)
Printing	8,750	3,489	5,261
Office expense	9,000	7,605	1,395
Space and furnishings	23,500	24,838	(1,338)
	<u>992,445</u>	<u>790,973</u>	<u>201,472</u>
<b>Piedmont Transit Resources</b>			
<b>Information Center</b>			
Salaries and benefits	152,715	150,179	2,536
Marketing	5,000	3,544	1,456
Information technology services	8,500	7,200	1,300
Other Professional Services	8,600	9,518	(918)
Office Expense	9,325	1,758	7,567
Conference/Travel	7,000	1,207	5,793
Space and furnishings	16,055	17,279	(1,224)
	<u>207,195</u>	<u>190,685</u>	<u>16,510</u>
Total operating expenditures	<u>1,199,640</u>	<u>981,658</u>	<u>217,982</u>
Operating loss	<u>(699,640)</u>	<u>(420,082)</u>	<u>279,558</u>

**Piedmont Authority for Regional Transportation  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP)  
Commuter Resources Fund  
Year Ended June 30, 2017**

**Exhibit 12  
(2 pages)**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>Nonoperating revenues</b>			
NC Department of Transportation	\$ 341,490	\$ 169,450	\$ (172,040)
City of Greensboro	68,000	68,000	-
City of High Point	22,670	24,164	1,494
City of Winston-Salem	51,000	54,367	3,367
NC Department of Trans.- Call Center	76,010	94,619	18,609
City of High Point - Call Center	46,051	32,785	(13,266)
Davidson County - Call Center	35,000	32,785	(2,215)
Amtrak	5,000	5,000	-
	<u>645,221</u>	<u>481,170</u>	<u>(164,051)</u>
Total intergovernmental revenues			
Other nonoperating revenue	<u>105,000</u>	<u>875</u>	<u>(104,125)</u>
Total nonoperating revenues	<u>750,221</u>	<u>482,045</u>	<u>(268,176)</u>
Revenues over expenditures	<u>50,581</u>	<u>61,963</u>	<u>11,382</u>
<b>Other financing sources (uses)</b>			
Sale of capital assets	-	123,098	123,098
Transfer to Grants Fund	<u>(20,240)</u>	<u>(20,240)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,240)</u>	<u>102,858</u>	<u>123,098</u>
Appropriation to fund balance	<u>(30,341)</u>	<u>-</u>	<u>30,341</u>
Revenues over expenditures and other sources	<u>\$ -</u>	<u>164,821</u>	<u>\$ 164,821</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>			
Depreciation		(266,808)	
Gain on sale of capital assets		107,558	
Proceeds from sale of capital assets		(123,098)	
Change in compensated absences		(877)	
Transfer of capital assets from governmental activities		<u>407,917</u>	
Change in net position		<u>\$ 289,513</u>	

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## ***Compliance Section***

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## **Independent Auditors' 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***

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, 2017, 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 20, 2017.

### ***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 20, 2017**

## **Independent Auditors' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

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 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 PART's major federal program for the year ended June 30, 2017. PART's major federal program is 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for PART's major federal 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 the 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 its major federal program for the year ended June 30, 2017.

***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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
October 20, 2017**

## **Independent Auditors' Report on Compliance with Requirements Applicable to the Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

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, 2017. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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, 2017.

***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 the Uniform Guidance 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 Uniform Guidance 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 20, 2017**

## Schedule of Findings and Questioned Costs

### Section I: Summary of Auditors' Results

#### **Financial statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? \_\_\_\_\_ Yes  X  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Is any noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### **Federal awards**

Internal control over major federal programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes  X  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes  X  No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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: \$750,000

Auditee qualified as a low-risk auditee?  X  Yes \_\_\_\_\_ No

#### **State awards**

Internal control over major state programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes  X  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

**Piedmont Authority for Regional Transportation  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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Noncompliance material to State awards? \_\_\_\_\_ Yes  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 the State Single Audit Implementation Act? \_\_\_\_\_ Yes  No

Identification of major state program(s):

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**Name of State Program**

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Urban/Regional Bus and Facility Program (DOT 19)

**Section II: Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2017.

**Section III: Federal Awards Findings and Questioned Costs**

There were no findings related to federal awards for the fiscal year ended June 30, 2017.

**Section IV: State Award Findings and Questioned Costs**

There were no findings related to state awards for the fiscal year ended June 30, 2017.

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**Piedmont Authority for Regional Transportation  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2017**

**Exhibit 13**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Number</u>	<u>Grant Number</u>
<b>Federal grants</b>			
U.S. Department of Transportation:			
Federal Transit Cluster:			
Federal Transit - Formula Grants (Urbanized Area Formula Program):			
Section 5307 Operating FY16-17	20.507		NC-2017-029
Section 5307 CMAQ Operating FY-17-19	20.507		NC-2017-025
Vehicle Replacements	20.507	DOT-19	NC-95-X085
Operating assistance	20.507		NC-90-X576
FY16 Operating & Routine Capital	20.507		NC-2016-009
Federal Transit - Capital Investment Grants:			
Intermodal Terminal	20.500		NC-03-0070
Intermodal Transportation Center	20.500	DOT-19	NC-04-0024
Total Federal Transit Cluster			
Passed through the North Carolina Department of Transportation:			
Highway Planning and Construction Cluster (Federal Aid Highway Program):			
Air Awareness - Triad	20.205-1		C-4936
Piedmont Triad Regional Model	20.205-1		7500021051
Passed through North Carolina State University:			
Clean Fuel Advanced Technology - Vehicle Charging Stations	20.205		C-4902A
Total Highway Planning and Construction Cluster			
Transit Services Programs Cluster:			
Job Access Reverse Commute - Surry	20.516		14-JA-914
Total Transit Services Program Cluster			
Total U.S. DOT assistance			
<b>State grants</b>			
North Carolina Department of Transportation:			
State Maintenance Assistance		DOT-9	12-SM-022
Ridesharing		DOT-11	17-RS-120
FY16 Apprentice Intern Program		DOT-11	16-DG-025
Total assistance			

<b>Current Year Expenditures</b>			
<b>Total</b>	<b>Federal Expenditures (Direct and Pass-Through)</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
\$ 1,100,000	\$ 550,000	\$ -	\$ 550,000
114,253	91,402	-	22,851
399,940	319,952	38,768	41,220
416,182	208,091	-	208,091
344,074	220,873	-	123,201
<u>2,374,449</u>	<u>1,390,318</u>	<u>38,768</u>	<u>945,363</u>
49,938	39,951	-	9,987
7,176,309	5,736,731	722,486	717,091
<u>7,226,247</u>	<u>5,776,682</u>	<u>722,486</u>	<u>727,078</u>
<u>9,600,696</u>	<u>7,167,000</u>	<u>761,254</u>	<u>1,672,441</u>
41,568	33,254	-	8,314
279,133	135,083	-	144,050
<u>320,701</u>	<u>168,337</u>	<u>-</u>	<u>152,364</u>
-	-	-	-
<u>320,701</u>	<u>168,337</u>	<u>-</u>	<u>152,364</u>
218,628	109,314	-	109,314
218,628	109,314	-	109,314
<u>10,140,025</u>	<u>7,444,651</u>	<u>761,254</u>	<u>1,934,119</u>
641,629	-	641,629	-
491,325	-	245,663	245,662
4,461	-	4,015	446
<u>1,137,415</u>	<u>-</u>	<u>891,307</u>	<u>246,108</u>
<u>\$ 11,277,440</u>	<u>\$ 7,444,651</u>	<u>\$ 1,652,561</u>	<u>\$ 2,180,227</u>

## **Notes to Schedule of Expenditures of Federal and State Awards**

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of the Piedmont Authority for Regional Transportation for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Because the Schedule represents only a portion of the operations of the Piedmont Authority for Regional Transportation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Piedmont Authority for Regional Transportation.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Piedmont Authority for Regional Transportation has not elected to use the 10% de minimus cost rate.