

**NON-STATE SYSTEM STREET-AID ALLOCATION
(STATE STREET-AID TO MUNICIPALITIES “POWELL BILL”)**

State Authorization: NCGS §136-41.1 through 136-41.4

**N.C. Department of Transportation (NCDOT)
Division of Planning and Programming**

Agency Contact Person – Program

Dr. Majed Al-Ghandour, Ph.D., PE, CPM, M.ASCE
Director, Project Management & Powell Bill
Assistant Director, Division of Planning and Programming
N. C. Department of Transportation
1534 Mail Service Center
Raleigh, NC 27699-1534
(919) 707-4621
malghandour@ncdot.gov

Agency Contact Person – Financial

Eric Van Der Meyden
Financial Management Division
N. C. Department of Transportation
1514 Mail Service Center
Raleigh, NC 27699-1514
(919) 707-4245
(919) 715-8718 – Fax
ejvandermeyden@ncdot.gov

Brief Description of Program:

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

The Single Audit Compliance Unit within the NCDOT Office of Inspector General (OIG) reviews single audits, financial audits, and management letters of all NCDOT “grantees”. OIG examines the presentation of program information including the grantor, program title, NCDOT identification numbers (WBS number), and reported Federal pass-through and/or State expenditures.

Verify the following:

1. Powell Bill expenditures in the Schedule of Expenditures of State Awards and/or the Statement of Revenues Expenditures and Changes in Fund Balance to the expenditures shown on the Powell Bill Expenditures Report.
2. Powell Bill Reserve on the financial balance sheet to the Powell Bill Balance on Hand on the Powell Bill Expenditures Report.
3. Any difference(s) should be explained in a note to the Schedule of Expenditures State Awards or to the financial statements.

The participating municipality receives their Powell Bill funds as an electronic funds transfer (EFT). Powell Bill expenditures should be identified on the Schedule of Expenditures State Awards as Powell Bill, DOT-4. On NCDOT’s confirmation from the Grant Master List (GML), these funds are shown as DOT-4 under the heading “State No”. If an EFT is disbursed to the municipality, “ACH” will be shown under the “check number” column in the GML.

A Powell Bill History file, as reflected in the Powell Bill reporting system (PBRS) with regard to allocations and expenditures, can be requested from the Powell Bill unit at NCDOT_PowellBill@ncdot.gov. Please note the Powell Bill Expenditure Report, due by August 1 annually, includes expenditures for the period July 1 through June 30 of the previous fiscal year; thus, the most recent expenditures will not be shown.

I. PROGRAM OBJECTIVES

Powell Bill funds are distributed to qualifying municipalities to assist them in maintaining, constructing, reconstructing, repairing, and improving streets or public thoroughfares, bikeways, greenways, and sidewalks within their corporate limits (NCGS § 136-41.1 through 136-41.4).

II. PROGRAM PROCEDURES

Funding:

Eligible municipalities receive allocations upon appropriation of funds by the General Assembly to the NCDOT, one-half of the amount appropriated shall be allocated on or before October 1 of each year and the second half of the amount appropriated shall be allocated on or before January 1 of each year.

Seventy-five percent (75%) of the funds are appropriated by municipal population and twenty-five percent (25%) of the funds are appropriated by mileage of public streets the municipality maintains. In accordance with NCGS § 136-41.1(a), "The Department of Transportation may withhold each year an amount not to exceed one percent (1%) of the total amount appropriated for distribution under this section for the purpose of correcting errors in allocations: Provided, that the amount so withheld and not used for correcting errors will be carried over and added to the amount to be allocated for the following year." The Department of Transportation has determined \$500,000 is a sufficient amount to meet this requirement.

Adjustments:

The annual allocation sent to the participating municipalities may be reduced due to adjustments. There are three types of adjustment situations:

- **Excess Balance of Powell Bill Funds** – In accordance with NCGS § 136-41.3(c), when the Powell Bill annual ending balance equals more than the sum of the last ten (10), or twenty (20) allocations, if the municipality has been granted an increase to 20 allocations, the excess balance will be the amount of the adjustment.

In accordance with statute, small municipalities (having a population of less than 5,000) can apply to the NCDOT to be allowed to accumulate up to the sum of their past twenty (20) allocations. Municipalities are to send a written request for approval to increase their allocations to twenty (20) to the Powell Bill Unit. Once granted the increase, if the population of the municipality goes over 5,000, the allocations will be reduced back to ten (10) at the beginning of the next fiscal year.

- **Mileage Errors** – In the event that the municipality has made an error in calculating their certified mileage and claimed more than their actual mileage, the amount of money paid to the municipality for the amount in error will be adjusted on the next allocation. If the situation is reversed, and the municipality claimed less than their actual mileage, they will receive additional funds for the amount in error with the next allocation.

- **Withholding for Non-Payment to NCDOT** – In accordance with NCGS § 136-41.3(d), when a municipality has a past due account with NCDOT, the amount owed will be deducted from their Powell Bill allocation and applied to said account until it is paid in full. The allocation for the municipality’s accounting purposes will still reflect the full amount in the PBRS.

Adjustments, if applicable, are shown individually on the Powell Bill Expenditure Report (Revenues for Powell Bill Streets and Adjustment Section). Any adjustments collected from the municipalities will be added back to the appropriation for the following year.

Required Reports and Supporting Documents:

There are three (3) reports, as well as supporting documents, required as of throughout the state fiscal year. All of these are submitted and processed through the PBRS.

- **Certified Statement – Due by July 21**
 - **NO CHANGES** to corporate limits or street mileage –
 - Certified Statement form – page 1, completed and signed
 - Street Listing – in MS Word or MS Excel format
 - **WHEN THERE ARE CHANGES** to corporate limits and/or street mileage –
 - Certified Statement form – completed, signed and including page 2
 - Street Listing – in MS Word or MS Excel format
 - Map – Certified on or after July 1 that year, digital format
 - Add/Delete Sheet – Stand-alone document, not part of street listing
 - **Every five (5) years:**
 - Map – Certified on or after July 1 that year, digital format
- **Expenditure Report (For Powell Bill Expenses Only) – Due by August 1 for expenditures in the prior fiscal year**
 - Complete with required signatures and notary seal
- **Fiscal Data Report (All expenditures and money received for streets purposes, including the information on the Powell Bill expenditure report in the prior fiscal year) – Due by December 1**

The Powell Bill Reporting System (PBRS) opens for all reports to be submitted by July 1. The Powell Bill Unit reviews the reports and supporting documents as they are submitted with priority given to each report type by due date (Certified Statement first, then Expenditure Report, and then Fiscal Data Report). If there are problems or questions with the reports and/or supporting documents, the information will be returned in the PBRS for corrections. Adjustments made to the reports based on the Powell Bill Unit review, an independent auditor, or findings by the Single Audit Compliance Unit are made on an as needed basis.

In the event that a municipality does not submit the Certified Statement and the required supporting documents or the Fiscal Data Report, as described above, that municipality’s next allocation may be held until the documents have been submitted, reviewed, and approved within the PBRS. The withheld allocation receives a block on the document and is held in an open status in the GRANT/SAP/PBRS, within the Enterprise Business System (EBS). Once the Powell Bill unit notifies NCDOT Fiscal, that the required information has been received, Financial Management will release the block and process the allocation for payment to the municipality.

NON-STATE SYSTEM STREET-AID ALLOCATION

Pursuant to NCGS 136-41.3(b1), in the event that the municipality does not submit a properly executed Expenditure Report by October 1, that municipality is disqualified from receiving the first allocation. Further, if they do not submit a properly executed Expenditure Report by January 1, that municipality is disqualified from receiving the second allocation.

Work Undertaken

The local government of the municipality may undertake the work itself, may enter contracts in the usual manner to private contractors for performance of the work, or may contract with the NCDOT to do the work.

III. COMPLIANCE REQUIREMENTS

CC	1	2	3	4	5	6	7	8	9	10	12	13	14
Cross cutting	Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Conflict of Interest	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	N	Y

1. Activities Allowed or Unallowed

Compliance Requirement – NCGS § 136-41.3(a), “Uses of Funds – Except as otherwise provided in this subsection, the funds allocated to cities and towns under the provisions of G.S. 136-41.2 shall be expended by said cities and towns primarily for the resurfacing of streets within the corporate limits of the municipality but may also be used for the purposes of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality or for meeting the municipality's proportionate share of assessments levied for such purposes, or for the planning, construction and maintenance of bikeways, greenways, or sidewalks.”

As defined in NCGS § 136-41.1(a): “The word ‘street’ as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet.”

For additional information on allowable and unallowable activities, please refer to Powell Bill Expenditure Guidance:

Where the purpose for which Powell Bill funds are proposed to be used is not clearly authorized, legal advice should be sought from the municipality’s attorney, the attorney for the North Carolina League of Municipalities or the Office of the Attorney General.

Audit Objective – Determine whether Powell Bill funds are expended for allowable activities only.

Suggested Audit Procedure – Examine the annual Powell Bill Expenditure Report to test expenditures against related supporting records. The municipality should be able to provide the report, but if not, contact the Powell Bill Unit for assistance.

2. Allowable Costs/Cost Principles

Charging of Equipment Purchased with Powell Bill Funds

Compliance Requirement – The cost of capital equipment purchased and charged to Powell Bill should be on an equitable basis if the equipment is used for more than Powell Bill purposes, i.e. sanitation, water and sewer, etc.

Audit Objective – Determine whether equipment purchased with Powell Bill funds is charged out equitably.

Suggested Audit Procedure:

1. Verify that the equipment is being used for allowable Powell Bill purposes.
2. Verify that the basis for allocating cost to Powell Bill is reasonable. (Example: 35% cost is reasonable if Powell Bill labor is \$35,000 compared to total Public Works Labor cost of \$100,000.)

Separate Records are Required for Powell Bill Funds

Compliance Requirement – NCGS § 136-41.3(b), “Records and Annual Statement. – Each municipality receiving funds by virtue of G.S. 136-41.1 and 136-41.2 shall maintain a separate record of accounts indicating in detail all receipts and expenditures of such funds.”

NCGS § 136-41.3(d), “Contracts for Maintenance and Construction. – ...In computing the costs, the Department of Transportation may use the same rates for equipment, rental, labor, materials, supervision, engineering and other items, which the Department of Transportation uses in making charges to one of its own department or against its own department, or the Department of Transportation may employ a contractor to do the work, in which case the charges will be the contract cost plus engineering and inspection.”

The rates for labor, equipment, and material for such expenditures are as follows:

Administrative Labor – Rate should be computed using actual rates plus an established rate for fringe benefits, if applicable.

Field Labor – Rate should be computed using actual or average actual rate for Public Works laborers plus an established rate for fringe benefits, if applicable.

Note: If municipalities pay their street department from Powell Bill funds, and their street forces perform a variety of functions, the municipality can prorate salaries based on a sample analysis of work functions. The sample should consist of 3 months - January, June, and October, for example. A daily log/timesheet of work activities must be kept for these months to determine the percentage of salaries allocated to Powell Bill activities. The average percentage for the 3 months should be used. The

municipality should maintain work papers supporting the percentage being used and must re-sample their daily logs every other year. This proration method should only be used if the percentage generated by the sample analysis is reasonable.

Equipment – Actual hourly rates are based upon municipalities accounting records for equipment owned by the municipality or vendor invoice for rented equipment.

If municipality's records cannot support a rate, the municipality's charge for a piece of equipment may not exceed the NCDOT's standard hourly rate (see special note below). NCDOT rates are based upon the NCDOT's actual cost records and are acceptable to the Federal Highway Administration. Municipalities that buy equipment with Powell Bill funds and also charge the NCDOT Equipment Rental rates must only use 65% of the NCDOT rental rate. The remaining 35% is a capital cost recovery factor and must be excluded in order that Powell Bill funds are not charged twice for equipment capital costs. If the municipality computes their own equipment rates, they should examine the application of those rates to equipment purchased with Powell Bill funds and eliminate any of the rental cost that results in duplicate recovery of equipment capital costs.

This policy will not affect any municipality that contracts out its street work.

This policy is effective with the fiscal year beginning July 1, 1999.

Special Note: The NCDOT Equipment Rental Rate Schedule is updated annually and maintained in SAP. Please contact the NCDOT Fleet and Material Management Unit at (919) 835-8000 for the current schedule. Not all of the equipment listed on the NCDOT Equipment Rental Rate Schedule is Powell Bill eligible; please make sure to check the Powell Bill Expenditure Guidance for equipment that is eligible.

Material – Actual Cost

Audit Objective – Determine that separate detailed and documented records are kept for administrative labor, field labor, material charged to Powell Bill funds.

Suggested Audit Procedure:

1. Ascertain that costs charged, and receipts credited to Powell Bill funds for administrative labor, field labor, and material are accurately and adequately documented.
2. Test the field labor rates charged to the Powell Bill funds for reasonableness and accuracy. Test the percentage used to allocate administrative salaries to Powell Bill funds. Examine the municipality's work-papers and verify that these rates were used for the entire fiscal year.

3. Cash Management

Interest Income

Compliance Requirement – Interest on investments and interest income earned on Powell Bill funds accrues to that fund in accordance with NCGS § 159-30(e) and NCGS § 136-41.3 and must be recorded on the appropriate Powell Bill documents. Interest shall be used only for the purposes permitted in the provisions of NCGS § 136-41.3(c).

Audit Objective – Determine that interest on investments and interest income earned on Powell Bill funds is credited/added to the Powell Bill funds.

Suggested Audit Procedure:

- a) Ascertain that interest on investments is shown on line 24 of the Receipts for Streets During Fiscal Year of the Fiscal Data Report and interest income earned is shown on line R100 in the Revenue section of the Powell Bill Expenditures Report.
- b) The information should be noted in the General Ledger and included in the Reserved Restricted for Streets on the Government-wide Statement of Net position and Governmental Funds Balance Sheet.
- c) If moneys are invested in a joint account, then a prorated share of interest earned must be computed in accordance with NCGS § 159-30(e).

Reimbursements, Tax Refunds, and Sale/Transfer of Equipment

Compliance Requirement – Reimbursements, sales tax refunds, and sale or transfer of equipment must be credited to Powell Bill funds.

Audit Objective – Determine that any reimbursements, sales tax refunds, and sale or transfer of equipment obtained when using Powell Bill funds are credited to the Powell Bill fund.

Suggested Audit Procedure – Examine source documentation for selected Powell Bill transactions and verify that any reimbursements, sales tax refunds, and sale or transfer of equipment are appropriately and timely reflected in the Powell Bill accounts.

4. Conflict of Interest

Compliance Requirement – NCGS § 14-234 includes a general prohibition against any public official having a personal interest in any contract to which he/she is a party in his/her official capacity. All municipalities by definition (“unit of local government” under G.S. 159-7(b)(15)) are subject to the audit and reporting requirements of the Local Government Commission. These municipalities do not have to file the conflict of interest statement referred to in NCGS § 143C-6-23 for Powell Bill grant purposes.

Any other statute or agency policy that applies should be tested as part of this compliance requirement. *Please see the DOT cross-cutting section for additional information.*

5. Eligibility

Powell Bill Allocation Determination and Required Documentation

Compliance Requirement – As provided by NCGS § 136-41.1(a), “...Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed.

Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.”

For eligibility required reports and supporting documents refer to Section II – Program *Procedures, Required Reports and Supporting Documents*

Audit Objective – Determine whether all applicable reports have been submitted through the PBRs, and the information provided is complete and accurate

Suggested Audit Procedure – Examine the reports submitted and verify that all the required reports were submitted by the municipality. Review source documentation for complete and accurate information.

Qualifications for Designation as a Powell Bill Street

Compliance Requirement – In accordance with NCGS § 136-41.1, “...The word "street" as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet.” The street/thoroughfare should be formally dedicated to, and accepted by, the municipality.

Audit Objective – Determine whether the street identified is Powell Bill eligible.

Suggested Audit Procedure:

- a) Verify that Powell Bill expenditures were for municipal streets and thoroughfares which have been properly “accepted” by the municipality. For very “old” streets for which there is no record of acceptance, verify that the street in question is being used as a public road and is at least 16 feet wide.
- b) For State maintained streets/mileage where the responsibility of maintenance was taken over by a Powell Bill municipality, the date of acceptance should be recorded in the DOT Board of Transportation minutes. For very “old” streets for which there is no record of acceptance, verify that the street in question is being used as a public road and is at least 16 feet wide.

6. Equipment and Real Property Management

Title, Records and Use of Equipment

Compliance Requirement – Title vests in the name of the municipality. If the equipment is used for non-Powell Bill purposes, then Powell Bill should be credited for its use. The municipality’s accounting records should reflect how, when and where the equipment was used, whether the equipment was used for a Powell Bill project, and its recordation on the fixed assets inventory.

Audit Objective – Determine who holds title to the equipment and that the records include both fixed assets inventory and the equipment’s use by the municipality.

Suggested Audit Procedure:

1. Verify that equipment title vests with the municipality.
2. Test that transactions on Powell Bill projects are for labor and maintenance, not capital recovery. Test credit transactions (reimbursement to Powell Bill for use of Powell Bill equipment on non-Powell Bill projects) are for labor, maintenance and capital. Check that records are adequate to determine these factors and support these costs.
3. Verify if maintenance records for the Powell Bill equipment are being kept.
4. Verify equipment usage for non-Powell Bill activities is being recorded, if applicable.

Disposition of Equipment acquired with Powell Bill Funds

Compliance Requirement – When equipment purchased with Powell Bill funds is sold or transferred, moneys must be credited to the Powell Bill fund. In addition, Powell Bill assets transferred must be done so at fair market value.

Audit Objective – Determine whether Powell Bill funds are credited when equipment purchased with Powell Bill funds is either transferred or sold.

Suggested Audit Procedure:

1. Verify that moneys from the sale or transfer of equipment purchased with Powell Bill funds were credited to the Powell Bill fund using line R102 of the Expenditure report.
2. Ensure that transfers were treated like an arms-length transaction and the transaction is recorded at a fair market value.

7. Matching, Level of Effort, Earmarking - N/A

8. Period of Performance

Compliance Requirement – NCGS § 136-41.3(c), “Excess Accumulation of Funds Prohibited. – No funds allocated to municipalities pursuant to G.S. 136-41.1 and 136-41.2 shall be permitted to accumulate for a period greater than permitted by this section. Interest on accumulated funds shall be used only for the purposes permitted by the provisions of G.S. 136-41.3. Except as otherwise provided in this section, any municipality having accumulated an amount greater than the sum of

the past 10 allocations made, shall have an amount equal to such excess deducted from the next allocation after receipt of the report required by this section. Such deductions shall be carried over and added to the amount to be allocated to municipalities for the following year.”

Beginning in FY2011/12, small municipalities shall apply to the NCDOT for the benefit to be allowed to accumulate up to the sum of the past 20 allocations if a municipality’s allocations are so small that the sum of the past 10 allocations would not be sufficient to accomplish the purposes of Powell Bill. Municipalities are to send a written request to be allowed to accumulate up to the sum of the past 20 allocations. (A small municipality is defined as having a population of less than 5,000.)

Audit Objective – Determine if excess Powell Bill funds were accumulated during this reporting period.

Suggested Audit Procedure – Examine the municipality’s Powell Bill history report to ascertain if excess Powell Bills funds accumulated. The report reflects if the municipality can accumulate 10 or 20 allocations. This report is sent to each municipality in October of each year so they should be able to provide it. An additional report is sent to the municipalities that has an excess balance in February each year. If not, contact the Powell Bill Unit at NCDOT_PowellBill@ncdot.gov for assistance.

9. Procurement and Suspension and Debarment

Compliance Requirement – NCGS § 143-129 requires the solicitation of bids on construction or repair work requiring expenditure of public money in an amount equal to or more than five hundred thousand dollars (\$500,000) or purchases in an amount equal to or more than ninety thousand dollars (\$90,000). NCGS § 143-131 states that all contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment, involving the expenditure of public money in the amount of thirty thousand dollars (\$30,000) or more, but less than the limits prescribed in NCGS § 143-129, shall be made after informal bids have been secured. Bid tabulation and governing agency resolution recommending award is required for contract award to the lowest responsible bidder.

Audit Objective – Determine if bids, formal or informal, were required and if required were received.

Suggested Audit Procedure – Obtain a sample from contracts awarded and verify that the municipality has properly solicited bids and that the contracts were awarded to the lowest qualified bidder.

Please refer to the DOT Cross-Cutting supplement for additional testing procedures

10. Program Income – N/A

No income from this program

11. Reserved (No longer applicable) – N/A

12. Reporting

Expenditure Report

Compliance Requirement – The Powell Bill Expenditure Report may be prepared on a cash or accrual basis, and the amount reported in the Schedule of Expenditures of Federal and State Awards must be on the same basis.

Note: If the General Purpose Financial Statements are prepared on the accrual basis and the Powell Bill Expenditures Report is prepared on a cash basis, the Schedule of Expenditures of Federal and State Awards can be prepared on the accrual basis if a footnote is added to the Schedule of Expenditures of Federal and State Awards which reconciles the Powell Bill accrual basis expenditures to Powell Bill cash basis expenditures.

Audit Objective – Determine that the Powell Bill Expenditures Report and the financial reports are prepared on the same basis or that the financial reports contain a footnote reconciling any differences.

Suggested Audit Procedure – Verify that expenditures on the Powell Bill Expenditures Report and the expenditure amount reported in the Schedule of Expenditures of Federal and State Awards agree on a cash or accrual basis.

Municipal Records (General Ledger)

Compliance Requirement – The Powell Bill ending balance on hand, June 30, 20XX, reported on the Powell Bill Expenditure Report, should agree to the restricted amount in the general ledger and to the Restricted for Streets shown on the Government-wide Statement of Net Position and Governmental Funds Balance Sheet. Any difference and its justification should be shown in a footnote to the Schedule of Expenditures of Federal and State Awards or in the Notes to the General-Purpose Financial Statements, if a Single Audit is not required. Unless there is a zero balance, the amount shown as Restricted for Streets must be shown in the financial statements as a specific line item with the balance; it should not be combined with any other reserve nor should it be named anything else.

If the prior year's audited financial statements resulted in adjustments in the amount of Powell Bill expenditures previously reported to the Powell Bill Program, determine that the municipality recorded the differences in the Additional Revenues section on the Powell Bill Expenditure Report and entered as a Correction (+ or -) Line R104 and with an explanation on the next Expenditure report.

Audit Objective – Determine that all Powell Bill balances agree from financial reports to the Powell Bill Expenditures Report and that any changes made are reflected in all balances.

Suggested Audit Procedure – Verify the Powell Bill ending balance on hand, as reflected on the Powell Bill Expenditure Report, ties to the general ledger, and to the Restricted for Streets shown in the financial statements and is supported by restricted funds that are currently available.

13. Subrecipient Monitoring - N/A

14. Special Tests and Provisions

Credit Assessments to Powell Bill Funds for Work Done with Powell Bill Funds

Compliance Requirement – Any assessments levied by a municipality for work performed with Powell Bill funds must be credited to the Powell Bill fund.

Audit Objective – Determine that any assessments levied on work using Powell Bill funds are credited back to the Powell Bill funds.

Suggested Audit Procedure –

- a) Ascertain if assessments were made regarding any work financed with Powell Bill funds.
- b) Verify that any such assessments were recorded as receipts in the Powell Bill fund.

Credit Powell Bill Funds for Reimbursements on Projects where Powell Bill Funds are used.

Compliance Requirement – A credit must be shown to the Powell Bill Fund Account for moneys that are spent on municipal bridge projects, enhancement projects, or other highway construction projects concerning Powell Bill streets and are later received under the Federal-Aid Bridge Program, the Enhancement Program, or other State funds through the NC Department of Transportation. These reimbursed funds must be returned to the municipality's Powell Bill Fund, not the General Fund. Powell Bill funds may be used for the municipality's match on these programs.

Audit Objective – Determine whether reimbursement for a project where Powell Bill funds are used is credited to the Powell Bill fund.

Suggested Audit Procedure – Inquire and inspect financial records to determine whether any funds were received from the Federal-Aid Bridge Program, Enhancement Program, or other State transportation programs passed through the NCDOT to fund projects that were also funded with Powell Bill funds. The funds paid to each municipality are provided on the Powell Bill website, <https://connect.ncdot.gov/municipalities/State-Street-Aid> go to Street Allocations tab on the homepage and select the latest report which covers 1951 to current year. If Federal-Aid Bridge, Enhancement Program, or State transportation moneys were received, verify that Powell Bill moneys were returned to the Powell Bill fund. This information can be obtained from the Division of Planning and Programming STIP department: <https://connect.ncdot.gov/projects/planning/Pages/State-Transportation-Improvement-Program.aspx>.