



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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

Prepared by:

Finance Department

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Pages</u>
<u>TABLE OF CONTENTS</u>	1-4
 <u>INTRODUCTORY SECTION:</u>	
Letter of Transmittal	5-10
Board of Trustees	11
FY 2018 Senior Staff	12
Certificate of Achievement for Excellence in Financial Reporting	13
 <u>FINANCIAL SECTION:</u>	
Report of Independent Auditor	15-17
Management’s Discussion and Analysis	19-29
 Basic Financial Statements:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	31
Statement of Activities	32-33
<u>Fund Financial Statements:</u>	
Balance Sheet-Governmental Funds	34-35
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	37
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	38-39
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	42
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Triangle Tax District – Durham/Orange	43
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Durham/Orange Special Tax District	44
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Triangle Tax District – Wake Operating Fund	45

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Triangle Tax District – Wake Capital Fund	46
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Wake Special Tax District	47
Statement of Net Position - Proprietary Funds	48
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	49
Statement of Cash Flows - Proprietary Funds	50-51
 <u>Notes to the Basic Financial Statements</u>	 52-80
 <u>Required Supplementary Information:</u>	
Other Postemployment Benefits Required Supplementary Information	81
 <u>Individual Fund Statements and Schedules:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Capital Projects Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Technology Capital Project Fund	84
Schedule of Revenues and Expenditures - Proprietary Fund – Ridesharing - Budget and Actual (Non-GAAP)	85
Schedule of Revenues and Expenditures – Proprietary Fund – Regional Bus Fund – Budget and Actual (Non-GAAP)	86
Schedule of Revenues and Expenditures – Proprietary Fund – Regional Bus Capital Project Fund Budget and Actual (Non-GAAP)	87
 <u>STATISTICAL SECTION (Unaudited):</u>	
Statistical Outline	89-90
Net Position by Component - Last Ten Fiscal Years	92-93
Change in Net Position - Last Ten Fiscal Years	94-95
Fund Balances, Governmental Funds - Last Ten Fiscal Years	96-97
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	98-99

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
Governmental Fund Expenditures by Function - Last Ten Fiscal Years	100-101
Governmental Fund Revenues by Source - Last Ten Fiscal Years	102-103
Ratios of Outstanding Debt By Type - Last Ten Fiscal Years	104
Employee Position Authorization by Department - Last Ten Fiscal Years	105
Operating Indicators by Function/Program - Last Ten Fiscal Years	106-107
Capital Assets by Function/Program - Last Ten Fiscal Years	108-109
Insurance in Force - July 1, 2018 – June 30, 2019	111
Durham County Demographics and Economic Statistics	112
Durham County Principal Employers	113
Orange County Demographics and Economic Statistics	114
Orange County Principal Taxpayers	115
Wake County Demographics and Economic Statistics	116
Wake County Principal Employers	117
Principal Auto Rental Agencies – Wake, Durham, and Orange Counties	118
<u>COMPLIANCE SECTION:</u>	
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 <i>Government Auditing Standards</i>	119-120
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	121-122

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
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	123-124
Schedule of Findings and Questioned Costs	125-127
Schedule of Corrective Action Plan	128
Schedule of Prior Year Audit Findings	129
Schedule of Expenditures of Federal and State Awards for the Year Ended June 30, 2018	130
Note to Schedule of Expenditures of Federal and State Awards	130

October 31, 2018

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, 2018. 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 and 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. 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 directs the reader 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 Durham, Orange and Wake 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 Durham, Orange and Wake 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.

The General Assembly enacted legislation allowing for voter referendums in Durham, Orange and Wake Counties on the levy of an additional 1/2¢ Local Option Sales Tax. The proceeds of this tax may only be used for public transportation purposes. The tax provides local funding for regional transit service expansion and transit projects. GoTriangle began receiving the tax proceeds in 2014 for Durham and Orange Counties. GoTriangle received the first Wake County tax revenue in 2017.

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, 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	6
Communications & Public Affairs	20
Finance and Administrative Services	19
Human Resources	5
Capital Development	26
Regional Services	18
Regional Bus	168

2017 - 2018 Economic Development Announcements

The Triangle

The Research Triangle region is comprised of Durham, Orange and Wake counties. The principal cities in the area include Raleigh, Durham, Cary, and Chapel Hill. 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 1.30 million people in 2010 to 1.52 million in July 2018, as estimated by the NC Office of State Budget and Management. Further, the Office of State Budget and Management predicts a population for the three counties of 1.58M by mid-2020, a ten-year growth rate of 21.4%.

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 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). Improved 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 Durham and Orange 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. In November 2016, Wake County voters agreed 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 2018, GoTriangle provided transit services to 1.64 million passengers. Regular route revenue miles decreased by 21,331 miles, to 2,809,815.
- **Strengthening 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.
- **Moving The Economy** – Transit moves people to school and training, allowing them to seek higher paying jobs and become self-sufficient. From the 2016 on-board customer survey, 30% of GoTriangle’s riders are full-time or part-time students, and 13% 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.
- **Encouraging Independence** – Transit enables elderly and disabled people to remain independent by providing access to health care, shopping, nutrition programs, and other basic life needs. Paratransit revenue miles increased by 18.65%, to 599,410.

Major Initiatives

Leading the way for more transportation alternatives, GoTriangle embarked on another history-making year in the fiscal year ending June 30, 2018. Listed below are the major accomplishments of each area separated by fund.

General Fund and Major Capital Projects Fund

- At the end of Fiscal Year 2017, the Durham-Orange Light Rail Transit Project received approval from the Federal Transit Administration (FTA) to move to New Starts Engineering. During Fiscal Year 2018, \$57M was spent on engineering and design of the project. Reserves from prior years funded the expenses required in FY18. Over \$1 billion in federal financial assistance is expected once design is complete and accepted.
- Throughout the year, GoTriangle staff continued to participate and take leadership roles with the Transit Planning Advisory Committee (TPAC) in Wake County. The TPAC is tasked with coordinating the planning and implementation of the Wake Transit Work Plan. GoTriangle has fiduciary responsibilities for funds generated, pursuant to the Transit Governance Interlocal Agreement (ILA). This agreement is between GoTriangle, the Capital Area Metropolitan Planning Organization (CAMPO), and Wake County. A full year of revenue collection generated \$98.8M. Service expansion plans have been funded and implemented. Capital projects are still several years away, however, the financial reserves expected to be accumulated will lessen the need for borrowing. Once debt issuance is required, sound financial management and documented financial reserves will maximize the Authority's debt rating, resulting in lower interest costs.

Regional Bus Fund

- Fixed Route bus ridership for FY 2018 was 1,636,072 boardings, down by 1.6% compared to the previous year.
- Paratransit total ridership for FY 2018 was 56,863, an increase of almost 15,000 riders.
- The Vanpool program ended FY 2018 with 46 vehicles on the road. GoTriangle has begun the process of outsourcing its vanpool operations to Enterprise car rental. Van riders will have newer vehicles, sized to fit the number of participants.

Ridesharing Fund

- GoTriangle had GoPass agreements in place with 18 employers, as of June 30, 2018
- The GoTriangle Regional Transit Information Center (the Call Center) answered 272,188 customer calls in Fiscal Year 2018. This is a decrease of 39,866, approximately 13%. While a drop in ridership may result in fewer calls, other factors can also reduce call volume, such as, improved on-time bus performance and increased use of the Go-Live app. Overall, the Call Center answered 96% of the calls initiated, with an average customer wait time of 16 seconds.

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.

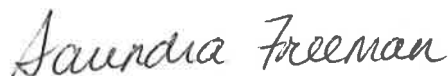
Awards

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, 2017. 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. 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-three (23) 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,



Sandra Freeman
CFO/Director of Finance and Administrative Services

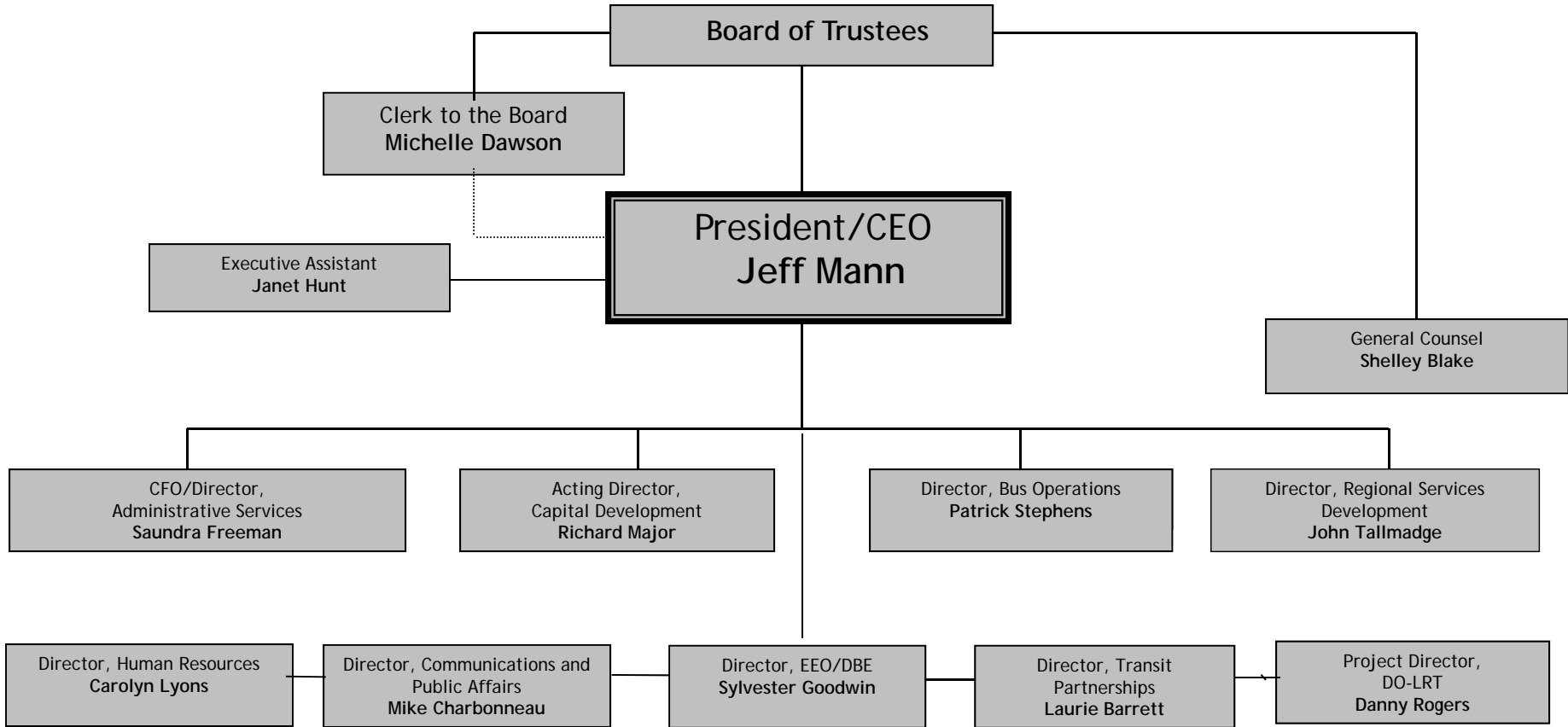
**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY BOARD OF
TRUSTEES
June 30, 2018**

Board Member	Appointing Body
Ellen Reckhow (Chair)	Durham City & County
Will Allen III (Vice Chair)	City of Raleigh
Michael Parker (Secretary)	Town of Chapel Hill
Sig Hutchinson (Treasurer)	Wake County
Wendy Jacobs	Durham County
Vivian Jones	Wake County
Valerie Jordan	NC Board of Transport.
Mark Marcoplos	Orange County
Andrew M. Perkins, Jr.	NC Board of Transport.
Jennifer Robinson	Town of Cary
Steve Schewel	City of Durham
Russ Stephenson	City of Raleigh
Nina Szlosberg-Landis	NC Board of Transport.

SPECIAL TAX BOARD OF TRUSTEES

Ellen Reckhow (Chair)	Durham County
James West (Vice-Chair)	Wake County
Mia Burroughs (Secretary)	Orange County
Renee Price	Orange County
James Hill	Durham County
Sig Hutchinson	Wake 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, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the blended component units, 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, 2018, 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 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 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, the blended component units, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, Triangle Tax District – Durham/Orange fund, Durham/Orange Special Tax District Fund, Triangle Tax District – Wake Operating fund, Triangle Tax District – Wake Capital fund, and the Wake Special Tax District fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, the Authority had restatements related to fund balance at June 30, 2017. The Authority adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during the fiscal year ended June 30, 2018. Additionally, the Regional Bus Service Capital Project fund was reclassified to a business-type fund from a governmental fund and the Authority identified an overstatement of transit service expenses for the prior year. As a result of these matters, net position and fund balance as of June 30, 2017 has been restated. Our opinion is not modified with respect to these matters.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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, 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 October 31, 2018, 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.

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

Raleigh, North Carolina
October 31, 2018

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**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, 2018. The Authority also uses the name "GoTriangle." This is part of a branding effort with transit partners such as the City of Durham (GoDurham) and the City of Raleigh (GoRaleigh), to clearly identify the organization and the area of transit services. 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 \$421,268,054 (*net position*).
- The Authority's total net position increased by \$121,680,451 from operations but decreased \$423,525 from the net effect of restatements of previously reported net position, for a total of \$121,256,926. The Triangle Tax District – Wake Operating Fund, the new Triangle Tax District - Wake Capital Fund, and the Wake Special Tax District contributed \$91,611,496 to the Authority's net position. Spending on Wake County transit initiatives has increased but is still below the level expected when plans are fully active.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$264,835,301 an increase of \$65,927,010 from operations. Additionally, a prior period adjustment of \$1,370,459 increased fund balance.
- Fund balances at year-end, for funds fully under the control of the Authority totaled \$81,032,879; General Fund, \$308,546 and the Major Capital Project Fund, \$80,724,333. These funds should be reviewed together for an accurate view of the Authority's financial position. For Fiscal Year 2018, fund balance decreased by \$591,561.
- At the end of the current fiscal year, the fund balance of the blended component units, Triangle Tax District – Durham/Orange and the Durham/Orange Special Tax District had a combined fund balance of \$71,287,288, a combined decrease of \$23,772,466. The increased engineering costs are the primary reason for this decrease.
- The Triangle Tax District – Wake Operating, Triangle Tax District – Wake Capital, and Wake Special Tax District had a combined fund balance of \$112,515,134, a \$91,611,496 increase from the prior year. The increase comes from a full year of tax collections and increased/improved transit services not fully implemented. Reserves will be available in future years for improved transit services and preliminary planning and design of future capital projects.
- The Tax Districts are legally separate entities, and the Authority has fiduciary responsibilities and limitations on how the funds may be expended. Activities in the districts are discussed in more detail below.

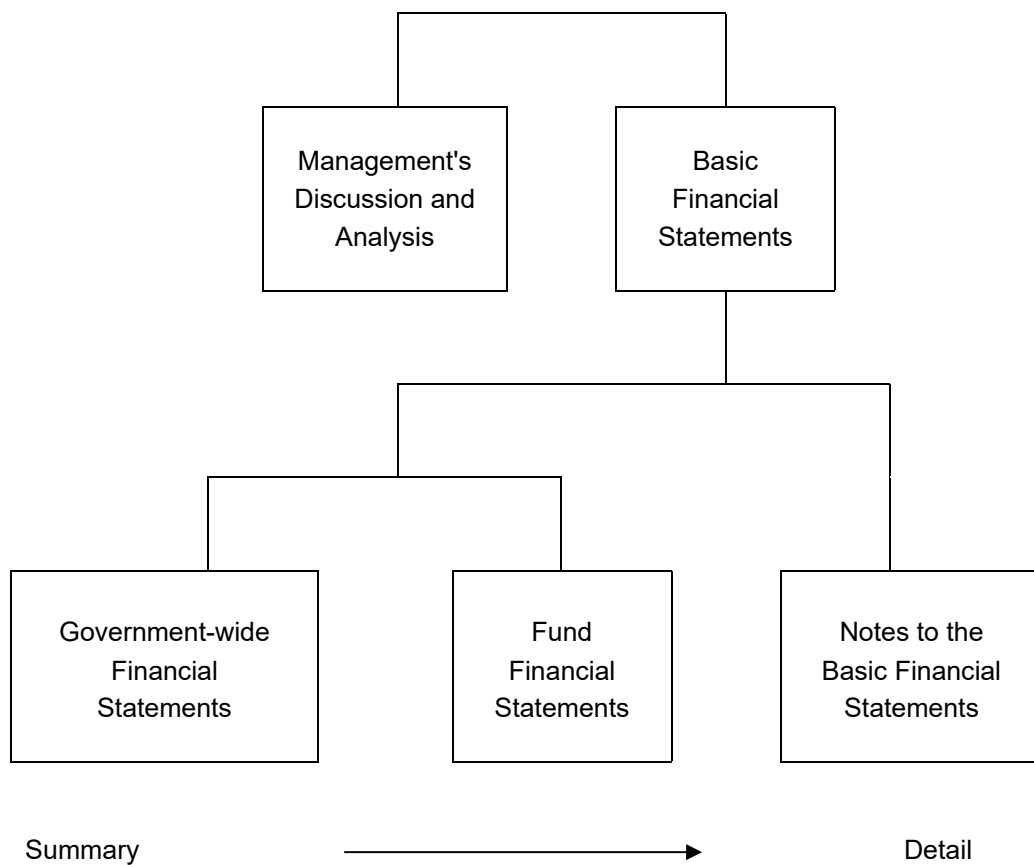
Overview of the Financial Statements

This discussion and analysis is 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

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

Required Components of Annual Financial Report

Figure 1



statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Research Triangle Regional Public Transportation Authority.

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

Basic Financial Statements

The first two statements (pages 31 through 33) 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 34 through 51) 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 31 and 33 of this report.

Fund Financial Statements – The fund financial statements (see pages 34 through 51) 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 with budget to actual information are on pages 42 - 47 of this report.

Proprietary Funds - The Authority uses Enterprise Funds to account for its proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses Enterprise Funds to account for its ridesharing and regional bus activities. These are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements are on pages 48 - 51 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 52 through 80 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 page 81 of this report.

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

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

Government-Wide Financial Analysis

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 291,862,391	\$ 208,081,339	\$ (12,302,909)	\$ (11,575,054)	\$ 279,559,482	\$ 196,506,285
Capital assets	157,716,647	102,252,715	16,752,677	14,148,121	174,469,324	116,400,836
Total assets	449,579,038	310,334,054	4,449,768	2,573,067	454,028,806	312,907,121
Long term liabilities outstanding	1,440,712	557,689	2,538,520	1,190,224	3,979,232	1,747,913
Other liabilities	27,269,083	10,435,750	1,141,326	712,330	28,410,409	11,148,080
Deferred inflows of resources	115,156	-	255,955	-	371,111	-
Total liabilities	28,824,951	10,993,439	3,935,801	1,902,554	32,760,752	12,895,993
Net position:						
Investment in capital assets	157,716,647	102,252,715	16,752,677	14,148,121	174,469,324	116,400,836
Restricted - Reserve by State Statute	110,095,745	90,247,452	-	-	110,095,745	90,247,452
Restricted - Enabling Legislation	159,952,779	127,634,993	-	-	159,952,779	127,634,993
Restricted - Interlocal Agreement	21,345,000	-	-	-	21,345,000	-
Unrestricted (deficit)	(28,356,084)	(20,794,546)	(16,238,710)	(13,477,608)	(44,594,794)	(34,272,154)
Total net position	\$ 420,754,087	\$ 299,340,614	\$ 513,967	\$ 670,513	\$ 421,268,054	\$ 300,011,128

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 \$421,268,054 as of June 30, 2018. The Authority's net position increased by \$121,680,451 through operations and decreased by \$423,525 of the net impact of restatements of previously reported net position. The net change as of June 30, 2018 was \$121,256,926. This compares to an increase of \$55,982,303 as of June 30, 2017. For the year ended June 30, 2018, the Local Option Sales Tax and Vehicle Registration Tax were fully in effect in Wake County adding approximately \$90M to the Authority's financial resources. Transit services spending for projects in Wake County increased but are not at the level expected in the next several years.

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

- The Authority has long-term investments in certain federal government agencies with adjustable interest rates. In the prior year, marking the investments to market value showed a negative interest income amount. The interest rate adjustments by the government has contributed to the Authority again showing positive investment earnings.
- As has been noted above, the Wake County revenue sources were collected throughout the fiscal year, but the projects to be supported by these funds are not yet fully active and operational. As spending increases in the short-term, the increases in net position and fund balance will return to a more stable rate. Any revenue surpluses are, of course, available for future use in Wake County.

**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		BusinessType Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,165,852	\$ 1,066,222	\$ 3,288,406	\$ 4,953,704	\$ 4,454,258	\$ 6,019,926
Operating grants and contributions	4,943,910	360,377	3,121,654	2,662,345	8,065,564	3,022,722
Capital grants and contributions	902,105	3,989,226	3,715,112	693,869	4,617,217	4,683,095
General revenues:						
Veh. registration taxes	18,516,428	9,671,756	-	-	18,516,428	9,671,756
Vehicle rental taxes	11,671,976	11,378,047	-	-	11,671,976	11,378,047
Special sales tax rev.	122,793,936	54,179,262	-	-	122,793,936	54,179,262
Miscellaneous revenue:	886,790	2,155,082	6,142,719	1,427,356	7,029,509	3,582,438
Unrestricted investment earnings	1,908,742	859,364	14,156	(105,885)	1,922,898	753,479
Total revenues	162,789,739	83,659,336	16,282,047	9,631,389	179,071,786	93,290,725
Expenses:						
Board	146,958	133,670	-	-	146,958	133,670
Human Resources	687,057	595,683	-	-	687,057	595,683
Administration	738,842	240,533	-	-	738,842	240,533
Capital Development	4,580,967	2,215,088	-	-	4,580,967	2,215,088
EEO/DBE	141,254	113,956	-	-	141,254	113,956
GoDurham	881,430	795,369	-	-	881,430	795,369
Finance	2,806,896	3,537,718	-	-	2,806,896	3,537,718
General Counsel	971,652	757,937	-	-	971,652	757,937
Comm. & Pub. Affairs	2,408,427	1,572,138	-	-	2,408,427	1,572,138
FORTIFY	-	2,195,690	-	-	-	2,195,690
Transit Services	17,584,858	5,530,960	-	-	17,584,858	5,530,960
Miscellaneous	188,583	614,678	-	-	188,583	614,678
Regional bus service	-	-	23,889,251	19,809,387	23,889,251	19,809,387
Ridesharing	-	89,572	2,365,159	2,181,924	2,553,742	2,271,496
Total expenses	31,136,925	18,392,992	26,254,410	21,991,311	56,745,903	40,384,303
Increase (Decrease) in net position before transfers	131,652,814	65,266,344	(9,972,363)	(12,359,922)	121,680,451	52,906,422
Transfers	(10,453,969)	(10,905,887)	10,453,969	10,905,887	-	-
Increase (Decrease) in net position	121,198,845	54,360,457	481,606	(1,454,035)	121,680,451	52,906,422
Net position, beginning, as previously reported	299,340,615	241,738,530	670,513	2,290,295	300,011,128	244,028,825
Prior period restatements:						
GASB 75	(589,550)	-	(1,204,434)	-	(1,793,984)	-
Other	804,177	3,241,628	566,282	(165,747)	1,370,459	3,075,881
Net position, beginning	<u>299,555,242</u>	<u>244,980,158</u>	<u>32,361</u>	<u>2,124,548</u>	<u>299,587,603</u>	<u>247,104,706</u>
Net position, ending	\$ 420,754,087	\$ 299,340,615	\$ 513,967	\$ 670,513	\$ 421,268,054	\$ 300,011,128

Governmental Activities – Governmental activities increased the Authority’s net position by \$122,104,881, net of prior period adjustments. Key elements of this significant change are as follows:

- General revenues increased from \$78,243,511 in Fiscal Year 2017 to \$155,777,872 in Fiscal Year 2018, a net increase of \$77,534,361. Wake County collections of more than \$99M account for the bulk of the increase offsetting other drops in revenue.
- Spending in the Triangle Tax District – Durham/Orange Fund increased from \$17,428,230 to \$72,561,784 as the Durham/Orange Light Rail Project entered the engineering phase.
- Restatements of previously reported net positions were made in the governmental activities for:
 - Reclassifying the Regional Bus Capital Project Fund from a governmental activity to a business-type activity. That fund is now consolidated with the daily operations of the Regional Bus Fund. This was a decrease of \$566,282.
 - Implementing GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changing the guidelines for Other Post-employment Benefits was a decrease of \$589,550.
 - Transit service expense adjustments were an increase of \$1,370,459.

Business-Type Activities – Business-type activities decreased the Authority’s net position by \$156,546. Key elements for this decrease are as follows:

- Operations produced a positive increase in net position of \$481,606.
- Restatements of previously reported net positions negated this increase by:
 - The inclusion of the Bus Capital Project Fund equity was an increase of \$566,282.
 - The implementation impact of GASB 75 on the Business-type activities was a decrease of \$1,204,434.

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

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

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 total fund balance was \$308,546, a decline of \$844,573. Investment income, though positive this year, was \$263,570 below the budgeted amount. Additionally, federal grants were not received as expected, creating a negative budget variance of \$636,886.

The Major Capital Projects Fund had a fund balance of \$80,724,333 at the end of the current fiscal year, an increase of \$253,012 from the previous year. While revenues remained strong, transfers were made to support other Authority funds.

At June 30, 2018, the governmental funds of the Authority reported a combined fund balance of \$264,835,301, an increase of \$67,297,469 over last year. Factors contributing to this were:

- A decrease of \$591,561 in funds unrestricted for the Authority's use,
- A decrease of \$23,722,466 in Durham/Orange funds, and
- An increase of \$91,611,496 in Wake funds.

As noted above, the Durham/Orange Light Rail Project has entered the engineering phase. Engineering costs increased dramatically and were the prime reason for the decline in the fund balance. Revenues were only collected for Wake County funds in the last quarter of Fiscal Year 2017 and were collected throughout all of Fiscal Year 2018. As funds are being accumulated, public transportation improvements will be enacted throughout Wake County.

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 that are made to adjust the estimates when updated information is available, 2) amendments that are made to recognize new funding amounts from external sources, such as federal and state grants, and 3) any increases in appropriations necessary to maintain services.

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 \$459 at the end of the current fiscal year. Net position for the Regional Bus Service Fund amounted to \$513,508 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. Other funds have been used to support these funds as needed. This support is expected to continue in the future. The Rideshare fund balance include a restatement of \$60,219 for the implementation of GASB 75. The Regional Bus Service Fund had a negative restatement of \$1,144,215 for GASB 75 implementation and a positive restatement of \$566,282 for the reclassification of the Regional Bus Service Capital Project Fund.

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

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, 2018 totaled \$174,469,324 (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 \$51,994,206. This was paid through accumulated resources. Reimbursement from the federal government is expected once a Final Funding Agreement is in place.
- \$3,527,506 in land purchases for future facilities were made.
- Ten (10) new buses were acquired in July 2017 for use by the Authority. They are included with the assets in the Regional Bus Fund.

Figure 4

	Governmental Activities 2018	Governmental Activities 2017	Business Type Activities 2018	Business Type Activities 2017	Total 2018	Total 2017
Land	\$ 40,581,850	\$ 37,054,344	\$ 748,068	\$ 748,068	\$ 41,329,918	\$ 37,802,412
Buildings and Improvements	6,513,769	6,615,977	6,588,594	6,364,561	13,102,363	12,980,538
Equipment and Vehicles	604,191	559,765	9,416,015	7,035,492	10,020,205	7,595,257
Construction in Progress	110,016,837	58,022,629	-	-	110,016,837	58,022,629
Total	\$ 157,716,647	\$ 102,252,715	\$ 16,752,677	\$ 14,148,121	\$ 174,469,324	\$ 116,400,836

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

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities – The total revenue budgeted in FY 2019 is \$176.8M. The major sources of revenue for these activities are sales taxes, \$124.7M; vehicle rental tax, \$12.2M; vehicle registration tax, \$18.8M; and federal and state grants, \$5.9M. Budgeted departmental expenditures in the General Fund are \$6.8M. Capital expenditures are budgeted at \$146M in Durham, Orange and Wake Counties.

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

Business - Type Activities – The total revenue budgeted in FY 2019 is \$12.9M. The major sources of revenue for these activities are rider fares and local subsidies, \$2.6M; federal and state grants, \$2.6M; and other revenue, \$7.7M. Budgeted departmental expenditures in the Bus and Rideshare funds are \$16.2M and \$2.4M, respectively. Transfers from the General Fund of \$5.8M 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.

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BASIC FINANCIAL STATEMENTS

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,005,209	\$ -	\$ 11,005,209
Cash and cash equivalents, restricted	6,006,985	-	6,006,985
Receivables	10,235,362	1,061,492	11,296,854
Due from other governments	40,267,721	1,515,372	41,783,093
Internal balances	17,247,595	(17,247,595)	-
Investments	205,063,568	1,555,995	206,619,563
Inventories	-	811,827	811,827
Prepaid items	2,035,951	-	2,035,951
Total current assets	<u>291,862,391</u>	<u>(12,302,909)</u>	<u>279,559,482</u>
Capital assets:			
Land	40,581,850	748,068	41,329,918
Construction in progress	110,016,837	-	110,016,837
Other capital assets, net of depreciation	<u>7,117,960</u>	<u>16,004,609</u>	<u>23,122,569</u>
Total capital assets	<u>157,716,647</u>	<u>16,752,677</u>	<u>174,469,324</u>
Total assets	<u>449,579,038</u>	<u>4,449,768</u>	<u>454,028,806</u>
LIABILITIES			
Current liabilities:			
Accounts payable	26,885,319	537,733	27,423,052
Accrued wages and benefits	141,770	221,013	362,783
Current portion of long-term liabilities:			
Compensated absences	241,994	382,580	624,574
Total current liabilities	<u>27,269,083</u>	<u>1,141,326</u>	<u>28,410,409</u>
Due in more than a year:			
Compensated absences	528,170	510,224	1,038,394
Other post employment benefits	912,542	2,028,296	2,940,838
Total long-term liabilities	<u>1,440,712</u>	<u>2,538,520</u>	<u>3,979,232</u>
Total liabilities	<u>28,709,795</u>	<u>3,679,846</u>	<u>32,389,641</u>
DEFERRED INFLOWS OF RESOURCES			
Other Post Employment Benefit deferrals	<u>115,156</u>	<u>255,955</u>	<u>371,111</u>
NET POSITION			
Investment in capital assets	157,716,647	16,752,677	174,469,324
Restricted for:			
Stabilization by State statute	110,095,745	-	110,095,745
Public transportation	159,952,779	-	159,952,779
Intelocal agreement	21,345,000	-	21,345,000
Unrestricted (deficit)	(28,356,084)	(16,238,710)	(44,594,794)
Total net position	<u>\$ 420,754,087</u>	<u>\$ 513,967</u>	<u>\$ 421,268,054</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, 2018

<u>Functions/Programs</u>	<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental activities			
General government	\$ 31,136,925	\$ 1,165,852	\$ 4,943,910
Total governmental activities	<u>31,136,925</u>	<u>1,165,852</u>	<u>4,943,910</u>
Business-type activities			
Regional bus service	23,889,251	3,288,406	2,456,115
Ridesharing	2,365,159	-	665,539
Total business-type activities	<u>26,254,410</u>	<u>3,288,406</u>	<u>3,121,654</u>
Total primary government	<u>\$ 57,391,335</u>	<u>\$ 4,454,258</u>	<u>\$ 8,065,564</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
 Prior period restatement

Net position - ending

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

Net (Expenses) Revenue and Change in Net Position			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 902,105	\$ (24,125,058)	\$ -	\$ (24,125,058)
<u>902,105</u>	<u>(24,125,058)</u>	<u>-</u>	<u>(24,125,058)</u>
3,715,112	-	(14,429,618)	(14,429,618)
-	-	(1,699,620)	(1,699,620)
<u>3,715,112</u>	<u>-</u>	<u>(16,129,238)</u>	<u>(16,129,238)</u>
<u>\$ 4,617,217</u>	<u>(24,125,058)</u>	<u>(16,129,238)</u>	<u>(40,254,296)</u>
	18,516,428	-	18,516,428
	11,671,976	-	11,671,976
	122,793,936	-	122,793,936
	886,790	6,142,719	7,029,509
	<u>1,908,742</u>	<u>14,156</u>	<u>1,922,898</u>
	155,777,872	6,156,875	161,934,747
	<u>(10,453,969)</u>	<u>10,453,969</u>	<u>-</u>
	<u>145,323,903</u>	<u>16,610,844</u>	<u>161,934,747</u>
	121,198,845	481,606	121,680,451
	299,340,615	670,513	300,011,128
	<u>214,627</u>	<u>(638,152)</u>	<u>(423,525)</u>
	<u>\$ 420,754,087</u>	<u>\$ 513,967</u>	<u>\$ 421,268,054</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			
	General Fund	Major Capital Projects Fund	Triangle Tax District - Durham/Orange	Durham/ Orange Special Tax District
ASSETS				
Cash and cash equivalents	\$ 2,385,047	\$ 2,689,916	\$ 805,492	\$ 3,499,738
Cash and cash equivalents - restricted	-	6,006,985	-	-
Taxes receivable, net:				
Vehicle registration taxes	1,703,920	-	645,610	-
Special sales tax revenue	-	-	-	276,681
Refundable sales tax	203,115	-	-	-
Local option sales tax	-	-	10,580,666	-
Governmental agencies	196,859	297	1,552,452	-
Rental tax	-	569,615	3,778,485	-
Accrued interest	84,359	186,885	177,199	-
Prepaid items	2,035,951	-	-	-
Due from other funds	22,874,775	26,241,619	10,476,268	-
Other Miscellaneous	240,982	21,776	-	-
Investments	12,203,929	53,968,093	54,454,994	-
Total assets	<u>\$ 41,928,937</u>	<u>\$ 89,685,186</u>	<u>\$ 82,471,166</u>	<u>\$ 3,776,419</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	\$ 193,635	\$ 8,954,547	\$ 14,777,029	\$ -
Due to other funds	41,027,149	-	-	-
Accrued wages and benefits	399,607	6,306	183,268	-
Total liabilities	<u>41,620,391</u>	<u>8,960,853</u>	<u>14,960,297</u>	<u>-</u>
Fund Balances:				
Nonspendable				
Prepaid items	2,035,951	-	-	-
Restricted - Reserved by State Statute	25,304,010	27,020,192	27,210,680	276,681
Restricted - Enabling Legislation	-	53,704,141	40,300,189	3,499,738
Restricted - Interlocal Agreement	-	-	-	-
Unassigned	(27,031,415)	-	-	-
Total fund balances	<u>308,546</u>	<u>80,724,333</u>	<u>67,510,869</u>	<u>3,776,419</u>
Total liabilities and fund balances	<u>\$ 41,928,937</u>	<u>\$ 89,685,186</u>	<u>\$ 82,471,166</u>	<u>\$ 3,776,419</u>

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

Major Funds				
Triangle Tax District - Wake Operating	Triangle Tax District - Wake Capital	Wake Special Tax District	Non-Major Governmental Fund	Total Governmental Funds
\$ 1,625,016	\$ -	\$ -	\$ -	\$ 11,005,209
-	-	-	-	6,006,985
1,725,500	-	-	-	4,075,030
-	-	739,182	-	1,015,863
-	-	-	-	203,115
22,569,152	-	-	-	33,149,818
-	-	-	74,287	1,823,895
5,176,061	-	-	-	9,524,161
-	-	-	-	448,443
-	-	-	-	2,035,951
-	-	-	-	59,592,662
-	-	-	-	262,758
2,217,841	82,218,711	-	-	205,063,568
<u>\$ 33,313,570</u>	<u>\$ 82,218,711</u>	<u>\$ 739,182</u>	<u>\$ 74,287</u>	<u>\$ 334,207,458</u>
\$ 1,079,928	\$ -	\$ 739,182	\$ 40,529	\$ 25,784,850
1,284,160	-	-	33,758	42,345,067
653,059	-	-	-	1,242,240
<u>3,017,147</u>	<u>-</u>	<u>739,182</u>	<u>74,287</u>	<u>69,372,157</u>
-	-	-	-	2,035,951
29,470,713	-	739,182	74,287	110,095,745
-	62,448,711	-	-	159,952,779
1,575,000	19,770,000	-	-	21,345,000
(749,290)	-	(739,182)	(74,287)	(28,594,174)
<u>30,296,423</u>	<u>82,218,711</u>	<u>-</u>	<u>-</u>	<u>264,835,301</u>
<u>\$ 33,313,570</u>	<u>\$ 82,218,711</u>	<u>\$ 739,182</u>	<u>\$ 74,287</u>	<u>\$ 334,207,458</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, 2018

Fund Balances - Governmental Funds \$ 264,835,301

Amounts reported for governmental activities in the Statement of Net Position 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	\$ 168,665,007	
Accumulated depreciation	<u>(10,948,361)</u>	157,716,647

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

Other post-employment benefits	(912,542)
Compensated absences and other long-term liabilities	(770,163)
Deferred inflows of resources related to OPEB are not reported in the funds	<u>(115,156)</u>

Net position of governmental activities	\$ 420,754,087
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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, 2018

	Major Funds			
	General Fund	Major Capital Projects Fund	Triangle Tax District - Durham/Orange	Durham/ Orange Special Tax District
REVENUES				
Restricted intergovernmental revenues:				
Federal grant revenues	\$ 59,114	\$ 297	\$ 2,693,213	\$ -
State grant revenues	3,738	-	185,754	-
Local grant revenues	276,431	-	-	-
Other revenue	2,077,771	171,515	1,154,435	-
Vehicle registration taxes	6,268,415	-	2,389,107	1,023,873
Special tax revenue	-	-	37,234,756	-
Indirect cost credits	1,126,395	-	-	-
Vehicle rental tax	-	5,835,988	1,867,516	-
Investment income	121,430	388,729	920,205	-
Total revenues	<u>9,933,294</u>	<u>6,396,529</u>	<u>46,444,986</u>	<u>1,023,873</u>
EXPENDITURES				
Current:				
Board	78,453	-	27,462	-
Human resources	647,858	-	-	-
Administration	253,687	-	229,005	-
Capital development	60,442	495,717	5,453,666	-
EEO/DBE	133,195	-	-	-
GoDurham	881,430	-	-	-
Finance	2,602,435	-	-	-
General Counsel	191,297	-	674,602	-
Communication and public affairs	974,692	-	854,726	-
Transit services	-	-	10,432,639	-
Capital outlay	-	-	54,889,684	-
Total expenditures	<u>5,823,489</u>	<u>495,717</u>	<u>72,561,784</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,109,805</u>	<u>5,900,812</u>	<u>(26,116,798)</u>	<u>1,023,873</u>
Other Financing Sources (Uses)				
Transfers from other funds	5,647,800	-	-	-
Transfers to other funds	(10,602,178)	(5,647,800)	-	-
Total other financing sources (uses)	<u>(4,954,378)</u>	<u>(5,647,800)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(844,573)	253,012	(26,116,798)	1,023,873
Fund balances - beginning	1,153,119	80,471,321	92,257,208	2,752,546
Prior period restatement	-	-	1,370,459	-
Fund balances - ending	<u>\$ 308,546</u>	<u>\$ 80,724,333</u>	<u>\$ 67,510,869</u>	<u>\$ 3,776,419</u>

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

Major Funds				
<u>Triangle Tax District - Wake Operating</u>	<u>Triangle Tax District - Wake Capital</u>	<u>Wake Special Tax District</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,752,624
-	-	-	-	189,492
-	-	-	149,994	426,425
-	-	-	-	3,403,721
6,357,561	-	2,477,472	-	18,516,428
85,559,180	-	-	-	122,793,936
-	-	-	-	1,126,395
3,968,472	-	-	-	11,671,976
478,378	-	-	-	1,908,742
<u>96,363,591</u>	<u>-</u>	<u>2,477,472</u>	<u>149,994</u>	<u>162,789,739</u>
-	-	-	-	105,915
-	-	-	-	647,858
-	-	-	-	482,692
-	-	-	-	6,009,825
-	-	-	-	133,195
-	-	-	-	881,430
-	-	-	-	2,602,435
-	-	-	-	865,899
-	-	-	-	1,829,418
5,755,278	567,008	-	-	16,754,925
-	907,281	-	298,203	56,095,168
<u>5,755,278</u>	<u>1,474,289</u>	<u>-</u>	<u>298,203</u>	<u>86,408,760</u>
<u>90,608,313</u>	<u>(1,474,289)</u>	<u>2,477,472</u>	<u>(148,209)</u>	<u>76,380,979</u>
2,477,472	83,693,000	-	148,209	5,796,009
(83,693,000)	-	(2,477,472)	-	(16,249,978)
<u>(81,215,528)</u>	<u>83,693,000</u>	<u>(2,477,472)</u>	<u>148,209</u>	<u>(10,453,969)</u>
9,392,785	82,218,711	-	-	65,927,010
20,903,638	-	-	-	197,537,832
-	-	-	-	1,370,459
<u>\$ 30,296,423</u>	<u>\$ 82,218,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,835,301</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 Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**
For the Fiscal Year Ended June 30, 2018

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

Net changes in fund balances - total governmental funds	\$	65,927,010
Change in fund balance due to change in reserve for prepaids and other reserves		384,764
Change in fund balance due to change in accounting principle for OPEB		(375,653)

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	\$	56,095,168	
Depreciation expense		<u>(631,237)</u>	
			55,463,931

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		(122,453)	
Compensated absences		(78,754)	

Total changes in net position of governmental activities	\$	<u>121,198,845</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, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Restricted intergovernmental revenues:				
State grant revenues	\$ 33,748	\$ 33,748	\$ 3,738	\$ (30,010)
Federal grant revenues	696,000	696,000	59,114	(636,886)
Local grant revenue	359,358	359,358	276,431	(82,927)
Indirect cost credits	1,480,487	1,480,487	1,126,395	(354,092)
Vehicle registration tax	6,145,242	6,145,242	6,268,415	123,173
Other revenue	1,890,332	1,890,332	2,077,771	187,439
Investment income	385,000	385,000	121,430	(263,570)
Total revenues	<u>10,990,167</u>	<u>10,990,167</u>	<u>9,933,294</u>	<u>(1,056,873)</u>
EXPENDITURES				
Current:				
Board	94,837	94,837	78,453	16,384
Human resources	582,793	667,793	647,858	19,935
Administration	279,608	279,608	253,687	25,921
Capital development	63,879	63,879	60,442	3,437
Equal employment/Disadvantaged businesses	138,860	138,860	133,195	5,665
GoDurham	901,479	901,479	881,430	20,049
Finance	2,632,053	2,697,053	2,602,435	94,618
General counsel	270,266	270,266	191,297	78,969
Communication and public affairs	1,215,959	1,065,959	974,692	91,267
Total expenditures	<u>6,179,734</u>	<u>6,179,734</u>	<u>5,823,489</u>	<u>356,245</u>
Revenues over expenditures	<u>4,810,433</u>	<u>4,810,433</u>	<u>4,109,805</u>	<u>(700,628)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	4,046,029	4,480,572	5,647,800	1,167,228
Transfers to other funds	(10,426,985)	(10,861,529)	(10,602,178)	259,351
Total other financing sources (uses)	<u>(6,380,956)</u>	<u>(6,380,957)</u>	<u>(4,954,378)</u>	<u>1,426,579</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (1,570,523)</u>	<u>\$ (1,570,524)</u>	(844,573)	<u>\$ 725,951</u>
Fund balance, beginning			<u>1,153,119</u>	
Fund balance, ending			<u>\$ 308,546</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Triangle Tax District - Durham/Orange
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grant revenues	\$ 2,832,213	\$ 2,832,213	\$ 2,693,213	\$ (139,000)
State/local grant revenue	1,052,058	1,052,058	185,754	(866,304)
Vehicle registration tax	2,514,911	2,514,911	2,389,107	(125,804)
Special sales tax revenue	35,581,553	35,581,553	37,234,756	1,653,203
Vehicle rental tax	1,815,913	1,815,913	1,867,516	51,603
Other revenue	-	-	1,154,435	1,154,435
Investment income	-	-	920,205	920,205
Total revenues	<u>43,796,648</u>	<u>43,796,648</u>	<u>46,444,986</u>	<u>2,648,338</u>
EXPENDITURES				
Current:				
Board	35,925	35,925	27,462	8,463
Capital development	3,765,782	3,765,782	5,453,666	(1,687,884)
Finance	239,973	239,973	229,005	10,968
General counsel/real estate	809,187	809,187	674,602	134,585
Communication and public affairs	1,186,271	1,186,271	854,726	331,545
Transit services	6,454,761	8,453,499	10,432,639	(1,979,140)
Capital outlay	81,186,245	89,184,742	54,889,684	34,295,058
Total expenditures	<u>93,678,144</u>	<u>103,675,379</u>	<u>72,561,784</u>	<u>31,113,595</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (49,881,496)</u>	<u>\$ (59,878,731)</u>	(26,116,798)	<u>\$ 33,761,933</u>
Fund balance, beginning			92,257,208	
Prior period restatement			<u>1,370,459</u>	
Fund balance, ending			<u>\$ 67,510,869</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Durham/Orange Special Tax District
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2018

	<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	\$ 1,077,803	\$ 1,077,803	\$ 1,023,873	\$ (53,930)
Total revenues	<u>1,077,803</u>	<u>1,077,803</u>	<u>1,023,873</u>	<u>(53,930)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ 1,077,803</u>	<u>\$ 1,077,803</u>	1,023,873	<u>\$ (53,930)</u>
Fund balance, beginning			<u>2,752,546</u>	
Fund balance, ending			<u>\$ 3,776,419</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Triangle Tax District -- Wake Operating
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special sales tax revenue	\$ 82,852,000	\$ 82,852,000	\$ 85,559,180	\$ 2,707,180
Vehicle rental tax	3,877,000	3,877,000	3,968,472	91,472
Vehicle registration tax	5,419,000	5,419,000	6,357,561	938,561
Investment income	-	-	478,378	478,378
Total revenues	<u>92,148,000</u>	<u>92,148,000</u>	<u>96,363,591</u>	<u>4,215,591</u>
EXPENDITURES				
Tax District Administration (GoTriangle)	373,083	412,458	222,335	190,123
Transit Plan Administration				
GoTriangle	2,417,902	2,571,227	781,679	1,789,548
Capital Area Metropolitan Planning Organization	150,000	300,000	574,262	(274,262)
City of Raleigh	1,025,000	1,025,000	227,683	797,317
Town of Cary	182,413	182,413	114,833	67,580
Reserve	370,000	59,300	-	59,300
Bus Operations				
GoTriangle	1,749,590	1,749,590	1,515,058	234,532
City of Raleigh	1,550,920	1,550,920	1,550,920	-
Town of Cary	938,522	938,522	590,508	348,014
Wake County	175,000	175,000	175,000	-
Town of Knightdale	43,000	43,000	-	43,000
Town of Wendell	4,200	4,200	3,000	1,200
Town of Zebulon	5,516	5,516	-	5,516
Allocation to Wake Operating Fund	1,580,854	1,548,854	-	1,548,854
Total expenditures	<u>10,566,000</u>	<u>10,566,000</u>	<u>5,755,278</u>	<u>4,810,722</u>
Revenues over expenditures	<u>81,582,000</u>	<u>81,582,000</u>	<u>90,608,313</u>	<u>9,026,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,111,000	2,111,000	2,477,472	366,472
Transfers to other funds	(83,693,000)	(83,693,000)	(83,693,000)	-
Total other financing sources (uses)	<u>(81,582,000)</u>	<u>(81,582,000)</u>	<u>(81,215,528)</u>	<u>366,472</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	9,392,785	<u>\$ 9,392,785</u>
Fund balance, beginning			<u>20,903,638</u>	
Fund balance, ending			<u>\$ 30,296,423</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Triangle Tax District -- Wake Capital
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital Planning				
GoTriangle	2,042,000	2,042,000	1,007,903	1,034,097
Future Fixed Guideway Studies	2,300,000	2,300,000	-	2,300,000
Bus Infrastructure				
GoTriangle	2,900,000	2,900,000	335,609	2,564,391
City of Raleigh	3,140,000	3,140,000	130,777	3,009,223
Town of Cary	1,838,000	1,838,000	-	1,838,000
Bus Acquisition				
GoTriangle	4,000,000	4,000,000	-	4,000,000
City of Raleigh	4,000,000	4,000,000	-	4,000,000
Allocation to Wake Capital Fund	63,473,000	63,473,000	-	63,473,000
Total expenditures	<u>83,693,000</u>	<u>83,693,000</u>	<u>1,474,289</u>	<u>82,218,711</u>
Revenues over expenditures	<u>(83,693,000)</u>	<u>(83,693,000)</u>	<u>(1,474,289)</u>	<u>(82,218,711)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	83,693,000	83,693,000	83,693,000	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>83,693,000</u>	<u>83,693,000</u>	<u>83,693,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,218,711</u>	<u>\$ 82,218,711</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 82,218,711</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Wake Special Tax District
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Vehicle registration tax	\$ 2,111,000	\$ 2,111,000	\$ 2,477,472	\$ 366,472
Total revenues	<u>2,111,000</u>	<u>2,111,000</u>	<u>2,477,472</u>	<u>366,472</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>2,111,000</u>	<u>2,111,000</u>	<u>2,477,472</u>	<u>366,472</u>
OTHER FINANCING USES				
Transfers to other funds	(2,111,000)	(2,111,000)	(2,477,472)	(366,472)
Total other financing uses	<u>(2,111,000)</u>	<u>(2,111,000)</u>	<u>(2,477,472)</u>	<u>(366,472)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</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, 2018

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
ASSETS			
Current assets:			
Investments	\$ -	\$ 1,555,995	\$ 1,555,995
Inventories	-	811,827	811,827
Intergovernmental receivables	468,808	1,046,564	1,515,372
Other receivables	273,127	788,365	1,061,492
Total current assets	<u>741,935</u>	<u>4,202,751</u>	<u>4,944,686</u>
Non-current assets:			
Capital assets:			
Land	-	748,068	748,068
Other capital assets, net of depreciation	-	16,004,609	16,004,609
Total non-current assets	<u>-</u>	<u>16,752,677</u>	<u>16,752,677</u>
Total Assets	<u>741,935</u>	<u>20,955,428</u>	<u>21,697,363</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	67,819	469,914	537,733
Due to other funds	334,692	16,912,903	17,247,595
Accrued wages and benefits	27,009	194,004	221,013
Compensated absences - current	50,046	332,534	382,580
Total current liabilities	<u>479,566</u>	<u>17,909,355</u>	<u>18,388,921</u>
Non-current liabilities:			
Compensated absences - noncurrent	73,129	437,095	510,224
Other post-employment benefits	167,628	1,860,668	2,028,296
Total non-current liabilities	<u>240,757</u>	<u>2,297,763</u>	<u>2,538,520</u>
Total liabilities	<u>720,323</u>	<u>20,207,118</u>	<u>20,927,441</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefit deferrals	21,153	234,802	255,955
NET POSITION			
Investment in capital assets	-	16,752,677	16,752,677
Unrestricted	459	(16,239,169)	(16,238,710)
Total net position	<u>\$ 459</u>	<u>\$ 513,508</u>	<u>\$ 513,967</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, 2018

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
OPERATING REVENUES			
Bus fares	\$ -	\$ 774,108	\$ 774,108
Consignment	-	1,011,013	1,011,013
Vanpool fares	-	195,992	195,992
Employer subsidies	-	297,315	297,315
Specialized service	-	556,907	556,907
Other revenues	709,890	4,043,157	4,753,047
Intergovernmental revenues:			
Federal grant revenues	226,750	762,256	989,006
State grant revenues	12,295	1,606,981	1,619,276
Local grant revenues	426,494	86,878	513,372
Total operating revenues	<u>1,375,429</u>	<u>9,334,607</u>	<u>10,710,036</u>
OPERATING EXPENSES			
Bus supervision	-	1,351,142	1,351,142
Bus operations	-	8,787,426	8,787,426
Bus maintenance	-	3,815,204	3,815,204
Vanpool	-	989,774	989,774
Specialized services	-	2,346,864	2,346,864
Regional call center	1,009,828	-	1,009,828
Regional services	798,193	-	798,193
Regional TDM	557,138	-	557,138
Unemployment claims	-	26,647	26,647
Depreciation bus operations	-	3,138,605	3,138,605
Transit services	-	3,433,589	3,433,589
Total operating expenses	<u>2,365,159</u>	<u>23,889,251</u>	<u>26,254,410</u>
Operating loss	<u>(989,730)</u>	<u>(14,554,644)</u>	<u>(15,544,374)</u>
NON-OPERATING REVENUES			
Loss on assets	-	(14,813)	(14,813)
Paid on behalf of RTRPTA	-	1,857,556	1,857,556
Investment earnings	-	14,156	14,156
Loss before contributions and transfers	<u>(989,730)</u>	<u>(12,697,745)</u>	<u>(13,687,475)</u>
Capital contributions	-	3,715,112	3,715,112
Transfers in	981,528	9,472,441	10,453,969
Change in net position	(8,202)	489,808	481,606
Total net position - beginning	68,880	601,633	670,513
Prior period restatements	(60,219)	(577,933)	(638,152)
Total net position - ending	<u>\$ 459</u>	<u>\$ 513,508</u>	<u>\$ 513,967</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, 2018

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,999	\$ 2,485,005	\$ 2,492,004
Payments to suppliers	(1,021,411)	(7,515,812)	(8,537,223)
Payments to employees	(1,264,151)	(8,860,303)	(10,124,454)
Other receipts	1,034,307	3,691,727	4,726,034
Net cash used in operating activities	<u>(1,244,256)</u>	<u>(10,199,383)</u>	<u>(11,443,639)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in due to General Fund	262,728	1,138,406	1,401,134
Transfers from General Fund	981,528	9,472,441	10,453,969
Net cash provided by noncapital financing activities	<u>1,244,256</u>	<u>10,610,847</u>	<u>11,855,103</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Capital contributions	-	3,715,112	3,715,112
Purchase of capital assets	-	(3,899,222)	(3,899,222)
Net cash used in capital and financing activities	<u>-</u>	<u>(184,110)</u>	<u>(184,110)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	63,890	63,890
Proceeds from sale/maturity of investments	-	419,723	419,723
Purchase of investments	-	(710,967)	(710,967)
Net cash provided by investing activities	<u>-</u>	<u>(227,354)</u>	<u>(227,354)</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, 2018

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (989,730)	\$ (14,554,644)	\$ (15,544,374)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	-	3,138,606	3,138,606
Changes in assets and liabilities:			
Receivables from governmental agencies	(237,557)	(269,699)	(507,256)
Inventories	-	(38,784)	(38,784)
Other receivables	(139,158)	(20,670)	(159,828)
Accrued payroll	7,844	71,716	79,560
Accrued compensated absences	35,404	73,720	109,124
Accounts payable & other liabilities	17,382	241,279	258,661
Other post employment benefits increases	61,559	1,159,093	1,220,652
Total adjustments	<u>(254,526)</u>	<u>4,355,261</u>	<u>4,100,735</u>
Net cash used in operating activities	<u>\$ (1,244,256)</u>	<u>\$ (10,199,383)</u>	<u>\$ (11,443,639)</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, 2018

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>
Town of Cary	1
Town of Chapel Hill	1
City of Durham	1
Durham County and City of Durham	1
Durham County	1
Orange County	1
City of Raleigh	2
Wake County	2
NC Secretary of Transportation	3

The Authority has five component units, the Triangle Tax District – Durham/Orange, the Durham/Orange Special Tax District, the Triangle Tax District – Wake Operating, the Triangle Tax District – Wake Capital, and the Wake Special 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. 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.
- Triangle Tax District – Durham/Orange - The Triangle Tax District – Durham/Orange 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. (This was formerly known as the Western Triangle Tax District.)

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Durham/Orange Special Tax District - The Durham/Orange Special 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. (This was formerly known as the Durham/Orange Tax District.)
- Triangle Tax District – Wake Operating - The Triangle Tax District – Wake Operating is shown as a major, blended component unit within the governmental financial statements. This fund collects special sales taxes in Wake County, as well as vehicle rental taxes.
- Triangle Tax District – Wake Capital - The Triangle Tax District – Wake Capital is shown as a major, blended component unit within the governmental financial statements. A portion of the revenues collected in the Wake Operating Fund are transferred to the Wake Capital Fund for capital purposes. Capital outlays by the Authority are shown as such on the financial statements. Amounts reimbursed to transit partners for their capital outlays are shown as transit services.
- Wake Special Tax District - The Wake Special 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 Wake County. The proceeds are transferred to the Wake Operating Fund during the year.

The Authority reports the following non-major governmental fund:

- Technology Capital Project Fund – The Technology Capital Project Fund is used to account for the purchase of information technology 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. Beginning in Fiscal Year 2018, the Regional Bus Capital Project Fund was reclassified from a governmental fund to an enterprise fund. The capital outlay activities are now consolidated with the Regional Bus Service Fund. This change is described more fully in Note 13.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority considers all revenues available if they are collected within 90 days after year-end. Revenues collected soon after 90 days may be recognized as revenue if the amounts are to be used to pay liabilities of the current period.

Intergovernmental revenues and sales and services are accrued when earned in the fiscal year. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Control

The Authority's budgets are adopted as required by the North Carolina General Statutes. The Board of Trustees adopts an annual budget ordinance for the General and Enterprise Funds. All 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 departmental level for the General Fund, 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. Budgets recommended by the Wake County Transit Planning Advisory Committee for the Triangle Tax District – Wake Operating Fund and Triangle Tax District – Wake Capital Fund, are also transmitted to the Authority by this date. |
| 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. |

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

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 rules and regulations, the sale proceeds from certain transactions are held in a separate escrow account for future use. \$6,006,985 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 67 contains additional detail on the balance of Due from Other Agencies 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

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	5-12
Furniture and equipment	3-10
Computer equipment and software	3-7

J. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of*

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority's pension deferrals meet the criterion for this category.

K. 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.

L. 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.

M. 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/regulations of other governments, or imposed by law through state statute.

Fund Balances

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund-types classify fund balances as follows:

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

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 Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or by law.

Restricted for Stabilization by State Statute – portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)].

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

Restricted by Interlocal Agreement – portion of fund balance restricted for future transit service activities in Wake County, per the Transit Governance Interlocal Agreement.

Unassigned Fund Balance - The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may show an unassigned positive balance. Excess resources in other governmental funds should be classified as Restricted by Enabling Legislation, above.

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

For purposes of fund balance classification, expenditures are to be spent from restricted funds balance first, followed in order by committed fund balance (if available), 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.

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>\$ 308,546</u>
Less:	
Prepaid expenses	2,035,951
Restricted for Stabilization by State Statute	<u>25,304,010</u>
Available for appropriation	<u>\$ (27,031,415)</u>

As noted above, Restricted for Stabilization by State statute is an amount created when complying with NC General Statute 159-8(a), limiting fund balance available for appropriation. State law does not allow the Authority to exclude inter-fund due to and due from amounts, created by one Authority checking account paying expenses of all funds. No cash resources are set aside by complying with this state statute. If inter-fund due to and due from amounts were excluded, fund balance available for appropriation would be approximately \$14.0M.

N. Revenues and Interfund Transactions

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.

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.

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Special Tax Revenues

The Triangle Tax District –Durham/Orange 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 Major Capital Project Fund and disbursed to the Tax District. Both Durham and Orange Counties share in the vehicle rental tax. The Durham/Orange Special Tax District also receives proceeds of a vehicle registration tax (\$3 per vehicle) from the NC Department of Motor Vehicles on a quarterly basis.

The Triangle Tax District – Wake Operating began receiving revenue effective April 1, 2017. The Triangle Tax District –Wake Operating receives vehicle registration tax from the North Carolina Department of Motor Vehicles on a quarterly basis (\$7 per vehicle). Wake Operating also receives a one-half cent sales tax (Article 43) from Wake County as well as a portion of vehicle rental taxes received by the Major Capital Project Fund and disbursed to the Tax District. The Wake Special Tax District also receives proceeds of a vehicle registration tax (\$3 per vehicle) from the NC Department of Motor Vehicles on a quarterly basis. The Triangle Tax District – Wake Capital receives funding through a transfer(s) from the Wake Operating Fund.

O. 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Consolidation of Funds

Some funds are budgeted and maintained separately through the year and are combined for reporting purposes. The management fund for GoDurham is budgeted with the General Fund. It is maintained as a separate fund for clearer accounting through the year. It is consolidated with the General Fund for annual reporting.

Q. Restatements

Restatements of certain fund balances have been made in Fiscal Year 2018. In summary:

- The Governmental Activities was decreased \$566,282 and the Business-type Activities was increased by the same amount. The Regional Bus Capital Project Fund was changed in reporting from a governmental activity to a business-type activity.
- An adjustment was made for the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- Accounts payable in the Triangle Tax District—Durham/Orange was reduced to actual, with an increase to fund balance for overstatement of expenses in prior years.

Note 13 to the financial statements provides more detail on these adjustments.

2. DEPOSITS

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

2. DEPOSITS (Continued)

At June 30, 2018, the amount of the deposits on the Authority’s books was \$17,012,194 and the bank balances were \$17,687,210. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$16,937,210 in deposits was covered by collateral held under the Pooling Method.

3. INVESTMENTS

As of June 30, 2018, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less than 1 year	1-5 years	5-10 years	10+ years
Mortgage Backed Securities	\$ 4,239,787	\$ -	\$ 2,181,320	\$ -	\$ 2,058,467
SBA Participation Securities	53,356,718	-	1,220,397	10,109,744	42,026,577
NC Local Gov't & State Bonds	4,151,377	-	1,070,080	898,063	2,183,234
NCCMT Government Portfolio	3,213,864	3,213,864			
NCCMT Term Portfolio	141,657,817	141,657,817			
Total	\$ 206,619,563	\$ 144,871,681	\$ 4,471,797	\$ 11,007,807	\$ 46,268,278

Because the NC Capital Management Trust – Term Portfolio has a weighted average maturity of 0.09 years, it is presented as an investment with a maturity of less than 1 year.

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. INVESTMENTS (Continued)

	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
Mortgage Backed Securities	\$ 4,239,787	\$ -	\$ 4,239,787	\$ -
SBA Participation Securities	53,356,718	2,703,000	50,653,718	-
NC Local Gov't & State Bonds	4,151,377	-	4,151,377	-
NCCMT Government Portfolio	3,213,864	3,213,864	-	-
NCCMT Term Portfolio	141,657,817	141,657,817	-	-
Total	\$ 206,619,563	\$ 147,574,681	\$ 59,044,882	\$ -

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

Level 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.

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. INVESTMENTS (Continued)

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, 2018, the Authority’s investments in the NCCMT Government Portfolio carried a credit rating of AAAm by Standard and Poor’s. The Authority’s investments in US Agencies and US Treasuries are 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 Chief Finance Officer 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 Finance and Accounting Systems Manager shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes. Diversification is managed by limiting investments by type and institution and by class of securities. Maturity schedules are monitored by the Chief Financial Officer.

Custodial Credit Risk

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

Concentration of Credit Risk

The Authority will invest no more than 50% in a single institution. The Authority has certain investments that exceed 5% of the Authority’s total investment portfolio. They are Small Business Administration Participation certificates (25.8%) and NC Capital Management Trust – Term Portfolio (68.6%). The remainder of the Authority’s investments are in the NC Capital Management Trust – Government Portfolio, other governmental agencies, and local government bonds.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

4. DUE FROM OTHER AGENCIES AND GOVERNMENTS

The following summarizes amounts due from other agencies and governments by source as of June 30, 2018:

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<u>\$ 2,724,178</u>	<u>\$ 38,622,639</u>	<u>\$ 436,276</u>	<u>\$ 41,783,093</u>

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,054,344	\$ 3,527,506	\$ -	\$ 40,581,850
Construction in progress	<u>58,022,629</u>	<u>51,994,208</u>	<u>-</u>	<u>110,016,837</u>
Total capital assets not being depreciated:	<u>95,076,973</u>	<u>55,521,714</u>	<u>-</u>	<u>150,598,687</u>
Capital assets being depreciated:				
Buildings	6,248,870	-	-	6,248,870
Equipment and vehicles	7,566,650	244,205	-	7,810,855
Leasehold improvements	<u>3,677,346</u>	<u>329,251</u>	<u>-</u>	<u>4,006,597</u>
Total capital assets being depreciated	<u>17,492,866</u>	<u>573,456</u>	<u>-</u>	<u>18,066,322</u>
Less accumulated depreciation for:				
Buildings	1,655,273	295,560	-	1,950,833
Equipment and vehicles	7,006,885	199,779	-	7,206,664
Leasehold improvements	<u>1,654,967</u>	<u>135,899</u>	<u>-</u>	<u>1,790,866</u>
Total accumulated depreciation	<u>10,317,125</u>	<u>\$ 631,238</u>	<u>\$ -</u>	<u>10,948,363</u>
Total capital assets being depreciated, net	<u>7,175,742</u>			<u>7,117,959</u>
Government activities capital assets, net	<u>\$ 102,252,715</u>			<u>\$ 157,716,647</u>

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

Administration	\$ 9,765
Capital Development	45,575
Board	4,166
Finance	<u>571,731</u>
Total Depreciation expense	<u>\$ 631,238</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS (Continued)

A summary of Business-type capital assets as June 30, 2018 follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<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>	<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	2,747,998	437,942	-	3,185,940
Vehicles	23,953,586	4,643,890	456,006	28,141,470
Leasehold improvements	645,974	674,946	-	1,320,920
Buildings	9,620,468	-	-	9,620,468
Total capital assets being depreciated	<u>36,968,026</u>	<u>5,756,778</u>	<u>456,006</u>	<u>42,268,798</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	1,813,208	202,412	-	2,015,620
Vehicles	17,852,884	2,485,281	442,390	19,895,775
Leasehold improvements	192,816	66,791	-	259,607
Buildings	3,709,065	384,122	-	4,093,187
Total accumulated depreciation	<u>23,567,973</u>	<u>3,138,606</u>	<u>442,390</u>	<u>26,264,189</u>
Total capital assets being depreciated, net	<u>13,400,053</u>	<u>2,618,172</u>	<u>13,616</u>	<u>16,004,609</u>
Reg. Bus Service fund capital assets, net	<u>14,148,121</u>	<u>\$ 2,618,172</u>	<u>\$ 13,616</u>	<u>16,752,677</u>
Business-type activities capital assets, net	<u>\$ 14,148,121</u>			<u>\$ 16,752,677</u>

Construction in Progress

Authority staff members in engineering and finance reviewed the valuation of the Construction in Progress account. Because of the large adjustment in the prior year, the Authority believes that the balance in the Construction in Progress account is fairly stated.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS

Other Post Employment Benefits

Plan Description. The Authority administers a single employer 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.

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees receiving benefits	0
Active plan members	<u>248</u>
Total	<u>248</u>

There are no assets accumulated in an irrevocable trust for the HCB plan. There are no authoritative requirements to pay OPEB as benefits are due.

Total Other Post-Employment Benefits (OPEB) Liability

The Authority’s total OPEB liability of \$2,940,838 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
 Municipal Bond Index Rate (discount rate)	 3.56%
 Healthcare cost trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023.
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020.

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2016	\$2,917,322
<i>Changes for the year:</i>	
Service Cost at the end of the year	353,555
Interest on Total OPEB Liability and Cash Flows	87,811
Change in benefit terms	-0-
Difference between expected and actual experience	(254)
Changes of assumptions or other inputs	(417,596)
Benefit payments	-0-
Other	<u>-0-</u>
Net Changes	<u>\$ 23,516</u>
Total OPEB Liability as of June 30, 2017	<u>\$ 2,940,838</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

Mortality rates were based on the RP-2014 mortality tables, with adjustments for Local Government Employees’ Retirement System (LGERS) experience and generational mortality improvements using Scale MP-2015. Change in assumptions and other inputs reflect a change in the discount rate from 3.10% to 3.56%.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(2.56%)	(3.56%)	(4.56%)
Total OPEB Liability	\$3,753,127	\$2,940,838	\$2,329,185

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$2,230,816	\$2,940,838	\$3,929,851

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$394,627. At June 30, 2018, the Authority reported deferred inflows or resources related to OPEB from the following sources:

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (226)
Changes of assumptions or other inputs	<u>(370,885)</u>
Total	<u>\$ (371,111)</u>

Amounts reported as Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB expense as follows:

Measurement Period

Ending June 30:

2019	\$ (46,739)
2020	(46,739)
2021	(46,739)
2022	(46,739)
2023	(46,739)
Thereafter	<u>(137,416)</u>
Total	<u>\$ (371,111)</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.

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

Retirement Plan

The Authority sponsors a defined contribution retirement plan covering all of its full-time employees as of June 30, 2018. 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 2018 was \$16,676,878, of which \$16,587,091 relates to employees covered under the plan. The Authority's contributions to the plan for the year ended June 30, 2018, including forfeitures, totaled \$1,345,472 (8% of covered payroll). Total forfeitures for the year were \$18,505. 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. The deferred compensation payout is not available to employees until termination, retirement, death, or unforeseeable emergency.

Deferred Inflows of Resources.

The Authority has several deferred inflows of resources. Deferred inflows of resources is comprised of the following.

	Statement of Net Position	General Fund Balance Sheet
Differences between expected and actual experience	\$ (226)	\$ -0-
Changes of assumptions or other inputs	<u>(370,885)</u>	<u>-0-</u>
Total	\$ <u><u>(371,111)</u></u>	\$ <u><u>-0-</u></u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

7. CHANGES IN LONG – TERM LIABILITIES

	July 1, 2017, as restated	Increases	Decreases	Balance June 30, 2018	Long Term Portion	Current Portion of Balance
Governmental activities:						
Compensated Absences	\$ 691,410	\$ 78,754	\$ -	\$ 770,164	\$ 528,170	\$ 241,994
Accrued OPEB	905,245	7,297	-	912,542	912,542	-
Total Government activity long-term liabilities	<u>\$ 1,596,655</u>	<u>\$ 86,051</u>	<u>\$ -</u>	<u>\$ 1,682,706</u>	<u>\$ 1,440,712</u>	<u>\$ 241,994</u>
Business-type activities						
Compensated Absences	\$ 783,680	\$ 1,003,603	\$ 894,479	\$ 892,804	\$ 510,224	\$ 382,580
Accrued OPEB	2,012,076	16,220	-	2,028,296	2,028,296	-
Total Business-type activity long-term liabilities	<u>\$ 2,795,756</u>	<u>\$ 1,019,823</u>	<u>\$ 894,479</u>	<u>\$ 2,921,100</u>	<u>\$ 2,538,520</u>	<u>\$ 382,580</u>

The General Fund liquidates compensated absence and OPEB obligations for governmental activities. The Rideshare Fund and the Regional Bus Fund liquidate compensated absence and OPEB obligations for business-type activities.

8. INTERFUND BALANCES AND ACTIVITY

The following summarizes amounts due from and to other funds as of June 30, 2018:

<u>Receivable Fund</u>	<u>Payable Proprietary Fund</u>	<u>Amount</u>
General Fund	Enterprise - Rideshare	\$ 334,692
General Fund	Enterprise - Regional Bus	21,222,165
Enterprise - Regional Bus Cap. Project Fd	General Fund	4,309,262
Total Due from and Due to Proprietary Funds		<u>25,866,119</u>
	<u>Payable Governmental Fund</u>	
General Fund	Technology Capital	33,758
General Fund	Triangle Tax District - Wake Op.	1,284,160
Triangle Tax District-Durham/Orange	General Fund	10,476,268
Major Capital Projects fund	General Fund	26,241,619
Total Due from Governmental Funds		<u>38,035,805</u>
Totals		<u>\$ 63,901,924</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

8. INTERFUND BALANCES AND ACTIVITY (Continued)

Transfers

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

	Transfers from				Total
	General Fund	Major Capital Projects Fund	TTD Wake Operating	Wake Special District	
Transfers to:					
General Fund	\$ -	\$ 5,647,800	\$ -	\$ -	\$ 5,647,800
Regional Bus Fund	9,472,441	-	-	-	9,472,441
Ridesharing Fund	981,528	-	-	-	981,528
Wake Operating	-	-	-	2,477,472	2,477,472
Wake Capital	-	-	83,693,000	-	83,693,000
Technology Capital Project Fund	148,209	-	-	-	148,209
Total	\$ 10,602,178	\$ 5,647,800	\$ 83,693,000	\$ 2,477,472	\$ 102,420,450

The purpose of the transferred monies is as follows:

The Authority’s General Fund transferred monies during fiscal year 2018 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 2018 to the General Fund. The purpose of this transfer was to support General Fund operations.

The Wake Operating Fund transferred \$83,693,000 to the Wake Capital Fund for current needs and planning, and to accumulate funds for future capital projects. The Wake Special Tax District transferred the full Fiscal Year 2018 \$3 vehicle registration tax revenue to the Wake Operating Fund. The Special District exists to meet legal requirements for the levy and accounting of the tax.

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

9. RISK MANAGEMENT (Continued)

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

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

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

- | | |
|-------------------------------------------|------------------|
| • Public Officials Professional Liability | \$ 5,000,000 |
| • Commercial General Liability | 10,000,000 |
| • Public Employee Bond | 50,000 |
| • Real and personal property | |
| Buildings | 16,686,897 |
| Contents | 1,208,219 |
| Equipment Breakdown | 17,895,116 |
| 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 | 4,599,963 |
| • 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.

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

9. RISK MANAGEMENT (Continued)

Flood Insurance

The Authority is not located inside a flood zone according to FEMA flood maps. However, in consultation with the Authority's insurance brokers, \$1,000,000 of flood insurance is in place.

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, 2018, was \$36,709. The Authority has a lease for office property in downtown Durham. The Authority is obligated to rent with a 3% annual increase plus a portion of operating costs. The total minimum future rent commitments under the parking lease and the office lease are as follows:

Year ending	
<u>June 30,</u>	<u>Amount</u>
2019	\$ 351,033
2020	356,159
2021	356,227
2022	375,083
2023	385,234
Thereafter	<u>79,536</u>
Total	<u>\$1,912,272</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>
2019	\$ <u>509,383</u>
Total	<u>\$ 509,383</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

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

Pending or Threatened Lawsuits

Three plaintiffs brought suit against the Authority in the prior fiscal year on a personnel matter. That suit was settled during Fiscal Year 2018. 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. **SUBSEQUENT EVENTS**

The Authority formed a nonprofit organization, GoTransit Partners. The nonprofit will focus on fund raising for major transportation projects. Donations are available for such projects, but grantor restrictions require that donations be made to a nonprofit organization, rather than a public authority. In July 2018, GoTransit Partners received its first donation of \$1,500.

12. **STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

Fiscal Year 2018 is the first full year of revenue collections for the Triangle Tax District – Wake Operating Fund and the Triangle Tax District – Wake Capital Fund. The Transit Governance Interlocal Agreement requires certain restrictions be imposed on resources for future use in Wake County. These are shown as Restricted – Interlocal Agreement. \$1,575,000 is restricted in the Triangle Tax District – Wake Operating Fund to fund expenditures budgeted in FY18 but not expected to be incurred until FY19. \$19,770,000 in the Triangle Tax District – Wake Capital Fund is this year's contribution to the stated goal of restricting 5% of the total estimated Wake County Capital Improvement Plan by FY21.

The Wake Special Tax District shows transfers exceeding the budget by \$366,472. This is the amount that Fiscal Year 2018 receipts exceeded budgeted revenues. The Wake Special Tax District exists to levy the \$3 Vehicle Registration Tax, account for the revenue, and to transfer those revenues to the Wake Operating Fund. The fund is not intended to build a fund balance. The full amount of FY18 revenue was not known until after year end and the opportunity to amend the budget had passed.

The Transit Governance Interlocal Agreement requires a minimum of 90 days unrestricted cash to be kept in the Triangle Tax District – Wake Operating Fund. The minimum amount as of year end is \$1,580,854. Actual unrestricted cash in the Wake Operating Fund is \$1,625,016 as of June 30, 2018.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

12. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (Continued)

Transit Partner Capital Area Metropolitan Planning Organization (CAMPO) shows operating expenditures exceeding budget by \$274,262 in the Wake Operating Fund. A year end accrual of \$478,202 for reimbursement of consultant expenditures caused the overage. The consulting firm has been paid in full. Upon further review, a potential reallocation of expenses between the Authority and CAMPO will be revisited subsequent to this CAFR.

13. RESTATEMENTS OF PRIOR YEAR NET POSITION

The Authority has maintained the Regional Bus Service Capital Project Fund for the procurement of capital assets for the Regional Bus Fund. Because the capital project fund serves the Regional Bus Fund, it is preferable to consolidate the bus capital project fund with the bus operations fund. It has been reclassified as an enterprise capital project fund, with the annual activities consolidated with the Regional Bus Fund. A deduction of \$566,282 in Governmental Activities and an addition of \$566,282, in the Business-type Activities has been made.

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Authority to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Authority, if any, related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$589,550 and decreased \$1,204,434 for the business-type activities.

Additional analytical procedures were applied to the transit services expense accounts during the year. Staff members discovered that transit services expense amounts had been overstated in prior years. A prior period adjustment has been made increasing the fund balance in the Triangle Tax District – Durham/Orange Fund by \$1,370,459.

Cumulatively, the fund balance in the governmental funds increased by \$214,627, and the net position of the proprietary funds decreased by \$638,152.

Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2018

Total OPEB Liability	<u>2018</u>
Service cost at end of year	\$ 353,555
Interest	87,811
Changes of benefit terms	-
Differences between expected and actual experience	(254)
Changes of assumptions or other inputs	(417,596)
Benefit payments	-
Other	-
Net change in total OPEB liability	<u>\$ 23,516</u>
Total OPEB liability - beginning	<u>\$ 2,917,322</u>
Total OPEB liability - ending	<u>\$ 2,940,838</u>
Covered payroll	<u>\$ 13,415,896</u>
Total OPEB liability as a percentage of covered payroll	21.92%

Notes to Schedule

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018	3.56%

There are no assets accumulated in an irrevocable trust to pay the related benefits.

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**INDIVIDUAL FUND
STATEMENTS AND
SCHEDULES**

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, 2018

	Project 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	87,121,313	297	87,121,610	(377,108,818)
Vehicle rental tax	42,392,292	150,791,364	5,835,988	156,627,352	114,235,060
Investment income	3,745,000	7,436,190	388,729	7,824,919	4,079,919
Other revenues	323,000	18,186,911	171,515	18,358,426	18,035,426
Total revenues	<u>729,461,704</u>	<u>293,367,133</u>	<u>6,396,529</u>	<u>299,763,662</u>	<u>(429,698,042)</u>
EXPENDITURES:					
Capital outlay:					
Design	141,032,509	125,367,880	-	125,367,880	15,664,629
Project administration	27,577,195	10,130,861	495,717	10,626,578	16,950,617
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>185,265,106</u>	<u>495,717</u>	<u>185,760,823</u>	<u>688,144,392</u>
Revenues over (under) expenditures	<u>(144,443,511)</u>	<u>108,102,027</u>	<u>5,900,812</u>	<u>114,002,839</u>	<u>258,446,350</u>
OTHER FINANCING SOURCES:					
Sale of land	-	8,230,976	-	8,230,976	8,230,976
Transfers (to) from other funds	144,443,511	(35,861,682)	(5,647,800)	(41,509,482)	(185,952,993)
Change in fund balance	<u>\$ -</u>	<u>\$ 80,471,321</u>	<u>\$ 253,012</u>	<u>\$ 80,724,333</u>	<u>\$ 80,724,333</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
Technology Capital Project Fund
From Inception and for the Fiscal Year Ended June 30, 2018

	Project 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	2,036,842	149,994	2,186,836	198,111
Local grant revenues	149,505	48,064	-	48,064	(101,441)
Total revenues	<u>2,751,965</u>	<u>2,661,923</u>	<u>149,994</u>	<u>2,811,917</u>	<u>59,952</u>
EXPENDITURES:					
Capital outlay:					
Equipment	3,132,720	2,986,892	298,203	3,285,095	(152,375)
Revenues over (under) expenditures	<u>(380,755)</u>	<u>(324,969)</u>	<u>(148,209)</u>	<u>(473,178)</u>	<u>(92,423)</u>
OTHER FINANCING SOURCES:					
Transfers from other funds	380,755	394,163	148,209	542,372	161,617
Transfers (to) other funds	-	(32,525)	-	(32,525)	(32,525)
Change in fund balance	<u>\$ -</u>	<u>\$ 36,669</u>	<u>\$ -</u>	<u>\$ 36,669</u>	<u>\$ 36,669</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenditures
Proprietary Fund - Ridesharing
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental revenues:			
NC Department of Transportation	\$ -	\$ 12,295	\$ 12,295
Federal Transit Administration	117,200	226,750	109,550
Durham County	485,855	426,494	(59,361)
Other governmental revenues	<u>800,311</u>	<u>709,890</u>	<u>(90,421)</u>
Total revenues	<u>1,403,366</u>	<u>1,375,429</u>	<u>(27,937)</u>
EXPENDITURES			
Regional call center	1,015,345	1,004,100	11,245
Regional services	874,894	789,062	85,832
Regional TDM	<u>557,282</u>	<u>549,503</u>	<u>7,779</u>
Total expenditures	<u>2,447,521</u>	<u>2,342,665</u>	<u>104,856</u>
Revenue under expenditures	<u>(1,044,155)</u>	<u>(967,236)</u>	<u>76,919</u>
Other financing sources:			
Transfers from general fund	<u>1,044,155</u>	981,528	<u>(62,627)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	\$ 14,292	<u>\$ 14,292</u>
Reconciling items:			
Increase in OPEB liability		<u>(22,494)</u>	
Change in net position		<u>\$ (8,202)</u>	

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenditures
Proprietary Fund - Regional Bus Service Fund
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Rider fares			
Bus fares	\$ 810,000	\$ 774,108	\$ (35,892)
Consignment	1,000,000	1,011,013	11,013
Vanpool fares	340,000	195,992	(144,008)
Employer subsidies	245,000	297,315	52,315
Specialized services	549,600	556,907	7,307
Other revenues	3,972,691	4,043,157	70,466
Intergovernmental revenues:			
Federal Transit Administration	684,000	762,256	78,256
NC Department of Transportation	2,000,000	1,606,981	(393,019)
Local governments	105,241	86,878	(18,363)
Total revenues	<u>9,706,532</u>	<u>9,334,607</u>	<u>(371,925)</u>
EXPENDITURES			
Supervision	1,343,102	1,331,282	11,820
Operations	8,715,769	8,650,973	64,796
Vanpool	987,371	982,898	4,473
Specialized services	2,324,826	2,306,495	18,331
Maintenance	3,792,094	3,769,082	23,012
Unemployment claims	80,000	26,647	53,353
Total expenditures	<u>17,243,162</u>	<u>17,067,377</u>	<u>175,785</u>
Revenue under expenditures	<u>(7,536,630)</u>	<u>(7,732,770)</u>	<u>(196,140)</u>
Other financing sources:			
Transfers from other fund(s)	7,456,630	8,337,385	880,755
Investment interest	-	14,156	14,156
Total other financing sources	<u>7,456,630</u>	<u>8,351,541</u>	<u>894,911</u>
Revenues and other financing sources over expenditures	<u>\$ (80,000)</u>	<u>618,771</u>	<u>\$ 698,771</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(3,138,605)	
Loss on fixed assets		(14,813)	
Amounts paid on behalf of RTRPTA		1,857,556	
Transit services		(3,433,589)	
Capital contribution		950,946	
From Bus Capital Project:			
Federal grant (capital contribution)		2,764,166	
Transfer from General Fund		1,135,056	
Increase in OPEB liability		(249,680)	
Change in net position		<u>\$ 489,808</u>	

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, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to date	
REVENUES:					
Restricted intergovernmental revenues:					
State grant revenues	\$ 1,975,789	\$ 2,959,891	-	\$ 2,959,891	\$ 984,102
Federal grant revenues	13,549,061	22,292,879	2,764,166	25,057,045	11,507,984
Other revenue	110,000	545	-	545	(109,455)
Total revenues	<u>15,634,850</u>	<u>25,253,315</u>	<u>2,764,166</u>	<u>28,017,481</u>	<u>12,382,631</u>
EXPENDITURES:					
Capital outlay:					
Buildings & Transit Amenities	<u>20,525,076</u>	<u>12,208,617</u>	<u>3,899,222</u>	<u>16,107,839</u>	<u>4,417,237</u>
Revenues over (under) expenditures	<u>(4,890,226)</u>	<u>13,044,698</u>	<u>(1,135,056)</u>	<u>11,909,642</u>	<u>16,799,868</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	4,890,226	498,839	1,135,056	1,633,895	(3,256,331)
Transfers to other funds	-	(13,131,930)	-	(13,131,930)	(13,131,930)
Change in fund balance	<u>\$ -</u>	<u>\$ 411,607</u>	<u>\$ -</u>	<u>\$ 411,607</u>	<u>\$ 411,607</u>

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STATISTICAL SECTION

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
YEAR ENDED JUNE 30, 2018**

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, Table 1 (p.92-93)

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

Change in Net Position, Table 2 (p.94-95)

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, Table 3 (p.96-97)

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

Changes in Fund Balances, Governmental Fund, Table 4 (p.98-99)

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, Table 5 (p.100-101)

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, Table 6 (p.102-103)

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, Table 7 (p.104)

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

Employee Position Authorization by Department, Table 8 (p.105)

This table compares positions authorized by department for comparative purposes.

Operating Indicators by Function/Program, Table 9 (p.106-107)

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, Table 10 (p.108-109)

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

Insurance in Force- July 1, 2018 - June 30, 2019, Table 11 (p.111)

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

Demographics and Economic Statistics for Durham County, Table 12-Durham, (p.112)

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

Principal Employers for Durham County, Table 13-Durham (p.113)

This schedule ranks top employers in Durham County comparatively for 2018 and 2009. Both Durham County tables provided by the Durham County Finance Department

Demographics and Economic Statistics for Orange County, Table 12-Orange (p.114)

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

Principal Taxpayers for Orange County, Table 13-Orange (p.115)

This schedule ranks top taxpayers in Orange County comparatively for 2018 and 2009. This table was provided by the Orange County Finance Department.

Demographics and Economic Statistics for Wake County, Table 12-Wake (p.116)

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

Principal Taxpayers for Wake County, Table 13-Wake (p.117)

This schedule ranks top taxpayers in Orange County comparatively for 2018 and 2009. This table was provided by the Wake County Finance Department.

Principal Auto Rental Agencies, Table 14 (p.118)

This schedule ranks top auto rental agencies by rental taxes generated for 2018 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Invested in capital assets	\$ 160,334,524	\$ 114,168,704	\$ 121,465,478	\$ 129,369,729
Restricted	-	-	58,971,931	65,986,106
Unrestricted	<u>62,691,475</u>	<u>65,744,404</u>	<u>6,056,397</u>	<u>(687,606)</u>
Total governmental activities net position	<u>223,025,999</u>	<u>179,913,108</u>	<u>186,493,806</u>	<u>194,668,229</u>
Business-Type Activities				
Invested in capital assets, net of related debt	18,118,640	19,357,218	17,589,361	21,179,942
Unrestricted	<u>(10,524,894)</u>	<u>(10,469,112)</u>	<u>(10,788,961)</u>	<u>(10,748,802)</u>
Total business-type activities net position	<u>7,593,746</u>	<u>8,888,106</u>	<u>6,800,400</u>	<u>10,431,140</u>
Primary Government				
Invested in capital assets	178,453,164	133,525,922	139,054,839	150,549,671
Restricted	-	-	58,971,931	65,986,106
Unrestricted	<u>52,166,581</u>	<u>55,275,292</u>	<u>(4,732,564)</u>	<u>(11,436,408)</u>
Total primary government net position	<u>\$ 230,619,745</u>	<u>\$ 188,801,214</u>	<u>\$ 193,294,206</u>	<u>\$ 205,099,369</u>

Notes:

This table was prepared using the accrual basis of accounting

Table 1

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 128,918,272	\$ 138,677,090	\$ 139,651,572	\$ 96,128,688	\$ 102,252,715	\$ 157,716,647
79,168,752	108,138,826	138,340,712	158,458,155	217,882,446	291,393,524
(4,031,859)	(10,866,442)	(18,175,568)	(12,848,313)	(20,794,546)	(28,356,084)
<u>204,055,165</u>	<u>235,949,474</u>	<u>259,816,716</u>	<u>241,738,530</u>	<u>299,340,615</u>	<u>420,754,087</u>
19,584,746	17,637,793	17,983,482	15,870,236	14,148,121	16,752,677
(12,387,471)	(12,757,822)	(13,739,176)	(13,579,941)	(13,477,608)	(16,238,710)
<u>7,197,275</u>	<u>4,879,971</u>	<u>4,244,306</u>	<u>2,290,295</u>	<u>670,513</u>	<u>513,967</u>
148,503,018	156,314,883	157,635,054	111,998,924	116,400,836	174,469,324
79,168,752	108,138,826	138,340,712	158,458,155	217,882,446	291,393,524
(16,419,330)	(23,624,264)	(31,914,744)	(26,428,254)	(34,272,154)	(44,594,794)
<u>\$ 211,252,440</u>	<u>\$ 240,829,445</u>	<u>\$ 264,061,022</u>	<u>\$ 244,028,825</u>	<u>\$ 300,011,128</u>	<u>\$ 421,268,054</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Governmental activities:					
Administration	\$ 829,800	\$ 235,326	\$ 243,282	\$ 238,928	\$ 224,474
Capital Development	236,893	129,934	176,607	367,052	80,869
Communications and Public Affairs	595,361	393,570	358,988	586,431	882,207
Finance	2,012,750	1,530,934	1,728,565	2,187,530	3,320,881
General Counsel	223,030	332,001	301,688	360,723	291,030
Human Resources	396,942	513,955	391,536	423,936	418,166
EEO/DBE	110,653	108,596	116,928	120,676	114,567
GoDurham	-	-	135,446	345,619	484,200
Board	117,698	92,158	90,319	95,254	95,339
FORTIFY	-	-	-	-	-
Transit services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Ridesharing	-	-	-	-	-
Loss on disposed or impaired assets	-	49,540,516	-	-	-
Total governmental activities expense	<u>4,523,127</u>	<u>52,876,990</u>	<u>3,543,359</u>	<u>4,726,149</u>	<u>5,911,733</u>
Business-type activities:					
Regional bus service	12,488,392	13,101,407	15,279,164	16,563,748	17,196,139
Ridesharing	2,176,232	2,311,215	2,263,733	2,300,277	1,836,275
Total business-type activities expense	<u>14,664,624</u>	<u>15,412,622</u>	<u>17,542,897</u>	<u>18,864,025</u>	<u>19,032,414</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>19,187,751</u>	<u>68,289,612</u>	<u>21,086,256</u>	<u>23,590,174</u>	<u>24,944,147</u>
Program Revenues					
Governmental activities:					
Charges for service	-	-	-	-	-
Operating grants and contributions:					
Capital development	781,628	729,999	525,022	1,248,868	554,148
Capital grants and contributions					
Regional rail capital project	-	-	-	548,939	927,651
Regional bus capital project	5,333,009	3,339,498	442,775	5,924,422	930,908
Technology capital project	513,871	390,124	391,445	575,381	86,452
Total governmental activities revenue	<u>6,628,508</u>	<u>4,459,621</u>	<u>1,359,242</u>	<u>8,297,610</u>	<u>2,499,159</u>
Business-type activities:					
Regional bus service					
Charges for services	2,076,728	2,163,990	2,306,033	2,552,723	2,682,390
Grant revenue	2,936,168	3,335,158	3,810,893	4,776,360	3,670,323
Ridesharing					
Charges for services	3,801	1,000	-	-	-
Grant revenue	1,088,217	1,077,018	1,108,536	1,201,353	641,835
Total business-type activities revenues	<u>6,104,914</u>	<u>6,577,166</u>	<u>7,225,462</u>	<u>8,530,436</u>	<u>6,994,548</u>
TOTAL PRIMARY GOVERNMENT REVENUES	<u>12,733,422</u>	<u>11,036,787</u>	<u>8,584,704</u>	<u>16,828,046</u>	<u>9,493,707</u>
Net revenue (Expense)					
Governmental activities	2,105,361	(48,417,369)	(2,184,117)	3,571,461	(3,412,574)
Business-type activities	(7,731,528)	(8,835,456)	(10,317,435)	(10,333,589)	(12,037,866)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>(5,626,167)</u>	<u>(57,252,825)</u>	<u>(12,501,552)</u>	<u>(6,762,128)</u>	<u>(15,450,440)</u>
General revenues and other changes in net position					
Governmental activities:					
Vehicle registration taxes	5,394,065	5,185,675	5,487,720	5,526,485	5,607,530
Special tax revenue	-	-	-	-	4,700,299
Vehicle rental taxes	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305
Miscellaneous revenues	1,128,756	1,008,831	1,215,183	1,485,056	2,959,061
Unrestricted investment earnings	1,024,037	661,170	864,930	1,602,445	300,381
Transfers	(10,512,457)	(8,981,080)	(7,189,676)	(12,693,131)	(9,102,995)
Total governmental activities	<u>5,202,090</u>	<u>5,304,478</u>	<u>8,764,815</u>	<u>4,602,962</u>	<u>13,480,581</u>
Business-type activity:					
Miscellaneous					
Unrestricted investment earnings	828,182	1,123,510	1,005,081	1,203,920	1,389,271
Transfers	61,971	25,226	34,972	67,278	11,686
Total business-type activities	<u>11,402,610</u>	<u>10,129,816</u>	<u>8,229,729</u>	<u>13,964,329</u>	<u>10,503,952</u>
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>16,604,700</u>	<u>15,434,294</u>	<u>16,994,544</u>	<u>18,567,291</u>	<u>23,984,533</u>
Change in net position					
Governmental activities					
Business-type activity	7,307,471	(43,112,891)	6,580,698	8,174,423	10,068,007
Prior period adjustments/restatements	2,842,900	1,294,360	(2,087,706)	3,630,740	(1,533,914)
Total primary government change in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>\$ 10,150,371</u>	<u>\$ (41,818,531)</u>	<u>\$ 4,492,992</u>	<u>\$ 11,805,163</u>	<u>\$ 8,534,093</u>

TABLE 2

2014	2015	2016	2017	2018
\$ 230,773	\$ 445,968	\$ 395,813	\$ 240,533	\$ 738,842
206,471	4,378,573	3,135,490	2,215,088	4,580,967
1,058,663	2,128,808	792,256	1,572,138	2,408,427
4,633,963	2,742,430	3,593,377	3,537,718	2,806,896
428,521	1,307,863	206,367	757,937	971,652
428,364	487,517	603,459	595,683	687,057
116,539	130,349	141,040	113,956	141,254
669,303	695,624	934,349	795,369	881,430
84,522	84,306	95,629	133,670	146,958
662,597	2,010,101	2,578,066	2,195,690	-
-	-	5,710,000	5,530,960	17,584,859
-	-	-	614,678	-
-	-	-	89,572	188,583
-	9,513,160	49,796,737	-	-
8,519,716	23,924,699	67,982,583	18,392,992	31,136,925
18,084,542	19,629,795	19,582,301	19,809,386	23,889,251
1,935,617	1,991,903	2,049,457	2,181,925	2,365,159
20,020,159	21,621,698	21,631,758	21,991,311	26,254,410
28,539,875	45,546,397	89,614,341	40,384,302	57,391,334
-	-	-	1,066,222	1,165,852
980,983	3,446,914	2,529,679	2,475,198	4,943,910
1,071,944	751,906	1,023,625	723,751	-
81,585	788,806	490,726	1,051,654	752,111
66,474	203,994	135,004	99,000	149,994
2,200,986	5,191,620	4,179,034	5,415,825	7,011,867
2,714,489	2,790,366	2,479,761	4,953,704	3,288,406
3,638,927	3,290,514	2,925,107	2,929,953	6,171,227
1,000	-	-	-	-
569,369	670,787	660,395	426,261	665,539
6,923,785	6,751,667	6,065,263	8,309,918	10,125,172
9,124,771	11,943,287	10,244,297	13,725,743	17,137,039
(6,318,730)	(18,733,079)	(63,803,549)	(12,977,167)	(24,125,058)
(13,096,374)	(14,870,031)	(15,566,495)	(13,681,393)	(16,129,238)
(19,415,104)	(33,603,110)	(79,370,044)	(26,658,560)	(40,254,296)
5,737,329	10,662,625	9,413,400	9,671,756	18,516,428
28,516,774	30,561,753	31,536,121	54,179,262	122,793,936
9,586,666	9,924,456	10,665,172	11,378,047	11,671,976
3,232,682	2,625,210	3,327,995	2,155,082	886,790
333,698	422,560	1,427,905	859,364	1,908,742
(9,194,110)	(11,596,283)	(10,645,230)	(10,905,887)	(10,453,969)
38,213,039	42,600,321	45,725,363	67,337,624	145,323,903
1,572,129	2,577,715	2,942,154	1,427,356	6,142,719
12,831	63,014	25,100	(105,885)	14,156
9,194,110	11,596,283	10,645,230	10,905,887	10,453,969
10,779,070	14,237,012	13,612,484	12,227,358	16,610,844
48,992,109	56,837,333	59,337,847	79,564,982	161,934,747
31,894,309	23,867,242	(18,078,186)	54,360,457	121,198,845
(2,317,304)	(633,019)	(1,954,011)	(1,454,035)	481,606
-	-	-	3,075,881	(423,525)
\$ 29,577,005	\$ 23,234,223	\$ (20,032,197)	\$ 55,982,303	\$ 121,256,926

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 917,874	\$ 861,341	\$ 1,608,794	\$ 1,541,560
Restricted	16,890,520	15,825,773	16,388,898	19,954,423
Unassigned	4,244,776	5,812,264	5,272,677	(1,092,077)
Total General Fund	<u>\$ 22,053,170</u>	<u>\$ 22,499,378</u>	<u>\$ 23,270,369</u>	<u>\$ 20,403,906</u>
All other governmental funds				
Restricted - reserve by state statute	\$ 7,961,270	\$ 10,664,518	\$ 9,739,495	\$ 13,904,766
Restricted - enabling legislation	-	-	32,501,781	31,630,153
Restricted - interlocal agreement	-	-	-	-
Unassigned	-	-	-	-
Capital projects fund	33,166,102	33,083,075	-	-
Total all other governmental funds	<u>\$ 41,127,372</u>	<u>\$ 43,747,593</u>	<u>\$ 42,241,276</u>	<u>\$ 45,534,919</u>

Table 3

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,578,729	\$ 1,672,481	\$ 1,549,072	\$ 1,800,234	\$ 1,671,179	\$ 2,035,951
18,626,014	21,650,712	25,972,080	18,681,070	20,324,751	25,304,010
(4,880,300)	(11,658,559)	(18,482,290)	(13,663,617)	(20,842,811)	(27,031,415)
<u>\$ 15,324,443</u>	<u>\$ 11,664,634</u>	<u>\$ 9,038,862</u>	<u>\$ 6,817,687</u>	<u>\$ 1,153,119</u>	<u>\$ 308,546</u>
\$ 19,329,379	\$ 26,634,089	\$ 41,094,919	\$ -	\$ 69,922,702	\$ 84,791,735
41,098,509	59,854,025	71,273,713	139,777,085	127,634,993	159,952,779
-	-	-	-	-	21,345,000
-	(32,624)	(356,728)	(45,885)	(606,700)	(1,562,759)
-	-	-	-	-	-
<u>\$ 60,427,888</u>	<u>\$ 86,455,490</u>	<u>\$ 112,011,904</u>	<u>\$ 139,731,200</u>	<u>\$ 196,950,995</u>	<u>\$ 264,526,755</u>

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

REVENUES	2009	2010	2011	2012
Restricted intergovernmental revenues:				
NC Department of Transportation	\$ 1,798,021	\$ 577,331	\$ 201,738	\$ 1,081,999
Federal Transit Administration	4,830,487	3,865,552	1,157,504	7,215,611
Other revenue	432,442	217,414	386,569	488,633
Vehicle registration tax	5,394,065	5,185,675	5,487,720	5,526,485
Special tax revenue	-	-	-	-
Indirect cost credits	696,314	808,155	828,614	996,423
Rental vehicle tax	8,167,689	7,429,882	8,386,658	8,682,107
Investment income	1,024,037	661,170	864,930	1,602,445
Total revenues	<u>22,343,055</u>	<u>18,745,179</u>	<u>17,313,733</u>	<u>25,593,703</u>
EXPENDITURES				
Current:				
Governing board	117,698	92,158	90,319	95,254
Regional services	-	-	-	-
Human resources	396,942	418,567	391,536	417,090
Administration	829,800	241,372	243,282	227,160
Capital development	236,893	179,610	176,607	325,567
EEO/DBE	110,653	113,586	116,928	116,490
Finance	970,425	1,056,848	1,244,476	1,633,541
General counsel	223,030	336,943	301,688	344,592
Communications and public affairs	595,361	399,118	358,988	561,363
DATA/GoDurham	-	-	135,446	311,070
FORTIFY	-	-	-	-
Transit services	-	-	-	-
Capital outlay	5,011,941	3,859,468	7,800,113	8,441,265
Total expenditures	<u>8,492,743</u>	<u>6,697,670</u>	<u>10,859,383</u>	<u>12,473,392</u>
Excess of revenues over expenditures	<u>13,850,312</u>	<u>12,047,509</u>	<u>6,454,350</u>	<u>13,120,311</u>
OTHER FINANCING SOURCES (USES)				
Sale of land	-	-	-	-
Transfers from other funds	31,173,272	5,383,991	10,800,590	7,025,418
Transfers to other funds	<u>(31,869,635)</u>	<u>(14,365,071)</u>	<u>(17,990,266)</u>	<u>(19,718,549)</u>
Total other financing sources (uses)	<u>(696,363)</u>	<u>(8,981,080)</u>	<u>(7,189,676)</u>	<u>(12,693,131)</u>
Net change in fund balance	13,153,949	3,066,429	(735,326)	427,180
Fund balances-beginning	50,026,593	63,180,542	66,246,971	65,511,645
Prior period adjustment	-	-	-	-
Fund balances-ending	<u>\$ 63,180,542</u>	<u>\$ 66,246,971</u>	<u>\$ 65,511,645</u>	<u>\$ 65,938,825</u>

Note:

The 2018 Fund Balance-beginning is shown in italics to disclose it is lower by \$566,283. Beginning in FY18, the Regional Bus Capital Project Fund is shown as a proprietary capital project fund rather than a governmental fund.

Table 4

	2013	2014	2015	2016	2017	2018
\$	273,562	\$ 297,032	\$ 748,813	\$ 605,838	\$ 607,457	\$ 189,492
	1,962,812	1,585,087	4,304,010	3,292,902	3,496,814	2,752,624
	2,290,074	2,495,399	1,770,486	2,904,313	2,173,533	3,830,146
	5,607,530	5,737,329	10,662,625	9,413,400	9,671,756	18,516,428
	4,700,299	28,516,774	30,561,753	31,536,121	54,179,262	122,793,936
	931,772	1,056,150	993,524	1,072,250	1,098,951	1,126,395
	9,016,305	9,586,666	9,924,456	10,665,172	11,378,047	11,671,976
	300,381	333,698	422,560	1,427,905	859,364	1,908,742
	<u>25,082,735</u>	<u>49,608,135</u>	<u>59,388,227</u>	<u>60,917,901</u>	<u>83,465,184</u>	<u>162,789,739</u>
	95,339	84,522	79,376	76,289	127,035	105,915
	-	-	-	-	89,572	-
	414,168	420,839	481,672	532,354	595,683	647,858
	212,179	207,070	431,683	455,097	224,981	482,692
	148,599	119,210	882,981	2,138,408	2,738,464	6,009,825
	113,083	103,090	125,894	124,459	113,956	133,195
	1,836,632	2,782,260	2,064,382	2,137,074	2,406,551	2,602,435
	285,655	454,961	1,314,534	482,388	757,937	865,899
	485,016	657,384	2,219,011	2,513,220	1,707,372	1,829,418
	876,172	958,996	691,853	820,649	795,369	881,430
	-	662,597	2,010,101	2,226,520	2,204,191	-
	-	1,236,447	3,325,255	5,710,000	5,530,960	16,754,925
	4,292,866	10,358,856	17,112,045	7,558,101	8,833,421	56,095,168
	<u>8,759,709</u>	<u>18,046,232</u>	<u>30,738,787</u>	<u>24,774,559</u>	<u>26,125,492</u>	<u>86,408,760</u>
	<u>16,323,026</u>	<u>31,561,903</u>	<u>28,649,440</u>	<u>36,143,342</u>	<u>57,339,692</u>	<u>76,380,979</u>
	3,274,548	-	3,076,624	-	1,879,804	-
	503,942	3,484,105	1,370,688	3,626,565	1,681,905	5,796,009
	(9,606,939)	(12,678,215)	(10,166,110)	(14,271,795)	(12,587,792)	(16,249,978)
	<u>(5,828,449)</u>	<u>(9,194,110)</u>	<u>(5,718,798)</u>	<u>(10,645,230)</u>	<u>(9,026,083)</u>	<u>(10,453,969)</u>
	10,494,577	22,367,793	22,930,642	25,498,112	48,313,609	65,927,010
	65,257,754	75,752,331	98,120,124	121,050,766	146,548,878	197,537,832
	-	-	-	-	3,241,628	1,370,459
\$	<u>75,752,331</u>	<u>98,120,124</u>	<u>121,050,766</u>	<u>146,548,878</u>	<u>198,104,115</u>	<u>264,835,301</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governing board	\$ 117,698	\$ 92,158	\$ 90,319	\$ 95,254
Regional Services	-	-	-	-
Human resources	396,942	418,567	391,536	417,090
Administration	829,800	241,372	243,282	227,160
Capital development	236,893	179,610	176,607	325,567
Equal employ. opport./disadv. bus. enter.	110,653	113,586	116,928	116,490
Finance	970,425	1,056,848	1,244,476	1,633,541
General counsel	223,030	336,943	301,688	344,592
Communications and public affairs	595,361	399,118	358,988	561,363
DATA/GoDurham	-	-	135,446	311,070
FORTIFY	-	-	-	-
Transit services	-	-	-	-
Capital outlay and debt payments	<u>5,011,941</u>	<u>3,859,468</u>	<u>7,800,113</u>	<u>8,441,265</u>
Totals	<u>\$ 8,492,743</u>	<u>\$ 6,697,670</u>	<u>\$ 10,859,383</u>	<u>\$ 12,473,392</u>

Table 5

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 95,339	\$ 84,522	\$ 79,376	\$ 76,289	\$ 127,035	\$ 105,915
-	-	-	-	89,572	-
414,168	420,839	481,672	532,354	595,683	647,858
212,179	207,070	431,683	453,265	224,981	482,692
148,599	119,210	882,981	2,141,315	2,738,465	6,009,825
113,083	103,090	125,894	124,459	113,956	133,195
1,836,632	2,782,260	2,064,382	2,137,074	2,406,551	2,602,435
285,655	454,961	1,314,534	479,762	757,937	865,899
485,016	657,384	2,219,011	2,514,771	1,707,372	1,829,418
876,172	958,996	691,853	820,649	795,369	881,430
-	662,597	2,010,101	2,226,520	2,204,191	-
-	1,236,447	3,325,255	5,710,000	5,530,960	16,754,925
4,292,866	10,358,856	17,112,045	7,558,101	8,833,421	56,095,168
<u>\$ 8,759,709</u>	<u>\$ 18,046,232</u>	<u>\$ 30,738,787</u>	<u>\$ 24,774,559</u>	<u>\$ 26,125,493</u>	<u>\$ 86,408,760</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Vehicle registration taxes	\$ 5,394,065	\$ 5,185,675	\$ 5,487,720	\$ 5,526,485
Rental vehicle taxes	8,167,689	7,429,882	8,386,658	8,682,107
Special revenue taxes	-	-	-	-
Intergovernmental revenues:				
Federal Transit Administration	4,830,487	3,865,552	1,157,504	7,215,611
NC Department of Transportation	1,798,021	577,331	201,738	1,081,999
Indirect cost credits	696,314	808,155	828,614	996,423
Investment income	1,024,037	661,170	864,930	1,602,445
Other	<u>432,442</u>	<u>217,414</u>	<u>386,569</u>	<u>488,633</u>
Totals	<u>\$ 22,343,055</u>	<u>\$ 18,745,179</u>	<u>\$ 17,313,733</u>	<u>\$ 25,593,703</u>

Table 6

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 5,607,530	\$ 5,737,329	\$ 10,662,625	\$ 9,413,400	\$ 9,671,756	\$ 18,516,428
9,016,305	9,586,666	9,924,456	10,665,172	11,378,047	11,671,976
4,700,299	28,516,774	30,561,753	31,536,121	54,179,262	122,793,936
1,962,812	1,585,087	4,304,010	3,292,902	3,496,814	2,752,624
273,562	297,032	748,813	605,838	607,457	189,492
931,772	1,056,150	993,524	1,072,250	1,098,951	1,126,395
300,381	333,698	422,560	1,427,905	859,364	1,908,742
<u>2,290,074</u>	<u>2,495,399</u>	<u>1,770,486</u>	<u>2,904,313</u>	<u>2,173,533</u>	<u>3,830,146</u>
<u>\$ 25,082,735</u>	<u>\$ 49,608,135</u>	<u>\$ 59,388,227</u>	<u>\$ 60,917,901</u>	<u>\$ 83,465,184</u>	<u>\$ 162,789,739</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		
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General counsel	2	2	2	2	2	3	4	3	6	6
Communications and public affairs	4	4	4	8	9	10	11	11	15	20
Finance	8	9	10	10	16	13	14	13	14	15
Human resources	3	3	4	4	3	4	4	4	4	5
Administration	2	2	2	2	2	2	2	2	2	3
EEO/DBE	1	1	1	1	1	1	1	1	1	1
Capital development	8	8	8	8	9	13	13	20	27	26
Regional bus	130	114	125	126	152	167	177	174	173	168
Ridesharing	23	18	22	22	25	23	34	33	22	18
Totals	<u>181</u>	<u>161</u>	<u>178</u>	<u>183</u>	<u>219</u>	<u>236</u>	<u>260</u>	<u>261</u>	<u>264</u>	<u>262</u>

This table indicates the number of the Authority's authorized full-time 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

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Services consumed:			
Fare paid boardings	1,124,665	1,091,626	1,287,157
Transfers	-	-	-
Total passengers	<u>1,124,665</u>	<u>1,091,626</u>	<u>1,287,157</u>
Services supplied:			
Regular route revenue miles	2,212,783	2,289,150	2,286,433
Paratransit miles			
Deadhead, training and maintenance miles	569,922	382,393	395,714
Total miles driven	<u>2,782,705</u>	<u>2,671,543</u>	<u>2,682,147</u>
Regular route revenue hours	100,532	102,882	109,103
Paratransit miles			
Deadhead, training and maintenance hours	na	na	20,151.00
Total bus hours	<u>100,532</u>	<u>102,882</u>	<u>129,254</u>
Vanpools in operation at year end:	<u>78</u>	<u>72</u>	<u>68</u>

Table 9

2012	2013	2014	2015	2016	2017	2018
1,578,598	1,769,200	1,822,853	1,843,735	1,784,408	1,662,758	1,636,072
-	-	-	-	-	-	-
<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>	<u>1,662,758</u>	<u>1,636,072</u>
2,205,018	2,242,560	2,383,071	2,630,942	2,819,804	2,831,146	2,809,815
					505,190	599,410
520,888	680,659	719,696	805,479	868,384	305,391	495,402
<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>	<u>3,641,727</u>	<u>3,904,627</u>
107,738	109,576	115,369	128,510	137,348	140,448	143,057
					23,686	27,816
21,793	21,860	22,912	25,791	27,811	28,131	31,232
<u>129,531</u>	<u>131,436</u>	<u>138,281</u>	<u>154,301</u>	<u>165,159</u>	<u>192,265</u>	<u>202,105</u>
<u>66</u>	<u>66</u>	<u>66</u>	<u>60</u>	<u>54</u>	<u>52</u>	<u>46</u>

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

<u>FUNCTION/PROGRAM</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-type activities:			
39 - Passenger buses	-	-	-
37 - Passenger buses	19	12	12
36 - Passenger buses	12	20	20
30 - Passenger buses	23	23	23
16 - Passenger buses	5	5	5
16 - Passenger handicap accessible vans	-	-	-
15 - Passenger vans	49	43	53
14 - Passenger handicap accessible vans	-	-	-
12 - Passenger handicap accessible vans	23	34	10
12 - Passenger vans	-	-	-
10 - Passenger handicap accessible van	6	9	-
8 - Passenger accessible vans	-	-	-
8 - Passenger vans	-	-	-
7 - Passenger vans	7	10	4
7 - Passenger handicap accessible van	-	-	-
Service truck	2	3	3
Supervisor vehicles	2	2	2
	<hr/>	<hr/>	<hr/>
Total Vehicles	<u>148</u>	<u>161</u>	<u>132</u>

Source: Information provided by Authority Bus Operations.

Table 10

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
-	-	-	-	-	-	3
-	-	-	-	6	6	-
36	36	36	42	36	36	36
23	23	23	30	20	20	20
5	5	5	5	5	5	5
-	-	-	-	6	6	6
28	12	3	2	2	2	-
-	-	-	-	-	-	5
40	47	47	58	55	55	3
-	-	-	-	-	-	54
7	14	16	15	7	12	6
6	2	2	-	1	1	-
-	-	-	-	2	2	2
16	14	14	16	14	14	14
-	-	-	-	3	3	-
4	4	4	4	4	4	4
2	3	2	2	4	4	6
<u>167</u>	<u>160</u>	<u>152</u>	<u>174</u>	<u>165</u>	<u>170</u>	<u>164</u>

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**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
INSURANCE IN FORCE
JULY 1, 2018 - JUNE 30, 2019**

Table 11

	Limits
<u>Real and Personal Property</u>	
Real Property	\$ 18,336,897
Personal Property	2,488,219
Inland Marine	4,334,500
 <u>Commercial General Liability</u>	
General Liability Each Occurrence/General Aggregate	5,000,000
 <u>Automobile Liability</u>	
Each Occurrence	5,000,000
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
 Excess Liability (over General Liability and Auto Liability)	
Each Occurrence	5,000,000
Aggregate	5,000,000
 <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>	50,000

DURHAM COUNTY, NORTH CAROLINA

Table 12-Durham

Demographic and Economic Statistics Last Ten Years

Year	Population Estimates ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income ³	School Enrollment ⁴	Unemployment Rate 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	42,830	33,296	5.3%
2015	290,874	13,394,612	44,507	33,626	5.4%
2016	293,647	14,064,619	45,931	33,144	4.7%
2017	301,243	*	*	32,907	3.8%
2018	308,941	*	*	32,629	3.8%

* Information not yet available

(1) The 2009-2018 estimates are from the Durham City/County Planning Department.

(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.

2009-2016 is actual per capita income provided by Bureau of Economic Analysis, last update November 16, 2017.

(4) Durham County Public Schools, 2009-2018 Final Average Daily Membership.

(5) North Carolina Department of Commerce.

Information provided by the Durham County Finance Department

DURHAM COUNTY, NORTH CAROLINA

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

Table 13-Durham

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Duke University & Health System	27,142	1	13.47%	20,185	1	14.44%
Duke University						
Duke University	10,000	2	4.96%			
International Business Machines (IBM)	7,000	3	3.47%	11,530	2	8.25%
Durham Public Schools	4,600	4	2.28%	5,489	3	3.93%
Blue Cross Blue Shield of North Carolina	4,000	5	1.98%	2,437	6	1.74%
Fidelity Investments	3,700	6	1.84%			
IQVI (formerly Quintiles Transnational Corp.)	3,000	7	1.49%			
Cree, Inc.	2,600	8(tie)	1.29%			
GlaxoSmithKline	2,600	8(tie)	1.29%	5,000	4	3.58%
Durham City Government	2,466	9	1.22%	2,336	7	1.67%
Research Triangle Institute(RTI)	2,276	10	1.13%	2,200	9	1.57%
Veterans Affairs (VA) Medical Center				2,162	10	1.55%
NORTEL Networks				2,600	5	1.86%
Lenovo Group, Ltd.				2,300	8	1.65%
	<u>69,384</u>		<u>34.42%</u>	<u>56,239</u>		<u>40.25%</u>

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

Information provided by the Durham County Finance Department

ORANGE COUNTY, NORTH CAROLINA

Table 12-Orange

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age	Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Performed (5)
2008	127,344	\$ 5,450,187	35,229	32.15	18,530	3.2%	1,965
2009	131,123	5,976,341	35,084	33.20	18,898	6.3%	1,573
2010	132,386	6,186,351	47,063	33.00	18,696	6.6%	1,215
2011	133,801	6,268,886	47,925	33.10	18,990	6.5%	1,962
2012	138,550	6,608,945	46,713	33.00	19,549	6.5%	1,640
2013	138,330	7,131,776	48,683	33.49	19,757	6.2%	1,769
2014	139,694	7,345,876	51,702	33.49	20,051	5.7%	1,791
2015	141,596	7,557,466	52,339	34.57	20,202	4.8%	1,852
2016	141,704	7,822,229	52,989	35.05	20,040	4.4%	3,026
2017	143,264 *		55,338	35.05	19,959	0.46%	

*Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.
- (3) Orange County Finance and Administrative Services budget student numbers
- (4) N.C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of building permits issued Orange County Inspections Department.
Includes inspections by municipalities.

Information provided by the Orange County Finance Department

Note that the Fiscal Year 2018 information was not available at print time.
The Fiscal Year 2017 schedule is included for informational purposes.

ORANGE COUNTY, NORTH CAROLINA

Table 13-Orange

**Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Health Care	13,175	1	18.24%	7,644	2	11.29%
UNC Chapel Hill	12,411	2	17.18%	17,243	1	25.46%
Chapel Hill-Carrboro City Schools	2,043	3	2.82%	2,311	3	3.41%
Orange County Schools	1,311	4	1.82%	1,031	5	1.53%
Orange County Government	1,115	5	1.54%	970	6	1.43%
Town of Chapel Hill	903	6	1.25%	884	7	1.31%
General Electric	521	7	0.72%	501	10	0.74%
UNC Physicians Network LLC	475	8	0.65%			
Sports Endeavors INC DBA Eurosport	416	9	0.57%			
Aramark Services	379	10	0.52%			
Blue Cross Blue Shield				1,596	4	2.36%
HRR Prime LLC				662	8	0.98%
Harris Teeter, Inc				543	9	0.80%

Source: Orange County Economic Development Commission, Employment Security Commission

Information provided by the Orange County Finance Department

Note that the Fiscal Year 2018 information was not available at print time.
The Fiscal Year 2017 schedule is included for informational purposes.

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income ³	School Enrollment ⁴	Unemployment Rate ⁵
2009	856,492	39,424,220	44,617	137,706	8.4%
2010	883,624	41,432,611	45,683	139,599	8.3%
2011	900,933	43,320,456	46,615	143,289	7.9%
2012	929,070	46,320,314	48,626	146,687	7.1%
2013	952,143	47,064,181	48,285	149,508	6.0%
2014	974,289	50,257,552	50,294	153,039	4.9%
2015	998,691	53,028,913	51,776	155,000	4.7%
2016	1,024,198	56,592,270	54,063	156,644	4.2%
2017	1,046,791	*	*	158,374	3.9%
2018	1,072,203	*	*	160,429	3.6%

* Information not yet available

- (1) U.S. Census Bureau, previous calendar year
- (2) Bureau of Economic Analysis Regional, Economic Information System - Bureau of Economic Analysis March 2016.
- (3) Bureau of Economic Analysis Regional Economic Account - computed using Census Bureau midyear population estimates available as of March 2016.
- (4) North Carolina Department of Public Instruction. 2018 Wake County Public Schools District Facts.
- (5) Employment Security Commission of North Carolina. June 2018 Preliminary Statewide and Local Data.

Information provided by the
Wake County Finance Dept.

WAKE COUNTY, NORTH CAROLINA

TABLE 16

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	36,004	1	6.71%	25,458	1	5.98%
State of North Carolina	24,083	2	4.19%	16,755	3	3.89%
Wake County Public School System	19,845	3	3.45%			
Wal-Mart	16,135	4	2.81%			
IBM Corporation	10,000	5	1.74%	13,000	2	3.61%
WakeMed Health & Hospitals	9,105	6	1.58%	6,893	4	1.67%
North Carolina State University	9,069	7	1.57%	8,000		1.94%
Target	8,000	8	1.39%	6,893	5	1.62%
UNC Rex Healthcare	7,400	9	1.29%	4,000	8	1.03%
SAS Institute, Inc.	5,632	10	0.98%	4,149	7	0.98%
Cisco Systems	5,000			3,600	10	1.50%
Progress Energy				5,000	6	0.76%
University of North Carolina				3,058		0.72%
	150,273		25.71%	96,806		23.70%

Source: Greater Raleigh Chamber of Commerce.

Table 13 - Wake

Information provided by the Wake County Finance Dept.

**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	2018			2014		
	Vehicle Rental Tax	Rank	Percentage of Total Sales	Vehicle Rental Tax	Rank	Percentage of Total Sales
Enterprise Rent a Car	\$ 6,444,284	1	55.17%	\$ 4,548,059	1	47.44%
Hertz Corporation	2,033,656	2	17.41%	1,826,887	2	19.06%
Avis Rent a Car System	1,070,874	3	9.17%	1,056,760	3	11.02%
Budget Rent a Car	833,047	4	7.13%	739,793	4	7.72%
DTG Operations, Inc.	560,766	5	4.80%	548,735	5	5.72%
U-Haul	307,778	6	2.64%	216,800	7	2.26%
Advantage Rent A Car	120,905	7	1.04%	11,591	12	0.12%
Payless Car Rental, Inc.	89,480	8	0.77%	-	-	0.00%
E-Z Rent A Car LLC	38,085	9	0.33%	-	-	0.00%
Capital Ford	32,787	10	0.28%	-	-	0.00%
University Ford Isuzu	32,043	11	0.27%	23,913	9	0.25%
Van Products	19,090	12	0.16%	-	-	0.00%
Fred Anderson Toyota	-	-	0.00%	12,045	11	0.13%
Triangle Rent a Car	-	-	0.00%	272,433	6	2.84%
Simply Wheelz. LLC	-	-	0.00%	91,672	8	0.96%
ZipCar, Inc	-	-	0.00%	13,338	10	0.14%
Other	<u>97,080</u>	N/A	<u>0.84%</u>	<u>224,640</u>	N/A	<u>2.34%</u>
Total	<u>\$ 11,679,875</u>		<u>100.00%</u>	<u>\$ 9,586,666</u>		<u>100.00%</u>

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.

This table is prepared based on actual cash receipts.

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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the blended component units, 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2018.

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 2018-001 to be a significant deficiency and item 2018-002 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 Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cherry Bokant LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the Research Triangle Regional Public Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB 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, 2018. 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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 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, 2018.

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 "Cherry Bokant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2018

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

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

Report on Compliance for Each Major State Program

We have audited the Research Triangle Regional Public Transportation Authority's (the "Authority"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018. 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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 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, 2018.

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 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 "Cherry Bokant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2018

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 Number
 20.500, 20.507, 20.526

Name of Federal Program or Cluster
 Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$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, 2018

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

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

Financial Statement Findings

Finding 2018-001

Significant Deficiency:

Criteria: The Finance Department is responsible for accurately recording accounts receivable and applying payments received to the related balances.

Condition: Through our testing of subsequent receipts, we identified instances where receivables were outstanding at year-end but the related cash had already been received.

Context: Due to a system conversion during the year, various cash receipts were not applied to their related accounts receivable balances.

Effect: Overstatement of revenue and receivables.

Cause: A system conversion during the year as well as lack of oversight and review.

Recommendation: We recommend the Authority review its accounts receivable process and implement controls to ensure cash receipts are properly applied to the related accounts receivable balances.

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, 2018

**Section II – Findings Related to the Audit of the Basic
Financial Statements of the Authority (continued)**

Finding 2018-002

Material Weakness:

Criteria: The Finance Department is responsible for accurately recording expenses and accruals.

Condition: It was identified during the year that expenses and accruals were overstated in previous years related to transit services.

Context: Due to past year-end accruals being recorded but never reversed when the actual invoices were entered in, this led to an overstatement of expenses and accruals.

Effect: Restatement of June 30, 2017 fund balance.

Cause: Staff turnover as well as a lack of detailed review.

Recommendation: We recommend the Authority implement controls to properly detail review all balances.

View of responsible officials: Management agrees with finding.

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

Federal Award Findings and Questioned Costs

None noted.

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

State Award Findings and Questioned Costs

None noted.

SCHEDULE OF CORRECTIVE ACTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



Connecting all points of the Triangle

Section I – Financial Statement Finding

Finding 2018-001

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

Corrective Action: The Assistant Finance Director and the Senior Accountant will work with the Accounts Receivable (AR) staff to review all AR entries. Only those reasonably believed to be collectible will remain. If amounts are not able to be written off, an allowance for doubtful accounts will be established.

Proposed completion date: November 30, 2018.

Finding 2018-002

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

Corrective Action: Expanded processing procedures were put in place following June 30, 2018. The staff member serving as the contact person for the transit partner(s) will make the accrual entry for transit service payments to be made. That information will be forwarded to the Assistant Finance Director and the Senior Accountant. As actual payments are made, the Senior Accountant will record the payments against the established payable. The Assistant Finance Director will review and approve the full transaction process.

Proposed completion date: November 30, 2018.

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.



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Schedule of Prior Year Audit Findings

Finding 2017-001

Status: Corrected.

Finding 2017-002

Status: Corrected.

Research Triangle Regional Public Transportation Authority
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

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-2018-XXX	\$ 2,859,973	\$ 2,287,980	92,878	\$ 479,115
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-2017-064	2,325,000	1,860,000	-	465,000
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-2016-027	484,503	387,603	46,438	50,462
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-90-X589	24,933	19,946	-	4,987
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507		NC-90-X566	49,671	39,738	-	9,933
Federal Transit-Capital Investment Grants	20.500		NC-2016-008	977,892	733,419	-	244,473
Total Federal Transit Cluster				<u>6,721,972</u>	<u>5,328,686</u>	<u>139,316</u>	<u>1,253,970</u>
Bus and Bus Facilities Formula Program	20.526		NC-2017-042	465,000	372,000	-	93,000
(FAST) Pilot Program Enhanced Mobility	20.513		NC-2017-047	46,870	37,496	-	9,374
<u>Passed through the City of Raleigh:</u>							
Bus and Bus Facilities Formula Program	20.526		NC-34-0005	185,876	148,701	-	37,175
<u>Passed through the City of Durham:</u>							
Bus and Bus Facilities Formula Program	20.526		NC-34-0006	167,603	134,082	-	33,521
<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	2,847	2,278	569	-
National Highway Performance Program	20.205/DOT-18	46157.3.FS4	1-5338CB	15,843	12,674	3,169	-
CMAQ (FHWA) -Implementation Program	20.205	50061.3.4	17-CQ-118	122,962	98,368	12,295	12,299
Total Highway Planning and Construction Cluster				<u>141,652</u>	<u>113,320</u>	<u>16,033</u>	<u>12,299</u>
Job Access and Reverse Commute	20.516	51002.9.2.3 51002.9.2.4	17-JA-118	464,389	371,511	46,438	46,440
Total Federal assistance:				<u>\$ 8,193,362</u>	<u>\$ 6,505,796</u>	<u>\$ 201,787</u>	<u>\$ 1,485,779</u>
State Grants:							
<u>Direct Programs:</u>							
<u>North Carolina Department of Transportation</u>							
State Maintenance Assistance Program	DOT-9	36234.73.15.2	18-SM-016	20,011,219	-	2,557,927	17,453,292
Technology Program	DOT-10	36235.7.10.8	18-AT-118	166,664	-	149,996	16,668
<u>Passed through the Triangle J Council of Governments:</u>							
Transit Development Program	DOT-11		TDMGOTRI18	1,067,031	-	789,804	277,227
Total State assistance:				<u>\$ 21,244,914</u>	<u>\$ -</u>	<u>\$ 3,497,727</u>	<u>\$ 17,747,187</u>
Total Assistance:				<u>\$ 29,438,276</u>	<u>\$ 6,505,796</u>	<u>\$ 3,699,514</u>	<u>\$ 19,232,966</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, 2018. 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.