



Potomac and Rappahannock Transportation Commission

Presentation to the Audit Committee

January 14, 2021

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Overall Audit Results

- Unmodified opinion on the basic financial statements of PRTC (pages 1 – 3)
- Unmodified opinion under *Government Auditing Standards* as of and for the year ended June 30, 2020 for internal control and compliance (pages 70-71)
- Audits completed as planned; no significant changes to our approach were required
- NO material weaknesses, significant deficiencies, or compliance findings
- Opinion related to Single Audit excluded from report due to OMB had not issued audit specifications related to CARES Act funding.

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Financial Statement Highlights

- Decline in operating revenues of approximately \$4.8 million (page 65)
- Operating expenses increased approximately \$3.1 million (page 65)
 - Attributed to increase in Direct Transportation expenses related to increase in jurisdictional projects and payment to VRE (page 68 provides a summary)
- Operating loss was approximately \$25.2 million (page 65)
- Nonoperating Revenues increased approximately \$5.0 million (page 65)
- Capital Grants and Assistance decreased approximately \$11.8 million (page 65)
- Transfers increased \$3.6 million (page 65)
- Net position increased \$15.5 million (page 65)

Financial Statement Highlights

- Total assets and deferred outflows of resources increased approximately \$9.5 million (page 64)
 - Increase primarily due to increase in CIP, related to the Western Facility project. PRTC was granted occupancy permits in September 2020.
 - Restricted cash for member jurisdictions was approximately \$15.7 million (summary of how funds were spent can be found on page 68)
- Pension Liability was reported for FY 2020. Total pension liability was \$154,000, which represents PRTC's share of the liability. (pages 35- 46; 64 and 58-59)
- Net Position increased by \$15.5 million and consists of the following components:
 - Net Investment in capital assets - \$87.2 million
 - Restricted - \$20.2 million
 - Unrestricted - \$22.2 million

Key Audit and Accounting Issues

– Judgments & Estimates

- Capital Assets– Depreciation and amortization
- Pension liability (asset)
- Inventory valuation (related to VRE)
- Allowance for doubtful accounts (related to VRE)

– New Accounting Policies Adopted

- None

– No Audit Adjustments

Auditor's Required Communication

Area

Comments

- | | |
|---|---|
| <ul style="list-style-type: none">• Auditor's Responsibilities with Regard to the Financial Statement Audit | <ul style="list-style-type: none">• Our responsibility under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States; <i>Specifications for Audits of Authorities, Boards and Commissions</i>, the provisions of the Single Audit Act; Uniform Guidance; and OMB's <i>Compliance Supplement</i> have been described to you in our planning letter |
| <ul style="list-style-type: none">• Overview of the Planned Scope and Timing of the Audit | <ul style="list-style-type: none">• Issued a separate letter regarding the planned scope and timing of the audit |

Auditor's Required Communication

Area	Comments
<ul style="list-style-type: none">Disagreements with Management	<ul style="list-style-type: none">None encountered
<ul style="list-style-type: none">Consultation with Other Accountants	<ul style="list-style-type: none">We are not aware of any
<ul style="list-style-type: none">Significant Issues Discussed with Management	<ul style="list-style-type: none">None
<ul style="list-style-type: none">Significant Difficulties Encountered in Performing the Audit	<ul style="list-style-type: none">None encountered. Good cooperation and complete access to all required information

Other Communications

Area	Comments
<ul style="list-style-type: none">Independence	<ul style="list-style-type: none">We are not aware of any relationship that we believe, based on current authoritative guidance, would impair our independence
<ul style="list-style-type: none">Management letter	<ul style="list-style-type: none">A separate management letter has been issued summarizing upcoming GASB Statements

Thank you!



We appreciate your time and attention.

We are happy to answer any
questions you have at this time.