

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

Financial Policies and Procedures

December 9, 2020

Revised February 10, 2021

This policy document establishes policies and procedures for the financial management of the Central Virginia Transportation Authority (Authority). The objectives of these policies include:

- Achieve strong internal controls and adequate design over financial accounts and processes
- Proper review and approval of financial transactions
- Operational efficiency, standardization and compliance with accounting and reporting best practices

Roles and Responsibilities

I. Authority. The Authority is responsible for administering the Central Virginia Transportation Fund, established by § 33.2-3701 of the *Code of Virginia* ("Fund"), providing broad financial guidance and oversight of the Funds, to include approval of Fund distributions, budget parameters, annual program plans, and the annual budget.

II. Finance Committee. The Finance Committee shall be responsible for advising the Authority on all financial matters and overseeing financial activities undertaken by professional staff, including:

- A.** Reviewing, commenting on, and recommending the annual revenue projections, budget, and any budget amendments.
- B.** Overseeing the Authority's financial policies (e.g. bond, investment, procurement) and making appropriate recommendations.
- C.** Monitoring contracts for services.
- D.** Monitoring expenditures for compliance with policies and guidance of the Authority.
- E.** Approving the audit work plan supporting the annual preparation of financial statements, including meeting with the auditor before the audit begins and when it has concluded.
- F.** Reviews all financial reports.
- G.** Reviews adherence with internal controls
- H.** Reviews and approves all non-budgeted expenditures within the Administrative and Operating Budget.
- I.** Assisting with other financial activities as may be directed by the Authority.

III. Chief Financial Staff *(as identified by the Authority)*

- A.** Manage the Authority's finances on a day-to-day basis.
- B.** Execute the Authority-approved budget(s).

- C. Develop financial mechanisms/procedures to ensure financial accountability and transparency.
- D. Ensure that there are written procedures (financial operation policies) for the fiscal operation of the Authority.
- E. Provide monthly/quarterly/annual management reports and financial management reports.
- F. Develops and prepares annual budget.

IV. Fiscal Agent(s)

- A. Assist CVTA Chief Financial Staff, as needed.
- B. Provide agreed upon supports described in the Fiscal Agent Agreement (s), which is incorporated by reference and attached hereto.

Financial Management and Operations

I. Purpose. This policy establishes general guidance for the financial management of the CVTA. The objectives of these policies include:

- A. Establishing a framework for strong internal controls and processes.
- B. Ensuring proper management, review, and approval of financial transactions.
- C. Achieving operational efficiencies through standardization of practices.

II. General Guidelines. Financial planning and budgeting shall comply with the following guidelines:

- I. Consistency with Authority policies, strategic plan, project plans, and expressed priorities.
- II. Clarity with respect to any assumptions used in budget development.
- III. Manage cash flow of tax revenues appropriated by the Commonwealth of Virginia.
- IV. Allocating funds consistent with the Code of Virginia and CVTA bylaws.
- V. The CVTA administrative and operating budget funds are to be allocated from the Fund prior to allocations to Fund recipients, per § 33.2-3701(D) of the *Code of Virginia*.
- VI. Planning and budgeting process that provides for Authority approval of an annual budget by May 15th.
- VII. The financial condition of the Authority shall be reviewed by the Finance Committee on a quarterly basis and the Authority annually, or as necessary.
- VIII. Annually, the Finance Committee and the Authority will review the annual audited Financial Statements.
- IX. Administrative and Operating Budget expenditures shall be consistent with the approved budget. The Chief Financial Staff may make minor operating budget

adjustments (\$10,000 or less) between program areas at his/her discretion; however, major adjustments (>\$10,000) shall have the advance approval by the Finance Committee.

III. Banking and Accounts

- A.** The designated representative of the CVTA Fiscal Agent for banking services, upon authorization from the Authority, and with the assistance of the CVTA Administrator, opens and closes all bank and other financial accounts.
- B.** The Finance Committee will review expenditures from all accounts. Transfers among funds and local distributions according to the Virginia Code may be made administratively according to the procedures for disbursements within that fiscal agent's policies. A designated representative(s) of the Fiscal Agent for cash management may be authorized to sign checks and make disbursements from the administrative and operating bank account based on properly approved documentation authorizing the disbursement.
- C.** In all cases, expenditures must be consistent with the approved budget or a separate approval by the Authority. Additional procedures must be followed when making disbursements of regional project funds or GRTC funds, as further described herein.
- D.** No petty cash or other 'Cash on Hand' will be permitted.

IV. Advisory Services

The designated representative of the CVTA Fiscal Agent, in conjunction with the financial advisory firm as provided via the fiscal agent agreement for advisory services, will make necessary recommendations to the finance committee on a range of topics including but not limited to: investments, reserve levels, and the consideration of any future debt issuances.

V. Investments

- A. General.** This statement of investment policy establishes policies for the safeguarding and efficient management of Authority funds and for the purchase, sale, and custody of investment instruments. The goal is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle.
- B. Objectives.**
 - 1.** The primary objectives of the Authority's investment activities, in priority order, are safety, liquidity, and yield.
 - 2.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout

budgetary and economic cycles. This objective shall take into account constraints as to acceptable risk, the characteristics of the Authority's cash flows, and the funding expectations of approved projects.

3. The Authority shall utilize a third-party investment service as provided by the fiscal agent for financial advisory services to accomplish objectives a and b, in conjunction with the Investment Agent, as provided for through the Fiscal Agent Agreement.
4. The Investment Agent, as provided for through the Fiscal Agent Agreement, shall, annually provide an investment strategy and plan to the Finance Committee.

VI. Annual Audit

The designated representative of the CVTA Fiscal Agent will, in conjunction with a certified 'Vendor', provide advice and consultation, review of financial records and work with the Auditor of Public Accounts (APA) or their selected vendor who performs the annual audit for the Authority.

- A. **Audit Requirements.** The *Code of Virginia* § 30-140, requires that all authorities, boards and commissions having financial transactions in excess of \$25,000 shall file an audit report within 90 days after the close of the fiscal year with the Auditor of Public Accounts.
 1. The *Code of Virginia* § 33.2-3703 requires the Auditor of Public Accounts, or his legally authorized representatives, shall annually audit the financial accounts of the Authority, and the cost of such audit shall be borne by the Authority. The audit must be conducted in accordance with generally accepted auditing standards and Government Auditing Standards.
 2. The Auditor of Public Accounts requires the CVTA's financial statements be prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB).
 3. The *Code of Virginia* § 30-140, requires the CVTA to publish a summary statement of financial condition in a newspaper of general circulation based on its locality. The minimum statement should include total assets, liabilities, and fund balances; total revenues, expenditures, and other sources or uses; and, the resulting net change in fund balances.

General Operating and Administrative Funds

A. General.

- A. Administrative and Operating Funds shall be used to support the general operations of the Authority.

B. Responsibilities.

A. CVTA Administrator.

1. The Chief Financial Staff will be responsible for preparing and presenting the annual budget for the General Administrative and Operating account for review and recommendation for approval to the Authority by the Finance Committee.
2. Funding for the Administrative and Operating account shall come from the total of funds received in the first transfer for the fiscal year. Distributions described below pursuant to Virginia Code will be made following set aside for the administrative and operating budget.
 - a) All subsequent distributions for the fiscal year described below pursuant to the Virginia Code will be made from the total revenues transferred by the Commonwealth.
3. The CVTA Administrator will provide the Finance Committee with reports on expenditures incurred.

B. CVTA Fiscal Agents, in coordination with the CVTA Administrator.

1. The Lead staff of the Fiscal Agent for cash management services has primary responsibility to ensure Administrative and Operating Funds are properly safeguarded and managed.
2. The Lead staff of the Fiscal Agent for the audit services as review responsibility to ensure Administrative and Operating Funds are properly safeguarded and managed.
3. The CVTA Administrator has primary responsibility for reviewing requests for payments and submitting for approval when deemed appropriate. The Administrator is also responsible for maintaining records of all expenditures of the Fund.
4. The Lead staff of the Fiscal Agent for cash management services will manage the Authority's cash position to ensure availability of funds to meet payment requests.
5. The CVTA Administrator will provide the Finance Committee with reports on expenditures.
6. The Lead staff of the Fiscal Agent for audit services will review all reports prior to submission to the Finance Committee and Authority.

Local Distribution (50% Funds)

I. General.

- A. The Authority, through the fiscal agent for banking services, will segregate funds received from the Commonwealth of Virginia after setting aside funds necessary to support the annual administrative and operating budget between 50% Local Distribution Funds, 15% GRTC Funds, and 35% Regional Revenue Funds as soon as practicable.

- B.** The Authority, through the fiscal agent for banking services, will segregate and distribute Local Funds to jurisdictions based on the proportionate share of each jurisdiction's sales and gas tax each month.
- C.** Localities will be required to certify and accept the transfer amounts before funds are disbursed and confirm receipt.
- D.** Each jurisdiction shall deposit its Local Funds received from the CVTA into a separate, special fund.
- E.** Local Funds must be spent in compliance with the Central Virginia Transportation Authority Act and the CVTA bylaws.
- F.** Each jurisdiction is required to provide the Finance Committee a quarterly report on expenditures and must provide CVTA an annual report on expenditures by August 1 each year in the format required by the CVTA. If the annual report is not received by August 1, transfers of the current fiscal year will cease until the certification is submitted in good form.

Regional Revenue (35% Funds)

I. General.

A. Regional Funds shall be used to:

- 1. Fund or maintain a Working Capital Reserve in an amount determined by CVTA Finance Committee.
- 2. Fund cost of issuance and other debt-related fees and services, and debt service payments undertaken by the CVTA.
- 3. To fund "pay-as-you-go" (Pay-Go) projects or studies approved by CVTA.

Each project financed by Regional Funds must meet the planning and scoring criteria established by CVTA and must be approved as a regional project through appropriate prioritizing procedures as recommended by the Technical Advisory Committee and approved by the Authority. The planning criteria must be based on an objective and quantifiable analysis that considers the benefits of projects relative to their cost.

- B.** The Standard Project Agreement (SPA) incorporated within the Memorandum of Agreement Between the VDOT and the CVTA establishes the roles and responsibilities of each party for projects funded by Regional Revenue Funds.

II. Responsibilities

A. CVTA Administrator.

- 1. Written requests for supplemental project funding shall be

submitted to the CVTA Administrator for review. The CVTA Administrator will present a recommendation to the Finance Committee for consideration. The Finance Committee may make a recommendation on any such request to the Authority for final determination.

2. The CVTA Administrator will advise the recipient in writing of questionable uses of any funding which comes to the Authority's attention. The CVTA Administrator will provide a report of the incident and make recommendations for resolution to the Finance Committee. The Finance Committee will forward the issue and possible resolution to the Authority. Additional funding may be withheld until final resolution of the matter.
3. The CVTA Administrator will provide the Finance Committee with quarterly reports on the status of funding for regional projects and will report the same to the Authority at least annually or as otherwise needed.

B. CVTA Fiscal Agents, in coordination with the CVTA Administrator.

1. Fiscal Agent for cash management:
 - a) has primary responsibility to ensure Regional Revenue Funds are properly safeguarded and managed.
 - b) will manage the Authority's cash position to ensure availability of funds to meet programmed reimbursement requests.
2. Fiscal Agent for audit services
 - a) has review responsibility to ensure Regional Revenue Funds are properly safeguarded and managed.
 - b) will review all reports prior to submission to the Finance Committee and Authority
3. The CVTA Administrator
 - a) will manage the requisition process, as outlined in the Standard Project Agreement, for cash flow purposes to facilitate reimbursement to the recipient within 45 days of receiving a completed and approved requisition request.
 - b) will provide the Finance Committee with at least quarterly reports on the status of funding for regional projects and will report the same to the Authority at least annually or as otherwise needed.

C. Recipients.

1. Each recipient is responsible to ensure work is performed in accordance with all applicable federal, state, and local laws and regulations, and the SPA.
2. A recipient must acknowledge that the Authority will not be

responsible for operating or maintaining the project upon completion.

3. A recipient must comply with will federal and state requirements for other funding sources which may be used to fund the project and certify that it has adhered to all applicable laws and regulations, as well as the requirements of the agreement.

D. Other

1. All payments made from regional funds must be first approved or otherwise certified by the chair and vice-chair of the Finance Committee, or their designees, as well as the host locality for the project or VDOT, whomever is serving as project manager.

GRTC Revenue (15% Funds)

- A. The Authority will segregate and distribute GRTC funding according to the methodology described in the state code.
- B. No locality embraced by the Authority shall reduce its local funding for public transit by more than 50 percent of what it appropriated for public transit as of July 1, 2019. Starting in fiscal year 2023, the amount required to be provided by a locality pursuant to the Central Virginia Transportation Authority Act shall be adjusted annually based on the greater of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year, or (ii) zero.
- C. . GRTC will be required to certify and accept the transfer amounts before funds are disbursed and confirm receipt.
- D. GRTC shall deposit the GRTC Revenue (15% Funds) into a separate, special fund.
- E. GRTC Revenue (15% Funds) must be applied to operating or capital needs as defined in GRTC's Regional Public Transportation Plan which is developed in conformance with the guidelines required by State Code §33.2-286 and as approved by the Authority per the Central Virginia Transportation Authority Act.
- F. GRTC is required to provide the Finance Committee a quarterly report on expenditures by November 15, February 15, May 15, and August 15 and must provide CVTA an annual report on expenditures by December 1 each year sufficient documentation, as required by the Authority, showing that the revenues distributed to GRTC were applied in accordance with the Regional Public Transportation Plan. If the annual report is not received by December 1, and no extension is granted by the Authority, transfers of the current fiscal year will cease until the certification is submitted in good form.

Roles and Responsibilities Among CVTA Supporting Partners – Financial Administration

PERFORM

Chesterfield County maintains banking accounts for CVTA pursuant to the Fiscal Agent Agreement executed on January 11, 2021.

- PlanRVA and City of Richmond have view only access to accounts for purposes of bank reconciliation and cash on hand status reports.

RECORD

Chesterfield County records all transactions in General Ledger for all funds/accounts.

- PlanRVA and City of Richmond provided access to reports at any time

REPORT

Chesterfield County prepares monthly/quarterly bank reconciliation and financial statements for periodic review.

ANALYSIS

PlanRVA submits monthly/quarterly statements to the City of Richmond to review with any preliminary findings or notes of analysis.

REVIEW

City of Richmond reviews bank reconciliations, monthly/quarterly financial statements and provides any findings to the Finance Committee.

For purposes of assuring consistency with the Financial Policies and Procedures document approved by the CVTA Finance Committee:

- PlanRVA provides staffing to fulfill the roles/responsibilities of Chief Financial Staff as described in Roles and Responsibilities: III.
- Chesterfield County provides account management through the Fiscal Agent Agreement dated 1/11/21 as authorized in the Roles and Responsibilities: IV
- City of Richmond provides review through the Fiscal Agent Agreement dated 2/26/21 as authorized in the Roles and Responsibilities; IV

Steps for Annual Budget Development (CVTA Administrative and Operating Account):

1. PlanRVA develops draft budget for consideration by the Finance Committee in February of each year.
2. The Finance Committee recommends a completed Fiscal Year budget for Authority consideration in March.

3. The Authority schedules a public hearing and advertises the proposed FY Administrative and Operating Budget to occur at a regularly scheduled meeting prior to May 15th (April).
4. The Authority holds a public hearing and takes action regarding the FY Administrative and Operating budget by May 15th pursuant.
5. Occurrences requiring amendments to the budget may be made administratively following concurrence among staff from PlanRVA (Chief Financial Staff), provided the total budget is not changed and adjustments between line items is equal to or less than \$10,000.
6. Occurrences resulting in major adjustments, those in excess of \$10,000 must have approval from the Finance Committee.

Steps for Invoice Payments (CVTA Administrative and Operating Account):

1. Invoices submitted by email to CVTA@PlanRVA.org or by post to CVTA c/o PlanRVA 9211 Forest Hill Avenue, Suite 200 Richmond VA 23235.
 - a. Invoices internally routed.
 - b. Staff reviews invoices for consistency with general guidelines set forward in the Financial Policies and Procedures (Financial Management and Operations: II)
 - c. Staff prepares entries in QuickBooks for payables
2. PlanRVA submits batched invoices to City of Richmond for approval via email with cc: to Chesterfield County. Batch should include a coversheet documenting vendor and dollar amount to be paid. All invoices should be included along with a budgetary statement (date and time stamped) that includes enough detail documenting requested payments are within the Authority's approved budget.
3. City of Richmond reviews batch for reasonableness, accuracy and within the Authority's approved budget. City of Richmond notifies Chesterfield County via email that the batch has been approved and authorizes payments.
4. Once the City of Richmond's approval is received, Chesterfield County prepares payment disbursements within payment system and initiates payment to vendors. Chesterfield County notifies PlanRVA via email that disbursements have been made so that payables can be reversed in the General Ledger.

Steps for Processing Local Distributions:

1. Monthly Revenue Transfer statement submitted by VDOT
 - a. Reported transfer amount validated by Chesterfield County as matching deposit
2. Chesterfield County prepares coversheet summarizing Monthly Revenue Transfer statement, providing it and original Monthly Revenue Transfer statement to Finance Directors' Working Group within 3 business days, including:
 - a. Calculated total revenues for sales and fuels tax receipts.
 - b. Bar chart summarizing monthly receipts for trend analysis.

- c. Calculated distributions to jurisdictions (includes distribution between Town of Ashland and Hanover County according to agreed method)
 - i. 1st Transfer of each fiscal year is reduced by total amount budgeted for FY Administrative and Operating Expenses.
3. Finance Directors Working group coordinate local review and validation of revenues and calculations; respond back with confirmation to accept deposits as submitted within 3 business days.
4. Chesterfield County initiates transfers within 2 business days and collects confirmation from each jurisdiction that the deposit was made as expected.

Steps for Regular Reporting to the City of Richmond and Finance Committee:

1. PlanRVA will prepare a monthly financial reporting package for review by the City of Richmond. It will include:
 - a. Bank account(s) reconciliation performed by Chesterfield County
 - b. Summary of invoices paid during the period with documentation of consistency with budget and approval
 - c. Summary of distributions to local governments for 50% portion of revenues including documentation of local validation of distribution amounts
 - d. Summary of distributions to GRTC
 - e. Approved Meeting minutes Budget amendments and trail of approval consistent with policies
 - f. P&L, Balance sheet, Comparison of Budget to Actual YTD,
 - g. Investment Report

Timeline of Meetings: FY2021

February

Monday	Tuesday	Wednesday	Thursday	Friday	Notes
1 Finance Committee Chair Briefing	2	3- Finance Committee Mailout	4	5	
8	9	10- Finance Committee Meets	11	12 Authority Packet Deadline	
15	16 Authority Mailout	17	18	19	
22	23	24	25 Finance Packet Deadline	26 Authority Meets	

March

Monday	Tuesday	Wednesday	Thursday	Friday	Notes
1 Finance Committee Chair Briefing	2	3- Finance Committee Mailout	4	5	
8	9	10- Finance Committee Meets	11	12 Authority Packet Deadline	
15	16 Authority Mailout	17	18	19	
22	23	24	25 Finance Packet Deadline	26 Authority Meets	
29	30	31			

April

Monday	Tuesday	Wednesday	Thursday	Friday	Notes
			1	2	
5 Finance Committee Chair Briefing	6	7- Finance Committee Mailout	8	9	
12	13	14- Finance Committee Meets	15	16 Authority Packet Deadline	
19	20 Authority Mailout	21	22	23	
26	27	28	29 Finance Packet Deadline	30 Authority Meets	

May

Monday	Tuesday	Wednesday	Thursday	Friday	Notes
3 Finance Committee Chair Briefing	4	5 Finance Committee Mailout	6	7	
10	11	12 Finance Committee Meets	13	14 Authority Packet Deadline	
17	18 Authority Mailout	19	20	21	
24	25	26	27 Finance Packet Deadline	28 Authority Meets	
31 Finance Committee Chair Briefing					

June

Monday	Tuesday	Wednesday	Thursday	Friday	Notes
	1	2 Finance Committee Mailout	3	4	
7	8	9 Finance Committee Meets	10	11 Authority Packet Deadline	
14	15 Authority Mailout	16	17	18	
21	22	23	24 Finance Packet Deadline	25 Authority Meets	
28 Finance Chair Briefing	29	30			