GRTC TRANSIT SYSTEM
BOARD OF DIRECTORS

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GENERAL COUNSEL

Bonnie M. Ashley - City Attorney, City of Richmond

GREATER RICHMOND TRANSIT COMPANY

FINANCIAL REPORT

June 30, 2021

BROWNEDWARDS
certified public accountants

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BROWNEDWARDS
certified public accountants

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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 28, 2021

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.

(Continued)

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

	2021	2020
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	827,821	894,244
Total operating revenues	6,985,840	16,559,273
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	9,910,735	10,449,040
Total operating expenses	75,187,753	72,404,751
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	(21,155)	42,074
Change in net position	(15,760,706)	(13,499,441)
Net position, beginning of year, as restated (Note 18)	42,328,856	54,197,182
Net position, end of year	$ 26,568,150	$ 40,697,741

(Continued)

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)

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)

Results of Operations (Continued)

Financial Position

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

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
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
Total receivables	8,449,731	9,148,875
Allowance for doubtful accounts	(15,718)	(12,622)
Net receivables	8,434,013	9,136,253
Prepaid expenses	597,172	1,143,680
Total current assets	34,101,312	18,173,008
RESTRICTED ASSETS		
Cash and cash equivalents (Notes 3 and 5)	2,719,786	2,719,786
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
Total other assets	6,678,645	6,653,498
Capital assets, net (Note 5)	68,543,722	77,255,496
Total assets	112,043,465	104,801,788
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
Total deferred outflows of resources	26,724,818	30,138,288
Total assets and deferred outflows	$ 138,768,283	$ 134,940,076

(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
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 contribuitons	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	-
Total current liabilities	9,048,991	9,278,423
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
Total long-term liabilities	80,451,740	75,711,238
Total liabilities	89,500,731	84,989,661
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	-
Total deferred inflows of resources	22,699,402	9,252,674
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)
Total net position	26,568,150	40,697,741
Total liabilities, deferred inflows, and net position	$ 138,768,283	$ 134,940,076

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
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
Total operating revenues	6,985,840	16,559,273
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
Total operating expenses	75,187,753	72,404,751
Operating loss	(68,201,913)	(55,845,478)
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
Total operating contributions	50,471,907	39,639,408

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

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 Virgina 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 Virgina 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
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)
Net cash used by operating activities	$ (51,051,902)	$ (43,166,081)

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

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)

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.

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

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.

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	118,336
Total cash equivalents	33,562,879
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)	(5,772,966)
Unrestricted and undesignated	$ 25,070,127

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	322,127
Total grants receivable	$ 6,977,619

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:

	Balance at June 30, 2020	Additions	Transfers and Disposals	Balance at June 30, 2021
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	2,838,680	178,019	-	3,016,699
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	8,465,591	400,309	-	8,865,900
Total capital assets subject to depreciation	153,493,167	1,384,087	(4,098,665)	150,778,589
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	(4,412,709)	(906,492)	-	(5,319,201)
Total accumulated depreciation	(79,076,351)	(9,910,735)	3,735,520	(85,251,566)
Total capital assets subject to depreciation, net	74,416,816	(8,526,648)	(363,145)	65,527,023
Total capital assets, net	$ 77,255,496	$ (8,348,629)	$ (363,145)	$ 68,543,722

(Continued)

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)

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:

	Bargained		Non-Bargained	
Effective Date	Employee	Employer	Employee	Employer
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).

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	$ 108,512,066	$ 36,520,348	$ 71,991,718
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	-	(208,905)	208,905
Net changes	10,797,538	2,337,516	8,460,022
Balances at December 31, 2020	$ 119,309,604	$ 38,857,864	$ 80,451,740

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)

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.

6. Retirement Plans (Continued)

Long-term expected rate of return (Continued)

Asset Class	Index	Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
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.

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

(Continued)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-	2,836,806
	$ 26,724,818	$ 6,373,516

$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).

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	(325,104)
Balance, June 30, 2020	$ 350,650
Provision	56,690
Claims paid	(234,865)
Balance, June 30, 2021	$ 172,475

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)

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:

Coverage Type	Number of Former Employees at June 30, 2021
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)

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		230,418
	$	577,811

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)

16. Ridefinders (Continued)

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

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

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:

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

16. Ridefinders (Continued)

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

	Ridefinders	GRTC	Total
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	-	67,236,301	67,236,301
Increase in cash	7,072	17,169,980	17,177,052
Cash, beginning of year	200,335	16,185,492	16,385,827
Cash, end of year	$ 207,407	$ 33,355,472	$ 33,562,879

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.

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)

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)	$119,309,604	$108,512,066	$ 78,337,747	$ 83,133,852	$ 79,673,322	$ 70,996,197	$108,774,370
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)	$ 38,857,864	$ 36,520,348	$ 31,798,598	$ 35,428,787	$ 32,765,325	$ 33,737,250	$ 36,755,713
Net pension liability, ending (a) - (b)	$ 80,451,740	$ 71,991,718	$ 46,539,149	$ 47,705,065	$ 46,907,997	$ 37,258,947	$ 72,018,657
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*	$ 18,616,042	$ 16,448,830	$ 16,367,124	$ 16,514,954	$ 16,514,954	$ 15,420,198	$ 15,018,061
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	2,483,999	2,171,361	1,822,920	1,813,544	1,696,418	1,632,672	1,552,764
Contribution deficiency	$ 966,832	$ 1,418,134	$ 610,193	$ 729,006	$ 651,479	$ 2,110,169	$ 1,922,432
Employer's covered payroll	$ 18,616,042	$ 16,448,830	$ 16,367,124	$ 16,514,954	$ 16,514,954	$ 15,420,198	$ 15,018,061
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.

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:

Years of Service	Probability
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:

Age	Probability
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:

Age	Probability
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.

COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

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.

BROWN EDWARDS
certified public accountants

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

BROWNEDWARDS
certified public accountants

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

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.

Report to the
Board of Directors

GREATER RICHMOND TRANSIT COMPANY

June 30, 2021

BROWNEDWARDS
certified public accountants

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BROWNEDWARDS
certified public accountants

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of Greater Richmond Transit Company (the "Company") and its blended component unit for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*, and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Company's financial statements were:

- The pension liability and related deferred amount are based on the type of benefits provided at the time of each valuation and expected value and projected performance of the related plan assets.
- The useful lives of capital assets is based on historical experience with similar assets and industry standards.
- The accrued uninsured accident claim is based on management's estimate of total liability for each claim, historical experience and trend information.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Retirement plans (Note 6), accrued uninsured accident claims (Note 7), union contract (Note 11), and commitments and contingencies (Note 14)

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements and management has corrected certain other misstatements detected as a result of audit procedures as summarized in the attached journal entries (Appendix B).

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Greater Richmond Transit Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Greater Richmond Transit Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and the exhibits and the Required Supplementary Information as listed in the Table of Contents, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction of Use

This information is intended solely for the use of the Board of Directors and management of Greater Richmond Transit Company, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
ENTER DATE

NEW GASB PRONOUCEMENTS

The GASB issued **Statement No. 87**, ***Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

NEW GASB PRONOUCEMENTS

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

NEW GASB PRONOUCEMENTS

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The GASB issued **Statement No. 89**, ***Accounting for Interest Cost Incurred before the End of a Construction Period*** in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively.

NEW GASB PRONOUCEMENTS

The GASB issued **Statement No. 90**, ***Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*** in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91**, ***Conduit Debt Obligations*** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

NEW GASB PRONOUCEMENTS

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases,* as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

ACCOUNTING AND OTHER MATTERS

June 30, 2021

NEW GASB PRONOUCEMENTS

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020**.** The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

NEW GASB PRONOUCEMENTS

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020**.** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97**, ***Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

NEW GASB PRONOUCEMENTS

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

ACCOUNTING AND OTHER MATTERS

June 30, 2021

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Disclosure. The project's objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in the ballot draft period, with an estimated completion of April 2021.

Conceptual Framework – Recognition. The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. The project is currently in the comment period, with an estimated completion of February 2021.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in the comment period, with an estimated completion of June 2022.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in the comment period, with an estimated completion of February 2021.

BROWN EDWARDS
certified public accountants

Appendix A
Management Representation Letter

GRTC TRANSIT SYSTEM
301 East Belt Boulevard/ Richmond, VA 23224 / (804) 358·GRTC (4782)

October 28, 2021

Brown, Edwards & Company, L.L.P.
Fountain Plaza One
701 Town Center Drive, Suite 700
Newport News, Virginia 23606

This representation letter is provided in connection with your audit of the financial statements of Greater Richmond Transit Company, which comprise statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances , makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confinn, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 21, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting Company.
3. We acknowledge our responsibility for the design, implementation , and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation , and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions , including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance , subsequent to the date of the financial statement s that would require adjustment to or disclosure in the financial statements.
8. We are in agreement with the adjusting entries you have proposed, and they have been posted to the Company' s accounts. Also, there were no uncorrected misstatements or omitted disclosures noted by you during your audit.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees , whether written or oral, under which the Company is contingently liable, if any, have been properly recorded or disclosed.
11. We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

12. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any fraud or suspected fraud that affects the Company and involves:

    - Management,
    - Employees who have significant roles in internal control,
    - Service organizations used by the Company, or
    - Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company' s financial statements communicated by employees, former employees, regulators, or others.

17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statement.s

18. There were no findings as a result of a recent investigation by the Virginia Department of Labor and Investigation (DOLi) related to the Company' s COVID-19 illnesses.

19. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

20. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.

21. All lease agreements with the Company are in effect as of and subsequent to June 30, 2021, included a statement which allows the Company to terminate these leases at any time, with 30 days of written notice, for any or no reason. Therefore, no schedule of required future minimum lease payments is included in the footnotes to the financial statements.

Government-Specific

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

23. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

24. The Company has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

25. We are responsible for compliancewith the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
28. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreement,s tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
30. As part of your audit, you assisted with preparation of the financial statements and related notes as well as certain nonaudit journal entries, capital asset and depreciation schedules, the schedule of expenditures of federal awards, and provided assistance with the submission of the data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
31. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance .
33. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
34. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted), and equity amounts are properly classified and, if applicable, approved.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Receivables recorded in the financial statements present valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
42. Special and extraordinary items are appropriately classified and reported, if applicable.
43. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
44. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

45. We believe that the actuarial assumptions and methods used to measure pension liability and costs for financial accounting purposes are appropriate in the circumstances.

46. We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASES) that are not yet effective, as discussed in the notes to financial statements. The Company is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.

47. We agree with the findings of specialists in evaluating the pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

48. We have appropriately disclosed the Company' s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

49. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

50. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

51. With respect to the supplementary information on which an in-relation-to opinion is issued.

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

52. With respect to federal award programs:

    a. We are responsible for understanding and complying with and have complied 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* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

    b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

    c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor' s report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

1. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *0MB Compliance Supplement,* relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirement of federal awards.

j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through Company, as applicable.

t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance , if applicable.

u. We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.

v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance .

bb. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

53. To the extent our normal procedures and controls related to our financial close or other reporting process at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

54. Other than as disclosed in note 17 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.

55. Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

56. Disclosures included in the financial statements regarding the relevant significant financial reporting impacts from enactment of the CARES act accurately reflect management's full consideration of such impacts.

57. We reaffirm the representations made to you in our letter dated January 20, 2020 regarding your audit for the fiscal year ended June 30, 2020.

We have evaluated subsequent events through the date of this letter , which is the date the financial statements were issued or available to be issued. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

~~1uoTimm, Chief Exe~~cutive Officer

John Zinzarella, Chief Administrative & Financial Officer

BROWNEDWARDS
certified public accountants

Appendix B
Schedule of Audit Adjustments

Client:	***1600100.000 - Greater Richmond Transit Company***
Engagement:	***21 AUD - GREATER RICHMOND TRANSIT COMPANY***
Trial Balance:	***3000.1 - Trial Balance Database - GRTC***
Workpaper:	***3705a - Adjusting Journal Entries Report - GRTC***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4		**4642**		
To book disposal of FA's				
000-111-99-999-G	Accumulated Depreciation		3,735,520.00	
000-407-99-005-G	Gains on Property Disposals		363,145.00	
000-111-01-108-G	DHG.014 Buses, Vans and Vehciles			4,098,665.00
Total			**4,098,665.00**	**4,098,665.00**
Adjusting Journal Entries JE # 5		**4631**		
To record CY Depreciation.				
199-999-99-999-G	Depreciation Expense		4,696,561.00	
DHG.032	Audit Account - Amortization Expense		413,633.00	
000-111-99-998-G	DHG.031 Accumulated Amortization			413,633.00
000-111-99-999-G	Accumulated Depreciation			4,696,561.00
Total			**5,110,194.00**	**5,110,194.00**
Adjusting Journal Entries JE # 6		**6130**		
To adjust beginning net position to match PY ending.				
180-509-02-065-G	Executive Office Supplies & Other Expenses		6.00	
000-305-98-002-G	Fund Balance			6.00
Total			**6.00**	**6.00**
Adjusting Journal Entries JE # 7		**5801**		
To adjust the OPEB liability based on the client's analysis for FY21.				
000-201-01-069-G	OPEB payable		3,704,099.00	
000-241-99-997-G	Deferred Inflows GASB 75		19,450.00	
000-101-99-998-G	Deferred Outflows GASB 75			1,338,757.00
000-305-98-002-G	Fund Balance			2,384,792.00
Total			**3,723,549.00**	**3,723,549.00**
Adjusting Journal Entries JE # 8		**5750**		
To adjust pension related amounts.				
000-241-99-999-G	Deferred Inflows GASB 68		2,859,708.00	
199-999-99-002-G	GASB 68 Pension Expense		7,675,027.00	
000-101-99-999-G	Deferred Outflows GASB 68			2,074,713.00
000-241-99-998-G	Net Pension Liablity GASB 68			8,460,022.00
Total			**10,534,735.00**	**10,534,735.00**
Adjusting Journal Entries JE # 9		**5250**		
To record the current year compensated absence balance and adjust beginning net position for PY balance.				
000-305-98-002-G	Fund Balance		753,677.00	
BE.007	Accrued Compensated Absence			603,116.00
BE.008	Compensated Absence Expense			150,561.00
Total			**753,677.00**	**753,677.00**

Client: ***1600100.000 - Greater Richmond Transit Company***
Engagement: ***21 AUD - GREATER RICHMOND TRANSIT COMPANY***
Period Ending: ***6/30/2021***
Trial Balance: ***3000.3 - Consolidated Trial Balance - GRTC/RideFinders***
Workpaper: ***3710c - Eliminating Journal Entries Report - GRTC & RideFinders***

Account	Description	W/P Ref	Debit	Credit
Eliminating Journal Entries				
Eliminating Journal Entries JE # 1		**2420**		
To eliminate GRTC/RideFinders intercompany balances.				
000-201-01-001-00001G	A/P Unaudited Vouchers - Month End Reversing		37,762.00	
000-102-07-015-G	A/R - Ridefinders			37,762.00
Total			**37,762.00**	**37,762.00**
Eliminating Journal Entries JE # 2		**GRTC TB**		
To eliminate leased personnel revenues and expenses.				
000-440-99-007-G	Ridefinders - leased personel		480,934.00	
179-501-02-013-R	Salary Ridefinders Admin & Gen.			480,934.00
Total			**480,934.00**	**480,934.00**
	Total Eliminating Journal Entries		**518,696.00**	**518,696.00**
	Total All Journal Entries		**518,696.00**	**518,696.00**

GRTC Transit System
Board of Directors Meetings

January 19, 2021
February 16, 2021
March 16, 2021
March 22, 2021 Special Board Meeting
April 20, 2021
May 18, 2021
June 15, 2021
July 20, 2021
August 17, 2021
September 21, 2021
October 26, 2021
November 16, 2021
December 21, 2021

Annual Shareholders Meeting – November 12, 2021

RIDEFINDERS

FINANCIAL REPORT AND SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

BROWN EDWARDS
certified public accountants

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
RideFinders
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of RideFinders (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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 audits 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 auditors' 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 RideFinders as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The grant activity on page 12 is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the 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 September 21, 2021, on our consideration of RideFinders' 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 RideFinders' internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 21, 2021

RIDEFINDERS

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 207,407	$ 200,335
Accounts receivable	1,745	8,175
Grants receivable (Note 5)	96,438	118,258
Due from GRTC (related party) (Note 6)	120,602	145,837
Prepaid expenses	8,141	13,562
Property and equipment, net	1,488	2,029
Total assets	$ 435,821	$ 488,196
LIABILITIES AND NET ASSETS		
Accounts payable	$ 40,646	$ 36,981
Accrued expenses	43,821	41,330
Amount held for pass-through grant (Note 8)	-	66,000
Deferred rent liability (Note 7)	31,165	33,460
Total liabilities	115,632	177,771
NET ASSETS WITHOUT DONOR RESTRICTIONS	320,189	310,425
Total liabilities and net assets	$ 435,821	$ 488,196

The Notes to Financial Statements are an integral part of these statements.

RIDEFINDERS

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS		
Grants: (Note 5)		
Virginia Department of Rail and Public Transportation:		
Congestion Mitigation and Air Quality	$ 559,228	$ 619,353
Commonwealth of Virginia	5,564	14,435
Mobility Program	37,882	33,718
City of Richmond	7,500	8,390
Chesterfield County	7,500	7,500
Henrico County	7,500	7,500
Total grants	625,174	690,896
Transit tickets and other revenue	12,525	389,044
Total public support and revenue without donor restrictions	637,699	1,079,940
EXPENSES (Notes 9 and 10)		
Program expenses	492,255	910,785
Supporting expenses	135,680	137,976
Total expenses	627,935	1,048,761
Change in net assets without donor restrictions	9,764	31,179
Net assets, beginning of year	310,425	279,246
Net net assets, end of year	$ 320,189	$ 310,425

RIDEFINDERS

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	$ 9,764	$ 31,179
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	541	3,267
Changes in assets and liabilities:		
Accounts receivable	6,430	23,727
Grants receivable	21,820	(16,457)
Due from GRTC (related party)	25,235	(25,235)
Prepaid expenses	5,421	(3,865)
Accounts payable	3,665	(36,365)
Accrued expenses	2,491	7,186
Amount held for pass-through grant	(66,000)	(8,990)
Deferred rent liability	(2,295)	4,989
Net increase (decrease) in cash	7,072	(20,564)
CASH		
Beginning of year	200,335	220,899
End of year	$ 207,407	$ 200,335

The Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Organization

RideFinders 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. RideFinders is a blended component unit of Greater Richmond Transit Co. (GRTC) and is reported as such in GRTC's financial statements.

2. Summary of Significant Accounting Policies

<u>Basis of presentation</u>

In accordance with accounting principles generally accepted in the United States of America for nonprofit organizations, RideFinders is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions
Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. These amounts are currently available at the discretion of RideFinders' Board of Directors for use in operations and those resources invested in property or equipment.

Net assets with donor restrictions
Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. RideFinders had no net assets with donor restrictions at June 30, 2021 and 2020.

<u>Revenue recognition</u>

RideFinders derives most of its revenues from contributions and transit ticket sales. Contributions are comprised primarily of grants from federal governmental agencies and other agencies which are included within operating revenues on the statements of activities. Grant funding is recognized as revenue at the time when reimbursable expenses are incurred. Transit ticket sales and other revenues include primarily the sale of GRTC transit tickets, but also include other vanpooling and commercial transit vouchers as well as some retail sales. Transit ticket sales, vouchers and retail sales are recognized as revenue at the time they are sold.

<u>Estimates</u>

The preparation of 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 during the reporting period. Actual results could differ from those estimates and assumptions.

(Continued)

2. Summary of Significant Accounting Policies (Continued)

Cash

RideFinders cash consists of demand deposit accounts with banking institutions.

Accounts receivable

Accounts receivable in the amount of $1,745 and $8,175 at June 30, 2021 and 2020, respectively, represent amounts due from the sale of transit tickets and related products. RideFinders grants credit to customers, substantially all of whom are retail businesses and local government agencies, located in the vicinity of the operating locations. RideFinders provides an allowance for doubtful collections 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. No allowance for doubtful collections has been recorded at June 30, 2021 and 2020.

Donated services

No amounts have been reflected in the financial statements for donated services since the criteria for recognition has not been met under accounting principles generally accepted in the United States of America.

Property and equipment

Property and equipment is stated at cost. Major additions and betterments are capitalized. The cost of maintenance and repairs is expensed in the period incurred. Depreciation is determined on the straight-line method. Estimated useful lives for purposes of depreciation are three to ten years.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services.

Advertising costs

Advertising costs are expensed when incurred and were $540 and $46,874 for 2021 and 2020, respectively, and are included in program expenses on the statements of activities.

Income taxes

RideFinders is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Subsequent events

In preparing these financial statements, RideFinders has evaluated events and transactions for potential recognition or disclosure through September 21, 2021, the date the financial statements were available to be issued.

(Continued)

3. Liquidity and Availability

As part of its liquidity management, RideFinders has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash, less amounts held for pass-through grant	$ 207,407	$ 134,335
Accounts receivable	1,745	8,175
Grants receivable	96,438	118,258
Prepaid expenses	8,141	13,562
	$ 313,731	$ 274,330

4. Property and Equipment

Property and equipment consists of the following:

	2021	2020
Furniture and fixtures	$ 83,301	$ 83,301
Leasehold improvements	31,981	31,981
Computer equipment	38,355	38,355
	153,637	153,637
Accumulated depreciation	(152,149)	(151,608)
	$ 1,488	$ 2,029

Total depreciation expense allocated among program and supporting services was $541 and $3,267 for 2021 and 2020, respectively.

5. Grants

Grants by the Virginia Department of Rail and Public Transportation (VDRPT) provide for reimbursement of certain qualified expenditures incurred during the fiscal year. The grants are renewable on an annual basis. Grant revenues are recognized in the period in which the related expenditures are incurred. The VDRPT grants represent the pass-through of Congestion Mitigation and Air Quality (CMAQ) grants from the Department of Transportation - Federal Highway Administration. Future CMAQ funding may be reduced due to changes in the funding allocation process. However, RideFinders is working with other local transportation organizations to help ensure funding is maintained at an adequate level. Total grant revenues were 98% and 64% of total revenues for 2021 and 2020, respectively.

Grants receivable in the amount of $96,438 and $118,258 at June 30, 2021 and 2020, respectively, are due to be collected within one year.

(Continued)

6. Related Party Transactions

RideFinders has various transactions with GRTC. The amounts in the accompanying financial statements related to GRTC are presented below:

	2021	2020
Accounts payable	$ 37,762	$ 36,540
Payroll and related expenses	$ 483,425	$ 477,989
Other expenses (advertising, transit tickets)	$ -	$ 208,383
Due from GRTC	$ 120,602	$ 145,837

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.

7. Leases

On August 8, 2011, GRTC 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. Leasehold improvements necessary to occupy the leased premises are to be paid by the lessor.

Lease expense associated with this lease was $68,331 for June 30, 2021 and 2020, and is included in both program and supporting expenses on the statements of activities.

RideFinders has recorded a deferred rent liability on the statements of net position of $31,165 and $33,460 at June 30, 2021 and 2020, respectively, which represents the difference between the rent expense recorded on a straight-line basis and actual cash payments made to the lessor.

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
Thereafter	230,418
	$ 577,811

(Continued)

8. Amount Held for Pass-Through Grant

During 2019, RideFinders entered into a grant agreement with the Bon Secours - Richmond Health System (BSRHS) and GRTC whereby BSRHS provided a grant amount of $100,000 to Ridefinders to fund a bus stop improvement project being administered by GRTC. RideFinders sole obligations under this grant are to: (i) receive and hold the funds; (ii) prepare the required financial reporting; and (iii) reimburse GRTC for actual expenditures made by GRTC for the project. RideFinders had received the full $100,000 from BSRHS and had a balance of $-0- and $66,000 at June 30, 2021 and 2020, respectively, remaining to be disbursed to GRTC.

During the year ended June 30, 2021, RideFinders entered into a similar agreement, again with BSRHS and GRTC. The entire amount of the $100,000 grant was received from BSRHS and distributed to GRTC during the year.

9. Functional Expenses and Allocations

RideFinders had administrative and general expenses of $135,680 and $137,976 during the fiscal years ended June 30, 2021 and 2020, respectively, which consists of a 22% allocation of all non-direct program expenses based on the amount of time personnel and thus their related equipment and other overhead costs devote to general administrative tasks versus the provision of services in accordance with RideFinders' mission. RideFinders had no fundraising expenses during 2021 or 2020.

10. Natural Expense Classification

The natural classification of total expenses for the year ended June 30, 2021, is as follows:

	Program	Supporting	Total
Salaries and benefits	$ 377,072	$ 106,353	$ 483,425
Rent	53,298	15,033	68,331
Professional services	17,476	4,929	22,405
Insurance	10,087	2,845	12,932
Other	9,739	2,747	12,486
Transit tickets and other retail	9,975	-	9,975
Office supplies and expense	7,119	2,008	9,127
Telephone	4,701	1,327	6,028
Professional development	1,131	319	1,450
Employer based services	695	-	695
Depreciation	422	119	541
Advertising and promotion	540	-	540
	$ 492,255	$ 135,680	$ 627,935

(Continued)

10. Natural Expense Classification (Continued)

The natural classification of total expenses for the year ended June 30, 2020, is as follows:

	Program	Supporting	Total
Salaries and benefits	$ 372,830	$ 105,159	$ 477,989
Transit tickets and other retail	351,166	242	351,408
Rent	56,554	15,952	72,506
Advertising and promotion	46,874	-	46,874
Other	17,374	4,196	21,570
Vanpool assistance	21,482	-	21,482
Professional services	16,554	4,669	21,223
Insurance	10,248	2,891	13,139
Office supplies and expense	7,234	2,041	9,275
Telephone	4,870	1,374	6,244
Depreciation	2,548	719	3,267
Professional development	2,402	677	3,079
Employer based services	450	-	450
	$ 910,785	$ 137,976	$ 1,048,761

11. Upcoming Accounting Pronouncements

The FASB issued ASU No. 2016-02, *Leases* (Topic 842), in February 2016. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous Generally Accepted Accounting Principles (GAAP), which have terms greater than 12 months. This ASU defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. This ASU retains a distinction between finance leases and operating leases. The result of retaining a distinction between finance leases and operating leases in the statements of activities and cash flows is largely unchanged from previous GAAP. ASU No. 2016-02 is effective for fiscal year 2022.

12. Economic Uncertainty

The COVID-19 coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on Ridefinders' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Ridefinders' financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

RIDEFINDERS

SCHEDULES OF GRANT ACTIVITY
Years Ended June 30, 2021 and 2020

	2021 Revenue		
	Federal	**State**	**Total**
Congestion Mitigation and Air Quality Grants	$ 447,382	$ 111,846	$ 559,228
Commonwealth of Virginia Grants	-	5,564	5,564
Mobility Program	-	37,882	37,882
	$ 447,382	$ 155,292	$ 602,674

	2020 Revenue		
	Federal	**State**	**Total**
Congestion Mitigation and Air Quality Grants	$ 495,487	$ 123,866	$ 619,353
Commonwealth of Virginia Grants	-	14,435	14,435
Mobility Program	-	33,718	33,718
	$ 495,487	$ 172,019	$ 667,506

See Independent Auditor's Report.

BROWNEDWARDS
certified public accountants

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 Board of Directors
RideFinders
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 accompanying financial statements of RideFinders, as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RideFinders' 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 RideFinders' internal control. Accordingly, we do not express an opinion on the effectiveness of RideFinders' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a 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 over financial reporting 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 weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RideFinders' 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 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
September 21, 2021

Report to the
Board of Directors

RIDEFINDERS

June 30, 2021

BROWN EDWARDS
certified public accountants

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REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
RideFinders
Richmond, Virginia

We have audited the financial statements of RideFinders (the "Organization") for the year ended June 30, 2021, and have issued our report thereon dated September 21, 2021. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no estimates significant to Ridefinders financial statements.

The financial statement disclosures are neutral, clear, and consistent.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as whole.

701 Town Center Drive, Suite 700 • Newport News VA 23606 • 757-873-1033 • Fax 757-873-1106 • www.BEcpas.com

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Sincerely,

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 21, 2021

Appendix A
Management Representation Letter

September 21, 2021

Brown, Edwards & Company, L.L.P.
701 Town Center Dr, Suite 700
Newport News, VA 23606

This representation letter is provided in connection with your audit of the financial statements of RideFinders (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances , makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that , to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 22, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement , whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation , and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization' s accounts. There are no uncorrected misstatements or omitted disclosures.The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

11. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared

12. All transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud affecting the Organization involving:
    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, analysts, regulators, or others.

16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

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

19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

22. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

23. There were no donor-restricted net assets at year-end.

24. The Organization has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25. Grant receivables recorded in the financial statement represent valid reimbursements for grant related expenditures and have been appropriately reduced to their estimated net realizable value.

26. RideFinders is an exempt organizations under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

27. We acknowledge our responsibility for presenting the schedules of grant activity in accordance with U.S. GAAP, and we believe that the schedules of grant activity, including its form and content is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedules of grant activity have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

28. In regards to the preparation of the financial statements and tax return preparation services performed by you, we have:
    a. Assumed all management responsibilities.
    b. Overseen the service, by designating an individual, within senior management, who possess suitable skill, knowledge, or experience.
    c. Evaluated the adequacy and results of the services performed.
    d. Accepted responsibility for the results of the services.
    e. Evaluated and maintained internal controls, including monitoring ongoing activities.

29. The Organization recognizes tax benefits only to the extent that the Organization believes it is more-likely-than-not (i.e. greater than 50 percent) that its tax positions will be sustained upon examination. We have evaluated the Organization' s tax positions, including its not-for-profit status and consideration of impacts from enactment of the CARES Act, and have determined that the Organization does not have any material uncertain tax positions.

30. We reaffirm the representations made to you in your letter dated October 6, 2020, with respect to the financial statements as of and for the year ended June 30, 2020.

31. Disclosures included in the financial statements regarding the relevant significant financial reporting impacts from enactment of the CARES Act accurately reflect management's full consideration of such impacts.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Dawn Bailey

Dawn Bailey, Controller, Greater Richmond Transit Company

Von J Tisdale

Von Tisdale, Executive Director, RideFinders