

AGENDA

CVTA FINANCE COMMITTEE

Wednesday, October 13, 2021
8:30 a.m.

PlanRVA James River Board Room

Members

- Town of Ashland
- Charles City County
- Chesterfield County
- Goochland County
- Hanover County
- Henrico County
- New Kent County
- Powhatan County
- City of Richmond
- VA House of Delegates
- Senate of VA
- Commonwealth Transportation Board
- VDRPT
- VDOT
- GRTC
- RMTA
- Port of Virginia

This meeting is open to the public. Members of the public are invited to attend in-person or virtually.

If you wish to participate in this meeting virtually, please register via Zoom at https://planrva-org.zoom.us/webinar/register/WN_F1pknx8CRNC7dFEV6k6TGKA

Check out our complete [Public Participation Guide](#) online to learn about the different ways you can stay connected and involved.

Meetings are also live streamed and archived on our YouTube Channel at www.youtube.com/c/PlanRVA.

WELCOME AND INTRODUCTIONS

(Stoney)

CERTIFICATION OF A QUORUM

(Firestone)

ADMINISTRATION

1. Consideration of Amendments to the Action Meeting Agenda

(Stoney)

2. Approval of Minutes

(Stoney)

a. **Approval of August 11, 2021, CVTA Finance Committee Action Meeting Minutes** - page 3
Action Requested

b. **Approval of September 8, 2021, CVTA Finance Committee Action Meeting Minutes** - page 6
Action Requested

3. Open Public Comment Period

(Stoney/5 minutes)

4. CVTA Finance Committee Chairman's Report

(Stoney/10 minutes)

5. CVTA Activities Report

(Parsons/Heeter/Eure/10 minutes)

- a. Staff Activities Report
- b. **Financial Activities and Investment Reports** - page 10
- c. TAC Activities Report

OLD BUSINESS

6. Human Resources Roundtable/Personnel Committee Update- CVTA Executive Director

(HR Roundtable/10 minutes)

Discussion Item: Members will be provided an update from the work of the Personnel Committee with support from the HR Roundtable. The Finance Committee is requested to consult on the proposed compensation and operating budget implications.

7. Requests for Proposal- Financial Advisory Services and Bond Counsel

(Smither/10 minutes)

Discussion Item: Representatives from the Finance Directors Working Group will provide an update on and recommendations for moving the selection process forward.

NEW BUSINESS

8. FY2021 Financial Audit – page 13

(White/15 minutes)

Action Item: Members will be asked to recommend the FY2021 Financial Audit Report be approved by the full Authority.

OTHER BUSINESS

9. Future Meeting Topics – page 60

(Stoney/5 minutes)

10. CVTA Finance Committee Member Comments

(Stoney/5 minutes)

11. Next Meeting: November 10, 2021

(Stoney)

12. Adjournment

(Stoney)



**CENTRAL VIRGINIA TRANSPORTATION AUTHORITY
FINANCE COMMITTEE**

**MINUTES OF ACTION MEETING
James River Board Room
August 11, 2021**

Members Present:

Jurisdiction/Agency	Member	Present	Absent
Chesterfield County	Kevin P. Carroll, (CVTA Vice Chair)	X	
Hanover County	W. Canova Peterson Vice Chair	X	
Henrico County	Frank J. Thornton (CVTA Chair)	X	
City of Richmond	Mayor Levar M. Stoney, Chair	X	
Commonwealth Transportation Board	Carlos M. Brown	X	

Others Present:

Martha Heeter PlanRVA
 Chet Parsons PlanRVA
 Phil Riggan..... PlanRVA

The technology used for this meeting was a web-hosted service created by YouTube Live Streaming and was open and accessible for participation by members of the public. A recording of this meeting is available at on the [PlanRVA YouTube channel](#).

CALL TO ORDER

The Central Virginia Transportation Authority (CVTA) Finance Committee Chair Mayor Levar M. Stoney presided and called the August 11, 2021 CVTA Finance Committee action meeting to order at 8:35 a.m.

ATTENDANCE ROLL CALL & CERTIFICATION OF MEETING QUORUM

Mr. Riggan certified that a quorum was present.

ADMINISTRATION

1. Consideration of Amendments to the Action Meeting Agenda

There were no requested changes to the meeting agenda.

2. Approval of July 16, 2021, CVTA Finance Committee Action Meeting Minutes

On motion of Frank J. Thornton, seconded by Kevin P. Carroll, the CVTA Finance Committee unanimously approved the minutes of the July 16, 2021 meeting as presented (voice vote).

3. Open Public Comment Period

There were no requests to address the CVTA Finance Committee.

4. CVTA Finance Committee Chairman's Report

There was no Committee Chairman's Report.

5. CVTA Activities Report

a. Financial Activities Report

Martha Heeter, PlanRVA, provided this report to the committee.

b. Staff Activities Report: Local MOA Status & FY21 Audit

Ms. Heeter reported on the status of the Memorandums of Understanding with the participating localities. Several have been adopted by the localities; others are scheduled for adoption soon.

The audit is going well, and the financial team has been working with the auditor, PB Mares, on the financial reports. A presentation will be given to the CVTA Finance Committee at a later date.

c. TAC Activities Report

Mr. Todd Eure provided an update from the CVTA Technical Advisory Committee regarding funding for the Fall Line. VDOT is working to update the cost estimates with input from the impacted localities. Once vetted it will be brought to the full Authority for review.

OLD BUSINESS

6. Investment Policy

Rebecca Longnaker, Treasurer, Chesterfield County, offered to answer any questions about the proposed Investment Policy.

7. Disposition of Balance: FY2021 Administrative and Operating Fund

Members had the opportunity to discuss options for disposition of any remaining Operating Fund balance at the end of the fiscal year. Committee members agreed it would be appropriate to carry forward the balance as a matter of practice.

On motion of W. Canova Peterson, seconded by Kevin P. Carroll, the CVTA Finance Committee unanimously agreed to recommend the Authority approve carry over of unexpended funds in the Operating Fund to the next fiscal year.

NEW BUSINESS

8. Solicitation of Services: Bond Counsel and Financial Advisory Services

Staff provided an overview of the recommended process and timeline to fulfil the assignment from May 28th Authority meeting. The committee reaffirmed commitment to openness and inclusion in the solicitation of vendors for the CVTA. Prior to release of the subject Requests for Proposals, staff will review to assure inclusive language is incorporated. No additional action was taken by the committee.

9. Regional Prioritization and Project Funding

Mr. Todd Eure provided an update from the CVTA Technical Advisory Committee regarding project prioritization for FY21-22 and the long-term prioritization of projects for FY23 and beyond.

OTHER BUSINESS

10. Future Meeting Topics

The next meetings will focus on CVTA Staffing, Regional Prioritization, Project Funding and the Future Meeting Schedule.

11. CVTA Finance Committee Member Comments

There were no comments from CVTA Finance Committee members.

12. Next Meeting

The next action meeting will be held in PlanRVA's James River Board Room on September 8, 2021, beginning at 8:30 a.m. in Richmond, Virginia.

13. Adjournment

Chairman Stoney adjourned the meeting at 9:52 a.m.

MH/pr

**CENTRAL VIRGINIA TRANSPORTATION AUTHORITY
FINANCE COMMITTEE**

**MINUTES OF ACTION MEETING
James River Board Room
September 8, 2021**

Members Present:

Jurisdiction/Agency	Member	Present	Absent
Chesterfield County	Kevin P. Carroll, (CVTA Vice Chair)	X (virtual)	
Hanover County	W. Canova Peterson Vice Chair	X	
Henrico County	Frank J. Thornton (CVTA Chair)	X	
City of Richmond	Mayor Levar M. Stoney, Chair		X
Commonwealth Transportation Board	Carlos M. Brown		X

Others Present:

Martha Heeter, PlanRVA
 Chet Parsons, PlanRVA
 Janice Firestone, PlanRVA
 Eric Gregory, Hefty Wiley & Gore
 Debbie Baicy, Chesterfield County
 Joseph Casey, Chesterfield County
 Todd Eure, Henrico County
 Rebecca Longnaker, Chesterfield County

The technology used for this meeting was a web-hosted service created by YouTube Live Streaming and was open and accessible for participation by members of the public. A recording of this meeting is available at on the [PlanRVA YouTube channel](#).

CALL TO ORDER

The Central Virginia Transportation Authority (CVTA) Finance Committee Vice Chair W. Canova Peterson presided and called the September 8, 2021, CVTA Finance Committee action meeting to order at 8:35 a.m.

ATTENDANCE ROLL CALL & CERTIFICATION OF MEETING QUORUM

Chet Parsons, PlanRVA, certified that a quorum was present.

ADMINISTRATION

1. Consideration of Amendments to the Action Meeting Agenda

Vice Chair Peterson announced that Item 9. Personnel Committee Report, will be heard at the next meeting of the CVTA Finance Committee, scheduled for October 13, 2021.

On motion of W. Canova Peterson, seconded by Kevin P. Carroll, the CVTA Finance Committee unanimously approved amending the agenda to remove Item 9. Personnel Committee Report, by acclamation as presented (voice vote).

2. Approval of August 11, 2021, CVTA Finance Committee Action Meeting Minutes

Vice Chair Peterson announced that the minutes of the August 11, 2021, will be brought back for approval at the next meeting of the CVTA Finance Committee, scheduled for October 13, 2021.

3. Open Public Comment Period

There were no requests to address the CVTA Finance Committee.

4. CVTA Finance Committee Chairman's Report

There was no Committee Chairman's Report.

5. CVTA Activities Report

a. Staff Activities Report

Staff reported that the audit is underway. There is a more substantial set of year-end financial reports that will be shared today. An update on the Finance Working Group's activities was shared. It was reported that there are a number of local MOU's that have not been received back yet.

An update on the HR Roundtable activities was given. They will be providing the following at the next meeting of the Personnel Committee, scheduled for September 21, 2021: CVTA Executive Director Job Description, classification and compensation review and recommendation for the CVTA Executive Director position, payroll and benefits recommendation, a draft recruitment profile for CVTA Executive Director and a draft recruitment timeline.

b. Financial Activities Report

Debbie Baicy, Chesterfield County, shared the FY21 year-end financial report, which included information from Tax Collections and Allocations and Sales and Use and Local Fuels Taxes.

c. TAC Activities Report

Mr. Todd Eure provided an update from the CVTA Technical Advisory Committee regarding project prioritization for FY21-22. The Draft CVTA Regional Project Selection and Allocation Framework will be reviewed by the CVTA TAC on September 21, 2021, and then forwarded to the full CVTA at the September 24, 2021, meeting with a recommendation for approval.

OLD BUSINESS

6. Investment Policy

Rebecca Longnaker, Treasurer, Chesterfield County, offered to answer any questions about the proposed Investment Policy and shared the Monthly Investment Report.

On motion of Frank J. Thornton, seconded by Kevin P. Carroll, the Central Virginia Transportation Authority (CVTA) Finance Committee unanimously recommended CVTA approval of the following resolution by acclamation (voice vote).

RESOLVED, that the Central Virginia Transportation Authority (CVTA) Finance Committee forwards the proposed Investment Policy forward to the Authority with a recommendation to adopt.

7. Requests for Proposal – Financial Advisory Services and Bond Counsel

Staff provided an update to members regarding the status of the open solicitation for services. Options for committee engagement in the selection process were discussed. A preliminary report of the RFP results will be prepared for October. There was a discussion about the importance of getting the information out to the public so as many people as possible are aware of the RFP's. It is recommended that staff and the Finance Committee Chair review and rank the RFP's initially and bring to the Committee.

NEW BUSINESS

8. Transit Governance – contract closeout

The **finance invoice from the consultant** was reviewed. It included a recommendation that CVTA approve an additional \$10,000 to complete contracted assignments. There was a discussion on the process to ensure that the items listed on the invoice have been successfully completed. There was a discussion about notifying the Finance Committee members earlier in the process should there be future contracts that go over the original budgeted amount.

On motion of Kevin P. Carroll, seconded by Frank J. Thornton, the Central Virginia Transportation Authority (CVTA) Finance Committee unanimously recommended CVTA approval of the following resolution by acclamation (voice vote).

RESOLVED, that the Central Virginia Transportation Authority (CVTA) Finance Committee unanimously recommends CVTA approval of an additional \$10,000 to complete contracted assignments.

9. Personnel Committee Update

This update will be given at the October 13, 2021, CVTA Finance Committee Meeting. It was noted that the HR Roundtable provided three staffing structure options to the Personnel Committee. All three options included the hiring of an Executive Director at a minimum. The Personnel Committee requested additional information regarding a proposed CVTA Executive Director, and the HR Roundtable offered the following deliverables for the next meeting of the Personnel Committee (9/21/21): CVTA Executive Director Job Description, Classification and compensation review and recommendation for the CVTA Executive Director position, Payroll and benefits recommendation, Draft recruitment profile for CVTA Executive Director and Draft recruitment timeline

OTHER BUSINESS

10. Future Meeting Topics

The next meetings will focus on CVTA Staffing, Regional Prioritization, Project Funding and the Future Meeting Schedule.

11. CVTA Finance Committee Member Comments

There were no comments from CVTA Finance Committee members.

12. Next Meeting

The next action meeting will be held on October 13, 2021, beginning at 8:30 a.m. in Richmond, Virginia.

13. Adjournment

Vice Chair Peterson adjourned the meeting at 9:17 a.m.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY
Tax Collections and Allocations
As of September 30, 2021
Fiscal Year 2022 (June 2021 through May 2022 Tax activity)

	June Tax Activity	YTD
Local Distribution Fund		
Receipt of Taxes:		
Sales and Use Tax	\$ 11,563,283	\$ 11,563,283
Local Fuels Tax	4,067,844	4,067,844
Total Receipt of Taxes	15,631,127	15,631,127
Cash Outflows & Transfers:		
Transfers:		
Operating Fund	-	-
Regional Fund	5,470,894	5,470,894
Payments to GRTC	2,344,669	2,344,669
Total transfers	7,815,563	7,815,563
Local Distributions:		
Ashland	27,834	27,834
Charles City	56,427	56,427
Chesterfield	2,235,322	2,235,322
Goochland	192,114	192,114
Hanover	1,127,091	1,127,091
Henrico	2,446,724	2,446,724
New Kent	196,782	196,782
Powhatan	189,972	189,972
Richmond	1,343,298	1,343,298
Total local distributions	7,815,563	7,815,563
Local Distribution Fund ending balance	\$ -	\$ -

Operating Fund		
Beginning balance, July 1, 2021		\$ 186,942
Transfer from Local Distribution Fund	\$ 500,000	500,000
Prior year accounts payable - outstanding	11,889	11,889
Payment of operating costs	-	-
Operating Fund ending balance	\$ 511,889	\$ 698,831

Regional Fund		
Beginning balance, July 1, 2021		\$ 47,741,073
Transfer from Local Distribution Fund	\$ 5,470,894	5,470,894
Interest income	6,760	6,760
Regional Fund ending balance	\$ 5,477,655	\$ 53,218,728

Notes:

- * Local fuels tax effective July 1, 2020 / S&U tax effective October 1, 2020
- * Activity month is reported. CVTA receives funds three months after the activity month



AUGUST 2021

This investment report for August 2021 is presented in accordance with the Investment Policy of the Treasurer of Chesterfield County, Virginia. The objective of the policy is to obtain the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds. All investments held are in compliance with this policy.

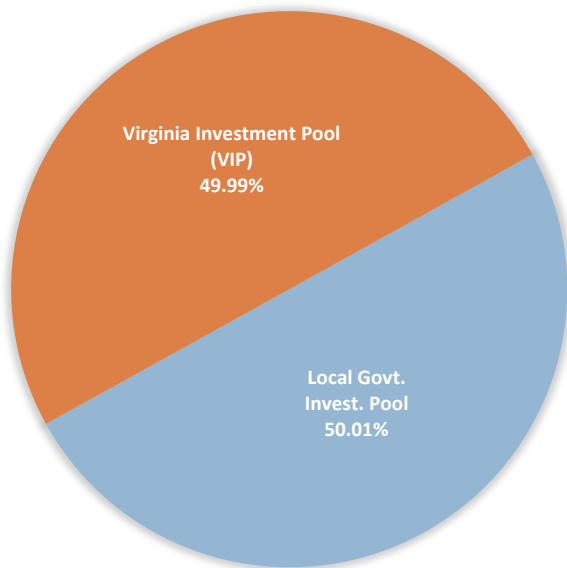
MONTHLY INVESTMENT REPORT

REBECCA R. LONGNAKER, CPA, MGT
 INVESTMENT OFFICER
 9211 Forest Hill Avenue
 Richmond, VA 23235
 Office: 804-748-1201
 Email: longnakerr@chesterfield.gov
 www.chesterfield.gov/treasurer

Investments at a glance (as of 8/31/2021)

Total Book Value	\$42,923,237.39
Average Days to Maturity	1
Yield to Maturity 365 Day Equivalent	.066%

Investment Type Allocation



Portfolio Mix	Balance
Local Govt. Invest. Pool (LGIP)	\$21,466,558.10
Virginia Investment Pool (VIP)	\$21,456,679.29
Federal Agency Coupon	\$0
US Treasury Discount	\$0
Total	\$42,923,237.39

Cumulative Interest Earnings FY2022



Treasury yields have not been lower since 2016. Economic uncertainty due to COVID-19 has resulted in maintaining a highly liquid portfolio. It is expected that yields will remain this low for the next couple of years.

Benchmark Comparisons

The 91-Day Treasury Bill, 6-Month Treasury Bill and the Virginia Treasury Prime Liquidity are used as benchmarks for Central Virginia Transit Authority's (CVTA) portfolio performance. The portfolio consists of highly liquid pooled funds which yield slightly more than short-term treasuries.

YIELD BENCHMARKING			
	CURRENT YIELD	YEAR AGO	YoY CHANGE
Portfolio	.066%	n/a	n/a
91-day T-Bill	.05%	0.10%	-0.05% pts
6-month T-Bill	.06%	0.12%	-0.06% pts
Va. Treas. Prime Liq.	.22%	0.50%	-0.28% pts

Compliance Report

The Treasurer's Investment Policy specifies limits on categories of investment to obtain diversification and avoid incurring unreasonable risk inherent in over-investing in specific instruments. The County's Investment Portfolio is in full compliance with the Treasurer's Investment Policy.

Investment Category	Code of Virginia			Treasurer's Investment Policy			August Actual %
	Maximum Maturity	Authorized % Limit	Rating Requirement	Maximum Maturity	Authorized % Limit	Rating Requirement	
Local Government Investment Pool (LGIP)	N/A	100%	N/A	N/A	100%	N/A	50.01%
Virginia Investment Pool Trust Fund (VIP)	N/A	100%	N/A	N/A	100%	N/A	49.99%
Federal Agency Coupon	No Limit	100%	N/A	5 Years	100%	N/A	0%
U.S. Treasury Discount	No Limit	100%	N/A	5 Years	100%	N/A	0%

Understanding Key Investment Terms

Local Government Investment Pool (LGIP) A State-administered fund that enables governmental entities to realize the economies of large-scale investing and professional funds management.

Virginia Investment Pool Trust Fund (VIP) A fund, administered by the Virginia Municipal League (VML) and Virginia Association of Counties (VACo), that provides political subdivisions of the Commonwealth of Virginia the ability to pool their funds and invest under the direction and daily supervision of a professional fund manager.

Federal Agency Coupon Fixed income government agency obligations with a stated interest rate and maturing in more than one year.

U.S. Treasury Discount Fixed income government securities priced below par and maturing in less than one year.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Results of the Audit
June 30, 2021

Presented by:
Michael A. Garber, Partner
558 South Main Street, Harrisonburg, VA 22801
(540) 434-5975
www.PBMares.com



Purpose of this Report

Engagement Team and Firm Information

Overview of the Financial Statements

- Audit Opinion
- Financial Statements
- Compliance Report

Required Communications under *Government Auditing Standards*

Questions, Comments, and Observations

Table of Contents

Engagement Team and Firm Information	1
PBMares – Overview	1
State and Local Government Niche.....	1
Engagement Team.....	2
Overview of Financial Statements	3
Independent Auditor’s Report.....	3
Financial Statements.....	3
Compliance Report	4
Required Communications under <i>Government Auditing Standards</i>	4
Required Communications.....	4
Closing.....	5
Exhibit A – Significant Written Communications between Management and Our Firm	

Engagement Team and Firm Information

PBMares – Overview

Ranked on INSIDE Public Accounting's IPA 100 list, PBMares is a full-service accounting and consulting firm, providing audit, tax, and advisory services. Founded in 1963, the firm is headquartered in Virginia and maintains a strong presence in the Mid-Atlantic region, with offices in Baltimore and Rockville, Maryland, Morehead City and New Bern, North Carolina, as well as Fairfax, Fredericksburg, Harrisonburg, Newport News, Norfolk, Richmond, Warrenton, and Williamsburg, Virginia. We have developed a strong practice and a solid reputation thanks to the background and qualifications of our highly skilled and experienced professional staff.

Range of Services

With more than 300 professionals, PBMares offers expertise across a broad range of services. In addition to traditional assurance and tax services, we provide the following services:

- Cybersecurity
- Forensic
- Internal audits
- Outsourced accounting
- Wealth management
- Business valuations
- Retirement plan design and administration
- Transaction advisory
- Estate/trust accounting and planning
- Strategic planning
- Succession planning
- Litigation support

Industry specialties include:

- State and Local Government
- Not-for-Profit
- Construction and Real Estate
- Healthcare
- Financial institutions
- Government contractors
- Hospitality

PBMares Cares

Part of being a CPA firm is serving the community. This should be an innate part of any firm's values, and, at PBMares, we take our role as stewards of society very seriously. It isn't just about providing excellence through our services. Our commitment to the public good has a deeper ethical significance to us as individuals and citizens and translates into many contributions to our communities where we live and work – ways that go beyond making a financial contribution. Many of PBMares' partners and employees serve on non-profit boards or volunteer thousands of hours in service to local charities, including churches, children's museums, schools, food pantries, youth sports, health care organizations, and countless other worthy causes. The firm has also established PBMares Cares Day, where all employees are encouraged to participate in a firm-wide day of volunteerism at different charities supported by the firm.

State and Local Government Niche

Public Sector Commitment and Experience

PBMares' State & Local Government Team is comprised of more than 20 professionals focused on the unique compliance and regulatory needs of clients in the public sector. The public sector is one of the main focus industries within our firm. Members of the State & Local Government Team have extensive experience in providing audit and consulting services to many authorities, boards, commissions, counties, cities, and towns. The team is co-led by Betsy Hedrick and Mike Garber, who are based in the firm's Harrisonburg office.

Members of the team actively pursue information on the most up-to-date government developments and devote significant time researching and studying the economics, operational issues and trends affecting governmental entities to ensure we are on the leading edge of issues affecting clients. Team members serve as volunteer instructors at seminars conducted by the Virginia Government Finance Officers Association and the Virginia Society of Certified Public Accountants, as well as serve as seminar sponsors held by these associations. This deep industry involvement translates to a well-trained, specialized engagement team, setting us apart from many CPA firms.

Similar Engagements with Other Governmental Entities

The following are some of our current governmental audit clients:

Traditional Local Governments

- County of Augusta
- County of Goochland
- County of Orange
- County of Rockingham
- Town of Ashland
- Town of Bridgewater
- Town of Culpeper
- Town of Grottoes
- Augusta County Economic Development Authority
- Orange County Economic Development Authority

Other Types of Local Governments

- Virginia Port Authority and Virginia International Terminals
- Fairfax County Water Authority
- Prince William County Service Authority
- Upper Occoquan Service Authority
- Augusta County Service Authority
- Middle River Regional Jail Authority
- Northern Virginia Transportation Authority
- Northern Virginia Transportation Commission
- Potomac and Rappahannock Transportation Commission
- Virginia Railway Express
- Hampton Roads Transportation Accountability Commission
- Hampton Roads Planning District Commission
- Goochland Powhatan Community Services
- Shenandoah Valley Regional Program for Special Education

Professional Development and Thought Leadership

PBMares will share information regarding training opportunities for our clients in applicable subject matters, including the firm's free annual Municipal Government Ethics & Training Day. The State and Local Government Niche Team also maintains a blog, giving government entities timely information on subjects that impact them. Recent blog posts have covered topics including Federal grant compliance and guidance for implementing new *Governmental Accounting Standards*.

Engagement Team

Michael A. Garber, CPA, MBA, Partner



As the Engagement Partner, Mike ensures that the services clients receive are of the highest quality and that the benefits of the professional working relationship between our two organizations are maximized. As such, he has overall responsibility for supervision of the engagement and provides technical expertise as needed. He is actively involved with the supervision, management and performance of the audit fieldwork, as well as the review of work papers and reports. He reviews the audit strategy and conducts the technical standards review of all work papers and the final report. He has more than 25 years of experience in providing audit, accounting, and consulting services to governmental entities. He also has extensive experience performing and reviewing single audits. He also co-leads the firm's State and Local Government Team.

Mike is a member of the American Institute of Certified Public Accountants, the Virginia Society of Certified Public Accountants (VSCPA), the Government Finance Officers Association (GFOA) and Virginia Government Finance Officers Association (VGFOA). He has been a presenter and session leader for new GASB pronouncements and other governmental related topics for the VSCPA, the Virginia Association of School Business Officials (VASBO), and the VGFOA. Mr. Garber is also a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting program. For ten years, he was recognized by Virginia Business magazine and the VSCPA as a "Super CPA" in the service areas of Government and Not-for-Profit as voted on by his peers from throughout the Commonwealth.

Tyler Farnsworth, CPA, Manager

As the Engagement Manager, Tyler designs the engagement strategy and procedures, directs the fieldwork and reviews the work of the staff accountants assigned to the engagement. He coordinates on-site and daily work efforts. Tyler joined PBMares in 2014. Since joining PBMares, he has worked on audit teams for various government audit engagements including counties, cities, towns, authorities, boards, and commissions.

He is a member of the American Institute of the Virginia Society of Certified Public Accountants and the Virginia Government Finance Officers' Association.

Overview of Financial Statements

Independent Auditor's Report

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor Public Accounts of the Commonwealth of Virginia. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinions

We have issued an unmodified audit report (i.e. "clean opinions"). The respective financial statements are considered to present fairly the financial position and results of operations as of and for the year ended June 30, 2021.

Other Matters

Certain required supplementary information and the introductory included in the financial report, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

Financial Statements

These Financial Statements consist of three sections: introductory, financial, and compliance. The financial section has two components: management's discussion and analysis and the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies.

The first government-wide statement, the Statement of Net Position, presents information on all of the Authority's assets and liabilities with the difference reported as net position. This statement provides both long-term and short-term information.

The second government-wide statement, the Statement of Activities, presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Total assets of the Authority exceeded total liabilities at June, 30, 2021 by \$48,428,015.

Governmental Funds

At June 30, 2021, the Authority's major governmental funds, the General Fund and the Special Revenue Funds, reported total fund balances of \$48,428,015 which was comprised of unassigned, assigned, and restricted fund balances.

Compliance Report

The report is based on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

Required Communications under *Government Auditing Standards*

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Our Responsibilities with Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Authorities, Boards and Commissions* provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated June 30, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement and Compliance Audit

We have issued a separate communication dated June 30, 2021 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

There are no accounting estimates identified by management.

Audit Adjustments

There were no audit adjustments made to the original trial balances presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Independence

In all matters relating to audit work required by the Authority, PBMares is free from personal and external impediments to independence, is organizationally independent, and will maintain an independent attitude and appearance with respect to the requested audit services. PBMares is free of all obligations and interests that might or would conflict with the best interests of the Authority.

Significant Written Communications between Management and Our Firm

Copies of significant written communications between our firm and management of the Authority, including the representation letter provided to us by management, are attached as Exhibit A.

Closing

This information is intended solely for the use of Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report.

We appreciate the opportunity to serve the Central Virginia Transportation Authority.

Thank you.

PBMares, LLP

Exhibit A – Significant Written Communications between Management and Our Firm

September 29, 2021

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Central Virginia Transportation Authority (Authority) as of and for the year ended June 30, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of September 29, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 30, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. We have disclosed all interfund transactions, including interfund transfers, which have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment have been disclosed, if any.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.
9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net position and fund balance classifications.
 - b. The fair value of investments.
 - c. Deposits and investment securities categories of risk.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Authority has no significant amounts of idle property and equipment.
 - b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts, if necessary.
12. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.
 - d. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - e. Agreements to repurchase assets previously sold.
 - f. Security agreements in effect under the Uniform Commercial Code.
 - g. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.

- h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - i. Debt issue repurchases options or agreements, or sinking fund debt repurchases ordinance requirements.
 - j. Significant estimates and material concentrations known to management which are required to be disclosed.
 - k. Authorized but unissued bonds and/or notes.
 - l. Risk financing activities.
 - m. Derivative financial instruments.
 - n. Special or extraordinary items.
 - o. Arbitrage rebate liabilities.
 - p. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2021.
 - q. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - r. Material losses to be sustained as a result of purchase commitments.
 - s. Environmental cleanup obligations.
 - t. Contractual obligations for construction and purchase of real property or equipment.
 - u. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Statement No. 5 and/or GASB Statement No. 10.
 - v. Leases and material amounts of rental obligations under long-term leases.
 - w. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
13. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
14. We have complied with all aspects of contractual laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.

16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
17. Revenues are appropriately classified in the Statement of Activities within program revenues and general revenues.
18. We have no knowledge of any uncorrected misstatements in the financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.

Information Provided

20. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the financial statements.
22. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
24. We have no knowledge of allegations of fraud or suspected fraud, affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, or others.

26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
28. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.
29. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
30. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

31. With respect to the Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
33. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
34. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
35. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts.
36. Has not identified any instances that have occurred or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.

37. Is responsible for 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.
38. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
39. Has a process to track the status of audit findings and recommendations, if any.
40. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY



Frank J. Thornton, CVTA Chair

Martha Heeter, Executive Director (PlanRVA)

Sheila White, Director of Finance (City of Richmond)

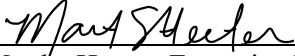
Donna Arrington, Director of Accounting (Chesterfield County)

Debbie Baicy, Fiscal Services Coordinator (Chesterfield County)

37. Is responsible for 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.
38. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
39. Has a process to track the status of audit findings and recommendations, if any.
40. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Frank J. Thornton, CVTA Chair



Martha Heeter, Executive Director (PlanRVA)

Sheila White, Director of Finance (City of Richmond)

Donna Arrington, Director of Accounting (Chesterfield County)

Debbie Baicy, Fiscal Services Coordinator (Chesterfield County)

37. Is responsible for 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.
38. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
39. Has a process to track the status of audit findings and recommendations, if any.
40. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Frank J. Thornton, CVTA Chair

Martha Heeter, Executive Director (PlanRVA)

Sheila White

Sheila White, Director of Finance (City of Richmond)

Donna Arrington, Director of Accounting (Chesterfield County)

Debbie Baicy, Fiscal Services Coordinator (Chesterfield County)

37. Is responsible for 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.
38. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
39. Has a process to track the status of audit findings and recommendations, if any.
40. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Frank J. Thornton, CVTA Chair

Martha Heeter, Executive Director (PlanRVA)

Sheila White, Director of Finance (City of Richmond)



Donna Arrington, Director of Accounting (Chesterfield County)



Debbie Baicy, Fiscal Services Coordinator (Chesterfield County)

**CENTRAL VIRGINIA
TRANSPORTATION AUTHORITY**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2021



ASSURANCE, TAX & ADVISORY SERVICES

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

TABLE OF CONTENTS

INTRODUCTORY SECTION	
Directory of Principal Officials	i

FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1 – 2
Management’s Discussion and Analysis	3 – 6
<i>Basic Financial Statements</i>	
Statement of Net Position	7
Statement of Activities	8
Balance Sheet – Governmental Funds	9
Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	10
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	11
Notes to Financial Statements	12 – 20

COMPLIANCE SECTION	
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21 – 22

INTRODUCTORY SECTION

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Frank J. Thornton, CVTA Chairman; *Henrico County*
Kevin P. Carroll, CVTA Vice Chairman; *Chesterfield County*
John H. Hodges, *Town of Ashland*
William G. Coad, *Charles City County*
Neil Spoonhower, *Goochland County*
W. Canova Peterson IV, *Hanover County*
Patricia A. Paige, *New Kent County*
David T. Williams, *Powhatan County*
Mayor Levar M. Stoney, *City of Richmond*
Del. Delores McQuinn, *Virginia House of Delegates*
Sen. Jennifer L. McClellan, *Senate of Virginia*
Carlos M. Brown, *Commonwealth Transportation Board*

Non-Voting Members

Jennifer Mitchell, *Virginia Department of Rail and Public Transportation*
Stephen C. Brich, *Virginia Department of Transportation*
Stephen A. Edwards, *Virginia Port Authority*
Julie Timm, *Greater Richmond Transit Company*
Joi Taylor Dean, *Richmond Metropolitan Transportation Authority*



INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Central Virginia Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison of the Central Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Authority, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
September 29, 2021

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Central Virginia Transportation Authority's (the "Authority") Financial and Compliance Report presents our discussion and analysis of the Authority's financial performance as of and during the fiscal year ended June 30, 2021. Please read it in conjunction with the Authority's financial statements and accompanying notes that follow.

The Authority

The Authority, a political subdivision of the Commonwealth of Virginia, was created on July 1, 2020 pursuant to Chapter 37, Title 33.2, Code of Virginia. The Authority was created to fund transportation needs in the central Virginia region encompassed by Planning District 15 (the "District") and is comprised of the Town of Ashland, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and the City of Richmond. The following additional regional taxes were levied to support the Authority's mission: effective July 1, 2020, wholesale fuels tax of 7.6 cents per gallon of gasoline and 7.7 cents per gallon of diesel fuel and effective October 1, 2020, additional sales and use tax of 0.7%. The fuel tax rates would be indexed for inflation. The legislation stipulates that the additional levied taxes must be used to address transportation needs within the region and further stipulates the following disposition of funds: 50% of total revenues must be distributed to the locality of origin; 15% of revenue must be distributed to the Greater Richmond Transit Company; and 35% of total revenues may be maintained for allocation to regionally significant projects. The Authority is also permitted to support general operating and administration from the total revenues prior to distribution according to the formulas.

Financial Highlights

- Assets exceeded liabilities by \$48,428,015.
- Revenues totaled \$137,394,222.
- Expenses totaled \$88,966,207.

Overview of the Financial Statements

The Authority's annual financial report consists of two parts, management's discussion and analysis (this section, which is unaudited) and the audited financial statements. The governmental activities are reported through government-wide and governmental fund financial statements.

Government-wide Financial Statements. The government-wide financial statements provide readers with a broad view of the Authority's finances using the accrual basis of accounting in a manner similar to that of a private-sector business. The *Statement of Net Position* presents information on all assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or declining. The *Statement of Activities* presents information that shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will have actual cash flows in a future fiscal period.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)**

Governmental Fund Financial Statements. The governmental fund financial statements reinforce the information provided in the government-wide financial statements by providing a narrower focus. The governmental fund financial statements, using the modified accrual basis of accounting, look at near-term inflows and outflows of spendable resources and the available balances of those resources at the end of the fiscal year. The *Balance Sheet* reports the Authority’s fund balance as of the fiscal year end. Fund balance information is useful when evaluating the Authority’s near-term financing requirements. The *Statement of Revenues, Expenditures and Changes in Fund Balance* is the statement of activities for the governmental fund. Consistent with the current financial resources measurement focus, the financial statement reports expenditures rather than expenses.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority only reports governmental funds. The governmental funds of the Authority are divided into two types of funds: General and Special Revenue.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and governmental fund financial statements.

Financial Analysis of the Authority

Government-wide financial analysis. The Authority’s assets exceeded liabilities by \$48,428,015 during the current fiscal year (see Table 1).

**Table 1
Condensed Summary of Net Position
As of June 30, 2021**

Assets:	
Current and other assets	\$66,042,598
Liabilities:	
Due to other governments	<u>17,614,583</u>
Net position:	
Restricted	47,741,073
Unrestricted	<u>686,942</u>
Total net position	<u>\$48,428,015</u>

The largest component of the Authority’s net position (98.6%) represents resources that are subject to external restrictions. The remaining balance (1.4%) is unrestricted net position.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)**

The Authority’s total revenues were \$137,394,222 during the current fiscal year. Approximately 69.0% of the Authority’s revenues were sales and use tax, 30.9% were fuels tax and the remaining 0.1% were Commonwealth fund interest income and investment earnings. The Authority’s total expenses were \$88,966,207. Approximately 76.7% of the Authority’s expenses were distributions to the jurisdictions, 23.0% were distributions to GRTC, and the remaining 0.3% were general and administration costs (see Table 2).

**Table 2
Condensed Summary of Changes in Net Position
Year Ended June 30, 2021**

Revenues:	
Intergovernmental revenue:	
Sales and use tax	\$ 94,833,082
Fuels tax	42,491,257
Commonwealth fund interest income	65,120
Investment earnings	4,763
Total revenues	<u>137,394,222</u>
Expenses:	
General and administration	313,058
Jurisdictional distributions	68,194,730
GRTC distributions	20,458,419
Total expenses	<u>88,966,207</u>
Change in net position	48,428,015
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ 48,428,015</u>

In accordance with section 33.2-3701 of the Code of Virginia, the Central Virginia Transportation Fund (the “Fund”) was created in the state treasury for the District. The Commonwealth deposits all collected dedicated revenue into the Fund monthly, and as soon as practicable, remits the revenue to the Authority. After providing funding for annual general and administrative expenses, the Authority distributes the funds as follows: 50% disbursed to the participating jurisdictions, 35% retained for regional projects and 15% disbursed to the Greater Richmond Transit Company, pursuant to the Code of Virginia.

During the first year of operation, the Authority established general procedures and practices and completed the necessary organizational steps required in the enabling legislation. The accumulated revenues in the Regional Projects Fund represent the resources available to allocate to regionally significant projects prioritized by the Authority. The Authority will take action in Fiscal Year 2022 to adopt a project prioritization process after which funding can be formally obligated and expended from the Regional Projects Fund. Over time, the Authority will determine its project financing strategy which will include establishment of specific policies regarding investment strategy, reserve and project allocation.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Governmental fund financial analysis. As previously noted, the focus of the governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation would typically be presented to explain the differences. However, for the fiscal year ended June 30, 2021, there were no reconciling differences between the governmental fund and the government-wide financial activity. Fund balance at year-end was \$48,428,015 and during the year total revenues were \$137,394,222 and total expenditures were \$88,966,207 (see Tables 1 and 2 above).

Requests for Information

The purpose of this financial report is to provide interested parties with a general overview of the Authority's finances. If you have any questions about his report or need additional financial information, contact Richmond Regional Planning District Commission, 9211 Forest Hill Avenue, suite 200, Richmond, Virginia 23235.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 318,076
Restricted:	
Cash, cash equivalents, and investments	38,326,908
Due from other governments	<u>27,397,614</u>
Total assets	<u>66,042,598</u>
LIABILITIES	
Due to other governments	<u>17,614,583</u>
Total liabilities	<u>17,614,583</u>
NET POSITION	
Restricted	47,741,073
Unrestricted	<u>686,942</u>
Total net position	<u><u>\$ 48,428,015</u></u>

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Expenses	Net (Expense) Revenue and Change in Net Position
		Governmental Activities
<hr/>		
Functions/Programs		
Governmental activities:		
General and administration	\$ 313,058	\$ (313,058)
Jurisdictional distributions	68,194,730	(68,194,730)
GRTC distributions	20,458,419	(20,458,419)
	<hr/>	<hr/>
Total governmental activities	\$ 88,966,207	(88,966,207)
	<hr/> <hr/>	<hr/> <hr/>
General revenues:		
Intergovernmental revenue:		
Sales and use tax		94,833,082
Fuels tax		42,491,257
Commonwealth fund interest income		65,120
Investment earnings		4,763
		<hr/>
Total general revenues		137,394,222
		<hr/>
Change in net position		48,428,015
Net Position, beginning of year		<hr/> -
Net Position, end of year		<hr/> <hr/> \$ 48,428,015

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	
ASSETS					
Cash and cash equivalents	\$ 318,076	\$ -	\$ -	\$ -	\$ 318,076
Restricted cash, cash equivalents and investments	-	-	38,326,908	-	38,326,908
Restricted due from other governments	-	13,948,807	9,414,165	4,034,642	27,397,614
Total assets	\$ 318,076	\$ 13,948,807	\$ 47,741,073	\$ 4,034,642	\$ 66,042,598
LIABILITIES					
Due to other governments	\$ 131,134	\$ 13,448,807	\$ -	\$ 4,034,642	\$ 17,614,583
Total liabilities	131,134	13,448,807	-	4,034,642	17,614,583
FUND BALANCES					
Restricted	-	-	47,741,073	-	47,741,073
Assigned	-	500,000	-	-	500,000
Unassigned	186,942	-	-	-	186,942
Total fund balances	186,942	500,000	47,741,073	-	48,428,015
Total liabilities and fund balances	\$ 318,076	\$ 13,948,807	\$ 47,741,073	\$ 4,034,642	\$ 66,042,598

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	
Revenues					
Intergovernmental:					
Sales and use tax	\$ -	\$ 47,761,666	\$ 32,949,991	\$ 14,121,425	\$ 94,833,082
Fuels tax	-	21,400,267	14,763,693	6,327,297	42,491,257
Commonwealth fund interest income	-	32,797	22,626	9,697	65,120
Investment earnings	-	-	4,763	-	4,763
Total revenues	-	69,194,730	47,741,073	20,458,419	137,394,222
Expenditures					
Current:					
General and administration	313,058	-	-	-	313,058
Jurisdictional distributions	-	68,194,730	-	-	68,194,730
GRTC distributions	-	-	-	20,458,419	20,458,419
Total expenditures	313,058	68,194,730	-	20,458,419	88,966,207
Excess (deficiency) of revenues over (under) expenditures	(313,058)	1,000,000	47,741,073	-	48,428,015
Other Financing Sources (Uses)					
Transfers in	500,000	-	-	-	500,000
Transfers out	-	(500,000)	-	-	(500,000)
Total other financing sources (uses), net	500,000	(500,000)	-	-	-
Net change in fund balances	186,942	500,000	47,741,073	-	48,428,015
Fund Balances, beginning of year	-	-	-	-	-
Fund Balances, end of year	\$ 186,942	\$ 500,000	\$ 47,741,073	\$ -	\$ 48,428,015

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
Current:				
General and administration	\$ 500,000	\$ 500,000	\$ 313,058	\$ (186,942)
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>313,058</u>	<u>(186,942)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500,000)</u>	<u>(500,000)</u>	<u>(313,058)</u>	<u>186,942</u>
Other Financing Sources				
Transfer in	500,000	500,000	500,000	-
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	-	-	186,942	186,942
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,942</u>	<u>\$ 186,942</u>

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Authority and its Activities

The Central Virginia Transportation Authority (the “Authority”), a political subdivision of the Commonwealth of Virginia, was created on July 1, 2020 pursuant to the Central Virginia Transportation Authority Act, Chapter 37, Title 33.2-3702, of the *Code of Virginia*. The Authority was created to fund transportation needs in the central Virginia region encompassed by Planning District 15 (the “District”) and is comprised of the Town of Ashland, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and the City of Richmond.

The Authority consists of seventeen members comprised of the chief elected officer, or his/her designee, of each of the nine jurisdictions encompassed by the District, a member of the House of Delegates appointed by the Speaker of the House, a member of the Senate appointed by the Senate Committee on Rules, and a member of the Commonwealth Transportation Board appointed by the Governor. In addition, non-voting members include the Director of the Virginia Department of Rail and Public Transportation, the Commissioner of Highways, the Executive Director of the Virginia Port Authority, The Chief Executive Officer of the Greater Richmond Transit Company (the “GRTC”) and the Chief Executive Officer of the Richmond Metropolitan Transportation Authority.

The Authority is responsible for long-range transportation project planning, prioritization, and funding for regional transportation projects. Funding for the projects will be provided by the imposition of an additional regional sales and use tax and a wholesale gas tax on gasoline and diesel fuel. The fuel tax rates would be indexed for inflation.

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Model

The financial statements presented for the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (the “GAAP”) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (the “GASB”). GAAP sets the reporting model requirements for the annual financial reports of state and local governments. The Authority’s Annual Financial Report includes:

- Management’s Discussion and Analysis (the “MD&A”) (unaudited) – MD&A is required supplementary information that introduces the financial statements and provides an analytical overview of the Authority’s activities for the year. It describes the decisions or conditions that are expected to have a significant effect on financial positions or results of operation.
- Financial Statements – The financial statements include both government-wide and governmental fund statements and related notes. The notes are an integral part of the financial statements and communicate information that is essential for fair presentation of the financial statements that is not displayed on the face of the statements.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements include both government-wide and governmental fund financial statements.

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reflect a full economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position reports information about all assets and liabilities of the Authority, both current and long-term. The Statement of Activities measures the Authority's operations over the past year. All changes in revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of taxes and interest income, are used to offset net expenses.

The governmental fund financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance and are prepared using the current financial resources measurement and the modified accrual basis of accounting. Revenues are recorded when both measurable and available and are considered available if received within 60 days after the end of the accounting period. Expenditures are recognized when the liability is incurred. The Balance Sheet measures only current assets and liabilities. The Statement of Revenues, Expenditures and Changes in Fund Balance reports only on the Authority's near-term inflows and outflows of spendable resources for the year.

Because government-wide and governmental fund financial statements are designed to present information from different perspectives, the governmental fund financial statements include a summary reconciliation between the governmental fund and governmental-wide statements. During the current fiscal year, there are no reconciling items to report.

The activities of the Authority and all financial resources are accounted for in the following major governmental funds:

- General Fund – The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund for financial reporting purposes.
- Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Authority has three special revenue funds:
 - Local Distribution Fund – The Local Distribution Fund accounts for 50% of the intergovernmental revenue that is distributed to the member jurisdictions on a pro rata basis.
 - Regional Revenue Fund – The Regional Revenue Fund accounts for the 35% of the intergovernmental revenue and investment earnings to be used for regional transportation projects prioritized by the Authority.
 - GRTC Fund – The GRTC Fund accounts for the 15% of the intergovernmental revenue that is distributed to GRTC.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

C. Budgeting

The Authority adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables the Authority to determine the annual transfer required from the Special Revenue Fund to fund its general and administrative activities. Annually, the Authority will determine the disposition of any unspent balances remaining in the General Fund at year-end.

D. Other Significant Accounting Policies

1. Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of less than three months when purchased to be cash equivalents.

2. Investment Policy

The Authority follows a deposit and investment policy in accordance with the Commonwealth of Virginia statutes. Investments with a maturity date of greater than one year from the date of purchase are stated at fair value and money market investments with a maturity date of one year or less from the date of purchase are stated at amortized cost, which approximates fair value, in accordance with GAAP. Deposit and investment instruments include Commonwealth of Virginia Local Government Investment Pool (the "LGIP") and Virginia Investment Pool Fund (the "VIP"). Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq.

3. Restricted Assets

Certain cash, cash equivalents, investments and amounts due from other governments classified as restricted assets on the Statement of Net Position are comprised of intergovernmental deposits and receivables that shall be used solely for regional transportation projects benefiting the member jurisdictions.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

4. Fund Equity

The Authority, in accordance with GAAP, categorizes its governmental fund balances using the following guidance:

Nonspendable fund balance classification includes amounts that are not in spendable form or are legally required to be maintained intact.

Restricted fund balance classification includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by formal action of the Authority that identifies the specific circumstances under which resources can be expended. Committed fund balance can only be modified by action of the Authority.

Assigned fund balance classification includes amounts constrained by the Authority's plans, or intent, to use the amounts for specific purposes but does not meet the criteria to be classified as either restricted or committed. Assignments generally only exist temporarily, and additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance classification includes the residual balance of the General Fund that has not been restricted, committed, or assigned for specific purposes within the General Fund.

As of June 30, 2021, the Regional Revenue Fund balance includes \$47,741,073 classified as restricted fund balance for regional transportation projects per the *Code of Virginia* and the Local Distribution Fund balance includes \$500,000 classified as assigned fund balance for the fiscal year 2022 operating budget allocation. When fund balance resources are available for use in more than one classification, the Authority will consider the use of restricted, committed, or assigned resources first, and then unrestricted resources, as they are needed.

5. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

6. Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures/expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

7. Interfund Transfers

Transactions among the Authority's funds that would be treated as revenues and expenditures/expenses if they involved organizations external to the Authority are accounted for as revenues and expenditures/expenses in funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

8. Administrative Functions

The Authority has entered a Memorandum of Understanding Regarding Fiscal Services with the City of Richmond, a Memorandum of Understanding with the Richmond Regional Planning District Commission (PlanRVA), and a Fiscal Agent Agreement with Chesterfield County. The City of Richmond has agreed to assist the Authority with ensuring financial statements are completed in accordance with GAAP and serves as Authority contact for the annual audit process. PlanRVA has agreed to provide support services for the newly created Authority which includes coordination of monthly meetings; ensuring compliance with the state statutes; completion of programmatic tasks related to the mission and function of the Authority, such as regional project prioritization and compliance reports; and additional technical assistance, planning, outreach or other support needed by the Authority. Chesterfield has agreed to receive, manage, and distribute revenues transferred to the Authority in accordance with the Authority's financial policies and procedures.

9. Subsequent Events

The Authority has evaluated subsequent events through September 29, 2021, the date on which the financial statements were available to be issued.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

As of June 30, 2021, the fair value of the Authority's deposits and investments, with their respective credit ratings, was as follows:

Investment Type	Fair Value	Credit Rating
Demand deposits	\$ 12,299,895	N/A
LGIP	13,172,609	AAAm
VIP - Stable NAV Liquidity Pool	13,172,480	AAAm
	<u>\$ 38,644,984</u>	

A. Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks, and savings institutions, holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

B. Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or its agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable certificates of deposits, bank notes, and corporate bonds rated AA or better by Standard & Poor's Rating Services (S&P), and Aa or better by Moody's Investors Services, Inc. (Moody's), and a maturity of no more than five years; bankers' acceptances, overnight term and open repurchase agreements; money market mutual funds; the State Treasurer's LGIP; and the VIP.

C. External Investment Pools

As of June 30, 2021, the Authority had investments of \$13,172,609 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by S&P. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and, on a weekly basis, this valuation is compared to current market to monitor any variance and the maturity is less than one year. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

C. External Investment Pools (Continued)

The Authority had investments of \$13,172,480 in the VIP Stable NAV Liquidity Pool at June 30, 2021. This pooled investment was created during fiscal year 2017 specifically to offer local governments an investment option with a stable net asset value, while providing daily liquidity and a competitive yield. The VIP seeks to maintain a constant net asset value per share of \$1. The Stable NAV pool is rated AAAM by S&P. VIP Stable NAV is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance and the maturity is less than one year. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

D. Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (Act), Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, the Authority requires all securities purchased to be properly and clearly labeled as an asset of the Authority, and held in safekeeping by a third-party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*. Therefore, the Authority has no custodial risk.

E. Concentration of Credit Risk

At June 30, 2021, cash is maintained through checking accounts with Wells Fargo in the amount of \$12,299,895. The Authority also has an account with LGIP and VIP, in the amount of \$13,172,609 and \$13,172,480, respectively. These funds are maintained by Chesterfield County and total \$38,644,985.

F. Interest Rate Risk

Interest rate risk does not apply to the LGIP and VIP since they are external investment pools classified in accordance with GASB Statement No. 79.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

- Level 1** Valuation based on quoted prices in active markets for identical assets or liabilities.
- Level 2** Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
- Level 3** Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The investments maintained by the Authority are held in external investment pools, which are exempt from the fair value disclosure.

Note 5. Due To/From Other Governments

At June 30, 2021, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	Total
Commonwealth of Virginia:				
Sales and use tax	\$ 9,402,609	\$ 6,369,880	\$ 2,729,949	\$ 18,502,438
Fuels tax	4,542,706	3,041,841	1,303,646	8,888,193
Commonwealth of Virginia Interest	3,492	2,444	1,047	6,983
Total	\$ 13,948,807	\$ 9,414,165	\$ 4,034,642	\$ 27,397,614

Amounts due to other governments as of June 30, 2021 consisted of the following:

	General Fund	Local Distribution Fund	GRTC Fund	Total
Charles City County	\$ -	\$ 105,545	\$ -	\$ 105,545
Chesterfield County	-	3,907,944	-	3,907,944
Goochland County	-	344,036	-	344,036
Hanover County	-	2,058,337	-	2,058,337
Town of Ashland	-	50,831	-	50,831
Henrico County	-	4,071,513	-	4,071,513
New Kent County	-	344,544	-	344,544
Powhatan County	-	308,496	-	308,496
City of Richmond	-	2,257,561	-	2,257,561
Plan RVA	131,134	-	-	131,134
Greater Richmond Transit Company	-	-	4,034,642	4,034,642
Total	\$ 131,134	\$ 13,448,807	\$ 4,034,642	\$ 17,614,583

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

Effective October 1, 2020, sections 58.1-603.1 and 58.1-601.01 of the *Code of Virginia* authorized an additional 0.7% sales and use tax and effective July 1, 2020, section 58.1-2295 of the *Code of Virginia* authorized a wholesale fuels tax of 7.6 cents per gallon on gasoline and 7.7 cents per gallon on diesel fuel to be levied and imposed in each of the member jurisdictions. The revenue generated and collected pursuant to the additional tax authorized by the Code, is collected and deposited in the Central Virginia Transportation Fund monthly by the Commonwealth. The Commonwealth distributes balances from the Fund to the Authority as soon as practicable to fund transportation projects in the District.

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To reduce insurance costs and the need for self-insurance, the Authority has joined with other Commonwealth of Virginia political subdivisions in the VML Insurance Programs. The Authority has coverage with the VML Insurance Programs. Each Program member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VML the contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Program and claims and awards are to be paid.

COMPLIANCE SECTION



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

To the Honorable Authority Board Members
Central Virginia Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the budgetary comparison of the Central Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
September 29, 2021

**CVTA FINANCE AGENDA 10-13-21
FUTURE MEETING TOPICS***

- FY2021 Operating Budget Amendments (ED)
- FA Interview/Selection
- Financial Policy Review & Amendments
- Regional Projects Fund Allocation

*Draft: This is not a comprehensive list of considerations and is subject to change.