

Piedmont Authority for Regional Transportation

Greensboro, North Carolina



Annual Financial Report

Year Ended June 30, 2021



Piedmont Authority for Regional Transportation Greensboro, North Carolina



Annual Financial Report

Year Ended December 31, 2021

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Introductory Section

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Piedmont Authority for Regional Transportation

Established..... July 17, 1997

Board of Trustees

Marykay Abuzauaiter, Chair - Greensboro City Council, Greensboro TAC
Fleming El-Amin, Vice Chair - Forsyth County
Kevin Austin, Treasurer - Yadkin County
Carolyn Coleman, Secretary - Guilford County
Leonard Williams – Burlington-Graham TAC
Kevin Mundy - Winston-Salem
James Butler - Burlington
Michael A. Holmes - 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 of Forsyth County
Terry Renegar - Davie County
Mark R. Richardson - Rockingham County
Don W. Truell - Davidson County
Steve Carter - Alamance County
Rick Morris - Stokes County
Mark Marion - Surry County
Mike Horn - Winston Salem TAC

Executive Director Scott W. Rhine

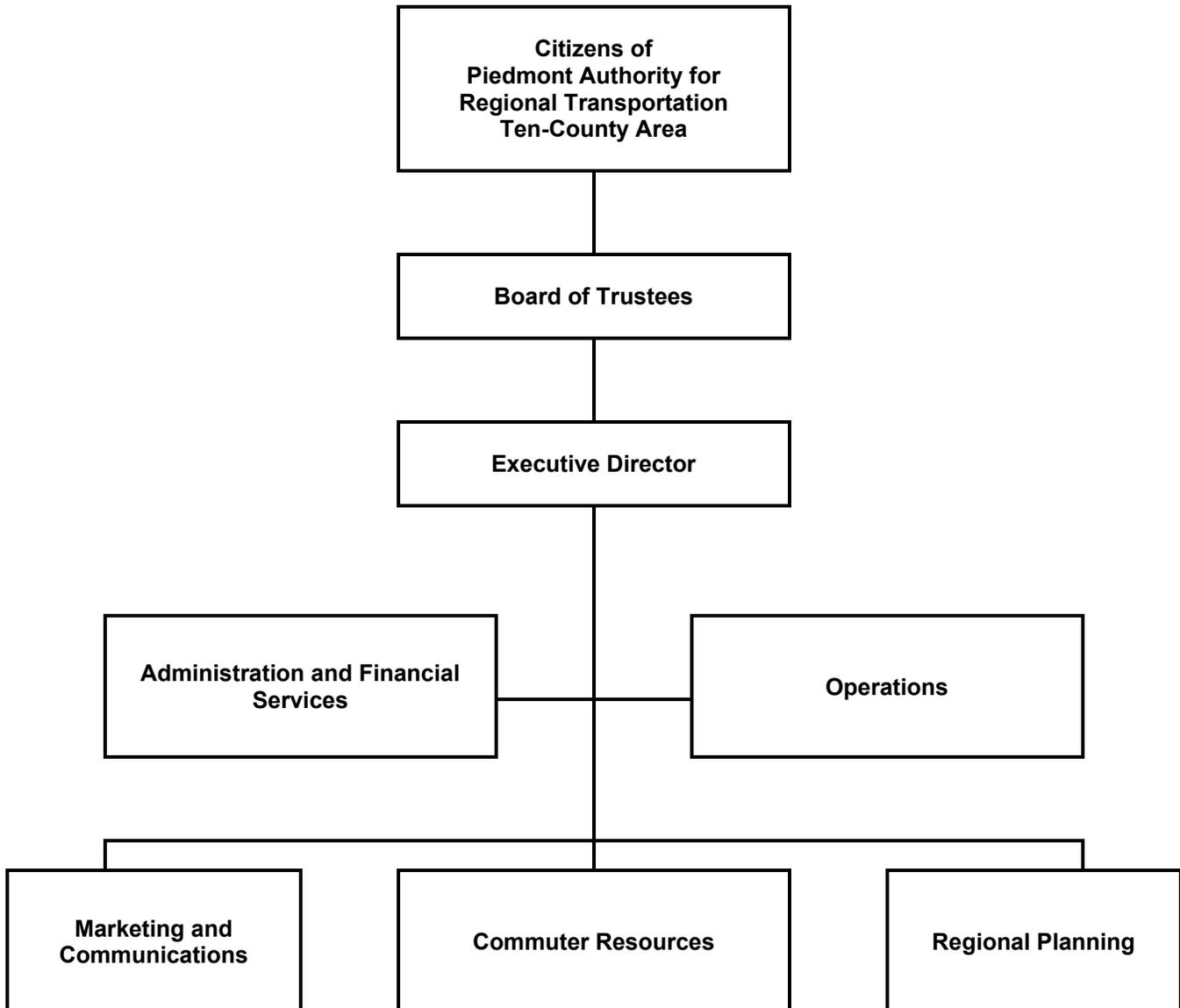
General Counsel Thomas E. Terrell, Jr.
Fox Rothschild, LLP
Greensboro, North Carolina

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

Report on the Financial Statements

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 (the Authority), as of and for the year ended June 30, 2021, 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, 2021, 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 November 2, 2021, 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 solely 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 effectiveness of the Authority's 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, NC
November 2, 2021

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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, 2021. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. PART operates a fleet of 39 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. During the fiscal year ended June 30, 2021, PART operated well within the approved balanced budget.

PART recognized a shortfall in both local revenues and vanpool revenues in FY2021. This shortfall was an aftereffect of restrictions on business travel, business closings and workforce reductions associated with the COVID pandemic. In response to the COVID-19 pandemic, PART received and utilized CARES Act funding from our member agencies in the Urban areas and NCDOT. As a result of this newly formed federal funding, administered by the Federal Transit Administration (FTA), PART was able to maintain public service on PART Express.

The regional vanpool program continues to adjust and accommodate the changes in the workforce. PART has begun working with our cities and MPO's to expand the knowledge of mobility options in the region. By working collaboratively, PART will continue to enhance, expand, and strengthen mobility options moving forward.

The dedicated PART Board has worked diligently on various committees during this fiscal year related to personnel, financial, operational and planning business activities. These PART Board committees along with the PART Board have had direct involvement on the various enhancements and challenges faced during this fiscal year. PART continues to reposition itself to strategically adjust to a changing environment and is dedicated to supporting its member agencies with efficient and effective public service, planning and financial management.

Financial Highlights

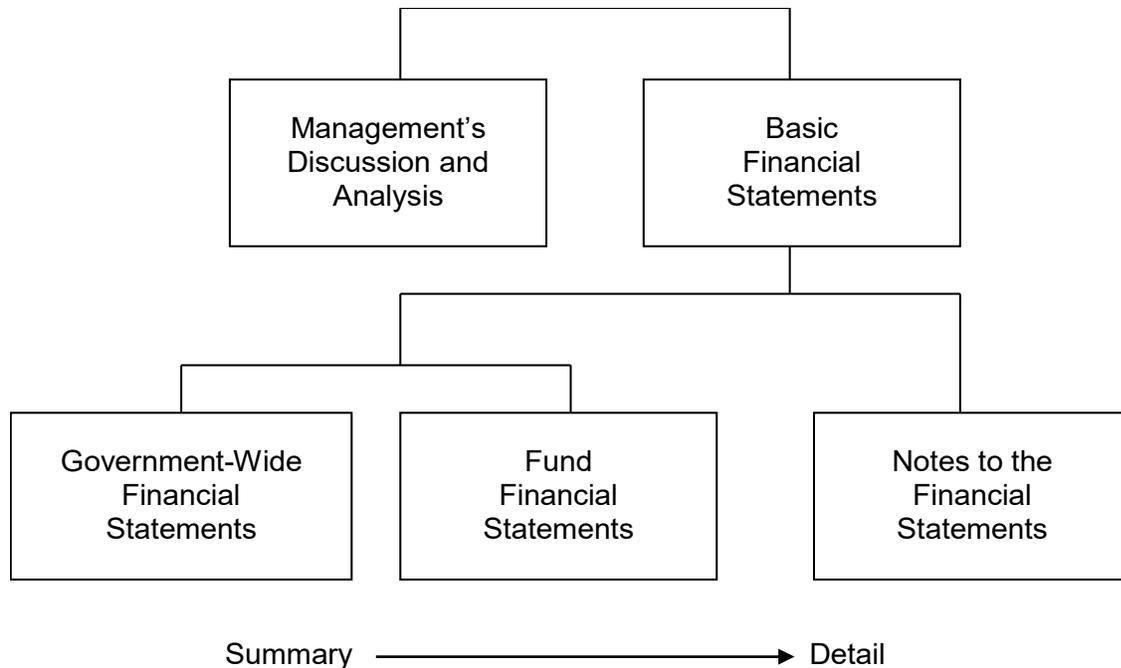
Highlights of PART's fiscal year ended June 30, 2021 include:

- Total net position increased \$5.1 million from \$35.8 million to \$40.9 million. The increase in net position is attributed to twelve months of allowable operating costs being fully funded through Cares Act Grants.
- At June 30, 2021, net position of \$40.9 million included \$11.7 million in unrestricted net position, which in large part are held primarily for PART's future working capital needs and to meet local match requirements for federal and state grants.
- At June 30, 2021, the governmental funds reported a fund balance of approximately \$13.2 million, an increase of approximately \$2.5 million.
- The Grants Fund reported capital expenditures for the purchase of ten buses totaling \$4.9 million of which \$3.1 million was federally funded.

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, 2021 (as shown in Exhibit 1) with comparative data for June 30, 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 14,714,583	\$ 11,445,614	\$ 1,035,572	\$ 742,958	\$ 15,750,155	\$ 12,188,572
Capital assets	<u>26,583,395</u>	<u>23,688,529</u>	<u>263,114</u>	<u>794,390</u>	<u>26,846,509</u>	<u>24,482,919</u>
Total assets	<u>41,297,978</u>	<u>35,134,143</u>	<u>1,298,686</u>	<u>1,537,348</u>	<u>42,596,664</u>	<u>36,671,491</u>
Long-term liabilities outstanding	180,549	29,036	-	-	180,549	29,036
Other liabilities	<u>1,484,559</u>	<u>775,032</u>	<u>22,407</u>	<u>40,884</u>	<u>1,506,966</u>	<u>8,145,916</u>
Total liabilities	<u>1,665,108</u>	<u>804,068</u>	<u>22,407</u>	<u>40,884</u>	<u>1,687,515</u>	<u>844,952</u>
Net position:						
Net investment in capital assets	26,583,395	23,688,529	263,114	794,390	26,846,509	24,482,919
Restricted	2,264,028	2,586,891	52,251	22,240	2,316,279	2,609,131
Unrestricted	<u>10,785,447</u>	<u>8,054,655</u>	<u>960,914</u>	<u>679,834</u>	<u>11,746,360</u>	<u>8,734,489</u>
Total net position	<u>\$ 39,632,870</u>	<u>\$ 34,330,075</u>	<u>\$ 1,276,279</u>	<u>\$ 1,496,464</u>	<u>\$ 40,909,149</u>	<u>\$ 35,826,539</u>

As shown above, assets of the Authority exceeded liabilities by \$40,909,149 at June 30, 2021. Capital assets increased \$2,363,590, which includes the purchase of ten buses offset by depreciation and the sale of vehicles meeting their useful life. The Authority's net position increased by \$5,082,610 during the fiscal year ended June 30, 2021. The largest portion of net position (65.6%) 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, \$2,316,279, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,746,361 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, 2021 (as shown in Exhibit 2) with comparative data for June 30, 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 235,254	\$ 381,083	\$ 226,342	\$ 531,537	\$ 461,596	\$ 912,620
Operating grants and contributions	5,402,996	5,005,170	359,902	432,851	5,762,898	5,438,021
Capital grants and contributions	3,935,944	2,044,428	-	-	3,935,944	2,044,428
General revenues:						
Rental vehicle tax	4,032,954	3,731,528	-	-	4,032,954	3,731,528
Vehicle license tax	165,516	151,332	-	-	165,516	151,332
Other	70,466	(199,583)	38,033	114,813	108,499	(84,770)
Total revenues	<u>13,843,130</u>	<u>11,113,958</u>	<u>624,277</u>	<u>1,079,201</u>	<u>14,467,407</u>	<u>12,193,159</u>
Expenses:						
Transportation	8,540,335	9,323,742	844,462	-	9,384,797	9,323,742
Commuter resources	-	-	-	1,078,180	-	1,078,180
Transfers, net	-	276,798	-	(276,798)	-	-
Total expenses	<u>8,540,335</u>	<u>9,600,540</u>	<u>844,462</u>	<u>801,382</u>	<u>9,384,797</u>	<u>10,401,922</u>
Change in net position	5,302,795	1,513,418	(220,185)	277,819	5,082,610	1,791,237
Net position, July 1	<u>34,330,075</u>	<u>32,816,657</u>	<u>1,496,464</u>	<u>1,218,645</u>	<u>35,826,539</u>	<u>34,035,302</u>
Net position, June 30	<u>\$ 39,632,870</u>	<u>\$ 34,330,075</u>	<u>\$ 1,276,279</u>	<u>\$ 1,496,464</u>	<u>\$ 40,909,149</u>	<u>\$ 35,826,539</u>

Governmental activities. Net position of governmental activities increased by \$5,302,795. Key elements of this increase are as follows:

- Increased utilization of Grants funding operations at 100%.
- Increased Capital Funding for vehicle purchases.
- Decreased transportation expenditures due to the completion of Business 40 project, position vacancies, and route adjustments.

Business-type activities. Net position of business-type activities decreased by \$220,185 during the year. Service revenues continued to be negatively impacted by the pandemic reflecting a fifty-seven percent decrease in revenues. Expenditures decreased due to position vacancies, and lower maintenance costs and fuel costs. The Commuter Resources Rate structure 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 \$13.2 million, of which \$11.3 million was unrestricted and available for working capital needs and transfers (to) from other funds. The General Fund budget was amended two times during FY 2021. Revenues were increased by \$2.4 million to reflect increased Cares Act Funding. Expenditures were decreased by \$.1 million due to fuel costs. Transfers decreased by \$.1 million reflecting decreased local match requirements. On an actual basis, revenues were above budget projections by \$630,889 because of increased income generated through Rental Vehicle Taxes. Expenditures were under the final budget by \$1,461,742 due to reduced route costs, fuel costs, and personnel vacancies. The final actual performance resulted in an increase of fund balance of \$2,498,405.

Proprietary fund. The Commuter Resources Fund program activities budget was amended twice during FY 2021. Revenues were reduced by \$56,600 reflecting a decrease in vanpool rentals offset by proceeds from the sale of vans. On an actual basis, revenues were under budget \$75,298 due to personnel vacancies. Expenditures underran by \$253,126 due to reduced fuel prices and consumption, repairs and maintenance, and position vacancies.

Capital assets. PART’s net investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$26,846,509 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,984,714	\$ 5,984,714	\$ -	\$ -	\$ 5,984,714	\$ 5,984,714
Buildings	8,866,711	9,121,855	-	-	8,866,711	9,121,855
Improvements other than buildings	795,987	1,045,989	-	-	795,987	1,045,989
Machinery and equipment	10,866,619	7,535,971	263,114	794,390	11,129,733	8,330,361
Construction in progress	69,364	-	-	-	69,364	-
Total	<u>\$ 26,583,395</u>	<u>\$ 23,688,529</u>	<u>\$ 263,114</u>	<u>\$ 794,390</u>	<u>\$ 26,846,509</u>	<u>\$ 24,482,919</u>

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

- PART purchased ten buses utilizing Federal grants to fund purchases totaling \$4,880,026.
- PART disposed of 15 vans with proceeds of \$319,087. These assets were sold as a direct result of the pandemic.

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

Budget highlights for the fiscal year ending June 30, 2022

Governmental activities. The General Fund budget is \$8.3 million. Funding for operations is largely due to Rental vehicle Tax (40%), Grant Revenue (54%), and Fare Revenues (3%). Expenditures are projected to decrease due to no budgeted capital purchases requiring transfers to the Grants Fund to meet local match.

There was no budget proposed for the Grants Fund due to no budgeted capital purchases.

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

Business-type activities. Commuter Resources (CR) budget is at \$1.0 million and generates revenue from projected van leases. This program enables passengers to commute to places of employment throughout the ten counties in this area.

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, 2021

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,405,567	\$ 868,065	\$ 13,273,632
Rental vehicle tax receivable	409,846	-	409,846
Due from other governments	41,013	60,752	101,765
Accounts receivable	6,466	41,642	48,108
Grants receivable:			
Federal Transit Administration	1,290,381	-	1,290,381
NC Department of Transportation	161,269	61,663	222,932
Restricted cash and cash equivalents	400,041	3,450	403,491
Total current assets	<u>14,714,583</u>	<u>1,035,572</u>	<u>15,750,155</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	6,054,078	-	6,054,078
Other capital assets, net of depreciation	20,529,317	263,114	20,792,431
Total capital assets	<u>26,583,395</u>	<u>263,114</u>	<u>26,846,509</u>
Total assets	<u>\$ 41,297,978</u>	<u>\$ 1,298,686</u>	<u>\$ 42,596,664</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 1,484,559	\$ 16,610	\$ 1,501,169
Payable from restricted assets - security deposits	-	3,450	3,450
Compensated absences - current	75,316	2,347	77,663
Total current liabilities	<u>1,559,875</u>	<u>22,407</u>	<u>1,582,282</u>
Noncurrent liabilities			
Compensated absences	105,233	-	105,233
Total noncurrent liabilities	<u>105,233</u>	<u>-</u>	<u>105,233</u>
Total liabilities	<u>1,665,108</u>	<u>22,407</u>	<u>1,687,515</u>
NET POSITION			
Net investment in capital assets	26,583,395	263,114	26,846,509
Restricted for:			
Stabilization by State Statute	1,877,050	-	1,877,050
Capital expenditures	386,978	52,251	439,229
Unrestricted	10,785,447	960,914	11,746,361
Total net position	<u>39,632,870</u>	<u>1,276,279</u>	<u>40,909,149</u>
Total liabilities and net position	<u>\$ 41,297,978</u>	<u>\$ 1,298,686</u>	<u>\$ 42,596,664</u>

Piedmont Authority for Regional Transportation
Statement of Activities
Year Ended June 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
Transportation	\$ 8,540,335	\$ 235,254	\$ 5,402,996	\$ 3,935,944	\$ 1,033,859	\$ -	\$ 1,033,859
Total governmental activities	8,540,335	235,254	5,402,996	3,935,944	1,033,859	-	1,033,859
Business-type activities:							
Transportation Demand Management	844,462	226,342	359,902	-	-	(258,218)	(258,218)
Total business-type activities	844,462	226,342	359,902	-	-	(258,218)	(258,218)
Total primary government	\$ 9,384,797	\$ 461,596	\$ 5,762,898	\$ 3,935,944	1,033,859	(258,218)	775,641
General revenues and transfers:							
Rental vehicle tax					4,032,954	-	4,032,954
Vehicle registration tax					165,516	-	165,516
Gain (loss) on disposal of capital assets					(64,332)	32,733	(31,599)
Miscellaneous					134,798	5,300	140,098
Total general revenues and transfers					4,268,936	38,033	4,306,969
Change in net position					5,302,795	(220,185)	5,082,610
Net position - beginning					34,330,075	1,496,464	35,826,539
Net position - ending					\$ 39,632,870	\$ 1,276,279	\$ 40,909,149

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

Piedmont Authority for Regional Transportation
 Balance Sheet
 Governmental Funds
 June 30, 2021

Exhibit 3

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 12,210,727	\$ 194,840	\$ 12,405,567
Rental vehicle tax receivable	409,846	-	409,846
Due from other governments	41,013	-	41,013
Accounts receivable	6,466	-	6,466
Grants receivable:			
Federal Transit Administration	479,092	811,289	1,290,381
NC Department of Transportation	161,269	-	161,269
Restricted cash	400,041	-	400,041
	<u>\$ 13,708,454</u>	<u>\$ 1,006,129</u>	<u>\$ 14,714,583</u>
Total assets			
LIABILITIES			
Accounts payable and other accrued liabilities	<u>\$ 478,430</u>	<u>\$ 1,006,129</u>	<u>\$ 1,484,559</u>
	<u>478,430</u>	<u>1,006,129</u>	<u>1,484,559</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>31,925</u>	<u>31,925</u>
	<u>-</u>	<u>31,925</u>	<u>31,925</u>
Total deferred inflows of resources			
FUND BALANCES			
Restricted:			
Stabilization by State Statute	1,097,686	779,364	1,877,050
Capital expenditures	386,978	-	386,978
Committed:			
Capital expenditures	400,041	-	400,041
Assigned:			
Capital expenditures	67,955	-	67,955
Unassigned:	<u>11,277,364</u>	<u>(811,289)</u>	<u>10,466,075</u>
	<u>13,230,024</u>	<u>(31,925)</u>	<u>13,198,099</u>
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,708,454</u>	<u>\$ 1,006,129</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds			26,583,395
Earned revenues considered deferred inflows of resources in the funds			31,925
Some liabilities are not due and payable in the current period and therefore not included:			
Compensated absences payable			(180,549)
Net position of governmental activities			<u>\$ 39,632,870</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, 2021

Exhibit 4

(2 pages)

	Major Funds		Total Governmental Funds
	General Fund	Grants Fund	
Revenues			
Rental vehicle tax	\$ 4,032,954	\$ -	\$ 4,032,954
Vehicle registration tax	165,516	-	165,516
Farebox (including PART Connections)	235,254	-	235,254
Grants:			
Federal Transit Administration	5,259,817	3,904,020	9,163,837
NC Department of Transportation	59,370	-	59,370
Regional MPOs	83,809	-	83,809
Other local revenue	134,798	-	134,798
Total revenues	9,971,518	3,904,020	13,875,538
Expenditures			
Board of Trustees	12,114	-	12,114
Office of Executive Director	143,461	-	143,461
Administration and Financial Services	617,080	-	617,080
PART Express	5,140,399	-	5,140,399
Marketing and Communications	62,944	-	62,944
Planning	473,859	-	473,859
Capital outlay	102,451	4,911,951	5,014,402
Total expenditures	6,552,308	4,911,951	11,464,259
Revenues over (under) expenditures	3,419,210	(1,007,931)	2,411,279
Other financing sources (uses)			
Sale of capital assets	55,201	-	55,201
Transfer to Grants Fund	(976,006)	-	(976,006)
Transfer from Capital Reserve Fund	-	592,000	592,000
Transfer from General Fund	-	384,006	384,006
Total other financing sources (uses)	(920,805)	976,006	55,201
Net change in fund balance	2,498,405	(31,925)	2,466,480
Fund balance, beginning of year	10,731,619	-	10,731,619
Fund balance, end of year	<u>\$ 13,230,024</u>	<u>\$ (31,925)</u>	<u>\$ 13,198,099</u>

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 \$ 2,466,480

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 5,014,402
Depreciation expense for governmental assets (2,000,003)

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 (55,201)
Loss on disposal of capital assets (64,332)
Change in unavailable revenue 31,924

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 (90,476)

Total change in net position - governmental activities \$ 5,302,794

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Exhibit 5

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
Revenues				
Rental vehicle tax	\$ 3,500,000	\$ 3,200,000	\$ 4,032,954	\$ 832,954
Vehicle registration tax	145,000	145,000	165,516	20,516
Farebox (including PART Connections)	375,000	275,000	235,254	(39,746)
Grant revenues:				
Federal Transit Administration	1,943,300	5,461,125	5,259,817	(201,308)
NC Department of Transportation	777,675	126,872	59,370	(67,502)
Local revenues:				
Regional MPOs	175,832	103,732	83,809	(19,923)
Other local revenue	28,900	28,900	134,798	105,898
Total revenues	<u>6,945,707</u>	<u>9,340,629</u>	<u>9,971,518</u>	<u>630,889</u>
Expenditures				
Board of Trustees	38,000	38,000	12,114	25,886
Office of Executive Director	240,000	240,000	143,461	96,539
Administration and financial services	759,200	759,200	617,080	142,120
PART Express	6,225,800	6,170,800	5,140,399	1,030,401
Marketing and communications	156,200	156,200	62,944	93,256
Planning	596,950	524,850	473,859	50,991
Business 40 mitigation	-	-	-	-
Capital outlay	125,000	125,000	102,451	22,549
Total expenditures	<u>8,141,150</u>	<u>8,014,050</u>	<u>6,552,308</u>	<u>1,461,742</u>
Revenues over (under) expenditures	<u>(1,195,443)</u>	<u>1,326,579</u>	<u>3,419,210</u>	<u>2,092,631</u>
Other financing sources (uses)				
Sale of capital assets	-	-	55,201	55,201
Transfer to Grants Fund - Capital Grants	(1,110,094)	(979,085)	(976,006)	3,079
Total other financing uses	<u>(1,110,094)</u>	<u>(979,085)</u>	<u>(920,805)</u>	<u>58,280</u>
Appropriation (to) from fund balance	<u>2,305,537</u>	<u>(347,494)</u>	<u>-</u>	<u>347,494</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,498,405</u>	<u>\$ 2,498,405</u>
Fund balance at beginning of year			<u>10,731,619</u>	
Fund balance at end of year			<u>\$ 13,230,024</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, 2021

Exhibit 6

	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final		Positive (Negative)
Revenues				
FTA capital grants	\$ 4,322,442	\$ 3,915,541	\$ 3,904,020	\$ (11,521)
North Carolina Department of Transportation: Capital grants	90,000	70,138	-	(70,138)
Total revenues	4,412,442	3,985,679	3,904,020	(81,659)
Expenditures				
Vans	152,693	-	-	-
Park and ride rehab	89,000	-	-	-
Buses	5,280,843	4,894,626	4,880,027	14,599
Charging stations	-	70,138	31,924	38,214
Total expenditures	5,522,536	4,964,764	4,911,951	52,813
Revenues under expenditures	(1,110,094)	(979,085)	(1,007,931)	(28,846)
Other financing sources				
Transfer from General Fund	518,094	387,085	384,006	(3,079)
Transfer from Capital Reserve Fund	592,000	592,000	592,000	-
Total other financing sources	1,110,094	979,085	976,006	(3,079)
Net change in fund balance	\$ -	\$ -	(31,925)	\$ (31,925)
Fund balance at beginning of year			-	
Fund deficit at end of year			\$ (31,925)	

Piedmont Authority for Regional Transportation
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

Exhibit 7

	Commuter Resources Fund	Total Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 868,065	\$ 868,065
Due from other governments	60,752	60,752
Accounts receivable	41,642	41,642
Grants receivable:		
NC Department of Transportation	61,663	61,663
Restricted cash and cash equivalents	3,450	3,450
	<u>1,035,572</u>	<u>1,035,572</u>
Total current assets	1,035,572	1,035,572
Capital assets:		
Other capital assets, net of depreciation	263,114	263,114
	<u>263,114</u>	<u>263,114</u>
Total assets	<u>1,298,686</u>	<u>1,298,686</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other accrued liabilities	16,610	16,610
Payable from restricted assets - security deposits	3,450	3,450
Current portion of long-term liabilities	2,347	2,347
	<u>22,407</u>	<u>22,407</u>
Total current liabilities	22,407	22,407
Total liabilities	<u>22,407</u>	<u>22,407</u>
NET POSITION		
Net investment in capital assets	263,114	263,114
Restricted for capital expenditures	52,251	52,251
Unrestricted	960,914	960,914
	<u>960,914</u>	<u>960,914</u>
Total net position	<u>\$ 1,276,279</u>	<u>\$ 1,276,279</u>

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2021

Exhibit 8

	Commuter Resources	Total Enterprise Fund
Operating revenues		
Charges for sales and services	\$ 226,342	\$ 226,342
Total operating revenues	<u>226,342</u>	<u>226,342</u>
Operating expenses		
TDM/vanpool:		
Vehicle expense	199,646	199,646
Personnel expense	158,394	158,394
Administration	78,678	78,678
Office expense	3,212	3,212
Space and furnishings	9,153	9,153
Professional development	1,325	1,325
Other professional services	2,240	2,240
Miscellaneous	5,743	5,743
Depreciation	244,921	244,921
Piedmont Transit Resources Information Center:		
Personnel expense	116,802	116,802
Administration	9,581	9,581
Professional development	493	493
Other professional services	536	536
Office expense	532	532
Space and furnishings	13,206	13,206
Total operating expenses	<u>844,462</u>	<u>844,462</u>
Operating loss	<u>(618,120)</u>	<u>(618,120)</u>
Nonoperating revenues		
NC Department of Transportation	115,474	115,474
City of Greensboro	55,427	55,427
City of High Point	18,475	18,475
City of Winston-Salem	41,571	41,571
NC Department of Transportation - Call Center	69,574	69,574
City of High Point - Call Center	22,993	22,993
Davidson County - Call Center	22,993	22,993
Amtrak	5,145	5,145
Other local revenue	8,250	8,250
Total intergovernmental revenues	<u>359,902</u>	<u>359,902</u>
Gain on sale of capital assets	32,733	32,733
Other nonoperating revenue	5,300	5,300
Total nonoperating revenues	<u>397,935</u>	<u>397,935</u>
Change in net position	(220,185)	(220,185)
Total net position, beginning	<u>1,496,464</u>	<u>1,496,464</u>
Total net position, ending	<u>\$ 1,276,279</u>	<u>\$ 1,276,279</u>

Piedmont Authority for Regional Transportation
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2021

Exhibit 9

(2 pages)

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 220,484	\$ 220,484
Cash paid for goods and services	(329,528)	(329,528)
Cash paid to employees for services	<u>(280,062)</u>	<u>(280,062)</u>
Net cash used by operating activities	<u>(389,106)</u>	<u>(389,106)</u>
Cash flows from noncapital financing activities		
State grants	162,581	162,581
Other governmental agencies	<u>152,013</u>	<u>152,013</u>
Net cash provided by noncapital financing activities	<u>314,594</u>	<u>314,594</u>
Cash flows from capital and related financing activities		
Proceeds from disposal of capital assets	<u>281,574</u>	<u>281,574</u>
Net cash provided by capital and related activities	<u>281,574</u>	<u>281,574</u>
Cash flows from investing activities		
Other revenues	<u>5,300</u>	<u>5,300</u>
Net cash provided by investing activities	<u>5,300</u>	<u>5,300</u>
Net increase in cash and cash equivalents	212,362	212,362
Cash and cash equivalents at beginning of year	<u>659,153</u>	<u>659,153</u>
Cash and cash equivalents at end of year	<u>\$ 871,515</u>	<u>\$ 871,515</u>
Cash and cash equivalents		
Unrestricted	\$ 868,065	\$ 868,065
Restricted	<u>3,450</u>	<u>3,450</u>
	<u>\$ 871,515</u>	<u>\$ 871,515</u>

Piedmont Authority for Regional Transportation
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2021

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	\$ (618,120)	\$ (618,120)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	244,921	244,921
Change in assets and liabilities:		
Increase in accounts receivable	2,570	2,570
Decrease in accounts payable and accrued liabilities	(12,749)	(12,749)
Decrease in security deposits	(5,728)	(5,728)
	<u>(389,106)</u>	<u>(389,106)</u>
Net cash used by operating activities	<u>\$ (389,106)</u>	<u>\$ (389,106)</u>
 Supplemental schedule of noncash investing and financing activities:		
Proceeds from sale of capital assets included in accounts receivable	<u>\$ 37,514</u>	<u>\$ 37,514</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.

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

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

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

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

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) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity date of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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 \$3,450 are related to customer security deposits on van rentals. Restricted assets in the amount of \$400,041 are restricted because their use has been committed for future capital expenditures by the Board through the Capital Reserve Fund ordinance.

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

(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.

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 net 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. PART has no items that meet the criterion for this category as of June 30, 2021. In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. PART has one item that meets the criterion for this category as of June 30, 2021: unavailable grant revenues.

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 represents 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.

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. Stewardship, Compliance and Accountability

A. Deficit in Fund Balance of Individual Funds

At June 30, 2021, the Authority had a deficit balance in the fund balance of the Grants Fund. The deficit in fund balance (\$31,925) was due to timing only, as certain grant revenues in the fund were not considered available as of June 30, 2021, and therefore are presented as a deferred inflow of resources.

3. Detailed Notes on All Funds

A. Assets and investments

(1) Deposits

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

At June 30, 2021, PART’s deposits had a carrying amount of \$8,446,474 and a bank balance of \$8,414,580. Of the bank balances, \$250,000 in two accounts was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority has \$150 cash on hand at June 30, 2021.

(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, 2021, PART had the following investments and maturities:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair value Level 1	\$ 5,230,499	N/A	AAAm

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. Level 1 investments include debt securities values using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Piedmont Authority for Regional Transportation
Notes to Financial Statements

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, 2021.

(3) Receivables

At June 30, 2021, the Authority's receivables consist of the following:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Governmental funds:			
Grants receivable	\$ 1,290,380	\$ 161,269	\$ -
Rental vehicle tax	-	-	409,846
Accounts receivable	-	-	6,466
Due from other governments	-	-	41,013
Total governmental funds	<u>1,290,380</u>	<u>161,269</u>	<u>457,325</u>
Business-type funds:			
Grants receivable	-	61,663	-
Accounts receivable	-	-	41,642
Due from other governments	-	-	60,752
Total business-type funds	<u>-</u>	<u>61,663</u>	<u>102,394</u>
Total receivables	<u>\$ 1,290,380</u>	<u>\$ 222,932</u>	<u>\$ 559,719</u>

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

(4) Capital assets

Capital asset activity for the year ended June 30, 2021 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	\$ 5,984,714	\$ -	\$ -	\$ -	\$ 5,984,714
Construction-in-progress	<u>-</u>	<u>69,364</u>	<u>-</u>	<u>-</u>	<u>69,364</u>
Total capital assets not being depreciated	<u>5,984,714</u>	<u>\$ 69,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,054,078</u>
Capital assets being depreciated:					
Buildings	10,205,775	\$ -	\$ -	\$ -	10,205,775
Improvements other than buildings	6,966,021	-	-	-	6,966,021
Machinery and equipment	<u>17,122,100</u>	<u>4,945,038</u>	<u>(3,356,685)</u>	<u>23,143</u>	<u>18,733,596</u>
Total capital assets being depreciated	<u>34,293,896</u>	<u>\$ 5,014,402</u>	<u>\$ (3,356,685)</u>	<u>\$ 23,143</u>	<u>35,905,392</u>
Less accumulated depreciation for:					
Buildings	1,083,920	\$ 255,144	\$ -	\$ -	1,339,064
Improvements other than buildings	5,920,032	250,002	-	-	6,170,034
Machinery and equipment	<u>9,586,129</u>	<u>1,494,857</u>	<u>(3,237,152)</u>	<u>23,143</u>	<u>7,866,977</u>
Total accumulated depreciation	<u>16,590,081</u>	<u>\$ 2,000,003</u>	<u>\$ (3,237,152)</u>	<u>\$ 23,143</u>	<u>15,376,075</u>
Total capital assets being depreciated, net	<u>17,703,815</u>				<u>20,529,317</u>
Governmental activity capital assets, net	<u>\$ 23,688,529</u>				<u>\$ 26,583,395</u>

Depreciation expense of \$2,000,003 was charged to the transportation function.

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>
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	\$ 1,824,660	\$ -	\$ (488,708)	\$ (23,143)	\$ 1,312,809
Total capital assets being depreciated	<u>1,824,660</u>	<u>\$ -</u>	<u>\$ (488,708)</u>	<u>\$ (23,143)</u>	<u>1,312,809</u>
Less accumulated depreciation for:					
Machinery and equipment	<u>1,030,270</u>	<u>\$ 244,921</u>	<u>\$ (202,353)</u>	<u>\$ (23,143)</u>	<u>1,049,695</u>
Total accumulated depreciation	<u>1,030,270</u>	<u>\$ 244,921</u>	<u>\$ (202,353)</u>	<u>\$ (23,143)</u>	<u>1,049,695</u>
Business-type activity capital assets, net	<u>\$ 794,390</u>				<u>\$ 263,114</u>

B. Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 1,406,130	\$ 78,429	\$ 1,484,559
Total governmental activities	<u>\$ 1,406,130</u>	<u>\$ 78,429</u>	<u>\$ 1,484,559</u>
Business-type activities:			
CR Fund	\$ 16,610	\$ -	\$ 16,610
Total business-type activities	<u>\$ 16,610</u>	<u>\$ -</u>	<u>\$ 16,610</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.

Piedmont Authority for Regional Transportation
Notes to Financial Statements

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.

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 2022.

(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>	
2022	\$ 2,334
2023	1,005
2024	<u>340</u>
	<u>\$ 3,679</u>

Rent expense under operating leases for the year ended June 30, 2021 was \$6,070 for the General Fund and \$49 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 \$70,972 for the General Fund and \$13,567 for the CR Fund.

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

(5) Long-term liabilities

Changes in long-term liabilities:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion of Long-Term Liabilities</u>
Governmental activities:					
Compensated absences	\$ 90,073	\$ 165,792	\$ (75,316)	\$ 180,549	\$ 75,316
	<u>\$ 90,073</u>	<u>\$ 165,792</u>	<u>\$ (75,316)</u>	<u>\$ 180,549</u>	<u>\$ 75,316</u>
Business-type activities:					
Compensated absences	\$ 7,213	\$ 6,030	\$ (10,896)	\$ 2,347	\$ 2,347
	<u>\$ 7,213</u>	<u>\$ 6,030</u>	<u>\$ (10,896)</u>	<u>\$ 2,347</u>	<u>\$ 2,347</u>

(6) Contingent liabilities and commitments

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

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus ("COVID-19") to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. The COVID-19 pandemic has impacted and may continue to impact the Authority, including employees, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

C. *Interfund activities and balances*

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 transfers from the General Fund to the Grants Fund in the amount of \$976,006 provided PART's matching requirements on federal and state grants.

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

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	\$ 13,230,024
Less:	
Restricted:	
Stabilization by State Statute	1,097,686
Capital expenditures	386,978
Committed:	
Capital expenditures	400,041
Assigned:	
Capital expenditures	<u>67,955</u>
Fund balances available for appropriation	<u>\$ 11,277,364</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.

Supplementary Information

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Exhibit 10

(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Rental vehicle tax	\$ 3,200,000	\$ 4,032,954	\$ 832,954
Vehicle registration tax	145,000	165,516	20,516
Farebox (including PART Connections)	275,000	235,254	(39,746)
Grants:			
Federal Transit Administration:			
Operating grant	89,338	59,386	(29,952)
Preventative maintenance grant	230,931	218,105	(12,826)
CARES Act	5,140,856	4,982,326	(158,530)
NC Department of Transportation:			
Model maintenance	76,597	59,370	(17,227)
Rail Amtrak	50,275	-	(50,275)
Local revenues:			
Regional MPO model enhancement	3,654	-	(3,654)
Regional MPO model maintenance	100,078	83,809	(16,269)
Other local revenue	28,900	134,798	105,898
Total revenues	<u>9,340,629</u>	<u>9,971,518</u>	<u>630,889</u>
Expenditures			
Board of Trustees:			
Salaries and benefits	12,500	11,465	1,035
Travel and meetings	10,500	649	9,851
Special initiatives	15,000	-	15,000
Total Board of Trustees	<u>38,000</u>	<u>12,114</u>	<u>25,886</u>
Office of Executive Director:			
Salaries and benefits	110,500	107,257	3,243
Legal services	50,000	21,857	28,143
Other professional services	50,000	850	49,150
Travel and meetings	10,000	2,481	7,519
Office expenses	10,500	5,340	5,160
Space and furnishings	9,000	5,676	3,324
Total Office of Executive Director	<u>240,000</u>	<u>143,461</u>	<u>96,539</u>

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

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	\$ 552,900	\$ 467,325	\$ 85,575
Insurance - property and casualty	75,000	48,700	26,300
Professional services	66,900	52,563	14,337
Travel and training	13,500	5,618	7,882
Office expenses	6,500	5,648	852
Space and furnishings	44,400	37,226	7,174
	<u>759,200</u>	<u>617,080</u>	<u>142,120</u>
PART Express:			
Vehicle operations contract	4,513,200	4,011,794	501,406
Fuel and lubricants	529,400	367,961	161,439
Maintenance and repairs	110,000	65,777	44,223
Buildings and ground management	313,000	170,105	142,895
Miscellaneous	20,000	27,228	(7,228)
Salaries and benefits	372,000	361,734	10,266
Professional services	245,000	67,232	177,768
Travel and training	8,200	696	7,504
Office expenses	38,300	41,267	(2,967)
Space and furnishings	21,700	26,605	(4,905)
	<u>6,170,800</u>	<u>5,140,399</u>	<u>1,030,401</u>
Marketing and communications:			
Salaries and benefits	47,500	8,198	39,302
Professional services	45,000	17,993	27,007
Media and advertising	44,000	23,276	20,724
Travel and training	1,500	-	1,500
Office expenses	6,100	1,861	4,239
Space and furnishings	12,100	11,616	484
	<u>156,200</u>	<u>62,944</u>	<u>93,256</u>

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Exhibit 10

(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Planning:			
Salaries and benefits	\$ 279,600	\$ 278,338	\$ 1,262
Travel and training	7,350	1,478	5,872
Office expenses	1,600	7,737	(6,137)
Space and furnishings	29,500	24,254	5,246
Model maintenance	206,800	162,052	44,748
Total planning	<u>524,850</u>	<u>473,859</u>	<u>50,991</u>
Capital outlay	<u>125,000</u>	<u>102,451</u>	<u>22,549</u>
Total expenditures	<u>8,014,050</u>	<u>6,552,308</u>	<u>1,461,742</u>
Revenues over expenditures	<u>1,326,579</u>	<u>3,419,210</u>	<u>2,092,631</u>
Other financing sources (uses):			
Sale of capital assets	-	55,201	55,201
Transfer to Grants Fund - Capital Grants	<u>(387,085)</u>	<u>(384,006)</u>	<u>3,079</u>
Total other financing uses	<u>(387,085)</u>	<u>(328,805)</u>	<u>58,280</u>
Appropriation to fund balance	<u>(939,494)</u>	-	<u>939,494</u>
Net change in fund balance	<u>\$ -</u>	<u>3,090,405</u>	<u>\$ 3,090,405</u>
Fund balance at beginning of year		<u>9,739,578</u>	
Fund balance at end of year		<u>\$ 12,829,983</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, 2021

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	\$ 2,000,588	\$ 2,000,588	\$ -	\$ 2,000,588	\$ -
Transfer to Grants Fund	<u>(1,600,547)</u>	<u>(1,008,547)</u>	<u>(592,000)</u>	<u>(1,600,547)</u>	<u>-</u>
Total other financing sources (uses)	<u>400,041</u>	<u>992,041</u>	<u>(592,000)</u>	<u>400,041</u>	<u>-</u>
Appropriation to fund balance	<u>(400,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,041</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 992,041</u>	<u>(592,000)</u>	<u>\$ 400,041</u>	<u>\$ 400,041</u>
Fund balance at beginning of year			<u>992,041</u>		
Fund balance at end of year			<u>\$ 400,041</u>		

Piedmont Authority for Regional Transportation
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Grants Fund
 Year Ended June 30, 2021

Exhibit 12

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Federal Transit Administration Grants:			
Vehicles	\$ 3,915,541	\$ 3,904,020	\$ (11,521)
NC Department of Transportation Grants:			
Charging stations	<u>70,138</u>	<u>-</u>	<u>(70,138)</u>
Total revenues	<u>3,985,679</u>	<u>3,904,020</u>	<u>(81,659)</u>
Expenditures			
Vehicles	4,894,626	4,880,027	14,599
Charging stations	<u>70,138</u>	<u>31,924</u>	<u>38,214</u>
Total expenditures	<u>4,964,764</u>	<u>4,911,951</u>	<u>52,813</u>
Revenues under expenditures	<u>(979,085)</u>	<u>(1,007,931)</u>	<u>(28,846)</u>
Other financing sources			
Transfer from General Fund	387,085	384,006	(3,079)
Transfer from Capital Reserve Fund	<u>592,000</u>	<u>592,000</u>	<u>-</u>
Total other financing sources	<u>979,085</u>	<u>976,006</u>	<u>(3,079)</u>
Net change in fund balance	<u>\$ -</u>	<u>(31,925)</u>	<u>\$ (31,925)</u>
Fund balance at beginning of year		<u>-</u>	
Fund deficit at end of year		<u>\$ (31,925)</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, 2021

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	\$ 215,000	\$ 226,342	\$ 11,342
Total operating revenues	<u>215,000</u>	<u>226,342</u>	<u>11,342</u>
Operating expenditures			
TDM/Vanpool			
Salaries and benefits	196,000	163,793	32,207
Fuel and lubricants	100,000	47,991	52,009
Maintenance and repairs	58,000	37,433	20,567
Insurance - vehicles	110,000	108,791	1,209
Transportation	5,000	5,431	(431)
Marketing	111,100	75,164	35,936
Information technology services	15,000	2,599	12,401
Other Professional Services	25,000	2,240	22,760
Driver testing	2,000	-	2,000
Travel and training	6,600	1,325	5,275
Printing	3,000	915	2,085
Office expense	3,728	3,212	516
Space and furnishings	13,000	9,153	3,847
Miscellaneous	-	5,743	(5,743)
	<u>648,428</u>	<u>463,790</u>	<u>184,638</u>
Piedmont Transit Resources			
Information Center			
Salaries and benefits	174,500	116,269	58,231
Marketing	2,000	-	2,000
Information technology services	12,600	9,581	3,019
Other Professional Services	-	536	(536)
Office Expense	2,100	532	1,568
Travel and training	1,500	493	1,007
Space and furnishings	16,400	13,206	3,194
	<u>209,100</u>	<u>140,617</u>	<u>68,483</u>
Total operating expenditures	<u>857,528</u>	<u>604,407</u>	<u>253,121</u>
Operating loss	<u>(642,528)</u>	<u>(378,065)</u>	<u>264,463</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, 2021

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	\$ 151,537	\$ 115,474	\$ (36,063)
City of Greensboro	68,000	55,427	(12,573)
City of High Point	25,000	18,475	(6,525)
City of Winston-Salem	51,000	41,571	(9,429)
NC Department of Trans - Call Center	109,445	69,574	(39,871)
City of High Point - Call Center	37,826	22,993	(14,833)
Davidson County - Call Center	35,000	22,993	(12,007)
Amtrak	3,000	5,145	2,145
Other local revenue	-	8,250	8,250
	<u>480,808</u>	<u>359,902</u>	<u>(120,906)</u>
Total intergovernmental revenues			
Other nonoperating revenue	<u>290,120</u>	<u>5,300</u>	<u>(284,820)</u>
Total nonoperating revenues	<u>770,928</u>	<u>365,202</u>	<u>(405,726)</u>
Revenues over (under) expenditures	<u>128,400</u>	<u>(12,863)</u>	<u>(141,263)</u>
Other financing sources			
Sale of capital assets	<u>-</u>	<u>319,087</u>	<u>319,087</u>
Total other financing sources	<u>-</u>	<u>319,087</u>	<u>319,087</u>
Appropriation from fund balance	<u>(128,400)</u>	<u>-</u>	<u>128,400</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>306,224</u>	<u>\$ 306,224</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Depreciation		(244,921)	
Gain on sale of capital assets		32,733	
Proceeds from sale of capital assets		(319,087)	
Change in compensated absences		<u>4,866</u>	
Change in net position		<u>\$ (220,185)</u>	

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, NC

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, 2021, 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 November 2, 2021.

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) as a basis for designing 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 financial statements. 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, NC
November 2, 2021



Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the OMB Uniform Guidance and the State Single Audit Implementation Act

Board of Trustees
Piedmont Authority for Regional Transportation
Greensboro, NC

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, 2021. 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, 2021.

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, NC
November 2, 2021

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>
20.507/526	Federal Transit 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

Section II: Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2021.

Section III: Federal Awards Findings and Questioned Costs

There were no findings related to federal awards for the fiscal year ended June 30, 2021.

Piedmont Authority for Regional Transportation
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

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):							
CMAQ Saturday and Expanded Service	20.507		NC-2018-018	\$ 54,174	\$ 43,338	\$ -	\$ 10,836
Section 5307 Operating & Capital	20.507		NC-2020-007	22,772	18,218	-	4,554
Section 5307 Operating & Capital	20.507		NC-2021-011	89,449	71,559	-	17,890
Greensboro UZA Section 5307 and 5339	20.507		NC-2020-021	157,039	125,631	-	31,408
				<u>323,434</u>	<u>258,746</u>	<u>-</u>	<u>64,688</u>
COVID-19 - Federal Transit - Formula Grants (Urbanized Area Formula Program):							
Section 5307 CARES Act	20.507		NC-2020-015	4,453,725	4,453,725	-	-
CARES Act CRRSSA Greensboro	20.507		NC-2021-009	83,746	83,746	-	-
				<u>4,537,471</u>	<u>4,537,471</u>	<u>-</u>	<u>-</u>
Total Federal Transit - Formula Grants (Urbanized Area Formula Program):				<u>4,860,905</u>	<u>4,796,217</u>	<u>-</u>	<u>64,688</u>
Federal Transit - Bus and Bus Facilities Formula Program:							
5339 Bus and Bus Facility	20.526		NC-2020-012	4,900,083	3,920,066	-	980,017
Total Federal Transit Cluster				<u>9,760,988</u>	<u>8,716,283</u>	<u>-</u>	<u>1,044,705</u>
Passed through the North Carolina Department of Transportation:							
Highway Planning and Construction Cluster							
Highway Planning and Construction (Federal Aid Highway Program):							
Piedmont Triad Regional Model	20.205-1		7500024274	162,049	47,496	11,874	102,679
Total Highway Planning and Construction Cluster				<u>162,049</u>	<u>47,496</u>	<u>11,874</u>	<u>102,679</u>
Formula Grants for Rural Areas	20.509		21-CA-120	444,855	444,855	-	-
Total passed through North Carolina Department of Transportation				<u>606,904</u>	<u>492,351</u>	<u>11,874</u>	<u>102,679</u>
Total U.S. DOT assistance				<u>10,367,892</u>	<u>9,208,634</u>	<u>11,874</u>	<u>1,147,384</u>
State Grants							
North Carolina Department of Transportation:							
Ridesharing		DOT-11	20-RS-120	370,098	-	185,049	185,049
				<u>370,098</u>	<u>-</u>	<u>185,049</u>	<u>185,049</u>
Total assistance				<u>\$ 10,737,990</u>	<u>\$ 9,208,634</u>	<u>\$ 196,923</u>	<u>\$ 1,332,433</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, 2021. 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.