

Piedmont Authority for Regional Transportation

Greensboro, North Carolina

Annual Financial Report

Year Ended June 30, 2018

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Piedmont Authority for Regional Transportation

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Introductory Section

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Piedmont Authority for Regional Transportation

Established..... July 17, 1997

Board of Trustees

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

Executive Director Scott W. Rhine

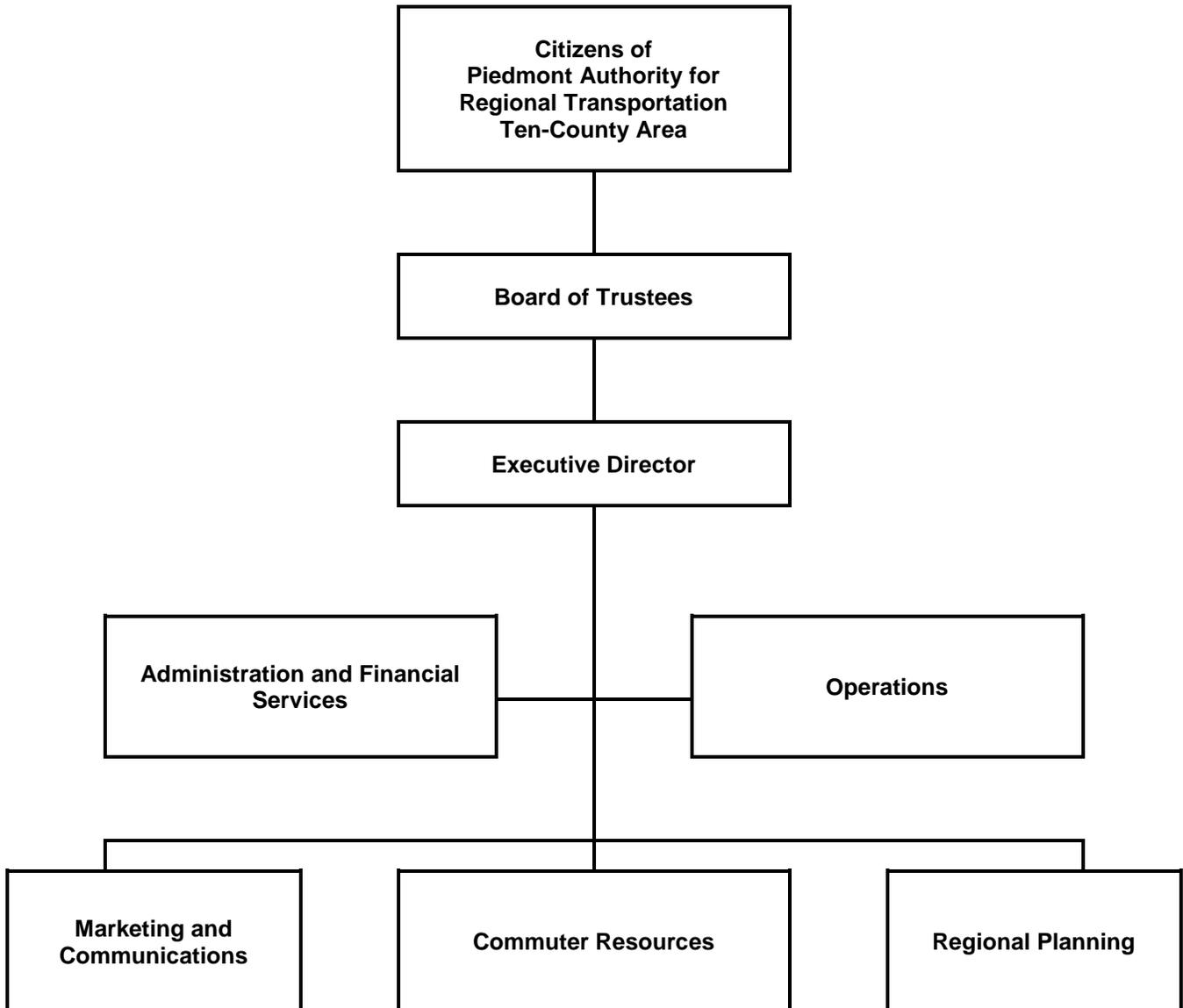
General Counsel Thomas E. Terrell, Jr.
Smith Moore Leatherwood LLP
Greensboro, North Carolina

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

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

Piedmont Authority for Regional Transportation

Organization Chart



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Piedmont Authority for Regional Transportation, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund and Grants Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Piedmont Authority for Regional Transportation. The introductory information and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements.

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

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



Other Reporting Required under Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018 on our consideration of the Piedmont Authority for Regional Transportation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering Piedmont Authority for Regional Transportation's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**High Point, North Carolina
October 29, 2018**

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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, 2018. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. FY 2018 marked the implementation of the adopted Capital Reserve Policy resulting in \$468,000 of restricted funds that can only be used for future capital requirements. Operationally, PART Express placed eight New Flyer commuter buses into service, modified bus and shuttle routes, expanded service on five routes and implemented a simplified passenger rate structure all reaffirming the commitment to more efficient and effective operations. PART continues to seek funding and utilized \$7.7M of available Federal and State grant funding in support of services and programs administered by the agency for the enhancement of mobility options in the region.

PART operates a bus fleet of 39 vehicles providing services to meet demands throughout nine of the ten counties in which PART operates. In order to provide necessary financial resources for the services, PART and six of the PART member counties implement a 5% tax on gross receipts of the short term lease or rental of U-drive it vehicles, and a separate county levied a \$1 vehicle registration tax to support PART. This tax revenue is the principal source of operational funding. Ridership for FY 2018 decreased by 4.4% to a total of 419,455 passenger trips which is reflective of the nationwide public transportation trends. During the fiscal year ended June 30, 2018, PART operated well within the approved balanced budget.

Financial Highlights

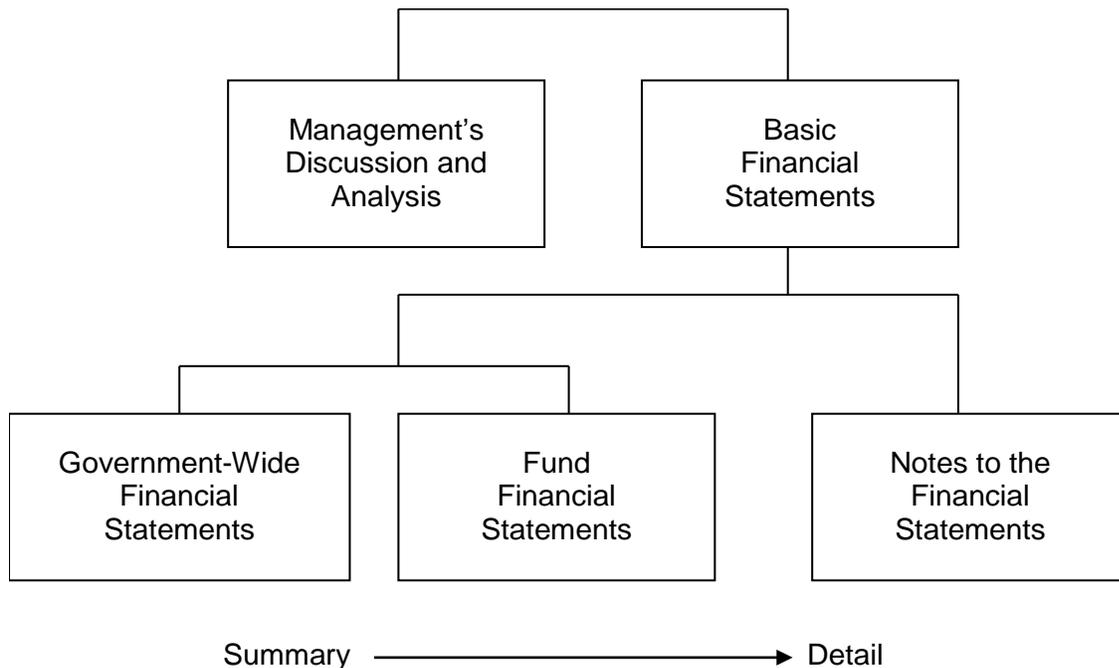
Highlights of PART's fiscal year ended June 30, 2018, include:

- Total net position increased \$3.2 million from \$30.5 million to \$33.7 million. The increase was primarily a result of grant funds received for the construction of the Coble Intermodal Terminal Complex and for the purchase of 8 new 38 passenger buses.
- At June 30, 2018, net position of \$33.7 million included \$4.9 million in unrestricted net position, which in large part are held primarily for PART's future working capital needs and to meet local match requirements for federal and state capital and operating grants.
- At June 30, 2018, the governmental funds reported a fund balance of approximately \$7.1 million, an increase of approximately \$592,000.
- The Grants Fund reported capital expenditures totaling \$5.0 million which were principally funded by federal and state grants.

Overview of Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



Government-wide financial statements

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

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

Government-wide financial statements are divided into governmental and business-type activities. All operating expenditures are covered by various revenue streams. Business-type activities include operations of the Commuter Resources program, which provides vanpool, ride-share and call center services for the region. Charges for services and contributions from participating governments and the North Carolina Department of Transportation finance the costs of Commuter Resources activities.

Piedmont Authority for Regional Transportation Management's Discussion and Analysis

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, 2018 (as shown in Exhibit 1) with comparative data for June 30, 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 7,565,175	\$ 7,722,329	\$ 610,575	\$ 397,571	\$ 8,175,750	\$ 8,119,900
Capital assets	<u>25,617,029</u>	<u>22,879,392</u>	<u>599,580</u>	<u>832,754</u>	<u>26,216,609</u>	<u>23,712,146</u>
Total assets	<u>33,182,204</u>	<u>30,601,721</u>	<u>1,210,155</u>	<u>1,230,325</u>	<u>34,392,359</u>	<u>31,832,046</u>
Long-term liabilities outstanding	18,978	44,168	-	-	18,978	44,168
Other liabilities	564,968	1,212,277	105,902	46,157	670,870	1,258,434
Deferred inflows of resources	<u>-</u>	<u>56,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,372</u>
Total liabilities and deferred inflows of resources	<u>583,946</u>	<u>1,312,817</u>	<u>105,902</u>	<u>46,157</u>	<u>689,848</u>	<u>1,358,974</u>
Net position:						
Net investment in capital assets	25,617,029	22,879,392	599,580	832,754	26,216,609	23,712,146
Restricted	2,085,053	2,053,999	-	-	2,085,053	2,053,999
Unrestricted	<u>4,896,176</u>	<u>4,355,513</u>	<u>504,673</u>	<u>351,414</u>	<u>5,400,849</u>	<u>4,706,927</u>
Total net position	<u>\$ 32,598,258</u>	<u>\$ 29,288,904</u>	<u>\$ 1,104,253</u>	<u>\$ 1,184,168</u>	<u>\$ 33,702,511</u>	<u>\$ 30,473,072</u>

As shown above, assets of the Authority exceeded liabilities by \$33,702,511 at June 30, 2018. Capital assets increased \$2,504,463, primarily resulting from the construction in process of the Coble Intermodal Terminal Complex. The Authority's net position increased by \$3,229,439 during the fiscal year ended June 30, 2018. The largest portion of net position (77.8%) reflects the Authority's investments in capital assets (e.g., land, buildings, improvements other than buildings, and machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The Authority uses these capital assets to provide services to citizens of the ten-county region; consequently, the assets are not available for future spending. Although PART's investment in capital assets is reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of PART's net position, \$2,085,053, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,400,849 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, 2018 (as shown in Exhibit 2) with comparative data for June 30, 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 413,723	\$ 484,417	\$ 581,109	\$ 561,576	\$ 994,832	\$ 1,045,993
Operating grants and contributions	2,708,442	2,163,852	570,346	481,170	3,278,788	2,645,022
Capital grants and contributions	4,371,682	6,878,272	-	-	4,371,682	6,878,272
General revenues:						
Rental vehicle tax	4,037,129	3,867,119	-	-	4,037,129	3,867,119
Vehicle license tax	152,788	155,288	-	-	152,788	155,288
Other	166,072	32,912	74,628	108,433	240,700	141,345
Total revenues	<u>11,849,836</u>	<u>13,581,860</u>	<u>1,226,083</u>	<u>1,151,179</u>	<u>13,075,919</u>	<u>14,733,039</u>
Expenses:						
Transportation	8,502,629	7,785,757	-	-	8,502,629	7,785,757
Commuter Resources	-	-	1,343,851	1,249,343	1,343,851	1,249,343
Transfers	37,853	387,677	(37,853)	(387,677)	-	-
Total expenses	<u>8,540,482</u>	<u>8,173,434</u>	<u>1,305,998</u>	<u>861,666</u>	<u>9,846,480</u>	<u>9,035,100</u>
Change in net position	3,309,354	5,408,426	(79,915)	289,513	3,229,439	5,697,939
Net position, July 1	<u>29,288,904</u>	<u>23,880,478</u>	<u>1,184,168</u>	<u>894,655</u>	<u>30,473,072</u>	<u>24,775,133</u>
Net position, June 30	<u>\$ 32,598,258</u>	<u>\$ 29,288,904</u>	<u>\$ 1,104,253</u>	<u>\$ 1,184,168</u>	<u>\$ 33,702,511</u>	<u>\$ 30,473,072</u>

Governmental activities. Net position of governmental activities increased by \$3,309,354. Key elements of this increase are as follows:

- \$3,298,069 in capital grants and contributions resulting from the purchase of 8 new 35 passenger buses. Also, the rental vehicle tax revenue increased 4.3% as a result of an improving economy.
- Increase in Transportation expenditures of \$716,872 due in part to the capitalization of the CTC and the associated depreciation. Another contributing factor was the increase in PART Express operating costs due to contract renegotiation, increased service for extended hours and Saturday service on multiple routes.

Business-type activities. Net position of business-type activities decreased by \$79,915 during the year. The CR Fund made a transfer to the Grants fund of approximately \$50,000 for the purchase of two additional vans. Rate structures of enterprise operations should be set, insofar as practicable, to recover full operating costs including depreciation and interest expense, and to provide a reasonable working capital reserve.

**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 \$7.1 million, of which \$4.0 million was unrestricted and available for working capital needs and transfers (to) from other funds. The General Fund budget was amended twice during FY 2018 to adjust revenues, expenditures and transfers to other funds. The amendments were made to increase grant revenue by \$527,335. The majority of the revenue increase was for 5307 operating grant funding, State Maintenance Assistance and Model Enhancement funding. Expenditures increased accordingly to cover costs associated with the Piedmont Triad Regional Model (PTRM). Transfers were increased to establish the Capital Reserve Fund. On an actual basis, revenues were below budget projections by \$350,440. Expenditures were under the final budget by \$822,783 resulting from reduced fuel costs, freight study postponement and personnel vacancies. The final actual performance resulted in an increase of fund balance of \$591,693.

Proprietary fund. The Commuter Resources Fund program activities budget was amended twice during FY2018 to adjust revenues, expenses and transfers (to) from other funds. The amendments increased revenue by \$35,823, to recognize additional revenue for the Telematics Study and an increase in non-operating revenue. Expenses increased for the associated costs for the Telematics Study. Transfers to the Grants Fund were amended for the local portion and insurance proceeds to fund van purchases. On an actual basis, revenues were above budget due to increased Rentals, vehicle sales and insurance proceeds. Expenditures underran budget due to reduced fuel cost and fewer repairs on newer vans. The net position decreased by \$79,915.

Capital assets. PART’s net investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$26,216,609 (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure such as parking lot paving, curbs and landscaping), machinery and equipment, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,868,070	\$ 6,099,210	\$ -	\$ -	\$ 6,868,070	\$ 6,099,210
Buildings	9,632,143	1,546,483	-	-	9,632,143	1,546,483
Improvements other than buildings	2,119,695	2,290,525	-	-	2,119,695	2,290,525
Machinery and equipment	6,997,121	3,063,948	599,580	832,754	7,596,701	3,896,702
Construction in progress	-	9,879,226	-	-	-	9,879,226
Total	<u>\$ 25,617,029</u>	<u>\$ 22,879,392</u>	<u>\$ 599,580</u>	<u>\$ 832,754</u>	<u>\$ 26,216,609</u>	<u>\$ 23,712,146</u>

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

- Construction costs of \$978,000 on the Intermodal Transportation Terminal Complex occurred in FY18 which completed the project. Eight new 38 passenger buses were purchased with 80% federal funding.
- PART purchased three new vans totaling \$80,477 for the vanpool fleet and disposed of nine vans for proceeds of \$75,804.

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

Piedmont Authority for Regional Transportation Management's Discussion and Analysis

Budget highlights for the fiscal year ending June 30, 2019

Governmental activities. The adopted state of North Carolina budget had a reduction of 26% in State Maintenance Assistance Program (SMAP) funds for 2019. This will result in a reduction of State Funds to PART in the amount of \$248,267. PART has identified the freeze on two vacant staff positions and a reduction in non-critical expenditures to offset the funding reduction.

PART and the city of Greensboro were awarded NCDOT Advanced Technology Funds for passenger faring systems to enhance end user access and usage. The total award to PART is for \$215,014 with 10 percent local participation.

PART has entered into a \$5,404,000 enhancement funding agreement utilizing Federal Highway Administration (FHWA) and the North Carolina Department of Transportation (NCDOT) funds for Business 40 mitigation. These funds will be utilized to reduce single occupancy vehicular travel in the Winston-Salem area during the 20-24 month road closure construction project on Business 40. The activities specifically detailed in the Business 40 mitigation strategies plan and associated budget will be reimbursed to PART at 100%.

Business-type activities. Commuter Resources (CR) has 50 vans leased which enable passengers to commute to places of employment throughout the ten counties in this area. The CR budget for Fiscal Year 2018-19 is balanced with no projected transfer.

Requests for information

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

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Basic Financial Statements

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Piedmont Authority for Regional Transportation
Statement of Net Position
June 30, 2018

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,006,972	\$ 356,439	\$ 5,363,411
Rental vehicle tax receivable	424,405	-	424,405
Due from other governments	87,417	84,388	171,805
Accounts receivable	23,649	13,778	37,427
Grants receivable:			
Federal Transit Administration	1,496,402	-	1,496,402
NC Department of Transportation	56,882	142,017	198,899
Prepaid expenses	1,752	-	1,752
Restricted cash and cash equivalents	467,696	13,953	481,649
Total current assets	<u>7,565,175</u>	<u>610,575</u>	<u>8,175,750</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	6,868,070	-	6,868,070
Other capital assets, net of depreciation	18,748,959	599,580	19,348,539
Total capital assets	<u>25,617,029</u>	<u>599,580</u>	<u>26,216,609</u>
Total assets	<u>\$ 33,182,204</u>	<u>\$ 1,210,155</u>	<u>\$ 34,392,359</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 438,291	\$ 72,577	\$ 510,868
Payable from restricted assets - security deposits	-	13,953	13,953
Unearned revenue - vanpool receipts	-	9,792	9,792
Unearned revenue - pass sales	65,693	-	65,693
Compensated absences - current	60,984	9,580	70,564
Total current liabilities	<u>564,968</u>	<u>105,902</u>	<u>670,870</u>
Noncurrent liabilities			
Compensated absences	18,978	-	18,978
Total noncurrent liabilities	<u>18,978</u>	<u>-</u>	<u>18,978</u>
Total liabilities	<u>583,946</u>	<u>105,902</u>	<u>689,848</u>
NET POSITION			
Net investment in capital assets	25,617,029	599,580	26,216,609
Restricted for:			
Stabilization by State Statute	2,085,053	-	2,085,053
Unrestricted	4,896,176	504,673	5,400,849
Total net position	<u>32,598,258</u>	<u>1,104,253</u>	<u>33,702,511</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,182,204</u>	<u>\$ 1,210,155</u>	<u>\$ 34,392,359</u>

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

**Piedmont Authority for Regional Transportation
Statement of Activities
Year Ended June 30, 2018**

**Exhibit 2
(2 pages)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Transportation	\$ 8,502,629	\$ 413,723	\$ 2,708,442	\$ 4,371,682
Total governmental activities	8,502,629	413,723	2,708,442	4,371,682
Business-type activities:				
Transportation Demand Management	1,343,851	581,109	570,346	-
Total business-type activities	1,343,851	581,109	570,346	-
Total primary government	\$ 9,846,480	\$ 994,832	\$ 3,278,788	\$ 4,371,682

General revenues and transfers:

Rental vehicle tax
Vehicle registration tax
Gain on sale of capital assets
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,008,782)	\$ -	\$ (1,008,782)
(1,008,782)	-	(1,008,782)
-	(192,396)	(192,396)
-	(192,396)	(192,396)
(1,008,782)	(192,396)	(1,201,178)
4,037,129	-	4,037,129
152,788	-	152,788
61,956	52,563	114,519
104,116	22,065	126,181
(37,853)	37,853	-
4,318,136	112,481	4,430,617
3,309,354	(79,915)	3,229,439
29,288,904	1,184,168	30,473,072
<u>\$ 32,598,258</u>	<u>\$ 1,104,253</u>	<u>\$ 33,702,511</u>

**Piedmont Authority for Regional Transportation
Balance Sheet
Governmental Funds
June 30, 2018**

Exhibit 3

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 5,006,972	\$ -	\$ 5,006,972
Rental vehicle tax receivable	424,405	-	424,405
Due from other governments	87,417	-	87,417
Accounts receivable	23,649	-	23,649
Grants receivable:			
Federal Transit Administration	1,496,402	-	1,496,402
NC Department of Transportation	56,882	-	56,882
Prepaid expenses	1,752	-	1,752
Restricted cash	467,696	-	467,696
	<u>7,565,175</u>	<u>-</u>	<u>7,565,175</u>
Total assets	<u>\$ 7,565,175</u>	<u>\$ -</u>	<u>\$ 7,565,175</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 438,291	\$ -	\$ 438,291
Unearned revenue	65,693	-	65,693
	<u>503,984</u>	<u>-</u>	<u>503,984</u>
Total liabilities	<u>503,984</u>	<u>-</u>	<u>503,984</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,702	-	3,702
	<u>3,702</u>	<u>-</u>	<u>3,702</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	1,752	-	1,752
Restricted:			
Stabilization by State Statute	2,085,053	-	2,085,053
Committed:			
Capital expenditures	467,696	-	467,696
Assigned:			
Capital expenditures	69,414	-	69,414
Unassigned:	4,433,574	-	4,433,574
Total fund balances	<u>7,057,489</u>	<u>-</u>	<u>7,057,489</u>
	<u>7,565,175</u>	<u>-</u>	<u>7,565,175</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,565,175</u>	<u>\$ -</u>	<u>\$ 7,565,175</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			25,617,029
Earned revenues considered deferred inflows of resources in the funds			3,702
Some liabilities are not due and payable in the current period and therefore not included:			
Compensated absences payable			(79,962)
Net position of governmental activities			<u>\$ 32,598,258</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, 2018**

**Exhibit 4
(2 pages)**

	Major Funds		Total Governmental Funds
	General Fund	Grants Fund	
Revenues			
Rental vehicle tax	\$ 4,037,129	\$ -	\$ 4,037,129
Vehicle registration tax	152,788	-	152,788
Farebox (including PART Connections)	413,723	-	413,723
Grants:			
Federal Transit Administration	1,708,629	3,952,549	5,661,178
NC Department of Transportation	936,701	439,518	1,376,219
Regional MPOs	59,410	-	59,410
Other local revenue	104,116	-	104,116
	7,412,496	4,392,067	11,804,563
Total revenues			
Expenditures			
Board of Trustees	17,338	-	17,338
Office of Executive Director	211,096	-	211,096
Administration and Financial Services	595,514	-	595,514
PART Express	4,826,268	-	4,826,268
Marketing and Communications	222,899	-	222,899
Planning	417,076	-	417,076
Capital outlay	48,224	4,986,629	5,034,853
	6,338,415	4,986,629	11,325,044
Total expenditures			
Revenues over (under) expenditures	1,074,081	(594,562)	479,519
Other financing sources (uses)			
Sale of capital assets	61,956	-	61,956
Transfer to Grants Fund: capital grants	(544,344)	-	(544,344)
Transfer from General Fund	-	544,344	544,344
Transfer from Commuter Resources Fund	-	50,218	50,218
	(482,388)	594,562	112,174
Total other financing sources (uses)			
Net change in fund balance	591,693	-	591,693
Fund balance, beginning of year	6,465,796	-	6,465,796
Fund balance, end of year	\$ 7,057,489	\$ -	\$ 7,057,489

**Piedmont Authority for Regional Transportation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018**

**Exhibit 4
(2 pages)**

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

Total net change in fund balances - Total Governmental Funds	\$ 591,693
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	5,118,124
Depreciation expense for governmental assets	(2,292,416)
Net carrying value of capital assets transferred to business-type activities.	(88,071)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	
Change in unavailable revenue	(16,683)
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	<u>(3,293)</u>
Total change in net position - governmental activities	<u>\$ 3,309,354</u>

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

Exhibit 5

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
Revenues				
Rental vehicle tax	\$ 3,921,889	\$ 3,921,889	\$ 4,037,129	\$ 115,240
Vehicle registration tax	147,084	147,084	152,788	5,704
Farebox (including PART Connections)	515,065	515,065	413,723	(101,342)
Grant revenues:				
Federal Transit Administration	1,545,065	1,785,918	1,708,629	(77,289)
NC Department of Transportation	939,318	1,230,800	936,701	(294,099)
Local revenues:				
Regional MPOs	88,780	88,780	59,410	(29,370)
Other local revenue	48,400	73,400	104,116	30,716
Total revenues	7,205,601	7,762,936	7,412,496	(350,440)
Expenditures				
Board of Trustees	38,000	38,000	17,338	20,662
Office of Executive Director	297,567	297,567	211,096	86,471
Administration and financial services	671,578	671,578	595,514	76,064
PART Express	5,114,194	5,114,194	4,826,268	287,926
Marketing and communications	253,301	253,301	222,899	30,402
Planning	536,558	736,558	417,076	319,482
Capital outlay	50,000	50,000	48,224	1,776
Total expenditures	6,961,198	7,161,198	6,338,415	822,783
Revenues over expenditures	244,403	601,738	1,074,081	472,343
Other financing sources (uses)				
Sale of capital assets	-	-	61,956	61,956
Transfer to Grants Fund - Capital Grants	(72,500)	(544,346)	(544,344)	2
Total other financing uses	(72,500)	(544,346)	(482,388)	61,958
Appropriation to fund balance	(171,903)	(57,392)	-	57,392
Net change in fund balance	\$ -	\$ -	591,693	\$ 591,693
Fund balance at beginning of year			6,465,796	
Fund balance at end of year			\$ 7,057,489	

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, 2018

Exhibit 6

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
Revenues				
FTA capital grants	\$ 3,712,000	\$ 3,952,549	\$ 3,952,549	\$ -
North Carolina Department of Transportation: Capital grants	406,500	439,518	439,518	-
Total revenues	4,118,500	4,392,067	4,392,067	-
Expenditures				
Terminal facility	625,000	978,083	978,083	-
Vans	-	80,477	80,477	-
Rehab park and rides	50,000	-	-	-
Buses	3,965,000	3,928,069	3,928,069	-
Total expenditures	4,640,000	4,986,629	4,986,629	-
Revenues under expenditures	(521,500)	(594,562)	(594,562)	-
Other financing sources				
Transfer from General Fund	72,500	103,547	103,547	-
Transfer from Capital Reserve Fund	449,000	440,797	440,797	-
Transfer from Commuter Resources Fund	-	50,218	50,218	-
Total other financing sources	521,500	594,562	594,562	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

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

Piedmont Authority for Regional Transportation
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

Exhibit 7

	Commuter Resources Fund	Total Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 356,439	\$ 356,439
Due from other governments	84,388	84,388
Accounts receivable	13,778	13,778
Grants receivable:		
NC Department of Transportation	142,017	142,017
Restricted cash and cash equivalents	13,953	13,953
 Total current assets	 610,575	 610,575
Capital assets:		
Other capital assets, net of depreciation	599,580	599,580
 Total assets	 1,210,155	 1,210,155
LIABILITIES		
Current liabilities:		
Accounts payable and other accrued liabilities	72,577	72,577
Payable from restricted assets - security deposits	13,953	13,953
Unearned revenue - Vanpool receipts	9,792	9,792
Current portion of long-term liabilities	9,580	9,580
 Total current liabilities	 105,902	 105,902
 Total liabilities	 105,902	 105,902
NET POSITION		
Net investment in capital assets	599,580	599,580
Unrestricted	504,673	504,673
 Total net position	 \$ 1,104,253	 \$ 1,104,253

Piedmont Authority for Regional Transportation
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018

Exhibit 8

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
Operating revenues		
Charges for sales and services	\$ 581,109	\$ 581,109
Total operating revenues	<u>581,109</u>	<u>581,109</u>
Operating expenses		
TDM/vanpool:		
Vehicle expense	392,523	392,523
Personnel expense	244,563	244,563
Administration	52,971	52,971
Office expense	7,639	7,639
Space and furnishings	19,314	19,314
Professional development	3,682	3,682
Other professional services	107,459	107,459
Depreciation	299,553	299,553
Piedmont Transit Resources Information Center:		
Personnel expense	171,822	171,822
Administration	16,599	16,599
Professional development	929	929
Other professional services	9,623	9,623
Office expense	2,299	2,299
Space and furnishings	14,875	14,875
Total operating expenses	<u>1,343,851</u>	<u>1,343,851</u>
Operating loss	<u>(762,742)</u>	<u>(762,742)</u>
Nonoperating revenues		
NC Department of Transportation	245,916	245,916
City of Greensboro	68,000	68,000
City of High Point	23,251	23,251
City of Winston-Salem	52,314	52,314
NC Department of Transportation - Call Center	100,180	100,180
City of High Point - Call Center	38,133	38,133
Davidson County - Call Center	35,000	35,000
Amtrak	7,552	7,552
Total intergovernmental revenues	<u>570,346</u>	<u>570,346</u>
Gain on sale of capital assets	52,563	52,563
Other nonoperating revenue	22,065	22,065
Total nonoperating revenues	<u>644,974</u>	<u>644,974</u>
Loss before transfers	<u>(117,768)</u>	<u>(117,768)</u>
Transfer from General Fund	7,594	7,594
Transfer from Grants Fund	80,477	80,477
Transfer to Grants Fund	(50,218)	(50,218)
Total transfers	<u>37,853</u>	<u>37,853</u>
Change in net position	(79,915)	(79,915)
Total net position, beginning	<u>1,184,168</u>	<u>1,184,168</u>
Total net position, ending	<u>\$ 1,104,253</u>	<u>\$ 1,104,253</u>

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

Piedmont Authority for Regional Transportation
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

Exhibit 9
(2 pages)

	<u>Commuter Resources</u>	<u>Total Enterprise Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 588,321	\$ 588,321
Cash paid for goods and services	(581,596)	(581,596)
Cash paid to employees for services	(416,726)	(416,726)
	<u>(410,001)</u>	<u>(410,001)</u>
Cash flows from noncapital financing activities		
State grants	273,087	273,087
Other governmental agencies	200,209	200,209
Transfers to other funds	(50,218)	(50,218)
	<u>423,078</u>	<u>423,078</u>
Cash flows from capital and related financing activities		
Proceeds from disposal of capital assets	65,206	65,206
Purchases of capital assets	(1,549)	(1,549)
	<u>63,657</u>	<u>63,657</u>
Cash flows from investing activities		
Other revenues:	<u>22,065</u>	<u>22,065</u>
	<u>22,065</u>	<u>22,065</u>
Net increase in cash and cash equivalents	98,799	98,799
Cash and cash equivalents at beginning of year	<u>271,593</u>	<u>271,593</u>
Cash and cash equivalents at end of year	<u>\$ 370,392</u>	<u>\$ 370,392</u>
Cash and cash equivalents		
Unrestricted	\$ 356,439	\$ 356,439
Restricted	<u>13,953</u>	<u>13,953</u>
	<u>\$ 370,392</u>	<u>\$ 370,392</u>

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

**Piedmont Authority for Regional Transportation
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018**

**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	\$ (762,742)	\$ (762,742)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	299,553	299,553
Change in assets and liabilities:		
Increase in accounts receivable	(6,557)	(6,557)
Increase in deferred revenue	9,792	9,792
Increase in accounts payable and accrued liabilities	49,353	49,353
Increase in security deposits	600	600
	<u>600</u>	<u>600</u>
Net cash used by operating activities	<u>\$ (410,001)</u>	<u>\$ (410,001)</u>
 Supplemental schedule of noncash investing and financing activities:		
Transfer of capital assets from governmental activities	<u>\$ 88,071</u>	<u>\$ 88,071</u>

Notes to the Financial Statements

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Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

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

B. Basis of presentation

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

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

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

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

The Authority reports the following major governmental funds:

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

Piedmont Authority for Regional Transportation Notes to Financial Statements

marketing and communications, and administrative and financial management support. The Capital Reserve Fund is consolidated in the General Fund.

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

The authority reports the following major proprietary funds:

Commuter Resources Fund ("CR"). This fund accounts for services to both employers and individual commuters by offering vanpools, rideshare matching, guaranteed emergency ride home, call center and various other tools to improve mobility. The CR program strives to reduce vehicle miles travelled on the region's streets and highways, and emissions to improve air quality.

C. Measurement focus and basis of accounting

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

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

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

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

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

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

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

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

D. Budgetary accounting

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

E. Assets

(1) Deposits and investments

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

State law [G.S. 15-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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

(2) Restricted assets

Restricted assets in the amount of \$13,953 are related to customer security deposits on van rentals. Restricted assets in the amount of \$467,696 are restricted because their use has been committed for future capital expenditures by the Board through the Capital Reserve Fund ordinance.

(3) Receivables

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

(4) Capital assets

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

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

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

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

F. Deferred outflows/inflows of resources

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

G. Liabilities

(1) Long-term obligations

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

(2) Compensated absences

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

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

H. Net position/fund balances

(1) Net position

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

(2) Fund balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Assigned fund balance - Portion of fund balance that PART intends to use for specific purposes. Unassigned fund balances may be assigned by the CEO for specific purposes.

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

Unassigned fund balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes.

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

2. Detailed Notes on All Funds

A. Assets and investments

(1) Deposits

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

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

At June 30, 2018, PART's deposits had a carrying amount of \$3,766,027 and a bank balance of \$3,816,357. Of the bank balances, \$333,084 in three 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, 2018.

(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, 2018, PART had the following investments and maturities:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2017	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 1,007,746	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	<u>1,071,137</u>	0.09 years	Unrated
Total		<u>\$ 2,078,883</u>		

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

The Authority does not have a formal investment policy.

Credit Risk. The Authority has no formal policy regarding credit risk, but has internal management procedures that limits the Authority's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Authority's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The Authority's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments permitted under G.S. 159-30 as amended.

(3) Receivables

At June 30, 2018, the Authority's receivables consist of the following:

Fund	Federal	State	Local
Governmental funds:			
Grants receivable	\$ 1,496,402	\$ 56,882	\$ -
Rental vehicle tax	-	-	424,405
Accounts receivable	-	-	23,649
Due from other governments	<u>-</u>	<u>-</u>	<u>87,417</u>
Total governmental funds	<u>1,496,402</u>	<u>56,882</u>	<u>535,471</u>
Business-type funds:			
Grants receivable	-	142,017	-
Accounts receivable	-	-	13,778
Due from other governments	<u>-</u>	<u>-</u>	<u>84,388</u>
Total business-type funds	<u>-</u>	<u>142,017</u>	<u>98,166</u>
Total receivables	<u>\$ 1,496,402</u>	<u>\$ 198,899</u>	<u>\$ 633,637</u>

Piedmont Authority for Regional Transportation
Notes to Financial Statements

(4) Capital assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,099,210	\$ 768,860	\$ -	\$ -	\$ 6,868,070
Construction-in-progress	<u>9,879,226</u>	<u>978,084</u>	<u>(10,857,310)</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>15,978,436</u>	<u>\$ 1,746,944</u>	<u>\$ (10,857,310)</u>	<u>\$ -</u>	<u>6,868,070</u>
Capital assets being depreciated:					
Buildings	1,967,944	\$ 8,237,831	\$ -	\$ -	10,205,775
Improvements other than buildings	6,434,708	658,005	-	-	7,092,713
Machinery and equipment	<u>12,528,465</u>	<u>5,252,177</u>	<u>(2,270,273)</u>	<u>(23,143)</u>	<u>15,487,226</u>
Total capital assets being depreciated	<u>20,931,117</u>	<u>\$ 14,148,013</u>	<u>\$ (2,270,273)</u>	<u>\$ (23,143)</u>	<u>32,785,714</u>
Less accumulated depreciation for:					
Buildings	421,461	\$ 152,171	\$ -	\$ -	573,632
Improvements other than buildings	4,144,183	828,835	-	-	4,973,018
Machinery and equipment	<u>9,464,517</u>	<u>1,311,410</u>	<u>(2,270,273)</u>	<u>(15,549)</u>	<u>8,490,105</u>
Total accumulated depreciation	<u>14,030,161</u>	<u>\$ 2,292,416</u>	<u>\$ (2,270,273)</u>	<u>\$ (15,549)</u>	<u>14,036,755</u>
Total capital assets being depreciated, net	<u>6,900,956</u>				<u>18,748,959</u>
Governmental activity capital assets, net	<u>\$ 22,879,392</u>				<u>\$ 25,617,029</u>

Depreciation expense of \$2,292,416 was charged to the transportation function.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	\$ 1,950,910	\$ 82,026	\$ (223,469)	\$ 23,143	\$ 1,832,610
Total capital assets being depreciated	<u>1,950,910</u>	<u>\$ 82,026</u>	<u>\$ (223,469)</u>	<u>\$ 23,143</u>	<u>1,832,610</u>

Piedmont Authority for Regional Transportation
Notes to Financial Statements

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Less accumulated depreciation for:					
Machinery and equipment	\$ 1,118,156	\$ 299,553	\$ (200,228)	\$ 15,549	\$ 1,233,030
Total accumulated depreciation	<u>1,118,156</u>	<u>\$ 299,553</u>	<u>\$ (200,228)</u>	<u>\$ 15,549</u>	<u>1,233,030</u>
Business-type activity capital assets, net					<u>\$ 599,580</u>

B. Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 374,168	\$ 64,123	\$ 438,291
Total governmental activities	<u>\$ 374,168</u>	<u>\$ 64,123</u>	<u>\$ 438,291</u>
Business-type activities:			
CR Fund	\$ 72,577	-	\$ 72,577
Total business-type activities	<u>\$ 72,577</u>	<u>-</u>	<u>\$ 72,577</u>

(2) Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. PART carries Public Officials Liability coverage with limits of \$2,000,000 per occurrence and \$2,000,000 aggregate through Greenwich Insurance Company. The Synergy Insurance Company insures workers' compensation for PART employees. PART carries automobile liability coverage for vanpool vehicles through Lancer Insurance Company. Lancer insures the Authority's vehicles with a \$5,000,000 liability for each "accident." General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate are provided through Lancer Insurance. Threats of cyber-attack are covered under a \$1,000,000 Special Risk Protector Policy with the National Union Fire Insurance Company of Pittsburgh, PA. Real and personal property liability insurance coverage for PART's administrative offices, the regional bus hub and park-and-ride lots is also provided through Fireman's Insurance Company of Washington, DC.

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

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

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

Piedmont Authority for Regional Transportation
Notes to Financial Statements

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

The Hartford Fire Insurance Company maintains the performance bond on Scott W. Rhine, Executive Director for the Piedmont Authority for Regional Transportation, in the amount of \$500,000 through January 2019.

(3) Operating leases

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

Year Ending

2019	\$	7,913
2020		<u>3,257</u>
	\$	<u>11,170</u>

Rent expense under operating leases for the year ended June 30, 2018 was \$6,288 for the General Fund and \$7,247 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 \$68,160 for the General Fund and \$18,761 for the CR Fund.

(5) Long-term liabilities

Changes in long-term liabilities:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Current Portion of Long-Term Liabilities</u>
Governmental activities:					
Compensated absences	\$ <u>76,669</u>	\$ <u>64,248</u>	\$ <u>(60,955)</u>	\$ <u>79,962</u>	\$ <u>60,984</u>
	\$ <u>76,669</u>	\$ <u>64,248</u>	\$ <u>(60,955)</u>	\$ <u>79,962</u>	\$ <u>60,984</u>
Business-type activities:					
Compensated absences	\$ <u>9,921</u>	\$ <u>15,076</u>	\$ <u>(15,417)</u>	\$ <u>9,580</u>	\$ <u>9,580</u>
	\$ <u>9,921</u>	\$ <u>15,076</u>	\$ <u>(15,417)</u>	\$ <u>9,580</u>	\$ <u>9,580</u>

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

(6) Contingent liabilities and commitments

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

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

(7) Deferred outflows and inflows of resources

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

	Unavailable Revenue
Grants receivable	<u>\$ 3,702</u>

C. Interfund activities

PART uses transfers to provide unrestricted revenues, collected in the General Fund, to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer to the Grants Fund in the amount of \$544,344 provided PART's matching requirements on federal and state grants. The transfer from the Commuter Resources Fund in the amount of \$50,218 was for the purchase of two vans. The Grants Fund purchased 2 vans in the amount of \$50,218 and subsequently transferred the vans to the Commuter Resources Fund.

D. General fund - fund balance

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

Total fund balances - General Fund	\$ 7,057,489
Less:	
Prepaid items	1,752
Stabilization by State Statute	2,085,053
Committed:	
Capital expenditures	467,696
Assigned:	
Capital expenditures	69,414
Fund balances available for appropriation	<u>\$ 4,433,574</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, 2018

Exhibit 10
(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Rental vehicle tax	\$ 3,921,889	\$ 4,037,129	\$ 115,240
Vehicle registration tax	147,084	152,788	5,704
Farebox (including PART Connections)	515,065	413,723	(101,342)
Grants:			
Federal Transit Administration:			
Operating grant	1,528,021	1,478,654	(49,367)
Preventative maintenance grant	157,897	139,691	(18,206)
Routine capital grant	100,000	90,284	(9,716)
NC Department of Transportation:			
State maintenance assistance	765,240	765,242	2
Mobility Friendly	4,500	4,500	-
Air quality/air awareness	30,000	13,443	(16,557)
Model enhancement	200,000	1,984	(198,016)
Model maintenance	81,060	49,895	(31,165)
JARC	150,000	101,637	(48,363)
Local revenues:			
Regional MPO model enhancement	-	4,763	4,763
Regional MPO model maintenance	88,780	54,647	(34,133)
Bus Advertising Commission	20,000	16,871	(3,129)
Duke Energy Grant revenue	30,000	30,000	-
Other local revenue	23,400	57,245	33,845
	<u>7,762,936</u>	<u>7,412,496</u>	<u>(350,440)</u>
Expenditures			
Board of Trustees:			
Salaries and benefits	12,500	10,616	1,884
Travel and meetings	10,500	6,722	3,778
Regional Transit Summit	15,000	-	15,000
	<u>38,000</u>	<u>17,338</u>	<u>20,662</u>
Office of Executive Director:			
Salaries and benefits	159,832	135,300	24,532
Legal services	50,000	37,652	12,348
Other professional services	50,000	9,493	40,507
Travel and meetings	14,861	9,627	5,234
Office expenses	10,465	8,617	1,848
Space and furnishings	12,409	10,407	2,002
	<u>297,567</u>	<u>211,096</u>	<u>86,471</u>

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

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	\$ 440,058	\$ 433,574	\$ 6,484
Insurance - property and casualty	96,450	65,111	31,339
Professional services	57,200	47,150	10,050
Travel and training	20,000	8,934	11,066
Office expenses	12,015	4,764	7,251
Space and furnishings	45,855	35,981	9,874
	<u>671,578</u>	<u>595,514</u>	<u>76,064</u>
Totals administration and financial services			
	671,578	595,514	76,064
PART Express:			
Vehicle operations contract	3,671,491	3,671,051	440
Fuel and lubricants	682,341	472,750	209,591
Maintenance and repairs	128,500	126,660	1,840
Buildings and ground management	126,500	124,655	1,845
Uniforms	5,665	-	5,665
Miscellaneous	2,500	2,150	350
Salaries and benefits	352,837	294,539	58,298
Professional services	68,000	67,809	191
Travel and training	8,900	8,879	21
Office expenses	37,931	37,468	463
Space and furnishings	29,529	20,307	9,222
	<u>5,114,194</u>	<u>4,826,268</u>	<u>287,926</u>
Totals PART Express			
	5,114,194	4,826,268	287,926
Marketing and communications:			
Salaries and benefits	115,925	115,917	8
Professional services	25,275	13,530	11,745
Media and advertising	95,000	80,599	14,401
Travel and training	3,950	1,257	2,693
Office expenses	873	596	277
Space and furnishings	12,278	11,000	1,278
	<u>253,301</u>	<u>222,899</u>	<u>30,402</u>
Totals marketing and communications			
	253,301	222,899	30,402

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

Exhibit 10
(3 pages)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Planning:			
Salaries and benefits	\$ 249,143	\$ 243,797	\$ 5,346
Travel and training	11,950	7,336	4,614
Office expenses	8,965	3,976	4,989
Space and furnishings	33,500	23,457	10,043
Bus Advertising	20,000	-	20,000
Duke Energy Grant Exp	20,000	11,770	8,230
PTRM Freight Study	200,000	-	200,000
Model enhancement	6,000	7,940	(1,940)
Model maintenance	187,000	118,800	68,200
	<u>736,558</u>	<u>417,076</u>	<u>319,482</u>
Capital outlay	<u>50,000</u>	<u>48,224</u>	<u>1,776</u>
	<u>7,161,198</u>	<u>6,338,415</u>	<u>822,783</u>
Total expenditures			
Revenues over expenditures	<u>601,738</u>	<u>1,074,081</u>	<u>472,343</u>
Other financing sources (uses):			
Sale of capital assets	-	61,956	61,956
Transfer to Capital Reserve Fund	(908,493)	(908,493)	-
Transfer to Grants Fund - Capital Grants	(103,549)	(103,547)	2
	<u>(1,012,042)</u>	<u>(950,084)</u>	<u>61,958</u>
Total other financing uses			
Appropriation from fund balance	<u>410,304</u>	<u>-</u>	<u>(410,304)</u>
Net change in fund balance	<u>\$ -</u>	<u>123,997</u>	<u>\$ 123,997</u>
Fund balance at beginning of year		<u>6,465,796</u>	
Fund balance at end of year		<u>\$ 6,589,793</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, 2018

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	908,493	-	908,493	908,493	-
Transfer to Grants Fund	(440,797)	-	(440,797)	(440,797)	-
Total other financing sources (uses)	<u>467,696</u>	<u>-</u>	<u>467,696</u>	<u>467,696</u>	<u>-</u>
Appropriation to fund balance	<u>(467,696)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,696</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>467,696</u>	<u>467,696</u>	<u>\$ 467,696</u>
Fund balance at beginning of year		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance at end of year		<u>\$ -</u>	<u>\$ 467,696</u>	<u>\$ 467,696</u>	

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Grants Fund
Year Ended June 30, 2018

Exhibit 12

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues			
Federal Transit Administration Grants:			
Terminal Facility	\$ 777,858	\$ 777,858	\$ -
Vehicles	3,144,432	3,144,432	-
Vans	30,259	30,259	-
NC Department of Transportation Grants:			
Terminal Facility	96,677	96,677	-
Vehicles	342,841	342,841	-
Total revenues	<u>4,392,067</u>	<u>4,392,067</u>	<u>-</u>
Expenditures			
Terminal Facility	978,083	978,083	-
Vans	80,477	80,477	-
Vehicles	3,928,069	3,928,069	-
Total expenditures	<u>4,986,629</u>	<u>4,986,629</u>	<u>-</u>
Revenues under expenditures	<u>(594,562)</u>	<u>(594,562)</u>	<u>-</u>
Other financing sources			
Transfer from General Fund	103,547	103,547	-
Transfer from Capital Reserve Fund	440,797	440,797	-
Transfer from Commuter Resources Fund	50,218	50,218	-
Total other financing sources	<u>594,562</u>	<u>594,562</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u>\$ -</u>	

Piedmont Authority for Regional Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Commuter Resources Fund
Year Ended June 30, 2018

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	\$ 525,000	\$ 581,109	\$ 56,109
Total operating revenues	<u>525,000</u>	<u>581,109</u>	<u>56,109</u>
Operating expenditures			
TDM/Vanpool			
Salaries and benefits	267,881	244,563	23,318
Fuel and lubricants	260,000	165,534	94,466
Maintenance and repairs	70,000	58,133	11,867
Insurance - vehicles	182,000	161,106	20,894
Vehicle damage and recovery	7,000	283	6,717
Transportation	15,000	7,467	7,533
Marketing	59,684	44,763	14,921
Information technology services	1,800	1,800	-
Other Professional Services	124,960	107,459	17,501
Driver testing	2,500	1,588	912
Travel and training	8,100	3,682	4,418
Printing	4,850	4,820	30
Office expense	9,200	7,639	1,561
Space and furnishings	20,650	19,314	1,336
	<u>1,033,625</u>	<u>828,151</u>	<u>205,474</u>
Piedmont Transit Resources			
Information Center			
Salaries and benefits	173,985	172,163	1,822
Marketing	5,100	5,060	40
Information technology services	11,550	11,539	11
Other Professional Services	12,000	9,623	2,377
Office Expense	3,000	2,299	701
Conference/Travel	1,200	929	271
Space and furnishings	15,385	14,875	510
	<u>222,220</u>	<u>216,488</u>	<u>5,732</u>
Total operating expenditures	<u>1,255,845</u>	<u>1,044,639</u>	<u>211,206</u>
Operating loss	<u>(730,845)</u>	<u>(463,530)</u>	<u>267,315</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, 2018**

**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	\$ 314,256	\$ 245,916	\$ (68,340)
City of Greensboro	68,000	68,000	-
City of High Point	25,417	23,251	(2,166)
City of Winston-Salem	51,000	52,314	1,314
NC Department of Trans - Call Center	87,144	100,180	13,036
City of High Point - Call Center	46,051	38,133	(7,918)
Davidson County - Call Center	35,000	35,000	-
Amtrak	5,000	7,552	2,552
	<u>631,868</u>	<u>570,346</u>	<u>(61,522)</u>
Total intergovernmental revenues			
Other nonoperating revenue	<u>31,423</u>	<u>22,065</u>	<u>(9,358)</u>
Total nonoperating revenues	<u>663,291</u>	<u>592,411</u>	<u>(70,880)</u>
Revenues over (under) expenditures	<u>(67,554)</u>	<u>128,881</u>	<u>196,435</u>
Other financing sources (uses)			
Sale of capital assets	-	75,804	75,804
Transfer to Grants Fund	<u>(50,218)</u>	<u>(50,218)</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,218)</u>	<u>25,586</u>	<u>75,804</u>
Appropriation from fund balance	<u>117,772</u>	<u>-</u>	<u>(117,772)</u>
Revenues over expenditures and other sources	<u>\$ -</u>	<u>154,467</u>	<u>\$ 154,467</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Depreciation		(299,553)	
Gain on sale of capital assets		52,563	
Proceeds from sale of capital assets		(75,804)	
Change in compensated absences		341	
Transfers of capital assets from governmental funds		<u>88,071</u>	
Change in net position		<u>\$ (79,915)</u>	

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Compliance Section

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Piedmont Authority for Regional Transportation (PART) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Piedmont Authority for Regional Transportation's basic financial statements, and have issued our report thereon dated October 29, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
October 29, 2018**

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

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

Report on Compliance for Each Major Federal Program

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of PART's major federal programs for the year ended June 30, 2018. PART's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PART's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of PART's compliance.

Opinion on Each Major Federal Program

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
October 29, 2018**

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

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

Report on Compliance for Each Major State Program

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, which could have a direct and material effect on each of PART's major state programs for the year ended June 30, 2018. PART's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PART's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about PART's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
October 29, 2018**

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>
20.500/20.507/20.526	Federal Transit Cluster (Includes Federal Transit Formula Grants - Urbanized Area Formula Program, Federal Transit - Capital Investment Grants and Federal Transit – Bus and Bus Facilities Formula Program)
20.516/20.521	Transit Services Program Cluster (Includes Job Access Reverse Commute Program and New Freedom Program)

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

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

State awards

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

**Piedmont Authority for Regional Transportation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Are any significant deficiencies identified? _____ Yes None reported

Noncompliance material to State awards? _____ Yes No

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

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

Identification of major state programs:

Name of State Program

Urban/Regional Bus and Facility Program (DOT 19)

State Maintenance Assistance Program (DOT 9)

Section II: Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2018.

Section III: Federal Awards Findings and Questioned Costs

There were no findings related to federal awards for the fiscal year ended June 30, 2018.

Section IV: State Award Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2018.

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**Piedmont Authority for Regional Transportation
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2018**

**Exhibit 14
(2 pages)**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Grant Number
Federal grants			
U.S. Department of Transportation:			
Federal Transit Cluster:			
Federal Transit - Formula Grants (Urbanized Area Formula Program):			
FY18 Heavy Duty Replacement Buses	20.507	DOT-19	NC-2017-063
FY 18 Replacement Bus	20.507	DOT-19	NC-2016-023
Section 5307 CMAQ Operating FY 17-19	20.507		NC-2017-025
CMAQ Saturday and Expanded Service	20.507		NC-2018-018
FY18 Operating & Routine Capital	20.507		NC-2018-030
Federal Transit - Capital Investment Grants:			
Intermodal Terminal	20.500		NC-03-0070
Intermodal Transportation Center	20.500	DOT-19	NC-04-0024
Federal Transit - Bus and Bus Facilities Formula Program:			
Expansion Vanpool Vehicles	20.526		NC-2018-011
Total Federal Transit Cluster			
Passed through the North Carolina Department of Transportation:			
Highway Planning and Construction Cluster (Federal Aid Highway Program):			
Air Awareness - Triad	20.205-1		C-4936
Piedmont Triad Regional Model	20.205-1		7500021051
FY17 CMAQ Grant (Enhanced TDM) - Telematics	20.205		17-CQ-12A
FY17 CMAQ Grant (Enhanced TDM) - Telematics Study	20.205		17-CQ-12B
Total Highway Planning and Construction Cluster			
Transit Services Programs Cluster:			
Job Access Reverse Commute Program:			
Section 5316 Operating - Surry	20.516		14-JA-914
Section 5316 - Replacement Bus	20.516	DOT-19	17-JA-120
New Freedom Program			
	20.521		18-NF-001
Total Transit Services Program Cluster			
Total U.S. DOT assistance			
State grants			
North Carolina Department of Transportation:			
State Maintenance Assistance		DOT-9	12-SM-022
Ridesharing		DOT-11	17-RS-120
Total assistance			

Current Year Expenditures			
Total	Federal Expenditures (Direct and Pass-Through)	State Expenditures	Local Expenditures
\$ 2,459,140	\$ 1,967,328	\$ 244,888	\$ 246,924
491,832	393,466	48,977	49,389
159,626	127,701	-	31,925
208,257	166,606	-	41,651
<u>2,695,894</u>	<u>1,414,322</u>	<u>-</u>	<u>1,281,572</u>
<u>6,014,749</u>	<u>4,069,423</u>	<u>293,865</u>	<u>1,651,461</u>
5,539	4,431	-	1,108
<u>972,544</u>	<u>773,427</u>	<u>96,677</u>	<u>102,440</u>
<u>978,083</u>	<u>777,858</u>	<u>96,677</u>	<u>103,548</u>
45,595	30,259	-	15,336
<u>7,038,427</u>	<u>4,877,540</u>	<u>390,542</u>	<u>1,770,345</u>
23,969	19,175	-	4,794
126,737	-	51,880	74,857
92,888	74,310	9,289	9,289
<u>12,523</u>	<u>10,019</u>	<u>1,252</u>	<u>1,252</u>
<u>256,117</u>	<u>103,504</u>	<u>62,421</u>	<u>90,192</u>
<u>256,117</u>	<u>103,504</u>	<u>62,421</u>	<u>90,192</u>
203,279	101,636	-	101,643
<u>489,774</u>	<u>391,819</u>	<u>48,977</u>	<u>48,978</u>
<u>693,053</u>	<u>493,455</u>	<u>48,977</u>	<u>150,621</u>
<u>489,774</u>	<u>391,819</u>	<u>-</u>	<u>97,955</u>
<u>1,182,827</u>	<u>885,274</u>	<u>48,977</u>	<u>248,576</u>
<u>8,477,371</u>	<u>5,866,318</u>	<u>501,940</u>	<u>2,109,113</u>
765,242	-	765,242	-
<u>490,992</u>	<u>-</u>	<u>245,496</u>	<u>245,496</u>
<u>1,256,234</u>	<u>-</u>	<u>1,010,738</u>	<u>245,496</u>
<u>\$ 9,733,605</u>	<u>\$ 5,866,318</u>	<u>\$ 1,512,678</u>	<u>\$ 2,354,609</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, 2018. 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.