

Combined
Blue Items/Handouts
for
December 4, 2025
NVTC Executive Committee
Meeting

AGENDA ITEM #4 NVTC's FY 2025 Audited Financial and Compliance Reports

*Changes to original memo are
shown italicized and bolded in red.*

TO: Chair Snyder and NVTC Commissioners
FROM: Kate Mattice, Scott Kalkwarf and Colethia Quarles
DATE: December 4, 2025
SUBJECT: NVTC's FY 2025 Audited Financial and Compliance Reports, and ***Separately Issued Single Audit and Compliance Reports***

At the December meeting, NVTC's auditor, PBMares, will present the results of the FY 2025 audit and the Commission will be asked to accept and authorize distribution of the FY 2025 Audited Financial Statements and Compliance Reports ***and the separately issued Single Audit and Compliance Reports.***

A. Report from NVTC's Auditors

Representatives from PBMares will meet with the Executive Committee (serving as the Audit Committee) prior to the Commission meeting and will then make a presentation to the full Commission to describe the results of their annual audit.

NVTC's audit firm, PBMares, LLP, issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly present the financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information, and changes in financial position of NVTC. PBMares also issued a clean report on the internal control of NVTC's financial reporting, compliance and other matters.

Because NVTC received more than \$750,000 in federal assistance during FY 2025, PBMares is also performing a Single Audit and will issue a report on the compliance with the requirements of each federal program, and internal control over compliance related to those federal funds. The Single Audit and related report cannot be finalized at this time because the 2025 Compliance Supplement, which is required to be followed in performing a Single Audit, has not yet been released as final by the Office of Management and Budget. Once released, PBMares will finalize the audit and issue a separate Single Audit report, which will be brought to the Commission for acceptance and authorization to distribute. ***The Compliance Supplement was recently released, and PBMares was able to finalize the audit and issue the separate Single Audit and Compliance reports dated December 3, 2025.***

B. ACTION: Accept and Authorize Distribution of NVTC's FY 2025 Audited Financial and Compliance Reports, *and Separately Issued Single Audit and Compliance Reports*

Following the report from the auditors, the Commission will be asked to accept the [FY 2025 Audited Financial and Compliance Reports](#), ***and separately issued Single Audit and***

Compliance Reports and to authorize staff to release the information to the member jurisdictions, regulatory agencies and the public.

Northern Virginia Transportation Commission

Single Audit and Compliance Reports

Year Ended June 30, 2025



ASSURANCE, TAX & ADVISORY SERVICES

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

<u>Federal Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Transportation:			
Direct Payments:			
Federal Transit Cluster:			
Federal Transit Formula Grants:			
VA-04-0022	✔ 20.500	\$ 91,067	\$ 91,067
VA-04-0033	✔ 20.500	671,121	671,121
VA-04-0048	✔ 20.500	116,849	116,849
Total Federal Transit Formula Grants		<u>879,037</u>	<u>879,037</u>
Total Federal Transit Cluster		<u>879,037</u>	<u>879,037</u>
Community Project Funding Congressionally Directed Spending:			
VA-2025-012	✔ 20.534	-	<u>82,114</u>
Total Department of Transportation		<u>879,037</u>	<u>961,151</u>
Total Expenditures of Federal Awards		<u>\$ 879,037</u>	<u>\$ 961,151</u>

The accompanying note is 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, 2025. 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.

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.

Federal Assistance Listing – The Federal Assistance Listing is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (Federal Assistance Listing 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 2025, 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, \$735,581 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 (*Government Auditing Standards*); 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 aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2025, 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 20, 2025.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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 20, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2025. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated November 20, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PBMares, LLP

Harrisonburg, Virginia
December 3, 2025

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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:

Federal Assistance Listing Number	Name of Federal Program or Cluster
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Federal Transit Cluster: 20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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, 2025

There was no single audit.



NVTC EXECUTIVE COMMITTEE

Chair, David Snyder
 Vice-Chair, Sarah Bagley
 Secretary-Treasurer, Matt Letourneau
 Legislative & Policy Committee Chair, Canek Aguirre
 Program Advisory Committee Chair, Dalia Palchik
 General Assembly Member, Adam Ebbin
 Immediate Past Chair and WMATA Committee Chair,
 Matt de Ferranti

Non-Voting Members:
 WMATA Principal Member, Paul Smedberg
 (Commonwealth Appointee)
 WMATA Principal Member, Walter Alcorn
 (NVTC Appointee)

NVTC WMATA COMMITTEE

Chair, WMATA Alternate Member, Matt de Ferranti
 WMATA Principal Member, Walter Alcorn
 WMATA Principal Member, Paul Smedberg
 WMATA Alternate Member, Canek Aguirre

Commission Members:
 (drawn from member jurisdictions in a representative manner)
 City of Falls Church, David Snyder
 Loudoun County, Matt Letourneau

NVTC LEGISLATIVE AND POLICY COMMITTEE

Chair, Canek Aguirre

Commission Members:
 (drawn from member jurisdictions in a representative manner)
 Arlington County, Maureen Coffey
 City of Falls Church, David Snyder
 Fairfax County, James Bierman
 City of Fairfax, Catherine Read
 Loudoun County, Matt Letourneau

Non-Voting Member:
 General Assembly Member, Adam Ebbin

NVTC PROGRAM ADVISORY COMMITTEE

Chair, Dalia Palchik

Commission Members:
 (drawn from member jurisdictions in a representative manner)
 City of Alexandria, Sarah Bagley
 Arlington County, Maureen Coffey
 City of Falls Church, David Snyder
 Loudoun County, Juli Briskman

NVTC'S WMATA BOARD OF DIRECTORS

Principals:	Alternates:
Paul Smedberg (Commonwealth Appointee) Term expires 01-05-2026	Matt de Ferranti Term expires 01-04-2028
Walter Alcorn (NVTC Appointee) Term expires 01-05-2029	Canek Aguirre Term expires 01-05-2027

NVTC'S VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD (provided by localities)

Principals:	Alternates:
<u>Fairfax County:</u> Daniel G. Storck (vacant)	<u>Fairfax County:</u> James Bierman
<u>City of Alexandria:</u> Sarah Bagley	<u>City of Alexandria:</u> Canek Aguirre
<u>Arlington County:</u> Takis Karantonis	<u>Arlington County:</u> Maureen Coffey

NVTC'S VIRGINIA TRANSIT ASSOCIATION BOARD OF DIRECTORS

Principals:	Alternates:
David Snyder Kate Mattice	Canek Aguirre Sarah Bagley