



**Annual  
Financial Report  
For the Fiscal Year  
Ended June 30, 2013**

**Piedmont Authority for **Regional** Transportation**

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

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**ANNUAL FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2013**



**Piedmont Authority for Regional Transportation  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

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**Established**.....July 17, 1998

**Board of Trustees**

Rebecca R. Smothers, Chair  
Paul M. Johnson, Vice Chair  
Don W. Truell, Treasurer  
T. Dianne Bellamy-Small, Secretary  
Kevin Austin  
Mark Baker  
Don Besse  
C. Zane Cardwell  
Carolyn Coleman  
Darrell L. Frye  
Leon Inman  
Thomas Manning  
Thomas F. McKim  
Robbie Perkins  
Terry Renegar  
Bernita Sims  
Ronnie K. Wall  
Larry T. Williams  
Leonard D. Williams  
Jake Alexander  
Cheryl McQueary  
Andrew M. Perkins, Jr.

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

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

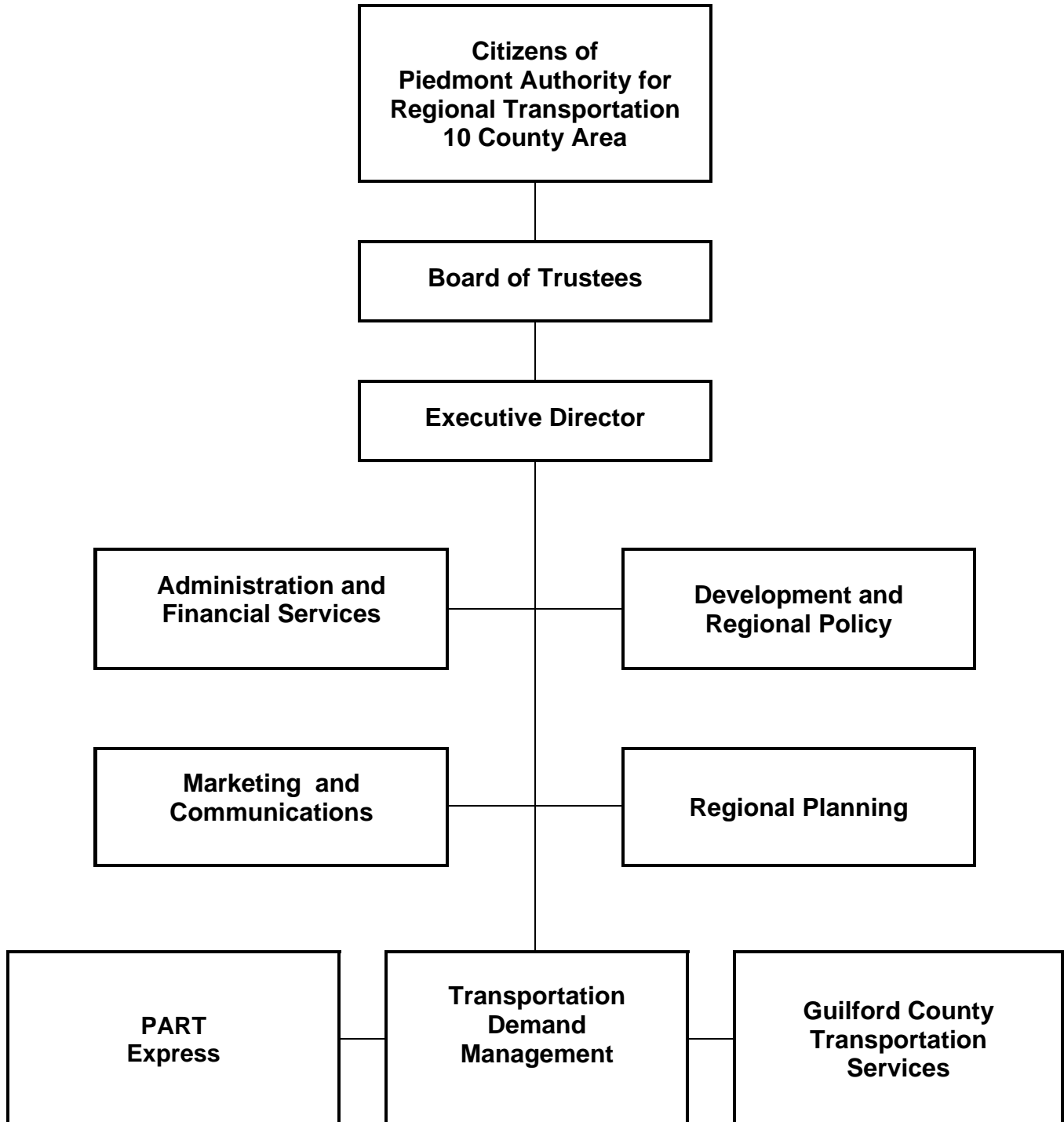
**Chief Finance Officer**..... **Patricia C. Webster**

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

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**Organization Chart**





## ***INDEPENDENT AUDITORS' REPORT***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Piedmont Authority for Regional Transportation, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Piedmont Authority for Regional Transportation as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, 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 9 through 16 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

The budgetary schedules and the accompanying schedule of expenditures of federal and state awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 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 the 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 30, 2013*

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# *Management's Discussion & Analysis (Continued)*

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Our discussion of 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, 2013. The financial statements and notes included in this report present the financial position and operations of governmental and business-type activities of PART. At the start of the fiscal year, PART reduced routes by approximately 25% in order to operate within the current year generated revenues.

PART operates a bus fleet of 33 vehicles providing services to meet demands throughout nine of the ten counties in which PART operates. In order to provide necessary financial resources for the services, PART and six of these counties implemented a 5% tax on gross receipts of the temporary rental of vehicles, and a separate county levied a vehicle registration tax to support PART. This tax quickly became the principal source of operational funding. While service route hours were reduced by 25%, average monthly passengers reduced only by approximately 12% to 39,530 reflecting a continued strong demand for the Express service. As a result of actions by the Board of Trustees during the fiscal year ended June 30, 2013, PART operated with sufficient expenditure reductions and obtained additional grant revenues that enabled an increase of General Fund balance by nearly \$99,000. PART has taken the necessary steps to go forward with current services within existing revenues and will be able to expand services for rural routes should additional stable resources become available.

## **Financial Highlights**

### ***Highlights of PART's fiscal year ended June 30, 2013, include:***

- Total net position decreased \$609,975 from \$23.4 million to \$22.8 million. The decrease was primarily a result of normal reductions of capital assets in governmental-type activities due to depreciation.
- At June 30, 2013, net position of \$22.8 million included \$2.0 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, 2013, the governmental funds reported a fund balance of approximately \$3.7 million, an increase of approximately \$99,000 from the prior fiscal year which is the result of adjustments of regional transportation services through route reductions in order to be within stable available revenues. Also, new operating grant revenues were received while certain staff positions remained unfilled.
- The Grants Fund reported capital expenditures totaling \$806,910 which were principally funded by Federal and State grants.

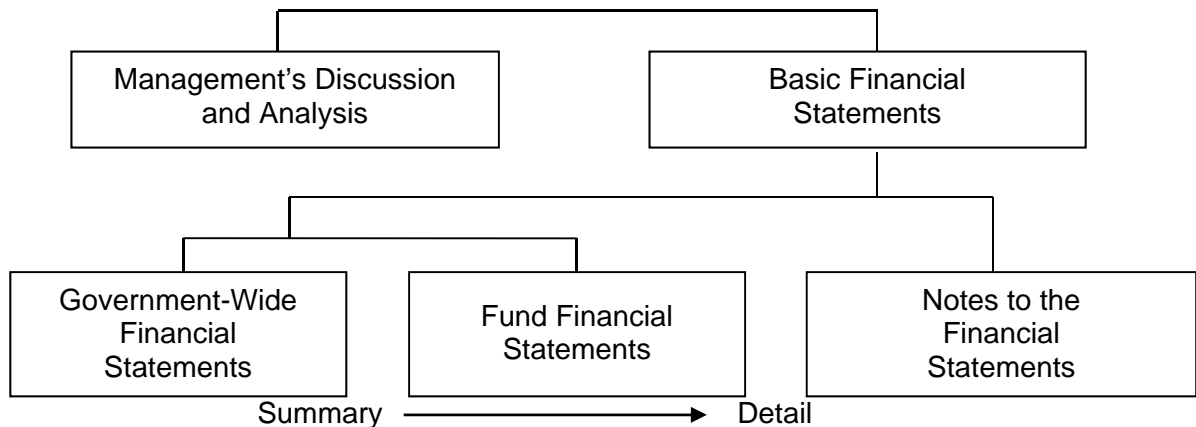
# Management's Discussion & Analysis (Continued)

## 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 report includes further discussion of the reporting entity and descriptions of funds.

### Required Components of Annual Financial Report

Figure 1



## Government-Wide Financial Statements

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

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

# *Management's Discussion & Analysis (Continued)*

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

Government-wide financial statements are divided into governmental and business-type activities. All operating expenditures are covered by various revenue streams. Business-type activities include operations of the Transportation Demand Management (Ridesharing/Vanpool) program, which provides vanpool and ride-match services to employers and employees of the area. Charges for services and contributions from participating governments and the North Carolina Department of Transportation finance approximately 102 percent of the costs of Transportation Demand Management activities. The Guilford County Transportation Services, which provides medical and social services transportation under an interlocal agreement with Guilford County operates as a proprietary fund, ended the year with a change in net position of \$143,558 as a result of substantially reduced expenditures below the original budget.

## **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 non-compliance, 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 10 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 operating fares and grants are not sufficient to cover operating costs or provide reasonable working capital and other reserves and must depend on general revenues.

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 statement demonstrating compliance with the adopted budgets, as amended, are provided in the basic financial statements.

# Management's Discussion & Analysis (Continued)

## Fund Financial Statements (Continued)

**Proprietary Funds.** PART has Enterprise Funds that are used to account for Transportation Demand Management (TDM) program and Guilford County Transportation Services, which was established on November 14, 2011. Enterprise funds report business-type activities that are included in the government-wide-financial statements. Rate structures of enterprise 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund, Grants Fund, and Proprietary Funds. The Schedule of Expenditures of Federal and State Awards is shown in Exhibit 14.

## Government-Wide Financial Analysis

Figure 2 is a summary of net position for June 30, 2013 (as shown in Exhibit 1) with comparative data for June 30, 2012.

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

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and other assets	\$ 4,680,678	\$ 4,211,231	\$ 272,803	\$ 56,654	\$ 4,953,481	\$ 4,267,885
Capital assets	18,678,015	19,723,151	477,041	642,380	19,155,056	20,365,531
<b>Total assets</b>	<b>23,358,693</b>	<b>23,934,382</b>	<b>749,844</b>	<b>699,034</b>	<b>24,108,537</b>	<b>24,633,416</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	-	-	-	81,065	-	81,065
Other liabilities	1,024,965	771,962	239,729	425,269	1,264,694	1,197,231
Deferred inflows of resources	17,633	-	-	-	17,633	-
<b>Total liabilities and deferred inflows of resources</b>	<b>1,042,598</b>	<b>771,962</b>	<b>239,729</b>	<b>506,334</b>	<b>1,282,327</b>	<b>1,278,296</b>
<b>Net position:</b>						
Net investment in capital assets	18,678,015	19,616,976	395,976	350,681	19,073,991	19,967,657
Stabilization by State Statute	1,615,632	2,279,922	-	-	1,615,632	2,279,922
Unrestricted	2,022,448	1,265,522	114,139	(76,916)	2,136,587	1,188,606
<b>Total net position</b>	<b>\$ 22,316,095</b>	<b>\$ 23,162,420</b>	<b>\$ 510,115</b>	<b>\$ 273,765</b>	<b>\$ 22,826,210</b>	<b>\$ 23,436,185</b>

# Management's Discussion & Analysis (Continued)

## Government-Wide Financial Analysis (Continued)

As shown above, assets of the Authority exceeded liabilities by \$22,826,210 at June 30, 2013. Capital assets decreased \$1,210,475 primarily resulting from the normal yearly depreciation. The Authority's net position decreased by \$609,975 during the fiscal year ended June 30, 2013. The largest portion (83.6%) reflects the Authority's investments in capital assets (e.g., land, buildings, improvements other than buildings, and machinery and equipment): less any related debt still outstanding that was issued to acquire those items. The Authority uses these capital assets to provide services to citizens of the 10 county region; consequently, the assets are not available for future spending. Although, PART's Investment in capital assets is reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of PART's net position, \$1,615,632, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,136,587 is unrestricted.

Figure 3 is a summary of the statement of activities for June 30, 2013 (as shown in Exhibit 2) with comparative data for June 30, 2012.

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

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 820,683	\$ 985,807	\$ 3,706,722	\$ 2,412,870	\$ 4,527,405	\$ 3,398,677
Operating grants and contributions	2,137,345	2,517,130	282,143	289,817	2,419,488	2,806,947
Capital grants and contributions	573,980	967,984	-	-	573,980	967,984
General revenues:						
Rental vehicle tax	3,135,518	3,125,697	-	-	3,135,518	3,125,697
Vehicle license tax	148,374	193,781	-	-	148,374	193,781
Payment in lieu of vehicle license tax	-	619,202	-	-	-	619,202
Other	-	-	-	-	-	-
Total revenues	6,815,900	8,409,601	3,988,865	2,702,687	10,804,765	11,112,288
Expenses:						
Transportation	7,512,225	8,730,866	2,952,028	1,772,019	10,464,253	10,502,885
Ridesharing vanpool	-	-	950,487	964,485	950,487	964,485
Transfers	150,000	95,000	(150,000)	(95,000)	-	-
Total expenses	7,662,225	8,825,866	3,752,515	2,641,504	11,414,740	11,467,370
Increase (decrease) in net position	(846,325)	(416,265)	236,350	61,183	(609,975)	(355,082)
Net position, July 1	23,162,420	23,578,685	273,765	212,582	23,436,185	23,791,267
Net position, June 30	\$ 22,316,095	\$ 23,162,420	\$ 510,115	\$ 273,765	\$ 22,826,210	\$ 23,436,185

**Governmental Activities.** Net position of governmental activities decreased by \$846,325. Key elements of this decrease are as follows:

- Total revenues decreased approximately \$1.6 million resulting from decreases in charges for services which was due to a reduction in services on July 1, 2012. The decreased operating grants and contributions as well as the elimination of the approximately \$619,000 of support from Guilford County and Forsyth County in 2012 also contributed to the total revenues decrease.



# *Management's Discussion & Analysis (Continued)*

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

- Total expenses of governmental activities decreased approximately \$1.2 million during fiscal year 2013 due to route cuts which were made in order to reduce operating costs of PART Express, as well as leaving some positions in various departments unfilled.

**Business-Type Activities.** Net position of business-type activities increased by \$236,350, during the year. Rate structures of enterprise operations should be set, insofar as practicable, to recover full operating costs including depreciation and interest expense and to provide a reasonable working capital reserve. The General Fund made a \$150,000 transfer to assist the TDM and Guilford County Transportation Services Funds in reducing inter-fund balances.

**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 \$3.7 million, of which \$2.1 million was unrestricted and available for working capital needs and to meet PART's future local match requirements for federal and state grants. The General Fund budget was amended three times during FY 2013 to adjust grant revenues, expenditures and transfers (to) from other funds. The final amendment was made to reduce budgets in all departments with the exception of PART Express which required an increase of \$275,000 due to significant vehicle repairs. Revenues exceeded budget projections by \$72,192 due primarily to increased rental vehicle tax of \$75,518 over budget. Expenditures were under the final budget by \$193,715, as a result of savings in every department. The final actual performance resulted in an increase of fund balance by approximately \$99,000.

**Proprietary Fund Budgetary Highlights.** The TDM Fund (Ridesharing/Vanpool) program activities remained relatively consistent with the preceding year. Charges for services did increase over 2012 by 15% due to passengers from reduced bus routes using the vanpool service while expenditures remained relatively flat. In addition a transfer of \$75,000 from the General Fund enabled the TDM Fund to increase net position by approximately \$93,000.

The Guilford County Transportation Services started in November 2011 in order to provide human services transportation to Guilford County residents. The budget included an estimate of approximately 5,500 service hours each month provided by PART, however, the actual service hours averaged only 5,367 resulting in a revenue shortfall of \$74,253. Variable costs were significantly curtailed from the budget during FY 2013 and as a result, PART ended the fiscal year with excess revenues over expenses of approximately \$73,000.

**Capital Assets.** PART's net investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$19.1 million (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure such as parking lot paving, curbs and landscaping), machinery and equipment, and construction-in-progress.

# Management's Discussion & Analysis (Continued)

## Government-Wide Financial Analysis (Continued)

### Capital Assets (Net of Depreciation)

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,479,360	\$ 5,479,360	\$ -	\$ -	\$ 5,479,360	\$ 5,479,360
Buildings	1,743,278	894,228	-	-	1,743,278	894,228
Improvements other than buildings	5,119,044	5,102,942	-	-	5,119,044	5,102,942
Construction in progress	7,120	242,130	-	-	7,120	242,130
Machinery and equipment	6,329,213	8,004,491	477,041	642,380	6,806,254	8,646,871
<b>Total</b>	<b>\$ 18,678,015</b>	<b>\$ 19,723,151</b>	<b>\$ 477,041</b>	<b>\$ 642,380</b>	<b>\$ 19,155,056</b>	<b>\$ 20,365,531</b>

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

- PART completed a full interior renovation for a regional call center and administrative offices in the building at 107 Arrow Road during the fiscal year. PART moved its administrative offices to the Arrow Road building in October 2012.
- PART transferred 6 Orion VII 39 passenger buses acquired in previous fiscal years to Triangle Transit at a net disposal loss of \$739,497.

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

**Long-Term Debt.** PART's debt decreased by \$316,809 (79.6%) during the past fiscal year from scheduled debt payments.

### Long-Term Debt

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Installment purchases	\$ -	\$ -	\$ -	\$ 81,065	\$ -	\$ 81,065
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,065</b>	<b>\$ -</b>	<b>\$ 81,065</b>

Additional information on long-term debt is included in Notes 3B of the Basic Financial Statements.

# *Management's Discussion & Analysis (Continued)*

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## **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities.** PART has principally resolved the structural deficiency of providing more services than could be supported by stable revenues and has implemented controls to budget service activity which reflects expected revenues. In the budget for fiscal year 2014, revenues and expenditures are projected to be relatively balanced. In the originally adopted budget, the Amtrak service was eliminated due to reduction of funds by NCDOT, however the budget was amended in August 2013 to include 5307 operating grant funds for this service. Rental vehicle tax continues to be PART's principal operating revenue and fare revenues are expected to increase by approximately 5% due to continuing route efficiencies which focus on increasing ridership. PART continues to pursue Federal and State grants for operating and maintenance expenditures. The 2014 budget includes secured Federal 5307 operating grants of \$575,000, which is increased from the previous year by \$475,000. Also included, are Federal funds for preventive maintenance and routine capital of \$500,000. As of the August 2013 amendment for the 2014 budget, PART is projecting to return \$135,921 to the fund balance which is a positive position change of roughly \$214,300.

## **Business-Type Activities**

Transportation Demand Management (TDM) has 53 vans leased, which enable passengers to commute to places of employment throughout the 10 counties in this area. Budget performance improved during the prior fiscal year with strong rentals of vans throughout the year. TDM is not budgeting a need for financial assistance in the form of a transfer from the General Fund in the 2014 budget. TDM will retire the remaining debt service on financing of vehicles during this budgetary cycle.

In November 2011, PART assumed responsibility for Guilford County Transportation Services due to contract cancellation by the county's previous service provider. Guilford County government subsequently chose to manage their human services transportation internally and with private sector providers as of July 1, 2013, eliminating the need for a 2014 budget.

## **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. 107 Arrow Road, Greensboro, NC 27409.

***BASIC FINANCIAL STATEMENTS***

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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

Exhibit 1

<b>ASSETS</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,149,752	\$ 295,700	\$ 3,445,452
Rental vehicle tax receivable	318,441	-	318,441
Due from other governments	129,830	303,154	432,984
Accounts receivable	19,687	1,760	21,447
Grants receivable			
Federal Transit Administration	500,000	-	500,000
NC Department of Transportation	51,004	56,197	107,201
HUD - Sustainable Communities	79,134	-	79,134
Internal balances	432,830	(432,830)	-
Prepaid expenses	-	29,734	29,734
Restricted assets	-	11,588	11,588
Utility deposits	-	7,500	7,500
Total current assets	<u>4,680,678</u>	<u>272,803</u>	<u>4,953,481</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land and other nondepreciable assets	5,479,360	-	5,479,360
Construction in progress	7,120	-	7,120
Other capital assets, net of depreciation	<u>13,191,535</u>	<u>477,041</u>	<u>13,668,576</u>
Total capital assets	<u>18,678,015</u>	<u>477,041</u>	<u>19,155,056</u>
Total assets	<u>\$ 23,358,693</u>	<u>\$ 749,844</u>	<u>\$ 24,108,537</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and other accrued liabilities	\$ 970,094	\$ 138,487	\$ 1,108,581
Security deposits	-	11,588	11,588
Accrued interest payable	-	759	759
Current portion of long-term liabilities	<u>54,871</u>	<u>88,895</u>	<u>143,766</u>
Total liabilities	<u>1,024,965</u>	<u>239,729</u>	<u>1,264,694</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - valuecards	<u>17,633</u>	<u>-</u>	<u>17,633</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,678,015	395,976	19,073,991
Restricted for:			
Stabilization by State Statute	1,615,632	-	1,615,632
Unrestricted	<u>2,022,448</u>	<u>114,139</u>	<u>2,136,587</u>
Total net position	<u>22,316,095</u>	<u>510,115</u>	<u>22,826,210</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 23,358,693</u>	<u>\$ 749,844</u>	<u>\$ 24,108,537</u>

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Charges for Expenses</u>	<u>Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
Transportation	\$ 7,510,649	\$ 820,683	\$ 2,137,345	\$ 573,980
Debt Service				
Interest on long-term debt	1,576	-	-	-
Total governmental activities	<u>7,512,225</u>	<u>820,683</u>	<u>2,137,345</u>	<u>573,980</u>
Business-type activities:				
Transportation Demand Management	950,487	686,136	282,143	-
Guilford County Transportation	2,952,028	3,020,586	-	-
Total business-type activities	<u>3,902,515</u>	<u>3,706,722</u>	<u>282,143</u>	<u>-</u>
Total primary government	<u>\$ 11,414,740</u>	<u>\$ 4,527,405</u>	<u>\$ 2,419,488</u>	<u>\$ 573,980</u>
General revenues				
Rental vehicle tax				
Vehicle registration tax				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of this statement.

<b>Net Revenue (Expense) and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (3,978,641)	\$ -	\$ (3,978,641)
(1,576)	-	(1,576)
(3,980,217)	-	(3,980,217)
-	17,792	17,792
-	68,558	68,558
-	86,350	86,350
(3,980,217)	86,350	(3,893,867)
3,135,518	-	3,135,518
148,374	-	148,374
(150,000)	150,000	-
3,133,892	150,000	3,283,892
(846,325)	236,350	(609,975)
23,162,420	273,765	23,436,185
<u>\$ 22,316,095</u>	<u>\$ 510,115</u>	<u>\$ 22,826,210</u>



**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2013**

Exhibit 3

<b>ASSETS</b>	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 3,138,271	\$ 11,481	\$ 3,149,752
Rental vehicle tax receivable	318,441	-	318,441
Due from other governments	129,830	-	129,830
Accounts receivable	19,207	480	19,687
Grants receivable			
Federal Transit Administration	500,000	-	500,000
NC Department of Transportation	44,341	6,663	51,004
HUD - Sustainable Communities	-	79,134	79,134
Due from other funds - Grants Fund	84,706	-	84,706
Due from other funds - Transportation Demand Management Fund	258,871	-	258,871
Due from other funds - Guilford County Transportation Fund	173,959	-	173,959
Total assets	<u>\$ 4,667,626</u>	<u>\$ 97,758</u>	<u>\$ 4,765,384</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 956,823	\$ 13,271	\$ 970,094
Due to other funds - General Fund	-	84,706	84,706
Total liabilities	<u>956,823</u>	<u>97,977</u>	<u>1,054,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - valuecards	<u>17,633</u>	<u>-</u>	<u>17,633</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	1,529,355	86,277	1,615,632
Assigned			
Subsequent year's expenditures	78,391	-	78,391
Unassigned	2,085,424	(86,496)	1,998,928
Total fund balances	<u>3,693,170</u>	<u>(219)</u>	<u>3,692,951</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,667,626</u>	<u>\$ 97,758</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

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

    Compensated absences payable

Net position of governmental activities

18,678,015

(54,871)

\$ 22,316,095

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

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended June 30, 2013**

**Exhibit 4  
Continued**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Farebox (including PART Connections)	\$ 544,590	\$ -	\$ 544,590
Rental vehicle tax	3,135,518	-	3,135,518
Vehicle registration tax	148,374	-	148,374
Payments in lieu of vehicle registration tax	-	-	-
Amtrak connector	276,093	-	276,093
Grants			
Federal Transit Administration	500,000	341,439	841,439
NC Department of Transportation	1,309,259	232,541	1,541,800
HUD - Sustainable Communities	-	256,820	256,820
Regional MPOs	71,266	-	71,266
Other local revenue	8,284	-	8,284
<b>TOTAL REVENUES</b>	<u>5,993,384</u>	<u>830,800</u>	<u>6,824,184</u>
<b>EXPENDITURES</b>			
Board of Trustees	24,196	-	24,196
Office of Executive Director	393,878	-	393,878
Administration and Financial Services	411,221	-	411,221
Development and Regional Policy	229,383	-	229,383
PART Express	3,846,942	-	3,846,942
Marketing and Communications	142,655	-	142,655
Planning	127,208	-	127,208
Capital outlay	205,258	806,910	1,012,168
HUD Sustainable Communities Grant	-	362,239	362,239
Miscellaneous	-	370	370
Debt service			
Principal	106,175	-	106,175
Interest	2,331	-	2,331
<b>TOTAL EXPENDITURES</b>	<u>5,489,247</u>	<u>1,169,519</u>	<u>6,658,766</u>
REVENUES OVER (UNDER) EXPENDITURES	504,137	(338,719)	165,418
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	83,338	-	83,338
Transfer to Grants Fund: HUD Grant	(103,500)	103,500	-
Transfer to Grants Fund: Capital Grants	(235,000)	235,000	-
Transfer to Guilford County Transportation Services Fund	(75,000)	-	(75,000)
Transfer to Transportation Demand Management Fund	(75,000)	-	(75,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(405,162)</u>	<u>338,500</u>	<u>(66,662)</u>
<b>NET CHANGE IN FUND BALANCES</b>	98,975	(219)	98,756
FUND BALANCE, beginning of year	3,594,195	-	3,594,195
FUND BALANCE, end of year	<u>\$ 3,693,170</u>	<u>\$ (219)</u>	<u>\$ 3,692,951</u>

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended June 30, 2013**

Exhibit 4  
Continued

**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	\$	98,756
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures that were capitalized		1,012,168
Depreciation expense for governmental assets		(1,234,469)
Net carrying value of capital assets sold to other governmental entity		(822,835)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on the net assets.		
Repayment of principal of long-term debt		106,175
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 accrued interest expense		755
Change in compensated absences		(6,875)
<b>Total change in net position - governmental activities</b>	<b>\$</b>	<b><u>(846,325)</u></b>

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2013**

Exhibit 5

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Farebox (including PART Connections)	\$ 539,950	\$ 539,950	\$ 544,590	\$ 4,640
Rental vehicle tax	3,100,000	3,060,000	3,135,518	75,518
Vehicle registration tax	165,000	145,000	148,374	3,374
Amtrak connector	298,000	298,000	276,093	(21,907)
Grants				
Federal Transit Administration	50,000	500,000	500,000	-
NC Department of Transportation	803,800	1,304,442	1,309,259	4,817
Regional MPOs	103,200	70,800	71,266	466
Miscellaneous	21,000	3,000	8,284	5,284
<b>Total revenues</b>	<b>5,080,950</b>	<b>5,921,192</b>	<b>5,993,384</b>	<b>72,192</b>
<b>EXPENDITURES</b>				
Board of Trustees	18,000	28,000	24,196	3,804
Office of Executive Director	300,500	473,000	393,878	79,122
Administration and Financial Services	461,500	451,000	411,221	39,779
Development and Regional Policy	420,345	275,345	229,383	45,962
PART Express	3,362,919	3,853,225	3,846,942	6,283
Marketing and Communications	288,780	154,980	142,655	12,325
Planning	153,406	133,406	127,208	6,198
Capital outlay	-	205,500	205,258	242
Debt service				
Principal	104,000	106,175	106,175	-
Interest	8,000	2,331	2,331	-
<b>Total expenditures</b>	<b>5,117,450</b>	<b>5,682,962</b>	<b>5,489,247</b>	<b>193,715</b>
Revenues over (under) expenditures	(36,500)	238,230	504,137	265,907
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	83,000	83,338	338
Transfer to Grants Fund: HUD Grant	(83,500)	(103,500)	(103,500)	-
Transfer to Grants Fund: Capital Grants	(325,000)	(235,000)	(235,000)	-
Transfer to Guilford County Transportation Services Fund	-	(75,000)	(75,000)	-
Transfer to Transportation Demand Management Fund	(140,000)	(75,000)	(75,000)	-
<b>Total other financing uses</b>	<b>(548,500)</b>	<b>(405,500)</b>	<b>(405,162)</b>	<b>338</b>
Fund balance appropriated	585,000	167,270	-	167,270
Net change in fund balance	\$ -	\$ -	98,975	\$ 98,975
Fund balance at beginning of year			3,594,195	
Fund balance at end of year			\$ 3,693,170	

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GRANTS FUND - STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2013**

Exhibit 6

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>REVENUES</b>				
HUD Sustainable Communities Grant	\$ 646,612	\$ 646,612	\$ 256,820	\$ (389,792)
FTA Capital Grants	660,000	660,000	341,439	(318,561)
NCDOT Capital Grants	82,500	352,800	232,541	(120,259)
Local revenue	7,500	-	-	-
	<u>1,396,612</u>	<u>1,659,412</u>	<u>830,800</u>	<u>(828,612)</u>
<b>EXPENDITURES</b>				
HUD Sustainable Communities Grant	730,112	730,112	362,239	367,873
Regional Intermodal Facility	100,000	100,000	-	100,000
Regional Call Center	900,000	900,000	620,752	279,248
Elon University vehicles	75,000	75,000	370	74,630
Technology	-	292,000	186,158	105,842
	<u>1,805,112</u>	<u>2,097,112</u>	<u>1,169,519</u>	<u>927,593</u>
Revenues under expenditures	<u>(408,500)</u>	<u>(437,700)</u>	<u>(338,719)</u>	<u>98,981</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from General Fund	<u>408,500</u>	<u>437,700</u>	<u>338,500</u>	<u>(99,200)</u>
Total other financing sources	<u>408,500</u>	<u>437,700</u>	<u>338,500</u>	<u>(99,200)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(219)	<u>\$ (219)</u>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ (219)</u>	

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2013**

Exhibit 7

<b>ASSETS</b>	<b>Transportation Demand Management Fund</b>	<b>Guilford County Transportation Fund</b>	<b>Total Enterprise Funds</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 215,357	\$ 80,343	\$ 295,700
Due from other governments	59,229	243,925	303,154
Accounts receivable	1,760	-	1,760
Grants receivable			
NC Department of Transportation	56,197	-	56,197
Prepaid expenses	-	29,734	29,734
Restricted cash and cash equivalents	11,588	-	11,588
Utility deposits	-	7,500	7,500
Total current assets	<u>344,131</u>	<u>361,502</u>	<u>705,633</u>
<b>Capital assets</b>			
Other capital assets, net of depreciation	<u>440,118</u>	<u>36,923</u>	<u>477,041</u>
Total assets	<u>\$ 784,249</u>	<u>\$ 398,425</u>	<u>\$ 1,182,674</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and other accrued liabilities	\$ 37,938	\$ 100,549	\$ 138,487
Security deposits	11,588	-	11,588
Due to other fund - General Fund	258,871	173,959	432,830
Accrued interest payable	759	-	759
Current portion - long-term liabilities	<u>88,895</u>	<u>-</u>	<u>88,895</u>
Total current liabilities	<u>398,051</u>	<u>274,508</u>	<u>672,559</u>
Total liabilities	<u>398,051</u>	<u>274,508</u>	<u>672,559</u>
<b>NET POSITION</b>			
Net investment in capital assets	359,053	36,923	395,976
Unrestricted	<u>27,145</u>	<u>86,994</u>	<u>114,139</u>
Total net position	<u>\$ 386,198</u>	<u>\$ 123,917</u>	<u>\$ 510,115</u>

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2013**

Exhibit 8

	<u>Transportation Demand Management</u>	<u>Guilford County Transportation Services</u>	<u>Total Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 684,459	\$ 3,004,647	\$ 3,689,106
Miscellaneous income	1,677	-	1,677
Total operating revenues	<u>686,136</u>	<u>3,004,647</u>	<u>3,690,783</u>
<b>OPERATING EXPENSES</b>			
Vehicle expense	480,445	655,453	1,135,898
Personnel expense	-	1,769,326	1,769,326
Administration	273,627	346,883	620,510
Office expense	13,259	11,159	24,418
Space and furnishings	25,869	139,295	165,164
Professional development	5,219	6,891	12,110
Miscellaneous	-	3,139	3,139
Depreciation	145,456	16,382	161,838
Loss on disposal of assets	-	3,500	3,500
Total operating expenses	<u>943,875</u>	<u>2,952,028</u>	<u>3,895,903</u>
Operating income (loss)	(257,739)	52,619	(205,120)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
NC Department of Transportation	138,358	-	138,358
City of Greensboro	66,891	-	66,891
City of Winston-Salem	50,170	-	50,170
City of High Point	22,298	-	22,298
Total intergovernmental revenues	<u>277,717</u>	<u>-</u>	<u>277,717</u>
Other revenue	4,426	15,939	20,365
Interest expense	(6,612)	-	(6,612)
Total nonoperating revenues	<u>275,531</u>	<u>15,939</u>	<u>291,470</u>
Income before transfers	17,792	68,558	86,350
Transfer from General Fund	75,000	75,000	150,000
Change in net position	92,792	143,558	236,350
Total net position, beginning	<u>293,406</u>	<u>(19,641)</u>	<u>273,765</u>
Total net position, ending	<u>\$ 386,198</u>	<u>\$ 123,917</u>	<u>\$ 510,115</u>

The accompanying notes are an integral part of this statement.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2013**

**Exhibit 9**

	<b>Transportation Demand Management</b>	<b>Guilford County Transportation Services</b>	<b>Total Enterprise Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 682,019	\$ 3,025,114	\$ 3,707,133
Cash paid for goods and services	(553,777)	(1,077,941)	(1,631,718)
Cash paid to employees for services	(213,423)	(1,809,456)	(2,022,879)
Other operating revenues	1,677	-	1,677
Net cash provided (used) by operating activities	<u>(83,504)</u>	<u>137,717</u>	<u>54,213</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State grant	138,358	-	138,358
Other governmental agencies	137,711	-	137,711
Due to other funds	(200,000)	(148,313)	(348,313)
Net cash provided (used) by noncapital financing activities	<u>76,069</u>	<u>(148,313)</u>	<u>(72,244)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers from other funds	75,000	75,000	150,000
Principal and interest payments on long-term debt	(219,265)	-	(219,265)
Net cash provided (used) by capital and related financing activities	<u>(144,265)</u>	<u>75,000</u>	<u>(69,265)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other revenues	4,426	15,939	20,365
Net cash provided by investing activities	<u>4,426</u>	<u>15,939</u>	<u>20,365</u>
Net increase (decrease) in cash and cash equivalents	(147,274)	80,343	(66,931)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
Cash and cash equivalents at end of year	<u>\$ 226,945</u>	<u>\$ 80,343</u>	<u>\$ 307,288</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Unrestricted	\$ 215,357	\$ 80,343	\$ 295,700
Restricted	11,588	-	11,588
	<u>\$ 226,945</u>	<u>\$ 80,343</u>	<u>\$ 307,288</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED</b>			
Operating income (loss)	\$ (257,739)	\$ 52,619	(205,120)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation and amortization	145,457	16,382	161,839
Loss on sale capital assets	-	3,500	3,500
Change in assets and liabilities			
Increase in accounts receivable	(1,760)	-	(1,760)
Decrease in due from other governments	-	20,467	20,467
Decrease in prepaid expenses	3,000	35,555	38,555
Decrease in inventory	-	7,769	7,769
Decrease in deposits made	-	1,850	1,850
Increase (decrease) in accounts payable and accrued liabilities	28,218	(425)	27,793
Decrease in security deposits	(680)	-	(680)
Net cash (used) provided by operating activities	<u>\$ (83,504)</u>	<u>\$ 137,717</u>	<u>\$ 54,213</u>

The accompanying notes are an integral part of this statement.



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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

B. Basis of Presentation (Continued)

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

The Authority reports the following major governmental funds:

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

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

The authority reports the following major proprietary funds:

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

**The Guilford County Transportation Services Fund (GCTS)** accounts for mobility services for persons without access to transportation for Medicaid, disabilities, and senior citizens residing primarily outside of Greensboro and High Point urban areas. On November 14, 2011, PART assumed responsibility for GCTS due to contract cancellation by the county’s previous service provider. PART’s contract with Guilford County to provide human service transportation was terminated June 30, 2013.

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.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

C. Measurement Focus and Basis of Accounting (Continued)

*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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Grant revenues which are unearned at year end are recorded as unearned revenues. Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position 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**  
**June 30, 2013**

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

C. Measurement Focus and Basis of Accounting (Continued)

As permitted by generally accepted accounting principles, PART has elected to apply all Financial Accounting Standards Board (FASB) Statements issued on or before November 30, 1989, except those that conflict with GASB Statements, in its accounting and reporting practices for its proprietary funds.

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, Transportation Demand Management Fund, and Guilford County Transportation Services Fund. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations for all annually budgeted funds. All amendments, which change the total of any fund, must be approved by the governing board. If annual budgets have not been adopted by June 30, the Board must adopt interim budgets that cover the time until annual ordinances can be adopted.

E. Assets

1. Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 15-31]. The Authority may designate, as an official depositor, and 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 securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, 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.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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

E. Assets (Continued)

2. Restricted Assets

Restricted assets in the amount of \$11,588 are related to customer security deposits on van rentals.

3. Receivables

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

4. Capital Assets

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

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

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



**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

F. Deferred Outflows/Inflows of Resources

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

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 and also 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.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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.

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

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

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

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

**Subsequent year's expenditures** - portion of total fund balance available for appropriation that has been designated for the adopted 2013-2014 budget ordinance.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

G. Net Position/Fund Balances (Continued)

2. Fund Balances (Continued)

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

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

The Authority has not adopted a formal fund balance policy.

**Note 2: Stewardship, Compliance, and Accountability**

A. Fund Deficit

For the fiscal year ended June 30, 2013, PART has a Grant Fund deficit of \$219. Management's plan to correct the fund deficit is to transfer funds from the General Fund to the Grant Fund.

B. Excess of Expenditures over Appropriations

Transportation Demand Management Fund

Due to change in management, National Express failed to timely submit invoices for vehicle repair work performed from February through May. The recording of these transactions after year end caused expenditures to exceed appropriations.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**Note 3: Detailed Notes on All Funds**

A. Assets and Investments

1. Deposits

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

At June 30, 2013, PART's deposits had a carrying amount of \$3,004,386 and a bank balance of \$3,074,252. Of the bank balances, \$500,000 in four accounts was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling method.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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**Note 3: Detailed Notes on All Funds (Continued)**

A. Assets and Investments (Continued)

2. Investments

The Authority's overall investment policy is to preserve and protect PART's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities. With this policy understood, it is the PART's goal to maximize investment earnings opportunities with appropriate considerations for safety, legality, liquidity and yield. As of June 30, 2013, PART had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Term Portfolio*	\$ 452,654	\$ 452,654	\$ -	\$ -

\* Because the NC Capital Management Trust Term Portfolio had duration of 0.3 years, it was presented as an investment with a maturity of less than six months

3. Receivables

At June 30, 2013, the Authority's receivables consist of the following:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
<b>Governmental Funds</b>			
Grants receivable	\$ 579,134	\$ 51,004	\$ -
Rental vehicle tax	-	-	318,441
Accounts receivable	-	-	19,687
Due from other governments	-	-	129,830
Total Governmental Funds	<u>579,134</u>	<u>51,004</u>	<u>467,958</u>
<b>Business-type Funds</b>			
Grants receivable	-	56,197	-
Accounts receivable	-	-	1,760
Due from other governments	-	-	303,154
Total Business-type Fund	<u>-</u>	<u>56,197</u>	<u>304,914</u>
Total Receivables	<u>\$ 579,134</u>	<u>\$ 107,201</u>	<u>\$ 772,872</u>

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**Note 3: Detailed Notes on All Funds (Continued)**

A. Assets and Investments (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,479,360	\$ -	\$ -	\$ 5,479,360
Construction-in-progress	242,130	652,149	887,159	7,120
<b>Total capital assets not being depreciated</b>	<b>5,721,490</b>	<b>\$ 652,149</b>	<b>\$ 887,159</b>	<b>5,486,480</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,080,785	\$ 887,159	\$ -	1,967,944
Improvements other than buildings	5,577,898	157,518	-	5,735,416
Machinery and equipment	14,036,138	202,501	2,026,449	12,212,190
<b>Total capital assets being depreciated</b>	<b>20,694,821</b>	<b>\$ 1,247,178</b>	<b>\$ 2,026,449</b>	<b>19,915,550</b>
<b>Less accumulated depreciation for:</b>				
Buildings	186,557	\$ 38,109	\$ -	224,666
Improvements other than buildings	474,956	141,416	-	616,372
Machinery and equipment	6,031,699	1,054,944	1,203,665	5,882,978
<b>Total accumulated depreciation</b>	<b>6,693,212</b>	<b>\$ 1,234,469</b>	<b>\$ 1,203,665</b>	<b>6,724,016</b>
<b>Total capital assets being depreciated, net</b>	<b>14,001,609</b>			<b>13,191,535</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 19,723,099</b>			<b>\$ 18,678,015</b>

Depreciation expense of \$1,234,469 was charged to the transportation function.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Capital assets being depreciated:</b>				
Machinery and equipment	\$ 1,231,304	\$ -	\$ 4,000	\$ 1,227,304
<b>Total capital assets being depreciated</b>	<b>1,231,304</b>	<b>\$ -</b>	<b>\$ 4,000</b>	<b>1,227,304</b>
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	588,924	\$ 161,839	\$ 500	750,263
<b>Total accumulated depreciation</b>	<b>588,924</b>	<b>\$ 161,839</b>	<b>\$ 500</b>	<b>750,263</b>
<b>Business-type activity capital assets, net</b>	<b>\$ 642,380</b>			<b>\$ 477,041</b>

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 3. Detailed Notes on All Funds (Continued)**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Other	Total	Accrued Interest
Governmental activities:				
General Fund	\$ 883,222	\$ 73,601	\$ 956,823	\$ -
Grants Fund	13,271	-	13,271	-
Total governmental activities	<u>\$ 896,493</u>	<u>\$ 73,601</u>	<u>\$ 970,094</u>	<u>\$ -</u>
Business-type activities:				
TDM Fund	\$ 37,938		\$ 37,938	\$ 759
GCTS Fund	42,236	58,313	100,549	-
Total business-type activities	<u>\$ 80,174</u>	<u>\$ 58,313</u>	<u>\$ 138,487</u>	<u>\$ 759</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 \$1,000,000 per occurrence and \$1,000,000 aggregate through Darwin National Assurance Corporation. The Synergy Insurance Company insures workers' compensation for PART employees. PART carries automobile liability coverage for vanpool vehicles through Lancer Insurance Company. Lancer insures the Authority's vehicles with a \$1,000,000 liability for each "accident". General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate are provided through Lancer Insurance. Real and personal property liability insurance coverage for PART's administrative offices, the regional bus hub and park-and-ride lots 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 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**  
**June 30, 2013**

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**Note 3. Detailed Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Risk Management (Continued)

In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at a given time of the Authority's funds have a performance bond through a commercial surety bond. The Travelers Insurance Company has bonded Patricia C. Webster, Chief Financial Officer for the Piedmont Authority for Regional Transportation beginning May 1, 2013 in the amount of \$50,000 in accordance with G. S. 159-29. The remaining employees that have access to funds are covered by Employee Dishonesty within the General Liability insurance with Lancer.

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 2014.

3. Operating Leases

PART leases office space and certain office equipment under non-cancelable operating leases expiring at various times through 2016. PART terminated its office lease on October 1, 2012 and relocated to the newly renovated facility at 107 Arrow Road. PART terminated its lease for the Guilford County Transportation facility effective July 1, 2013.

<u>Year Ending</u>	
2014	\$ 7,379
2015	5,879
2016	4,223
2017	<u>1,230</u>
	<u>\$ 18,711</u>

Rent expense under operating leases for the year ended June 30, 2013 was \$14,810 for the general fund, \$6,000 for the TDM fund and \$90,000 for the GCTS fund.

4. Retirement Plan

PART has a defined contribution retirement plan covering substantially all employees. The Authority matches 100% of the first 6% of total compensation that a participant contributes to the plan. Amounts charged to expense for this plan totaled approximately \$45,304 for the general fund and \$8,487 for the TDM fund and \$59,852 for the GCTS fund.



**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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**Note 3. Detailed Notes on All Funds (Continued)**

B. Liabilities (Continued)

5. Long-Term Liabilities - Installment Purchases (Continued)

a. Business-Type Activities

In July 2008, the Authority entered into a \$250,000 installment purchase to finance the purchase of certain equipment. The agreement calls for semi-annual payments of \$27,643 including interest of 3.74%. The financing contract is secured by certain equipment. Annual debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 27,135	\$ 508	\$ 27,643

In November 2008, the Authority entered into a \$496,866 installment purchase to finance the purchase of certain equipment. The agreement calls for semi-annual payments of \$54,939 including interest of 3.74%. The financing contract is secured by certain equipment. Annual debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 53,930	\$ 1,009	\$ 54,939

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 3. Detailed Notes on All Funds (Continued)**

B. Liabilities (Continued)

5. Long-Term Liabilities – Installment Purchases (Continued)

b. Changes in Long-Term Liabilities

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Long-Term Liabilities
<b>Governmental activities:</b>					
Installment purchases	\$ 106,175	\$ -	\$ 106,175	\$ -	\$ -
Compensated absences	47,996	55,207	48,332	54,871	54,871
	<u>\$ 154,171</u>	<u>\$ 55,207</u>	<u>\$ 154,507</u>	<u>\$ 54,871</u>	<u>\$ 54,871</u>
<b>Business-type activities:</b>					
Installment purchases	\$ 291,699	\$ -	\$ 210,634	\$ 81,065	\$ 81,065
Compensated absences					
GCTS	15,620	-	15,620	-	-
TDM	2,948	7,830	2,948	7,830	7,830
	<u>\$ 310,267</u>	<u>\$ 7,830</u>	<u>\$ 229,202</u>	<u>\$ 88,895</u>	<u>\$ 88,895</u>

6. Contingent Liabilities and Commitments

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

C. Inter-fund Balances and Activities

The composition of inter-fund receivables and payables at June 30, 2013, is as follows:

	Interfund Balances	
	Receivables	Payables
General Fund	\$ 517,536	\$ -
Grants Fund	-	84,706
Guilford County Transportation Services Fund	-	173,959
Transportation Demand Management Fund	-	258,871
Total Interfund Balances	<u>\$ 517,536</u>	<u>\$ 517,536</u>

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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**Note 3. Detailed Notes on All Funds (Continued)**

C. Inter-fund Balances and Activities (Continued)

The Grants Fund inter-fund payable represents receivables for reimbursements of expenditures due from HUD and North Carolina Department of Transportation grants.

The inter-fund payable in the Guilford County Transportation Services Fund represents receivables for charges for services to Guilford County.

The inter-fund payable from the Transportation Demand Management Fund represents amounts used in prior years to provide assistance for operating expenses and debt service. This amount decreased \$200,000 during the fiscal year.

PART uses transfers to provide unrestricted revenues, collected in the general fund, to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer to the Grants Fund in the amount of \$338,500 provided PART's matching requirements on federal and state grants. The transfer to the Transportation Demand Management Fund in the amount of \$75,000 provided support to assist with debt service requirements for previous van purchases. The transfer to the Guilford County Transportation Services Fund in the amount of \$75,000 provided support of expenditures.

D. Governmental Fund Balance

The following schedule provides management and citizens with information on the portion of fund balances of the Governmental Funds that is available for appropriation.

Total fund balances - General Fund and Grants Fund	\$	3,692,951
Less		
Stabilization by state statute		1,615,632
Subsequent year's expenditures		78,391
Working capital/ fund balance policy		1,998,928
Fund balances available for appropriation	\$	-

E. Subsequent Events

Effective September 30, 2013 PART expanded service by adding six trips on Route 6 between Surry County and Winston-Salem.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**Note 4: Change in Accounting Principles**

PART implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, The Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified as Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. The implementation of these standards had no impact on fund balance or net position as previously reported.

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***SUPPLEMENTARY INFORMATION***

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**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2013**

**Exhibit 10  
Continued**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>REVENUES</b>			
Farebox (including PART Connections)	\$ 539,950	\$ 544,590	\$ 4,640
Rental vehicle tax	3,060,000	3,135,518	75,518
Vehicle registration tax	145,000	148,374	3,374
Amtrak connector	298,000	276,093	(21,907)
Grants			
Federal Transit Administration	500,000	500,000	-
NC Department of Transportation	1,304,442	1,309,259	4,817
Regional MPOs	70,800	71,266	466
Miscellaneous	3,000	8,284	5,284
Total revenues	<u>5,921,192</u>	<u>5,993,384</u>	<u>72,192</u>
<b>EXPENDITURES</b>			
Board of Trustees			
Professional services	14,500	12,800	1,700
Other expenses	13,500	11,396	2,104
Total Board of Trustees	<u>28,000</u>	<u>24,196</u>	<u>3,804</u>
Office of Executive Director			
Personnel services	167,271	116,471	50,800
Professional services	263,000	239,633	23,367
Space and furnishings	11,329	9,601	1,728
Other expenses	10,400	14,735	(4,335)
Professional development	21,000	13,438	7,562
Total Office of Executive Director	<u>473,000</u>	<u>393,878</u>	<u>79,122</u>
Administration and Financial Services			
Personnel services	293,179	258,104	35,075
Professional services	99,500	94,719	4,781
Space and furnishings	41,000	21,898	19,102
Other expenses	9,271	29,727	(20,456)
Professional development	8,050	6,772	1,278
Total Administration and Financial Services	<u>451,000</u>	<u>411,221</u>	<u>39,779</u>
Development and Regional Policy			
Personnel services	218,945	185,746	33,199
Professional services	37,000	29,770	7,230
Space and furnishings	5,500	6,828	(1,328)
Other expenses	2,400	3,543	(1,143)
Professional development	11,500	3,496	8,004
Total Development and Regional Policy	<u>275,345</u>	<u>229,383</u>	<u>45,962</u>



**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2013**

**Exhibit 10  
Continued**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
PART Express			
Operations	\$ 3,524,906	\$ 3,608,662	\$ (83,756)
Professional services	27,500	19,529	7,971
Personnel services	195,184	166,730	28,454
Space and furnishings	57,835	23,935	33,900
Other expenses	23,100	20,878	2,222
Professional development	24,700	7,209	17,491
Total PART Express	<u>3,853,225</u>	<u>3,846,942</u>	<u>6,283</u>
Marketing and Communications			
Personnel services	48,080	48,306	(226)
Air Quality	53,200	51,261	1,939
Media and advertising	49,000	39,731	9,269
Space and furnishings	1,200	2,751	(1,551)
Space and furnishings	-	-	-
Professional development	3,500	607	2,893
Total Marketing and Communications	<u>154,980</u>	<u>142,655</u>	<u>12,325</u>
Planning			
Personnel services	98,101	103,182	(5,081)
Space and furnishings	15,800	12,973	2,827
Other expenses	4,800	5,802	(1,002)
Professional development	14,705	5,251	9,454
Total Planning	<u>133,406</u>	<u>127,208</u>	<u>6,198</u>
Capital outlay	<u>205,500</u>	<u>205,258</u>	<u>242</u>
Debt Service			
Principal	106,175	106,175	-
Interest	2,331	2,331	-
Total Debt Service	<u>108,506</u>	<u>108,506</u>	<u>-</u>
Total Expenditures	<u>5,682,962</u>	<u>5,489,247</u>	<u>193,715</u>
Revenues over (under) expenditures	238,230	504,137	265,907
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	83,000	83,338	338
Transfer to Grants Fund	(338,500)	(338,500)	-
Transfer to Guilford County Transportation Services Fund	(75,000)	(75,000)	-
Transfer to Transportation Demand Management Fund	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	<u>(405,500)</u>	<u>(405,162)</u>	<u>338</u>
Fund balance appropriated	<u>167,270</u>	-	<u>(167,270)</u>
Net change in fund balance	<u>\$ -</u>	98,975	<u>\$ 98,975</u>
Fund balance at beginning of year		<u>3,594,195</u>	
Fund balance at end of year		<u>\$ 3,288,008</u>	

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
GRANTS FUND - SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2013**

Exhibit 11

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>REVENUES</b>			
HUD Sustainable Communities Grant	\$ 646,612	\$ 256,820	\$ (389,792)
FTA Capital Grants	660,000	341,439	(318,561)
NCDOT Capital Grants	<u>352,800</u>	<u>232,541</u>	<u>(120,259)</u>
Total revenues	<u>1,659,412</u>	<u>830,800</u>	<u>(828,612)</u>
<b>EXPENDITURES</b>			
HUD Sustainable Communities Grant	730,112	362,239	367,873
Regional Call Center	1,000,000	620,752	379,248
Elon University vehicles	75,000	370	74,630
Technology	<u>292,000</u>	<u>186,158</u>	<u>105,842</u>
Total expenditures	<u>2,097,112</u>	<u>1,169,519</u>	<u>927,593</u>
Revenues under expenditures	<u>(437,700)</u>	<u>(338,719)</u>	<u>(1,756,205)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from General Fund	<u>437,700</u>	<u>338,500</u>	<u>(99,200)</u>
Total other financing sources	<u>437,700</u>	<u>338,500</u>	<u>(99,200)</u>
Net change in fund balance	<u>\$ -</u>	<u>(219)</u>	<u>\$ (219)</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u>\$ (219)</u>	

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION** **Exhibit 12**  
**TRANSPORTATION DEMAND MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (Non - GAAP)**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 630,300	\$ 684,459	\$ 54,159
Other operating revenue	23,000	1,677	(21,323)
Total operating revenues	<u>653,300</u>	<u>686,136</u>	<u>32,836</u>
<b>OPERATING EXPENSES</b>			
Vehicle expense	477,278	480,445	(3,167)
Administration	269,868	268,744	1,124
Office expense	13,400	13,259	141
Space and furnishings	26,074	25,869	205
Professional development	5,250	5,219	31
Debt service - principal	211,000	210,634	366
Debt service - interest	8,750	8,631	119
Total operating expenses	<u>1,011,620</u>	<u>1,012,801</u>	<u>(1,181)</u>
Operating loss	<u>(358,320)</u>	<u>(326,665)</u>	<u>31,655</u>
<b>NONOPERATING REVENUES</b>			
NC Department of Transportation	141,660	138,358	(3,302)
City of Greensboro	68,000	66,891	(1,109)
City of Winston-Salem	51,000	50,170	(830)
City of High Point	22,660	22,298	(362)
Total intergovernmental revenues	<u>283,320</u>	<u>277,717</u>	<u>(5,603)</u>
Other revenue	-	4,426	4,426
Total nonoperating revenues	<u>283,320</u>	<u>282,143</u>	<u>(1,177)</u>
Revenues under expenses	<u>(75,000)</u>	<u>(44,522)</u>	<u>30,478</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from General Fund	75,000	75,000	-
Total other financing sources	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>30,478</u>	<u>\$ 30,478</u>
<b>RECONCILIATION FROM BUDGETARY BASIS BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>			
Depreciation		(145,456)	
Change in accrued interest		2,019	
Change in compensated absences		(4,883)	
Principal payments		210,634	
Change in net position		<u>\$ 92,792</u>	

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION** **Exhibit 13**  
**GUILFORD COUNTY TRANSPORTATION SERVICES FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (Non - GAAP)**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 3,078,900	\$ 3,004,647	\$ (74,253)
Total operating revenues	<u>3,078,900</u>	<u>3,004,647</u>	<u>(74,253)</u>
<b>OPERATING EXPENSES</b>			
Vehicle expense	673,564	655,453	18,111
Personnel expense	1,805,693	1,784,946	20,747
Administration	395,898	346,883	49,015
Office expense	22,800	11,159	11,641
Space and furnishings	145,445	139,295	6,150
Professional development	12,000	6,891	5,109
Professional services	11,000	261	10,739
Miscellaneous	2,500	2,878	(378)
Capital outlay - shop and maintenance equipment	10,000	-	10,000
Loss on disposal of assets		3,500	
Other expense	75,000	-	75,000
Total operating expenses	<u>3,153,900</u>	<u>2,951,266</u>	<u>206,134</u>
Operating income (loss)	(75,000)	53,381	128,381
<b>NONOPERATING REVENUES</b>			
Other revenue	-	15,939	15,939
Total nonoperating revenues	<u>-</u>	<u>15,939</u>	<u>15,939</u>
Revenues over (under) expenses	<u>(75,000)</u>	<u>69,320</u>	<u>144,320</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from General Fund	75,000	75,000	-
Total other financing sources	75,000	75,000	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>144,320</u>	<u>\$ 144,320</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>			
Change in compensated absences		15,620	
Depreciation		<u>(16,382)</u>	
Change in net position		<u>\$ 143,558</u>	

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**COMPLIANCE SECTION**

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

***INDEPENDENT AUDITOR'S REPORT***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Piedmont Authority for Regional Transportation (PART) as of and for the year ended June 30, 2013, 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 30, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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*

*October 30, 2013*



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

***INDEPENDENT AUDITOR'S REPORT***

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

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

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of PART's major federal programs for the year ended June 30, 2013. PART's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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

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

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

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

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

*Dixon Hughes Goodman LLP*

October 30, 2013



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

***INDEPENDENT AUDITOR'S REPORT***

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

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

We have audited the Piedmont Authority for Regional Transportation's (PART) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, which could have a direct and material effect on PART's major state program for the year ended June 30, 2013. The Piedmont Authority for Regional Transportation's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, PART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2013.

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

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

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

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

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

*Dixon Hughes Goodman LLP*

October 30, 2013

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2013**

**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

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

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2013**

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

Federal Awards (Continued)

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

Auditee qualified as low-risk auditee?        Yes   X   No

State Awards

Internal control over major state programs:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to State awards?        Yes   X   No

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

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

Identification of major state programs:

State Number	Name of Program
DOT 9	State Maintenance Assistance Program

**II. Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2013.

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

There were no findings related to federal awards for the fiscal year ended June 30, 2013.

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

There were no findings related to state awards for the fiscal year ended June 30, 2013.

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2013**

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**Finding: 2012-1**

Status: Corrected.

**Finding: 2012-2**

Status: Corrected.

**Finding: 2012-3**

Status: Corrected.



**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2013**

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	State Number	Grant Number	Current Year Expenditures			
				Total	Federal Expenditures (Direct and Pass- Through)	State Expenditures	Local Expenditures
<b>FEDERAL GRANTS</b>							
U.S. Department of Transportation							
Federal Transit Cluster							
Federal Transit - Formula Grants							
(Urbanized Area Formula							
Program) Regional Call Center							
	20.507		NC-95-X045	\$ 458,478	\$ 341,439	\$ 42,680	\$ 74,359
Preventive Maintenance and							
Vehicle Purchase							
	20.507		NC-95-X064	535,590	400,000	-	135,590
Operating Assistance							
	20.507		NC-90-X536	200,000	100,000	-	100,000
				1,194,068	841,439	42,680	309,949
Passed through the North Carolina							
Department of Transportation:							
Highway Planning and Construction							
(Federal-Aid Highway Program)							
Air Awareness - Triad							
	20.205-1		C-4936	42,202	33,762	-	8,440
Air Awareness - Davie							
	20.205-1		C-5222	9,384	7,507	-	1,877
Piedmont Triad Regional Model							
	20.205-1		7500016500	116,276	29,069	-	87,207
Transit Services Programs Cluster							
Job Access Reverse Commute							
Job Access Reverse Commute -							
Davidson							
	20.516		12-JA-914A	127,510	63,755	-	63,755
Job Access Reverse Commute -							
Davie							
	20.516		12-JA-914B	9,334	4,667	-	4,667
Job Access Reverse Commute -							
Randolph							
	20.516		12-JA-914C	64,974	32,487	-	32,487
Job Access Reverse Commute -							
Surry							
	20.516		12-JA-914D	155,526	77,763	-	77,763
Job Access Reverse Commute -							
Yadkin							
	20.516		12-JA-914E	136,754	68,120	-	68,634
				1,856,028	1,158,569	42,680	654,779
<b>Total U.S. DOT assistance:</b>							
Programs Not Clustered							
U.S. Department of Housing and							
Urban Development							
Sustainable Communities							
Regional Planning Grant							
Program							
	14.703		NCRIP0027-10	375,845	256,820	-	119,025
				375,845	256,820	-	119,025
<b>Total U.S. HUD assistance:</b>							
<b>STATE GRANTS</b>							
North Carolina Department of							
Transportation:							
State Maintenance Assistance							
	DOT-9		12-SM-022	978,897	-	978,897	-
Ridesharing							
	DOT-11		11-RS-002	277,772	-	138,886	138,886
Advanced Technology Program							
	DOT-10		11-AT-120	186,158	-	167,542	18,616
Apprentice/Internship Program							
	DOT 11		13-DG-025	29,163	-	26,247	2,916
				1,471,990	-	1,311,572	160,418
<b>Total State assistance:</b>							
<b>TOTAL ASSISTANCE</b>				<b>\$ 3,703,863</b>	<b>\$ 1,415,389</b>	<b>\$ 1,354,252</b>	<b>\$ 934,222</b>

**PIEDMONT AUTHORITY FOR REGIONAL TRANSPORTATION  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2013**

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**NOTE 1.     Basis of Presentation**

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