



2019

ANNUAL FINANCIAL REPORT

Fiscal Year July 1, 2018 - June 30, 2019



CONNECTING COMMUNITIES

ACROSS THE PIEDMONT TRIAD

Enhancing the quality of all forms of transportation for each of our citizens through the efficient use and protection of our natural, economic, and human resources.

Piedmont Authority for Regional Transportation

Greensboro, North Carolina

Annual Financial Report
Year Ended June 30, 2019

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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
Marykay Abuzuaiter, Secretary - Greensboro City Council, Greensboro TAC
Kevin Austin - Yadkin County
Jim Butler - Burlington
Jason Ewing - High Point
Fleming El-Amin - Forsyth County
Michael Fox - NCDOT Div. 7
Darrell Frye - Randolph County
Neal Grimes - High Point TAC
Sharon Hightower - Greensboro
Andrew M. Perkins, Jr. - NCDOT Mass Transit
Paul Mengert - Piedmont Triad International Airport
Scott Piper - Airport Commission Forsyth County
Terry Renegar - Davie County
Mark R. Richardson - Rockingham County
Don W. Truell - Davidson County
Larry T. Williams - Winston-Salem TAC
Steve Carter - Alamance County
Rick Morris - Stokes County
Mark Marion - Surry County

Executive Director Scott W. Rhine

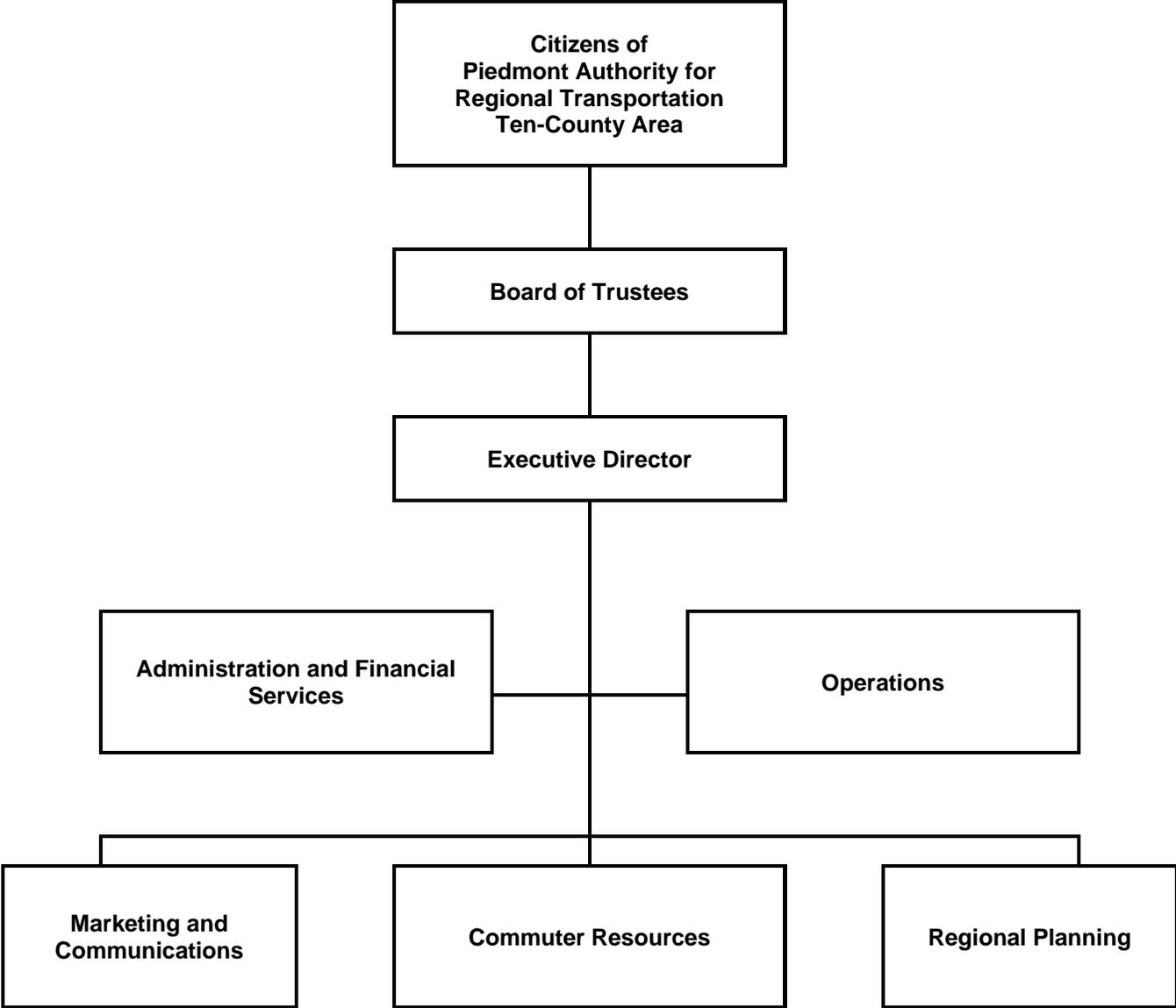
General Counsel Thomas E. Terrell, Jr.
Fox Rothschild, LLP
Greensboro, North Carolina

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, 2019, 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, 2019, 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 29, 2019 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 29, 2019**

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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, 2019. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. In FY 2019 PART completed its FTA Triennial Review and achieved zero deficiencies solidifying their dedication to excellence. Operationally, PART Express modified three routes related to the Business 40 Construction Mitigation project and implemented the region's first Mobile and Smartcard faring system, TouchPass. The TouchPass system allows passengers to purchase their PART Express Passes or Stored Value via a Mobile APP or online. PART continues to seek funding and utilized \$4.8M of available federal and state grant funding in support of services and programs administered by the agency for the enhancement of mobility options in the region.

PART operates a bus fleet of 38 vehicles providing services to meet demands throughout seven of the ten counties in which PART operates. In order to provide necessary financial resources for the services, PART and six of the PART member counties implement a 5% tax on gross receipts of the short-term lease or rental of U-drive-it vehicles, and a separate county levied a \$1 vehicle registration tax to support PART. This tax revenue is the principal source of operational funding. Ridership for FY 2019 increased by 6.9% to a total of 448,424 passenger trips validating our commitment to more efficient and effective operations. During the fiscal year ended June 30, 2019, PART operated well within the approved balanced budget.

Financial Highlights

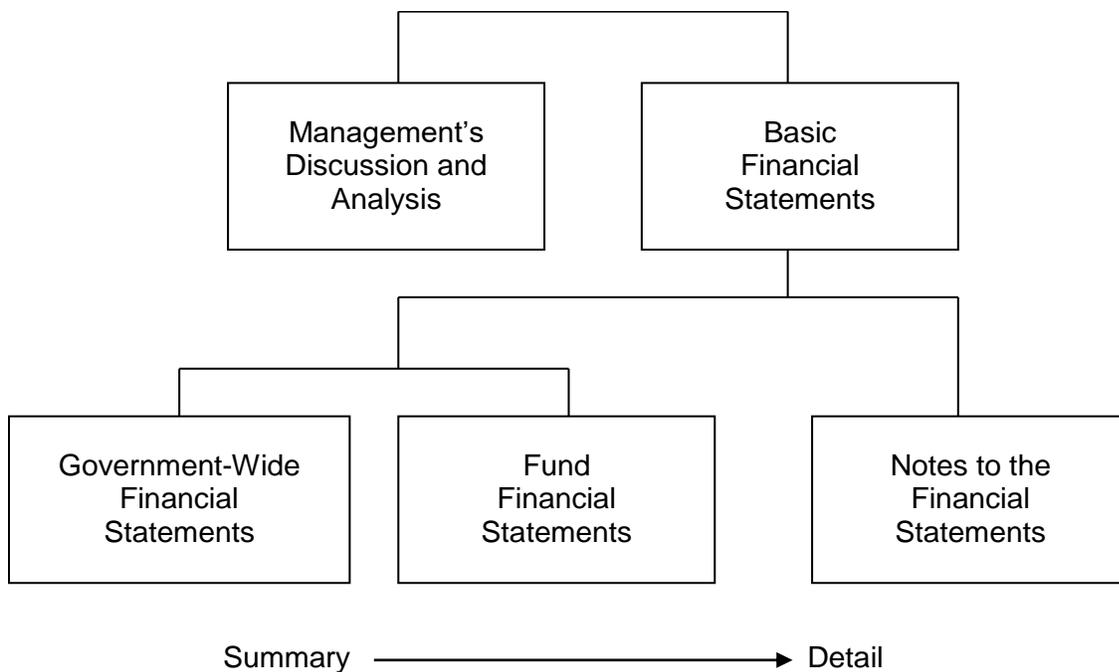
Highlights of PART's fiscal year ended June 30, 2019 include:

- Total net position increased \$333,000 from \$33.7 million to \$34.0 million. The increase was primarily a result of an increase in Rental Vehicle Tax.
- At June 30, 2019, net position of \$34.0 million included \$6.6 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, 2019, the governmental funds reported a fund balance of approximately \$8.7 million, an increase of approximately \$1.6 million.
- The Grants Fund reported capital expenditures totaling \$559,000 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.

Piedmont Authority for Regional Transportation Management's Discussion and Analysis

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.

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, 12 and 13, regarding the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund, Capital Reserve Fund, Grants Fund, and Commuter Resources Fund. The Schedule of Expenditures of Federal and State Awards is shown in Exhibit 14.

**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, 2019 (as shown in Exhibit 1) with comparative data for June 30, 2018.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 8,852,568	\$ 7,565,175	\$ 686,581	\$ 610,575	\$ 9,539,149	\$ 8,175,750
Capital assets	<u>24,228,600</u>	<u>25,617,029</u>	<u>586,639</u>	<u>599,580</u>	<u>24,815,239</u>	<u>26,216,609</u>
Total assets	<u>33,081,168</u>	<u>33,182,204</u>	<u>1,273,220</u>	<u>1,210,155</u>	<u>34,354,388</u>	<u>34,392,359</u>
Long-term liabilities outstanding	36,019	18,978	-	-	36,019	18,978
Other liabilities	<u>228,492</u>	<u>564,968</u>	<u>54,575</u>	<u>105,902</u>	<u>283,067</u>	<u>670,870</u>
Total liabilities	<u>264,511</u>	<u>583,946</u>	<u>54,575</u>	<u>105,902</u>	<u>319,086</u>	<u>689,848</u>
Net position:						
Net investment in capital assets	24,228,600	25,617,029	586,639	599,580	24,815,239	26,216,609
Restricted	2,570,393	2,085,053	-	-	2,570,393	2,085,053
Unrestricted	<u>6,017,664</u>	<u>4,896,176</u>	<u>632,006</u>	<u>504,673</u>	<u>6,649,670</u>	<u>5,400,849</u>
Total net position	<u>\$ 32,816,657</u>	<u>\$ 32,598,258</u>	<u>\$ 1,218,645</u>	<u>\$ 1,104,253</u>	<u>\$ 34,035,302</u>	<u>\$ 33,702,511</u>

As shown above, assets of the Authority exceeded liabilities by \$34,035,302 at June 30, 2019. Capital assets decreased \$1,401,370, primarily resulting from normal yearly depreciation. The Authority's net position increased by \$332,791 during the fiscal year ended June 30, 2019. The largest portion of net position (72.9%) 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, \$2,570,393, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,649,670 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, 2019 (as shown in Exhibit 2) with comparative data for June 30, 2018.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 445,414	\$ 413,723	\$ 653,591	\$ 581,109	\$ 1,099,005	\$ 994,832
Operating grants and contributions	4,209,531	2,708,442	549,791	570,346	4,759,322	3,278,788
Capital grants and contributions	380,730	4,371,682	-	-	380,730	4,371,682
General revenues:						
Rental vehicle tax	4,431,409	4,037,129	-	-	4,431,409	4,037,129
Vehicle license tax	153,606	152,788	-	-	153,606	152,788
Other	185,544	166,072	32,634	74,628	218,178	240,700
Total revenues	<u>9,806,234</u>	<u>11,849,836</u>	<u>1,236,016</u>	<u>1,226,083</u>	<u>11,042,250</u>	<u>13,075,919</u>
Expenses:						
Transportation	9,431,182	8,502,629	-	-	9,431,182	8,502,629
Commuter Resources	-	-	1,278,277	1,343,851	1,278,277	1,343,851
Transfers, net	156,653	37,853	(156,653)	(37,853)	-	-
Total expenses	<u>9,587,835</u>	<u>8,540,482</u>	<u>1,121,624</u>	<u>1,305,998</u>	<u>10,709,459</u>	<u>9,846,480</u>
Change in net position	218,399	3,309,354	114,392	(79,915)	332,791	3,229,439
Net position, July 1	<u>32,598,258</u>	<u>29,288,904</u>	<u>1,104,253</u>	<u>1,184,168</u>	<u>33,702,511</u>	<u>30,473,072</u>
Net position, June 30	<u>\$ 32,816,657</u>	<u>\$ 32,598,258</u>	<u>\$ 1,218,645</u>	<u>\$ 1,104,253</u>	<u>\$ 34,035,302</u>	<u>\$ 33,702,511</u>

Governmental activities. Net position of governmental activities increased by \$218,399. Key elements of this increase are as follows:

- Increase in Operating Grants, Services Revenue and Rental Vehicle Taxes.
- Transportation expenditures increased due to Business 40 which was funded 100% by the Operating Grant.

Business-type activities. Net position of business-type activities increased by \$114,392 during the year. Service Revenues increased and expenditures decreased due to personnel vacancies, reduced professional services for Telematics and a reduction in depreciation expense. The CR Fund made a transfer to the Grants Fund of \$88,150 to fund the local portion of eight additional vans. Rate structures of enterprise operations should be set, insofar as practicable, to recover full operation costs including depreciation and interest expense, and to provide a reasonable working capital reserve.

**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 \$8.7 million, of which \$5.0 million was unrestricted and available for working capital needs and transfers (to) from other funds. The General Fund budget was amended once during FY 2019 to increase transfers by \$42,761 to the Capital Reserve Fund. On an actual basis, revenues were below budget projections by \$3,961,910 attributed to Business 40 budgeted at total project revenue. Expenditures were under the final budget by \$5,082,286 due to Business 40 including total project expenditures, reduced fuel costs, freight study postponement and personnel vacancies. The final actual performance resulted in an increase of fund balance of \$1,616,742.

Proprietary fund. The Commuter Resources Fund program activities budget was amended twice during FY 2019 to adjust revenues, expenses and transfers (to) from other funds. The amendments increased revenue by \$85,500, to recognize additional revenue for the Vanpool Rentals and an increase in non-operating revenue. Expenses increased for additional call center staff and Information Technology Services. Transfers to the Grants Fund were amended to partially fund the local portion of van purchases. On an actual basis, revenues were under budget due to Telematics/Study delays. Expenditures underran budget resulting from reduced fuel cost, delays in Telematics/Study, and personnel vacancies. The net position increased by \$114,392.

Capital assets. PART’s net investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$24,815,239 (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure such as parking lot paving, curbs and landscaping), and machinery and equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,868,070	\$ 6,868,070	\$ -	\$ -	\$ 6,868,070	\$ 6,868,070
Buildings	9,376,999	9,632,143	-	-	9,376,999	9,632,143
Improvements other than buildings	1,519,476	2,119,695	-	-	1,519,476	2,119,695
Machinery and equipment	6,464,055	6,997,121	586,639	599,580	7,050,694	7,596,701
Construction in progress	-	-	-	-	-	-
Total	\$ 24,228,600	\$ 25,617,029	\$ 586,639	\$ 599,580	\$ 24,815,239	\$ 26,216,609

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

- PART purchased four Light Transport Vehicles (LTV) utilizing Federal and State grants to fund purchases totaling \$315,929. Four LTV’s were also disposed of with proceeds totaling \$10,134.
- PART purchased eight vans funded partially with federal funds, totaling \$243,475 for the vanpool fleet and disposed of six vans receiving proceeds of \$32,634.
- In support of Mobile Faring, PART purchased TouchPass equipment and software totaling \$210,160 of which \$194,064 was funded by grants.
- Federal Funds were also utilized to replace obsolete servers and switches totaling \$56,000.

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

Budget highlights for the fiscal year ending June 30, 2020

Governmental activities. The General Fund budget is \$9.1 million. Funding for operations is largely due to Rental vehicle Tax (48%), Grant Revenue (44%), and Fare Revenues (4.6%). Expenditures are projected to increase due to the vehicle operations contract, freight study and capital expenditures for phone systems and security software.

PART's FY 2019 enhancement funding agreement utilizing Federal Highway Administration (FHWA) and the North Carolina Department of Transportation (NCDOT) funds for Business 40 mitigation are budgeted for a full year. These funds will be utilized to reduce single occupancy vehicular travel in the Winston-Salem area during the 20-24 month road closure construction project on Business 40. The activities specifically detailed in the Business 40 mitigation strategies plan and associated budget will be reimbursed to PART at 100%.

The Grants budget reflects expenditures of \$2.5 million for PART's acquisition of capital including four buses, 15 van's and bus stop amenities. This will be funded partially by federal grants and transfers from the General Fund, Commuter Resource Fund and the Capital Reserve Fund.

Business-type activities. Commuter Resources (CR) budget is at \$1.5 million and generates revenue from 52 projected van leases. This program enables passengers to commute to places of employment throughout the ten counties in this area. The CR budget for FY 2020 is balanced with a projected transfer to the grants fund to finance vehicle expenditures.

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, North Carolina 27409.

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Basic Financial Statements

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Piedmont Authority for Regional Transportation
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,216,300	\$ 474,964	\$ 5,691,264
Rental vehicle tax receivable	463,530	-	463,530
Due from other governments	38,384	78,195	116,579
Accounts receivable	14,400	3,959	18,359
Grants receivable:			
Federal Transit Administration	1,694,926	-	1,694,926
NC Department of Transportation	309,721	114,310	424,031
Restricted cash and cash equivalents	1,115,307	15,153	1,130,460
Total current assets	<u>8,852,568</u>	<u>686,581</u>	<u>9,539,149</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	6,868,070	-	6,868,070
Other capital assets, net of depreciation	17,360,530	586,639	17,947,169
Total capital assets	<u>24,228,600</u>	<u>586,639</u>	<u>24,815,239</u>
Total assets	<u>\$ 33,081,168</u>	<u>\$ 1,273,220</u>	<u>\$ 34,354,388</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 84,632	\$ 31,193	\$ 115,825
Payable from restricted assets - security deposits	-	15,153	15,153
Unearned revenue - vanpool receipts	-	3,899	3,899
Unearned revenue - pass sales	93,705	-	93,705
Compensated absences - current	50,155	4,330	54,485
Total current liabilities	<u>228,492</u>	<u>54,575</u>	<u>283,067</u>
Noncurrent liabilities			
Compensated absences	36,019	-	36,019
Total noncurrent liabilities	<u>36,019</u>	<u>-</u>	<u>36,019</u>
Total liabilities	<u>264,511</u>	<u>54,575</u>	<u>319,086</u>
NET POSITION			
Net investment in capital assets	24,228,600	586,639	24,815,239
Restricted for:			
Stabilization by State Statute	2,570,393	-	2,570,393
Unrestricted	6,017,664	632,006	6,649,670
Total net position	<u>32,816,657</u>	<u>1,218,645</u>	<u>34,035,302</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,081,168</u>	<u>\$ 1,273,220</u>	<u>\$ 34,354,388</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, 2019**

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities		
Primary government							
Governmental activities:							
Transportation	\$ 9,431,182	\$ 445,414	\$ 4,209,531	\$ 380,730	\$ (4,395,507)	\$ -	\$ (4,395,507)
Total governmental activities	9,431,182	445,414	4,209,531	380,730	(4,395,507)	-	(4,395,507)
Business-type activities:							
Transportation Demand Management	1,278,277	653,591	549,791	-	-	(74,895)	(74,895)
Total business-type activities	1,278,277	653,591	549,791	-	-	(74,895)	(74,895)
Total primary government	\$ 10,709,459	\$ 1,099,005	\$ 4,759,322	\$ 380,730	(4,395,507)	(74,895)	(4,470,402)
General revenues and transfers:							
Rental vehicle tax				4,431,409	-	-	4,431,409
Vehicle registration tax				153,606	-	-	153,606
Gain on sale of capital assets				6,776	32,634	-	39,410
Miscellaneous				178,768	-	-	178,768
Transfers				(156,653)	156,653	-	-
Total general revenues and transfers				4,613,906	189,287	-	4,803,193
Change in net position				218,399	114,392	-	332,791
Net position - beginning				32,598,258	1,104,253	-	33,702,511
Net position - ending				\$ 32,816,657	\$ 1,218,645	-	\$ 34,035,302

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

**Piedmont Authority for Regional Transportation
Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 5,216,300	\$ -	\$ 5,216,300
Rental vehicle tax receivable	463,530	-	463,530
Due from other governments	38,384	-	38,384
Accounts receivable	14,400	-	14,400
Grants receivable:			
Federal Transit Administration	1,645,494	49,432	1,694,926
NC Department of Transportation	309,721	-	309,721
Due from other funds	49,432	-	49,432
Restricted cash	1,115,307	-	1,115,307
	<u>\$ 8,852,568</u>	<u>\$ 49,432</u>	<u>\$ 8,902,000</u>
Total assets			
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 84,632	\$ -	\$ 84,632
Due to other funds	-	49,432	49,432
Unearned revenue	93,705	-	93,705
	<u>178,337</u>	<u>49,432</u>	<u>227,769</u>
Total liabilities			
FUND BALANCES			
Restricted:			
Stabilization by State Statute	2,520,961	49,432	2,570,393
Committed:			
Capital expenditures	1,115,307	-	1,115,307
Assigned:			
Capital expenditures	96,740	-	96,740
Unassigned:	4,941,223	(49,432)	4,891,791
	<u>8,674,231</u>	<u>-</u>	<u>8,674,231</u>
Total fund balances			
	<u>\$ 8,852,568</u>	<u>\$ 49,432</u>	
Total liabilities, deferred inflows of resources and fund balances			

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

24,228,600

Earned revenues considered deferred inflows of resources in the funds

-

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

 Compensated absences payable

(86,174)

 Net position of governmental activities

\$ 32,816,657

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Exhibit 4
(2 pages)

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
Revenues			
Rental vehicle tax	\$ 4,431,409	\$ -	\$ 4,431,409
Vehicle registration tax	153,606	-	153,606
Farebox (including PART Connections)	445,414	-	445,414
Grants:			
Federal Transit Administration	2,235,189	369,432	2,604,621
Federal Highway Administration	989,922	-	989,922
NC Department of Transportation	908,252	15,000	923,252
Regional MPOs	76,168	-	76,168
Other local revenue	178,768	-	178,768
	<u>9,418,728</u>	<u>384,432</u>	<u>9,803,160</u>
Expenditures			
Board of Trustees	17,095	-	17,095
Office of Executive Director	176,972	-	176,972
Administration and Financial Services	664,161	-	664,161
PART Express	5,286,483	-	5,286,483
Marketing and Communications	204,566	-	204,566
Planning	444,031	-	444,031
Business 40 mitigation	921,578	-	921,578
Capital outlay	5,726	559,404	565,130
	<u>7,720,612</u>	<u>559,404</u>	<u>8,280,016</u>
Revenues over (under) expenditures	1,698,116	(174,972)	1,523,144
Other financing sources (uses)			
Sale of capital assets	6,776	-	6,776
Transfer to Grants Fund	(88,150)	-	(88,150)
Transfer from Capital Reserve Fund	-	88,150	88,150
Transfer from Commuter Resources Fund	-	86,822	86,822
	<u>(81,374)</u>	<u>174,972</u>	<u>93,598</u>
Net change in fund balance	1,616,742	-	1,616,742
Fund balance, beginning of year	<u>7,057,489</u>	<u>-</u>	<u>7,057,489</u>
Fund balance, end of year	<u>\$ 8,674,231</u>	<u>\$ -</u>	<u>\$ 8,674,231</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, 2019**

**Exhibit 4
(2 pages)**

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 \$ 1,616,742

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	831,686
Depreciation expense for governmental assets	(1,976,640)
Net carrying value of capital assets transferred to business-type activities.	(243,475)

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

Proceeds received from the disposal of capital assets	(6,776)
Gain on disposal of capital assets	6,776
Change in unavailable revenue	(3,702)

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	(6,212)
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Total change in net position - governmental activities	\$ 218,399
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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, 2019

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rental vehicle tax	\$ 4,045,500	\$ 4,045,500	\$ 4,431,409	\$ 385,909
Vehicle registration tax	142,000	142,000	153,606	11,606
Farebox (including PART Connections)	405,000	405,000	445,414	40,414
Grant revenues:				
Federal Transit Administration	2,039,248	2,287,513	2,235,189	(52,324)
Federal Highway Administration	5,404,000	5,404,000	989,922	(4,414,078)
NC Department of Transportation	1,208,794	960,529	908,252	(52,277)
Local revenues:				
Regional MPOs	96,196	96,196	76,168	(20,028)
Other local revenue	39,900	39,900	178,768	138,868
	<u>13,380,638</u>	<u>13,380,638</u>	<u>9,418,728</u>	<u>(3,961,910)</u>
Expenditures				
Board of Trustees	38,000	38,000	17,095	20,905
Office of Executive Director	253,067	253,067	176,972	76,095
Administration and financial services	742,000	742,000	664,161	77,839
PART Express	5,513,731	5,513,731	5,286,483	227,248
Marketing and communications	292,500	292,500	204,566	87,934
Planning	509,600	509,600	444,031	65,569
Business 40 mitigation	5,404,000	5,404,000	921,578	4,482,422
Capital outlay	50,000	50,000	5,726	44,274
	<u>12,802,898</u>	<u>12,802,898</u>	<u>7,720,612</u>	<u>5,082,286</u>
Total expenditures				
Revenues over expenditures	<u>577,740</u>	<u>577,740</u>	<u>1,698,116</u>	<u>1,120,376</u>
Other financing sources (uses)				
Sale of capital assets	-	-	6,776	6,776
Transfer to Grants Fund - Capital Grants	(72,794)	(88,150)	(88,150)	-
	<u>(72,794)</u>	<u>(88,150)</u>	<u>(81,374)</u>	<u>6,776</u>
Total other financing uses				
Appropriation to fund balance	<u>(504,946)</u>	<u>(489,590)</u>	<u>-</u>	<u>489,590</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,616,742</u>	<u>\$ 1,616,742</u>
Fund balance at beginning of year			<u>7,057,489</u>	
Fund balance at end of year			<u>\$ 8,674,231</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 Balance
Budget and Actual
Grants Fund
Year Ended June 30, 2019

Exhibit 6

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
FTA capital grants	\$ 351,174	\$ 369,432	\$ 369,432	\$ -
North Carolina Department of Transportation:				
Capital grants	15,000	15,000	15,000	-
Total revenues	366,174	384,432	384,432	-
Expenditures				
Vans	103,968	229,165	243,475	(14,310)
Buses	335,000	335,000	315,929	19,071
Total expenditures	438,968	564,165	559,404	4,761
Revenues under expenditures	(72,794)	(179,733)	(174,972)	4,761
Other financing sources				
Transfer from Capital Reserve Fund	72,794	88,150	88,150	-
Transfer from Commuter Resources Fund	-	91,583	86,822	(4,761)
Total other financing sources	72,794	179,733	174,972	(4,761)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

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, 2019

Exhibit 7

	Commuter Resources Fund	Total Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 474,964	\$ 474,964
Due from other governments	78,195	78,195
Accounts receivable	3,959	3,959
Grants receivable:		
NC Department of Transportation	114,310	114,310
Restricted cash and cash equivalents	15,153	15,153
Total current assets	686,581	686,581
Capital assets:		
Other capital assets, net of depreciation	586,639	586,639
Total assets	1,273,220	1,273,220
LIABILITIES		
Current liabilities:		
Accounts payable and other accrued liabilities	31,193	31,193
Payable from restricted assets - security deposits	15,153	15,153
Unearned revenue - Vanpool receipts	3,899	3,899
Current portion of long-term liabilities	4,330	4,330
Total current liabilities	54,575	54,575
Total liabilities	54,575	54,575
NET POSITION		
Net investment in capital assets	586,639	586,639
Unrestricted	632,006	632,006
Total net position	\$ 1,218,645	\$ 1,218,645

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2019

Exhibit 8

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
Operating revenues		
Charges for sales and services	\$ 653,591	\$ 653,591
Total operating revenues	<u>653,591</u>	<u>653,591</u>
Operating expenses		
TDM/vanpool:		
Vehicle expense	405,554	405,554
Personnel expense	221,579	221,579
Administration	117,545	117,545
Office expense	8,298	8,298
Space and furnishings	12,803	12,803
Professional development	4,036	4,036
Other professional services	31,065	31,065
Miscellaneous	4,485	4,485
Depreciation	256,416	256,416
Piedmont Transit Resources Information Center:		
Personnel expense	186,245	186,245
Administration	15,476	15,476
Professional development	1,548	1,548
Other professional services	114	114
Office expense	2,176	2,176
Space and furnishings	10,937	10,937
Total operating expenses	<u>1,278,277</u>	<u>1,278,277</u>
Operating loss	<u>(624,686)</u>	<u>(624,686)</u>
Nonoperating revenues		
NC Department of Transportation	145,274	145,274
NC Department of Trans - Air Quality	18,403	18,403
NC Department of Trans - Telematics	45,178	45,178
City of Greensboro	68,000	68,000
City of High Point	23,244	23,244
City of Winston-Salem	51,000	51,000
NC Department of Transportation - Call Center	104,922	104,922
City of High Point - Call Center	37,826	37,826
Davidson County - Call Center	35,000	35,000
Amtrak	7,060	7,060
Other local revenue	13,884	13,884
Total intergovernmental revenues	<u>549,791</u>	<u>549,791</u>
Gain on sale of capital assets	32,634	32,634
Other nonoperating revenue	-	-
Total nonoperating revenues	<u>582,425</u>	<u>582,425</u>
Loss before transfers	<u>(42,261)</u>	<u>(42,261)</u>
Transfer from General Fund	-	-
Transfer from Grants Fund	243,475	243,475
Transfer to Grants Fund	(86,822)	(86,822)
Total transfers	<u>156,653</u>	<u>156,653</u>
Change in net position	114,392	114,392
Total net position, beginning	<u>1,104,253</u>	<u>1,104,253</u>
Total net position, ending	<u>\$ 1,218,645</u>	<u>\$ 1,218,645</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, 2019**

**Exhibit 9
(2 pages)**

	Commuter Resources	Total Enterprise Fund
Cash flows from operating activities		
Cash received from customers	\$ 647,989	\$ 647,989
Cash paid for goods and services	(653,162)	(653,162)
Cash paid to employees for services	(413,074)	(413,074)
Net cash used by operating activities	<u>(418,247)</u>	<u>(418,247)</u>
Cash flows from noncapital financing activities		
State grants	341,484	341,484
Other governmental agencies	239,948	239,948
Transfers to other funds	(86,822)	(86,822)
Net cash provided by noncapital financing activities	<u>494,610</u>	<u>494,610</u>
Cash flows from capital and related financing activities		
Proceeds from disposal of capital assets	32,634	32,634
Insurance recovery	10,728	10,728
Net cash provided by capital and related activities	<u>43,362</u>	<u>43,362</u>
Net increase in cash and cash equivalents	119,725	119,725
Cash and cash equivalents at beginning of year	<u>370,392</u>	<u>370,392</u>
Cash and cash equivalents at end of year	<u>\$ 490,117</u>	<u>\$ 490,117</u>
Cash and cash equivalents		
Unrestricted	\$ 474,964	\$ 474,964
Restricted	15,153	15,153
	<u>\$ 490,117</u>	<u>\$ 490,117</u>

**Piedmont Authority for Regional Transportation
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019**

**Exhibit 9
(2 pages)**

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (624,686)	\$ (624,686)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	256,416	256,416
Change in assets and liabilities:		
Decrease in accounts receivable	1,350	1,350
Decrease in unearned revenue	(5,893)	(5,893)
Decrease in accounts payable and accrued liabilities	(46,634)	(46,634)
Increase in security deposits	1,200	1,200
	<u>1,200</u>	<u>1,200</u>
Net cash used by operating activities	<u>\$ (418,247)</u>	<u>\$ (418,247)</u>
 Supplemental schedule of noncash investing and financing activities:		
Transfer of capital assets from governmental activities	<u>\$ 243,475</u>	<u>\$ 243,475</u>

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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.

Piedmont Authority for Regional Transportation Notes to Financial Statements

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. The Capital Reserve Fund is consolidated in the General Fund.

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.

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

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

D. Budgetary accounting

PART's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Grants Fund and Commuter Resources Fund. All appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Reserve Fund. 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 Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. 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 \$15,153 are related to customer security deposits on van rentals. Restricted assets in the amount of \$1,115,307 are restricted because their use has been committed for future capital expenditures by the Board through the Capital Reserve Fund ordinance.

(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 cost is \$5,000. 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.

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

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

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

F. *Deferred outflows/inflows of resources*

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. PART has no items that meet the criterion for these categories as of June 30, 2019.

G. *Liabilities*

(1) Long-term obligations

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

(2) Compensated absences

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

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

H. *Net position/fund balances*

(1) Net position

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

(2) Fund balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by law or creditors.

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

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

Capital expenditures - Portion of fund balance that has been committed for future capital project through the Capital Reserve Fund ordinance.

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.

Piedmont Authority for Regional Transportation
Notes to Financial Statements

At June 30, 2019, PART's deposits had a carrying amount of \$2,656,875 and a bank balance of \$3,185,801. Of the bank balances, \$337,886 in three accounts was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority has \$139 cash on hand at June 30, 2019.

(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, 2019, PART had the following investments and maturities:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2019</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Amortized cost	\$ 2,048,707	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair value Level 1	<u>2,116,003</u>	0.11 years	Unrated
Total		<u>\$ 4,164,710</u>		

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 Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. 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, 2019, the Authority's receivables consist of the following:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Governmental funds:			
Grants receivable	\$ 1,694,926	\$ 309,721	\$ -
Rental vehicle tax	-	-	463,530
Accounts receivable	-	-	14,400
Due from other governments	<u>-</u>	<u>-</u>	<u>38,384</u>
Total governmental funds	<u>1,694,926</u>	<u>309,721</u>	<u>516,314</u>
Business-type funds:			
Grants receivable	-	114,310	-
Accounts receivable	-	-	3,959
Due from other governments	<u>-</u>	<u>-</u>	<u>78,195</u>
Total business-type funds	<u>-</u>	<u>114,310</u>	<u>82,154</u>
Total receivables	<u>\$ 1,694,926</u>	<u>\$ 424,031</u>	<u>\$ 598,468</u>

Piedmont Authority for Regional Transportation
Notes to Financial Statements

(4) Capital assets

Capital asset activity for the year ended June 30, 2019 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	\$ 6,868,070	\$ -	\$ -	\$ -	\$ 6,868,070
Construction-in-progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,868,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,868,070</u>
Capital assets being depreciated:					
Buildings	10,205,775	\$ -	\$ -	\$ -	10,205,775
Improvements other than buildings	7,092,713	-	-	-	7,092,713
Machinery and equipment	<u>15,487,226</u>	<u>588,211</u>	<u>(658,698)</u>	<u>-</u>	<u>15,416,739</u>
Total capital assets being depreciated	<u>32,785,714</u>	<u>\$ 588,211</u>	<u>\$ (658,698)</u>	<u>\$ -</u>	<u>32,715,227</u>
Less accumulated depreciation for:					
Buildings	573,632	\$ 255,144	\$ -	\$ -	828,776
Improvements other than buildings	4,973,018	600,219	-	-	5,573,237
Machinery and equipment	<u>8,490,105</u>	<u>1,121,277</u>	<u>(658,698)</u>	<u>-</u>	<u>8,952,684</u>
Total accumulated depreciation	<u>14,036,755</u>	<u>\$ 1,976,640</u>	<u>\$ (658,698)</u>	<u>\$ -</u>	<u>15,354,697</u>
Total capital assets being depreciated, net	<u>18,748,959</u>				<u>17,360,530</u>
Governmental activity capital assets, net	<u>\$ 25,617,029</u>				<u>\$ 24,228,600</u>

Depreciation expense of \$1,976,640 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	\$ 1,832,610	\$ 243,475	\$ (146,478)	\$ -	\$ 1,929,607
Total capital assets being depreciated	<u>1,832,610</u>	<u>\$ 243,475</u>	<u>\$ (146,478)</u>	<u>\$ -</u>	<u>1,929,607</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	\$ 1,233,030	\$ 256,416	\$ (146,478)	\$ -	\$ 1,342,968
Total accumulated depreciation	<u>1,233,030</u>	<u>\$ 256,416</u>	<u>\$ (146,478)</u>	<u>\$ -</u>	<u>1,342,968</u>
Business-type activity capital assets, net	<u>\$ 599,580</u>				<u>\$ 586,639</u>

B. Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 23,929	\$ 60,703	\$ 84,632
Total governmental activities	<u>\$ 23,929</u>	<u>\$ 60,703</u>	<u>\$ 84,632</u>
Business-type activities:			
CR Fund	\$ 31,193	-	\$ 31,193
Total business-type activities	<u>\$ 31,193</u>	<u>\$ -</u>	<u>\$ 31,193</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 \$5,000,000 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 \$1,000,000 Special Risk Protector Policy with the National Union Fire Insurance Company of Pittsburgh, PA. Real and personal property liability insurance coverage for PART's administrative offices, the regional bus hub and park-and-ride lots is also provided through Fireman's Insurance Company of Washington, DC.

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

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

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.

Piedmont Authority for Regional Transportation
Notes to Financial Statements

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 2020.

(3) Operating leases

PART leases office equipment and other property under non-cancelable operating leases expiring at various times through 2023. Future minimum lease payments approximate the following:

<u>Year Ending</u>	
2020	\$ 19,084
2021	1,993
2022	1,993
2023	<u>664</u>
	<u>\$ 23,734</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$7,115 for the General Fund and \$1,129 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 \$71,769 for the General Fund and \$18,851 for the CR Fund.

(5) Long-term liabilities

Changes in long-term liabilities:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Liabilities</u>
Governmental activities:					
Compensated absences	\$ 79,962	\$ 56,367	\$ (50,155)	\$ 86,174	\$ 50,155
	<u>\$ 79,962</u>	<u>\$ 56,367</u>	<u>\$ (50,155)</u>	<u>\$ 86,174</u>	<u>\$ 50,155</u>
Business-type activities:					
Compensated absences	\$ 9,580	\$ 11,891	\$ (17,141)	\$ 4,330	\$ 4,330
	<u>\$ 9,580</u>	<u>\$ 11,891</u>	<u>\$ (17,141)</u>	<u>\$ 4,330</u>	<u>\$ 4,330</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.

C. Interfund activities

PART uses transfers to provide unrestricted revenues, collected in the General Fund and Commuter Resources Fund, to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Grants Fund in the amount of \$88,150 provided PART's matching requirements on federal and state grants. The transfer from the Commuter Resources Fund to the Grants Fund in the amount of \$86,822 was for the purchase of two vans. The transfer from the Grants Fund to the Commuter Resources Fund in the amount of \$243,475 was for several vehicles purchased by the Grants Fund and subsequently transferred 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	\$ 8,674,231
Less:	
Stabilization by State Statute	2,520,961
Committed:	
Capital expenditures	1,115,307
Assigned:	
Capital expenditures	<u>96,740</u>
Fund balances available for appropriation	<u>\$ 4,941,223</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 August 12, 2019, the Authority entered into an agreement to sell a parcel of land on Reedy Fork Parkway for a purchase price of \$262,800. The agreement is contingent upon the lot being environmentally clean. As of June 30, 2019, the net book value of the parcel and improvements amounted to \$57,849.

Supplementary Information

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Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Exhibit 10
(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Rental vehicle tax	\$ 4,045,500	\$ 4,431,409	\$ 385,909
Vehicle registration tax	142,000	153,606	11,606
Farebox (including PART Connections)	405,000	445,414	40,414
Grants:			
Federal Transit Administration:			
Operating grant	2,079,616	2,052,506	(27,110)
Preventative maintenance grant	157,897	182,683	24,786
Routine capital grant	50,000	-	(50,000)
Federal Highway Administration:			
Business 40	5,404,000	989,922	(4,414,078)
NC Department of Transportation:			
State maintenance assistance	516,975	516,975	-
Mobility Friendly	-	193,513	193,513
Air quality/air awareness	84,000	54,496	(29,504)
Model maintenance	72,642	58,990	(13,652)
JARC	59,900	84,278	24,378
Rail Amtrak	33,500	-	(33,500)
Technology	193,512	-	(193,512)
Local revenues:			
Regional MPO model maintenance	96,196	76,168	(20,028)
Bus Advertising Commission	16,500	27,326	10,826
Other local revenue	23,400	151,442	128,042
	<u>13,380,638</u>	<u>9,418,728</u>	<u>(3,961,910)</u>
Expenditures			
Board of Trustees:			
Salaries and benefits	12,500	11,036	1,464
Travel and meetings	10,500	6,059	4,441
Special initiatives	15,000	-	15,000
	<u>38,000</u>	<u>17,095</u>	<u>20,905</u>
Office of Executive Director:			
Salaries and benefits	115,000	119,034	(4,034)
Legal services	50,000	24,021	25,979
Other professional services	50,000	13,310	36,690
Travel and meetings	14,000	7,366	6,634
Office expenses	13,500	4,155	9,345
Space and furnishings	10,567	9,086	1,481
	<u>253,067</u>	<u>176,972</u>	<u>76,095</u>

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

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	\$ 532,000	\$ 501,005	\$ 30,995
Insurance - property and casualty	75,000	65,255	9,745
Professional services	57,000	48,102	8,898
Travel and training	20,000	5,875	14,125
Office expenses	12,000	9,809	2,191
Space and furnishings	46,000	34,115	11,885
	<u>742,000</u>	<u>664,161</u>	<u>77,839</u>
Total administration and financial services			
PART Express:			
Vehicle operations contract	3,878,726	3,965,267	(86,541)
Fuel and lubricants	764,505	466,777	297,728
Maintenance and repairs	60,000	64,099	(4,099)
Buildings and ground management	150,000	280,364	(130,364)
Miscellaneous	8,500	12,618	(4,118)
Salaries and benefits	322,000	284,145	37,855
Professional services	265,000	173,141	91,859
Travel and training	5,000	813	4,187
Office expenses	40,000	28,888	11,112
Space and furnishings	20,000	10,371	9,629
	<u>5,513,731</u>	<u>5,286,483</u>	<u>227,248</u>
Total PART Express			
Marketing and communications:			
Salaries and benefits	132,000	76,751	55,249
Professional services	10,000	28,516	(18,516)
Media and advertising	128,000	85,490	42,510
Travel and training	4,000	946	3,054
Office expenses	7,000	4,342	2,658
Space and furnishings	11,500	8,521	2,979
	<u>292,500</u>	<u>204,566</u>	<u>87,934</u>
Total marketing and communications			

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Exhibit 10
(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Planning:			
Salaries and benefits	\$ 258,000	\$ 256,984	\$ 1,016
Professional services	-	140	(140)
Travel and training	13,000	6,401	6,599
Office expenses	8,000	1,485	6,515
Space and furnishings	20,500	24,222	(3,722)
Bus Advertising	16,500	-	16,500
Model maintenance	193,600	154,799	38,801
	<u>509,600</u>	<u>444,031</u>	<u>65,569</u>
Total planning			
Business 40 mitigation	<u>5,404,000</u>	<u>921,578</u>	<u>4,482,422</u>
Capital outlay	<u>50,000</u>	<u>5,726</u>	<u>44,274</u>
Total expenditures	<u>12,802,898</u>	<u>7,720,612</u>	<u>5,082,286</u>
Revenues over expenditures	<u>577,740</u>	<u>1,698,116</u>	<u>1,120,376</u>
Other financing sources (uses):			
Sale of capital assets	-	6,776	6,776
Transfer to Capital Reserve Fund	<u>(735,761)</u>	<u>(735,761)</u>	<u>-</u>
Total other financing uses	<u>(735,761)</u>	<u>(728,985)</u>	<u>6,776</u>
Appropriation from fund balance	<u>158,021</u>	<u>-</u>	<u>(158,021)</u>
Net change in fund balance	<u>\$ -</u>	<u>969,131</u>	<u>\$ 969,131</u>
Fund balance at beginning of year		<u>6,589,793</u>	
Fund balance at end of year		<u>\$ 7,558,924</u>	

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Reserve Fund
Year Ended June 30, 2019

Exhibit 11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance with Final Positive (Negative)</u>
Other financing sources					
(uses)					
Transfer from General Fund	\$ 1,644,254	\$ 908,493	\$ 735,761	\$ 1,644,254	\$ -
Transfer to Grants Fund	(528,947)	(440,797)	(88,150)	(528,947)	-
Total other financing sources (uses)	<u>1,115,307</u>	<u>467,696</u>	<u>647,611</u>	<u>1,115,307</u>	<u>-</u>
Appropriation to fund balance	<u>(1,115,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,307</u>
Net change in fund balance	<u>\$ -</u>	<u>467,696</u>	<u>647,611</u>	<u>1,115,307</u>	<u>\$ 1,115,307</u>
Fund balance at beginning of year		<u>-</u>	<u>467,696</u>	<u>-</u>	
Fund balance at end of year		<u>\$ 467,696</u>	<u>\$ 1,115,307</u>	<u>\$ 1,115,307</u>	

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Grants Fund
Year Ended June 30, 2019

Exhibit 12

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Federal Transit Administration Grants:			
Vehicles	\$ 320,000	\$ 320,000	\$ -
Vans	49,432	49,432	-
NC Department of Transportation Grants:			
Vehicles	15,000	15,000	-
Total revenues	<u>384,432</u>	<u>384,432</u>	<u>-</u>
Expenditures			
Vans	229,165	243,475	(14,310)
Vehicles	335,000	315,929	19,071
Total expenditures	<u>564,165</u>	<u>559,404</u>	<u>4,761</u>
Revenues under expenditures	<u>(179,733)</u>	<u>(174,972)</u>	<u>4,761</u>
Other financing sources			
Transfer from Capital Reserve Fund	88,150	88,150	
Transfer from Commuter Resources Fund	91,583	86,822	(4,761)
Total other financing sources	<u>179,733</u>	<u>174,972</u>	<u>(4,761)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u>\$ -</u>	

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Commuter Resources Fund
Year Ended June 30, 2019

Exhibit 13
(2 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Operating revenues			
Charges for sales and services	\$ 645,000	\$ 653,591	\$ 8,591
Total operating revenues	<u>645,000</u>	<u>653,591</u>	<u>8,591</u>
Operating expenditures			
TDM/Vanpool			
Salaries and benefits	258,080	221,579	36,501
Fuel and lubricants	238,817	160,019	78,798
Maintenance and repairs	60,000	72,868	(12,868)
Insurance - vehicles	182,000	163,351	18,649
Vehicle damage and recovery	7,000	-	7,000
Transportation	9,000	9,316	(316)
Marketing	75,000	81,815	(6,815)
Information technology services	22,500	29,140	(6,640)
Other Professional Services	63,000	31,065	31,935
Driver testing	2,500	2,316	184
Travel and training	4,775	4,036	739
Printing	3,500	4,274	(774)
Office expense	5,906	8,298	(2,392)
Space and furnishings	25,620	12,803	12,817
Miscellaneous	-	4,485	(4,485)
	<u>957,698</u>	<u>805,365</u>	<u>152,333</u>
Piedmont Transit Resources			
Information Center			
Salaries and benefits	199,880	191,495	8,385
Marketing	5,000	5,000	-
Information technology services	15,000	10,476	4,524
Other Professional Services	10,000	114	9,886
Office Expense	1,220	2,176	(956)
Travel and training	1,200	1,548	(348)
Space and furnishings	18,000	10,937	7,063
	<u>250,300</u>	<u>221,746</u>	<u>28,554</u>
Total operating expenditures	<u>1,207,998</u>	<u>1,027,111</u>	<u>180,887</u>
Operating loss	<u>(562,998)</u>	<u>(373,520)</u>	<u>189,478</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, 2019

Exhibit 13
(2 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Nonoperating revenues			
NC Department of Transportation	\$ 163,622	\$ 145,274	\$ (18,348)
NC Department of Trans - Air Quality	20,000	18,403	(1,597)
NC Department of Trans - Telematics	76,050	45,178	(30,872)
NC Department of Trans - Telematics Study	29,700	-	(29,700)
City of Greensboro	68,000	68,000	-
City of High Point	25,000	23,244	(1,756)
City of Winston-Salem	51,000	51,000	-
NC Department of Trans - Call Center	89,758	104,922	15,164
City of High Point - Call Center	46,051	37,826	(8,225)
Davidson County - Call Center	35,000	35,000	-
Amtrak	8,000	7,060	(940)
Other local revenue	25,500	13,884	(11,616)
	<u>637,681</u>	<u>549,791</u>	<u>(87,890)</u>
Total intergovernmental revenues			
	<u>637,681</u>	<u>549,791</u>	<u>(87,890)</u>
Total nonoperating revenues			
	<u>74,683</u>	<u>176,271</u>	<u>101,588</u>
Revenues over expenditures			
Other financing sources (uses)			
Sale of capital assets	-	32,634	32,634
Transfer to Grants Fund	(91,583)	(86,822)	4,761
	<u>(91,583)</u>	<u>(54,188)</u>	<u>37,395</u>
Total other financing sources (uses)			
Appropriation from fund balance	<u>16,900</u>	<u>-</u>	<u>(16,900)</u>
Revenues over expenditures and other sources	<u>\$ -</u>	<u>122,083</u>	<u>\$ 122,083</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Depreciation		(256,416)	
Gain on sale of capital assets		32,634	
Proceeds from sale of capital assets		(32,634)	
Change in compensated absences		5,250	
Transfers of capital assets from governmental funds		<u>243,475</u>	
Change in net position		<u>\$ 114,392</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, 2019, 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 29, 2019.

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 29, 2019**

Independent Auditors' Report on Compliance with Requirements Applicable to Each 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, 2019. 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, 2019.

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 29, 2019**

Independent Auditors' Report on Compliance with Requirements Applicable to Each 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 each of PART's major state programs for the year ended June 30, 2019. PART's major state programs are 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 each of PART's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each 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 each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of PART is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PART's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 29, 2019**

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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

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

**Piedmont Authority for Regional Transportation
Schedule of Findings and Questioned Costs**

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

Noncompliance material to State awards? _____ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? _____ Yes X No

Identification of major state programs:

Name of State Program

State Maintenance Assistance Program (DOT 9)

Highway Construction Program (DOT 18)

Section II: Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2019.

Section III: Federal Awards Findings and Questioned Costs

There were no findings related to federal awards for the fiscal year ended June 30, 2019.

Section IV: State Award Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2019.

**Piedmont Authority for Regional Transportation
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019**

Exhibit 14

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Grant Number	Current Year Expenditures			
				Total	Federal Expenditures (Direct and Pass-Through)	State Expenditures	Local Expenditures
Federal Grants							
U.S. Department of Transportation:							
Federal Transit Cluster:							
Federal Transit - Formula Grants (Urbanized Area Formula Program):							
Section 5307 CMAQ Operating FY 17-19	20.507		NC-2017-025	\$ 145,225	\$ 116,180	\$ -	\$ 29,045
CMAQ Saturday and Expanded Service	20.507		NC-2018-018	385,922	308,738	-	77,184
FY18 Operating & Routine Capital	20.507		NC-2018-030	14,045	11,236	-	2,809
CMAQ Operating & STP DA Flex to 5307 Capital	20.507		NC-2019-013	560,334	448,267	15,000	97,067
Section 5307 Light Transit Vehicle Replacement	20.507		NC-2019-038	150,000	120,000	-	30,000
Section 5307 Operating & Capital	20.507		NC-2019-028	2,415,139	1,250,769	-	1,164,370
Section 5307 Operating & Capital	20.507		NC-2019-031	557,814	300,000	-	257,814
				<u>4,228,479</u>	<u>2,555,190</u>	<u>15,000</u>	<u>1,658,289</u>
Federal Transit - Bus and Bus Facilities Formula Program:							
Expansion Vanpool Vehicles	20.526		5841-2019-4	61,790	49,432	-	12,358
Total Federal Transit Cluster				<u>4,290,269</u>	<u>2,604,622</u>	<u>15,000</u>	<u>1,670,647</u>
Passed through the North Carolina Department of Transportation:							
Highway Planning and Construction Cluster							
Highway Planning and Construction (Federal Aid Highway Program):							
Air Awareness - Triad	20.205-1		C-4936	91,125	72,900	-	18,225
Piedmont Triad Regional Model	20.205-1	DOT-18	7500021051	154,798	47,192	11,798	95,808
P2019 Demonstration - FY19 State Operating Grant	20.205	DOT-18	U-2827BC	989,922	791,938	197,984	-
FY17 CMAQ Grant (Enhanced TDM) - Telematics	20.205	DOT-18	17-CQ-12A	50,201	40,161	5,020	5,020
Rail Marketing	20.205	DOT-18	19-AT-120	33,519	26,815	6,704	-
Total Highway Planning and Construction Cluster				<u>1,319,565</u>	<u>979,006</u>	<u>221,506</u>	<u>119,053</u>
Transit Services Programs Cluster:							
Job Access Reverse Commute Program:							
Section 5316 Operating - Surry	20.516		14-JA-914	101,518	50,759	-	50,759
Total Transit Services Program Cluster				<u>101,518</u>	<u>50,759</u>	<u>-</u>	<u>50,759</u>
Total U.S. DOT assistance				<u>5,711,352</u>	<u>3,634,387</u>	<u>236,506</u>	<u>1,840,459</u>
State Grants							
North Carolina Department of Transportation:							
State Maintenance Assistance		DOT-9	12-SM-022	516,975	-	516,975	-
P2019 Advance Technology		DOT-10	19-AT-120	215,014	-	193,513	21,501
Ridesharing		DOT-11	18-RS-120	500,390	-	250,195	250,195
				<u>1,232,379</u>	<u>-</u>	<u>960,683</u>	<u>271,696</u>
Total assistance				<u>\$ 6,943,731</u>	<u>\$ 3,634,387</u>	<u>\$ 1,197,189</u>	<u>\$ 2,112,155</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, 2019. 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.