

PIEDMONT TRIAD REGIONAL COUNCIL

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORT**

For the Year Ended June 30, 2018

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

June 30, 2018

<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
Jackie Morris	Member	Montgomery	Commissioner
Darrell Frye	Member	Randolph	Commissioner
Mark Richardson	Member	Rockingham	Commissioner
Ernest Lankford	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
Dwight Atkins	Member	Mount Airy	Mayor
Wayne Moore	Member	Jonesville	Commissioner

PIEDMONT TRIAD REGIONAL COUNCIL

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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, 2018, 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, 2018, 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 57 and 58, 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 September 26, 2018 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, S.L.P.

September 26, 2018

**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, 2018. 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

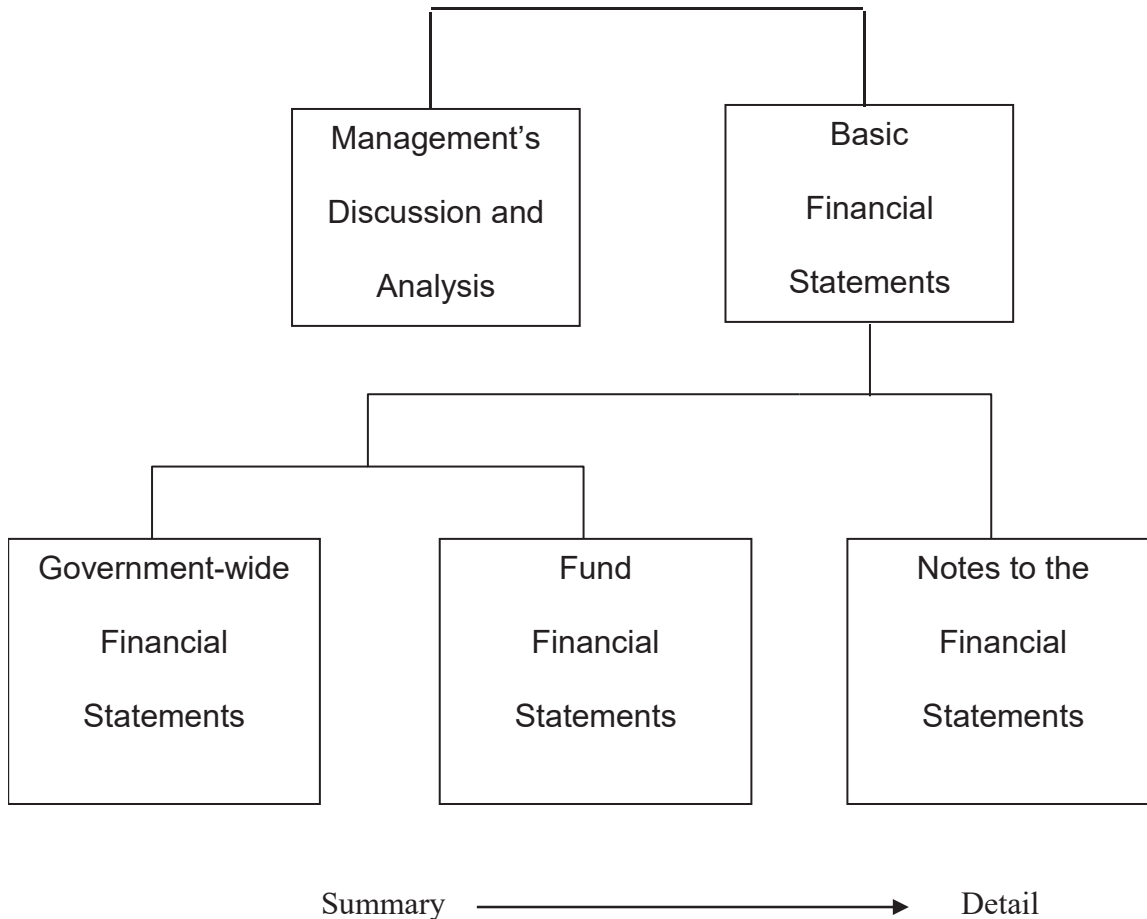
- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,542,699 (net position).
- The Council's total net position increased by \$545,275.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$4,078,227, an increase of \$617,373 in comparison with the prior year. Approximately 98.04% of this total amount or \$3,998,421, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,242,897.

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, 2018

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 Fund, 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, 2018

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 57 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, 2018

Government – Wide Financial Analysis

Piedmont Triad Regional Council
Net Position

Table A-1

	Governmental Activities	
	2018	2017
Current and other assets	\$ 6,305,993	\$ 5,382,914
Capital assets	3,528,324	3,784,787
Deferred outflows of resources	730,892	1,309,353
Total assets and deferred outflows of resources	<u>10,565,209</u>	<u>10,477,054</u>
Current liabilities	1,877,089	1,653,692
Long-term liabilities outstanding	3,398,369	4,278,085
Deferred inflows of resources	747,052	547,853
Total liabilities and deferred inflows of resources	<u>6,022,510</u>	<u>6,479,630</u>
Net position		
Net investment in capital assets	995,567	934,678
Restricted	3,984,451	3,559,459
Unrestricted (deficit)	<u>(437,319)</u>	<u>(496,713)</u>
Total net position	<u>\$ 4,542,699</u>	<u>\$ 3,997,424</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 \$4,542,699 as of June 30, 2018. The Council's net assets increased by \$545,275 for the fiscal year ended June 30, 2018. A portion of the Council's net position of \$995,567 reflects the Council's net investment in capital assets. An additional portion of the Council's Net Position of \$3,984,451 represents resources that are subject to external restrictions on how they may be used. Of the amount restricted \$2,472,683 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, 2018

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

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,000,246	\$ 3,934,684
Operating grants and contributions	25,617,682	25,229,772
General revenues:		
Investment earnings	9,797	3,020
Other	5	31,059
	<u>28,627,730</u>	<u>29,198,535</u>
Expenses:		
Administration	1,030,889	886,788
Crime control and public safety	817,155	868,906
Environmental protection	160,944	186,109
Health and human services	12,648,369	12,680,451
Housing	5,291,248	5,162,892
Planning	420,757	302,081
Transportation	277,081	240,942
Workforce development	3,963,518	4,159,327
Weatherization	3,365,647	4,277,518
Local projects	33,535	65,020
Interest	73,312	81,136
	<u>28,082,455</u>	<u>28,911,170</u>
Total Expenses	28,082,455	28,911,170
Increase in net position	545,275	287,365
Net position, beginning	<u>3,997,424</u>	<u>3,710,059</u>
Net assets, June 30	<u>\$ 4,542,699</u>	<u>\$ 3,997,424</u>

Governmental activities. Governmental activities increased the Council's net position by \$545,275.

PIEDMONT TRIAD REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

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 \$2,242,897, while total fund balance reached \$2,244,540. 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 662.0% of total General Fund expenditures. Total fund balance represented 662.4% of total General Fund expenditures.

As of June 30, 2018 the governmental funds of the Council reported a combined fund balance of \$4,078,227, an increase of \$617,373 (17.84%) 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 \$447,006. Amendments to the Grant Project Fund and Local Project Fund increased the budget by \$1,431,706; 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, 2018

Capital Asset and Debt Administration

Capital assets - The Council's investment in capital assets for its governmental activities as of June 30, 2018, totals \$3,528,324, (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	
	2018	2017
Land	\$ 634,324	\$ 634,324
Land improvements	54,584	64,528
Building	2,501,436	2,782,391
Equipment, furniture and fixtures	43,874	86,674
Vehicles	294,106	216,870
 Total	 <u>\$ 3,528,324</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	
	2018	2017
Note payable	<u>\$ 2,532,757</u>	<u>\$ 2,850,110</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, 2018

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, 2018

	Primary Government	Component Unit
	Governmental Activities	Piedmont Triad Regional Development Corporation
ASSETS		
Current assets:		
Cash and investments	\$ 3,620,703	\$ 205,250
Accounts receivable	153,005	41,550
Due from other governments	2,473,920	-
Due from component units	44,395	(44,395)
Prepaid expenses	13,970	-
Total current assets	<u>6,305,993</u>	<u>202,405</u>
Non-current assets:		
Capital assets:		
Land, nondepreciable	634,324	-
Depreciable, net of related depreciation	2,894,000	-
Total capital assets	<u>3,528,324</u>	<u>-</u>
Total assets	<u>9,834,317</u>	<u>202,405</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	730,892	-
Total deferred outflows of resources	<u>730,892</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,366,633	-
Accrued expenses	191,699	-
Due to primary government	-	-
Loan fee deposits	-	-
Deferred federal revenue	-	41,550
Deferred private grant revenue	-	200,000
Current portion of long-term liabilities	318,757	-
Total current liabilities	<u>1,877,089</u>	<u>241,550</u>
Long-term liabilities:		
Net pension liability	993,937	-
Due in more than one year	2,404,432	-
Total long-term liabilities	<u>3,398,369</u>	<u>-</u>
Total liabilities	<u>5,275,458</u>	<u>241,550</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	76,268	-
Unearned revenue	670,784	-
Total deferred inflows of resources	<u>747,052</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	995,567	-
Restricted:		
Stabilization by State Statute	2,472,683	-
HUD	190,872	-
Projects	1,320,896	-
Unrestricted	(437,319)	(39,145)
Total net position	<u>\$ 4,542,699</u>	<u>\$ (39,145)</u>

PIEDMONT TRIAD REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Primary	Component
					Government	Unit
					Piedmont Triad Regional Development Corporation	
Primary government:						
Governmental Activities:						
Administration	\$ 1,030,889	\$ 1,078,428	\$ 271,496	\$ 319,035	\$ -	
Crime control and public safety	817,155	4,540	869,844	57,229	-	
Environmental protection	160,944	123,316	38,170	542	-	
Health and human services	12,648,369	284,832	12,364,569	1,032	-	
Housing	5,291,248	20,761	5,261,208	(9,279)	-	
Planning	420,757	297,204	102,768	(20,785)	-	
Transportation	277,081	51,948	221,662	(3,471)	-	
Workforce development	3,963,518	170,950	3,846,127	53,559	-	
Weatherization	3,365,647	928,988	2,641,838	205,179	-	
Other local projects	33,535	39,279	-	5,744	-	
Interest expense	73,312	-	-	(73,312)	-	
Total governmental activities and primary government	<u>\$ 28,082,455</u>	<u>\$ 3,000,246</u>	<u>\$ 25,617,682</u>	<u>535,473</u>	<u>-</u>	
Component Unit:						
Piedmont Triad Regional Development Corporation	<u>\$ 158,408</u>	<u>\$ 106,848</u>	<u>\$ -</u>	<u>-</u>	<u>(51,560)</u>	
General revenues:						
Unrestricted investment earnings				9,797	-	
Miscellaneous				5	-	
Total general revenues				<u>9,802</u>	<u>-</u>	
Change in net position				545,275	(51,560)	
Net position - beginning, previously reported				<u>3,997,424</u>	<u>12,415</u>	
Net position (deficit) - ending				<u>\$ 4,542,699</u>	<u>\$ (39,145)</u>	

FUND FINANCIAL STATEMENTS

PIEDMONT TRIAD REGIONAL COUNCIL
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Grant Project Fund	Local Projects Fund	
ASSETS				
Cash and investments	\$ 2,078,091	\$ 737,527	\$ 805,085	\$ 3,620,703
Sales tax receivables	1,643	104,493	46,868	153,004
Due from other governments	-	1,984,372	489,548	2,473,920
Due (to) from other funds	167,076	(167,076)	-	-
Due from component unit	-	41,550	2,845	44,395
Prepaid expenses	-	3,797	10,173	13,970
Total assets	<u>\$ 2,246,810</u>	<u>\$ 2,704,663</u>	<u>\$ 1,354,519</u>	<u>\$ 6,305,992</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,270	\$ 1,321,623	\$ 34,462	\$ 1,358,355
Total liabilities	<u>2,270</u>	<u>1,321,623</u>	<u>34,462</u>	<u>1,358,355</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	198,636	-	198,636
Unearned revenue	-	670,774	-	670,774
Total deferred inflows of resources	<u>-</u>	<u>869,410</u>	<u>-</u>	<u>869,410</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	-	3,797	10,173	13,970
Restricted:				
Stabilization by State Statute	1,643	1,931,779	539,261	2,472,683
Restricted by HUD	-	190,872	-	190,872
Restricted for local projects	-	-	1,320,896	1,320,896
Unassigned (deficit)	2,242,897	(1,612,818)	(550,273)	79,806
Total fund balances	<u>2,244,540</u>	<u>513,630</u>	<u>1,320,057</u>	<u>4,078,227</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,246,810</u>	<u>\$ 2,704,663</u>	<u>\$ 1,354,519</u>	<u>\$ 6,305,992</u>

PIEDMONT TRIAD REGIONAL COUNCIL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

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

Total fund balance, governmental funds		\$ 4,078,227
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 5,676,834	
Accumulated depreciation	<u>(2,148,510)</u>	3,528,324
Deferred outflows of resources related to the pension are not reported in the funds		730,892
Earned revenues considered deferred inflows of resources in fund statements		198,636
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Notes payable	(2,532,757)	
Accrued interest expense	(17,563)	
Compensated absences	(190,432)	
Incurred but not reported claims	(182,423)	
Net pension liability	<u>(993,937)</u>	(3,917,112)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(76,268)</u>
Net position of governmental activities		<u><u>\$ 4,542,699</u></u>

PIEDMONT TRIAD REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Grant Project Fund	Local Projects Fund	
REVENUES				
Restricted intergovernmental	\$ -	\$ 25,278,039	\$ 379,703	\$ 25,657,742
Fees, local governments	578,029	406,146	85,725	1,069,900
Fees, program services	-	98,695	1,825,964	1,924,659
Miscellaneous	9,797	-	-	9,797
Total revenues	<u>587,826</u>	<u>25,782,880</u>	<u>2,291,392</u>	<u>28,662,098</u>
EXPENDITURES				
Administration	338,829	384,780	-	723,609
Crime control and public safety	-	490,441	326,714	817,155
Environmental protection	-	51,079	109,865	160,944
Health and human services	-	12,605,370	42,999	12,648,369
Housing	-	5,290,662	225	5,290,887
Planning	-	162,596	258,522	421,118
Transportation	-	277,081	-	277,081
Workforce development	-	3,846,126	117,392	3,963,518
Weatherization	-	2,650,106	715,680	3,365,786
Administrative services	-	-	342,995	342,995
Other local projects	-	-	33,268	33,268
Total expenditures	<u>338,829</u>	<u>25,758,241</u>	<u>1,947,660</u>	<u>28,044,730</u>
Excess of revenues over expenditures	248,997	24,639	343,732	617,368
OTHER FINANCING SOURCES				
Insurance proceeds	-	-	-	-
Sale of capital assets	-	-	5	5
Net change in fund balance	248,997	24,639	343,737	617,373
Fund balances, beginning	<u>1,995,543</u>	<u>488,991</u>	<u>976,320</u>	<u>3,460,854</u>
Fund balances, ending	<u>\$ 2,244,540</u>	<u>\$ 513,630</u>	<u>\$ 1,320,057</u>	<u>\$ 4,078,227</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, 2018

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

Net changes in fund balances - total governmental funds		\$ 617,373
<p>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.</p>		
Capital outlay expenditures which were capitalized	136,565	
Depreciation expense for governmental assets	(365,458)	
Loss on disposal of assets	<u>(27,570)</u>	(256,463)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		264,301
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(34,637)
<p>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.</p>		
Principal payments on long-term debt	317,352	
Decrease in accrued interest payable	<u>2,650</u>	320,002
<p>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.</p>		
Accrued vacation leave	9,765	
Pension expense	(349,572)	
Other postemployment benefits	34,664	
Incurred but not reported claims	<u>(60,158)</u>	(365,301)
Total changes in net position of governmental activities		<u>\$ 545,275</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Fees, local governments	\$ 134,062	\$ 576,068	\$ 578,029	\$ 1,961
Investment earnings	5,000	10,000	9,797	(203)
Total revenues	<u>139,062</u>	<u>586,068</u>	<u>587,826</u>	<u>1,758</u>
Expenditures:				
Administration	<u>139,062</u>	<u>586,068</u>	<u>338,829</u>	<u>247,239</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>248,997</u>	<u>248,997</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>	248,997	<u>\$ 248,997</u>
Fund balance, beginning			<u>1,995,543</u>	
Fund balance, ending			<u>\$ 2,244,540</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Restricted intergovernmental	\$ 27,653,725	\$ 28,333,960	\$ 25,278,039	\$ (3,055,921)
Fees, local governments	492,568	422,137	406,146	(15,991)
Fees, program services	73,805	68,918	98,695	29,777
Total revenues	<u>28,220,098</u>	<u>28,825,015</u>	<u>25,782,880</u>	<u>(3,042,135)</u>
Expenditures:				
Administration	302,144	430,701	384,780	45,921
Crime control and public safety	990,081	1,060,378	490,441	569,937
Environmental protection	48,261	60,737	51,079	9,658
Health and human services	12,500,713	13,055,132	12,605,370	449,762
Housing	6,605,928	5,346,199	5,290,662	55,537
Planning	88,122	220,952	162,596	58,356
Transportation	277,078	277,078	277,081	(3)
Workforce development	4,830,053	5,684,653	3,846,126	1,838,527
Weatherization	2,577,718	2,689,185	2,650,106	39,079
Total expenditures	<u>28,220,098</u>	<u>28,825,015</u>	<u>25,758,241</u>	<u>3,066,774</u>
Excess of revenues over expenditures	-	-	24,639	24,639
Other financing sources:				
Insurance proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	24,639	<u>\$ 24,639</u>
Fund balance, beginning			<u>488,991</u>	
Fund balance, ending			<u>\$ 513,630</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Restricted intergovernmental	\$ -	\$ 575,552	\$ 379,703	\$ (195,849)
Fees, local governments	89,000	115,637	85,725	(29,912)
Fees, program services	2,972,913	3,197,513	1,825,964	(1,371,549)
Total revenues	<u>3,061,913</u>	<u>3,888,702</u>	<u>2,291,392</u>	<u>(1,597,310)</u>
Expenditures:				
Crime control and public safety	508,275	575,552	326,714	248,838
Environmental protection	136,600	136,600	109,865	26,735
Health and human services	84,000	128,500	42,999	85,501
Housing	770	-	225	(225)
Planning	241,850	511,477	258,522	252,955
Workforce development	175,424	295,405	117,392	178,013
Weatherization	840,000	1,176,070	715,680	460,390
Administrative services	438,539	901,908	342,995	558,913
Other local projects	636,455	163,190	33,268	129,922
Total expenditures	<u>3,061,913</u>	<u>3,888,702</u>	<u>1,947,660</u>	<u>1,941,042</u>
Excess of revenues over expenditures	-	-	343,732	343,732
Other financing sources:				
Sale of capital assets	-	-	5	5
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	343,737	<u>\$ 343,737</u>
Fund balance, beginning			<u>976,320</u>	
Fund balance, ending			<u>\$ 1,320,057</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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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). The Corporation's income is generated by fees it earns on loans it processes and U.S. Department of Commerce/Economic Development Administration grant funds. 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 \$11,397 was deemed necessary at June 30, 2018.

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.

Loan fee deposits:

The Corporation introduced a loan fee deposit requirement during the year ended June 30, 1999. This deposit (lesser of \$2,500 or 1% of loan amount) represents the amount the SBA considers earned by the Corporation at the time of the receipt of the deposit. At loan closing, this deposit is credited toward closing costs. In the event the loan fails to close due to the borrower, the Corporation retains the loan fee deposit and recognizes it as revenue. If the failure to close is not due to the borrower, the deposit is refunded.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2018 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 – portion of fund balance that is restricted by State Statute [G.S. 159-8 (a)].

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.

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.

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. A special indirect cost rate for workforce development and crime control satellite offices is determined based on the ratio of total indirect costs of the satellite offices to total direct salaries in those offices.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 were reviewed and accepted by the U.S. Department of Housing and Urban Development at the rates of 41.50% for fringe benefits and 36.50% for indirect cost. The actual rates for the year ended June 30, 2018, for fringe benefits and indirect cost were 41.50% and 36.50%, respectively. All charges to programs for fringe and indirect costs were adjusted to actual as of June 30, 2018.

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

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE B- CASH AND INVESTMENTS (CONTINUED)

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, 2018, the Council's deposits had a carrying amount of \$2,397,181 and a bank balance of \$3,660,828. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,410,828 in interest-bearing deposits was covered by collateral held under the pooling method.

At June 30, 2018, the Corporation's deposits had a carrying amount of \$205,250 and a bank balance of \$205,250. All of the bank balance was covered by federal depository insurance.

Investments

At June 30, 2018, the Council had \$1,223,522 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.

NOTE C - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments are summarized as follows:

Special Revenue Fund - Grant Project Fund	
Appalachian Regional Commission	\$ 27,500
N.C. Department of Crime Control and Public Safety	65,843
N.C. Department of Commerce	430,089
N.C. Department of Environmental Quality	167,444
N.C. Department of Health and Human Services	884,295
N.C. Department of Transportation	112,614
N.C. Housing Finance Agency	225,004
U.S. Department of Housing and Urban Development	8,485
Local governments and agencies	<u>63,098</u>
Total Grant Project Fund	1,984,372
Special Revenue Fund - Local Projects Fund	
Local governments and agencies	<u>489,548</u>
 Total Due from Other Governments	 <u><u>\$ 2,473,920</u></u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE D - CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2018, 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	3,850,414	16,731	-	3,867,145
Equipment, furniture and fixtures	702,251	9,834	412,841	299,244
Land improvements	99,436	-	-	99,436
Vehicles	666,685	110,000	-	776,685
Total capital assets being depreciated	<u>5,318,786</u>	<u>136,565</u>	<u>412,841</u>	<u>5,042,510</u>
Less accumulated depreciation for:				
Buildings	1,068,023	297,686	-	1,365,709
Equipment, furniture and fixtures	615,577	25,064	385,271	255,370
Land improvements	34,908	9,944	-	44,852
Vehicles	449,815	32,764	-	482,579
Total accumulated depreciation	<u>2,168,323</u>	<u>\$ 365,458</u>	<u>\$ 385,271</u>	<u>2,148,510</u>
Total capital assets being depreciated, net	<u>3,150,463</u>			<u>2,894,000</u>
Governmental activity capital assets, net	<u>\$ 3,784,787</u>			<u>\$ 3,528,324</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE D - CAPITAL ASSETS (CONTINUED)

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

Administration	\$ 321,686
Crime control and public safety	-
Health and human services	6,009
Housing	3,484
Transportation	-
Weatherization	13,383
Workforce Innovation and Opportunity Act	<u>20,896</u>
 Total depreciation expense	 <u><u>\$ 365,458</u></u>

Discretely Presented Component Units

Capital asset activity for the Piedmont Triad Regional Development Corporation for the year ended June 30, 2018, was as follows:

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

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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>
2019	\$ 246,000	\$ 66,174
2020	246,000	59,557
2021	246,000	52,939
2022	246,000	46,322
2023	246,000	39,704
2024-2028	1,230,000	99,261
	<u>\$ 2,460,000</u>	<u>\$ 363,957</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.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	<u>\$ 72,757</u>	<u>\$ 1,433</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018	Current Portion of Balances
Governmental activities:					
Note payable	\$ 2,706,000	\$ -	\$ 246,000	\$ 2,460,000	\$ 246,000
Note payable	144,110	-	71,353	72,757	72,757
Compensated absences	200,197	38,638	48,403	190,432	-
OPEB liability	34,664	-	34,664	-	-
Net pension liability (LGERS)	1,510,467	-	516,530	993,937	-
	<u>\$ 4,595,438</u>	<u>\$ 38,638</u>	<u>\$ 916,950</u>	<u>\$ 3,717,126</u>	<u>\$ 318,757</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.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

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

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, 2018, 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 \$264,301 for the year ended June 30, 2018.

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, 2018, the Council reported a liability of \$993,937 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Council's proportion was 0.06506%, which was a decrease of 0.00611% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Council recognized pension expense of \$349,572. At June 30, 2018 the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,260	\$ 28,135
Changes of assumptions	141,948	-
Net difference between projected and actual earnings on pension plan investments	241,329	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	26,054	48,133
Council contributions subsequent to the measurement date	264,301	-
Total	<u>\$ 730,892</u>	<u>\$ 76,268</u>

\$264,301 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 59,763
2020	281,947
2021	134,717
2022	(86,104)
2023	-
Thereafter	-
	<u>\$ 390,323</u>

Actuarial Assumptions - The total pension liability in the December 31, 2016 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	7.20 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

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

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, 2016 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. 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, 2017 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.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

Discount rate - The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 (6.20%) or one percentage point higher (8.20%) than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount</u> <u>Rate (7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Council's proportionate share of the net pension liability (asset)	\$ 2,983,820	\$ 993,937	\$ (666,988)

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 full-time employees of the Council who elect to participate in this deferred compensation program. Plan contributions by employees amounted to \$74,554, during the fiscal year ended June 30, 2018, and ending investment balance in the plan at June 30, 2018 was \$1,247,775. 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 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, 2018. All amounts are vested immediately. Also, the participants may make voluntary contributions to the Plan.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

Contributions for the year ended June 30, 2018 totaled \$175,997, which consisted of \$86,372 from the Council and \$85,591 from employees.

NOTE G - OTHER POST-EMPLOYMENT BENEFITS – HEALTH CARE BENEFIT PLAN

Plan Description - On July 11, 2011, under the terms of a Council resolution, the Council adopted a single-employer defined benefit Healthcare Benefits Plan (HCB plan). The HCB plan provided postemployment healthcare benefits to retirees of the Council. Retirees could purchase healthcare coverage through the Council and, depending on years of service, could receive a portion of coverage paid by the Council. The Council could amend the HCB plan at its discretion.

As no retirees were currently covered under the plan and none had opted for the coverage in over a year, the Council decided to terminate the retiree healthcare benefits retroactive to July 1, 2017.

NOTE H - 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 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.

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE I – 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:

	Unavailable	Unearned
Special Revenue Fund - Grant Project Fund		
Receivables not available	\$ 198,636	\$ -
Revenue received in advance of timing requirements	-	670,774
Total Grant Project Fund	<u>\$ 198,636</u>	<u>\$ 670,774</u>
Special Revenue Fund - Local Project Fund		
Receivables not available	\$ -	\$ -
Revenue received in advance of timing requirements	-	-
Total Local Project Fund	<u>-</u>	<u>-</u>
General Fund		
Receivables not available	\$ -	\$ -
Revenue received in advance of timing requirements	-	-
Total General Fund	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 198,636</u>	<u>\$ 670,774</u>

NOTE J - 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 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.

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE J - RISK MANAGEMENT (CONTINUED)

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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Reserve, beginning of year	\$ 122,267	\$ 101,236
Contributions to HRA by Piedmont Triad Regional Council	43,725	85,102
Less claims paid	<u>(65,992)</u>	<u>(64,071)</u>
Reserve, end of year	<u>\$ 100,000</u>	<u>\$ 122,267</u>

NOTE K – 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 \$44,395 in 2018. 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 for the coming years to the Council for approval, and 4) refrain from seeking funds directly from local governments.

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE K – DUE TO PRIMARY GOVERNMENT (CONTINUED)

Due to Council, beginning of year	\$	110,530
Advances from Council		158,408
Less repayments to Council		(224,543)
Due to Council, end of year	<u>\$</u>	<u>44,395</u>

NOTE L – 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, 2018, was comprised of \$53,668 for office space and storage and \$68,146 for equipment.

The following is a summary of future operating lease commitments:

Fiscal Year Ending		Amount
2019	\$	1,631
2020		1,631
2021		-
2022		-
2023		-
Thereafter		-
	<u>\$</u>	<u>3,262</u>

PIEDMONT TRIAD REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE M - 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 High Point	• Town of Oak Ridge
• Avery County	• City of King	• Town of Stoneville
• Bladen County	• City of New Bern	• Town of Summerfield
• Caswell County	• City of Newton	• Town of Walnut Cove
• Davidson County	• City of Randleman	• Town of Yanceyville
• Forsyth County	• City of Reidsville	• Town of Youngsville
• Guilford County	• City of Thomasville	<u>Other</u>
• Moore County	• City of Winston-Salem	• Village of Clemmons
• Randolph County	<u>Town</u>	• Centralina Council of Governments
• Roberson County	• Town of Denton	• Land-of-Sky Council of Governments
• Rockingham County	• Town of Gibsonville	• Western Piedmont Council of Governments
• Stokes County	• Town of Jamestown	• Triangle J Council of Governments
• Surry County	• Town of Jonesville	
• Yadkin County	• Town of Kernersville	
<u>City</u>	• Town of Liberty	
• City of Asheboro	• Town of Mayodan	
• City of Burlington	• Town of Mocksville	
• City of Gibsonville	• Town of Mount Gilead	
• City of Hickory		

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

NOTE N - 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, 2018

NOTE O - 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 P – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2018, consist of the following:

Due to the General Fund from the Grant Project Fund	<u>\$ 167,076</u>
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The due to/from balance occurs due to timing differences for reimbursement grants. It is normally resolved within ninety days of year-end.

NOTE Q – NET INVESTMENT IN CAPITAL ASSETS

Capital assets	\$ 3,528,324
Less: long-term debt	<u>2,532,757</u>
Net investments in capital assets	<u>\$ 995,567</u>

NOTE R – 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	\$ 2,244,540
Less: Stabilization by State Statute	<u>1,643</u>
Net investments in capital assets	<u>\$ 2,242,897</u>

NOTE R – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 26, 2018, 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 FIVE YEARS*
For the Fiscal Year Ended June 30, 2018

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Piedmont Triad Regional Council's proportion of the net pension liability (asset) (%)	0.06506%	0.07117%	0.07085%	0.07169%	0.06930%
Piedmont Triad Regional Council's proportion of the net pension liability (asset) (\$)	993,937	1,510,467	317,971	\$ (422,789)	\$ 835,331
Piedmont Triad Regional Council's covered-employee payroll	\$ 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	24.84%	33.65%	6.80%	-9.51%	31.97%
Plan fiduciary net position as a percentage of the total pension liability**	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 FIVE FISCAL YEARS
For the Fiscal Year Ended June 30, 2018

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 264,301	\$ 297,323	\$ 307,024	\$ 320,115	\$ 316,764
Contributions in relation to the contractually required contribution	<u>264,301</u>	<u>297,323</u>	<u>307,024</u>	<u>320,115</u>	<u>316,764</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Piedmont Triad Regional Council's covered-employee payroll	\$ 3,454,914	\$ 4,001,662	\$ 4,488,389	\$ 4,674,445	\$ 4,443,980
Contributions as a percentage of covered-employee payroll	7.65%	7.43%	6.84%	6.85%	7.13%

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, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Fees, local governments	\$ 576,068	\$ 578,029	\$ 1,961
Investment earnings	10,000	9,797	(203)
Total revenues	<u>586,068</u>	<u>587,826</u>	<u>1,758</u>
Expenditures:			
Administration			
Salaries and fringe	-	35,460	(35,460)
General and administrative	478,648	257,694	220,954
Travel and training	37,229	23,365	13,864
Professional services/consultants	3,750	728	3,022
Supplies	8,000	8,639	(639)
Indirect cost	-	12,943	(12,943)
Capital outlay	58,441	-	58,441
Total expenditures	<u>586,068</u>	<u>338,829</u>	<u>247,239</u>
Excess of revenues over expenditures	<u>-</u>	<u>248,997</u>	<u>248,997</u>
Net change in fund balance	<u>\$ -</u>	<u>248,997</u>	<u>\$ 248,997</u>
Fund balance, beginning		<u>1,995,543</u>	
Fund balance, ending		<u>\$ 2,244,540</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 28,333,960	\$ 25,278,039	\$ (3,055,921)
Fees, local governments	422,137	406,146	(15,991)
Fees, program services	68,918	98,695	29,777
Total revenues	<u>28,825,015</u>	<u>25,782,880</u>	<u>(3,042,135)</u>
Expenditures:			
Administration			
Appalachian Regional Commission/PTRDC EDA			
Salaries and fringe	201,105	207,587	(6,482)
Travel and training	87,476	27,757	59,719
Professional services/consultants	50,344	57,267	(6,923)
General administrative/occupancy	17,873	16,399	1,474
Supplies	500	-	500
Indirect costs	73,403	75,770	(2,367)
Total Administration	<u>430,701</u>	<u>384,780</u>	<u>45,921</u>
Crime control and public safety			
Salaries and fringe	214,559	227,850	(13,291)
Travel and training	84,020	16,691	67,329
Professional services/consultants	569,028	182,474	386,554
General administrative/occupancy	3,429	13,570	(10,141)
Supplies	139,036	21,828	117,208
Indirect costs	50,306	28,028	22,278
Total crime control and public safety	<u>1,060,378</u>	<u>490,441</u>	<u>569,937</u>
Environmental protection			
Salaries and fringe	37,635	35,369	2,266
Travel and training	5,525	1,367	4,158
Professional services/consultants	-	-	-
General administrative/occupancy	-	-	-
Supplies	3,840	1,433	2,407
Indirect costs	13,737	12,910	827
Total environmental protection	<u>60,737</u>	<u>51,079</u>	<u>9,658</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Health and Human services			
Aging and Home and Community Care Block Grant			
Salaries and fringe	1,217,368	1,205,627	11,741
Travel and training	88,167	75,476	12,691
Professional services/consultants	74,129	69,260	4,869
General administrative/occupancy	162,906	148,065	14,841
Supplies	23,695	22,099	1,596
Indirect costs	444,852	440,055	4,797
Miscellaneous	-	-	-
Sub recipient expenses	11,044,015	10,644,788	399,227
Total Aging and Home and Community Care Block Grant	<u>13,055,132</u>	<u>12,605,370</u>	<u>449,762</u>
Housing			
Section 8 Housing Assistance			
HAP payments	3,403,000	3,347,231	55,769
Salaries and fringe	298,849	322,941	(24,092)
Travel and training	4,632	7,132	(2,500)
Professional services/consultants	1,602	1,854	(252)
General administrative/occupancy	29,811	35,290	(5,479)
Rent	17	24	(7)
Supplies	3,009	2,780	229
Indirect costs	109,080	117,873	(8,793)
Total Section 8 Housing Assistance	<u>3,850,000</u>	<u>3,835,125</u>	<u>14,875</u>
Home/SFR/CDBG/URP			
Salaries and fringe	233,961	230,336	3,625
Travel and training	10,629	9,580	1,049
Professional services/consultants	1,139,088	1,103,305	35,783
General administrative/occupancy	22,711	23,314	(603)
Supplies	4,414	4,629	(215)
Indirect costs	85,396	84,073	1,323
Miscellaneous	-	300	(300)
Total Home/SFR/CDBG	<u>1,496,199</u>	<u>1,455,537</u>	<u>40,662</u>
Total Housing	<u>5,346,199</u>	<u>5,290,662</u>	<u>55,537</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, 2018

	Budget	Actual	Variance Positive (Negative)
Indirect costs			
Salaries and fringe	2,439,317	2,276,947	162,370
Travel and training	19,612	19,531	81
Professional services/consultants	79,418	65,234	14,184
General administrative/occupancy	423,791	423,856	(65)
Rent	53,296	53,296	-
Supplies	216,899	66,919	149,980
Allocated indirect costs	<u>(3,232,333)</u>	<u>(2,905,783)</u>	<u>(326,550)</u>
Total indirect costs	<u>-</u>	<u>-</u>	<u>-</u>
Planning			
Salaries and fringe	124,697	94,986	29,711
Travel and training	5,206	3,866	1,340
Professional services/consultants	42,000	22,500	19,500
General administrative/occupancy	-	2,096	(2,096)
Supplies	3,650	4,657	(1,007)
Indirect costs	45,399	34,491	10,908
Total planning	<u>220,952</u>	<u>162,596</u>	<u>58,356</u>
Transportation			
Rural Transportation Planning			
Salaries and fringe	164,801	182,280	(17,479)
Travel and training	18,808	8,385	10,423
Professional services/consultants	750	-	750
General administrative/occupancy	17,534	18,816	(1,282)
Supplies	15,032	1,611	13,421
Indirect costs	60,153	65,989	(5,836)
Total transportation	<u>277,078</u>	<u>277,081</u>	<u>(3)</u>
Workforce development			
Salaries and fringe	850,541	644,634	205,907
Travel and training	8,000	38,034	(30,034)
Professional services/consultants	41,486	34,939	6,547
General administrative	341,890	141,785	200,105
Rent	-	57,739	(57,739)
Supplies	52,968	12,888	40,080
Capital outlay	288,500	119,835	168,665
Sub recipient expenses	3,098,501	2,583,604	514,897
Participant costs	692,319	11,463	680,856
Indirect costs	310,448	201,205	109,243
Total workforce development	<u>5,684,653</u>	<u>3,846,126</u>	<u>1,838,527</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Weatherization			
Salaries and fringe	679,722	649,625	30,097
Travel and training	118,884	34,348	84,536
Professional services/consultants	1,681,293	1,782,159	(100,866)
General administrative/occupancy	86,139	67,172	18,967
Supplies	10,000	3,655	6,345
Capital outlay	-	-	-
Indirect costs	113,147	113,147	-
Total weatherization	<u>2,689,185</u>	<u>2,650,106</u>	<u>39,079</u>
Total expenditures	<u>28,825,015</u>	<u>25,758,241</u>	<u>3,066,774</u>
Excess of revenues over expenditures	-	24,639	24,639
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>	24,639	<u>\$ 24,639</u>
Fund balance, beginning		<u>488,991</u>	
Fund balance, ending		<u>\$ 513,630</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, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 575,552	\$ 379,703	\$ (195,849)
Fees, local governments	115,637	85,725	(29,912)
Fees, program services	3,197,513	1,825,964	(1,371,549)
Total Revenues	3,888,702	2,291,392	(1,597,310)
Expenditures:			
Crime control and public safety local projects			
Criminal Justice Programs			
Salaries and fringe	272,856	275,282	(2,426)
Travel and training	62,558	2,327	60,231
Professional services/consultants	142,762	2,197	140,565
General administrative/occupancy	23,390	12,115	11,275
Rent	20,055	10,542	9,513
Supplies	43,931	329	43,602
Capital Outlay	-	-	-
Participant expenses	10,000	-	10,000
Indirect costs	-	23,922	(23,922)
Miscellaneous	-	-	-
Total Criminal Justice Programs	575,552	326,714	248,838
Environmental protection local projects			
Water			
Salaries and fringe	45,508	59,883	(14,375)
Travel and training	14,645	10,914	3,731
Professional services/consultants	12,600	9,000	3,600
General administrative/occupancy	14,759	9,531	5,228
Rent	-	214	(214)
Supplies	40,000	12,162	27,838
Indirect costs	9,088	8,161	927
Total Water	136,600	109,865	26,735
Health and Human Service local grant projects			
Aging			
Salaries and fringe	4,245	7,359	(3,114)
Travel and training	59,800	3,267	56,533
Professional services/consultants	3,200	1,409	1,791
General administrative/occupancy	15,000	13,109	1,891
Supplies	10,000	44	9,956
Indirect costs	1,255	2,563	(1,308)
Subrecipient expenses	35,000	15,248	19,752
Total Aging	128,500	42,999	65,749
Housing local projects			
Salaries and fringe	-	-	-
Travel and training	-	-	-
General administrative/occupancy	-	-	-

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, 2018

	Budget	Actual	Variance Positive (Negative)
Housing local projects (continued)			
Supplies	-	-	-
Indirect costs	-	-	-
Miscellaneous	-	225	(225)
Total Housing local projects	-	225	(225)
Planning local projects			
Local Technical Assistance Project and Planning			
Salaries and fringe	293,671	94,398	199,273
Travel and training	28,770	17,042	11,728
Professional services/consultants	71,509	86,454	(14,945)
General administrative/occupancy	9,333	23,308	(13,975)
Supplies	1,001	2,865	(1,864)
Indirect costs	107,193	34,455	72,738
Miscellaneous	-	-	-
Total Local Technical Assistance Project and Planning	511,477	258,522	252,955
Workforce Development local projects			
Salaries and fringe	58,377	233	58,144
Travel and training	-	83,473	(83,473)
Professional services/consultants	-	18,525	(18,525)
General administrative/occupancy	49,453	3,697	45,756
Supplies	10,000	6,844	3,156
Participant expenses	177,575	4,620	172,955
Total Workforce Development local projects	295,405	117,392	178,013
Other local projects			
Miscellaneous local projects			
Travel and training	41,200	3,318	37,882
Professional services/consultants	121,990	20,054	101,936
General administrative/occupancy	-	6,927	(6,927)
Supplies	-	2,969	(2,969)
Miscellaneous	-	-	-
Total miscellaneous local projects	163,190	33,268	129,922
Management advisory services			
Salaries and fringe	340,432	282,745	57,687
Travel and training	250,328	17,829	232,499
Professional services/consultants	249,203	9,247	239,956
General administrative/occupancy	-	2,505	(2,505)
Rent	-	-	-
Supplies	-	3,384	(3,384)
Indirect costs	61,945	27,285	34,660
Total management advisory services	901,908	342,995	558,913
Total other local projects	1,065,098	376,263	688,835

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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Weatherization			
Salaries and fringe	-	13,031	(13,031)
Travel and training	-	5,631	(5,631)
Professional services/consultants	1,076,002	561,277	514,725
General administrative/occupancy	-	6,837	(6,837)
Supplies	-	1,419	(1,419)
Indirect costs	100,068	127,485	(27,417)
Total weatherization	<u>1,176,070</u>	<u>715,680</u>	<u>460,390</u>
Total expenditures	<u>3,888,702</u>	<u>1,947,660</u>	<u>1,921,290</u>
Excess of revenues over expenditures	-	343,732	343,732
Other financing sources:			
Sale of capital assets	<u>-</u>	<u>5</u>	<u>5</u>
Net change in fund balance	<u>\$ -</u>	<u>343,737</u>	<u>\$ 343,737</u>
Fund balance, beginning		<u>976,320</u>	
Fund balance, ending		<u>\$ 1,320,057</u>	

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FRINGE BENEFITS AND INDIRECT COSTS
For the Year Ended June 30, 2018

	Expenditures		Rate	
	Proposed	Actual	Proposed	Actual
Fringe benefits				
FICA	\$ 314,983	\$ 283,335		
Group insurance	769,172	736,178		
Retirement and 401(k)	390,968	350,674		
Employee assistance plan and accrued vacation leave	74,150	48,081		
Employee healthcare advocacy	-	10,937		
Worker's compensation and unemployment	44,750	17,434		
Health reimbursement arrangement	52,840	48,791		
	<u>\$ 1,646,863</u>	<u>\$ 1,495,430</u>	<u>41.50%</u>	<u>41.50%</u>
Indirect costs				
Salaries	\$ 574,430	\$ 574,429		
Fringe benefits	218,024	218,025		
Professional services	79,418	54,297		
Telephone	24,392	24,456		
Postage	10,976	10,976		
Travel, parking, and other	19,612	19,531		
Equipment maintenance	710	710		
Equipment rent	53,296	53,296		
Advertising	30	30		
Office supplies	216,899	66,919		
Occupancy expense	217,379	217,380		
Printing costs	1,345	1,345		
Computer services	140,919	140,919		
Dues, subscriptions, memberships, miscellaneous	14,117	14,117		
Insurance	13,923	13,923		
	<u>\$ 1,585,470</u>	<u>\$ 1,410,353</u>	<u>36.50%</u>	<u>36.50%</u>

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2018

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
Appalachian Regional Commission					
ARC 1-1-2017 to 12-31-2017	\$ 74,507	\$ 30,921	41.50%	\$ 38,481	36.50%
ARC 1-1-2018 to 12-31-2018	22,617	9,386	41.50%	11,681	36.50%
Duke Energy					
DEC WAP Ops	9,209	3,822	41.50%	127,485	978.32%
Environmental Protection Agency					
205j #7431 Madison&Mayodan Stormwater Assessment exp 3/31/19	1,523	632	41.50%	787	36.52%
205j Eden Watershed	3,096	1,285	41.51%	1,599	36.50%
205J Guilford Catchment Prior	6,501	2,698	41.50%	3,358	36.50%
205J Protecting Piedmont H2O	12,467	5,174	41.50%	6,439	36.50%
CDBG - Yanceyville Sewer Project	16,800	6,972	41.50%	8,677	36.50%
Local Administration Agreements and Programs					
Aging Fee for Service	2,297	953	41.49%	1,186	36.49%
Aging Fee for Service	311	24	7.72%	-	0.00%
Alamance Co. C-Com Study	621	258	41.55%	321	36.52%
Alamance Co. C-Com Study	1,557	119	7.64%	-	0.00%
Alliance Behavioral Healthcare	7	1	14.29%	-	0.00%
Asheboro Fibertex Project	1,359	564	41.50%	702	36.51%
Asheboro HR	150	11	7.33%	-	0.00%
Asheboro Pay	1,227	509	41.48%	634	36.52%
Asheboro Pay	4,348	333	7.66%	-	0.00%
Avery Co	1,356	104	7.67%	-	0.00%
Bob Barker Foundation	3,225	2,131	66.08%	1,666	31.11%
Bob Barker Foundation	1,910	-	0.00%	-	0.00%
Burlington P&C	3,703	1,537	41.51%	1,912	36.49%
Burlington P&C	3,236	248	7.66%	-	0.00%
CCOG - Gastonia Housing Authority Pay & Class	285	118	41.40%	147	36.48%
CCOG - Gastonia Housing Authority Pay & Class	1,700	130	7.65%	-	0.00%
CCOG - Lincoln Co Pay & Class	22,981	1,758	7.65%	-	0.00%
CCOG - Mooresville Assessment Center	1,804	749	41.52%	932	36.51%
CCOG - Rowan Sheriff Pay & Class	149	62	41.61%	77	36.49%
Centralina COG Pay & Class	1,058	439	41.49%	547	36.54%
Clemmons LDP	12,402	5,147	41.50%	6,405	36.50%
Compass Study	2,667	1,107	41.51%	1,377	36.49%
CPTED Conference	2,064	857	41.52%	1,066	36.49%
Davie Comprehensive Plan	8,064	3,346	41.49%	4,165	36.50%
Davie County - Local Pre Trial	681	-	0.00%	-	0.00%
Davie County - Local Pre Trial	40,093	16,921	42.20%	352	0.62%
Davie Pre-Trial Adm.	11,917	4,945	41.50%	6,155	36.50%
Deep River	4,122	1,711	41.51%	2,129	36.50%
Denton Land Dev	686	285	41.55%	354	36.46%
Denton Pay and Class	91	7	7.69%	-	0.00%
Elkin Bike Plan Grant Application	240	100	41.67%	124	36.47%
Forsyth Pay Study	649	269	41.45%	335	36.49%
Forsyth Pay Study	9,873	755	7.65%	-	0.00%
Gibsonville HR	12,975	993	7.65%	-	0.00%
GIS Misc	465	193	41.51%	240	36.47%
Hickory Pay Study	12,016	919	7.65%	-	0.00%
High Point Pay	6,423	491	7.64%	-	0.00%
High Point Pay Study	2,858	1,186	41.50%	-	0.00%
Iredell P&C	13,014	996	7.65%	1,476	10.54%
Jamestown Pay & Class	1,301	540	41.51%	-	0.00%
Jamestown Pay & Class	3,320	254	7.65%	672	18.80%
Jonesville Planning Services	891	370	41.53%	460	36.48%
Kernersville Pay	320	24	7.50%	-	0.00%
Kernersville Pay Study	1,706	708	41.50%	881	36.50%
Lewisville Planning	101	42	41.58%	52	36.36%
Liberty GIS	51	21	41.18%	26	36.11%
Mayo River Rec	3,269	1,357	41.51%	1,689	36.51%
Mayodan Ordinance	1,797	746	41.51%	928	36.49%
Misc Adm LTA	16,730	1,280	7.65%	-	0.00%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2018

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
Local Administration Agreements and Programs (continued)					
Misc Admin LTA	23,091	9,583	41.50%	11,926	36.50%
Mocksville ABC Feasibility Study	3,165	1,314	41.52%	1,635	36.50%
Mocksville P&C	889	369	41.51%	459	36.49%
Mocksville P&C	2,450	187	7.63%	-	0.00%
Moore Co P&C	19,305	1,477	7.65%	-	0.00%
Moore Co Pay & Class Exp 9/15/2017	499	207	41.48%	257	36.40%
Mooreville Assessment	1,250	96	7.68%	-	0.00%
Mooreville P&C	4,486	1,862	41.51%	2,317	36.50%
Mooreville P&C	2,166	166	7.66%	-	0.00%
New Bern Pay Study	15,295	1,170	7.65%	-	0.00%
Newton Pay & Class	3,758	288	7.66%	-	0.00%
Oak Ridge Streetscape Plan	4,270	1,772	41.50%	2,205	36.49%
Oakridge Pay & Class	1,859	771	41.47%	960	36.50%
Oakridge Pay & Class	1,800	138	7.67%	-	0.00%
Planning Board Training LTA	801	332	41.45%	414	36.54%
Randleman HR Police	2,600	199	7.65%	-	0.00%
Randleman Manager Search	696	289	41.52%	359	36.45%
Randleman Manager Search	2,867	219	7.64%	-	0.00%
Randolph P&C	6,610	506	7.66%	-	0.00%
Randolpy P&C	1,114	462	41.47%	575	36.48%
Reidsville Pay Study	1,722	715	41.52%	890	36.52%
Reidsville Pay Study	2,021	155	7.67%	-	0.00%
Robeson Pay Plan	15,467	1,183	7.65%	-	0.00%
SMART	6,598	2,738	41.50%	3,408	36.50%
SMART	34,858	2,667	7.65%	-	0.00%
SOAR - City of W-S	6,952	2,885	41.50%	-	0.00%
Stoneville Park	325	135	41.54%	168	36.52%
Summerfield UDO	2,900	1,203	41.48%	1,498	36.51%
Surry County LDP	8,456	3,509	41.50%	4,367	36.50%
Surry County-Local Pre Trial	54,213	22,498	41.50%	-	0.00%
Surry Pre-Trial Adm	17,648	7,324	41.50%	9,115	36.50%
Thomasville LDP	8,480	3,519	41.50%	4,380	36.50%
Triangle J COG Pay & Class	1,584	657	41.48%	818	36.50%
Triangle J COG Pay & Class	209	16	7.66%	-	0.00%
Upper Cape Fear	9,203	3,819	41.50%	4,753	36.50%
Vacation Leave	25,060	10,400	41.50%	12,943	36.50%
Walnut Cove Planning	606	252	41.58%	313	36.48%
Western Piedmont COG Pay & Class Exp 9/30/2017	4,521	346	7.65%	-	0.00%
Yadkin CJPP Adm	12,845	5,331	41.50%	6,634	36.50%
Yadkin Co Pay & Class	1,275	529	41.49%	659	36.53%
Yadkin Co Pay & Class	2,766	212	7.66%	-	0.00%
Yadkin Local Pre-Trial	45,062	18,701	41.50%	-	0.00%
Yadkin Riverkeeper Project	557	231	41.47%	288	36.55%
Yanceyville Planning	1,640	681	41.52%	847	36.49%
Youngsville Pay and Class Study	253	105	41.50%	131	36.59%
Youngsville Pay and Class Study	27	2	7.41%	-	0.00%
NC Clean Water Management Trust Fund					
205j Eden Area Watershed	284	22	7.75%	-	0.00%
205j Protecting Piedmonts	10	1	10.00%	-	0.00%
CWMTF Richland Creek	10,624	4,409	41.50%	5,487	36.50%
CWMTF Richland Creek	62	5	8.06%	-	0.00%
CWMTF Stokes	6,867	2,850	41.50%	3,547	36.50%
CWMTF Swearing Creek	99	8	8.08%	-	0.00%
CWMTF Swearing Creek No 2013-802	8,715	3,617	41.50%	4,501	36.50%
NC Dept of Commerce					
ARC Housing	3,851	1,598	41.50%	1,989	36.50%
ARC Tech TA	4,747	1,970	41.50%	2,452	36.50%
ARC WaterRel	4,561	1,893	41.50%	2,356	36.50%
NC Dept of Commerce and PT Job Training Consortium					
2015-3130 #7049 SPCP Implementation NWP Nursing	156,857	65,096	41.50%	14,250	6.42%
Adult- Mobile Unit	446	34	7.62%	-	0.00%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2018

	Salaries	Fringe Benefits		Indirect Costs	
		Amount	%	Amount	%
NC Dept of Commerce and PT Job Training Consortium (continued)					
DW -Mobile Unit	212	16	7.55%	-	0.00%
Mobile Unit - Youth	160	12	7.50%	-	0.00%
NWP LA Adult	91,184	37,841	41.50%	20,102	15.58%
NWP LA Dislocated Worker	21,745	9,024	41.50%	19,970	64.90%
NWP LA Youth	44,426	18,437	41.50%	9,264	14.74%
WIA Administration	140,738	58,406	41.50%	137,619	69.11%
NC Dept of Crime Control and Public Safety					
Davie TECS	8,490	8,239	97.04%	4,385	26.21%
Davie TECS	11,363	-	0.00%	-	0.00%
Rockingham TECS	6,207	4,254	68.54%	3,206	30.65%
Rockingham TECS	4,044	-	0.00%	-	0.00%
Rowan TECS	7,844	3,255	41.50%	4,051	36.50%
Stokes TECS	5,075	2,358	46.46%	2,621	35.26%
Stokes TECS	607	-	0.00%	-	0.00%
Surry TECS	4,983	22,762	456.79%	2,574	9.28%
Surry TECS	49,865	-	0.00%	-	0.00%
Wilkes TECS	8,008	5,136	64.14%	4,136	31.47%
Wilkes TECS	4,367	-	0.00%	-	0.00%
Yadkin TECS	13,662	11,686	85.54%	7,056	27.84%
Yadkin TECS	14,496	-	0.00%	-	0.00%
NC Dept of Human Resources					
AAA Administrative Support	24,987	10,369	41.50%	12,905	36.50%
CRC LCA	11,500	880	7.65%	-	0.00%
CRC LTA	32,350	13,425	41.50%	21,228	46.37%
Elder Abuse - 90 / 10	5,944	2,467	41.50%	3,070	36.50%
Family Caregiver Support	132,324	54,915	41.50%	68,342	36.50%
III-D Evidence	1,684	129	7.66%	-	0.00%
III-D Evidence Based Programs	45,856	19,030	41.50%	24,345	37.52%
MIPPA II	5,022	2,084	41.50%	2,594	36.50%
MIPPA II	12,596	5,227	41.50%	6,506	36.50%
Ombudsman Aging - 90 / 10	287,807	119,440	41.50%	148,642	36.50%
P & A Planning 79.11/20.89	284,563	118,094	41.50%	152,423	37.85%
P & A Planning 79.11/20.89	13,873	1,061	7.65%	-	0.00%
NC Dept of Transportation					
RPO (G)	837	64	7.65%	-	0.00%
RPO (NW)	543	42	7.73%	-	0.00%
Rural Transp Plan (G)	66,372	27,544	41.50%	34,279	36.50%
Rural Transp Plan (NW)	61,398	25,480	41.50%	31,710	36.50%
TJCOG-NCDOT Rail Promotion Project	187	78	41.71%	96	36.23%
US Dept of Commerce					
PTRDC-EDA	36,421	15,115	41.50%	18,811	36.50%
US Dept of Energy					
DOE WAP ADM T &TA	6,310	2,619	41.51%	-	0.00%
DOE WAP Program Ops	82,914	34,409	41.50%	27,465	23.41%
LIHEAP HARRP Program Ops	58,600	24,319	41.50%	29,629	35.73%
LIHEAP WAP Program Ops	308,881	128,185	41.50%	56,053	12.82%
US Dept of Housing and Urban Development					
Alamance SFR	43,944	18,237	41.50%	22,696	36.50%
Caswell eSFR16	23,941	9,936	41.50%	12,365	36.50%
Davidson eSFR17	1,712	711	41.53%	884	36.48%
Davie eSFR16	5,561	2,308	41.50%	2,872	36.50%
Guilford eSRF17	6,779	2,813	41.50%	3,501	36.50%
HOME	14,289	5,930	41.50%	7,380	36.50%
Randolph eSFR16	9,080	3,768	41.50%	4,690	36.50%
Rockingham SFR	24,756	10,274	41.50%	12,786	36.50%
Section 8 Voucher Program	228,227	94,714	41.50%	117,873	36.50%
Stokes eSFR16	15,762	6,541	41.50%	8,141	36.50%
Surry Co SFR15	16,957	7,037	41.50%	8,758	36.50%
WS Project Reentry CDBG	22,014	9,136	41.50%	-	0.00%
US Dept of Transportation					
Clean Fuel Adv Tech	24,996	10,373	41.50%	12,910	36.50%

PIEDMONT TRIAD REGIONAL COUNCIL
 Detail Allocations - Fringe Benefits and Indirect Costs
 For the Year Ended June 30, 2018

	Fringe Benefits		Indirect Costs		
	Salaries	Amount	%	Amount	%
Indirect Payroll	574,430	218,019	37.95%		0.00%
	<u>\$ 3,863,025</u>	<u>\$ 1,495,430</u>		<u>\$ 1,410,356</u>	
Summary of Allocation Rates					
Standard fringe and indirect cost	\$ 2,710,146	\$ 1,124,711	41.50%	\$ 1,399,724	36.50%
FICA only fringe with standard indirect cost	27,058	2,070	7.65%	10,632	36.50%
Standard Fringe with special indirect cost	320,362	132,950	41.50%	-	0.00%
FICA only fringe with special indirect cost	231,030	17,674	7.65%	-	0.00%
Standard fringe on indirect payroll	514,271	213,423	41.50%	-	0.00%
FICA only fringe on indirect payroll	60,158	4,602	7.65%	-	0.00%
	<u>\$ 3,863,025</u>	<u>\$ 1,495,430</u>		<u>\$ 1,410,356</u>	

PIEDMONT TRIAD REGIONAL COUNCIL

HUD Housing Choice Vouchers Program

Financial Data Schedule - Balance Sheet

June 30, 2018

<u>Line Item #</u>		<u>14.871 Housing Choice Vouchers</u>
Assets		
Current Assts		
111	Cash - unrestricted	\$ 130,103
113	Cash - other restricted	<u>107,425</u>
100	Total Cash	<u>237,528</u>
Accounts Receivable		
121	Accounts receivable - PHA projects	917
128	Fraud recovery, net of allowance for doubtful accounts	<u>7,568</u>
120	Total Receivables, net of allowance for doubtful accounts	<u>8,485</u>
150	Total Current Assets	<u>246,013</u>
290	Total Assets	<u>\$ 246,013</u>
Liabilities and Equity		
Current Liabilities		
345	Other current liabilities	<u>\$ 55,141</u>
310	Total Current Liabilities	<u>55,141</u>
300	Total Liabilities	<u>55,141</u>
Equity		
509.3	Restricted fund balance	107,425
512.3	Unassigned fund balance	<u>83,447</u>
513	Total Equity / Net Position	<u>190,872</u>
600	Total Liabilities and Equity / Net Position	<u>\$ 246,013</u>

PIEDMONT TRIAD REGIONAL COUNCIL
 HUD Housing Choice Vouchers Program
 Financial Data Schedule - Revenues and Expenses
 For the Year Ended June 30, 2018

<u>Line Item #</u>		<u>14,871 Housing Choice Vouchers</u>
Revenues		
70600	HUD PHA operating grants	\$ 3,820,448
71400	Fraud recovery	3,825
71500	Other revenue	1,594
70000	Total Revenues	<u>3,825,867</u>
Expenses		
91100	Administrative salaries	228,227
91500	Employee benefit contributions - administrative	94,714
91600	Office expense	15,466
91800	Travel	9,442
91900	Other	136,978
91000	Total Operating - Administrative	<u>484,827</u>
96200	Other general expenses	3,069
96000	Total Other General Expenses	<u>3,069</u>
96900	Total Operating Expenses	<u>487,896</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>3,337,971</u>
97300	Housing assistance payments	3,345,849
97350	HAP portability - in	1,382
90000	Total Expenses	<u>3,835,127</u>
10000	Total Revenue Over Total Expenses	(9,260)
11030	Beginning equity	200,132
11170	Administrative fee equity	83,447
11180	Housing assistance payments equity	107,425
11190	Unit months available	10,104
11210	Number of unit months leased	9,325

COMPLIANCE SECTION



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**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, 2018, 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 September 26, 2018. 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, A.P.C.

September 26, 2018



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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, 2018. 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, 2018. 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

2160 Country Club Road / Winston-Salem, NC 27104 / 336-725-0635 / Fax 336-725-0630
219 Moore Road / P.O. Box 330 / King, NC 27021 / 336-983-5985 / Fax 336-983-5935

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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, 2018.

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.

September 26, 2018



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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, 2018. 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, 2018. 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

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219 Moore Road / P.O. Box 330 / King, NC 27021 / 336-983-5985 / Fax 336-983-5935

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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, 2018.

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, S.P.A.

September 26, 2018

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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>
81.042-1	Weatherization Assistance Program for Low Income Persons

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2018

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Aging Cluster:
93.044	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)
93.568	Low Income Home Energy Assistance Program- Weatherization Assistance Program for Low Income Persons and Heat Air Repair and Replacement Program

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, 2018

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, 2018

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, 2018

There were no prior audit findings.

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
FEDERAL AWARDS					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through N.C. Department of Commerce:					
Passed through the City of Winston-Salem:					
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 31,500	\$ -	\$ -
Total Passed through N.C. Department of Commerce			<u>31,500</u>	<u>-</u>	<u>-</u>
Passed through N.C. Housing Finance Agency					
Passed through Alamance County:					
Home Investment Partnership Program 2015	14.239	N/A	537,389	-	-
Passed through Surry County:					
Home Investment Partnership Program 2015	14.239	N/A	195,846	-	-
Passed through Rockingham County:					
Home Investment Partnership Program 2015	14.239	N/A	368,785	-	-
Passed through Davie County:					
Home Investment Partnership Program 2016	14.239	N/A	13,707	-	-
Passed through Stokes County:					
Home Investment Partnership Program 2016	14.239	N/A	134,724	-	-
Passed through Caswell County:					
Home Investment Partnership Program 2016	14.239	N/A	55,402	-	-
Passed through Randolph County:					
Home Investment Partnership Program 2016	14.239	N/A	20,689	-	-
Passed through Davidson County:					
Home Investment Partnership Program 2017	14.239	N/A	3,351	-	-
Passed through Guilford County:					
Home Investment Partnership Program 2017	14.239	N/A	15,929	-	-
Total Passed through N.C. Housing Finance Agency			<u>1,345,822</u>	<u>-</u>	<u>-</u>
Passed through Surry County Consortium:					
Home Investment Partnership Program	14.239	N/A	30,370	-	-
Section 8 Housing Choice Vouchers	14.871	N/A	3,837,251	-	-
Total U.S. Department of Housing and Urban Development			<u>5,244,943</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE					
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	553	-	-
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	275	-	-
Total Passed through N.C. Department of Crime Control and Public Safety			<u>828</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	407	-	-
Total Passed through N.C. Department of Correction			<u>407</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,235</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR					
Passed through N.C. Department of Commerce:					
Passed through Northwest Piedmont Job Training Consortium/Workforce Development Board:					
WIOA Program - 7013 - Sector Partnership NEG - Health Sciences					
Industry Cluster Career Pathway	17.277	2015-3130-47	299,250	-	-
Workforce Innovation Opportunity Act Cluster					
WIOA - Adult Programs	17.258	2016-4020-47	152,369	-	-
WIOA - Adult Programs	17.258	2017-4020-47	1,064,031	-	977,210
WIOA - Adult Programs - Administration	17.258	2016-4010-47	28,725	-	-
WIOA - Adult Programs - Administration	17.258	2017-4010-47	149,798	-	-
WIOA-Statewide Activities #8025	17.258	2016-4030-47	2,860	-	-
Total CFDA #17.258			<u>1,397,783</u>	<u>-</u>	<u>977,210</u>

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
WIOA - Youth Programs	17.259	2016-4040-47	486,922	-	443,527
WIOA - Youth Programs	17.259	2017-4040-47	890,152	-	810,822
WIOA - Youth Programs - Administration	17.259	2015-4040-47	28,619	-	-
WIOA - Youth Programs - Administration	17.259	2016-4040-47	95,691	-	-
WIOA-Statewide Activities #8024	17.259		5,441	-	-
Total CFDA #17.259			1,506,825	-	1,254,349
WIOA - Dislocated Workers Programs	17.278	2016-4030-47	309,097	-	203,100
WIOA - Dislocated Workers Programs	17.278	2017-4030-47	167,262	-	130,431
WIOA - Dislocated Workers Programs - Administration	17.278	2016-4010-47	26,424	-	-
WIOA - Dislocated Workers Programs - Administration	17.278	2017-4010-47	29,486	-	-
WIOA-Statewide Activities #8035	17.278	2016-4050-47	110,000	-	-
Total CFDA #17.278			642,269	-	333,531
Total Workforce Investment Act Cluster			3,546,877	-	2,565,090
Total U.S. Department of Labor			3,846,127	-	2,565,090
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants					
Northwest Piedmont Rural Transportation Planning	20.205	N/A	106,375	-	-
Piedmont Triad Rural Planning Organization	20.205	N/A	115,287	-	-
Passed through the NC Solar Center/NC State University:					
Clean Fuel Advanced Technology Project III	20.205	2017-1789-08	38,170	-	-
Total U.S. Department of Transportation			259,832	-	-
APPALACHIAN REGIONAL COMMISSION					
Appalachian Local Development Direct Assistance (2017)	23.009	N/A	81,048	-	-
Appalachian Local Development Direct Assistance (2018)	23.009	N/A	25,289	-	-
Total CFDA #23.009			106,337	-	-
Passed through the N.C. Department of Commerce:					
Appalachian Technical Assistance (2017)	23.011	N/A	9,166	-	-
Appalachian Technical Assistance (2017)	23.011	N/A	9,168	-	-
Appalachian Technical Assistance (2017)	23.011	N/A	9,166	-	-
Total CFDA #23.011			27,500	-	-
Total Appalachian Regional Commission			133,837	-	-
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Passed through the N.C. Department of Environmental and Natural Resources:					
Division of Water Quality:					
Guilford Catchment Prioritization 205(j)	66.454	6817	8,928	-	-
Eden Watershed Restoration Outreach 205(j)	66.454	7085	9,382	-	-
Protecting Piedmont Triad Water Resources 205(j)	66.454	7120	19,061	-	-
Protecting Piedmont Triad Water Resources 205(j)	66.454	7431	3,237	-	-
Total Environmental Protection Agency			40,608	-	-
U.S. DEPARTMENT OF ENERGY					
Passed through N.C. Dept. of Environment and Natural Resources:					
Division of Energy, Mineral and Land Resources					
Weatherization Assistance Program for low income persons	81.042-1	7308	469,350	-	-
Total U.S. Department of Energy			469,350	-	-

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
U.S. DEPARTMENT OF COMMERCE					
Passed through Economic Development Agency:					
Piedmont Triad Regional Development Corporation					
EDA District Planning Grant	11.302	04-83-07097	134,996	-	-
Total U.S. Department of Commerce			<u>134,996</u>	<u>-</u>	<u>-</u>
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(16)	21,959	1,292	-
Regional Ombudsman – Title VII-E	93.042	NC-07(16)	129,464	7,615	-
Health Promotion – Title III-D	93.043	NC-07(16)	94,197	5,541	-
Total Special Programs for the Aging			<u>245,620</u>	<u>14,448</u>	<u>-</u>
Special Programs for the Aging - Title III-E					
Grants for Supportive Services and Senior Centers					
Planning & Administration – Title III-E	93.044	NC-07(16)	148,254	8,124	-
Regional Ombudsman – Title III-B and State	93.044	NC-07(16)	279,493	136,422	-
Access and In-Home Services – Title III-B and State Funds for Caregiver Match	93.044	NC-07(16)	1,371,703	4,549,613	1,522,116
Legal Services – Title III-B	93.044	NC-07(16)	76,434	4,495	80,931
Special Programs for the Aging - Title III-C					
Nutrition Services					
Planning and Administration – Title III-C-1 and State	93.045	NC-07(16)	256,736	14,069	-
Congregate Meals – Title III-C-1 and State	93.045	NC-07(16)	1,073,468	63,145	1,136,613
Home Delivered Meals–Title III-C-2 and State	93.045	NC-07(16)	1,133,938	1,084,540	2,218,478
Nutrition Services Incentive Program (NSIP)	93.053	NC-07(16)	686,088	-	686,088
Total Aging Cluster			<u>5,026,114</u>	<u>5,860,408</u>	<u>5,644,226</u>
Family Caregiver - Title III-E	93.052	NC-07(16)	599,278	39,951	357,049
Planning and Administration – Title III-E	93.052	NC-07(16)	96,546	5,292	-
			<u>695,824</u>	<u>45,243</u>	<u>357,049</u>
Access and In-Home Services - SSBG	93.667	NC-07(16)	-	-	320,362
Local Contact Agency (LCA) activities	93.791	32815	87,564	-	5,000
Passed through the N.C. Department of Insurance:					
Passed through the Division of SHIP:					
MIPPA Medicare Enrollment Assistance Program	93.071	RQ 18294097	100,584	-	-
Passed through N.C. Department of Natural Resource:					
Division of Energy, Mineral and Land Resources:					
Low Income Home Energy Assistance Program -Weatherization Assistance Program for low income persons and Heat Air Repair and Replacement Program	93.568	7308	2,172,488	-	-
Total U.S. Department of Health and Human Services			<u>8,328,194</u>	<u>5,920,099</u>	<u>6,326,637</u>
Total Federal Awards			<u>18,459,122</u>	<u>5,920,099</u>	<u>8,891,727</u>
STATE AWARDS					
Clean Water Management Trust Fund					
SW High Point Green Infrastructure Restoration Project - Richland Creek					
		2014-801	-	20,819	-
Stokes County Green Infrastructure Restoration Project		2014-802	-	12,986	-
Swearing Creek Watershed Restoration Plan		2013-802	-	28,723	-
Total Clean Water Management Trust Fund			<u>-</u>	<u>62,528</u>	<u>-</u>

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
Passed through N.C. Housing Finance Agency:					
N.C. Housing Trust Fund - Urgent Repair Program		N/A	-	64,231	-
Total Passed through N.C. Housing Finance Agency			-	64,231	-
N.C. Department of Public Safety:					
N. C. Department of Public Safety-Passed through to Rockingham County		N/A	-	72,977	-
N. C. Department of Public Safety-Passed through to Rowan County		N/A	-	74,455	-
N. C. Department of Public Safety-Passed through to Stokes County		N/A	-	28,281	-
N. C. Department of Public Safety-Passed through to Wilkes County		N/A	-	44,874	-
N. C. Department of Public Safety-Passed through to Yadkin County		N/A	-	69,574	-
N. C. Department of Public Safety-Passed through to Davie County		N/A	-	58,308	-
N. C. Department of Public Safety-Passed through to Surry County		N/A	-	109,587	-
Total N. C. Department of Public Safety			-	458,056	-
N.C. Department of Health & Human Services					
Passed through the Division of Aging and Adult Services:					
Aging Administrative Support		NC-07(16)	-	48,261	-
Senior Center General Purpose		NC-07(16)	-	240,509	240,658
Total N.C. Department of Health & Human Services			-	288,770	240,658
Total State Awards			-	873,585	240,658
Total Federal and State Awards			\$ 18,459,122	\$ 6,793,684	\$ 9,132,385

PIEDMONT TRIAD REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

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, 2018. 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 Vouchers 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.