



MEMORANDUM

February 12, 2016

TO: Board of Trustees

PREPARED BY: Sandra Freeman, CFO  
Lee Smiley, Senior Accountant  
Finance Department

SUBJECT: Management Letter Response to FY15 Audit

Each year our auditors prepare a management letter for the Board, outlining any errors or other potential problems they feel should go to the attention of GoTriangle's management. Due to turnover in the accounting staff, this year's letter contained several items. Below is a list of the items the auditors noted with an explanation for each one.

Two items the auditors found are reported within the financial report itself on pages 94 and 95. The first concerns a lack of approvals and supporting documentation for journal entries. In addition to the Senior Accountant position, there was also turnover in an intern position who often handled routine, recurring entries, such as the monthly allocation of insurance expenses. Although the intern presented numerous journal entries for proper approval, it appears once he became familiar with these routine entries he would sometimes create, enter, and file them without approval. The intern position is now vacant, but once it is filled this procedure will be emphasized as part of his/her training. The second item relates to year-end accrual of expenses, specifically payroll expenses. This was simply the result of the turnover in the Senior Accountant position and a lack of familiarity with how the payroll system was operating. The CFO will follow up on this finding as year-end adjustments are made for June 30, 2016 to ensure it is not repeated.

The other concerns the auditors had are found within their management letter, and are detailed below:

Page 4 - Adjusting Journal Entries

- 1) This entry records an asset for the payment made to the City of Raleigh related to the sale of the Dillon property and moves the liability for the second payment from the General Fund to the Major Transit Fund.

- 2) Staff originally recorded an estimate for registration fees collected during the 4th quarter, basing the estimate on the 3<sup>rd</sup> quarter amounts. Because of delays in receiving the breakdown of the \$7 and \$3 tax, the correct amounts for the 4<sup>th</sup> quarter were received before the audit was completed. This entry adjusted the estimate to the actual amounts.
- 3) This entry separates the \$3 tax amount from the \$7 received for the year. The information was not available from NCDOT to make this adjustment until November.
- 4) This entry records an accounts payable for an invoice which was received after the cutoff for paying from the 2015 fiscal year.

#### Page 5 - Reclassifying Journal Entries

- 1) This entry reduces grant revenues for a 2013 State grant. Due to a funding shortage, the State restricted the types of expenses it would reimburse, which disqualified a portion of GoTriangle's request.
- 2) Each payroll, our computer software places the entire payroll liability in the General Fund and then pays it from that fund. For the pay period ended on June 28<sup>th</sup> and paid on July 3<sup>rd</sup>, our auditors did not feel this was appropriate and wanted the liability allocated to the other funds.

#### Page 6 - Passed Adjusting Journal Entries

- 1) For the year ended June 30, 2014, an incorrect amount was recorded for the registration fees receivable. As a result, GoTriangle received more money than its accounts receivable balance, and the excess was booked as current year revenue. The auditors passed on making an adjustment to remove it from current year revenues and adjust the FY14 figures.
- 2) Also for the year ended June 30, 2014, the cost of benefits associated with the year-end payroll liability was not booked. This means those costs were included in FY15 rather than FY14. Again the auditors passed on correcting the prior year amounts.
- 3) Similarly, the cost of benefits associated with the payroll liability for June 29<sup>th</sup> and 30<sup>th</sup> was not recorded for June 30, 2015.
- 4) In the same way, the liability for retirement contributions for the last payroll was not booked at June 30, 2015.

With the experience gained from this audit, we are confident there will not be any such problems related to the 2016 fiscal year. Please contact either of us if you have additional questions about any of these items.



**RESEARCH TRIANGLE REGIONAL  
PUBLIC TRANSPORTATION  
AUTHORITY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015

Prepared by:

Finance Department

**RESEARCH TRIANGLE REGIONAL PUBLIC  
TRANSPORTATION AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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TRANSPORTATION AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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# INTRODUCTORY SECTION

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

November 30, 2015

Board of Trustees  
Research Triangle Regional Public Transportation Authority

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Research Triangle Regional Public Transportation Authority (GoTriangle) for the fiscal year ended June 30, 2015. The basic financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Cherry Bekaert LLP, and their unmodified opinion is included in the financial section. However, this report is presented by GoTriangle, which is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material respects; it is presented in a manner designed to set forth fairly the financial position and results of operations of GoTriangle as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain the maximum understanding of GoTriangle's financial affairs have been included.

To provide a reasonable basis for making these representations, management of GoTriangle has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of GoTriangle's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, GoTriangle's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management would direct the reader of the CAFR to the Management's Discussion and Analysis section of the CAFR to gather a clear and in-depth understanding of its contents.

GoTriangle is presently obligated in the amount of \$15M to the NCRRTA for rail right-of-way usage. In preparation of this liability and other substantial obligations regarding the continued efforts in the mass transit area, GoTriangle has positioned itself with two banks in anticipation of future long term financial planning.



## **Profile of GoTriangle**

The 1989 Session of the North Carolina General Assembly amended Chapter 160A of the General Statutes by adding Article 26 enabling the creation of regional public transportation authorities. The Board of Commissioners in Durham, Orange and Wake counties each held a public hearing, published articles of incorporation, and passed resolutions creating the Research Triangle Regional Public Transportation Authority (d/b/a GoTriangle, previously Triangle Transit). The new unit of local government was chartered by the Secretary of State on December 1, 1989.

The 1991 session of the General Assembly enacted legislation permitting regional public transportation authorities to levy a vehicle registration tax of up to \$5 per registration. Following a public hearing, a tax levy of \$5 per registered vehicle was approved by the Special Tax Board; the Boards of County Commissioners of Wake, Durham and Orange counties; and the Authority's Board of Trustees. This tax forms the basic operating funding for regional transit services in the Triangle. The NC Division of Motor Vehicles began collection of the tax on January 1, 1992.

The 1997 session of the General Assembly enacted legislation permitting a regional public transportation authority to also levy a 5% tax on motor vehicle rental receipts in its multi-county service area. Following a public hearing, a tax levy of 5% on motor vehicle rental receipts was approved by the Special Tax Board; the Boards of County commissioners of Wake, Durham and Orange counties; and the Authority's Board of Trustees. The tax provides a local match to current and anticipated federal and state grants to fund the development and construction of a regional rail system. GoTriangle began collection of the tax on January 1, 1998.

## **Purpose**

GoTriangle was created to plan, finance, organize and operate a public transportation system for the Research Triangle area. The public transportation system may include operation of ridesharing activities, vans, buses and fixed guideways.

## **Board of Trustees**

GoTriangle is governed by a thirteen-member Board of Trustees. Ten members are appointed by the region's cities and counties, and three members are appointed by the NC Secretary of Transportation, as shown in the following chart.

<u>Appointing Body</u>	<u>Number of Appointments</u>
Town of Cary	1
Town of Chapel Hill	1
City of Durham	1
Durham City and County	1
Durham County	1
Orange County	1
City of Raleigh	2
Wake County	2
Secretary of Transportation	3

## **Total Full – Time Employees – 260**

General Counsel	4
Communications & Public Affairs	11
Finance & Administrative Services	21
Capital Development	13
Regional Bus	177
Ridesharing	34

## **2014- 2015 Economic Development Announcements**

### **The Triangle**

The Research Triangle region is comprised of Wake, Durham, and Orange counties. The principal cities in the area include Raleigh, Durham, Chapel Hill, and Cary. The Triangle Region continues to receive accolades and is frequently ranked as one of “America’s Best Places to Live” and “Best Places for Business and Careers.”

With its success, the Triangle has the challenge of continuing to preserve and enhance the quality of life that it has come to enjoy. The region’s population grew 35% between 2000 and 2010. Current growth in the region has expanded from 1.3 million people in 2010 to 1.42 million in 2015.

The spread out nature of the region’s development and limited public transportation networks have affected the opportunities for upward social mobility of some low-income residents. A recent study called the Equality of Opportunity by Harvard University and the University of California – Berkeley released in 2015 found that Wake and Durham ranked among the lowest 6 percent of counties in the country in upward mobility among low income families (families in the 25<sup>th</sup> percentile). More and better transit and ridesharing alternatives, together with sound development practices can provide affordable access to jobs for a greater share of the population.

Toward this end, communities in the Triangle have seen a surge in interest in the housing, working, and playing options in their downtowns. Together with the major universities, they are developing a diversity of activities that can be well served by public transit. The sales tax revenues adopted in Orange and Durham Counties in 2013 have funded expansions of transit service in both counties. GoTriangle and Wake County, together with multiple partners, are developing a long-range plan for transit expansion and improvement for the Triangle's eastern county.

Transit can help ensure that communities in the Triangle will have a transportation network that keeps pace with growth and provides affordable mobility. While it is widely known that transit eases congestion by adding capacity to existing roadways, many societal benefits are often overlooked. Some include:

- **Supporting the Employed** – In FY 2015, GoTriangle provided nearly 2.2 million customer trips on its regional bus, paratransit, and vanpool services.
- **Strengthens Business** – Transit increases the region's ability to attract and retain new jobs, improving mobility for employees, employers, suppliers, customers, and tourists. More employers are demonstrating that they see this benefit by providing transit or vanpool subsidies for their employees.
- **Moves The Economy** – Transit moves people to school and training, allowing them to seek higher paying jobs and become self-sufficient. From a Spring 2013 on-board customer survey, an estimated 35% of GoTriangle's riders are full-time or part-time students, and 19% of all trips are for the purpose of traveling to or from college. Many customers use GoTriangle services to attend Duke University, Durham Technical Community College, Meredith College, NC Central University, NC State University, Shaw University and UNC-Chapel Hill and for travel to Duke University Medical Center and the UNC Hospitals.
- **Encourages Independence** – Transit enables elderly and disabled people to remain independent by providing access to health care, shopping, nutrition programs, and other basic life needs.

### **Major Initiatives**

Leading the way for more transportation alternatives, GoTriangle embarked on another history-making year in the fiscal year ending June 30, 2015. Listed below are the major accomplishments of each area separated by fund.

#### **Departments in the General Fund and Major Capital Projects Fund**

- Following approval from the Federal Transit Administration, work continued on the Project Development phase for the Durham-Orange Light Rail Project connecting Durham and Chapel Hill.

- Utilized grant dollars and local funds for several capital purchases including:
  - a. Purchase of eight replacement vanpool vans
  - b. Renovation of flooring at bus operations facility
  - c. Purchase of fuel management system
  - d. Upgrade of network server and switches
  - e. Installation of security gate at bus operations facility
  - f. Transit enhancements for GoTriangle

### **Regional Bus Fund**

- Fixed Route bus ridership for FY 2015 was 1,843,735 boardings, up 1.1% from the previous year.
- Paratransit ridership for FY 2015 was 34,919, up 1.8% from previous year.
- Fixed Route Bus Service was expanded in FY2015 to provide a new express route from Mebane, Efland, and Hillsborough to Duke Medical Center and downtown Durham, and to provide later Saturday night and Sunday service.
- The Vanpool program ended FY 2015 with 60 vehicles on the road.

### **Ridesharing Fund**

- GoTriangle entered into GoPass agreements with four new employers, bringing the total number of GoPass agreements to sixteen (16).
- GoTriangle continued an extensive outreach and marketing campaign targeted at mitigating construction-related congestion associated with the “Fortify” Interstate Rebuilding project in south Raleigh. This partnership with NCDOT and the City of Raleigh will continue through the Fortify project’s completion in Fall 2016.
- The Go Triangle Regional Transit Information Center answered over 456,000 customer phone calls in FY 2015, down slightly from FY 2014.

### **Awards and Acknowledgements**

GoTriangle is required by state law to have an independent financial audit. A compliance audit on federal and state financial assistance programs is also required under the revised federal Single Audit Act of 1996 and the State Single Audit Implementation Act. GoTriangle’s auditors, Cherry Bekaert LLP, were selected through a formal request for proposals. The auditor’s report on the General Purpose Financial Statements is included in the Financial Section of this report. The auditor’s reports are required as part of a single audit and are found in the Compliance Section of this report.


## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the GoTriangle for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. GoTriangle has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sandra Freeman".

Sandra Freeman  
CFO/Director of Finance and Administrative Services

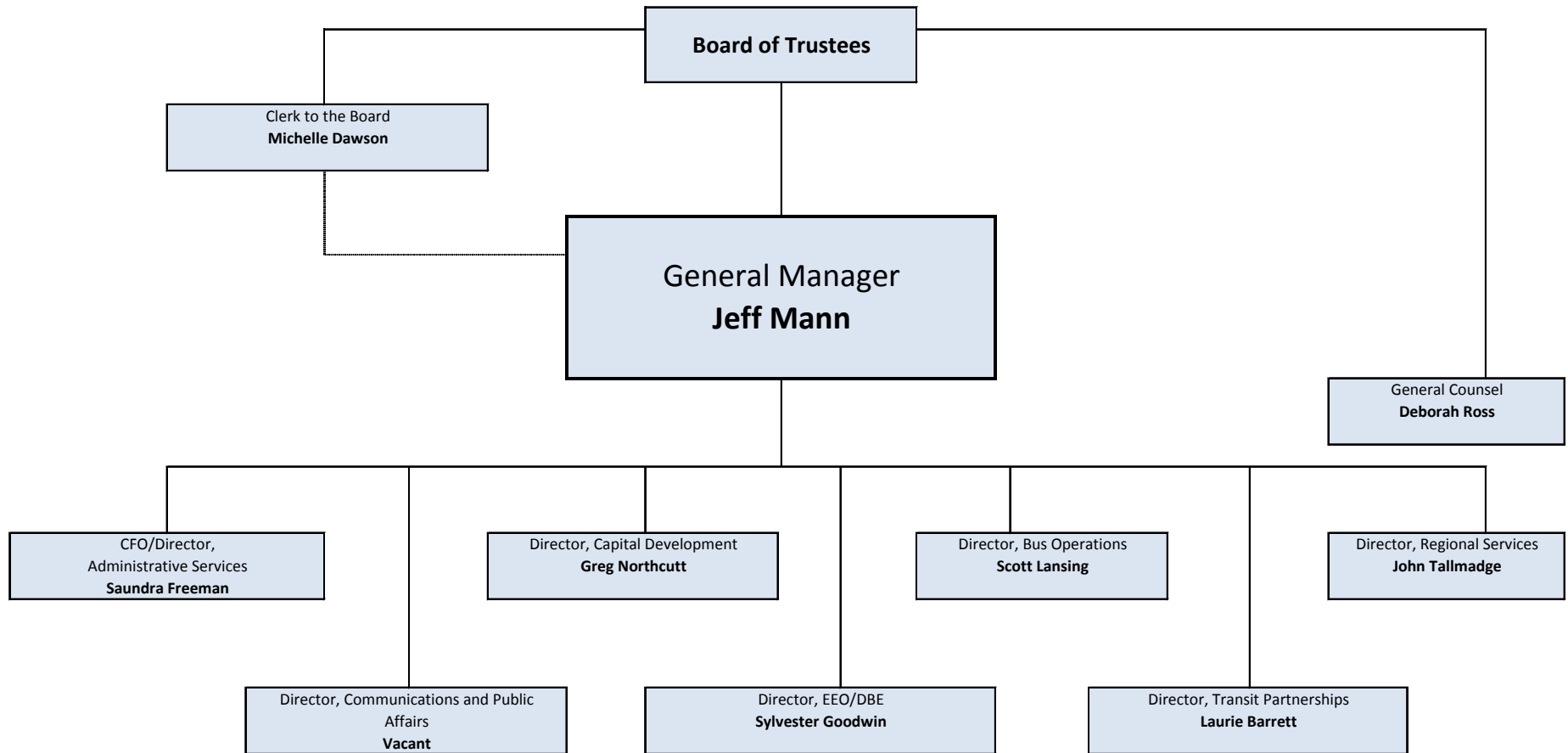
**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
BOARD OF TRUSTEES  
June 30, 2015**

Board Member	Appointing Body
William V. "Bill" Bell (Chair)	Durham
Jennifer Robinson (Vice Chair)	Town of Cary
Bernadette Pelissier (Secretary)	Orange County
Will Allen III (Treasurer)	City of Raleigh
Mary-Ann Baldwin	City of Raleigh
Jim Crawford	NCBOT
Fred N. Day IV	Wake County
Fred Foster, Jr.	Durham County
Ed Harrison	Chapel Hill
Vivian Jones	Wake County
Ellen Reckhow	Durham City & County
Jeff Sheehan	NCBOT
Vacant	NCBOT

**SPECIAL TAX BOARD OF TRUSTEES**

Matthew Calabria	Wake County
James West	Wake County
Michael Page	Durham County
Ellen Reckhow	Durham County
Barry Jacobs	Orange County

# TRIANGLE TRANSIT SENIOR STAFF





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Research Triangle Regional  
Public Transportation Authority  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



# FINANCIAL SECTION

## **Report of Independent Auditor**

The Board of Trustees  
Research Triangle Regional Public Transportation Authority  
Research Triangle Park, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Research Triangle Regional Public Transportation Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 financial audits contained in *Government 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 Authority'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 Authority'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 respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, western triangle tax district fund and the Durham/Orange tax district 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 the Management's Discussion and Analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to Management's Discussion and Analysis and 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 Authority's basic financial statements. The introductory section, individual fund statements and schedules, and statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by the 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 individual fund statements and schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relates 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 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, the individual fund statements and 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Raleigh, North Carolina  
November 30, 2015

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of Research Triangle Regional Public Transportation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$264,063,668 (*net position*).
- The Authority's total net position increased by \$23,234,223. This increase was due in part to the Western Triangle Tax District and Durham/Orange Tax District excess revenues over expenses of \$18,190,932.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$121,050,766, an increase of \$22,930,642 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance in the General Fund was \$9,038,862, a decrease of approximately twenty three percent from last fiscal year's total. This large net change in fund balance was due mainly to an increase in expenditures. At the end of the current fiscal year, the fund balance in the Major Capital Projects Fund was \$67,475,559, an increase of more than eleven percent from last fiscal year's total. This increase in fund balance is larger than last year and is due to a decrease in transfers to other governmental funds.

**Overview of the Financial Statements**

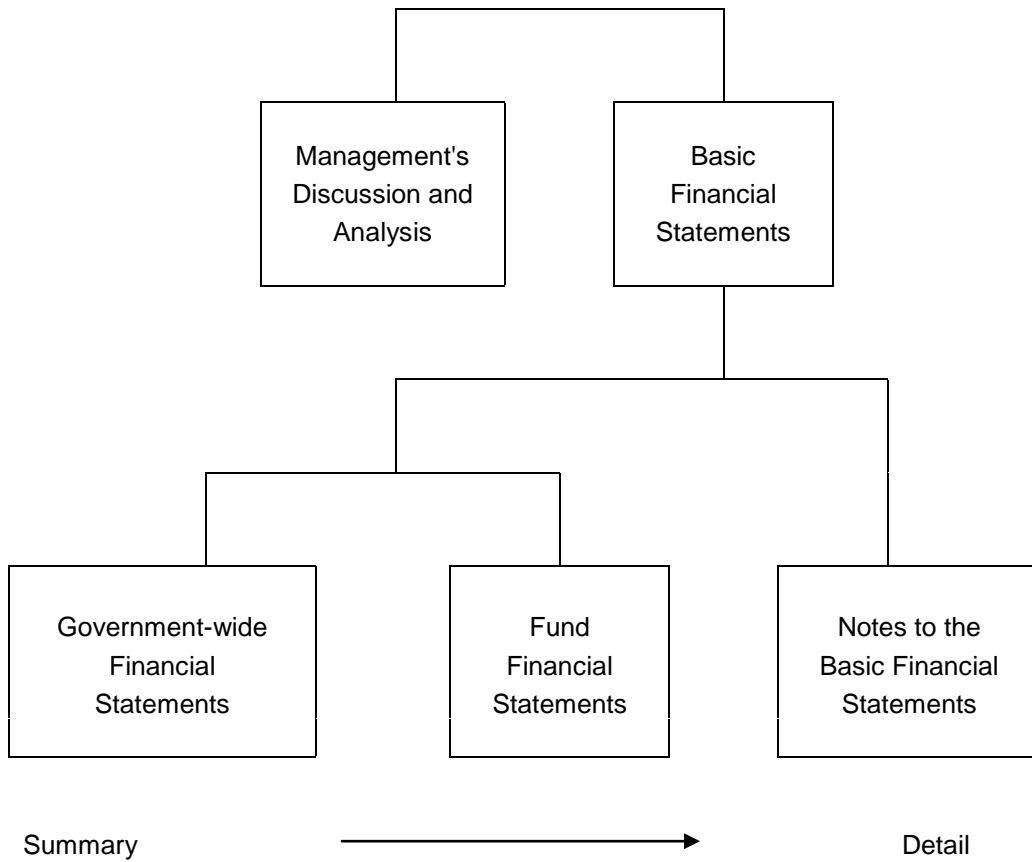
This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Authority through the use of government-wide statements and 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 the Research Triangle Regional Public Transportation Authority.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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***Required Components of Annual Financial Report***

***Figure 1***



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Basic Financial Statements**

The first two statements (pages 25 through 26) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short-term and long-term information about the Authority's financial status.

The next statements (pages 27 through 37) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Authority's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide the reader with a broad overview of the Authority's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short-term and long-term information about the Authority's financial status as a whole.

The two government-wide statements report the Authority's net position and how it has changed. Net position is the difference between the Authority's total assets and total liabilities. Measuring net position is one way to gauge the Authority's financial condition.

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the Authority's basic services, such as general counsel, planning and engineering, and general administration. Vehicle registration taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Authority charges customers to provide. These include the ridesharing and bus services offered by the Authority. The government-wide financial statements are on pages 25 and 26 of this report.

**Fund Financial Statements** – The fund financial statements (see pages 27 through 37) provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Authority's budget ordinance. All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Authority adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the counties the Authority serves, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board, 2) the final budget as amended by the board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and actual resources and charges. The governmental fund financial statements are on pages 27 – 33 of this report.

**Proprietary Funds** - The Authority uses Enterprise Funds to account for its proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses Enterprise Funds to account for its ridesharing and regional bus activities. These are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements are on pages 34 – 37 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 38 through 63 of this report.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Authority's progress in funding its obligation to provide other postemployment benefits to its employees. Required supplementary information can be found on pages 64 through 65 of this report.

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**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Research Triangle Regional Public Transportation Authority's Net Position  
Figure 2*

**Government-Wide Financial Analysis**

	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Current and other assets	\$ 127,152,020	\$ 101,488,922	\$ (11,613,298)	\$ (11,091,976)	\$ 115,538,722	\$ 90,396,946
Capital assets	139,651,572	138,677,090	17,983,482	17,637,793	157,635,054	156,314,883
Total assets	<u>266,803,592</u>	<u>240,166,012</u>	<u>6,370,184</u>	<u>6,545,817</u>	<u>273,173,776</u>	<u>246,711,829</u>
Long term liabilities outstanding	467,728	445,934	752,851	605,748	1,220,579	1,051,682
Other liabilities	6,519,148	3,770,604	1,370,377	1,060,098	7,889,525	4,830,702
Total liabilities	<u>6,986,876</u>	<u>4,216,538</u>	<u>2,123,228</u>	<u>1,665,846</u>	<u>9,110,104</u>	<u>5,882,384</u>
Net position:						
Investment in capital assets	139,651,572	138,677,090	17,983,482	17,637,793	157,635,054	156,314,883
Restricted - Reserve by State Statute	67,066,999	48,284,801	-	-	67,066,999	48,284,801
Restricted - Enabling Legislation	71,273,713	59,854,025	-	-	71,273,713	59,854,025
Unrestricted (deficit)	(18,175,568)	(10,866,442)	(13,736,530)	(12,757,822)	(31,912,098)	(23,624,264)
Total net position	<u>\$ 259,816,716</u>	<u>\$ 235,949,474</u>	<u>\$ 4,246,952</u>	<u>\$ 4,879,971</u>	<u>\$ 264,063,668</u>	<u>\$ 240,829,445</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Authority exceeds liabilities by \$264,063,668 as of June 30, 2015. As of June 30, 2014, the net position of the Authority stood at \$240,829,445. The Authority's net position increased by \$23,234,223 for the fiscal year ended June 30, 2015, compared to an increase of \$29,577,005 in 2014. The increase was less due to increased spending to provide services as well as a loss realized on the sale of real property.

Two aspects of the Authority's financial operations greatly influenced the total unrestricted net position:

- Significant increase in program revenues generated by sales taxes received for the Western Triangle Tax District.
- Establishment of the Durham/Orange Tax District, funded by a \$3 vehicle registration fee in Durham and Orange Counties.
- Significant activity in net capital assets due to capitalization of costs associated with the light rail project, the write off of some prior rail expenses, and the sale of real property.

Research Triangle Regional Public Transportation Authority's Changes in Net Position  
Figure 3

	Governmental Activities		BusinessType Activities		Total	Total
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,790,366	\$ 2,715,489	\$ 2,790,366	\$ 2,715,489
Operating grants and contributions	3,446,914	846,990	3,961,301	4,208,296	7,408,215	5,055,286
Capital grants and contributions	1,744,706	1,353,996	-	-	1,744,706	1,353,996
General revenues:						
Vehicle registration taxes	10,662,625	5,737,329	-	-	10,662,625	5,737,329
Vehicle rental taxes	9,924,456	9,586,666	-	-	9,924,456	9,586,666
Special sales tax revenues	30,561,753	28,516,774	-	-	30,561,753	28,516,774
Miscellaneous revenues	2,625,210	3,232,682	2,577,715	1,572,129	5,202,925	4,804,811
Unrestricted investment earnings	422,560	333,698	63,014	12,831	485,574	346,529
<b>Total revenues</b>	<b>59,388,224</b>	<b>49,608,135</b>	<b>9,392,396</b>	<b>8,508,745</b>	<b>68,780,620</b>	<b>58,116,880</b>
<b>Expenses:</b>						
Administration	445,968	230,773	-	-	445,968	230,773
Capital Development	4,378,573	206,471	-	-	4,378,573	206,471
Communications & PA	2,128,808	1,058,663	-	-	2,128,808	1,058,663
Finance	2,742,430	4,633,963	-	-	2,742,430	4,633,963
General Counsel	1,307,863	428,521	-	-	1,307,863	428,521
Human Resources	487,517	428,364	-	-	487,517	428,364
DBE	130,349	116,539	-	-	130,349	116,539
DATA	695,624	669,303	-	-	695,624	669,303
Board	84,306	84,522	-	-	84,306	84,522
FORTIFY	2,010,101	662,597	-	-	2,010,101	662,597
Loss on disposed assets	9,513,160	-	-	-	9,513,160	-
Regional bus service	-	-	19,629,795	18,084,542	19,629,795	18,084,542
Ridesharing	-	-	1,991,903	1,935,617	1,991,903	1,935,617
<b>Total expenses</b>	<b>23,924,699</b>	<b>8,519,716</b>	<b>21,621,698</b>	<b>20,020,159</b>	<b>45,546,397</b>	<b>28,539,875</b>
Increase (Decrease) in net position before transfers	35,463,525	41,088,419	(12,229,302)	(11,511,414)	23,234,223	29,577,005
Transfers	(8,795,422)	(9,194,110)	8,795,422	9,194,110	-	-
Increase (Decrease) in net position	26,668,103	31,894,309	(3,433,880)	(2,317,304)	23,234,223	29,577,005
Net position, beginning as previously reported	235,949,474	204,055,165	4,879,971	7,197,275	240,829,445	211,252,440
Transfer of capital asset	(2,800,861)	-	2,800,861	-	-	-
Net position, beginning	233,148,613	204,055,165	7,680,832	7,197,275	240,829,445	211,252,440
Net position, ending	<b>\$ 259,816,716</b>	<b>\$ 235,949,474</b>	<b>\$ 4,246,952</b>	<b>\$ 4,879,971</b>	<b>\$ 264,063,668</b>	<b>\$ 240,829,445</b>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Governmental Activities** – Governmental activities increased the Authority's net position by \$26,668,103 thereby accounting for more than the total increase of \$23,234,223 in the net position of the Authority. Key elements of this significant change are as follows:

- General revenues increased from \$47,407,149 in fiscal year 2014 to \$54,196,604 in fiscal year 2015. Vehicle registration fees received from Durham County accounted for most of this increase.
- Operating grants increased due to additional funding received for the FORTIFY project. FORTIFY is an NCDOT project to improve a section of I-40, and the Authority is receiving funds to provide increased bus service through the area to help relieve congestion.
- Spending for Capital Development and Communications and Public Affairs increased as a result of additional personnel and other expenses associated with the Durham-Orange bus and rail plan.
- The Authority wrote off costs associated with previously proposed rail projects of \$7 million and sold property to the City of Raleigh at a loss of \$2 million.

**Business-Type Activities** – Business-type activities decreased the Authority's net position by \$3,433,880. Key elements for this decrease are as follows:

- An increase in expenses of over \$1,600,000, primarily for increased maintenance and repair costs.
- A reduction in grant revenues of over \$200,000.

**Financial Analysis of the Authority's Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Authority's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, the unassigned fund balance of the General Fund was (\$18,482,290), while total fund balance was \$9,038,862.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Major Capital Projects Fund had a fund balance of \$67,475,559 at the end of the current fiscal year, an increase of \$7,056,045 from the previous year. Much of this increase was due to the proceeds of the sale of a piece of property to the City of Raleigh. The Authority received over \$3 million from the transaction and secured certain rights within Raleigh's proposed Union Station project.

At June 30, 2015, the governmental funds of the Authority reported a combined fund balance of \$121,050,766, an increase of \$22,930,642 over last year. However, included in this change is a substantial decrease in the General Fund of \$2,625,772 and a large increase in the Major Capital Projects Fund of \$7,056,045. The Western Triangle Tax District and Durham/Orange Tax District accounted for \$18,190,932 of the increase.

**General Fund Budgetary Highlights** – During the fiscal year, the Authority made some revisions to the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations necessary to maintain services.

Revenues were less than the budgeted amounts primarily due to less than expected reimbursements from local employers. Expenditures were less than budgeted by approximately \$1,800,000; thus, the Authority was able to comply with budgetary requirements.

**Proprietary Funds** – The Authority's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Ridesharing Fund shows a small negative net position of (\$32,998) at the end of the current fiscal year. Net position for the Regional Bus Service Fund amounted to \$4,279,950 at the end of the current fiscal year. Factors concerning the finances of these two funds have been addressed in the discussion of the Authority's business-type activities.

**Capital Assets and Debt Administration**

**Capital Assets** – The Authority's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled \$157,635,054 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, leasehold improvements, vehicles, and construction in progress (CIP).

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

- CIP increase from the capital project and tax district funds of \$15,817,537.
- Improvements totaling \$4,971,555 were removed from CIP and placed in service.
- Land valued at \$5,523,561 was sold to the City of Raleigh for its Union Station project.
- Design work of \$7,066,222 related to a previous version of the rail project was determined to be of no value and was written off from CIP.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Research Triangle Regional Public Transportation Authority's Net Assets  
Capital Assets (Net of Depreciation)  
Figure 4*

	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Land	\$ 38,875,598	\$ 44,399,159	\$ 748,068	\$ 748,068	\$ 39,623,666	\$ 45,147,227
Buildings and Improvements	8,384,408	5,527,825	6,684,287	4,177,813	15,068,695	9,705,638
Equipment and Vehicles	583,940	722,240	10,551,127	12,711,912	11,135,067	13,434,152
Construction in Progress	91,807,626	88,027,866	-	-	91,807,626	88,027,866
Total	\$ 139,651,572	\$ 138,677,090	\$ 17,983,482	\$ 17,637,793	\$ 157,635,054	\$ 156,314,883

Additional information regarding capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

**Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities** – The total revenue budgeted in FY 2016 is \$58.6M. The major sources of revenue for these activities are sales taxes, \$30.3M; vehicle rental tax, \$9.4M; vehicle registration tax, \$9.3M; and federal and state grants, \$5.7M. Budgeted departmental expenditures in the General Fund are \$5.4M. Capital expenditures (apart from CIP expenditures of \$30.0M) are budgeted at \$7.8M. The net impact of the FY 2016 budget for governmental activities is an overall increase in fund balance of \$202,567.

**Business - Type Activities** – The total revenue budgeted in FY 2016 is \$9.5M. The major sources of revenue for these activities are rider fares and local subsidies, \$2.8M; federal and state grants, \$3.3M; and other revenue, \$3.4M. Budgeted departmental expenditures in the Bus and Rideshare funds are \$16.4M and \$2.1M, respectively. Transfers from the General Fund of \$9.0M are budgeted to offset the difference between revenues and expenditures.

**Requests for Information**

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Department, Research Triangle Regional Public Transportation Authority, PO Box 13787, RTP, NC 27709.

# BASIC FINANCIAL STATEMENTS

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Net Position**  
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 27,255,672	\$ -	\$ 27,255,672
Receivables	8,818,241	1,065,631	9,883,872
Due from other governments	2,786,253	1,885,152	4,671,405
Internal balances	16,504,324	(16,504,324)	-
Investments, plus accrued interest	70,238,458	1,373,744	71,612,202
Inventories	-	566,499	566,499
Prepaid items	1,549,072	-	1,549,072
Total current assets	<u>127,152,020</u>	<u>(11,613,298)</u>	<u>115,538,722</u>
Capital assets:			
Land	38,875,598	748,068	39,623,666
Construction in progress	91,807,626	-	91,807,626
Other capital assets, net of depreciation	8,968,348	17,235,414	26,203,762
Total capital assets	<u>139,651,572</u>	<u>17,983,482</u>	<u>157,635,054</u>
Total assets	<u>266,803,592</u>	<u>6,370,184</u>	<u>273,173,776</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,856,631	473,180	6,329,811
Accrued wages and benefits	244,623	507,110	751,733
Current portion of long-term liabilities:			
Compensated absences	417,894	390,087	807,981
Total current liabilities	<u>6,519,148</u>	<u>1,370,377</u>	<u>7,889,525</u>
Due in more than a year:			
Compensated absences	203,417	279,700	483,117
Other post employment benefits	264,311	473,151	737,462
Total long-term liabilities	<u>467,728</u>	<u>752,851</u>	<u>1,220,579</u>
Total liabilities	<u>6,986,876</u>	<u>2,123,228</u>	<u>9,110,104</u>
<b>NET POSITION</b>			
Investment in capital assets	139,651,572	17,983,482	157,635,054
Restricted for:			
Stabilization by State statute	67,066,999	-	67,066,999
Public transportation	71,273,713	-	71,273,713
Unrestricted (deficit)	(18,175,568)	(13,736,530)	(31,912,098)
Total net position	<u>\$ 259,816,716</u>	<u>\$ 4,246,952</u>	<u>\$ 264,063,668</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2015

<u>Functions/Programs</u>	Program Revenue				Net (Expenditures) Revenue and Change in Net Assets		
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Primary Government					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 23,924,699	\$ -	\$ 3,446,914	\$ 1,744,706	\$ (18,733,079)	\$ -	\$ (18,733,079)
Total governmental activities	23,924,699	-	3,446,914	1,744,706	(18,733,079)	-	(18,733,079)
Business-type activities							
Regional bus service	19,629,795	2,790,366	3,290,514	-	-	(13,548,915)	(13,548,915)
Ridesharing	1,991,903	-	670,787	-	-	(1,321,116)	(1,321,116)
Total business-type activities	21,621,698	2,790,366	3,961,301	-	-	(14,870,031)	(14,870,031)
Total primary government	\$ 45,546,397	\$ 2,790,366	\$ 7,408,215	\$ 1,744,706	(18,733,079)	(14,870,031)	(33,603,110)
<b>General revenues:</b>							
Taxes:							
Vehicle registration taxes					10,662,625	-	10,662,625
Vehicle rental taxes					9,924,456	-	9,924,456
Special tax revenues					30,561,753	-	30,561,753
Miscellaneous revenues					2,625,210	2,577,715	5,202,925
Unrestricted investment earnings					422,560	63,014	485,574
Total general revenues excluding transfers					54,196,604	2,640,729	56,837,333
Transfers					(8,795,422)	8,795,422	-
Total general revenues and transfers					45,401,182	11,436,151	56,837,333
Change in net position					26,668,103	(3,433,880)	23,234,223
Net position - beginning					235,949,474	4,879,971	240,829,445
Transfer of capital asset					(2,800,861)	2,800,861	-
Net position - ending					\$ 259,816,716	\$ 4,246,952	\$ 264,063,668

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



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	<b>Major Funds</b>				<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Major Capital Projects Fund</b>	<b>Western Triangle Tax District</b>	<b>Durham/ Orange Tax District</b>		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,742,037	\$ 2,580,991	\$ 19,547,802	\$ 308,218	\$ -	\$ 24,179,048
Cash and cash equivalents - restricted	-	3,076,624	-	-	-	3,076,624
Taxes receivable, net:						
Vehicle registration taxes	1,586,195	-	971,958	416,022	-	2,974,175
Special sales tax revenue	-	-	5,035,603	-	-	5,035,603
Refundable sales tax	225,236	-	-	-	-	225,236
Governmental agencies	1,566,199	885,899	-	-	334,155	2,786,253
Rental tax	-	571,484	-	-	-	571,484
Accrued interest	77,507	171,732	151,455	-	-	400,694
Prepaid items	1,549,072	-	-	-	-	1,549,072
Due from other funds	22,516,943	30,261,616	1,951,242	-	332,010	55,061,811
Other miscellaneous receivables	-	11,743	-	-	-	11,743
Investments	10,887,660	33,924,547	25,025,557	-	-	69,837,764
Total assets	<u>\$ 40,150,849</u>	<u>\$ 71,484,636</u>	<u>\$ 52,683,617</u>	<u>\$ 724,240</u>	<u>\$ 666,165</u>	<u>\$ 165,709,507</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 383,689	\$ 1,614,713	\$ 3,677,470	\$ -	\$ 180,759	\$ 5,856,631
Due to other funds	30,593,626	2,383,563	5,404,329	-	175,969	38,557,487
Unearned revenue	-	-	-	-	-	-
Accrued wages and benefits	134,672	10,801	99,150	-	-	244,623
Total liabilities	<u>31,111,987</u>	<u>4,009,077</u>	<u>9,180,949</u>	<u>-</u>	<u>356,728</u>	<u>44,658,741</u>
<b>Fund Balances:</b>						
Nonspendable						
Prepaid items	1,549,072	-	-	-	-	1,549,072
Restricted - Reserved by State Statute	25,972,080	31,902,474	8,110,258	416,022	666,165	67,066,999
Restricted - Enabling Legislation	-	35,573,085	35,392,410	308,218	-	71,273,713
Unassigned	(18,482,290)	-	-	-	(356,728)	(18,839,018)
Total fund balances	<u>9,038,862</u>	<u>67,475,559</u>	<u>43,502,668</u>	<u>724,240</u>	<u>309,437</u>	<u>121,050,766</u>
Total liabilities and fund balances	<u>\$ 40,150,849</u>	<u>\$ 71,484,636</u>	<u>\$ 52,683,617</u>	<u>\$ 724,240</u>	<u>\$ 666,165</u>	<u>\$ 165,709,507</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Reconciliation Of The Balance Sheet To The Statement Of Net Position**  
**Governmental Funds**  
June 30, 2015

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Fund Balances - Governmental Funds (p.27) \$ 121,050,766

Amounts reported for governmental activities in the Statement of Net Position (p.25) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 147,796,308	
Accumulated depreciation	<u>(8,144,736)</u>	
		139,651,572

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

Compensated absences		(621,311)
Pension liabilities		<u>(264,311)</u>

Net position of governmental activities		<u>\$ 259,816,716</u>
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The notes to the financial statements are an integral part of this statement.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Major Funds</b>				<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Major Capital Projects Fund</b>	<b>Western Triangle Tax District</b>	<b>Durham/Orange Tax District</b>		
<b>REVENUES</b>						
Restricted intergovernmental revenues:						
State grant revenues	\$ 528,670	\$ -	\$ -	\$ -	\$ 220,143	\$ 748,813
Federal grant revenues	2,779,447	751,906	-	-	772,657	4,304,010
Other revenue	1,555,707	214,779	-	-	-	1,770,486
Vehicle registration taxes	6,440,851	-	3,497,534	724,240	-	10,662,625
Special sales tax revenue	-	-	30,561,753	-	-	30,561,753
Indirect cost credits	993,524	-	-	-	-	993,524
Vehicle rental tax	-	8,396,090	1,528,366	-	-	9,924,456
Investment income (loss)	253,522	585,775	(416,737)	-	-	422,560
Total revenues	<u>12,551,721</u>	<u>9,948,550</u>	<u>35,170,916</u>	<u>724,240</u>	<u>992,800</u>	<u>59,388,227</u>
<b>EXPENDITURES</b>						
Current:						
Board	79,376	-	-	-	-	79,376
Human resources	481,672	-	-	-	-	481,672
Administration	242,679	-	189,004	-	-	431,683
Capital development	138,918	-	4,069,318	-	-	4,208,236
Equal employment/Disadvantaged businesses	125,894	-	-	-	-	125,894
Finance	1,904,612	-	-	-	159,770	2,064,382
General Counsel	264,948	-	1,049,586	-	-	1,314,534
GoDurham	691,853	-	-	-	-	691,853
Communication and public affairs	976,686	82,501	1,123,156	-	36,668	2,219,011
FORTIFY	2,010,101	-	-	-	-	2,010,101
Capital outlay	1,123,824	4,544,377	11,273,160	-	170,684	17,112,045
Total expenditures	<u>8,040,563</u>	<u>4,626,878</u>	<u>17,704,224</u>	<u>-</u>	<u>367,122</u>	<u>30,738,787</u>
Excess of revenues over expenditures	<u>4,511,158</u>	<u>5,321,672</u>	<u>17,466,692</u>	<u>724,240</u>	<u>625,678</u>	<u>28,649,440</u>
<b>Other Financing Sources (Uses)</b>						
Sale of assets	-	3,076,624	-	-	-	3,076,624
Transfers from other funds	1,342,251	-	-	-	28,437	1,370,688
Transfers to other funds	(8,479,181)	(1,342,251)	-	-	(344,678)	(10,166,110)
Total other financing sources (uses)	<u>(7,136,930)</u>	<u>1,734,373</u>	<u>-</u>	<u>-</u>	<u>(316,241)</u>	<u>(5,718,798)</u>
Net change in fund balances	(2,625,772)	7,056,045	17,466,692	724,240	309,437	22,930,642
Fund balances - beginning	11,664,634	60,419,514	26,035,976	-	-	98,120,124
Fund balances - ending	<u>\$ 9,038,862</u>	<u>\$ 67,475,559</u>	<u>\$ 43,502,668</u>	<u>\$ 724,240</u>	<u>\$ 309,437</u>	<u>\$ 121,050,766</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**  
For the Year Ended June 30, 2015

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Amounts reported for governmental activities in the Statement of Activities (p.26) are different because:

Net changes in fund balances - total governmental funds	\$	22,930,642
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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	\$	17,112,045	
Impairment of construction in progress assets		(7,066,222)	
Depreciation expense		<u>(746,919)</u>	
			9,298,904

Governmental funds report only the proceeds from the sale of capital assets, while the Statement of Activities reports the economic gain or loss from the sale

Difference in sale of land transaction	(5,523,561)
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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.

Other post-employment benefits	(13,977)
Compensated absences	<u>(23,905)</u>

Total changes in net position of governmental activities	\$	<u>26,668,103</u>
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The notes to the financial statements are an integral part of this financial statement.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**General Fund**  
**Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual**  
For The Year Ended June 30, 2015

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental revenues:				
State grant revenues	\$ 330,448	\$ 573,048	\$ 528,670	\$ (44,378)
Federal grant revenues	1,144,380	2,119,380	2,779,447	660,067
Indirect cost credits	1,059,332	1,059,332	993,524	(65,808)
Vehicle registration tax	5,791,215	5,791,215	6,440,851	649,636
Other revenue	1,676,099	2,694,299	1,555,707	(1,138,592)
Investment income	418,140	418,140	253,522	(164,618)
Total revenues	<u>10,419,614</u>	<u>12,655,414</u>	<u>12,551,721</u>	<u>(103,693)</u>
<b>EXPENDITURES</b>				
Current:				
Board	161,349	161,349	79,376	81,973
Human resources	498,205	510,705	508,972	1,733
Administration	250,439	250,439	242,679	7,760
Capital development	141,112	141,112	138,918	2,194
Equal employment/Disadvantaged businesses	124,910	133,410	125,894	7,516
Finance	2,236,271	2,177,771	1,904,612	273,159
General counsel	397,202	397,202	264,948	132,254
GoDurham	770,888	770,888	691,853	79,035
Communication and public affairs	1,089,267	1,089,267	976,686	112,581
FORTIFY	3,661,687	4,191,832	3,106,625	1,085,207
Total expenditures	<u>9,331,330</u>	<u>9,823,975</u>	<u>8,040,563</u>	<u>1,783,412</u>
Revenues over expenditures	<u>1,088,284</u>	<u>2,831,439</u>	<u>4,511,158</u>	<u>1,679,719</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out		(9,347,076)	(8,479,181)	867,895
Operating transfers in		1,342,251	1,342,251	-
Total other financing sources (uses)	<u>-</u>	<u>(8,004,825)</u>	<u>(7,136,930)</u>	<u>867,895</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ 1,088,284</u>	<u>\$ (5,173,386)</u>	(2,625,772)	<u>\$ 2,547,614</u>
Fund balance, beginning			<u>11,664,634</u>	
Fund balance, ending			<u>\$ 9,038,862</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Western Triangle Tax District**  
**Statement of Revenues, Expenditures And Changes In Fund Balances - Budget and Actual**  
For The Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special sales tax revenue	\$ 28,963,340	\$ 30,561,753	\$ 1,598,413
Vehicle rental tax	1,419,553	1,528,366	108,813
Vehicle registration tax	1,924,252	3,497,534	1,573,282
Other revenues	474,055	-	(474,055)
Loss on investments	-	(416,737)	(416,737)
Total revenues	<u>32,781,200</u>	<u>35,170,916</u>	<u>2,389,716</u>
 <b>EXPENDITURES</b>			
Administration	229,306	189,004	40,302
Capital development	5,326,379	4,069,318	1,257,061
General counsel	1,079,468	1,049,586	29,882
Communication and public affairs	1,278,047	1,123,156	154,891
Capital transit services	<u>23,024,102</u>	<u>11,273,160</u>	<u>11,750,942</u>
Total expenditures	<u>30,937,302</u>	<u>17,704,224</u>	<u>13,233,078</u>
 Excess of revenues over expenditures and other uses	 <u>\$ 1,843,898</u>	 17,466,692	 <u>\$ 15,622,794</u>
 Fund balance - beginning		 <u>26,035,976</u>	
Fund balance - ending		<u>\$ 43,502,668</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Durham/Orange Tax District**  
**Statement of Revenues, Expenditures And Changes In Fund Balances - Budget and Actual**  
For The Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Vehicle registration tax	\$ 750,362	\$ 724,240	\$ (26,122)
Total revenues	<u>750,362</u>	<u>724,240</u>	<u>(26,122)</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures and other uses	<u>\$ 750,362</u>	724,240	<u>\$ (26,122)</u>
Fund balance - beginning		<u>-</u>	
Fund balance - ending		<u>\$ 724,240</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2015

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
<b>ASSETS</b>			
Current assets:			
Investments	\$ -	\$ 1,373,744	\$ 1,373,744
Inventories	-	566,499	566,499
Intergovernmental receivables	822,832	1,062,320	1,885,152
Other receivables	252,447	813,184	1,065,631
Total current assets	<u>1,075,279</u>	<u>3,815,747</u>	<u>4,891,026</u>
Non-current assets:			
Capital assets:			
Land	-	748,068	748,068
Other capital assets, net of depreciation	-	17,235,414	17,235,414
Total non-current assets	<u>-</u>	<u>17,983,482</u>	<u>17,983,482</u>
Total Assets	<u>1,075,279</u>	<u>21,799,229</u>	<u>22,874,508</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	24,939	448,241	473,180
Due to other funds	869,687	15,634,637	16,504,324
Accrued wages and benefits	64,962	442,148	507,110
Compensated absences - current	33,677	356,410	390,087
Total current liabilities	<u>993,265</u>	<u>16,881,436</u>	<u>17,874,701</u>
Non-current liabilities:			
Compensated absences - noncurrent	42,094	237,606	279,700
Other post-employment benefits	72,918	400,233	473,151
Total non-current liabilities	<u>115,012</u>	<u>637,839</u>	<u>752,851</u>
Total liabilities	<u>1,108,277</u>	<u>17,519,275</u>	<u>18,627,552</u>
<b>NET POSITION</b>			
Investment in capital assets	-	17,983,482	17,983,482
Unrestricted	(32,998)	(13,703,532)	(13,736,530)
Total net position	<u>\$ (32,998)</u>	<u>\$ 4,279,950</u>	<u>\$ 4,246,952</u>

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



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Revenue, Expenses And Changes in Net Position**  
**Proprietary Funds**  
For the Year Ended June 30, 2015

	<b>Proprietary Funds</b>		
	<b>Ridesharing Fund</b>	<b>Regional Bus Service Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Vanpool fares	\$ -	\$ 420,975	\$ 420,975
Bus fares	-	1,117,205	1,117,205
Consignments and subsidies	-	1,252,186	1,252,186
Intergovernmental revenues:			
Federal grant revenues	144,588	1,283,856	1,428,444
State grant revenues	(28,988)	1,929,549	1,900,561
Local grant revenues	555,187	77,109	632,296
Other	776,494	1,801,221	2,577,715
Total operating revenues	<u>1,447,281</u>	<u>7,882,101</u>	<u>9,329,382</u>
<b>OPERATING EXPENSES</b>			
Bus supervision	-	1,427,920	1,427,920
Bus operations	-	8,680,348	8,680,348
Bus maintenance	-	3,510,344	3,510,344
Vanpool	-	883,078	883,078
Specialized services	928,922	2,267,139	3,196,061
Commuter resources	610,082	-	610,082
Regional TDM	452,899	-	452,899
Unemployment claims	-	61,116	61,116
Depreciation bus operations	-	2,799,850	2,799,850
Total operating expenses	<u>1,991,903</u>	<u>19,629,795</u>	<u>21,621,698</u>
Operating loss	<u>(544,622)</u>	<u>(11,747,694)</u>	<u>(12,292,316)</u>
<b>NON-OPERATING REVENUES</b>			
Investment earnings	-	63,014	63,014
Loss before contributions and transfers	<u>(544,622)</u>	<u>(11,684,680)</u>	<u>(12,229,302)</u>
Transfers in	514,552	8,280,870	8,795,422
Change in net position	(30,070)	(3,403,810)	(3,433,880)
Total net position - beginning	(2,928)	4,882,899	4,879,971
Transfer of capital asset	-	2,800,861	2,800,861
Total net position - ending	<u>\$ (32,998)</u>	<u>\$ 4,279,950</u>	<u>\$ 4,246,952</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2015

	<b>Proprietary Funds</b>		
	<b>Ridesharing Fund</b>	<b>Regional Bus Service Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 363,539	\$ 6,220,054	\$ 6,583,593
Payments to suppliers	(831,470)	(10,370,701)	(11,202,171)
Payments to employees	(1,089,808)	(6,104,497)	(7,194,305)
Other receipts	698,307	1,801,221	2,499,528
Net cash used in operating activities	<u>(859,432)</u>	<u>(8,453,923)</u>	<u>(9,313,355)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase in due to General Fund	344,880	407,278	752,158
Transfers from General Fund	514,552	8,280,870	8,795,422
Net cash provided by noncapital financing activities	<u>859,432</u>	<u>8,688,148</u>	<u>9,547,580</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(344,674)	(344,674)
Net cash used in capital and financing activities	<u>-</u>	<u>(344,674)</u>	<u>(344,674)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	-	63,014	63,014
Purchase of investments	-	47,435	47,435
Net cash provided by investing activities	<u>-</u>	<u>110,449</u>	<u>110,449</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Balances beginning	-	-	-
Balances ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
For the Year Ended June 30, 2015

	<b>Proprietary Funds</b>		
	<b>Ridesharing Fund</b>	<b>Regional Bus Service Fund</b>	<b>Total</b>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (544,622)	\$ (11,747,694)	\$ (12,292,316)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	-	2,799,850	2,799,850
Changes in assets and liabilities:			
Receivables from governmental agencies	(307,248)	518,340	211,092
Inventories	-	(32,010)	(32,010)
Other receivables	(78,187)	(379,166)	(457,353)
Accrued payroll	22,072	192,451	214,523
Accrued compensated absences	29,433	186,613	216,046
Accounts payable	19,120	7,693	26,813
Total adjustments	<u>(314,810)</u>	<u>3,293,771</u>	<u>2,978,961</u>
Net cash used in operating activities	<u>\$ (859,432)</u>	<u>\$ (8,453,923)</u>	<u>\$ (9,313,355)</u>
Noncash investing, capital, and financing activities:			
Contribution of capital asset from governmental activities		\$ 2,800,861	

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

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Research Triangle Regional Public Transportation Authority (the "Authority") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The 1989 Session of the North Carolina General Assembly amended Chapter 160A of the General Statutes (G.S.) by adding Article 26 enabling the creation of regional public transportation authorities. The Boards of Commissioners in Durham, Orange, and Wake counties each held a public hearing, published articles of incorporation, and passed resolutions creating the Research Triangle Regional Public Transportation Authority. The unit of local government was chartered by the Secretary of State on December 1, 1989. The Authority was created to plan, finance, organize, and operate a public transportation system for the Research Triangle area. The Authority's operations began on July 1, 1990.

The Authority is governed by a thirteen member Board of Trustees, appointed as follows:

<u>Governing Body</u>	<u>Appointments</u>
Wake County	2
Durham County	1
Orange County	1
City of Raleigh	2
City of Durham	1
Town of Cary	1
Town of Chapel Hill	1
Durham County and City of Durham	1
NC Secretary of Transportation	3

The Authority has two component units, the Western Triangle Tax District and the Durham/Orange Tax District, which based upon current GASB pronouncements meet the criteria for blended presentation. The component units' governing bodies are substantively the same as the governing body of the primary government and the management of the primary government has operational responsibility for the component units.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. Basis of Presentation

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include 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 are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in 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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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 financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Authority reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are vehicle registration taxes, state grants and various other revenues. The primary expenditures are for finance, human resources, general counsel, and communication and public affairs.
- Major Capital Projects Fund – The Major Capital Projects Fund includes the Major Transit Investment Fund and the Regional Rail Capital Project Fund and both are used to account for the funds used for the development of a Regional Rail and Bus system.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Western Triangle Tax District - The Western Triangle Tax District is shown as a major component unit within the governmental financial statements. This fund collects special sales taxes in Durham and Orange Counties as well as vehicle rental and registration taxes.
- Durham/Orange Tax District - The Durham/Orange Tax District is shown as a major component unit within the governmental financial statements. This fund collects vehicle registration taxes levied in Durham and Orange Counties.

The Authority reports the following non-major governmental funds:

- Technology Capital Project Fund – The Technology Capital Project Fund is used to account for the purchase of information technology equipment.
- Regional Bus Capital Project Fund – The Regional Bus Capital Project Fund is used to account for the funds used to purchase buses and related equipment.

The Authority reports the following major enterprise funds:

- Ridesharing Fund – The Ridesharing Fund is used to account for operations of Commuter Resources, Regional Call Center, and Regional TDM services. Financing is provided by intergovernmental revenues, sponsorships, employer fees, and General Fund revenues.
- Regional Bus Service Fund – The Regional Bus Service Fund is used to account for the provision of regional commuter bus service and vanpool services. Financing is provided by vanpool fares, bus fares, consignments, subsidies, intergovernmental revenues, and General Fund revenues.

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide and Proprietary Fund Financial Statements:* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, 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.

Proprietary funds distinguish operating from non-operating revenues and expenses. 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 and investment earnings, result from non-exchange transactions or ancillary activities.

Operating expenses include professional and other service costs, personnel, utilities, and maintenance and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Prepaid items are recorded on the purchases method.

The Authority considers all revenues available if they are collected within 60 days after year-end. Revenues collected soon after 60 days may be recognized as revenue if the amounts are to be used to pay liabilities of the current period.

Intergovernmental revenues and sales and services are accrued when earned in the fiscal year. 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, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### D. Budgetary Control

The Authority's budgets are adopted as required by the North Carolina General Statutes. The Board of Trustees adopts an annual budget ordinance for the General and Enterprise Funds. All

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

annual appropriations lapse at the fiscal year-end. Project Ordinances are adopted for the Special Revenue and Capital Projects Funds. All Budget Ordinances are prepared on the modified accrual basis of accounting. The Appropriations Ordinance is adopted at the functional level for the General Fund, at the departmental level for the Enterprise Funds and the Special

Revenue Fund and at the project level for the Capital Projects Funds. Expenditures may not legally exceed these levels. The general manager is authorized to transfer appropriations within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or exceed \$10,000 must be approved by the Board of Trustees. The Authority does not use encumbrance accounting.

A budget calendar is included in the North Carolina General Statutes that prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head shall transmit to the budget officer the budget request and revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board or an interim budget that covers this time period shall be adopted by the governing board until an annual ordinance can be adopted.

#### E. Deposits and Investments

The deposits of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Authority may designate as an official depository any bank or savings and loan institution whose principal office is located in North Carolina. The Authority may also establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

The Authority's written investment policy states that the Authority shall remain 100% invested at all times with the exception of monies held for operations. Statute 1 [G.S. 159-30(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 uses 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,



## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are valued at fair value, which is NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating investment earnings and investment contracts are also reported at amortized cost.

#### F. Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### G. Inventory and Prepaid Items

Inventory is valued at cost using the weighted-average method. The inventory in the Regional Bus Fund consists of expendable supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the purchases method and expensed as the items are used.

#### H. 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 \$5,000 for all capital assets; including land, buildings, improvements, furniture and equipment, vehicles and software. Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Authority evaluates capital assets for other-than-temporary impairment when events or changes in circumstances affect a capital asset. The Authority employs a systematic methodology that considers available evidence in evaluating potential impairment of its capital assets. In the event that the cost of a capital asset is determined to be impaired, the Authority evaluates, among other factors, the magnitude and duration of the decline in fair value, evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset, or construction stoppage. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the capital asset is established.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10-30
Improvements	2-20
Vehicles	5-10
Furniture and equipment	3-10
Computer equipment and software	3-7

I. Long-Term Liabilities

In the government-wide financial statements, other long-term obligations are reported as liabilities in the applicable governmental or business-type activities on the statement of net position.

J. Compensated Absences

The vacation policy of the Authority advances vacation hours for the calendar year. Terminating employees will be paid for accrued vacation hours. Any advanced hours taken will be deducted from the final paycheck. Employees are encouraged to take a minimum of 10 days (two weeks) of vacation each calendar year. Employees may accrue unlimited sick leave hours. Upon termination, employees will be paid, per a pre-set schedule, for a portion of their accumulated sick leave provided they have no record of sick leave abuse for at least six months prior to the date of their voluntary resignation. If the employee prefers, sick leave can be applied as a service credit toward retirement, providing it enables one to reach a milestone.

For the Authority's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Authority has assumed a first-in, first-out method of using accumulated compensated time. The portion of this time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The fund used to liquidate this liability is the fund to which an employee's salary is normally charged.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### K. Net Position/Fund Balances

##### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as investment in capital assets and restricted and unrestricted net assets.

##### **Fund Balances**

In the governmental fund financial statements, reservations of fund balances represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund-types classify fund balances as follows:

##### **Nonspendable:**

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

##### **Restricted:**

Stabilization by State statute – portion of fund balance, in addition to other reserves, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Enabling Legislation – portion of fund balance that is comprised of funds to be used for the specific purpose of mass transportation.

##### **Unassigned:**

The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The GoTriangle Authority has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, state funds, and funds generated by governmental and proprietary operations.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For purposes of fund balance classification, expenditures are to be spent from restricted funds balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Authority.

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

Total fund balance	<u>\$ 9,038,862</u>
Less:	
Prepaid expenses	1,549,072
Stabilization by State statute	<u>25,972,080</u>
Available for appropriation	<u><u>\$ (18,482,290)</u></u>

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. Revenues and Interfund Transactions

(1) Grant Revenue

The Authority recognizes revenues (net of estimated uncollectible amount, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the Authority before meeting the eligibility requirements (other than time requirements) are recorded and reported as unearned revenues.

(2) Vehicle Registration Tax

The North Carolina Department of Motor Vehicles disperses vehicle registration tax revenue to the Authority on a quarterly basis. The Authority recognizes and records vehicle registration tax revenue quarterly in the General Fund and tax district funds.

(3) Vehicle Rental Tax

The Authority recognizes and records vehicle rental tax revenue upon receipt in the Major Capital Projects Fund. Revenue recognition varies according to the tax collection schedule for each vendor. Collection schedules are determined by sales volume. The Authority accrues for vehicle rental tax revenue at year end.

(4) Investment Income

The Authority recognizes investment income from cash and investments as revenues in the individual funds based on the fund's monthly investment in cash and investments. All investment earnings are recorded monthly in each individual fund.

(5) Inter-fund Transactions

Interfund transactions are services provided, reimbursements or transfers. Services that are deemed to be reasonably equivalent in value are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs the cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement, if material. All other interfund transactions are presented as transfers. Transfers within governmental activities and business-type activities are eliminated upon consolidation.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (6) Special Tax Revenues

The Western Triangle Tax District receives vehicle registration tax from the North Carolina Department of Motor Vehicles on a quarterly basis. The Tax District also receives a one-half cent sales tax from Durham and Orange Counties as well as a portion of vehicle rental taxes received by the General Fund and disbursed to the Tax District. Both Durham and Orange Counties share in the vehicle rental tax. The Durham/Orange Tax District also receives proceeds of a vehicle registration tax from the NC Department of Motor Vehicles on a quarterly basis.

#### M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### 2. DEPOSITS

All of the Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority'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 agent in the Authority's 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 amount 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 enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At June 30, 2015, the carrying amount of the Authority's deposits was \$27,255,672 and the bank balances were \$27,582,973. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$26,832,973 in interest bearing deposits was covered by collateral held under the Pooling Method.

### 3. INVESTMENTS

As of June 30, 2015, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less than 6 Months	6 - 12 Months	1 - 3 Years	Greater than 3 Years
U.S. Gov't Agencies	\$ 251,277	\$ -	\$ -	\$ 251,277	\$ -
Mortgage Backed Securities	6,730,014	-	-	152,188	6,577,826
SBA Participation Securities	35,905,052	-	-	-	35,905,052
N.C. State and Local Gov't Bonds	15,237,545	-	-	-	15,237,545
NCCMT	13,488,314	13,488,314	-	-	-
Total Fair Value	<u>\$ 71,612,202</u>	<u>\$ 13,488,314</u>	<u>\$ -</u>	<u>\$ 403,465</u>	<u>\$ 57,720,423</u>

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy indicates:

- Short-Term Portfolio: No less than \$500,000 of the total investment portfolio shall mature within seven days. No less than 25% shall mature in 90 days.
- Intermediate Term Portfolio: The average maturity shall not exceed five years.
- Long-Term Portfolio: The average maturities of the portfolio shall not exceed twenty years. Any exceptions must be approved by the Chief Financial Officer. Reasons for exceptions may include anticipated higher market yields.

#### Credit Risk

As a means of limiting its exposure to risk, the Authority will invest no more than 50% in any obligation that does not bear the full faith and credit of the United States of America. The Authority limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). As of June 30, 2015, the Authority's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard and Poor's. The Authority's investments in US Agencies and US Treasuries is rated AAA by Standard and Poor's. The Authority's investments in NC State and local government bonds are also rated AAA by Standard and Poor's.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 3. INVESTMENTS (Continued)

Administrative Code states that all deposits shall be fully protected through deposit insurance and eligible collateral securities. The Director of Finance of the Authority shall be responsible for obtaining custody and providing safekeeping of securities and deposit certificates according to G.S. 159-30(d). Further, the Financial Reporting Manager shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes. Diversification is managed by limiting investments by type and institution and by class of securities. Maturity schedules are monitored by the Chief Financial Officer.

#### Custodial Credit Risk

For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's formal policy indicates the Authority shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina and who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Chief Financial Officer.

#### Concentration of Credit Risk

The Authority will invest no more than 50% in a single institution. The Authority has certain investments that exceed 5% of the Authority's investments. They are SBA Participation (50.0%), Federal National Mortgage and Government National Mortgage (9.4%), North Carolina and local bonds (21.2%) and NC Capital Management Trust (18.9%).

### 4. DUE FROM OTHER AGENCIES AND GOVERNMENTS

The following summarizes amounts due from other agencies and governments by source as of June 30, 2015:

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<u>\$ 3,303,354</u>	<u>\$ 703,643</u>	<u>\$ 664,408</u>	<u>\$ 4,671,405</u>



## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 44,399,159	\$ -	\$ (5,523,561)	\$ -	\$ 38,875,598
Construction in progress	88,027,866	15,817,537	(9,867,083)	(2,170,694)	91,807,626
Total capital assets not being depreciated:	<u>132,427,025</u>	<u>15,817,537</u>	<u>(15,390,644)</u>	<u>(2,170,694)</u>	<u>130,683,224</u>
<b>Capital assets being depreciated:</b>					
Buildings	6,248,870	-	-	-	6,248,870
Equipment and vehicles	6,998,244	197,984	-	-	7,196,228
Leasehold improvements	400,768	1,096,524	-	2,170,694	3,667,986
Total capital assets being depreciated	<u>13,647,882</u>	<u>1,294,508</u>	<u>-</u>	<u>2,170,694</u>	<u>17,113,084</u>
<b>Less accumulated depreciation for:</b>					
Buildings	871,428	207,269	-	-	1,078,697
Equipment and vehicles	6,276,004	336,284	-	-	6,612,288
Leasehold improvements	250,385	203,366	-	-	453,751
Total accumulated depreciation	<u>7,397,817</u>	<u>\$ 746,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,144,736</u>
Total capital assets being depreciated, net	<u>6,250,065</u>				<u>8,968,348</u>
<b>Government activities capital assets, net</b>	<u>\$ 138,677,090</u>				<u>\$ 139,651,572</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration	\$ 11,555
Capital Development	53,928
Board	4,930
Finance	676,507
Total Depreciation expense	<u>\$ 746,919</u>

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**5. CAPITAL ASSETS (Continued)**

A summary of Business-type capital assets as June 30, 2015 follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b><u>Business-type activities:</u></b>					
<b><i>Ridesharing Fund</i></b>					
<b>Capital assets being depreciated:</b>					
Furniture, fixtures and equipment	\$ 164,796	\$ -	\$ -	\$ -	\$ 164,796
Leasehold improvements	10,479	-	-	-	10,479
Total capital assets being depreciated	<u>175,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,275</u>
<b>Less accumulated depreciation for:</b>					
Furniture, fixtures and equipment	164,796	-	-	-	164,796
Leasehold improvements	10,479	-	-	-	10,479
Total accumulated depreciation for:	<u>175,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,275</u>
<b>Ridesharing fund capital assets, net</b>	<u>\$ -</u>				<u>\$ -</u>
<b><i>Regional Bus Service Fund</i></b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 748,068	\$ -	\$ -	\$ -	\$ 748,068
<b>Capital assets being depreciated:</b>					
Furniture, fixtures, and equipment	1,970,373	186,688	-	-	2,157,061
Vehicles	24,242,191	117,400	(57,355)	-	24,302,236
Leasehold improvements	173,136	-	-	-	173,136
Buildings	6,779,017	2,841,451	-	-	9,620,468
Total capital assets being depreciated	<u>33,164,717</u>	<u>3,145,539</u>	<u>(57,355)</u>	<u>-</u>	<u>36,252,901</u>
<b>Less accumulated depreciation for:</b>					
Furniture, fixtures, and equipment	1,377,881	132,351	-	-	1,510,232
Vehicles	12,122,771	2,332,522	(57,355)	-	14,397,938
Leasehold improvements	167,916	580	-	-	168,496
Buildings	2,606,424	334,397	-	-	2,940,821
Total accumulated depreciation	<u>16,274,992</u>	<u>2,799,850</u>	<u>(57,355)</u>	<u>-</u>	<u>19,017,487</u>
Total capital assets being depreciated, net	<u>16,889,725</u>	<u>345,689</u>	<u>-</u>	<u>-</u>	<u>17,235,414</u>
Reg. Bus Service fund capital assets, net	<u>17,637,793</u>	<u>345,689</u>	<u>-</u>	<u>-</u>	<u>17,983,482</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 17,637,793</u>				<u>\$ 17,983,482</u>

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 5. CAPITAL ASSETS (Continued)

#### Sale of Property

On May 1, 2015, the Authority sold land valued at \$5,523,562 to the City of Raleigh (the City) for the City to construct Raleigh Union Station, a passenger rail station in downtown Raleigh. In exchange the Authority received \$3,076,624 and secured the right to access the future station for transit operations. In addition, the Authority agreed to pay the City \$4,057,337 in exchange for the City's construction of certain improvements within the station to benefit the provision of commuter rail to the station. The City agreed to hold this money in escrow and pay any refund of state grants from the escrowed funds. The remainder of the money will be released upon completion of the project.

#### Construction in Progress

Ongoing legislation related to the light rail project may impact the carrying values of the Authority's construction in progress assets. In addition, during the 2015 fiscal year, the Authority determined that certain design costs associated with a now abandoned alignment of the proposed rail project were impaired. As a result, an impairment charge of \$7,066,222 on construction in progress was recognized. As of June 30, 2015, the Authority believes the carrying value of the remaining construction in progress assets to be fairly stated.

### 6. POST EMPLOYMENT OBLIGATIONS

#### Other Post Employment Benefits

*Plan Description.* The Authority administers a single employer cost sharing defined benefit Healthcare Benefits Plan (the "HCB Plan"). This HCB Plan provides post employment healthcare benefits to retirees of the Authority, provided they have at least thirty years of creditable service with the Authority. The Board of Trustees may amend the HCB Plan by majority vote. A separate report was not issued for the HCB Plan.

Based on the year in which the Authority was established, the first class of retirement eligibility is the year 2019. The Authority offers full-time employees who resign at the age of retirement specified by Social Security the opportunity to continue in the group medical plan. The schedule below addresses the qualifying conditions for which retirees may receive medical benefit coverage.

- Employees who retire with more than three (3) years but less than 10 years of service may continue group health coverage at the Authority's rate, but the employee must pay the full cost of the premium.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**6. POST EMPLOYMENT OBLIGATIONS** (Continued)

- Employees who have more than 10 years of service but less than 20 must pay 75% of the monthly premium. The Authority will pay the remaining 25%.
- Employees who have 20 years of service but less than 30 years will pay 50% of the monthly premium. The Authority will pay the remaining 50%.
- Employees with more than 30 years of service can expect to receive 100% paid coverage.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

Retirees receiving benefits	0
Active plan members	<u>193</u>
Total	<u>193</u>

*Funding Policy.* The Board of Trustees established the contribution requirements of plan members, and they may be amended by the Board. Per an Authority resolution, the Authority is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. Because the Authority is relatively new, there are no employees who classify as retirees.

The current annual required contribution (ARC) rate is 1.36% of annual covered payroll. For the current year, the Authority contributed \$0.00 or 0.00% of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees. The Authority's obligation to contribute to HCB Plan is established and may be amended by the Board of Trustees.

*Summary of Significant Accounting Policies.* Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid when due.

*Annual OPEB Cost and Net OPEB Obligation.* The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for the healthcare benefits:

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**6. POST EMPLOYMENT OBLIGATIONS** (Continued)

Annual required contribution	\$	110,711
Interest on net OPEB obligation		20,568
Adjustment to the annual required contribution		<u>(19,649)</u>
Annual OPEB cost (expense)		111,630
Contributions made		<u>-</u>
Increase in net OPEB obligation		111,630
Net OPEB obligation, beginning of year		<u>625,832</u>
Net OPEB obligation, end of year	\$	<u><u>737,462</u></u>

The information being accumulated for the Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Liability/ (Asset)</u>
2013	\$ 108,019	-	0.0%	\$ 514,202
2014	111,630	-	0.0%	625,832
2015	111,630	-	0.0%	737,462

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus the unfunded actuarial accrued liability (UAAL) was \$1,076,645. The covered payroll (annual payroll of active employees covered by the plan) was \$10,344,534, and the ratio of the UAAL to the covered payroll was 10.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 6. POST EMPLOYMENT OBLIGATIONS (Continued)

In the December 31, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual medical cost trend increase of 5.75% to 5.00% annually.

The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

#### Retirement Plan

The Authority sponsors a defined contribution retirement plan covering all of its full-time employees as of June 30, 2015. Contributions and costs are determined as 8% of all full-time employees' salaries. Employees are 100% vested in these benefits after 3 years of service. Forfeitures from employees who leave before they are 100% vested are used to reduce future contributions. The Authority's total payroll for fiscal year 2015 was \$11,957,779, of which \$11,610,538 relates to employees covered under the plan. The Authority's contributions to the plan for the year ended June 30, 2015, including forfeitures, totaled \$928,843 (8% of covered payroll). Total forfeitures for the year were \$23,711. The assets of the plan are invested in various mutual funds, guaranteed interest contracts, and U.S. Treasury Bonds. The establishment of the plan was authorized by the Authority's Board of Trustees and may only be amended by the Authority's Board of Trustees.

#### Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. In addition, the Authority makes contributions of percentages for the General Counsel and Director of Finance and Administrative Services' salaries to this plan. The deferred compensation payout is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Authority's payroll for employees covered under the plan, was \$11,610,538 for the fiscal year ended June 30, 2015. The Authority contributed \$212,525 (approximately 1.83% of covered payroll).

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**7. CHANGES IN LONG – TERM LIABILITIES**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Long Term Portion	Current Portion of Balance
<b>Governmental activities:</b>						
Compensated Absences	\$ 597,406	\$ 487,596	\$ 463,691	\$ 621,311	\$ 203,417	\$ 417,894
Accrued OPEB	250,334	13,977	-	264,311	264,311	-
Total Government activity long-term liabilities	<u>\$ 847,740</u>	<u>\$ 501,573</u>	<u>\$ 463,691</u>	<u>\$ 885,622</u>	<u>\$ 467,728</u>	<u>\$ 417,894</u>
<b>Business-type activities</b>						
Compensated Absences	\$ 551,394	\$ 842,265	\$ 723,872	\$ 669,787	\$ 279,700	\$ 390,087
Accrued OPEB	375,498	97,653	-	473,151	473,151	-
Total Business-type activity long-term liabilities	<u>\$ 926,892</u>	<u>\$ 939,918</u>	<u>\$ 723,872</u>	<u>\$ 1,142,938</u>	<u>\$ 752,851</u>	<u>\$ 390,087</u>

The General Fund has been used to liquidate the net pension obligations.

**8. INTERFUND BALANCES AND ACTIVITY**

The following summarizes amounts due from and to other funds as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Proprietary Fund</u>	<u>Amount</u>
General Fund	Enterprise - Rideshare	\$ 869,687
General Fund	Enterprise - Regional Bus	15,035,233
General Fund	Enterprise - Self Insure/Regional Bus	599,404
Total Due from Proprietary Funds		<u>16,504,324</u>
<u>Receivable Fund</u>	<u>Payable Governmental Fund</u>	
Regional Bus Capital	General Fund	332,010
General Fund	Technology Capital	175,969
General Fund	Western Regional Tax District - Durham Co	4,869,219
General Fund	Western Regional Tax District - Orange Co.	535,110
Major Capital Projects fund	General Fund	30,261,616
Western Regional Tax District	Major Capital Projects Fund	1,951,242
General Fund	Major Capital Projects Fund	432,321
Total Due from Governmental Funds		<u>38,557,487</u>
<b>Totals</b>		<u>\$ 55,061,811</u>

Interfund balances result from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**8. INTERFUND BALANCES AND ACTIVITY (Continued)**

Transfers

Transfers are used to move unrestricted revenues to finance various programs that the Authority must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

	Transfers from			Total
	General Fund	Major Capital Projects Fund	Regional Bus Capital Projects Fund	
Transfers to:				
General Fund	\$ -	\$ 1,342,251	\$ -	\$ 1,342,251
Regional Bus Fund	7,936,192	-	344,678	8,280,870
Ridesharing Fund	514,552	-	-	514,552
Technology Capital Project Fund	28,437	-	-	28,437
	<u>\$ 8,479,181</u>	<u>\$ 1,342,251</u>	<u>\$ 344,678</u>	<u>\$ 10,166,110</u>
Total				

The purpose of the transferred monies is as follows:

The Authority's General Fund transferred monies during fiscal year 2015 to fund the Authority's match for State and Federal Grant programs in the Enterprise and Capital Project Funds. The General Fund also transferred monies into the Proprietary Ridesharing Fund and into the Proprietary Regional Bus Fund to subsidize operations.

The Major Capital Projects Fund transferred monies during fiscal year 2015 to the General Fund. The purpose of this transfer was to subsidize General Fund operations; thus having a positive effect on the General Fund fund balance.



**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**9. 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. The Authority reduces its risk of loss by carrying commercial insurance coverage. 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. All of the insurance companies from whom the Authority has purchased insurance have A.M. Best ratings of A- or better. In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000.

The insurance companies used by the Authority are:

- Ace American Insurance Company
- RLI Insurance Company
- Starnet Insurance Company
- Iron Shore Specialty Insurance Company
- Endurance Risk Solution Assurance Company
- Travelers Insurance

Not including health insurance, the Authority has the following types and limits of coverage:

- |   |                  |
|---|------------------|
| • Public Officials Professional Liability | \$ 5,000,000     |
| • Commercial General Liability            | \$10,000,000     |
| • Public Employee Bond                    | \$ 50,000        |
| • Real and personal property              |                  |
| Buildings                                 | \$ 16,615,023    |
| Contents                                  | \$ 4,819,145     |
| Equipment Breakdown                       | \$ 21,434,168    |
| Flood Insurance                           | \$ 1,000,000     |
| • Business Auto Liability                 | \$ 10,000,000    |
| • Employee Dishonesty                     | \$ 150,000       |
| • Excess liability                        | \$ 10,000,000    |
| • Workers' compensation                   | Statutory limits |
| • Employee benefits liability             | \$ 1,000,000     |
| • Catastrophic (Auto)                     | \$ 10,000,000    |
| • Inland Marine                           | \$ 4,170,478     |

Insurance coverage for health claims in excess of \$100,000 is also carried. No settlements have exceeded insurance coverage in the past four fiscal years.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

**9. RISK MANAGEMENT** (Continued)

The Authority has a limited risk management program for unemployment claims. Premiums were paid at the rate of 3% of each employee’s salary into the fund by all other funds until June 2001. Management has determined that an adequate fund balance existed and premium payments could be suspended. It is anticipated that investment earnings on this fund will be sufficient to pay future unemployment claims.

Flood Insurance

The Authority is not located inside a flood zone according to FEMA flood maps and, therefore, has elected not to carry flood insurance.

**10. COMMITMENTS AND CONTINGENCIES**

Operating Leases

The Authority rents a parking lot for operations of its Regional Bus Transfer Center. The total rent expense for office space and parking accommodations for the year ended June 30, 2015, was \$36,709. The lease for parking ended on June 30, 2013, but was extended for five more years. The total minimum future commitment under the parking lease is as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2016	\$36,709
2017	36,709
2018	<u>36,709</u>
Total	<u>\$110,127</u>

The Authority leases easements and parking and building spaces to various tenants. All leases of the Authority are accounted for as operating leases. Substantially all of the leases provide for a periodic re-computation of the rental amounts. In June 2012, the Authority leased space in the administrative building to Alliance Behavioral Healthcare. The schedule of future minimum rent income to be received is as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2016	\$ 932,316
2017	960,285
2018	989,094
2019	<u>509,383</u>
Total	<u>\$3,391,078</u>

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 10. COMMITMENTS AND CONTINGENCIES (Continued)

#### Pending or Threatened Lawsuits

During the period July 1, 2013 through June 30, 2015, four lawsuits were filed against the Authority. Two of the lawsuits involve terminated employees and one involves alleged injuries to a bus passenger. The fourth lawsuit alleges injuries to a DATA (GoDurham) bus passenger and the Authority is named as a co-defendant. Of the four lawsuits, the two involving former employees have been resolved in favor of the Authority. The Authority has been put on notice of two potential lawsuits from injured bus passengers, one on a DATA (GoDurham) bus. The Authority's insurance carrier has been put on notice of the foregoing lawsuits and threatened lawsuits. In the opinion of the Authority's management and legal counsel, the ultimate effect of these legal matters will not have a material adverse effect on the Authority's financial position.

The Authority is also involved in a dispute over a lease agreement which may result in legal action. See Note 12 – Subsequent Events below for additional information.

#### Federal and State Assisted Programs

The Authority has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant money.

The Authority is in the process of disposing of certain real properties previously acquired, in part, with grant funds from the Federal Transit Administration (FTA) and the NC Department of Transportation (NCDOT). Under the terms of a letter from FTA dated July 2, 2015, the Authority is allowed to retain the proceeds of the sale of these properties. FTA grant funds used to purchase the properties are required to be held in escrow and applied toward construction of the Durham-Orange Light Rail Project. If that project is not constructed the funds must be returned to FTA. NCDOT grants are refunded at the time the properties are sold.

### 11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Rideshare Fund has a fund deficit of \$32,998 and the Technology Capital Project Fund has a fund deficit of \$36,668 for fiscal year ending June 30, 2015. These deficits will be resolved in fiscal year 2016 with operating transfers to bring the fund balances to a positive number.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 12. NEW PROUNCEMENTS

The GASB has issued Statement No. 72, "Fair Value Measurement." This Statement requires disclosure about fair value measurement, the level of fair value hierarchy, and valuation techniques. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of Statements 67 and 68." The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose financial reports of state and local governments. The requirements of this Statement that are not in the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 30, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 30, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pension plans that are within the scope of Statement 68 are effective for fiscal years beginning after June 30, 2015.

The GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions. This Statement replaces Statement 43 as amended by Statement 57. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016.

The GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement replaces Statement 45 as amended by Statement 57. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017.

The GASB has issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement establishes the hierarchy of Generally Accepted Accounting Principles for state and local governments. The requirements of this statement apply to all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2015.

Management is in the process of determining what, if any, impact implementation of the above statements may have on the financial statements of the Authority.

## RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

### 13. SUBSEQUENT EVENTS

During the 2014-15 fiscal year, the Authority leased 6 buses for a one year term to provide service as part of the Fortify project. Following several mechanical problems, the Authority determined the buses were not suitable for their intended purpose and notified the lessor of its intention to return the buses at the end of the one year term. The lessor maintains it is entitled to 12 months of lease payments and claims it is owed \$170,000. The Authority disputes that claim and the situation is ongoing.

**RESEARCH REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

Schedule 1

**Other Post-Employment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as of % of Covered Payroll (3)/(5)
12/31/2009	\$ -	\$ 500,721	\$ 500,721	0%	\$ 7,805,458	6.4%
12/31/2010	-	500,721	500,721	0%	8,416,153	5.9%
12/31/2011	-	595,329	595,329	0%	8,307,090	7.2%
12/31/2012	-	595,329	595,329	0%	8,307,090	7.2%
12/31/2013	-	1,076,645	1,076,645	0%	9,385,699	11.5%
12/31/2014	-	1,076,645	1,076,645	0%	10,344,534	10.4%

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**

Schedule 2

**Healthcare Benefits Plan  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 99,388	-0-%
2011	99,388	-0-%
2012	108,019	-0-%
2013	108,019	-0-%
2014	111,630	-0-%
2015	111,630	-0-%

NOTES TO THE REQUIRED SCHEDULES:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	5.75% - 5.00%
Year of ultimate trend rate	2019
*Includes inflation at	3.00%

**INDIVIDUAL FUND  
STATEMENTS AND  
SCHEDULES**



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual**  
**Regional Bus Capital Project Fund**  
From Inception and For the Fiscal Year Ended June 30, 2015

	<u>Projected Authorization</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>	
		<u>Prior Years</u>	<u>Current Year</u>		<u>Total to date</u>
<b>REVENUES:</b>					
Restricted intergovernmental revenues:					
State grant revenues	\$ 1,975,789	\$ 2,856,996	\$ 16,149	\$ 2,873,145	\$ 897,356
Federal grant revenues	13,549,061	20,053,562	772,657	20,826,219	7,277,158
Other revenue	110,000	545	-	545	(109,455)
<b>Total revenues</b>	<u>15,634,850</u>	<u>22,911,103</u>	<u>788,806</u>	<u>23,699,909</u>	<u>8,065,059</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Buildings	20,525,076	11,962,247	98,023	12,060,270	8,464,806
Revenues over (under) expenditures	<u>(4,890,226)</u>	<u>10,948,856</u>	<u>690,783</u>	<u>11,639,639</u>	<u>16,529,865</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers to/from other funds	<u>4,890,226</u>	<u>(10,728,153)</u>	<u>(344,678)</u>	<u>(11,072,831)</u>	<u>(15,963,057)</u>
<b>Change in fund balance</b>	<u>\$ -</u>	<u>\$ 220,703</u>	<u>346,105</u>	<u>\$ 566,808</u>	<u>\$ 566,808</u>
<b>Fund balance, beginning</b>			<u>-</u>		
<b>Fund balance, ending</b>			<u>\$ 346,105</u>		

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual**  
**Major Capital Projects Fund**  
From Inception and for the Fiscal Year Ended June 30, 2015

	Projected Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to date
<b>REVENUES:</b>					
Restricted intergovernmental:					
NCDOT rail grants	\$ 218,770,984	\$ 29,831,355	\$ -	\$ 29,831,355	\$ (188,939,629)
FTA rail grants	464,230,428	86,368,796	751,906	87,120,702	(377,109,726)
Vehicle rental tax	42,392,292	124,824,294	8,396,090	133,220,384	90,828,092
Investment income	3,745,000	7,996,318	585,775	8,582,093	4,837,093
Other revenues	323,000	17,612,504	214,779	17,827,283	17,504,283
Total revenues	<u>729,461,704</u>	<u>266,633,267</u>	<u>9,948,550</u>	<u>276,581,817</u>	<u>(452,879,887)</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Design	141,032,509	120,741,002	4,626,878	125,367,880	15,664,629
Project administration	27,577,195	8,842,228	-	8,842,228	18,734,967
Insurance	13,076,239	-	-	-	13,076,239
Property acquisition	91,060,997	49,766,365	-	49,766,365	41,294,632
Systems	61,761,937	-	-	-	61,761,937
Vehicle and equipment	129,929,406	-	-	-	129,929,406
Trackwork	78,499,408	-	-	-	78,499,408
Construction	5,204,691	-	-	-	5,204,691
Yard and shop	28,678,411	-	-	-	28,678,411
Grading	221,159,141	-	-	-	221,159,141
Stations	75,925,281	-	-	-	75,925,281
Total expenditures	<u>873,905,215</u>	<u>179,349,595</u>	<u>4,626,878</u>	<u>183,976,473</u>	<u>689,928,742</u>
Revenues over (under) expenditures	<u>(144,443,511)</u>	<u>87,283,672</u>	<u>5,321,672</u>	<u>92,605,344</u>	<u>237,048,855</u>
<b>OTHER FINANCING SOURCES:</b>					
Sale of land	-	3,274,548	3,076,624	6,351,172	6,351,172
Transfers (to) from other funds	144,443,511	(30,138,706)	(1,342,251)	(31,480,957)	(175,924,468)
<b>Change in fund balance</b>	<u>\$ -</u>	<u>\$ 60,419,514</u>	<u>7,056,045</u>	<u>\$ 67,475,559</u>	<u>\$ 67,475,559</u>
<b>Fund balance, beginning</b>			<u>60,419,514</u>		
<b>Fund balance, ending</b>			<u>\$ 67,475,559</u>		

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual**  
**Technology Capital Project Fund**  
From Inception and for the Fiscal Year Ended June 30, 2015

	Projected Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
<b>REVENUES:</b>					
Restricted intergovernmental revenues:					
Federal grants	\$ 613,735	\$ 577,017	\$ -	\$ 577,017	\$ (36,718)
State grant revenues	1,988,725	1,598,844	203,994	1,802,838	(185,887)
Local grant revenues	149,505	48,064	-	48,064	(101,441)
Total revenues	<u>2,751,965</u>	<u>2,223,925</u>	<u>203,994</u>	<u>2,427,919</u>	<u>(324,046)</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Equipment	<u>3,132,720</u>	<u>2,499,454</u>	<u>269,099</u>	<u>2,768,553</u>	<u>364,167</u>
Revenues over (under) expenditures	<u>(380,755)</u>	<u>(275,529)</u>	<u>(65,105)</u>	<u>(340,634)</u>	<u>40,121</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers (to) from other funds	<u>380,755</u>	<u>275,529</u>	<u>28,437</u>	<u>303,966</u>	<u>(76,789)</u>
<b>Change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(36,668)</u>	<u>\$ (36,668)</u>	<u>\$ -</u>
<b>Fund balance, beginning</b>			<u>-</u>		
<b>Fund balance, ending</b>			<u>\$ (36,668)</u>		

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Schedule of Revenues and Expenditures**  
**Proprietary Fund - Ridesharing**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental revenues:			
NC Department of Transportation	\$ 45,343	\$ (28,988)	\$ (74,331)
Federal transit administration	129,240	144,588	15,348
Durham county	590,894	555,187	(35,707)
Other governmental revenues	<u>842,610</u>	<u>776,494</u>	<u>(66,116)</u>
Total revenues	<u>1,608,087</u>	<u>1,447,281</u>	<u>(160,806)</u>
<b>EXPENDITURES</b>			
Regional call center	959,732	928,922	30,810
Commuter resources	633,248	610,082	23,166
Regional TDM	<u>556,049</u>	<u>452,899</u>	<u>103,150</u>
Total expenditures	<u>2,149,029</u>	<u>1,991,903</u>	<u>157,126</u>
Revenue under expenditures	<u>(540,942)</u>	<u>(544,622)</u>	<u>(3,680)</u>
Other financing sources:			
Transfers from general fund	<u>540,942</u>	<u>514,552</u>	<u>(26,390)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (30,070)</u>	<u>\$ (30,070)</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
**Schedule of Revenues and Expenditures**  
**Proprietary Fund - Regional Bus Service Fund**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Bus fares			
Rider fares	\$ 1,990,417	\$ 1,538,180	\$ (452,237)
Employer subsidies	1,271,181	1,252,186	(18,995)
Other revenues	359,037	1,492,367	1,133,330
Specialized services	330,500	371,868	41,368
Intergovernmental revenues:			
Federal Transit Administration	1,326,654	1,283,856	(42,798)
NC Department of Transportation	1,975,924	1,929,549	(46,375)
Local governments	88,000	77,109	(10,891)
Total revenues	<u>7,341,713</u>	<u>7,945,115</u>	<u>603,402</u>
<b>EXPENDITURES</b>			
Supervision	1,297,680	1,427,920	(130,240)
Operations	8,137,000	8,680,348	(543,348)
Vanpool	1,001,109	883,078	118,031
Specialized services	2,340,300	2,267,139	73,161
Maintenance	3,225,978	3,510,344	(284,366)
Unemployment claims	80,000	61,116	18,884
Total expenditures	<u>16,082,067</u>	<u>16,829,945</u>	<u>(747,878)</u>
Revenue under expenditures	<u>(8,740,354)</u>	<u>(8,884,830)</u>	<u>(144,476)</u>
Other financing sources:			
Operating transfers	8,660,354	7,936,192	(724,162)
Capital acquisition transfers	-	344,678	344,678
Total other financing sources	<u>8,660,354</u>	<u>8,280,870</u>	<u>(379,484)</u>
Revenues and other financing sources over expenditures	<u>\$ (80,000)</u>	<u>(603,960)</u>	<u>\$ (523,960)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(2,799,850)</u>	
Change in net position		<u>\$ (3,403,810)</u>	

Note: Capital acquisition transfers are budgeted in the Bus Capital Projects Fund.

# STATISTICAL SECTION

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
YEAR ENDED JUNE 30, 2015**

This page explains the purpose of each schedule in the Statistical Section. This is intended to make the Statistical Section easier to understand.

**Net Position by Component Last Ten Fiscal Years (p.73)**

This table helps the reader gauge the Authority's financial progress.

**Change in Net Position (p.74)**

This schedule is a summary of the changes in net position for the last ten fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

**Fund Balances, Governmental Fund (p.75)**

This table gives a comparative view of the governmental fund balances over the past ten fiscal years.

**Changes in Fund Balances, Governmental Fund (p.76)**

This table shows the various factors which caused the changes in fund balances for the last ten years.

**Governmental Fund Expenditures by Function (p.77)**

This schedule is a summary of the governmental fund expenditures by function for the last ten fiscal years. Information can be obtained from the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds sheet in the financial statements for each of the fiscal years.

**Governmental Fund Revenues by Source (p.78)**

This schedule is a summary of the governmental fund revenues by source for the last ten fiscal years. Information can be obtained from the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds sheet in the financial statements for each of the fiscal years.

**Ratios of Outstanding Debt by Type Last Ten Fiscal Years (p.79)**

This table shows the ratio of primary government indebtedness per capita.

**Employee Position Authorization by Department (p.80)**

This table compares positions authorized by department for comparative purposes.

**Operating Indicators by Function/Program (p.81)**

This schedule shows various operating indicators of the district by function. It includes service information including initiatives to increase ridership.

**Capital Assets by Function/Program (p.82)**

This schedule is a summary of capital assets for the last ten fiscal years.

**Insurance in Force- July 1, 2015 - June 30, 2016 (p.83)**

This table shows the Authority's insurance by type of coverage and amount.

**Demographics and Economic Statistics for Wake County (p.84)**

This schedule shows U.S. Census data for the past 10 years.

**Principal Employers for Wake County (p.85)**

This schedule ranks top employers in Wake County comparatively for 2015 and 2006.

**Principal Auto Rental Agencies (p.86)**

This schedule ranks top auto rental agencies by rental taxes generated for 2015 and 2014.



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
Net Position by Component  
Last Ten Fiscal Years

Table 1

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental Activities</b>										
Invested in capital assets	\$ 137,066,488	\$ 156,055,939	\$ 166,038,451	\$ 160,334,524	\$ 114,168,704	\$ 121,465,478	\$ 129,369,729	\$ 128,918,272	\$ 138,677,090	\$ 139,651,572
Restricted	-	-	-	-	-	58,971,931	65,986,106	79,168,752	108,138,826	138,340,712
Unrestricted	45,066,669	45,678,438	49,680,077	62,691,475	65,744,404	6,056,397	(687,606)	(4,031,859)	(10,866,442)	(18,175,568)
Total governmental activities net position	<u>182,133,157</u>	<u>201,734,377</u>	<u>215,718,528</u>	<u>223,025,999</u>	<u>179,913,108</u>	<u>186,493,806</u>	<u>194,668,229</u>	<u>204,055,165</u>	<u>235,949,474</u>	<u>259,816,716</u>
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	9,161,709	6,984,312	5,734,257	18,118,640	19,357,218	17,589,361	21,179,942	19,584,746	17,637,793	17,983,482
Unrestricted	1,838,931	(976,343)	(983,411)	(10,524,894)	(10,469,112)	(10,788,961)	(10,748,802)	(12,387,471)	(12,757,822)	(13,736,530)
Total business-type activities net position	<u>11,000,640</u>	<u>6,007,969</u>	<u>4,750,846</u>	<u>7,593,746</u>	<u>8,888,106</u>	<u>6,800,400</u>	<u>10,431,140</u>	<u>7,197,275</u>	<u>4,879,971</u>	<u>4,246,952</u>
<b>Primary Government</b>										
Invested in capital assets	146,228,197	163,040,251	171,772,708	178,453,164	133,525,922	139,054,839	150,549,671	148,503,018	156,314,883	157,635,054
Restricted	-	-	-	-	-	26,470,150	65,986,106	79,168,752	108,138,826	138,340,712
Unrestricted	46,905,600	44,702,095	48,696,666	52,166,581	55,275,292	27,769,217	(11,436,408)	(16,419,330)	(23,624,264)	(31,912,098)
Total primary government net position	<u>\$ 193,133,797</u>	<u>\$ 207,742,346</u>	<u>\$ 220,469,374</u>	<u>\$ 230,619,745</u>	<u>\$ 188,801,214</u>	<u>\$ 193,294,206</u>	<u>\$ 205,099,369</u>	<u>\$ 211,252,440</u>	<u>\$ 240,829,445</u>	<u>\$ 264,063,668</u>

Notes:

This table was prepared using the accrual basis of accounting

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**CHANGE IN NET POSITION**  
 Last Ten Fiscal Years

TABLE 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
Board	\$ 135,444	\$ 174,061	\$ 113,444	\$ 117,698	\$ 92,158	\$ 90,319	\$ 95,254	\$ 95,339	\$ 84,522	\$ 84,306
Human resources	294,481	315,943	329,622	396,942	513,955	391,536	423,936	418,166	428,364	487,517
Administration	353,510	275,015	315,318	829,800	235,326	243,282	238,928	224,474	230,773	445,968
Capital development	1,019,329	1,129,843	348,251	236,893	129,934	176,607	367,052	80,869	206,471	4,378,573
Equal employ. opport./disadv. busin. enter.	105,087	108,831	102,033	110,653	108,596	116,928	120,676	114,567	116,539	130,349
Finance	2,484,822	2,183,407	2,234,529	2,012,750	1,530,934	1,728,565	2,187,530	3,320,881	4,633,963	2,742,430
General counsel	144,515	320,446	199,493	223,030	332,001	301,688	360,723	291,030	428,521	1,307,863
DATA/GoDurham	-	-	-	-	-	135,446	345,619	484,200	669,303	695,624
Communications and public affairs	812,857	836,220	465,720	595,361	393,570	358,988	586,431	882,207	1,058,663	2,128,808
FORTIFY	-	-	-	-	-	-	-	-	662,597	2,010,101
Loss on disposed assets	-	-	-	-	49,540,516	-	-	-	-	9,513,160
<b>Total governmental activities expense</b>	<b>5,350,045</b>	<b>5,343,766</b>	<b>4,108,410</b>	<b>4,523,127</b>	<b>52,876,990</b>	<b>3,543,359</b>	<b>4,726,149</b>	<b>5,911,733</b>	<b>8,519,716</b>	<b>23,924,699</b>
Business-type activities:										
Regional bus service	11,273,630	12,088,065	12,269,806	12,488,392	13,101,407	15,279,164	16,563,748	17,196,139	18,084,542	19,629,795
Ridesharing	1,112,901	1,375,640	1,593,350	2,176,232	2,311,215	2,263,733	2,300,277	1,836,275	1,935,617	1,991,903
<b>Total business-type activities expense</b>	<b>12,386,531</b>	<b>13,463,705</b>	<b>13,863,156</b>	<b>14,664,624</b>	<b>15,412,622</b>	<b>17,542,897</b>	<b>18,864,025</b>	<b>19,032,414</b>	<b>20,020,159</b>	<b>21,621,698</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>17,736,576</b>	<b>18,807,471</b>	<b>17,971,566</b>	<b>19,187,751</b>	<b>68,289,612</b>	<b>21,086,256</b>	<b>23,590,174</b>	<b>24,944,147</b>	<b>28,539,875</b>	<b>45,546,397</b>
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital development	1,486,650	3,524,908	668,400	781,628	729,999	525,022	1,248,868	554,148	980,983	3,446,914
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Regional rail capital project	14,620,990	6,722,695	-	-	-	-	548,939	927,651	1,071,944	751,906
Regional bus capital project	187,653	1,576,641	6,875,099	5,333,009	3,339,498	442,775	5,924,422	930,908	81,585	788,806
Technology capital project	458,127	161,998	152,114	513,871	390,124	391,445	575,381	86,452	66,474	203,994
<b>Total governmental activities revenue</b>	<b>16,753,420</b>	<b>11,986,242</b>	<b>7,695,613</b>	<b>6,628,508</b>	<b>4,459,621</b>	<b>1,359,242</b>	<b>8,297,610</b>	<b>2,499,159</b>	<b>2,200,986</b>	<b>5,191,620</b>
Business-type activities:										
Regional bus service	-	-	-	-	-	-	-	-	-	-
Charges for services	1,609,209	1,741,834	1,742,860	2,076,728	2,163,990	2,306,033	2,552,723	2,682,390	2,714,489	2,790,366
Grant revenue	3,038,537	2,226,551	3,260,857	2,936,168	3,335,158	3,810,893	4,776,360	3,670,323	3,638,927	3,290,514
Ridesharing	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	12,500	3,801	1,000	-	-	-	1,000	-
Grant revenue	478,235	948,771	762,309	1,088,217	1,077,018	1,108,536	1,201,353	641,835	569,369	670,787
<b>Total business-type activities revenues</b>	<b>5,125,981</b>	<b>4,917,156</b>	<b>5,778,526</b>	<b>6,104,914</b>	<b>6,577,166</b>	<b>7,225,462</b>	<b>8,530,436</b>	<b>6,994,548</b>	<b>6,923,785</b>	<b>6,751,667</b>
<b>TOTAL PRIMARY GOVERNMENT REVENUES</b>	<b>21,879,401</b>	<b>16,903,398</b>	<b>13,474,139</b>	<b>12,733,422</b>	<b>11,036,787</b>	<b>8,584,704</b>	<b>16,828,046</b>	<b>9,493,707</b>	<b>9,124,771</b>	<b>11,943,287</b>
Net revenue (Expense)										
Governmental activities	11,403,375	6,642,476	3,587,203	2,105,361	(48,417,369)	(2,184,117)	3,571,461	(3,412,574)	(6,318,730)	(18,733,079)
Business-type activities	(7,260,550)	(8,546,549)	(8,084,630)	(7,731,528)	(8,835,456)	(10,317,435)	(10,333,589)	(12,037,866)	(13,096,374)	(14,870,031)
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<b>4,142,825</b>	<b>(1,904,073)</b>	<b>(4,497,427)</b>	<b>(5,626,167)</b>	<b>(57,252,825)</b>	<b>(12,501,552)</b>	<b>(6,762,128)</b>	<b>(15,450,440)</b>	<b>(19,415,104)</b>	<b>(33,603,110)</b>
General revenues and other changes in net assets										
Governmental activities:										
Vehicle registration taxes	5,113,015	5,462,145	5,402,500	5,394,065	5,185,675	5,487,720	5,526,485	5,607,530	5,737,329	10,662,625
Special tax revenue	-	-	-	-	-	-	-	4,700,299	28,516,774	30,561,753
Capital contributions	-	-	-	-	-	-	-	-	-	-
Vehicle rental taxes	7,904,871	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305	9,586,666	9,924,456
Miscellaneous revenues	1,498,878	922,775	975,030	1,128,756	1,008,831	1,215,183	1,485,056	2,959,061	3,232,682	2,625,210
Unrestricted investment earnings	746,061	1,210,518	1,012,267	1,024,037	661,170	864,930	1,602,445	300,381	333,698	422,560
Transfers	(4,782,638)	(3,399,239)	(6,208,086)	(10,512,457)	(8,981,080)	(7,189,676)	(12,693,131)	(9,102,995)	(9,194,110)	(11,596,283)
<b>Total governmental activities</b>	<b>10,480,187</b>	<b>12,958,744</b>	<b>10,396,948</b>	<b>5,202,090</b>	<b>5,304,478</b>	<b>8,764,815</b>	<b>4,602,962</b>	<b>13,480,581</b>	<b>38,213,039</b>	<b>42,600,321</b>
Business-type activity:										
Capital contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	283,821	128,262	587,430	828,182	1,123,510	1,005,081	1,203,920	1,389,271	1,572,129	2,577,715
Unrestricted investment earnings	19,396	26,377	31,991	61,971	25,226	34,972	67,278	11,686	12,831	63,014
Transfers	4,782,638	3,399,239	6,208,086	10,512,457	8,981,080	7,189,676	12,693,131	9,102,995	9,194,110	11,596,283
<b>Total business-type activities</b>	<b>5,085,855</b>	<b>3,553,878</b>	<b>6,827,507</b>	<b>11,402,610</b>	<b>10,129,816</b>	<b>8,229,729</b>	<b>13,964,329</b>	<b>10,503,952</b>	<b>10,779,070</b>	<b>14,237,012</b>
<b>TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>	<b>15,566,042</b>	<b>16,512,622</b>	<b>17,224,455</b>	<b>16,604,700</b>	<b>15,434,294</b>	<b>16,994,544</b>	<b>18,567,291</b>	<b>23,984,533</b>	<b>48,992,109</b>	<b>56,837,333</b>
Change in net position										
Governmental activities	21,883,562	19,601,220	13,984,151	7,307,471	(43,112,891)	6,580,698	8,174,423	10,068,007	31,894,309	23,867,242
Business-type activity	(2,174,695)	(4,992,671)	(1,257,123)	2,842,900	1,294,360	(2,087,706)	3,630,740	(1,533,914)	(2,317,304)	(633,019)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ 19,708,867</b>	<b>\$ 14,608,549</b>	<b>\$ 12,727,028</b>	<b>\$ 10,150,371</b>	<b>\$ (41,818,531)</b>	<b>\$ 4,492,992</b>	<b>\$ 11,805,163</b>	<b>\$ 8,534,093</b>	<b>\$ 29,577,005</b>	<b>\$ 23,234,223</b>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years

Table 3

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ 180,781	\$ 917,874	\$ 861,341	\$ 1,608,794	\$ 1,541,560	\$ 1,578,729	\$ 1,672,481	\$ 1,549,072
Restricted	9,577,154	3,338,248	7,087,165	16,890,520	15,825,773	16,388,898	19,954,423	18,626,014	21,650,712	25,972,080
Unassigned	5,428,856	(1,674,076)	(9,163,473)	4,244,776	5,812,264	5,272,677	(1,092,077)	(4,880,300)	(11,658,559)	(18,482,290)
Total General Fund	<u>\$ 15,006,010</u>	<u>\$ 1,664,172</u>	<u>\$ (1,895,527)</u>	<u>\$ 22,053,170</u>	<u>\$ 22,499,378</u>	<u>\$ 23,270,369</u>	<u>\$ 20,403,906</u>	<u>\$ 15,324,443</u>	<u>\$ 11,664,634</u>	<u>\$ 9,038,862</u>
All other governmental funds										
Restricted - reserve by state statute	\$ 16,829,289	\$ 28,781,681	\$ 24,272,826	\$ 7,961,270	\$ 10,664,518	9,739,495	13,904,766	19,329,379	26,634,089	\$ 41,094,919
Restricted - enabling legislation	-	-	-	-	-	32,501,781	31,630,153	41,098,509	59,854,025	71,273,713
Unassigned	-	-	-	-	-	-	-	-	(32,624)	(356,728)
Capital projects fund	14,375,060	15,534,236	27,649,294	33,166,102	33,083,075	-	-	-	-	-
Total all other governmental funds	<u>\$ 31,204,349</u>	<u>\$ 44,315,917</u>	<u>\$ 51,922,120</u>	<u>\$ 41,127,372</u>	<u>\$ 43,747,593</u>	<u>\$ 42,241,276</u>	<u>\$ 45,534,919</u>	<u>\$ 60,427,888</u>	<u>\$ 86,455,490</u>	<u>\$ 112,011,904</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Table 4

REVENUES	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Restricted intergovernmental revenues:										
NC Department of Transportation	\$ 5,193,126	\$ 3,740,524	\$ 1,099,260	\$ 1,798,021	\$ 577,331	\$ 201,738	\$ 1,081,999	\$ 273,562	\$ 297,032	\$ 748,813
Federal Transit Administration	11,560,294	8,245,718	6,596,353	4,830,487	3,865,552	1,157,504	7,215,611	1,962,812	1,585,087	4,304,010
Other revenue	190,237	302,435	380,542	432,442	217,414	386,569	488,633	2,290,074	2,495,399	1,770,486
Vehicle registration tax	5,113,015	5,462,145	5,402,500	5,394,065	5,185,675	5,487,720	5,526,485	5,607,530	5,737,329	10,662,625
Special tax revenue	-	-	-	-	-	-	-	4,700,299	28,516,774	30,561,753
Indirect cost credits	1,308,639	620,340	594,488	696,314	808,155	828,614	996,423	931,772	1,056,150	993,524
Rental vehicle tax	7,904,871	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305	9,586,666	9,924,456
Investment income	746,061	1,210,518	1,012,267	1,024,037	661,170	864,930	1,602,445	300,381	333,698	422,560
Total revenues	<u>32,016,243</u>	<u>28,344,225</u>	<u>24,300,647</u>	<u>22,343,055</u>	<u>18,745,179</u>	<u>17,313,733</u>	<u>25,593,703</u>	<u>25,082,735</u>	<u>49,608,135</u>	<u>59,388,227</u>
<b>EXPENDITURES</b>										
Current:										
Governing board	128,481	167,098	113,444	117,698	92,158	90,319	95,254	95,339	84,522	79,376
Human resources	294,481	315,943	329,622	396,942	418,567	391,536	417,090	414,168	420,839	481,672
Administration	338,507	260,012	315,318	829,800	241,372	243,282	227,160	212,179	207,070	431,683
Capital development	938,049	1,048,563	348,251	236,893	179,610	176,607	325,567	148,599	119,210	4,208,236
Equal employ. opport./disadv. busi. Enter	105,087	108,831	102,033	110,653	113,586	116,928	116,490	113,083	103,090	125,894
Finance	694,405	841,878	908,110	970,425	1,056,848	1,244,476	1,633,541	1,836,632	4,018,707	2,064,382
General counsel	144,515	320,446	199,493	223,030	336,943	301,688	344,592	285,655	454,961	1,314,534
Communications and public affairs	812,857	836,220	465,720	595,361	399,118	358,988	561,363	485,016	657,384	2,219,011
DATA/GoDurham	-	-	-	-	-	135,446	311,070	876,172	958,996	691,853
FORTIFY	-	-	-	-	-	-	-	-	662,597	2,010,101
Capital outlay	25,182,084	5,277,035	11,264,066	5,011,941	3,859,468	7,800,113	8,441,265	4,292,866	10,358,856	17,112,045
Debt payments and interest *	-	15,999,230	-	-	-	-	-	-	-	-
Total expenditures	<u>28,638,466</u>	<u>25,175,256</u>	<u>14,046,057</u>	<u>8,492,743</u>	<u>6,697,670</u>	<u>10,859,383</u>	<u>12,473,392</u>	<u>8,759,709</u>	<u>18,046,232</u>	<u>30,738,787</u>
Excess of revenues over expenditures	<u>3,377,777</u>	<u>3,168,969</u>	<u>10,254,590</u>	<u>13,850,312</u>	<u>12,047,509</u>	<u>6,454,350</u>	<u>13,120,311</u>	<u>16,323,026</u>	<u>31,561,903</u>	<u>28,649,440</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of land	-	-	-	-	-	-	-	3,274,548	-	3,076,624
Transfers from other funds	9,686,418	4,530,827	4,573,246	31,173,272	5,383,991	10,800,590	7,025,418	503,942	3,484,105	1,370,688
Transfers to other funds	(14,469,056)	(7,930,066)	(10,781,332)	(31,869,635)	(14,365,071)	(17,990,266)	(19,718,549)	(9,606,939)	(12,678,215)	(10,166,110)
Total other financing sources (uses)	<u>(4,782,638)</u>	<u>(3,399,239)</u>	<u>(6,208,086)</u>	<u>(696,363)</u>	<u>(8,981,080)</u>	<u>(7,189,676)</u>	<u>(12,693,131)</u>	<u>(5,828,449)</u>	<u>(9,194,110)</u>	<u>(5,718,798)</u>
Net change in fund balance	(1,404,861)	(230,270)	4,046,504	13,153,949	3,066,429	(735,326)	427,180	10,494,577	22,367,793	22,930,642
Fund balances-beginning	47,615,220	46,210,359	45,980,089	50,026,593	63,180,542	66,246,971	65,511,645	65,257,754	75,752,331	98,120,124
Fund balances-ending	<u>\$ 46,210,359</u>	<u>\$ 45,980,089</u>	<u>\$ 50,026,593</u>	<u>\$ 63,180,542</u>	<u>\$ 66,246,971</u>	<u>\$ 65,511,645</u>	<u>\$ 65,938,825</u>	<u>\$ 75,752,331</u>	<u>\$ 98,120,124</u>	<u>\$ 121,050,766</u>

Notes:

\* Ratio of debt payments to noncapital expenditures: 4:1 in Fiscal Year 2007; all other years are 0.0.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
 Last Ten Fiscal Years

**Table 5**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governing board	\$ 128,481	\$ 167,098	\$ 113,444	\$ 117,698	\$ 92,158	\$ 90,319	\$ 95,254	\$ 95,339	\$ 84,522	79,376
Human resources	105,087	315,943	329,622	396,942	418,567	391,536	417,090	414,168	420,839	481,672
Administration	694,405	260,012	315,318	829,800	241,372	243,282	227,160	212,179	207,070	431,683
Capital development	812,857	1,048,563	348,251	236,893	179,610	176,607	325,567	148,599	119,210	4,208,236
Equal employ. opport./disadv. bus. enter.	144,515	108,831	102,033	110,653	113,586	116,928	116,490	113,083	103,090	125,894
Finance	938,049	841,878	908,110	970,425	1,056,848	1,244,476	1,633,541	1,836,632	4,018,707	2,064,382
General counsel	294,481	320,446	199,493	223,030	336,943	301,688	344,592	285,655	454,961	1,314,534
Communications and public affairs	338,507	836,220	465,720	595,361	399,118	358,988	561,363	485,016	657,384	2,219,011
DATA/GoDurham	-	-	-	-	-	135,446	311,070	876,172	958,996	691,853
FORTIFY	-	-	-	-	-	-	-	-	662,597	2,010,101
Capital outlay and debt payments	<u>25,182,084</u>	<u>21,276,265</u>	<u>11,264,066</u>	<u>5,011,941</u>	<u>3,859,468</u>	<u>7,800,113</u>	<u>8,441,265</u>	<u>4,292,866</u>	<u>10,358,856</u>	<u>17,112,045</u>
Totals	<u>\$ 28,638,466</u>	<u>\$ 25,175,256</u>	<u>\$ 14,046,057</u>	<u>\$ 8,492,743</u>	<u>\$ 6,697,670</u>	<u>\$ 10,859,383</u>	<u>\$ 12,473,392</u>	<u>\$ 8,759,709</u>	<u>\$ 18,046,232</u>	<u>\$ 30,738,787</u>

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
GOVERNMENTAL FUND REVENUES BY SOURCE  
Last Ten Fiscal Years**

**Table 6**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Vehicle registration taxes	\$ 5,113,015	\$ 5,462,145	\$ 5,402,500	\$ 5,394,065	\$ 5,185,675	\$ 5,487,720	\$ 5,526,485	\$ 5,607,530	\$ 5,737,329	\$ 10,662,625
Rental vehicle taxes	7,904,871	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305	9,586,666	9,924,456
Special revenue taxes	-	-	-	-	-	-	-	4,700,299	28,516,774	30,561,753
Intergovernmental revenues:										
Federal Transit Administration	11,560,294	8,245,718	6,596,353	4,830,487	3,865,552	1,157,504	7,215,611	1,962,812	1,585,087	4,304,010
NC Department of Transportation	5,193,126	3,740,524	1,099,260	1,798,021	577,331	201,738	1,081,999	273,562	297,032	748,813
Indirect cost credits	1,308,639	620,340	594,488	696,314	808,155	828,614	996,423	931,772	1,056,150	993,524
Investment income	746,061	1,210,518	1,012,267	1,024,037	661,170	864,930	1,602,445	300,381	333,698	422,560
Other	190,237	302,435	380,542	432,442	217,414	386,569	488,633	2,290,074	2,495,399	1,770,486
Totals	<u>\$ 32,016,243</u>	<u>\$ 28,344,225</u>	<u>\$ 24,300,647</u>	<u>\$ 22,343,055</u>	<u>\$ 18,745,179</u>	<u>\$ 17,313,733</u>	<u>\$ 25,593,703</u>	<u>\$ 25,082,735</u>	<u>\$ 49,608,135</u>	<u>\$ 59,388,227</u>

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

**Table 7**

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Per Capita
	General Obligation Bonds	COPS & Installment Financing	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	State Revolving Loan		
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-
2006	-	15,000,000	-	-	-	129,041	-	15,129,041	15.13

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT  
Last Ten Fiscal Years

**Table 8**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governing board	1	-	-	-	-	-	-	-	-	-
General counsel	4	1	1	2	2	2	2	2	3	4
Communications and public affairs	7	4	4	4	4	4	8	9	10	11
Finance	7	7	8	8	9	10	10	16	13	14
Human resources	3	3	3	3	3	4	4	3	4	4
Administration	4	2	2	2	2	2	2	2	2	2
EEO/DBE	2	1	1	1	1	1	1	1	1	1
Capital development	28	9	7	8	8	8	8	9	13	13
Regional bus	110	109	115	130	114	125	126	152	167	177
Ridesharing	9	19	16	23	18	22	22	25	23	34
Totals	175	155	157	181	161	178	183	219	236	260

**This table indicates the number of the Authority's authorized positions by department at the end of the fiscal year.**

**Source: Authority Human Resources**



RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

**Table 9**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Services consumed:</b>										
Fare paid boardings	817,619	865,911	941,792	1,124,665	1,091,626	1,287,157	1,578,598	1,769,200	1,822,853	1,843,735
Transfers	74,403	-	-	-	-	-	-	-	-	-
<b>Total passengers</b>	<b>892,022</b>	<b>865,911</b>	<b>941,792</b>	<b>1,124,665</b>	<b>1,091,626</b>	<b>1,287,157</b>	<b>1,578,598</b>	<b>1,769,200</b>	<b>1,822,853</b>	<b>1,843,735</b>
<b>Services supplied:</b>										
Regular route revenue miles	2,573,122	1,964,512	1,997,401	2,212,783	2,289,150	2,286,433	2,205,018	2,242,560	3,014,690	2,630,942
Deadhead, training and maintenance miles	597,194	516,173	610,923	569,922	382,393	395,714	520,888	680,659	876,735	805,479
<b>Total miles driven</b>	<b>3,170,316</b>	<b>2,480,685</b>	<b>2,608,324</b>	<b>2,782,705</b>	<b>2,671,543</b>	<b>2,682,147</b>	<b>2,725,906</b>	<b>2,923,219</b>	<b>3,891,425</b>	<b>3,436,421</b>
Regular route revenue hours	92,964	92,874	92,212	100,532	102,882	109,103	107,738	109,576	109,576	128,510
Deadhead, training and maintenance hours	-	22,939	29,005	-	0	20,151	21,793	21,860	21,860	25,791
<b>Total bus hours</b>	<b>92,964</b>	<b>115,813</b>	<b>121,217</b>	<b>100,532</b>	<b>102,882</b>	<b>129,254</b>	<b>129,531</b>	<b>131,436</b>	<b>131,436</b>	<b>154,301</b>
Number of employer campaigns: *	N/A	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of employees surveyed:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matchlists generated from employer campaigns:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matchlists generated from public requests:	14,088	10,369	3,810	4,650	7,030	-	-	-	-	-
Vanpools in operation at year end:	65	62	70	78	72	68	66	66	66	60

**Notes:**

N/A Not Applicable

Source: Information provided by Authority Bus Operations.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
 CAPITAL ASSETS BY FUNCTION/PROGRAM  
 Last Ten Fiscal Years

Table 10

<u>FUNCTION/PROGRAM</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Business-type activities:										
37 - Passenger buses	46	44	67	19	12	12	-	-	-	-
36 - Passenger buses	-	-	-	12	20	20	36	36	36	42
30 - Passenger buses	-	-	-	23	23	23	23	23	23	30
26 - Passenger buses	20	19	19	-	-	-	-	-	-	-
16 - Passenger buses	-	-	-	5	5	5	5	5	5	5
15 - Passenger vans	77	79	86	49	43	53	28	12	3	2
12 - Passenger handicap accessible van	5	7	7	23	34	10	40	47	47	58
7 - Passenger vans	-	-	-	7	10	4	16	14	14	16
10 - Passenger handicap accessible van	-	-	-	6	9	-	7	14	16	15
8 - Passenger accessible vans	-	-	-	-	-	-	6	2	2	-
Service truck	1	1	2	2	3	3	4	4	4	4
Supervisor vehicles	-	2	2	2	2	2	2	3	2	2

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY  
INSURANCE IN FORCE  
JULY 1, 2015 - JUNE 30, 2016**

**Table 11**

	Limits
<u>Real and Personal Property</u>	
Real Property limits	\$ 17,867,416
Personal Property	4,819,145
Inland Marine	4,170,478
<u>Commercial General Liability</u>	
General Liability Each Occurrence/General Aggregate	10,000,000
<u>Automobile Liability</u>	
Each Occurrence	10,000,000
Owned & Nonowned Auto Physical Damage	
Comprehensive - \$10,000 Deductible for Buses/\$1,000 All Others	
Collision - \$10,000 Deductible for Buses/\$1,000 All Others	
Uninsured Motorist Liability	85,000
<u>Excess Liability (over General Liability and Auto Liability &amp; Employer's Liability)</u>	
Each Occurrence	10,000,000
Aggregate	10,000,000
<u>Workers' Compensation</u>	Statutory
<u>Employer's Liability</u>	
Bodily Injury by Each Accident	1,000,000
Bodily Injury by Disease/Each Employee	1,000,000
Bodily Injury by Disease/Aggregate Limit	1,000,000
<u>Public Officials</u>	5,000,000
<u>Employee Dishonesty</u>	150,000
<u>Forgery</u>	150,000
<u>Public Employee Bond (Faithful Performance of Duty)</u>	50,000
<u>Catastrophic (Auto)</u>	10,000,000

**RESEARCH TRIANGLE REGIONAL PUBLIC  
TRANSPORTATION AUTHORITY**

**Demographics and Economic Statistics  
For Wake County, North Carolina  
Last Ten Years**

Table 12

Year	Population Estimates (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2006	791,214	\$ 32,581,446	\$ 41,089	119,306	3.6%
2007	830,029	35,134,837	42,242	128,072	3.5%
2008	866,410	36,190,313	41,691	134,002	4.6%
2009	897,214	35,727,859	39,821	137,706	8.4%
2010	900,933	37,576,938	41,400	139,599	8.5%
2011	929,780	40,193,567	43,280	143,289	7.8%
2012	944,619	43,608,919	45,801	145,922	7.7%
2013	965,833	44,911,652	46,097	149,508	7.3%
2014	984,568	*	*	152,684	5.1%
2015	998,691	*	*	155,184	5.0%

(1) U.S. Census Bureau.

(2) Bureau of Economic Analysis Regional Economic Accounts Data

(3) Wake County Public School System.

(4) North Carolina Employment Security Commission.

\* Data not available

**For Wake County, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

Table 13

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	5.01%	23,639	1	6.13%
Wake County Public School System	17,572	2	3.66%	12,997	3	3.37%
International Business Machines	10,000	3	2.08%	13,000	2	3.37%
WakeMed Health and Hospitals	8,423	4	1.75%	5,000	5	1.30%
North Carolina State University	8,080	5	1.68%	7,787	4	2.02%
Cisco Systems	5,500	6	1.15%	2,500	11	0.65%
Rex Healthcare/Hospital	5,400	7	1.12%	3,779	8	0.98%
SAS Institute, Inc.	5,159	8	1.07%	4,300	7	1.11%
Wake County Government	4,341	9	0.90%	3,300	9	0.86%
GlaxoSmithKline	4,140	10	0.86%	4,800	6	1.24%
NC DHHS	3,879	11	0.81%	N/A	N/A	N/A
City of Raleigh	3,244	12	0.68%	3,000	10	0.78%
	<u>99,821</u>		<u>20.77%</u>	<u>84,102</u>		<u>21.81%</u>

Source: Wake County Economic Development

**RESEARCH TRIANGLE REGIONAL PUBLIC  
TRANSPORTATION AUTHORITY**

**For Wake, Durham and Orange Counties  
Principal Auto Rental Agencies  
For the Current Year and Prior Year**

Table 14

Vendors	2015			2014		
	Vehicle Rental Tax	Rank	Percentage of Total Sales	Vehicle Rental Tax	Rank	Percentage of Total Sales
Enterprise Rent a Car	\$ 5,082,456	1	51.40%	\$ 4,548,059	1	47.44%
Hertz Corporation	1,751,206	2	17.71%	1,826,887	2	19.06%
Avis Rent a Car System	1,043,362	3	10.55%	1,056,760	3	11.02%
Budget Rent a Car	785,946	4	7.95%	739,793	4	7.72%
DTG Operations, Inc.	496,676	5	5.02%	548,735	5	5.72%
U-Haul	253,395	6	2.56%	216,800	7	2.26%
Triangle Rent a Car	183,691	7	1.86%	272,433	6	2.84%
Advantage Rent A Car	145,831	8	1.47%	11,591	12	0.12%
Payless Car Rental, Inc.	28,200	9	0.29%	-	-	0.00%
Fred Anderson Toyota	20,221	10	0.20%	12,045	11	0.13%
University Ford Isuzu	18,905	11	0.19%	23,913	9	0.25%
Van Products, Inc.	16,207	12	0.16%	-	-	0.00%
Simply Wheelz. LLC	-	-	0.00%	91,672	8	0.96%
ZipCar, Inc	-	-	0.00%	13,338	10	0.14%
Other	62,573	N/A	0.64%	224,640	N/A	2.34%
<b>Total</b>	<b>\$ 9,888,669</b>		<b>100.00%</b>	<b>\$ 9,586,666</b>		<b>100.00%</b>

Notes: The 1997 session of the General Assembly enacted legislation permitting a regional public transportation authority to levy a 5% tax on motor vehicle rental receipts in its multi-county service area. Following a public hearing, a tax levy of 5% on motor vehicle rental receipts was approved by the Special Tax Board, the Boards of County Commissioners of Wake, Durham, and Orange counties; and the Triangle Transit Board of Trustees. Triangle Transit began collection of the tax on January 1, 1998.

Information by agency for nine years ago not available.

# COMPLIANCE SECTION

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

The Board of Trustees  
Research Triangle Regional Public Transportation Authority  
Research Triangle Park, North Carolina

We have audited, in accordance with 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 Research Triangle Regional Public Transportation Authority (the "Authority"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated November 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 our opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that are less than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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*.



**Authority's Response to Findings**

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

**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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bolant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
November 30, 2015

**Report of Independent Auditor on Compliance for each Major Federal Program and  
on Internal Control Over Compliance in Accordance with OMB Circular A-133 and  
the State Single Audit Implementation Act**

The Board of Trustees  
Research Triangle Regional Public Transportation Authority  
Research Triangle Park, North Carolina

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

We have audited the Research Triangle Regional Public Transportation Authority's (the "Authority") 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 the Authority's major federal programs for the year ended June 30, 2015. The Authority'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 Authority'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; 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 the Authority'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 the Authority's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Authority 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, 2015.

## Report on Internal Control Over Compliance

Management of the Authority 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 the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 the Authority'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 a 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 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 significant deficiencies or material weaknesses. 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.

A handwritten signature in black ink, appearing to read "Cheryl Berkant" followed by a stylized flourish.

Raleigh, North Carolina  
November 30, 2015

**Report of Independent Auditor on Compliance for each Major State Program and  
on Internal Control Over Compliance in Accordance with OMB Circular A-133 and  
the State Single Audit Implementation Act**

The Board of Trustees  
Research Triangle Regional Public Transportation Authority  
Research Triangle Park, North Carolina

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

We have audited the Research Triangle Regional Public Transportation Authority's (the "Authority"), compliance with the types of compliance requirements described in 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 its major state programs for the year ended June 30, 2015. The Authority's major state 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 state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 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 the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the Authority 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 the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and for each major state 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 the Authority'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 a 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 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 significant deficiencies or material weaknesses. 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.

A handwritten signature in black ink, appearing to read "Cherry Berkant" followed by a stylized flourish.

Raleigh, North Carolina  
November 30, 2015

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to federal awards?  yes  no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

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

Identification of major federal programs:

CFDA Numbers

20.507  
20.516

Names of Federal Program or Cluster

Federal Transit Authority Cluster  
Federal Transit – Formula Grants  
Job Access and Reverse Commute

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

Auditee qualified as low-risk auditee?  yes  no



**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2015*

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2015-002

Significant deficiency

Criteria: The Finance Department is responsible for accurately recording and reporting expenses in the proper period and fiscal year.

Condition: During our audit procedures we identified multiple adjustments relating to accruals that, although they are not material in nature individually, aggregately they create a significant deficiency in internal control.

Context: Non-cash payroll accruals were not properly recorded in the correct period.

Effect: Prior and current fiscal year end accruals were misstated.

Cause: Monthly reconciliation processes were not followed.

Recommendation: We recommend the Authority review their monthly reconciliation processes and ensure established policies are adhered to without exception.

View of responsible officials: Management agrees with finding.

**Section III – Findings related to the Audit of the Federal  
Programs of the Authority**

**III – Federal award findings and questioned costs**

None noted.

**Section IV – Findings related to the Audit of the State  
Programs of the Authority**

**IV – State award findings and questioned costs**

None noted.



# RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

## SCHEDULE OF CORRECTIVE ACTION

*FOR THE FISCAL YEAR ENDED JUNE 30, 2015*

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### **Section II – Financial Statement Findings**

Finding 2015-001

Name of contact person: Saundra Freeman, Director of Finance and Administrative Services

Corrective Action: The Senior Accountant will develop and maintain a checklist for year-end closing procedures to ensure all necessary processes and controls are implemented. The Senior Accountant will review with appropriate staff members the procedures for proper documentation and approval of journal entries.

Proposed completion date: December 31, 2015.

Finding 2015-002

Name of contact person: Saundra Freeman, Director of Finance and Administrative Services

Corrective Action: The Senior Accountant will maintain the monthly close checklist to ensure all accruals are recorded in a timely manner. The Senior Accountant will sign the monthly checklist when all entries have been finalized.

Proposed completion date: November 30, 2015.

### **Section III – Federal Award Findings and Questioned Costs**

There are no findings that require action.

### **Section IV – State Award Findings and Questioned Costs**

There are no findings that require action.

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2015*

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**Section V – Schedule of Prior Year Audit Findings**

There were no findings identified in the prior year.

**Research Triangle Regional Public Transportation Authority**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State WBS Number	Grant Number	Current Year Expenditures			
				Total	Federal	State	Local
<b>Federal Grants:</b>							
<u>Direct Programs:</u>							
<u>U.S. Department of Transportation</u>							
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-90-X589	\$ 2,656,419	\$ 2,125,135	\$ -	\$ 531,284
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-90-X566	29,058	23,246	-	5,812
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-95-X524	12,874	10,299	-	2,575
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-95-X501	13,909	11,126	-	2,783
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507/DOT-19	36231.5.9.3	NC-95-X056	837,880	670,305	16,149	151,426
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-95-X027	54,401	43,521	-	10,880
<u>Passed through the City of Raleigh:</u>							
Job Access and Reverse Commute	20.516		NC-37-X031-01	98,000	49,001	-	48,999
Job Access and Reverse Commute	20.516		NC-37-X031-02	252,595	126,297	-	126,298
<u>Passed through the City of Durham:</u>							
Job Access and Reverse Commute	20.516		NC-37-037-00	302,965	151,482	-	151,483
Bus and Bus Facilities Formula Program	20.526		NC-34-0006	51,340	41,072	-	10,268
<u>Passed through the North Carolina Department of Transportation:</u>							
National Highway Performance Program	20.205		1-5338CA	2,745,865	2,196,692	549,173	-
	20.205		1-5338CB	355,347	284,278	71,069	-
<b>Total Federal assistance:</b>				<u>\$ 7,410,653</u>	<u>\$ 5,732,454</u>	<u>\$ 636,391</u>	<u>\$ 1,041,808</u>
<b>State Grants:</b>							
<u>Direct Programs:</u>							
<u>North Carolina Department of Transportation</u>							
State Maintenance Assistance Program	DOT-9	None	FY 2015	\$ 17,747,792	\$ -	\$ 1,948,907	\$ 15,798,885
Technology Program	DOT-10	36235.7.8.8	15-AT-002	226,661	-	203,994	22,667
Transit Development Program	DOT-11	36223.53.11.2	14-DG-105	30,000	-	30,000	-
Transit Development Program	DOT-11	36223.53.13.1	16-DG-026	1,203	-	1,082	121
<u>Passed through the Triangle J Council of Governments:</u>							
Transit Development Program	DOT-11		TDMTTA15	<u>1,023,087</u>	<u>-</u>	<u>771,094</u>	<u>251,993</u>
<b>Total State assistance:</b>				<u>19,028,743</u>	<u>-</u>	<u>2,955,077</u>	<u>16,073,666</u>
			<b>Total Assistance:</b>	<u>\$ 26,439,396</u>	<u>\$ 5,732,454</u>	<u>\$ 3,591,468</u>	<u>\$ 17,115,474</u>

## Research Triangle Regional Public Transportation Authority

### Note to Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2015

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#### (1) General

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Research Triangle Regional Public Transportation Authority and is presented on the modified 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.



CAFR OVERVIEW

BOARD OF  
TRUSTEES

January 2016

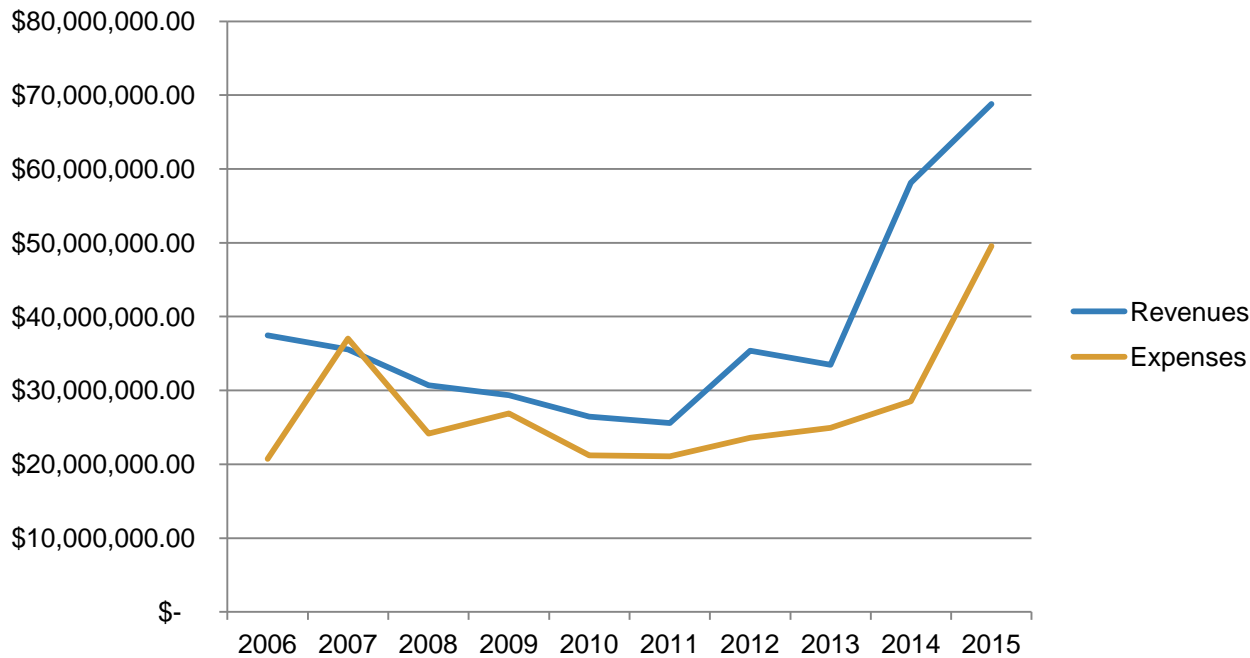
# Financial Highlights

- Assets exceeded liabilities at the close of the fiscal year by \$264,063,668 (net position).
- Total net position increased by \$23,234,223 from last fiscal year's total.
- Vehicle rental car tax revenue for the year was \$9,924,456, an increase of \$337,790 (3.5%) over last fiscal year's total.
- GoTriangle \$5 vehicle registration tax revenue for the year was \$6,440,851, an increase of \$1,269,082 (25%) over last fiscal year.
- Special tax district \$3/\$7 vehicle registration tax revenue was \$4,221,774, an increase of \$3,656,214 over prior year.
- Vanpool and bus fare revenue for the year was \$2,790,366, an increase of \$74,877 (2.8%) over last fiscal year's total.

# Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 38,875,598	\$ 44,399,159	\$ 748,068	\$ 748,068	\$ 39,623,666	\$ 45,147,227
Buildings & Improvements	8,384,408	5,527,825	6,684,287	4,177,813	15,068,695	9,705,638
Equipment & Vehicles	583,940	722,240	10,551,127	12,711,912	11,135,067	13,434,152
Construction in Progress	91,807,626	88,027,866	-	-	91,807,626	88,027,866
Totals	\$ 139,651,572	\$ 138,677,090	\$ 17,983,482	\$ 17,637,793	\$ 157,635,054	\$ 156,314,883

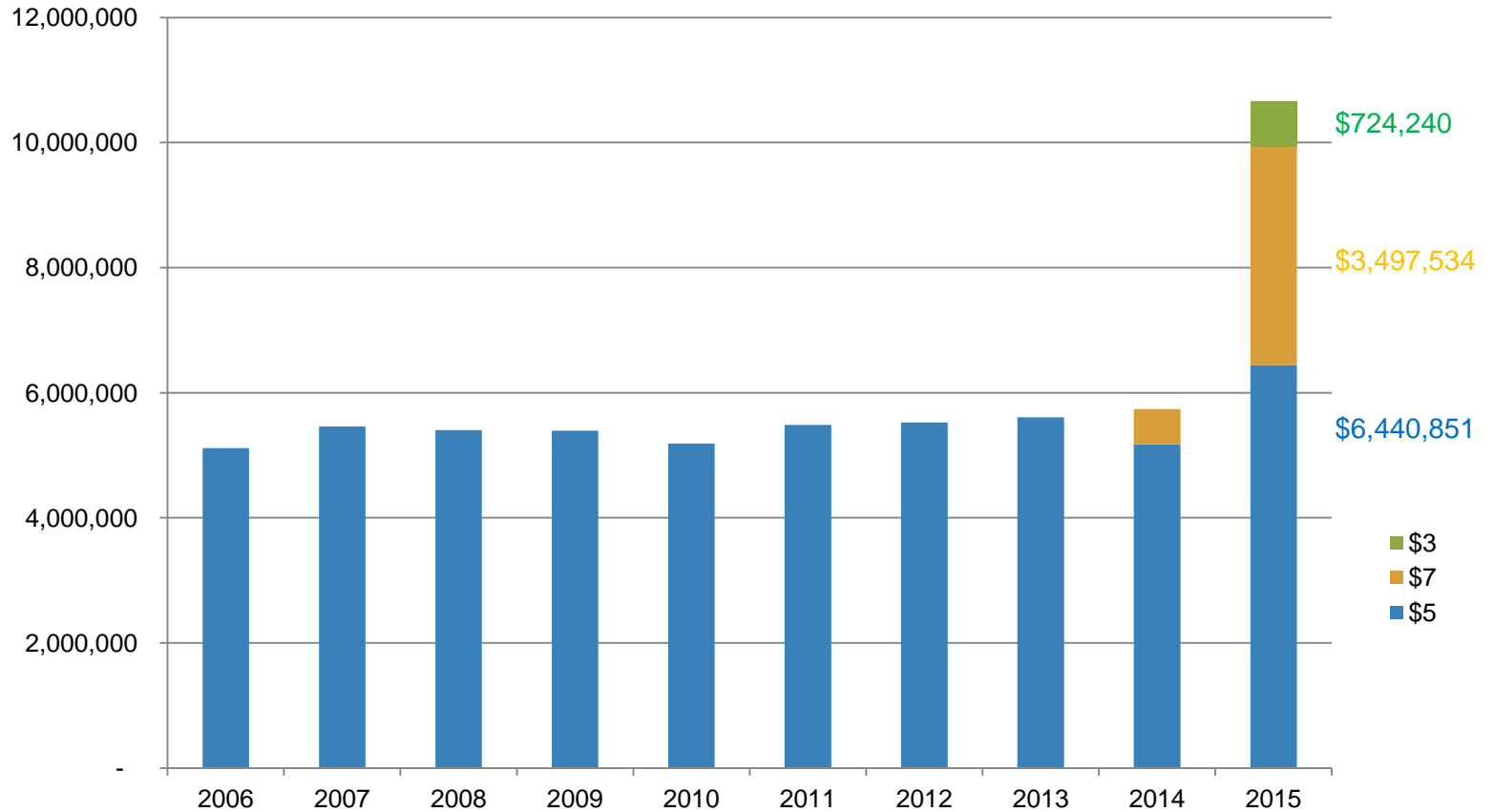
# Total GoTriangle Revenues and Expenditures + Capital Purchases



	Revenues	Expenses
2006	37,455,809	20,712,933
2007	35,544,439	37,037,799
2008	30,698,595	24,138,601
2009	29,338,122	26,887,220
2010	26,471,081	21,207,434
2011	25,579,248	21,086,256
2012	35,395,337	23,590,174
2013	33,478,240	24,944,147
2014	58,116,880	28,539,875
2015	68,780,623	49,560,635

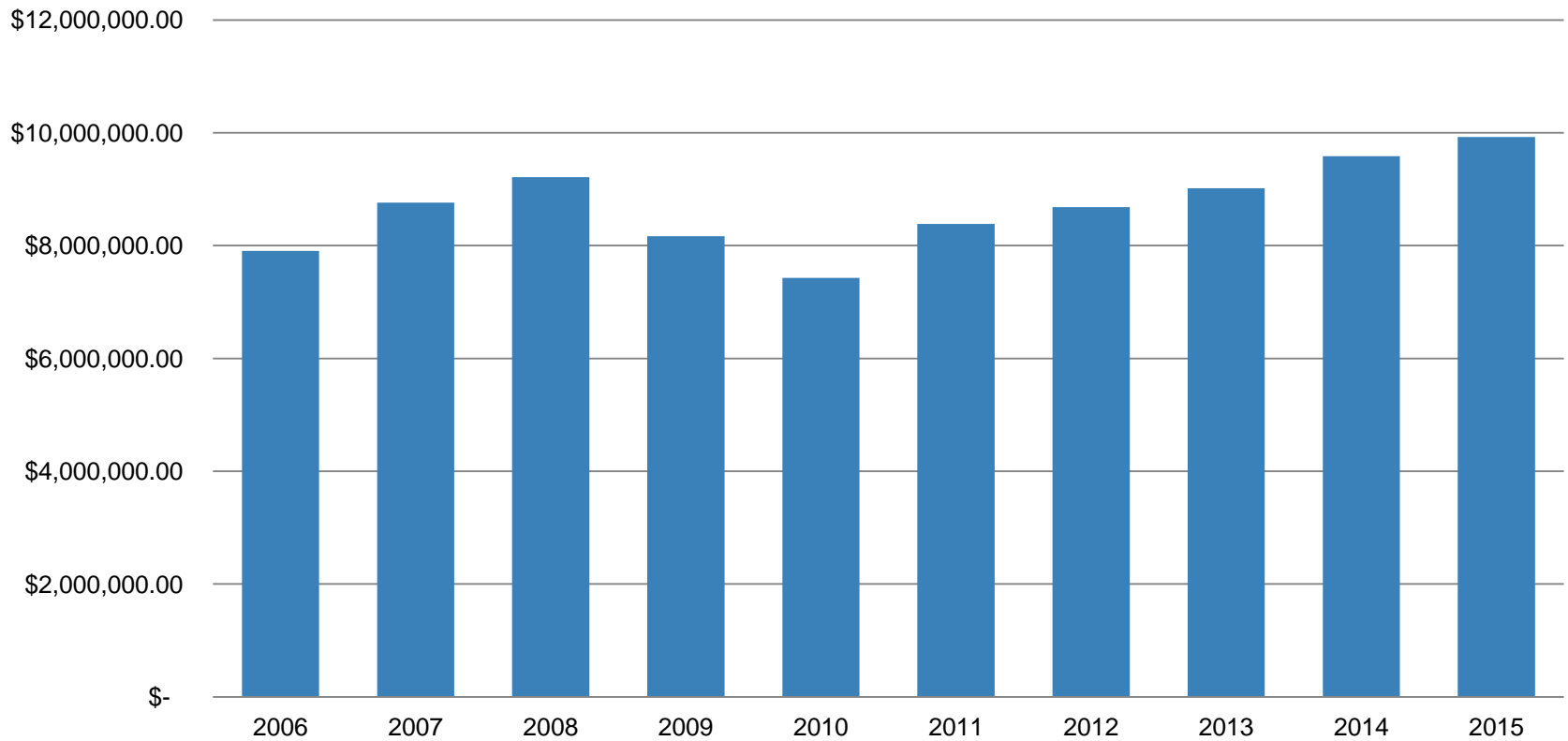


# Vehicle Registration Taxes



For \$7, FY15 includes \$1,179,000 of 2014 receipts transferred from Durham

# Vehicle Rental Taxes



# FY 2015 Cash Balances

	General Fund & Other Gov't Funds	Tax Districts	Major Transit Investment Fund	Proprietary Funds	Total
Cash	\$1,742,037	\$19,856,020	\$5,657,615	\$-	\$27,255,672
Short Term Investments (NCCMT)	701,906	816,203	11,957,851	12,354	13,488,314
Long Term Investments (SunTrust)	10,263,261	24,360,809	22,138,428	1,361,390	58,123,888
Total	\$12,707,204	\$45,033,032	\$39,753,894	\$1,373,744	\$98,867,874

# AUDIT FINDINGS & ACCOUNTING ADJUSTMENTS

# Accounting Adjustments

- Additional accounts payable accrual for website design due to receipt of late invoice
- Reclassification of grant revenue write-off due to change in eligible expenses
- Allocate payroll accrual across various funds – originally booked to General Fund only
- Property sale entry adjustment
- \$7/\$3 vehicle registration fee revenue breakout (DMV 4Q vehicle fees split received in late November after close of fiscal year)

# Schedule of Findings and Questioned Costs

## Section II – Financial Statement Findings

- Journal entries missing approvals and documentation
- Payroll accruals not properly recorded

## Section III – Federal Award Findings and Questioned Costs

None noted

## Section IV – State Award Findings and Questioned Costs

None noted

# Audit Challenges

- Difficulty in obtaining timely information from the State for vehicle registration fees
- Turnover in accounting personnel

## Next Steps

- ✓ Development of checklist for year end processes
- More detailed training for intern
- Addition of part-time temporary position to process routine transactions and provide greater continuity



# Questions

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