

REGIONAL TRANSPORTATION AUTHORITY

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2020

REGIONAL TRANSPORTATION AUTHORITY

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REGIONAL TRANSPORTATION AUTHORITY

INTRODUCTION

The Regional Transportation Authority (“RTA”) is pleased to present its Annual Financial Report for the year ended June 30, 2020.

Responsibility and Controls

RTA has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

RTA’s system of internal accounting controls is evaluated on an ongoing basis by RTA’s internal financial staff. Crosslin, PLLC, our external auditors, also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that RTA’s operations are conducted according to management’s intentions and to a high standard of business ethics. In management’s opinion, the financial statements present fairly, in all material respects, the financial position of RTA as of June 30, 2020, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Audit Assurance

The unmodified opinion of our independent external auditors, Crosslin, PLLC, is included in this report.

**REGIONAL TRANSPORTATION AUTHORITY
AS OF JUNE 30, 2020**

BOARD MEMBERS

Rogers Anderson, Williamson County
Michael Arnold, City of White House
Bernie Ash, City of Lebanon
Clay Bright, Tennessee Department of Transportation
Paige Brown, City of Gallatin
Mike Callis, City of Portland
Jamie Clary, City of Hendersonville
Ed Cole, Governor's Appointee
Jason Cole, City of La Vergne
John Cooper, Metro Nashville/Davidson County
Kelly Dannenfelser, Governor's Appointee
Ken Davis, Governor's Appointee
Jeff Duncan, City of Goodlettsville
Jim Durett, Montgomery County
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Rick Graham, City of Spring Hill
Ed Hagerty, City of Mt. Juliet
Anthony Holt, Sumner County
James Hunt, City of Belle Meade
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Bill Ketron, Rutherford County
Jerry Kirkman, City of Westmoreland
Rhea Little, City of Brentwood
Shane McFarland, City of Murfreesboro
Chaz Meider, City of Columbia
Ken Moore, City of Franklin
Joe Pitts, City of Clarksville
Mary Esther Reed, City of Smyrna
Bob Rial, Dickson County
Ann Schneider, City of Springfield
Ed Elam, Governor's Appointee
Don Weiss, Jr., City of Dickson
Billy Vogle, Robertson County
Arthur Bing, Governor's Appointee



Independent Auditor's Report

Board of Directors
Regional Transportation Authority
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Regional Transportation Authority (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Regional Transportation Authority as of June 30, 2020, and the respective changes in financial position, and the budgetary comparison information for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12 be presented to supplement the basic financial statements. Such information, although not 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section on pages 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance on pages 36 and 37 are 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 the State of Tennessee, and are also not a required part of the basic financial statements.



The schedule of changes in long-term debt by individual issue, the schedule of expenditures of federal awards, and the schedule of state financial assistance on pages 35 through 37 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 changes in long-term debt by individual issue, the schedule of expenditures of federal awards, and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 and 2 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, 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.

Crosslin, PLLC

Nashville, Tennessee
November 6, 2020

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

This section of the Regional Transportation Authority’s (“RTA”) annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2020 as compared to fiscal year 2019. Please read it in conjunction with the introductory section of this report and RTA’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2020:

- The COVID-19 coronavirus pandemic which began in March 2020 had a significant impact on the agency as it relates to ridership and consequently fare revenues. Due to the decline in ridership, services were significantly reduced and fare collection, while not officially suspended, was left to driver discretion. With the passing of the CARES Act in March 2020, the agency was awarded approximately \$13.8 million which represented 100% federal dollars with the goal of keeping the agency whole or no worse off than when they entered the pandemic. None of the CARES Act funding was utilized in fiscal year 2020.
- RTA saw an overall decrease in fares collected for regional bus and commuter rail services of approximately \$424,000, or 23.8%, compared to last fiscal year. This consisted of a decrease in regional bus revenues of approximately \$227,000 and a decrease in commuter rail revenues of approximately \$197,000 and was directly related to the impact of COVID-19.
- RTA saw a decrease in operating expenses of approximately \$167,000, or 1.4%, during fiscal year 2020 compared to the prior fiscal year due to reduced service operating the last 4 months of the fiscal year due to COVID-19.
- RTA is in the process of rehabilitating its four locomotives. In October 2019, RTA completed its first rehab project on Locomotive 122 and will have the other 3 locomotives completed over the next year to year and a half. As a part of the rehab, all the locomotives will be painted with the new WeGo brand.
- In February 2020, RTA purchased 8 new “used” passenger rail cars to replace the passenger rail cars that had reached their useful life. They were all painted with the new WeGo Brand and were put into service in August 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management’s discussion and analysis (this section), the government-wide financial statement presentation, the governmental fund financial statement presentation, the notes to the financial statements, and additional information.

The financial statements provide both long-term and short-term information about RTA’s overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other information that further explains and supports the information in the financial statements. The section of additional information includes schedules of federal awards and state financial assistance and the notes thereto as well as a schedule of findings and questioned costs and the responses thereto, if applicable, and a summary of prior year audit findings, if applicable.

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

RTA’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as applicable to state and local governments. Generally Accepted Accounting Principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”). The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF RTA

Net Position

Fiscal year 2020 as compared to fiscal year 2019:

RTA’s net position at June 30, 2020 totaled approximately \$41.0 million, a 25.1% increase compared to June 30, 2019 (See Table A-1). Total assets increased 7.0% to approximately \$44.7 million and total liabilities decreased approximately 58.6% to approximately \$3.7 million compared to the prior year.

**Table A-1
Regional Transportation Authority’s Net Position
(in thousands of dollars)**

	2020	2019	Percentage Change 2020-2019
Cash	\$ 3,174	\$ 1,815	74.9%
Accounts receivable and due from other governments	1,815	8,508	(78.7%)
Prepaid items and inventory	494	470	5.1%
Restricted cash	2,000	2,000	-
Capital assets, net	37,253	29,007	28.4%
Total assets	44,736	41,800	7.0%
Current liabilities and due to related party, net	2,095	7,781	(73.1%)
Advanced contributions	1,644	1,244	32.2%
Total liabilities	3,739	9,025	(58.6%)
Net position:			
Investment in capital assets	37,253	29,007	28.4%
Restricted	2,000	2,000	-
Unrestricted	1,744	1,768	(1.4%)
Total net position	\$ 40,997	\$ 32,775	25.1%

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

The 7.0% increase in total assets was primarily due to increases in cash on hand, prepaid items, inventory and net capital assets, which were partially offset by a decrease in accounts receivable and due from governments. The decrease in accounts receivable and due from other governments as well as current liabilities related to last year’s purchase of ten MCI commuter coach buses, specifically, the related grant funds to be received to pay for the buses and the accrued liability for the buses. Please read the capital asset section of this management discussion and analysis for further explanation for the increase in capital assets.

Cash represents regular cash on hand for operations as well as cash set aside for specific purposes as determined by the RTA Board. The cash set aside represents two separate reserves for vanpool van replacement and reserves for regional bus services. The balances of the cash reserves were as follows:

	2020	2019	Percentage Change 2020-2019
Cash for Vanpool Replacement	\$454,850	\$443,293	2.6%
Cash for Regional Bus Service	\$1,643,847	\$1,243,755	32.2%

The fluctuations in cash for operations and prepaid items and inventory were attributable to the normal course of business. The increase in the cash reserve for regional bus service was in part due to reduced services being implemented as a result of a significant drop in ridership due to the impact of COVID-19. The reduction in service costs allowed the excess of regional contributions to be set aside in their respective bus reserves. The restricted cash consists of a \$1 million reserve required for a supplemental insurance reserve for our liability insurance policy for the train as well as \$1 million of membership dues collected that the RTA Board elected to set aside as a reserve for future unexpected administrative expenses. Under state law, these funds may only be used for administrative expenses. The decrease in current liabilities was in part due to normal timing differences and last year’s accrued liability related to the purchase of ten MCI commuter coach buses. We also had a zero balance on our \$3 million line of credit in the current year, which increased to \$5 million on June 30, 2020. The line of credit is available for the timing of normal cash flow needs and is only borrowed against based upon anticipated grant funding to pay it back down (See Note G to the financial statements). As mentioned previously, the RTA board members established new cash reserves three years ago for our partners that receive regional bus services in their cities or counties. The reserves, titled advance contributions, were set up in order to stabilize each partner’s annual contribution. These advance contributions totaled \$1,643,847 at the end of current year compared to approximately \$1,243,755 last year.

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

Revenues, Expenses, and Changes in Net Position

While the Statements of Net Position show the financial position of RTA at year-end, the Statements of Activities provide answers to the nature and source of the changes in RTA's financial position.

Fiscal year 2020 as compared to fiscal year 2019:

The increase in net position for the year ended June 30, 2020 was approximately \$8.2 million, or 25.1%, compared to an increase of approximately \$9.0 million for the year ended June 30, 2019 (See Table A-2). RTA's total program revenues including capital revenues decreased 4.1% to approximately \$19.5 million from approximately \$20.4 million in the prior fiscal year. Total functional expenses, including depreciation, decreased 1.4% to approximately \$11.6 million from approximately \$11.7 million in the prior fiscal year.

**Table A-2
Changes in Regional Transportation Authority's Net Position
(in thousands of dollars)**

	2020	2019	Percentage Change 2020 - 2019
Program Revenues:			
Passenger Fares charged for services	\$ 1,354	\$ 1,777	(23.8%)
Operating Grants and Contributions	7,493	8,175	(8.3%)
Capital Grants and Contributions	10,672	10,405	2.6%
Total program revenues	19,519	20,357	(4.1%)
General revenues	262	395	(33.7%)
Total revenues	19,781	20,752	(4.7%)
Functional Expenses:			
R&R / Job Access Reverse Commute	6,015	5,681	5.9%
Commuter Rail - operations	5,544	6,045	(8.3%)
Total functional expenses	11,559	11,726	(1.4%)
Increase in net position	8,222	9,026	(8.9%)
Total net position, beginning of year	32,775	23,749	38.0%
Total net position, end of year	\$40,997	\$32,775	25.1%

The decrease in overall passenger fare revenue compared to last year was primarily due to decreases of approximately 90% in ridership on both our regional bus services and WeGo Star during the last 4 months of the fiscal year due the impact of COVID-19. The decrease in operating grants and contributions compared to last year was primarily the result of less grant funding being needed as a result of reduced service being implemented during the last four months of the fiscal year as a result of reduced passenger demand due to the impact of COVID-19. The increase in capital grants and contributions was the result of RTA utilizing more available capital grants in fiscal year 2020 compared to the prior year. The majority of current year capital spending was primarily related to purchase of "new" used passenger rail cars, the rehabilitation of one of our locomotives and continuing guideway improvements along the rail line.

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**Table A-3
Regional Transportation Authority’s Functional Expenses
(in thousands of dollars)**

	2020	2019	Percentage Change 2020 - 2019
Rideshare Function:			
Regional Bus / JARC Function:			
Operational expenses	\$5,016	\$5,060	(0.9%)
Depreciation	999	621	60.9%
Commuter Rail Function:			
Operational expenses	4,099	4,963	(17.4%)
Depreciation	1,445	1,082	33.5%
Total operating expenses	\$11,559	\$11,726	(1.4%)

The 0.9% decrease in Regional Bus and JARC operational expenses was primarily related to reduced services during the last four months of the fiscal year due to COVID-19 and significantly reduced ridership on both Gray Line and Nashville MTA, our regional service providers, compared to last year. The depreciation expense increase was the result of the 10 new MCI commuter coach buses being placed into service during the year. The 17.4% decrease in Commuter Rail operating expenses was primarily due to the impact of COVID-19 as well. Train service was reduced, but we maintained our base contractual payments to our third-party operator to ensure they could ramp back up on a short turnaround if demand unexpectedly recovered faster than anticipated. Depreciation expense increased as a result of the purchase of the new “used” passenger cars and additional guideway improvements being depreciated compared to the prior year.

CAPITAL ASSETS

Fiscal year 2020 as compared to fiscal year 2019:

At the end of fiscal year 2020, RTA had invested approximately \$37.3 million in capital assets for a broad range of land, rail stations, revenue vehicles and equipment as shown in Table A-4.

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**Table A-4
Regional Transportation Authority's Capital Assets
(in thousands of dollars)**

	2020	2019	Percentage Change 2020 - 2019
Land	\$ 3,382	\$ 3,382	-
Commuter Rail Stations	15,742	15,742	-
Rolling Stock	12,135	3,223	276.5%
Vehicles	8,530	8,406	1.5%
Construction and rehabilitation in progress	2,749	3,551	(22.6%)
Equipment	1,142	841	35.8%
Guideway improvements	6,595	4,502	46.5%
Park and ride lots	978	978	-
Subtotal	51,253	40,625	26.2%
Less Accumulated Depreciation	(14,000)	(11,618)	20.5%
Net Capital Assets	\$ 37,253	\$ 29,007	28.4%

The increase in net capital assets was primarily due to having approximately \$10.7 million in capital additions offset by approximately \$2.4 million of depreciation recorded. The capital additions were primarily the result of the purchase of eight passenger rail cars for the Music City Star, the rehabilitation project for our 4 locomotives and ongoing guideway improvements along the rail line. See further information regarding capital assets in Note F to the financial statements.

FUND FINANCIAL ANALYSIS

As noted on the analysis of revenues, expenses, and changes in net position, the RTA experienced an increase in net position on a government-wide basis of approximately \$8,222,000. See page 9 for a discussion of the significant changes in revenues and expense. However, the General Fund balance decreased by approximately \$24,000. In accordance with appropriate accounting principles, changes in noncurrent liabilities and capital assets are not included in General Fund financial statements. Consequently, the primary reason for the increase being more in the net position in the government-wide statements was the fact that the net increase in capital assets was approximately \$8,246,000.

BUDGET VARIANCES

Differences between our original budget and actual results were primarily related to the impact of the COVID-19 pandemic on our ridership and operating at reduced service level the last four months of the fiscal year.

**REGIONAL TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

RTA's Board of Directors and management considered many factors when setting the fiscal year 2021 budget. At the time of budget preparation, the Board and management did not know what the full impact and duration the pandemic would have on the agency. Consequently, the FY 2021 budget assumed full service from an expense perspective in case of a faster recovery, but reduced fare revenues based upon a slow return to normal ridership and a decrease in Metro Nashville Government support of \$1 million related to the Music City Star. The shortfalls in operating revenues will be made up by the use of \$13.8 million in CARES Act funding the agency received. Other factors considered included contract services hourly rates, fuel and liability insurance coverage. Also considered were the anticipated capital grant funding for operations and potential capital projects as well as continuing operating support from all our other regional partners.

CONTACTING RTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patrons and other interested parties with a general overview of RTA's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Transportation Authority's Finance Department, 430 Myatt Drive, Madison, TN 37115.

REGIONAL TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2020

ASSETS

Cash	\$ 3,174,088
Accounts receivable	23,626
Due from other governments	1,791,764
Prepaid items	86,876
Inventory	407,321
Restricted cash	2,000,000
Capital assets:	
Capital assets, not being depreciated	6,130,750
Other capital assets, net of depreciation	<u>31,121,983</u>
 Total assets	 <u>44,736,408</u>

LIABILITIES

Accounts payable and accrued expenses	1,765,427
Advanced contributions	1,643,847
Due to related party, net	<u>329,850</u>
 Total liabilities	 <u>3,739,124</u>

NET POSITION

Investment in capital assets	37,252,733
Restricted net position	2,000,000
Unrestricted net position	<u>1,744,551</u>
 Total net position	 <u><u>\$ 40,997,284</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES					
Relax and Ride and Job Access Reverse Commute	\$ 5,987,365	\$ 580,672	\$ 3,082,165	\$ 9,097,598	\$ 6,773,070
Commuter Rail Operations	5,571,303	772,961	4,411,421	1,574,459	1,187,538
Total governmental activities	<u>\$ 11,558,668</u>	<u>\$ 1,353,633</u>	<u>\$ 7,493,586</u>	<u>\$ 10,672,057</u>	<u>7,960,608</u>

General revenues:	
Membership dues	169,932
Miscellaneous	91,863
Total general revenues	<u>261,795</u>

Change in net position 8,222,403

Net position, beginning 32,774,881

Net position, ending \$ 40,997,284

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Fund
General Fund
June 30, 2020

ASSETS

Cash	\$ 3,174,088
Accounts receivable	23,626
Due from other governments	1,791,764
Prepaid items	86,876
Inventory	407,321
Restricted cash	<u>2,000,000</u>
 Total assets	 <u><u>\$ 7,483,675</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 1,765,427
Advanced contributions	1,643,847
Due to related party, net	<u>329,850</u>
 Total liabilities	 <u>3,739,124</u>

FUND BALANCES

Nonspendable:	
Inventory	407,321
Prepaid items	86,876
Restricted	2,000,000
Unassigned	<u>1,250,354</u>
 Total fund balance	 <u>3,744,551</u>
 Total liabilities and fund balance	 <u><u>\$ 7,483,675</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Total governmental fund balance	\$ 3,744,551
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental fund.	<u>37,252,733</u>
Net position of governmental activities	<u><u>\$ 40,997,284</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund
General Fund
For the Year Ended June 30, 2020

REVENUES

Federal grant revenue	\$ 8,946,202
State grant revenue	4,979,799
Other local revenue	4,239,642
Fare revenue	1,353,633
Membership and miscellaneous revenue	261,795
Total operational revenues	<u>19,781,071</u>

EXPENSES

Current:	
Relax and Ride and Job Access Reverse Commute	4,988,645
Commuter Rail Operations	4,126,337
Capital outlay:	
Relax and Ride and Job Access Reverse Commute	9,097,598
Commuter Rail Operations	1,591,886
Total expenditures	<u>19,804,466</u>

NET INCREASE IN FUND BALANCE (23,395)

FUND BALANCE AT BEGINNING OF YEAR 3,767,946

FUND BALANCE AT END OF YEAR \$ 3,744,551

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance of Governmental Fund to the
Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for the governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental fund	\$ (23,395)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Specifically, these items are as follows:

Capital asset additions	10,689,484
Net carrying value of capital assets disposed of	-
Depreciation expense	<u>(2,443,686)</u>

Change in net position of governmental activities	<u><u>\$ 8,222,403</u></u>
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The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Statement of Activities to Budget Comparison
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
REVENUES			
Full adult fare - R&R	\$ 787,616	\$ 580,672	\$ (206,944)
Full adult fare - Train	931,450	696,725	(234,725)
Special events	74,250	76,236	1,986
Advertising sales - R&R	40,322	13,403	(26,919)
Advertising sales - Train	1,800	1,300	(500)
Rent of building and property	60,350	62,522	2,172
Non-transportation revenue	-	9,438	9,438
Annual membership dues	172,489	169,932	(2,557)
Local operating	1,820,200	1,714,608	(105,592)
Regional operating subsidies	1,148,363	853,863	(294,500)
State operating revenues	618,400	704,157	85,757
JARC	117,522	116,264	(1,258)
CMAQ revenues	2,306,392	1,975,461	(330,931)
Capital operating assistance	2,106,720	2,129,233	22,513
Total operational revenues	<u>10,185,874</u>	<u>9,103,814</u>	<u>(1,082,060)</u>
EXPENSES			
Salary-contract admin - R&R	227,568	227,568	-
Salary-contract admin - Train	227,568	227,568	-
Other fringes - R&R	186,192	186,192	-
Other fringes - Train	186,192	186,192	-
Advertising service and fees - R&R	82,100	14,373	(67,727)
Advertising service and fees - Train	80,300	11,801	(68,499)
Attorney's fees	55,000	40,494	(14,506)
Outside auditing fees	35,000	26,800	(8,200)
Web management contract	77,200	76,181	(1,019)
Interest/extension fees - LOC	27,500	22,346	(5,154)
Bank service charges	9,800	9,111	(689)
Other services	291,200	560,437	269,237
Emergency ride home	4,000	1,126	(2,874)
Contract maintenance - TVM's Train	5,000	5,350	350
Contract maintenance - Train Parts/Repairs/Maintenance	132,000	89,463	(42,537)
Contract maintenance - R&R/Bus	4,548,167	3,906,792	(641,375)
Contract maintenance - Base Train Service/TSG	1,735,924	1,735,877	(47)
Contract maintenance - Special Service Train/TSG	38,520	32,553	(5,967)
Contract maintenance - Track Usage, Maintenance, and Dispatch	685,100	586,306	(98,794)

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
Statement of Activities to Budget Comparison - Continued
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
EXPENSES - Continued			
Diesel fuel - Train	536,320	500,015	(36,305)
Consummable Supplies	5,675	7,112	1,437
Printing services - R&R	2,000	2,747	747
Printing services - Train Fare Media	15,300	10,531	(4,769)
Utilities	140,350	126,005	(14,345)
Insurance	520,385	498,546	(21,839)
Dues and subscriptions - RTA	11,000	10,695	(305)
Travel and trainings - RTA	1,000	-	(1,000)
Other	18,100	12,801	(5,299)
Contingency	301,413	-	(301,413)
Total operational expenses	<u>10,185,874</u>	<u>9,114,982</u>	<u>(1,070,892)</u>
OTHER REVENUES (EXPENSES)			
Capital purchases revenue	-	10,672,057	10,672,057
Depreciation expense	-	(2,443,686)	(2,443,686)
Gain on sale of capital assets	-	5,200	5,200
Total other revenues	<u>-</u>	<u>8,233,571</u>	<u>8,233,571</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ 8,222,403</u>	<u>\$ 8,222,403</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

A. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Reporting Entity

Regional Transportation Authority (the “Authority”) was created by an act of the Tennessee General Assembly. The Board of Directors of the Authority is charged with the responsibility of developing and overseeing the implementation of a mass transit plan for Middle Tennessee, which currently includes Davidson, Sumner, Williamson, Wilson, Robertson, Cheatham, Dickson, Rutherford and Montgomery Counties in Middle Tennessee. Based upon the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity,” the Authority is not a component unit of any other entity due to the judgment that it does not meet the criteria of financial interdependency and other factors that would constitute a component unit. Also, there are no separate organizations, which have been determined to be component units of the Authority.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Authority conform to U. S. generally accepted accounting principles (“GAAP”) as applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”). The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The most significant accounting policies of the Authority are described below.

Government-Wide Financial Statements

The government-wide financial statements (i. e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities normally are supported by charges for services and intergovernmental revenues. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Amounts reported as program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by the given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements

The financial transactions of the Authority are recorded in one fund. The fund is accounted for by providing a set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

The Authority reports the following major governmental fund:

General fund - The general fund is the only operating fund of the Authority. It is used to account for all financial resources of the Authority.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues (other than grants) to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are recognized when the eligible expenditure has been incurred against a fully executed grant agreement, even if the grantor's reimbursement period extends beyond 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Federal, state, and local grants are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources, as they are needed.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Authority qualifies as a tax-exempt organization under Section 115 of the Internal Revenue Code.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

Capital Assets and Depreciation

Capital assets, which include property, equipment and construction in progress, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The Authority defines capital assets as assets with an individual cost of more than \$1,000 with a useful life of more than one year. The Authority has no general infrastructure assets.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Capital assets of the Authority are depreciated over the following estimated useful lives:

Equipment and vehicles	4 - 10 years
Rolling stock	5 - 10 years
Commuter rail stations and leasehold improvements	40 years

Under the terms of an agreement between the Authority and the Nashville and Eastern Rail Authority ("NERA"), all new facilities constructed on NERA property immediately fall under the exclusive ownership of NERA. Certain facilities may be designated for the exclusive use of the Authority with the concurrence of the Nashville and Eastern Railroad Corporation ("NERC") and NERA so long as the Authority continues to provide commuter rail service.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

Inventory is stated at cost on a first-in, first-out basis. The cost of inventory is recorded as expenditure when consumed. Inventory in the governmental fund is reported within nonspendable fund balance, which indicates that it does not constitute “available spendable resources” even though it is a component of current assets.

Advanced Contributions

Advanced contributions are primarily composed of collections from the Authority’s member organizations held for future use in the event that certain funding is not secured and for other specific purposes. Advanced contributions will be recognized as revenue when the purposes are met.

Fund Equity

Government-Wide Financial Statements

The difference between the Authority’s total assets plus deferred outflows of resources (when applicable) and total liabilities plus deferred inflows of resources (when applicable) represents net position, which is classified into three components:

- *Investment in Capital Assets* - Amount of capital assets, net of accumulated depreciation. If the Authority had debt related to the acquisition or construction of capital assets, this net position category would be presented “net” of such related debt. At June 30, 2020, the Authority had no debt directly related to its capital assets.
- *Restricted Net Position* - Amount of net position that is subject to restrictions that are imposed by 1.) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2.) law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - Net position that is neither classified as restricted nor as invested in capital assets.

Fund Financial Statements

The Authority’s financial statements are prepared under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. In the fund financial statements, the government fund reports aggregate amounts for five classifications of fund balance based on the constraints imposed on the use of these resources.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- *Restricted Fund Balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Authority's Board of Director, which is the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Authority had no committed fund balance at June 30, 2020.
- *Assigned Fund Balance* - This classification reflects amounts constrained by the Authority's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in any governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. The Authority had no assigned fund balance at June 30, 2020.
- *Unassigned Fund Balance* - This amount is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds (if applicable).

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use externally restricted resources first, followed by unrestricted resources- committed, assigned and unassigned- in that order, as needed.

Estimates

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

C. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority manages this risk by obtaining commercial insurance. Settlement of claims during the three most recent fiscal years did not exceed the Authority's insurance coverage.

The Authority is subject to potential litigation, claims or other legal proceedings arising in the normal course of operations. In the opinion of management, in consultation with legal counsel, there are no current matters, other than the matter mentioned below, which may materially affect the financial position of the Authority.

A lawsuit has been filed by two of the nation's largest railroads challenging the legality of the Tennessee taxes on diesel fuel for locomotives. The taxes are used to provide funding for railway rehabilitation projects for short line railroads operating in Tennessee. The Authority currently leases the Music City Star rail line from the Nashville Eastern Rail Authority to operate its daily commuter rail service between Nashville and Lebanon. While the United States Court of Appeals for the Sixth Circuit upheld a state district court ruling that the tax was legal, the case has been sent on appeal to the United States Supreme Court for possible consideration. The eventual outcome of the litigation as well as the impact on the Authority, if any, is unknown at this time.

D. RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2020, the Authority had two contracts with the Metropolitan Transit Authority ("MTA") to provide mass transit services within the Authority's service area and for management services. In the management contract, MTA provided administrative and personnel services for the Authority at a rate of \$68,960 per month. For the year ended June 30, 2020, the total amount charged for all services and contracts was \$2,450,643. As of June 30, 2020, \$353,906 was due to MTA. Further, during the year ended June 30, 2020, MTA credited or remitted \$1,027,240 to the Authority in public transit farebox collections. As of June 30, 2020, \$24,056 was due from MTA.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

E. COMMITMENTS AND CONTINGENCIES

Enabling Legislation

As a government created agency established by the State of Tennessee, the Authority is subject to sunset hearings under the “Tennessee Governmental Entity Review Law.” The sunset hearings review the mission of the Authority and determine if it should be reauthorized to continue. Under the law, the Authority was scheduled to terminate on June 30, 2018, unless continued through an act of the Tennessee General Assembly.

In February 2018, the Commerce, Labor, Transportation and Agriculture Joint Subcommittee of Government Operations (the “joint subcommittee”) held a sunset hearing for the Authority. At the conclusion of the sunset hearing, the joint subcommittee made a recommendation to extend the Authority two years, through June 30, 2020, and requested that representatives of the Authority appear before the joint subcommittee no later than December 31, 2018 to report on progress made in addressing findings set forth in the 2017 performance audit. Both the House and Senate unanimously approved the recommendation in April 2018 reauthorizing the Authority for an additional two years, which the Governor signed on May 21, 2018. The Authority went before the subcommittee on December 18, 2018 to report on progress made in addressing findings set forth in the 2017 performance audit.

During fiscal year 2019, the Authority participated in the sunset process, which included a performance audit by the State Comptroller’s Office that concluded in July 2019. The audit resulted in one repeat finding from the 2017 performance audit and included two observations. Management of the Authority went before the joint subcommittee on August 21, 2019 to discuss the findings and observations that resulted from the audit and seek to have the Authority reauthorized for another four years. The joint committee voted to make a recommendation which will be addressed in next year’s legislative session. As is required, a corrective action plan was submitted to the Comptroller’s office on August 28, 2019.

During fiscal year 2020, the Authority’s termination date was extended by the State of Tennessee to June 30, 2021.

Grantor Agencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

REGIONAL TRANSPORTATION AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

E. COMMITMENTS AND CONTINGENCIES - Continued

Lease Commitment

RTA entered into an agreement with the City of Gallatin to lease certain property located near the intersection of Enterprise Drive and Greenlea Boulevard in the City of Gallatin for the purposes of constructing a park and ride transit facility. There was no monetary consideration under the provisions of the lease other than RTA agreeing to pay for the construction of the park and ride facility and that the construction be complete no later than September 2, 2015. The term of the lease is 50 years and commenced on June 2, 2014. The park and ride facility was completed on September 2, 2015.

During the fiscal year, the Authority made payments pursuant to the terms of a lease agreement with NERC. The lease agreement provides for the use of certain NERC equipment, a maintenance facility, office space, side trackage, and related real property. The lease agreement is effective through September 15, 2036 and currently requires minimum annual payments of approximately \$57,000. The agreement further provides for adjustments to the minimum annual payment every three years to reflect changes in the consumer price index ("CPI"). The current monthly lease payment is \$4,773. See also Note H.

The total of lease payments for the year ended June 30, 2020, was \$57,276. The future minimum rental payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 57,276
2022	57,276
2023	57,276
2024	57,276
2025	57,276
2026 - 2030	286,380
2031 - 2035	286,380
2036 - 2037	<u>114,552</u>
	<u>\$ 973,692</u>

Contracts

The Authority is committed to a contract to purchase operations and maintenance services in connection with the commuter rail operations. Under the contract, the vendor supplies certain labor to operate the trains as well as certain maintenance and repair of rolling stock and facilities. The contract is for a term of five years, which expires in January 2022. The contract states a base monthly payment amount as well as charges for additional services. The Authority incurred \$1,768,430 under the contract in fiscal year 2020.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

F. CAPITAL ASSETS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases and</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,382,052	\$ -	\$ -	\$ 3,382,052
Construction in progress	<u>3,550,669</u>	<u>2,666,613</u>	<u>(3,468,584)</u>	<u>2,748,698</u>
	<u>6,932,721</u>	<u>2,666,613</u>	<u>(3,468,584)</u>	<u>6,130,750</u>
Capital assets being depreciated:				
Commuter rail stations	15,742,285	-	-	15,742,285
Rolling stock	3,222,564	8,947,901	(35,200)	12,135,265
Vehicles	8,406,180	149,697	(26,244)	8,529,633
Equipment	840,903	300,981	-	1,141,884
Guideway Improvements	4,502,068	2,092,876	-	6,594,944
Park and Rides	<u>978,429</u>	<u>-</u>	<u>-</u>	<u>978,429</u>
	<u>33,692,429</u>	<u>11,491,455</u>	<u>(61,444)</u>	<u>45,122,440</u>
Less accumulated depreciation:				
Commuter rail stations	(4,169,621)	(647,778)	-	(4,817,399)
Rolling stock	(2,992,134)	(265,152)	35,200	(3,222,086)
Vehicles	(2,199,017)	(712,475)	26,244	(2,885,248)
Equipment	(626,644)	(158,537)	-	(785,181)
Guideway Improvements	(1,106,640)	(519,969)	-	(1,626,609)
Park and Rides	<u>(524,159)</u>	<u>(139,775)</u>	<u>-</u>	<u>(663,934)</u>
	<u>(11,618,215)</u>	<u>(2,443,686)</u>	<u>61,444</u>	<u>(14,000,457)</u>
Capital assets, being depreciated, net	<u>22,074,214</u>	<u>9,047,769</u>	<u>-</u>	<u>31,121,983</u>
Capital assets, net	<u>\$ 29,006,935</u>	<u>\$ 11,714,382</u>	<u>\$(3,468,584)</u>	<u>\$ 37,252,733</u>
Depreciation was charged to functions as follows:				
Relax and Ride/JARC				\$ 998,720
Commuter Rail				<u>1,444,966</u>
Total governmental activities depreciation expense				<u>\$2,443,686</u>

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

F. CAPITAL ASSETS - Continued

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases and</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,968,344	\$ 413,708	\$ -	\$ 3,382,052
Construction in progress	<u>5,322,361</u>	<u>3,803,759</u>	<u>(5,575,451)</u>	<u>3,550,669</u>
	<u>8,290,705</u>	<u>4,217,467</u>	<u>(5,575,451)</u>	<u>6,932,721</u>
Capital assets being depreciated:				
Commuter rail stations	11,372,471	-	4,369,814	15,742,285
Rolling stock	3,222,564	-	-	3,222,564
Vehicles	2,746,116	6,181,678	(521,614)	8,406,180
Equipment	787,605	43,967	9,331	840,903
Guideway Improvements	3,305,762	-	1,196,306	4,502,068
Park and Rides	<u>978,429</u>	<u>-</u>	<u>-</u>	<u>978,429</u>
	<u>22,412,947</u>	<u>6,225,645</u>	<u>5,053,837</u>	<u>33,692,429</u>
Less accumulated depreciation:				
Commuter rail stations	(3,618,952)	(550,669)	-	(4,169,621)
Rolling stock	(2,853,570)	(138,564)	-	(2,992,134)
Vehicles	(2,474,560)	(242,959)	518,502	(2,199,017)
Equipment	(386,309)	(240,335)	-	(626,644)
Guideway Improvements	(716,248)	(390,392)	-	(1,106,640)
Park and Rides	<u>(384,383)</u>	<u>(139,776)</u>	<u>-</u>	<u>(524,159)</u>
	<u>(10,434,022)</u>	<u>(1,702,695)</u>	<u>518,502</u>	<u>(11,618,215)</u>
Capital assets, being depreciated, net	<u>11,978,925</u>	<u>4,522,950</u>	<u>5,572,339</u>	<u>22,074,214</u>
Capital assets, net	<u>\$ 20,269,630</u>	<u>\$ 8,740,417</u>	<u>\$ (3,112)</u>	<u>\$ 29,006,935</u>
Depreciation was charged to functions as follows:				
Relax and Ride/JARC				\$ 620,511
Commuter Rail				<u>1,082,184</u>
Total governmental activities depreciation expense				<u>\$1,702,695</u>

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

F. CAPITAL ASSETS - Continued

Construction in progress at June 30, 2020 consisted of the following:

Locomotive Rehab	\$1,337,074
Transit Asset Management	162,500
Mount Juliet Park and Ride Lot Expansion	<u>1,249,124</u>
	<u>\$2,748,698</u>

Estimated costs to complete construction in progress at June 30, 2020 totaled approximately \$5,111,000. These projects are subject to obtaining certain grant funding.

G. LINE-OF-CREDIT

In April 2015, the Authority entered into an agreement with Fifth-Third Bank for a \$3,000,000 revolving line-of-credit. The line-of-credit was renewed on June 30, 2020, and the borrowing limit was increased to \$5,000,000. The maturity date is June 30, 2021 and the line-of-credit bore an interest rate of LIBOR plus 1.20% (1.45% as of June 30, 2020). In addition, a fee of 0.35% is charged when the line-of-credit remains unused.

As collateral for any outstanding balance on the line-of-credit, the Authority has granted the lender a security interest in substantially all of its assets, as more particularly described in a Security Agreement.

In the event of a default, the principal indebtedness and any other sums advanced under the line-of-credit documents together with all unpaid interest accrued shall become due and payable regardless of the stipulated date of maturity.

A schedule of changes in the line-of-credit obligation is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
\$5,000,000 line-of-credit	\$ -	<u>\$3,675,000</u>	<u>(\$3,675,000)</u>	\$ -

For the year ended June 30, 2020, \$22,346 of interest and loan extension fees related to the line-of-credit have been included in the program expenses of the commuter rail-operations and the relax and ride job access reverse commute programs.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

H. TRACK USAGE AGREEMENT

Based on the terms of the Memorandum of Agreement with NERA and NERC, as amended, and as it relates to the Authority's operation of the Music City Star commuter rail, the Authority has agreed to pay NERC for maintenance-of-way services, dispatching services, rail line capacity committed and certain other items. The fee is \$10.46 per train mile for the first twenty-five thousand train miles, \$7.84 per train mile for the next twenty-five thousand train miles, \$5.23 per train mile for train miles in excess of fifty thousand miles, and \$2.61 per reverse train mile, adjusted for any increases in the CPI every five years for the life of the agreement. During fiscal year 2019, the track usage fees totaled \$529,030.

In accordance with the Memorandum of Agreement with NERA and NERC, as further described in Note J, the Authority must maintain a separate cash reserve account of \$1,000,000.

I. ECONOMIC DEPENDENCE

The Authority's ability to provide program services is significantly dependent on annual appropriations and the awarding of operating grants from Federal, State, and local authorities. A failure to secure funding from these sources would necessitate the discontinuance of the Authority's programs.

J. CASH AND INVESTMENTS

State statutes authorize the Authority to invest operating funds in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

Interest rate risk and concentration of credit risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The Authority places no limit on the amount it may invest in any one issuer. During the year ended June 30, 2020, the Authority limited its investment of funds to demand deposits at banking institutions.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

J. CASH AND INVESTMENTS - Continued

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At June 30, 2020, total demand deposits for the Authority were insured and/or collateralized by depository insurance or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the "Pool") is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The Pool also has the ability to make additional assessments on a pro rata basis to the Pool if the value of collateral is inadequate to cover a loss.

Restricted cash

As stated in Note H, in accordance with the Memorandum of Agreement with NERA and NERC, the Authority must maintain a separate cash reserve account of \$1,000,000. In addition, according to Section 64-8-206(b)(8), *Tennessee Code Annotated*, the Authority is allowed to establish local assessments for the purposes of paying expenses related to the administration of the Authority's activities, including, but not limited to, the costs associated with insurance policies and deductibles, to be paid by its city, town, metropolitan government and county government members. Local assessments shall not be used for the construction or operation of transportation facilities or services. Since statute specifies the allowable purposes and the limitations of membership dues, they are restricted and are maintained in a separate cash reserve account. As of June 30, 2020, membership dues totaling \$1,000,000 have accumulated in the cash reserve account. Accordingly, both amounts, totaling \$2,000,000, have been presented as restricted cash with corresponding restricted net position.

K. RISKS AND UNCERTAINTIES

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"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

K. RISKS AND UNCERTAINTIES - Continued

The full impact of the pandemic continues to evolve as of the date of this report and has significantly affected the Authority's operational and financial performance as it relates to ridership and consequently fare revenues, which is the result of various restrictions put in place by governments to curtail the spread of the coronavirus as well as due to developments such as social distancing and shelter-in-place directives. The impact from the coronavirus caused the Authority's ridership to decrease approximately 90% both the Authority's regional bus services and WeGo Star during the last four months of fiscal year 2020.

Due to the decline in ridership, services were significantly reduced and fare collection, while not officially suspended, was left to driver discretion. With the passing of the CARES Act in March 2020, the Authority was awarded approximately \$13.8 million, which represented 100% federal dollars with the goal of keeping the agency whole or no worse off than when they entered the pandemic. None of the CARES Act funding was utilized in fiscal year 2020. The Authority saw a decrease in operating expenses during fiscal year 2020 compared to the prior fiscal year due to reduced service operating the last four months of the fiscal year due to COVID-19. Although train service was reduced, the Authority maintained their base contractual payments to their third-party operator to ensure they could ramp back up on a short turnaround if demand unexpectedly recovered faster than anticipated.

The pandemic has also adversely affected global economic activity and contributed to the instability and volatility in financial markets. The Authority's Board of Directors and management considered many factors when setting the fiscal year 2021 budget. At the time of budget preparation, the Board and management did not know what the full impact and duration the pandemic would have on the agency. Consequently, the fiscal year 2021 budget assumed full service from an expense perspective in case of a faster recovery, but reduced fare revenues based upon a slow return to normal ridership and a decrease in Metro Nashville Government support of \$1 million related to the Music City Star. The shortfalls in operating revenues will be made up by the use of \$13.8 million in CARES Act funding the Authority received. Other factors considered included contract services hourly rates, fuel, and liability insurance coverage. Also, the Authority considered the anticipated capital grant funding for operations and potential capital projects as well as continuing operating support from all of their other regional partners.

While expected to be temporary, the Authority cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Authority's results of future operations, financial position, and liquidity in fiscal year 2021.

L. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through November 6, 2020, which is the date the financial statements were available to be issued, and has determined there were no events requiring disclosure.

ADDITIONAL INFORMATION

REGIONAL TRANSPORTATION AUTHORITY
Schedule of Changes in Long-Term Debt by Individual Issue
June 30, 2020

<u>Description of Indebtedness</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7/1/2019</u>	<u>Issued/ Borrowed During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2020</u>
NOTES PAYABLE:									
Line of Credit	\$ 5,000,000	1.45%	6/30/2020	6/30/2021	\$ -	\$ 3,675,000	\$ 3,675,000	\$ -	\$ -
Total Notes Payable					<u>\$ -</u>	<u>\$ 3,675,000</u>	<u>\$ 3,675,000</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

REGIONAL TRANSPORTATION AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Program Name</u>	<u>CFDA Number</u>	<u>FAIN/Contract Number</u>	<u>Expenditures</u>
U.S. Department of Transportation:			
<i>Direct Programs:</i>			
<i>Federal Transit Cluster:</i>			
Urbanized Area Formula Program -5309 - Capital Assistance	20.500*	TN-2018-038-00	\$ 106,981
Total CFDA 20.500			<u>106,981</u>
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-2018-036-00	1,539,502
Urbanized Area Formula Program CMAQ	20.507*	TN-2019-019-00	1,755,971
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-2019-022-00	149,199
Urbanized Area Formula Program - 5307 - Hamilton Springs	20.507*	TN-2018-024-00	43,999
Urbanized Area Formula Program - 5307 - Bus Seat Guarantee	20.507*	TN-95-X055-02	85,757
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-90-X377	84,579
Urbanized Area Formula Program CMAQ	20.507*	TN-2020-003-00	764,309
Urbanized Area Formula Program - 5307, 5337, & U-STBG			
Multi-Source Funding	20.507*	TN-2020-027-02	57,088
Total CFDA 20.507			<u>4,480,404</u>
Urbanized Area Formula Program - 5337 - Positive Train Controls	20.525*	TN-2017-038-00	1,797,113
Urbanized Area Formula Program - 5337 - Rail Car Purchase & Rehab	20.525*	TN-2018-020-00	2,503,783
Total CFDA 20.525			<u>4,300,896</u>
Total Federal Transit Cluster			<u>8,888,281</u>
<i>Pass-through Programs:</i>			
Passed through Metropolitan Transit Authority:			
Job Access Reverse Commute	20.516	TN-2019-024-02	57,921
Total CFDA 20.516			<u>57,921</u>
Total expenditures of federal awards			<u>\$ 8,946,202</u>

* Federal Transit Cluster; major program under OMB Uniform Guidance.

REGIONAL TRANSPORTATION AUTHORITY
Schedule of State Financial Assistance
For the Year Ended June 30, 2020

Program Name	FAIN/Contract Number	Expenditures
Tennessee Department of Transportation:		
Urbanized Area Formula Program - CMAQ	TN-2019-019-00	219,490
Urbanized Area Formula Program - 5307 - PM	TN-90-X377	7,128
Urbanized Area Formula Program - CMAQ-Commuter Bus Replacement	TN-2019-022-00	18,649
Urbanized Area Formula Program - 5307 - PM	TN-2018-036-00	192,441
Urbanized Area Formula Program - 5307, 5337, & U-STBG Multi-Source Funding	TN-2020-027-02	7,136
Urbanized Area Formula Program - 5337 - Positive Train Controls	TN-2017-038-00	224,621
Urbanized Area Formula Program - 5337 - Rail Car Purchase & Rehab	TN-2018-020-00	312,971
Improve Act - Capital Assistance	19IMPV-S3-005	3,000,000
Improve Act - Capital Assistance	98UROP-S3-013	618,400
Relax & Ride Operating Assistance	GG-20-62108-A	350,000
Passed through Metropolitan Transit Authority:		
Job Access Reverse Commute	TN-2019-024-02	<u>28,963</u>
Total expenditures of state financial assistance		<u><u>\$ 4,979,799</u></u>

The accompanying notes are See accompanying notes to schedules of expenditures of federal awards and state financial assistance and independent auditor's report.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance include award activity of the Authority under programs of the federal and state government, respectively, for the year ended June 30, 2020. The information in the schedule of expenditures of federal awards 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* (the “Uniform Guidance”) and the schedule of state financial assistance is presented in accordance with the requirements of the State of Tennessee. Because these schedules present only a selected portion of the operations of the Authority, they are not intended to and do not present the financial position or changes in net position of the Authority.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards and the schedule of state financial assistance 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 to reimbursement. Certain amounts shown on the schedule of expenditures of federal awards and the schedule of state financial assistance represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

D. DE MINIMIS INDIRECT COST RATE

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

E. SUBRECIPIENTS

There were no amounts passed through to subrecipients during the year ended June 30, 2020.

OTHER REPORTS



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

Board of Directors
Regional Transportation Authority
Nashville, Tennessee

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 the governmental activities and the general fund of the Regional Transportation Authority (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2020.

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 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 that might be material weaknesses or significant deficiencies. 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 were not identified.



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 statement. 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.

Crosslin, PLLC

Nashville, Tennessee
November 6, 2020



Independent Auditor's Report on Compliance for the Major
Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Board of Directors
Regional Transportation Authority
Nashville, Tennessee

Report on Compliance for the Major Federal Program

We have audited the Regional Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2020. The Authority's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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* ("CFR") 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 Authority'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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.



Opinion on the Major Federal Program

In our opinion, the Authority, 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 program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Authority'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 weaknesses. However, material weaknesses 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.

Crosslin, PLLC

Nashville, Tennessee

November 6, 2020

REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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Federal Transit Cluster:

20.500/20.507/20.525	Federal Transit - Formula Grants (Urbanized Area Formula)
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

None reported.

B. Compliance Findings

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

There were no prior year findings or questioned costs reported.