

PIEDMONT TRIAD REGIONAL COUNCIL

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORT**

For the Year Ended June 30, 2019

PIEDMONT TRIAD REGIONAL COUNCIL
KERNERSVILLE, NORTH CAROLINA
OFFICERS AND THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS

June 30, 2019

<u>Name</u>	<u>Position</u>	<u>County/City</u>	<u>Position</u>
<u>Executive Committee Officers</u>			
Steve Yokeley	Chairman	Mount Airy	Commissioner
Kevin Austin	Vice-Chair	Yadkin	Commissioner
Don Truell	Secretary	Davidson	Commissioner
Jimmy Blake	Treasurer	Biscoe	Mayor
Nathaniel Hall	Past-Chairman	Caswell	Commissioner
<u>Executive Committee</u>			
Eddie Boswell	Member	Alamance	Commissioner
Nathaniel Hall	Member	Caswell	Commissioner
Don Truell	Member	Davidson	Commissioner
John Ferguson	Member	Davie	Commissioner
Fleming El-Amin	Member	Forsyth	Commissioner
Alan Branson	Member	Guilford	Commissioner
Dottie Robinson	Member	Montgomery	Commissioner
Darrell Frye	Member	Randolph	Commissioner
Mark Richardson	Member	Rockingham	Commissioner
Rick Morris	Member	Stokes	Commissioner
Van Tucker	Member	Surry	Commissioner
Kevin Austin	Member	Yadkin	Commissioner

<u>Name</u>	<u>Position</u>	<u>County/City</u>	<u>Position</u>
Marikay Abuzuaiter	Member	Greensboro	Council Member
John Larson	Member	Winston-Salem	Council Member
Donald Scarborough	Member	High Point	Council Member
Jim Butler	Member	Burlington	Council Member
Buddy Boggs	Member	Haw River	Mayor
Alvin Foster	Member	Yanceyville	Mayor Pro Tem
Larry Ward	Member	Denton	Mayor
Brent Ward	Member	Mocksville	Commissioner
Peggy Leight	Member	Walkertown	Commissioner
Jimmy Blake	Member	Biscoe	Mayor
Renee Bryant	Member	Randleman	Alderwoman
Darryl Carter	Member	Eden	Council Member
Rick McCraw	Member	King	Council Member
Scott Needham	Member	Pilot Mountain	Commissioner
Wayne Moore	Member	Jonesville	Commissioner

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FINANCIAL SECTION



cannon&company
Certified Public Accountants L.L.P.

INDEPENDENT AUDITORS' REPORT

Board of Delegates
Piedmont Triad Regional Council
Kernersville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Piedmont Triad Regional Council as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Piedmont Triad Regional Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Piedmont Triad Regional Development Corporation were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Piedmont Triad Regional Council as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, Grant Project Fund and Local Project Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 11 through 19, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 55 and 56, 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Piedmont Triad Regional Council. The individual fund financial statements, budgetary schedules, and other schedules, the financial data schedules as required by the U.S. Department of Housing and Urban Development, and the accompanying Schedule of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, budgetary schedules, other schedules, financial data 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, based on our audit and the procedures performed as described above, the individual fund statements, the budgetary schedules, other schedules, financial data schedules, and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Fringe Benefits and Indirect Costs and Schedule of Detail Allocations – Fringe Benefits and Indirect Costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2019 on our consideration of the Piedmont Triad Regional Council'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 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 Piedmont Triad Regional Council's internal control over financial reporting and compliance.

Cannon & Company, L.L.P.

October 31, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Management's Discussion and Analysis

As management of the Piedmont Triad Regional Council (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

Overview of the Piedmont Triad Regional Council

The Council is a Council of Governments that serves twelve counties in the Piedmont area of North Carolina. We administer various federal, state, and local programs for the benefit of our member governments.

Financial Highlights

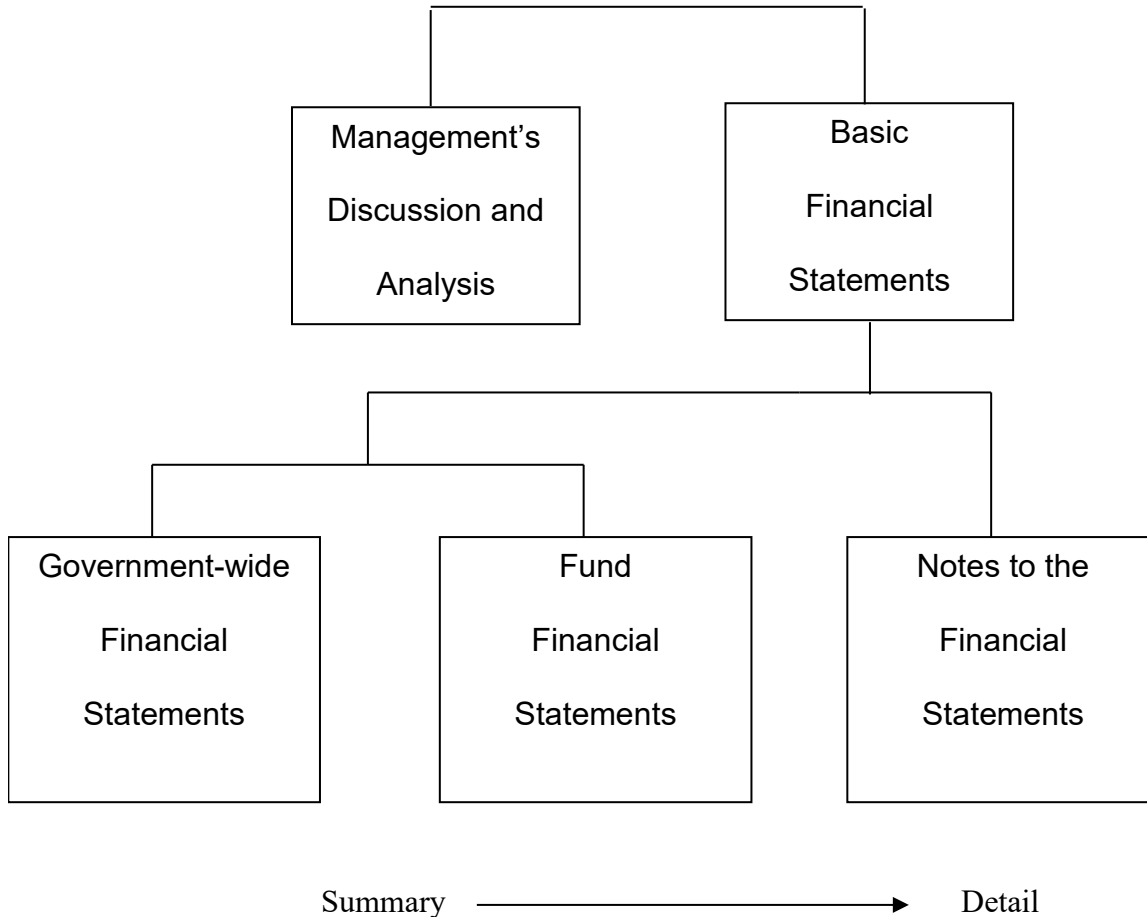
- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,696,699 (net position).
- The Council's total net position increased by \$154,000.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$4,075,658, a decrease of \$2,569 in comparison with the prior year. Approximately 118.69% of this total amount or \$4,837,432, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,506,469.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements which 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 Council 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 Council.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the ***Government-wide Financial Statements***. They provide both short and long-term information about the Council's financial status.

The next statements (Exhibits 3 through 7) are ***Fund Financial Statements***. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison 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 Council's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Government-Wide Financial Statements

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

The two government-wide statements report the Council's net position and how they have changed. Net position is the difference between the Council's total assets and total liabilities and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Council's financial condition.

The government-wide statements may be divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. However, the Council does not have any business-type activities. The governmental activities include all of the Council's basic services such as general administration, human services, regional planning and technical services. The final category is component units. Although legally separate from the Council, the Piedmont Triad Regional Development Corporation is important to the Council because the Council exercises financial control over this organization and thus, is reflected in the government-wide financial statements as a discretely presented component unit. As the Northwest Piedmont Job Training Consortium/Workforce Development Board has no operational responsibility it is presented as a blended component unit.

The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Council'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 Council, 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 Council's budget ordinance. All of the funds of the Council are governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All the Council'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* which 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 Council's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Council adopts an annual budget for its General Fund and Special Revenue Funds, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the constituent member local governments of the Council, the management of the Council, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Council to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

the General Fund and Special Revenue Fund demonstrates how well the Council complied with the budget ordinance and whether or not the Council 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 Special Revenue Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

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 begin on page 32 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Council's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

Interdependence with Other Entities – The Council depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Council is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State appropriations.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Government – Wide Financial Analysis

Piedmont Triad Regional Council
Net Position

Table A-1

	Governmental Activities	
	2019	2018
Current and other assets	\$ 7,645,208	\$ 6,305,993
Capital assets	3,355,163	3,528,324
Deferred outflows of resources	965,029	730,892
Total assets and deferred outflows of resources	<u>11,965,400</u>	<u>10,565,209</u>
Current liabilities	2,449,760	1,877,089
Long-term liabilities outstanding	3,333,387	3,398,369
Deferred inflows of resources	1,485,554	747,052
Total liabilities and deferred inflows of resources	<u>7,268,701</u>	<u>6,022,510</u>
Net position		
Net investment in capital assets	1,141,163	995,567
Restricted	4,822,342	3,984,451
Unrestricted (deficit)	(1,266,806)	(437,319)
Total net position	<u>\$ 4,696,699</u>	<u>\$ 4,542,699</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$4,696,699 as of June 30, 2019. The Council’s net assets increased by \$154,000 for the fiscal year ended June 30, 2019. A portion of the Council’s net position of \$1,141,163 reflects the Council’s net investment in capital assets. An additional portion of the Council’s Net Position of \$4,822,342 represents resources that are subject to external restrictions on how they may be used. Of the amount restricted \$3,047,313 is restricted by the State’s Stabilization by State Statute.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Piedmont Triad Regional Council
Changes in Net Position
Table A-2

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 2,770,782	\$ 3,000,246
Operating grants and contributions	26,470,540	25,617,682
General revenues:		
Investment earnings	35,500	9,797
Other	4,850	5
	<u>29,281,672</u>	<u>28,627,730</u>
Expenses:		
Administration	889,264	1,030,889
Crime control and public safety	1,038,095	817,155
Environmental protection	-	160,944
Health and human services	13,535,619	12,648,369
Housing	4,781,722	5,291,248
Planning	1,035,639	420,757
Transportation	-	277,081
Workforce development	4,189,193	3,963,518
Weatherization	3,580,345	3,365,647
Local projects	12,783	33,535
Interest	65,012	73,312
	<u>29,127,672</u>	<u>28,082,455</u>
Total Expenses	29,127,672	28,082,455
Increase in net position	154,000	545,275
Net position, beginning	<u>4,542,699</u>	<u>3,997,424</u>
Net assets, June 30	<u>\$ 4,696,699</u>	<u>\$ 4,542,699</u>

Governmental activities. Governmental activities increased the Council's net position by \$154,000.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Financial Analysis of the Council's Funds

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

Governmental Funds - The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Council's financial requirements.

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,506,469, while total fund balance reached \$2,509,185. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 710.8% of total General Fund expenditures. Total fund balance represented 711.6% of total General Fund expenditures.

As of June 30, 2019 the governmental funds of the Council reported a combined fund balance of \$4,075,659, a decrease of \$2,569 (.06%) from the prior year. Included in this change in fund balance is an increase in fund balance in the Grant Projects Fund and the Local Projects Fund due to the collection of deferred inflows.

Governmental Funds Budgetary Highlights - During the fiscal year, the Council revised the budget on several occasions. 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. Amendments to the General Fund increased the budget by \$472,715. Amendments to the Grant Project Fund and Local Project Fund increased the budget by \$2,693,807; this included increases for Administration, Administrative Services, Crime Control and Public Safety, Health and Human Services, Planning (environmental protection, planning and transportation) programs, Workforce Innovation and Opportunity Act Programs and Weatherization programs of \$119,389, \$146,742, \$598,919, \$414,572, \$974,581 and \$447,537, respectively; and decreases in Housing programs and other local project programs of \$1,260,138 and \$9,896, respectively.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Capital Asset and Debt Administration

Capital Assets - The Council’s investment in capital assets for its governmental activities as of June 30, 2019, totaled \$3,355,163, (net of accumulated depreciation). These assets include building, land, furniture, equipment, and vehicles.

There were no major capital assets transactions during the year.

Summary of Capital Assets (net of depreciation)

Table A-3

	Governmental Activities	
	2019	2018
Land	\$ 634,324	\$ 634,324
Land improvements	44,642	64,528
Building	2,249,765	2,782,391
Equipment, furniture and fixtures	34,413	86,674
Vehicles	392,019	216,870
	<u>\$ 3,355,163</u>	<u>\$ 3,784,787</u>
Total	<u>\$ 3,355,163</u>	<u>\$ 3,784,787</u>

Additional information on the Council’s capital assets can be found in note D of the Basic Financial Statements.

Debt Administration

	Governmental Activities	
	2019	2018
Note payable	<u>\$ 2,214,000</u>	<u>\$ 2,532,757</u>

Additional information on the Council’s long-term obligations can be found in note E of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

The Council relies on funding from state and federal sources for a majority of its revenues. Local revenues are comprised of membership dues and contract revenue from local governments served by the Council. Questions or information regarding the budget should be directed to Robin Shelton, Finance Director for the Piedmont Triad Regional Council.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Requests for Information

This report is intended to provide a general overview of the Council'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 Robin Shelton, Finance Director, Piedmont Triad Regional Council, 1398 Carrollton Crossing Drive, Kernersville, North Carolina, 27284. You may find additional information about the Council by visiting our website at www.ptrc.org.

BASIC FINANCIAL STATEMENTS

PIEDMONT TRIAD REGIONAL COUNCIL
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	Piedmont Triad Regional Development Corporation
ASSETS		
Current assets:		
Cash and investments	\$ 4,335,105	\$ 187,629
Accounts receivable	179,601	9,631
Due from other governments	2,869,424	-
Due from other entities	204,438	-
Due from component units	41,550	(17,730)
Current portion loan receivable	-	30,923
Prepaid expenses	15,090	-
Total current assets	<u>7,645,208</u>	<u>210,453</u>
Non-current assets:		
Loan receivable - net	-	322,305
Capital assets:		
Land, nondepreciable	634,324	-
Depreciable, net of related depreciation	2,720,839	-
Total capital assets	<u>3,355,163</u>	<u>-</u>
Total assets	<u>11,000,371</u>	<u>532,758</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	965,029	-
Total deferred outflows of resources	<u>965,029</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,917,357	-
Accrued expenses	262,582	-
Due to primary government	-	-
Due to component units	23,821	-
Loan fee deposits	-	-
Deferred federal revenue	-	-
Deferred private grant revenue	-	16,800
Current portion of long-term liabilities	246,000	-
Total current liabilities	<u>2,449,760</u>	<u>16,800</u>
Long-term liabilities:		
Net pension liability	1,205,861	-
Due in more than one year	2,127,526	-
Total long-term liabilities	<u>3,333,387</u>	<u>-</u>
Total liabilities	<u>5,783,147</u>	<u>16,800</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	136,077	-
Unearned revenue	1,349,477	-
Total deferred inflows of resources	<u>1,485,554</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,141,163	-
Restricted:		
Stabilization by State Statute	3,047,313	-
HUD	160,914	-
Projects	1,614,115	-
Other functions	-	192,670
Unrestricted	(1,266,806)	323,288
Total net position	<u>\$ 4,696,699</u>	<u>\$ 515,958</u>

PIEDMONT TRIAD REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary	Component
				Government	Unit
				Total	Piedmont Triad Regional Development Corporation
Primary government:					
Governmental Activities:					
Administration	\$ 889,264	\$ 944,781	\$ 256,285	\$ 311,802	\$ -
Crime control and public safety	1,038,095	3,370	1,059,512	24,787	-
Environmental protection	-	-	-	-	-
Health and human services	13,535,619	302,088	13,235,192	1,661	-
Housing	4,781,722	11,689	4,740,078	(29,955)	-
Planning	1,035,639	500,205	394,195	(141,239)	-
Transportation	-	-	-	-	-
Workforce development	4,189,193	157,582	4,019,271	(12,340)	-
Weatherization	3,580,345	777,914	2,764,676	(37,755)	-
Other local projects	12,783	73,153	1,331	61,701	-
Interest expense	65,012	-	-	(65,012)	-
Total governmental activities and primary government	<u>\$ 29,127,672</u>	<u>\$ 2,770,782</u>	<u>\$ 26,470,540</u>	<u>113,650</u>	<u>-</u>
Component Unit:					
Piedmont Triad Regional Development Corporation	<u>\$ 170,182</u>	<u>\$ 725,285</u>	<u>\$ -</u>	<u>-</u>	<u>555,103</u>
General revenues:					
Unrestricted investment earnings				35,500	-
Miscellaneous				4,850	-
Total general revenues				<u>40,350</u>	<u>-</u>
Change in net position				154,000	555,103
Net position - beginning, previously reported				4,542,699	(39,145)
Net position (deficit) - ending				<u>\$ 4,696,699</u>	<u>\$ 515,958</u>

FUND FINANCIAL STATEMENTS

PIEDMONT TRIAD REGIONAL COUNCIL
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Grant Project Fund	Local Projects Fund	
ASSETS				
Cash and investments	\$ 2,518,431	564,131	\$ 1,252,544	\$ 4,335,106
Sales tax receivables	2,716	135,369	41,516	179,601
Due from other governments	-	2,696,874	376,988	3,073,862
Due (to) from other funds	-	-	-	-
Due from component unit	-	41,550	-	41,550
Prepaid expenses	-	8,685	6,405	15,090
Total assets	\$ 2,521,147	3,446,609	\$ 1,677,453	\$ 7,645,209
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,501	1,862,975	\$ 63,345	\$ 1,930,821
Total liabilities	4,501	1,862,975	63,345	1,930,821
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	289,251	-	289,251
Unearned revenue	7,461	901,518	440,500	1,349,479
Total deferred inflows of resources	7,461	1,190,769	440,500	1,638,730
FUND BALANCES				
Nonspendable:				
Prepaid expenses	-	8,685	6,405	15,090
Restricted:				
Stabilization by State Statute	2,716	2,626,093	418,504	3,047,313
Restricted by HUD	-	160,914	-	160,914
Restricted for local projects	-	-	1,614,115	1,614,115
Unassigned (deficit)	2,506,469	(2,402,827)	(865,416)	(761,774)
Total fund balances	2,509,185	392,865	1,173,608	4,075,658
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,521,147	\$ 3,446,609	\$ 1,677,453	\$ 7,645,209

PIEDMONT TRIAD REGIONAL COUNCIL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance, governmental funds		\$ 4,075,658
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 5,686,224	
Accumulated depreciation	<u>(2,331,061)</u>	3,355,163
Deferred outflows of resources related to the pension are not reported in the funds		965,029
Earned revenues considered deferred inflows of resources in fund statements		289,251
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Notes payable	(2,214,000)	
Accrued interest expense	(14,879)	
Compensated absences	(159,526)	
Incurred but not reported claims	(258,059)	
Net pension liability	<u>(1,205,861)</u>	(3,852,325)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(136,077)</u>
Net position of governmental activities		<u><u>\$ 4,696,699</u></u>

PIEDMONT TRIAD REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Grant Project Fund	Local Projects Fund	
REVENUES				
Restricted intergovernmental	\$ -	\$ 26,042,369	\$ 336,224	\$ 26,378,593
Fees, local governments	581,778	372,431	141,500	1,095,709
Fees, program services	-	82,471	1,592,602	1,675,073
Miscellaneous	35,500	-	1,330	36,830
Total revenues	<u>617,278</u>	<u>26,497,271</u>	<u>2,071,656</u>	<u>29,186,205</u>
EXPENDITURES				
Administration	352,633	339,229	-	691,862
Crime control and public safety	-	723,288	314,807	1,038,095
Environmental protection	-	-	-	-
Health and human services	-	13,437,980	97,639	13,535,619
Housing	-	4,781,729	-	4,781,729
Planning	-	537,527	498,112	1,035,639
Transportation	-	-	-	-
Workforce development	-	4,020,904	168,289	4,189,193
Weatherization	-	2,777,379	802,966	3,580,345
Administrative services	-	-	328,359	328,359
Other local projects	-	-	12,783	12,783
Total expenditures	<u>352,633</u>	<u>26,618,036</u>	<u>2,222,955</u>	<u>29,193,624</u>
Excess of revenues over expenditures	264,645	(120,765)	(151,299)	(7,419)
OTHER FINANCING SOURCES				
Insurance proceeds	-	-	-	-
Sale of capital assets	-	-	4,850	4,850
Net change in fund balance	264,645	(120,765)	(146,449)	(2,569)
Fund balances, beginning	<u>2,244,540</u>	<u>513,630</u>	<u>1,320,057</u>	<u>4,078,227</u>
Fund balances, ending	<u>\$ 2,509,185</u>	<u>\$ 392,865</u>	<u>\$ 1,173,608</u>	<u>\$ 4,075,658</u>

PIEDMONT TRIAD REGIONAL COUNCIL**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds		\$	(2,569)
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. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay expenditures which were capitalized	166,902		
Depreciation expense for governmental assets	(342,645)		
Gain on disposal of assets	<u>2,583</u>		(173,160)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			286,338
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			90,629
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of longterm debt and related items.			
Principal payments on long-term debt	318,757		
Decrease in accrued interest payable	<u>2,670</u>		321,427
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.			
Accrued vacation leave	30,905		
Pension expense	(323,934)		
Other postemployment benefits	-		
Incurred but not reported claims	<u>(75,636)</u>		<u>(368,665)</u>
Total changes in net position of governmental activities		\$	<u>154,000</u>

PIEDMONT TRIAD REGIONAL COUNCIL**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Fees, local governments	\$ 134,062	\$ 581,777	\$ 581,778	\$ 1
Investment earnings	5,000	30,000	35,500	5,500
Total revenues	<u>139,062</u>	<u>611,777</u>	<u>617,278</u>	<u>5,501</u>
Expenditures:				
Administration	<u>139,062</u>	<u>611,777</u>	<u>352,633</u>	<u>259,144</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>264,645</u>	<u>264,645</u>
Other financing sources:				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	264,645	<u>\$ 264,645</u>
Fund balance, beginning			<u>2,244,540</u>	
Fund balance, ending			<u>\$ 2,509,185</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - GRANT PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Restricted intergovernmental	\$ 27,729,788	\$ 30,374,956	\$ 26,042,369	\$ (4,332,587)
Fees, local governments	496,921	488,228	372,431	(115,797)
Fees, program services	33,500	108,638	82,471	(26,167)
Total revenues	<u>28,260,209</u>	<u>30,971,822</u>	<u>26,497,271</u>	<u>(4,474,551)</u>
Expenditures:				
Administration	259,596	402,090	339,229	62,861
Crime control and public safety	983,265	1,489,194	723,288	765,906
Environmental protection	388,252	-	-	-
Health and human services	12,418,893	13,816,783	13,437,980	378,803
Housing	5,679,125	5,503,268	4,781,729	721,539
Planning	137,332	755,419	537,527	217,892
Transportation	277,078	-	-	-
Workforce development	5,580,055	6,204,445	4,020,904	2,183,541
Weatherization	2,536,613	2,800,623	2,777,379	23,244
Total expenditures	<u>28,260,209</u>	<u>30,971,822</u>	<u>26,618,036</u>	<u>4,353,786</u>
Excess of revenues over expenditures	-	-	(120,765)	(120,765)
Other financing sources:				
Insurance proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(120,765)	<u>\$ (120,765)</u>
Fund balance, beginning			<u>513,630</u>	
Fund balance, ending			<u>\$ 392,865</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - LOCAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ 569,033	\$ 336,224	\$ (232,809)
Fees, local governments	99,000	181,500	141,500	(40,000)
Fees, program services	3,375,613	2,990,409	1,592,602	(1,397,807)
Miscellaneous	-	-	1,330	1,330
Total revenues	<u>3,474,613</u>	<u>3,740,942</u>	<u>2,071,656</u>	<u>(1,669,286)</u>
Expenditures:				
Crime control and public safety	701,465	569,033	314,807	254,226
Environmental protection	141,600	-	-	-
Health and human services	111,018	280,830	97,639	183,191
Housing	-	-	-	-
Planning	288,633	619,604	498,112	121,492
Workforce development	308,728	241,371	168,289	73,082
Weatherization	860,818	1,054,084	802,966	251,118
Administrative services	395,150	756,120	328,359	427,761
Other local projects	667,201	219,900	12,783	207,117
Total expenditures	<u>3,474,613</u>	<u>3,740,942</u>	<u>2,222,955</u>	<u>1,517,987</u>
Excess of revenues over expenditures	-	-	(151,299)	(151,299)
Other financing sources:				
Sale of capital assets	-	-	4,850	4,850
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(146,449)	<u>\$ (146,449)</u>
Fund balance, beginning			<u>1,320,057</u>	
Fund balance, ending			<u>\$ 1,173,608</u>	

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Piedmont Triad Regional Council (the Council) conform to generally accepted accounting principles as applicable to governments. The accounting policies of the discretely presented component units of the Council conform to generally accepted accounting principles as applicable to nonprofit organizations. The following is a summary of the more significant accounting policies:

General

On July 1, 2011, the Northwest Piedmont Council of Governments and the Piedmont Triad Council of Governments were dissolved. Both Councils of Governments were merged together forming the Piedmont Triad Regional Council.

The Council's purpose is to enhance and promote the potential of the Piedmont Region of North Carolina in the counties of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Montgomery, Randolph, Rockingham, Stokes, Surry and Yadkin (the Counties) along with municipalities in each county. Part of its powers and duties is to apply for, accept, receive and dispense funds and grants made available to the Council by the State of North Carolina or any agency thereof, by the United States of America or any agency thereof, by any unit of local government, and by any private or civic agency. It also studies regional governmental problems concerning matters affecting health, safety, welfare, education, recreation, economic conditions, regional planning and regional development. In addition, it is also engaged in regional planning related to land use, environmental concerns and needs of the elderly population.

Reporting Entity

The Council, a regional council of governments established under State Law (G.S. 160A-470), is governed by representatives from its member governments in the counties along with municipalities in each county. As required by generally accepted accounting principles, these financial statements present the Council and its component units, legally-separate entities for which the Council is financially accountable.

Blended Component Unit

Northwest Piedmont Job Training Consortium/Workforce Development Board

The Northwest Piedmont Job Training Consortium/Private Industry Council (the Consortium), a nonprofit corporation, was formed in 1989 for the purpose of applying for federal funds under the Job Training Partnership Act (J.T.P.A.). On May 28, 1999, the Consortium changed its name to Northwest Piedmont Job Training Consortium/Workforce Development Board.

The Consortium was the grant recipient of J.T.P.A. funds through December 31, 1999, when the J.T.P.A. program was closed out and replaced with the Workforce Investment Act (W.I.A.) program. W.I.A. was replaced by the Workforce Innovation and Opportunity Act (W.I.O.A.) on July 1, 2015. The members of the board of directors of the Consortium are appointed by county commissioners from each county in the W.I.O.A. Local Area. The Consortium's responsibility is to provide policy guidance for, and exercise

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

oversight of activities under the W.I.O.A. for the W.I.O.A. Local Area in partnership with the units of local governments, partner agencies and businesses. The Consortium has no financial activity as all W.I.O.A. funds received are expended directly by the Council. The Council is also responsible for determining the program is carried out. The W.I.O.A. funds and expenditures are included in the Council's Grant Project Special Revenue Fund.

Discretely Presented Component Unit

The financial statements for the following discretely presented component unit are reported in a separate column from the primary government to emphasize that it is legally separate from the Council.

Piedmont Triad Regional Development Corporation

The Northwest Piedmont Development Corporation, a nonprofit corporation, was formed in 1983 for the purpose of being the regional organization for processing small business loan packages under the U.S. Small Business Administration's 504 Loan Program. On July 1, 2011, The Northwest Piedmont Development Corporation changed its name to the Piedmont Triad Regional Development Corporation (the Corporation). In August of 2017, the Corporation voluntarily resigned from the SBA 503/504 Program. Currently, the Corporation processes loan packages under a program from the Economic Development Administration (EDA). The Corporation's income is generated from loan fees and interest and various grants funds from federal and local sources. The Council provides staff for the Corporation under a contractual agreement where the Corporation is billed for staff time and expenses. This contract may be revoked at any time by mutual consent. This contractual arrangement also makes the Corporation financially dependent upon the Council, which is legally entitled to access the Corporation's financial resources, and which budgets for and processes all of the Corporation's financial transactions on behalf of the Corporation. Also, the Council influences the Corporation by appointing members of the Corporation, who subsequently elect members of the board of directors for the Corporation, who are then approved by the Council. The Corporation issues a separate financial statement in accordance with the Financial Accounting Standards Board (FASB). There were no adjustments required to be made to the Corporation's financial statements in order to present the Corporation's financial information in accordance with Governmental Accounting Standards Board (GASB). The Corporation, which has a June 30 year-end, is presented as a proprietary fund. Complete financial statements for the Corporation may be obtained from the entity's administrative offices at Piedmont Triad Regional Development Corporation, 1398 Carrollton Crossing Drive, Kernersville, NC 27284.

Basis of Presentation

Government-wide Statements - The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements present the *governmental activities* of the Council. Government activities generally are financed through intergovernmental revenues and other non-exchange transactions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council'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 are presented as general revenues.

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

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Council reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the Council. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue source is dues from members. Expenditures are for administration.

Special Revenue Fund - Grant Project Fund: This fund accounts for grant funds that are restricted for use for a particular purpose.

Special Revenue Fund - Local Projects Fund: This fund accounts for activities designed to assist local area governments in developing growth plans and any other activity that may assist local governments in planning for the future communities. Local grant funds restricted for use are accounted for in this fund.

Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 Council 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of acquisitions under capital leases are reported as other financing sources.

The Council considers all revenues available if they are collected within 90 days after year-end.

Under the terms of grant agreements, the Council 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 position available to finance the program. It is the Council's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants, and then by general revenues.

Budgetary Data

The Council's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Fund - Grant Project Fund, and the Special Revenue Fund - Local Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments:

All deposits of the Council are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Council may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Council may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Council's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and cash equivalents:

The Council pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The Council considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Allowance for Doubtful Accounts:

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. An allowance of \$6,297 was deemed necessary at June 30, 2019.

Prepaid Items:

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 and expensed as the items are used.

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 except for assets purchased with W.I.O.A. funds and Weatherization Assistance Program funds for which capitalization costs are \$500. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Asset Class	Estimated Useful Lives
Building	15
Land improvements	10
Vehicles	10
Low voltage system	5
Furniture and equipment	5
Computer equipment	5

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

Asset Class	Estimated Useful Lives
Vehicles	10
Furniture and equipment	5
Computer equipment	5

Due to Piedmont Triad Regional Council:

The Corporation has entered into a contractual agreement with the Council under which the Corporation is billed for staff time and expenses. This contractual arrangement makes the Corporation financially dependent upon the Council, which is legally entitled to access the Corporation’s financial resources. Under this agreement, the Council will cover any shortfalls or timing issues with funding that the Corporation may have resulting in an amount due to the Council at year end.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has one item that met this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Council has an item that met the criterion for this category, listed in Note I – Deferred Inflows and Outflows of Resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations:

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

Compensated Absences:

The vacation policy of the Council provides for the accumulation of up to 240 hours of earned vacation leave at year end with such leave being fully vested when earned. For the Council's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded at the fiscal year end.

The Council's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Council does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances:

Net Position - Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net positions represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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

The government fund types classify fund balance as follows:

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

Prepaid Items – represents that portion of fund balance in the governmental funds for prepaid items, such as postage and other prepaid expenses.

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance*

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted by H.U.D. – portion of fund balance available for appropriation but separated for housing expenditures.

Restricted for Projects – portion of fund balance that is restricted by revenue source for use with local government service programs.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Council’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Council does not currently have any committed fund balance.

Assigned Fund Balance – Portion of fund balance that the Council intends to use for specific purposes. The Council does not currently have any assigned fund balance.

Unassigned Fund Balance - The portion of total fund balance available for appropriation that has not been restricted, committed, or assigned to specific purposes or other funds.

The Council has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, state funds, local funds, and other funds. The Executive Director has the authority to deviate from this policy if it is in the best interest of the Council. For purposes of fund balance classification, expenditures are to be spent from restricted fund 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 Council.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Expenditures and Expenses

Indirect cost allocation:

The Council has adopted an indirect cost allocation plan. The plan was adopted in order to recover expenditures that are not readily allocable directly to specific program activities. These expenditures (fringe benefits and indirect costs) are accumulated in a pool and are allocated based on provisional fringe benefit and indirect cost rates. The fringe benefit rate is determined based on the ratio of total fringe benefit costs to total salaries. The standard indirect cost rate is determined based on the ratio of total indirect costs to total direct salaries and allocated fringe benefits.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Council employer contributions are recognized when due and the Council has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

The provisional standard rates for the fiscal year submitted for review to the U.S. Department of Housing and Urban Development at the rates of 43.50% for fringe benefits and 38.50% for indirect cost. The actual rates for the year ended June 30, 2019, for fringe benefits and indirect cost were 43.50% and 38.50%, respectively. All charges to programs for fringe and indirect costs were adjusted to actual as of June 30, 2019.

Grant Revenue

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

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.

NOTE B - CASH AND INVESTMENTS

Deposits

All the deposits of the Council are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Council's agent in the Council'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 Council, these deposits are considered to be held by the Council's agent in the Council'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 Council or the escrow agent. Because of the inability to measure the exact amount of collateral pledges for the Council under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Council 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 Council complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Council's deposits had a carrying amount of \$2,577,989 and a bank balance of \$3,854,736. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,604,736 in interest-bearing deposits was covered by collateral held under the pooling method.

At June 30, 2019, the Corporation's deposits had a carrying amount of \$187,629 and a bank balance of \$187,629. All of the bank balance was covered by federal depository insurance.

Investments

At June 30, 2019, the Council had \$1,759,022 invested with the NCCMT's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Council has no formal policy regarding credit risk of its investments.

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments are summarized as follows:

Special Revenue Fund - Grant Project Fund	
Appalachian Regional Commission	\$ 72,347
N.C. Department of Crime Control and Public Safety	120,967
N.C. Department of Commerce	502,240
N.C. Department of Environmental Quality	175,049
N.C. Department of Health and Human Services	1,002,967
N.C. Department of Transportation	100,383
N.C. Housing Finance Agency	402,776
U.S. Environmental Protection Agency	26,050
U.S. Department of Housing and Urban Development	8,582
Local governments and agencies	<u>285,513</u>
Total Grant Project Fund	2,696,874
 Special Revenue Fund - Local Projects Fund	
Local governments and agencies	<u>172,550</u>
 Total Due from Other Governments	<u><u>\$ 2,869,424</u></u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE D - CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 634,324	\$ -	\$ -	\$ 634,324
Total capital assets not being depreciated	<u>634,324</u>	<u>-</u>	<u>-</u>	<u>634,324</u>
Capital assets being depreciated:				
Building	3,867,145	8,900	-	3,876,045
Equipment, furniture and fixtures	299,244	14,252	140,819	172,677
Land improvements	99,436	-	-	99,436
Vehicles	776,685	148,599	21,542	903,742
Total capital assets being depreciated	<u>5,042,510</u>	<u>171,751</u>	<u>162,361</u>	<u>5,051,900</u>
Less accumulated depreciation for:				
Buildings	1,365,709	260,570	-	1,626,279
Equipment, furniture and fixtures	255,370	21,446	138,552	138,264
Land improvements	44,852	9,944	-	54,796
Vehicles	482,579	50,685	21,542	511,722
Total accumulated depreciation	<u>2,148,510</u>	<u>\$ 342,645</u>	<u>\$ 160,094</u>	<u>2,331,061</u>
Total capital assets being depreciated, net	<u>2,894,000</u>			<u>2,720,839</u>
Governmental activity capital assets, net	<u>\$ 3,528,324</u>			<u>\$ 3,355,163</u>

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

Administration	\$ 283,688
Crime control and public safety	-
Health and human services	4,740
Housing	2,546
Transportation	-
Weatherization	11,736
Workforce Innovation and Opportunity Act	<u>39,935</u>
Total depreciation expense	<u>\$ 342,645</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE D - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the Piedmont Triad Regional Development Corporation for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation for:				
Equipment	-	-	-	-
Piedmont Triad Regional Development Corporation capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E - LONG-TERM OBLIGATIONS

On April 18, 2013, the Council entered into a note payable with a financial institution for the construction of the Council's new headquarters. The total available on the loan was \$3,690,000 of which the entire amount was borrowed. The note payable requires annual principal payments of \$246,000 plus interest at 2.69% per annum starting April 8, 2014 through April 8, 2028.

Annual debt service requirements to maturity for the note payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	246,000	59,557
2021	246,000	52,939
2022	246,000	46,322
2023	246,000	39,704
2024	246,000	33,087
2025-2028	984,000	66,174
	<u>\$ 2,214,000</u>	<u>\$ 297,783</u>

On October 16, 2013, the Council entered into a note payable with a financial institution to facilitate additional improvements for the construction of the Council's new headquarters. The loan amount was \$350,000. The note payable requires various annual principal payments plus interest at 1.97% per annum starting October 16, 2014 through October 16, 2018. The note was paid off in October 2018.

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balances			Balances	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion of
					Balances
Governmental activities:					
Note payable	\$ 2,460,000	\$ -	\$ 246,000	\$ 2,214,000	\$ 246,000
Note payable	72,757	-	72,757	-	-
Compensated absences	190,432	-	30,906	159,526	-
OPEB liability	-	-	-	-	-
Net pension liability (LGERS)	993,937	211,924	-	1,205,861	-
	<u>\$ 3,717,126</u>	<u>\$ 211,924</u>	<u>\$ 349,663</u>	<u>\$ 3,579,387</u>	<u>\$ 246,000</u>

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

Local Government Employees’ Retirement System

Plan Description - The Council is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided - LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Council employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council contractually required contribution rate for the year ended June 30, 2019, was 7.65% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$286,338 for the year ended June 30, 2019.

Refunds of Contributions – Council employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Council reported a liability of \$1,205,861 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Council’s proportion was 0.05083%, which was a decrease of 0.01423% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Council recognized pension expense of \$323,934. At June 30, 2019 the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,036	\$ 6,242
Changes of assumptions	319,989	-
Net difference between projected and actual earnings on pension plan investments	165,529	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	7,137	129,835
Council contributions subsequent to the measurement date	286,338	-
Total	<u>\$ 965,029</u>	<u>\$ 136,077</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

\$286,338 reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 291,553
2021	175,618
2022	2,767
2023	72,675
2024	-
Thereafter	-
	<u>\$ 542,613</u>

Actuarial Assumptions - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council's proportionate share of the net pension asset to changes in the discount rate - The following presents the Council's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Council's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 2,896,584	\$ 1,205,861	\$ (206,932)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Deferred Compensation Pension Plan - The Council sponsors a deferred compensation pension plan (under the provisions of Internal Revenue Code Section 457) through The National Association of Counties. This plan covers all employees of the Council who elect to participate in this deferred compensation program. Plan contributions by employees amounted to \$78,320, during the fiscal year ended June 30, 2019, and ending investment balance in the plan at June 30, 2019 was \$1,281,792. The plan's assets remain the property of the Council until paid, subject only to the claims of the Council's general creditors. The fiduciary responsibility of the Council is to make regular, periodic payments as required by the plan. These payments are made to Nationwide Retirement Solutions, Inc., which acts as trustee and a third party administrator for the plan. Accordingly, Plan assets are not included in the Council's financial statements.

401(k) Retirement Plan - The Council participates in the Supplemental Retirement Income Plan under Internal Revenue Code Section 401(k), established by action of the 1984 North Carolina General Assembly for law enforcement officers and general employees. The Plan, which is available to all full-time Council employees, is a defined contribution plan and is tax exempt under Section 401(k) of the Internal Revenue Code. The Council contributed each month an amount equal to 2.5% of each participant's gross wages for the fiscal year ended June 30, 2019. All amounts are vested immediately. Also, the participants may make voluntary contributions to the Plan.

Contributions for the year ended June 30, 2019 totaled \$214,389, which consisted of \$93,619 from the Council and \$120,770 from employees.

NOTE G - OTHER EMPLOYMENT BENEFITS

The Council has also elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE G - OTHER EMPLOYMENT BENEFITS (CONTINUED)

to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Council, the Council does not determine the number of eligible participants. The Council has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. The Council considers these contributions to be immaterial.

NOTE H – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The balance in unavailable or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following:

	<u>Unavailable</u>	<u>Unearned</u>
Special Revenue Fund - Grant Project Fund		
Receivables not available	\$ 215,679	\$ -
Revenue received in advance of timing requirements	-	901,518
Total Grant Project Fund	<u>\$ 215,679</u>	<u>\$ 901,518</u>
Special Revenue Fund - Local Project Fund		
Receivables not available	\$ -	\$ -
Revenue received in advance of timing requirements	-	440,500
Total Local Project Fund	<u>\$ -</u>	<u>\$ 440,500</u>
General Fund		
Receivables not available	\$ -	\$ -
Revenue received in advance of timing requirements	-	-
Total General Fund	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 215,679</u>	<u>\$ 1,342,018</u>

NOTE I - RISK MANAGEMENT

The Council 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 Council participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Council obtains general liability and auto liability coverage of \$2 million per occurrence and property coverage up to the total insurance values of the property policy. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE I - RISK MANAGEMENT (CONTINUED)

large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants.

The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Council carries commercial coverage for all other risks of loss, including workers' compensation coverage up to statutory limits. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Council does not carry flood insurance since its main office and its satellite offices do not lie within a flood plain.

In accordance with G. S. 159-29, the Council's employees that have access to \$100 or more at any given time of the Council's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$55,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000 for dishonesty, forgery, and alteration and for \$5,000 for theft of money and securities.

The Council currently reimburses employees for exceeding their respective health insurance deductible. This benefit is self-funded by the Council and is subject to change at the discretion of the Board.

Changes in the Council's reserves for these potential claims for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Reserve, beginning of year	\$ 100,000	\$ 122,267
Contributions to HRA by		
Piedmont Triad Regional Council	44,385	43,725
Less claims paid	<u>(74,556)</u>	<u>(65,992)</u>
Reserve, end of year	<u>\$ 69,829</u>	<u>\$ 100,000</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J – DUE TO PRIMARY GOVERNMENT

The Corporation entered into an agreement with the Council in which the Council agreed to provide full funding for Corporation activities through staff time and other funding until such time as the Corporation becomes self-sufficient. All fees will be used to reimburse the Council for expenses incurred, such as salaries, indirect expenses, and allocated fringe benefits. Total expenses for these costs were \$41,550 in 2019. In return, the Corporation agreed to 1) transfer all current assets and revenues to the Council within ten days, 2) submit requests for budgeted expenditures to the Council for payment, 3) submit a budget for each of the coming years to the Council for approval, and 4) refrain from seeking funds directly from local governments.

Due to Council, beginning of year	\$	44,395
Advances from Council		170,181
Less repayments to Council		(173,026)
Due to Council, end of year		41,550
Accounts payable to Council, end of year		(23,821)
Net Due to Council, end of year		<u>17,729</u>

NOTE K – LEASE OBLIGATIONS

The Council leases various pieces of equipment, such as the postage meter and copiers, on a month-to-month basis. The Council previously leased various office space which are now the responsibility of the relevant contractor. The Council also leases a storage unit on a month-to-month basis. Rent expense for the year ended June 30, 2019, was comprised of \$3,552 for office space and storage and \$65,225 for equipment.

The following is a summary of future operating lease commitments:

<u>Fiscal Year Ending</u>		<u>Amount</u>
2020	\$	59,671
2021		59,127
2022		55,581
2023		44,854
2024		-
Thereafter		-
	\$	<u>219,233</u>

NOTE L - THIRD PARTY AGREEMENTS

The Council has entered into third party agreements with the following cities, councils and counties to provide administrative services in connection with various grant programs:

<u>County</u>	<u>City (Continued)</u>	<u>Town (Continued)</u>
• Alamance County	• City of Hickory	• Town of Mount Gilead
• Bladen County	• City of Graham	• Town of Oak Ridge
• Caswell County	• City of High Point	• Town of Pilot Mountain
• Davidson County	• City of Lexington	• Town of Rolesville
• Davie County	• City of Reidsville	• Town of Stoneville
• Forsyth County	• City of Winston-Salem	• Town of Walnut Cove
• Guilford County	<u>Town</u>	• Town of Yanceyville
• Moore County	• Town of Angier	• Town of Youngsville
• Person County	• Town of Denton	<u>Other</u>
• Randolph County	• Town of Elkin	• Village of Clemmons
• Roberson County	• Town of Gibsonville	• Centralina Council of Governments
• Rockingham County	• Town of Jamestown	• Triangle J Council of Governments
• Stokes County	• Town of Jonesville	
• Surry County	• Town of Kernersville	
• Yadkin County	• Town of Lewisville	
<u>City</u>	• Town of Liberty	
• City of Archdale	• Town of Mayodan	
• City of Burlington	• Town of Mocksville	

The statement of revenues, expenditures and changes in fund balances – governmental funds reflects the administration reimbursements related to these programs.

NOTE M - CONTRACTS

The Council has entered into the Master Section 8 Annual Contributions No. A-3558 (ACC) for the Section 8 Housing Voucher Program.

The ACC with the Department of Housing and Urban Development is to provide decent, safe and sanitary housing for families pursuant to Section 8 of the Act by means of Housing Assistance Payments Contract with owners.

Section 8 Housing Voucher Program

NC 166

842 units

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE N - CONTINGENCIES

The Council 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 statement for the refund of grant monies.

NOTE O – NET INVESTMENT IN CAPITAL ASSETS

Capital assets	\$	3,355,163
Less: long-term debt		<u>2,214,000</u>
Net investments in capital assets	\$	<u><u>1,141,163</u></u>

NOTE P – FUND BALANCE

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

Total fund balance - General Fund	\$	2,509,185
Less: Stabilization by State Statute		<u>2,716</u>
Net investments in capital assets	\$	<u><u>2,506,469</u></u>

NOTE Q – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 31, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

PIEDMONT TRIAD REGIONAL COUNCIL
PIEDMONT TRIAD REGIONAL COUNCIL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX YEARS*
For the Fiscal Year Ended June 30, 2019

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Piedmont Triad Regional Council's proportion of the net pension liability (asset) (%)	0.05083%	0.06506%	0.07117%	0.07085%	0.07169%	0.06930%
Piedmont Triad Regional Council's proportion of the net pension liability (asset) (\$)	1,205,861	993,937	1,510,467	317,971	\$ (422,789)	\$ 835,331
Piedmont Triad Regional Council's covered-employee payroll	\$ 3,454,914	\$ 4,001,662	\$ 4,488,389	\$ 4,674,445	\$ 4,443,980	\$ 2,613,085
Piedmont Triad Regional Council's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	34.90%	24.84%	33.65%	6.80%	-9.51%	31.97%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

PIEDMONT TRIAD REGIONAL COUNCIL
PIEDMONT TRIAD REGIONAL COUNCIL'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS
For the Fiscal Year Ended June 30, 2019

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 286,339	\$ 264,301	\$ 297,323	\$ 307,024	\$ 320,115
Contributions in relation to the contractually required contribution	<u>286,339</u>	<u>264,301</u>	<u>297,323</u>	<u>307,024</u>	<u>320,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Piedmont Triad Regional Council's covered-employee payroll	\$ 3,629,135	\$ 3,454,914	\$ 4,001,662	\$ 4,488,389	\$ 4,674,445
Contributions as a percentage of covered-employee payroll	7.89%	7.65%	7.43%	6.84%	6.85%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PIEDMONT TRIAD REGIONAL COUNCIL

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Fees, local governments	\$ 581,777	\$ 581,778	\$ 1
Investment earnings	30,000	35,500	5,500
Total revenues	<u>611,777</u>	<u>617,278</u>	<u>5,501</u>
Expenditures:			
Administration			
Salaries and fringe	-	22,314	(22,314)
General and administrative	461,281	245,722	215,559
Travel and training	50,305	32,635	17,670
Professional services/consultants	3,750	13,718	(9,968)
Rent	-	3,740	(3,740)
Supplies	8,000	25,913	(17,913)
Indirect cost	-	8,591	(8,591)
Capital outlay	88,441	-	88,441
Total expenditures	<u>611,777</u>	<u>352,633</u>	<u>259,144</u>
Excess of revenues over expenditures	<u>-</u>	<u>264,645</u>	<u>264,645</u>
Net change in fund balance	<u>\$ -</u>	264,645	<u>\$ 264,645</u>
Fund balance, beginning		<u>2,244,540</u>	
Fund balance, ending		<u>\$ 2,509,185</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - GRANT PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 30,374,956	\$ 26,042,369	\$ (4,332,587)
Fees, local governments	488,228	372,431	(115,797)
Fees, program services	108,638	82,471	(26,167)
Total revenues	<u>30,971,822</u>	<u>26,497,271</u>	<u>(4,474,551)</u>
Expenditures:			
Administration			
Appalachian Regional Commission/PTRDC EDA			
Salaries and fringe	85,732	158,673	(72,941)
Travel and training	154,822	14,290	140,532
Professional services/consultants	121,250	89,693	31,557
General administrative/occupancy	7,278	10,426	(3,148)
Supplies	-	5,057	(5,057)
Indirect costs	33,008	61,090	(28,082)
Total Administration	<u>402,090</u>	<u>339,229</u>	<u>62,861</u>
Crime control and public safety			
Salaries and fringe	278,785	248,088	30,697
Travel and training	70,927	24,035	46,892
Professional services/consultants	817,128	226,126	591,002
General administrative/occupancy	10,052	29,580	(19,528)
Supplies	17,605	6,537	11,068
Participant costs	102,812	9,125	93,687
Indirect costs	191,885	179,797	12,088
Total crime control and public safety	<u>1,489,194</u>	<u>723,288</u>	<u>765,906</u>
Health and Human services			
Aging and Home and Community Care Block Grant			
Salaries and fringe	1,319,457	1,224,461	94,996
Travel and training	53,994	83,419	(29,425)
Professional services/consultants	406,054	18,557	387,497
General administrative/occupancy	103,880	171,420	(67,540)
Supplies	8,737	33,430	(24,693)
Indirect costs	507,680	471,418	36,262
Miscellaneous	-	-	-
Sub recipient expenses	11,416,981	11,435,275	(18,294)
Total Aging and Home and Community Care Block Grant	<u>13,816,783</u>	<u>13,437,980</u>	<u>378,803</u>

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - GRANT PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Housing			
Section 8 Housing Assistance			
HAP payments	3,190,000	3,113,030	76,970
Salaries and fringe	322,943	322,568	375
Travel and training	13,362	20,552	(7,190)
Professional services/consultants	1,550	897	653
General administrative/occupancy	36,449	32,586	3,863
Rent	-	12	(12)
Supplies	61,363	515	60,848
Indirect costs	124,333	124,189	144
Total Section 8 Housing Assistance	<u>3,750,000</u>	<u>3,614,349</u>	<u>135,651</u>
Home/SFR/CDBG/URP			
Salaries and fringe	254,637	235,744	18,893
Travel and training	40,038	11,719	28,319
Professional services/consultants	1,163,380	802,745	360,635
General administrative/occupancy	20,465	19,030	1,435
Supplies	176,714	7,284	169,430
Indirect costs	98,034	90,761	7,273
Miscellaneous	-	97	(97)
Total Home/SFR/CDBG	<u>1,753,268</u>	<u>1,167,380</u>	<u>585,888</u>
Total Housing	<u>5,503,268</u>	<u>4,781,729</u>	<u>721,539</u>
Indirect costs			
Salaries and fringe	2,875,361	2,546,579	328,782
Travel and training	35,511	36,450	(939)
Professional services/consultants	59,500	72,153	(12,653)
General administrative/occupancy	599,162	473,797	125,365
Rent	50,000	61,018	(11,018)
Supplies	72,500	92,385	(19,885)
Allocated indirect costs	<u>(3,692,034)</u>	<u>(3,282,382)</u>	<u>(409,652)</u>
Total indirect costs	<u>-</u>	<u>-</u>	<u>-</u>
Planning			
Salaries and fringe	455,240	319,150	136,090
Travel and training	35,591	15,594	19,997
Professional services/consultants	46,750	44,064	2,686
General administrative/occupancy	42,813	36,390	6,423
Supplies	5,422	843	4,579
Capital Outlay	2,000	1,142	858
Indirect costs	167,603	120,344	47,259
Total planning	<u>755,419</u>	<u>537,527</u>	<u>217,892</u>

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - GRANT PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Workforce development			
Salaries and fringe	735,747	670,707	65,040
Travel and training	21,499	46,091	(24,592)
Professional services/consultants	35,000	36,482	(1,482)
General administrative	653,526	218,019	435,507
Rent	-	3,807	(3,807)
Supplies	-	9,941	(9,941)
Capital outlay	159,605	154,781	4,824
Sub recipient expenses	3,066,250	2,548,069	518,181
Participant costs	1,249,556	79,710	1,169,846
Indirect costs	283,262	253,297	29,965
Total workforce development	<u>6,204,445</u>	<u>4,020,904</u>	<u>2,183,541</u>
Weatherization			
Salaries and fringe	564,350	534,970	29,380
Travel and training	121,706	51,575	70,131
Professional services/consultants	1,875,984	1,985,180	(109,196)
General administrative/occupancy	92,331	65,465	26,866
Supplies	10,000	3,937	6,063
Capital outlay	-	-	-
Indirect costs	136,252	136,252	-
Total weatherization	<u>2,800,623</u>	<u>2,777,379</u>	<u>23,244</u>
Total expenditures	<u>30,971,822</u>	<u>26,618,036</u>	<u>4,353,786</u>
Excess of revenues over expenditures	-	(120,765)	(8,828,337)
Other financing sources:			
Insurance proceeds	-	-	-
Sale of capital assets	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(120,765)	<u>\$ (8,828,337)</u>
Fund balance, beginning		<u>513,630</u>	
Fund balance, ending		<u>\$ 392,865</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - LOCAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 594,033	\$ 337,554	\$ (256,479)
Fees, local governments	156,500	141,500	(15,000)
Fees, program services	2,990,409	1,592,602	(1,397,807)
Total Revenues	3,740,942	2,071,656	(1,669,286)
Expenditures:			
Crime control and public safety local projects			
Criminal Justice Programs			
Salaries and fringe	261,932	282,668	(20,736)
Travel and training	46,849	3,285	43,564
Professional services/consultants	118,158	1,209	116,949
General administrative/occupancy	18,190	3,054	15,136
Rent	25,378	-	25,378
Supplies	47,278	47	47,231
Participant expenses	29,989	-	29,989
Indirect costs	21,259	24,544	(3,285)
Total Criminal Justice Programs	569,033	314,807	254,226
Health and Human Service local grant projects			
Aging			
Salaries and fringe	65,580	13,808	51,772
Travel and training	62,500	25,228	37,272
Professional services/consultants	85,000	10,090	74,910
General administrative/occupancy	5,000	20,968	(15,968)
Supplies	7,500	7,692	(192)
Indirect costs	25,250	4,605	20,645
Subrecipient expenses	30,000	15,248	14,752
Total Aging	280,830	97,639	168,439
Planning local projects			
Local Technical Assistance Project and Planning			
Salaries and fringe	306,000	234,674	71,326
Travel and training	36,239	28,233	8,006
Professional services/consultants	129,600	110,284	19,316
General administrative/occupancy	27,394	31,470	(4,076)
Supplies	13,500	6,398	7,102
Capital Outlay	-	6,927	(6,927)
Indirect costs	106,871	80,126	26,745
Miscellaneous	-	-	-
Total Local Technical Assistance Project and Planning	619,604	498,112	121,492

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - LOCAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Workforce Development local projects			
Salaries and fringe	51,014	51,014	-
Travel and training	84,846	43,937	40,909
Professional services/consultants	9,750	9,628	122
General administrative/occupancy	11,140	329	10,811
Rent	-	200	
Supplies	10,000	2,949	(9,641)
Indirect costs	19,640	19,641	(20,951)
Subrecipient expenses	23,731	-	
Participant expenses	31,250	40,591	(9,341)
Total Workforce Development local projects	<u>241,371</u>	<u>168,289</u>	<u>73,082</u>
Other local projects			
Miscellaneous local projects			
Travel and training	49,063	5,665	43,398
Professional services/consultants	160,900	70,506	90,394
General administrative/occupancy	-	(66,040)	66,040
Salaries and fringe	7,175	-	
Supplies	-	2,652	(2,652)
Indirect costs	2,762	-	
Miscellaneous	-	-	-
Total miscellaneous local projects	<u>219,900</u>	<u>12,783</u>	<u>207,117</u>
Management advisory services			
Salaries and fringe	482,770	279,088	203,682
Travel and training	232,302	12,878	219,424
Professional services/consultants	2,000	245	1,755
General administrative/occupancy	-	6,192	(6,192)
Rent	-	-	-
Supplies	-	538	(538)
Indirect costs	39,048	29,418	9,630
Total management advisory services	<u>756,120</u>	<u>328,359</u>	<u>427,761</u>
Total other local projects	<u>976,020</u>	<u>341,142</u>	<u>634,878</u>

PIEDMONT TRIAD REGIONAL COUNCIL
MAJOR SPECIAL REVENUE FUND - LOCAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Weatherization			
Salaries and fringe	57,400	5,268	52,132
Travel and training	15,000	1,110	13,890
Professional services/consultants	878,562	705,626	172,936
General administrative/occupancy	-	2,820	(2,820)
Supplies	-	15,952	(15,952)
Indirect costs	103,122	71,740	31,382
Miscellaneous	-	450	(450)
Total weatherization	<u>1,054,084</u>	<u>802,966</u>	<u>251,118</u>
Total expenditures	<u>3,740,942</u>	<u>2,222,955</u>	<u>1,624,727</u>
Excess of revenues over expenditures	-	(151,299)	(151,299)
Other financing sources:			
Sale of capital assets	-	4,850	4,850
Net change in fund balance	<u>\$ -</u>	<u>(146,449)</u>	<u>\$ (146,449)</u>
Fund balance, beginning		<u>1,320,057</u>	
Fund balance, ending		<u>\$ 1,173,608</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FRINGE BENEFITS AND INDIRECT COSTS
For the Year Ended June 30, 2019

	Expenditures		Rate	
	Proposed	Actual	Proposed	Actual
Fringe benefits				
FICA	\$ 348,900	\$ 291,282		
Group insurance	933,686	807,006		
Retirement and 401(k)	395,679	377,108		
Employee assistance plan and accrued vacation leave	52,900	16,245		
Employee healthcare advocacy	10,000	22,543		
Worker's compensation and unemployment	34,000	33,812		
Health reimbursement arrangement	56,860	58,569		
	<u>\$ 1,832,025</u>	<u>\$ 1,606,565</u>	<u>43.50%</u>	<u>43.50%</u>
Indirect costs				
Salaries	\$ 751,285	\$ 686,970		
Fringe benefits	302,051	275,587		
Professional services	49,500	49,610		
Telephone	65,000	68,884		
Postage	12,000	16,160		
Travel, parking, and other	35,511	36,450		
Equipment maintenance	100,000	549		
Equipment rent	50,000	61,018		
Advertising	2,000	-		
Office supplies	72,500	92,385		
Occupancy expense	242,262	230,598		
Payroll processing fee	50,000	34,726		
Printing costs	-	339		
Computer services	98,000	79,860		
Dues, subscriptions, memberships, miscellaneous	16,000	19,957		
Insurance	13,900	22,724		
	<u>\$ 1,860,009</u>	<u>\$ 1,675,817</u>	<u>38.50%</u>	<u>38.50%</u>

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2019

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
Appalachian Regional Commission					
ARC 1-1-2017 to 12-31-2017	50,000	21,750	43.50%	27,624	38.50%
ARC 1-1-2018 to 12-31-2018	28,538	12,414	43.50%	15,767	38.50%
Duke Energy					
DEC WAP Admin	593	258	43.51%	20,132	2365.69%
DEC WAP Ops	2,874	1,250	43.49%	1,588	38.51%
HHF DEP H&S Ops	-	-	#DIV/0!	7,786	#DIV/0!
HHF DEC H&S Adm	204	89	43.63%	42,234	14414.33%
Environmental Protection Agency					
205j #7431 Madison&Mayodan Stormwater Assessment exp 3/31/19	5,942	2,585	43.50%	3,283	38.50%
205j Eden Watershed	1,557	677	43.48%	860	38.50%
205J Protecting Piedmont H2O	1,272	553	43.47%	703	38.52%
205J# 7756 Haskett Creek Watershed Plan	2,415	1,051	43.52%	1,334	38.49%
205J#7752 Elkin&JonesvilleStormwater Map	1,396	607	43.48%	771	38.49%
CDBG - Yanceyville Sewer Project	14,754	6,418	43.50%	8,151	38.50%
EPA Brownfield-Petroleum	3,411	1,484	43.51%	1,885	38.51%
EPA Brownfields Assessment & Clean UP Exp	3,851	1,675	43.50%	2,128	38.51%
Local Administration Agreements and Programs					
Aging Fee for Service	1,982	862	43.49%	1,095	38.50%
Aging Fee for Service	560	43	7.68%	-	0.00%
Aging Reserve	1,786	777	43.51%	987	38.51%
Alliance Behavioral Healthcare	4,875	373	7.65%	-	0.00%
Angier Pay & Class	1,963	150	7.64%	-	0.00%
Archdale Pay & Class	5,888	450	7.64%	-	0.00%
Asheboro Pay	999	435	43.54%	552	38.49%
Asheboro Pay	1,904	146	7.67%	-	0.00%
Avery Co	17,209	1,316	7.65%	-	0.00%
Bladen County Pay Study	991	76	7.67%	-	0.00%
Burlington P&C	7,607	3,309	43.50%	4,203	38.50%
Burlington P&C	4,755	364	7.66%	-	0.00%
CCOG - Lincoln Co Pay & Class	5,828	446	7.65%	-	0.00%
CCOG - Rowan Sheriff Pay & Class	4,393	1,911	43.50%	2,427	38.50%
CCOG- Rowan Sheriff Pay & Class	604	46	7.62%	-	0.00%
CCOG-Morresville Admin Pay & Class	4,667	2,030	43.50%	2,578	38.49%
CCOG-Morresville Admin Pay & Class	3,185	244	7.66%	-	0.00%
Centralina COG Pay & Class	1,500	115	7.67%	-	0.00%
Clemmons LDP	2,960	1,288	43.51%	1,635	38.49%
Compass Study	620	269	43.39%	342	38.47%
Davidson Pay & Class	2,313	1,006	43.49%	1,278	38.51%
Davidson Pay & Class	8,653	662	7.65%	-	0.00%
Davie Comprehensive Plan	32,865	14,296	43.50%	18,157	38.50%
Davie County - Local Pre Trial	46,656	20,295	43.50%	-	0.00%
Davie Pre-Trial Adm.	11,934	5,191	43.50%	6,593	38.50%
Denton HR Policy Review	4,815	368	7.64%	-	0.00%
Denton Human Resources Ser	1,013	77	7.60%	-	0.00%
Denton Land Dev	460	200	43.48%	254	38.48%
Denton Ordinance Update	2,138	930	43.50%	1,181	38.49%
Denton Pay and Class	4,500	344	7.64%	-	0.00%
Denton Town Manager Search	73	32	43.84%	40	38.10%
Denton Town Manager Search	2,629	201	7.65%	-	0.00%
Elder Abuse Walk	3,461	1,506	43.51%	1,912	38.49%
Elkin Bike Plan Grant Application	76	33	43.42%	42	38.53%
Elon Pay & Class	3,373	258	7.65%	-	0.00%
Forsyth Pay Study	351	153	43.59%	194	38.49%
Forsyth Pay Study	9,316	713	7.65%	-	0.00%
Gibsonville GIS Services	1,457	634	43.51%	805	38.50%
GIS Misc	514	223	43.39%	284	38.53%
Graham Parks & Rec Master Plan	7,248	3,153	43.50%	4,005	38.51%
Hickory Pay Study	12,076	924	7.65%	-	0.00%
High Point Pay	6,509	498	7.65%	-	0.00%
High Point Pay Study	6,055	2,634	43.50%	3,345	38.50%
Jamestown HR Policy & Pro	1,980	151	7.63%	-	0.00%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2019

	Fringe Benefits			Indirect Costs	
	Salaries	Amount	%	Amount	%
Local Administration Agreements and Programs (continued)					
Jamestown Pay & Class	11	1	9.09%	-	0.00%
Jonesville Greenway	3,584	1,559	43.50%	1,980	38.50%
Jonesville Planning Services	3,543	1,541	43.49%	1,957	38.49%
Kernersville Pay	1,129	86	7.62%	-	0.00%
Kernersville Pay Study	440	191	43.41%	243	38.51%
Kernersville Strategic Plan Update	745	324	43.49%	411	38.45%
Lewisville Planning	1,643	715	43.52%	908	38.51%
Lewisville Planning Services	590	257	43.56%	326	38.49%
Liberty Pay & Class	356	155	43.54%	197	38.55%
Liberty Pay & Class	1,461	112	7.67%	-	0.00%
Mayo River Part Master Plan	940	409	43.51%	519	38.47%
Misc Adm LTA	22,196	1,698	7.65%	-	0.00%
Misc Admin LTA	18,973	8,253	43.50%	10,482	38.50%
Mocksville LDP	3,227	1,404	43.51%	1,783	38.50%
Moore Co P&C	8,894	680	7.65%	-	0.00%
Moore Co Schools Pay & Class	24,049	1,840	7.65%	-	0.00%
Mooresville P&C	301	131	43.52%	166	38.43%
Mooresville P&C	45	3	6.67%	-	0.00%
Mount Gilead GIS	841	366	43.52%	465	38.53%
Newton Pay & Class	3,705	283	7.64%	-	0.00%
Oak Ridge Streetscape Plan	9,302	4,046	43.50%	5,139	38.50%
Person Co. Pay & Class	6,918	529	7.65%	-	0.00%
Pilot Mountain Greenway	2,053	893	43.50%	1,134	38.49%
Planning & TA Non-Bill	4,118	1,791	43.49%	2,275	38.50%
Planning Board Training LTA	190	82	43.16%	105	38.60%
Randolph P&C	6,796	520	7.65%	-	0.00%
Randolpy P&C	2,563	1,115	43.50%	1,416	38.50%
Reidsville Pay Study	1,389	604	43.48%	767	38.48%
Reidsville Pay Study	742	57	7.68%	-	0.00%
Robeson Pay Plan	1,840	141	7.66%	-	0.00%
Rockingham Planning Services	72	31	43.06%	40	38.83%
Rolesville Pay & Class	1,478	113	7.65%	-	0.00%
SMART	32,877	14,302	43.50%	18,164	38.50%
SMART	23,454	1,794	7.65%	-	0.00%
SOAR - City of W-S	5,031	2,189	43.51%	2,780	38.50%
Stormwater SMART Mass Media	760	331	43.55%	420	38.50%
Stormwater SMART Mass Media	1,121	86	7.67%	-	0.00%
Surry County LDP	7,999	3,479	43.49%	4,419	38.50%
Surry County-Local Pre Trial	57,267	24,911	43.50%	-	0.00%
Surry Pre-Trial Adm	17,260	7,508	43.50%	9,536	38.50%
Thomasville LDP	200	87	43.50%	110	38.33%
TJCOG-Smithfield Pay & Class	1,207	525	43.50%	667	38.51%
TJCOG-Smithfield Pay & Class	5,260	402	7.64%	-	0.00%
TriadWorks Cost Share	35,550	15,464	43.50%	19,641	38.50%
UNC-CH/West Health Bridge Study	488	212	43.44%	269	38.43%
UNC-CH/West Health Bridge Study	1,154	88	7.63%	-	0.00%
Upper Cape Fear	12,118	5,271	43.50%	6,695	38.50%
Upper Cape Fear River Basin Asso	91	7	7.69%	-	0.00%
Vacation Leave	15,550	6,764	43.50%	8,591	38.50%
Walnut Cove Planning	7,513	3,268	43.50%	4,151	38.50%
Yadkin CJPP Adm	10,199	4,436	43.49%	5,635	38.50%
Yadkin Local Pre-Trail	48,635	21,156	43.50%	-	0.00%
Yadkin Riverkeeper Project	3,997	1,739	43.51%	2,208	38.49%
Yanceyville Planning	1,003	436	43.47%	554	38.50%
Youngsville Pay and Class Study	1,562	679	43.47%	863	38.51%
Youngsville Pay and Class Study	185	14	7.57%	-	0.00%
NC Clean Water Management Trust Fund					
CWMTF 2018-807 Thomas Built Bus	1,131	492	43.50%	625	38.51%
CWMTF Richland Creek	6,607	2,874	43.50%	3,650	38.50%
NC Dept of Agriculture - NIFA					
USDA PTRC Food Council Policy exp 8/31/20	4,620	2,010	43.51%	2,552	38.49%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2019

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
NC Dept of Commerce					
ARC WaterRel	3,991	1,736	43.50%	2,205	38.50%
ARC Housing	6,679	2,906	43.51%	3,690	38.50%
NC Dept of Commerce and PT Job Training Consortium					
2016-4050 #8031 Business Services Funds	15,377	6,689	43.50%	2,512	11.38%
Adult- NWP LA	1,684	129	7.66%	-	0.00%
Dislocated Worker Mobile Unit	105	46	43.81%	32	21.19%
DW - NWP LA	1,545	118	7.64%	-	0.00%
DW -Mobile Unit	7,061	540	7.65%	-	0.00%
Eastern Triad Workforce Initiative	16,689	7,260	43.50%	-	0.00%
NWP LA Adult	126,301	54,941	43.50%	29,926	16.51%
NWP LA Dislocated Worker	123,967	53,926	43.50%	29,624	16.65%
NWP LA Youth	63,961	27,823	43.50%	15,915	17.34%
WIA Administraiton	2,007	154	7.67%	-	0.00%
WIA Administration	110,571	48,099	43.50%	175,288	110.47%
Youth- NWP LA	1,592	122	7.66%	-	0.00%
NC Dept of Crime Control and Public Safety					
Davie TECS	15,680	6,821	43.50%	34,439	153.06%
LRC Intermediary Agency - Forsyth	39,746	17,290	43.50%	21,959	38.50%
Rockingham TECS	9,222	4,012	43.50%	5,095	38.50%
Rowan TECS	16,184	7,040	43.50%	8,941	38.50%
Stokes TECS	12,010	5,225	43.51%	6,635	38.50%
Surry TECS	45,680	19,871	43.50%	56,875	86.76%
Wilkes TECS	7,119	3,097	43.50%	3,933	38.50%
Yadkin TECS	11,568	5,032	43.50%	33,261	200.37%
NC Dept of Human Resources					
AAA Administrative Support	24,283	10,563	43.50%	13,416	38.50%
CRC LTA	14,463	6,291	43.50%	7,990	38.50%
Elder Abuse - 90 / 10	5,486	2,386	43.49%	3,030	38.49%
Family Caregiver Support	122,790	53,414	43.50%	67,978	38.58%
Family Caregiver Support	338	26	7.69%	-	0.00%
III-D Evidence	10,358	792	7.65%	-	0.00%
III-D Evidence Based Programs	52,749	22,946	43.50%	33,436	44.17%
MIPPA II	6,410	2,788	43.49%	3,541	38.50%
MIPPA II	4,474	1,946	43.50%	2,472	38.50%
Ombudsman Aging - 90 / 10	283,572	123,354	43.50%	156,668	38.50%
P & A Planning 79.11/20.89	319,032	138,778	43.50%	181,445	39.63%
P & A Planning 79.11/20.89	12,516	957	7.65%	-	0.00%
NC Dept of Transportation					
Alta-High Pt MPO Bike Plan	1,698	739	43.52%	938	38.49%
Alta-High Pt MPO Bike Plan	204	16	7.84%	-	0.00%
NCDOT Yadkin Valley Regional Bike Plan Exp	2,103	915	43.51%	1,162	38.50%
RPO (G)	3,160	242	7.66%	-	0.00%
RPO (NW)	2,352	180	7.65%	-	0.00%
Rural Transp Plan (G)	63,428	27,591	43.50%	35,042	38.50%
Rural Transp Plan (NW)	58,584	25,484	43.50%	32,366	38.50%
TJCOG-NCDOT Rail Promotion Project	8,607	3,744	43.50%	4,755	38.50%
US Dept of Agriculture - NIFA					
USDA PTRC Food Council Policy exp 8/31/20	384	29	7.55%	-	0.00%
US Dept of Commerce					
PTRDC-EDA	21,365	9,294	43.50%	11,804	38.50%
US Dept of Energy					
DOE WAP ADM T &TA	12,078	5,254	43.50%	-	0.00%
DOE WAP Program Ops	88,709	38,588	43.50%	26,621	20.91%
LIHEAP HARRP Program Ops	86,615	37,678	43.50%	44,772	36.02%
LIHEAP WAP Program Ops	185,399	80,649	43.50%	64,859	24.38%
US Dept of Housing and Urban Development					
Alamance eSFR18	3,210	1,396	43.49%	1,774	38.51%
Alamance SFR	6,571	2,858	43.49%	3,630	38.50%
Ashe eSFR 18	45	20	44.44%	25	38.46%
Caswell eSFR16	18,292	7,957	43.50%	10,106	38.50%
Davidson eSFR17	13,610	5,921	43.50%	7,519	38.50%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2019

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
US Dept of Housing and Urban Development (continued)					
Davie eSFR16	10,228	4,449	43.50%	5,651	38.50%
Guilford County HOME	2,512	1,093	43.51%	1,388	38.50%
Guilford eSRF17	21,158	9,204	43.50%	11,689	38.50%
HOME	21,442	9,327	43.50%	11,846	38.50%
Home Administration	6,167	2,683	43.51%	3,407	38.50%
Montgomery eSFR18	194	84	43.30%	107	38.49%
Randolph eSFR16	35,870	15,604	43.50%	19,817	38.50%
Rockingham eSFR18	16,038	6,977	43.50%	8,861	38.50%
Section 8 Voucher Program	224,786	97,782	43.50%	124,189	38.50%
Stokes eSFR16	8,311	3,615	43.50%	4,591	38.50%
Surry eSFR18	633	275	43.44%	350	38.55%
WS Project Reentry CDBG	15,673	6,818	43.50%	8,659	38.50%
US Dept of Transportation					
Clean Fuel Adv Tech	36,452	15,856	43.50%	20,139	38.50%
NADTC Planning Grant	2,612	1,137	43.53%	1,442	38.46%
Indirect Payroll	686,971	275,590	40.12%		0.00%
	<u>3,959,192</u>	<u>1,606,564</u>		<u>1,675,813</u>	
Summary of Allocation Rates					
Standard fringe and indirect cost	3,014,370	1,311,251	43.50%	1,665,361	38.50%
FICA only fringe with standard indirect cost	25,219	1,929	7.65%	10,452	38.50%
FICA only fringe with special indirect cost	232,633	17,797	7.65%	-	0.00%
Standard fringe on indirect payroll	622,132	270,627	43.50%	-	0.00%
FICA only fringe on indirect payroll	64,838	4,960	7.65%	-	0.00%
	<u>3,959,192</u>	<u>1,606,564</u>		<u>1,675,813</u>	

PIEDMONT TRIAD REGIONAL COUNCIL

HUD Housing Choice Vouchers Program

Financial Data Schedule - Balance Sheet

June 30, 2019

Line Item #		14.871 Housing Choice Vouchers
	Assets	
	Current Assts	
111	Cash - unrestricted	\$ 134,312
113	Cash - other restricted	88,844
100	Total Cash	<u>223,156</u>
	Accounts Receivable	
121	Accounts receivable - PHA projects	4,537
122	Accounts receivable - HUD other projects	4,045
128	Fraud recovery	6,297
128	Allowance for doubtful accounts - fraud recovery	(6,297)
120	Total Receivables, net of allowance for doubtful accounts	<u>8,582</u>
150	Total Current Assets	<u>231,738</u>
290	Total Assets	<u>\$ 231,738</u>
	Liabilities and Equity	
	Current Liabilities	
312	Accounts payable <= 90 days	<u>\$ 70,824</u>
310	Total Current Liabilities	<u>70,824</u>
300	Total Liabilities	<u>70,824</u>
	Equity	
509.3	Restricted fund balance	88,844
512.3	Unassigned fund balance	72,070
513	Total Equity / Net Position	<u>160,914</u>
600	Total Liabilities and Equity / Net Position	<u>\$ 231,738</u>

PIEDMONT TRIAD REGIONAL COUNCIL
 HUD Housing Choice Vouchers Program
 Financial Data Schedule - Revenues and Expenses
 For the Year Ended June 30, 2019

Line Item #		14,871 Housing Choice Vouchers
	Revenues	
70600	HUD PHA operating grants	\$ 3,578,737
71400	Fraud recovery	5,654
71500	Other revenue	-
70000	Total Revenues	<u>3,584,391</u>
	Expenses	
91100	Administrative salaries	224,786
91500	Employee benefit contributions - administrative	97,782
91600	Office expense	17,159
91800	Travel	20,848
91900	Other	139,350
91000	Total Operating - Administrative	<u>499,925</u>
96200	Other general expenses	1,394
96000	Total Other General Expenses	<u>1,394</u>
96900	Total Operating Expenses	<u>501,319</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>3,083,072</u>
97300	Housing assistance payments	<u>3,113,030</u>
90000	Total Expenses	<u>3,614,349</u>
10000	Total Revenue Over Total Expenses	(29,958)
11030	Beginning equity	190,872
11100	Changes in allowance for doubtful accounts - other	(5,100)
11170	Administrative fee equity	72,070
11180	Housing assistance payments equity	88,844
11190	Unit months available	10,104
11210	Number of unit months leased	9,138

COMPLIANCE SECTION



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Certified Public Accountants L.L.P.

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

Board of Delegates
Piedmont Triad Regional Council
Kernersville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Piedmont Triad Regional Council as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Piedmont Triad Regional Council's basic financial statements, and have issued our report thereon dated October 31, 2019. The financial statements of the Piedmont Triad Regional Development Corporation were not audited in accordance with Governmental Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Piedmont Triad Regional Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Piedmont Triad Regional Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify

any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Piedmont Triad Regional Council'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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cannon & Company, L.L.P.

October 31, 2019



cannon&company
Certified Public Accountants L.L.P.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of Delegates
Piedmont Triad Regional Council
Kernersville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Piedmont Triad Regional Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Piedmont Triad Regional Council's major federal programs for the year ended June 30, 2019. The Piedmont Triad Regional Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Council's basic financial statements include the discretely presented component unit financial statements of the Piedmont Triad Regional Development Corporation and is not included in the schedule during the year ended June 30, 2019. Our audit, described below, did not include the operations of Piedmont Triad Regional Development Corporation because it was not subject to an audit performed in accordance with the Uniform Guidance or the State Single Audit Implementation Act of North Carolina.

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 Piedmont Triad Regional Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes

examining, on a test basis, evidence about the Piedmont Triad Regional Council'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 Piedmont Triad Regional Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Piedmont Triad Regional Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Piedmont Triad Regional Council 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 Council's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

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

Cannon & Company, L.L.P.

October 31, 2019



cannon&company
Certified Public Accountants L.L.P.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of Delegates
Piedmont Triad Regional Council
Kernersville, North Carolina

Report on Compliance for Each Major State Program

We have audited the Piedmont Triad Regional Council's 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 the Piedmont Triad Regional Council's major state programs for the year ended June 30, 2019. The Piedmont Triad Regional Council's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Council's basic financial statements include the discretely presented component unit financial statements of the Piedmont Triad Regional Development Corporation, which did not receive state awards and is not included in the schedule during the year ended June 30, 2019. Our audit, described below, did not include the operations of Piedmont Triad Regional Development Corporation because it was not subject to an audit performed in accordance with the Uniform Guidance or the State Single Audit Implementation Act of North Carolina.

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 Piedmont Triad Regional Council's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have

a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Piedmont Triad Regional Council'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 Piedmont Triad Regional Council's compliance.

Opinion on Each Major State Program

In our opinion, the Piedmont Triad Regional Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Piedmont Triad Regional Council 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 Council's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

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

Cannon & Company, L.L.P.

October 31, 2019

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(s)	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(s) identified	_____ Yes	_____ <u>X</u> None reported

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 2 CFR 200.516(a)? _____ Yes _____ X No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Workforce Innovation Opportunity Act Cluster
17.258	WIOA - Adult Program
17.259	WIOA - Youth Program
17.278	WIOA - Dislocated Workers Programs
20.205	Federal Transit - Metropolitan Planning Grants

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 For the Year Ended June 30, 2019

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.044	Aging Cluster: Special Programs for the Aging - Title III - B Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III - C Nutrition Services
93.053	Nutrition Services Incentive Program (NSIP)
93.052	Family Caregiver - Title III - E

Dollar threshold used to distinguish between Type A
and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

State Awards

Internal control over major State programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified Yes X None reported

Type of auditor's report issued on compliance for major State programs: Unmodified

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

Identification of major State programs:

None reported.

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

PIEDMONT TRIAD REGIONAL COUNCIL
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

PIEDMONT TRIAD REGIONAL COUNCIL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

There were no prior audit findings.

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass Through Grantor's Number	Expenditures		Passed Through to Subrecipients		
			Federal	State	Federal	State	
FEDERAL AWARDS							
<u>U.S. Department of Housing and Urban Development</u>							
Passed through N.C. Department of Commerce:							
Passed through the City of Winston-Salem:							
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 31,150	\$ -	\$ -	\$ -	
Passed through the City of High Point:							
Community Development Block Grants/Entitlement Grants	14.218	N/A	-	-	-	-	
Total Passed through N.C. Department of Commerce:			<u>31,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Passed through N.C. Housing Finance Agency:							
Passed through Surry County Consortium:							
Home Investment Partnership Program	14.239	N/A	62,520	-	-	-	
Passed through Guilford County:							
Home Investment Partnership Program	14.239	N/A	63,824	-	-	-	
Passed through Alamance County:							
Home Investment Partnership Program SFR15	14.239	N/A	140,224	-	-	-	
Passed through Davie County:							
Home Investment Partnership Program eSFR16	14.239	N/A	158,776	-	-	-	
Passed through Stokes County:							
Home Investment Partnership Program eSFR16	14.239	N/A	119,102	-	-	-	
Passed through Caswell County:							
Home Investment Partnership Program eSFR16	14.239	N/A	66,741	-	-	-	
Passed through Randolph County:							
Home Investment Partnership Program eSFR16	14.239	N/A	116,076	-	-	-	
Home Investment Partnership Program eSFR17 - Davidson Co.	14.239	N/A	114,253	-	-	-	
Home Investment Partnership Program eSFR17 - Guilford Co.	14.239	N/A	126,072	-	-	-	
Home Investment Partnership Program eSFR18 - Alamance Co.	14.239	N/A	7,548	-	-	-	
Home Investment Partnership Program eSFR18 - Ashe Co.	14.239	N/A	92	-	-	-	
Home Investment Partnership Program eSFR18 - Montgomery Co.	14.239	N/A	742	-	-	-	
Home Investment Partnership Program eSFR18 - Rockingham Co.	14.239	N/A	150,398	-	-	-	
Home Investment Partnership Program eSFR18 - Surry Co.	14.239	N/A	1,420	-	-	-	
Total Passed through N.C. Housing Finance Agency:			<u>1,127,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Section 8 Housing Choice Vouchers	14.871	N/A	3,615,743	-	-	-	
Total U.S. Department of Housing and Urban Development			<u>4,774,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>U.S. Department of Justice</u>							
Passed through N.C. Department of Crime Control and Public Safety:							
Passed through Tri-County Industries:							
Edward Byrne Memorial Formula Grant Program							
Project Re-entry Replication	16.579	N/A	-	-	-	-	
Passed through N.C. Department of Crime Control and Public Safety							
Edward Byrne Memorial Justice Assistance Grant Program							
Project Re-entry	16.738	N/A	-	-	-	-	
Total Passed through N.C. Department of Crime Control and Public Safety			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Passed through N.C. Department of Correction:							
Edward Byrne Memorial Justice Assistance Grant Program							
Project Re-entry	16.738	N/A	-	-	-	-	
Total U.S. Department of Justice			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>U.S. Department of Labor</u>							
Passed through N.C. Department of Commerce:							
Passed through Northwest Piedmont Job Training Consortium/Workforce Development Board:							
Workforce Innovation Opportunity Act Cluster:							
WIOA - Adult Programs	17.258	2017-4020-46	880,280	-	705,000	-	
WIOA - Adult Programs	17.258	2018-4020-47	278,984	-	185,815	-	
WIOA - Adult Programs - Administration	17.258	2017-4010-46	66,236	-	-	-	
WIOA - Adult Programs - Administration	17.258	2018-4010-47	44,061	-	-	-	
WIOA - Statewide Activities #8029 IFA Costs	17.258	2016-4050-47	45,693	-	45,693	-	
Total CFDA #17.258			<u>1,315,254</u>	<u>-</u>	<u>936,508</u>	<u>-</u>	
WIOA - Youth Programs	17.259	2017-4040-46	351,870	-	300,000	-	
WIOA - Youth Programs	17.259	2018-4040-47	799,074	-	711,547	-	
WIOA - Youth Programs - Administration	17.259	2017-4010-46	42,312	-	-	-	
WIOA - Youth Programs - Administration	17.259	2018-4010-47	126,847	-	-	-	
WIOA - Statewide Activities #8031 Business Services Funds	17.259	2017-4050-47	-	-	-	-	
WIOA - Statewide Activities #8044 Planning Reg. Inv. Asset Map	17.259	2016-4050-47	30,000	-	-	-	
Total CFDA #17.259			<u>1,350,103</u>	<u>-</u>	<u>1,011,547</u>	<u>-</u>	
WIOA - Dislocated Workers Programs	17.278	2017-4030-46	215,457	-	100,000	-	
WIOA - Dislocated Workers Programs	17.278	2018-4030-47	510,239	-	356,800	-	

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass Through Grantor's Number	Expenditures		Passed Through to Subrecipients	
			Federal	State	Federal	State
WIOA - Dislocated Workers Programs - Administration	17.278	2017-4010-46	13,039	-	-	-
WIOA - Dislocated Workers Programs - Administration	17.278	2018-4010-47	80,584	-	-	-
WIOA - Statewide Activities #8035 Mobile Unit Renovation	17.278	2016-4050-47	163,190	-	-	-
WIOA - Statewide Activities #8031 Business Services Funds	17.278	2016-4050-47	25,000	-	-	-
WIOA - Statewide Activities #8089 FLG Davidson Co CC	17.278	2017-4050-47	7,256	-	7,256	-
WIOA - Statewide Activities #8090 FLG Forsyth Tech CC	17.278	2017-4050-47	21,918	-	21,918	-
WIOA - Statewide Activities #8091 FLG Piedmont CC (Caswell)	17.278	2017-4050-47	6,067	-	6,067	-
WIOA - Statewide Activities #8092 FLC Rockingham CC	17.278	2017-4050-47	24,894	-	24,891	-
WIOA - Statewide Activities #8093 FLG Surry CC	17.278	2017-4050-47	4,959	-	4,959	-
WIOA - Statewide Activities #8029 IFA Costs	17.278	2018-4050-47	60,555	-	60,555	-
Total CFDA #17.278			1,133,158	-	582,446	-
Total Workforce Innovation Opportunity Act Cluster			3,798,515	-	2,530,501	-
Total U.S. Department of Labor			3,798,515	-	2,530,501	-
<u>U.S. Department of Transportation</u>						
Passed through N.C. Department of Transportation:						
Federal Transit - Metropolitan Planning Grants						
Northwest Piedmont Rural Planning Organization	20.205	N/A	106,375	-	-	-
Piedmont Triad Rural Planning Organization	20.205	N/A	115,287	-	-	-
Passed through N.C. Department of Transportation to High Point to Alta Planning + Design, Inc:						
Federal Transit - Metropolitan Planning Grants						
MPO Regional Bike Plan	20.205	N/A	3,809	-	-	-
Passed through the NC Solar Center/NC State University:						
Clean Fuel Advanced Technology Project III	20.205	C-5702A CMAQ-000S(895)	29,453	-	-	-
Passed through Rail Division to Triangle J Council of Government:						
Regional Emissions Reduction with Passenger Rail	20.205	N/A	16,132	-	-	-
Passed through Federal Transit Administration to National Association of Area Agencies on Aging and Easterseals:						
National Aging and Disability Transportation Center program	20.514	DC-64-5313	19,588	-	-	-
Total U.S. Department of Transportation			254,924	-	-	-
<u>Appalachian Regional Commission</u>						
Appalachian Local Development Direct Assistance (2018)	23.009	NC-706-H-C7-R1-18	51,759	-	-	-
Appalachian Local Development Direct Assistance (2019)	23.009	NC-706-H-C8	31,944	-	-	-
Total CFDA #23.009			83,703	-	-	-
Passed through the N.C. Department of Commerce:						
ARCPower (2018)						
ARCPOWER (2018)	23.002	PW-19331-TA	54,065	-	-	-
Total CFDA #23.011			54,065	-	-	-
Passed through the N.C. Department of Commerce:						
Appalachian Technical Assistance (2018)						
Appalachian Technical Assistance (2018)	23.011	N/A	13,750	-	-	-
Appalachian Technical Assistance (2018)	23.011	N/A	13,750	-	-	-
Total CFDA #23.011			27,500	-	-	-
Total Appalachian Regional Commission			165,268	-	-	-
<u>U.S. Environmental Protection Agency</u>						
Brownfields Assessment and Cleanup Cooperative Agreements						
Brownfields Assessment and Cleanup Cooperative Agreements	68.818	N/A	26,051	-	-	-
Passed through the N.C. Department of Environmental and Natural Resources:						
Division of Water Quality:						
Eden Watershed Restoration Outreach 205(j)						
Eden Watershed Restoration Outreach 205(j)	66.454	7085	2,968	-	-	-
Madison & Mayodan Stormwater Assessment 205(j)						
Madison & Mayodan Stormwater Assessment 205(j)	66.454	7431	14,342	-	-	-
Elkin & Jonesville Stormwater Map & Assessment 205(j)						
Elkin & Jonesville Stormwater Map & Assessment 205(j)	66.454	7752	2,841	-	-	-
Haskett Creek Watershed Plan 205(j)						
Haskett Creek Watershed Plan 205(j)	66.454	7756	4,843	-	-	-
Total Environmental Protection Agency			7,684	-	-	-
<u>U.S. Department of Energy</u>						
Passed through N.C. Dept. of Environment Quality:						
Weatherization Assistance Program for Low Income Persons						
Weatherization Assistance Program for Low Income Persons	81.042	7642	475,269	-	-	-
Total U.S. Department of Energy			475,269	-	-	-
<u>U.S. Department of Agriculture</u>						
Passed through National Institute of Food and Agriculture:						
Piedmont Triad Regional Development Corporation:						
Food Council Policy						
Food Council Policy	10.225	18-829-33800	9,701	-	-	-
Total U.S. Department of Agriculture			9,701	-	-	-
<u>U.S. Department of Commerce</u>						
Passed through Economic Development Agency:						
Piedmont Triad Regional Development Corporation:						

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass Through Grantor's Number	Expenditures		Passed Through to Subrecipients	
			Federal	State	Federal	State
EDA District Planning Grant	11.302	ED18ATL3020016	91,017	-	-	-
Total U.S. Department of Commerce			91,017	-	-	-
U.S. Department of Health and Human Services						
Passed through the N.C. Department of Health & Human Services:						
Passed through the Division of Aging and Adult Services:						
Special Programs for the Aging -						
Elder Abuse – Title VII-B	93.041	NC-07(19)	21,766	1,280	-	-
Regional Ombudsman – Title VII-E	93.042	NC-07(19)	282,016	180,430	-	-
Health Promotion – Title III-D	93.043	NC-07(19)	128,759	7,574	-	-
Total Special Programs for the Aging			432,541	189,284	-	-
Special Programs for the Aging - Title III-B						
Grants for Supportive Services and Senior Centers						
Planning & Administration – Title III-B	93.044	NC-07(19)	173,125	9,487	-	-
Regional Ombudsman – Title III-B and State	93.044	NC-07(19)	91,902	5,406	-	-
Access and In-Home Services – Title III-B and State Funds for Caregiver Match	93.044	NC-07(19)	2,450,783	3,804,091	2,450,783	3,804,091
Legal Services – Title III-B	93.044	NC-07(19)	72,724	4,278	72,724	4,278
Special Programs for the Aging - Title III-C						
Nutrition Services						
Planning and Administration – Title III-C-1 and State	93.045	NC-07(19)	299,805	16,429	-	-
Congregate Meals – Title III-C-1 and State	93.045	NC-07(19)	1,107,557	65,150	1,107,557	65,150
Home Delivered Meals–Title III-C-2 and State	93.045	NC-07(19)	1,446,991	1,049,478	1,446,991	1,049,478
Nutrition Services Incentive Program (NSIP)	93.053	NC-07(19)	685,025	-	685,025	-
Total Aging Cluster			6,327,912	4,954,319	5,763,080	4,922,997
Family Caregiver - Title III-E	93.052	NC-07(19)	736,536	49,102	484,669	32,311
Planning and Administration – Title III-E	93.052	NC-07(19)	112,742	6,178	-	-
			849,278	55,280	484,669	32,311
Access and In-Home Services – SSBG	93.667	NC-07(19)	-	-	-	-
Local Contact Agency (LCA) activities	93.791	32815	29,543	-	-	-
Passed through the N.C. Department of Insurance:						
Passed through the Division of SHIIP:						
MIPPA Medicare Enrollment Assistance Program	93.071	RQ 18294097	62,626	-	-	-
Passed through N.C. Department of Environmental Quality:						
Low Income Home Energy Assistance Program -Weatherization Assistance Program for Low Income Persons	93.568	7642	1,438,932	-	-	-
Low Income Home Energy Assistance Program - Heat & Air Repair and Replacement Program	93.568	7642	850,653	-	-	-
Total U.S. Department of Health and Human Services			9,991,485	5,198,883	8,778,250	4,955,308
Total Federal Awards			19,647,625	5,198,883	8,778,250	4,955,308
STATE AWARDS						
Clean Water Management Trust Fund						
SW High Point Green Infrastructure Restoration Project - Richland Creek		2014-801	-	9,449	-	-
Thomas Built Bus Preserve Restoration Plan		2018-807	-	1,623	-	-
Total Clean Water Management Trust Fund			-	11,072	-	-
Passed through N.C. Housing Finance Agency:						
N.C. Housing Trust Fund - Urgent Repair Program			-	27,898	-	-
Total Passed through N.C. Housing Finance Agency:			-	27,898	-	-
N.C. Department of Public Safety						
LRG Intermediary Agency - Forsyth County		RQ20866093	-	111,498	-	-
N. C. Department of Public Safety-Passed through to Rockingham County			-	104,274	-	-
N. C. Department of Public Safety-Passed through to Rowan County			-	103,712	-	-
N. C. Department of Public Safety-Passed through to Stokes County			-	39,023	-	-
N. C. Department of Public Safety-Passed through to Wilkes County			-	40,705	-	-
N. C. Department of Public Safety-Passed through to Yadkin County			-	78,492	-	-
N. C. Department of Public Safety-Passed through to Davie County			-	88,798	-	-
N. C. Department of Public Safety-Passed through to Surry County			-	123,386	-	-
Total N. C. Department of Public Safety			-	689,888	-	-

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass Through Grantor's Number	Expenditures		Passed Through to Subrecipients		
			Federal	State	Federal	State	
N.C. Department of Health & Human Services							
Passed through the Division of Aging and Adult Services:							
Aging Administrative Support		NC-07(19)	-	48,261	-	-	
Senior Center General Purpose		NC-07(19)	-	232,304	-	232,304	
Passed through the Division of Medical Assistance							
Passed through N C Community Care Networks, Inc.							
dba Community Care of N C							
State Medicaid Care Management			-	-	-	-	
Total N.C. Department of Health & Human Services			<u>-</u>	<u>280,565</u>	<u>-</u>	<u>232,304</u>	
N.C. Office of State Budget and Management							
Passed through the Community Foundation of Greater Greensboro:							
Eastern Triad Workforce Initiative			-	221,404	-	-	
Total N.C. Office of State Budget and Management			<u>-</u>	<u>221,404</u>	<u>-</u>	<u>-</u>	
N.C. Department of Transportation							
Public Transportation Division							
DOT Traveler's Aid		17-TA-125	-	2,250	-	-	
Yadkin Valley Regional Bike Plan #8088		41794.14	-	27,527	-	-	
Total N.C. Department of Transportation			<u>-</u>	<u>29,777</u>	<u>-</u>	<u>-</u>	
Total State awards			<u>-</u>	<u>1,260,604</u>	<u>-</u>	<u>-</u>	
Total Federal and State awards			<u>\$ 19,647,625</u>	<u>\$ 6,459,487</u>	<u>\$ 8,778,250</u>	<u>\$ 5,187,612</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Notes to the Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the Piedmont Triad Regional Council under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. The schedule is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. The expenditures of the Section 8 Housing Choice Voucher Program on this schedule are the same as the net Section 8 Voucher dollars received. This is based on the interpretation by the Real Estate Assessment Center (a division of the U. S. Department of Housing and Urban Development) of what constitutes federal awards expended for this program. This amount differs from the amount presented in, or used in, the preparation of the basic financial statements.

2. Indirect Cost Rate

Piedmont Triad Regional Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.