

September 28, 2021

# September Board Meeting



# VPRA Audit Update

- Majority of detailed test work is complete
- Focusing on large transaction accounting and drafting financial statements
- Required Board communication from the auditors in October
- Final audited financials submitted to the Governor and General Assembly by November 1st
- Plan for auditors to present to Finance Committee and/or Board in December

# Draft FY 2021 Statement of Net Position

- Majority of cash and cash equivalents is invested with the LGIP
- Accounts Receivable
  - June revenue from Commonwealth Rail Fund
  - Amtrak Route 46 capital credit
- Intangible Asset: I-95 Corridor
- Ended FY21 with substantial net position

**VIRGINIA PASSENGER RAIL AUTHORITY**  
**STATEMENT OF NET POSITION**  
 As of June 30, 2021 - **UNAUDITED**

<b>ASSETS</b>	<b>2021</b>
Cash and Cash Equivalents	\$ 232,051,620
Accounts Receivable	19,864,324
Capital Assets	
Staples Mills Parking Lot	7,427,288
Construction in Progress: Transforming Rail in VA	7,299,894
Intangible Asset: I-95 Corridor	535,438,037
Intangible Asset: Western Rail Initiative	482,205
Other Non-Current Assets	104,264
Total Assets	<b>802,667,632</b>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities:	
Accounts Payable	1,253,869
Accrued Payroll	128,387
Due to DRPT	4,119,000
Other Accrued Liabilities	5,404,000
Installment Purchase - I-95 Corridor	325,000,000
Total Liabilities	<b>335,905,256</b>
Net Position:	
Net Investment in Capital Assets	225,751,688
Unrestricted	241,010,688
Total Net Position	<b>466,762,376</b>
Total Liabilities and Net Position	<b>\$ 802,667,632</b>

# Draft FY 2021 Statement of Revenues, Expenses, and Changes in Net Position

- Passenger revenues and Amtrak expenses shown separately
- COV Transfer-in of assets:
  - \$302M of existing funds from DRPT
  - Staples Mill station parking lot
  - Receivable from Amtrak - Route 46 capital credit
- Priority Transportation Funding contains FY20 and prior allocations

VIRGINIA PASSENGER RAIL AUTHORITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Year Ended June 30, 2021 - <b>UNAUDITED</b>	
	2021
<b>Operating Revenues:</b>	
Virginia Passenger Revenues	\$ 22,232,251
<b>Total Operating Revenues</b>	<b>22,232,251</b>
<b>Operating Expenses</b>	
Amtrak Operating	22,721,825
Amtrak Capital	6,141,541
Amtrak Marketing	631,426
Office/General Administrative Expenses	2,665,482
<b>Total Operating Expenses</b>	<b>32,160,274</b>
<b>Net Operating Income/(Loss)</b>	<b>(9,928,023)</b>
<b>Nonoperating Revenues (Expenses):</b>	
Transfer In: Commonwealth of Virginia	320,982,700
Commonwealth Rail Fund	97,760,332
Priority Transportation Fund	74,692,622
Interest Income	2,059,172
Capital Grants	(18,804,427)
<b>Total Nonoperating Revenues, net</b>	<b>476,690,399</b>
<b>Change in Net Position</b>	<b>466,762,376</b>
Net Position, beginning of the year	-
<b>Net Position, ending</b>	<b>\$ 466,762,376</b>

# Investment Policy

- Purpose - to ensure effective management of day-to-day investment activity and to increase non-tax revenues by prudently investing funds when not needed for current obligations.
- In accordance with the Security for Public Deposits Act and the Investment of Public Funds Act (Code of Virginia §2.2-4400 et seq. and §2.2-4500 et seq., respectively).
- The investment activities of the Authority shall be managed, in priority order, by the objectives of safety, liquidity, and yield.
- Delegated authority to CFO and team to transact investment activities.
- Required Board and Committee reporting, and performance benchmarking.

# Investment Policy – Objectives

- Priority Order
  - 1) **Safety of Principal** - The foremost objective is the preservation of principal of those funds within the Investment Portfolio.
  - 2) **Maintenance of Liquidity** - The Investment Portfolio will be managed to provide sufficient liquidity to meet the Authority's operating and capital projects cash flow needs which may be reasonably anticipated.
  - 3) **Maximizing Return** - The Investment Portfolio shall be managed to maximize the return on investments considering constraints as to acceptable risk, the characteristics of the Authority's cash flows, and the funding expectations of approved projects.
- Wherever practical, it is the desire of the Authority to incorporate into its investment activities the evaluation of environmental, social, and governance (ESG) factors.



# Investment Policy – Roles and Responsibilities

- The Board is responsible for approving and modifying the investment policy.
- The Finance Committee is responsible for:
  - Reviewing the actions of the Chief Financial Officer (CFO) regarding the disposition of Authority funds.
- The CFO is charged with:
  - Collecting, safeguarding and disbursing Authority funds.
  - Serving as the investment officer for VPRA with authority to:
    - manage the day-to-day operations of the portfolio;
    - procure banking and financial services; and
    - prepare monthly and quarterly reports.
  - Engage external investment advisors, to assist in managing VPRA's Investment Portfolio.
- Investment management services were included in the Banking Services procurement completed in May of 2021.

# Investment Policy – Allowable Investments and Limitations

- Eligible Investments - US short duration, fixed income instruments
- Credit Ratings - AA or better; all investment grade
- Maturities of up to 5 years; weighted average maturity cannot exceed 2 years; expected maturity of less than one year
- Concentration Limits
  - No limit for US government securities and Virginia Local Government Investment Pool (LGIP)
  - Sector and issuer limit for all others



# Investment Policy – Benchmarks

- Broadly available market indices that encapsulate the parameters of the policy.
- Beginning quarterly portfolio performance benchmarks:
  - Fed Funds Rate
  - Treasury 90 Day T-Bill rate
- Comparisons to the Virginia LGIP will be maintained as it is a highly liquid investment pool operated in compliance with the Code of Virginia.