

AGENDA

CVTA FINANCE COMMITTEE

Wednesday, January 5, 2022
8:30 a.m.

PlanRVA James River Board Room

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

If you wish to participate in this meeting virtually, please register via Zoom at

https://planrva-org.zoom.us/webinar/register/WN_1cnDmhllS_KyBoe14Kh5Zg

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

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

WELCOME AND INTRODUCTIONS

(Stoney)

CERTIFICATION OF A QUORUM

(Firestone)

ADMINISTRATION

1. Consideration of Amendments to the Action Meeting Agenda

(Stoney)

2. **Approval of November 10, 2021, Meeting Minutes** – page 3

(Stoney)

Action Requested – motion to approve minutes

3. Open Public Comment Period

(Stoney/5 minutes)

4. CVTA Finance Committee Chairman's Report

(Stoney/10 minutes)

5. CVTA Activities Report

(Parsons, Eure/10 minutes)

- a. **Financial Activities and Investment Reports** – page 8
- b. **VDOT – CVTA Fund Revenue Forecast FY22-28** – page 13
- c. TAC Activities Report
- d. Proposed Authority schedule revision

OLD BUSINESS

6. Finance Directors Working Group Update- Debt Policy

(Finance Directors Working Group/ 5 minutes)

Information Item: Representative(s) from the subcommittee will provide update on the work completed to date.

7. CVTA Staffing Update

(Heeter/10 minutes)

Information Item: Ms. Heeter will share additional information collected since the last meeting.

NEW BUSINESS

8. FY21 Annual Certification and FY23 Expenditure Plans

(Parsons/10 minutes)

a. GRTC and locality reporting requirements

Information Item: Mr. Parsons will review reporting requirements:

- Annual reporting is due for CVTA funds expended in FY 2021
- Local Allocation Plan estimates for FY23 (TAC work task)

b. **GRTC – CVTA Annual Certification Report** – page 15

Action Requested: motion to approve resolution of acceptance

c. **GRTC – CVTA Special Fund Quarterly Report – September 30, 2021** – page 70

Action Requested: motion to approve resolution of acceptance

9. Regional Project Process – funding for years 3-6 of 6-year plan

(Parsons/5 minutes)

Discussion Item: members will discuss available funding for years 3-6.

10. CVTA Procurement Policy Development

(Parsons/5 minutes)

Discussion Item: initial discussion on developing a formal Procurement Policy for the Authority.

OTHER BUSINESS

11. Future Meeting Topics – page 72

(Stoney/5 minutes)

12. CVTA Finance Committee Member Comments

(Stoney/5 minutes)

13. Next Meeting: February 9, 2022

(Stoney)

14. Adjournment

(Stoney)

**CENTRAL VIRGINIA TRANSPORTATION AUTHORITY
FINANCE COMMITTEE**

MINUTES OF ACTION MEETING

James River Board Room

November 10, 2021

Members Present:

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

Others Present:

Joseph Casey, Chesterfield County
Dironna Moore Clarke, City of Richmond
Jennifer DeBruhl (virtual)
Todd Eure, Henrico County
Janice Firestone, PlanRVA
Eric Gregory, Hefty Wiley & Gore

Martha Heeter, PlanRVA
Sidd Kumar, PlanRVA
Rashaunda Lanier-Jackson, PlanRVA
Jin Lee, PlanRVA (virtual)
Dan Mott, PlanRVA
Chet Parsons, PlanRVA

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

CALL TO ORDER

The Central Virginia Transportation Authority (CVTA) Finance Committee Chair Levar M. Stoney presided and called the November 10, 2021, CVTA Finance Committee action meeting to order at 8:35 a.m.

ATTENDANCE ROLL CALL & CERTIFICATION OF MEETING QUORUM

Janice Firestone, PlanRVA, certified that a quorum was present. All committee members were present (either in-person or virtually) except for Carlos M. Brown. Mr. Brown arrived at 8:45.

ADMINISTRATION

1. Consideration of Amendments to the Action Meeting Agenda

Chet Parsons, PlanRVA announced that there is an amended agenda and packet materials. The amendment adds additional matters for consideration under Item 8. Regional Projects Budget and Funding Scenario.

On motion of Kevin P. Carroll, seconded by Frank J. Thornton, the CVTA Finance Committee unanimously approved amending the agenda to address additional matters under Item 8. Regional Projects Budget and Funding Scenario.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown				X
TOTAL		4			1

2. Approval of October 13, 2021, CVTA Finance Committee Action Meeting Minutes

On motion of Frank J. Thornton, seconded by Kevin P. Carroll, the CVTA Finance Committee unanimously approved the **minutes of the October 13, 2021, CVTA Finance Committee meeting**, by acclamation as presented (voice vote).

3. Open Public Comment Period

There were no requests to address the CVTA Finance Committee.

4. CVTA Finance Committee Chairman's Report

There was no formal report given by Chair Stoney.

5. CVTA Activities Report

a. Staff Activities Report

Mr. Parsons reported that many of the items staff has been working on will be covered under new business.

b. Financial Activities and Investment Reports

A copy of the reports can be found at **Financial Activities Report**.

c. TAC Activities Report

Todd Eure, TAC Chair, provided this report and informed the committee that the Fall Line Working Group that has been formed. The group will meet for the first time later this month.

OLD BUSINESS

6. Closed Session – Financial Advisory Services Proposals

Carlos M. Brown made a motion, seconded by Frank J. Thornton, that the Finance Committee convene in closed session pursuant to Virginia Freedom of Information Act Section 2.2-3711 (A) (29), for the purpose of discussing the award of a public contract involving the expenditure of public funds, including the terms or scope of such contract, where discussion in an open session would adversely affect the Authority's bargaining position or negotiating strategy, and which requires discussion and consultation with legal counsel, pursuant to Section 2.2-3711 (A) (8), during which all recording of the meeting will cease.

The Chairman announced that there is a motion before the committee to go into closed session for the purpose of discussing contractual matters which require discussion and consultation with legal counsel, pursuant to the cited provisions of the Virginia Freedom of Information Act, during which all recording of the meeting will cease.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			
TOTAL		5			

The Chairman asked staff and guests to leave the meeting. The recording and livestream of the meeting was stopped. At the conclusion of the closed session, the Chairman reconvened the public meeting.

On motion by Carlos M. Brown, seconded by Frank J. Thornton, the members of the CVTA Finance Committee voted to certify that, to the best of their knowledge, only public matters lawfully exempted from open meeting requirements and that only such public business matters as were identified in the motion by which the closed session was convened, were heard, discussed, or considered.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			
TOTAL		5			

On motion by Carlos M. Brown, seconded Kevin P. Carroll, the CVTA Finance Committee voted to table consideration of respondents to the RFP for Financial Advisory Services and recommendation to the full Authority Board, and in favor of requesting the Finance Working Group to develop draft policies concerning the Authority's fund balance, borrowing, and debt leveraging, and to include conservative, moderate, and aggressive approaches, and providing input concerning pay-as-you-go scenarios.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			
TOTAL		5			

7. CVTA Staffing Update

Martha Heeter, PlanRVA, provided this update. Committee members discussed waiting to take action until full figures are compiled (total compensation and other costs), rather than just salary. Ms. Heeter will work with the HR Roundtable to get the figures compiled. The HR Roundtable members are prepared to coordinate the recruitment process as soon as they are directed to by the committee.

NEW BUSINESS

8. Regional Projects Budget and Funding Scenario

a. Revenue Projections to 2028

Kevin P. Carroll made a motion, seconded by Carlos M. Brown, to recommend approval of six-year budget FY22 to FY27.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			
TOTAL		5			

b. Project selection and approval timeline

Frank J. Thornton made a motion, seconded by Kevin P. Carroll, to recommend approval of project selection timeline.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			

c. Notification of public hearing

W. Canova Peterson made a motion, seconded by Kevin P. Carroll, to authorized advertisement of a public hearing for December 3, 2021, and opening a 15-day public comment period beginning November 11, 2021.

Jurisdiction/Agency	Member	Aye	Nay	Abstain	Absent
Chesterfield County	Kevin P. Carroll	X			
Hanover County	Vice Chair W. Canova Peterson	X			
Henrico County	Frank J. Thornton	X			
City of Richmond	Chair Levar M. Stoney	X			
Commonwealth Transportation Board	Carlos M. Brown	X			
TOTAL		5			

d. Fall Line cost estimate update

Mr. Parsons provided this update and reported that TAC reviewed the estimate earlier in the week and made a change to the gap figure. Committed fund amounts were removed and the estimated gap cost was increased by approximately fifteen million.

9. Future Meeting Topics

Ms. Heeter provided a recap of the future meeting topics recommended by staff.

10. CVTA Finance Committee Member Comments

There was a discussion about the timing of the next meeting. Staff was asked to look into alternate dates prior to December 8th.

11. Next Meeting

The next action meeting is currently scheduled for December 8, 2021, beginning at 8:30 a.m. in Richmond, Virginia. This date is likely to change if a suitable alternate date is found.

12. Adjournment

Chair Stoney adjourned the meeting at 10:15 a.m.

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

	June Tax Activity	July Tax Activity	August Tax Activity	YTD
Local Distribution Fund				
Receipt of Taxes:				
Sales and Use Tax	\$ 11,563,283	\$ 11,295,839	\$ 18,227,859	\$ 41,086,981
Local Fuels Tax	4,067,844	4,268,684	4,371,054	12,707,581
Total Receipt of Taxes	15,631,127	15,564,523	22,598,912	53,794,562
Cash Outflows & Transfers:				
Transfers:				
Operating Fund	-	-	-	-
Regional Fund	5,470,894	5,447,583	7,909,619	18,828,097
Payments to GRTC	2,344,669	2,334,678	3,389,837	8,069,184
Total transfers	7,815,563	7,782,261	11,299,456	26,897,281
Local Distributions:				
Ashland	27,834	26,559	37,663	92,056
Charles City	56,427	50,127	74,141	180,695
Chesterfield	2,235,322	2,230,916	3,285,422	7,751,659
Goochland	192,114	197,487	268,013	657,615
Hanover	1,127,091	1,101,201	1,561,622	3,789,914
Henrico	2,446,724	2,655,212	3,709,787	8,811,724
New Kent	196,782	185,507	231,243	613,532
Powhatan	189,972	154,086	254,315	598,373
Richmond	1,343,298	1,181,166	1,877,249	4,401,713
Total local distributions	7,815,563	7,782,261	11,299,456	26,897,281
Local Distribution Fund ending balance	\$ -	\$ -	\$ -	\$ -
Operating Fund				
Beginning balance, July 1, 2021		\$ -	\$ -	\$ 186,942
Transfer from Local Distribution Fund	\$ 500,000	\$ -		500,000
Prior year accounts payable - outstanding	11,889	\$ -		11,889
Payment of operating costs	-	-	(82,402)	(82,402)
Interest income		30	35	65
Operating Fund ending balance	\$ 511,889	\$ 30	\$ (82,366)	\$ 616,495
Regional Fund				
Beginning balance, July 1, 2021				\$ 47,741,073
Transfer from Local Distribution Fund	\$ 5,470,894	5,447,583	7,909,619	18,828,097
Interest income	6,760	2,792	3,308	12,861
Regional Fund ending balance	\$ 5,477,655	\$ 5,450,375	\$ 7,912,927	\$ 66,582,031

Notes:

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



MONTHLY INVESTMENT REPORT

REBECCA R. LONGNAKER, CPA, MGT
INVESTMENT OFFICER
9211 Forest Hill Avenue
Richmond, VA 23235
Office: 804-748-1201
Email: longnakerr@chesterfield.gov
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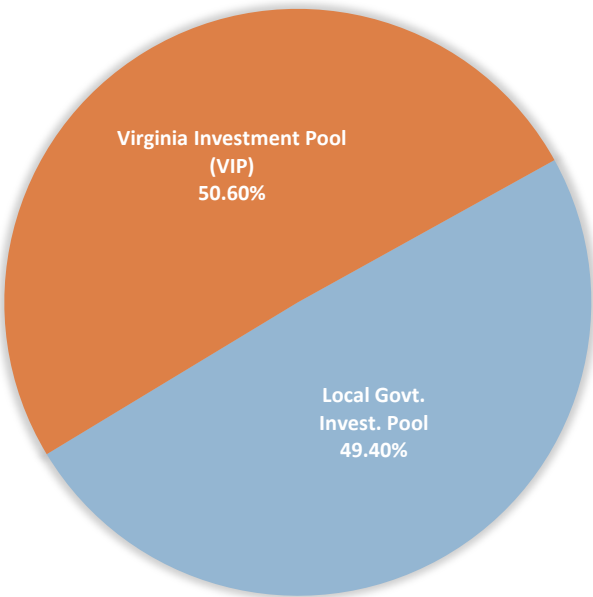
OCTOBER 2021

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

Investments at a glance (as of 10/31/2021)

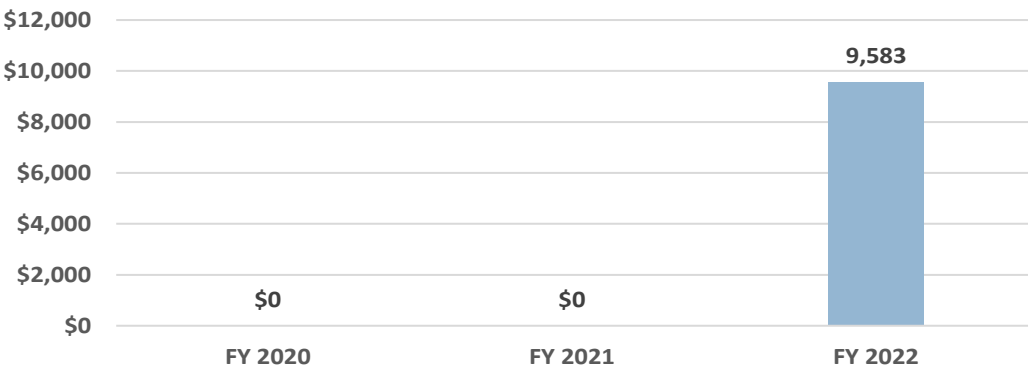
Total Book Value	\$52,820,381.34
Average Days to Maturity	1
Yield to Maturity 365 Day Equivalent	.065%

Investment Type Allocation



Portfolio Mix	Balance
Local Govt. Invest. Pool (LGIP)	\$26,091,168.37
Virginia Investment Pool (VIP)	\$26,729,212.97
Federal Agency Coupon	\$0
US Treasury Discount	\$0
Total	\$52,820,381.34

Cumulative Interest Earnings FY2022



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

Benchmark Comparisons

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

YIELD BENCHMARKING			
	CURRENT YIELD	YEAR AGO	YoY CHANGE
Portfolio	.065%	n/a	n/a
91-day T-Bill	.05%	0.10%	-0.05% pts
6-month T-Bill	.06%	0.11%	-0.05% pts
Va. Treas. Prime Liq.	.23%	0.36%	-0.13% pts

Compliance Report

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

Investment Category	Code of Virginia			Treasurer's Investment Policy			October Actual %
	Maximum Maturity	Authorized % Limit	Rating Requirement	Maximum Maturity	Authorized % Limit	Rating Requirement	
Local Government Investment Pool (LGIP)	N/A	100%	N/A	N/A	100%	N/A	50.60%
Virginia Investment Pool Trust Fund (VIP)	N/A	100%	N/A	N/A	100%	N/A	49.40%
Federal Agency Coupon	No Limit	100%	N/A	5 Years	100%	N/A	0%
U.S. Treasury Discount	No Limit	100%	N/A	5 Years	100%	N/A	0%

Understanding Key Investment Terms

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

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

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

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



MONTHLY INVESTMENT REPORT

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

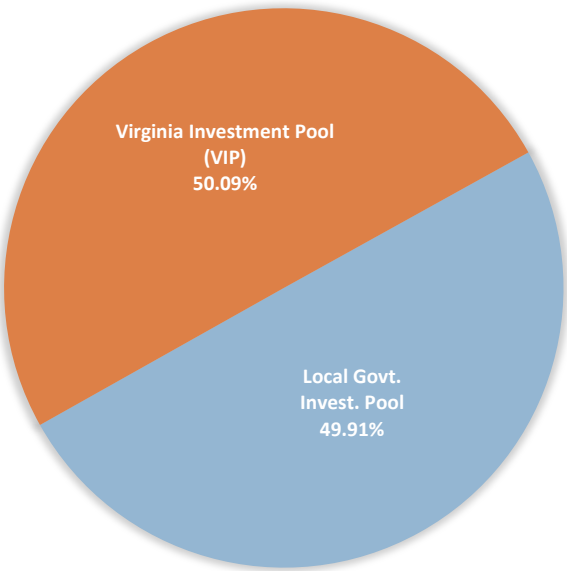
NOVEMBER 2021

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

Investments at a glance (as of 11/30/2021)

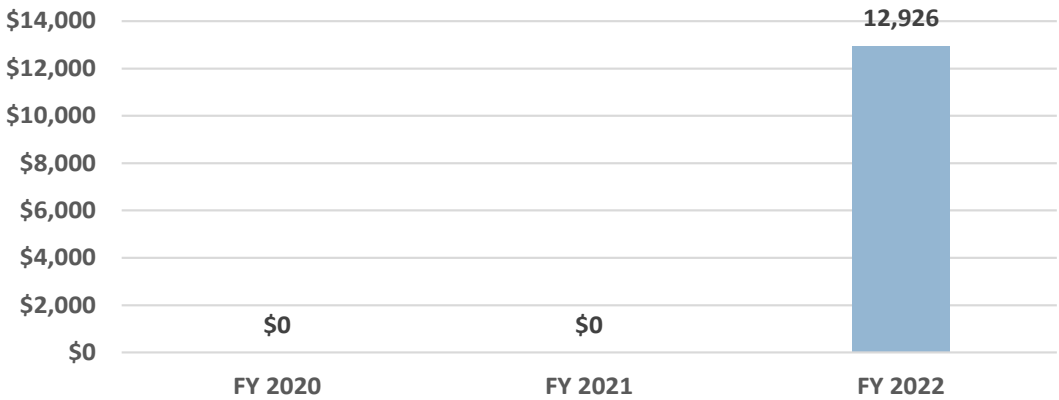
Total Book Value	\$58,188,906.09
Average Days to Maturity	1
Yield to Maturity 365 Day Equivalent	.068%

Investment Type Allocation



Portfolio Mix	Balance
Local Govt. Invest. Pool (LGIP)	\$29,040,299.22
Virginia Investment Pool (VIP)	\$29,148,606.87
Federal Agency Coupon	\$0
US Treasury Discount	\$0
Total	\$58,188,906.09

Cumulative Interest Earnings FY2022



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

Benchmark Comparisons

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

YIELD BENCHMARKING			
	CURRENT YIELD	YEAR AGO	YoY CHANGE
Portfolio	.068%	n/a	n/a
91-day T-Bill	.05%	0.09%	-0.04% pts
6-month T-Bill	.07%	0.10%	-0.03% pts
Va. Treas. Prime Liq.	.26%	0.35%	-0.09% pts

Compliance Report

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

Investment Category	Code of Virginia			Treasurer’s Investment Policy			November Actual %
	Maximum Maturity	Authorized % Limit	Rating Requirement	Maximum Maturity	Authorized % Limit	Rating Requirement	
Local Government Investment Pool (LGIP)	N/A	100%	N/A	N/A	100%	N/A	50.09%
Virginia Investment Pool Trust Fund (VIP)	N/A	100%	N/A	N/A	100%	N/A	49.91%
Federal Agency Coupon	No Limit	100%	N/A	5 Years	100%	N/A	0%
U.S. Treasury Discount	No Limit	100%	N/A	5 Years	100%	N/A	0%

Understanding Key Investment Terms

Local Government Investment Pool (LGIP)	A State-administered fund that enables governmental entities to realize the econo-
Virginia Investment Pool Trust Fund (VIP)	A fund, administered by the Virginia Municipal League (VML) and Virginia Association of Counties (VACo), that provides political subdivisions of the Commonwealth of Virginia the ability to pool their funds and invest under the direction and daily supervision of a professional fund manager.
Federal Agency Coupon	Fixed income government agency obligations with a stated interest rate and maturing in more than one year.
U.S. Treasury Discount	Fixed income government securities priced below par and maturing in less than one year.



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION

Stephen C. Brich, P.E.
Commissioner

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

December 17, 2021

Chet Parsons
Director of Transportation
Plan RVA, Richmond Regional Planning
District Commission
Interim Executive Director, Central Virginia
Transportation Authority
9211 Forest Hill Avenue, Suite 200
Richmond, Virginia 23235

Dear Mr. Parsons:

The Virginia Department of Taxation prepares revised revenue forecasts for the Commonwealth's state revenue sources. The revenue forecast includes the state nongeneral fund revenues dedicated to transportation. The Virginia Department of Transportation has received the revised official revenue estimates for Fiscal Years 2022 to 2028 for the regional revenues dedicated to the Central Virginia Transportation Fund (CVTF). The Department of Taxation indicated that all forecasts assume current law going forward and include the Governor's proposals for the budget released on December 16, 2021.

The attached document provides the December 2021 CVTF revenue estimates for Fiscal Years 2022 to 2028 and a comparison to the estimates provided in December 2020. The monthly CVTF reports provided by VDOT will reflect these new revenue estimates for the current fiscal year.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Laura A. Farmer".

Laura A. Farmer
Chief Financial Officer

Attachment

c: Stephen C. Brich, Commissioner of Highways
Martha Heeter, Executive Director, PlanRVA
Wendy Thomas, Director, Budget and Funds Management Division

Central Virginia Transportation Authority Fund (09730)

Revenue Forecast

Fiscal Years 2022 - 2028

(in millions)

	December 2020 Forecast			December 2021 Forecast			Change		
	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues
FY 2022	\$ 140.0	\$ 60.3	\$ 200.3	\$ 122.7	\$ 58.4	\$ 181.1	\$ (17.3)	\$ (1.9)	\$ (19.2)
FY 2023	143.9	61.8	205.7	131.8	61.1	192.9	(12.1)	(0.7)	(12.8)
FY 2024	147.2	62.8	210.0	135.6	61.9	197.5	(11.6)	(0.9)	(12.5)
FY 2025	154.6	63.5	218.1	139.0	62.4	201.4	(15.6)	(1.1)	(16.7)
FY 2026	162.1	64.5	226.6	139.8	63.0	202.8	(22.3)	(1.5)	(23.8)
FY 2027	166.5	65.9	232.4	140.5	64.0	204.5	(26.0)	(1.9)	(27.9)
FY 2028	171.7	67.3	239.0	141.1	65.4	206.5	(30.6)	(1.9)	(32.5)
Total - FY 2022 - FY 2028	\$ 1,086.0	\$ 446.1	\$ 1,532.1	\$ 950.5	\$ 436.2	\$ 1,386.7	\$ (135.5)	\$ (9.9)	\$ (145.4)



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION

Stephen C. Brich, P.E.
Commissioner

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

December 17, 2021

Chet Parsons
Director of Transportation
Plan RVA, Richmond Regional Planning
District Commission
Interim Executive Director, Central Virginia
Transportation Authority
9211 Forest Hill Avenue, Suite 200
Richmond, Virginia 23235

Dear Mr. Parsons:

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The attached document provides the December 2021 CVTF revenue estimates for Fiscal Years 2022 to 2028 and a comparison to the estimates provided in December 2020. The monthly CVTF reports provided by VDOT will reflect these new revenue estimates for the current fiscal year.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Laura A. Farmer".

Laura A. Farmer
Chief Financial Officer

Attachment

c: Stephen C. Brich, Commissioner of Highways
Martha Heeter, Executive Director, PlanRVA
Wendy Thomas, Director, Budget and Funds Management Division

Central Virginia Transportation Authority Fund (09730)

Revenue Forecast

Fiscal Years 2022 - 2028

(in millions)

	December 2020 Forecast			December 2021 Forecast			Change		
	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues
FY 2022	\$ 140.0	\$ 60.3	\$ 200.3	\$ 122.7	\$ 58.4	\$ 181.1	\$ (17.3)	\$ (1.9)	\$ (19.2)
FY 2023	143.9	61.8	205.7	131.8	61.1	192.9	(12.1)	(0.7)	(12.8)
FY 2024	147.2	62.8	210.0	135.6	61.9	197.5	(11.6)	(0.9)	(12.5)
FY 2025	154.6	63.5	218.1	139.0	62.4	201.4	(15.6)	(1.1)	(16.7)
FY 2026	162.1	64.5	226.6	139.8	63.0	202.8	(22.3)	(1.5)	(23.8)
FY 2027	166.5	65.9	232.4	140.5	64.0	204.5	(26.0)	(1.9)	(27.9)
FY 2028	171.7	67.3	239.0	141.1	65.4	206.5	(30.6)	(1.9)	(32.5)
Total - FY 2022 - FY 2028	\$ 1,086.0	\$ 446.1	\$ 1,532.1	\$ 950.5	\$ 436.2	\$ 1,386.7	\$ (135.5)	\$ (9.9)	\$ (145.4)

Revenue Forecasts based on VDOT's December Projections

Central Virginia Transportation Authority

	December 2020 VDOT Forecast (million)			Adjusted Forecast* (million)			Change (million)			Adjusted Forecast Local Revenues (million)	Adjusted Forecast GRTC Revenues (million)	Adjusted Forecast Regional Revenues (million)	December 2021 VDOT Forecast (million)			Variance from Adjusted Forecast (million)			Regional Revenues Variance from Adjusted Forecast (million)	
	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	50%	15%	35%	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	0.7% Local Sales Tax	Fuels Tax	Total CVTF Revenues	Amount	% Change
2022	\$140	\$60	\$200	\$132	\$57	\$189	(\$8)	(\$3)	(\$11)	\$94	\$28	\$66	\$123	\$58	\$181	(\$9)	\$1	(\$8)	(\$3)	-4.15%
2023	\$144	\$62	\$206	\$135	\$59	\$194	(\$9)	(\$3)	(\$12)	\$97	\$29	\$68	\$132	\$61	\$193	(\$3)	\$2	(\$1)	(\$0)	-0.58%
2024	\$147	\$63	\$210	\$138	\$60	\$198	(\$9)	(\$3)	(\$12)	\$99	\$30	\$69	\$136	\$62	\$198	(\$3)	\$2	(\$1)	(\$0)	-0.29%
2025	\$155	\$64	\$218	\$145	\$60	\$206	(\$9)	(\$3)	(\$12)	\$103	\$31	\$72	\$139	\$62	\$201	(\$6)	\$2	(\$4)	(\$2)	-2.09%
2026	\$162	\$65	\$227	\$152	\$61	\$214	(\$10)	(\$3)	(\$13)	\$107	\$32	\$75	\$140	\$63	\$203	(\$13)	\$2	(\$11)	(\$4)	-5.10%
2027	\$167	\$66	\$232	\$156	\$63	\$219	(\$10)	(\$3)	(\$13)	\$110	\$33	\$77	\$141	\$64	\$205	(\$16)	\$1	(\$15)	(\$5)	-6.69%
2028	\$171	\$67	\$238	\$161	\$64	\$225	(\$10)	(\$3)	(\$14)	\$112	\$34	\$79	\$141	\$65	\$207	(\$20)	\$1	(\$18)	(\$6)	-8.15%
TOTAL	\$1,085	\$446	\$1,532	\$1,020	\$424	\$1,444	(\$65)	(\$22)	(\$87)	\$722	\$217	\$506	\$951	\$436	\$1,387	(\$69)	\$12	(\$58)	(\$20)	-4.00%
				-6.03%	-4.85%	-5.69%										-6.81%	2.76%	-4.00%		

Regional Revenue Contribution by Jurisdiction (million)										Total
Ashland	Charles City	Chesterfield	Goochland	Hanover	Henrico	New Kent	Powhatan	Richmond		
2022	\$0.231	\$0.397	\$19.527	\$1.75	\$9.27	\$20.51	\$1.80	\$1.52	\$11.12	\$66.13
2023	\$0.238	\$0.407	\$20.054	\$1.80	\$9.52	\$21.07	\$1.85	\$1.56	\$11.42	\$67.91
2024	\$0.243	\$0.416	\$20.472	\$1.84	\$9.72	\$21.51	\$1.89	\$1.59	\$11.65	\$69.33
2025	\$0.252	\$0.432	\$21.260	\$1.91	\$10.09	\$22.33	\$1.96	\$1.66	\$12.10	\$71.99
2026	\$0.262	\$0.449	\$22.087	\$1.98	\$10.49	\$23.20	\$2.03	\$1.72	\$12.57	\$74.79
2027	\$0.268	\$0.460	\$22.652	\$2.03	\$10.75	\$23.79	\$2.09	\$1.76	\$12.89	\$76.71
2028	\$0.275	\$0.472	\$23.236	\$2.09	\$11.03	\$24.41	\$2.14	\$1.81	\$13.23	\$78.69
TOTAL	\$1.769	\$3.033	\$149.287	\$13.397	\$70.877	\$156.820	\$13.751	\$11.628	\$84.982	\$505.545

Fiscal Year 2021 Tax Revenue			
	Sales Tax %	Fuel Tax %	Combined
Ashland	0.31%	0.42%	0.35%
Charles City	0.75%	0.28%	0.60%
Chesterfield	27.75%	33.51%	29.53%
Goochland	2.04%	4.01%	2.65%
Hanover	12.70%	16.96%	14.02%
Henrico	33.63%	25.18%	31.02%
New Kent	1.06%	6.43%	2.72%
Powhatan	2.00%	2.98%	2.30%
Richmond	19.76%	10.23%	16.81%

* Per VDOT's budget vs. actual report, the first quarter of fiscal year 2022 actual tax amounts are less than budget as follows:

Fuels tax is 6.03% less than budget

S&U tax is 4.85% less than budget

Total tax is 5.69% less than budget



Central Virginia Transportation Authority Finance Committee - January 5, 2022

Agenda Item 8.-b. - GRTC – CVTA Annual Certification Report

WHEREAS, the Central Virginia Transportation Authority (“CVTA”) and the Greater Richmond Transit Co., a Virginia public service company (“GRTC”), entered into a Memorandum of Agreement (“agreement”) effective April 30, 2021, under Chapter 1235 of the 2020 Virginia Acts of Assembly (“Chapter 1235”) concerning the distribution of proceeds from the Central Virginia Transportation Fund, also established by Chapter 1235 and related administrative matters; and

WHEREAS, the agreement specifies that GRTC will submit an Annual Certification, report, and all supporting documentation to CVTA on or before December 1st of each year; and

WHEREAS, the agreement further specifies that the report shall demonstrate that GRTC applied CVTA distributions in accordance with CVTA requirements and the Regional Public Transportation Plan; and

WHEREAS, the agreement further specifies that GRTC will submit a financial report as part of its Annual Certification or as a supplement; and

WHEREAS, the agreement further specifies that the CVTA Finance Committee will review the GRTC quarterly expenditure reports and Annual Certification and formally adopt a resolution accepting the reports and acknowledging GRTC’s appropriate funds utilization within 90 days of each report’s submittal.

RESOLVED, that the CVTA Finance Committee has reviewed the GRTC quarterly expenditure reports, Annual Certification Report and Financial Report for the year ending June 30, 2021, and formally accepts the reports; and

FURTHER RESOLVED, that the CVTA Finance Committee acknowledges that the reports were submitted in compliance with the agreement; and

BE IT FURTHER RESOLVED, that the CVTA Finance Committee acknowledges that the expenditures reported are in accordance with the agreement.

**GRTC Transit System
CVTA Special Fund Annual Certification Report
For the Year Ended June 30, 2021
Full Year Summary**

Beginning Balance @ July 1, 2020	\$ <u>-</u>
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Receipts:

March 12, 2021 Funds for Regional Public Transportation Plan preparation	\$ 200,000.00
March 31, 2021 Balance of 15% Distribution through February 28, 2021	\$ 9,628,717.99
April 27, 2021 GRTC 15% Funds Distribution - Month of March 2021	\$ 1,888,564.61
May 26, 2021 GRTC 15% Funds Distribution - Month of April 2021	\$ 2,329,057.59
June 30, 2021 GRTC 15% Funds Distribution - Month of May 2021	\$ 2,377,436.49
June 30, 2021 Interest Income LGIP EM- June 2021	\$ <u>689.05</u>

Subtotal Receipts	\$ 16,424,465.74
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Uses:

Subtotal Costs Incurred in preparing GRTC Regional Public transportation Plan	\$ (98,554.46)
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GRTC Operating and Capital Expense

GRTC Operating Expense	\$ -
GRTC Capital Expense	\$ <u>-</u>

Subtotal GRTC Operating and Capital Expense	\$ -
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Ending Balance @ June 30, 2021	\$ <u>16,325,911.28</u>
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**GRTC Transit System
CVTA Special Fund Annual Certification Report
For the Year Ended June 30, 2021
Breakdown by Quarter
3rd Quarter Activity**

Beginning Balance @ January 1, 2021		\$ -
 <u>Receipts:</u>		
March 12, 2021 Funds for Regional Public Transportation Plan preparation	\$ 200,000.00	
March 31, 2021 Balance of 15% Distribution through February 28, 2021	<u>\$ 9,628,717.99</u>	
Subtotal Receipts		\$ 9,828,717.99
 <u>Uses:</u>		
Subtotal Costs Incurred in preparing GRTC Regional Public transportation Plan		\$ (70,532.82)
.		
GRTC Operating and Capital Expense		
GRTC Operating Expense	\$ -	
GRTC Capital Expense	<u>\$ -</u>	
Subtotal GRTC Operating and Capital Expense		\$ -
 Ending Balance @ March 31, 2021		 <u>\$ 9,758,185.17</u>

**GRTC Transit System
CVTA Special Fund Annual Certification Report
For the Year Ended June 30, 2021
Breakdown by Quarter
4th Quarter Activity**

Beginning Balance @ March 31, 2021	\$ 9,758,185.17
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Receipts:

April 27, 2021 GRTC 15% Funds Distribution - Month of March 2021	\$ 1,888,564.61
May 26, 2021 GRTC 15% Funds Distribution - Month of April 2021	\$ 2,329,057.59
June 30, 2021 GRTC 15% Funds Distribution - Month of May 2021	\$ 2,377,436.49
June 30, 2021 Interest Income LGIP EM- June 2021	<u>\$ 689.05</u>

Subtotal Receipts	\$ 6,595,747.74
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Uses:

Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan	\$ (28,021.64)
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GRTC Operating and Capital Expense

GRTC Operating Expense	\$ -
GRTC Capital Expense	<u>\$ -</u>

Subtotal GRTC Operating and Capital Expense	\$ -
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Ending Balance @ June 30, 2021	\$ 16,325,911.28
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GREATER RICHMOND TRANSIT COMPANY

FINANCIAL REPORT

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Greater Richmond Transit Company
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Richmond Transit Company and its blended component unit as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Greater Richmond Transit Company's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Richmond Transit Company and its blended component unit as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of an Error

As described in Note 18, the beginning net position for fiscal year 2021 was restated to reflect an adjustment related to Greater Richmond Transit Company's other post-employment plan and compensated absences. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Greater Richmond Transit Company's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2020, and updated on January 27, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived. Because information to restate prior years in relation to the correction of an error, discussed in the preceding paragraph, is not readily available, the comparative information has not been restated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and net pension liability information and related ratios, including contributions and related notes on pages 4 through 8 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greater Richmond Transit Company's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of the Greater Richmond Transit Company'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 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 Company's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 28, 2021

GREATER RICHMOND TRANSIT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Herein contained are the audited financial statements for the year ended June 30, 2021, for the Greater Richmond Transit Company (the "Company"). This report contains the Company's Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. This information, in conjunction with the related notes, provides full disclosure of all the material financial operations of the Company. These statements are the representations of management, who bears the responsibility for their accuracy, completeness and fairness. Management is committed to provide accurate, concise and quality financial information to the governmental supporters, residential users of our services, and to all other interested parties. Management believes the data, as presented, is accurate in all material respects, and fairly sets forth the financial position and results of operations of the Company and makes disclosures necessary to enable the reader to gain a well-informed understanding of the financial affairs of the Company.

In June 1999, the Governmental Accounting Standards Board (GASB) issued a Statement titled, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the Company prepares and presents financial information. The statement established the current requirements and reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easy to understand and useful to the people who use governmental financial information to make decisions. The following are required by the statement:

Statement of Net Position

This statement is designed to display the financial position of the Company. This statement reports all assets, including capital assets and infrastructure, and liabilities of the Company.

Statement of Revenues, Expenses and Changes in Net Position

This statement reports revenues and expenses in a format that focuses on the entire operating results of the Company. Other non-operating revenues, operating contributions and capital asset transactions are also included in this statement.

In addition, the Company restated its beginning net position by \$1,631,115 to reflect adjustments related to its other postemployment benefit plans and compensated absences. Additional information on this restatement can be found in Note 18 to the basic financial statements. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

GREATER RICHMOND TRANSIT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Statement of Cash Flows

This statement shows the actual cash inflows and outflows of the Company using the direct method of presentation.

Management's discussion and analysis regarding the results of operations and financial position as of June 30, 2021 and 2020, and for the years then ended follows.

Results of Operations

	<u>2021</u>	<u>2020</u>
Passenger revenue	\$ -	\$ 5,051,406
Governmental purchased service	5,313,232	8,938,765
Charter revenue	2,655	55,692
Special service revenue	842,132	1,619,166
Advertising revenue	<u>827,821</u>	<u>894,244</u>
Total operating revenues	<u>6,985,840</u>	<u>16,559,273</u>
Salaries and wages	25,383,138	24,642,765
Employee benefits and payroll taxes	22,193,917	18,885,774
Fees and services	1,495,246	2,414,345
Materials and supplies	6,429,058	6,879,189
Utilities	614,358	603,151
Insurance	1,743,246	2,008,059
Purchased transportation services	4,769,143	5,004,815
Other	997,906	1,028,350
CARES Act expenses	1,651,006	489,263
Depreciation and amortization	<u>9,910,735</u>	<u>10,449,040</u>
Total operating expenses	<u>75,187,753</u>	<u>72,404,751</u>
Operating loss	(68,201,913)	(55,845,478)
Other non-operating revenues	428,349	398,621
Operating contributions	50,471,907	39,639,408
Capital grant contributions	1,562,106	2,265,934
(Loss) gain on disposal of capital assets	<u>(21,155)</u>	<u>42,074</u>
Change in net position	<u>(15,760,706)</u>	<u>(13,499,441)</u>
Net position, beginning of year, as restated (Note 18)	<u>42,328,856</u>	<u>54,197,182</u>
Net position, end of year	<u>\$ 26,568,150</u>	<u>\$ 40,697,741</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Results of Operations

The Company's results of operations for the year ended June 30, 2021, reflect a decrease in total net position of \$15,760,706.

All services provided by the Company are dependent upon the availability of operating revenues, non-operating revenues, operating contributions and capital grant contributions. Operating revenues include passenger revenue from transit and CARE ticket sales, along with fare box recoveries; governmental revenues in the form of purchase-of-service agreements with local governments; charter revenue for charter services provided through local transportation companies; special service revenue in the form of contract business with local universities; and advertising revenue from sales of various bus advertising displays. Much of the funding is based directly on service levels and ridership.

With the onset of the COVID-19 pandemic in 2020, ridership decreased between 30% to 40% overall from 2019 levels. During FY 2021, ridership recovered to approximately 87% of the pre-pandemic levels. Understanding that a significant portion of riders were essential front line workers, the Company stopped charging fares in March 2020 and continued with zero fares throughout FY 2021. The Company has utilized Federal COVID Relief funding to fill the funding void as a result of the zero-fare program.

Operating revenue of \$6,985,840 in FY 2021 decreased \$9,573,433 from FY 2020. The zero-fare program decreased passenger fare revenue to \$-0- for FY 2021 down from the FY 2020 amount of \$5,051,406.

Governmental purchased service revenue also decreased in FY 2021 by \$3,625,533 a result of decreased service in Henrico and Chesterfield Counties. The demand for charters was down for FY 2021 due to reduced demands of businesses under COVID pandemic restrictions which resulted in decreased Charter revenue. Special service revenue decreased in FY 2021 by \$777,034, due to the contract price adjustments with Virginia Commonwealth University as the University's students were remote for the academic year. Advertising revenue decreased slightly in FY 2021 by \$66,423, because of economic struggles of small businesses during the pandemic slowdown and shutdown.

An increase in operating expenses of \$2,783,002 also contributed to the decrease in the Company's net position. The increase in operating expenses is primarily due to increases in salaries and wages and employee benefits and payroll taxes of \$740,372 and \$3,308,443, respectively, and also due to GASB 68 required pension reporting increase of approximately \$1.9M with the remaining approximately \$1.4M pertaining to the increased rate of the Company's medical insurance plan, current labor contract and annual cost of living increases for salaried employees, along with applicable payroll taxes and pension match.

Fees and services decreased in FY 2021 by \$919,099, due to the elimination of contracted fare collection services and fare media stock, reduction in vanpool service and computer maintenance contracts. Materials and supplies decreased in FY 2021 by \$450,131, due to reduction in fleet repairs for rolling stock and support vehicles, as a result of lower staffing levels combined with limited availability of parts. Utilities costs were up in FY 2021 by \$11,207. Insurance costs decreased during FY 2021 by \$264,813, a result of decreased claims payout.

(Continued)

GREATER RICHMOND TRANSIT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Results of Operations (Continued)

Purchased transportation costs decreased in FY 2021 by \$235,672. Specialized service includes the paratransit (CARE) service, Care on Demand, as well as the welfare-to-work (CVAN) service. GRTC provided an optional premium service "Care on Demand" that supports the paratransit eligible participant to book their services the same day with singular occupancy for their trip. This service reduces the overall cost per trip and was a portion of the cause for the decreased expenses. However, the primary cause of decreased expenses was the result of reduced demand due to the COVID pandemic. Demand for CARE service was at approximately 76% of its pre-pandemic levels during this period which resulted in a reduction in expenses. This was offset by using specialized services to support fixed route services during the pandemic in order to reduce passenger load per vehicle.

Other operating expenses decreased in FY 2021 by \$30,444, due to a reduction in advertising commission expense. The Company incurred CARES Act expenses of \$1,651,006 in FY 2021, which consisted of personal protective equipment for employees, contract cleaning services for daily cleaning of vehicles, bus barriers, shields and additional labor for sanitation of buses.

Depreciation and amortization decreased by \$538,305 in FY 2021 due to the disposal of 32 buses, vans and vehicles.

Other non-operating revenues include interest on cash temporarily idle during the year that is invested in a highly liquid investment portfolio with the Virginia Local Government Investment Pool (LGIP) and other income not part of the ordinary income from operations. Other non-operating revenues increased in FY 2021 by \$29,728, primarily due to higher cash balances versus the prior year.

Operating contributions, which accounts for approximately 67% in FY 2021 and 55% in FY 2020 of operating expenses, respectively, came directly from various governmental grant subsidies from the Federal Transit Administration (FTA), City of Richmond, Virginia Department of Rail and Public Transportation (State) and other local organizations. Funding from the Federal Government increased by \$18,227,205 in FY 2021. This increase was due to utilization of approximately \$25.883M of Federal COVID Relief funding to completely replace fare revenue, reductions in special service revenues, additional operating expense caused by the COVID-19 pandemic, and other federally eligible expenses for reimbursement. City funding decreased for FY 2021 by \$7,957,684, while State funding only increased by \$472,400 compared to FY 2020 when approximately \$1.168M was received for Emergency Funding due to the onset of COVID-19.

Capital grant contributions are used to purchase nearly all capital assets of the Company and include funding from the Federal Transit Administration, City of Richmond, and the Virginia Department of Rail and Public Transportation. Capital grant contributions decreased in FY 2021 by \$703,828 as a result of fewer capital projects being developed during the year.

The decrease in net position of \$15,760,706 includes \$17,586,762 in noncash operating expenses relating to depreciation and amortization of \$9,910,735 and GASB 68 pension expense of \$7,675,027 recorded in the Statement of Revenues, Expenses and Changes in Net Position.

(Continued)

GREATER RICHMOND TRANSIT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Results of Operations (Continued)

	Financial Position	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 43,499,743	\$ 27,546,292
Capital assets	<u>68,543,722</u>	<u>77,255,496</u>
Total assets	<u>112,043,465</u>	<u>104,801,788</u>
Deferred outflows	<u>26,724,818</u>	<u>30,138,288</u>
Current liabilities	9,048,991	9,278,423
Long-term liabilities	<u>80,451,740</u>	<u>75,711,238</u>
Total liabilities	<u>89,500,731</u>	<u>84,989,661</u>
Deferred inflows	<u>22,699,402</u>	<u>9,252,674</u>
Net investment in capital assets	68,543,722	77,255,496
Restricted	2,719,786	2,719,786
Unrestricted	<u>(44,695,358)</u>	<u>(39,277,541)</u>
Net position	<u>\$ 26,568,150</u>	<u>\$ 40,697,741</u>

Financial Position

Current and other assets increased by \$15,953,451, primarily due to receipt of distributions from Central Virginia Transportation Authority (CVTA) to be expended in accordance with the approved Regional Public Transportation Plan for FY 2022. Capital assets decreased by \$8,711,774, primarily due to the annual depreciation and amortization of our capital assets. Current liabilities decreased by \$229,432 due to lower accounts payable due to COVID's impact on purchased transportation and other expenses related to fare collection. Long-term liabilities increased by \$4,740,502, primarily due to the pension liability.

Requests for Information

The financial report is designated to provide our customers, investors and creditors with general overview of GRTC's finances and to show the Company's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 301 East Belt Boulevard, Richmond, Virginia 23224.

BASIC FINANCIAL STATEMENTS

GREATER RICHMOND TRANSIT COMPANY

STATEMENT OF NET POSITION

June 30, 2021

	2021	For Comparative Purposes Only 2020
	<hr/>	<hr/>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 25,070,127	\$ 7,893,075
Receivables:		
Grants (Note 4)	6,977,619	7,200,315
Trade	318,936	501,367
Other	1,153,176	1,447,193
	<hr/>	<hr/>
Total receivables	8,449,731	9,148,875
Allowance for doubtful accounts	(15,718)	(12,622)
	<hr/>	<hr/>
Net receivables	8,434,013	9,136,253
	<hr/>	<hr/>
Prepaid expenses	597,172	1,143,680
	<hr/>	<hr/>
Total current assets	34,101,312	18,173,008
	<hr/>	<hr/>
RESTRICTED ASSETS		
Cash and cash equivalents (Notes 3 and 5)	2,719,786	2,719,786
	<hr/>	<hr/>
OTHER ASSETS		
Materials and supplies	905,679	880,532
Cash and cash equivalents, board-designated (Notes 3 and 8)	5,772,966	5,772,966
	<hr/>	<hr/>
Total other assets	6,678,645	6,653,498
	<hr/>	<hr/>
Capital assets, net (Note 5)	68,543,722	77,255,496
	<hr/>	<hr/>
Total assets	112,043,465	104,801,788
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals (Note 6)	26,724,818	28,799,531
Other post-employment benefit deferrals (Notes 13 and 18)	-	1,338,757
	<hr/>	<hr/>
Total deferred outflows of resources	26,724,818	30,138,288
	<hr/>	<hr/>
Total assets and deferred outflows	<u>\$ 138,768,283</u>	<u>\$ 134,940,076</u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

STATEMENT OF NET POSITION

June 30, 2021

	2021	For Comparative Purposes Only 2020
	<hr/>	<hr/>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,663,453	\$ 3,887,889
Accrued expenses:		
Salaries and wages	1,791,780	1,135,968
Payroll taxes	186,856	96,144
Retirement contributions	211,533	161,205
Accrued uninsured accident claims (Note 7)	172,475	350,650
Other accrued expenses	1,252,756	811,928
Compensated absences	603,116	-
Unearned revenue	397,478	518,642
Grant funding received in advance:		
Federal	39,028	39,028
Local	2,171,995	1,733,869
Note payable, City of Richmond	543,100	543,100
Other post-employment benefits (Notes 13 and 18)	15,421	-
	<hr/>	<hr/>
Total current liabilities	9,048,991	9,278,423
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Other post-employment benefits (Notes 13 and 18)	-	3,719,520
Net pension liability (Note 6)	80,451,740	71,991,718
	<hr/>	<hr/>
Total long-term liabilities	80,451,740	75,711,238
	<hr/>	<hr/>
Total liabilities	89,500,731	84,989,661
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals (Note 6)	6,373,516	9,233,224
Other post-employment benefit deferrals (Notes 13 and 18)	-	19,450
Unearned and deferred revenue - Central Virginia Transit Authority (CVTA) funds (Note 19)	16,325,886	-
	<hr/>	<hr/>
Total deferred inflows of resources	22,699,402	9,252,674
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets	68,543,722	77,255,496
Restricted (Notes 3 and 5)	2,719,786	2,719,786
Unrestricted	(44,695,358)	(39,277,541)
	<hr/>	<hr/>
Total net position	26,568,150	40,697,741
	<hr/>	<hr/>
Total liabilities, deferred inflows, and net position	<u><u>\$ 138,768,283</u></u>	<u><u>\$ 134,940,076</u></u>

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2021**

	2021	For Comparative Purposes Only 2020
	<hr/>	<hr/>
OPERATING REVENUES		
Passenger	\$ -	\$ 5,051,406
Governmental purchased service	5,313,232	8,938,765
Charter	2,655	55,692
Special service	842,132	1,619,166
Advertising	827,821	894,244
	<hr/>	<hr/>
Total operating revenues	6,985,840	16,559,273
	<hr/>	<hr/>
OPERATING EXPENSES		
Salaries and wages	25,383,138	24,642,765
Employee benefits and payroll taxes	22,193,917	18,885,774
Fees and services	1,495,246	2,414,345
Materials and supplies	6,429,058	6,879,189
Utilities	614,358	603,151
Insurance and provision for uninsured accident claims	1,743,246	2,008,059
Purchased transportation services (Note 12)	4,769,143	5,004,815
Other	997,906	1,028,350
COVID-19 expense	1,651,006	489,263
Depreciation and amortization	9,910,735	10,449,040
	<hr/>	<hr/>
Total operating expenses	75,187,753	72,404,751
	<hr/>	<hr/>
Operating loss	(68,201,913)	(55,845,478)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
Operating contributions:		
Federal Transit Administration	3,825,786	8,349,969
Federal Transit Administration CARES funds	25,883,499	3,132,111
City of Richmond	7,957,684	15,915,368
Virginia Department of Rail and Public Transportation	12,028,253	10,322,984
Virginia Department of Rail and Public Transportation - CMAQ	602,674	667,506
Virginia Department of Rail and Public Transportation emergency funding	-	1,168,037
Other local organizations	174,011	83,433
	<hr/>	<hr/>
Total operating contributions	50,471,907	39,639,408
	<hr/>	<hr/>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2021**

	2021	For Comparative Purposes Only 2020
	<hr/>	<hr/>
Capital transactions:		
Capital grant contributions	\$ 1,562,106	\$ 2,265,934
Gain (loss) on disposal of capital assets	(21,155)	42,074
	<hr/>	<hr/>
Total capital transactions	1,540,951	2,308,008
	<hr/>	<hr/>
Other income:		
Interest income	52,021	237,028
Other income	376,328	161,593
	<hr/>	<hr/>
Total other income	428,349	398,621
	<hr/>	<hr/>
Total nonoperating revenues	52,441,207	42,346,037
	<hr/>	<hr/>
Change in net position	(15,760,706)	(13,499,441)
	<hr/>	<hr/>
Net position, beginning of year, as restated (Note 18)	42,328,856	54,197,182
	<hr/>	<hr/>
Net position, end of year	<u>\$ 26,568,150</u>	<u>\$ 40,697,741</u>

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

	2021	For Comparative Purposes Only 2020
OPERATING ACTIVITIES		
Receipts from passengers	\$ 185,527	\$ 5,044,991
Governmental purchased service receipts	5,607,249	9,644,200
Other receipts	1,551,444	2,439,056
Payments to employees	(24,877,887)	(23,998,444)
Payment to employee benefits and payroll taxes	(13,390,514)	(12,531,253)
Payments to suppliers and others	(20,127,721)	(23,764,631)
Net cash used by operating activities	(51,051,902)	(43,166,081)
INVESTING ACTIVITIES		
Interest income	52,021	237,028
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,562,108)	(2,265,934)
Proceeds from disposal and sale of capital assets	341,992	62,033
Capital contributions Central Virginia Transportation Authority	598,642	-
Capital grants related local contributions	1,562,106	2,265,934
Net cash provided by capital financing activities	940,632	62,033
NONCAPITAL FINANCING ACTIVITIES		
Operating contributions from federal, state, and local sources	51,132,729	41,926,723
Operating contributions from Central Virginia Transportation Authority	15,727,244	-
Miscellaneous nonoperating revenue received	376,328	161,593
Net cash provided by noncapital financing activities	67,236,301	42,088,316
Increase (decrease) in cash and cash equivalents	17,177,052	(778,704)
CASH AND CASH EQUIVALENTS		
Beginning of year	16,385,827	17,164,531
End of year	\$ 33,562,879	\$ 16,385,827
SUMMARY OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, current	\$ 25,070,127	\$ 7,893,075
Cash and cash equivalents, restricted	2,719,786	2,719,786
Cash and cash equivalents, board designated	5,772,966	5,772,966
	\$ 33,562,879	\$ 16,385,827

(Continued)

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

	2021	For Comparative Purposes Only 2020
	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (68,201,913)	\$ (55,845,478)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	9,910,735	10,449,040
Pension expense, net of employer contributions	7,675,027	5,783,356
OPEB expense	-	510,554
Change in current assets and liabilities:		
Receivables, trade and other, net	479,544	699,020
Prepaid expenses	546,508	80,750
Materials and supplies	(25,147)	(19,437)
Accounts payable	(2,224,436)	(5,643,551)
Accrued expenses	1,059,505	949,711
Compensated absences	(150,561)	-
Unearned revenue	(121,164)	(130,046)
	<u>(121,164)</u>	<u>(130,046)</u>
Net cash used by operating activities	<u>\$ (51,051,902)</u>	<u>\$ (43,166,081)</u>

The Notes to Financial Statements are an integral part of this statement.

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. Organization

Reporting entity

Greater Richmond Transit Company (the Company or GRTC) is a public service corporation incorporated on April 12, 1973, and organized to provide mass transportation services to the Richmond Metropolitan area. The Company began operations on September 1, 1973, by purchasing the assets of the Virginia Transit Company. The Company is a joint venture between the City of Richmond and County of Chesterfield, Virginia to provide mass transportation for passengers on a regional basis and associated para-transit service mandated by the Americans with Disabilities Act for the purposes of providing continuous services within and between the jurisdictions of the City of Richmond, Chesterfield County and Henrico County. The Company is governed by a six-member board of directors; three of which are appointed by the City of Richmond and three of which are appointed by Chesterfield County.

The accompanying annual financial report includes the financial activities of the Company, and its blended component unit, Ridefinders. Financial information for the Company and the blended component unit is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Government Accounting Standards Board.

Blended Component Unit

Greater Richmond Transit Company is non-stock, non-profit corporation established to foster community participation in the Greater Richmond, Virginia area in ridesharing activities, including carpools, vanpools, and traditional transit. Ridefinders is the regional non-profit ridesharing and transportation demand management agency that works to move more commuters in fewer vehicles throughout the Central Virginia region to protect air quality and increase the efficiency of the region's transportation network. The Company and Ridefinders have a financial and operational relationship which requires that Ridefinders' financial statements be blended into the Company's financial statements. Condensed combining financial statements for the Company and its blended component unit are presented in Note 16.

2. Summary of Significant Accounting Policies

The accounting policies affecting the significant elements of the financial statements are as follows:

- The financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting wherein all assets and liabilities associated with the operation of these activities are included in the statement of net position.

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Company applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

In June 1999, the GASB issued a statement titled, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the Company prepares and presents financial information. The statement established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easy to understand and useful to the people who use governmental financial information to make decisions and includes:

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Management's Discussion and Analysis

The reporting model statement requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Statement of net position

This statement is designed to display the financial position of the governmental entity. Governments report all assets, including capital assets and infrastructure, in the statement of net position.

Statement of revenues, expenses and changes in net position

This statement reports revenues and expenses in a format that focuses on the entire operating results of the governmental entity. Capital asset transactions are included in this statement.

Statement of cash flows

This statement is displayed using a direct format whereby actual cash inflows and outflows are presented.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during that period. Actual results could differ from those estimates and assumptions.

Revenues and expenses

Passenger fares, charter, special service and advertising revenues are recorded as revenue at the time such services are performed. Revenues from governmental grants are earned when the expenses related to the grants are incurred.

Governmental purchased service is comprised of funds received from the County of Henrico to subsidize the operation of bus routes in the County and to provide specialized transportation services for the disabled in Henrico. These services also include funds received from the City of Richmond and surrounding localities to provide transportation services, including welfare-to-work.

The Company reports as nonoperating revenues and expenses amounts arising from capital asset transactions, operating grant contributions from governmental entities, investment related transactions and miscellaneous nonoperating revenues and expenses.

Operating losses are subsidized in part by operating grants from the Federal Transit Administration (FTA), the Virginia Department of Rail and Public Transportation (VDRPT), and the City of Richmond. The funding from VDRPT is for fuel, tires, maintenance parts and supplies and administrative expenses. Among other requirements of the FTA grants, state and local governments must provide a certain matching share of funds and/or support (as defined by FTA guidelines) for operating assistance. The FTA, state and city grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the granting agency for expenditures disallowed under the terms of the grants.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include short term, highly liquid investments with initial maturities of three months or less. Designated cash at June 30, 2021, represents funds reserved by the Board of Directors for a contingency fund for unforeseen events. Restricted cash at June 30, 2021, is comprised of funds restricted for future eligible capital projects as required by FTA.

Trade receivables

Trade accounts receivable primarily represent balances owed for advertising and marketing with the Company and bus services within the Richmond area and part of Chesterfield and Henrico counties. The Company grants credit to customers, substantially all of whom are businesses located in the vicinity of the operating locations. The Company provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Materials and supplies

Materials and supplies, consisting primarily of replacement parts for transit equipment, are stated at cost using the moving-average cost method wherein after each goods acquisition, the average unit cost of an item is recomputed by adding the cost of the newly acquired goods or units to the cost of the units already in inventory.

Capital assets

The Company's capital assets with useful lives of more than one year are stated at historical cost. The Company does not possess infrastructure. The Company generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded as a capital transaction on the statement of revenues, expenses, and changes in net position.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Company to conclude that impairment indicators exist and that long-lived assets may be impaired.

Depreciable assets are depreciated over the following estimated useful lives:

Buildings	10 to 30 years
Buses, vans, vehicles	5-10 years
Bus stop and parking facilities	5-10 years
Shop and garage equipment	5-10 years
Office furniture and equipment	5 years
Software	5 years
Bus communication and other equipment	5 years

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Grants

Grant funding received in advance represents grant assets received but for which revenue recognition criteria has not yet been met (i.e. funds have not yet been spent for grant-related purposes).

Note payable

The note payable - City of Richmond is a non-interest bearing unsecured note, which is due on demand. At June 30, 2021, the fair value of the indebtedness approximates the amount recorded in the financial statements.

Unearned revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Unearned and deferred revenue

Deferred revenues represents resources that are received that are attributable to a future period. During 2021, the Company received funding from the newly created Central Virginia Transit Authority (CVTA) that is to be used to capital and operation needs for fiscal year 2022. The total is reflected as unearned and deferred revenue on the statement of net position. See Note 19 for additional information.

Net position

Net position is the difference between assets/deferred outflows of resources and liabilities / deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to acquisition, construction or improvement of those assets.

When net position resources are available for a specific purpose in more than one classification, it is the Company's policy to use the most restrictive funds first in the following order: restricted and unrestricted as they are needed.

Advertising costs

Advertising costs are expensed when incurred.

Income taxes

The Company, as an entity formed to serve the City of Richmond and Chesterfield County (governmental entities), is exempt from federal and state income taxes.

3. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checking accounts, and the Virginia Local Government Investment Pool (LGIP). All investment accounts maintained by the Company must abide by the general investment criteria established by the Commonwealth of Virginia for public funds.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

3. Cash and Cash Equivalents (Continued)

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Company's deposits may not be returned or the Company will not be able to recover collateral securities in the possession of an outside party. Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Company's investment in a single issuer. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In order to minimize its exposure to all five of these risks, the Company has a policy of complying with the investment guidelines established by the Commonwealth of Virginia for public funds.

At June 30, 2021, the carrying value of the Company's deposits with banks and LGIP was \$33,723,565. All deposits of the Company are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "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.

The carrying value of the Company's cash equivalents consists of the following at June 30, 2021:

Virginia Local Government Investment Pool	\$ 27,553,556
Bank deposits (checking accounts)	5,890,987
Petty cash funds	<u>118,336</u>
Total cash equivalents	<u>33,562,879</u>
Restricted for Future Eligible Capital Projects as Required by FTA - represents the federal interest in the sale proceeds of the former maintenance and administrative facility (Note 5)	(2,719,786)
Board designated (Note 8)	<u>(5,772,966)</u>
Unrestricted and undesignated	<u>\$ 25,070,127</u>

4. Grants Receivable

Federal, state and local grants receivable consist of the following at June 30, 2021:

Department of Transportation - Federal Transit Administration	\$ 6,655,492
Virginia Department of Rail and Public Transportation	<u>322,127</u>
Total grants receivable	<u>\$ 6,977,619</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS June 30, 2021

5. Capital Assets

During the year ended June 30, 2010, upon completion of the new maintenance and administrative facility, the Company recorded an asset impairment loss in the amount of \$1,100,000, which represented the remaining book value of the old maintenance and administrative facility. During the subsequent years, the asset impairment loss increased \$1,002,509 and totaled \$2,102,509 at June 30, 2015. During the year ended June 30, 2016, upon sale of the old maintenance and administrative facility, the Company removed the book value of the old maintenance and administrative facility and removed the impairment loss reserve in the amount of \$2,102,509. In connection with the sale, in accordance with FTA regulations, \$2,719,786 of the sale proceeds represents the federal interest in the proceeds and is restricted for future eligible capital projects.

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Transfers and Disposals</u>	<u>Balance at June 30, 2021</u>
Capital assets not subject to depreciation:				
Land	\$ 2,644,056	\$ -	\$ -	\$ 2,644,056
Construction in progress	194,624	178,019	-	372,643
Total capital assets not subject to depreciation	<u>2,838,680</u>	<u>178,019</u>	<u>-</u>	<u>3,016,699</u>
Capital assets subject to depreciation:				
Buildings	53,505,971	-	-	53,505,971
Buses, vans, vehicles	75,626,923	495,818	(4,098,665)	72,024,076
Bus stop and parking facilities	4,198,080	226,971	-	4,425,051
Shop and garage equipment	821,438	164,616	-	986,054
Office furniture and equipment	8,841,417	-	-	8,841,417
Software	2,033,747	96,373	-	2,130,120
Bus communications and other equipment	<u>8,465,591</u>	<u>400,309</u>	<u>-</u>	<u>8,865,900</u>
Total capital assets subject to depreciation	<u>153,493,167</u>	<u>1,384,087</u>	<u>(4,098,665)</u>	<u>150,778,589</u>
Accumulated depreciation:				
Buildings	(19,296,705)	(1,761,231)	-	(21,057,936)
Buses, vans, vehicles	(42,526,709)	(6,288,235)	3,735,520	(45,079,424)
Bus stop and parking facilities	(2,714,826)	(364,685)	-	(3,079,511)
Shop and garage equipment	(676,087)	(35,617)	-	(711,704)
Office furniture and equipment	(8,423,142)	(140,842)	-	(8,563,984)
Software	(1,026,173)	(413,633)	-	(1,439,806)
Bus communication and other equipment	<u>(4,412,709)</u>	<u>(906,492)</u>	<u>-</u>	<u>(5,319,201)</u>
Total accumulated depreciation	<u>(79,076,351)</u>	<u>(9,910,735)</u>	<u>3,735,520</u>	<u>(85,251,566)</u>
Total capital assets subject to depreciation, net	<u>74,416,816</u>	<u>(8,526,648)</u>	<u>(363,145)</u>	<u>65,527,023</u>
Total capital assets, net	<u>\$ 77,255,496</u>	<u>\$ (8,348,629)</u>	<u>\$ (363,145)</u>	<u>\$ 68,543,722</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans

The operating company, Old Dominion Transit Management Company, has four retirement plans covering substantially all employees. One plan, an Internal Revenue Service Code Section 401(a) deferred compensation plan, which is noncontributory and covers qualified salaried employees, is funded as accrued. The second and third plans, started during 2002, are contributory Internal Revenue Code Section 457(b) deferred compensation plans available to certain eligible employees. The fourth plan is described in the succeeding paragraphs. The assets of the plans are required to be held in trust. Based on the plans' governmental status, the Company's obligation under the plans is limited to its contributions. The aggregate contributions for these plans were \$2,471,301 during the year ended June 30, 2021, and are included in employee benefits and payroll taxes on the statement of revenues, expenses and changes in net position.

Plan description

The fourth plan mentioned in the preceding paragraph, the Old Dominion Transit Employees Disability and Retirement Allowance Plan ("the Plan"), is a single-employer defined benefit plan and is maintained pursuant to agreements between Old Dominion Transit Management Company and Local 1220 of the Amalgamated Transit Union. The Plan is administered by a committee of four persons, two appointed by the Company and two by the Local 1220. The Plan covers substantially all of the employees covered under the collective bargaining agreement between Old Dominion Transit Management Company and Local 1220 who have completed 60 days of service, and also includes certain employees who are not members of Local 1220. Effective August 1, 2002, the Plan will not cover any person who is not covered by the collective bargaining unit represented by Local 1220 and is (1) hired on and after August 1, 2002 or (2) a member of the Plan as of September 30, 2002, who, on or before October 31, 2002, irrevocably waived further membership in the Plan after September 30, 2002. Participants are eligible for retirement after either (a) attaining age 55 and completing a sufficient period of continuous service with the Company so that the total of their age and their length of service is 85 or more or (b) attaining age 62 and completing 5 years of continuous service. At January 1, 2020, there were 332 current active members in the Plan. At January 1, 2020, 211 retirees and beneficiaries were receiving benefits from the Plan. Any participant with at least five years of continuous service who terminated employment may elect to either (a) be paid their accumulated contributions with interest or (b) leave their contributions in the fund and become fully vested in the benefits they had accrued to the date of termination.

Benefit formula

A formula is used to determine monthly benefits upon retirement. The retirement benefit formula is computed as 1.5% of the participant's highest four-year average monthly compensation multiplied by the number of years of the participant's continuous service, subject to a monthly minimum benefit of \$222 for participants in the Plan as of October 1, 2000. Each retirement and disability allowance being paid may be adjusted to reflect increases in the consumer price index that have occurred during the preceding year, subject to a maximum increase of 4% per year.

Status of the Plan as a governmental plan

By letter dated April 18, 1978, the Pension Benefit Guaranty Corporation determined that the Plan was a governmental plan under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA). By ruling dated May 29, 1979, the Internal Revenue Service determined that the Plan was a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. By letter dated January 23, 1981, the Department of Labor issued an advisory opinion that the Plan was a governmental plan within the meaning of Section 3(32) of ERISA. A governmental plan is not subject to most of the provisions of ERISA.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans (Continued)

Publicly available report

The Plan issues a publicly available financial report that includes financial statements and required supplemental information for the Old Dominion Transit Employees Disability and Retirement Allowance Plan. The financial report may be obtained through management of the Company. The Plan's fiduciary net position disclosed herein has been determined on the same basis as that used by the Plan.

The Plan's separate financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Retirement and termination benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. If available, quoted market prices are used to value investments. Securities traded on a national or international exchange are valued at the last reported sales price at existing exchange rates. Bonds with no quoted market value are generally valued by comparison with comparable securities with similar yields and ratings. Investments that do not have an established market are reported at estimated fair value. Appreciation and depreciation on assets held for investment during the year are based on the fair value at the end of the Plan year as compared to the fair value at the beginning of the Plan year for investments acquired in a previous Plan year. For investments acquired during the year, appreciation and depreciation are calculated by determining the difference between fair value at the end of the Plan year and the cost basis of the investments. Gain or loss on investments disposed of (realized) during the year is calculated by comparing the sales proceeds with the cost basis for all investment disposals. Interest income is recorded on the accrual basis.

Funding policy

The cost of providing retirement and disability benefits under the Plan is shared between the Company and the employee. The collective bargaining process between the Company and the Local 1220 determines the amount of contribution that the employee must contribute for plan benefits. The portion of such aggregate contributions to be contributed by the Company for participants who are not members of the bargaining unit represented by Local 1220, is determined by the Company. In no event, however, may the monthly contribution made by any member be less than \$25. Contribution rates are shown below:

<u>Effective Date</u>	<u>Bargained</u>		<u>Non-Bargained</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
October 1, 2017	8.0%	10.0%	4.0%	13.0%
April 1, 2018	8.0%	10.0%	4.0%	14.0%
July 1, 2018	8.0%	11.5%	4.0%	14.0%
October 1, 2018	8.0%	11.5%	4.0%	14.0%
October 1, 2019	8.0%	12.0%	4.0%	14.0%
February 16, 2021	9.0%	13.0%	4.0%	14.0%

Contributions are vested after five years of continuous service with the Company (ten years prior to October 1, 2000, and fifteen years prior to October 1, 1997).

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS June 30, 2021

6. Retirement Plans (Continued)

Actuarial valuation

In the latest actuarial valuation as of December 31, 2020, the consulting actuaries, Milliman, Inc., reported a total pension liability of \$119,309,604. This accrued liability less the value of the trust fund of \$38,857,864 at December 31, 2020, results in a net pension liability of \$80,451,740. The actuarial value of assets as a percentage of the actuarial pension liability (funded ratio) was 32.6% at December 31, 2020. The 2020 annual covered payroll was \$18,616,042. The ratio of the net pension liability to annual covered payroll was 432.22% for 2020.

No Plan provisions have changed since the last actuarial valuation.

According to the actuaries, future contributions to be made by or on behalf of present members at current rates will not be sufficient to fund their benefits without any subsidization from future entrants, provided that future experience parallels that anticipated under the current actuarial assumptions. Management of the Plan intends to continue the funding policy as presented. However, management of the Plan intends to review the funding status of the Plan, in consultation with the actuaries, to ensure the sufficiency of Plan assets to satisfy all future obligations of the Plan.

Changes in net pension liability

	Total Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	<u>\$108,512,066</u>	<u>\$ 36,520,348</u>	<u>\$ 71,991,718</u>
Changes for the year:			
Service cost	3,762,068	-	3,762,068
Interest	3,431,709	-	3,431,709
Effect of economic/demographic gains or losses	3,513,631	-	3,513,631
Effects of assumptions changes or inputs	5,400,805	-	5,400,805
Contributions, employer	-	2,483,999	(2,483,999)
Contributions, employee	-	1,518,154	(1,518,154)
Net investment income	-	3,854,943	(3,854,943)
Benefit payments, including refunds of employee contributions	(5,310,675)	(5,310,675)	-
Administrative expense	<u>-</u>	<u>(208,905)</u>	<u>208,905</u>
Net changes	<u>10,797,538</u>	<u>2,337,516</u>	<u>8,460,022</u>
Balances at December 31, 2020	<u>\$119,309,604</u>	<u>\$ 38,857,864</u>	<u>\$ 80,451,740</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans (Continued)

Actuarial assumptions

The significant assumptions and other inputs used to measure the total pension liability are as follows:

Discount Rate	2.76%
Long term expected rate of return, net of investment expense	6.50%
Bond buyer general obligation 20-bond municipal bond index	2.12%

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the Plan's fiduciary net position is not projected to be sufficient.

Other key actuarial assumptions:

Valuation date	January 1, 2020
Measurement date	December 31, 2020
Inflation	3.00%
Salary increases including inflation	12% per year for participants with less than four years of service and service and 4.5% per year for participants with at least four years of service
Active and healthy inactive mortality	Rates from the separate Pub-2010 General Mortality tables for employees, retirees, survivors, and disabled participants generationally projected using Projection Scale MP-2019.
Actuarial cost method	Entry age normal
Cost of living adjustments	None
Disabled mortality	Pub-2010 General Mortality tables for disabled participants generationally projected using Projection Scale MP-2019
Termination rate	30% at less than 1 year of service 20% between 1 and 2 years of service 15% between 2 and 4 years of service 4% at 4 year or service or greater
Retirement rate	10% at age 55 5% at ages 56 to 59 10% at ages 60 and 61 70% at age 62 40% at age 63 20% at age 64 100% at age 65

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans (Continued)

Depletion date projection

In order to determine if the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, the actuaries prepared a depletion date projection using the following techniques and assumptions:

- Current active members contribute the required employee contribution amounts.
- The Company contributes 12% of compensation for bargained employees and 13% of compensation for non-bargained employees.
- Benefit payments are projected based on the actuarial assumption and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the January 1, 2020, valuation.
- Terminating and retiring members will not be replaced with new employees.
- Current administrative expenses are assumed to increase by 3.00% per year.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.50%.
- The tax-exempt, high quality general obligation municipal bond index rate is 2.12%.
- The funding policy used to determine actuarially determined contributions does not change.
- The actuarial assumptions do not change.
- The plan provisions do not change except if any material future changes have been agreed upon as of the measurement date.
- The depletion date is 2036.

Long-term expected rate of return

The best estimate range for the long-term expected rate of return was determined by the actuaries by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2020.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans (Continued)

Long-term expected rate of return (Continued)

<u>Asset Class</u>	<u>Index</u>	<u>Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	B of A Merrill Lynch 3 month T-bills	0.09%	-0.49%	-0.47%
US Core Fixed Income	Bloomberg Barclays Aggregate	22.18%	0.83%	0.76%
US Short Bonds	Bloomberg Barclays 1-3 Yr Govt/Credit	2.65%	0.45%	0.43%
US Government Bonds	Bloomberg Barclays Govt	2.79%	0.33%	0.23%
US Mortgages	Bloomberg Barclays MBS	2.13%	0.87%	0.82%
US Municipal Bonds	Bloomberg Barclays Muni	0.06%	0.77%	0.69%
Non-US Bonds	JP Morgan GBI Global xUS	0.37%	0.00%	-0.40%
US Equity Market	Russell 3000	68.66%	4.13%	2.84%
Non-US Equity	MSCI ACWI xUS NR	0.55%	5.82%	4.21%
Global REITS	FTSE EPRA/NAREIT Developed	0.52%	5.64%	3.86%
Assumed Inflation-Mean			2.20%	2.20%
Assumed Inflation-Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.12%	2.48%
Portfolio Nominal Mean Return			5.33%	4.73%
Portfolio Standard Deviation				11.48%
Long-Term Expected Rate of Return				6.50%

The long-term expected rate of return of 6.50% was assumed for years one to twenty-eight of the projection period while the municipal bond rate of 2.12% was assumed for years twenty-nine and thereafter. This resulted in a blended discount rate of 2.76% for 2020.

Sensitivity analysis

According to the actuaries, the following presents the net pension liability of the Company, calculated using the discount rate of 2.76%, as well as what the Company's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.76%) or 1 percentage point higher (3.76%) than the current rate.

	<u>1% Decrease 1.76%</u>	<u>Current Discount Rate 2.76%</u>	<u>1% Increase 3.76%</u>
Total pension liability	\$136,044,885	\$119,309,604	\$105,548,328
Fiduciary net position	<u>38,857,864</u>	<u>38,857,864</u>	<u>38,857,864</u>
Net pension liability	<u>\$ 97,187,021</u>	<u>\$ 80,451,740</u>	<u>\$ 66,690,464</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Retirement Plans (Continued)

Pension expense and deferred inflows and outflows

For the year ending June 30, 2021, the Company recognized pension expense of \$8,972,285.

The deferred inflows and outflows of resources as of December 31, 2020, are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,893,686	\$ 1,593,334
Changes of assumptions	22,533,874	1,943,376
Pension contributions made subsequent to the measurement date	1,297,258	-
Net difference between projected and actual earnings	<u>-</u>	<u>2,836,806</u>
	<u>\$ 26,724,818</u>	<u>\$ 6,373,516</u>

\$1,297,258 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 31, 2021. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31

2021	\$ 6,683,653
2022	7,134,667
2023	4,551,164
2024	684,560

Pension plan data

Information about the Old Dominion Transit Employees Disability and Retirement Allowance Plan is also available in the separately issued 2020 Comprehensive Annual Financial Report (AFR). A copy of the 2020 AFR may be requested from the plan's Chief Financial Officer at 301 East Belt Boulevard, Richmond, VA 23224.

7. Accrued Uninsured Accident Claims

Present accident claims insurance coverage provides \$2,000,000 (with a \$325,000 self-insurance retention) per accident. Additional liability insurance is purchased through multiple insurance carriers for up to \$10,000,000 per accident. At June 30, 2020, the Company was liable for any settlement in excess of \$10,000,000. Subsequent to year end, the Company joined the Virginia Transit Liability Pool. Under the pool, the Company has \$20,000,000 liability and excess coverage (with a \$325,000 self-insurance retention).

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

7. Accrued Uninsured Accident Claims (Continued)

The following schedule reflects the activity in accrued uninsured accident claims during the year ended June 30, 2021:

Balance, June 30, 2019	\$	385,675
Provision		290,079
Claims paid		<u>(325,104)</u>
Balance, June 30, 2020	\$	350,650
Provision		56,690
Claims paid		<u>(234,865)</u>
Balance, June 30, 2021	\$	<u>172,475</u>

The Company records the provisions for uninsured accident claims based upon management's estimate of the total liability for each claim. Because of the inherent uncertainties in estimating accident claims, it is at least reasonably possible that the estimates used will change in the near term.

8. Board Designated Reserves

The Board of Directors of the Company has designated cash reserves of \$5,772,966 at June 30, 2021 for a contingency fund.

9. Materials and Supplies Agreements

The Company obtains tires and tubes for its buses through a three-year agreement with Michelin North America, Inc. ("Michelin") dated June 1, 2018. The agreement provided for two one-year option terms. In fiscal year 2021, the Company executed the first one year option to extend the agreement until May 31, 2022. Fees are based on a monthly fixed cost and the mileage driven by each bus. Cost incurred in connection with tires and tubes were \$441,685 for the year ended June 30, 2021, and are included in materials and supplies on the statement of revenues, expenses, and changes in net position.

10. Vanpool Program

The Company furnishes commuter vanpool services through various agreements, all of which are on a month to month basis. The cost of such services to the Company is based on the number of passenger vans provided. Cost incurred in connection with commuter vanpool service for the year ended June 30, 2021, were \$210,725 which are included in fees and services expense on the statement of revenues, expenses, and changes in net position.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

11. Union Contract

The Company entered into an updated agreement with the Amalgamated Transit Union, Local Union 1220 (the "Union"), on October 1, 2020, in connection with the Company's transit operators and mechanics. This agreement is effective from October 1, 2020, through September 30, 2023.

12. Purchased Transportation Services

The Company furnishes specialized transportation services (CARE and CVAN services) for disabled persons through an agreement with First Transit dated December 1, 2017, which expired November 30, 2020, with an option to renew for one additional year. The Company has exercised the one year renewal option. The cost of such services to the Company is based on a fixed cost per revenue hour. Costs incurred in connection with disabled person's specialized transportation were \$4,769,143 for the year ended June 30, 2021.

13. Other Post-Employment Benefits (OPEB)

The Company provides for short-term post-employment benefit options for health care, vision, and dental insurance for terminated employees and dependents solely through the Consolidated Omnibus Reconciliation Act of 1985 (COBRA). The Company's Collective Bargaining Unit Agreement and Administrative Employee's Handbook do not provide for long-term retiree medical, vision and dental benefits following retirement from active employment.

If a separated employee opts for continuation of healthcare, vision, or dental coverage under COBRA, the separated employee pays 100% of the premium for any continued medical, vision or dental coverage. As of June 30, 2021, the number of separated employees who have opted for continuation of coverage is as follows:

<u>Coverage Type</u>	<u>Number of Former Employees at June 30, 2021</u>
Health Care - EE Only	3
Vision - EE Only	4
Dental - EE Only	46
Dental - EE + Spouse	6

All of the benefits provided to separated employees who opted for COBRA coverage eligibility will end prior to June 30, 2022. As such, at June 30, 2021, there was no liability estimated based upon the implicit rate subsidy concept.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

14. Commitments and Contingencies

The Company, from time to time, is a defendant in civil actions. The Company intends to vigorously defend the claims asserted against it by all claimants. The ultimate resolution of these matters is not ascertainable at this time. No provision has been made in the accompanying financial statements related to these matters.

15. Leases

On August 8, 2011, the Company entered into a lease agreement on behalf of RideFinders for office facilities in The Ironfronts Building. The lease was renewed on February 19, 2019, and extends through June 30, 2029. Total rent to be paid during the initial one hundred twenty five month lease period is \$711,780, or \$5,694 per month on a straight-line basis. Lease expense associated with this lease was \$68,331 for 2021, and is included in fees and service expense on the statements of revenues, expenses and changes in net position.

The Company has recorded a deferred rent liability of \$31,165 at June 30, 2021, which represents the difference between the rent expense recorded on a straight-line basis and actual cash payments made to the lessor and is included in other accrued expenses on the statement of net position.

Future minimum rent payments under this lease are as follows:

**Year Ending
June 30,**

2022	\$	61,274
2023		68,670
2024		70,533
2025		72,471
2026		74,445
2027-2029		<u>230,418</u>
	\$	<u>577,811</u>

16. Ridefinders

The accompanying financial statements include the amounts of Greater Richmond Transit Co. and its blended component unit (Ridefinders). Effective July 1, 1998, the Board of Directors of the Company became the governing board of Ridefinders. All significant intercompany transactions and balances have been eliminated. Ridefinders was established to foster community participation in the Richmond area in ridesharing activities. Ridefinders issues separately audited financial statements. Copies of Ridefinders audit reports may be obtained from the Company's finance department. The financial statements of Ridefinders are presented as a blended entity in the accompanying financial statements.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

16. Ridefinders (Continued)

The condensed combining statement of net position of Ridefinders and GRTC at June 30, 2021, is as follows:

	<u>Ridefinders</u>	<u>GRTC</u>	<u>Total</u>
Other assets	\$ 313,731	\$ 43,186,012	\$ 43,499,743
Capital assets	<u>1,488</u>	<u>68,542,234</u>	<u>68,543,722</u>
Total assets	<u>315,219</u>	<u>111,728,246</u>	<u>112,043,465</u>
Deferred outflows of resources	<u>-</u>	<u>26,724,818</u>	<u>26,724,818</u>
Total assets and deferred outflows of resources	<u>\$ 315,219</u>	<u>\$138,453,064</u>	<u>\$138,768,283</u>
Current liabilities	\$ 77,870	\$ 8,971,121	\$ 9,048,991
Long-term liabilities	<u>-</u>	<u>80,451,740</u>	<u>80,451,740</u>
Total liabilities	<u>77,870</u>	<u>89,422,861</u>	<u>89,500,731</u>
Deferred inflows of resources	<u>-</u>	<u>22,699,402</u>	<u>22,699,402</u>
Net investment in capital assets	1,488	68,542,234	68,543,722
Restricted	-	2,719,786	2,719,786
Unrestricted	<u>235,861</u>	<u>(44,931,219)</u>	<u>(44,695,358)</u>
Net position	<u>237,349</u>	<u>26,330,801</u>	<u>26,568,150</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 315,219</u>	<u>\$138,453,064</u>	<u>\$138,768,283</u>

The condensed combining statement of revenues, expenses, and changes in net position of Ridefinders and GRTC for the year ended June 30, 2021 is as follows:

	<u>Ridefinders</u>	<u>GRTC</u>	<u>Total</u>
Operating revenues	\$ 12,525	\$ 6,973,315	\$ 6,985,840
Operating expenses	<u>601,733</u>	<u>74,586,020</u>	<u>75,187,753</u>
Operating loss	(589,208)	(67,612,705)	(68,201,913)
Nonoperating revenues	<u>625,174</u>	<u>51,816,033</u>	<u>52,441,207</u>
Change in net position	35,966	(15,796,672)	(15,760,706)
Net position, beginning of year, as restated	<u>201,383</u>	<u>42,127,473</u>	<u>42,328,856</u>
Net position, end of year	<u>\$ 237,349</u>	<u>\$ 26,330,801</u>	<u>\$ 26,568,150</u>

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

16. Ridefinders (Continued)

The condensed combining statement of cash flows of Ridefinders and GRTC for the year ended June 30, 2021, is as follows:

	<u>Ridefinders</u>	<u>GRTC</u>	<u>Total</u>
Net cash provided by (used) operating activities	\$ 7,072	\$ (51,058,974)	\$ (51,051,902)
Net cash provided by investing activities	-	52,021	52,021
Net cash provided by capital financing activities	-	940,632	940,632
Net cash provided by noncapital financing activities	<u>-</u>	<u>67,236,301</u>	<u>67,236,301</u>
Increase in cash	7,072	17,169,980	17,177,052
Cash, beginning of year	<u>200,335</u>	<u>16,185,492</u>	<u>16,385,827</u>
Cash, end of year	<u>\$ 207,407</u>	<u>\$ 33,355,472</u>	<u>\$ 33,562,879</u>

Ridefinders has recorded various transactions with the Company for 2021, which are summarized as follows:

Payroll and related expenses	\$ 483,425
Accounts receivable	\$ 120,602
Accounts payable	\$ 37,762

Effective January 1, 1998, all Ridefinders' employees became GRTC employees. Ridefinders and GRTC entered into an employee lease agreement whereby Ridefinders leases its employees from GRTC.

17. COVID-19 Uncertainty

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Company’s operations are heavily dependent on charging fares from passengers. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The COVID-19 outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has caused fare collection to be suspended during fiscal year 2021 and will continue into fiscal year 2022. As such, our financial condition and liquidity could be negatively impacted for the fiscal years 2022 and beyond.

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

17. COVID-19 Uncertainty (Continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

18. Restatement

The net position at the beginning of fiscal year 2021 was restated to reflect adjustments related to the Company's OPEB obligation and compensated absences accrual. The Company made a correction of an error with regards to the eligibility criteria previously utilized in the calculation of its OPEB liability for post-employment benefit options for health care, vision, and dental insurance to reflect benefits provided solely through the Consolidated Omnibus Reconciliation Act of 1985 (COBRA) for separating employees and their dependents, as noted in Note 13. As a result, there was a correction of an error related to the June 30, 2020, OPEB balances.

The Company also awards active employees annual leave at the beginning of each calendar year. Annual leave awards must be utilized in the same year that leave is awarded and upon termination of employment, the employee will be paid on a prorated basis the amount of any earned but not used annual leave during that calendar year. A liability related to the unused annual leave as of June 30, 2020, was inadvertently not reflected in the 2020 financial statements.

Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. The Company's 2020 beginning balances related to OPEB and compensated absences have been adjusted as follows:

	Previously Reported June 30, 2020	Restatement	As Restated June 30, 2020
OPEB deferred outflows of resources	\$ 1,338,757	\$ (1,338,757)	\$ -
Compensated absences	-	753,677	753,677
OPEB liability	3,719,520	3,704,099	(15,421)
OPEB deferred inflows of resources	19,450	19,450	-
Net position, unrestricted	(39,277,541)	1,631,115	(37,646,426)
Net position	40,697,741	1,631,115	42,328,856

(Continued)

GREATER RICHMOND TRANSIT COMPANY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

19. Unearned and Deferred Revenue, Central Virginia Transportation Authority (CVTA)

During 2021, the Central Virginia Transportation Authority (CVTA) was created. The Authority is responsible for administering transportation funding generated from the imposition of an additional regional sales and use tax and taxes on the sales of gasoline and diesel. The new funding is to be used for transportation-related purposes for the various localities located in Central Virginia. As a result, the Company received a total of \$16,325,886 that is to be used for capital and operational needs for fiscal year 2022. The funds could not be utilized until CVTA approved the Company's Regional Public Transit Plan for fiscal year 2022. The Company's plan was approved by CVTA on June 25, 2021. At June 30, 2021, the funds had not been used for capital or operating expenditures, but, it is anticipated that they will be used by the Company during fiscal year 2022. As such, this funding is reflected as unearned and deferred revenue on the statement of net position.

**REQUIRED SUPPLEMENTARY INFORMATION,
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

GREATER RICHMOND TRANSIT COMPANY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended December 31,	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 3,762,068	\$ 3,409,609	\$ 1,878,738	\$ 2,043,015	\$ 1,948,697	\$ 1,450,042	\$ 2,853,856
Interest	3,431,709	3,370,599	4,027,357	3,830,331	3,796,263	4,057,519	4,445,277
Differences between expected and actual experience	5,400,805	31,264,920	(5,830,131)	2,803,368	7,988,685	(13,996,709)	31,902,783
Effect of plan changes	-	-	-	-	-	(24,336,327)	-
Effect of economic/demographic gains or losses	3,513,631	(2,818,974)	449,165	-	-	-	-
Benefit payments, including refunds	(5,310,675)	(5,051,835)	(5,321,234)	(5,216,184)	(5,056,520)	(4,952,698)	(4,516,684)
Net change in total pension liability:	10,797,538	30,174,319	(4,796,105)	3,460,530	8,677,125	(37,778,173)	34,685,232
Total pension liability, beginning	108,512,066	78,337,747	83,133,852	79,673,322	70,996,197	108,774,370	74,089,138
Total pension liability, ending (a)	<u>\$119,309,604</u>	<u>\$108,512,066</u>	<u>\$ 78,337,747</u>	<u>\$ 83,133,852</u>	<u>\$ 79,673,322</u>	<u>\$ 70,996,197</u>	<u>\$108,774,370</u>
PLAN FIDUCIARY NET POSITION							
Contributions, employer	\$ 2,483,999	\$ 2,171,361	\$ 1,822,920	\$ 1,813,544	\$ 1,696,418	\$ 1,632,672	\$ 1,552,764
Contributions, employee	1,518,153	1,381,914	1,239,610	1,310,020	1,216,483	1,164,749	1,064,699
Net investment income	3,758,328	6,249,173	(1,182,755)	4,925,115	1,576,447	(796,759)	1,525,695
Benefit payments	(5,310,675)	(4,975,690)	(5,321,234)	(5,216,184)	(5,056,520)	(4,952,698)	(4,516,684)
Administrative expenses	(128,209)	(107,011)	(188,730)	(169,033)	(136,604)	(66,427)	(81,776)
Other changes	15,920	2,003	-	-	(268,149)	-	-
Net change in plan fiduciary net position	2,337,516	4,721,750	(3,630,189)	2,663,462	(971,925)	(3,018,463)	(455,302)
Plan fiduciary net position, beginning	36,520,348	31,798,598	35,428,787	32,765,325	33,737,250	36,755,713	37,211,015
Plan fiduciary net position, ending (b)	<u>\$ 38,857,864</u>	<u>\$ 36,520,348</u>	<u>\$ 31,798,598</u>	<u>\$ 35,428,787</u>	<u>\$ 32,765,325</u>	<u>\$ 33,737,250</u>	<u>\$ 36,755,713</u>
Net pension liability, ending (a) - (b)	<u>\$ 80,451,740</u>	<u>\$ 71,991,718</u>	<u>\$ 46,539,149</u>	<u>\$ 47,705,065</u>	<u>\$ 46,907,997</u>	<u>\$ 37,258,947</u>	<u>\$ 72,018,657</u>
Plan fiduciary net position as a percentage of the total pension liability	32.6%	33.7%	40.6%	42.6%	41.1%	47.5%	33.8%
Covered payroll*	<u>\$ 18,616,042</u>	<u>\$ 16,448,830</u>	<u>\$ 16,367,124</u>	<u>\$ 16,514,954</u>	<u>\$ 16,514,954</u>	<u>\$ 15,420,198</u>	<u>\$ 15,018,061</u>
Net pension liability as a percentage of covered payroll	432.2%	437.7%	284.3%	288.9%	284.0%	241.6%	479.5%

*Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

See accompanying notes and Independent Auditor's Report.

GREATER RICHMOND TRANSIT COMPANY

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Year Ended December 31,	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,450,831	\$ 3,589,495	\$ 2,433,113	\$ 2,542,550	\$ 2,347,897	\$ 3,742,841	\$ 3,475,196
Contributions in relation to the actuarially determined contribution	<u>2,483,999</u>	<u>2,171,361</u>	<u>1,822,920</u>	<u>1,813,544</u>	<u>1,696,418</u>	<u>1,632,672</u>	<u>1,552,764</u>
Contribution deficiency	<u>\$ 966,832</u>	<u>\$ 1,418,134</u>	<u>\$ 610,193</u>	<u>\$ 729,006</u>	<u>\$ 651,479</u>	<u>\$ 2,110,169</u>	<u>\$ 1,922,432</u>
Employer's covered payroll	<u>\$ 18,616,042</u>	<u>\$ 16,448,830</u>	<u>\$ 16,367,124</u>	<u>\$ 16,514,954</u>	<u>\$ 16,514,954</u>	<u>\$ 15,420,198</u>	<u>\$ 15,018,061</u>
Contributions as a percentage covered payroll	13.34%	13.20%	11.14%	10.98%	10.27%	10.59%	10.34%

Note: Information in this schedule is presented for the year in which information is available.
Information will be added each year until a full 10-year trend is presented.

See accompanying notes and Independent Auditor's Report.

GREATER RICHMOND TRANSIT COMPANY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION Year Ended June 30, 2021

The following actuarial methods and assumptions were used in the funding valuation as of December 31, 2020:

Valuation date	January 1, 2020
Measurement date	December 31, 2020
Actuarial cost method	Entry age normal
Investment rate of return	6.50%
20 year - bond GO index	2.12%
Interest on employee contributions	3.00%
Cost of living adjustments	None
Inflation	3.00%
Salary increases	12% per year for participants with less than four years of service and 4.5% per year for participants with at least four years of service.
Termination	Rates varying by service as in the table below:

<u>Years of Service</u>	<u>Probability</u>
Less than 1	30.00%
Between 1 and 2	20.00%
Between 2 and 4	15.00%
4 or more	4.00%

Incidence of disability Rates are from the 1985 Pension Unisex Disability Table, Class 2.
Sample rates for active employees varying by age are shown below:

<u>Age</u>	<u>Probability</u>
25	0.094%
35	0.219%
45	0.511%
55	1.498%
65	2.718%

Active and Healthy Inactive Mortality Pub-2010 General Mortality with separate tables for employees, retirees, and survivors generationally projected using Projection Scale MP-2019.

Disabled Mortality Pub-2010 General Mortality tables for disabled participants generationally projected using Projection Scale MP-2019.

Retirement Rates for active employees varying by age as in the table below:

<u>Age</u>	<u>Probability</u>
55	10.000%
56-59	5.000%
60-61	10.000%
62	70.000%
63	40.000%
64	20.000%
65	100.000%

All future deferred vested participants are assumed to retire at age 62.
The Company provides the assumed dates of retirement for current deferred vested participants.

Form of payment All participants are assumed to elect straight life annuities.

Postretirement Returns of Contributions Refunds of accumulated contributions are approximated with a five-year certain annuity.

See accompanying notes and Independent Auditor's Report.

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 Members of the Board of Directors
Greater Richmond Transit Company
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Richmond Transit Company (the "Company"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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, in internal control, such that there is a reasonable possibility that a or a combination of deficiencies, material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company and its blend component unit'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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 28, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the Board of Directors
Greater Richmond Transit Company
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited Greater Richmond Transit Company's (the "Company") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended June 30, 2021. The Company's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Company's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Each Major Federal Program

In our opinion, the Greater Richmond Transit Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Greater Richmond Transit Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Company's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 28, 2021

GREATER RICHMOND TRANSIT COMPANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Federal Granting Agency/Recipient State Agency/Grant Program	CFDA Number	Grant Number	Total Awards Expended
DIRECT AWARDS			
Department of Transportation, Federal Transit Administration (FTA):			
Federal Transit Cluster:			
Federal Transit - Formula Grants	20.507	VA90-X398	\$ 32,068
	20.507	VA90-X523 /	
		VA2016-021	5,632
	20.507	VA90-X535 /	
		VA2017-022	226,711
	20.507	VA2020-009	4,132,102
	20.507	VA95-X090	75,855
	20.507	VA2021-040	8,895
COVID-19 Federal Transit - Formula Grants	20.507	VA2020-023	25,883,499
Total Federal Transit - Formula Grants			30,364,762
Bus and Bus Facilities Formula Program	20.526	VA34-X0002	26,000
Total Federal Transit Cluster			\$ 30,390,762

See Independent Auditor's Report.

GREATER RICHMOND TRANSIT COMPANY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2021

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on an accrual basis of accounting consistent with the basis of accounting used by Greater Richmond Transit Company. The schedule includes all known federal funds expended by the Company for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the presentation of the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Company has elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

3. Subrecipient Payments

None of the expenditures reported on the Schedule were passed through to subrecipients.

GREATER RICHMOND TRANSIT COMPANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. The audit disclosed no audit findings related to the major program.
7. The major program was:

Name of Program	Assistance Listing Number
Federal Transit Cluster:	
Federal Transit - Formula Grants	20.507
Bus and Bus Facilities Formula Program	20.526

8. The threshold used to distinguish between Type A and Type B programs is \$750,000.
9. The Company was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS

None noted.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None noted.

**GRTC Transit System
CVTA Special Fund Quarterly Report
For the Quarter Ended March 31, 2021**

Beginning Balance @ January 1, 2021	\$ -
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Receipts:

March 12, 2021 Funds for Regional Public Transportation Plan preparation	\$ 200,000.00
March 31, 2021 Balance of 15% Distribution through February 28, 2021	<u>\$ 9,628,717.99</u>

Subtotal Receipts	\$ 9,828,717.99
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Uses:

Costs incurred in preparing GRTC Regional Public Transportation Plan	\$ (70,532.82)
GRTC Operating and Capital Expense	\$ -

Ending Balance @ March 31, 2021	<u>\$ 9,758,185.17</u>
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**GRTC Transit System
CVTA Special Fund Quarterly Report
For the Quarter Ended June 30, 2021**

Beginning Balance @ March 31, 2021	<u>\$ 9,758,185.17</u>
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Receipts:

April 27, 2021 GRTC 15% Funds Distribution - Month of March 2021	\$ 1,888,564.61
May 26, 2021 GRTC 15% Funds Distribution - Month of April 2021	\$ 2,329,057.59
June 30, 2021 GRTC 15% Funds Distribution - Month of May 2021	\$ 2,377,436.49
June 30, 2021 Interest Income LGIP EM- June 2021	<u>\$ 689.05</u>

Subtotal Receipts	\$ 6,595,747.74
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Uses:

Costs incurred in preparing GRTC Regional Public Transportation Plan	\$ (28,021.64)
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GRTC Operating and Capital Expense

GRTC Operating Expense	\$ -
GRTC Capital Expense	<u>\$ -</u>

Subtotal GRTC Operating and Capital Expense	\$ -
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Ending Balance @ June 30, 2021	<u>\$ 16,325,911.27</u>
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Central Virginia Transportation Authority Finance Committee - January 5, 2022

Agenda Item 8.-c. - GRTC – CVTA Special Fund Quarterly Report

WHEREAS, the Central Virginia Transportation Authority (“CVTA”) and the Greater Richmond Transit Co., a Virginia public service company (“GRTC”), entered into a Memorandum of Agreement (“agreement”) effective April 30, 2021, under Chapter 1235 of the 2020 Virginia Acts of Assembly (“Chapter 1235”) concerning the distribution of proceeds from the Central Virginia Transportation Fund, also established by Chapter 1235 and related administrative matters; and

WHEREAS, the agreement specifies that GRTC will provide quarterly report of expenditures of funds received from the CVTA to the CVTA Finance Committee by November 15, February 15, May 15, and August 15 of each year, beginning upon the execution of the Agreement; and

WHEREAS, the agreement further specifies that the CVTA Finance Committee will review the GRTC quarterly expenditure reports and formally adopt a resolution accepting the reports and acknowledging GRTC’s appropriate funds utilization within 90 days of each report’s submittal.

RESOLVED, that the CVTA Finance Committee has reviewed the GRTC quarterly expenditure report for quarter ending September 30, 2021, and formally accepts the report; and

FURTHER RESOLVED, that the CVTA Finance Committee acknowledges that the report was submitted in compliance with the agreement; and

BE IT FURTHER RESOLVED, that the CVTA Finance Committee acknowledges that the expenditures reported are in accordance with the agreement.

**GRTC Transit System
CVTA Special Fund Quarterly Report
For the Quarter Ended September 30, 2021**

Beginning Balance @ June 30,2021		<u>\$ 16,325,911.27</u>
<u>Receipts:</u>		
July 28, 2021 GRTC 15% Funds Distribution - Month of June 2021	\$ 2,396,530.80	
September 20, 2021 GRTC 15% Funds Distribution - Month of July 2021	\$ 1,638,111.37	
September 30, 2021 GRTC 15% Funds Distribution - Month of August 2021	\$ 2,344,669.04	
July 30, 2021 Interest Income LGIP EM- July 2021	\$ 1,981.73	
July 30, 2021 July 2021 LGIP EM Share unrealized gain	\$ 12,987.68	
August 31, 2021 Interest Income LGIP EM- August 2021	\$ 1,934.53	
August 31, 2021 August 2021 LGIP EM Share unrealized gain	\$ -	
September 30, 2021 Interest Income LGIP EM- September 2021	\$ 1,875.71	
September 30, 2021 September 2021 LGIP EM Share unrealized gain	<u>\$ (13,610.67)</u>	
Subtotal Receipts		\$ 6,384,480.19
<u>Uses:</u>		
Costs incurred in preparing GRTC Regional Public Transportation Plan		\$ (46,248.69)
GRTC Operating and Capital Expense		
GRTC Operating Expense Qtr 1 FY2022 Draw	\$ (4,740,742.00)	
GRTC Capital Expense Qtr 1 FY2022 Local Share Draw	<u>\$ (184,258.00)</u>	
Subtotal GRTC Operating and Capital Expense		\$ (4,925,000.00)
Ending Balance @ September 30, 2021		<u>\$ 17,739,142.77</u>

CVTA FINANCE AGENDA

January 5, 2022

Item 11

FUTURE MEETING TOPICS*

- Debt Policy and Financial Advisory Services/Bond Counsel RFP Decisions
- Future CVTA Staffing and Support Services MOU with PlanRVA
- Financial Policies Review and Update (as needed)
- Regional Project Prioritization- FY23-26
- Fiscal Agent Agreements
- FY2023 Budget

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