

CVTA FINANCE COMMITTEE AGENDA 8/13/25; ITEM B-1.

Access Procedure to Working Capital Reserve

Central Virginia Transportation Authority

BACKGROUND: During the full CVTA meeting on June 6, 2025, staff was asked to clarify the process CVTA members need to follow to access Working Capital Reserve funds.

The CVTA Financial Policies and Procedures require a reserve to be established equal to 3 months of the budgeted, annual regional CVTA funds. CVTA has now fulfilled the establishment of that balance and the WCR exists in full. This funding is set aside to provide stability and flexibility in the event of unexpected events that impact cash flow based on mismatches between revenue receipt and disbursement of funds.

Examples of proper use of the WCR:

- Recession causes a drop in tax revenue below projections
- Projects being completed far in advance of expected timelines
- General Assembly withdraw of funds while projects are active

Examples of improper use of the WCR:

- Project overruns - the CVTA already has balance entry funds to cover modest cost increases when necessary
- Payment of debt service - a debt service reserve will be a separate reserve that CVTA will establish to pay for debt service of a bond issuance

In the event that working capital reserve funds are needed for unexpected events, the Finance Committee will advise the Authority on recommended actions with support from the Executive Director and financial advisors.

REQUESTED ACTION: None requested – information only.

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Attachments