

REGIONAL TRANSPORTATION AUTHORITY

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

REGIONAL TRANSPORTATION AUTHORITY

Table of Contents

	<u>Page</u>
INTRODUCTION	1 - 2
INDEPENDENT AUDITOR’S REPORT	3 - 5
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	6 - 12
FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - Governmental Fund	15
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	18
Statement of Activities to Budget Comparison	19 - 20
Notes to Financial Statements	21 - 33
ADDITIONAL INFORMATION	
Schedule of Expenditures of Federal Awards	34
Schedule of State Financial Assistance	35
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	36
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 <i>Government Auditing Standards</i>	37 - 38
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	39 - 40
Schedule of Findings and Questioned Costs	41 - 42
Schedule of Prior Year Findings and Questioned Costs.....	43

REGIONAL TRANSPORTATION AUTHORITY

INTRODUCTION

The Regional Transportation Authority (“RTA”) is pleased to present its Annual Financial Report for the year ended June 30, 2019.

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, 2019, 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, 2019**

BOARD MEMBERS

Steve Allen, Ashland City
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
David Briley, Metro Nashville/Davidson County
Kelly Dannenfelser, Governor's Appointee
Ken Davis, Governor's Appointee
Jeff Duncan, City of Goodlettsville
Jim Durett, Montgomery County
Margot Fosnes, Governor's Appointee
Rick Graham, City of Spring Hill
Ed Hagerty, City of Mt. Juliet
Anthony Holt, Sumner County
James Hunt, City of Belle Meade
Randall Hutto, Wilson County
Darrell James, Governor's Appointee
Bill Ketron, Rutherford County
Jerry Kirkman, City of Westmoreland
Rhen Little, City of Brentwood
Kerry McCarver, Cheatham County
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
Jerome Terrell, Governor's Appointee
Don Weiss, Jr., City of Dickson
Billy Vogle, Robertson County
Lee Zoller, 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, 2019, 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, 2019, 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 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 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 expenditures of federal awards and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 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 October 29, 2019, 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
October 29, 2019

**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, 2019, as compared to fiscal year 2018. 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 2019:

- RTA saw an overall decrease in fares collected for regional bus and commuter rail services of approximately \$50,000, or 2.7%, compared to last fiscal year. This consisted of a decrease in regional bus revenues of approximately \$38,000 and a decrease in commuter rail revenues of approximately \$11,000.
- RTA saw an increase in operating expenses of approximately \$701,000, or 6.4%, during fiscal year 2019 compared to the prior fiscal year.
- RTA completed work on a new train station and parking lot at Hamilton Springs in Lebanon, Tennessee. The new station and parking lot is the seventh station on our commuter rail line and became operational in September 2018. RTA is also in the process of rehabilitating its four locomotives over the next two years with the first rehabilitated locomotive back in service in October 2019.
- In October 2018, the RTA Board approved participation in Nashville MTA’s new next generation fare collection system to help public transportation become more seamless when traveling throughout the middle Tennessee region. The hope is to have the new system operational by the end of 2020.
- In March 2019, the RTA Board approved the recommendation to follow Nashville MTA’s lead and adopt the brand name, standards and guidelines of WeGo Public Transit for services outside of Davidson County in the Middle Tennessee region.
- In June 2019, RTA received ten new MCI commuter coach buses for Gray Line to utilize on several of RTA’s regional bus routes. The buses were also painted in the new WeGo brand and were put into service in August and September 2019. By RTA purchasing the buses, we were able to reduce hourly operating rates charged by Gray Line in fiscal year 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 and state awards and the notes thereto as well as a schedule of findings and questioned costs and the responses thereto, 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 2019 as compared to fiscal year 2018:

RTA’s net position at June 30, 2019 totaled approximately \$32.8 million, a 38.0% increase compared to June 30, 2018 (See Table A-1). Total assets increased 49.1% to approximately \$41.8 million and total liabilities increased approximately 111.0% to approximately \$9.0 million compared to the prior year.

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

	2019	2018	Percentage Change 2019-2018
Cash	\$ 1,815	\$ 2,397	(24.3%)
Accounts receivable and due from other governments	8,508	3,069	177.2%
Prepaid items and inventory	470	447	5.1%
Restricted cash	2,000	1,843	8.5%
Capital assets, net	29,007	20,270	43.1%
Total assets	41,800	28,026	49.1%
Current liabilities	7,781	3,048	155.3%
Advanced contributions	1,244	829	50.1%
Note payable - line of credit	-	400	(100.0%)
Total liabilities	9,025	4,277	111.0%
Net position:			
Investment in capital assets	29,007	20,270	43.1%
Restricted	2,000	1,843	8.5%
Unrestricted	1,768	1,636	8.1%
Total net position	\$ 32,775	\$ 23,749	38.0%

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

The 49.1% increase in total assets was primarily due to increases in due from other governments, prepaid items and inventory, restricted cash, and net capital assets, which were partially offset by a decrease in cash on hand. The increase in due from accounts receivable and other governments as well as current liabilities related to the 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. There was an additional reserve for the construction of the Hamilton Springs train station and parking lot in fiscal year 2018 that was closed out with the completion and opening of the new train station in September 2018. The balances of the cash reserves were as follows:

	2019	2018	Percentage Change 2019-2018
Cash for Vanpool Replacement	\$443,293	\$344,533	28.7%
Cash for Regional Bus Service	\$1,243,755	\$821,700	51.4%
Cash for Hamilton Springs	-	\$341,312	(100.0%)

The fluctuations in cash for operations and prepaid items and inventory was attributable to the normal course of business. The reserve for Hamilton Springs represented funding provided from the City of Lebanon that was used specifically for the completion of the train station and parking lot. The restricted cash, which increased 8.5%, consists of a \$1 million reserve required for a supplemental insurance reserve for our liability insurance policy for the train as well as \$1.0 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 must be used for administrative expenses. The increase in current liabilities was in part due to normal timing differences and the accrued liability related to the purchase of ten MCI commuter coach buses. We also had a zero balance on our \$3.0 million line of credit in the current year. The line of credit is available for the timing of normal cash flow needs and is only borrowed against based up anticipated grant funding to pay it back down. The line of credit had a \$400,000 balance at June 30, 2018 (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 \$1,243,755 at the end of current year compared to approximately \$821,700 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 2019 as compared to fiscal year 2018:

The increase in net position for the year ended June 30, 2019 was approximately \$9.0 million, or 38.0%, compared to an increase of approximately \$4.1 million for the year ended June 30, 2018 (See Table A-2). RTA's total program revenues including capital revenues increased 37.5% to approximately \$20.4 million from approximately \$14.8 million in the prior fiscal year. Total functional expenses, including depreciation, increased 6.4% to approximately \$11.7 million from approximately \$11.0 million in the prior fiscal year.

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

	2019	2018	Percentage Change 2019 - 2018
Program Revenues:			
Passenger Fares charged for services	\$ 1,777	\$ 1,827	(2.7%)
Operating Grants and Contributions	8,175	8,006	2.1%
Capital Grants and Contributions	10,405	4,968	109.4%
Total program revenues	20,357	14,801	37.5%
General revenues	395	319	23.8%
Total revenues	20,752	15,120	37.2%
Functional Expenses:			
R&R / Job Access Reverse Commute	5,681	5,324	6.7%
Commuter Rail - operations	6,045	5,701	6.0%
Total functional expenses	11,726	11,025	6.4%
Increase in net position	9,026	4,095	120.4%
Total net position, beginning of year	23,749	19,654	20.8%
Total net position, end of year	\$32,775	\$23,749	38.0%

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

The decrease in overall passenger fare revenue was primarily due to decreases of approximately 6.4% in ridership on our regional bus services and 4.4% on the WeGo Star compared to the prior year. The decrease in ridership on our regional bus operation was partially related to some service reliability issues we experienced during the fiscal year from our service providers as well as the ongoing impact from the cancellation or relocation of some of our regional bus park and ride lots. The decrease in train ridership is likely due to many employers in the downtown area allowing employees to tele-commute and work at home. State of Tennessee employees make up a significant portion of our train ridership and the State has been trending toward allowing more State employees to work at home. The increase in operating grants and contributions was primarily the result of more grant funding being available for use relative to eligible operating expenses during fiscal year 2019 compared to the prior year. The increase in capital grants and contributions was the result of RTA utilizing more available capital grants in fiscal year 2019 compared to the prior year. The majority of current year capital spending was primarily related to our Hamilton Springs project and purchase of the new MCI buses for regional bus services.

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

	2019	2018	Percentage Change 2019 - 2018
Rideshare Function:			
Regional Bus / JARC Function:			
Operational expenses	\$5,060	\$4,875	3.8%
Depreciation	621	449	38.3%
Commuter Rail Function:			
Operational expenses	4,963	4,817	3.0%
Depreciation	1,082	884	22.4%
Total operating expenses	\$11,726	\$11,025	6.4%

The 3.8% increase in Regional Bus and JARC operational expenses primarily related to increases in contractual operating costs from both Gray Line and Nashville MTA, our regional service providers, as well as consulting expenses related to a park and ride study to help identify future possible locations. The 3.0% increase in Commuter Rail operating expenses was primarily due to consultant services related to our overall oversight of our train operations as well as an operational and infrastructure study to identify possible improvements and the associated costs to upgrade the existing rail line and the associated operating costs for additional rail services.

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

CAPITAL ASSETS

Fiscal year 2019 as compared to fiscal year 2018:

At the end of fiscal year 2019, RTA had invested approximately \$29.0 million in capital assets for a broad range of land, rail stations, revenue vehicles and equipment as shown in Table A-4.

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

	2019	2018	Percentage Change 2019 - 2018
Land	\$ 3,382	\$ 2,968	13.9%
Commuter Rail Stations	15,742	11,373	38.4%
Rolling Stock	3,223	3,223	-
Vehicles	8,406	2,746	206.1%
Construction and rehabilitation in progress	3,551	5,322	(33.3%)
Equipment	841	788	6.8%
Guideway improvements	4,502	3,306	36.2%
Park and ride lots	978	978	-
Subtotal	40,625	30,704	32.3%
Less Accumulated Depreciation	(11,618)	(10,434)	11.3%
Net Capital Assets	\$ 29,007	\$ 20,270	43.1%

The increase in net capital assets was primarily due to having approximately \$10.4 million in capital additions offset by approximately \$1.7 million of depreciation recorded. The capital additions were primarily the result of the completion of the Hamilton Springs train station including the land associated with the station, the purchase of ten MCI bus coaches for regional bus service 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 \$9,026,000 - see page 9 for a discussion of the significant changes in revenues and expense. However, the General Fund balance increased by approximately \$289,000. 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 \$8,737,000.

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

BUDGET VARIANCES

Differences between our original budget and actual results were primarily related to an under estimation of operating expenses primarily in consulting services related to a park and ride study, a rail and operations study and services related to the implementation of a new transit asset management program. These underestimations were offset by additional federal formula grant funding and contingencies that did not materialize. We, consequently, recognized related revenue sources for those underestimated expenses in our actual revenue reported.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

RTA's Board of Directors and management considered many factors when setting the fiscal year 2020 budget. These factors include changes in ridership, 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 of our 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, 2019

ASSETS	
Cash	\$ 1,814,865
Accounts receivable	41,849
Due from other governments	8,466,196
Prepaid items	85,905
Inventory	383,636
Restricted cash	2,000,000
Capital assets:	
Capital assets, not being depreciated	6,932,721
Other capital assets, net of depreciation	<u>22,074,214</u>
 Total assets	 <u>41,799,386</u>
 LIABILITIES	
Accounts payable and accrued expenses	7,557,398
Advanced contributions	1,243,755
Due to related party, net	223,352
Line of credit	<u>-</u>
 Total liabilities	 <u>9,024,505</u>
 NET POSITION	
Investment in capital assets	29,006,935
Restricted net position	2,000,000
Unrestricted net position	<u>1,767,946</u>
 Total net position	 <u><u>\$ 32,774,881</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, 2019

<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	\$ 5,681,496	\$ 807,299	\$ 3,760,864	\$ 6,181,678	\$ 5,068,345
Commuter Rail Operations	6,044,893	970,008	4,414,547	4,223,483	3,563,145
Total governmental activities	<u>\$ 11,726,389</u>	<u>\$ 1,777,307</u>	<u>\$ 8,175,411</u>	<u>\$ 10,405,161</u>	<u>8,631,490</u>
General revenues:					
				Membership dues	172,489
				Miscellaneous	222,267
				Total general revenues	<u>394,756</u>
				Change in net position	9,026,246
				Net position, beginning	<u>23,748,635</u>
				Net position, ending	<u>\$ 32,774,881</u>

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

REGIONAL TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Fund
General Fund
June 30, 2019

ASSETS

Cash	\$ 1,814,865
Accounts receivable	41,849
Due from other governments	8,466,196
Prepaid items	85,905
Inventory	383,636
Restricted cash	<u>2,000,000</u>
 Total assets	 <u><u>\$ 12,792,451</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 7,557,398
Advanced contributions	1,243,755
Due to related party, net	223,352
Line of credit	<u>-</u>
 Total liabilities	 <u><u>9,024,505</u></u>

FUND BALANCES

Nonspendable:	
Inventory	383,636
Prepaid items	85,905
Restricted	2,000,000
Unassigned	<u>1,298,405</u>
 Total fund balance	 <u><u>3,767,946</u></u>
 Total liabilities and fund balance	 <u><u>\$ 12,792,451</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, 2019

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

Total governmental fund balance	\$ 3,767,946
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental fund.	<u>29,006,935</u>
Net position of governmental activities	<u><u>\$ 32,774,881</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, 2019

REVENUES

Federal grant revenue	\$ 9,574,683
State grant revenue	4,552,724
Other local revenue	4,453,165
Fare revenue	1,777,307
Membership and miscellaneous revenue	394,756
Total operational revenues	20,752,635

EXPENSES

Current:	
Relax and Ride and Job Access Reverse Commute	5,060,985
Commuter Rail Operations	4,962,709
Capital outlay:	
Relax and Ride and Job Access Reverse Commute	6,181,678
Commuter Rail Operations	4,258,322
Total expenditures	20,463,694

NET INCREASE IN FUND BALANCE 288,941

FUND BALANCE AT BEGINNING OF YEAR 3,479,005

FUND BALANCE AT END OF YEAR \$ 3,767,946

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, 2019

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

Net change in fund balances - total governmental fund	\$ 288,941
---	------------

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	10,440,000
Net carrying value of capital assets disposed of	-
Depreciation expense	<u>(1,702,695)</u>

Change in net position of governmental activities	<u><u>\$ 9,026,246</u></u>
---	----------------------------

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
REVENUES			
Full adult fare - R&R	\$ 846,378	\$ 807,299	\$ (39,079)
Full adult fare - Train	882,000	894,458	12,458
Special events	67,010	75,550	8,540
Advertising sales - R&R	35,200	25,727	(9,473)
Advertising sales - Train	-	1,178	1,178
Rent of building and property	60,350	101,551	41,201
Non-transportation revenue	-	11,070	11,070
Annual membership dues	-	172,489	172,489
Local operating	1,646,892	1,671,459	24,567
Regional operating subsidies	1,300,732	925,928	(374,804)
State operating revenues	970,628	873,226	(97,402)
JARC	115,392	114,938	(454)
CMAQ revenues	2,600,562	2,393,604	(206,958)
Capital operating assistance	1,599,775	2,196,256	596,481
Total operational revenues	<u>10,124,919</u>	<u>10,264,733</u>	<u>139,814</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	110,000	39,301	(70,699)
Advertising service and fees - Train	52,400	16,100	(36,300)
Attorney's fees	55,000	47,985	(7,015)
Outside auditing fees	35,000	28,756	(6,244)
Web management contract	68,498	72,536	4,038
Interest/extension fees - LOC	25,000	20,919	(4,081)
Bank service charges	7,800	8,467	667
Other services - R&R	9,500	160,481	150,981
Other services - Admin/Master Plan/NW Corridor	175,000	113,881	(61,119)
Other services - Train	6,900	555,595	548,695
Other services - Admin Train	-	-	-
Emergency ride home	10,000	3,905	(6,095)
Contract maintenance - TVM's Train	5,000	-	(5,000)
Contract maintenance - Train Parts/Repairs/Maintenance	132,000	128,766	(3,234)
Contract maintenance - R&R/MTA	1,668,044	1,661,478	(6,566)
Contract maintenance - R&R/Grayline	2,740,449	2,689,190	(51,259)
Contract maintenance - Train Shuttle/MTA	174,638	176,761	2,123
Contract maintenance - Base Train Service/TSG	1,667,475	1,667,456	(19)
Contract maintenance - Special Service Train/TSG	37,100	38,053	953
Contract maintenance - Track Rent/NERC	60,000	57,276	(2,724)
Contract maintenance - Special Track Usage/NERC	11,200	10,356	(844)

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
EXPENSES - Continued			
Contract maintenance - Base Track Usage/NERC	588,000	556,485	(31,515)
Contract maintenance - Train/Train Systems	25,000	29,542	4,542
Fuel hedging expense - Train	-	(26,710)	(26,710)
Diesel fuel - Train	440,900	489,100	48,200
M&S general - R&R	500	-	(500)
M&S general - Train	2,500	641	(1,859)
Promotional M&S	3,500	1,696	(1,804)
M&S Passenger Stations - Train	3,500	-	(3,500)
Printing services - R&R	7,000	-	(7,000)
Printing services - Train Fare Media	30,000	13,702	(16,298)
Office supplies - Rideshare Admin	425	1,023	598
Janitorial supplies - Train	-	2,941	2,941
Electric	101,100	109,194	8,094
Water/sewer	750	12,368	11,618
Telephones - Train	-	4,277	4,277
Insurance - PPADO	3,400	4,959	1,559
Insurance - Arthur Gallagher	545,090	451,152	(93,938)
Insurance - Real Property	16,300	26,139	9,839
Insurance - TPA Claims	6,000	-	(6,000)
Licensing vehicles	300	410	110
Dues and subscriptions - RTA	28,775	10,160	(18,615)
Dues and subscriptions - Train	-	-	-
Travel and trainings - RTA	2,500	98	(2,402)
Miscellaneous general	5,300	4,084	(1,216)
Postage - R&R	-	-	-
Freight charges - RTA	-	149	149
Freight charges - Train	13,500	7,502	(5,998)
Contingency	422,055	-	(422,055)
Total operational expenses	<u>10,124,919</u>	<u>10,023,694</u>	<u>(101,225)</u>
OTHER REVENUES (EXPENSES)			
Capital purchases revenue	-	10,405,161	10,405,161
Depreciation expense	-	(1,702,695)	(1,702,695)
Gain on sale of capital assets	-	82,741	82,741
Total other revenues	<u>-</u>	<u>8,785,207</u>	<u>8,785,207</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ 9,026,246</u>	<u>\$ 9,026,246</u>

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

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019, 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, 2019

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, 2019.
- *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, 2019.
- *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, 2019

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.

On January 2, 2019, R. J. Corman Railroad Company announced the finalization of an agreement to acquire the Nashville & Eastern Railroad Corp. ("NERR"), Nashville & Western Railroad Corp. ("NWR"), and Transit Solutions Group ("TSG"). The acquisition was completed through a stock transaction with the entities acquired remaining intact. This acquisition will not affect the Authority's existing contracts with NERR and TSG.

D. RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2019, 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, 2019, the total amount charged for all services and contracts was \$2,651,804. As of June 30, 2019, \$341,137 was due to MTA. Further, during the year ended June 30, 2019, MTA credited or remitted \$1,336,218 to the Authority in public transit farebox collections. As of June 30, 2019, \$117,785 was due from MTA.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. Renewal beyond June 30, 2020 cannot be guaranteed and the financial statements do not reflect any adjustments as a result of this uncertainty.

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, 2019

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, 2019, was \$57,276. The future minimum rental payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 57,276
2021	57,276
2022	57,276
2023	57,276
2024	57,276
2025 - 2029	286,380
2030 - 2034	286,380
2035 - 2037	<u>171,828</u>
	<u>\$1,030,968</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 was for a term of five years, which expired in September 2016 and was extended through May 2017. The service was extended through an active purchase order until a new five year contract was codified. On January 1, 2018, the Authority renewed the contract through January 2022. The contract states a base monthly payment amount as well as charges for additional services. The Authority incurred \$1,705,509 under the contract in fiscal year 2019.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. CAPITAL ASSETS

	<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, 2018

F. CAPITAL ASSETS - Continued

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,968,344	\$ -	\$ -	\$ 2,968,344
Construction in progress	<u>436,281</u>	<u>4,949,085</u>	<u>(63,005)</u>	<u>5,322,361</u>
	<u>3,404,625</u>	<u>4,949,085</u>	<u>(63,005)</u>	<u>8,290,705</u>
Capital assets being depreciated:				
Commuter rail stations	11,301,126	71,345	-	11,372,471
Rolling stock	3,311,429	12,232	(101,097)	3,222,564
Vehicles	2,796,018	-	(49,902)	2,746,116
Equipment	801,356	-	(13,751)	787,605
Guideway Improvements	3,305,762	-	-	3,305,762
Park and Rides	<u>978,429</u>	<u>-</u>	<u>-</u>	<u>978,429</u>
	<u>22,494,120</u>	<u>83,577</u>	<u>(164,750)</u>	<u>22,412,947</u>
Less accumulated depreciation:				
Commuter rail stations	(3,264,266)	(354,686)	-	(3,618,952)
Rolling stock	(2,759,376)	(195,291)	101,097	(2,853,570)
Vehicles	(2,289,642)	(234,820)	49,902	(2,474,560)
Equipment	(322,480)	(77,580)	13,751	(386,309)
Guideway Improvements	(385,672)	(330,576)	-	(716,248)
Park and Rides	<u>(244,607)</u>	<u>(139,776)</u>	<u>-</u>	<u>(384,383)</u>
	<u>(9,266,043)</u>	<u>(1,332,729)</u>	<u>164,750</u>	<u>(10,434,022)</u>
Capital assets, being depreciated, net	<u>13,228,077</u>	<u>(1,249,152)</u>	<u>-</u>	<u>11,978,925</u>
Capital assets, net	<u>\$ 16,632,703</u>	<u>\$ 3,699,933</u>	<u>\$(63,005)</u>	<u>\$ 20,269,630</u>
Depreciation was charged to functions as follows:				
Relax and Ride/JARC				\$ 448,752
Commuter Rail				<u>883,977</u>
Total governmental activities depreciation expense				<u>\$1,332,729</u>

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. CAPITAL ASSETS - Continued

Construction in progress at June 30, 2019 consisted of the following:

Locomotive Rehab	\$3,145,068
Other	<u>405,601</u>
	<u>\$3,550,669</u>

Estimated costs to complete construction in progress at June 30, 2019 totaled approximately \$14,200,000. 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 \$1,500,000 revolving line-of-credit. The line-of-credit was renewed on April 1, 2019, and the borrowing limit was increased to \$3,000,000. The maturity date is April 1, 2020 and the line-of-credit bore an interest rate of LIBOR plus 1.85% (4.35% as of June 30, 2019). 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.

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>
\$3,000,000 line-of-credit	<u>\$400,000</u>	<u>\$700,000</u>	<u>\$1,100,000</u>	<u>\$ -</u>

For the year ended June 30, 2019, \$20,919 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, 2019

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 \$566,841.

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, 2019, the Authority limited its investment of funds to demand deposits at banking institutions.

REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, 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, 2019, 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. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through October 29, 2019, which is the date the financial statements were available to be issued, and determined that there was one event requiring disclosure as follows:

On October 16, 2019, the board approved a resolution to purchase eight passenger cars from a vendor totaling \$5,656,402. On October 18, 2019, The Authority made a down payment on the passenger cars of 10% or \$565,640 to the vendor to take advantage of a discount.

ADDITIONAL INFORMATION

REGIONAL TRANSPORTATION AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<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	\$ 94,619
Urbanized Area Formula Program -5309 - Capital Assistance	20.500*	TN-04-0045-02	42,638
Total CFDA 20.500			<u>137,257</u>
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-2018-036-00	502,995
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-90-X362-02	374,452
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-2017-022-00	1,055,297
Urbanized Area Formula Program - 5307 - PM	20.507*	TN-90-X377	181,333
Urbanized Area Formula Program CMAQ	20.507*	TN-2018-009-01	1,457,792
Urbanized Area Formula Program CMAQ	20.507*	TN-2019-019-00	696,228
Urbanized Area Formula Program CMAQ	20.507*	TN-2019-022-00	3,550,801
Urbanized Area Formula Program - 5307 - Hamilton Springs	20.507*	TN-2018-024-00	262,296
Urbanized Area Formula Program - 5307 Bus Seat Guarantee	20.507*	TN-95-X055-02	79,527
Total CFDA 20.507			<u>8,160,721</u>
Urbanized Area Formula Program - 5337 - Positive Train Controls	20.525*	TN-2017-038-00	54,622
Urbanized Area Formula Program - 5337 - Rail Car Purchase & Rehab	20.525*	TN-2018-020-00	980,217
Total CFDA 20.525			<u>1,034,839</u>
Total Federal Transit Cluster			<u>9,332,817</u>
<i>Pass-through Programs:</i>			
Passed through Tennessee Department of Transportation:			
Regional Ridesharing Program	20.205	110068-RS	184,399
Total CFDA 20.205			<u>184,399</u>
Passed through Metropolitan Transit Authority:			
Job Access Reverse Commute	20.516	TN-2018-028-01	633
Job Access Reverse Commute	20.516	TN-2019-024-02	56,834
Total CFDA 20.516			<u>57,467</u>
Total expenditures of federal awards			<u>\$ 9,574,683</u>

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

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

REGIONAL TRANSPORTATION AUTHORITY
Schedule of State Financial Assistance
For the Year Ended June 30, 2019

Program Name	FAIN/Contract Number	Expenditures
Tennessee Department of Transportation:		
Urbanized Area Formula Program - CMAQ	TN-2018-009-01	\$ 152,556
Urbanized Area Formula Program - CMAQ	TN-2019-019-00	87,029
Urbanized Area Formula Program - 5307 - PM	TN-90-X377	22,666
Urbanized Area Formula Program - CMAQ-Commuter Bus Replacement	TN-2019-022-00	443,848
Urbanized Area Formula Program - 5307 - PM	TN-2018-036-00	62,874
Urbanized Area Formula Program - 5307 - PM	TN-90-X362-02	46,806
Urbanized Area Formula Program - 5307 - PM	TN-2017-022-00	131,912
Urbanized Area Formula Program - 5337 - Positive Train Controls	TN-2017-038-00	6,828
Urbanized Area Formula Program - 5337 - Rail Car Purchase & Rehab	TN-2018-020-00	122,526
Urbanized Area Formula Program - 5307 - PM	985309-S3-090	5,330
Improve Act - Capital Assistance	19IMPV-S3-002	1,220,184
Improve Act - Capital Assistance	19IMPV-S3-003	1,262,129
Operating Assistance	98UROP-S3-012	609,300
Relax & Ride Operating Assistance	980416-S3-020	350,000
Passed through Metropolitan Transit Authority:		
Job Access Reverse Commute	TN-2019-024-02	<u>28,736</u>
Total expenditures of state financial assistance		<u>\$ 4,552,724</u>

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, 2019

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, 2019. 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, 2019.

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, 2019, 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 29, 2019.

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) to determine the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crosslin, PLLC

Nashville, Tennessee
October 29, 2019



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, 2019. 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, 2019.

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
October 29, 2019

REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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 x no

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weaknesses? yes x 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 x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
--------------------	--------------------------------

Federal Transit Cluster:

20.500/20.507/20.525	Federal Transit - Formula Grants (Urbanized Area Formula)
----------------------	--

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2019

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, 2019

Financial Statement Findings

<u>Prior Year Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2018-001	Fare Revenue Collection Process	Corrected

Federal Awards Findings and Questioned Costs

None reported.