



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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

Prepared by:

Finance Department

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

December 14, 2016

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, 2016. 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 (MD&A) section of the CAFR to gather a clear and in-depth understanding of its contents.

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, also previously known as 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 (Durham, Orange, and Wake Counties). 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 – 262

General Counsel	3
Communications & Public Affairs	11
Finance & Administrative Services	21
Capital Development	20
Regional Bus	174
Ridesharing	33

2015- 2016 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 1.44 million in July 2015, as certified by the NC Office of State Budget and Management.

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 25th 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 recreation 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. A referendum in Wake County recently passed, with voters agreeing to an additional 1/2¢ Local Option Sales Tax to fund expanded bus service and rail transit in Wake 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 2016, GoTriangle provided transit services to nearly 1.8 million passengers. Regular route revenue miles increased 7.2% to 2,819,804 miles.
- **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, 2016. 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.
 - GoTriangle staff employees from multiple departments collaborated to make a presentation to the Fitch bond rating agency, as part of the preparatory work for issuing debt for the construction of the Durham-Orange Light Rail Project.

- Staff also met with staff members of the Debt Management Section of the NC Department of State Treasurer about the potential for issuing debt in the future. The State, through the Local Government Commission, must approve debt issued by public authorities in the State.
- Through the year, GoTriangle staff has been participating and taking leadership roles with the Transit Planning Advisory Committee (TPAC). The TPAC is the group tasked with providing preliminary financial and operational plans for transit expansion in Wake County. Planning was begun in before the local referendum for the ½ cent local option tax, in order to be prepared if the referendum passed.

Regional Bus Fund

- Fixed Route bus ridership for FY 2016 was 1,784,408 boardings, down 3.2% from the previous year.
- Paratransit ridership for FY 2016 was 41,452, up 18.7% from previous year.
- The Vanpool program ended FY 2016 with 54 vehicles on the road.

Ridesharing Fund

- GoTriangle has GoPass agreements in place with sixteen (16) employers.
- 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 330,682 customer phone calls in FY 2016, down by approximately 23% from FY 2015. However, the number of calls abandoned by the customers before GoTriangle staff could respond was cut by 61%.

Transit Plans in Wake County

- On November 8, 2016, the citizens of Wake County voted in favor of a referendum on the levy of an additional 1/2¢ Local Option Sales Tax under Article 43 of North Carolina General Statute 105. As part of the funding plan, two additional vehicle registration charges could be adopted, one at \$7 per vehicle and one at \$3 per vehicle. The resulting revenue stream will be used to improve public transportation in Wake County.

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, 2015. 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-one 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

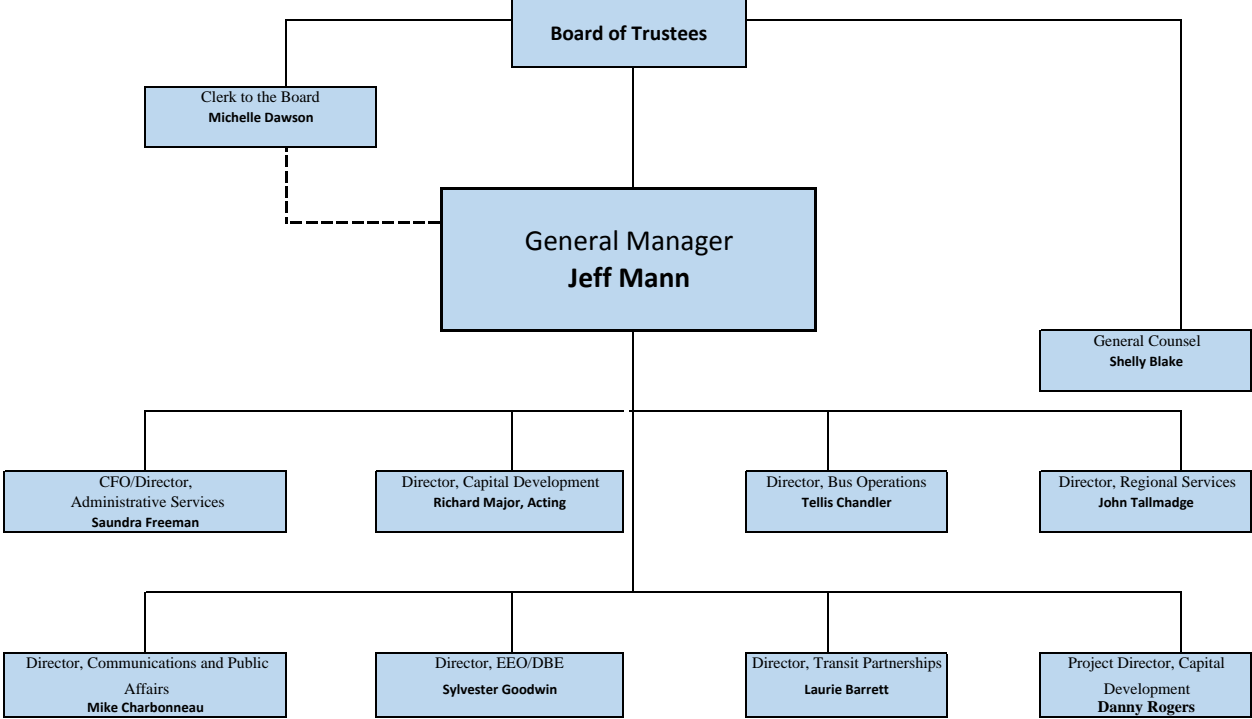
**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
BOARD OF TRUSTEES
June 30, 2016**

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
Mia Burroughs	Orange County
Mark Dorsin	Orange County

GoTriangle 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, 2015

Executive Director/CEO

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FINANCIAL SECTION

Report of Independent Auditor

To the Board of Trustees of
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, 2016, 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, 2016, 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 *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards 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, 2016, 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, 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, 2016

**MANAGEMENT'S
DISCUSSION &
ANALYSIS**

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

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, 2016. 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

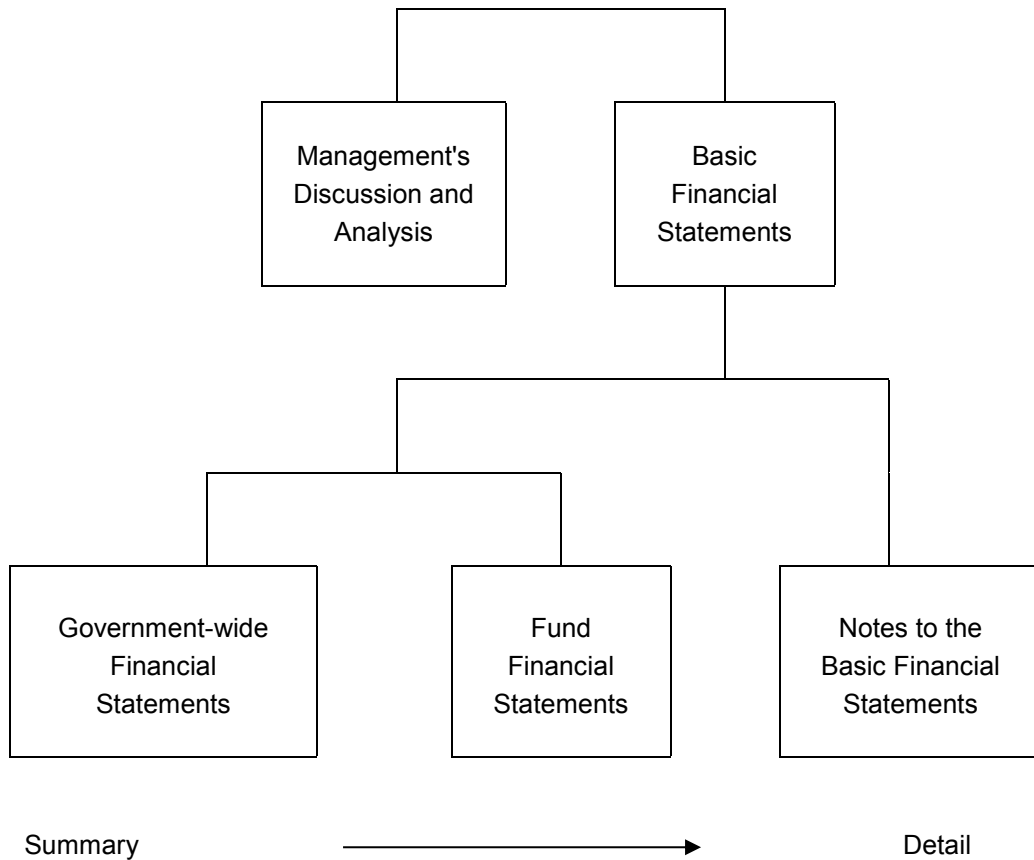
- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$244,028,825 (*net position*).
- The Authority's total net position decreased by \$20,032,197. This decrease was due in large part to the write down of the value of Construction in Progress by \$49,796,737. This represented the bulk of work done for an earlier rail project.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$146,548,887, an increase of \$25,498,121 over the prior year.
- At the end of the current fiscal year, the fund balance in the General Fund was \$6,817,696, a decrease of approximately 25% from last fiscal year's total. This large net change in fund balance was due mainly to supporting transfers made to other funds. At the end of the current fiscal year, the fund balance in the Major Capital Projects Fund was \$73,128,992, an increase of approximately three and three quarters percent from last fiscal year's total. Transfers to other funds returned to previous levels in the fiscal year, slowing the growth of the fund when compared to the previous year.

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.

Required Components of Annual Financial Report

Figure 1



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

Basic Financial Statements

The first two statements (pages 27 through 29) 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 30 through 43) 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 27 and 29 of this report.

Fund Financial Statements – The fund financial statements (see pages 30 through 43) 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

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 Position 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 30 – 39 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 Position and the Statement of Activities. The proprietary fund financial statements are on pages 40 – 43 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 44 through 68 of this report.

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

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 69 through 70 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		Business-Type		Total	
	Activities	Activities	Activities	Activities	2016	2015
	2016	2015	2016	2015		
Current and other assets	\$ 153,693,094	\$ 127,152,020	\$ (11,761,525)	\$ (11,613,298)	\$ 141,931,569	\$ 115,538,722
Capital assets	96,128,688	139,651,572	15,870,236	17,983,482	111,998,924	157,635,054
Total assets	249,821,782	266,803,592	4,108,711	6,370,184	253,930,493	273,173,776
Long term liabilities outstanding	735,627	467,728	1,027,268	752,851	1,762,895	1,220,579
Other liabilities	7,347,625	6,519,148	791,148	1,370,377	8,138,773	7,889,525
Total liabilities	8,083,252	6,986,876	1,818,416	2,123,228	9,901,668	9,110,104
Net position:						
Investment in capital assets	96,128,688	139,651,572	15,870,236	17,983,482	111,998,924	157,635,054
Restricted - Reserve by State Statute	57,411,660	67,066,999	-	-	57,411,660	67,066,999
Restricted - Enabling Legislation	101,046,495	71,273,713	-	-	101,046,495	71,273,713
Unrestricted (deficit)	(12,848,313)	(18,175,568)	(13,579,941)	(13,739,176)	(26,428,254)	(31,914,744)
Total net position	\$ 241,738,530	\$ 259,816,716	\$ 2,290,295	\$ 4,244,306	\$ 244,028,825	\$ 264,061,022

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 \$244,028,825 as of June 30, 2016. As of June 30, 2015, the net position of the Authority stood at \$264,061,022. The Authority's net position decreased by \$20,032,197 for the fiscal year ended June 30, 2016, compared to an increase of \$23,234,223 as of June 30, 2015. The decrease contains the effect of writing off \$49,796,737 in construction in process assets associated with the previous rail project. See the note on page 68 regarding the immaterial adjust of the 2015 Business-type Activities.

Other impacts on the Authority's financial operations greatly influenced the total unrestricted net position:

- Federal grant revenue was received in the Western Triangle Tax District.
- A full year of the \$3 vehicle registration fee was received in the Durham/Orange Tax District.
- Interest and investment income for the governmental funds was up by over one million dollars.

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

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

	Governmental Activities		Business Type Activities		Total	Total
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,999,553	\$ 2,790,366	\$ 2,999,553	\$ 2,790,366
Operating grants and contributions	2,529,679	3,446,914	2,829,882	3,961,301	5,359,561	7,408,215
Capital grants and contributions	1,649,355	1,744,706	755,620	-	2,404,975	1,744,706
General revenues:						
Vehicle registration taxes	9,413,400	10,662,625	-	-	9,413,400	10,662,625
Vehicle rental taxes	10,665,172	9,924,456	-	-	10,665,172	9,924,456
Special sales tax revenues	31,536,121	30,561,753	-	-	31,536,121	30,561,753
Miscellaneous revenues	3,327,995	2,625,210	2,422,362	2,577,715	5,750,357	5,202,925
Unrestricted investment earnings	1,427,905	422,560	25,100	63,014	1,453,005	485,574
Total revenues	60,549,627	59,388,224	9,032,517	9,392,396	69,582,144	68,780,620
Expenses:						
Administration	395,813	445,968	-	-	395,813	445,968
Capital Development	8,845,490	4,378,573	-	-	8,845,490	4,378,573
Communications & PA	792,256	2,128,808	-	-	792,256	2,128,808
Finance	3,593,377	2,742,430	-	-	3,593,377	2,742,430
General Counsel	206,367	1,307,863	-	-	206,367	1,307,863
Human Resources	603,459	487,517	-	-	603,459	487,517
DBE	141,040	130,349	-	-	141,040	130,349
DATA	934,349	695,624	-	-	934,349	695,624
Board	95,629	84,306	-	-	95,629	84,306
FORTIFY	2,578,066	2,010,101	-	-	2,578,066	2,010,101
Loss on disposed assets	49,796,737	9,513,160	-	-	49,796,737	9,513,160
Regional bus service	-	-	19,582,301	19,629,795	19,582,301	19,629,795
Ridesharing	-	-	2,049,457	1,991,903	2,049,457	1,991,903
Total expenses	67,982,583	23,924,699	21,631,758	21,621,698	89,614,341	45,546,397
Increase (Decrease) in net position before transfers	(7,432,956)	35,463,525	(12,599,241)	(12,229,302)	(20,032,197)	23,234,223
Transfers	(10,645,230)	(8,795,422)	10,645,230	8,795,422	-	-
Increase (Decrease) in net position	(18,078,186)	26,668,103	(1,954,011)	(3,433,880)	(20,032,197)	23,234,223
Net position, beginning as previously reported	259,816,716	235,949,474	4,244,306	4,879,971	264,061,022	240,829,445
Transfer of capital asset	-	(2,800,861)	-	2,800,861	-	-
Net position, beginning	259,816,716	233,148,613	4,244,306	7,678,186	264,061,022	240,826,799
Net position, ending	\$ 241,738,530	\$ 259,816,716	\$ 2,290,295	\$ 4,244,306	\$ 244,028,825	\$ 264,061,022

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

Governmental Activities – Governmental activities decreased the Authority's net position by \$18,078,186 thereby accounting for the majority of the total decrease of \$20,032,197 in the net position of the Authority. Key elements of this significant change are as follows:

- General revenues increased from \$54,196,604 in fiscal year 2015 to \$56,370,593 in fiscal year 2016. Vehicle registration fees and increased investment income accounted for most of this increase.
- Operating grants and capital grants decreased by approximately \$1.2 million. Certain projects were not executed as expected, thus, there was no spending to be reimbursed by grant funding for those projects.
- 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 nearly \$50 million.

Business-Type Activities – Business-type activities decreased the Authority's net position by \$1,954,011. Key elements for this decrease are as follows:

- Paid boardings dropped by 59,327, 3.2%. Miles driven however went up by 7.3%. Management attributes the lower cost of fuel making personal transportation more affordable.

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 (\$13,663,608), while total fund balance was \$6,817,696.

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

The Major Capital Projects Fund had a fund balance of \$73,128,992 at the end of the current fiscal year, an increase of \$5,653,433 from the previous year. An increase in the vehicle rental tax helped the fund end in this positive position.

At June 30, 2016, the governmental funds of the Authority reported a combined fund balance of \$146,548,887, an increase of \$25,498,121 over last year. Because of the restricted nature of much of the funds and revenues, the Authority maintains separate bank accounts to demonstrate legal and contractual compliance. Interfund receivables and payables should be eliminated when evaluating the financial condition of the governmental funds as a whole.

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 federal sources, by approximately \$2.2M. Certain expenditures that would have been reimbursed by the federal government were not executed.

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 positive net position of \$100,356 at the end of the current fiscal year, compared to the negative net position at the end of the prior year. Net position for the Regional Bus Service Fund amounted to \$2,189,939 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, 2016 totaled \$111,998,924 (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 \$7,350,014.
- Design work of a previous version of the rail project was determined to have minimal value for current projects. \$49,796,737 was written off the balance of Construction in Progress. Design work from the previous version of the rail project will not be usable as part of future projects.

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

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

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	2016	2015
	2016	2015	2016	2015		
Land	\$ 38,758,467	\$ 38,875,598	\$ 748,068	\$ 748,068	\$ 39,506,535	\$ 39,623,666
Buildings and Improvements	7,434,563	8,384,408	6,424,562	6,684,287	13,859,125	15,068,695
Equipment and Vehicles	574,755	583,940	8,697,606	10,551,127	9,272,361	11,135,067
Construction in Progress	49,360,903	91,807,626	-	-	49,360,903	91,807,626
Total	\$ 96,128,688	\$ 139,651,572	\$ 15,870,236	\$ 17,983,482	\$ 111,998,924	\$ 157,635,054

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

Long-Term Debt – The Research Triangle Regional Public Transportation Authority has no long-term bonded debt as of June 30, 2016.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities – The total revenue budgeted in FY 2017 is \$94.2M. The major sources of revenue for these activities are sales taxes, \$31.7M; vehicle rental tax, \$9.6M; vehicle registration tax, \$9.4M; and federal and state grants, \$5.7M. Budgeted departmental expenditures in the General Fund are \$6.0M. Capital expenditures are budgeted at \$5.8M.

Business - Type Activities – The total revenue budgeted in FY 2016 is \$17.4M. The major sources of revenue for these activities are rider fares and local subsidies, \$5.8M; federal and state grants, \$3.3M; and other revenue, \$1.4M. Budgeted departmental expenditures in the Bus and Rideshare funds are \$15.2M and \$2.2M, respectively. Transfers from the General Fund of \$7.8M 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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,167,716	\$ -	\$ 18,167,716
Cash and cash equivalents, restricted	4,912,480	-	4,912,480
Receivables	10,105,171	761,553	10,866,724
Due from other governments	2,230,297	1,120,168	3,350,465
Internal balances	15,773,113	(15,773,113)	-
Investments, plus accrued interest	100,704,083	1,492,731	102,196,814
Inventories	-	637,136	637,136
Prepaid items	1,800,234	-	1,800,234
Total current assets	<u>153,693,094</u>	<u>(11,761,525)</u>	<u>141,931,569</u>
Capital assets:			
Land	38,758,467	748,068	39,506,535
Construction in progress	49,360,903	-	49,360,903
Other capital assets, net of depreciation	8,009,318	15,122,168	23,131,486
Total capital assets	<u>96,128,688</u>	<u>15,870,236</u>	<u>111,998,924</u>
Total assets	<u>249,821,782</u>	<u>4,108,711</u>	<u>253,930,493</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,454,631	314,980	6,769,611
Accrued wages and benefits	689,577	196,468	886,045
Current portion of long-term liabilities:			
Compensated absences	203,417	279,700	483,117
Total current liabilities	<u>7,347,625</u>	<u>791,148</u>	<u>8,138,773</u>
Due in more than a year:			
Compensated absences	449,414	401,100	850,514
Other post employment benefits	286,213	626,168	912,381
Total long-term liabilities	<u>735,627</u>	<u>1,027,268</u>	<u>1,762,895</u>
Total liabilities	<u>8,083,252</u>	<u>1,818,416</u>	<u>9,901,668</u>
NET POSITION			
Investment in capital assets	96,128,688	15,870,236	111,998,924
Restricted for:			
Stabilization by State statute	57,411,660	-	57,411,660
Public transportation	101,046,495	-	101,046,495
Unrestricted (deficit)	(12,848,313)	(13,579,941)	(26,428,254)
Total net position	<u>\$ 241,738,530</u>	<u>\$ 2,290,295</u>	<u>\$ 244,028,825</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Activities
For the Fiscal Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental activities			
General government	\$ 67,982,583	\$ -	\$ 2,529,679
Total governmental activities	<u>67,982,583</u>	<u>-</u>	<u>2,529,679</u>
Business-type activities			
Regional bus service	19,582,301	2,479,761	2,350,468
Ridesharing	2,049,457	-	479,414
Total business-type activities	<u>21,631,758</u>	<u>2,479,761</u>	<u>2,829,882</u>
Total primary government	<u>\$ 89,614,341</u>	<u>\$ 2,479,761</u>	<u>\$ 5,359,561</u>

General revenues:

Taxes:
Vehicle registration taxes
Vehicle rental taxes
Special tax revenues
Miscellaneous revenues
Unrestricted investment earnings
Total general revenues excluding transfers
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

The accompanying notes are an integral part of the financial statements.

Net (Expenditures) Revenue and Change in Net Position			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 1,649,355	\$ (63,803,549)	\$ -	\$ (63,803,549)
<u>1,649,355</u>	<u>(63,803,549)</u>	<u>-</u>	<u>(63,803,549)</u>
574,639	-	(14,177,433)	(14,177,433)
180,981	-	(1,389,062)	(1,389,062)
<u>755,620</u>	<u>-</u>	<u>(15,566,495)</u>	<u>(15,566,495)</u>
<u>\$ 2,404,975</u>	<u>(63,803,549)</u>	<u>(15,566,495)</u>	<u>(79,370,044)</u>
	9,413,400	-	9,413,400
	10,665,172	-	10,665,172
	31,536,121	-	31,536,121
	3,327,995	2,942,154	6,270,149
	1,427,905	25,100	1,453,005
	<u>56,370,593</u>	<u>2,967,254</u>	<u>59,337,847</u>
	(10,645,230)	10,645,230	-
	<u>45,725,363</u>	<u>13,612,484</u>	<u>59,337,847</u>
	(18,078,186)	(1,954,011)	(20,032,197)
	259,816,716	4,244,306	264,061,022
	<u>\$ 241,738,530</u>	<u>\$ 2,290,295</u>	<u>\$ 244,028,825</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds	
	General Fund	Major Capital Projects Fund
ASSETS		
Cash and cash equivalents	\$ 4,482,248	\$ 7,297,534
Cash and cash equivalents - restricted	-	4,912,480
Taxes receivable, net:		
Vehicle registration taxes	1,623,930	-
Special sales tax revenue	-	-
Refundable sales tax	143,029	-
Governmental agencies	861,126	134,604
Rental tax	-	571,484
Accrued interest	79,430	171,876
Prepaid items	1,800,234	-
Due from other funds	15,773,113	24,474,151
Other Miscellaneous	200,442	19,192
Investments	11,694,441	37,937,511
Total assets	<u>\$ 36,657,993</u>	<u>\$ 75,518,832</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 304,022	\$ 2,379,219
Due to other funds	28,907,195	-
Accrued wages and benefits	629,089	10,621
Total liabilities	<u>29,840,306</u>	<u>2,389,840</u>
Fund Balances:		
Nonspendable		
Prepaid items	1,800,234	-
Restricted - Reserved by State Statute	18,681,070	25,371,307
Restricted - Enabling Legislation	-	47,757,685
Unassigned	(13,663,617)	-
Total fund balances	<u>6,817,687</u>	<u>73,128,992</u>
Total liabilities and fund balances	<u>\$ 36,657,993</u>	<u>\$ 75,518,832</u>

The accompanying notes are an integral part of the financial statements.

<u>Western Triangle Tax District</u>	<u>Durham/ Orange Tax District</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,926,549	\$ 1,461,385	\$ -	\$ 18,167,716
-	-	-	4,912,480
620,963	266,124	-	2,511,017
5,870,817	-	-	5,870,817
-	-	-	143,029
1,023,014	-	202,327	2,221,071
798,418	-	-	1,369,902
135,350	-	-	386,656
-	-	-	1,800,234
4,069,090	-	373,180	44,689,534
-	-	-	219,634
50,685,474	-	-	100,317,426
<u>\$ 68,129,675</u>	<u>\$ 1,727,509</u>	<u>\$ 575,507</u>	<u>\$ 182,609,516</u>

\$ 3,734,731	\$ -	\$ 36,668	\$ 6,454,640
-	-	9,226	28,916,421
49,867	-	-	689,577
<u>3,784,598</u>	<u>-</u>	<u>45,894</u>	<u>36,060,638</u>

-	-	-	1,800,234
12,517,652	266,124	575,507	57,411,660
51,827,425	1,461,385	-	101,046,495
-	-	(45,894)	(13,709,511)
<u>64,345,077</u>	<u>1,727,509</u>	<u>529,613</u>	<u>146,548,878</u>
<u>\$ 68,129,675</u>	<u>\$ 1,727,509</u>	<u>\$ 575,507</u>	<u>\$ 182,609,516</u>

The accompanying notes are an integral part of the financial statements.

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2016

Fund Balances - Governmental Funds (p.29) \$ 146,548,878

Amounts reported for governmental activities in the Statement of Net Position (p.27) 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	\$ 105,440,541	
Accumulated depreciation	<u>(9,311,853)</u>	
		96,128,688

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

Compensated absences	(652,831)
Pension liabilities	<u>(286,205)</u>

Net position of governmental activities	<u>\$ 241,738,530</u>
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The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Major Funds	
	General Fund	Major Capital Projects Fund
REVENUES		
Restricted intergovernmental revenues:		
State grant revenues	\$ 448,777	\$ -
Federal grant revenues	1,800,608	611
Other revenue	2,708,268	196,045
Vehicle registration taxes	6,069,135	-
Special tax revenue	-	-
Indirect cost credits	1,072,250	-
Vehicle rental tax	-	9,022,735
Investment income	177,273	464,123
Total revenues	<u>12,276,311</u>	<u>9,683,514</u>
EXPENDITURES		
Current:		
Board	76,289	-
Human resources	532,354	-
Administration	241,592	-
Capital development	93,538	-
EEO/DBE	124,459	-
GoDurham	820,649	-
Finance	2,137,074	-
General Counsel	182,126	-
Communication and public affairs	695,847	913,356
FORTIFY	2,226,520	-
Transit services	-	-
Capital outlay	98,082	-
Total expenditures	<u>7,228,530</u>	<u>913,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,047,781</u>	<u>8,770,158</u>
Other Financing Sources (Uses)		
Transfers from other funds	3,116,725	-
Transfers to other funds	(10,385,681)	(3,116,725)
Total other financing sources (uses)	<u>(7,268,956)</u>	<u>(3,116,725)</u>
Net change in fund balances	(2,221,175)	5,653,433
Fund balances - beginning	9,038,862	67,475,559
Fund balances - ending	<u>\$ 6,817,687</u>	<u>\$ 73,128,992</u>

The accompanying notes are an integral part of the financial statements.

<u>Western Triangle Tax District</u>	<u>Durham/ Orange Tax District</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 157,061	\$ 605,838
1,023,014	-	468,669	3,292,902
-	-	-	2,904,313
2,340,996	1,003,269	-	9,413,400
31,536,121	-	-	31,536,121
-	-	-	1,072,250
1,642,437	-	-	10,665,172
786,509	-	-	1,427,905
<u>37,329,077</u>	<u>1,003,269</u>	<u>625,730</u>	<u>60,917,901</u>
-	-	-	76,289
-	-	-	532,354
213,505	-	-	455,097
2,044,870	-	-	2,138,408
-	-	-	124,459
-	-	-	820,649
-	-	-	2,137,074
300,262	-	-	482,388
868,017	-	36,000	2,513,220
-	-	-	2,226,520
5,710,000	-	-	5,710,000
7,350,014	-	110,005	7,558,101
<u>16,486,668</u>	<u>-</u>	<u>146,005</u>	<u>24,774,559</u>
<u>20,842,409</u>	<u>1,003,269</u>	<u>479,725</u>	<u>36,143,342</u>
-	-	509,840	3,626,565
-	-	(769,389)	(14,271,795)
-	-	(259,549)	(10,645,230)
20,842,409	1,003,269	220,176	25,498,112
43,502,668	724,240	309,437	121,050,766
<u>\$ 64,345,077</u>	<u>\$ 1,727,509</u>	<u>\$ 529,613</u>	<u>\$ 146,548,878</u>

The accompanying notes are an integral part of the financial statements.

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 Fiscal Year Ended June 30, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	25,498,112
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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	\$	7,558,101	
Impairment of construction in progress assets		(49,796,737)	
Depreciation expense		<u>(1,167,117)</u>	
			(43,405,753)

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	(117,131)
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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	(21,894)
Compensated absences	<u>(31,520)</u>

Total changes in net position of governmental activities	\$	<u><u>(18,078,186)</u></u>
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The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
General Fund
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Restricted intergovernmental revenues:				
State grant revenues	\$ 3,940,552	\$ 724,466	\$ 448,777	\$ (275,689)
Federal grant revenues	1,072,122	3,969,986	1,800,608	(2,169,378)
Indirect cost credits	1,087,539	1,087,539	1,072,250	(15,289)
Vehicle registration tax	5,878,083	5,878,083	6,069,135	191,052
Other revenue	1,773,749	2,091,971	2,708,268	616,297
Investment income	422,321	422,321	177,273	(245,048)
Total revenues	<u>14,174,366</u>	<u>14,174,366</u>	<u>12,276,311</u>	<u>(1,898,055)</u>
EXPENDITURES				
Current:				
Board	150,196	150,196	76,289	73,907
Human resources	542,080	542,080	532,354	9,726
Administration	259,841	259,841	241,592	18,249
Capital development	98,579	98,579	93,538	5,041
Equal employment/Disadvantaged businesses	126,486	126,486	124,459	2,027
GoDurham	841,575	841,575	820,649	20,926
Finance	2,611,024	2,611,024	2,235,156	375,868
General counsel	323,524	323,524	182,126	141,398
Communication and public affairs	863,094	863,094	695,847	167,247
FORTIFY	3,622,330	3,622,330	2,226,520	1,395,810
Total expenditures	<u>9,438,729</u>	<u>9,438,729</u>	<u>7,228,530</u>	<u>2,210,199</u>
Revenues over expenditures	<u>4,735,637</u>	<u>4,735,637</u>	<u>5,047,781</u>	<u>312,144</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,116,725	3,116,725	3,116,725	-
Transfers to other funds	(9,677,572)	(9,677,572)	(10,385,681)	(708,109)
Total other financing sources (uses)	<u>(6,560,847)</u>	<u>(6,560,847)</u>	<u>(7,268,956)</u>	<u>(708,109)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (1,825,210)</u>	<u>\$ (1,825,210)</u>	<u>(2,221,175)</u>	<u>\$ (395,965)</u>
Fund balance, beginning			<u>9,038,862</u>	
Fund balance, ending			<u>\$ 6,817,687</u>	

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Western Tax District
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2016

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grant revenues	\$ 453,288	\$ 453,288	\$ 1,023,014	\$ 569,726
State grant revenue	8,700	8,700	-	(8,700)
Vehicle registration tax	2,381,149	2,381,149	2,340,996	(40,153)
Special sales tax revenue	30,282,709	30,282,709	31,536,121	1,253,412
Vehicle rental tax	1,447,944	1,447,944	1,642,437	194,493
Investment income	-	-	786,509	786,509
Total revenues	<u>34,573,790</u>	<u>34,573,790</u>	<u>37,329,077</u>	<u>2,755,287</u>
EXPENDITURES				
Current:				
Administration	373,773	373,773	213,505	160,268
Capital development	2,857,363	2,857,363	2,044,870	812,493
General counsel	438,075	438,075	300,262	137,813
Communication and public affairs	912,579	912,579	868,017	44,562
Transit services	5,710,000	5,710,000	5,710,000	-
Capital outlay	25,439,150	25,439,150	7,350,014	18,089,136
Total expenditures	<u>35,730,940</u>	<u>35,730,940</u>	<u>16,486,668</u>	<u>19,244,272</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,157,150)</u>	<u>\$ (1,157,150)</u>	20,842,409	<u>\$ 21,999,559</u>
Fund balance, beginning			<u>43,502,668</u>	
Fund balance, ending			<u>\$ 64,345,077</u>	

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Durham/Orange Tax District
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Vehicle registration tax	\$ 1,020,492	\$ 1,020,492	\$ 1,003,269	\$ (17,223)
Total revenues	<u>1,020,492</u>	<u>1,020,492</u>	<u>1,003,269</u>	<u>(17,223)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ 1,020,492</u>	<u>\$ 1,020,492</u>	1,003,269	<u>\$ (17,223)</u>
Fund balance, beginning			<u>724,240</u>	
Fund balance, ending			<u>\$ 1,727,509</u>	

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Net Position
Proprietary Funds
June 30, 2016

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
ASSETS			
Current assets:			
Investments	\$ -	\$ 1,492,731	\$ 1,492,731
Inventories	-	637,136	637,136
Intergovernmental receivables	437,110	683,058	1,120,168
Other receivables	444,391	317,162	761,553
Total current assets	<u>881,501</u>	<u>3,130,087</u>	<u>4,011,588</u>
Non-current assets:			
Capital assets:			
Land	-	748,068	748,068
Other capital assets, net of depreciation	-	15,122,168	15,122,168
Total non-current assets	<u>-</u>	<u>15,870,236</u>	<u>15,870,236</u>
Total Assets	<u>881,501</u>	<u>19,000,323</u>	<u>19,881,824</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	13,425	301,555	314,980
Due to other funds	573,532	15,199,581	15,773,113
Accrued wages and benefits	25,256	171,212	196,468
Compensated absences - current	42,094	237,606	279,700
Total current liabilities	<u>654,307</u>	<u>15,909,954</u>	<u>16,564,261</u>
Non-current liabilities:			
Compensated absences - noncurrent	37,725	363,375	401,100
Other post-employment benefits	89,113	537,055	626,168
Total non-current liabilities	<u>126,838</u>	<u>900,430</u>	<u>1,027,268</u>
Total liabilities	<u>781,145</u>	<u>16,810,384</u>	<u>17,591,529</u>
NET POSITION			
Investment in capital assets	-	15,870,236	15,870,236
Unrestricted	100,356	(13,680,297)	(13,579,941)
Total net position	<u>\$ 100,356</u>	<u>\$ 2,189,939</u>	<u>\$ 2,290,295</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Revenue, Expenses And Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
OPERATING REVENUES			
Vanpool fares	\$ -	\$ 343,319	\$ 343,319
Bus fares	-	960,732	960,732
Consignments and subsidies	-	1,175,710	1,175,710
Intergovernmental revenues:			
Federal grant revenues	180,981	805,846	986,827
State grant revenues	25,997	2,028,578	2,054,575
Local grant revenues	453,417	90,683	544,100
Other	778,893	2,163,261	2,942,154
Total operating revenues	<u>1,439,288</u>	<u>7,568,129</u>	<u>9,007,417</u>
OPERATING EXPENSES			
Bus supervision	-	1,189,616	1,189,616
Bus operations	-	8,294,314	8,294,314
Bus maintenance	-	3,999,946	3,999,946
Vanpool	-	840,254	840,254
Specialized services	960,363	2,386,168	3,346,531
Commuter resources	626,975		626,975
Regional TDM	462,119		462,119
Depreciation bus operations	-	2,872,003	2,872,003
Total operating expenses	<u>2,049,457</u>	<u>19,582,301</u>	<u>21,631,758</u>
Operating loss	<u>(610,169)</u>	<u>(12,014,172)</u>	<u>(12,624,341)</u>
NON-OPERATING REVENUES			
Investment earnings	-	25,100	25,100
Loss before contributions and transfers	<u>(610,169)</u>	<u>(11,989,072)</u>	<u>(12,599,241)</u>
Transfers in	<u>746,169</u>	<u>9,899,061</u>	<u>10,645,230</u>
Change in net position	136,000	(2,090,011)	(1,954,011)
Total net position - beginning	<u>(35,644)</u>	<u>4,279,950</u>	<u>4,244,306</u>
Total net position - ending	<u>\$ 100,356</u>	<u>\$ 2,189,939</u>	<u>\$ 2,290,295</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 586,949	\$ 4,616,703	\$ 5,203,652
Payments to suppliers	(865,620)	(9,358,499)	(10,224,119)
Payments to employees	(1,235,056)	(6,769,343)	(8,004,399)
Other receipts	1,063,713	2,907,535	3,971,248
Net cash used in operating activities	<u>(450,014)</u>	<u>(8,603,604)</u>	<u>(9,053,618)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in due to General Fund	(296,155)	(435,056)	(731,211)
Transfers from General Fund	746,169	9,899,061	10,645,230
Net cash provided by noncapital financing activities	<u>450,014</u>	<u>9,464,005</u>	<u>9,914,019</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Purchase of capital assets	-	(769,389)	(769,389)
Net cash used in capital and financing activities	<u>-</u>	<u>(769,389)</u>	<u>(769,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	22,225	22,225
Purchase of investments	-	(113,237)	(113,237)
Net cash provided by investing activities	<u>-</u>	<u>(91,012)</u>	<u>(91,012)</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Balances beginning	<u>-</u>	<u>-</u>	<u>-</u>
Balances ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (610,169)	\$ (12,014,172)	\$ (12,624,341)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	-	2,872,003	2,872,003
Changes in assets and liabilities:			
Receivables from governmental agencies	385,722	379,262	764,984
Inventories	-	(116,559)	(116,559)
Other receivables	(191,944)	493,147	301,203
Accrued payroll	(39,706)	(270,936)	(310,642)
Accrued compensated absences	4,048	6,965	11,013
Accounts payable	(11,514)	(146,686)	(158,200)
Other post employment benefits increases	13,549	193,372	206,921
Total adjustments	160,155	3,410,568	3,570,723
Net cash used in operating activities	<u>\$ (450,014)</u>	<u>\$ (8,603,604)</u>	<u>\$ (9,053,618)</u>

The accompanying notes are an integral part of the financial statements.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 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 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, blended 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, blended component unit within the governmental financial statements. This fund collects a *separate* vehicle registration tax 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 Transportation Demand Services (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, both restricted and unrestricted net position may be available to finance the programs. 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. State law [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. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Cash Portfolio, a SEC-registered (2a7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Under Federal Transit Administration, the sale proceeds from certain transactions are held in a separate escrow account for future use. \$4,912,480 is shown as *Restricted Cash* because the future expenditure is limited to certain uses.

G. Receivables

Receivables include amounts due from transportation services provided, rental income due, and certain governmental non-exchange transactions. Note 4, page 56 contains additional detail on the balance of Due from Other Governments.

H. 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.

I. 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,

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. During the year, design work of \$49,796,737 related to the previous rail project was removed from Construction in Progress.

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 net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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,

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

state funds, and funds generated by governmental and proprietary operations.

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>\$ 6,817,687</u>
Less:	
Prepaid expenses	1,800,234
Stabilization by State statute	<u>18,681,070</u>
Available for appropriation	<u><u>\$ (13,663,617)</u></u>

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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 (\$7 per vehicle). The Tax District also receives a one-half cent sales tax (Article 43) 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 (\$3 per vehicle) 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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the carrying amount of the Authority's deposits was \$23,080,196 and the bank balances were \$23,575,895. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$22,825,895 in interest bearing deposits was covered by collateral held under the Pooling Method.

3. INVESTMENTS

As of June 30, 2016, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
U.S. Government Agencies	\$ 402,824	\$ --	\$ 402,824	\$ --	\$ --
Mortgage Backed Securities	14,366,653	734	10,759,420	3,606,499	--
SBA Participation Securities	36,174,339	615,868	15,832,602	8,461,846	11,264,023
NC Local Gov't & State Bonds	9,286,225	--	5,171,630	2,221,182	1,893,413
NCCMT-Cash Portfolio	3,162,726	3,162,726	--	--	--
NCCMT-Term Portfolio	38,407,779	38,407,779	--	--	--
Totals	\$ 101,800,546	\$ 42,187,107	\$ 32,166,476	\$14,289,527	\$ 13,157,436

Because the NC Capital Management Trust – Term Portfolio has a weighted average maturity of 0.11 years, it is presented as an investment with a maturity of less than 1 year.

Investment Type	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets, Level 1	Significant Other Observable Inputs, Level 2	Significant Unobservable Inputs, Level 3
U.S. Government Agencies	\$ 402,824	\$ --	\$ 402,824	\$ --
Mortgage Backed Securities	14,366,653	--	14,366,653	--
SBA Participation Securities	36,174,339	31,962,590	4,211,749	--
NC Local Gov't & State Bonds	9,286,225	--	9,286,225	--
NCCMT-Cash Portfolio	3,162,726	3,162,726	--	--
NCCMT-Term Portfolio	38,407,779	38,407,779	--	--
Totals	\$ 101,800,546	\$ 73,533,095	\$ 28,267,451	\$ --

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. INVESTMENTS (Continued)

Level of fair value hierarchy: Level 1 – Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 – Debt securities valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2016, 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.

The NC 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. INVESTMENTS (Continued)

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 total investment portfolio. They are Small Business Administration Participation certificates (35.5%), Federal National Mortgage and Government National Mortgage (14.1%), North Carolina and local bonds (9.1%) and NC Capital Management Trust – Term Portfolio (37.7%). The remainder of the Authority’s investments are in the NC Capital Management Trust –Cash Portfolio and other government securities (3.6%)

4. DUE FROM OTHER AGENCIES AND GOVERNMENTS

The following summarizes amounts due from other agencies and governments by source as of June 30, 2016:

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<u>\$ 2,600,415</u>	<u>\$ 437,441</u>	<u>\$ 312,609</u>	<u>\$ 3,350,465</u>

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 38,875,598	\$ -	\$ (117,131)	\$ 38,758,467
Construction in progress	<u>91,807,626</u>	<u>7,350,014</u>	<u>(49,796,737)</u>	<u>49,360,903</u>
Total capital assets not being depreciated:	<u>130,683,224</u>	<u>7,350,014</u>	<u>(49,913,868)</u>	<u>88,119,370</u>
Capital assets being depreciated:				
Buildings	6,248,870	-	-	6,248,870
Equipment and vehicles	7,196,228	208,087	-	7,404,315
Leasehold improvements	<u>3,667,986</u>	<u>-</u>	<u>-</u>	<u>3,667,986</u>
Total capital assets being depreciated	<u>17,113,084</u>	<u>208,087</u>	<u>-</u>	<u>17,321,171</u>
Less accumulated depreciation for:				
Buildings	1,078,697	281,016	-	1,359,713
Equipment and vehicles	6,612,288	217,272	-	6,829,560
Leasehold improvements	<u>453,751</u>	<u>668,829</u>	<u>-</u>	<u>1,122,580</u>
Total accumulated depreciation	<u>8,144,736</u>	<u>\$ 1,167,117</u>	<u>\$ -</u>	<u>9,311,853</u>
Total capital assets being depreciated, net	<u>8,968,348</u>			<u>8,009,318</u>
Government activities capital assets, net	<u>\$ 139,651,572</u>			<u>\$ 96,128,688</u>

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

Administration	\$ 18,055
Capital Development	84,266
Board	7,703
Finance	<u>1,057,093</u>
Total Depreciation expense	<u>\$ 1,167,117</u>

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS (Continued)

A summary of Business-type capital assets as June 30, 2016 follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
<i>Ridesharing Fund</i>				
Capital assets being depreciated:				
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>175,275</u>
Less accumulated depreciation for:				
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>175,275</u>
Ridesharing fund capital assets, net	<u>\$ -</u>			<u>\$ -</u>
<i>Regional Bus Service Fund</i>				
Capital assets not being depreciated:				
Land	\$ 748,068	\$ -	\$ -	\$ 748,068
Capital assets being depreciated:				
Furniture, fixtures, and equipment	2,157,061	172,389	-	2,329,450
Vehicles	24,302,236	459,210	(226,957)	24,534,489
Leasehold improvements	173,136	127,158	-	300,294
Buildings	9,620,468	-	-	9,620,468
Total capital assets being depreciated	<u>36,252,901</u>	<u>758,757</u>	<u>(226,957)</u>	<u>36,784,701</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	1,510,232	134,276	-	1,644,508
Vehicles	14,397,938	2,350,844	(226,957)	16,521,825
Leasehold improvements	168,496	2,761	-	171,257
Buildings	2,940,821	384,122	-	3,324,943
Total accumulated depreciation	<u>19,017,487</u>	<u>2,872,003</u>	<u>(226,957)</u>	<u>21,662,533</u>
Total capital assets being depreciated, net	<u>17,235,414</u>	<u>(2,113,246)</u>	<u>-</u>	<u>15,122,168</u>
Reg. Bus Service fund capital assets, net	<u>17,983,482</u>	<u>(2,113,246)</u>	<u>-</u>	<u>15,870,236</u>
Business-type activities capital assets, net	<u>\$ 17,983,482</u>			<u>\$ 15,870,236</u>

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS (Continued)

Sale of Property

In June of 2016, the Authority sold a combined .26 acres of two parcels in Durham, to the NC Department of Transportation for highway right-of-way purposes. The Authority received \$553,000 in the transaction. The Authority's cost in the land was \$117,131. The Authority still retains ownership of the remaining, combined 15.04 acres.

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 2016 fiscal year, the Authority determined that certain alignment design costs of the previously proposed rail project were impaired. As a result, an impairment charge of \$49,796,737 on construction in progress was recognized. As of June 30, 2016, 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.
- 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Retirees receiving benefits	0
Active plan members	<u>227</u>
Total	<u><u>227</u></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 1.74% 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:

Annual required contribution	\$ 173,601
Interest on net OPEB obligation	29,498
Adjustment to the annual required contribution	<u>(28,180)</u>
Annual OPEB cost (expense)	174,919
Contributions made	<u>-</u>
Increase in net OPEB obligation	174,919
Net OPEB obligation, beginning of year	<u>737,462</u>
Net OPEB obligation, end of year	<u><u>\$ 912,381</u></u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

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:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net OPEB Obligation
2016	\$ 174,919	\$ -	0.0%	\$ 912,381
2015	111,630	-	0.0%	737,462
2014	111,630	-	0.0%	625,832

Funded Status and Funding Progress. As of December 31, 2015, 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 \$1,440,358. The covered payroll (annual payroll of active employees covered by the plan) was \$11,328,512, and the ratio of the UAAL to the covered payroll was 12.7%. 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.

In the December 31, 2015, 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

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, 2015, was 30 years.

Retirement Plan

The Authority sponsors a defined contribution retirement plan covering all of its full-time employees as of June 30, 2016. 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 2016 was \$12,292,457, of which \$12,073,326 relates to employees covered under the plan. The Authority's contributions to the plan for the year ended June 30, 2016, including forfeitures, totaled \$979,713 (8% of covered payroll). Total forfeitures for the year were \$13,847. 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. Payments under this plan were \$4,596 for the fiscal year. The deferred compensation payout is not available to employees until termination, retirement, death, or unforeseeable emergency.

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

7. CHANGES IN LONG – TERM LIABILITIES

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Long Term Portion	Current Portion of Balance
Governmental activities:						
Compensated Absences	\$ 621,311	\$ 492,771	\$ 461,251	\$ 652,831	\$ 449,414	\$ 203,417
Accrued OPEB	264,311	21,902	-	286,213	286,213	-
Total Government activity long-term liabilities	<u>\$ 885,622</u>	<u>\$ 514,673</u>	<u>\$ 461,251</u>	<u>\$ 939,044</u>	<u>\$ 735,627</u>	<u>\$ 203,417</u>
Business-type activities						
Compensated Absences	\$ 669,787	\$ 689,367	\$ 678,354	\$ 680,800	\$ 279,700	\$ 401,100
Accrued OPEB	473,151	153,017	-	626,168	626,168	-
Total Business-type activity long-term liabilities	<u>\$ 1,142,938</u>	<u>\$ 842,384</u>	<u>\$ 678,354</u>	<u>\$ 1,306,968</u>	<u>\$ 905,868</u>	<u>\$ 401,100</u>

The General Fund and the Regional Bus Service Fund liquidate the compensated absences in the governmental activities and the business-type activities, respectively.

8. INTERFUND BALANCES AND ACTIVITY

The following summarizes amounts due from and to other funds as of June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Proprietary Fund</u>	<u>Amount</u>
General Fund	Enterprise - Rideshare	\$ 573,532
General Fund	Enterprise - Regional Bus	<u>15,199,581</u>
Total Due from Proprietary Funds		<u>15,773,113</u>
	<u>Payable Governmental Fund</u>	
Regional Bus Capital* General Fund	General Fund Technology Capital*	363,954 9,226
Western Regional Tax District - Durham Co. Major Capital Projects fund	General Fund General Fund	4,069,090 24,474,151
Total Due from Governmental Funds		<u>28,916,421</u>
Totals		<u><u>\$ 44,689,534</u></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.

* Indicates a non-major fund.

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.

	General Fund	Transfers from		Total
		Major Capital Projects Fund	Regional Bus Capital Projects Fund	
Transfers to:				
General Fund	\$ -	\$ 3,116,725	\$ -	\$ 3,116,725
Regional Bus Fund	9,129,672	-	769,389	9,899,061
Regional Bus Capital Project Fund	498,839	-	-	498,839
Ridesharing Fund	746,169	-	-	746,169
Technology Capital Project Fund	11,001	-	-	11,001
	<u>\$ 10,385,681</u>	<u>\$ 3,116,725</u>	<u>\$ 769,389</u>	<u>\$ 14,271,795</u>
Total				

The purpose of the transferred monies is as follows:

The Authority's General Fund transferred monies during fiscal year 2016 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 2016 to the General Fund. The purpose of this transfer was to support General Fund operations.

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 | \$ 17,895,116 |
| Contents | \$ 4,819,145 |
| Equipment Breakdown | \$ 22,714,262 |
| 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 |
| • Electronic Information | \$ 4,344,500 |

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, 2016, was \$36,709. The lease for parking ended on June 30, 2013, but was extended for five more years. The Authority also leases various copiers, office equipment and shop equipment. The total minimum future commitments under the parking lease and the various equipment leases are as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2017	\$ 53,166
2018	44,459
2019	5,409
2020	<u>624</u>
Total	<u>\$ 103,658</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>
2017	\$ 960,285
2018	989,094
2019	<u>509,383</u>
Total	<u>\$2,458,762</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

10. **COMMITMENTS AND CONTINGENCIES** (Continued)

At the end of Fiscal Year 2016, the Authority had commitments to two repair and renovation contracts. The Authority was committed to approximately \$219,000 for the completion of the new ticket building and to \$155,000 for roof repair on the Dillon Building in downtown Raleigh. The Dillon Building is owned by the Authority and held for future transit needs

Pending or Threatened Lawsuits

During the period July 1, 2015 through June 30, 2016, three lawsuits were filed against the Authority. Two of the lawsuits involve ongoing workers compensation claims. The third lawsuit was previously dismissed on summary judgment by the U.S. District Court. The case has been appealed to the Fourth Circuit court. The Authority has not received any notification from the Fourth Circuit court. 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.

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.

11. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The General Fund transfers to other funds exceeded the budgeted amount by \$708,109. The transfers at year end were made based on anticipated expenditures. Some of the expected spending did not occur. Any excesses in the receiving funds will reduce the need for transfers in Fiscal Year 2017.

The Technology Capital Project Fund has a fund deficit of \$36,668 for the fiscal year ending June 30, 2016. This deficit will be resolved in fiscal year 2017 with operating transfers to bring the fund balance to a positive number.

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

12. **SUBSEQUENT EVENTS**

On November 8, 2016, the citizens of Wake County voted in favor of a referendum on the levy of an additional 1/2¢ Local Option Sales Tax under Article 43 of N.C. General Statute 105. The referendum passed 53% to 47%, with 492,247 citizens voting. The resulting revenue stream will be used to provide enhanced public transportation options in Wake County.

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)
12/31/2010	\$ -	\$ 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%
12/31/2015	-	1,440,358	1,440,358	0%	11,328,512	12.7%

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>
2011	\$ 99,388	-0-%
2012	108,019	-0-%
2013	108,019	-0-%
2014	111,630	-0-%
2015	111,630	-0-%
2016	173,601	-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	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 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	2022
*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, 2016

	Projected Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to date	
REVENUES:					
Restricted intergovernmental revenues:					
State grant revenues	\$ 1,975,789	\$ 2,873,145	\$ 22,057	\$ 2,895,202	\$ 919,413
Federal grant revenues	13,549,061	20,826,219	468,669	21,294,888	7,745,827
Other revenue	110,000	545	-	545	(109,455)
Total revenues	<u>15,634,850</u>	<u>23,699,909</u>	<u>490,726</u>	<u>24,190,635</u>	<u>8,555,785</u>
EXPENDITURES:					
Capital outlay:					
Buildings	20,525,076	12,060,270	-	12,060,270	8,464,806
Revenues over (under) expenditures	<u>(4,890,226)</u>	<u>11,639,639</u>	<u>490,726</u>	<u>12,130,365</u>	<u>17,020,591</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	4,890,226	-	498,839	498,839	(4,391,387)
Transfers to other funds	-	(11,072,831)	(769,389)	(11,842,220)	(11,842,220)
Change in fund balance	<u>\$ -</u>	<u>\$ 566,808</u>	220,176	<u>\$ 786,984</u>	<u>\$ 786,984</u>
Fund balance, beginning			346,105		
Fund balance, ending			<u>\$ 566,281</u>		

The accompanying notes are an integral part of the financial statements.

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, 2016

	Projected Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to date	
REVENUES:					
Restricted intergovernmental:					
NCDOT rail grants	\$ 218,770,984	\$ 29,831,355	\$ -	\$ 29,831,355	\$ (188,939,629)
FTA rail grants	464,230,428	87,120,702	611	87,121,313	(377,109,115)
Vehicle rental tax	42,392,292	133,220,384	9,022,735	142,243,119	99,850,827
Investment income	3,745,000	8,582,093	464,123	9,046,216	5,301,216
Other revenues	323,000	17,827,283	196,045	18,023,328	17,700,328
Total revenues	<u>729,461,704</u>	<u>276,581,817</u>	<u>9,683,514</u>	<u>286,265,331</u>	<u>(443,196,373)</u>
EXPENDITURES:					
Capital outlay:					
Design	141,032,509	125,367,880	-	125,367,880	15,664,629
Project administration	27,577,195	8,842,228	913,356	9,755,584	17,821,611
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>183,976,473</u>	<u>913,356</u>	<u>184,889,829</u>	<u>689,015,386</u>
Revenues over (under) expenditures	<u>(144,443,511)</u>	<u>92,605,344</u>	<u>8,770,158</u>	<u>101,375,502</u>	<u>245,819,013</u>
OTHER FINANCING SOURCES:					
Sale of land	-	6,351,172	-	6,351,172	6,351,172
Transfers (to) from other funds	144,443,511	(31,480,957)	(3,116,725)	(34,597,682)	(179,041,193)
Change in fund balance	<u>\$ -</u>	<u>\$ 67,475,559</u>	<u>5,653,433</u>	<u>\$ 73,128,992</u>	<u>\$ 73,128,992</u>
Fund balance, beginning			<u>67,475,559</u>		
Fund balance, ending			<u>\$ 73,128,992</u>		

The accompanying notes are an integral part of the financial statements.

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, 2016

	Projected Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
REVENUES:					
Restricted intergovernmental revenues:					
Federal grants	\$ 613,735	\$ 577,017	\$ -	\$ 577,017	\$ (36,718)
State grant revenues	1,988,725	1,802,838	135,004	1,937,842	(50,883)
Local grant revenues	149,505	48,064	-	48,064	(101,441)
Total revenues	<u>2,751,965</u>	<u>2,427,919</u>	<u>135,004</u>	<u>2,562,923</u>	<u>(189,042)</u>
EXPENDITURES:					
Capital outlay:					
Equipment	<u>3,132,720</u>	<u>2,768,553</u>	<u>146,005</u>	<u>2,914,558</u>	<u>218,162</u>
Revenues over (under) expenditures	<u>(380,755)</u>	<u>(340,634)</u>	<u>(11,001)</u>	<u>(351,635)</u>	<u>29,120</u>
OTHER FINANCING SOURCES:					
Transfers (to) from other funds	<u>380,755</u>	<u>303,966</u>	<u>11,001</u>	<u>351,635</u>	<u>(29,120)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (36,668)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(36,668)</u>		
Fund balance, ending			<u>\$ (36,668)</u>		

The accompanying notes are an integral part of the financial statements.

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental revenues:			
NC Department of Transportation	\$ 29,188	\$ 25,997	\$ (3,191)
Federal transit administration	224,180	180,981	(43,199)
Durham county	475,689	453,417	(22,272)
Other governmental revenues	<u>801,112</u>	<u>778,893</u>	<u>(22,219)</u>
Total revenues	<u>1,530,169</u>	<u>1,439,288</u>	<u>(90,881)</u>
EXPENDITURES			
Regional call center	966,206	960,363	5,843
Commuter resources	640,351	626,975	13,376
Regional TDM	<u>461,738</u>	<u>462,119</u>	<u>(381)</u>
Total expenditures	<u>2,068,295</u>	<u>2,049,457</u>	<u>18,838</u>
Revenue under expenditures	<u>(538,126)</u>	<u>(610,169)</u>	<u>(72,043)</u>
Other financing sources:			
Transfers from general fund	<u>538,126</u>	<u>746,169</u>	<u>208,043</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 136,000</u>	<u>\$ 136,000</u>

The accompanying notes are an integral part of the financial statements.

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Bus fares			
Rider fares	\$ 1,760,000	\$ 1,304,051	\$ (455,949)
Employer subsidies	315,000	229,834	(85,166)
Other revenues	2,504,037	2,589,345	85,308
Specialized services	345,000	519,792	174,792
Intergovernmental revenues:			
Federal Transit Administration	1,081,868	805,846	(276,022)
NC Department of Transportation	1,890,440	2,028,578	138,138
Local governments	101,130	90,683	(10,447)
Total revenues	<u>7,997,475</u>	<u>7,568,129</u>	<u>(429,346)</u>
EXPENDITURES			
Supervision	1,315,275	1,132,376	182,899
Operations	8,161,331	7,607,314	554,017
Vanpool	920,158	840,254	79,904
Specialized services	2,308,789	2,271,676	37,113
Maintenance	3,740,387	3,713,698	26,689
Unemployment claims	80,000	-	80,000
Total expenditures	<u>16,525,940</u>	<u>15,565,318</u>	<u>960,622</u>
Revenue under expenditures	<u>(8,528,465)</u>	<u>(7,997,189)</u>	<u>531,276</u>
Other financing sources:			
Transfers from other fund(s)	8,448,465	9,899,061	1,450,596
Investment interest	-	25,100	25,100
Total other financing sources	<u>8,448,465</u>	<u>9,924,161</u>	<u>1,475,696</u>
Revenues and other financing sources over expenditures	<u>\$ (80,000)</u>	<u>1,926,972</u>	<u>\$ 2,006,972</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(2,872,003)	
Transit Services		(1,144,980)	
Change in net position		<u>\$ (2,090,011)</u>	

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

The accompanying notes are an integral part of the financial statements.

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STATISTICAL SECTION

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
YEAR ENDED JUNE 30, 2016**

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.80-81)

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

Change in Net Position (p.82-83)

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.84-85)

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

Changes in Fund Balances, Governmental Fund (p.86-87)

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

Changes in Governmental Fund Expenditures by Function (p.88-89)

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.90-91)

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.92)

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

Employee Position Authorization by Department (p.93)

This table compares positions authorized by department for comparative purposes.

Operating Indicators by Function/Program (p.94-95)

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.94-95)

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

Insurance in Force- July 1, 2016 - June 30, 2017 (p.97)

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

Demographics and Economic Statistics for Durham County (p.98)

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

Principal Employers for Durham County (p.99)

This schedule ranks top employers in Durham County comparatively for 2016 and 2007. Both Durham County tables provided by the Durham County Finance Department

Principal Taxpayers for Orange County (p.100-101)

This schedule ranks top taxpayers in Orange County comparatively for 2016 and 2007. This table was provided by the Orange County Finance Department.

Demographics and Economic Statistics for Wake County (p.102)

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

Principal Employers for Wake County (p.103)

This schedule ranks top employers in Wake County comparatively for 2016 and 2007. Both Wake County tables provided by the Wake County Finance Department.

Principal Auto Rental Agencies (p.104)

This schedule ranks top auto rental agencies by rental taxes generated for 2016 and 2014. 2014 is the earliest year with available information.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities				
Invested in capital assets	\$ 156,055,939	\$ 166,038,451	\$ 160,334,524	\$ 114,168,704
Restricted	-	-	-	-
Unrestricted	<u>45,678,438</u>	<u>49,680,077</u>	<u>62,691,475</u>	<u>65,744,404</u>
Total governmental activities net position	<u>201,734,377</u>	<u>215,718,528</u>	<u>223,025,999</u>	<u>179,913,108</u>
Business-Type Activities				
Invested in capital assets, net of related debt	6,984,312	5,734,257	18,118,640	19,357,218
Unrestricted	<u>(976,343)</u>	<u>(983,411)</u>	<u>(10,524,894)</u>	<u>(10,469,112)</u>
Total business-type activities net position	<u>6,007,969</u>	<u>4,750,846</u>	<u>7,593,746</u>	<u>8,888,106</u>
Primary Government				
Invested in capital assets	163,040,251	171,772,708	178,453,164	133,525,922
Restricted	-	-	-	-
Unrestricted	<u>44,702,095</u>	<u>48,696,666</u>	<u>52,166,581</u>	<u>55,275,292</u>
Total primary government net position	<u>\$ 207,742,346</u>	<u>\$ 220,469,374</u>	<u>\$ 230,619,745</u>	<u>\$ 188,801,214</u>

Notes:

This table was prepared using the accrual basis of accounting

Table 1

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 121,465,478	\$ 129,369,729	\$ 128,918,272	\$ 138,677,090	\$ 139,651,572	\$ 96,128,688
58,971,931	65,986,106	79,168,752	108,138,826	138,340,712	158,458,155
<u>6,056,397</u>	<u>(687,606)</u>	<u>(4,031,859)</u>	<u>(10,866,442)</u>	<u>(18,175,568)</u>	<u>(12,848,313)</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>	<u>241,738,530</u>
17,589,361	21,179,942	19,584,746	17,637,793	17,983,482	15,870,236
<u>(10,788,961)</u>	<u>(10,748,802)</u>	<u>(12,387,471)</u>	<u>(12,757,822)</u>	<u>(13,739,176)</u>	<u>(13,579,941)</u>
<u>6,800,400</u>	<u>10,431,140</u>	<u>7,197,275</u>	<u>4,879,971</u>	<u>4,244,306</u>	<u>2,290,295</u>
139,054,839	150,549,671	148,503,018	156,314,883	157,635,054	111,998,924
26,470,150	65,986,106	79,168,752	108,138,826	138,340,712	158,458,155
<u>27,769,217</u>	<u>(11,436,408)</u>	<u>(16,419,330)</u>	<u>(23,624,264)</u>	<u>(31,914,744)</u>	<u>(26,428,254)</u>
<u>\$ 193,294,206</u>	<u>\$ 205,099,369</u>	<u>\$ 211,252,440</u>	<u>\$ 240,829,445</u>	<u>\$ 264,061,022</u>	<u>\$ 244,028,825</u>

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

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
Board	\$ 174,061	\$ 113,444	\$ 117,698	\$ 92,158	\$ 90,319
Human resources	315,943	329,622	396,942	513,955	391,536
Administration	275,015	315,318	829,800	235,326	243,282
Capital development	1,129,843	348,251	236,893	129,934	176,607
Equal employ. opport./disadv. busin. enter.	108,831	102,033	110,653	108,596	116,928
Finance	2,183,407	2,234,529	2,012,750	1,530,934	1,728,565
General counsel	320,446	199,493	223,030	332,001	301,688
DATA/GoDurham	-	-	-	-	135,446
Communications and public affairs	836,220	465,720	595,361	393,570	358,988
FORTIFY	-	-	-	-	-
Loss on disposed or impaired assets	-	-	-	49,540,516	-
Total governmental activities expense	<u>5,343,766</u>	<u>4,108,410</u>	<u>4,523,127</u>	<u>52,876,990</u>	<u>3,543,359</u>
Business-type activities:					
Regional bus service	12,088,065	12,269,806	12,488,392	13,101,407	15,279,164
Ridesharing	1,375,640	1,593,350	2,176,232	2,311,215	2,263,733
Total business-type activities expense	<u>13,463,705</u>	<u>13,863,156</u>	<u>14,664,624</u>	<u>15,412,622</u>	<u>17,542,897</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>18,807,471</u>	<u>17,971,566</u>	<u>19,187,751</u>	<u>68,289,612</u>	<u>21,086,256</u>
Program Revenues					
Governmental activities:					
Operating grants and contributions					
Capital development	3,524,908	668,400	781,628	729,999	525,022
Capital grants and contributions					
Regional rail capital project	6,722,695	-	-	-	-
Regional bus capital project	1,576,641	6,875,099	5,333,009	3,339,498	442,775
Technology capital project	161,998	152,114	513,871	390,124	391,445
Total governmental activities revenue	<u>11,986,242</u>	<u>7,695,613</u>	<u>6,628,508</u>	<u>4,459,621</u>	<u>1,359,242</u>
Business-type activities:					
Regional bus service					
Charges for services	1,741,834	1,742,860	2,076,728	2,163,990	2,306,033
Grant revenue	2,226,551	3,260,857	2,936,168	3,335,158	3,810,893
Ridesharing					
Charges for services	-	12,500	3,801	1,000	-
Grant revenue	948,771	762,309	1,088,217	1,077,018	1,108,536
Total business-type activities revenues	<u>4,917,156</u>	<u>5,778,526</u>	<u>6,104,914</u>	<u>6,577,166</u>	<u>7,225,462</u>
TOTAL PRIMARY GOVERNMENT REVENUES	<u>16,903,398</u>	<u>13,474,139</u>	<u>12,733,422</u>	<u>11,036,787</u>	<u>8,584,704</u>
Net revenue (Expense)					
Governmental activities	6,642,476	3,587,203	2,105,361	(48,417,369)	(2,184,117)
Business-type activities	(8,546,549)	(8,084,630)	(7,731,528)	(8,835,456)	(10,317,435)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>(1,904,073)</u>	<u>(4,497,427)</u>	<u>(5,626,167)</u>	<u>(57,252,825)</u>	<u>(12,501,552)</u>
General revenues and other changes in net position					
Governmental activities:					
Vehicle registration taxes	5,462,145	5,402,500	5,394,065	5,185,675	5,487,720
Special tax revenue	-	-	-	-	-
Vehicle rental taxes	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658
Miscellaneous revenues	922,775	975,030	1,128,756	1,008,831	1,215,183
Unrestricted investment earnings	1,210,518	1,012,267	1,024,037	661,170	864,930
Transfers	(3,399,239)	(6,208,086)	(10,512,457)	(8,981,080)	(7,189,676)
Total governmental activities	<u>12,958,744</u>	<u>10,396,948</u>	<u>5,202,090</u>	<u>5,304,478</u>	<u>8,764,815</u>
Business-type activity:					
Miscellaneous	128,262	587,430	828,182	1,123,510	1,005,081
Unrestricted investment earnings	26,377	31,991	61,971	25,226	34,972
Transfers	3,399,239	6,208,086	10,512,457	8,981,080	7,189,676
Total business-type activities	<u>3,553,878</u>	<u>6,827,507</u>	<u>11,402,610</u>	<u>10,129,816</u>	<u>8,229,729</u>
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>16,512,622</u>	<u>17,224,455</u>	<u>16,604,700</u>	<u>15,434,294</u>	<u>16,994,544</u>
Change in net position					
Governmental activities	19,601,220	13,984,151	7,307,471	(43,112,891)	6,580,698
Business-type activity	(4,992,671)	(1,257,123)	2,842,900	1,294,360	(2,087,706)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>\$ 14,608,549</u>	<u>\$ 12,727,028</u>	<u>\$ 10,150,371</u>	<u>\$ (41,818,531)</u>	<u>\$ 4,492,992</u>

TABLE 2

	2012	2013	2014	2015	2016
\$	95,254	\$ 95,339	\$ 84,522	\$ 84,306	\$ 95,629
	423,936	418,166	428,364	487,517	603,459
	238,928	224,474	230,773	445,968	395,813
	367,052	80,869	206,471	4,378,573	8,845,490
	120,676	114,567	116,539	130,349	141,040
	2,187,530	3,320,881	4,633,963	2,742,430	3,593,377
	360,723	291,030	428,521	1,307,863	206,367
	345,619	484,200	669,303	695,624	934,349
	586,431	882,207	1,058,663	2,128,808	792,256
	-	-	662,597	2,010,101	2,578,066
	-	-	-	9,513,160	49,796,737
	<u>4,726,149</u>	<u>5,911,733</u>	<u>8,519,716</u>	<u>23,924,699</u>	<u>67,982,583</u>
	16,563,748	17,196,139	18,084,542	19,629,795	19,582,301
	2,300,277	1,836,275	1,935,617	1,991,903	2,049,457
	<u>18,864,025</u>	<u>19,032,414</u>	<u>20,020,159</u>	<u>21,621,698</u>	<u>21,631,758</u>
	<u>23,590,174</u>	<u>24,944,147</u>	<u>28,539,875</u>	<u>45,546,397</u>	<u>89,614,341</u>
	1,248,868	554,148	980,983	3,446,914	2,529,679
	548,939	927,651	1,071,944	751,906	1,023,625
	5,924,422	930,908	81,585	788,806	490,726
	575,381	86,452	66,474	203,994	135,004
	<u>8,297,610</u>	<u>2,499,159</u>	<u>2,200,986</u>	<u>5,191,620</u>	<u>4,179,034</u>
	2,552,723	2,682,390	2,714,489	2,790,366	2,479,761
	4,776,360	3,670,323	3,638,927	3,290,514	2,925,107
	-	-	1,000	-	-
	1,201,353	641,835	569,369	670,787	660,395
	<u>8,530,436</u>	<u>6,994,548</u>	<u>6,923,785</u>	<u>6,751,667</u>	<u>6,065,263</u>
	<u>16,828,046</u>	<u>9,493,707</u>	<u>9,124,771</u>	<u>11,943,287</u>	<u>10,244,297</u>
	3,571,461	(3,412,574)	(6,318,730)	(18,733,079)	(63,803,549)
	(10,333,589)	(12,037,866)	(13,096,374)	(14,870,031)	(15,566,495)
	<u>(6,762,128)</u>	<u>(15,450,440)</u>	<u>(19,415,104)</u>	<u>(33,603,110)</u>	<u>(79,370,044)</u>
	5,526,485	5,607,530	5,737,329	10,662,625	9,413,400
	-	4,700,299	28,516,774	30,561,753	31,536,121
	8,682,107	9,016,305	9,586,666	9,924,456	10,665,172
	1,485,056	2,959,061	3,232,682	2,625,210	3,327,995
	1,602,445	300,381	333,698	422,560	1,427,905
	(12,693,131)	(9,102,995)	(9,194,110)	(11,596,283)	(10,645,230)
	<u>4,602,962</u>	<u>13,480,581</u>	<u>38,213,039</u>	<u>42,600,321</u>	<u>45,725,363</u>
	1,203,920	1,389,271	1,572,129	2,577,715	2,942,154
	67,278	11,686	12,831	63,014	25,100
	12,693,131	9,102,995	9,194,110	11,596,283	10,645,230
	<u>13,964,329</u>	<u>10,503,952</u>	<u>10,779,070</u>	<u>14,237,012</u>	<u>13,612,484</u>
	<u>18,567,291</u>	<u>23,984,533</u>	<u>48,992,109</u>	<u>56,837,333</u>	<u>59,337,847</u>
	8,174,423	10,068,007	31,894,309	23,867,242	(18,078,186)
	3,630,740	(1,533,914)	(2,317,304)	(633,019)	(1,954,011)
\$	<u>11,805,163</u>	<u>8,534,093</u>	<u>29,577,005</u>	<u>23,234,223</u>	<u>(20,032,197)</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Nonspendable	\$ -	\$ 180,781	\$ 917,874	\$ 861,341
Restricted	3,338,248	7,087,165	16,890,520	15,825,773
Unassigned	(1,674,076)	(9,163,473)	4,244,776	5,812,264
Total General Fund	<u>\$ 1,664,172</u>	<u>\$ (1,895,527)</u>	<u>\$ 22,053,170</u>	<u>\$ 22,499,378</u>
All other governmental funds				
Restricted - reserve by state statute	\$ 28,781,681	\$ 24,272,826	\$ 7,961,270	\$ 10,664,518
Restricted - enabling legislation	-	-	-	-
Unassigned	-	-	-	-
Capital projects fund	15,534,236	27,649,294	33,166,102	33,083,075
Total all other governmental funds	<u>\$ 44,315,917</u>	<u>\$ 51,922,120</u>	<u>\$ 41,127,372</u>	<u>\$ 43,747,593</u>

Table 3

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,608,794	\$ 1,541,560	\$ 1,578,729	\$ 1,672,481	\$ 1,549,072	\$ 1,800,234
16,388,898	19,954,423	18,626,014	21,650,712	25,972,080	18,681,070
5,272,677	(1,092,077)	(4,880,300)	(11,658,559)	(18,482,290)	(13,663,617)
<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>	<u>\$ 6,817,687</u>
9,739,495	13,904,766	19,329,379	26,634,089	\$ 41,094,919	\$ -
32,501,781	31,630,153	41,098,509	59,854,025	71,273,713	139,777,085
-	-	-	(32,624)	(356,728)	(45,885)
-	-	-	-	-	-
<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>	<u>\$ 139,731,200</u>

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

REVENUES	2007	2008	2009	2010
Restricted intergovernmental revenues:				
NC Department of Transportation	\$ 3,740,524	\$ 1,099,260	\$ 1,798,021	\$ 577,331
Federal Transit Administration	8,245,718	6,596,353	4,830,487	3,865,552
Other revenue	302,435	380,542	432,442	217,414
Vehicle registration tax	5,462,145	5,402,500	5,394,065	5,185,675
Special tax revenue	-	-	-	-
Indirect cost credits	620,340	594,488	696,314	808,155
Rental vehicle tax	8,762,545	9,215,237	8,167,689	7,429,882
Investment income	1,210,518	1,012,267	1,024,037	661,170
Total revenues	<u>28,344,225</u>	<u>24,300,647</u>	<u>22,343,055</u>	<u>18,745,179</u>
EXPENDITURES				
Current:				
Governing board	167,098	113,444	117,698	92,158
Human resources	315,943	329,622	396,942	418,567
Administration	260,012	315,318	829,800	241,372
Capital development	1,048,563	348,251	236,893	179,610
Equal employ. opport./disadv. busi. Enter	108,831	102,033	110,653	113,586
Finance	841,878	908,110	970,425	1,056,848
General counsel	320,446	199,493	223,030	336,943
Communications and public affairs	836,220	465,720	595,361	399,118
DATA/GoDurham	-	-	-	-
FORTIFY	-	-	-	-
Transit services	-	-	-	-
Capital outlay	5,277,035	11,264,066	5,011,941	3,859,468
Debt payments and interest *	15,999,230	-	-	-
Total expenditures	<u>25,175,256</u>	<u>14,046,057</u>	<u>8,492,743</u>	<u>6,697,670</u>
Excess of revenues over expenditure:	<u>3,168,969</u>	<u>10,254,590</u>	<u>13,850,312</u>	<u>12,047,509</u>
OTHER FINANCING SOURCES (USES)				
Sale of land	-	-	-	-
Transfers from other funds	4,530,827	4,573,246	31,173,272	5,383,991
Transfers to other funds	(7,930,066)	(10,781,332)	(31,869,635)	(14,365,071)
Total other financing sources (uses)	<u>(3,399,239)</u>	<u>(6,208,086)</u>	<u>(696,363)</u>	<u>(8,981,080)</u>
Net change in fund balance	(230,270)	4,046,504	13,153,949	3,066,429
Fund balances-beginning	46,210,359	45,980,089	50,026,593	63,180,542
Fund balances-ending	<u>\$ 45,980,089</u>	<u>\$ 50,026,593</u>	<u>\$ 63,180,542</u>	<u>\$ 66,246,971</u>

Notes: _____

* Ratio of debt payments to noncapital expenditures: 4:1 in Fiscal Year 2007; all other years are 0.0.
Repayment of debt proceeds held by the Authority. The underlying project was cancelled.

Table 4

2011	2012	2013	2014	2015	2016
\$ 201,738	\$ 1,081,999	\$ 273,562	\$ 297,032	\$ 748,813	\$ 605,838
1,157,504	7,215,611	1,962,812	1,585,087	4,304,010	3,292,902
386,569	488,633	2,290,074	2,495,399	1,770,486	2,904,313
5,487,720	5,526,485	5,607,530	5,737,329	10,662,625	9,413,400
-	-	4,700,299	28,516,774	30,561,753	31,536,121
828,614	996,423	931,772	1,056,150	993,524	1,072,250
8,386,658	8,682,107	9,016,305	9,586,666	9,924,456	10,665,172
864,930	1,602,445	300,381	333,698	422,560	1,427,905
<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>	<u>60,917,901</u>
90,319	95,254	95,339	84,522	79,376	76,289
391,536	417,090	414,168	420,839	481,672	532,354
243,282	227,160	212,179	207,070	431,683	455,097
176,607	325,567	148,599	119,210	882,981	2,138,408
116,928	116,490	113,083	103,090	125,894	124,459
1,244,476	1,633,541	1,836,632	2,782,260	2,064,382	2,137,074
301,688	344,592	285,655	454,961	1,314,534	482,388
358,988	561,363	485,016	657,384	2,219,011	2,513,220
135,446	311,070	876,172	958,996	691,853	820,649
-	-	-	662,597	2,010,101	2,226,520
-	-	-	1,236,447	3,325,255	5,710,000
7,800,113	8,441,265	4,292,866	10,358,856	17,112,045	7,558,101
-	-	-	-	-	-
<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>	<u>24,774,559</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>	<u>36,143,342</u>
-	-	3,274,548	-	3,076,624	-
10,800,590	7,025,418	503,942	3,484,105	1,370,688	3,626,565
(17,990,266)	(19,718,549)	(9,606,939)	(12,678,215)	(10,166,110)	(14,271,795)
<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>	<u>(10,645,230)</u>
(735,326)	427,180	10,494,577	22,367,793	22,930,642	25,498,112
66,246,971	65,511,645	65,257,754	75,752,331	98,120,124	121,050,766
<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>	<u>\$ 146,548,878</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governing board	\$ 167,098	\$ 113,444	\$ 117,698	\$ 92,158
Human resources	315,943	329,622	396,942	418,567
Administration	260,012	315,318	829,800	241,372
Capital development	1,048,563	348,251	236,893	179,610
Equal employ. opport./disadv. bus. enter.	108,831	102,033	110,653	113,586
Finance	841,878	908,110	970,425	1,056,848
General counsel	320,446	199,493	223,030	336,943
Communications and public affairs	836,220	465,720	595,361	399,118
DATA/GoDurham	-	-	-	-
FORTIFY	-	-	-	-
Transit services	-	-	-	-
Capital outlay and debt payments	<u>21,276,265</u>	<u>11,264,066</u>	<u>5,011,941</u>	<u>3,859,468</u>
Totals	<u>\$ 25,175,256</u>	<u>\$ 14,046,057</u>	<u>\$ 8,492,743</u>	<u>\$ 6,697,670</u>

Table 5

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 90,319	\$ 95,254	\$ 95,339	\$ 84,522	79,376	76,289
391,536	417,090	414,168	420,839	481,672	532,354
243,282	227,160	212,179	207,070	431,683	453,265
176,607	325,567	148,599	119,210	882,981	2,141,315
116,928	116,490	113,083	103,090	125,894	124,459
1,244,476	1,633,541	1,836,632	2,782,260	2,064,382	2,137,074
301,688	344,592	285,655	454,961	1,314,534	479,762
358,988	561,363	485,016	657,384	2,219,011	2,514,771
135,446	311,070	876,172	958,996	691,853	820,649
-	-	-	662,597	2,010,101	2,226,520
-	-	-	1,236,447	3,325,255	5,710,000
<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>	<u>7,558,101</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>	<u>\$ 24,774,559</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Vehicle registration taxes	\$ 5,462,145	\$ 5,402,500	\$ 5,394,065	\$ 5,185,675
Rental vehicle taxes	8,762,545	9,215,237	8,167,689	7,429,882
Special revenue taxes	-	-	-	-
Intergovernmental revenues:				
Federal Transit Administration	8,245,718	6,596,353	4,830,487	3,865,552
NC Department of Transportation	3,740,524	1,099,260	1,798,021	577,331
Indirect cost credits	620,340	594,488	696,314	808,155
Investment income	1,210,518	1,012,267	1,024,037	661,170
Other	302,435	380,542	432,442	217,414
Totals	<u>\$ 28,344,225</u>	<u>\$ 24,300,647</u>	<u>\$ 22,343,055</u>	<u>\$ 18,745,179</u>

Table 6

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 5,487,720	\$ 5,526,485	\$ 5,607,530	\$ 5,737,329	\$ 10,662,625	\$ 9,413,400
8,386,658	8,682,107	9,016,305	9,586,666	9,924,456	10,665,172
-	-	4,700,299	28,516,774	30,561,753	31,536,121
1,157,504	7,215,611	1,962,812	1,585,087	4,304,010	3,292,902
201,738	1,081,999	273,562	297,032	748,813	605,838
828,614	996,423	931,772	1,056,150	993,524	1,072,250
864,930	1,602,445	300,381	333,698	422,560	1,427,905
386,569	488,633	2,290,074	2,495,399	1,770,486	2,904,313
<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>	<u>\$ 60,917,901</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		
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-

Note:
The table is included for full and complete disclosure.
See Management's Discussion and Analysis and the Letter of Transmittal for progress information on projects which are expected to require debt issuance.

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

Table 8

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governing board	-	-	-	-	-	-	-	-	-	1
General counsel	1	1	2	2	2	2	2	3	4	3
Communications and public affairs	4	4	4	4	4	8	9	10	11	11
Finance	7	8	8	9	10	10	16	13	14	13
Human resources	3	3	3	3	4	4	3	4	4	4
Administration	2	2	2	2	2	2	2	2	2	2
EEO/DBE	1	1	1	1	1	1	1	1	1	1
Capital development	9	7	8	8	8	8	9	13	13	20
Regional bus	109	115	130	114	125	126	152	167	177	174
Ridesharing	19	16	23	18	22	22	25	23	34	33
Totals	155	157	181	161	178	183	219	236	260	262

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

	2007	2008	2009	2010
Services consumed:				
Fare paid boardings	865,911	941,792	1,124,665	1,091,626
Transfers	-	-	-	-
Total passengers	<u>865,911</u>	<u>941,792</u>	<u>1,124,665</u>	<u>1,091,626</u>
Services supplied:				
Regular route revenue miles	1,964,512	1,997,401	2,212,783	2,289,150
Deadhead, training and maintenance miles	516,173	610,923	569,922	382,393
Total miles driven	<u>2,480,685</u>	<u>2,608,324</u>	<u>2,782,705</u>	<u>2,671,543</u>
Regular route revenue hours	92,874	92,212	100,532	102,882
Deadhead, training and maintenance hours	22,939	29,005	na	na
Total bus hours	<u>115,813</u>	<u>121,217</u>	<u>100,532</u>	<u>102,882</u>
Vanpools in operation at year end:	62	70	78	72

CAPITAL ASSETS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2007	2008	2009	2010
<u>FUNCTION/PROGRAM</u>				
Business-type activities:				
39 - Passenger buses	-	-	-	-
37 - Passenger buses	44	67	19	12
36 - Passenger buses	-	-	12	20
30 - Passenger buses	-	-	23	23
26 - Passenger buses	19	19	-	-
16 - Passenger buses	-	-	5	5
15 - Passenger vans	79	86	49	43
12 - Passenger handicap accessible van	7	7	23	34
7 - Passenger vans	-	-	7	10
7 - Passenger handicap accessible van	-	-	-	-
8 - Passenger vans	-	-	-	-
10 - Passenger handicap accessible van	-	-	6	9
8 - Passenger accessible vans	-	-	-	-
16 - Passenger handicap accessible vans	-	-	-	-
Service truck	1	2	2	3
Supervisor vehicles	2	2	2	2
Total Vehicles	152	183	148	161

Source: Information provided by Authority Bus Operations.

Table 9

2011	2012	2013	2014	2015	2016
1,287,157	1,578,598	1,769,200	1,822,853	1,843,735	1,784,408
-	-	-	-	-	-
<u>1,287,157</u>	<u>1,578,598</u>	<u>1,769,200</u>	<u>1,822,853</u>	<u>1,843,735</u>	<u>1,784,408</u>
2,286,433	2,205,018	2,242,560	2,383,071	2,630,942	2,819,804
395,714	520,888	680,659	719,696	805,479	868,384
<u>2,682,147</u>	<u>2,725,906</u>	<u>2,923,219</u>	<u>3,102,767</u>	<u>3,436,421</u>	<u>3,688,188</u>
109,103	107,738	109,576	115,369	128,510	137,348
20,151	21,793	21,860	22,912	25,791	27,811
<u>129,254</u>	<u>129,531</u>	<u>131,436</u>	<u>138,281</u>	<u>154,301</u>	<u>165,159</u>
68	66	66	66	60	54

Table 10

2011	2012	2013	2014	2015	2016
-	-	-	-	-	-
12	-	-	-	-	6
20	36	36	36	42	36
23	23	23	23	30	20
-	-	-	-	-	-
5	5	5	5	5	5
53	28	12	3	2	2
10	40	47	47	58	55
4	16	14	14	16	14
-	-	-	-	-	3
-	-	-	-	-	2
-	7	14	16	15	7
-	6	2	2	-	1
-	-	-	-	-	6
3	4	4	4	4	4
2	2	3	2	2	4
132	167	160	152	174	165

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**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
INSURANCE IN FORCE
JULY 1, 2016 - JUNE 30, 2017**

Table 11

	Limits
<u>Real and Personal Property</u>	
Real Property limits	\$ 17,895,116
Personal Property	4,819,146
Inland Marine	4,256,538
 <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 & 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

DURHAM COUNTY, NORTH CAROLINA

Demographic and Economic Statistics Last Ten Years

Table 12- Durham

Year	Population Estimates ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income ³	School Enrollment ⁴	Unemployment Rate ⁵
2007	254,902	9,526,901	36,388	31,981	3.8%
2008	261,206	10,204,867	38,923	32,749	5.5%
2009	265,670	10,435,368	39,383	32,854	8.0%
2010	267,849	10,190,008	38,795	32,551	7.8%
2011	271,238	10,567,605	38,654	32,566	8.4%
2012	275,960	11,454,941	40,963	32,671	8.2%
2013	277,588	11,921,155	41,376	32,484	7.6%
2014	284,437	12,611,613	42,930	33,296	5.3%
2015	290,874	*	*	33,626	5.4%
2016	293,647	*	*	33,144	4.7%

* Information not yet available

- (1) The 2009-2014 estimates are from the Durham City/County Planning Department. 2005-2008 estimates are provided by the North Carolina Department of Administration, Division of Management and Budget, Research and Planning Service.
- (2) All personal income data is estimates for the calendar year ended in each fiscal year are provided by Bureau of Analysis.
- (3) All per capita income data is for the calendar year ended in each fiscal year. 2007-2015 is actual per capita income provided by Bureau of Economic Analysis, last update November 19, 2015.
- (4) Durham County Public Schools, 2007-2016 Final Average Daily Membership.
- (5) North Carolina Employment Security Commission.

Information provided by the Durham County Finance Department

DURHAM COUNTY, NORTH CAROLINA

**Principal Employers
Current Year and Nine Years Ago**

Table 13 - Durham

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	27,624	1	14.35%	30,551	1	16.68%
Duke University	8,380	2	4.35%			
International Business Machines (IBM)	5,000	3	2.60%	11,530	2	6.29%
Durham Public Schools	4,600	4	2.39%	5,489	3	3.00%
GlaxoSmithKline	2,600	8	1.35%	5,272	4	2.88%
Blue Cross Blue Shield of North Carolina	4,000	5	2.08%	2,745	5	1.50%
Durham City Government	2,457	10	1.28%	2,336	7	1.28%
Cree, Inc.	2,600	7	1.35%			
Fidelity Investments	3,100	6	1.61%			
Quintiles Transnational Corp.	2,500	9	1.30%			
Lenovo Group, Ltd.				2,300	8	1.26%
Veterans Affairs (VA) Medical Center				2,162	9	1.18%
NORTEL Networks				2,600	6	1.42%
Research Triangle Institute(RTI)				2,117	10	1.16%
	<u>62,861</u>		<u>32.66%</u>	<u>67,102</u>		<u>36.64%</u>

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

Information provided by the Durham County Finance Department

ORANGE COUNTY, NORTH CAROLINA

Principal Property Tax Payers Current Year and Ten Years Ago (Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>
Duke Energy	Public utility
Piedmont Electric Membership	Public utility
Nothweterm Mutual Life Insurance Co	Apartment rental
Corium LLC	Office rental
East 54	Office/Retail
ACC GF III Chapel Ridge/Chapel View LLC	Condos
Madison University Mall LLC	Retail
Public Service Co of NC INC	Public utility
Europea Center LLC	Hotel
Granville Towers LLC	Apartments rental
VAC Limited Partnership	Apartments rental
US CT LLC	Propert Owners Trust
Southeast region IV, LLC	
Blue Cross and Blue Shield of N.C.	Health Insurance
University Mall	Rental
Bell South Telephone and Telegraph Co.	Public Utility
Patriots Point, LLC	Real estate
Total	

Source: Orange County Tax Assessor.

Supplied to Authority by the Orange County Finance Office

Table 12-Orange

2016			2007		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 118,667,657	1	0.81%	\$ 85,032,008	1	0.69%
56,085,377	2	0.38%	42,058,880	5	0.34%
38,876,622	3	0.26%			
35,388,300	4	0.24%	32,584,496	9	0.26%
35,239,900	5	0.24%			
35,037,316	6	0.24%			
32,792,795	7	0.22%			
31,580,462	8	0.21%			
28,444,066	9	0.19%			
27,428,717	10	0.19%			
			62,932,010	2	0.51%
			50,171,736	3	0.41%
			43,904,279	4	0.36%
			41,499,386	6	0.34%
			36,437,198	7	0.30%
			34,013,462	8	0.28%
			30,322,127	10	0.25%
\$ 439,541,212		2.98%	\$ 458,955,582		3.74%

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates¹	Personal Income² (thousands of dollars)	Per Capita Personal Income³	School Enrollment⁴	Unemployment Rate⁵
2007	820,522	35,134,837	42,242	128,072	3.9%
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	906,908	37,576,938	41,400	139,599	8.5%
2011	929,330	40,193,567	43,280	143,289	7.8%
2012	952,611	42,693,474	44,839	145,922	7.7%
2013	975,024	44,911,652	46,097	149,508	7.3%
2014	998,691	49,629,485	63,791	152,684	5.1%
2015	1,005,385	*	65,160 #	155,184	5.0%
2016	1,024,198 ^	*	66,579 #	158,175	4.3%

* Information not yet available

(1) U.S. Census Bureau

(2) Bureau of Economic Analysis Regional, Economic Information System- Bureau of Economic Analysis March 2015.

(3) Bureau of Economic Analysis Regional Economic Account -computed using Census Bureau midyear population estimates available as of April 2013.

(4) North Carolina Department of Public Instruction. 2010-2016 Final Average Daily Membership 2015 Wake County Public Schools.

(5) Employment Security Commission of North Carolina. 2006-2015 Annual Average.

^Wake County Planning Department

Wake County Planning Department - Median household income

Information provided by the Wake County Finance Department

**Principal Employers
Current Year and Nine Years Ago**

Employer	2016**			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	5.01%	39,103	1	9.24%
Wake County Public School Systems	18,554	2	3.86%	15,000	2	3.55%
International Business Machines (IBM)	10,000	3	2.08%	10,800	3	2.55%
WakeMed Health & Hospitals	8,422	4	1.64%	7,100	5	1.68%
North Carolina State University	7,876	5	1.75%	7,219	4	1.71%
Cisco Systems	5,500	6	1.15%			
Rex Healthcare	5,300	7	1.10%	4,300	8	1.02%
SAS Institute, Inc.	5,232	8	1.09%	3,500	10	0.83%
GlaxoSmithKline	4,950	9	1.03%	5,000	6	1.18%
NC DHHS	3,800	10	1.03%			
Wake County Government				3,697	9	0.87%
Securitas Security				4,500	7	1.06%
	<u>93,717</u>		<u>19.74%</u>	<u>100,219</u>		<u>23.69%</u>

Source: Greater Raleigh Chamber of Commerce.

** As of the date of publication this information was not available for 2015 or 2016 . Data from 2014 has been used.

Information provided by the Wake County Finance Office

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY**

**For Wake, Durham and Orange Counties
Principal Auto Rental Agencies
For the Current Fiscal Year and Earliest Available Fiscal Year**

Table 14

Vendors	2016			2014		
	Vehicle Rental Tax	Rank	Percentage of Total Sales	Vehicle Rental Tax	Rank	Percentage of Total Sales
Enterprise Rent a Car	\$ 5,690,439	1	53.36%	\$ 4,548,059	1	47.44%
Hertz Corporation	1,917,954	2	17.98%	1,826,887	2	19.06%
Avis Rent a Car System	1,053,182	3	9.87%	1,056,760	3	11.02%
Budget Rent a Car	790,911	4	7.42%	739,793	4	7.72%
DTG Operations, Inc.	505,545	5	4.74%	548,735	5	5.72%
U-Haul	276,088	6	2.59%	216,800	7	2.26%
Advantage Rent A Car	155,529	7	1.46%	11,591	12	0.12%
Payless Car Rental, Inc.	97,790	8	0.92%	-	-	-
University Ford Isuzu	27,041	9	0.25%	23,913	9	0.25%
Fred Anderson Toyota	20,471	10	0.19%	12,045	11	0.13%
Van Products, Inc.	18,783	11	0.18%	-	-	-
E-Z Rent A Car LLC	16,169	12	0.15%	-	-	-
Simply Wheelz. LLC	-	-	-	91,672	8	0.96%
ZipCar, Inc	-	-	-	13,338	10	0.14%
Triangle Rent a Car	-	-	-	272,433	6	2.84%
Other	95,270	N/A	0.90%	224,640	N/A	2.34%
Total	\$ 10,665,172		100.00%	\$ 9,586,666		100.00%

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***

To the Board of Trustees of
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, 2016, 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, 2016.

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. 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 2016-001 to be a material weakness.

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, grant agreements, and 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 Finding

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 "Cherry Bokant" followed by a stylized flourish.

Raleigh, North Carolina
November 30, 2016

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

To the Board of Trustees of
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 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, 2016. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bokant" followed by a stylized flourish.

Raleigh, North Carolina
November 30, 2016

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

To the Board of Trustees of
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, 2016. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

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 for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Raleigh, North Carolina
November 30, 2016

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 *Title 2 U.S. Code of Federal Regulations 200.515(d)(2)* of the Uniform Guidance? yes no

Identification of major federal programs:

CFDA Numbers

20.500-CL

20.516

Dollar threshold used to distinguish between Type A and Type B Programs:

Names of Federal Program or Cluster

Federal Transit Authority Cluster

Job Access and Reverse Commute

\$750,000

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, 2016

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Names of State Program or Cluster

State Maintenance Assistance Program
 Transit Development Program

Section II – Findings Related to the Audit of the Basic Financial Statements of the Authority

II – Financial Statement findings

Finding 2016-001

Material weakness

- Criteria: The Finance Department is responsible for accurately recording journal entries, estimating accruals, and reconciling subledger accounts and supporting schedules to the general ledger.
- Condition: Through our auditing procedures, instances were identified where subledgers and supporting schedules did not agree to the general ledger and accruals were not properly recorded.
- Context: Capital assets and compensated absences supporting schedules did not agree to the general ledger, and the liability for compensated absences was not calculated in accordance with policy.
- Effect: Several subledgers did not agree to the general ledger and accruals were not recorded correctly.
- Cause: Turnover of Senior Accountant during the fiscal year.
- Recommendation: We recommend the Authority (i) review their policies and internal control structure as it relates to financial reporting and (ii) review written guidelines and procedures for monthly, quarterly, and year-end tasks.

View of responsible officials: Management agrees with finding.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016

Section I – Financial Statement Finding

Finding 2016-001

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

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

Proposed completion date: November 30, 2016.

Section II – Federal Award Findings and Questioned Costs

There are no findings that require action.

Section III – 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, 2016

Section I – Schedule of Prior Year Audit Findings

Finding 2015-001

Status: Corrected.

Finding 2015-002

Status: Uncorrected. See finding 2016-001.

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Research Triangle Regional Public Transportation Authority
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended
June 30, 2016

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Grant Number	Current Year Expenditures				
				Total	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures	
Federal Grants:								
<u>Direct Programs:</u>								
<u>U.S. Department of Transportation</u>								
<u>Federal Transit Cluster</u>								
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-2016-027	\$ 2,357,026	\$ 1,885,621	\$ -	\$ 471,405	
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-90-X566	1,800	1,440	-	360	
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507/DOT-19	36231.5.9.3	NC-95-X056	124,237	99,390	10,317	14,530	
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-95-X027	38,985	31,188	-	7,797	
Federal Transit-Capital Investment Grants	20.500		NC-04-0039	32,435	25,948	-	6,487	
Total Federal Transit Cluster				2,554,483	2,043,587	10,317	500,579	
<u>Passed through the City of Raleigh:</u>								
<u>Transit Services Programs Cluster</u>								
Job Access and Reverse Commute	20.516		NC-37-X031-02	294,646	147,322	-	147,324	
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513/DOT-19	51001.21.2.3	NC-16-X013	110,262	88,210	11,026	11,026	
Total Transit Services Programs Cluster				404,908	235,532	11,026	158,350	
Bus and Bus Facilities Formula Program	20.526		NC-34-0005	59,687	47,750	-	11,937	
<u>Passed through the City of Durham:</u>								
Job Access and Reverse Commute	20.516		NC-37-X037-00	172,463	83,886	-	88,577	
Bus and Bus Facilities Formula Program	20.526		NC-34-0006	92,335	73,868	-	18,467	
<u>Passed through the North Carolina Department of Transportation:</u>								
<u>Highway Planning and Construction Cluster</u>								
National Highway Performance Program	20.205/DOT-18	46157.3.FS3	1-5338CA	1,982,475	1,585,980	396,495	-	
National Highway Performance Program	20.205/DOT-18	46157.3.FS4	1-5338CB	304,443	243,554	60,889	-	
Total Highway Planning and Construction Cluster				2,286,918	1,829,534	457,384	-	
Total Federal assistance:				<u>5,570,794</u>	<u>4,314,157</u>	<u>478,727</u>	<u>777,910</u>	
State Grants:								
<u>Direct Programs:</u>								
<u>North Carolina Department of Transportation</u>								
State Maintenance Assistance Program	DOT-9	36234.73.14.2	16-SM-016	19,515,296	-	2,028,578	17,486,718	
Technology Program	DOT-10	36235.7.8.8	15-AT-002	150,005	-	135,004	15,001	
Transit Development Program	DOT-11	36223.53.13.1	16-DG-026	28,887	-	25,997	2,890	
Transit Development Program	DOT-11	36223.15.7.3	16-LF-101	117,400	-	11,740	105,660	
<u>Passed through the Triangle J Council of Governments:</u>								
Transit Development Program	DOT-11		TDMTTA16	1,085,980	-	824,395	261,585	
Total State assistance:				<u>20,897,568</u>	<u>-</u>	<u>3,025,714</u>	<u>17,871,854</u>	
				Total Assistance:	<u>\$ 26,468,362</u>	<u>\$ 4,314,157</u>	<u>\$ 3,504,441</u>	<u>\$ 18,649,764</u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Research Triangle Regional Public Transportation Authority under the programs of the federal government and the State of North Carolina for the fiscal year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Research Triangle Regional Public Transportation Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Research Triangle Regional Public Transportation Authority.

Note 2 -- Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Research Triangle Regional Public Transportation Authority has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.