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transit***

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



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2013

Prepared by:

Finance Department

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

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RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

October 17, 2013

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 (Triangle Transit) for the fiscal year ended June 30, 2013. 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 Triangle Transit, which is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material respects; it is presented in a manner designed to set forth fairly the financial position and results of operations of Triangle Transit as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain the maximum understanding of Triangle Transit's financial affairs have been included.

To provide a reasonable basis for making these representations, management of Triangle Transit 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 Triangle Transit's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Triangle Transit's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

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

Profile of Triangle Transit

Triangle Transit

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 Triangle Transit). The new unit of local government was chartered by the Secretary of State on December 1, 1989.

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

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

Purpose

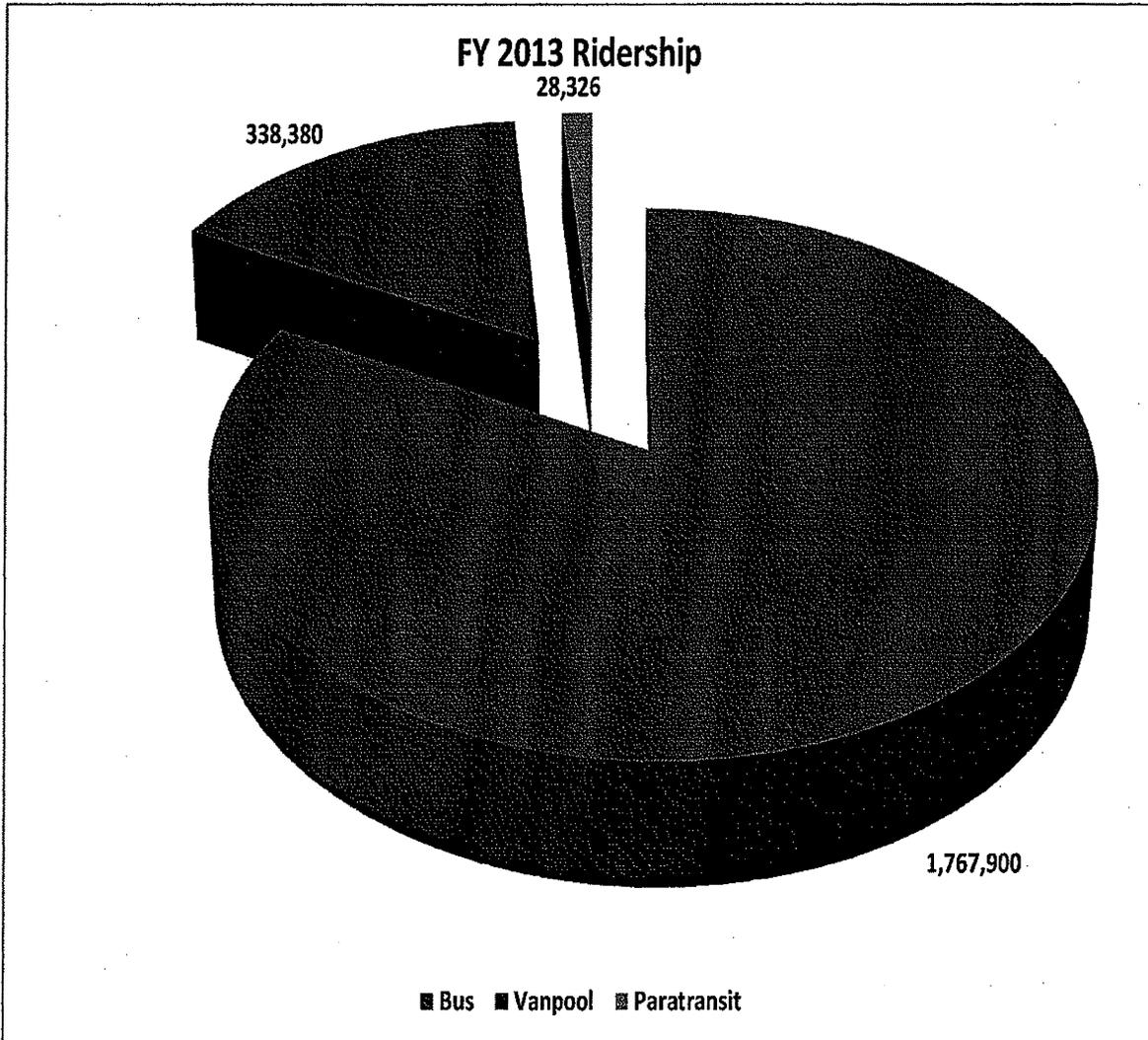
Triangle Transit was created to plan, finance, organize and operate a public transportation system for the Research Triangle area. The public transportation system may include operation of ridesharing activities, vans, buses and fixed guideways.

Board of Trustees

Triangle Transit 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

TRIANGLE TRANSIT AT A GLANCE
FY 2013



Total Full – Time Employees – 219

General Counsel	2
Communications & Public Affairs	9
Finance & Administrative Services	22
Capital Development	9
Regional Bus	152
Ridesharing	25

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2012- 2013 Economic Development Announcements

The Triangle

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

With its success, the Triangle has found that growth is beginning to negatively affect the quality of life that it has come to enjoy. The region's population grew nearly 40% between 1990 and 2000. Current growth in the region has expanded from 1.2 million people in 2000 to 1.6 million in 2013.

The spread out nature of the region's development has left our residents vulnerable to big increases in fuel prices. A recent study by the Center for Neighborhood Technology stated that the average Triangle household drives 21,800 miles annually, using an average of 1,074 gallons of gasoline per year. Better transit and ridesharing alternatives provide residents with an affordable option for getting around.

The N.C. Department of Transportation says a widened I-40 to eight lanes will not be able to handle the estimated 233,000 vehicles a day by 2050. Funding has not been identified for many of the future road projects that will be needed and early in 2004, the Raleigh-Durham-Chapel Hill Metropolitan Statistical Area was named a non-attainment area for ozone. The region must continue to pursue and embrace transportation alternatives.

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 2013, Triangle Transit provided over 1.95 million customer trips on its regional bus, paratransit, and vanpool services.
- **Strengthens Business** – Transit increases the region's ability to attract and retain new jobs, improving mobility for employees, employers, suppliers, customers, and tourists.
- **Moves The Economy** – Transit moves people to school and training, allowing them to seek higher paying jobs and become self-sufficient. From a Spring 2013 survey, an estimated 35% of Triangle Transit's customers are full-time or part-time students, and 19% of all trips are for the purpose of travelling to or from college. Many customers use Triangle Transit services to attend Duke University, Durham Technical Community College, Meredith College, NC Central University, NC State University, Shaw University and UNC-Chapel Hill and for travel to Duke University Medical Center and the UNC Hospitals.
- **Encourages Independence** – Transit enables elderly and disabled people to remain independent by providing access to health care, shopping, nutrition programs, and other basic life needs.

Major Initiatives

Leading the way for more transportation alternatives, Triangle Transit embarked on another history-making year in the fiscal year ending June 30, 2013. Listed below are the major accomplishments of each area separated by fund.

Departments in the General Fund and Major Transit Investment Fund (MTIF)

- Continued success in management oversight for the City of Durham transit services.
- Completed the Alternatives Analysis Planning Process in Wake, Durham and Orange counties for potential future rail investments.
- Began implementation of the Durham and Orange Bus and Rail Investment Plans.
- Supported successful initiative for a joint USDOT-Tiger Grant with City of Raleigh and NCDOT for Raleigh's Union Station Project, replacing the current train facility.
- Utilized grant dollars and local funds for several capital purchases including:
 - a. Purchase of four replacement buses
 - b. Purchase of nine replacement vanpool vans
 - c. Purchase of 15 automatic passenger counters
 - d. Transit enhancements for Triangle Transit

Regional Bus Fund

- Fixed Route bus ridership for FY 2013 was 1,767,900 boardings, up 12.0% from the previous year.
- Paratransit ridership for FY 2013 was 28,326, down 2.9% from previous year.
- Mid-day services have become Triangle Transit's most productive service type at 21.6 customer boardings per service hour. Commuter Express services are the most productive peak period service type. These Express services are now carrying 17.9 customer boardings per hour compared with the system average of 16.2 customer boardings per hour from FY 2012.
- The Vanpool program ended FY 2013 with 68 vehicles on the road.
- A continued emphasis on improving the schedule reliability of the bus service has resulted in on-time performance improving from 87% of all trips arriving late to 88% of all trips arriving late five or more minutes after the scheduled time.

Ridesharing Fund

- Triangle Transit entered into a GoPass agreement with Research Triangle Charter High School, the first secondary school to join the program. The students made 18,400 boardings during the school year.

- There was increased engagement of Triangle Transit customers using social media outlets and through face-to-face outreach with seniors, public housing residents, and neighborhoods in Durham.
- The GoTriangle Regional Transit Information Center answered over 505,000 customer phone calls in FY 2013, approximately 20,000 more calls than FY 2012 (4% increase).
- Customers accessed the GoLive real-time bus location system more than 867,000 times in FY 2013 through the web, smart phones, or SMS text messages.

Note: The information contained in this section provides an overview of the Triangle Transit Authority's operations for FY 2013. For a more complete analysis please refer to the Management Discussion & Analysis section of this document.

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Awards and Acknowledgements

Triangle Transit 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. Triangle Transit'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 Triangle Transit for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. Triangle Transit has received a Certificate of Achievement for the last eighteen 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

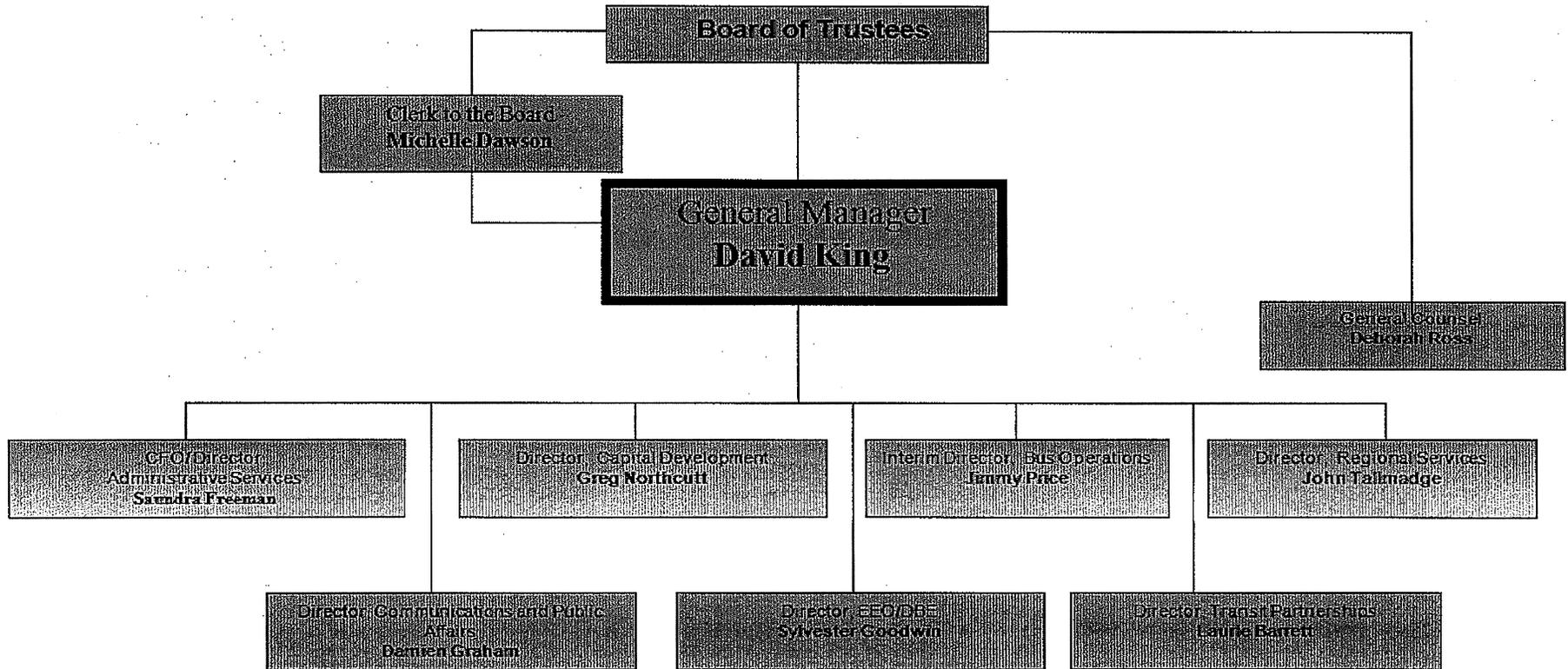
**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
BOARD OF TRUSTEES
JUNE 30, 2013**

Board Members	Appointing Body
Fred N. Day, IV, Chair	Wake County
Ed Harrison, Vice Chair	Town of Chapel Hill
Jeff Merritt, Secretary	Wake County
Bernadette Pelissier, Treasurer	Orange County
William (Bill) V. Bell	City of Durham
Mary-Ann Baldwin	City of Raleigh
Sig Hutchinson	City of Raleigh
Jennifer Robinson	Town of Cary
Ellen Reckhow	Durham City & County
Fred Foster	Durham County
Vacant	Dept. of Transportation

SPECIAL TAX BOARD OF TRUSTEES

Paul Coble	Wake County
Tony Gurley	Wake County
Michael Page	Durham County
Ellen Reckhow	Durham County
Alice Gordon	Orange County
Bernadette Pelissier	Orange County

TRIANGLE TRANSIT SENIOR STAFF





Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the western triangle tax district for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in the notes to the financial statements, it was discovered that grant receivables and grant revenue were overstated as of and for the year ended June 30, 2012. Accordingly, beginning fund balances have been restated to properly reflect the prior period adjustment.

Required Supplementary Information

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

Supplementary and Other Information

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

The individual fund statements and schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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, budgetary schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the 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 Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 17, 2013

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, 2013. 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 \$211,252,440 (*net position*).
- The Authority's total net position increased by \$6,153,071. This increase was due in part to the new Western Tax District revenue of \$5,075,771.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$75,752,331, an increase of \$9,813,506 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance in the General Fund was \$15,324,443, a decrease of nearly twenty five percent from last fiscal year's total. This large net change in fund balance was due mainly to greater than normal capital outlay to other proprietary funds and the negative effect of prior period adjustments.
- At the end of the current fiscal year, the fund balance in the Major Capital Projects Fund was \$55,352,117, an increase of more than twenty one percent from last fiscal year's total. This increase in fund balance was mainly due to a net transfer into this fund from other funds.

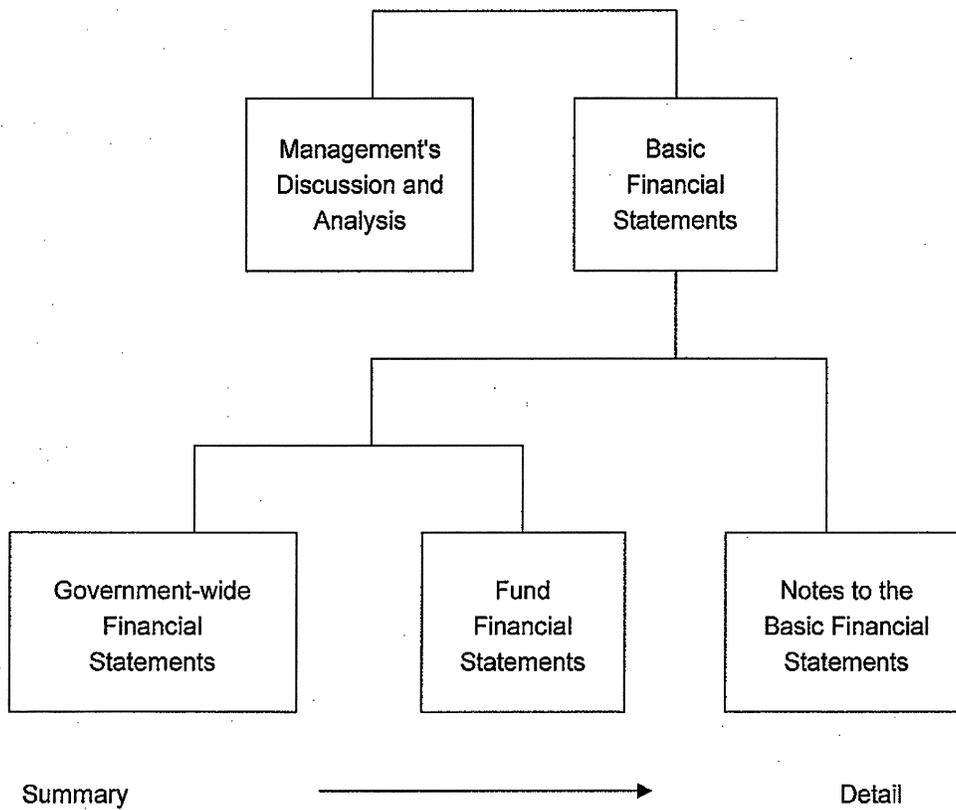
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Authority through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Research Triangle Regional Public Transportation Authority.

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

Required Components of Annual Financial Report

Figure 1



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

Basic Financial Statements

The first two statements (pages 27 through 28) 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 29 through 37) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds 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 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 they have changed. Net position is the difference between the Authority's total assets and total liabilities. Measuring net position is one way to gauge the Authority's financial condition.

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the Authority's basic services, such as general counsel, planning and engineering, and general administration. Vehicle registration taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Authority charges customers to provide. These include the ridesharing and bus services offered by the Authority. The government-wide financial statements are on pages 27 and 28 of this report.

Fund Financial Statements – The fund financial statements (see pages 29 through 37) provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Authority's budget ordinance. All of the funds of the Authority can be divided into two Categories: governmental funds and proprietary funds.

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

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 program. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Authority adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the counties the Authority serves, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board, 2) the final budget as amended by the board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and actual resources and charges. The governmental fund financial statements are on pages 29 – 33 of this report.

Proprietary Funds - The Authority uses Enterprise Funds to account for its proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses Enterprise Funds to account for its ridesharing and regional bus activities. These are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements are on pages 35 – 38 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 39 through 62 of this report.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Authority's progress in funding its obligation to provide other postemployment benefits to its employees. Required supplementary information can be found on pages 63 through 64 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 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Current and other assets	\$ 77,501,203	\$ 67,130,682	\$ (10,907,262)	\$ (9,575,075)	\$ 66,593,941	\$ 57,555,607
Capital assets	128,918,272	129,369,729	19,584,746	21,179,942	148,503,018	150,549,671
Total assets	206,419,475	196,500,411	8,677,484	11,604,867	215,096,959	208,105,278
Long term liabilities outstanding	394,081	353,614	535,271	472,209	929,352	825,823
Other liabilities	1,970,229	1,478,568	944,938	701,518	2,915,167	2,180,086
Total liabilities	2,364,310	1,832,182	1,480,209	1,173,727	3,844,519	3,005,909
Net position:						
Investment in capital assets	128,918,272	129,369,729	19,584,746	21,179,942	148,503,018	150,549,671
Restricted - Reserve by State Statute	38,070,243	34,355,953	-	-	38,070,243	34,355,953
Restricted - Enabling Legislation	41,098,509	31,630,153	-	-	41,098,509	31,630,153
Unrestricted (deficit)	(4,031,859)	(687,606)	(12,387,471)	(10,748,802)	(16,419,330)	(11,436,408)
Total net position	\$ 204,055,165	\$ 194,668,229	\$ 7,197,275	\$ 10,431,140	\$ 211,252,440	\$ 205,099,369

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The position of the Authority exceeds liabilities by \$211,252,440 as of June 30, 2013. As of June 30, 2012, the net position of the Authority stood at \$205,099,369. The Authority's net position increased by \$6,153,071 for the fiscal year ended June 30, 2013, compared to an increase of \$11,805,163 in 2012. This increase was due to special tax revenues of the Western Triangle Tax District which was established the last quarter of fiscal year 2013. The Western Triangle Tax District accounted for \$5,075,771 of the \$6,153,071 increase in net assets.

Several aspects of the Authority's financial operations influenced the total unrestricted net assets:

- Increase in total liabilities.
- Increase in capital assets due to capitalization of CIP and vehicle purchases.

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

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

	Governmental Activities		Business-Type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,682,390	\$ 2,552,723	\$ 2,682,390	\$ 2,552,723
Operating grants and contributions	554,148	1,248,868	4,312,158	5,977,713	4,866,306	7,226,581
Capital grants and contributions	1,945,011	7,048,742	-	-	1,945,011	7,048,742
General revenues:						
Vehicle registration taxes	5,607,530	5,526,485	-	-	5,607,530	5,526,485
Vehicle rental taxes	9,016,305	8,682,107	-	-	9,016,305	8,682,107
Special sales tax revenues	4,700,299	-	-	-	4,700,299	-
Miscellaneous revenues	2,959,061	1,485,056	1,389,271	1,203,920	4,348,332	2,688,976
Unrestricted investment earnings	300,381	1,602,445	11,686	67,278	312,067	1,669,723
Total revenues	25,082,735	25,593,703	8,395,505	9,801,634	33,478,240	35,395,337
Expenses:						
Administration	224,474	238,928	-	-	224,474	238,928
Capital Development	80,869	367,052	-	-	80,869	367,052
Communications & PA	882,207	586,431	-	-	882,207	586,431
Finance	3,320,881	2,187,530	-	-	3,320,881	2,187,530
General Counsel	291,030	360,723	-	-	291,030	360,723
Human Resources	418,166	423,936	-	-	418,166	423,936
DBE	114,567	120,676	-	-	114,567	120,676
DATA	484,200	345,619	-	-	484,200	345,619
Board	95,339	95,254	-	-	95,339	95,254
Regional bus service	-	-	17,196,139	16,563,748	17,196,139	16,563,748
Ridesharing	-	-	1,836,275	2,300,277	1,836,275	2,300,277
Total expenses	5,911,733	4,726,149	19,032,414	18,864,025	24,944,147	23,590,174
Increase (Decrease) in net position before transfers	19,171,002	20,867,554	(10,636,909)	(9,062,391)	8,534,093	11,805,163
Transfers	(9,102,995)	(12,693,131)	9,102,995	12,693,131	-	-
Increase (Decrease) in net position	10,068,007	8,174,423	(1,533,914)	3,630,740	8,534,093	11,805,163
Net position, beginning as previously reported	194,668,229	186,493,806	10,431,140	6,800,400	205,099,369	193,294,206
Prior period adjustment (Note I)	(681,071)	-	(1,699,951)	-	(2,381,022)	-
Net position, beginning as restated	193,987,158	186,493,806	8,731,189	6,800,400	202,718,347	193,294,206
Net position, ending	\$204,055,165	\$194,668,229	\$ 7,197,275	\$ 10,431,140	\$211,252,440	\$205,099,369

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

Governmental Activities – Governmental activities increased the Authority's net position by \$9,386,936 thereby accounting for 100% of the positive increase of \$6,153,071 in the total net position of the Authority. Key elements of this significant change are as follows:

- Operating transfers to Proprietary Funds decreased by more than \$3,500,000.
- General revenues increased by more than \$5,200,000. The new Western Triangle Tax District accounted for \$5,075,771 of this increase.
- Grant revenues decreased by almost \$5,800,000.

Business-Type Activities – Business-type activities decreased the Authority's net position by \$3,233,865. Key elements for this decrease are as follows:

- A significant reduction in program revenues by almost \$1,536,000.
- A prior period adjustment in the amount of \$1,699,951.
- A reduction in transfers in by more than \$3,500,000.

Financial Analysis of the Authority's Funds

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

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

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, the unassigned fund balance of the General Fund was (\$4,880,300), while total fund balance was \$15,324,443.

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

The Major Capital Projects Fund had a fund balance of \$55,352,117 at the end of the current fiscal year. The Major Capital Projects Fund increased by \$9,817,198. This increase was due to substantially less transfers to other funds resulting in a net positive transfer.

At June 30, 2013, the major governmental funds of the Authority reported a combined fund balance of \$75,752,331, an increase of \$9,813,506 over last year. However, included in this change in overall fund balance is a substantial decrease in the General Fund of \$5,079,463 and a large increase in the Major Capital Projects Fund of \$9,817,198. The newly authorized Western Tax District accounted for a fund balance of \$5,075,771. Other factors have been discussed in the government activities.

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

Revenues were less than the budgeted amounts primarily due to a decline in the amount of other revenue received. Expenditures were also held in check; thus, the Authority was able to comply with its budgetary requirements.

Proprietary Funds – The Authority's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Ridesharing Fund shows no net position at the end of the current fiscal year. Net position for the Regional Bus Service Fund amounted to \$7,197,275 at the end of the current fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the Authority's business-type activities.

Capital Assets and Debt Administration

Capital Assets – The Authority's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totals \$148,503,018 (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 funds of \$3,512,306.
- Land and buildings sales total \$4,033,805.
- Building improvements and equipment acquisitions in the amount of \$780,561.
- Vehicle acquisitions for business-type activities in the amount of \$619,634.
- Equipment acquisitions for business-type activities in the amount of \$488,909.

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

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

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Land	\$ 44,399,159	\$ 48,432,964	\$ 748,068	\$ 748,068	\$ 45,147,227	\$ 49,181,032
Buildings and Improvements	5,144,897	4,718,025	3,708,055	3,848,263	8,852,952	8,566,288
Equipment and Vehicles	923,198	1,280,028	15,128,623	16,583,611	16,051,821	17,863,639
Construction in Progress	78,451,018	74,938,712	-	-	78,451,018	74,938,712
Total	\$ 128,918,272	\$ 129,369,729	\$ 19,584,746	\$ 21,179,942	\$ 148,503,018	\$ 150,549,671

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

Long-Term Debt – As of June 30, 2013, the Authority had retired all outstanding long-term debt.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities – The total revenue budgeted in FY 2013 is \$22.3M. The major sources of revenue for these activities are vehicle rental tax, \$9.8M; vehicle registration tax, \$5.6M; and federal and state grants, \$3.9M. Budgeted departmental expenditures in the General Fund are \$5.5M. Capital expenditures are budgeted at \$15.6M. Included in the capital expenditures is a \$15M payment to NCRRT for rail right-of-way usage. The net impact of the FY 2013 budget for governmental activities is a \$1.2M increase in reserves.

Business - Type Activities – The total revenue budgeted in FY 2013 is \$8.9M. The major sources of revenue for these activities are rider fares and local subsidies, \$2.8M, and federal and state grants, \$3.8M and other revenue, \$2.3M. Budgeted departmental expenditures in the Bus and Rideshare funds are \$14.4M and \$2.0M, respectively. The net impact of the FY 2013 budget is a drawdown on the reserves of \$7.5M.

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,251,094	\$ -	\$ 14,251,094
Receivables	7,282,480	350,097	7,632,577
Due from other governments	1,468,025	2,166,728	3,634,753
Internal balance	15,310,544	(15,310,544)	-
Investments, plus accrued interest	37,610,331	1,436,704	39,047,035
Inventories	-	449,753	449,753
Prepaid items	1,578,729	-	1,578,729
Total current assets	<u>77,501,203</u>	<u>(10,907,262)</u>	<u>66,593,941</u>
Capital assets			
Land	44,399,159	748,068	45,147,227
Construction in progress	78,451,018	-	78,451,018
Other capital assets, net of depreciation	6,068,095	18,836,678	24,904,773
Total capital assets	<u>128,918,272</u>	<u>19,584,746</u>	<u>148,503,018</u>
Total assets	<u>206,419,475</u>	<u>8,677,484</u>	<u>215,096,959</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,520,883	320,716	1,841,599
Accrued wages and benefits	202,239	255,674	457,913
Unearned revenue	25,750	-	25,750
Current portion of long-term liabilities:			
Compensated absences	221,357	368,548	589,905
Total current liabilities	<u>1,970,229</u>	<u>944,938</u>	<u>2,915,167</u>
Due in more than a year:			
Compensated absences	188,400	226,750	415,150
Accrued other post employment benefits	205,681	308,521	514,202
Total long-term liabilities	<u>394,081</u>	<u>535,271</u>	<u>929,352</u>
Total liabilities	<u>2,364,310</u>	<u>1,480,209</u>	<u>3,844,519</u>
NET POSITION			
Investment in capital assets	128,918,272	19,584,746	148,503,018
Restricted - Reserved by State Statute			
Public Transportation	38,070,243	-	38,070,243
Restricted - Enabling Legislation			
Public Transportation	41,098,509	-	41,098,509
Unrestricted (deficit)	(4,031,859)	(12,387,471)	(16,419,330)
Total net position	<u>\$ 204,055,165</u>	<u>\$ 7,197,275</u>	<u>\$ 211,252,440</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Program Revenue				Net (Expenditures) Revenue and Change in Net Assets		
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 5,911,733	\$ -	\$ 554,148	\$ 1,945,011	\$ (3,412,574)	\$ -	\$ (3,412,574)
Total governmental activities	5,911,733	-	554,148	1,945,011	(3,412,574)	-	(3,412,574)
Business-type activities							
Regional bus service	17,196,139	2,682,390	3,670,323	-	-	(10,843,426)	(10,843,426)
Ridesharing	1,836,275	-	641,835	-	-	(1,194,440)	(1,194,440)
Total business-type activities	19,032,414	2,682,390	4,312,158	-	-	(12,037,866)	(12,037,866)
Total primary government	\$ 24,944,147	\$ 2,682,390	\$ 4,866,306	\$ 1,945,011	(3,412,574)	(12,037,866)	(15,450,440)
General revenues:							
Taxes:							
Vehicle registration taxes					5,607,530	-	5,607,530
Vehicle rental taxes					9,016,305	-	9,016,305
Special tax revenues					4,700,299	-	4,700,299
Miscellaneous revenues					2,959,061	1,389,271	4,348,332
Unrestricted investment earnings					300,381	11,686	312,067
Total general revenues excluding transfers					22,583,576	1,400,957	23,984,533
Transfers					(9,102,995)	9,102,995	-
Total general revenues and transfers					13,480,581	10,503,952	23,984,533
Change in net position					10,068,007	(1,533,914)	8,534,093
Net position - beginning as previously reported					194,668,229	10,431,140	205,099,369
Prior period adjustment (Note 1.m.)					(681,071)	(1,699,951)	(2,381,022)
Net position, beginning as restated					193,987,158	8,731,189	202,718,347
Net position - ending					\$ 204,055,165	\$ 7,197,275	\$ 211,252,440

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
 June 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	Major Capital Projects Fund	Western Triangle Tax District	Regional Bus Capital Project Fund	Non-Major Governmental Fund	
ASSETS						
Cash and cash equivalents	\$ 2,827,202	\$ 11,423,011	\$ 881	\$ -	\$ -	\$ 14,251,094
Cash and cash equivalents - restricted	-	-	-	-	-	-
Taxes receivable, net:						
Vehicle registration taxes	1,523,680	-	-	-	-	1,523,680
Special sales tax revenue	-	-	4,699,418	-	-	4,699,418
Refundable sales tax	76,372	-	-	-	-	76,372
Governmental agencies	1,512,304	-	-	105,624	9,226	1,627,154
Rental tax	-	383,387	-	-	-	383,387
Accrued interest	62,294	150,171	-	-	-	212,465
Prepaid items	1,578,729	-	-	-	-	1,578,729
Due from other funds	15,425,394	19,732,716	-	-	-	35,158,110
Due from primary government	-	-	375,472	-	-	375,472
Other Miscellaneous	25,970	13,082	-	-	-	39,052
Investments	12,422,667	24,975,199	-	-	-	37,397,866
Total assets	<u>\$ 35,454,612</u>	<u>\$ 56,677,566</u>	<u>\$ 5,075,771</u>	<u>\$ 105,624</u>	<u>\$ 9,226</u>	<u>\$ 97,322,799</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ 135,909	\$ 912,387	\$ -	\$ -	\$ -	\$ 1,048,296
Due to other funds	19,732,716	-	-	105,624	9,226	19,847,566
Due to component unit	-	375,472	-	-	-	375,472
Unearned revenue	25,750	-	-	-	-	25,750
Accrued wages and benefits	235,794	37,590	-	-	-	273,384
Total liabilities	<u>20,130,169</u>	<u>1,325,449</u>	<u>-</u>	<u>105,624</u>	<u>9,226</u>	<u>21,570,468</u>
Fund Balances:						
Nonspendable						
Prepaid items	1,578,729	-	-	-	-	1,578,729
Restricted - Reserved by State Statute	18,626,014	19,329,379	-	105,624	9,226	38,070,243
Restricted - Enabling Legislation	-	36,022,738	5,075,771	-	-	41,098,509
Unassigned	(4,880,300)	-	-	(105,624)	(9,226)	(4,995,150)
Total liabilities	<u>15,324,443</u>	<u>55,352,117</u>	<u>5,075,771</u>	<u>-</u>	<u>-</u>	<u>75,752,331</u>
Total liabilities and fund balances	<u>\$ 35,454,612</u>	<u>\$ 56,677,566</u>	<u>\$ 5,075,771</u>	<u>\$ 105,624</u>	<u>\$ 9,226</u>	<u>\$ 97,322,799</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Reconciliation Of The Balance Sheet To The Statement Of Net Position
Governmental Funds
June 30, 2013

Fund Balances - Governmental Funds (p.29) \$ 75,752,331

Amounts reported for governmental activities in the Statement of Net Assets (p.27) are different because:

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

Gross capital assets at historical cost	\$ 135,716,051	
Accumulated depreciation	<u>(6,797,779)</u>	
		128,918,272

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

Compensated absences	(409,757)
Pension liabilities	<u>(205,681)</u>

Net position of governmental activities	<u>\$ 204,055,165</u>
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The notes to the financial statements are an integral part of this statement.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	Major Capital Projects Fund	Western Triangle Tax District	Regional Bus Capital Project Fund	Non-Major Governmental Funds	
REVENUES						
Restricted intergovernmental revenues:						
State grant revenues	\$ 171,572	\$ -	\$ -	\$ 47,235	\$ 54,755	\$ 273,562
Federal grant revenues	119,791	927,651	-	883,673	31,697	1,962,812
Other revenue	2,015,693	274,381	-	-	-	2,290,074
Vehicle registration taxes	5,607,530	-	-	-	-	5,607,530
Special sales tax revenue	-	-	4,700,299	-	-	4,700,299
Indirect cost credits	931,772	-	-	-	-	931,772
Vehicle rental tax	-	8,640,833	375,472	-	-	9,016,305
Investment income	88,289	212,092	-	-	-	300,381
Total revenues	<u>8,934,647</u>	<u>10,054,957</u>	<u>5,075,771</u>	<u>930,908</u>	<u>86,452</u>	<u>25,082,735</u>
EXPENDITURES						
Current:						
Board	95,339	-	-	-	-	95,339
Human resources	414,168	-	-	-	-	414,168
Administration	212,179	-	-	-	-	212,179
Capital development	148,599	-	-	-	-	148,599
EEO/DBE	113,083	-	-	-	-	113,083
Finance	1,759,037	-	-	-	-	1,759,037
General Counsel	285,655	-	-	29,798	47,797	363,250
DATA	485,016	-	-	-	-	485,016
Communication and public affairs	876,172	-	-	-	-	876,172
Capital outlay	708,004	3,512,307	-	-	72,555	4,292,866
Total expenditures	<u>5,097,252</u>	<u>3,512,307</u>	<u>-</u>	<u>29,798</u>	<u>120,352</u>	<u>8,759,709</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,837,395</u>	<u>6,542,650</u>	<u>5,075,771</u>	<u>901,110</u>	<u>(33,900)</u>	<u>16,323,026</u>
Other Financing Sources (Uses)						
Sale of land	-	3,274,548	-	-	-	3,274,548
Transfers from other funds	-	-	-	470,042	33,900	503,942
Transfers to other funds	(8,456,490)	-	-	(1,150,449)	-	(9,606,939)
Total other financing sources (uses)	<u>(8,456,490)</u>	<u>3,274,548</u>	<u>-</u>	<u>(680,407)</u>	<u>33,900</u>	<u>(5,828,449)</u>
Net change in fund balances	(4,619,095)	9,817,198	5,075,771	220,703	-	10,494,577
Fund balances - beginning as previously reported	20,403,906	45,534,919	-	-	-	65,938,825
Prior period adjustment (Note I)	(460,368)	-	-	(220,703)	-	(681,071)
Fund balances - beginning as restated	<u>19,943,538</u>	<u>45,534,919</u>	<u>-</u>	<u>(220,703)</u>	<u>-</u>	<u>65,257,754</u>
Fund balances - ending	<u>\$ 15,324,443</u>	<u>\$ 55,352,117</u>	<u>\$ 5,075,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,752,331</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the Statement of Activities (p.31) are different because:

Net changes in fund balances - total governmental funds	\$	10,494,577
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	4,292,866		
Transfer of sale of capital assets	(4,033,804)		
Depreciation expense	(710,519)		
			(451,457)

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		(43,207)
Compensated absences		68,094

Total changes in net position of governmental activities	\$	<u>10,068,007</u>
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The notes to the financial statements are an integral part of this financial statement.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
General Fund
Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2013

	Budget Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Restricted intergovernmental revenues:				
State grant revenues	\$ 428,468	\$ 428,468	\$ 171,572	\$ (256,896)
Federal grant revenues	972,577	972,577	119,791	(852,786)
Indirect cost credits	1,003,814	1,003,814	931,772	(72,042)
Vehicle registration tax	5,593,756	5,593,756	5,607,530	13,774
Other revenue	1,469,485	1,486,700	2,015,693	528,993
Investment income	250,000	350,000	88,289	(261,711)
Total revenues	<u>9,718,100</u>	<u>9,835,315</u>	<u>8,934,647</u>	<u>(900,668)</u>
EXPENDITURES				
Current:				
Board	126,162	126,276	95,339	30,937
Human Resources	421,356	421,810	414,168	7,642
Administration	219,948	233,679	212,179	21,500
Capital development	236,723	236,961	148,599	88,362
EEO/DBE	114,288	116,202	113,083	3,119
Finance	1,948,130	2,601,412	1,759,037	842,375
General Counsel	290,934	291,082	285,655	5,427
DATA	616,551	633,766	485,016	148,750
Communication and public affairs	771,567	886,248	876,172	10,076
Total expenditures	<u>4,745,659</u>	<u>5,547,436</u>	<u>4,389,248</u>	<u>1,158,188</u>
Revenues over expenditures	<u>4,972,441</u>	<u>4,287,879</u>	<u>4,545,399</u>	<u>257,520</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(8,239,002)	(8,481,168)	(9,164,494)	(683,326)
Operating transfers in	3,266,561	4,193,289	-	(4,193,289)
Total other financing sources (uses)	<u>(4,972,441)</u>	<u>(4,287,879)</u>	<u>(9,164,494)</u>	<u>(4,876,615)</u>
Excess of revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(4,619,095)</u>	<u>\$ (4,619,095)</u>
Fund balance, beginning as previously reported			20,403,906	
Prior period adjustment (Note I)			<u>(460,368)</u>	
Fund balance, beginning as restated			19,943,538	
Fund balance, ending			<u>\$ 15,324,443</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
 Western Triangle Tax District
 Statement of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2013

	<u>Budget Amounts</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Special sales tax revenue	\$ -	\$ 4,700,299	\$ 4,700,299
Vehicle rental tax	-	375,472	375,472
Total revenues	<u>-</u>	<u>5,075,771</u>	<u>5,075,771</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures and other uses	<u>\$ -</u>	5,075,771	<u>5,075,771</u>
Fund balance, ending		<u>\$ 5,075,771</u>	

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Net Position
Proprietary Funds
June 30, 2013

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
ASSETS			
Current assets:			
Investments	\$ -	\$ 1,436,704	\$ 1,436,704
Inventories	-	449,753	449,753
Intergovernmental receivables	717,733	1,470,550	2,188,283
Other receivables	-	328,542	328,542
Total current assets	<u>717,733</u>	<u>3,685,549</u>	<u>4,403,282</u>
Non-current assets:			
Capital assets:			
Land	-	748,068	748,068
Other capital assets, net of depreciation	-	18,836,678	18,836,678
Total non-current assets	<u>-</u>	<u>19,584,746</u>	<u>19,584,746</u>
Total Assets	<u>717,733</u>	<u>23,270,295</u>	<u>23,988,028</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	8,261	312,455	320,716
Due to other funds	559,716	14,750,828	15,310,544
Accrued wages and benefits	37,708	217,966	255,674
Compensated absences - current	29,128	337,670	366,798
Total current liabilities	<u>634,813</u>	<u>15,618,919</u>	<u>16,253,732</u>
Non-current liabilities:			
Compensated absences - noncurrent	31,500	197,000	228,500
Other Post-employment benefits	51,420	257,101	308,521
Total liabilities	<u>717,733</u>	<u>16,073,020</u>	<u>16,790,753</u>
NET POSITION			
Investment in capital assets	-	19,584,746	19,584,746
Unrestricted	-	(12,387,471)	(12,387,471)
Total net position	<u>\$ -</u>	<u>\$ 7,197,275</u>	<u>\$ 7,197,275</u>

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Revenue, Expenses And Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
OPERATING REVENUES			
Vanpool fares	\$ -	\$ 448,560	\$ 448,560
Bus fares	-	1,152,443	1,152,443
Consignments and subsidies	-	1,081,387	1,081,387
Intergovernmental revenues:			
Federal grant revenues	205,099	1,336,295	1,541,394
State grant revenues	60,910	2,249,878	2,310,788
Local grant revenues	375,826	84,150	459,976
Durham TDM fee revenues	12,200	-	12,200
Other	707,013	670,058	1,377,071
Total operating revenues	1,381,048	7,022,771	8,383,819
OPERATING EXPENSES			
Bus supervision	-	1,205,424	1,205,424
Bus operations	-	7,928,022	7,928,022
Bus maintenance	-	2,727,619	2,727,619
Vanpool	-	885,330	885,330
Specialized services	938,282	1,620,222	2,558,504
Commuter resources	549,938	-	549,938
Regional TDM	348,055	-	348,055
Unemployment claims	-	55,203	55,203
Depreciation bus operations	-	2,774,319	2,774,319
Total operating expenses	1,836,275	17,196,139	19,032,414
Operating loss	(475,227)	(10,173,368)	(10,648,595)
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	-	11,686	11,686
Loss before contributions and transfers	(475,227)	(10,161,682)	(10,636,909)
Transfers in	621,412	8,481,583	9,102,995
Change in net position	146,185	(1,680,099)	(1,533,914)
Total net position - beginning as previously reported	182,243	10,248,897	10,431,140
Prior period adjustment (Note I)	(328,428)	(1,371,523)	(1,699,951)
Total net position - beginning as restated	(146,185)	8,877,374	8,731,189
Total net position - ending	\$ -	\$ 7,197,275	\$ 7,197,275

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,683,814	\$ 7,623,613	\$ 9,307,427
Payments to suppliers	(1,847,552)	(14,256,229)	(16,103,781)
Payments to employees	9,027	94,642	103,669
Other receipts	719,213	670,058	1,389,271
Net cash provided (used) by operating activities	<u>564,502</u>	<u>(5,867,916)</u>	<u>(5,303,414)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in due to general fund	(857,486)	(40,735)	(898,221)
Transfers from general fund	621,412	8,481,583	9,102,995
Net cash provided (used) by noncapital financing activities	<u>(236,074)</u>	<u>8,440,848</u>	<u>8,204,774</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Purchase of capital assets	-	(1,216,143)	(1,216,143)
Proceeds on sale of capital assets	-	37,020	37,020
Net cash used by capital and financing activities	<u>-</u>	<u>(1,179,123)</u>	<u>(1,179,123)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	11,686	11,686
Purchase of investments	-	(33,972)	(33,972)
Net cash used by investing activities	<u>-</u>	<u>(22,286)</u>	<u>(22,286)</u>
Net change in cash and cash equivalents	<u>328,428</u>	<u>1,371,523</u>	<u>1,699,951</u>
Balances beginning as previously reported	-	-	-
Prior period adjustment	(328,428)	(1,371,523)	(1,699,951)
Balances ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2013

	Proprietary Funds		
	Ridesharing Fund	Regional Bus Service Fund	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (475,227)	\$ (10,173,368)	\$ (10,648,595)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	-	2,774,319	2,774,319
Changes in assets and liabilities:			
Receivables from governmental agencies	1,041,979	1,274,377	2,316,356
Inventories	-	(48,499)	(48,499)
Other receivables	-	(3,477)	(3,477)
Accrued payroll	40	10,998	11,038
Accrued compensated absences	8,987	83,644	92,631
Accounts payable	(11,277)	214,090	202,813
Total adjustments	<u>1,039,729</u>	<u>4,305,452</u>	<u>5,345,181</u>
Net cash provided (used) by operating activities	<u>\$ 564,502</u>	<u>\$ (5,867,916)</u>	<u>\$ (5,303,414)</u>

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

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The Authority has one component unit, the Western Triangle Tax District. It is shown as a blended major component unit. The Authority's board of commissioners also serve as the governing board for the District. Separate financial statements are not issued for this unit. The Authority did not adopt a budget ordinance for this fund as there were no expenditures or transfers out of this fund during the year.

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental and business-type activities of the Authority*. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

The Authority reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are vehicle registration taxes, state grants and various other revenues. The primary expenditures are for finance, human resources, general counsel, and communication and public affairs.
- Major Capital Projects Fund – The Major Capital Projects Fund includes the Major Transit Investment Fund and the Regional Rail Capital Project Fund and both are used to account for the funds used for the development of a Regional Rail and Bus system
- Regional Bus Capital Project Fund – The Regional Bus Capital Project Fund is used to account for the funds used to purchase buses and related equipment.
- Western Triangle Tax District – The Western Triangle Tax District is shown as a major component unit within the governmental financial statements. These funds collect special sales taxes in Durham and Orange Counties and a portion of vehicle rental taxes.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Control

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. Deposits and Investments

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

The Authority's written investment policy states that the Authority shall remain 100% invested at all times with the exception of monies held for operations. Statute 1 [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality uses of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating investment earnings and investment contracts are also reported at amortized cost.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Inventory and Prepaid Items

Inventory is valued at cost using the weighted-average method. The inventory in the Regional Bus Fund consists of expendable supplies. The Regional Bus Fund inventory reported on the combined balance sheet is offset by a fund balance reserve that indicates that it does not constitute a resource available for appropriation.

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

H. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for all capital assets; including land, buildings, improvements, substations, lines and other plant distribution systems, furniture and equipment, vehicles and software. Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Long-Term Liabilities

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

J. Compensated Absences

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

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position/Fund Balances

Net Position

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

Fund Balances

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

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

The governmental fund-types classify fund balances as follows:

Nonspendable:

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

Restricted:

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

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

Unassigned:

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

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Total fund balance	\$ 15,324,443
Less:	
Prepaid expenses	1,578,729
State statute reserve	<u>18,626,014</u>
Available for appropriation	\$ (4,880,300)

L. Prior Period Adjustment

During the fiscal year ended June 30, 2013, the Authority determined that certain program revenues that were subject to accrual in the governmental funds and proprietary funds as of June 30, 2011, and thus recognized as revenue in fiscal 2011, had also been recognized as revenue when the funds were actually received in fiscal year 2012. Therefore, an adjustment to beginning fund balance has been recorded to account for the improper revenue recognition. The effect of this adjustment is a reduction in fund balance and accounts receivable of \$681,071 in governmental funds and a reduction in fund balance and accounts receivable of \$1,699,951 in proprietary funds.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Revenues and Interfund Transactions

(1) Grant Revenue

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

(2) Vehicle Registration Tax

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

(3) Vehicle Rental Tax

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

(4) Investment Income

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

(5) Inter-fund Transactions

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Use of Estimates

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

2. DEPOSITS

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

At June 30, 2013, the carrying amount of the Authority's deposits was \$14,251,094 and the bank balances were \$15,500,832. Of the bank balance, \$959,000 was covered by federal depository insurance, and \$14,541,832 in interest bearing deposits was covered by collateral held under the Pooling Method.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. INVESTMENTS

As of June 30, 2013, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less than 6 Months	6 - 12 Months	1 - 3 Years	Greater than 3 Years
U.S. Government Agencies	\$ 888,281	\$ -	\$ -	\$ -	\$ 888,281
Mortgage Backed Securities	4,201,078	-	-	-	4,201,078
SBA Participation Securities	19,695,136	-	98,082	-	19,597,054
N.C. State and Local Gov't Bonds	10,007,748	-	-	-	10,007,748
NCCMT	4,254,792	4,254,792	-	-	-
Total Fair Value	\$ 39,047,035	\$ 4,254,792	\$ 98,082	\$ -	\$ 34,694,161

Interest Rate Risk

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

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

Credit Risk

As a means of limiting its exposure to risk, the Authority will invest no more than 50% in any obligation that does not bear the full faith and credit of the United States of America. The Authority limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). As of June 30, 2013, the Authority's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard and Poor's. The Authority's investments in US Agencies and US Treasuries is rated AAA by Standard and Poor's. The Authority's investments in NC state and local government bonds are also rated AAA by Standard and Poor's.

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

3. **INVESTMENTS** (Continued)

Custodial Credit Risk

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

Concentration of Credit Risk

The Authority will invest no more than 50% in a single institution. The Authority has certain investments that exceed 5% of the Authority's investments. They are SBA Participation (50.4%), Federal National Mortgage and Government National Mortgage (10.8%), North Carolina and local bonds (25.6%) and NC Capital Management Trust (10.9%).

4. **DUE FROM OTHER AGENCIES AND GOVERNMENTS**

The following summarizes amounts due from other agencies and governments by source as of June 30, 2013:

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<u>\$ 2,553,321</u>	<u>\$ 611,527</u>	<u>\$ 469,905</u>	<u>\$ 3,634,753</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 48,432,964	\$ -	\$ (4,033,805)	\$ -	\$ 44,399,159
Construction in progress	74,938,712	3,512,306	-	-	78,451,018
Total capital assets not being depreciated	<u>123,371,676</u>	<u>3,512,306</u>	<u>(4,033,805)</u>	<u>-</u>	<u>122,850,177</u>
Capital assets being depreciated:					
Buildings	5,019,773	637,971	-	-	5,657,744
Equipment and vehicles	6,664,772	142,590	-	-	6,807,362
Leasehold improvements	400,768	-	-	-	400,768
Total capital assets being depreciated	<u>12,085,313</u>	<u>780,561</u>	<u>-</u>	<u>-</u>	<u>12,865,874</u>
Less accumulated depreciation for:					
Buildings	491,975	186,068	-	-	678,043
Equipment and vehicles	5,384,744	499,420	-	-	5,884,164
Leasehold improvements	210,541	25,031	-	-	235,572
Total accumulated depreciation	<u>6,087,260</u>	<u>710,519</u>	<u>-</u>	<u>-</u>	<u>6,797,779</u>
Total capital assets being depreciated, net	<u>5,998,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,068,095</u>
Government activities capital assets, net	<u>\$ 129,369,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 128,918,272</u>

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

Administration	\$ 10,992
Capital Development	51,299
Board	4,689
Finance	643,539
Total Depreciation expense	<u>\$ 710,519</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS (Continued)

A summary of Business-type capital assets at June 30, 2013 follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
<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>-</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>-</u>	<u>175,275</u>
Ridesharing Fund capital assets, net	<u>\$ -</u>				<u>\$ -</u>
<i>Regional Bus Service Fund</i>					
Capital assets not being depreciated:					
Land	\$ 748,068	\$ -	\$ -	\$ -	\$ 748,068
Capital assets being depreciated:					
Furniture, fixtures, and equipment	1,390,007	488,909	(40,361)	-	1,838,555
Vehicles	23,900,561	619,634	(189,446)	-	24,330,749
Leasehold improvements	173,136	-	-	-	173,136
Buildings	5,964,650	70,580	-	-	6,035,230
Total capital assets being depreciated	<u>31,428,354</u>	<u>1,179,123</u>	<u>(229,807)</u>	<u>-</u>	<u>32,377,670</u>
Less accumulated depreciation for:					
Furniture, fixtures, and equipment	1,225,084	73,833	(40,361)	-	1,258,556
Vehicles	7,481,873	2,489,698	(189,446)	-	9,782,125
Leasehold improvements	166,756	580	-	-	167,336
Buildings	2,122,767	210,208	-	-	2,332,975
Total accumulated depreciation	<u>10,996,480</u>	<u>2,774,319</u>	<u>(229,807)</u>	<u>-</u>	<u>13,540,992</u>
Total capital assets being depreciated, net	<u>20,431,874</u>	<u>(1,595,196)</u>	<u>-</u>	<u>-</u>	<u>18,836,678</u>
Reg. Bus Service Fund capital assets, net	<u>21,179,942</u>	<u>(1,595,196)</u>	<u>-</u>	<u>-</u>	<u>19,584,746</u>
Business-type activities capital assets, net	<u>\$21,179,942</u>				<u>\$19,584,746</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

5. CAPITAL ASSETS (Continued)

Contractual Commitments

The Authority has commitments of \$15,000,000 for contracts related to the construction of the regional rail system. This commitment remains unchanged from the prior year. It is expected that this commitment will be ultimately funded by federal and state grants and capital reserve fund revenues.

Construction in Progress

Ongoing legislation related to the light rail project may impact the carrying values of the Authority's construction in progress assets. As of June 30, 2013, the Authority believes the carrying value of these assets to be fairly stated.

6. POST EMPLOYMENT OBLIGATIONS

Other Post Employment Benefits

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

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

- Employees who retire with more than three (3) years but less than 10 years of service may continue group health coverage at the Authority's rate, but the employee must pay the full cost of the premium.
- Employees who have more than 10 years of service but less than 20 must pay 75% of the monthly premium. The Authority will pay the remaining 25%.
- Employees who have 20 years of service but less than 30 years will pay 50% of the monthly premium. The Authority will pay the remaining 50%.
- Employees with more than 30 years of service can expect to receive 100% paid coverage.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees receiving benefits	0
Active plan members	<u>177</u>
Total	<u>177</u>

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

The current annual required contribution (ARC) rate is 1.29% of annual covered payroll. For the current year, the Authority contributed \$0.00 or 0.00% of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees. The Authority's obligation to contribute to HCB Plan is established and may be amended by the Board of Trustees.

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

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

Annual required contribution	\$ 107,486
Interest on net OPEB obligation	11,927
Adjustment to the annual required contribution	<u>(11,394)</u>
Annual OPEB cost (expense)	108,019
Contributions made	<u>-</u>
Increase in net OPEB obligation	108,019
Net OPEB obligation, beginning of year	<u>406,183</u>
Net OPEB obligation, end of year	<u>\$ 514,202</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

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

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Liability/ (Asset)
2009	\$ 99,388	\$ -	0.0%	\$ 99,388
2010	99,388	-	0.0%	198,776
2011	99,388	-	0.0%	298,164
2012	108,019	-	0.0%	406,183
2013	108,019	-	0.0%	514,202

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus the unfunded actuarial accrued liability (UAAL) was \$595,329. The covered payroll (annual payroll of active employees covered by the plan) was \$8,307,090, and the ratio of the UAAL to the covered payroll was 7.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual medical cost trend increase of 9.50% to 5.00% annually.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

6. POST EMPLOYMENT OBLIGATIONS (Continued)

The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 27 years.

Retirement Plan

The Authority sponsors a defined contribution retirement plan covering all of its full-time employees as of June 30, 2013. 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. The Authority's total payroll for fiscal year 2013 was \$9,867,919, of which \$9,387,153 relates to employees covered under the plan. The Authority's contributions to the plan for the year ended June 30, 2012, including forfeitures, totaled \$750,972 (8% of covered payroll). The assets of this plan are invested in various mutual funds, guaranteed interest contracts, and U.S. Treasury Bonds. The establishment of this plan was authorized by the Authority's Board of Trustees and may only be amended by the Authority's Board of Trustees.

Deferred Compensation Plan

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

The Authority's total payroll, as well as payroll for employees covered under the plan, was \$9,387,153 for the fiscal year ended June 30, 2013. The Authority contributed \$191,562 (approximately 2.04% of covered payroll).

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

7. CHANGES IN LONG – TERM LIABILITIES

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Long Term Portion	Current Portion of Balance
Governmental activities:						
Compensated Absences	\$ 477,851	\$ 265,400	\$ 333,494	\$ 409,757	\$ 188,400	\$ 221,357
Accrued OPEB	162,474	43,207	-	205,681	205,681	-
Total Governmental activity long-term liabilities	\$ 640,325	\$ 308,607	\$ 333,494	\$ 615,438	\$ 394,081	\$ 221,357
Business-type activities						
Compensated Absences	\$ 567,479	\$ 539,000	\$ 511,181	\$ 595,298	\$ 226,750	\$ 368,548
Accrued OPEB	243,709	64,812	-	308,521	308,521	-
Total Business-type activity long-term liabilities	\$ 811,188	\$ 603,812	\$ 511,181	\$ 903,819	\$ 535,271	\$ 368,548

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

8. INTERFUND BALANCES AND ACTIVITY

The following summarizes amounts due from and to other funds as of June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Proprietary Fund</u>	<u>Amount</u>
General Fund	Enterprise - Rideshare	\$ 559,716
General Fund	Enterprise - Regional Bus	14,227,102
General Fund	Enterprise - Unemployment	523,726
Total Due from Proprietary Funds		15,310,544
	<u>Payable Governmental Fund</u>	
<u>Receivable Fund</u>	Regional Bus Capital	105,624
General Fund	Technology Capital	9,226
Major Capital Projects fund	General Fund	18,795,821
Major Capital Projects fund	General Fund	936,895
Total Due from Governmental Funds		19,847,566
Totals		\$ 35,158,110

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		
	General Fund	Regional Bus Capital Projects Fund	Total
Transfers to:			
Regional Bus Fund	\$ 7,331,134	\$ 1,150,449	\$ 8,481,583
Ridesharing Fund	621,414	-	621,414
Regional Bus Capital Project Fund	470,042	-	470,042
Advanced Tech Capital Project Fund	33,900	-	33,900
Total	<u>\$ 8,456,490</u>	<u>\$ 1,150,449</u>	<u>\$ 9,606,939</u>

The purpose of the transferred monies is as follows:

The Authority's General Fund transferred monies during fiscal year 2013 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.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority reduces its risk of loss by carrying commercial insurance coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. All of the insurance companies from whom the Authority has purchased insurance have A.M. Best ratings of A- or better.

The insurance companies used by the Authority are:

- Ace American Insurance Company
- National Interstate Insurance Company
- Selective Insurance
- Iron Shore Specialty Insurance Company
- Key Risk Insurance Company
- Hanover 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 | \$ 5,000,000 |
| • Finance Officer Fidelity Bond | \$ 50,000 |
| • Real and personal property | |
| Buildings | \$ 16,623,323 |
| Contents | \$ 5,250,000 |
| Equipment Breakdown | \$ 21,873,323 |
| Flood Insurance – None | |
| • Business Vehicle Liability Coverage | \$ 5,000,000 |
| • Loss from employee dishonesty | \$ 150,000 - \$100,000 |
| • Excess liability | \$ 15,000,000 |
| • Workers' compensation | Statutory limits |
| • Employee benefits liability | \$ 1,000,000 |
| • Catastrophic (Auto) | \$10,000,000 |

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

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

9. RISK MANAGEMENT (Continued)

payments could be suspended. It is anticipated that investment earnings on this fund will be sufficient to pay future unemployment claims.

Flood Insurance

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

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

Since July 2008, the Authority continues to rent a parking lot for operations of its Regional Bus Transfer Center. Monthly rent payments in the amount of \$2,970 were made for use of the parking lot. The total rent expense for office space and parking accommodations for the year ended June 30, 2013, was \$35,640. Parking lease payments beginning July 2013 will be \$3,059.

The lease for parking ended on June 30, 2013 but was extended for two more years. The total minimum future commitment under the parking lease for the years ending June 30 is as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2014	\$ 36,710
2015	<u>36,710</u>
Total	<u>\$ 73,420</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 June 30,	Amount
2014	\$878,522
2015	904,878
2016	932,024
2017	<u>959,985</u>
Total	<u>\$3,675,409</u>

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

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

Pending or Threatened Lawsuits

During the fiscal year July 1, 2012, through June 30, 2013, the Authority had a number of workers compensation insurance claims. As of this date, there is one workers compensation claim pending. This claim is not in dispute. We are at present party to various litigation in the normal course of business.

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. **ACCOUNTING PRONOUNCEMENTS ISSUED AND IMPLEMENTED**

The Authority has implemented GASB Statements No. 61, No. 63 and No. 65 that have effective dates that have impacted present and future financial statement presentation.

12. **ACCOUNTING PRONOUNCEMENTS ISSUED FOR FUTURE IMPLEMENTATION**

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions." The requirements of this Statement are effective for financial statements for fiscal year beginning after June 15, 2014.

13. **STEWARDSHIP, COMPLIANCE AND APPROPRIATIONS**

Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2013, the Board reported expenditures that violated State law (G.S. 159-28). Expenditures exceeded the amounts appropriated in the annual budget ordinance by \$55,203 in the Regional Bus Service Fund. This overage was due to unemployment claims that were not budgeted for. This has been resolved for the fiscal year 2013-14.

RESEARCH REGIONAL PUBLIC TRANSPORTATION AUTHORITY

Schedule 1

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

For the Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as of % of Covered Payroll (3)/(5)
12/31/2008	\$ -	\$ 500,721	\$ 500,721	0%	\$ 6,956,125	7.2%
12/31/2009	-	500,721	500,721	0%	7,805,458	6.4%
12/31/2010	-	500,721	500,721	0%	8,416,153	5.9%
12/31/2011	-	595,329	595,329	0%	8,307,090	7.2%

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

Schedule 2

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

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 99,388	-0-%
2010	99,388	-0-%
2011	99,388	-0-%
2012	108,019	-0-%
2013	108,019	-0-%

NOTES TO THE REQUIRED SCHEDULES:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	9.50% - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

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, 2013

	Projected Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to date
REVENUES:					
Restricted intergovernmental revenues:					
State grant revenues	\$ 1,975,789	\$ 2,809,761	\$ 47,235	\$ 2,856,996	\$ 881,207
Federal grant revenues	13,549,061	19,088,304	883,673	19,971,977	6,422,916
Other revenue	110,000	545	-	545	(109,455)
Total revenues	<u>15,634,850</u>	<u>21,898,610</u>	<u>930,908</u>	<u>22,829,518</u>	<u>7,194,668</u>
EXPENDITURES:					
Capital outlay:					
Buildings	20,525,076	11,909,007	29,798	11,938,805	8,586,271
Revenues over (under) expenditures	<u>(4,890,226)</u>	<u>9,989,603</u>	<u>901,110</u>	<u>10,890,713</u>	<u>15,780,939</u>
OTHER FINANCING SOURCES:					
Transfers to/from other funds	<u>4,890,226</u>	<u>(9,989,603)</u>	<u>(680,407)</u>	<u>(10,670,010)</u>	<u>(15,560,236)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>220,703</u>	<u>\$ 220,703</u>	<u>\$ 220,703</u>
Fund balance, beginning			-		
Prior Period Adjustment			<u>(220,703)</u>		
Fund balance, ending			<u>\$ -</u>		

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
From Inception and for the Fiscal Year Ended June 30, 2013

	Projected Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to date	
REVENUES:					
Restricted intergovernmental:					
NCDOT rail grants	\$ 218,770,984	\$ 29,697,362	\$ -	\$ 29,697,362	\$ (189,073,622)
FTA rail grants	464,230,428	84,369,201	927,651	85,296,852	(378,933,576)
Vehicle rental tax	42,392,292	108,049,688	8,640,833	116,690,521	74,298,229
Earnings and Unrealized Gain/Loss-Investments	3,745,000	7,552,652	212,092	7,764,744	4,019,744
Other revenues	323,000	17,055,692	274,381	17,330,073	17,007,073
Total revenues	729,461,704	246,724,595	10,054,957	256,779,552	(472,682,152)
EXPENDITURES:					
Capital outlay:					
Design	141,032,509	115,135,587	3,512,307	118,647,894	22,384,615
Project administration	27,577,195	8,842,228	-	8,842,228	18,734,967
Insurance	13,076,239	-	-	-	13,076,239
Property acquisition	91,060,997	49,766,365	-	49,766,365	41,294,632
Systems	61,761,937	-	-	-	61,761,937
Vehicle and equipment	129,929,406	-	-	-	129,929,406
Trackwork	78,499,408	-	-	-	78,499,408
Construction	5,204,691	-	-	-	5,204,691
Yard and shop	28,678,411	-	-	-	28,678,411
Grading	221,159,141	-	-	-	221,159,141
Stations	75,925,281	-	-	-	75,925,281
Total expenditures	873,905,215	173,744,180	3,512,307	177,256,487	696,648,728
Revenues under expenditures	(144,443,511)	72,980,415	6,542,650	79,523,065	223,966,576
OTHER FINANCING SOURCES:					
Sale of land	-	-	3,274,548	3,274,548	3,274,548
Transfers (to) from other funds	144,443,511	(23,657,753)	-	(23,657,753)	(168,101,264)
Change in fund balance	\$ -	\$ 49,322,662	9,817,198	\$ 59,139,860	\$ 59,139,860
Fund balance, beginning			45,534,919		
Fund balance, ending			\$ 55,352,117		

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, 2013

	Projected Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
REVENUES:					
Restricted intergovernmental revenues:					
Federal grants	\$ 613,735	\$ 541,846	\$ 31,697	\$ 573,543	\$ (40,192)
State grant revenues	1,988,725	1,481,089	54,755	1,535,844	(452,881)
Local grant revenues	149,505	48,064	-	48,064	(101,441)
Total revenues	<u>2,751,965</u>	<u>2,070,999</u>	<u>86,452</u>	<u>2,157,451</u>	<u>(594,514)</u>
EXPENDITURES:					
Capital outlay:					
Equipment other	3,132,720	2,321,259	120,352	2,441,611	691,109
Revenues over (under) expenditures	<u>(380,755)</u>	<u>(250,280)</u>	<u>(33,900)</u>	<u>(284,160)</u>	<u>96,595</u>
OTHER FINANCING SOURCES:					
Transfers (to) from other funds	380,755	250,280	33,900	284,160	(96,595)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental revenues:			
NC Department of Transportation	\$ 45,070	\$ 60,910	\$ 15,840
Federal transit administration	240,560	205,099	(35,461)
Durham county	417,385	375,826	(41,559)
Durham county TDM fees	12,500	12,200	(300)
Other governmental revenues	<u>766,110</u>	<u>707,013</u>	<u>(59,097)</u>
Total revenues	<u>1,481,625</u>	<u>1,361,048</u>	<u>(120,577)</u>
EXPENDITURES			
Regional call center	1,006,385	938,282	68,103
Commuter resources	603,625	549,938	53,687
Regional TDM	<u>365,900</u>	<u>348,055</u>	<u>17,845</u>
Total expenditures	<u>1,975,910</u>	<u>1,836,275</u>	<u>139,635</u>
Revenue under expenditures	<u>(494,285)</u>	<u>(475,227)</u>	<u>19,058</u>
Other financing sources:			
Transfers from general fund	<u>530,448</u>	<u>621,412</u>	<u>90,964</u>
Revenues and other financing sources over expenditures	<u>\$ 36,163</u>	<u>\$ 146,185</u>	<u>\$ 110,022</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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Bus fares			
Rider fares	\$ 1,578,299	\$ 1,601,003	\$ 22,704
Employer subsidies	1,171,831	1,081,387	(90,444)
Other revenues	660,594	360,448	(300,146)
Specialized services	292,568	321,296	28,728
Intergovernmental revenues:			
Federal Transit Administration	1,315,174	1,336,295	21,121
NC Department of Transportation	2,227,380	2,249,878	22,498
Local governments	128,275	84,150	(44,125)
Total revenues	<u>7,374,121</u>	<u>7,034,457</u>	<u>(339,664)</u>
EXPENDITURES			
Supervision	1,207,596	1,205,424	2,172
Operations	7,928,839	7,928,022	817
Vanpool	885,565	885,330	235
Specialized services	1,621,367	1,620,222	1,145
Maintenance	2,727,959	2,727,619	340
Unemployment claims	-	55,203	(55,203)
Total expenditures	<u>14,371,326</u>	<u>14,421,820</u>	<u>(50,494)</u>
Revenue under expenditures	<u>(6,997,205)</u>	<u>(7,387,363)</u>	<u>(390,158)</u>
Other financing sources:			
Operating transfers	7,493,025	7,331,134	(161,891)
Capital acquisition transfers	-	1,150,449	1,150,449
Total other financing sources	<u>7,493,025</u>	<u>8,481,583</u>	<u>988,558</u>
Revenues and other financing sources over expenditures	<u>\$ 495,820</u>	<u>1,094,220</u>	<u>\$ 598,400</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(2,774,319)</u>	
Change in net position		<u>\$ (1,680,099)</u>	

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

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
YEAR ENDED JUNE 30, 2013**

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

Net Position by Component Last Ten Fiscal Years (p.72)

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

Schedule of Changes in Net Position (p.73)

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. While the requirements are the inclusion of the last ten fiscal years the Authority will only be able to present from the year of the implementation of GASB 34.

Fund Balances, Governmental Fund (p.74)

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

Schedule of Changes in Fund Balances, Governmental Fund (p.75)

This table shows the various factors which caused the changes in fund balances for the last ten years. While the requirements are the inclusion of the last ten fiscal years, the Authority will only be able to present from the year of the implementation of GASB 34.

Schedule of Changes in Governmental Fund Expenditures (p.76)

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.

Schedule of Governmental Fund Revenues (p.77)

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 Last Ten Fiscal Years (p.78)

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

Employee Position Authorization by Department (p.79)

This table compares positions authorized by department for comparative purposes.

Operating Indicators by Function (p.80)

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

Capital Assets by Function (p.81)

This schedule is a summary of capital assets for the last ten fiscal years. While the requirements are the inclusion of the last 10 fiscal years the Authority will only be able to present from the year of the implementation of GASB 34.

Insurance in Force- July 1, 2013 - June 30, 2014 (p.82)

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

Demographics and Economic Statistics for Wake County (p.83)

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

Principal Employers for Wake County (p.84)

This schedule ranks top employers in Wake County comparatively for 2013 and 2003.

Principal Auto Rental Agencies (p.85)

This schedule ranks top auto rental agencies by rental taxes generated for 2013 and 2012.

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

Table 1

	Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Investment in capital assets	\$ 79,731,539	\$ 112,879,862	\$ 137,066,488	\$ 156,055,939	\$ 166,038,451	\$ 160,334,524	\$ 114,168,704	\$ 121,465,478	\$ 129,369,729	\$ 128,918,272
Restricted	-	-	-	-	-	-	-	58,971,931	65,986,106	79,168,752
Unrestricted	45,473,024	47,369,733	45,066,669	45,678,438	49,680,077	62,691,475	65,744,404	6,056,397	(687,606)	(4,031,859)
Total governmental activities net position	<u>125,204,563</u>	<u>160,249,595</u>	<u>182,133,157</u>	<u>201,734,377</u>	<u>215,718,528</u>	<u>223,025,999</u>	<u>179,913,108</u>	<u>186,493,806</u>	<u>194,668,229</u>	<u>204,055,165</u>
Business-Type Activities										
Invested in capital assets, net of related debt	11,616,507	10,357,107	9,161,709	6,984,312	5,734,257	18,118,640	19,357,218	17,589,361	21,179,942	19,584,746
Unrestricted	3,270,191	2,818,228	1,838,931	(976,343)	(983,411)	(10,524,894)	(10,469,112)	(10,788,961)	(10,748,802)	(12,387,471)
Total business-type activities net position	<u>14,886,698</u>	<u>13,175,335</u>	<u>11,000,640</u>	<u>6,007,969</u>	<u>4,750,846</u>	<u>7,593,746</u>	<u>8,888,106</u>	<u>6,800,400</u>	<u>10,431,140</u>	<u>7,197,275</u>
Primary Government										
Investment in capital assets	91,348,046	123,236,969	146,228,197	163,040,251	171,772,708	178,453,164	133,525,922	139,054,839	150,549,671	148,503,018
Restricted	-	-	-	-	-	-	-	26,470,150	65,986,106	79,168,752
Unrestricted	48,743,215	50,187,961	46,905,600	44,702,095	48,696,666	52,166,581	55,275,292	27,769,217	(11,436,408)	(16,419,330)
Total primary government net position	<u>\$ 140,091,261</u>	<u>\$ 173,424,930</u>	<u>\$ 193,133,797</u>	<u>\$ 207,742,346</u>	<u>\$ 220,469,374</u>	<u>\$ 230,619,745</u>	<u>\$ 188,801,214</u>	<u>\$ 193,294,206</u>	<u>\$ 205,099,369</u>	<u>\$ 211,252,440</u>

Notes:

This table was prepared using the accrual basis of accounting

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

TABLE 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Board	\$ 182,160	\$ 1,004,637	\$ 135,444	\$ 174,061	\$ 113,444	\$ 117,698	\$ 82,158	\$ 90,319	\$ 95,254	\$ 95,339
Human resources	-	289,544	294,481	315,943	329,622	396,942	513,955	391,536	423,936	418,166
Administration	646,076	318,364	353,510	275,015	316,318	829,800	235,328	243,282	238,928	224,474
Capital development	582,391	522,412	1,019,329	1,129,843	348,251	236,893	129,934	176,607	367,062	80,869
Equal employ. oppor./disadv. busin. enter.	-	124,836	105,087	108,831	102,033	110,653	108,596	116,928	120,676	114,567
Finance	739,341	713,167	2,484,822	2,183,407	2,234,529	2,012,750	51,071,450	1,728,555	2,187,530	3,320,881
General counsel	340,610	174,381	144,515	320,446	199,493	223,030	332,001	301,688	360,723	291,030
DATA	-	-	-	-	-	-	-	135,446	345,619	484,200
Communications and public affairs	663,579	635,412	812,857	836,220	485,720	595,361	393,570	358,988	586,431	882,207
Total governmental activities expense	3,154,157	3,762,553	5,350,045	5,343,766	4,108,410	4,523,127	52,876,990	3,543,359	4,726,149	5,911,733
Business-type activities:										
Regional bus service	9,319,922	12,906,812	11,273,630	12,088,065	12,269,806	12,498,392	13,101,407	15,279,164	16,563,748	17,196,139
Ridesharing	1,059,480	1,062,139	1,112,901	1,375,640	1,593,350	2,176,232	2,311,216	2,263,733	2,300,277	1,836,275
Total business-type activities expense	10,379,402	13,968,951	12,386,531	13,463,705	13,863,156	14,664,624	15,412,622	17,542,897	18,864,026	19,032,414
TOTAL PRIMARY GOVERNMENT EXPENSES	13,533,559	17,731,504	17,736,576	18,807,471	17,971,566	19,187,751	68,289,612	21,086,256	23,590,174	24,944,147
Program Revenues										
Governmental activities:										
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital development	524,172	527,527	1,486,650	3,524,908	668,400	781,628	729,999	525,022	1,248,868	554,148
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Regional rail capital project	29,274,168	26,356,114	14,620,990	6,722,695	-	-	-	-	548,939	827,661
Regional bus capital project	3,435	123,212	187,653	1,576,641	6,875,099	5,333,009	3,339,498	442,775	5,924,422	930,908
Technology capital project	156,252	2,500,616	458,127	181,938	162,114	513,871	390,124	391,445	575,381	86,452
Total governmental activities revenue	29,958,027	28,507,469	16,753,420	11,986,242	7,695,613	6,628,508	4,459,621	1,359,242	8,297,610	2,499,159
Business-type activities:										
Regional bus service	-	-	-	-	-	-	-	-	-	-
Charges for services	1,066,641	1,268,770	1,609,209	1,741,834	1,742,860	2,076,728	2,163,990	2,306,033	2,562,723	2,682,390
Grant revenue	-	-	3,038,537	2,228,551	3,260,857	2,936,168	3,336,158	3,810,933	4,776,360	3,670,323
Ridesharing	-	-	-	-	-	-	-	-	-	-
Charges for services	119,024	8,800	-	-	12,500	3,801	1,000	-	-	-
Grant revenue	-	-	478,235	948,771	762,309	1,088,217	1,077,018	1,108,536	1,201,353	641,835
Total business-type activities revenues	1,185,665	1,287,570	5,125,981	4,917,156	5,778,528	6,104,914	6,577,166	7,226,462	8,530,436	6,994,548
TOTAL PRIMARY GOVERNMENT REVENUES	31,143,692	29,775,039	21,879,401	16,903,398	13,474,139	12,733,422	11,036,787	8,584,704	16,828,046	9,493,707
Net revenue (Expense)										
Governmental activities	26,803,870	24,744,916	11,403,376	8,842,476	3,587,203	2,105,361	(48,417,369)	(2,184,117)	3,571,461	(3,412,674)
Business-type activities	(9,193,737)	(12,701,381)	(7,260,550)	(6,546,649)	(8,084,630)	(7,731,628)	(8,835,456)	(10,317,435)	(10,333,589)	(12,037,866)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	17,610,133	12,043,555	4,142,825	(1,904,073)	(4,497,427)	(5,626,167)	(57,252,825)	(12,501,562)	(6,762,128)	(15,450,440)
General revenues and other changes in net assets										
Governmental activities:										
Vehicle registration taxes	4,711,525	4,904,780	5,113,015	5,462,145	5,402,500	5,394,065	5,185,675	5,487,720	5,526,485	5,607,630
Special tax revenue	-	-	-	-	-	-	-	-	-	4,700,299
Capital contributions	-	-	-	-	-	-	-	-	-	-
Vehicle rental taxes	7,034,402	7,108,744	7,904,871	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658	8,692,107	9,016,305
Miscellaneous revenues	1,104,181	539,231	1,498,878	922,775	975,030	1,128,758	1,009,831	1,215,183	1,485,056	2,959,061
Unrestricted investment earnings	202,800	664,061	745,061	1,210,518	1,012,267	1,024,037	651,170	664,930	1,602,445	300,361
Transfers	(5,797,325)	(2,916,700)	(4,762,636)	(3,399,239)	(6,205,099)	(10,512,457)	(8,981,060)	(7,189,676)	(12,893,131)	(9,102,995)
Total governmental activities	7,255,583	10,300,116	10,488,187	12,358,744	10,396,949	5,202,090	5,304,478	8,764,615	4,802,962	13,480,581
Business-type activity:										
Capital contributions	-	26,508	-	-	-	-	-	-	-	-
Miscellaneous	69,666	249,195	283,821	128,262	587,430	828,182	1,123,510	1,005,081	1,203,920	1,389,271
Unrestricted investment earnings	8,732	26,508	19,396	26,377	31,991	61,971	25,226	34,972	67,278	11,686
Transfers	5,797,325	2,916,700	4,782,638	3,399,239	6,205,099	10,512,457	8,981,060	7,189,676	12,693,131	9,102,995
Total business-type activities	5,875,723	3,218,911	5,085,855	3,553,878	6,827,507	11,402,610	10,129,816	8,229,729	13,964,329	10,503,952
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	13,131,306	13,519,027	15,568,042	16,512,622	17,224,455	16,604,700	15,434,294	16,994,544	18,567,291	23,984,533
Change in net position										
Governmental activities	34,071,993	35,045,032	21,883,962	19,601,220	19,984,151	7,307,471	(43,112,891)	6,580,698	8,174,423	10,068,007
Business-type activity	9,153	(1,711,836)	(2,174,695)	(4,992,671)	(1,257,123)	2,842,900	1,294,360	(2,087,706)	3,630,740	(1,533,914)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 34,081,146	\$ 33,333,196	\$ 19,709,267	\$ 14,608,549	\$ 12,727,028	\$ 10,150,371	\$ (41,818,531)	\$ 4,492,992	\$ 11,805,163	\$ 8,534,093

Notes:

GASB 34 formatted statements started in Fiscal Year 2003

* The Human Resources and Equal Employ. Oppor./Disadv. Busin. Enter departments were spun off of the Administration department in Fiscal Year 2005

** The Finance department was spun off of the Administration department in Fiscal Year 2004.

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

Table 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 180,781	\$ 917,874	\$ 861,341	\$ 1,608,794	\$ 1,541,560	\$ 1,578,729
Restricted	48,265,359	48,658,621	9,577,154	3,338,248	7,087,165	16,890,520	15,825,773	16,388,898	19,954,423	18,626,014
Unassigned	(34,113,335)	(33,771,143)	5,428,856	(1,674,076)	(9,163,473)	4,244,776	5,812,264	5,272,677	(1,092,077)	(4,880,300)
Total General Fund	<u>\$ 14,152,024</u>	<u>\$ 14,887,478</u>	<u>\$ 15,006,010</u>	<u>\$ 1,664,172</u>	<u>\$ (1,895,527)</u>	<u>\$ 22,053,170</u>	<u>\$ 22,499,378</u>	<u>\$ 23,270,369</u>	<u>\$ 20,403,906</u>	<u>\$ 15,324,443</u>
All other governmental funds										
Restricted - reserve by state statute	\$ 41,680,433	\$ 46,872,627	\$ 16,829,289	\$ 28,781,681	\$ 24,272,826	\$ 7,961,270	\$ 10,664,518	9,739,495	13,904,766	\$ 19,329,379
Restricted - enabling legislation	-	-	-	-	-	-	-	32,501,781	31,630,153	41,098,509
Capital projects fund	(10,336,217)	(14,144,885)	14,375,060	15,534,236	27,649,294	33,166,102	33,083,075	-	-	-
Total all other governmental funds	<u>\$ 31,344,216</u>	<u>\$ 32,727,742</u>	<u>\$ 31,204,349</u>	<u>\$ 44,315,917</u>	<u>\$ 51,922,120</u>	<u>\$ 41,127,372</u>	<u>\$ 43,747,593</u>	<u>\$ 42,241,276</u>	<u>\$ 45,534,919</u>	<u>\$ 60,427,888</u>

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

Table 4

REVENUES	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Restricted intergovernmental revenues:										
NC Department of Transportation	\$ 9,980,803	\$ 10,813,446	\$ 5,193,126	\$ 3,740,524	\$ 1,099,260	\$ 1,798,021	\$ 577,331	\$ 201,738	\$ 1,081,999	\$ 273,562
Federal CMAQ Grants	-	-	-	-	-	-	-	-	-	-
Federal Transit Administration	19,977,223	17,059,487	11,560,294	8,245,718	6,596,353	4,830,487	3,865,552	1,157,504	7,215,611	1,962,812
Other revenue	12,541	15,168,995	190,237	302,435	380,542	432,442	217,414	386,569	488,633	2,280,074
Vehicle registration tax	4,711,525	4,604,780	5,113,015	5,462,145	5,402,500	5,394,065	5,185,675	5,487,720	5,526,485	5,607,530
Special tax revenue	-	-	-	-	-	-	-	-	-	4,700,299
Indirect cost credits	1,104,181	1,153,280	1,308,639	620,340	594,488	696,314	808,155	828,614	996,423	931,772
Rental vehicle tax	7,034,402	7,108,744	7,904,871	8,782,545	9,215,237	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305
Investment income	202,800	552,623	746,061	1,210,518	1,012,287	1,024,037	681,170	864,930	1,602,445	300,381
Total revenues	<u>43,023,476</u>	<u>56,761,355</u>	<u>32,016,243</u>	<u>28,344,225</u>	<u>24,300,647</u>	<u>22,343,055</u>	<u>18,745,179</u>	<u>17,313,733</u>	<u>25,593,703</u>	<u>25,062,735</u>
EXPENDITURES										
Current:										
Governing board	182,160	152,673	128,481	167,098	113,444	117,698	92,158	90,319	95,254	95,339
Human resources *	-	269,544	294,481	315,943	329,622	396,942	418,567	391,536	417,090	414,168
Administration	603,212	318,364	338,507	260,012	315,318	829,800	241,372	243,282	227,160	212,179
Capital development	582,391	600,124	938,049	1,048,563	348,251	236,893	179,607	176,607	325,567	148,599
Equal employ. opport./disadv. busl. enter **	-	124,636	105,087	108,831	102,033	110,653	113,588	116,928	118,490	113,083
Finance **	738,341	713,167	694,405	841,878	908,110	970,425	1,056,848	1,244,476	1,633,541	1,636,632
General counsel	340,610	174,381	144,515	320,446	199,493	223,030	336,943	301,688	344,592	285,655
Communications and public affairs	663,579	635,412	812,857	836,220	465,720	595,361	389,118	358,988	581,363	486,016
DATA	-	-	-	-	-	-	-	135,446	311,070	876,172
Capital outlay	39,217,153	48,737,376	25,182,084	5,277,035	11,264,066	5,011,941	3,859,468	7,800,113	8,441,265	4,292,866
Debt payments and interest ***	-	-	-	15,999,230	-	-	-	-	-	-
Total expenditures	<u>42,328,446</u>	<u>51,725,677</u>	<u>28,638,466</u>	<u>25,175,256</u>	<u>14,046,057</u>	<u>8,492,743</u>	<u>6,697,670</u>	<u>10,859,383</u>	<u>12,473,392</u>	<u>8,759,709</u>
Excess of revenues over expenditures	<u>695,029</u>	<u>5,035,678</u>	<u>3,377,777</u>	<u>3,168,969</u>	<u>10,254,590</u>	<u>13,850,312</u>	<u>12,047,509</u>	<u>6,454,350</u>	<u>13,120,311</u>	<u>16,323,026</u>
OTHER FINANCING SOURCES (USES)										
Sale of land	-	-	-	-	-	-	-	-	-	3,274,548
Transfers from other funds	9,770,758	6,222,975	9,686,418	4,530,827	4,573,246	31,173,272	5,383,991	10,800,590	7,025,418	503,942
Transfers to other funds	(15,568,083)	(9,139,673)	(14,469,056)	(7,930,066)	(10,781,332)	(31,889,635)	(14,365,071)	(17,990,266)	(19,718,549)	(9,606,939)
Total other financing sources (uses)	<u>(5,797,325)</u>	<u>(2,916,698)</u>	<u>(4,782,638)</u>	<u>(3,399,239)</u>	<u>(6,208,086)</u>	<u>(696,363)</u>	<u>(8,981,080)</u>	<u>(7,189,676)</u>	<u>(12,693,131)</u>	<u>(5,828,449)</u>
Net change in fund balance	(5,102,286)	2,118,980	(1,404,861)	(230,270)	4,046,504	13,153,949	3,066,429	(735,326)	427,180	10,494,577
Fund balances-beginning	50,598,536	45,496,240	47,615,220	46,210,359	45,980,089	50,026,593	63,180,542	66,246,971	65,511,645	65,938,825
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	(681,071)
Fund balances-ending	<u>\$ 45,496,240</u>	<u>\$ 47,615,220</u>	<u>\$ 46,210,359</u>	<u>\$ 45,980,089</u>	<u>\$ 50,026,593</u>	<u>\$ 63,180,542</u>	<u>\$ 66,246,971</u>	<u>\$ 65,511,645</u>	<u>\$ 65,938,825</u>	<u>\$ 75,752,331</u>

Notes:

GASB 34 formatted statement started in Fiscal Year 2003.

* The Human Resources and Equal Employ./Disadv. Busin. Enter. departments were spun off of the Administration department in Fiscal Year 2005.

** The Finance department was spun off of the Administration department in Fiscal Year 2004.

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

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

Table 5

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governing board	\$ 182,160	\$ 152,673	\$ 128,481	\$ 167,098	\$ 113,444	\$ 117,698	\$ 92,158	\$ 90,319	\$ 95,254	95,339
Human resources	-	269,544	105,087	315,943	329,622	396,942	418,567	391,536	417,090	414,168
Administration	603,212	318,364	694,405	260,012	315,318	829,800	241,372	243,282	227,160	212,179
Capital development	582,391	600,124	812,857	1,048,563	348,251	236,893	179,610	176,607	325,567	148,599
Equal employ. opport./disadv. bus. enter.	-	124,636	144,515	108,831	102,033	110,653	113,586	116,928	116,490	113,083
Finance	739,341	713,167	938,049	841,878	908,110	970,425	1,056,848	1,244,476	1,633,541	1,836,632
General counsel	340,610	174,381	294,481	320,446	199,493	223,030	336,943	301,688	344,592	285,655
Communications and public affairs	663,579	635,412	338,507	836,220	465,720	595,361	399,118	358,988	561,363	485,016
DATA								135,446	311,070	876,172
Capital outlay and debt payments	39,217,153	48,737,376	25,182,084	21,276,265	11,264,066	5,011,941	3,859,468	7,800,113	8,441,265	4,292,866
Totals	\$42,328,446	\$51,725,677	\$28,638,466	\$25,175,256	\$14,046,057	\$8,492,743	\$6,697,670	\$10,859,383	\$12,473,392	\$8,759,709

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

Table 6

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vehicle registration taxes	\$ 4,711,525	\$ 4,904,780	\$ 5,113,015	\$ 5,462,145	\$ 5,402,500	\$ 5,394,065	\$ 5,185,675	\$ 5,487,720	\$ 5,526,485	\$ 5,607,530
Rental vehicle taxes	7,034,402	7,108,744	7,904,871	8,762,545	9,215,237	8,167,689	7,429,882	8,386,658	8,682,107	9,016,305
Special revenue taxes	-	-	-	-	-	-	-	-	-	4,700,299
Intergovernmental revenues:										
Federal Transit Administration	458,059	468,913	11,560,294	8,245,718	6,596,353	4,830,487	3,865,552	1,157,504	7,215,611	1,962,812
NC Department of Transportation	66,113	58,614	5,193,126	3,740,524	1,099,260	1,798,021	577,331	201,738	1,081,999	273,562
Indirect cost credits	1,104,181	1,153,280	1,308,639	620,340	594,488	696,314	808,155	828,614	996,423	931,772
Investment income	202,800	552,623	746,061	1,210,518	1,012,267	1,024,037	661,170	864,930	1,602,445	300,381
Other	-	-	190,237	302,435	380,542	432,442	217,414	386,569	488,633	2,290,074
Totals	\$ 13,577,080	\$ 14,246,954	\$ 32,016,243	\$ 28,344,225	\$ 24,300,647	\$ 22,343,055	\$ 18,745,179	\$ 17,313,733	\$ 25,593,703	\$ 25,082,735

Notes:

1. Includes General Fund and Major Transit Investment Fund.

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			State Revolving Loan	Total Primary Government	Per Capita
	General Obligation Bonds	COPS & Installment Financing	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases			
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-
2006	-	15,000,000	-	-	-	129,041	-	15,129,041	15.13
2005 *	-	15,000,000	-	-	-	344,559	-	15,344,559	15.34
2004	-	-	-	-	-	550,735	-	550,735	0.55

* In Fiscal Year 2005, the Authority entered into a \$15,000,000 financing package with BB&T.

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

Table 8

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governing board	1	1	1	-	-	-	-	-	-	-
General counsel	4	4	4	1	1	2	2	2	2	2
Communications and public affairs	5	5	7	4	4	4	4	4	8	9
Finance	7	8	7	7	8	8	9	10	10	16
Human resources	-	3	3	3	3	3	3	4	4	3
Administration	7	3	4	2	2	2	2	2	2	2
EEO/DBE	-	1	2	1	1	1	1	1	1	1
Capital development	16	17	28	9	7	8	8	8	8	9
Regional bus	105	130	110	109	115	130	114	125	126	152
Ridesharing	8	9	9	19	16	23	18	22	22	25

This indicates the number of the Authority's employees by department at the end of each fiscal year.

Source: Authority Human Resources

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

Table 9

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Services consumed:										
Fare paid boardings	639,513	685,966	817,619	865,911	941,792	1,124,665	1,091,626	1,287,157	1,578,598	1,767,900
Transfers	71,664	69,720	74,403	-	-	-	-	-	-	-
Total passengers	711,177	755,686	892,022	865,911	941,792	1,124,665	1,091,626	1,287,157	1,578,598	1,767,900
Services supplied:										
Regular route revenue miles	2,386,104	1,991,444	2,573,122	1,964,512	1,997,401	2,212,783	2,289,150	2,286,433	2,205,018	2,242,560
Deadhead, training and maintenance miles	212,630	456,352	597,194	516,173	610,923	569,922	382,393	395,714	520,888	680,659
Total miles driven	2,598,734	2,447,796	3,170,316	2,480,685	2,608,324	2,782,705	2,671,543	2,682,147	2,725,906	2,923,219
Regular route revenue hours	92,782	90,582	92,964	92,874	92,212	100,532	102,882	109,103	107,738	109,576
Deadhead, training, and maintenance hours	-	-	-	22,939	29,005	-	-	20,151	21,793	21,860
Total bus hours	92,782	90,582	92,964	115,813	121,217	100,532	102,882	129,254	129,531	131,436
Number of employer campaigns:	N/A	N/A	N/A	7	N/A	N/A	N/A	N/A	N/A	N/A
Number of employees surveyed:	N/A									
Matchlists generated from employer campaigns:	N/A									
Page 80:	567	855	14,088	10,369	3,810	4,650	7,030	-	-	-
Vanpools in operation at year end:	51	50	65	62	70	78	72	68	66	68
Job Fairs held:	-	-	-	-	-	-	-	-	-	-
Employers participating in job fair:	-	-	-	-	-	-	-	-	-	-
Job Fair Attendees:	-	-	-	-	-	-	-	-	-	-

N/A Not Applicable

Operating Indicators by Function

This schedule shows various operating indicators of the Authority by function. It provides service related information including initiatives to increase ridership.

Source: Information provided by Authority Bus Operations.

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

Table 10

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type Activities:										
37 - Passenger buses	48	46	46	44	67	19	12	12	-	-
36 - Passenger buses	-	-	-	-	-	12	20	20	36	36
30 - Passenger buses	-	-	-	-	-	23	23	23	23	23
26 - Passenger buses	20	20	20	19	19	-	-	-	-	-
16 - Passenger buses	-	-	-	-	-	5	5	5	5	5
15 - Passenger vans	83	77	77	79	86	49	43	53	28	12
12 - Passenger vans	5	5	5	7	7	23	34	10	40	47
7 - Passenger vans	-	-	-	-	-	7	10	4	16	14
10 - Passenger accessible vans	-	-	-	-	-	6	9	-	7	14
8 - Passenger accessible vans	-	-	-	-	-	-	-	-	6	2
Service Truck	1	1	1	1	2	2	3	3	4	4
Supervisor Vehicles	-	-	-	2	2	2	2	2	2	3

Source: Capital Asset Inventory

**RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
INSURANCE IN FORCE
JULY 1, 2012 - JUNE 30, 2013**

Table 11

	Limits
<u>Real and Personal Property</u>	
Real Property limits	\$ 16,623,323
Personal Property	5,250,000
<u>Comprehensive General Liability</u>	
General Liability Each Occurrence/General Aggregate	5,000,000
<u>Automobile Liability - General Aggregate</u>	
Each Occurrence - \$2,000,000	5,000,000
Owned Auto Physical Damage	
Comprehensive - \$10,000 Deductible for Buses/\$1,000 All Others	
Collision - \$10,000 Deductible for Buses/\$1,000 All Others	
Underinsured Motorist Liability	100,000
<u>Excess Liability (over General Liability and Auto Liability)</u>	
Each Occurrence	10,000,000
Aggregate	10,000,000
<u>Workers' Compensation</u>	
	Statutory
<u>Employer's Liability</u>	
Bodily Injury by Each Accident	1,000,000
Bodily Injury by Disease/Each Employee	1,000,000
Bodily Injury by Disease/Aggregate Limit	1,000,000
<u>Public Officials</u>	5,000,000
<u>Employee Dishonesty</u>	150,000
<u>Forgery</u>	100,000

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY**

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

Table 12

Year	Population Estimates (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2004	720,170	\$ 26,508,696	\$ 36,809	108,969	4.2%
2005	750,865	28,349,805	37,756	114,068	4.0%
2006	786,522	*	*	120,504	3.5%
2007	820,522 [^]	*	*	128,072	3.9%
2008	866,410	*	*	*	4.7%
2009	*	*	*	137,000	8.6%
2010	866,410	*	33,149	143,432	8.2%
2011	932,665	*	30,863	146,657	7.6%
2012	958,015	*	31,021	150,418	9.6%
2013	964,481	*	*	153,152	7.2%

(1) 1997-2004 U.S. Census. 2001-2013 U.S. Census GCT-Ti Population Estimates

(2) Bureau of Economic Analysis Regional Economic Accounts Data

(3) Wake County Planning Department Compilation of NC Department of Public Instruction,
Office of Financial and Business Services 20th WCPSS Reports

(4) North Carolina Employment Security Commission. 1997-2013 Annual Average.

[^] Based on Projected Annual Estimates 2005-2006 U.S. Census Counties of North Carolina

* Data not available

RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY

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

Table 13

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	19.36%	25,458	1	32.23%
Duke University Health System	18,000	2	14.47%			
Wake County Public Schools	17,572	3	14.13%	16,755	2	21.21%
International Business Machines	10,000	4	8.04%			
WakeMed Health and Hospitals	8,423	5	6.77%	6,893	4	8.73%
North Carolina State University	8,080	6	6.50%	8,000	3	10.13%
Cisco Systems	5,500	7	4.42%	3,600	10	4.56%
Rex Healthcare/Hospital	5,400	8	4.34%	4,000	8	5.06%
SAS Institute, Inc.	5,159	9	4.15%	4,149	7	5.25%
University of North Carolina Hospitals	4,746	10	3.82%			
Wake County Government	4,341	11	3.49%	3,744	9	4.74%
GlaxoSmithKline	4,140	12	3.33%	6,400	5	8.09%
City of Raleigh	3,244	13	2.61%			
Affiliated Computer Services	2,915	14	2.33%			
Wells Fargo	2,800	15	2.24%			
	<u>124,403</u>		<u>100.00%</u>	<u>78,999</u>		<u>100.00%</u>

Source: Wake County Economic Development

**RESEARCH TRIANGLE REGIONAL PUBLIC
TRANSPORTATION AUTHORITY**

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

Table 14

Vendors	2013			2012		
	Vehicle Rental Tax	Rank	Percentage of Total Sales	Vehicle Rental Tax	Rank	Percentage of Total Sales
Enterprise Rent a Car	\$ 4,207,093	1	46.66%	\$ 4,195,854	1	48.33%
Hertz Corporation	1,848,746	2	20.50%	1,734,052	2	19.97%
Avis Rent a Car System	1,040,790	3	11.54%	1,080,289	3	12.44%
Budget Rent a Car	641,420	4	7.11%	642,293	4	7.40%
DTG Operations, Inc.	544,452	5	6.04%	517,719	5	5.96%
Triangle Rent a Car	265,099	6	2.94%	266,709	6	3.07%
U-Haul	176,896	7	1.96%	163,956	7	1.89%
Simply Wheelz. LLC	111,738	8	1.24%	N/A	N/A	N/A
University Ford Isuzu	27,135	9	0.30%	29,745	8	0.34%
Car Zone	16,348	10	0.18%	N/A	N/A	N/A
ZipCar, Inc	12,430	11	0.14%	12,265	N/A	0.14%
Other	124,158	12	1.39%	39,225	12	0.46%
Total	\$ 9,016,305		100.00%	\$ 8,682,107		100.00%

Note: 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.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Research Triangle Regional Public Transportation Authority (the "Authority"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated October 17, 2013.

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 over financial reporting 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 a certain deficiency in internal control that we consider to be a material weakness.

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 significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-01 to be a material weakness.

Compliance and Other Matters

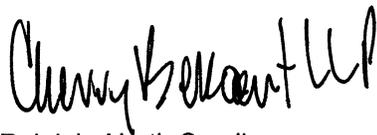
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Response to Findings

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

Purpose of this Report

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



Raleigh, North Carolina
October 17, 2013

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of 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 and for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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



Raleigh, North Carolina
October 17, 2013

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

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

Report on Compliance For Each Major State Program

We have audited the Research Triangle Regional Public Transportation Authority's (the "Authority"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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



Raleigh, North Carolina
October 17, 2013

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

FOR THE YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Numbers

20.500
20.507
20.507

Names of Federal Program or Cluster

Federal Transit Authority Cluster
Federal Transit – Capital Investments Grants
Federal Transit – Formula Grants
ARRA-Transit Capital Assistance

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

Auditee qualified as low-risk auditee? yes no

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

FOR THE YEAR ENDED JUNE 30, 2013

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 *Audit Manual for Governmental Auditors in North Carolina*? _____ yes X no

Identification of major state programs:

Names of State Program or Cluster

State Maintenance Assistance Program
Transit Development Program – TDMTTA13

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

II – Financial Statement findings

**Material Weakness
Finding 13-01**

Criteria: The Authority is responsible for recording revenue in accordance with accounting principles generally accepted in the United States of America.

Condition: The Authority over-stated grant receivables and grant revenue as of and for the year ended June 30, 2013 and 2012.

Effect: The financial statements were materially misstated as of June 30, 2013 and 2012.

Cause: Lack of internal controls established over reconciling grant receivables and grant revenue.

Recommendation: We recommend that the Authority establish internal controls over the recordation of grant receivables and revenue to ensure amounts are properly stated.

Views of responsible officials: The Authority agrees with this finding.

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

FOR THE YEAR ENDED JUNE 30, 2013

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

III – Federal award findings and questioned costs

None noted.

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

IV – State award findings and questioned costs

None noted.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

Finding 13-01
Material Weakness

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

Corrective Action:

Effective October 1, 2013, all journal vouchers and proposed general ledger transactions generated by the Grants Administrator will be forwarded to the Senior Accountant. The Senior Accountant will review all journal vouchers and proposed general ledger transactions for relevancy, accuracy and timeliness. Once the review process is complete, the Senior Accountant will approve the journal voucher for posting to the general ledger. An assistant to the Senior Accountant will post the transaction and provide copies of posted transactions to the Grants Administrator.

The Senior Accountant will periodically perform a reconciliation of all grant transactions to grant revenues received. This reconciliation will serve as a template for year-end reconciliation to the annual Schedule of Federal and State Awards.

Proposed completion date: October 1, 2013

Section III – Federal Award Findings and Questioned Costs

There are no findings that require action.

Section IV – State Award Findings and Questioned Costs

There are no findings that require action.

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

FOR THE YEAR ENDED JUNE 30, 2013

Section V – Schedule of Prior Year Audit Findings

None reported.

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State WBS Number	Grant Number	Current Year Expenditures			
				Total	Federal	State	Local
Federal Grants:							
<u>Direct Programs:</u>							
<u>U.S. Department of Transportation</u>							
Federal Transit-Formula Grants (Urbanized Area Formula Program	20.507		None	\$ 3,106,946	\$ 2,485,557	\$ 171,000	\$ 450,389
Federal Transit-Formula Grants (Urbanized Area Formula Program	20.507		NC-90-X524	\$ 179,939	\$ 172,800	\$ -	\$ 7,139
Federal Transit-Formula Grants (Urbanized Area Formula Program	20.507		NC-90-X501	\$ 3,429	\$ 2,743	\$ -	\$ 686
Federal Transit-Formula Grants (Urbanized Area Formula Program	20.507		NC-95-X056	\$ 62,740	\$ 50,192	\$ 5,000	\$ 7,548
Federal Transit-Formula Grants (Urbanized Area Formula Program	20.507		NC-95-X027	\$ 394,795	\$ 315,836	\$ -	\$ 78,959
ARRA-Transit Capital Assistance	20.507		NC-98-X007	\$ 31,697	\$ 31,697	\$ -	\$ -
Federal Transit-Capital Investment Grants	20.500		NC-04-0039	\$ 456,857	\$ 307,604	\$ 42,235	\$ 107,018
<u>Passed through the City of Raleigh:</u>							
Job Access and Reverse Commute	20.516		NC-37-X031	\$ 275,554	\$ 137,777	\$ -	\$ 137,777
Total Federal assistance:				\$ 4,511,957	\$ 3,504,206	\$ 218,235	\$ 789,516
State Grants:							
<u>Direct Programs:</u>							
<u>North Carolina Department of Transportation</u>							
State Maintenance Assistance Program	DOT-9	None	FY 2013	\$ 11,605,626	\$ -	\$ 2,213,820	\$ 9,391,806
Technology Program	DOT-10	36235.7.5.3	11-AT-004	\$ 73,187	\$ -	\$ 65,868	\$ 7,319
Technology Program	DOT-10	36235.7.6.8	12-AT-119	\$ 12,880	\$ -	\$ 11,592	\$ 1,288
Technology Program	DOT-10	36235.7.7.8	13-AT-118	\$ 89,108	\$ -	\$ 80,197	\$ 8,911
		36223.60.7.					
Transit Development Program	DOT-11	6	13-DG-015	\$ 50,000	\$ -	\$ 50,000	\$ -
Transit Development Program	DOT-11	36223.60.7.	13-DG-026	\$ 18,557	\$ -	\$ 16,700	\$ 1,857
		36225.3.15.					
Transit Development Program	DOT-11	2	12-RS-004	\$ 50,115	\$ -	\$ 30,840	\$ 19,275
<u>Passed through the Triangle J Council of Governments:</u>							
Transit Development Program	DOT-11		TDMITTA13	\$ 929,974	\$ -	\$ 710,586	\$ 219,388
Total State assistance:				\$ 12,829,447	\$ -	\$ 3,179,603	\$ 9,649,844
Total Assistance:				\$ 17,341,404	\$ 3,504,206	\$ 3,397,838	\$ 10,439,360

Research Triangle Regional Public Transportation Authority

Note to Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2013

(1) General

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