

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>DURHAM CITY TRANSIT COMPANY 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>10/01/2004</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>10/01/2004</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>10/01/2004</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>DURHAM CITY TRANSIT COMPANY</u> <u>1903 FAY STREET</u> <u>DURHAM, NC 27704</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>26-0846505</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>919-560-1545</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>485110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>26-0846505</u>	2c Sponsor's telephone number <u>919-560-1545</u>	2d Business code (see instructions) <u>485110</u>	
2b Employer Identification Number (EIN) <u>26-0846505</u>					
2c Sponsor's telephone number <u>919-560-1545</u>					
2d Business code (see instructions) <u>485110</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>10/14/2013</u> Date	<u>MIKE BROWN</u> Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 144
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a 133	
b Retired or separated participants receiving benefits.....	6b 0	
c Other retired or separated participants entitled to future benefits.....	6c 21	
d Subtotal. Add lines 6a , 6b , and 6c	6d 154	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 0	
f Total. Add lines 6d and 6e	6f 154	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g 82	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 0	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 3D 2T		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>DURHAM CITY TRANSIT COMPANY 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DURHAM CITY TRANSIT COMPANY</u>	D Employer Identification Number (EIN) <u>26-0846505</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation <u>MERRILL LYNCH,PIERCE,FENNER & SMITH</u> <u>13-5674085</u>
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(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ASCENSUS

11-3665754

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99 37 15 60 50 64	RECORD KEEPER	6685	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ASCENSUS	15 60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MERRILL LYNCH,PIERCE,FENNER & SMITH 13-5674085	SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR SUB-TA REVENUE BY FUND.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>DURHAM CITY TRANSIT COMPANY 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DURHAM CITY TRANSIT COMPANY</u>	D Employer Identification Number (EIN) <u>26-0846505</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	142	182
	(2) Participant contributions	1b(2)	2250	2652
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	39697	65854
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	37362	34965
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	132475	179082
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	211926	282735

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	211926	282735
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	18022	
(B) Participants	2a(1)(B)	61459	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		79481
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	1356	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1356
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	3288	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		3288
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		15296
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		99421

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	17348	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		17348
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		4579
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	6685	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		6685
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		28612

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		70809
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: THOMAS, KNIGHT, TRENT, KING, AND CO

(2) EIN: 56-1018513

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a	X		304687
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2012</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan DURHAM CITY TRANSIT COMPANY 401(K) PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 DURHAM CITY TRANSIT COMPANY		D Employer Identification Number (EIN) 26-0846505
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 45-0404698		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2012 v. 120126		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Independent Auditor's Report

To the Administrative Committee
Durham City Transit Company, Inc.
Durham City Transit Company 401(k) Plan
Durham, North Carolina

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Durham City Transit Company 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Ascensus, as agent for Frontier Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental Schedule H-Line 4i-Schedule of Assets Held at End of Year. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee on December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

3400 Croasdaile Drive, Suite 301
Durham, NC 27705
E-mail: profit@tktk.com

**Innovative Solutions*

Phone: 919.383.8585
Fax: 919.382.3290
Web site: www.ttkk.com

Other Matters

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Schedule H-Line 4i-Schedule of Assets Held at End of Year and Schedule H-Line 4a-Schedule of Delinquent Participant Contributions, which are the responsibility of Plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Thomas, Knight, Trent, King and Company

Durham, North Carolina
October 10, 2013

Schedule C, Part I, line 2(h) Formula Description and Schedule C, Part I, line 3(e)

Formula Description

Plan Name: DURHAM CITY TRANSIT COMPANY 401(K) PLAN

Plan Number: 131961

Broker Dealer: Merrill Lynch

Ticker Symbol	Investment Name	Formula used to determine Sub-TA Compensation paid to Ascensus
MRAXX	Ready Assets(7dayYield:0.00%)	6 dollars per fund position
MSFRX	MFS Total Return Fund A	12 dollars per fund position
MRSAX	MFS Research International Fund A	12 dollars per fund position
MFBFX	MFS Bond Fund A	12 dollars per fund position
MDSPX	BlackRock Value Opportunities Fund A	12 dollars per fund position
MDRFX	BlackRock Mid Cap Val Opp A	12 dollars per fund position
MDLRX	BlackRock Large Cap Core Fund A	12 dollars per fund position
MDLOX	BlackRock Global Allocation Fund A	12 dollars per fund position
MDILX	BlackRock Intl A	12 dollars per fund position
MDGCX	BlackRock Global Small Cap Fund A	12 dollars per fund position
CIGAX	BlackRock U.S. Govt Bond Port A	12 dollars per fund position
ACSTX	Invesco Comstock Fund A	12 dollars per fund position

Schedule C, Part I, line 2(h) Formula Description and Schedule C, Part I, line 3(e)

Formula Description - Additional Fee Notes

Plan Name: DURHAM CITY TRANSIT COMPANY 401(K) PLAN

Plan Number: 131961

Broker Dealer: Merrill Lynch

Merrill Lynch

Effective January, 1, 2012, for the funds for which Ascensus receives a per-position dollar amount from Merrill Lynch, Ascensus will receive an additional payment from Merrill Lynch in the amount of 0.035% of average plan assets in the investment.



Audited Financial Statements

Durham City Transit Company 401(k) Plan

December 31, 2012 and 2011

**Innovative Solutions*

Certified Public Accountants * Business Consultants

3400 Croasdaile Drive, Suite 301
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Durham City Transit Company 401(k) Plan

Contents

	Page
Independent Auditor's Report	3-4
Audited Financial Statements	
Statements of Net Assets Available for Benefits.....	5
Statement of Changes in Net Assets Available for Benefits	6
Notes to Financial Statements	7-15
Supplemental Schedules	
Schedule H-Line 4i-Schedule of Assets Held at End of Year	17
Schedule H-Line 4a-Schedule of Delinquent Participant Contributions.....	18



Independent Auditor's Report

To the Administrative Committee
Durham City Transit Company, Inc.
Durham City Transit Company 401(k) Plan
Durham, North Carolina

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Durham City Transit Company 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Ascensus, as agent for Frontier Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental Schedule H-Line 4i-Schedule of Assets Held at End of Year. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee on December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

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Other Matters

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Schedule H-Line 4i-Schedule of Assets Held at End of Year and Schedule H-Line 4a-Schedule of Delinquent Participant Contributions, which are the responsibility of Plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Thomas, Knight, Trent, King and Company

Durham, North Carolina
October 10, 2013

Durham City Transit Company 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	2012	2011
Investments at fair value (Notes 3, 4, and 5)		
Mutual funds	\$ 244,936	\$ 172,167
	<u>244,936</u>	<u>172,167</u>
Receivables		
Employer contributions	182	142
Participant contributions	2,652	2,250
Notes receivable from participants	34,965	37,362
	<u>37,799</u>	<u>39,754</u>
Total receivables		
	<u>-</u>	<u>5</u>
Cash and cash equivalents (Note 4)		
	<u>-</u>	<u>5</u>
Net assets available for benefits	<u>\$ 282,735</u>	<u>\$ 211,926</u>

See accompanying notes to financial statements.

Durham City Transit Company 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2012

Additions to net assets attributed to:

Investment income (Note 4)

Net appreciation in fair value of investments (Notes 3 and 4)	\$ 15,296
Interest and dividends	<u>3,288</u>
	<u>18,584</u>

Interest income on notes receivable from participants (Note 4)	<u>1,356</u>
--	--------------

Contributions:

Employer (Note 1)	18,022
Participants'	<u>61,459</u>
	<u>79,481</u>

Total additions	<u>99,421</u>
-----------------	---------------

Deductions from net assets attributed to:

Benefits paid to participants	23,847
Administrative expenses (Note 8)	<u>4,765</u>

Total deductions	<u>28,612</u>
------------------	---------------

Net increase	70,809
--------------	--------

Net assets available for benefits:

Beginning of year	<u>211,926</u>
End of year	<u><u>\$ 282,735</u></u>

See accompanying notes to financial statements.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 1 - Description of Plan

The following description of the Durham City Transit Company (Company) 401(k) Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan sponsored by the Company, a subsidiary of First Transit, Inc.

Participation in the Plan is voluntary. Union employees of the Company, who have attained the age of 21, have completed at least six months of employment and are not highly compensated, are eligible to participate. An employee may participate in the Plan on the first day of the month following satisfaction of the Plan's eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Company's Administrative Committee is responsible for oversight of the Plan's investment offerings and monitors investment performance.

Contributions

Each year, participants may contribute up to 100% of annual compensation, subject to legal limitations, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified retirement plans. The Company matches contributions equal to 10% of up to 3% of the participant's eligible compensation. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's salary deferral contribution and Company's matching contributions, as well as allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings account balances or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions and the Company's matching contributions plus actual earnings thereon and are entitled to receive the full value of their accounts upon termination of employment with the Company.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 1 - Description of Plan-(Continued)

Investment Options

Upon enrollment in the Plan, a participant may direct employee and employer contributions in any of twelve investment options. Participants may change their investment allocations and contributions at any time.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance under the Plan. Participants are allowed a maximum of two loans outstanding from the Plan at one time. Loan amounts must be repaid over a period not to exceed five years from the date of issuance, unless the loan was obtained for the purpose of purchasing a primary residence. The repayment terms for loans obtained for the purpose of purchasing a primary residence may not exceed the lesser of ten years or the maximum term permitted by law, whichever is shorter. Principal and interest is paid ratably through bi-weekly payroll deductions. Should a participant terminate employment, the outstanding loan principal, plus accrued interest, shall become due immediately.

Interest is calculated using the prime rate published in the Wall Street Journal plus 2.00%. Interest rates ranged from 5.25% to 10.25%. The loans are secured by the vested balance in the participant's account.

Payment of Benefits

Upon termination of service due to death, disability or normal retirement, a participant with distributions of \$5,000 or greater may elect to receive an amount equal to the value of the participant's interest in his or her account in either a lump sum, partial payments, installment payments, or annuity contracts (other than life annuity). A participant with distributions under \$5,000 may only receive a lump sum payment. Participants may also take distributions prior to termination of employment if the participant has attained age 59½. Distributions for hardships are allowed from the participant's balance upon meeting the financial burden statutory requirements.

Note 2 - Summary of Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

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 net assets available for benefits and changes therein. Actual results could differ from those estimates.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 2 - Summary of Accounting Policies-(Continued)

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisors and trustee. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012 and 2011. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. The Company pays substantially all administrative expenses and investment management fees incurred by the Plan. Administrative expenses include professional fees related to the preparation of the Plan's tax returns, audit fees, attorney fees and recordkeeping/custodian fees. See Note 8 for details of expenses paid out of Plan assets to related parties.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 3 - Investments

The following presents investments that represent 5% or more of the Plan's net assets at December 31:

	2012	2011
BlackRock Global Allocation Fund A	\$ 20,225	\$ 21,093
MFS Bond Fund A	28,018	18,943
MFS Research International Fund A	25,575	19,361
MFS Total Return Fund A	39,402	25,719
Merrill Lynch Ready Asset Trust	65,854	39,692
Invesco Van Kampen Comstock Fund A	*	10,684

*Represents less than 5% of net assets available for benefits in the respective year.

During the year ended December 31, 2012, the Plan's mutual funds (including gains and losses in investments bought and sold, as well as held during the year) appreciated in value by \$15,296.

Note 4 - Information Certified by the Plan's Trustee

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, Ascensus, as agent for Frontier Trust Company, the trustee, has certified that the following data included in the accompanying financial statements and supplemental Schedule H-Line 4i-Schedule of Assets Held at End of Year is complete and accurate.

	2012	2011
Investments		
Mutual funds	\$ 244,936	\$ 172,167
Notes receivable from participants	\$ 34,965	\$ 37,362
Cash and cash equivalents	\$ -	\$ 5
Investment income		
Interest and dividends	\$ 3,288	
Net appreciation in fair value of investments	15,296	
Interest income on notes receivable from participants	\$ 1,356	

Supplemental schedule of assets held at end of year is included on page 17.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets held at end of year.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 5 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under this standard are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2012 and 2011. There have been no changes in the methodologies used for the Plan years ending December 31, 2012 and 2011.

Mutual funds: Valued at the daily closing prices as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 5 - Fair Value Measurements-(Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

Assets at Fair Value as of December 31, 2012

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds				
Blend funds	\$ 59,497	\$ -	\$ -	\$ 59,497
Bond funds	36,917	-	-	36,917
Growth funds	11,648	-	-	11,648
Money market funds	65,854	-	-	65,854
Value funds	71,020	-	-	71,020
	<u>244,936</u>	<u>-</u>	<u>-</u>	<u>244,936</u>
Total investment assets at fair value	<u>\$ 244,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,936</u>

Assets at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds				
Blend funds	\$ 51,601	\$ -	\$ -	\$ 51,601
Bond funds	22,329	-	-	22,329
Growth funds	7,194	-	-	7,194
Money market funds	39,692	-	-	39,692
Value funds	51,351	-	-	51,351
	<u>172,167</u>	<u>-</u>	<u>-</u>	<u>172,167</u>
Total investment assets at fair value	<u>\$ 172,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,167</u>

There were no Level 2 or 3 investments held by the Plan for years ending December 31, 2012 and 2011.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended December 31, 2012 and 2011, there were no transfers in or out of Levels 1, 2, or 3.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 6 - Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Management is monitoring investment market conditions and the impact the conditions are having on the Plan's investment portfolio. Due to the volatility of the financial markets, there is uncertainty regarding the impact which continued volatility might have on the Plan's investment portfolio.

Note 7 - Tax Status

The Plan uses a prototype plan document sponsored by Ascensus. Ascensus received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008, which states that the prototype document satisfies the applicable provisions of the Internal Revenue Code. The Plan has been amended since receiving the opinion letter. The Plan itself has not received a determination letter from the IRS. However, the Plan's administrator and Plan's third party administrator believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRS. Therefore, no provision for income tax has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

Note 8 - Party-in-Interest Transactions

Ascensus is the recordkeeper as defined by the Plan and, therefore, qualifies as a party-in-interest. Fees deducted from Plan assets totaled \$4,765 for the year ended December 31, 2012 for recordkeeping and amendment processing fees. Included in benefits paid to participants are \$1,920 of administrative costs paid to Ascensus by the participants.

The Plan also pays various indirect fees to various brokers and dealers for maintenance of investment funds. The indirect fees are identified on the Form 5500, Schedule C.

Note 9 - Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Participant account balances are currently 100% vested.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 10 - Plan Amendments

In January 2011, the Plan was amended to incorporate the provisions of the Worker, Retiree, and Employer Recovery Act of 2008. This change did not affect Plan assets as of December 31, 2012 and 2011.

Note 11 - Voluntary Compliance

Improper Hardship Distributions

The Plan sponsor determined that it had improperly allowed a hardship distribution from the Plan to a participant during the 2012 Plan year.

The Plan sponsor intends to file a self correction for the 2012 Plan year failure in regards to improper hardship distributions from the Plan in the 2013 Plan year.

Timely Remittance of Contributions

The Plan sponsor determined that it had failed to timely remit employees' contributions to the Plan on multiple occasions during the 2007 through 2012 Plan years. The Plan sponsor made the appropriate calculations and has corrected the defect for the 2007 through 2010 Plan years by contributing a qualified non-elective contribution to the Plan for lost earnings and interest in February 2011. A self correction was prepared in March 2011 and Form 5330, "Return of Excise Taxes Related to Employee Benefit Plans", was filed and excise taxes were paid. The Plan sponsor filed a self correction for the 2011 Plan year failure to timely remit employee contributions to the Plan in the 2012 Plan year.

The Plan sponsor intends to file a self correction for the 2012 Plan year failure to timely remit employee contributions to the Plan in the 2013 Plan year.

Exclusion of Part-Time Employees from Participation

For 2006 through 2010 Plan years, the Plan sponsor determined part-time employees were excluded from Plan participation due to inconsistencies between the provisions related to eligibility for qualified Plan participation contained in the applicable collective bargaining agreement (CBA) and the eligibility set forth in the Plan's documents. The Plan sponsor filed a correction through the IRS Voluntary Fiduciary Correction Program (VFCP) by making corrective contributions to the Plan for the benefit of the improperly excluded part-time employees in amounts necessary to restore the benefits they would have if they were included in Plan participation. See the next item for the VFCP correction resolution.

Durham City Transit Company 401(k) Plan
Notes to Financial Statements
December 31, 2012 and 2011

Note 11 - Voluntary Compliance-(Continued)

Payment of Supplemental Catch-up Matching Contributions to Employees Hired After January 19, 1991

The Plan sponsor amended the Plan effective August 2009 to allow employees hired after January 19, 1991 to receive supplemental catch-up matching contributions. The Plan sponsor filed a correction under the VFCP program to request the IRS deem the Plan amendment be retroactive to January 1, 2006. This will allow the full-time employees to keep the funds already remitted to the Plan made prior to the August 2009 amendment.

The Plan sponsor filed the necessary correction forms in March 2012 for the exclusion of part-time employees from participation and payment of supplemental catch-up matching contributions to employees hired after January 19, 1991. A contribution of \$13,882 to the participant accounts was made by the Plan sponsor at the time of the filing. The IRS responded in August 2012 with a compliance statement indicating the corrections as filed were accepted. The IRS at a later date may verify the correction of the failures and any modifications of administrative procedures have been timely made.

No provision for income taxes has been included in the Plan's financial statements related to the preceding matters because the Plan sponsor believes that the Plan continues to be qualified, and the tax status of the related trust continues to be tax-exempt.

Note 12 - Subsequent Events

Except for voluntary compliance matters described in Note 11, in accordance with generally accepted accounting principles related to subsequent events, the Plan has evaluated all events subsequent to the statement of net assets available for benefits date of December 31, 2012, through October 10, 2013, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

Supplemental Schedules

Durham City Transit Company 401(k) Plan
 EIN 26-0846505
 Plan No. 002
 Schedule H-Line 4i-Schedule of Assets Held at End of Year
 December 31, 2012

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost**	Current Value
	BlackRock	Global Allocation Fund A		\$ 20,225
	BlackRock	Global Small Cap Fund A		11,648
	BlackRock	U.S. Government Bond Port A		8,899
	BlackRock	International Fund A		6,759
	BlackRock	Large Cap Core Fund A		8,333
	BlackRock	Mid Cap Value Opportunities Fund A		11,284
	BlackRock	Value Opportunities Fund, Inc.		6,938
	MFS	Bond Fund A		28,018
	MFS	Total Return Fund A		39,402
	MFS	Research International Fund A		25,575
	Invesco	Van Kampen Comstock Fund A		12,001
	Merrill Lynch	Ready Asset Trust (7 days yield)		65,854
*	Notes receivable from participants	Participant loans, 5.25% to 10.25%, various maturities		34,965
				<u>\$ 279,901</u>

*Denotes a party-in-interest to the Plan.

** Cost information omitted for participant directed investments.

Durham City Transit Company 401(k) Plan

EIN 26-0846505

Plan No. 002

Schedule H-Line 4a-Schedule of Delinquent Participant Contributions

December 31, 2012

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
<u>\$ 245,300</u>	<u>\$ 304,687</u>			
Late Participant Loan Repayments included	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Yes	<u>\$ 57,009</u>	<u>\$ 247,678</u>	<u>\$ -</u>	<u>\$ -</u>

Durham City Transit Company 401(k) Plan

EIN 26-0846505

Plan No. 002

Schedule H-Line 4a-Schedule of Delinquent Participant Contributions

December 31, 2012

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
<u>\$ 245,300</u>	<u>\$ 304,687</u>			
Late Participant Loan Repayments included	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Yes	<u>\$ 57,009</u>	<u>\$ 247,678</u>	<u>\$ -</u>	<u>\$ -</u>

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name DURHAM CITY TRANSIT COMPANY 401(K) PLAN

EIN: 26-0846505

Plan Sponsor's Name DURHAM CITY TRANSIT COMPANY

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Merrill Lynch	Ready Assets(7dayYield:0.00%)	0	65,854
	MFS	MFS Bond Fund A	0	28,018
	MFS	MFS Total Return Fund A	0	39,402
	Invesco	Invesco Comstock Fund A	0	12,001
	BlackRock	BlackRock Large Cap Core Fund A	0	8,333
	BlackRock	BlackRock Mid Cap Val Opp A	0	11,284
	BlackRock	BlackRock Value Opportunities Fund A	0	6,938

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name DURHAM CITY TRANSIT COMPANY 401(K) PLAN

EIN: 26-0846505

Plan Sponsor's Name DURHAM CITY TRANSIT COMPANY

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	BlackRock	BlackRock Global Small Cap Fund A	0	11,648
	BlackRock	BlackRock Global Allocation Fund A	0	20,225
	MFS	MFS Research International Fund A	0	25,575
	BlackRock	BlackRock U.S. Govt Bond Port A	0	8,899
	BlackRock	BlackRock Intl A	0	6,759
	Participants Loan Account	Various Rates and Maturities	0	34,965