CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2026

PBMares SM

ASSURANCE, TAX & ADVISORY SERVICES

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

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INTRODUCTORY SECTION

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Tyrone E. Nelson, CVTA Chair, *Henrico County*
Kevin P. Carroll, CVTA Vice Chair; *Chesterfield County*
Sean M. Davis, *Hanover County*
Steve Trivett*, Town of Ashland*
Ryan Patterson., *Charles City County*
Tom Winfree, *Goochland County*
John P. Moyer, *New Kent County*
Bill Donati, *Powhatan County*
Mayor Danny Avula, *City of Richmond*
Del. Rae Cousins, *Virginia House of Delegates*
Sen. Lamont Bagby, *Senate of Virginia*
J. Rex Davis, *Commonwealth Transportation Board*

Non-Voting Members

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

FINANCIAL SECTION

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CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Central Virginia Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Central Virginia Transportation Authority (Authority) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, on pages 4-6 and pages 22-23, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for the consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 20, 2026

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The purpose of the management's discussion and analysis (the "MD&A") is to assist the readers understand what the financial statements and notes in this financial report say about the Central Virginia Transportation Authority's (the "Authority") financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Authority's finances.

If you have questions about this report or require further information, contact the Authority at 424 Hull Street, Suite 300, Richmond, VA 23224.

Overview of the Financial Statements

The Authority's annual report consists of two parts, management's discussion and analysis (this section, which is unaudited) and the audited financial statements. The governmental activities are reported through government-wide and governmental fund financial statements.

Government-wide Financial Statements. The government-wide financial statements provide readers with a broad view of the Authority's finances using the accrual basis of accounting in a manner similar to that of a private-sector business. The *Statement of Net Position* presents information on all assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or declining. The *Statement of Activities* presents information that shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will have actual cash flows in a future fiscal period.

Governmental Fund Financial Statements. The governmental fund financial statements reinforce the information provided in the government-wide financial statements by providing a narrower focus. The governmental fund financial statements, using the modified accrual basis of accounting, look at near-term inflows and outflows of spendable resources and the available balances of those resources at the end of the fiscal year. The *Balance Sheet* reports the Authority's fund balance as of the fiscal year end. Fund balance information is useful when evaluating the Authority's near-term financing requirements. The *Statement of Revenues, Expenditures and Changes in Fund Balance* is the statement of activities for the governmental fund. Consistent with the current financial resources measurement focus, the financial statement reports expenditures rather than expenses.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority only reports governmental funds. The governmental funds of the Authority are divided into two funds: General and Special Revenue Fund.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and governmental fund financial statements.

Financial Analysis of the Authority

Government-wide financial analysis. The Authority's assets exceeded liabilities by $399,814,545 during the current fiscal year. The Authority's net position increased by $57,514,451 (16.8%) from the prior year (see Table 1).

Table 1
Condensed Summary of Net Position
As of June 30, 2026 and 2025

	2026	2025	Change	% Change
Assets:				
Current and other assets	$435,922,758	$396,776,830	$39,145,928	9.9%
Liabilities:				
Due to other governments	36,108,213	54,476,736	(18,368,523)	(33.7%)
Net position:				
Restricted	399,551,580	341,932,318	57,619,262	16.9%
Unrestricted	262,965	367,776	(104,811)	(28.5%)
Total net position	$399,814,545	$342,300,094	$57,514,451	16.8%

The largest post of the Authority's net position (99.9% at June 30, 2026) represents resources that are subject to external restrictions on how they may be used. The remaining balance (0.1% at June 30, 2026) is unrestricted net position.

In fiscal year 2026, approximately 71.1% of the Authority's revenues were sales and use tax, 23.1% were fuels tax and the remaining 5.8% were Commonwealth fund interest income and investment earnings. Approximately 60.5% of the Authority's expenses were distributions to the jurisdictions, 18.1% were distributions to GRTC, and the remaining 21.4% were general and administration costs and project costs (see Table 2).

Table 2
Condensed Summary of Changes in Net Position
Years Ended June 30, 2026 and 2025

	2026	2025	Change	% Change
Revenues:				
Intergovernmental revenue:				
Sales and use tax	$185,051,983	$171,673,992	$13,377,991	7.8%
Fuels tax	59,883,639	57,228,836	2,654,803	4.6%
Commonwealth fund interest income	598,688	545,335	53,353	9.8%
Investment Earnings	14,551,437	14,868,851	(317,414)	(2.1)%
Total revenues	260,085,747	244,317,014	15,768,733	6.5%
Expenses:				
General and administration	1,573,928	651,542	922,386	141.6%
Jurisdictional distributions	122,454,040	114,353,499	8,100,541	7.1%
Project Expenses	41,807,115	35,875,636	5,931,479	16.5%
GRTC distributions	36,736,213	34,306,049	2,430,164	7.1%
Total expenses	202,571,296	185,186,726	17,384,570	9.4%
Change in net position	57,514,451	59,130,288	(1,615,837)	(2.7)%
Net position, beginning of year	342,300,094	283,169,806	59,130,288	20.9%
Net position, end of year	$399,814,545	$342,300,094	$57,514,451	16.8%

The Authority's revenues increased by $15,768,733 (6.5%) and total expenses increased by $17,384,570 (9.4%) compared to prior fiscal year financial activity. Key elements contributing to these results are as follows:

- Sales and use tax increased $13,377,991 (7.8%) from the prior year. The regional economy for the nine localities making up the CVTA footprint continued to be healthy and growing over fiscal year 2026. In addition, interest rates and inflation both rose, contributing to the cost of materials and goods/services over time.
- Fuels tax increased $2,654,803 (4.6%) from the prior year. As in previous years, fuels tax revenues may fluctuate more over time because they are dependent on many factors including vehicle fuel efficiency and electric vehicle conversion, economic conditions impacting driving habits, and the price of gas.
- Investment earnings decreased $317,414 (2.1%) due to previous investments coming due during the fiscal year and lower interest rates applied to any new investments.
- Project expenses increased $5,931,479 (16.5%) due to regional project implementation and related reimbursement requests from the regional revenue fund administered by CVTA. After project commitments, localities and VDOT enter into project agreements with CVTA that include procedures for reimbursement of project costs. The increase in project expenses in 2026 reflect the action on the part of localities and VDOT to administer and construct transportation projects.
- Jurisdictional distributions increased $8,100,541 (7.1%) and GRTC distributions increased $2,430,164 (7.1%) due to the increase in tax revenue.

Governmental fund financial analysis. As previously noted, the focus of the governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation would typically be presented to explain the differences. However, for the fiscal year ended June 30, 2026, there were no reconciling differences between the governmental fund and the government-wide financial activity. During the current year, fund balance increased by $57,514,451 (16.8%) to $399,814,545, revenue increased by $15,768,733 (6.5%) to $260,085,747 and expenditures increased by $17,384,570 (9.4%) to $202,571,296 (see Tables 1 and 2 above).

Currently Known Facts, Decisions, or Conditions

At this time, there are no known items that might have a direct impact on future financial conditions. CVTA expects its partnership with local member governments and VDOT to continue and build slightly as more projects clear planning and engineering and move towards construction. Regional and local CVTA expenditures should trend slightly higher for this reason.

Financial uncertainty at the federal level will warrant closer monitoring of fuel prices and fees for goods and services that may impact sales and use tax revenues. Tariffs and global markets may negatively impact sales and economic development.

Larger project needs in the region may invite a discussion of bond issuance if project readiness warrants additional investment over the next year or two. The Authority has been anticipating this likelihood and should be well-situated to adapt to this scenario when needed.

BASIC FINANCIAL STATEMENTS

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION
June 30, 2026

	Governmental Activities
ASSETS	
Cash, cash equivalents, and investments	$ 1,084,494
Restricted:	
Cash, cash equivalents, and investments	392,074,858
Due from other governments	42,763,406
Total assets	435,922,758
LIABILITIES	
Due to other governments	36,108,213
Total liabilities	36,108,213
NET POSITION	
Restricted	399,551,580
Unrestricted	262,965
Total net position	$ 399,814,545

See Notes to Financial Statements.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

	Expenses	Net (Expense) Revenue and Change in Net Position Governmental Activities
Functions/Programs		
Governmental activities:		
General and administration	$ 1,573,928	$ (1,573,928)
Jurisdictional distributions	122,454,040	(122,454,040)
Project cost distributions	41,807,115	(41,807,115)
GRTC distributions	36,736,213	(36,736,213)
Total governmental activities	$ 202,571,296	(202,571,296)
General revenues:		
Intergovernmental revenue:		
Sales and use tax		185,051,983
Fuels tax		59,883,639
Commonwealth fund interest income		598,688
Investment earnings		14,551,437
Total general revenues		260,085,747
Change in net position		57,514,451
Net Position, beginning of year		342,300,094
Net Position, end of year		$ 399,814,545

See Notes to Financial Statements.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2026

	General Fund	Special Revenue Funds: Local Distribution Fund	Special Revenue Funds: Regional Revenue Fund	Special Revenue Funds: GRTC Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	$ 1,084,494	$ -	$ -	$ -	$ 1,084,494
Restricted cash, cash equivalents, and investments	-	-	392,074,858	-	392,074,858
Restricted due from other governments	-	21,381,703	14,967,192	6,414,511	42,763,406
Total assets	$ 1,084,494	$ 21,381,703	$ 407,042,050	$ 6,414,511	$ 435,922,758
LIABILITIES					
Due to other governments	$ 821,529	$ 21,381,703	$ 7,490,470	$ 6,414,511	$ 36,108,213
Total liabilities	821,529	21,381,703	7,490,470	6,414,511	36,108,213
FUND BALANCES					
Restricted	-	-	399,551,580	-	399,551,580
Unassigned	262,965	-	-	-	262,965
Total fund balances	262,965	-	399,551,580	-	399,814,545
Total liabilities and fund balances	$ 1,084,494	$ 21,381,703	$ 407,042,050	$ 6,414,511	$ 435,922,758

See Notes to Financial Statements.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2026

	General Fund	Special Revenue Funds: Local Distribution Fund	Special Revenue Funds: Regional Revenue Fund	Special Revenue Funds: GRTC Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Sales and use tax	$ -	$ 92,761,972	$ 64,603,008	$ 27,687,003	$ 185,051,983
Fuels tax	-	30,018,184	20,905,819	8,959,636	59,883,639
Commonwealth fund interest income	-	300,108	209,006	89,574	598,688
Investment earnings	21,798	154,620	14,375,019	-	14,551,437
Total revenues	21,798	123,234,884	100,092,852	36,736,213	260,085,747
Expenditures					
Current:					
General and administration	1,573,928	-	-	-	1,573,928
Jurisdictional distributions	-	122,454,040	-	-	122,454,040
Project cost distributions	-	-	41,807,115	-	41,807,115
GRTC distributions	-	-	-	36,736,213	36,736,213
Total expenditures	1,573,928	122,454,040	41,807,115	36,736,213	202,571,296
Excess (deficiency) of revenues over (under) expenditures	(1,552,130)	780,844	58,285,737	-	57,514,451
Other Financing Sources (Uses)					
Transfers in	1,447,319	-	-	-	1,447,319
Transfers out	-	(780,844)	(666,475)	-	(1,447,319)
Total other financing sources (uses), net	1,447,319	(780,844)	(666,475)	-	-
Net change in fund balances	(104,811)	-	57,619,262	-	57,514,451
Fund Balances, beginning of year	367,776	-	341,932,318	-	342,300,094
Fund Balances (Deficit), end of year	$ 262,965	$ -	$ 399,551,580	$ -	$ 399,814,545

See Notes to Financial Statements.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Authority and Its Activities

The Central Virginia Transportation Authority (the Authority), a political subdivision of the Commonwealth of Virginia, was created on July 1, 2020 pursuant to the Central Virginia Transportation Authority Act, Chapter 37, Title 33.2-3702, of the *Code of Virginia*. The Authority was created to fund transportation needs in the central Virginia region encompassed by Planning District 15 (the District) and is comprised of the Town of Ashland, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and the City of Richmond.

The Authority consists of eighteen members comprised of the chief elected officer, or his/her designee, of each of the nine jurisdictions encompassed by the District, a member of the House of Delegates appointed by the Speaker of the House, a member of the Senate appointed by the Senate Committee on Rules, and a member of the Commonwealth Transportation Board appointed by the Governor. In addition, non-voting members include the Director of the Virginia Department of Rail and Public Transportation, the Commissioner of the Virginia Department of Transportation, the Executive Director of the Virginia Port Authority, the Chief Executive Officer of the Greater Richmond Transit Company (the GRTC), the Chief Executive Officer of the Capital Region Airport Commission, and the Chief Executive Officer of the Richmond Metropolitan Transportation Authority.

The Authority is responsible for long-range transportation project planning, prioritization, and funding for regional transportation projects. Funding for the projects is provided by an additional regional sales and use tax and a wholesale gas tax on gasoline and diesel fuel. The fuel tax rates would be indexed for inflation.

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Model

The financial statements presented for the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB sets the reporting model requirements for the annual financial reports of state and local governments. The Authority's Annual Financial Report includes:

- Management's Discussion and Analysis (the MD&A) (unaudited) – MD&A is required supplementary information that introduces the financial statements and provides an analytical overview of the Authority's activities for the year. It describes the decisions or conditions that are expected to have a significant effect on financial positions or results of operation.

- Financial Statements – The financial statements include both government-wide and governmental fund statements and related notes. The notes are an integral part of the financial statements and communicate information that is essential for fair presentation of the financial statements that is not displayed on the face of the statements.

Note 2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements include both government-wide and governmental fund financial statements.

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reflect a full economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position reports information about all assets and liabilities of the Authority, both current and long-term. The Statement of Activities measures the Authority's operations over the past year. All changes in revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of taxes and interest income, are used to offset net expenses.

The governmental fund financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Change in Fund Balances and are prepared using the current financial resources measurement and the modified accrual basis of accounting. Revenues are recorded when both measurable and available and are considered available if received within 60 days after the end of the accounting period. Expenditures are recognized when the liability is incurred. The Balance Sheet measures only current assets and liabilities. The Statement of Revenues, Expenditures and Change in Fund Balances reports only on the Authority's near-term inflows and outflows of spendable resources for the year.

Because government-wide and governmental fund financial statements are designed to present information from different perspectives, the governmental fund financial statements include a summary reconciliation between the governmental fund and governmental-wide statements. During the current fiscal year, there are no reconciling items to report.

The activities of the Authority and all financial resources are accounted for in the following major governmental funds:

- *General Fund* – The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund for financial reporting purposes.

- *Special Revenue Funds* – Special revenue funds account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Authority has three special revenue funds:

    - *Local Distribution Fund* – The Local Distribution Fund accounts for 50% of the intergovernmental revenue that is distributed to the member jurisdictions on a pro rata basis.

    - *Regional Revenue Fund* – The Regional Revenue Fund accounts for the 35% of the intergovernmental revenue and investment earnings to be used for regional transportation projects prioritized by the Authority.

    - *GRTC Fund* – The GRTC Fund accounts for the 15% of the intergovernmental revenue that is distributed to GRTC.

Note 2. Summary of Significant Accounting Policies (Continued)

C. Budgeting

The Authority adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables the Authority to determine the annual transfer required from the Special Revenue Fund to fund its general and administrative activities. Annually, the Authority will determine the disposition of any unspent balances remaining in the General Fund at year-end.

D. Other Significant Accounting Policies

1. Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of less than three months when purchased to be cash equivalents.

2. Investment Policy

The Authority follows a deposit and investment policy in accordance with the Commonwealth of Virginia statutes. Investments with a maturity date of greater than one year from the date of purchase are stated at fair value and money market investments with a maturity date of one year or less from the date of purchase are stated at amortized cost, which approximates fair value, in accordance with GAAP. Deposit and investment instruments include Commonwealth of Virginia Local Government Investment Pool (the LGIP), Virginia Investment Pool Fund (the VIP) and Commercial Paper. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq.

3. Restricted Assets

Certain cash, cash equivalents, investments, amounts due from other governments, and accrued interest receivable classified as restricted assets on the Statement of Net Position are comprised of intergovernmental deposits and receivables that shall be used solely for regional transportation projects benefiting the member jurisdictions.

4. Fund Equity

The Authority, in accordance with GAAP, categorizes its governmental fund balances using the following guidance:

Nonspendable fund balance classification includes amounts that are not in spendable form or are legally required to be maintained intact.

Restricted fund balance classification includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

4. Fund Equity (Continued)

Committed fund balance classification includes amounts constrained to specific purposes by formal action of the Authority that identifies the specific circumstances under which resources can be expended. Committed fund balance can only be modified by action of the Authority.

Assigned fund balance classification includes amounts constrained by the Authority's plans, or intent, to use the amounts for specific purposes but does not meet the criteria to be classified as either restricted or committed. Assignments generally only exist temporarily, and additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance classification includes the residual balance of the General Fund that has not been restricted, committed, or assigned for specific purposes within the General Fund.

As of June 30, 2026, the Regional Revenue Fund balance includes $399,814,545 classified as restricted fund balance for regional transportation projects per the *Code of Virginia*. When fund balance resources are available for use in more than one classification, the Authority will consider the use of restricted, committed, or assigned resources first, and then unrestricted resources, as they are needed.

5. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

6. Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures/expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

7. Interfund Transfers

Transactions among the Authority's funds that would be treated as revenues and expenditures/expenses if they involved organizations external to the Authority are accounted for as revenues and expenditures/expenses in funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

8. Administrative Functions

The Authority has entered a Memorandum of Understanding Regarding Fiscal Services with the City of Richmond, a Memorandum of Understanding with the Richmond Regional Planning District Commission (PlanRVA), and a Fiscal Agent Agreement with Chesterfield County. The City of Richmond has agreed to assist the Authority with ensuring financial statements are completed in accordance with GAAP and serves as Authority contact for the annual audit process. PlanRVA has agreed to provide support services for the Authority which includes coordination of monthly meetings; ensuring compliance with the state statues; completion of programmatic tasks related to the mission and function of the Authority, such as regional project prioritization and compliance reports; and additional technical assistance, planning, outreach or other support needed by the Authority. Chesterfield has agreed to receive, manage, and distribute revenues transferred to the Authority in accordance with the Authority's financial policies and procedures.

9. New Accounting Pronouncements

1. GASB Statement No. 103, Financial Reporting Model Improvements

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing the Authority's accountability. This Statement also addresses certain application issues. Key Changes:

- MD&A – this Statement requires that information be presented in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analysis, (4) Significant Capital Asset and Long-Term Financial Activity, and (5) Currently Known Facts, Decisions or Conditions. Furthermore, the Statement stresses that the detailed analysis should explain why balances and results of operations changed rather than simply presenting the amounts of percentages by which they changed.

Note 2. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

9. New Accounting Pronouncements (Continued)

1. GASB Statement No. 103, Financial Reporting Model Improvements (Continued)
   - Unusual or Infrequent Items – this Statement describes unusual or infrequent items as transaction and other events that are either unusual in nature or infrequent in occurrence.
   - Budgetary Comparison Schedules – this Statement is presented as Required Supplementary Information (RSI) for the General Fund and each major special revenue fund that has a legally adopted annual budget. Separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual results are required to be presented. An explanation of significant variations between the original and final budget amounts and final budget amounts and actual results also is required to be presented in notes to RSI.

2. GASB Statement No. 105, Subsequent Events

   This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement also describes the date the financial statements are available to be issued as the date at which (a) the financial statements are complete in a form and format that complies with GAAP and (b) approval necessary for issuance have been obtained. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

10. Subsequent Events

The Authority has evaluated subsequent events through October 20, 2026, the date on which the financial statements were available to be issued.

Note 3. Deposits and Investments

As of June 30, 2026, the fair value of the Authority's deposits and investments, with their respective credit ratings, was as follows:

Investment Type		Fair Value	Credit Rating
Demand deposits	$	1,186,453	N/A
Money market		15,261,844	AAA
VIP - Stable NAV Liquidity Pool		191,284,324	AAAm
LGIP		185,426,731	AAAm
	$	393,159,352	

A. Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks, and savings institutions, holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

B. Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or its agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable certificates of deposits, bank notes, and corporate bonds rated AA or better by Standard & Poor's Rating Services (S&P), and Aa or better by Moody's Investors Services, Inc. (Moody's), and a maturity of no more than five years; bankers' acceptances, overnight term and open repurchase agreements; money market mutual funds; the State Treasurer's LGIP; and the VIP.

C. External Investment Pools

As of June 30, 2026, the Authority had investments of $185,426,731 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of $1 per share. The LGIP has been assigned an "AAAm" rating by S&P. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and, on a weekly basis, this valuation is compared to current market to monitor any variance and the maturity is less than one year. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

Note 3. Deposits and Investments (Continued)

C. External Investment Pools (Continued)

The Authority had investments of $191,284,324 in the VIP Stable NAV Liquidity Pool (SNLP) at June 30, 2026. This pooled investment was created during fiscal year 2017 specifically to offer local governments an investment option with a stable net asset value, while providing daily liquidity and a competitive yield. The SNLP seeks to maintain a constant net asset value per share of $1. The SNLP is rated AAAm by S&P. SNLP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance and the maturity is less than one year. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

D. Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (Act), Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, the Authority requires all securities purchased to be properly and clearly labeled as an asset of the Authority, and held in safekeeping by a third-party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*.

E. Concentration of Credit Risk

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

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

Note 3. Deposits and Investments (Continued)

E. Concentration of Credit Risk (Continued)

As of June 30, 2026, the Authority's portfolio had no investment types in excess of the Authority's policy requiring disclosure.

F. Interest Rate Risk

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

As of June 30, 2026, the Authority had the following deposits and investments:

		Investment Maturity (in years)		
Investment Type		Fair Value		Less than 1 year
Commercial paper	$	15,261,844	$	15,261,844
	$	15,261,844	$	15,261,844

Note 4. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.

Level 3 Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

The Authority has the following recurring fair value measurement as of June 30, 2026:

- Money market investments of $15,261,844 are valued using significant other observable inputs (Level 2 inputs)

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

Note 5. Due To/From Other Governments

At June 30, 2026, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	Total
Commonwealth of Virginia:				
Sales and use tax	$ 16,349,029	$ 11,444,320	$ 4,904,709	$ 32,698,058
Fuels tax	5,032,674	3,522,872	1,509,802	10,065,348
Total	$ 21,381,703	$ 14,967,192	$ 6,414,511	$ 42,763,406

Amounts due to other governments as of June 30, 2026 consisted of the following:

	General Fund	Local Distribution Fund	Regional Revenue Fund	GRTC Fund	Total
Charles City County	$ -	$ 135,395	$ -	$ -	$ 135,395
Chesterfield County	-	6,237,307	30,993	-	6,268,300
Goochland County	-	613,353	-	-	613,353
Hanover County	-	3,175,892	52,121	-	3,228,013
Town of Ashland	-	90,185	-	-	90,185
Henrico County	-	6,506,443	1,595,760	-	8,102,203
New Kent County	-	445,696	-	-	445,696
Powhatan County	-	509,016	-	-	509,016
City of Richmond	-	3,668,416	-	-	3,668,416
Plan RVA	821,529	-	-	-	821,529
Greater Richmond Transit Company	-	-	-	6,414,511	6,414,511
VDOT	-	-	5,811,596	-	5,811,596
	$ 821,529	$ 21,381,703	$ 7,490,470	$ 6,414,511	$ 36,108,213

Amounts distributed to other governments for the year ended June 30, 2026 were:

	Regional Revenue Fund	Local Distribution Fund	Total
Charles City County	$ -	$ 593,768	$ 593,768
Chesterfield County	224,215	35,495,387	35,719,602
Goochland County	-	3,552,102	3,552,102
Hanover County	353,789	17,642,929	17,996,718
Town of Ashland	-	498,878	498,878
Henrico County	3,376,208	37,616,157	40,992,365
New Kent County	-	2,758,767	2,758,767
Powhatan County	-	2,889,961	2,889,961
City of Richmond	-	21,406,091	21,406,091
VDOT	37,852,903	-	37,852,903
	$ 41,807,115	$ 122,454,040	$ 164,261,155

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

Effective October 1, 2020, sections 58.1-603.1 and 58.1-601.01 of the *Code of Virginia* authorized an additional 0.7% sales and use tax and effective July 1, 2020, section 58.1-2295 of the *Code of Virginia* authorized a wholesale fuels tax of 7.6 cents per gallon on gasoline and 7.7 cents per gallon on diesel fuel to be levied and imposed in each of the member jurisdictions. The revenue generated and collected pursuant to the additional tax authorized by the Code, is collected and deposited in the Central Virginia Transportation Fund monthly by the Commonwealth. The Commonwealth distributes balances from the Fund to the Authority as soon as practicable to fund transportation projects in the District.

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To reduce insurance costs and the need for self-insurance, the Authority has joined with other Commonwealth of Virginia political subdivisions in the VML Insurance Programs. The Authority has coverage with the VML Insurance Programs. Each Program member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VML the contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Program and claims and awards are to be paid.

Note 8. Interfund Transfers

Transfers from the Local Distribution Fund and Regional Fund to the General Fund represent the transfer of investment earnings and local distribution funds used to support operating expenditures of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under)	Actual Amounts	Variance with Final Budget Over (Under)
Budgetary Revenues					
Investment earnings	$ -	$ -	$ -	$ 21,798	$ 21,798
Total budgetary revenues	-	-	-	21,798	21,798
Budgetary Expenditures					
Current:					
General and administration	977,333	1,795,241	817,908	1,573,928	(221,313)
Total budgetary expenditures	977,333	1,795,241	817,908	1,573,928	(221,313)
Budgetary deficiency of revenues under expenditures	(977,333)	(1,795,241)	(817,908)	(1,552,130)	243,111
Budgetary Other Financing Sources					
Transfer in	977,333	1,795,241	817,908	1,447,319	(347,922)
Total budgetary other financing sources	977,333	1,795,241	817,908	1,447,319	(347,922)
Net change in fund balance	-	-	-	(104,811)	(104,811)
Budgetary Fund Balance, beginning of year	-	-	-	367,776	367,776
Budgetary Fund Balance (Deficit), end of year	$ -	$ -	$ -	$ 262,965	$ 262,965

See Note to Budgetary Comparison Schedule.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026

Note 1. Actual Budget Results

	General Fund over (under)
Budgetary Revenues	
Differences - final budget to actual	
The Authority experienced an increase in investment earnings due to earned interest income that had not previously been budgeted or earned in the General Fund. Actual amount of interest revenue exceeded budgeted amounts since the Authority does not budget for investment earnings.	$ 21,798
Budgetary Expenditures	
Differences - original budget to final budget	
The original budget was legally amended for additional operating costs to PlanRVA. In accordance with the Memorandum of Understanding, PlanRVA applied an indirect cost rate and additional administrative fees that were not previously reported as expenses by the Authority.	$ 817,908
Differences - final budget to actual	
The final cost of the additional PlanRVA administrative expenses were less than originally projected.	$ (221,313)
Budgetary Other Financing Sources	
Differences - original budget to final budget	
The original budget was legally amended for additional operating costs to PlanRVA in accordance with the Memorandum of Understanding.	$ 817,908
Differences - final budget to actual	
Actual transfers-in were less than the final budget mainly due to the decrease in additional operating costs to PlanRVA.	$ (347,922)

COMPLIANCE SECTION

PBMares SM
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Authority Board Members
Central Virginia Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Central Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
October 20, 2026