

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**Financial and Compliance Reports**

**Year Ended June 30, 2019**



---

ASSURANCE, TAX & ADVISORY SERVICES

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## Table of Contents

	<b>Page</b>
Independent Auditor's Report	1 - 3
Required Supplementary Information:	
Management's Discussion and Analysis	4 - 14
Basic Financial Statements:	
Statement of Net Position	15 - 16
Statement of Activities	17
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Statement of Net Position - Proprietary Fund	20 - 21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Position - Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	25
Notes to the Financial Statements	26 - 49
Supplementary Information:	
Schedule of Changes in Fiduciary Net Position by Jurisdiction - Jurisdiction Trust Fund	50
Schedule of General, Administrative and Project Expenditures - General Fund	51
Schedule of Project Revenues and Expenditures - General Fund	52
Schedule of I-66 Commuter Choice Toll Funded Projects and Expenditures	53
Schedules of Expenditures of Commonwealth of Virginia Awards	54 - 60
Supplemental Schedule of Expenditures of Federal Awards	61

	<b>Page</b>
Compliance Section:	
Schedule of Expenditures of Federal Awards	62
Notes to Schedule of Expenditures of Federal Awards	63 – 64
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>	65 – 66
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	67 – 68
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings	70



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require 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 Commission'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 Commission'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 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, the business-type activities, each major fund, and the remaining fund information of the Commission, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 the Management's Discussion and Analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Commission's basic financial statements. The accompanying and Schedule of Expenditures of Federal Awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and supplementary information are the responsibility of management and was 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 supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of the Commission'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 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 Commission's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 22, 2019

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2019. Please read it in conjunction with the accompanying financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Highlights for Government-wide Financial Statements**

The government-wide financial statements report information about the NVTC reporting entity as a whole using the economic resources measurement focus and accrual basis of accounting.

- NVTC's net position totaled \$196.4 million on a government-wide basis as of June 30, 2019. Of this total, \$170.6 million is for business-type activities and \$25.8 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$220.2 million. Expenses totaled \$207.2 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$53.7 million. Expenses amounted to \$43.5 million.

#### **Highlights for Fund Financial Statements**

The fund financial statements provide detailed information about NVTC's funds using the current financial resources measurement focus and modified accrual basis of accounting.

- NVTC's governmental funds reported an increase in fund balance of \$13.0 million for fiscal year 2019, compared to an increase of \$12.9 million for fiscal year 2018. The governmental funds balance as of June 30, 2019 totaled \$25.9 million compared with \$13.0 million (as restated) at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$10.3 million, from \$160.3 million to \$170.6 million.
- NVTC's fiduciary fund reported an increase of \$23.9 million in net position, held in trust for member jurisdictions, from \$144.5 million to \$168.4 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented include all of the activities which are part of the NVTC reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB).

The government-wide financial statements present the financial picture of NVTC's governmental and business-type activities from the economic resources measurement focus using the accrual basis of accounting. Excluded from these statements are the activities of the jurisdiction trust funds, which are considered fiduciary funds and, therefore, not part of the primary government.

The fund financial statements include a set of statements for each of the three categories of funds – governmental, proprietary and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund and the fiduciary fund are prepared using the economic resources measurement focus and the accrual basis of accounting, same as the government-wide financial statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

### **Government-Wide Financial Statements**

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, with the governmental activities and business-type activities shown separately. The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The Statement of Activities shows in broad terms how the net position changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the NVTC reporting entity is improving or declining. Net position is one way to measure financial position, but the reader should also consider other indicators, such as for the business-type activities, the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions and the age and condition of capital assets.

Revenue is classified as program or general revenues. Program revenues are further classified as charges for services, operating grants and contributions, and capital grants and contributions. Expenses are reported by functions and programs. Transfers between the governmental activities and business-type activities are reported under the general revenues section.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the NVTC reporting entity are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

NVTC maintains three governmental funds: the General Fund, the Special Revenue Fund – Jurisdiction Transit, and the Special Revenue Fund – I-66 Toll Revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund – Jurisdiction Transit, reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund. The Special Revenue Fund – I-66 Toll Revenue, reports Toll Revenue received from the Commonwealth of Virginia according to an agreement entered into between NVTC and the Commonwealth. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**Proprietary Fund.** The proprietary fund is used to account for NVTC's share of the Virginia Railway Express (VRE) joint venture. The fund is used to account for the same functions reported as business-type activities in the government-wide financial statements. The three statements included for the proprietary fund are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

**Fiduciary Fund.** The Fiduciary Fund is used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary fund consist of revenue remitted from the Special Revenue Fund, state operating and capital assistance for transit contracted directly with the NVTC WMATA Compact member jurisdictions, and investment income. Deductions from the fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for the fiduciary fund are much like that used for proprietary funds. The two statements included for the fiduciary fund are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

### **Notes to the Basic Financial Statements**

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

### **Supplementary Information**

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users.

### **FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE**

#### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2019 and 2018 (as restated):

#### **Summary Statements of Net Position June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>						
Current and other assets	\$ 34,178,087	\$ 23,776,764	\$ 58,683,230	\$ 45,703,550	\$ 92,861,317	\$ 69,480,314
Capital assets, net	103,148	31,767	170,998,515	176,399,441	171,101,663	176,431,208
Deferred outflows	-	-	424,280	455,136	424,280	455,136
Total assets	<u>34,281,235</u>	<u>23,808,531</u>	<u>230,106,025</u>	<u>222,558,127</u>	<u>264,387,260</u>	<u>246,366,658</u>
<b>Liabilities:</b>						
Current and other liabilities	8,285,782	10,827,884	7,404,973	6,761,999	15,690,755	17,589,883
Long-term liabilities	167,787	177,492	52,139,769	55,503,121	52,307,556	55,680,613
Total liabilities	<u>8,453,569</u>	<u>11,005,376</u>	<u>59,544,742</u>	<u>62,265,120</u>	<u>67,998,311</u>	<u>73,270,496</u>
<b>Net position:</b>						
Net investment in capital assets	103,148	31,767	116,571,900	118,607,128	116,675,048	118,638,895
Restricted	25,281,188	12,401,414	7,853,574	7,811,835	33,134,762	20,213,249
Unrestricted	443,330	369,974	46,135,809	33,874,044	46,579,139	34,244,018
Total net position	<u>\$ 25,827,666</u>	<u>\$ 12,803,155</u>	<u>\$ 170,561,283</u>	<u>\$ 160,293,007</u>	<u>\$ 196,388,949</u>	<u>\$ 173,096,162</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$196.4 million as of June 30, 2019, an increase of \$23.3 million over the previous fiscal year. The largest portion of net position, \$116.7 million or 59.4 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$33.1 million or 16.9 percent represents resources that are restricted, which includes \$25.3 million of toll revenue and the balance for the commuter rail service.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments for the business-type activities. As of June 30, 2019, approximately \$22.9 million was due from the Commonwealth of Virginia, of which \$6.3 million is for motor vehicle fuel sales tax, \$4.2 million is for toll revenues, and \$12.4 million for grant and other state revenue. This is a \$3.0 million increase from the previous fiscal year, of which grant revenue increased \$2.5 million, toll revenues increase \$1.7 million, and motor vehicle fuel sales tax receivables decreased \$1.2 million. The increase in the receivable for grant and other state revenue is primarily due to Commuter Rail Operating and Capital (CROC) fund revenue not yet received at the end of the fiscal year. As of June 30, 2019, \$11.8 million of the amount due from the Commonwealth was for the commuter rail service, \$6.3 million for jurisdiction transit funding, \$4.2 million for toll funded projects, and a small amount for general and administrative and projects. Cash and cash equivalents increased approximately \$10.7 million and totaled \$35.6 million as of June 30, 2019, of which all but \$480,319 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$29.3 million as of June 30, 2019, with \$21.4 million for governmental activities, and \$7.9 million for business-type activities. This is a \$8.4 million increase from the prior year, which is almost entirely due to toll revenue for governmental activities.

Net position of the jurisdiction trust fund is not reported in the entity-wide Statement of Net Position, as it is considered a fiduciary fund and is held in trust for the NVTC member jurisdictions restricted use.

## Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2019 and 2018 (as restated).

### Summary Statements of Changes in Net Position Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 19,455,993	\$ 20,161,585	\$ 19,455,993	\$ 20,161,585
Operating grants and contributions	170,294,620	144,080,586	5,839,717	7,136,469	176,134,337	151,217,055
Capital grants and contributions	-	-	3,769,460	3,992,968	3,769,460	3,992,968
General revenues:						
Intergovernmental:						
Commuter rail	23,405,864	30,155,596	-	-	23,405,864	30,155,596
Motor vehicle fuel sales tax	34,435,487	35,552,756	-	-	34,435,487	35,552,756
Toll revenue	15,367,040	5,743,394	-	-	15,367,040	5,743,394
Interest	440,572	161,274	826,447	358,818	1,267,019	520,092
Other	114,954	-	-	(275,729)	114,954	(275,729)
Transfers	(23,834,997)	(30,155,596)	23,834,997	30,155,596	-	-
Total revenues	220,199,028	185,538,010	53,726,614	61,529,707	273,950,154	247,067,717
Expenses:						
General and administration	15,785,238	2,969,172	-	-	15,785,238	2,969,172
Jurisdiction transit	188,926,744	176,635,192	-	-	188,926,744	176,635,192
Toll funded project costs	2,487,046	3,328,379	-	-	2,487,046	3,328,379
Commuter rail	-	-	43,458,338	49,474,474	43,458,338	49,474,424
Total expenses	207,199,028	182,932,743	43,458,338	49,474,474	250,657,366	232,407,167
Change in net position	13,024,512	2,605,267	10,268,276	12,055,283	23,292,788	14,660,550
Beginning net position	12,803,154	10,197,888	160,293,007	148,237,724	173,096,161	158,435,612
Ending net position	\$ 25,827,666	\$ 12,803,155	\$ 170,561,283	\$ 160,293,007	\$ 196,388,949	\$ 173,096,162

For the fiscal year ended June 30, 2019, revenues totaled \$273.9 million, compared to \$247.1 million in the preceding year, an increase of \$26.8 million or 12.0 percent. Expenses increased \$18.3 million, or 7.9 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

## **FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS**

### **Governmental Funds**

**General Fund.** The General Fund reports the project, planning and administrative activities of NVTC. The unreserved fund balance represents the net resources available for spending at the end of the fiscal year.

NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual budgets. While certain administrative expenditures such as payroll and payroll related expenses are part of the annual operating budget, they may be included in project costs if they were incurred directly for a project. Since non-administrative project expenditures are generally fully funded from sources other than those for the planning and administrative activities, the unreserved fund balance is mainly the result of the planning and administrative activities of the General Fund.

As of June 30, 2019, the General Fund had a total fund balance of \$659,792 of which \$56,118 was nonspendable and \$603,674 was unassigned. The fund balance increased by \$65,317 or 11.0 percent from the preceding year due to a favorable budget variance, partially offset by budgeted drawdown of surplus funds.

During fiscal year 2019, NVTC's regional projects incurred a total of \$3.3 million in direct costs. Three of these projects were funded with federal and state sources totaling \$3.0 million. The balance of other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

**Special Revenue Fund – Jurisdiction Transit.** Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2019 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

As the revenue is recognized by the Special Revenue Fund, it is allocated using the Subsidy Allocation Model formula (SAM). This formula, which is defined and established by NVTC board resolution and the *Code of Virginia*, is maintained and updated annually by NVTC. After the revenue has been allocated by the SAM and each jurisdiction's share has been identified, the funds are remitted to the Jurisdiction Trust Fund for the restricted use by the member jurisdictions individually to support the programs of their respective locality.

The fiscal year 2019 intergovernmental revenues totaled \$188.9 million, an increase approximately \$12.3 million or 7.0 percent from the previous fiscal year. The increase is composed of a \$13.4 million increase, or 9.5 percent in state assistance, and a \$1.1 million decrease, or 0.8 percent in motor vehicle fuel sales tax revenue.

**Special Revenue Fund – I-66 Toll Revenue.** As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 inside the Beltway. The agreement calls for NVTC to receive the toll revenues collected by the Commonwealth, net of certain costs charged against those funds, on a quarterly basis for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement also calls for the advance payment of up to \$10 million to fund an initial round of projects before tolling commenced in December 2017.

Through fiscal year 2019, NVTC has rated, selected and approved projects totaling \$41.5 million, including \$19.6 million for the fiscal year 2020 program of projects. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2019, the special revenue fund recognized \$15.8 million in toll revenue and interest earnings, and \$2.9 million, including transfers to the general fund for NVTC sponsored projects, in project costs. As of June 30, 2019, the restricted fund balance totaled \$25.3 million, an increase of \$12.9 million over the prior year restated balance.

### **Proprietary Fund**

The proprietary fund captures NVTC's portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Assets owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities. For financial statement reporting purposes, assets, liabilities and operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

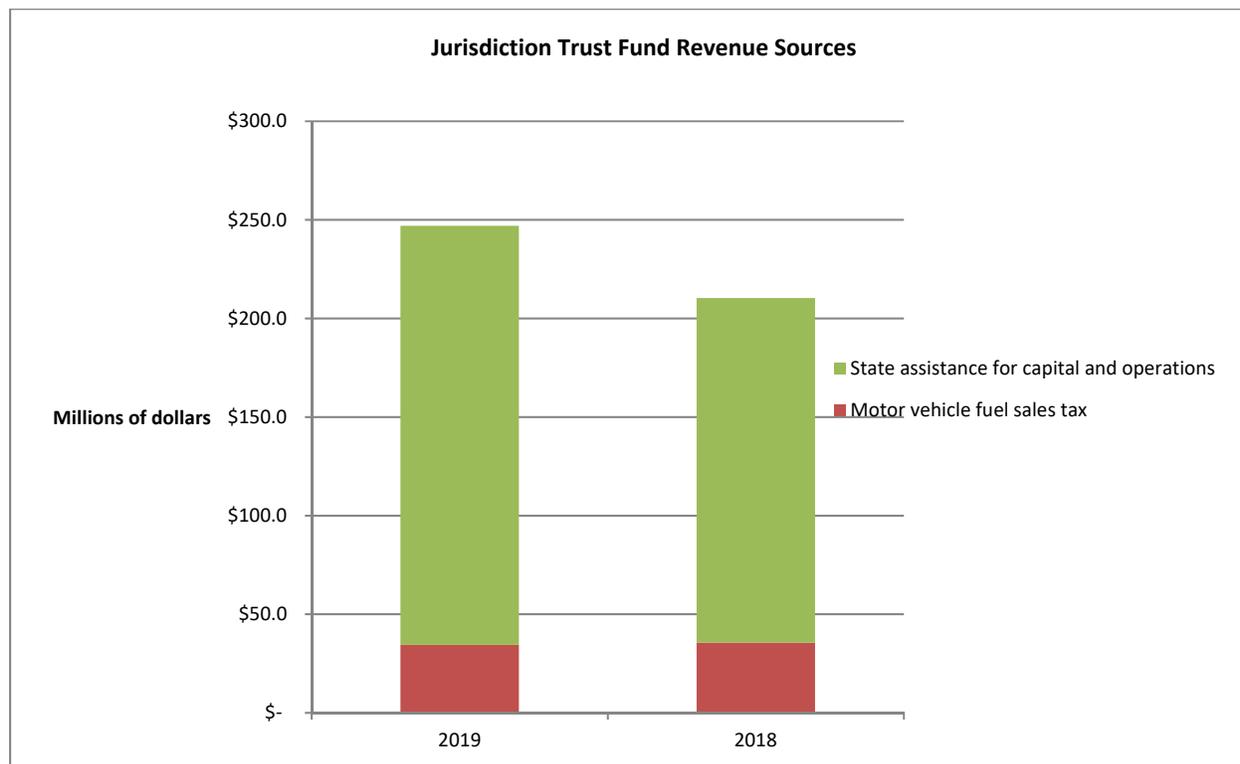
NVTC's share of operating revenue decreased about \$0.7 million or 3.6 percent, while operating expenses decreased approximately \$5.3 million or 14.0 percent. For VRE operations as a whole, operating revenue decreased 0.4 percent, while operating expenses decreased 1.7 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

## **Fiduciary Fund**

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

**Jurisdiction Trust Fund.** The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 through fiscal year 2014 operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the fiscal year 2013 through fiscal year 2014 directly contracted revenue with the jurisdictions is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, increased by \$36.6 million, or 17.4 percent from the previous year. An analysis of this change is shown below.



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a reimbursement program with established tiered funding percentages. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set 53.5% of the funding available in the Commonwealth's Mass Transit Trust Fund.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that establishes the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund which benefits VRE. For fiscal year 2019, the gain is calculated as the difference between the monthly revenue

to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Motor Vehicle Fuel Sales tax revenue decrease by \$1.1 million, or 3.1 percent from the previous year. While the fiscal year 2019 collections mirrored that of fiscal year 2018 due to way the gain from the floor is calculated, it is not exact due to differences in timing between the collections subject to the floor gain calculation and when NVTC recognizes the revenue.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2019 and 2018 are as follows:

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959
Vehicles	-	-	72,780	58,521	72,780	58,521
Facilities	-	-	54,925,893	52,967,852	54,925,893	52,967,852
Track and signal improvements	-	-	41,717,264	41,717,264	41,717,264	41,717,264
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	15,370,836	13,648,999	15,370,836	13,648,999
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	188,682	135,851	3,026,958	2,855,606	3,215,640	2,991,457
	188,682	135,851	266,710,667	262,845,178	266,899,349	262,981,029
Less accumulated depreciation and amortization	85,534	104,084	95,712,152	86,445,737	95,797,686	86,549,821
<b>Total capital assets, net</b>	<b>\$ 103,148</b>	<b>\$ 31,767</b>	<b>\$ 170,998,515</b>	<b>\$ 176,399,441</b>	<b>\$ 171,101,663</b>	<b>\$ 176,431,208</b>

NVTC's investment in capital assets as of June 30, 2019 amounted to \$171.1 million (net of accumulated depreciation and amortization) which represents a decrease of \$5.3 million or 3.0 percent over last year due to new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$2.1 million were closed from construction in progress to their respective capital accounts and an additional \$31,557 was charged directly to the capital accounts.

The major completed projects during the fiscal year were the L'Enfant North Storage (Yard) Track & Wayside Power (\$1.8 million), the VRE Headquarters Suite 201 Office Renovation (\$0.2 million) and the Automated Parking Counter (APC) system (\$0.1 million).

The major additions to construction in progress during the fiscal year were costs related to the Slater's Lane track improvements (\$0.7 million); ongoing work toward implementation of Positive Train Control (PTC) (\$0.7 million); work supporting fare collection EMV compliance (\$0.3 million), and ongoing development work for the Midday Storage Yard project (\$0.2 million).

## Debt Administration

At June 30, 2019, the Commissions had total debt outstanding of \$59.8 million for the VRE commuter rail service, of which \$54.8 million is reported by NVTC.

The NVTC and PRTC are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The promissory note with the Federal Railroad Administration for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC were signatories. The note was secured by the revenues of VRE and the rolling stock.

In fiscal year 2018, a financing agreement was entered into with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

	2019	2018
Bond payable	\$ 44,360,000	\$ 46,640,000
Capital leases	5,016,206	5,734,601
<b>Total</b>	<b>\$ 49,376,206</b>	<b>\$ 52,374,601</b>

## Economic Factors and Next Year's Budget

In December 2017, NVTC entered into a 68 year agreement with the Commonwealth of Virginia and PRTC whereby the commissions will receive an Annual Transit Investment (ATI) from the operations of the 395 HOT Lanes scheduled to open during fiscal year 2020. The ATI equals \$15 million in the commencement year, increasing at 2.5% annually, and is to be used to fund transit and multimodal investments which will benefit users in the I-95/I-395 corridor. The agreement requires that a separate special revenue fund be established to recognize the ATI related activity. In January 2019, NVTC and PRTC entered into an agreement that among other things provides details of the commissions project selection process, specifies that NVTC will be the designated recipient of the ATI fund, and that NVTC will administer the program on behalf of the commissions.

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The VRE local subsidy for fiscal year 2020 remained constant at \$17,767,748. Fares were increased by an average of 3.0 percent in fiscal year 2020; the previous general fare increase was 3.0 percent in fiscal year 2018. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital Fund as a result of Virginia HB1539, which will continue in fiscal year 2020. Additional sources of funding will be available in fiscal year 2020 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 230, Arlington, Virginia 22201, or by email to [scottkalkwarf@novatransit.org](mailto:scottkalkwarf@novatransit.org).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Cash and cash equivalents	\$ 480,319	\$ 35,081,208	\$ 35,561,527
Due from other governments:			
Commonwealth of Virginia	22,859,906	-	22,859,906
Federal	998,593	-	998,593
Local jurisdictions	15,838	-	15,838
Trade accounts receivable, net	-	1,442,142	1,442,142
Other receivables	83,911	1,159,598	1,243,509
Inventory	-	1,309,162	1,309,162
Deposits and prepaid items	56,118	80,023	136,141
Restricted cash, cash equivalents and investments	21,440,926	7,853,574	29,294,500
Internal balances	(11,757,523)	11,757,523	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	72,780	72,780
Facilities	-	54,925,893	54,925,893
Track and signal improvements	-	41,717,264	41,717,264
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	15,370,836	15,370,836
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	188,682	3,026,958	3,215,640
Less accumulated depreciation and amortization	(85,534)	(95,712,152)	(95,797,686)
Deferred outflows of resources, loss on refunding	-	424,280	424,280
Total assets and deferred outflows of resources	34,281,236	230,106,025	264,387,261

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2019

<b>LIABILITIES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 1,871,598	\$ 1,492,767	\$ 3,364,365
Accrued expenses	35,702	1,487,371	1,523,073
Accrued interest	-	563,639	563,639
Due to fiduciary fund	6,287,302	-	6,287,302
Unearned revenue	-	863,172	863,172
Deferred revenue	42,506	-	42,506
Noncurrent liabilities:			
Due within one year:			
Compensated absences	48,674	12,776	61,450
Bond payable	-	2,240,000	2,240,000
Capital lease obligation	-	745,248	745,248
Due in more than one year:			
Lease liability	65,366	-	65,366
Compensated absences	102,422	274,122	376,544
Bond payable	-	47,594,689	47,594,689
Capital lease obligation	-	4,270,958	4,270,958
Total liabilities	8,453,570	59,544,742	67,998,312
 <b>NET POSITION</b>			
Net investment in capital assets	103,148	116,571,900	116,675,048
Restricted for toll funded projects	25,281,188	-	25,281,188
Restricted for liability insurance plan	-	5,263,811	5,263,811
Restricted for debt service	-	2,029,382	2,029,382
Restricted grants or contributions	-	560,381	560,381
Unrestricted assets	443,330	46,135,809	46,579,139
Total net position	\$ 25,827,666	\$ 170,561,283	\$ 196,388,949

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
<b>Primary government:</b>							
Governmental activities:							
General and administration	\$ 15,785,238	\$ -	\$ 15,803,363	\$ -	\$ 18,125	\$ -	\$ 18,125
Toll funded project costs	2,487,046	-	-	-	(2,487,046)	-	(2,487,046)
Jurisdiction transit	188,926,744	-	154,491,257	-	(34,435,487)	-	(34,435,487)
Total governmental activities	207,199,028	-	170,294,620	-	(36,904,408)	-	(36,904,408)
Business-type activities:							
Commuter rail	43,458,338	19,455,993	5,839,717	3,769,460	-	(14,393,168)	(14,393,168)
Total business-type activities	43,458,338	19,455,993	5,839,717	3,769,460	-	(14,393,168)	(14,393,168)
Total primary government	\$ 250,657,366	\$ 19,455,993	\$ 176,134,337	\$ 3,769,460	(36,904,408)	(14,393,168)	(51,297,576)
<b>General revenues:</b>							
Intergovernmental revenue - commuter rail					23,405,864	-	23,405,864
Intergovernmental revenue - motor vehicle fuel sales tax					34,435,487	-	34,435,487
Intergovernmental revenue - toll revenue					15,367,040	-	15,367,040
Other revenue					114,954	-	114,954
Interest income					440,572	826,447	1,267,019
Transfers					(23,834,997)	23,834,997	-
Total general revenues					49,928,920	24,661,444	74,590,364
<b>Change in net position</b>					13,024,512	10,268,276	23,292,788
Net position, beginning of year, as restated					12,803,154	160,293,007	173,096,161
Net position, end of year					\$ 25,827,666	\$ 170,561,283	\$ 196,388,949

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 480,319	\$ -	\$ -	\$ 480,319
Due from other governments:				
Commonwealth of Virginia	12,355,776	6,325,814	4,178,316	22,859,906
Federal	998,593	-	-	998,593
Local jurisdictions	15,838	-	-	15,838
Due from fiduciary fund	38,512	-	-	38,512
Due from proprietary fund	26,000	-	-	26,000
Due from special revenue fund	175,860	-	-	175,860
Other receivables	83,911	-	-	83,911
Restricted cash	-	-	21,440,926	21,440,926
Deposits and prepaid items	56,118	-	-	56,118
<b>Total assets</b>	<b>\$ 14,230,927</b>	<b>\$ 6,325,814</b>	<b>\$ 25,619,242</b>	<b>\$ 46,175,983</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,709,404	\$ -	\$ 162,194	\$ 1,871,598
Accrued salaries	35,702	-	-	35,702
Deferred revenue	42,506	-	-	42,506
Due to general fund	-	-	175,860	175,860
Due to proprietary fund	11,783,523	-	-	11,783,523
Due to fiduciary fund	-	6,325,814	-	6,325,814
<b>Total liabilities</b>	<b>13,571,135</b>	<b>6,325,814</b>	<b>338,054</b>	<b>20,235,003</b>
<b>FUND BALANCES</b>				
Nonspendable				
Deposits and prepaid items	56,118	-	-	56,118
Restricted				
Toll Revenues	-	-	25,281,188	25,281,188
Unassigned	603,674	-	-	603,674
<b>Total fund balance</b>	<b>659,792</b>	<b>-</b>	<b>25,281,188</b>	<b>25,940,980</b>
<b>Total liabilities and fund balance</b>	<b>\$ 14,230,927</b>	<b>\$ 6,325,814</b>	<b>\$ 25,619,242</b>	<b>\$ 46,175,983</b>

Reconciliation of fund balance on the Balance Sheet for the governmental funds to the net position of the governmental activities on the Statement of Net Position:

Fund balances - governmental funds \$ 25,940,980

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$188,682 and the accumulated depreciation and amortization is \$85,534. 103,148

Lease liability only recognized in the government-wide financial statements. (65,366)

Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds. (151,096)

Net position - governmental activities \$ 25,827,666

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	
Revenues:				
Intergovernmental revenues:				
Grants and contributions:				
Commonwealth of Virginia	\$ 36,802,817	\$ 154,491,257	\$ -	\$ 191,294,074
Federal	1,856,140	-	-	1,856,140
Local jurisdictions	470,270	-	-	470,270
Toll Revenue	-	-	15,367,040	15,367,040
Motor vehicle fuel sales tax	-	34,435,487	-	34,435,487
Project chargebacks	80,000	-	-	80,000
Interest income	11,659	-	428,913	440,572
Other revenue	114,954	-	-	114,954
Total revenues	<u>39,335,840</u>	<u>188,926,744</u>	<u>15,795,953</u>	<u>244,058,537</u>
Expenditures:				
Current:				
General and administration	2,458,724	-	-	2,458,724
Project costs	3,279,149	-	-	3,279,149
Toll funded project costs	-	-	2,487,046	2,487,046
Payments to fiduciary fund	-	188,926,744	-	188,926,744
PRTC share of CROC funds	10,030,038	-	-	10,030,038
Capital outlay	96,748	-	-	96,748
Total expenditures	<u>15,864,659</u>	<u>188,926,744</u>	<u>2,487,046</u>	<u>207,278,449</u>
Other financing uses:				
Transfers	(23,405,864)	-	(429,133)	(23,834,997)
<b>Change in fund balances</b>	65,317	-	12,879,774	12,945,091
Fund balances, beginning of year, as restated	594,475	-	12,401,414	12,995,889
Fund balances, end of year	<u>\$ 659,792</u>	<u>\$ -</u>	<u>\$ 25,281,188</u>	<u>\$ 25,940,980</u>

Change in fund balances - total governmental funds \$ 12,945,091

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

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 and amortization expense.

Add - capital outlay	96,748
Deduct - depreciation and amortization expense	(14,403)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, any proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net cost of assets disposed. (10,964)

Amortization of lease liability is only recognized in the government-wide financial statements. 18,248

The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (10,208)

Change in net position of governmental activities \$ 13,024,512

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2019

	<b>Commuter Rail Service Fund</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 35,081,208
Accounts receivable:	
Due from general fund	11,757,523
Trade receivables, net of allowance for doubtful accounts	1,442,142
Other receivables	1,159,598
Inventory	1,309,162
Prepaid expenses and other	80,023
Restricted cash, cash equivalents and investments	7,853,574
<b>Total current assets</b>	<b>58,683,230</b>
Capital assets:	
Rolling stock	142,639,959
Vehicles	72,780
Facilities	54,925,893
Track and signal improvements	41,717,264
Equipment and software	6,063,333
Construction in progress	15,370,836
Equity in property of others	2,893,644
Furniture, equipment and software	3,026,958
	266,710,667
Less accumulated depreciation and amortization	(95,712,152)
<b>Total capital assets, net</b>	<b>170,998,515</b>
Deferred Outflows of Resources:	
Loss on refunding	424,280
<b>Total assets and deferred outflows of resources</b>	<b>\$ 230,106,025</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2019

	<b>Commuter Rail Service Fund</b>
<b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 1,492,767
Compensated absences	12,776
Accrued expenses	1,487,371
Accrued interest	563,639
Unearned revenue	863,172
Current portion of bonds payable	2,240,000
Current portion of capital lease obligations	745,248
<b>Total current liabilities</b>	<b>7,404,973</b>
Noncurrent Liabilities:	
Compensated absences	274,122
Bonds payable	47,594,689
Capital lease obligations	4,270,958
<b>Total noncurrent liabilities</b>	<b>52,139,769</b>
<b>Total liabilities</b>	<b>59,544,742</b>
Net Position:	
Net investment in capital assets	116,571,900
Restricted for liability insurance plan	5,263,811
Restricted for debt service	2,029,382
Restricted grants or contributions	560,381
Unrestricted assets	46,135,809
<b>Total net position</b>	<b>170,561,283</b>
<b>Total liabilities and net position</b>	<b>\$ 230,106,025</b>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2019

	<b>Commuter Rail Service Fund</b>
Operating Revenues:	
Passenger revenue	\$ 19,311,476
Equipment rentals and other	144,517
Total operating revenues	19,455,993
Operating Expenses:	
Contract operations and maintenance	12,392,596
Other operations and maintenance	7,624,700
Property leases and access fees	7,679,823
Insurance	1,814,613
Marketing and sales	1,184,051
General and administrative	1,552,589
Total operating expenses	32,248,372
Operating loss before depreciation and amortization	(12,792,379)
Depreciation and amortization	(9,271,403)
Operating loss	(22,063,782)
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	5,742,464
Regional transportation funding	97,253
Interest income:	
Operating funds	625,575
Insurance trust	110,592
Commonwealth Rail Operating and Capital (CROC) Fund	58,538
Other restricted funds	31,742
Interest, amortization and other nonoperating expenses, net	(1,938,563)
Total nonoperating revenues, net	4,727,601
Loss before capital contributions and transfers	(17,336,181)
Capital contributions and transfers:	
Regional transportation funding	1,152,103
Contribution from PRTC	2,617,357
Transfers in	23,834,997
Total capital contributions and transfers	27,604,457
Change in net position	10,268,276
Net Position, beginning	160,293,007
Net Position, ending	\$ 170,561,283

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2019

	<b>Commuter Rail Service Fund</b>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 19,219,180
Payments to suppliers	(32,446,875)
Net cash used in operating activities	(13,227,695)
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	28,641,709
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(2,749,050)
Principal paid on capital lease obligations	(718,395)
Principal paid on note	(2,280,000)
Interest paid on capital lease obligation	(255,258)
Interest paid on bonds and note	(2,010,993)
Contribution from General Fund	2,617,357
Net cash used in capital and related financing activities	(5,396,339)
Cash Flows From Investing Activities:	
Interest received on investments	810,275
Increase in cash and cash equivalents	10,827,950
Cash and Cash Equivalents, beginning	32,106,832
Cash and Cash Equivalents, ending	\$ 42,934,782
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (22,063,782)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,271,403
(Increase) decrease in:	
Accounts receivable	(206,181)
Other receivables	(109,476)
Inventory	203,587
Prepaid items and other	(13,445)
Increase (decrease) in:	
Accounts payable and accrued expenses	(390,109)
Unearned revenue	80,308
Net cash used in operating activities	\$ (13,227,695)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 963,136
Capital assets acquired through accrued liabilities	391,236

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2019

	<u>Jurisdiction Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 157,813,441
Due from special revenue fund - Motor vehicle fuel sales tax	6,285,629
Due from special revenue fund - Commonwealth of Virginia grants	40,185
Due from other governments - Commonwealth of Virginia grants	<u>4,883,742</u>
Total assets	<u>169,022,997</u>
<b>LIABILITIES</b>	
Due to member jurisdictions	610,917
Due to general fund	<u>38,512</u>
Total liabilities	<u>649,429</u>
<b>NET POSITION</b>	
Net position held in trust for member jurisdictions	<u><u>\$ 168,373,568</u></u>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
Year Ended June 30, 2019

	<b>Jurisdiction Trust Fund</b>
Additions:	
Contributions from government	\$ 188,926,744
Intergovernmental revenues	58,010,723
Investment income	2,795,489
Total additions	249,732,956
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	8,952,840
Project development	19,004
Metrorail operating	87,228,805
Metrobus operating	85,092,012
Metroaccess operating	13,839,758
Metro debt service	6,785,247
Other funds disbursed:	
Other capital disbursements	11,641,880
Other operating disbursements	12,298,847
Total deductions	225,858,393
Change in net position	23,874,563
Net position held in trust for member jurisdictions:	
Beginning of year	144,499,005
End of year	\$ 168,373,568

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies

The financial statements of the Northern Virginia Transportation Commission (NVTC) have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### A. Reporting Entity

The Northern Virginia Transportation District (the District) was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, to assume the powers and purposes of transportation districts under the Act. The transportation district comprises the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax and Loudoun, and has all the powers granted transportation districts in the Act. The Act was created for the purpose of developing transportation systems necessary for the orderly growth and development of urban areas of the Commonwealth of Virginia for the safety, comfort, and convenience of its citizens and for the economical utilization of public funds. The District has no taxing power, although a tax imposed by the Virginia General Assembly is collected within the District's boundaries for its benefit. The Northern Virginia Transportation Commission is the governing body of the District, and was created pursuant to the Authorizing Legislation to manage and control the functions, affairs, and property of the District.

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (collectively referred to as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of NVTC. Governmental activities, which are supported by intergovernmental revenues, are reported separately from the business-type activities of the VRE joint venture, which rely to a significant extent on charges for services.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include charges to customers who use services provided by a given function, and grants and contributions are restricted to meeting the operational or capital requirements of a particular function.

The government-wide Statement of Net Position reports net position as restricted when externally imposed constraints on those net positions are in effect. Internally imposed designations of resources are not presented as restricted net position.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds, proprietary fund, and fiduciary fund. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). The proprietary fund is reported on a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The fiduciary fund is reported on a Statement of Net Position and a Statement of Changes in Net Position. The fiduciary fund is not included in the government-wide statements. Eliminations have been made to minimize the double counting of internal activities.

#### C. Measurement Focus and Basis of Accounting

**Government-wide Financial Statements** – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenditures, are recognized at the time the expenditures are incurred. Any excess of revenues or expenditures at year-end are recorded as unearned revenue or accounts receivable, respectively. Derived tax revenues are recognized when the underlying transactions have occurred.

**Governmental Fund Financial Statements** – The 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, NVTC considers revenues to be available if they are collected within 90 days after year end. Revenues from grants that are expenditure based are recognized if the expenditure has been made and invoiced to the grant. Expenditures are recorded when a liability is incurred, as under the full accrual method of accounting. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

**Proprietary Fund** – The financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with the principal ongoing operation. The principal operating revenues are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned. Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities. Intergovernmental revenues, consisting primarily of Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statement of Revenues, Expenses and Changes in Net Position when expended. Monetary and in-kind contributions are recorded as matching obligations to the jurisdictions or other construction partners as assessed. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major enterprise fund:

##### Commuter Rail Service Fund

The Commuter Rail Service Fund accounts for NVTC's portion of VRE's operation and maintenance costs for commuter rail service, financed by charges for services, jurisdictional contributions, and operating and capital received from the Commonwealth of Virginia.

**Fiduciary Fund** – The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

#### D. Budgeting

Although not statutorily required, NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables NVTC to determine the annual contributions required from the member jurisdictions to fund its planning and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets.

#### E. Other Significant Accounting Policies

1. Cash and cash equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP) is reported at amortized cost.

2. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to the Virginia Resources Authority (VRA) financing compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue. The investment in the Virginia State Non-Arbitrage Program (SNAP) for VRA financing is reported at amortized cost.

3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$96,600 at June 30, 2019 for the proprietary fund.

4. Inventory

An inventory of spare parts for rolling stock has been purchased and is maintained and managed at the Commissions' warehouse located at the Crossroads yard. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

6. Capital assets

For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated acquisition value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such the net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities (“equity in property of others”) recognize the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

Interest is capitalized on qualifying construction in progress projects until they reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

Depreciation and amortization of all exhaustible equipment, buildings and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	30 years
Equipment and software	5 years
Equity in properties of others	3-35 years
Office equipment, furniture and software	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2019.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

##### 7. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expenditure) until then. NVTC currently has one item that qualifies for reporting in this category. The deferred loss on refunding is reported as a deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NVTC currently has no items reported in this category.

##### 8. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned, generally, based upon the length of employment. Employees with zero through nine years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years of service, the maximum carryover is 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

Sick leave for NVTC employees may also be accumulated. After five years of service, NVTC employees are eligible to receive 25 percent of their accumulated sick leave at the then current wage rate for hours in excess of 450, without limit. Employees hired prior to January 3, 2008 have the option of receiving a payment for 25 percent of accrued hours of sick leave with a maximum of \$5,000. The calculation producing the largest amount for each eligible employee has been recorded as a liability. In prior years, the General Fund was responsible for paying the liability for compensated absences for general government employees.

The employees of the VRE joint venture are employees of PRTC and are subject to PRTC's leave policies. VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer.

VRE employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

9. Fund equity

In the fund financial statements, the governmental fund reports classifications of fund balance as follows:

*Nonspendable fund balance* – amounts that are not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

*Restricted fund balance* – amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NVTC will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

10. Indirect expenditure allocation

Employee benefits are allocated to projects based on direct labor charges. Overhead and other indirect costs are not charged to NVTC projects in the financial statements.

11. Net position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position caption “net investment in capital assets” consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NVTC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NVTC first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

12. Estimates and assumptions

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Other Significant Accounting Policies (Continued)**

13. Inter-fund transfers

Transactions among NVTC’s funds would be treated as revenues and expenditures or expenses if they involved organizations external to NVTC government are accounted for as revenues and expenditures or expenses in funds involved.

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

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

14. Subsequent events

NVTC has evaluated subsequent events through November 22, 2019 which was the date the financial statements were available to be issued.

**Note 2. Deposits and Investments**

At June 30, 2019, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 122,693	\$ 1,789,151	\$ -	\$ 1,911,844
LGIP	357,626	33,292,057	157,813,441	191,463,124
	<u>480,319</u>	<u>35,081,208</u>	<u>157,813,441</u>	<u>193,374,968</u>
Restricted:				
LGIP	21,440,926	588,257	-	22,029,183
VRA debt service fund	-	2,029,382	-	2,029,382
Insurance trust fund – pooled funds	-	5,235,935	-	5,235,935
	<u>21,440,926</u>	<u>7,853,574</u>	<u>-</u>	<u>29,294,500</u>
<b>Total</b>	<b>\$ 21,921,245</b>	<b>\$ 42,934,782</b>	<b>\$ 157,813,441</b>	<b>\$ 222,669,468</b>

Maturities of all investments are less than one year.

**Deposits**

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 2. Deposits and Investments (Continued)

#### Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes; bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

As of June 30, 2019, the reporting entity had investments of \$213,492,307 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, \$2 million was transferred into the DSRF from existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor’s maturing in under two (2) years and in the SNAP Fund, a AAAm rated local government investment pool that complies with GASB Statement 79. At June 30, 2019, the reporting entity had \$2,029,382 invested in the VRA Debt Service Reserve Fund.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth’s pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2019, a total of \$10,471,870 was invested in the Insurance Trust, of which \$5,235,935 is included in the NVTC reporting entity. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. In fiscal year 2019, earnings on the Insurance Trust in the amount of \$221,184 were credited to VRE, of which \$110,592 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

NVTC’s investment authority and permitted instruments are contained in resolutions approved by the NVTC Board. NVTC’s investment policy objectives are to generate revenue while balancing risk and ensuring the availability of cash to meet the Commission’s and the jurisdictions’ expenditure requirements. The objectives are prioritized in the following order: safety, liquidity, and return on investments. Allowable investments are restricted to instruments permitted by the *Code of Virginia*, with maximum percentages of the portfolio permitted in each of the following instruments:

LGIP	100%
U.S. Treasury Obligations	100%
Certificates of Deposit	75%
Bankers’ Acceptances	50%
Repurchase Agreements	35%
Commercial Paper	25%

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 2. Deposits and Investments (Continued)

#### Investments (Continued)

The VRE Operations Board has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet VRE's expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of VRE's investment activities, in priority order, are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

#### Credit risk

The investment policy specifies credit quality for certain types of investments, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services.

#### Custodial credit risk

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

#### Interest rate risk

In accordance with its investment policy, VRE manages its exposure to declines in fair values by limiting the maturity of various investment vehicles, as indicated in the chart below.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 2. Deposits and Investments (Continued)

#### Concentration of credit risk

The Commuter Rail Service Fund's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

The limitations provided in the investment policy for maximum maturity and the percentage of the portfolio allowed for each category of investment are as follows:

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

When applicable, NVTC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NVTC has the following investment subject to fair value measurement:

- U.S. Treasury securities of \$2,029,382 as of June 30, 2019, which are valued using quoted prices in an active market for identical assets (Level 1 inputs).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 3. Due From Other Governments

At June 30, 2019, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 6,285,629	\$ 6,285,629
Grants	12,355,776	40,185	12,395,961
Toll revenue	4,178,316	-	4,178,316
	<u>16,534,092</u>	<u>6,325,814</u>	<u>22,859,906</u>
Due from Federal Government:			
Grants	998,593	-	998,593
Due from Local Jurisdictions:			
Local grant match	15,838	-	15,838
	<u>\$ 17,548,523</u>	<u>\$ 6,325,814</u>	<u>\$ 23,874,337</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$11,783,523 for commuter rail and \$572,253 for other projects.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 135,851	\$ 96,748	\$ (43,917)	\$ -	\$ 188,682
Less accumulated depreciation or amortization	104,084	14,403	(32,953)	-	85,534
<b>Governmental activities capital assets, net</b>	<b>\$ 31,767</b>	<b>\$ 82,345</b>	<b>\$ (10,964)</b>	<b>\$ -</b>	<b>\$ 103,148</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 13,648,999	\$ 3,838,920	\$ -	\$ (2,117,083)	\$ 15,370,836
Capital assets being depreciated or amortized:					
Rolling stock	142,639,959	-	-	-	142,639,959
Vehicles	58,521	14,259	-	-	72,780
Facilities	52,967,852	4,097	-	1,953,944	54,925,893
Track and signal improvements	41,717,264	-	-	-	41,717,264
Equipment and software	6,063,333	-	-	-	6,063,333
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	2,855,606	13,201	(4,988)	163,139	3,026,958
<b>Total capital assets being depreciated or amortized</b>	<b>249,196,179</b>	<b>31,557</b>	<b>(4,988)</b>	<b>2,117,083</b>	<b>251,339,831</b>
Less accumulated depreciation or amortization for:					
Rolling stock	40,967,662	5,800,441	-	-	46,768,103
Vehicles	23,546	13,129	-	-	36,675
Facilities	20,762,723	1,622,281	-	-	22,385,004
Track and signal improvements	14,688,779	1,408,355	-	-	16,097,134
Equipment and software	5,689,812	269,081	-	-	5,958,893
Equity in property of others	1,901,957	82,296	-	-	1,984,253
Office equipment, furniture and software	2,411,258	75,820	(4,988)	-	2,482,090
<b>Total accumulated depreciation or amortization</b>	<b>86,445,737</b>	<b>9,271,403</b>	<b>(4,988)</b>	<b>-</b>	<b>95,712,152</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>162,750,442</b>	<b>(9,239,846)</b>	<b>-</b>	<b>2,117,083</b>	<b>155,627,679</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 176,399,441</b>	<b>\$ (5,400,926)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,998,515</b>

Note: The chart above reflects the completion of the L'Enfant north storage track project at a value of \$3.7 million (NVTC reporting entity \$1.85 million), completion of the VRE Headquarters Suite 202 office renovation project at a value of \$326,000 (NVTC reporting entity \$163,000) and the completion of the Automated Parking Counter system project at a value of \$244,000 (NVTC reporting entity \$122,000).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 4. Capital Assets (continued)

The chart also reflects a reduction of approximately \$5,000 in furniture, equipment and software asset value. This reduction is due to the expiration of a 3-year capital lease for an office copier machine. Subsequent to the end of the lease term, the copier was purchased by VRE for under \$5,000 and was not capitalized.

Depreciation and amortization expenses for the year ended June 30, 2019 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 14,403	\$ -
Commuter rail	-	9,271,403

### Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

Assets owned by the Commissions for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

Pursuant to a Master Agreement signed in 1989, the Commissions own and operate VRE. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing tracks of CSX and the Norfolk Southern Railway Company under respective operating access agreements.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### **Note 5. Joint Venture – Virginia Railway Express (continued)**

Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the then current 90 percent system ridership and 10 percent population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 5. Joint Venture – Virginia Railway Express (continued)

Financial information from VRE's fiscal year 2019 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2019

##### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 75,278,280
Accounts receivable:	
Due from PRTC	13,690,788
Commonwealth of Virginia grants	8,033,524
Commonwealth Rail Operating and Capital (CROC) Fund	3,750,000
Trade and other, net of allowance	5,480,247
Inventory	2,846,838
Prepaid expenses and other	174,015
Restricted cash, cash equivalents and investments	13,677,765
<b>Total current assets</b>	<u>122,931,457</u>
Noncurrent assets:	
Pension asset	320,509
Capital assets (net \$191,424,304 accumulated depreciation and amortization)	341,997,029
<b>Total noncurrent assets</b>	<u>342,317,538</u>
<b>Total assets</b>	465,248,995
Deferred outflows of resources	840,915
<b>Total assets and deferred outflows of resources</b>	<u>\$ 466,089,910</u>

##### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 8,873,354
Unearned revenue	1,877,011
Current portion of:	
Compensated absences	27,783
Bonds payable	2,240,000
Capital lease obligations	1,490,497
<b>Total current liabilities</b>	<u>14,508,645</u>
Noncurrent liabilities:	
Other postemployment benefits	431,852
Capital lease obligations	8,541,916
Bonds payable	47,594,689
Compensated absences	596,091
<b>Total noncurrent liabilities</b>	<u>57,164,548</u>
<b>Total liabilities</b>	<u>71,673,193</u>
Deferred inflows of resources	214,069
Net position:	
Net investment in capital assets	282,554,207
Restricted for liability insurance plan	10,527,621
Restricted for debt service	2,029,382
Restricted grants or contributions	1,120,762
Unrestricted assets	97,970,676
<b>Total net position</b>	<u>394,202,648</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 466,089,910</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

---

**Note 5. Joint Venture – Virginia Railway Express (Continued)**

**VIRGINIA RAILWAY EXPRESS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended June 30, 2019**

Operating revenues	\$	42,304,835
Operating expenses		77,681,532
<b>Operating loss before depreciation and amortization</b>		<b>(35,376,697)</b>
Depreciation and amortization		(18,542,805)
<b>Operating loss</b>		<b>(53,919,502)</b>
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		17,447,509
Federal grants – with PRTC as grantee		15,229,460
Jurisdictional contributions		17,767,748
Commonwealth Rail Operating and Capital (CROC) Fund		15,000,000
Regional transportation funding (NVTA)		194,506
Interest income:		
Operating funds		1,360,241
Insurance trust		221,184
Commonwealth Rail Operating and Capital (CROC) Fund		117,075
Other restricted funds		63,483
Interest, amortization and other nonoperating expenses, net		(2,188,383)
<b>Total nonoperating revenues, net</b>		<b>65,212,823</b>
Capital grants and assistance:		
Commonwealth of Virginia grants		1,417,527
Federal grants – with PRTC as grantee		3,541,398
Regional transportation funding (NVTA)		2,304,206
<b>Total capital grants and assistance</b>		<b>7,263,131</b>
<b>Change in net position</b>		<b>18,556,452</b>
Net position, beginning of year		375,646,196
Net position, ending	\$	394,202,648

**Note 6. Intergovernmental Revenues, Commonwealth of Virginia**

Intergovernmental revenues from the Commonwealth of Virginia include the regional motor vehicle fuel sales tax, NVTC project revenue, operating and capital assistance for NVTC's WMATA Compact members' local systems contracted prior to fiscal year 2013, operating and capital assistance for NVTC's WMATA Compact members' WMATA subsidies, and operating and capital assistance for the VRE commuter rail service.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 7. Pension Plans

Employees of the reporting entity are covered under two separate plans. The NVTC Pension Trust covers eligible employees of the governmental activities of NVTC, while the Virginia Retirement System covers the eligible employees of the business-type activities of the VRE joint venture through employment with PRTC.

#### NVTC – Target Benefit Plan

NVTC contributes to the Northern Virginia Transportation Commission Pension Trust (the Plan), a single employer public employees' retirement system, contributory target benefit pension plan covering substantially all employees. Under the terms of the Plan, the normal retirement date is the July 1st closest to the participant's 65th birthday. Early retirement may be elected if the participant has attained age 55 with ten years of continuous service. Employees vest in the employer's contributions at the rate of 20 percent for each year of service until fully vested.

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2019 totaled \$140,971 (12.3 percent of covered payroll). Required employee contributions for the year ended June 30, 2019 totaled \$22,930 (2.0 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2019 was approximately \$1,144,870.

### Note 8. Operating Leases and Agreements

#### Governmental activities

NVTC leased office space under a 125-month agreement which commenced on January 1, 2011 and was amended effective March 15, 2019. The lease provided for 3 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses. The lease contained a provision for the abatement of the first five months of rent.

NVTC amended the lease under a 154-month agreement which commenced on March 15, 2019 and expires November 15, 2031, canceling the previous lease on the effective date of the amendment. The lease provides for 2.5 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses after the first anniversary year. The lease contains a provision for the abatement of the first month's rent of the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for governmental activities as reported in the government-wide financial statements totals \$273,107 (\$222,831 paid plus \$50,276 amortization). The Statement of Net Position reported a liability of \$65,366 related to the lease.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2020. Minimum monthly payments under these agreements equal \$406 per month, with payments totaling \$4,872 for the year ended June 30, 2019.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 8. Operating Leases and Agreements (continued)

As of June 30, 2019, the minimum long-term lease commitments were as shown below:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 282,129
2021	367,195
2022	373,884
2023	383,279
2024	392,844
2025-2029	2,275,257
2030-2032	1,202,655
Total	<u>\$ 5,277,243</u>

### Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2019, annual track usage fees totaled approximately \$9,875,000, of which \$4,541,500 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$639,000, of which \$293,900 is recognized by the NVTC reporting entity.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. For the year ended June 30, 2019, costs for track access and equipment storage totaled approximately \$6,628,000, of which \$3,048,200 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,965,000, of which \$2,283,400 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2019 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five-year period beginning July 1, 2015. The cost of train operations and maintenance for the year ended June 30, 2019 totaled approximately \$22,512,000, of which \$10,353,300 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2019 reflect contractual increases and the addition of a new train during the fiscal year. Costs for fiscal year 2019 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 140,888	\$ 119,598	\$ 109,390	\$ 151,096	\$ 48,674
<b>Total governmental activities</b>	<u>140,888</u>	<u>119,598</u>	<u>109,390</u>	<u>151,096</u>	<u>48,674</u>
Business-type activities:					
Capital leases	5,734,601	-	718,395	5,016,206	745,248
Bond payable	46,640,000	-	2,280,000	44,360,000	2,240,000
Unamortized premium	5,872,848	-	398,159	5,474,689	-
Compensated absences	291,287	178,440	182,829	286,898	12,776
<b>Total business-type activities</b>	<u>58,538,736</u>	<u>178,440</u>	<u>3,579,383</u>	<u>55,137,793</u>	<u>2,998,024</u>
<b>Total Primary Government</b>	<u>\$ 58,679,624</u>	<u>\$ 298,038</u>	<u>\$ 3,688,773</u>	<u>\$ 55,288,899</u>	<u>\$ 3,046,698</u>

Federal arbitrage regulations apply to VRE's Gallery IV capitalized lease.

#### Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$14,072,353 (NVTC reporting entity, \$7,036,177)	<u>\$ 10,029,785</u>	<u>\$ 5,014,892</u>

Future minimum lease payments as of June 30, 2019 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2020	\$ 1,931,357	\$ 965,679
2021	1,931,357	965,679
2022	1,931,357	965,679
2023	1,931,357	965,678
2024	1,931,357	965,678
2025	1,931,357	965,678
Total minimum lease payments	<u>11,588,142</u>	<u>5,794,071</u>
Lease amount representing interest	<u>1,558,357</u>	<u>779,179</u>
Present value of lease payments	<u>\$ 10,029,785</u>	<u>\$ 5,014,892</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 9. Long-Term Debt Obligations (continued)**

**Capitalized Lease – Copiers**

	Total	NVTC Reporting Entity
\$63,450 capitalized lease obligation; \$1,329 due monthly, interest at 9.39%, maturing in 2020; collateralized with two multifunction copiers with a carrying value of \$0.	\$ 2,628	\$ 1,314

Future minimum lease payments as of June 30, 2019 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2020	\$ 2,658	\$ 1,329
Total minimum lease payments	2,658	1,329
Less amount representing interest	30	15
<b>Present value of lease payments</b>	<b>\$ 2,628</b>	<b>\$ 1,314</b>

**Notes Payable – Gallery IV (60 cars)/VRA Bond Payable**

In fiscal year 2008, an agreement in the name of NVTC was entered into with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance of the individual notes were combined into a consolidated note. The note was secured by the revenues of VRE and the railcars.

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$65,406,906 at June 30, 2019. \$ 44,360,000

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations (continued)

Mandatory debt service requirements for the note consist of the following:

Years Ending June 30,	Principal	Interest	Total Required
2020	\$ 2,240,000	\$ 2,050,400	\$ 4,290,400
2021	2,350,000	1,939,481	4,289,481
2022	2,475,000	1,815,841	4,290,841
2023	2,605,000	1,685,666	4,290,666
2024	2,745,000	1,548,572	4,293,572
2025-2029	16,035,000	5,420,978	21,455,978
2030-2033	15,910,000	1,254,106	17,164,106
Subtotal	44,360,000	15,715,044	60,075,044
Unamortized premium	5,474,689	-	-
<b>Total</b>	<b>\$ 49,834,689</b>	<b>\$ 15,715,044</b>	<b>\$ 60,075,044</b>

### Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$133,000 at June 30, 2019, of which \$66,500 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2019 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,481,904	\$ 5,240,952
Contribution to reserves	3,700,000	1,850,000
Insurance premiums paid	(3,714,256)	(1,857,128)
Claims mitigation and losses incurred	(189,035)	(94,517)
Investment income	221,184	110,592
Actuarial and administrative charges	(27,927)	(13,964)
Ending balance, June 30	<b>\$ 10,471,870</b>	<b>\$ 5,235,935</b>

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 11. Significant Commitments and Contingencies

NVTC and the VRE joint venture have received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on the reporting entities policies and past experience, management believes no refunds would be due in the case of an audit and accordingly no provision has been made in the accompanying financial statements for the refund of grant monies.

#### Governmental activities

Commonwealth of Virginia Grants and local funds are available to finance substantially all of the NVTC contracted services for the projects. Significant NVTC contracts include a sufficiency of funding clause in the event funding becomes unavailable.

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract. Expenditures for jurisdiction grant funded and toll revenue funded projects are recognized when the reimbursement requests are submitted and approved by NVTC.

#### Business-type activities

At June 30, 2019, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with VRE as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2019:

Stations and parking lots	\$	3,979,508
Rolling stock		6,650,353
Maintenance and layover yards		3,302,179
Track and signal improvements		102,601
Other administrative		451,160
<b>Total</b>	<b>\$</b>	<b>14,485,801</b>

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds controls the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state to be remitted.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 12. Interfund Transfers**

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ (429,133)	\$ -	\$ (429,133)
General Fund	-	23,834,997	23,834,997
<b>Total transferred in</b>	<b>\$ (429,133)</b>	<b>\$ 23,834,997</b>	<b>\$ 23,405,864</b>

The transfer from the General Fund to the Commuter Rail Service Fund is for state grant activity in which NVTC serves as grantee on behalf of VRE.

The transfer from the Special Revenue Fund to the General Fund is for NVTC sponsored projects.

**Note 13. Restatement of Beginning Net Position**

The following table shows the change to the beginning net position from the amounts previously reported:

Balance at June 30, 2018, as previously reported	\$ -
Net adjustment for change in method of accounting for toll revenue	12,401,414
Balance at June 30, 2018, as restated	<u>\$ 12,401,414</u>

**Note 14. Pending GASB Statements**

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of NVTC’s financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 will be effective for fiscal years beginning after December 31, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

Management has not yet determined the effect of these statements on its financial statements.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

---

#### Note 15. Subsequent Events

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Simmons Machine Tool Corporation of Albany, New York, to fabricate, manufacture, install and test a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade (LOU) Facility for a total amount not to exceed \$2,540,438, inclusive of contingency.

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing Application. The contract is for one base year and four option years for an estimated cost of \$3,244,972, inclusive of contingency.

In August 2019, VRE was repaid \$1.37 million in Railroad Rehabilitation and Improvement Financing (RRIF) Loan Credit Risk Premium funds. This cost was previously expensed in fiscal year 2013 in accordance with implementation of GASB 65 and was not considered likely to be repaid to VRE. This repayment will be accounted for as an unusual event revenue in fiscal year 2020.

In September 2019, VRE, in collaboration with CSX, completed and placed into service the Slater's Lane Track Crossover project. This project will provide operational flexibility to VRE and other passenger and freight operations. The project will be capitalized in fiscal year 2020.

In September 2019, the VRE Operations Board authorized the Chief Executive Officer to amend the Passenger Tariff to replace the current 5-Day Pass with a 7-Day Pass and the Monthly Pass in VRE Mobile with a 31-Day Pass. The current estimate of the potential impact on annual fare revenue is slightly less than \$500,000 per year.

In September 2019, The VRE Operations Board was asked to authorize the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin (VHB) of Watertown, MA for the Base Task of preliminary engineering and environmental services for the VRE Crystal City Station Improvements Project for a total amount not to exceed \$1,368,716, inclusive of contingency.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION  
JURISDICTION TRUST FUND  
Year Ended June 30, 2019**

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 22,754,531	\$ 38,854,955	\$ 1,983,189	\$ 89,761,212	\$ 1,137,370	\$ -	\$ 154,491,257
Motor Vehicle Fuel Sales Tax	2,916,004	2,566,467	1,257,319	17,667,286	1,261,691	8,766,720	34,435,487
Intergovernmental revenues, grants:							
Commonwealth of Virginia	8,686,091	15,022,999	732,393	33,148,774	420,466	-	58,010,723
Investment income	489,627	391,136	91,538	1,160,437	31,401	631,350	2,795,489
Total additions	<u>34,846,253</u>	<u>56,835,557</u>	<u>4,064,439</u>	<u>141,737,709</u>	<u>2,850,928</u>	<u>9,398,070</u>	<u>249,732,956</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	1,517,859	6,595,861	443,266	-	395,854	-	8,952,840
Project development	-	-	9,619	-	9,385	-	19,004
Metrorail operating	14,686,914	16,449,253	1,295,637	54,191,089	605,912	-	87,228,805
Metrobus operating	13,076,736	15,051,146	784,220	55,089,023	1,090,887	-	85,092,012
Metroaccess operating	491,420	-	299,884	12,961,061	87,393	-	13,839,758
Metro debt service	886,678	-	111,358	5,608,396	178,815	-	6,785,247
Other funds disbursed:							
Other capital disbursements	-	10,694,402	-	312,872	45,074	589,532	11,641,880
Other operating disbursements	-	4,954,905	858,808	6,474,595	-	10,539	12,298,847
Total deductions	<u>30,659,607</u>	<u>53,745,567</u>	<u>3,802,792</u>	<u>134,637,036</u>	<u>2,413,320</u>	<u>600,071</u>	<u>225,858,393</u>
Change in net position	4,186,646	3,089,990	261,647	7,100,673	437,608	8,797,999	23,874,563
Net position held in trust for member jurisdictions:							
Beginning of year	21,827,044	18,230,848	4,476,809	75,071,266	1,207,999	23,685,039	144,499,005
End of year	<u>\$ 26,013,690</u>	<u>\$ 21,320,838</u>	<u>\$ 4,738,456</u>	<u>\$ 82,171,939</u>	<u>\$ 1,645,607</u>	<u>\$ 32,483,038</u>	<u>\$ 168,373,568</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2019**

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 2,479	\$ 2,479	\$ -
Audit and Legal	52,710	52,710	-
Capital outlay	96,748	96,748	-
Commissioners' per diem	13,122	13,122	-
Computer	15,596	15,596	-
Conference and training	18,375	18,375	-
Copier duplicating	11,063	11,063	-
Disability insurance	7,093	7,093	-
Employee group insurance	116,581	110,457	6,124
Employee retirement	140,971	133,952	7,019
Employer payroll taxes	102,088	97,005	5,083
Leave - annual, holiday, and sick	202,827	195,313	7,514
Memberships and subscriptions	1,589	1,589	-
Miscellaneous	11,906	11,906	-
Office supplies	4,135	4,135	-
Office rent	222,830	222,830	-
Insurance and liability bonds	6,426	6,426	-
Parking and Transit	21,157	21,157	-
Postage and shipping	1,364	1,364	-
Consulting, other project costs	3,456,789	264,913	3,191,876
Public information	18,199	18,199	-
Salaries and wages	1,232,906	1,171,545	61,361
State liaison	46,694	46,694	-
Telephone and data	13,621	13,621	-
Travel and meetings	17,352	17,180	172
<b>Total expenditures</b>	<b>\$ 5,834,621</b>	<b>\$ 2,555,472</b>	<b>\$ 3,279,149</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2019**

	<u>Jurisdiction Grants &amp; Projects</u>	<u>NTD</u>	<u>Fare Collection</u>	<u>Route 7</u>	<u>Totals</u>
Revenues:					
Commonwealth of Virginia	\$ 753,085	\$ 193,520	\$ 78,529	\$ 107,494	\$ 1,132,628
Federal	1,856,140	-	-	-	1,856,140
Local	-	-	78,529	107,494	186,023
NVTC match	-	6,947	52,096	45,315	104,358
	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,154</u>	<u>\$ 260,303</u>	<u>\$ 3,279,149</u>
Total revenue					
	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,154</u>	<u>\$ 260,303</u>	<u>\$ 3,279,149</u>
Expenditures:					
Consultants	\$ -	\$ 193,520	\$ 157,060	\$ 214,988	\$ 565,568
Costs incurred	2,609,225	-	17,083	-	2,626,308
Fringe benefits	-	2,053	10,308	13,379	25,740
Salaries and wages	-	4,894	24,572	31,895	61,361
Travel	-	-	132	40	172
	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,155</u>	<u>\$ 260,302</u>	<u>\$ 3,279,149</u>
Total expenditures					
	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,155</u>	<u>\$ 260,302</u>	<u>\$ 3,279,149</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES**  
**SPECIAL REVENUE FUND I-66 TOLL REVENUE**  
Year Ended June 30, 2019

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY2019 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Remaining Balance</u>
Arlington County	Peak Period Service Expansion to Metrobus Route 2S	013-01-020-17	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Arlington County	Peak Period Service Expansion to ART Bus Route 55	013-02-120-17	450,000	-	69,074	69,074	380,926
Arlington County	County Bus Stop Consolidation and Accessibility Improvements	013-03-010-17	462,000	75,104	114,853	189,957	272,043
Arlington County	Multimodal Real-Time Transportation Information	013-04-040-17	250,000	6,509	16,444	22,953	227,047
Arlington County	Expanded TDM Outreach	013-05-030-17	350,000	28,071	234,338	262,409	87,591
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	3,336,836	2,041,068	330,222	2,371,290	965,546
Loudoun County	County Stone Ridge Enhanced Transit	107-01-120-17	1,940,939	1,177,626	345,258	1,522,884	418,055
Loudoun County	County Transportation Demand Management	107-02-030-17	623,000	-	394,059	394,059	228,941
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	-	-	-	500,000
PRTC	Gainesville to Pentagon Commuter Service	664-01-120-17	887,900	-	455,786	455,786	432,114
Subtotal - Fiscal Year 2017 Program			<u>9,800,675</u>	<u>3,328,378</u>	<u>1,960,034</u>	<u>5,288,412</u>	<u>4,512,263</u>
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	-	-	-	3,452,618
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	-	277,142	277,142	1,428,898
PRTC	On-Demand Commuter Lot Shuttles in Prince William County	664-01-18	1,087,796	-	-	-	1,087,796
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	-	-	-	1,065,960
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	-	-	-	965,000
City of Falls Church	Metrobus Route 3T Extension and Service Expansion	610-01-18	845,754	-	211,000	211,000	634,754
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	-	-	-	497,100
Arlington County	I-66 Corridor Intelligent Transportation System Enhancements	013-01-18	400,000	-	-	-	400,000
Arlington County	Traffic Management Center	013-02-18	400,000	-	-	-	400,000
Arlington County	Expanded Transportation Demand Management Outreach to the I-66 Corridor	013-03-18	350,000	-	-	-	350,000
PRTC	Flexible Vanpool Program	664-02-18	317,600	-	-	-	317,600
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	-	-	-	134,200
City of Manassas	Bicycle Parking Improvements at Manassas VRE Station	683-01-18	55,000	-	38,870	38,870	16,130
NVTC	I-66 Commuter Choice Marketing and Outreach	999-01-18	400,000	-	101,207	101,207	298,793
NVTC	Program Administration, Evaluation and Oversight	999-02-18	400,000	-	327,926	327,926	72,074
Subtotal - Fiscal Year 2018 Program			<u>12,077,068</u>	<u>-</u>	<u>956,145</u>	<u>956,145</u>	<u>11,120,923</u>
Total			<u>\$ 21,877,743</u>	<u>\$ 3,328,378</u>	<u>\$ 2,916,179</u>	<u>\$ 6,244,557</u>	<u>\$ 15,633,186</u>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC sponsored projects totaling \$429,133 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2019**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2018	7/26/2017	73018-44	\$ 19,605,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,242,756
Fiscal Year 2018	7/26/2017	73018-45	18,872,150	-	-	-	-	-	17,561,950
Fiscal Year 2018	7/26/2017	73018-46	3,193,863	-	-	-	-	-	2,972,453
Fiscal Year 2018	9/26/2017	73018-47	18,001	-	18,001	18,001	18,001	-	18,001
Fiscal Year 2018	7/26/2017	73018-48	140,250	-	-	-	-	-	105,413
Fiscal Year 2018	7/26/2017	73018-49	875,398	-	-	-	-	-	-
Fiscal Year 2017	12/13/2016	73017-45	19,535,598	-	-	-	-	-	18,044,177
Fiscal Year 2017	12/13/2016	73017-46	13,618,279	-	-	-	-	-	13,196,593
Fiscal Year 2017	12/13/2016	73017-47	1,902,644	-	-	-	-	-	1,842,333
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	17,083	17,083	17,083	-	17,083
Fiscal Year 2016	8/3/2015	73016-57	889,893	-	-	-	-	-	889,893
Fiscal Year 2016	11/30/2015	72513-34	460,561	-	177,813	452,813	452,813	275,000	452,813
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	8,757	243,323	243,323	234,566	494,329
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	-	-	-	-
Fiscal Year 2011	11/30/2015	72511-07	757,000	-	-	-	-	-	399,928
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	1,080	1,080	1,080	-	1,080
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	1,435	1,435	1,435	-	81,071
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	52,135	60,811	60,811	8,676	60,811
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	8,007	8,007	8,007	-	25,040
Fiscal Year 2009	10/1/2010	72509-26	64,750	9,460	43,224	33,764	33,764	-	59,701
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	80,416	80,416	80,416	-	100,320
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	46,266	46,266	-	-	-	59,500
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	6,338	10,017	10,017	3,679	94,675
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	624	1,865	1,865	1,241	42,833
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	8,809	8,809	8,809	-	114,292
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	2,646	2,646	2,646	54,056
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	18,036	48,304	48,304	30,268	48,304

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2019**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital and Operating - WMATA:									
Fiscal Year 2019	12/20/2018	73619-01	\$ 154,273,051	\$ -	\$ 154,273,051	\$ 154,273,051	\$ 154,273,051	\$ -	\$ 154,273,051
Demonstration \ Experimental:									
Fiscal Year 2018									
Rt. 7 Technical	5/25/2018	71318-04	150,000	-	69,048	107,496	107,496	38,448	107,496
Fiscal Year 2015									
Intern Program	10/18/2018	71219-03	40,000		13,377	20,823	20,823	7,446	20,823
Intern Program	11/14/2007	71218-04	40,000	5,457	8,246	2,789	2,789	-	28,058
Fiscal Year 2014									
Fare Collection Tech.	9/2/2014	71315-03	400,000	13,832	81,897	78,533	78,533	10,468	213,677
<b>Total State Assistance - NVTC</b>			<u>240,758,587</u>	<u>75,015</u>	<u>154,933,643</u>	<u>155,471,066</u>	<u>155,471,066</u>	<u>612,438</u>	<u>229,623,260</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2019**

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
<b>Virginia Railway Express</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2015-2018	8/3/2015	50003	\$ 4,634,540	\$ 460,630	\$ 963,830	\$ 503,200	\$ 503,200	\$ -	\$ 4,360,908
Fiscal Year 2016-2020	9/16/2015	50012	12,045,657	2,186,735	2,186,332	2,243,897	2,243,897	2,244,300	7,895,398
Fiscal Year 2016-2020	2/26/2016	50013	16,065,000	75,192	125,080	49,888	49,888	-	12,326,411
Fiscal Year 2017-2018	5/1/2018	50022	4,872,200	3,467,897	3,482,916	15,019	15,019	-	3,482,916
Fiscal Year 2019	8/20/2018	50029	2,730,200	-	870,870	2,478,011	2,478,011	1,607,141	2,478,011
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	-	-	511,315	511,315	511,315	511,315
Fiscal Year 2019	4/2/2019	72519-26	23,483,000	-	-	-	-	-	-
N/A	N/A	73018-67		58,052	-	250,965	250,965	309,017	309,017
N/A	N/A	73018-68		264,103	-	406,596	406,596	670,699	670,699
N/A	N/A	73018-69		28,760	-	(28,760)	(28,760)	-	-
Fiscal Year 2019	9/10/2018	73018-72	582,214	-	77,947	192,529	192,529	114,582	192,529
N/A	N/A	73018-73		-	-	16,162	16,162	16,162	16,162
N/A	N/A	73018-74		16,162	-	43,644	43,644	59,806	59,806
N/A	N/A	73117-62		34,619	-	58,161	58,161	92,780	92,780
N/A	N/A	73017-73		-	-	257,544	257,544	257,544	257,544
Fiscal Year 2019	9/10/2018	73017-74	4,284,000	-	-	-	-	-	-
Fiscal Year 2017	2/5/2018	73017-76	16,800	16,800	16,800	-	-	-	16,800
Fiscal Year 2017	2/5/2018	73017-77	192,000	-	-	79,924	79,924	79,924	127,878
Fiscal Year 2017	9/10/2018	73017-78	309,017	308,820	309,017	136,374	136,374	136,177	445,194
Fiscal Year 2017	2/27/2018	73017-79	311,538	311,536	311,538	2	2	-	311,538
Fiscal Year 2017	2/27/2018	73017-81	64,000	64,400	64,400	7,917	7,917	7,917	72,317
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	-	-	-	-	-
Fiscal Year 2017	9/10/2018	73117-61	436,153	592,627	375,130	1	1	217,498	592,628
Fiscal Year 2016	2/2/2016	72516-07	68,973	4,643	12,081	7,438	7,438	-	68,973
Fiscal Year 2016	10/14/2016	73016-84	867,200	284,358	338,702	54,344	54,344	-	443,234
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	30,435	29,128	4,416	4,416	5,723	276,606
Fiscal Year 2016	10/19/2016	73016-86	304,000	64,404	73,478	50,626	50,626	41,552	233,000
Fiscal Year 2016	2/5/2019	73016-87	464,000	3,994	5,114	21,631	21,631	20,511	25,625
Fiscal Year 2016	2/5/2018	73016-88	120,000	34,492	38,359	4,600	4,600	733	39,092
Fiscal Year 2016	2/5/2018	73016-90	16,000	3,884	3,884	-	-	-	16,000
Fiscal Year 2016	2/5/2018	73016-91	16,000	16,000	16,000	-	-	-	16,000
N/A	N/A	78016-07		-	-	419,458	419,458	419,458	419,458
Fiscal Year 2015	10/14/2016	73015-93	320,000	118,240	146,060	27,820	27,820	-	320,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2019**

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued)									
Fiscal Year 2015	2/29/2016	73015-94	\$ 1,705,189	\$ 6,392	\$ 10,494	\$ 9,720	\$ 9,720	\$ 5,618	\$ 1,473,684
Fiscal Year 2015	2/8/2016	73015-95	840,000	92,141	60,987	54,056	54,056	85,210	379,357
Fiscal Year 2015	10/14/2016	73015-96	64,000	-	-	9,252	9,252	9,252	9,252
Fiscal Year 2015	10/14/2016	73015-98	879,572	6,757	10,203	55,568	55,568	52,122	362,641
Fiscal Year 2019	9/10/2018	73115-72	2,720,428	-	-	-	-	-	-
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2014	10/14/2016	73014-76	539,000	109,167	109,167	-	-	-	539,000
Fiscal Year 2013	1/6/2014	72513-12	400,000	13,148	14,935	20,923	20,923	19,136	85,036
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	4,266	4,493	227	227	-	9,968,133
Fiscal Year 2011	1/6/2014	72510-67	300,000	4,882	4,882	-	-	-	255,251
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	36,098	-	122,600	122,600	158,698	341,749
Operating:									
Fiscal Year 2019	8/20/2018	72019-26	9,978,879	-	9,978,879	9,978,879	9,978,879	-	9,978,879
Rail Enhancement Fund:									
Potomac Shores	N/A	76517-01	-	342,213	-	140,947	140,947	483,160	483,160
Third Track Spotsylvani	5/10/2013	76513-11	13,856,292	172,119	180,933	8,814	8,814	-	13,356,931
Gainsville-Haymarket	5/10/2013	76509-02	2,785,714	576,872	834,428	574,148	574,148	316,592	2,563,253
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	13,717	-	77,180	77,180	90,896	77,180
<b>Total State Assistance - VRE</b>			<u>127,078,406</u>	<u>9,824,555</u>	<u>20,656,067</u>	<u>18,865,036</u>	<u>18,865,036</u>	<u>8,033,523</u>	<u>75,951,345</u>
<b>Total State Assistance - NVTC and VRE</b>			<u>\$ 367,836,993</u>	<u>\$ 9,899,570</u>	<u>\$ 175,589,710</u>	<u>\$ 174,336,102</u>	<u>\$ 174,336,102</u>	<u>\$ 8,645,961</u>	<u>\$ 305,574,605</u>

\*N/A indicates contract not executed as of June 30, 2019.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2019**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
------------------------------------	------------------	-----------------	----------------	---	------------------	-----------------------	--------------	---	----------------------------

**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)**

**Virginia Department of Rail and Public Transportation (DRPT)**

Capital:

Fiscal Year 2019

Arlington County	11/8/2018	73019-32	\$ 306,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	11/8/2018	73019-33	5,962,928	-	-	-	-	-	-
Arlington County	11/8/2018	73019-34	1,020,000	-	-	-	-	-	-
Arlington County	11/8/2018	73019-35	148,000	-	13,789	33,019	33,019	19,230	33,019
Arlington County	11/8/2018	73019-36	190,000	-	-	12,820	12,820	12,820	12,820
Arlington County	11/8/2018	73019-37	126,310	-	-	-	-	-	-
City of Alexandria	6/20/2019	73019-38	2,635,680	-	-	1,575,322	1,575,322	1,575,322	1,575,322
City of Alexandria	1/28/2019	73019-39	34,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-40	15,300	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-41	2,210,000	-	59,057	59,057	59,057	-	59,057
Fairfax County	10/14/2018	73019-44	408,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-45	76,500	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-46	102,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-

Fiscal Year 2018

Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-51	504,560	-	215,095	232,516	232,516	17,421	232,516
Arlington County	9/19/2017	73018-52	2,090,507	2,090,507	2,090,507	-	-	-	2,090,507
Arlington County	9/19/2017	73018-53	974,212	-	-	-	-	-	-
Arlington County	9/19/2017	73018-54	979,880	32,407	77,706	55,141	55,141	9,842	87,548
Arlington County	5/1/2018	73118-13	6,970,000	-	6,970,000	6,970,000	6,970,000	-	6,970,000
City of Alexandria	11/29/2017	73018-55	2,652,000	-	-	2,520,515	2,520,515	2,520,515	2,520,515
City of Alexandria	11/29/2017	73018-56	42,500	-	15,634	15,634	15,634	-	15,634
Fairfax County	12/14/2017	73018-60	8,500,000	-	5,946,998	6,177,379	6,177,379	230,381	6,177,379
Fairfax County	12/14/2017	73018-61	4,760,000	-	4,526,666	4,529,919	4,529,919	3,253	4,529,919
Fairfax County	12/14/2017	73018-62	21,250	-	-	12,196	12,196	12,196	12,196
Fairfax County	12/14/2017	73018-63	76,500	-	27,210	54,053	54,053	26,843	75,586
Fairfax County	12/14/2017	73018-64	2,305,200	-	166,272	218,086	218,086	51,814	260,307
Fairfax County	12/14/2017	73018-65	748,000	-	142,872	253,321	253,321	110,449	253,321
Fairfax County	12/14/2017	73018-66	4,000,000	-	-	-	-	-	-

Fiscal Year 2017

Arlington County	10/26/2016	73017-51	228,100	16,869	93,935	77,066	77,066	-	228,100
Arlington County	10/26/2016	73017-52	547,400	113,674	172,161	58,487	58,487	-	547,400

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2019**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
------------------------------------	------------------	-----------------	----------------	---	------------------	-----------------------	--------------	---	----------------------------

**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)**

**Virginia Department of Rail and Public Transportation (DRPT) (continued)**

Capital (continued):

Fiscal Year 2017 (continued)

Arlington County	10/26/2016	73017-53	\$ 174,250	\$ -	\$ 46,245	\$ 46,245	\$ 46,245	\$ -	\$ 46,245
Arlington County	10/26/2016	73017-54	1,387,200	152,154	205,506	181,289	181,289	127,937	495,174
Arlington County	10/26/2016	73017-55	12,750	-	78	78	78	-	296
Arlington County	10/26/2016	73017-56	8,500	890	890	-	-	-	8,500
Arlington County	10/26/2016	73017-57	172,380	-	-	-	-	-	445
Arlington County	10/26/2016	73017-58	2,210,000	-	125,698	125,698	125,698	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
City of Alexandria	6/22/2018	72517-10	409,901	-	-	-	-	-	-
City of Alexandria	10/14/2016	73017-60	2,652,000	-	2,577,023	2,577,023	2,577,023	-	2,577,023
Fairfax County	10/14/2016	73017-61	4,182,000	-	4,181,232	4,182,000	4,182,000	768	4,182,000
Fairfax County	10/14/2016	73017-62	612,000	-	82,601	82,601	82,601	-	124,734
Fairfax County	10/14/2016	73017-63	680,000	-	670,222	673,706	673,706	3,484	673,706
Fairfax County	10/14/2016	73017-64	124,100	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-65	306,000	-	21,114	21,114	21,114	-	305,981
Fairfax County	10/14/2016	73017-69	340,000	-	130,429	130,429	130,429	-	340,000
Fairfax County	10/14/2016	73017-70	2,176,000	-	-	-	-	-	2,124,186
Fairfax County	10/14/2016	73017-72	680,000	-	-	-	-	-	343,582
City of Alexandria	6/20/2017	73117-58	204,000	-	-	-	-	-	60,480

Fiscal Year 2016

Arlington County	10/19/2015	73016-61	1,734,000	-	6,062	10,025	10,025	3,963	27,700
Arlington County	10/19/2015	73016-62	46,410	13,176	13,176	-	-	-	46,410
City of Alexandria	11/2/2015	73016-68	1,836,000	-	1,836,000	1,836,000	1,836,000	-	1,836,000
City of Alexandria	11/2/2015	73016-70	816,000	-	298,644	298,644	298,644	-	298,644
Fairfax County	9/24/2015	73016-73	1,870,000	-	1,137,304	1,166,487	1,166,487	29,183	1,727,935
Fairfax County	9/24/2015	73016-74	2,040,000	-	621,288	733,838	733,838	112,550	1,589,108
Fairfax County	9/24/2015	73016-75	408,000	-	151,267	158,402	158,402	7,135	309,513
Fairfax County	9/24/2015	73016-76	1,870,000	-	1,147,227	1,155,863	1,155,863	8,636	1,914,804
Fairfax County	9/24/2015	73016-77	850,000	-	-	-	-	-	224,534
Fairfax County	4/22/2016	73116-62	3,400,000	-	-	-	-	-	3,092,235

Fiscal Year 2015

Arlington County	9/12/2014	73015-56	538,220	13,856	16,276	2,420	2,420	-	29,168
Arlington County	9/12/2014	73015-57	17,000	-	2,282	2,282	2,282	-	9,813

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**

Year Ended June 30, 2019

<u>Grant / Contracted Jurisdiction</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2015 (continued)									
City of Falls Church	11/21/2014	73015-73	\$ 239,700	\$ -	\$ 45,074	\$ 45,074	\$ 45,074	\$ -	\$ 225,721
Fiscal Year 2014									
Arlington County	1/8/2014	73014-47	357,500	46,188	46,188	-	-	-	324,905
Operating									
Arlington County	11/8/2018	72019-22	3,645,029	-	3,645,029	3,645,029	3,645,029	-	3,645,029
City of Alexandria	2/6/2019	72019-23	3,883,069	-	3,883,069	3,883,069	3,883,069	-	3,883,069
City of Fairfax	10/18/2018	72019-24	817,039	-	817,039	817,039	817,039	-	817,039
Fairfax County	12/14/2018	72019-25	15,398,399	-	15,398,399	15,398,399	15,398,399	-	15,398,399
<b>Total State Assistance - Jurisdiction Trust Fund</b>			<b>\$ 108,137,729</b>	<b>\$ 2,479,721</b>	<b>\$ 57,623,264</b>	<b>\$ 60,027,285</b>	<b>\$ 60,027,285</b>	<b>\$ 4,883,742</b>	<b>\$ 73,010,566</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/19</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ -	\$ 973,294	\$ 973,294	\$ 973,294	\$ 2,038,265
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	454,250	454,250	454,250	-	2,053,962
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	10,583	10,583	10,583	193,403
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	5,738	5,738	5,738	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	-	25,351	40,067	40,067	14,716	751,928
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	169,783	169,783	169,783	-	507,026
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	36,350	36,350	36,350	-	104,478
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	38,340	38,340	38,340	-	658,856
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	127,735	127,735	127,735	-	1,416,342
<b>Total Federal Assistance - NVTC</b>			<b>\$ 16,972,708</b>	<b>\$ -</b>	<b>\$ 857,547</b>	<b>\$ 1,856,140</b>	<b>\$ 1,856,140</b>	<b>\$ 998,593</b>	<b>\$ 8,513,250</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2019**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019**

<b>Federal Grantor / Program Title</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 40,067	\$ 40,067
VA 03-0117	20.500	127,735	127,735
VA 04-0022	20.500	10,583	10,583
VA 04-0024	20.500	5,738	5,738
VA 04-0033	20.500	169,783	169,783
VA 04-0048	20.500	36,350	36,350
Total Federal Capital Investment Grants		<u>390,256</u>	<u>390,256</u>
Federal Transit Formula Grants:			
VA 95-0082	20.507	973,294	973,294
VA 95-0106	20.507	454,250	454,250
Total Federal Transit Formula Grants		<u>1,427,544</u>	<u>1,427,544</u>
Total Federal Transit Cluster		<u>1,817,800</u>	<u>1,817,800</u>
Alternatives Analysis Funding:			
VA 39-0004	20.522	38,340	38,340
Total Alternatives Analysis Funding		<u>38,340</u>	<u>38,340</u>
Total Department of Transportation		<u>1,856,140</u>	<u>1,856,140</u>
Total Expenditures of Federal Awards		<u>\$ 1,856,140</u>	<u>\$ 1,856,140</u>

*The accompanying notes are an integral part of this financial statement.*

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

---

### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

*Major Programs* – The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with the Uniform Guidance.

*Catalog of Federal Domestic Assistance* – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying Schedule.

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following cluster is administered by NVTC: Federal Transit Cluster.

### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule 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 as to reimbursement.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

---

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

For fiscal year 2019, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$787,557 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

#### **Note 3. Indirect Cost Rate**

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



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 22, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 22, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

**Report on Compliance for Each Major Federal Program**

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2019. The Commission's major federal programs are 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 Commission's major federal programs 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Commission 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 programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

Management of the Commission 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 Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with 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 Commission'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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 22, 2019

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2019**

---

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	<u>  √  </u> No
Significant deficiencies identified?	_____ Yes	<u>  √  </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	<u>  √  </u> No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	_____ Yes	<u>  √  </u> No
Significant deficiencies identified?	_____ Yes	<u>  √  </u> 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 section 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      √   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Federal Transit Cluster:	
20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

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

Auditee qualified as low-risk auditee?   √   Yes    \_\_\_\_\_ No

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2019**

---

There were no audit findings reported in the prior year's single audit.