**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

**M E M O R A N D U M**

**TO:** Chairman Martin E. Nohe and Members

Northern Virginia Transportation Authority

**FROM:** Mayor Rishell, Vice Chair, NVTA Finance Committee

**SUBJECT:** Fiscal Year 2018 Financial and Compliance Audit Reports

**DATE:** November 2, 2018

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1. **Purpose.** To seek the Northern Virginia Transportation Authority (NVTA) acceptance of the FY2018 Financial and Compliance Audit Reports, as recommended by the Finance Committee.
2. **Suggested motion.** *I move the Authority acceptance of the Northern Virginia Transportation Authority Financial and Compliance Audit Reports for the fiscal year ended June 30, 2018 (Attached).*
3. **Background.** 
   1. As a political subdivision of the Commonwealth of Virginia, the Authority is required to complete an annual audit of its financial activities for each fiscal year following standards 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.
   2. The Authority contracted with an independent, external, licensed certified public accounting firm; PBMares, LLP to complete the required audit of the FY2018 financial reports.
   3. PBMares, LLP, through one of the firm’s partners, Mr. Michael Garber, CPA, MBA presented the FY2018 audited financial statements and reports to the Authority Finance Committee on October 18, 2018. The Finance Committee serves as the Authority’s Audit Committee.
   4. The Authority’s FY2018 Financial and Compliance Reports received an unmodified (clean) audit opinion. This opinion reflects that the Authority’s financial statements, in all material respects, fairly and accurately present the financial position of the Authority for FY2018.
   5. The auditors made two recommendations in their management letter which are agreed to by NVTA management.
      1. Recommendation to implement procedures to monitor and update rating risk within the Authority’s growing investment portfolio. In response to this recommendation, the Finance Committee recommends Authority approval of a FY2019 budget transfer to obtain investment monitoring subscriptions services as noted in an upcoming agenda action item.
      2. Recommendation to continue to work with the Authority’s investment custody service provider to avoid investment classification errors by the outside contract custodian bank. In response to this recommendation Authority staff are evaluating the annual renewal of this service with the current provider.

**Attachments:**

* Northern Virginia Transportation Authority, Financial and Compliance Reports, Year Ended June 30, 2018
* The FY2018 Audit Reports will be available at <http://thenovaauthority.org/funding/audited-financial-statements-adopted-budgets/> shortly after acceptance.