



September 27, 2024

To the Board of Directors
Central Virginia Transportation Authority
Richmond, Virginia

In connection with our audit of the financial statements of the Central Virginia Transportation Authority (Authority) for the year ended June 30, 2024, we have the following comments and suggestions for your consideration.

New GASB Pronouncements

As of June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

Statement No. 101, *Compensated Absences*

This Statement provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 101 will be effective for the Authority beginning with its year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to disclose information about concentrations and constraints that could make them vulnerable to a heightened possibility of loss or harm.

The requirements of Statement 102 will be effective for the Commission beginning with its year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The requirements of Statement 103 will be effective for the Commission beginning with its year ending June 30, 2026.

Virginia Security for Public Deposits Act

The Virginia Auditor of Public Accounts has introduced a new requirement regarding compliance with the Virginia Security for Public Deposits Act. Beginning with the quarter ending December 2023, entities are required to verify on a quarterly basis whether their cash account balances held in banks and other financial institutions have been properly reported as public funds.

This report is intended solely for the information and use of management, the Board of Directors of the Authority, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2024 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

PBMares, LLP

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Results of the Audit
June 30, 2024

Presented by:
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Purpose of this Report

Engagement Team and Firm Information

Overview of the Financial Statements

- Independent Auditor's Report
- Financial Statements
- Compliance Report

Required Communications under *Government Auditing Standards*

Questions, Comments, and Observations

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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 Rockville, Maryland, Morehead City, Wilmington 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.

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.

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

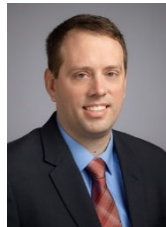
Michael A. Garber, CPA, MBA, Partner



As the Engagement Partner for the Authority, 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, as needed, and the final report. He has more than 30 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, Director



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 Certified Public Accountants, 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, 2024.

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, 2024 by \$283,169,806.

Governmental Funds

At June 30, 2024, the Authority's major governmental funds, the General Fund and the Special Revenue Funds, reported total fund balances of \$283,169,806, which was comprised of unassigned 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

Auditing Standards generally accepted in the United States of America (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 April 15, 2024. 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 April 15, 2024 regarding the planned scope and timing of our audit and identified risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, 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

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is included in Exhibit A.

Audit Adjustments

There were no audit adjustments made to the original trial balance 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.

Difficult or Contentious Matters that Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for 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.

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. For PBMares to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and PBMares each play an important role.

PBMares Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. PBMares is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The Authority's Responsibilities

- Timely inform PBMares, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.

- Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with PBMares.
- Not entering into arrangements of nonaudit services resulting in PBMares being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in close family members of PBMares covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at 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 B.

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.

Exhibit A – Summary of Significant Accounting Estimates

Exhibit A – Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority’s June 30, 2024 financial statements:

Estimate	Accounting Policy	Management’s Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Investments	Investment Valuation	The fair value of investments are recorded based on reporting provided by the custodian. The Authority relies upon the custodian to price securities or determine fair value based on the highest quality of inputs available.	<p>Management’s approach to recognizing fair value adjustment of investments appear reasonable and consistent with accepted practice.</p> <p>While these estimates are based on information provided by the custodian, the Authority should continue to monitor and evaluate the quality of information used to develop fair value estimates and risks inherent to such measures.</p>

Exhibit B – Significant Written Communications
between Management and Our Firm

September 27, 2024

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, 2024 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 27, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 15, 2024, 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. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, 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. The methods, assumptions and data used to record fair market value of investments are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The fair value of investments are recorded based on reporting provided by the custodian. The Authority relies upon the custodian to price securities or determine fair value based on the highest quality of inputs available. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

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. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
10. Components of net position (restricted and unrestricted) and classifications of fund balance (restricted and unassigned) are properly classified and, if applicable, approved.
11. Expenses 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.
12. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
13. In the audit engagement letter dated April 15, 2024, we requested that you draft the financial statements.

With respect to this service:

- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
14. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
 15. We have no knowledge of any uncorrected misstatements in the financial statements.
 16. We have requested an unsecured electronic copy of the auditor's report and basic financial statements and agree that the auditor's report and basic financial statements will not be modified in any manner.

Information Provided

17. 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.
18. All transactions have been recorded in the accounting records and are reflected in the financial statements.
19. 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.
20. 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.
21. 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.
22. 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.
23. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
24. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
25. 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.

26. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
27. 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

28. 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:

29. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
30. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
31. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
32. 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.
33. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
34. Has a process to track the status of audit findings and recommendations, if any.

35. 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

Chet Parsons

Chet Parsons, Executive Director (CVTA)

Sheila White

Sheila White, Director of Finance (City of Richmond)

Deborah D. Baicy

Debbie Baicy, Fiscal Services Coordinator (Chesterfield County)



**CENTRAL VIRGINIA
TRANSPORTATION AUTHORITY**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2024



ASSURANCE, TAX & ADVISORY SERVICES

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

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INTRODUCTORY SECTION

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Mayor Levar M. Stoney, CVTA Chair; *City of Richmond*
John H. Hodges, CVTA Vice Chair; *Town of Ashland*
Kevin P. Carroll, *Chesterfield County*
Tyrone E. Nelson, *Henrico County*
Byron M. Adkins, Sr., *Charles City County*
Neil Spoonhower, *Goochland County*
Sean M. Davis, *Hanover County*
John P. Moyer, *New Kent County*
Steve W. McClung, *Powhatan County*
Del Rae Cousins, *Virginia House of Delegates*
Sen. Ghazala F. Hashmi, *Senate of Virginia*
J. Rex Davis, *Commonwealth Transportation Board*

Non-Voting Members

Perry J. Miller, *Capital Region Airport Commission*
Sheryl Adams, *Greater Richmond Transit Company*
Joi Taylor Dean, *Richmond Metropolitan Transportation Authority*
Jennifer DeBruhl, *Virginia Department of Rail and Public Transportation*
Stephen C. Brich, *Virginia Department of Transportation*
Stephen A. Edwards, *Virginia Port Authority*

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Central Virginia Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pages 4 to 7, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for the 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 27, 2024 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 27, 2024

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, 2024. 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 will 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 for regional public transportation; 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 expenses from the total revenues prior to distribution according to the formulas.

Financial Highlights

- Total net position increased by \$83,665,685 (41.9%) to a net position amount of \$283,169,806.
- Revenues increased \$17,884,602 (8.2%) to \$234,752,398.
- Expenses increased \$13,621,449 (9.9%) to \$151,086,713.

Overview of the Financial Statements

The Authority's annual 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 deteriorating. 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 funds: General and Special Revenue Fund.

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 \$283,169,806 during the current fiscal year. The Authority's net position increased by \$83,665,685 (41.9%) from the prior year (see Table 1).

Table 1
Condensed Summary of Net Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Assets:				
Current and other assets	\$ 311,066,367	\$ 222,807,366	\$ 88,259,001	39.6%
Liabilities:				
Due to other governments	<u>27,896,561</u>	<u>23,303,245</u>	<u>4,593,316</u>	19.7%
Net Position:				
Restricted	282,912,332	198,831,103	84,081,229	42.3%
Unrestricted	257,474	673,018	(415,544)	-61.7%
Total net position	<u>\$ 283,169,806</u>	<u>\$ 199,504,121</u>	<u>\$ 83,665,685</u>	41.9%

The largest post of the Authority's net position (99.9% at June 30, 2024) represents resources that are subject to external restrictions on how they may be used. The remaining balance (0.1% at June 30, 2024) is unrestricted net position.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

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

The Authority’s total revenues increased from the prior year by \$17,884,602 (8.2%) to \$234,752,398. Approximately 70.2% of the Authority’s revenues were sales and use tax, 24.2% were fuels tax and the remaining 5.6% were Commonwealth fund interest income and investment earnings. The Authority’s total expenses increased from the prior year by \$13,621,449 (9.9%) to \$151,086,713. Approximately 73.5% of the Authority’s expenses were distributions to the jurisdictions, 22.0% were distributions to GRTC, and the remaining 4.5% were general and administration costs and project costs (see Table 2).

**Table 2
Condensed Summary of Changes in Net Position
Years Ended June 30, 2024 and 2023**

	2024	2023	Change	Percent Change
Revenues:				
Intergovernmental revenue:				
Sales & Use tax	\$ 164,838,240	\$ 159,175,280	\$ 5,662,960	3.6%
Fuels tax	56,884,106	51,859,859	5,024,247	9.7%
Commonwealth Fund Interest Income	606,841	141,546	465,295	328.7%
Investment Earnings	12,423,211	5,691,111	6,732,100	118.3%
Total revenues	<u>234,752,398</u>	<u>216,867,796</u>	<u>17,884,602</u>	<u>8.2%</u>
Expenses:				
General and administrative	773,349	380,676	392,673	103.2%
Jurisdictional distributions	111,002,070	105,240,983	5,761,087	5.5%
GRTC distributions	33,300,621	31,572,295	1,728,326	5.5%
Project Expenses	6,010,673	271,310	5,739,363	2115.4%
Total expenses	<u>151,086,713</u>	<u>137,465,264</u>	<u>13,621,449</u>	<u>9.9%</u>
Change in Net Position	83,665,685	79,402,532	4,263,153	5.4%
Net position, beginning of year	<u>199,504,121</u>	<u>120,101,589</u>	<u>79,402,532</u>	<u>66.1%</u>
Net position, end of year	<u>\$ 283,169,806</u>	<u>\$ 199,504,121</u>	<u>\$ 83,665,685</u>	<u>41.9%</u>

The Authority’s revenues increased by \$17,884,602 (8.2%) and total expenses increased by \$13,621,449 (9.9%) compared to prior fiscal year financial activity. Key elements contributing to these results are as follows:

- Sales and use tax increased \$5,662,960 (3.6%) from the prior year. The regional economy for the nine localities making up the CVTA footprint was healthy and growing over fiscal year 2024 and is reflected in these revenues.
- Fuels tax increased \$5,024,247 (9.7%) from the prior year. Revenues from fuel sales in the region grew due to increased consumer confidence and higher fuel prices.
- Investment earnings increased \$6,732,100 (118.3%) due to rising interest rates and increased cash balances due to the increase in the tax revenue.
- Project expenses increased \$5,739,363 (2115.4%) due to regional project implementation and related reimbursement requests from the regional revenue fund administered by CVTA. After project commitments, localities and VDOT enter into Standard Project Agreements with CVTA that include procedures for reimbursement of project costs. The increase in project expenses in 2024 reflect the action on the part of localities and VDOT to administer and construct transportation projects.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

- Jurisdictional distributions increased \$5,761,087 (5.5%) and GRTC distributions increased \$1,728,326 (5.5%) due to the Code mandated allocation percentages and the increase in tax revenue and Commonwealth fund interest income. Pursuant to the Code, after providing funding for annual general and administrative expenses, the Authority distributes the tax revenue as follows: 50% disbursed to the participating jurisdictions, 35% retained for regional projects and 15% disbursed to the Greater Richmond Transit Company.

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, 2024, there were no reconciling differences between the governmental fund and the government-wide financial activity. During the current year, fund balance increased by \$83,665,685 (41.9%) to \$283,169,806, revenue increased by \$17,884,602 (8.2%) to \$234,752,398 and expenditures increased by \$13,621,449 (9.9%) to \$151,086,713 (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 this report or need additional financial information, contact Central Virginia Transportation Authority, 424 Hull Street, Suite 300, Richmond, VA 23224.

BASIC FINANCIAL STATEMENTS

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
ASSETS	
Cash, cash equivalents, and investments	\$ 359,404
Restricted:	
Cash, cash equivalents, and investments	269,799,234
Due from other governments	39,329,389
Accrued interest receivable	<u>1,578,340</u>
Total assets	<u>311,066,367</u>
LIABILITIES	
Due to other governments	<u>27,896,561</u>
Total liabilities	<u>27,896,561</u>
NET POSITION	
Restricted	282,912,332
Unrestricted	<u>257,474</u>
Total net position	<u><u>\$ 283,169,806</u></u>

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Expenses	Net (Expense) Revenue and Change in Net Position
	Expenses	Governmental Activities
Functions/Programs		
Governmental activities:		
General and administration	\$ 773,349	\$ (773,349)
Jurisdictional distributions	111,002,070	(111,002,070)
Project cost distributions	6,010,673	(6,010,673)
GRTC distributions	<u>33,300,621</u>	<u>(33,300,621)</u>
Total governmental activities	<u><u>\$ 151,086,713</u></u>	<u><u>(151,086,713)</u></u>
General revenues:		
Intergovernmental revenue:		
Sales and use tax		164,838,240
Fuels tax		56,884,106
Commonwealth fund interest income		606,841
Investment earnings		<u>12,423,211</u>
Total general revenues		<u>234,752,398</u>
Change in net position		83,665,685
Net Position, beginning of year		<u>199,504,121</u>
Net Position, end of year		<u><u>\$ 283,169,806</u></u>

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue Funds				Total Governmental Funds
	General Fund	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	
ASSETS					
Cash, cash equivalents, and investments	\$ 359,404	\$ -	\$ -	\$ -	\$ 359,404
Restricted cash, cash equivalents, and investments	-	-	269,799,234	-	269,799,234
Restricted due from other governments	-	19,664,695	13,765,286	5,899,408	39,329,389
Restricted accrued interest receivable	-	-	1,578,340	-	1,578,340
Total assets	\$ 359,404	\$ 19,664,695	\$ 285,142,860	\$ 5,899,408	\$ 311,066,367
LIABILITIES					
Due to other governments	\$ 101,930	\$ 19,664,695	\$ 2,230,528	\$ 5,899,408	\$ 27,896,561
Total liabilities	101,930	19,664,695	2,230,528	5,899,408	27,896,561
FUND BALANCES					
Restricted	-	-	282,912,332	-	282,912,332
Unassigned	257,474	-	-	-	257,474
Total fund balances	257,474	-	282,912,332	-	283,169,806
Total liabilities and fund balances	\$ 359,404	\$ 19,664,695	\$ 285,142,860	\$ 5,899,408	\$ 311,066,367

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2024**

	General Fund	Special Revenue Funds			Total Governmental Funds
		Local Distribution Fund	Regional Revenue Fund	GRTC Fund	
Revenues					
Intergovernmental:					
Sales and use tax	\$ -	\$ 82,539,618	\$ 57,609,035	\$ 24,689,587	\$ 164,838,240
Fuels tax	-	28,483,636	19,880,329	8,520,141	56,884,106
Commonwealth fund interest income	-	303,864	212,084	90,893	606,841
Investment earnings	32,757	-	12,390,454	-	12,423,211
Total revenues	<u>32,757</u>	<u>111,327,118</u>	<u>90,091,902</u>	<u>33,300,621</u>	<u>234,752,398</u>
Expenditures					
Current:					
General and administration	773,349	-	-	-	773,349
Jurisdictional distributions	-	111,002,070	-	-	111,002,070
Project cost distributions	-	-	6,010,673	-	6,010,673
GRTC distributions	-	-	-	33,300,621	33,300,621
Total expenditures	<u>773,349</u>	<u>111,002,070</u>	<u>6,010,673</u>	<u>33,300,621</u>	<u>151,086,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(740,592)</u>	<u>325,048</u>	<u>84,081,229</u>	<u>-</u>	<u>83,665,685</u>
Other Financing Sources (Uses)					
Transfers in	325,048	-	-	-	325,048
Transfers out	-	(325,048)	-	-	(325,048)
Total other financing sources (uses), net	<u>325,048</u>	<u>(325,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(415,544)</u>	<u>-</u>	<u>84,081,229</u>	<u>-</u>	<u>83,665,685</u>
Fund Balances, beginning of year	<u>673,018</u>	<u>-</u>	<u>198,831,103</u>	<u>-</u>	<u>199,504,121</u>
Fund Balances, end of year	<u>\$ 257,474</u>	<u>\$ -</u>	<u>\$ 282,912,332</u>	<u>\$ -</u>	<u>\$ 283,169,806</u>

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Investment earnings	\$ -	\$ -	\$ 32,757	\$ 32,757
Total revenues	<u>-</u>	<u>-</u>	<u>32,757</u>	<u>32,757</u>
Expenditures				
Current:				
General and administration	831,720	831,720	773,349	(58,371)
Total expenditures	<u>831,720</u>	<u>831,720</u>	<u>773,349</u>	<u>(58,371)</u>
Deficiency of revenues under expenditures	<u>(831,720)</u>	<u>(831,720)</u>	<u>(740,592)</u>	<u>91,128</u>
Other Financing Sources				
Transfer in	831,720	831,720	325,048	(506,672)
Total other financing sources	<u>831,720</u>	<u>831,720</u>	<u>325,048</u>	<u>(506,672)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(415,544)</u>	<u>(415,544)</u>
Fund Balance, beginning of year	<u>-</u>	<u>-</u>	<u>673,018</u>	<u>673,018</u>
Fund Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,474</u>	<u>\$ 257,474</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 eighteen 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 the Virginia Department of Transportation, the Executive Director of the Virginia Port Authority, the Chief Executive Officer of the Greater Richmond Transit Company (the GRTC), the Chief Executive Officer of the Capital Region Airport Commission, 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 is provided by 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 (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB 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 Change in Fund Balances 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 Change in Fund Balances 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), Virginia Investment Pool Fund (the VIP) and Certificates of Deposit. 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 2.2-4400 et seq.

3. Restricted Assets

Certain cash, cash equivalents, investments, amounts due from other governments, and accrued interest receivable 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.

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.

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 (Continued)

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, 2024, the Regional Revenue Fund balance includes \$282,912,332 classified as restricted fund balance for regional transportation projects per the *Code of Virginia*. 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.

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.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

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 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 27, 2024, 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, 2024, 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	\$ 1,100,000	N/A
Certificates of deposit	85,019,929	A1
VIP - Stable NAV Liquidity Pool	93,872,286	AAAm
LGIP	90,166,423	AAAm
	<u>\$ 270,158,638</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, 2024, the Authority had investments of \$90,166,423 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 \$93,872,286 in the VIP Stable NAV Liquidity Pool at June 30, 2024. 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*.

E. Concentration of Credit Risk

The Authority is to adhere to the investment policy of the fiscal agent with regards to the authorized investments, use of authorized brokers, and use of authorized investments pools, maturities and diversification. The fiscal agent's policy establishes limitations on total portfolio composition by institution in order to control concentration of credit risk as follows:

Money market funds	10% maximum
Corporate notes	15% maximum
Repurchase agreements	15% maximum
Commercial paper	25% maximum
Certificate of deposit – commercial banks	45% maximum
LGIP	100% maximum
VIP	100% maximum
U.S. Treasuries and agencies	100% maximum
Commercial paper per issue	5% maximum

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

E. Concentration of Credit Risk (Continued)

As of June 30, 2024, the Authority's portfolio, excluding demand deposits is as follows:

<u>Investment Type</u>	<u>Percent of Portfolio</u>
Certificates of deposit	31.60%

F. Interest Rate Risk

As a means of limiting exposures to fair value losses arising from rising interest rates, the policy limits the investment of operating funds to investments with a stated maturity of no more than 2.5 years from the date of purchase.

As of June 30, 2024, the Authority had the following deposits and investments:

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>	
	<u>Fair Value</u>	<u>Less than 1 year</u>
Certificates of deposit	<u>\$ 85,019,929</u>	<u>\$ 85,019,929</u>
	<u>\$ 85,019,929</u>	<u>\$ 85,019,929</u>

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 Authority has the following recurring fair value measurement as of June 30, 2024:

- Certificates of deposit of \$85,019,929 are valued using significant other observable inputs (Level 2 inputs)

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

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 5. Due To/From Other Governments

At June 30, 2024, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	Total
Commonwealth of Virginia:				
Sales and use tax	\$ 14,226,187	\$ 9,958,331	\$ 4,267,856	\$ 28,452,374
Fuels tax	5,438,508	3,806,955	1,631,552	10,877,015
Total	\$ 19,664,695	\$ 13,765,286	\$ 5,899,408	\$ 39,329,389

Amounts due to other governments as of June 30, 2024 consisted of the following:

	General Fund	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	Total
Charles City County	\$ -	\$ 120,105	\$ -	\$ -	\$ 120,105
Chesterfield County	-	5,721,798	577,696	-	6,299,494
Goochland County	-	539,916	-	-	539,916
Hanover County	-	2,800,461	20,952	-	2,821,413
Town of Ashland	-	72,399	-	-	72,399
Henrico County	-	6,039,342	735,102	-	6,774,444
New Kent County	-	548,416	-	-	548,416
Powhatan County	-	452,544	-	-	452,544
City of Richmond	-	3,369,714	51,042	-	3,420,756
Plan RVA	101,930	-	-	-	101,930
Greater Richmond Transit Company	-	-	-	5,899,408	5,899,408
VDOT	-	-	845,736	-	845,736
	\$ 101,930	\$ 19,664,695	\$ 2,230,528	\$ 5,899,408	\$ 27,896,561

Amounts distributed to the participating localities for the year ended June 30, 2024, were:

	Regional Fund	Local Distribution Fund	Total
Charles City County	\$ -	\$ 498,117	\$ 498,117
Chesterfield County	1,644,268	32,422,481	34,066,749
Goochland County	-	2,835,644	2,835,644
Hanover County	212,829	15,468,229	15,681,058
Town of Ashland	-	397,889	397,889
Henrico County	735,102	34,843,160	35,578,262
New Kent County	-	2,607,383	2,607,383
Powhatan County	-	2,570,476	2,570,476
City of Richmond	51,041	19,358,691	19,409,732
VDOT	3,367,433	-	3,367,433
	\$ 6,010,673	\$ 111,002,070	\$ 117,012,743

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 (*Government Auditing Standards*); 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, 2024, 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 27, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 27, 2024