



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, October 19, 2017 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

I. Call to Order/Welcome Chairman Parrish

II. Summary Minutes of the September 21, 2017 Meeting
Recommended action: Approval [with abstentions from those who were not present]

Presentation

III. FY2017 Audit Presentation Mr. Michael Garber, PBMares, LLP

Action Items

IV. FY2017 Financial and Compliance Audit Reports Mr. Longhi, CFO
Recommended Action: Recommend Authority Acceptance of Audit Reports

Information/Discussion Items

V. Investment Portfolio Report Mr. Longhi, CFO

VI. Monthly Revenue Report Mr. Longhi, CFO

VII. Operating Budget Report Mr. Longhi, CFO

VIII. Financial Activities (Verbal Report) Mr. Longhi, CFO

Adjournment

IX. Adjournment

Next Meeting: November 16, 2017 1:00PM
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, September 21, 2017 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Chairman Parrish

- Chairman Parrish called the meeting to order at 1:00pm.
- Attendees:
 - ✓ Members: Chairman Parrish; Mayor Rishell; Chairman Bulova; Chair Randall.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Carl Hampton (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County).
 - ✓ Other Attendees: Noelle Dominguez (Fairfax County); Pierre Holloman (Alexandria); Brittany Martin (Prince William); JoAnne Carter (PFM); Kristie Choi (PFM).
- Mayor Parrish shared his excitement about the NVTa's potential to make a real difference in Northern Virginia.

II. Summary Minutes of the May 18, 2017 Meeting

- Mayor Rishell moved approval of the minutes of May 18, 2017; seconded by Chairman Bulova. Motion carried unanimously.

Action Items

III. Revenue Projections FY2018 through FY2023

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the revenue projections for FY2018-23, noting that this is the first part of a multi-step process to determine the amount of pay-go funding the Authority will have to fund projects over the next six years. He stated that the revenue projections are fundamentally conservative and are based on projections from the jurisdictions for the three revenue sources. The jurisdictional projections are then reviewed and additional inquiries made to ensure accuracy. Mr. Longhi noted that during the process this year, NVTa staff had questions, but made no changes to the revenue projections provided by the jurisdictions. Once compiled, the complete set of revenue estimates is resent to the jurisdictions so that they can all see the region wide estimates. Mr. Longhi stated that the projections for FY2018-23 are just over \$2 billion in total

income, resulting in \$1.4 billion for 70% and \$626 million for 30% distributions. He noted the individual tax lines have growth rates that vary by jurisdiction by tax. Mr. Longhi stated these revenue estimates are the basis for determining the Pay-Go funds available for the Six Year Program (SYP). He noted that moving from revenue estimates to PayGo requires 11 additional steps adding that factors under review are the de-allocation of funds from the I-66/Route 28 Interchange Project and the tapering of allocated funds in the last three years of the SYP.

- Ms. Backmon stated that Chairman Nohe had requested the de-allocation of the I-66/Route 28 Interchange Project funds be included on the agenda for the October Authority meeting.
- Chairman Bulova moved the Finance Committee recommend to the Authority adoption of the proposed FY2018-2023 revenue projections; seconded by Mayor Rishell.
- A brief discussion followed regarding protecting NVTa funds from being diverted by the General Assembly to WMATA. It was suggested a policy position may be needed to protect NVTa funds. Concerns were expressed regarding “opening” the Authority’s enabling legislation. Ms. Backmon noted discussions are beginning with the Governance and Personnel Committee (GPC) regarding the Authority’s 2018 Legislative Program. It was stated that under current legislation, any diversion of NVTa funds to a non-transportation purpose activates the “kill-switch” and HB 2313 would be automatically repealed. Use of these funds for transportation purposes other than those designated in the legislation would require “opening” the legislation. It was suggested that based on the financial challenges faced by the State, both in resolving the fiscal cliff issue for transit funding and WMATA funding, there will be further discussions regarding HB 2313 funds. It was noted that some WMATA funding, in terms of capital projects would qualify for existing HB 2313 funds.
- Mr. Longhi noted that the NVTa is receiving inquiries regarding the balance of funds being held by the Authority. He stated that all NVTa funds have been allocated to projects and completing these projects takes time. Additionally, the SYP will forward allocate resources for projects, therefore, while funding balances are high, all dollars are allocated.
- Mr. Longhi noted that the conservative process for estimating revenue and determining PayGo is designed to ensure the SYP does not have to be modified for financial reasons, noting the difficulty of such changes for a regional body approving regional projects. He further noted that the process is also designed to cement the Authority’s reputation as a reliable funding source when project sponsors use the SYP to seek matching funds for their projects from other sources.
- Chairman Parrish suggested that this information should be shared with the Authority at the October meeting.
- Motion carried unanimously.

IV. Financial Advisor Service Agreement

Mr. Longhi, CFO

- Mr. Longhi presented the proposed Financial Advisor Service agreement to the Committee. He noted that the Authority had previously ridden on a contract between PFM Advisors, LLC (PFM) and Prince William County (PWC).
- This contract ended in 2017, requiring NVTa to procure a new service agreement. However, PWC lead a joint procurement which included the Potomac and Rappahannock Transportation Commission (PRTC), the Virginia Railway Express (VRE), and the NVTa. PWC leading this effort saved NVTa considerable administrative time and resources.
- Mr. Longhi stated that under a joint procurement, each participant can choose different firms and execute separate contracts. In this procurement, all participants chose PFM. As part of the procurement and in compliance with the Authority's Debt Policy, the NVTa underwent a consulting process with the debt managers from several of the member jurisdictions. Mr. Longhi concluded that after negotiations, the Authority has a strong agreement that will retain PFM as its financial advisor for as long as one plus nine years.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the proposed Financial Advisor Contract with PFM Financial Advisors, LLC (PFM); seconded by Chair Randall. Motion carried unanimously.
- Chairman Parrish thanked PFM for their service. Joanne Carter of PFM thanked the Committee for the opportunity to serve.

V. Graphic Design and Printing Service Agreement

Mr. Longhi, CFO

- Mr. Longhi informed the Committee of the need to undertake a formal procurement for graphic design and printing contract. He noted that as part of the FY2018 Operating Budget, the Authority approved a supplement to the Annual Report. That supplement, along with general cost increases in the production of the Annual Report, elevates the cost level of this procurement to require a formal procurement. In an effort to meet Authority procurement policies and maintain efficiency, an opportunity was found to ride a Fairfax County contract for these services. The terms and pricing structure under this contract are beneficial to the Authority. Mr. Longhi concluded that this is not a budget item, just a new procurement to support the existing budget.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the proposed Graphic Design and Printing Service Agreement and authorize the Chief Financial Officer to sign acceptance of the cost proposal from HBP, Inc.; seconded by Mayor Rishell. Motion carried unanimously.

VI. TransAction Update (RFP #2015-01) Contract Amendment 2

Mr. Longhi, CFO

- Mr. Longhi explained to the Committee the need to do a second amendment to the TransAction Update contract. He stated this is due to the need to do a Congestion

Reduction Relative to Cost (CRRC) analysis on a potentially large number of projects to be submitted for SYP funding consideration. While the Authority has the staff skills, it does not have the technical ability to do these evaluations. Mr. Longhi stated that this proposal is a challenge as it is difficult to determine the cost without knowing how many projects will need to be evaluated. He added that the contract amendment has been developed so as to not exceed \$160,000.

- Mr. Longhi noted the TransAction Subcommittee, comprised of NVTa staff and members of the jurisdictions and agencies, has done a really good job of managing this complicated contract. He noted that there are sufficient contingencies and reserves to cover this contract amendment. As there is no budget impact, this is just a request to authorize to the contract amendment.
- Chairman Parrish asked for clarification on the need for the CRRC analysis. Mr. Longhi responded.
- Ms. Backmon stated that each project evaluated for inclusion in the FY 2018-2023 Six Year Program, must undergo the CRRC analysis. She noted that one of the HB 599 performance measures which was incorporated into TransAction, is used to conduct the CRRC evaluation.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the attached TransAction Update Contract – Amendment 2 (RFP 2015-01); seconded by Chair Randall. Motion carried unanimously.

VII. Bond Counsel Service Agreement Extension

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the Bond Counsel Service Agreement Extension with McGuireWoods. He noted that in addition to the extension, the agreement was also updated to include possible non HB 2313 sources of revenue.
- Mayor Rishell moved the Finance Committee recommend to the Authority, approval of the proposed Bond Counsel Service Agreement with McGuireWoods, LLP; seconded by Chairman Bulova. Motion carried unanimously.

Information/Discussion Items

VIII. Funding The Six Year Program (Presentation/Discussion)

Mr. Longhi, CFO

- Mr. Longhi presented Funding the Six Year Program (SYP) to the Committee. He stated that this will be a three step process, beginning with the collaborative regional revenue estimates, followed by the current discussion of funding plan considerations and ultimately funding recommendations. He highlighted:
 - ✓ Each fiscal year of the SYP requires budget appropriation.
 - ✓ Member jurisdictions and agencies may change their planning and funding priorities over time.

- ✓ Changes to a regional body's capital program with regionally approved projects will present unique challenges, therefore, the goal is to build a conservative and flexible plan.
- ✓ The SYP will cement the NVTa's reputation for reliable future funding.
- ✓ First SYP will cover FY2018-23, with updates every two years.
- ✓ Prior to future updates, revenue estimates will be updated, and debt capacity and out year PayGo taper percentages will be assessed.
- ✓ While a taper percentage has not been set yet, jurisdictions have indicated agreement that such an approach is prudent.
- Ms. Backmon added that the NVTa is planning to update the SYP every two years to synchronize our funding cycle with the Commonwealth's Smart Scale process.
- A question was raised as to how the taper, essentially underspending in the out years, will affect the concern regarding the NVTa's growing cash balance. Mr. Longhi responded that the out years funds will only be projections at that time, as we will not receive those funds until the appropriated fiscal year.
- Mr. Longhi stated that based on SYP project selection by June 2018, conservative revenue estimates, current reserves, and a flexible balance sheet, NVTa staff recommends allocating 100% of PayGo funds for FY2018-20. In FY2021-23, NVTa staff recommends purposefully underspending by a set percentage (the 'taper'). He noted that subsequent SYPs will be programmed with tapers and will be consistent with the first plan. Mr. Longhi stated that no new reserves will be established.
- Mr. Longhi reviewed the SYP funding considerations.
 - ✓ Taper percentage will be based on prudent maximization of PayGo, prior economic trajectories, future economic trajectories and mega projects in the pipeline. It was noted that a key consideration of the plan is that the Authority does not really know what projects will be in the pipeline.
 - ✓ The I-66/Rt. 28 Interchange project that will be constructed as part of the Commonwealth's Transform 66 Outside the Beltway Project, currently has \$300 million of NVTa funds allocated, which if used, would impact the Authority's debt service over the next 20 years. It was noted the Authority cannot reallocate these funds until they are de-allocated from this project.
- Mr. Longhi briefed the Committee on the funding strategies.
 - ✓ Prudently maximize the use of PayGo funds.
 - ✓ Taper years 4, 5, 6, which facilitates future debt financing options and provides additional allocation opportunities in out years.
 - ✓ Additionally the taper provides:
 - Flexibility for economic downturns.
 - Transition to next TransAction update, adoption 2022.
 - Bi-annual SYP updates.
 - Mega projects which might require debt service.
 - ✓ Debt service obligations have first priority on PayGo funds.
 - ✓ Impact of debt service increases on future PayGo levels must be considered.
 - ✓ Debt financing must be used within the constraints of maintaining AA+ ratings.
 - ✓ Debt strategies include long term bonds, short term bonds and interim to permanent strategies.

- ✓ Debt financing is best used when project utility is an immediate need and a project is ready to advance in all material phases; and/or project cost will absorb a disproportionate amount of PayGo if solely cash financed.
- ✓ The level of Authority appropriated, yet unexpended, project balances will inform decisions to utilize debt.
- ✓ Funding utilization will be examined on a project sponsor and project basis.
- ✓ Analysis of the IRS requirements for tax exempt purposes and spend down will be considered as part of any debt utilization decision. It was noted that the Authority had to reorganize the projects in its 1st bond issuance due to money lack of spend down in relation to IRS requirements.
- Mr. Longhi stated that next steps include:
 - ✓ Revenue estimates acceptance and Authority approval.
 - ✓ Discussions on funding strategy guidance.
 - ✓ Fine tuning the taper percentages and PayGo calculations.
- In regard to an inquiry, Mr. Longhi stated that a good funding strategy would be to fund preliminary phases of a very large project with PayGo and consider using debt financing for the later (construction) phases of a project, if necessary. He added that the debt financing would then be built into the outer years of the SYP.
- In response to a question regarding removing a project from the SYP, Mr. Longhi responded that the Authority would need to take action to remove a project from the SYP. Those resources would then become available for future project allocations. A brief conversation followed regarding project removal from the Authority Programs.
- Chairman Parrish asked for clarification regarding disclosure of additional funding sources in the NVTa project application process. Mr. Longhi responded that this is fundamentally important to the SYP, to ensure funding partners are known to order to understand the complete funding picture in terms of partnerships and timing.
- Ms. Backmon added that there will be an extensive application process for the SYP, including the reporting of additional revenue sources on the project, in what fiscal year and for what phase. This will provide a realistic picture of other revenue sources previously committed to a project seeking funding through the SYP. She reiterated that the hope is that with the development of the NVTa's first SYP, jurisdictions and agencies will request NVTa funds in the years they are truly needed, not money bank projects.
- Mr. Longhi stated that the NVTa staff funding recommendation for the SYP will prepare for a variety of contingencies.
- It was discussed that the PayGo recommendation and SYP program funding should be undertaken after the 'Call for Projects' period has closed, thus providing a suitable time for analysis. An expectation that this work would be completed in Spring of 2018 was agreed.
- The importance of coordination with the public comment period was also noted.

IX. Investment Portfolio Report

Mr. Longhi, CFO

- Mr. Longhi presented the Investment Portfolio Report to the Committee, sharing the required reports on investment activities and noting that these set a model for future investment reports to the Committee. He stated that the investment core philosophy is to invest on the basis of safety, liquidity and then yield.
- Mr. Longhi presented the highlights of the report.
 - ✓ Safety is reflected in the composition of the portfolio and shows investment diversification being higher yield than the previous year.
 - ✓ Liquidity is reflected in the portfolio's duration/maturity schedule. Liquidity has been reduced, but is based on project reimbursement needs.
 - ✓ Yield on the portfolio at the end of FY2017 was 1.20%, with a fiscal year average rate of return of 0.74%. Earnings benchmarks are set in Authority's investment policy to provide performance measures.
 - ✓ Authority investment policy is conservative and there is no pressure to make a specific interest number.
- Mr. Longhi reviewed the fiscal implications of the investment portfolio.
 - ✓ FY2017 investment performance will result in \$5.4 million in revenue.
 - ✓ Reported FY2017 revenues are \$4.05 million after mark to market accounting adjustments required by financial reporting standards.
- In response to a question about the meaning of mark to market, Mr. Longhi explained that securities are valued at a point in time. When securities are purchased in an increasing interest rate environment, the interest rates locked into at purchase become less valuable. This loss of value must be taken off the reported interest earnings, through the mark to market process. He further explained that since the securities will be not sold, while the mark to market needs to be shown for reporting purposes, the interest earnings will not be lost.
- The Authority purchases securities based on "hold until maturity", therefore, we do not purchase securities with the intention to sell them. A brief discussion followed regarding mark to market, security earnings and accounting standards.
- Mr. Longhi continued, stating that several factors are anticipated to have a positive impact on the NVTa's FY2018 investment portfolio earnings.
 - ✓ Portfolio will have been invested for a full year.
 - ✓ More investments will be made in fixed income securities versus the LGIP.
 - ✓ Federal action is being taken to stimulate the market, with a possible rate increase in December and more in the next calendar year.
 - ✓ Unlike previous funding cycle years, all FY2018 funds will be received and invested prior to the Six Year Program adoption.
- Chairman Parrish stated that investment earnings are higher than budgeted and inquired as to where the additional earnings from the portfolio will go. Mr. Longhi responded that the earnings will be added to 70% Regional Revenue Fund for the Authority to allocate to projects.

X. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi presented the fiscal year end 2017 Revenue Report, noting the following highlights:
 - ✓ Overall revenue receipts are 3.54% above estimates.
 - ✓ An additional \$11.3 million goes to Pay-Go funds for SYP.
 - ✓ All jurisdictions received their 30% funds.
 - ✓ Year-to-year revenue comparisons reflect that all three revenue sources are growing.
- A brief discussion regarding Transient Occupancy Tax calculations and the revenue tax type variances followed.

XI. Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi reviewed the Operating Budget report with the Committee. He thanked the Committee for the advanced funding for GIS mapping initiative. Mr. Longhi expressed appreciation to Ms. Teal for close budget management and planning, noting that the carry-forward estimate from FY2017 to FY2018 was less than \$1,250 off the actual number.

XII. Financial Activities (Verbal Report)

Mr. Longhi, CFO

- Mr. Longhi informed the Committee of upcoming financial activities.
 - ✓ The audit opinion has not been received, but based on the audit review, a clean audit with no comments is anticipated. The implementation of a new investment program created some challenges that the finance team and auditors worked through. The audit presentation to the Committee is anticipated in October and to the Authority in November.
 - ✓ Policy 29 regarding project advancement was previously presented to the Committee and concerns were expressed regarding the 45 day requirement. Upon review of the draft policy and prior policies, it was noted that the length of time allowed until the first reimbursement request might be too long and it may not be prudent for the Authority to allow this length of time prior to the first reimbursement request.
 - ✓ NVTa staff is reviewing draft Policy 29 and will coordinate with jurisdictions and agencies to determine an appropriate timeframe to move projects more quickly through the funding process. There was Committee consensus that NVTa projects need to use funds more quickly and it was noted that NVTa members should help facilitate this effort.
- Ms. Backmon informed the Committee of her meetings with jurisdictions and agencies prior to the SYP process to ensure awareness of process and expectations. Ms. Backmon stated that while there currently is no “use it or lose it” policy for NVTa funds, this might become necessary in the future.
- Ms. Backmon stated that the upcoming Authority meeting will start at 6:30pm and will have many action items, including the adoption of TransAction and the approval of the Call for Regional Transportation Projects for the FY 2018-2023 SYP. She reviewed the upcoming SYP deadlines.

- In response to a question regarding the approval of projects for the I-66 Outside the Beltway Concessionaire Payment Funds, Ms. Backmon responded that this will happen after the State goes to financial close which is anticipated in November.

Adjournment

XIII. Adjournment

- Meeting adjourned at 2:16pm.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 13, 2017

SUBJECT: Fiscal Year 2017 Financial and Compliance Audit Reports

1. **Purpose.** As a political subdivision of the Commonwealth of Virginia, the Northern Virginia Transportation Authority (NVTa) 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. The Authority contracted with PBMares, LLP to complete the required audit for FY2017.
2. **Suggested motion.** *I move the Finance Committee recommend to the Authority acceptance of the Northern Virginia Transportation Authority Financial and Compliance Audit Reports for the year ended June 30, 2017 (Attached).*
3. **Current Situation.** The Authority's audit firm PBMares, LLP issued an unmodified (clean) 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 FY2017.

Attachment: Northern Virginia Transportation Authority, Financial and Compliance Reports,
Year Ended June 30, 2017



**NORTHERN VIRGINIA
TRANSPORTATION AUTHORITY**

FINANCIAL AND COMPLIANCE REPORTS

Year Ended June 30, 2017

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

TABLE OF CONTENTS

INTRODUCTORY SECTION	
Directory of Principal Officials	i
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1 – 3
Management's Discussion and Analysis	4 – 12
<i>Basic Financial Statements</i>	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds to the Statement of Activities	18
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	19
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Local Distribution	20
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Regional Revenue Fund	21
Notes to Financial Statements	22 – 53
<i>Required Supplementary Information</i>	
Schedule of Authority Contributions – Virginia Retirement System	54
Schedule of Changes in the Authority's Net Pension Liability (Asset) and Related Ratios – Virginia Retirement System	55
<i>Supplementary Information</i>	
Schedule of General and Administrative Expenditures	56
Schedule of Changes in Net Position by Jurisdiction – Local Distribution Fund (30%)	57

COMPLIANCE SECTION

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*

58 – 59

INTRODUCTORY SECTION

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Hon. Martin Nohe, NVTa Chairman; Prince William County
Hon. Phyllis Randall, Loudoun County, NVTa Vice Chairman;
Hon. Jay Fissette, Arlington County
Hon. Sharon Bulova, Fairfax County
Hon. Allison Silberberg, City of Alexandria
Hon. David L. Meyer, City of Fairfax
Hon. David Snyder, City of Falls Church
Hon. Harry J. "Hal" Parrish, II, City of Manassas
Hon. Jeanette Rishell, City of Manassas Park
Hon. Richard H. Black, Virginia Senate
Hon. Tim Hugo, Virginia House of Delegates
Hon. J. Randall Minchew, Virginia House of Delegates
Jim Kolb, Governor's Appointee
Mary Hynes, Governor's Appointee, Commonwealth Transportation Board Member

Non-Voting Members

Helen Cuervo, Virginia Department of Transportation
Jennifer Mitchell, Virginia Department of Rail and Public Transportation

Town Representative

Hon. Kelly Burk, Town of Leesburg

Certain Authority Staff

Monica Backmon, Executive Director
Michael Longhi, Chief Financial Officer
Margaret Teal, CPA, Assistant Finance Officer
Carl Hampton, Investment & Debt Manager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Northern Virginia Transportation Authority
Fairfax, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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, each major fund and the remaining fund information of the Authority, as of June 30, 2017, and the respective changes in financial position and the budgetary comparisons, 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 and the required supplementary information on pages 4-12 and 54-55, respectively, 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 Authority's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 9, 2017

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2017.

The Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 15.2, of the *Code of Virginia*. The Authority's primary function is to conduct planning, prioritization and funding of regional transportation projects for its member jurisdictions in Northern Virginia.

In November 2012, the Authority developed its long-range plan, Transaction 2040. On April 3, 2013, the Governor's substitute for House Bill 2313 ("HB2313") was adopted by the Virginia General Assembly. HB2313 provided a dedicated funding stream for transportation projects in Northern Virginia. This legislation coupled with the successful bond validation suit (BVS) enabled the Authority to fund regional transportation projects. HB2313 provided a permanent, annual source of revenue for the Authority to implement its mandate. The HB2313 revenue stream began on July 1, 2013.

The Authority member jurisdictions are the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. The Authority has seventeen members as follows: the chief elected official, or their designees, of the nine cities and counties that are members of the Authority; two members of the House of Delegates appointed by the Speaker of the House; one member of the Senate appointed by the Senate Committee on Privileges and Elections; and two citizens who reside in counties and cities embraced by the Authority, appointed by the Governor. In addition, the Director of the Virginia Department of Rail and Public Transportation, or designee; the Commonwealth Transportation Commissioner, or designee; and the chief elected officer of one town in a county, which the Authority embraces, serve as non-voting members of the Authority.

All moneys received by the Authority and the proceeds of bonds and other debt instruments are required to be used solely for transportation purposes benefiting the member jurisdictions. Of the HB2313 revenues received, 30% are distributed to member jurisdictions based on revenues generated in the jurisdiction, for transportation projects and purposes authorized under Section 33.2-2510 and selected by the member jurisdiction. The remaining 70% of the HB 2313 revenues are first pledged to the payment of bonds and other debt instruments with the remaining revenues available to fund regional transportation projects including mass transit projects that increase capacity for the benefit of the member localities.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- During fiscal year 2017, the Authority's bond rating was reviewed by Fitch Ratings. Fitch formally reaffirmed the Authority's AA+; Stable Outlook rating noting the Authority's exceptional revenue resilience, vibrant service area, and strong governance. Standard & Poor's and Moody's did not undertake formal reviews during this fiscal period.

- Assets and deferred outflows of resources of the Authority exceeded its liabilities for the year ended June 30, 2017 by \$692,704,622 (net position). Of this amount, \$636,370 represents unrestricted net position, which may be used to meet the Authority's ongoing operating obligations. The changes in the pension plan for the year resulted in a decrease of \$48,985 to record the net pension liability, and an increase of \$201,516 of deferred outflows of resources. Restricted net position totaled \$692,027,733 and can be used only for regional transportation purposes. It should be noted all the funds composing this net restricted position have been appropriated by the Authority for specific regional transportation projects which meet the goals, purposes, and mandates of the Authority and the HB2313 revenue source.
- The Authority's total outstanding debt for the year ended June 30, 2017 was \$62.8 million with \$10.4 million in unamortized bond premium related to the series 2014 bonds. This outstanding debt was created in December 2014, when the Authority entered the capital bond market for the first time with bonds designated to replace a short term Line of Credit with fixed rate, long term, low cost, permanent financing.
- For the fiscal year ended June 30, 2017, contributions and intergovernmental revenue, for the Authority's governmental activities totaled \$332.7 million. Expenses totaled \$204.3 million of which \$99.3 million represents the 30% funds distributed to member jurisdictions in accordance with HB2313, \$99.7 million represents reimbursement of authorized project costs.

Highlights for Fund Financial Statements

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

- The Authority's General Fund reported an increase in fund balance of \$54,351 compared to a decrease of \$80,850 for fiscal year 2016. The General Fund balance as of June 30, 2017 totaled \$541,152 compared with \$486,801 at the end of the previous fiscal year.
- The Authority's Special Revenue Funds (Local Distribution Fund and Regional Revenue Fund), reported an increase in fund balance of \$129,410,164 which has been appropriated by the Authority to approved transportation projects. This increases the overall balance to \$765,096,703 as of June 30, 2017 compared to \$635,686,539 at the end of the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes required supplementary information and supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The financial statements presented include all of the activities, which are part of the Authority 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 the Authority's governmental activities from the economic resources measurement focus using the accrual basis of accounting.

The fund financial statements include a separate column for each of the major governmental funds and the non-major Debt Service Fund. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A 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 combined. The Statement of Net Position presents the assets, deferred outflows of resources, and liabilities with the difference reported as net position. The Statement of Activities shows in broad terms changes to net position 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 Authority is improving or declining. Net position is one way to measure financial position but the reader should also consider other indicators, such as general economic conditions prevalent in the geographic area the Authority serves.

The Statement of Activities presents information indicating how the Authority's net position changed during the fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

Revenue is classified as program or general revenues. Program revenue consists of contributions from the member jurisdictions used to cover the Authority's administrative expenses. General revenues include the four intergovernmental revenues received, collected, and remitted from the Commonwealth of Virginia: specifically sales tax, grantors tax, transient occupancy tax, and interest earned on the Commonwealth's Northern Virginia Transportation Authority Fund. These tax receipts commenced July 1, 2013.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only reports governmental funds. The Authority does not have proprietary funds nor does it maintain fiduciary funds at this time. The governmental funds of the Authority are divided into three categories: General Fund, Special Revenue Funds, and Debt Service Fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains four governmental funds: the General Fund, two Special Revenue Funds, and a Debt Service Fund. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances for each of these funds. The General Fund includes the Authority's operating and administrative activities. The Local Distribution (30%), Special Revenue Fund reports 30% of the intergovernmental revenue received by the Authority under HB2313 and distributed to the member jurisdictions. The Regional Revenue (70%) Special Revenue Fund reports 70% of the intergovernmental revenue received by the Authority and used to fund transportation projects under HB2313. A Debt Service Fund is used to account for and report financial resources restricted to expenditures for debt service.

The Authority adopts annual appropriated budgets for its General Fund and the two special revenue funds. An internal budgetary comparison statement is maintained for the General Fund and Special Revenue Funds to demonstrate compliance with these budgets, which have been provided in the financial statements for fiscal year 2017.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The Required Supplementary Information, which includes the Schedule of Authority Contributions – Virginia Retirement System and the Schedule of Changes in the Authority's Net Pension Liability (Asset) and Related Ratios – Virginia Retirement System, provides additional information that is required by accounting principles generally accepted in the United States to be presented as a supplement to the basic 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 AUTHORITY REPORTING ENTITY AS A WHOLE

An analysis of the Authority's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the Authority's net position and changes therein. It should be noted the Authority's net position could also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the Authority as of June 30, 2017. Data for June 30, 2016 has been included for comparison purposes.

Summary Statement of Net Position June 30, 2017 and 2016

	Governmental Activities		Increase (Decrease)	% Change
	2017	2016		
Assets:				
Current and other assets	\$ 789,690,215	\$ 668,806,577	\$ 120,883,638	18.1%
Capital assets, net	40,519	32,001	8,518	26.6%
Total assets	<u>789,730,734</u>	<u>668,838,578</u>	<u>120,892,156</u>	18.1%
Deferred outflows of resources	201,516	50,409	151,107	299.8%
Liabilities:				
Current and other liabilities	26,395,950	34,784,107	(8,388,157)	-24.1%
Noncurrent liabilities	70,831,678	73,879,133	(3,047,455)	-4.1%
Total liabilities	<u>97,227,628</u>	<u>108,663,240</u>	<u>(11,435,612)</u>	-10.5%
Net position:				
Net investment in capital assets	40,519	32,001	8,518	26.6%
Restricted	692,027,733	559,604,499	132,423,234	23.7%
Unrestricted	<u>636,370</u>	<u>589,247</u>	<u>47,123</u>	8.0%
Total net position	<u>\$ 692,704,622</u>	<u>\$ 560,225,747</u>	<u>\$ 132,478,875</u>	23.6%

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities by \$692,704,622 at June 30, 2017.

A significant portion of net position, \$687 million, or 99% represents funds that have been restricted by HB2313 and \$5 million is restricted for debt service. It should be noted the funds composing this net restricted position have been appropriated by the Authority to specific regional transportation projects, which meet the goals, purposes, and mandates of the Authority and the HB2313 revenue source. The remaining balance of \$636,370 is unrestricted and may be used to meet the Authority's ongoing obligations to its citizens and creditors.

Current assets consist primarily of restricted cash, cash equivalents, investments, and amounts due from the Commonwealth of Virginia. During fiscal year 2017, the Authority implemented its investment program by contracting for securities custody services, acquiring portfolio management software, and transitioning funds from purely liquid cash assets to fixed income investment securities. All securities purchased are held in the name of the Authority by the custodian. Security Custodian use is required in the Authority's Investment Policy and by the *Code of Virginia*. All security purchase transactions are completed on a 'Delivery vs. Payment' basis as required by the Authority's Investment Policy. As of June 30, 2017, the Authority has approximately \$540 million invested in United States Treasuries, Agencies, Corporate Notes, Commercial Paper, Negotiable Certificates of Deposit, Bank Certificates of Deposit, and Virginia Investment Pool 1-3YR Bond Fund.

The implementation of the Authority investment program and resulting increase in earned interest in fiscal year 2017 reflects the Authority's commitment to prudent financial management. As mandated in the Authority investment policy, the investment program priorities are safety, liquidity then yield. Investment activities are undertaken in a conservative nature reflective of these priorities and include a 'buy and hold' orientation. All interest earnings of the investment program benefit the Regional Revenue Fund for appropriation by the Authority to regional transportation projects. Expenses of the investment program are administered in the operating budget and, therefore, shared by member jurisdictions based on population.

Restricted cash and cash equivalents totaled approximately \$191.1 million of which \$182.7 million is restricted for regional transportation projects approved and appropriated by the Authority and \$8.4 million is restricted for debt service. As of June 30, 2017, approximately \$55.9 million was due from the Commonwealth of Virginia, of which \$5.0 million is for grantors tax, \$43.3 million is for sales tax, and \$7.6 million is for transient occupancy tax.

Statement of Changes in Net Position

The following table presents the revenues, expenses and change in net position of the Authority for the fiscal year ended June 30, 2017. Data for June 30, 2016 has been included for comparison purposes.

Summary Statement of Changes in Net Position Years Ended June 30, 2017 and 2016

	Governmental Activities		Increase (Decrease)	% Change
	2017	2016		
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 1,654,617	\$ 1,100,262	\$ 554,355	50.38%
General revenue:				
Intergovernmental	331,052,594	316,946,738	14,105,856	4.45%
Interest income	4,078,221	2,368,579	1,709,642	72.18%
Total revenues	336,785,432	320,415,579	16,369,853	5.11%
Expenses:				
General and administration	2,743,522	1,944,222	799,300	41.11%
Jurisdictional distributions (30%)	99,328,170	95,093,539	4,234,631	4.45%
Project cost distributions	99,693,170	69,306,373	30,386,797	43.84%
Interest and issuance costs	2,541,695	2,634,410	(92,715)	-3.52%
Total expenses	204,306,557	168,978,544	35,328,013	20.91%
Change in net position	132,478,875	151,437,035	(18,958,160)	-12.52%
Beginning net position	560,225,747	408,788,712	151,437,035	37.05%
Ending net position	\$ 692,704,622	\$ 560,225,747	\$ 132,478,875	23.65%

For the fiscal year ended June 30, 2017, revenues totaled approximately \$336.8 million. Expenses totaled approximately \$204.3 million. The significant increase in investment earnings is due to the implementation of the Authority's investment program. The increase in general and administrative expenses is due in part to an increase in staffing, the acquisition and implementation of Geographic Information System (GIS) mapping and limited modelling functionality, and investment program expenses. The multi-year contract to update the Authority's regional transportation plan, TransAction, represents the Authority's largest single administrative expenditure. TransAction is required by HB2313 as a fundamental step in developing future project programs for the region.

The TransAction update process is anticipated to be completed in fiscal year 2018. Once the TransAction update is complete the Authority is expected to undertake the development of its first Six Year Program (SYP). The SYP is expected to be adopted in late fiscal year 2018 and will allocate project funding for fiscal year 2018 through fiscal year 2023.

The 44% increase in project cost distribution is the result of the project development cycle accelerating as multiple projects reach major milestones. These expenditures are ramping up as project sponsors are entering the final phases of their authorized projects. An increasing rate of expenditure is expected for projects previously approved by the Authority for several years until the project life cycle reaches full maturity and stabilizes. The SYP will permit project sponsors to have greater project readiness in place, especially for projects approved in the later years of the plan.

A discussion of the key components of the revenue and expense is included in the funds analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the needs of the Authority's financing requirements.

General Fund. The General Fund is the operating fund of the Authority. At the end of fiscal year 2017, the General Fund Nonspendable fund balance was \$33,553, assigned fund balance of \$4,500 and unassigned fund balance was \$159,311, while total fund balance equaled \$541,152. During fiscal year 2017, the Authority established a reserve for the replacement of equipment, furnishings, and fixtures which is represented as assigned fund balance in the General Fund.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 10% of total General Fund expenditures, while total fund balance represents approximately 34% of that same amount.

The fund balance of \$541,152 includes \$343,788 of committed fund balance. The debt policy adopted on December 12, 2013, revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at a minimum 20% of the General Fund operating expenses. This operating reserve may be used at the discretion of the Executive Director, to cover unanticipated increases in the Authority's expenditures. If used, the Executive Director will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

The Authority adopts an annual operating budget for General Fund operating activities for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. Total contributions by the nine member jurisdictions equaled \$1,654,617 for fiscal year 2017.

Debt Service Fund. The debt service fund reports financial resources restricted to the payment of principal and interest for the outstanding related series of transportation bonds. The debt service fund is not one of the Authority's major governmental funds. The debt service fund had a fund balance of \$467,886 as of June 30, 2017 on deposit for fiscal year 2018 debt obligations. The Authority contributes monthly to the debt service fund for upcoming debt service payments.

Special Revenue Fund. The Authority maintains two special revenue funds; the Local Distribution Fund (30%) and the Regional Revenue Fund (70%), both of these funds are categorized as major funds in the governmental fund statements. These funds are used to report the intergovernmental revenue received from the Commonwealth of Virginia under HB2313.

The General Assembly of the Commonwealth of Virginia through HB2313 (2013) authorized three revenue sources for the Authority: a 0.7% increase in the sales tax; a 2% increase in the transient occupancy (hotel) tax; and a fifteen cents per hundred dollar of value increase in the grantor's tax (congestion relief fee). These taxes were made effective on July 1, 2013.

Of the revenues received, the Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority and distributed to the member jurisdictions in accord with HB2313. This revenue can be used by the recipient for additional urban or secondary road construction; capital improvements that reduce congestion; transportation capital improvements which have been approved by the most recent long-range transportation plan adopted by the Authority; or for public transportation purposes.

The remaining 70% is recorded in the Regional Revenue Fund (70%). These funds are to be used by the Authority solely for regional transportation projects and purposes benefiting the member jurisdictions and other entities to fund transportation projects approved by the Authority that are contained in the regional transportation plan (TransAction) and in accordance with HB2313.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The details of capital assets as of June 30, 2017 and 2016 are as follows:

	Governmental Activities	
	2017	2016
Office furniture and equipment	\$ 58,589	\$ 42,668
Less accumulated depreciation and amortization	18,070	10,667
Total capital assets, net	\$ 40,519	\$ 32,001

The Authority's investment in capital assets as of June 30, 2017 amounted to \$40,519 (net of accumulated depreciation and amortization).

Debt Administration

In December 2014, the Authority entered the capital bond market for the first time with bonds designated to replace a short term Line of Credit obtained in fiscal year 2014 with fixed rate, long term, low cost, permanent financing. An initial bond sale is a significant undertaking. Actions include bond validation court proceedings, establishing internal policies and procedures, initial credit rating presentations on Wall Street and, finally, the marketing and sale of the bonds. Efforts to execute the Authority's approved finance plan resulted in very strong credit ratings of AA+, Aa1 and AA+ with stable outlooks from Fitch, Moody's and Standard & Poor's, respectively. The bonds garnered a favorable market reception on Wall Street, reflected by a 2.5 times subscription rate and a low true interest cost of 3.09%.

At the end of June 30, 2017, the Authority had total debt outstanding of \$62,845,000 for Transportation Special Tax Revenue Bonds, Series 2014. The Authority is amortizing the bond premium from the sale over the life of the bonds. The balance of unamortized bond premium at June 30, 2017 is \$10,437,693. The bonds are secured by the Authority's Regional Revenue and a debt service reserve of \$5,624,164 established from the proceeds upon issuance of the bonds. Assets of the debt service reserve fund are to be used solely to pay Series 2014 principal and interest.

Economic Factors and Fiscal Year 2018's Budget

- Northern Virginia is both a nationally and globally significant region.
- It is categorized as having a broad, diverse, and stable regional economy.
- The region is the driver of economic activity for the Commonwealth of Virginia.
- In aggregate, the Authority's nine member jurisdictions have experienced stable population growth since the 2010 Census with growth rates averaging 2% per year.
- Among the nine member jurisdictions, job growth has averaged 0.71% per year over the last decade.
- In aggregate, the number of jobs in the Authority's jurisdictions are projected to experience continued growth despite sequestration. In 2017, the regional job growth was 0.75%.
- Unemployment rate in the Authority's jurisdictions is exceptionally low. At June 2017, the average preliminary unemployment rate not seasonally adjusted, in the Authority jurisdictions was 3.1% compared to 3.9% in the Commonwealth and 4.4% nationally.
- Per capita income average of the Authority's jurisdictions is approximately \$46,990 compared to the Commonwealth at \$34,152 and \$28,930 nationally per the U.S. Census Bureau, 2011-2015 5-Year American Community Survey. This represents a 2% increase from the 2010-2014 5-Year American Community Survey.
- Median family income average for the Authority's member jurisdictions is approximately \$119,002 compared to \$78,390 in the Commonwealth and \$66,011 nationally per the U.S. Census Bureau, 2011-2015 5-Year American Community Survey. This represents a 2% increase from the 2009-2014 5-Year American Community Survey.
- The fiscal year 2018 special revenue budgets include a projected 2.7% increase in sales tax revenue compared to the fiscal year 2017 budget; a 2.2% increase in transient occupancy tax revenue and a .75% increase in grantors tax. The increases for sales tax, grantor, and transient occupancy taxes are based on prior years' experience and on information from the Authority's member jurisdictions, which are combined to create an effective estimation process. The resulting rate increases are for fiscal year 2018 only, and are not indicative of rates of increase projected for the long term. The Authority will continue to use conservative revenue estimation methods.
- The Authority's General Fund operating budget will increase from \$1,654,659 in fiscal year 2017 to \$1,730,675 in fiscal year 2018. This increase is reflective of the addition of communication functions, investment custody services, portfolio management software, and the implementation of GIS mapping functions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. If you have any questions about this report or need additional financial information, contact Michael Longhi, Chief Financial Officer, Northern Virginia Transportation Authority, 3040 Williams Drive, Suite 200, Fairfax, Virginia 22031, or by email to michael.longhi@thenovaauthority.org.

BASIC FINANCIAL STATEMENTS

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 572,918
Other receivables	1,908,190
Due from other governments	55,917,338
Deposits and prepaid items	33,553
Restricted:	
Cash and cash equivalents	191,104,736
Investments	540,153,480
Capital assets (net):	
Office furniture, computer equipment and licenses	40,519
Total assets	789,730,734
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	201,516
Total deferred outflows of resources	201,516
LIABILITIES	
Accounts payable	6,236,219
Accrued liabilities	364,792
Bond reserves	518,678
Due to other governments	16,776,261
Current portion of bonds payable	2,500,000
Noncurrent liabilities:	
Net pension liability	48,985
Bonds payable, net	70,782,693
Total liabilities	97,227,628
NET POSITION	
Net investment in capital assets	40,519
Restricted	692,027,733
Unrestricted	636,370
Total net position	\$ 692,704,622

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

		Program Revenues	Net (Expense) Revenue and Change in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
Functions/Programs			
Governmental activities:			
General and administration	\$ 2,743,522	\$ 1,654,617	\$ (1,088,905)
Jurisdictional distributions (30%)	99,328,170	-	(99,328,170)
Project cost distributions	99,693,170	-	(99,693,170)
Interest	2,541,695	-	(2,541,695)
Total governmental activities	\$ 204,306,557	\$ 1,654,617	(202,651,940)
General revenues:			
Intergovernmental revenue:			
Grantors tax			50,346,596
Sales tax			249,506,491
Transient occupancy tax			30,974,343
Commonwealth fund interest income			225,164
Investment earnings			4,078,221
Total general revenues			335,130,815
Change in net position			132,478,875
Net Position, beginning of year			560,225,747
Net Position, end of year			\$ 692,704,622

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

		Special Revenue Funds		Non-Major	
	General Fund	Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 572,918	\$ -	\$ -	\$ -	\$ 572,918
Other receivables	-	-	1,908,190	-	1,908,190
Due from other governments	-	16,775,201	39,142,137	-	55,917,338
Deposits and prepaid items	33,553	-	-	-	33,553
Restricted cash, cash equivalents and investments	-	1,060	730,789,270	467,886	731,258,216
Total assets	\$ 606,471	\$ 16,776,261	\$ 771,839,597	\$ 467,886	\$ 789,690,215
LIABILITIES					
Accounts payable	\$ 12,003	\$ -	\$ 6,224,216	\$ -	\$ 6,236,219
Accrued liabilities	53,316	-	-	-	53,316
Bond reserves	-	-	518,678	-	518,678
Due to other governments	-	16,776,261	-	-	16,776,261
Total liabilities	65,319	16,776,261	6,742,894	-	23,584,474
FUND BALANCES					
Nonspendable	33,553	-	-	-	33,553
Restricted	-	-	644,810,048	467,886	645,277,934
Restricted - working capital reserve	-	-	120,286,655	-	120,286,655
Committed	343,788	-	-	-	343,788
Assigned	4,500	-	-	-	4,500
Unassigned	159,311	-	-	-	159,311
Total fund balances	541,152	-	765,096,703	467,886	766,105,741
Total liabilities and fund balances	\$ 606,471	\$ 16,776,261	\$ 771,839,597	\$ 467,886	\$ 789,690,215

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2017

Reconciliation of fund balances 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		\$ 766,105,741
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds:		
Capital assets	\$ 58,589	
Less: accumulated depreciation	(18,070)	
		40,519
Financial statement elements related to pensions are applicable to future periods and, therefore, not reported in the governmental funds:		
Net pension liability	(48,985)	
Deferred outflows of resources for 2017 employer contributions	78,378	
Deferred outflows of resources for the net difference between projected and actual investment earnings on pension plan investments and net difference between expected and actual experience	123,138	
		152,531
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(254,163)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.		(57,313)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Revenue bonds	(62,845,000)	
Premiums on bonds	(10,437,693)	
		(73,282,693)
Net position - governmental activities		\$ 692,704,622

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2017

		Special Revenue Funds		Non-Major	
	General	Local	Regional	Debt	Total
	Fund	Distribution	Revenue	Service	Governmental
	Fund	Fund	Fund	Fund	Funds
Revenues					
Intergovernmental:					
Grantors tax	\$ -	\$ 15,103,979	\$ 35,242,617	\$ -	\$ 50,346,596
Sales tax	-	74,851,947	174,654,544	-	249,506,491
Transient occupancy tax	-	9,292,303	21,682,040	-	30,974,343
Commonwealth fund interest income	-	67,549	157,615	-	225,164
Investment earnings	-	12,392	4,057,956	7,873	4,078,221
Contribution member jurisdictions	1,654,617	-	-	-	1,654,617
Total revenues	1,654,617	99,328,170	235,794,772	7,873	336,785,432
Expenditures					
Current:					
General and administration	1,600,266	-	1,144,546	-	2,744,812
Jurisdictional distributions (30%)	-	99,328,170	-	-	99,328,170
Project cost distributions	-	-	99,693,170	-	99,693,170
Debt service:					
Principal	-	-	-	2,405,000	2,405,000
Interest	-	-	-	3,146,150	3,146,150
Total expenditures	1,600,266	99,328,170	100,837,716	5,551,150	207,317,302
Excess (deficiency) of revenues over (under) expenditures	54,351	-	134,957,056	(5,543,277)	129,468,130
Other Financing Sources (Uses)					
Transfers	-	-	(5,546,892)	5,546,892	-
Total other financing sources (uses)	-	-	(5,546,892)	5,546,892	-
Net change in fund balances	54,351	-	129,410,164	3,615	129,468,130
Fund Balances, beginning of year	486,801	-	635,686,539	464,271	636,637,611
Fund Balances, end of year	\$ 541,152	\$ -	\$ 765,096,703	\$ 467,886	\$ 766,105,741

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ 129,468,130
--------------------------------------------------------	----------------

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 15,921	
Deduct - depreciation expense	(7,403)	
		8,518

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension expense	20,573
-----------------	--------

The issuance of long-term debt (e.g., bonds, leases, line of credit) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items. A summary of the item supporting this adjustment is as follows:

Principal payment on revenue bonds	2,405,000
------------------------------------	-----------

Some 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. The following is a summary of items supporting this adjustment:

Compensated absences	(27,801)	
Change in accrued interest payable	8,016	
Amortization of premiums on bonds payable	596,439	
		576,654

Change in net position of governmental activities	\$ 132,478,875
----------------------------------------------------------	-----------------------

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Contribution member jurisdictions	\$ 1,654,659	\$ 1,654,659	\$ 1,654,617	\$ (42)
Total revenues	<u>1,654,659</u>	<u>1,654,659</u>	<u>1,654,617</u>	<u>(42)</u>
Expenditures				
Current:				
General and administration	1,718,942	1,732,256	1,600,266	(131,990)
Total expenditures	<u>1,718,942</u>	<u>1,732,256</u>	<u>1,600,266</u>	<u>(131,990)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,283)</u>	<u>(77,597)</u>	<u>54,351</u>	<u>131,948</u>
Net change in fund balance	<u>(64,283)</u>	<u>(77,597)</u>	<u>54,351</u>	<u>131,948</u>
Fund Balance, beginning of year	<u>486,801</u>	<u>486,801</u>	<u>486,801</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 422,518</u>	<u>\$ 409,204</u>	<u>\$ 541,152</u>	<u>\$ 131,948</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - LOCAL DISTRIBUTION

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Grantors tax	\$ 13,071,271	\$ 13,071,271	\$ 15,103,979	\$ 2,032,708
Sales tax	74,120,722	74,120,722	74,851,947	731,225
Transient occupancy tax	8,661,771	8,661,771	9,292,303	630,532
Commonwealth fund interest income	30,000	30,000	67,549	37,549
Interest income	-	-	12,392	12,392
Total revenues	95,883,764	95,883,764	99,328,170	3,444,406
Expenditures				
Current:				
Jurisdictional distributions (30%)	95,883,764	95,883,764	99,328,170	(3,444,406)
Total expenditures	95,883,764	95,883,764	99,328,170	(3,444,406)
Excess of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - REGIONAL REVENUE FUND

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Grantors tax	\$ 30,499,631	\$ 30,499,631	\$ 35,242,617	\$ 4,742,986
Sales tax	172,948,351	172,948,351	174,654,544	1,706,193
Transient occupancy tax	20,210,798	20,210,798	21,682,040	1,471,242
Commonwealth fund interest income	70,000	70,000	157,615	87,615
Investment earnings	1,900,000	1,900,000	4,057,956	2,157,956
Total revenues	<u>225,628,780</u>	<u>225,628,780</u>	<u>235,794,772</u>	<u>10,165,992</u>
Expenditures				
Current:				
General and administration	1,622,381	1,668,721	1,144,546	524,175
Project cost distributions	617,023,200	616,870,093	99,693,170	517,176,923
Total expenditures	<u>618,645,581</u>	<u>618,538,814</u>	<u>100,837,716</u>	<u>517,701,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(393,016,801)</u>	<u>(392,910,034)</u>	<u>134,957,056</u>	<u>527,867,090</u>
Other Financing Uses				
Transfers for debt service	(5,551,150)	(5,551,150)	(5,546,892)	4,258
Total other financing uses	<u>(5,551,150)</u>	<u>(5,551,150)</u>	<u>(5,546,892)</u>	<u>4,258</u>
Net change in fund balance	<u>(398,567,951)</u>	<u>(398,461,184)</u>	<u>129,410,164</u>	<u>527,871,348</u>
Fund Balance, beginning of year	<u>635,686,539</u>	<u>635,686,539</u>	<u>635,686,539</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 237,118,588</u>	<u>\$ 237,225,355</u>	<u>\$ 765,096,703</u>	<u>\$ 527,871,348</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Northern Virginia Transportation Authority ("the Authority") 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 Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 15.2, of the *Code of Virginia*. The Authority's primary function is to conduct project planning, prioritization and funding for regional transportation purposes in the Northern Virginia region.

In November 2012, the Authority developed its long-range plan, Transaction 2040. On April 3, 2013, the Governor's substitute for House Bill 2313 (the "HB2313") was adopted by the Virginia General Assembly. HB2313 provided a dedicated funding stream for transportation projects in Northern Virginia. HB2313 provided a permanent, annual source of revenue for the Authority to implement its legislative mandates and the new revenue stream commenced on July 1, 2013.

The member jurisdictions of the Authority are the counties of Arlington, Fairfax, Loudoun and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. The Authority has seventeen members as follows: the chief elected official, or their designees, of the nine cities and counties that are members of the Authority; two members of the House of Delegates appointed by the Speaker of the House; one member of the Senate appointed by the Senate Committee on Privileges and Elections; and two citizens who reside in counties and cities embraced by the Authority, appointed by the Governor. In addition, the Director of the Virginia Department of Rail and Public Transportation, or designee; the Commonwealth Transportation Commissioner, or designee; and the chief elected officer of one town in a county, which the Authority embraces, serve as non-voting members of the Authority.

All moneys received by the Authority and the proceeds of bonds and other debt instruments are required to be used solely for transportation purposes benefiting the member jurisdictions. Of the HB2313 revenues received, 30% are distributed to member jurisdictions based on revenues generated in the jurisdiction, for transportation projects and purposes authorized under Section 33.2-2510 and selected by the member jurisdiction. The remaining 70% of the HB 2313 revenues are first pledged to the payment of bonds and other debt instruments with the remaining revenues available to fund regional transportation projects and mass transit projects that increase capacity for the benefit of the member localities

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of the governmental activities supported by intergovernmental revenues.

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function.

Separate fund financial statements are provided for each of the governmental funds. In the fund financial statements, financial transactions and accounts of the Authority are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the government-wide financial statements.

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. 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 of taxes and fees from the Commonwealth of Virginia and local operating contributions, are recognized in the period the funding is made available.

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, the Authority considers revenues to be available if they are collected within 90 days after year end. Expenditures are recorded when a liability is incurred 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. The individual Government Funds are:

General Fund – The General Fund is the primary operating fund of the Authority and is used to account for and report all revenues and expenditures applicable to the general operations of the Authority which are not accounted for in other funds. Revenues are derived primarily from contributions from member jurisdictions. The General Fund is considered a major fund for financial reporting purposes.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Authority has two special revenue funds. The Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority. The 30% funds are distributed to the member jurisdictions on a pro rata basis with each locality's share being the total of the revenues received that are generated or attributable to the locality divided by the total for use according to HB2313. The Regional Revenue Fund (70%) includes amounts to be used by the Authority solely for regional transportation projects and other entities to fund transportation projects selected by the Authority that are contained in the regional transportation plan, or mass transit capital projects that increase capacity. Both special revenue funds are considered major funds for financial reporting purposes.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted or committed for expenditures related to principal and interest.

D. Budgeting

The Authority adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables the Authority 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. The Authority also adopts a budget for the Local Distribution Fund (30%) which promptly distributes 30% of the revenue from tax proceeds to the nine member jurisdictions based on their respective revenue contribution through the taxes collected by the Commonwealth.

To fund the various transportation projects approved by the Authority, the Regional Revenue Fund (70%) budget includes all debt service obligations costs of issuance and funding of the Working Capital Reserve as well as PayGo projects.

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be demand deposits, and short-term, investments with maturities of three months or less from the date of acquisition. The investment in the Commonwealth of Virginia Local Government Investment Pool (LGIP), Virginia Investment Pool Stable NAV and the Virginia State Non-Arbitrage Program (SNAP), are external investment pools and are reported as cash and cash equivalents.

2. Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 and Note 3 for discussion of investment risk and fair value measurements. Net investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, and interest income earned. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the cost basis of the investments sold.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

3. Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments as reported in the Statement of Net Position are comprised of funds that shall be used solely for regional transportation purposes benefiting the member jurisdictions and funds related to bond compliance requirements. Bond proceeds are maintained in compliance with the provisions of the Tax Reform Act of 1986 and as required by the Authority's Master Indenture of Trust. Investments are stated at fair value based on quoted market prices.

4. Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able, and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value.

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

Capital assets include property and equipment and computer hardware with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Repairs and maintenance are charged to operations as they are incurred. Additions and betterments are capitalized. The costs of assets retired and accumulated depreciation are removed from the accounts.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital Assets (Continued)

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

<u>Asset Category</u>	<u>Useful Life (years)</u>
Computer Hardware & Peripherals	4
Office Furniture	7-10
Office Equipment	5-10
Leasehold Improvements	Life of the lease

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, 2017.

Funding of transportation capital projects: For projects approved and funded by the Authority with regional revenue funds (70%), either as a PayGo or financed project, the Authority does not take ownership of such projects. Therefore, these projects are not reflected on the Authority's financial statements.

7. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is an agent multiple employer plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Net pension liabilities (assets) and deferred outflows of resources are reported in the government-wide fund financial statements.

8. Compensated Absences

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Authority's service. The liability for such leave is reported as incurred in the government-wide statements. Vacation leave for the Authority employees is granted to all full and part-time employees and is earned based upon the length of employment. Employees with zero to ten (10) years of service may carryover a maximum of 240 hours of accumulated leave. Employees with more than 10 years of service may carryover 360 hours of leave. The allowed accumulated leave earned yet not paid has been recorded as a liability on the Statement of Net Position.

Accumulated sick leave lapses when employees leave the Authority and, therefore, upon separation from service, no monetary obligation exists.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The Authority does recognize bond issuance costs in the governmental funds as a current period expense in accordance with GASB Statement No. 65.

10. Deferred Outflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. The first consists of pension contributions subsequent to the measurement date. These will be applied to the net pension liability in the next fiscal year. The remaining items, net difference between expected and actual experience and the net difference between projected and actual earnings on the VRS' plan investments, are reported in the government-wide Statement of Net Position.

11. Fund Equity

The Authority reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

Restricted fund balance classification includes amounts constrained to specific purposes by their providers (higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the action to remove or change the constraint.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Fund Equity (Continued)

Assigned fund balance classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

The General Fund balance includes \$343,788 categorized as committed fund balance as of June 30, 2017. The debt policy adopted by the Authority on December 12, 2013 and revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at least 20% of the General Fund operating expenses. The operating reserve may be used at the discretion of the Executive Director, to cover unanticipated increases in the Authority's expenditures. If used, the Executive Director will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

When fund balance resources are available for a specific purpose in more than one classification, the Authority will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance as they are needed.

12. Net Position

Net position represents the difference between assets, deferred outflows and liabilities. The net position caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

13. 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 AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

14. Interfund Transfers

Transactions among the Authority's funds would be treated as revenues and expenditures or expenses if they involved organizations external to the Authority 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 the revenues are to be expended, are separately reported in the respective funds' operating statements.

15. Subsequent Events

The Authority has evaluated subsequent events through October 9, 2017, which was the date the financial statements were available to be issued.

Note 2. Deposits and Investments

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% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

At June 30, 2017, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

Governmental Activities

Unrestricted Cash and Cash Equivalents	\$ 572,918
Restricted Cash and Cash Equivalents:	
Demand Deposits	62,449,018
Commonwealth of Virginia LGIP	24,925,233
State Non-Arbitrage Program	9,352,190
Virginia Investment Pool	59,364,197
John Marshall Bank Insured Cash Sweep	17,514,098
John Marshall Bank - 4 week CDARS	17,500,000
Total restricted	<u>191,104,736</u>
Total	<u>\$ 191,677,654</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or its agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper, negotiable certificates of deposits, bank notes, and corporate bonds rated AA or better by Standard & Poor’s Rating Services (S&P), and Aa or better by Moody’s Investors Services, Inc. (Moody’s), and a maturity of no more than five years; bankers’ acceptances, overnight term and open repurchase agreements; money market mutual funds; and the State Treasurer’s Local Government Investment Pool (LGIP).

Investment Policy

The Authority adopted a formal investment policy in December 2014. The goal of the policy is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle. The primary objectives of the Authority’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, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Investment	Credit Quality
Savings account or CD’s of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a “qualified public depository”
Bankers’ acceptances	Institution must be “prime quality” as determined by one or more recognized rating services
Commercial paper	Must be “prime quality” as rated by two of the following: Moody’s (prime 1): S&P (A-1); Fitch (F-1); Duff and Phelps (D-1)
Corporate notes	Must be “high quality” as defined by ratings of at least AA by S&P and Aa by Moody’s
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings of at least A-1 by S&P and P-1 by Moody’s for short-term instruments and AA by S&P and Aa by Moody’s for long-term instruments

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (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% 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.

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, the Authority's investment policy requires that all securities purchased by the Authority be properly and clearly labeled as an asset of the Northern Virginia Transportation Authority, and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*. Therefore, the Authority has no custodial risk.

Interest Rate Risk

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

At June 30, 2017, the Authority had the following investments and maturities:

	Investment Maturity (in years)				
	Fair Value	Less than 1 year	1-2 years	2-3 years	3-5 years
State Non-Arbitrage Program	\$ 4,477,455	\$ 99,895	\$ 2,217,052	\$ 1,111,041	\$ 1,049,467
United States Agencies	44,402,345	-	29,984,650	14,417,695	-
Negotiable Certificates of Deposit	80,025,250	80,025,250	-	-	-
Commercial Paper	111,018,635	111,018,635	-	-	-
Corporate Notes	211,789,406	166,544,609	45,244,797	-	-
Virginia Investment Pool 1-3					
YR Bond Fund	75,940,389	-	75,940,389	-	-
CDARS	12,500,000	12,500,000	-	-	-
Total	\$ 540,153,480	\$ 370,188,389	\$ 153,386,888	\$ 15,528,736	\$ 1,049,467

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk

The Authority'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 portfolio is in compliance with each of the stated limits as of June 30, 2017.

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

Class	Length	Percent of Total Portfolio and Cash
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months or less	75%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	75%
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States	36 months or less	75%
Savings accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Bankers' Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
The Local Government Investment Pool (LGIP)	N/A	100%

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

Class	Length	Percent of Total Portfolio & Cash
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior three year history must exceed internal performance by 25bps, net of management fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior three year history must exceed internal performance by 25bps, net of management fee

External Investment Pools

As of June 30, 2017, the Authority had investments of \$24,925,233 in the LGIP for governmental activities. 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. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

External Investment Pools (Continued)

As of June 30, 2017, the Authority had investments of \$13,829,645 in the Commonwealth of Virginia State Non-Arbitrage Program ("SNAP"). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, *Code of Virginia* 1950, as amended) to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value per share of \$1. The SNAP Fund invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions, and is rated "AAAm" by S&P. SNAP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

As of June 30, 2017, the Authority had investments of \$75,940,389, stated at fair market value on a quoted price basis, in the Virginia Municipal League/Virginia Association of Counties (VML/VACo) – Investment Pool (VIP) 1-3 Year High Quality Bond Fund. VIP's pooled investment program is used by local governments to invest assets they expect to hold longer than one year. Participants are invested in high quality corporate and government securities with an average duration between one to three years. VML/VACo is rated AAf/S1 by S&P. "S1" indicates the lowest level of volatility. The weighted effective duration at June 30, 2017 is 1.8 years.

The Authority had investments of \$59,364,197 in the VIP Stable NAV Liquidity Pool at June 30, 2017. This pooled investment was created during fiscal year 2017 specifically to offer local governments an investment option with a stable net asset value, while providing daily liquidity and a competitive yield. The VIP seeks to maintain a constant net asset value per share of \$1. The Stable NAV pool is rated AAAm by S&P. VIP Stable NAV is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

Bond Proceeds

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the Master Indenture of Trust and the First Supplemental Indenture of Trust both dated December 1, 2014. Bond proceeds shall be invested in SNAP and alternate investment pools that provide assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage regulations in accordance with the *Code of Virginia* requirements or the Authority's own investment policy. As of June 30, 2017, the Authority had \$13,829,645 held by the bond trustees, Regions Bank. Of this amount, \$7,763,027 was in the 2014 Project Fund account, \$5,598,732 was in the Debt Service Reserve account, and \$467,886 is the debt service account for payment of principal and interest.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

Level 1	Valuation based on quoted prices in active markets for identical assets or liabilities.
Level 2	Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
Level 3	Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows the Authority's investments by fair value level as of June 30, 2017:

Investments by Fair Value Level	June 30, 2017	Level 1	Level 2	Level 3
United States Agencies	\$ 44,402,345	\$ 44,402,345	\$ -	\$ -
Negotiable Certificates of Deposit	80,025,250	80,025,250	-	-
Commercial Paper	111,018,635	111,018,635	-	-
Corporate Notes	211,789,406	211,789,406	-	-
Virginia Investment Pool				
1-3YR Bond Fund	75,940,389	75,940,389	-	-
CDARS	30,000,000	30,000,000	-	-
Money Market Funds	80,916,527	80,916,527	-	-

The remaining investments maintained by the Authority are held in external investment pools, which are exempt from the fair value disclosure.

Note 4. Due To/From Other Governments

At June 30, 2017, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Due from Commonwealth of Virginia:			
Grantors Tax	\$ 1,485,507	\$ 3,466,183	\$ 4,951,690
Sales Tax	12,995,343	30,322,467	43,317,810
Transient Occupancy Tax	2,279,892	5,319,748	7,599,640
NVTA Fund Interest	14,459	33,739	48,198
Total	\$ 16,775,201	\$ 39,142,137	\$ 55,917,338

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Due To/From Other Governments (Continued)

Amounts due to other governments as of June 30, 2017 consisted of the following:

	Amount
City of Alexandria	\$ 1,140,189
Arlington County	2,128,149
City of Fairfax	400,325
Fairfax County	7,242,799
City of Falls Church	144,263
Loudoun County	3,016,420
City of Manassas	306,415
City of Manassas Park	77,646
Prince William County	2,320,055
Total	\$ 16,776,261

Note 5. Intergovernmental Revenues, Commonwealth of Virginia

Intergovernmental revenues from the Commonwealth of Virginia include additional fees or taxes imposed in each of the Member Jurisdictions as follows:

An additional Retail Sales Tax of 0.7% is added to the standard rate of retail sales tax imposed by the *Code of Virginia*. The additional tax is not levied upon food purchased for human consumption.

A Regional Congestion Relief Fee (Grantors Tax) equivalent to \$0.15 for each \$100 of value imposed on every deed and deed of trust admitted to record in the Commonwealth subject to certain exceptions and exemptions.

An additional Regional Transient Occupancy Tax (Hotel) is added at a rate of 2% of the amount of the charge for the occupancy of any room or space.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated and amortized:				
Office furniture and equipment	\$ 42,668	\$ 15,921	\$ -	\$ 58,589
Less accumulated depreciation and amortization	10,667	7,403	-	18,070
Total capital assets being depreciated and amortized, net	\$ 32,001	\$ 8,518	\$ -	\$ 40,519

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Eligible Members	Eligible Members	Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Political subdivision employees.* <ul style="list-style-type: none"> Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; in the plan's effective date for opt-in members was July 1, 2014.
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	* Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	<ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
Creditable Service	Creditable Service	Creditable Service
<p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>
		<p><u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan Vesting (Continued)
		<u>Defined Contribution Component (Continued)</u>
		<ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
		Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1. <u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age with at least 5 years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility
Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Age 60 with at least five years (60 months) of creditable service.	<p><u>Defined Benefit Component</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3%.	<p><u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p>
<u>Eligibility:</u>	<u>Eligibility:</u>	<u>Eligibility:</u>
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.	Same as Plan 1.	Same as Plan 1 and Plan 2.
For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.		

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1		Plan 2		Hybrid Retirement Plan	
Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement
<u>Exceptions to COLA Effective Dates:</u>		<u>Exceptions to COLA Effective Dates:</u>		<u>Exceptions to COLA Effective Dates:</u>	
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:		Same as Plan 1.		Same as Plan 1 and Plan 2.	
<ul style="list-style-type: none"> The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. The member retires on disability. The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 					

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Disability Coverage	Disability Coverage	Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported services. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.
		<u>Defined Contribution Component</u> Not applicable.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

VRS issues a publicly available CAFR that includes financial statements and required supplementary information for the plans which it administers. A copy of that report may be obtained by writing to Virginia Retirement System, P.O. Box 2500, Richmond, Virginia 23218-2500, or from their website at www.varetire.org.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Vested inactive Members	1
Active Members	5
Total	6

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. From the commencement of the Authority's plan in October 2014, employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required contribution rate for the year ended June 30, 2017 was 9.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$78,378 and \$42,427 for the years ended June 30, 2017 and 2016, respectively.

B. Net Pension Liability (Asset)

The Authority's net pension liability (asset) was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions

The total pension asset for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate or return	7.0 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Asset) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non-U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one-year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Asset) (Continued)

Discount Rate

The discount rate used to measure the total pension asset was 7.0%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Authority retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2015	\$ -	\$ 81,549	\$ (81,549)
Changes for the year:			
Service cost	70,900	-	70,900
Difference between expected and actual experience	137,107	-	137,107
Contributions – employer	-	42,427	(42,427)
Contributions – employee	-	31,288	(31,288)
Net investment income	-	3,770	(3,770)
Administrative expense	-	(11)	11
Other changes	-	(1)	1
Net changes	208,007	77,473	130,534
Balances at June 30, 2016	\$ 208,007	\$ 159,022	\$ 48,985

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the Authority using the discount rate of 7.00%, as well as what the Authority's Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
The Authority's Net Pension Liability	\$ 81,307	\$ 48,985	\$ 22,176

D. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2017, the Authority recognized pension expense of \$51,319. At June 30, 2017, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between expected and actual experience	\$ 118,402
Net difference between projected and actual earnings on pension plan investments	4,736
Employer contributions subsequent to measurement date	78,378
Total	\$ 201,516

The \$78,378 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2018.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2018	\$ 19,983
2019	19,983
2020	19,983
2021	19,607
2022	18,705
Thereafter	24,877
	\$ 123,138

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements

Governmental Activities

The Authority leases office space under a 60-month agreement, which commenced on October 6, 2014 and expires October 31, 2019. The lease was amended effective June 1, 2017 in consideration for additional office space. The lease provides for 2.5% annual increases in base rent over the term of the lease, and the pass through of a proportionate share of the building core factor and common areas. Rent expense for Governmental Activities as reported in the government wide financial statements totaled \$117,690.

As of June 30, 2017, the minimum long-term lease commitments were as shown below:

Year Ending June 30,	Amount
2018	\$ 134,852
2019	138,206
Total	\$ 273,058

Note 9. Long-Term Debt Obligations

In December 2014, the Authority issued \$69,045,000 of Transportation Special Tax Revenue Bonds to pay (i) certain transportation projects in the Authority member localities or (ii) certain mass transit capital projects serving the Authority member localities, (iii) the issuance and financing costs of the bonds, and (iv) to a fund debt service reserve fund for the bonds. The bonds were issued at a premium of \$11,928,792, which will be amortized over the life of the bonds.

Transportation Special Tax Revenue Bonds

The special tax revenue bonds are direct obligations of the Authority and secured by the Authority's Regional Revenue and a debt service reserve of \$5,551,150 based on the maximum annual debt service calculation. These bonds were issued pursuant to the Master Indenture of Trust dated December 1, 2014 and the First Supplemental Indenture of Trust dated December 1, 2014. The bonds are issued as serial bonds and are the first series of transportation bonds to be issued under the Master Indenture.

\$69,045,000 2014 Transportation Special Tax Revenue Bonds due in annual principal payments of \$2,500,000 to \$5,285,000 through June 2034, interest at 4.00% to 5.00%

\$ 62,845,000

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (Continued)

Changes in Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences	\$ 29,512	\$ 57,522	\$ 29,721	\$ 57,313	\$ 57,313
Transportation Special Tax Revenue Bonds	65,250,000	-	2,405,000	62,845,000	2,500,000
Unamortized Premiums	11,034,132	-	596,439	10,437,693	-
Total governmental activities	\$ 76,313,644	\$ 57,522	\$ 3,031,160	\$ 73,340,006	\$ 2,557,313

Federal arbitrage regulations apply to the Authority's special tax revenue bonds.

Funds are invested by the Trustee pursuant to the provisions of the Master Indenture and the First Supplemental Indenture of Trust. The Authority's Series 2014 Project Fund and Debt Service Reserve Fund are invested by the Trustee with SNAP, the Debt Service Fund is invested directly with Regions and is classified as restricted.

The debt service requirements for the Authority's bonds are as follows:

Year(s) Ending June 30,	Principal	Interest	Totals
2018	\$ 2,500,000	\$ 3,049,950	\$ 5,549,950
2019	2,600,000	2,949,950	5,549,950
2020	2,730,000	2,819,950	5,549,950
2021	2,865,000	2,683,450	5,548,450
2022	2,950,000	2,597,500	5,547,500
2023-2027	17,090,000	10,652,500	27,742,500
2028-2032	21,790,000	5,954,750	27,744,750
2033-2034	10,320,000	780,250	11,100,250
	\$ 62,845,000	\$ 31,488,300	\$ 94,333,300

Note 10. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To reduce insurance costs and the need for self-insurance, the Authority has joined with other political subdivisions in the Commonwealth of Virginia in the VML Insurance Programs. The Authority has coverage with the VML Insurance Programs. Each Program member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VML the contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Program and claims and awards are to be paid.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pending GASB Statements

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will improve accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance. Statement No. 86 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, will increase the usefulness of the Authority'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.

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

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2016	2015
Contractually required contribution (CRC)	\$ 42,427	\$ 33,173
Contributions in relation to the CRC	42,427	33,173
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 624,845	\$ 488,557
Contributions as a percentage of covered-employee payroll	6.79%	6.79%

Notes to Schedule:

- (1) Valuation date: June 30, 2015
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2016	2015
Total Pension Liability		
Service cost	\$ 70,900	\$ -
Difference between expected and actual experience	137,107	-
Net change in total pension liability	208,007	-
Total pension liability - beginning	-	-
Total pension liability - ending (a)	\$ 208,007	\$ -
Plan Fiduciary Net Position		
Contributions - employer	\$ 42,427	\$ 30,617
Contributions - employee	31,288	49,918
Net investment income	3,770	951
Administrative expense	(11)	65
Other	(1)	(2)
Net change in plan fiduciary net position	77,473	81,549
Plan fiduciary net position - beginning	81,549	-
Plan fiduciary net position - ending (b)	\$ 159,022	\$ 81,549
The Authority's net pension liability (asset) - ending (a)-(b)	\$ 48,985	\$ (81,549)
Plan fiduciary net position as a percentage of total pension liability	76%	0%
Covered-employee payroll	\$ 624,845	\$ 488,557
The Authority's net pension liability (asset) as a percentage of covered-employee payroll	8%	-17%

Notes to Schedule:

- (1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.
- (2) **Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:
NON-LEOS:
 - a. Update mortality table
 - b. Decrease in rates of service retirement
 - c. Decrease in rates of disability retirement
 - d. Reduce rates of salary increases by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES

Year Ended June 30, 2017

Expenditures	
Professional services	\$ 1,314,272
Personnel expenses	1,216,327
Office rent	117,690
Technical and technology hosting services	20,957
Computer and software purchases	18,018
Office supplies, furniture and equipment	12,016
Copier printing and duplication	11,033
Professional development, memberships, industry conferences and training	10,131
Mileage and transportation	9,222
Phone services	6,645
Insurance and liability bonds	4,705
Meeting expenses	3,453
Miscellaneous	343
	<hr/>
Total expenditures	\$ 2,744,812

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN NET POSITION BY JURISDICTION -
LOCAL DISTRIBUTION FUND (30%)

Year Ended June 30, 2017

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	City of Manassas	City of Manassas Park	Prince William County	Totals
Revenues										
Intergovernmental:										
Commonwealth of Virginia:										
Grants tax	\$ 1,083,161	\$ 1,941,479	\$ 100,709	\$ 6,432,605	\$ 82,659	\$ 3,227,687	\$ 135,749	\$ 45,042	\$ 2,054,888	\$ 15,103,979
Sales tax	4,699,722	7,499,191	2,107,759	32,170,567	735,990	14,589,635	1,578,931	425,786	11,044,366	74,851,947
Transient occupancy tax	1,128,296	3,031,528	113,080	3,501,077	48,049	951,908	20,393	-	497,972	9,292,303
Commonwealth fund interest income	4,618	8,454	1,588	28,748	587	12,800	1,187	321	9,246	67,549
Interest income	867	1,611	248	5,081	124	2,354	248	124	1,735	12,392
Total revenues	6,916,664	12,482,263	2,323,384	42,138,078	867,409	18,784,384	1,736,508	471,273	13,608,207	99,328,170
Expenditures										
Distribution of 30% local funds	6,916,664	12,482,263	2,323,384	42,138,078	867,409	18,784,384	1,736,508	471,273	13,608,207	99,328,170
Total expenditures	6,916,664	12,482,263	2,323,384	42,138,078	867,409	18,784,384	1,736,508	471,273	13,608,207	99,328,170
Net change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund Balance, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COMPLIANCE SECTION



**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 Authority Board Members
Northern Virginia Transportation Authority
Fairfax, Virginia

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, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 9, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Authority'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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
October 9, 2017

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**REPORT TO THE HONORABLE AUTHORITY
BOARD MEMBERS**

OCTOBER 10, 2017



ASSURANCE, TAX & ADVISORY SERVICES



October 10, 2017

To the Honorable Authority Board Members
Northern Virginia Transportation Authority
Fairfax, Virginia

We are pleased to present this report related to our audit of the basic financial statements and compliance of the Northern Virginia Transportation Authority (Authority) for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial and compliance reporting process.

This report is intended solely for the information and use of the Authority Board Members and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Authority.

PBMares, LLP

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
Required Communications	1 – 2
Summary of Recorded Audit Adjustments	3
Exhibit A – Significant Written Communications Between Management and Our Firm	
Arrangement Letter	
Representation Letter	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS

Year Ended June 30, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statements audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statements and Compliance Audit	Our responsibilities under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States; and <i>Specifications for Audits of Authorities, Boards and Commissions</i> provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated May 19, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statements and Compliance Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority adopted the Governmental Accounting Standards Board (GASB) Statement 79, <i>Certain External Investment Pools and Pool Participants</i> , and GASB Statement No. 82, <i>Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73</i> , in the current year.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS (Continued)

Year Ended June 30, 2017

Area	Comments
Accounting Policies and Practices (Continued)	<p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates</p> <p>We are not aware of any sensitive accounting estimates made by management.</p>
Audit Adjustments	<p>Audit adjustments proposed by us and recorded by the Authority are shown in the attached Summary of Recorded Audit Adjustments.</p>
Uncorrected Misstatements	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>
Disagreements With Management	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.</p>
Consultations With Other Accountants	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Issues Discussed With Management	<p>No significant issues arising from the audit were discussed with or were the subject of correspondence with management.</p>
Significant Difficulties Encountered in Performing the Audit	<p>We did not encounter any significant difficulties in dealing with management during the audit.</p>
Significant Written Communications Between Management and Our Firm	<p>Copies of significant written communications between our firm and management of the Authority, including the representation letter provided to us by management, are attached as Exhibit A.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

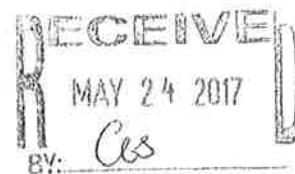
SUMMARY OF RECORDED AUDIT ADJUSTMENTS

Year Ended June 30, 2017

Description	Increase (Decrease)						
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Net Position	Revenue	Expenditures
Governmental Activities:							
Regional Revenue Fund:							
To adjust investment to fair market value	\$ (85,781)	\$ -	\$ -	\$ -	\$ (85,781)	\$ (85,781)	\$ -
Total effect	\$ (85,781)	\$ -	\$ -	\$ -	\$ (85,781)	\$ (85,781)	\$ -

**Exhibit A – Significant Written Communications Between Management and
Our Firm**

Arrangement Letter



May 19, 2017

Northern Virginia Transportation Authority
3040 Williams Drive, Suite 200
Fairfax, Virginia 22031

Attention: Monica Backmon, Executive Director

The Objective and Scope of the Audit of the Financial Statements

You have requested we audit the Northern Virginia Transportation Authority (Authority) governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison as of and for the year ending June 30, 2017, which collectively comprise the basic financial statements. Also, the required supplementary information and supplementary information presented in relation to the financial statements as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); and *Specifications for Audits of Authorities, Boards, and Commissions*, provided by the Auditor of Public Accounts for 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Authority'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 Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Finance Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds you have told us are maintained by the Authority and that are to be included as part of our audit are listed here:

- I. General Fund
- II. 30% Distribution Fund
- III. 70% Regional Revenue Fund
- IV. Debt Service Fund

There are no component units included in the financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and specifications identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and specifications identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For 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;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge; and

5. To provide us with:

- a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- b. Additional information we may request from management for the purpose of the audit; and
- c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) in accordance with accounting principles generally accepted in the United States of America. Management is responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the RSI and supplementary information and indicates the auditor has reported on such RSI and supplementary information. Management also agrees to present the RSI and supplementary information with the audited financial statements or, if the RSI and supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI and supplementary information no later than the date of issuance of the RSI and supplementary information and the auditor's report thereon.

The Finance Committee is responsible for informing us of its views about the risks of fraud within the Authority, and its knowledge of any fraud or suspected fraud affecting the Authority.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Authority agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Authority seeks such consent, we will be under no obligation to grant such consent or approval.

The Authority agrees it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Authority agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Records and Assistance

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Peggy Teal, Assistant Finance Officer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Other Relevant Information

PBMares, LLP may mention the Authority's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at www.pbmares.com.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are not expected to exceed \$24,500. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Authority personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Fees may also increase based on the extent of accounting services and other assistance required to render a complete set of financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Authority agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Authority's employment of a partner or professional employee of PBMares, LLP.

In the event we are requested or authorized by the Authority or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

Other Terms

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, IRS summons, or other third party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena or IRS summons and, in the case of a third party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we may engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, penalties, and fines imposed because of our nondisclosure.

We reserve the right to withdraw from the engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this engagement letter, or as we determine professional standards require.

If any portion of this engagement letter is deemed invalid or unenforceable, such a finding shall not invalidate the remainder of the terms set forth in this engagement letter.

Dispute Resolution

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in Richmond, Virginia, or the Richmond Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board Members of the Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Authority's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and
3. A schedule of findings and responses.

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Authority, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

PBMares, LLP



Michael A. Garber, Partner

MAG/spw

Confirmed on behalf of the Authority:


Signature

6/15/17

Date

Representation Letter



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

October 9, 2017

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Northern Virginia Transportation Authority (Authority) as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of October 9, 2017, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 19, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. We have disclosed all interfund transactions, including interfund transfers, which have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment have been disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.

8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net position and fund balance classifications.
 - b. The fair value of investments.
 - c. Leases and material amounts of rental obligations under long-term leases.
 - d. The effect on the financial statements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, and GASB Statement No. 87, *Leases*, which have been issued, but which we have not yet adopted.
 - e. Deposits and investment securities categories of risk.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Authority has no significant amounts of idle property and equipment.
 - b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts, if necessary.
11. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
 - d. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - e. Agreements to repurchase assets previously sold.
 - f. Security agreements in effect under the Uniform Commercial Code.

- g. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - i. Debt issue repurchases options or agreements, or sinking fund debt repurchases ordinance requirements.
 - j. Significant estimates and material concentrations known to management which are required to be disclosed.
 - k. Authorized but unissued bonds and/or notes.
 - l. Risk financing activities.
 - m. Derivative financial instruments.
 - n. Special or extraordinary items.
 - o. Arbitrage rebate liabilities.
 - p. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2017 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2017.
 - q. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - r. Material losses to be sustained as a result of purchase commitments.
 - s. Environmental cleanup obligations.
 - t. Contractual obligations for construction and purchase of real property or equipment.
12. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
13. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
17. Revenues are appropriately classified in the Statement of Activities within program revenues and general revenues.
18. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

19. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All transactions have been recorded in the accounting records and are reflected in the financial statements.
21. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
22. We have no knowledge of allegations of fraud or suspected fraud, affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, or others.
24. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
25. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
26. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.
27. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

29. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
30. With respect to the Management's Discussion and Analysis and Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

31. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
32. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
33. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
34. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts.

35. Has not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
36. Is responsible for 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.
37. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
38. Has a process to track the status of audit findings and recommendations.
39. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY



Monica Backmon, Executive Director

Michael Longhi, Chief Financial Officer

Peggy Tear, Assistant Finance Officer



To the Honorable Authority Board Members
Northern Virginia Transportation Authority
Fairfax, Virginia

In connection with our audit of the financial statements of the Northern Virginia Transportation Authority (the Authority) for the year ended June 30, 2017, we have the following comments and suggestions for your consideration.

New GASB Pronouncements

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of Statement No. 75 are effective for financial statements for fiscal years beginning after June 15, 2017.

Statement No. 86, *Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance.

Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

The requirements of Statement No. 86 are effective for financial statements for fiscal years beginning after June 15, 2017.

Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The requirements of Statement No. 87 are effective for financial statements for fiscal years beginning after December 15, 2019.

This report is intended solely for the information and use of management, Board Members and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2017 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

Harrisonburg, Virginia
October 9, 2017

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 13, 2017

SUBJECT: Investment Portfolio Report

- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTa) Finance Committee with required reports on investment activities and portfolio performance through September 30, 2017.
- 2) **Background:**
 - a. This report on early FY 2018 investment activity affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTa Investment Policy.
 - b. Additional monthly reports are attached to comply with all reporting requirements prescribed in the NVTa Investment Policy.
- 3) **Current Period Reports:**
 - a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown below:



Northern Virginia Transportation Authority Distribution by Asset Category - Book Value All Portfolios

Begin Date: 6/30/2017, End Date: 9/30/2017

Asset Category Allocation				
Asset Category	Book Value 6/30/2017	% of Portfolio 6/30/2017	Book Value 9/30/2017	% of Portfolio 9/30/2017
CD - Bank 60% Maximum	30,000,000.00	4.10	30,000,000.00	3.86
CD - Negotiable 25% Maximum	80,025,646.50	10.94	145,066,463.79	18.66
Commercial Paper 30% / 5% Maximum	111,366,515.94	15.22	80,831,413.03	10.40
Corporate Notes 50% Maximum	212,033,951.94	28.99	231,839,902.25	29.82
LGIP 100% Maximum	84,288,369.11	11.52	80,202,156.49	10.31
Money Market 60% Maximum	80,916,527.41	11.06	79,204,876.36	10.19
Mutual Funds 20% Maximum	75,940,388.98	10.38	76,151,401.68	9.79
SNAP 100% Maximum	7,937,756.66	1.09	5,288,151.25	0.68
US Agency 100% Maximum	44,488,574.35	6.08	44,487,706.90	5.72
US Treasury 100% Maximum	4,496,447.09	0.61	4,494,126.19	0.58
Total / Average	731,484,177.98	100.00	777,546,197.94	100.00

Portfolio Holdings as of 6/30/2017



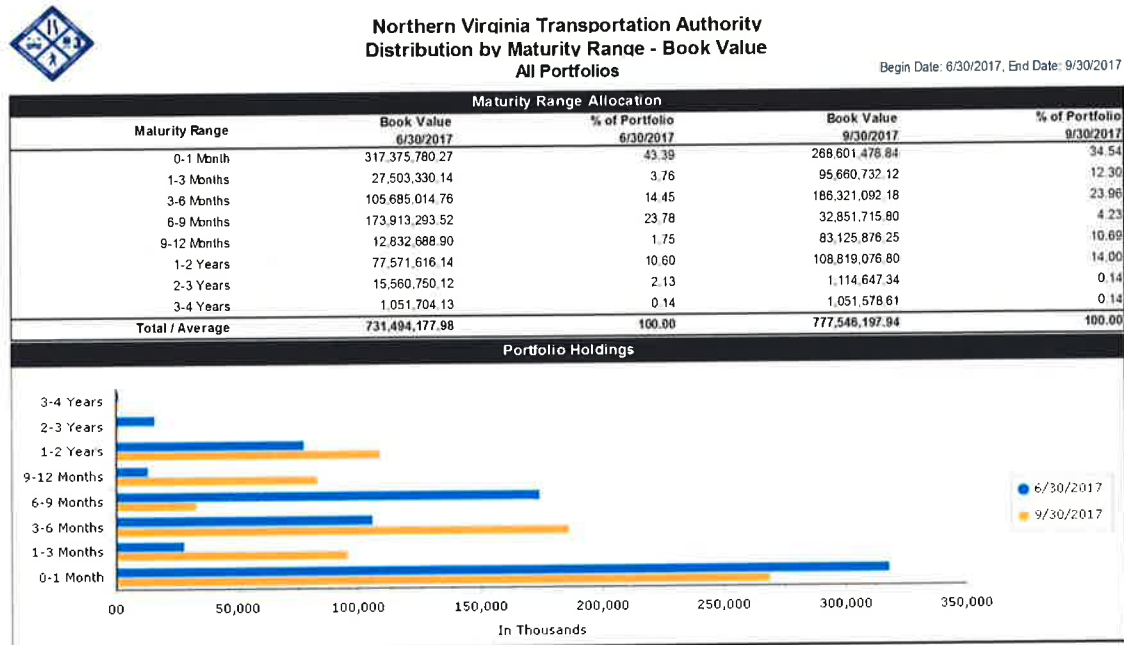
- 4.1%-CD - Bank 60% M...
- 10.94%-CD - Negotiab...
- 15.22%-Commercial Pa...
- 28.99%-Corporate Not...
- 11.52%-LGIP 100% Max...
- 11.06%-Money Market...
- 10.38%-Mutual Funds ...
- 1.09%-SNAP 100% Maxi...
- 6.08%-US Agency 100...
- 0.61%-US Treasury 1...

Portfolio Holdings as of 9/30/2017



- 3.86%-CD - Bank 60% ...
- 18.66%-CD - Negotiab...
- 10.4%-Commercial Pap...
- 29.82%-Corporate Not...
- 10.31%-LGIP 100% Max...
- 10.19%-Money Market...
- 9.79%-Mutual Funds ...
- 0.68%-SNAP 100% Maxi...
- 5.72%-US Agency 100...
- 0.58%-US Treasury 1...

- b. The liquidity of the portfolio is reflected in the portfolio's duration/maturity schedule shown below:



- c. The yield on the portfolio at the end of September 2017 was 1.30%. The NVTA's investment Policy specifies the benchmarks shown below for yield performance comparison:

NVTA Investment Benchmarks	FY 2017 Year End	Sep-17 Month end
Fed Funds Rate	1.16%	1.15%
Treasury 90 Day T Bill	1.09%	1.05%
Local Government Investment Pool	1.00%	1.20%
Virginia Non-Arbitrage Program	1.16%	1.27%
NVTA Performance	1.20%	1.30%

4) Fiscal Implications:

- FY 2018 begins with a larger portion of the Authority's portfolio already positioned in fixed income securities rather than the LGIP.
- FY 2018 is the first time the investment program will be in place for a full year and is expected to generate an improved return over the \$5,530,000 current budget estimate prior to the mark to market adjustments required by financial reporting standards.

5) Looking Forward: The following are expected to positively impact the NVTA's FY 2018 portfolio earnings:

- Having the portfolio invested in fixed income securities for a full year

- b. Investing an even higher proportion of the portfolio in fixed income securities versus the LGIP.
 - c. Federal action to stimulate the market and the economy appear to slowly be increasing nearly all types of interest rates, gradually improving investment returns.
 - d. The timing of the expected adoption of the Six Year Program will result in all of the Regional Revenue Fund FY 2018 revenues remaining in the portfolio for the year.
- 6) **Policy Required Reports:** The following reports are attached to address specific Investment Policy requirements regarding the purchase and holding of securities. The attached required reports, in order of presentation are:
- a. **Compliance Report – Investment Policy, Summary.** This report shows the percentage of the portfolio by each type of investment.
 - b. **Investment Portfolio – By Maturity Range.** This report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
 - c. **Portfolio Holdings by Custodian.** This report shows each depository, investment firm or custodian holding NVTAs securities or cash.
 - d. **Compliance - GASB 40 Report.** This report shows reporting requirements not otherwise presented. This report is also fundamental for the Authority's Annual Financial Statements and Annual Audit.

Attachments:

Portfolio Reports for FY 2017 year end:

- Attachment 1: Compliance Report – Investment Policy, Summary
- Attachment 2: Investment Portfolio – By Maturity Range
- Attachment 3: Portfolio Holdings by Custodian
- Attachment 4: Compliance - GASB 40 Report

Northern Virginia Transportation Authority
Compliance Report - Investment Policy, Summary
 Report Format: By Totals
 Group By: Asset Category
 Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 9/30/2017

Description	CUSIP/Ticker	YTM @ Cost	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	Accrued Interest	% of Portfolio
CD - Bank 60% Maximum		1.338	30,000,000.00	30,000,000.00	30,000,000.00	73	20,923.75	3.86
CD - Negotiable 25% Maximum		1.520	145,000,000.00	145,102,100.83	145,064,050.00	231	677,527.78	18.67
Commercial Paper 30% / 5% Maximum		1.263	80,960,000.00	80,299,810.60	80,305,074.40	45	0.00	10.43
Corporate Notes 50% Maximum		1.317	230,762,000.00	232,301,274.90	231,607,279.75	238	865,804.36	29.72
LGIP 100% Maximum		1.216	80,202,156.49	80,202,156.49	80,202,156.49	1	0.00	10.33
Money Market 60% Maximum		1.066	79,204,876.36	79,204,876.36	79,204,876.36	1	0.00	10.20
Mutual Funds 20% Maximum		1.190	76,151,401.68	76,151,401.68	76,151,401.68	1	0.00	9.81
SNAP 100% Maximum		1.270	5,268,151.25	5,268,151.25	5,268,151.25	1	0.00	0.68
US Agency 100% Maximum		1.411	44,500,000.00	44,494,400.00	44,389,900.00	569	67,017.36	5.73
US Treasury 100% Maximum		1.182	4,480,000.00	4,502,886.35	4,474,588.92	680	20,794.63	0.58
Total / Average		1.306	776,528,585.78	777,527,058.46	776,667,478.85	158	1,652,067.88	100

Northern Virginia Transportation Authority
Investment Portfolio - by Maturity Range
 Report Format: By Transaction
 Group By: Maturity Range
 Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 9/30/2017

Description	CUSIP/Ticker	Security Sector	Maturity Date	Days To Maturity	Settlement Date	Cost Value	Coupon Rate	Duration To Maturity	YTM @ Cost	Coupon Frequency	% of Portfolio
0-1 Month											
Access National Bank MM	MM7182	Money Market	N/A	1	6/30/2016	61,009,433.40	1.000	0.00	1.000	N/A	7.86
Bank of Tokyo - Mitsubishi UFJ 0 10/10/2017	06538BXA6	Corporate	10/10/2017	10	4/7/2017	273,010.83	0.000	0.03	1.433	At Maturity	0.04
BB&T MM	MM1006	Money Market	N/A	1	2/2/2017	572,172.30	0.840	0.00	0.840	N/A	0.07
Commonwealth of Virginia LGIP	LGIP0825	Local Government Investment Pool	N/A	1	6/30/2016	1,596,684.60	1.204	0.00	1.204	N/A	0.21
Commonwealth of Virginia LGIP	LGIP0549	Local Government Investment Pool	N/A	1	6/30/2016	20,866,168.02	1.204	0.00	1.204	N/A	2.69
John Marshall Bank 1.3 10/12/2017	CDARS8138	Certificate Of Deposit	10/12/2017	12	9/14/2017	17,500,000.00	1.300	0.03	1.300	At Maturity	2.25
John Marshall Bank ICS MM	MM60000	Money Market	N/A	1	6/22/2017	17,623,270.66	1.300	0.00	1.300	N/A	2.27
SNAP - Income LGIP	SNAP1005	Local Government Investment Pool	N/A	1	6/30/2016	460,055.87	1.270	0.00	1.270	N/A	0.06
SNAP - Principal LGIP	SNAP1004	Local Government Investment Pool	N/A	1	6/30/2016	4,641,156.33	1.270	0.00	1.270	N/A	0.60
SNAP - Principal LGIP	SNAP1006	Local Government Investment Pool	N/A	1	6/30/2016	166,939.05	1.270	0.00	1.270	N/A	0.02
Standard Charter Bank of NY 1.37 10/23/2017	85325TSQ9	Certificate Of Deposit	10/23/2017	23	4/26/2017	10,000,000.00	1.370	0.06	1.370	At Maturity	1.29
VIP 1-3 Year LGIP	LGIP0001	Local Government Investment Pool	N/A	1	6/30/2016	76,151,401.68	1.190	0.00	1.190	N/A	9.81
VIP Stable NAV LGIP	LGIP5001	Local Government Investment Pool	N/A	1	10/15/2016	57,739,303.87	1.220	0.00	1.220	N/A	7.44
Total / Average				3		268,599,596.61	1.175	0.01	1.177		34.59
1-3 Months											
BNP Paribas NY Branch 0 11/30/2017	09659BYW4	Corporate	11/30/2017	61	5/12/2017	248,148.33	0.000	0.17	1.351	At Maturity	0.03
Credit Agricole CIB NY 0 11/10/2017	22533TYA8	Corporate	11/10/2017	41	5/12/2017	263,244.96	0.000	0.11	1.348	At Maturity	0.03

Description	CUSIP/Ticker	Security Sector	Maturity Date	Days To Maturity	Settlement Date	Cost Value	Coupon Rate	Duration To Maturity	YTM @ Cost	Coupon Frequency	% of Portfolio
Credit Suisse New York 0 11/30/2017	2254EAYW7	Corporate	11/30/2017	61	4/27/2017	9,917,206.48	0.000	0.17	1.406	At Maturity	1.29
GE Capital 0 11/9/2017	36164JY99	Corporate	11/9/2017	40	3/24/2017	24,821,111.11	0.000	0.11	1.142	At Maturity	3.22
JP Morgan Securities 0 11/1/2017	46640PY15	Corporate	11/1/2017	32	3/8/2017	9,914,055.56	0.000	0.09	1.327	At Maturity	1.29
JP Morgan Securities 0 12/1/2017	46640PZ14	Corporate	12/1/2017	62	3/8/2017	19,799,000.00	0.000	0.17	1.380	At Maturity	2.58
Prudential Funding LLC 0 10/31/2017	74433GXX9	Corporate	10/31/2017	31	3/24/2017	14,895,025.00	0.000	0.08	1.163	At Maturity	1.93
T-Note 0.875 11/30/2017	912828M72	US Treasury	11/30/2017	61	6/15/2017	99,890.63	0.875	0.17	1.114	Semi-Annual	0.01
Toyota Motor Credit corp 0 11/30/2017	89233GYW0	Corporate	11/30/2017	61	6/15/2017	169,008.33	0.000	0.17	1.278	At Maturity	0.02
UBS Bank Stamford CT Branch 1.46 12/13/2017	90275DFE5	Certificate Of Deposit	12/13/2017	74	2/21/2017	15,016,950.00	1.460	0.20	1.319	At Maturity	1.93
Total / Average				50		95,143,640.40	0.230	0.14	1.271		12.34

3-6 Months

Berkshire Hathaway 1.45 3/7/2018	084664CE9	Corporate	3/7/2018	158	4/11/2017	2,243,007.04	1.450	0.44	1.300	Semi-Annual	0.29
Berkshire Hathaway 1.45 3/7/2018	084664CE9	Corporate	3/7/2018	158	4/4/2017	29,228,390.25	1.450	0.44	1.250	Semi-Annual	3.76
Berkshire Hathaway 1.55 2/9/2018	084670BH0	Corporate	2/9/2018	132	4/17/2017	5,846,707.88	1.550	0.36	1.151	Semi-Annual	0.75
Coca Cola 1.65 3/14/2018	191216AY6	Corporate	3/14/2018	165	3/31/2017	1,902,674.75	1.650	0.46	1.221	Semi-Annual	0.24
Coca Cola 1.65 3/14/2018	191216AY6	Corporate	3/14/2018	165	3/30/2017	9,459,343.47	1.650	0.46	1.220	Semi-Annual	1.21
Coca Cola 1.65 3/14/2018	191216AY6	Corporate	3/14/2018	165	3/31/2017	1,410,690.25	1.650	0.46	1.221	Semi-Annual	0.18
Coca Cola 1.65 3/14/2018	191216AY6	Corporate	3/14/2018	165	4/7/2017	10,139,194.02	1.650	0.46	1.221	Semi-Annual	1.30
Exxon Mobile 1.305 3/6/2018	30231GAL6	Corporate	3/6/2018	157	2/3/2017	20,030,000.00	1.305	0.43	1.166	Semi-Annual	2.58
IBM 1.125 2/6/2018	459200HZ7	Corporate	2/6/2018	129	2/3/2017	3,301,320.00	1.125	0.35	1.085	Semi-Annual	0.42
IBM 1.125 2/6/2018	459200HZ7	Corporate	2/6/2018	129	2/3/2017	7,002,800.00	1.125	0.35	1.085	Semi-Annual	0.90
IBM 1.125 2/6/2018	459200HZ7	Corporate	2/6/2018	129	2/3/2017	4,776,910.00	1.125	0.35	1.085	Semi-Annual	0.61
IBM 1.125 2/6/2018	459200HZ7	Corporate	2/6/2018	129	2/3/2017	8,432,371.60	1.125	0.35	1.085	Semi-Annual	1.09
Standard Charter Bank NY 1.54 1/9/2018	85325TSB2	Certificate Of Deposit	1/9/2018	101	4/5/2017	10,006,897.50	1.540	0.28	1.448	At Maturity	1.29
Standard Charter Bank of NY 1.66 2/12/2018	85325TQZ1	Certificate Of Deposit	2/12/2018	135	2/16/2017	10,009,873.33	1.660	0.38	1.559	At Maturity	1.29
	89233P7E0	Corporate	1/10/2018	102	2/3/2017	20,032,000.00	1.375	0.28	1.202		2.58

Description	CUSIP/Ticker	Security Sector	Maturity Date	Days To Maturity	Settlement Date	Cost Value	Coupon Rate	Duration To Maturity	YTM @ Cost	Coupon Frequency	% of Portfolio
Toyota Motor Corp 1.375 1/10/2018										Semi-Annual	
United Bank 1.39 3/8/2018	CDARS3428	Certificate Of Deposit	3/8/2018	159	9/7/2017	12,500,000.00	1.390	0.44	1.390	At Maturity	1.61
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	4/25/2017	1,162,540.40	1.650	0.31	1.351	Semi-Annual	0.15
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	5/8/2017	5,013,272.05	1.650	0.31	1.270	Semi-Annual	0.64
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	2/6/2017	10,024,900.00	1.650	0.31	1.388	Semi-Annual	1.29
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	4/20/2017	556,221.00	1.650	0.31	1.355	Semi-Annual	0.07
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	4/18/2017	1,403,080.00	1.650	0.31	1.358	Semi-Annual	0.18
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	5/1/2017	2,004,300.58	1.650	0.31	1.350	Semi-Annual	0.26
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Corporate	1/22/2018	114	2/3/2017	10,033,593.90	1.650	0.31	1.300	Semi-Annual	1.29
Total / Average				137		186,520,088.02	1.457	0.38	1.259		23.98
6-9 Months											
Credit Suisse New York 1.64 5/4/2018	22549LAW5	Certificate Of Deposit	5/4/2018	216	7/11/2017	20,020,600.00	1.640	0.60	1.507	At Maturity	2.58
Toyota Motor Corp 1.2 4/6/2018	89236TCX1	Corporate	4/6/2018	188	2/21/2017	12,827,017.00	1.200	0.51	1.325	Semi-Annual	1.65
Total / Average				205		32,847,617.00	1.468	0.57	1.436		4.23
9-12 Months											
Bank of Tokyo - New York 1.63 8/28/2018	06539RCX3	Certificate Of Deposit	8/28/2018	332	8/28/2017	20,009,000.00	1.630	0.92	1.584	At Maturity	2.58
Bayerische Landesbank 1.7 7/18/2018	0727MAFB2	Certificate Of Deposit	7/18/2018	291	7/18/2017	20,019,000.00	1.700	0.81	1.603	At Maturity	2.58
Bayerische Landesbank 1.7 7/27/2018	0727MAFK2	Certificate Of Deposit	7/27/2018	300	7/27/2017	20,009,800.00	1.700	0.83	1.650	At Maturity	2.58
Mizuho Bank, New York 1.55 9/18/2018	60700AGH1	Certificate Of Deposit	9/18/2018	353	9/18/2017	20,009,980.00	1.550	0.98	1.499	At Maturity	2.58
Nestle Holdings Inc 1.375 7/24/2018	U64106BW3	Corporate	7/24/2018	297	2/16/2017	3,084,710.01	1.375	0.82	1.380	Annual	0.40
Total / Average				318		83,132,490.01	1.635	0.88	1.577		10.70
1-2 Years											
Chevron Corp 1.686 2/28/2019	166764BS8	Corporate	2/28/2019	516	9/27/2017	20,037,800.00	1.686	1.40	1.551	Semi-Annual	2.58
	3133EHDR1	US Agency	3/27/2019	543	3/27/2017	10,009,800.00	1.400	1.48	1.350		1.29

Description	CUSIP/Ticker	Security Sector	Maturity Date	Days To Maturity	Settlement Date	Cost Value	Coupon Rate	Duration To Maturity	YTM @ Cost	Coupon Frequency	% of Portfolio
FFCB 1.4 3/27/2019										Semi-Annual	
FHLB 1.75 12/14/2018	313376BR5	US Agency	12/14/2018	440	2/21/2017	5,042,850.00	1.750	1.19	1.270	Semi-Annual	0.64
FHLMC 1.35 1/25/2019-17	3134GAK78	US Agency	1/25/2019	482	3/23/2017	10,000,000.00	1.350	1.31	1.350	Semi-Annual	1.29
FHLMC 1.375 3/15/2019	3134GA5A8	US Agency	3/15/2019	531	3/15/2017	5,000,000.00	1.375	1.45	1.375	Semi-Annual	0.64
FHLMC Step 9/30/2019-17	3134GAKN3	US Agency	9/30/2019	730	4/25/2017	4,488,750.00	1.000	1.98	1.772	Semi-Annual	0.58
FNMA 1.25 8/23/2019-17	3135G0P23	US Agency	8/23/2019	692	5/8/2017	9,953,000.00	1.250	1.88	1.459	Semi-Annual	1.29
Stanford University 4.75 5/1/2019	854403AC6	Corporate	5/1/2019	578	2/21/2017	5,349,400.00	4.750	1.52	1.500	Semi-Annual	0.64
Stanford University 4.75 5/1/2019	854403AC6	Corporate	5/1/2019	578	2/21/2017	5,900,388.20	4.750	1.52	1.500	Semi-Annual	0.71
Stanford University 4.75 5/1/2019	854403AC6	Corporate	5/1/2019	578	6/29/2017	6,980,100.00	4.750	1.52	1.431	Semi-Annual	0.85
T-Note 1.25 11/30/2018	912828A34	US Treasury	11/30/2018	426	10/14/2016	2,234,482.03	1.250	1.16	0.940	Semi-Annual	0.29
Wells Fargo Bank 1.8 11/28/2018	94988J5F0	Corporate	11/28/2018	424	2/3/2017	8,875,222.50	1.800	1.15	1.640	Semi-Annual	1.14
Wells Fargo Bank 1.8 11/28/2018	94988J5F0	Corporate	11/28/2018	424	2/6/2017	15,243,320.00	1.800	1.15	1.639	Semi-Annual	1.96
Total / Average				525		109,115,112.73	2.050	1.42	1.488		13.89
2-3 Years											
T-Note 1.5 11/30/2019	912828G61	US Treasury	11/30/2019	791	11/18/2016	1,116,503.93	1.500	2.13	1.302	Semi-Annual	0.14
Total / Average				791		1,116,503.93	1.500	2.13	1.302		0.14
3-4 Years											
T-Note 1.625 11/30/2020	912828M98	US Treasury	11/30/2020	1,157	11/18/2016	1,052,009.76	1.625	3.08	1.576	Semi-Annual	0.14
Total / Average				1,157		1,052,009.76	1.625	3.08	1.576		0.14
Total / Average				158		777,527,058.46	1.310	0.43	1.306		100



Northern Virginia Transportation Authority Portfolio Holdings by Custodian All Portfolios

Date: 9/30/2017

Description CUSIP	Face Amount / Shares	Settlement Date YTM @ Cost	Cost Value Book Value	Market Price YTM @ Market	Market Value Accrued Interest	% Portfolio Unre. Gain/Loss	Credit Rating Credit Rating	Call/Maturity Duration To Maturity
Access National Bank								
Access National Bank MM	61,009,433.40	6/30/2016	61,009,433.40	100.00	61,009,433.40	7.85%	NR	1
MM7182		1.00	61,009,433.40	1.00		0.00	NR	0
Sub Total Access National Bank	61,009,433.40	1.00	61,009,433.40	1.00	61,009,433.40	7.85%		1
BB&T - 1874001006								
Bank of Tokyo - New York 1.63 8/28/2018			20,009,000.00	99.96	19,992,200.00	2.57%	Moody's-A1	332
06539RCX3	20,000,000.00	1.58	20,008,186.30	1.67	29,883.33	-15,986.30	S&P-A+	0.92
Bayerische Landesbank 1.7 7/18/2018			20,019,000.00	100.10	20,019,400.00	2.57%	Moody's-P1	291
0727MAFB2	20,000,000.00	1.60	20,015,147.95	1.57	69,888.89	4,252.05	Fitch-F1	0.81
Bayerische Landesbank 1.7 7/27/2018			20,009,800.00	100.09	20,017,600.00	2.57%	Moody's-P1	300
0727MAFK2	20,000,000.00	1.65	20,008,054.79	1.59	61,388.89	9,545.21	Fitch-F1	0.83
BB&T MM			572,172.30	100.00	572,172.30	0.07%	NR	1
MM1006	572,172.30	0.84	572,172.30	0.84		0.00	NR	0
Berkshire Hathaway 1.45 3/7/2018			29,228,390.25	100.03	29,184,627.75	3.76%	Moody's-Aa2	158
084664CE9	29,175,000.00	1.25	29,200,031.63	1.37	27,027.40	-15,403.88	S&P-AA	0.44
Berkshire Hathaway 1.45 3/7/2018			2,243,007.04	100.03	2,240,739.20	0.29%	Moody's-Aa2	158
084664CE9	2,240,000.00	1.30	2,241,439.73	1.37	2,075.11	-700.53	S&P-AA	0.44
Berkshire Hathaway 1.55 2/9/2018			5,846,707.88	100.00	5,827,825.16	0.75%	Moody's-Aa2	132
084670BH0	5,828,000.00	1.15	5,836,286.71	1.56	12,797.32	-8,461.55	S&P-AA	0.36
Chevron Corp 1.686 2/28/2019			20,037,800.00	100.03	20,006,200.00	2.58%	Moody's-Aa2	516
166764BS8	20,000,000.00	1.55	20,037,581.50	1.66	29,973.33	-31,381.50	S&P-AA-	1.4
Coca Cola 1.65 3/14/2018			1,902,674.75	100.11	1,897,141.35	0.24%	Moody's-Aa3	165
191216AY6	1,895,000.00	1.22	1,898,638.89	1.40	1,389.67	-1,497.54	S&P-AA-	0.46
Coca Cola 1.65 3/14/2018			1,410,690.25	100.11	1,406,587.65	0.18%	Moody's-Aa3	165
191216AY6	1,405,000.00	1.22	1,407,697.96	1.40	1,030.33	-1,110.31	S&P-AA-	0.46
Coca Cola 1.65 3/14/2018			9,459,343.47	100.11	9,431,645.73	1.21%	Moody's-Aa3	165
191216AY6	9,421,000.00	1.22	9,439,128.00	1.40	6,908.73	-7,482.27	S&P-AA-	0.46
Coca Cola 1.65 3/14/2018			10,139,194.02	100.11	10,110,411.87	1.3%	Moody's-Aa3	165
191216AY6	10,099,000.00	1.22	10,118,448.72	1.40	7,405.93	-8,036.85	S&P-AA-	0.46
Credit Suisse New York 0 11/30/2017			9,917,206.48	99.17	9,917,206.48	1.28%	Moody's-P1	61
2254EAYW7	10,000,000.00	1.41	9,976,726.25	5.01	0.00	-59,519.77	S&P-A1	0.17

Credit Suisse New York 1 64 5/4/2018 22549LAW5	7/11/2017	20,020,600.00	100.10	20,020,600.00	2.57%	Moody's-P1 S&P-A1	216 0.6
Exxon Mobile 1.305 3/6/2018 30231GAL6	2/3/2017 1.17	20,030,000.00 20,011,893.94	99.95 1.43	19,989,400.00 17,400.00	2.57% -22,493.94	Moody's-Aaa S&P-AA+	157 0.43
FFCB 1 4 3/27/2019 3133EHDR1	3/27/2017 1.35	10,009,800.00 10,007,289.59	99.74 1.58	9,973,700.00 1,166.67	1.29% -33,589.59	Moody's-Aaa S&P-AA+	543 1.48
FHLB 1.75 12/14/2018 313376BR5	2/21/2017 1.27	5,042,850.00 5,028,523.45	100.36 1.45	5,018,000.00 25,763.89	0.65% -10,523.45	Moody's-Aaa S&P-AA+	440 1.19
FHLMC 1.35 1/25/2019-17 3134GAK78	3/23/2017 1.35	10,000,000.00 10,000,000.00	99.80 1.51	9,979,800.00 24,375.00	1.29% -20,200.00	Moody's-Aaa S&P-AA+	25 1.31
FHLMC 1.375 3/15/2019 3134GA5A8	3/15/2017 1.38	5,000,000.00 5,000,000.00	99.72 1.57	4,986,200.00 2,864.58	0.64% -13,800.00	S&P-AA+ Fitch-Aaa	531 1.45
FHLMC Step 9/30/2019-17 3134GAKN3	4/25/2017 1.77	4,488,750.00 4,490,751.69	99.70 2.02	4,486,500.00 0.00	0.58% -4,251.69	Moody's-Aaa S&P-AA+	91 1.98
FNMA 1 25 8/23/2019-17 3135G0P23	5/8/2017 1.46	9,953,000.00 9,981,142.17	99.46 1.54	9,945,700.00 12,847.22	1.28% -15,442.17	Moody's-Aaa S&P-AA+	54 1.88
GE Capital 0 11/9/2017 36164JY99	3/24/2017 1.14	24,821,111.11 24,968,888.89	99.28 6.63	24,821,111.11 0.00	3.21% -147,777.78	Moody's-P1 S&P-A1+	40 0.11
IBM 1.125 2/6/2018 459200HZ7	2/3/2017 1.09	4,776,910.00 4,775,669.54	99.92 1.36	4,770,989.00 8,057.81	0.61% -4,680.54	Moody's-Aa3 S&P-AA-	129 0.35
IBM 1.125 2/6/2018 459200HZ7	2/3/2017 1.09	8,432,371.60 8,430,181.89	99.92 1.36	8,421,919.64 14,223.94	1.08% -8,262.25	Moody's-Aa3 S&P-AA-	129 0.35
IBM 1.125 2/6/2018 459200HZ7	2/3/2017 1.09	3,301,320.00 3,300,462.72	99.92 1.36	3,297,228.00 5,568.75	0.42% -3,234.72	Moody's-Aa3 S&P-AA-	129 0.35
IBM 1.125 2/6/2018 459200HZ7	2/3/2017 1.09	7,002,800.00 7,000,981.52	99.92 1.36	6,994,120.00 11,812.50	0.9% -6,861.52	Moody's-Aa3 S&P-AA-	129 0.35
JP Morgan Securities 0 11/1/2017 46640PY15	3/8/2017 1.33	9,914,055.56 9,988,444.44	99.14 9.97	9,914,055.56 0.00	1.28% -74,388.88	Moody's-A1 S&P-SP-1	32 0.09
JP Morgan Securities 0 12/1/2017 46640PZ14	3/8/2017 1.38	19,799,000.00 19,953,500.00	99.00 5.99	19,799,000.00 0.00	2.57% -154,500.00	Moody's-P1 S&P-A1	62 0.17
Mizuho Bank, New York 1.55 9/18/2018 60700AAGH1	9/18/2017 1.50	20,009,980.00 20,009,651.89	99.97 1.58	19,994,000.00 10,333.33	2.57% -15,651.89	Moody's-P1 S&P-A1	353 0.98
Nestle Holdings Inc 1.375 7/24/2018 U64106BW3	2/16/2017 1.38	3,084,710.01 3,084,835.32	99.90 1.50	3,081,760.75 7,776.77	0.4% -3,074.57	Moody's-Aa2 S&P-AA	297 0.82
Prudential Funding LLC 0 10/31/2017 74433CXX9	3/24/2017 1.16	14,895,025.00 14,985,275.00	99.30 8.37	14,895,025.00 0.00	1.93% -90,250.00	Moody's-P1 S&P-A1+	31 0.08
Standard Charter Bank NY 1.54 1/9/2018	4/5/2017	10,006,897.50	100.06	10,005,500.00	1.29%	Moody's-P1	101

85325TSB2	10,000,000.00	1.45	10,002,496.94	1.33	74,861.11	3,003.06	S&P-A1	0.28
Standard Charter Bank of NY 1.37 10/23/2017		4/26/2017	10,000,000.00	100.01	10,001,000.00	1.29%	Moody's-P1	23
85325TSQ9	10,000,000.00	1.37	10,000,000.00	1.21	58,605.56	1,000.00	S&P-A1	0.06
Standard Charter Bank of NY 1.66 2/12/2018		2/16/2017	10,009,873.33	100.09	10,009,100.00	1.29%	Moody's-P1	135
85325TQZ1	10,000,000.00	1.56	10,003,692.24	1.39	104,211.11	5,407.76	S&P-A1	0.38
Stanford University 4.75 5/1/2019		2/21/2017	5,900,388.20	104.70	5,774,149.85	0.75%	Moody's-Aaa	578
854403AC6	5,515,000.00	1.50	5,793,791.46	1.73	108,423.37	-19,641.61	S&P-Aaa	1.52
Stanford University 4.75 5/1/2019		2/21/2017	5,349,400.00	104.70	5,234,950.00	0.68%	Moody's-Aaa	578
854403AC6	5,000,000.00	1.50	5,252,757.45	1.73	98,298.61	-17,807.45	S&P-Aaa	1.52
Stanford University 4.75 5/1/2019		6/29/2017	6,980,100.00	104.70	6,894,429.15	0.89%	Moody's-Aaa	578
854403AC6	6,585,000.00	1.43	6,925,339.49	1.73	129,459.27	-30,910.34	S&P-Aaa	1.52
Toyota Motor Corp 1.2 4/6/2018		2/21/2017	12,827,017.00	99.87	12,828,301.50	1.65%	Moody's-Aaa3	188
89236TCX1	12,845,000.00	1.33	12,836,733.98	1.45	74,501.00	-8,432.48	S&P-AA-	0.51
Toyota Motor Corp 1.375 1/10/2018		2/3/2017	20,032,000.00	99.98	19,996,600.00	2.57%	Moody's-Aaa3	102
89233P7E0	20,000,000.00	1.20	20,009,571.85	1.43	61,111.11	-12,971.85	S&P-AA-	0.28
UBS Bank Stamford CT Branch 1.46 12/13/2017		2/21/2017	15,016,950.00	100.03	15,004,650.00	1.93%	Moody's-P1	74
90275DFE5	15,000,000.00	1.32	15,004,251.86	1.30	132,600.00	398.14	S&P-A1	0.2
Wells Fargo Bank 1.65 1/22/2018		4/20/2017	556,221.00	100.08	555,449.55	0.07%	Moody's-Aa2	114
94988J5A1	555,000.00	1.36	555,502.51	1.38	1,729.75	-52.96	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		4/18/2017	1,403,080.00	100.08	1,401,134.00	0.18%	Moody's-Aa2	114
94988J5A1	1,400,000.00	1.36	1,401,258.49	1.38	4,363.33	-124.49	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		5/8/2017	5,013,272.05	100.08	5,004,050.00	0.64%	Moody's-Aa2	114
94988J5A1	5,000,000.00	1.27	5,005,841.75	1.38	15,583.33	-1,791.75	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		2/3/2017	10,033,593.90	100.08	10,008,100.00	1.29%	Moody's-Aa2	114
94988J5A1	10,000,000.00	1.30	10,010,849.02	1.38	31,166.67	-2,749.02	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		5/1/2017	2,004,300.58	100.08	2,001,620.00	0.26%	Moody's-Aa2	114
94988J5A1	2,000,000.00	1.35	2,001,843.11	1.38	6,233.33	-223.11	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		2/6/2017	10,024,900.00	100.08	10,008,100.00	1.29%	Moody's-Aa2	114
94988J5A1	10,000,000.00	1.39	10,008,110.29	1.38	31,166.67	-10.29	S&P-AA-	0.31
Wells Fargo Bank 1.65 1/22/2018		4/25/2017	1,162,540.40	100.08	1,160,939.60	0.15%	Moody's-Aa2	114
94988J5A1	1,160,000.00	1.35	1,161,064.73	1.38	3,615.33	-125.13	S&P-AA-	0.31
Wells Fargo Bank 1.8 11/28/2018		2/6/2017	15,243,320.00	100.12	15,218,240.00	1.96%	Moody's-Aa2	424
94988J5F0	15,200,000.00	1.64	15,227,829.82	1.69	92,720.00	-9,589.82	Fitch-AA	1.15
Wells Fargo Bank 1.8 11/28/2018		2/3/2017	8,875,222.50	100.12	8,860,620.00	1.14%	Moody's-Aa2	424
94988J5F0	8,850,000.00	1.64	8,866,130.23	1.69	53,985.00	-5,510.23	Fitch-AA	1.15
Sub Total BB&T - 1874001006	- 500,834,172.30	1.37	501,816,346.18	2.37	500,979,800.20	64.53%		207
			501,839,079.82		1,610,349.50	-859,279.62		0.64

CDARS Program - John Marshall Bank									
John Marshall Bank 1.3 10/12/2017									12
CDARS8138	17,500,000.00	9/14/2017	1.30	17,500,000.00	100.00	17,500,000.00	2.25%	None	0.03
							0.00	None	
Sub Total CDARS Program - John Marshall Bank	17,500,000.00	1.30		17,500,000.00	1.30	17,500,000.00	2.25%		12
							0.00		0.03
CDARS Program - United Bank									
United Bank 1.39 3/8/2018									159
CDARS3428	12,500,000.00	9/7/2017	1.39	12,500,000.00	100.00	12,500,000.00	1.61%	None	0.44
							0.00	None	
Sub Total CDARS Program - United Bank	12,500,000.00	1.39		12,500,000.00	1.39	12,500,000.00	1.61%		159
							0.00		0.44
Commonwealth of Virginia									
Commonwealth of Virginia LGIP									1
LGIP0825	1,596,684.60	6/30/2016	1.20	1,596,684.60	100.00	1,596,684.60	0.21%	S&P-AAA	0
							0.00	NR	
Commonwealth of Virginia LGIP									1
LGIP0549	20,866,168.02	6/30/2016	1.20	20,866,168.02	100.00	20,866,168.02	2.68%	S&P-AAA	0
							0.00	NR	
Sub Total Commonwealth of Virginia	22,462,852.62	1.20		22,462,852.62	1.20	22,462,852.62	2.89%		1
							0.00		0
None									
John Marshall Bank ICS MM									1
MM60000	17,623,270.66	6/22/2017	1.30	17,623,270.66	100.00	17,623,270.66	2.27%	NR	0
							0.00	NR	
Sub Total None	17,623,270.66	1.30		17,623,270.66	1.30	17,623,270.66	2.27%		1
							0.00		0
SNAP 1004									
SNAP - Principal LGIP									1
SNAP1004	4,641,156.33	6/30/2016	1.27	4,641,156.33	100.00	4,641,156.33	0.6%	NR	0
							0.00	NR	
Sub Total SNAP 1004	4,641,156.33	1.27		4,641,156.33	1.27	4,641,156.33	0.6%		1
							0.00		0
SNAP 1005									
SNAP - Income LGIP									1
SNAP1005	460,055.87	6/30/2016	1.27	460,055.87	100.00	460,055.87	0.06%	NR	0
							0.00	NR	
Sub Total SNAP 1005	460,055.87	1.27		460,055.87	1.27	460,055.87	0.06%		1
							0.00		0
SNAP 1006									
Bank of Tokyo - Mitsubishi UFJ 0 10/10/2017									10
06538BXA6	275,000.00	4/7/2017	1.43	274,893.06	99.96	274,901.00	0.04%	Moody's P1	0.03
							7.94	S&P-A1	
BNP Paribas NY Branch 0 11/30/2017									61
09659BYW4	250,000.00	5/12/2017	1.35	248,148.33	99.80	249,488.50	0.03%	Moody's P1	0.17
							47.67	S&P-A1	
Credit Agricole CIB NY 0 11/10/2017									41
22533TYA8	265,000.00	5/12/2017	1.35	263,244.96	99.86	264,636.95	0.03%	Moody's P1	0.11
							32.32	S&P-A1	
SNAP - Principal LGIP									1
							0.02%	NR	

SNAP1006	166,939.05	1.27	166,939.05	1.27	0.00	NR	0
T-Note 0.875 11/30/2017		6/15/2017	99,890.63	99.96	0.01%	Moody's-Aaa	61
912828M72	100,000.00	1.11	99,960.29	1.09	3.01	S&P-AA+	0.17
T-Note 1.25 11/30/2018		10/14/2016	2,234,482.03	99.84	0.29%	Moody's-Aaa	426
912828A34	2,220,000.00	0.94	2,227,939.95	1.39	-11,582.97	S&P-AAA	1.16
T-Note 1.5 11/30/2019		11/18/2016	1,116,503.93	99.98	0.14%	Moody's-Aaa	791
912828G61	1,110,000.00	1.30	1,114,647.34	1.51	-4,820.50	S&P-AAA	2.13
T-Note 1.625 11/30/2020		11/18/2016	1,052,009.76	99.85	0.14%	Moody's-Aaa	1157
912828M98	1,050,000.00	1.58	1,051,578.61	1.67	-3,136.81	S&P-AAA	3.08
Toyota Motor Credit corp 0 11/30/2017		6/15/2017	169,008.33	99.79	0.02%	Moody's-P1	61
89233GYW0	170,000.00	1.28	169,639.93	1.24	9.87	S&P-A1+	0.17
Sub Total SNAP 1006	5,606,939.05	1.22	5,623,237.85	1.44	0.72%		550
Virginia Investment Pool			5,619,643.69		-19,439.47		1.48
VIP 1-3 Year LGIP		6/30/2016	76,151,401.68	100.00	9.79%	S&P-AA+	1
LGIP0001	76,151,401.68	1.19	76,151,401.68	1.19	0.00	NR	0
VIP Stable NAV LGIP		10/15/2016	57,739,303.87	100.00	7.43%	S&P-AAA	1
LGIP5001	57,739,303.87	1.22	57,739,303.87	1.22	0.00	NR	0
Sub Total Virginia Investment Pool	133,890,705.55	1.20	133,890,705.55	1.20	17.22%		1
					0.00		0
TOTAL PORTFOLIO	776,528,585.78	1.31	777,527,058.46	1.95	100.00%		141
			777,546,197.94		-878,719.09		0.43

Northern Virginia Transportation Authority
 Compliance - GASB 40 Report
 Report Format: By Transaction
 Group By: Security Type
 Average By: Face Amount / Shares
 Portfolio / Report Group: All Portfolios
 As of 9/30/2017

Description	CUSIP/Ticker	Issuer	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	Duration To Maturity
Certificate Of Deposit													
John Marshall Bank 1.3 10/12/2017	CDARS8138	John Marshall Bank	17,500,000.00	17,500,000.00	17,500,000.00	None	None	2.25	12	12	10/12/2017		0.03
United Bank 1.39 3/8/2018	CDARS3428	United Bank	12,500,000.00	12,500,000.00	12,500,000.00	None	None	1.61	159	159	3/8/2018		0.44
Sub Total / Average			30,000,000.00	30,000,000.00	30,000,000.00			3.86	73	73			0.20
Commercial Paper													
Bank of Tokyo - Mitsubishi UFJ 0 10/10/2017	06538BXA6	Bank of Tokyo - Mitsubishi UFJ	275,000.00	274,893.06	274,901.00	Moody's-P1	S&P-A1	0.04	10	10	10/10/2017		0.03
BNP Paribas NY Branch 0 11/30/2017	09659BYW4	BNP Paribas NY Branch	250,000.00	249,440.83	249,488.50	Moody's-P1	S&P-A1	0.03	61	61	11/30/2017		0.17
Credit Agricole CIB NY 0 11/10/2017	22533TYA8	Credit Agricole CIB NY	265,000.00	264,804.83	264,836.95	Moody's-P1	S&P-A1	0.03	41	41	11/10/2017		0.11
Credit Suisse New York 0 11/30/2017	2254EAYW7	Credit Suisse New York	10,000,000.00	9,976,726.25	9,917,206.48	Moody's-P1	S&P-A1	1.29	61	61	11/30/2017		0.17
GE Capital 0 11/9/2017	36164JY99	GE Capital	25,000,000.00	24,968,888.89	24,821,111.11	Moody's-P1	S&P-A1+	3.22	40	40	11/9/2017		0.11
JP Morgan Securities 0 11/1/2017	46640PY15	JP Morgan Securities	10,000,000.00	9,988,444.44	9,914,055.56	Moody's-A1	S&P-SP-1	1.29	32	32	11/1/2017		0.09
JP Morgan Securities 0 12/1/2017	46640PZ14	JP Morgan Securities	20,000,000.00	19,953,500.00	19,799,000.00	Moody's-P1	S&P-A1	2.58	62	62	12/1/2017		0.17
Prudential Funding LLC 0 10/31/2017	74433GXX9	Prudential Funding LLC	15,000,000.00	14,985,275.00	14,895,025.00	Moody's-P1	S&P-A1+	1.93	31	31	10/31/2017		0.08
Toyota Motor Credit corp 0 11/30/2017	89233GYW0	Toyota Motor Credit corp	170,000.00	169,639.93	169,649.80	Moody's-P1	S&P-A1+	0.02	61	61	11/30/2017		0.17
Sub Total / Average			80,960,000.00	80,831,413.03	80,305,074.40			10.43	45	45			0.12
Corporate Bond													
Berkshire Hathaway 1.45 3/7/2018	094664CE9	Berkshire Hathaway	2,240,000.00	2,241,439.73	2,240,739.20	Moody's-Aa2	S&P-AA	0.29	158	158	3/7/2018		0.44
Berkshire Hathaway 1.45 3/7/2018	084664CE9	Berkshire Hathaway	29,175,000.00	29,200,031.63	29,184,627.75	Moody's-Aa2	S&P-AA	3.76	158	158	3/7/2018		0.44
Berkshire Hathaway 1.55 2/9/2018	084670BH0	Berkshire Hathaway	5,828,000.00	5,836,286.71	5,827,825.16	Moody's-Aa2	S&P-AA	0.75	132	132	2/9/2018		0.36
Chevron Corp 1.686 2/28/2019	166764BS8	Chevron Corp	20,000,000.00	20,037,581.50	20,006,200.00	Moody's-Aa2	S&P-AA-	2.58	516	516	2/28/2019		1.40
Coca Cola 1.65 3/14/2018	191216AY6	Coca Cola	1,895,000.00	1,898,638.89	1,897,141.35	Moody's-Aa3	S&P-AA-	0.24	165	165	3/14/2018		0.46
Coca Cola 1.65 3/14/2018	191216AY6	Coca Cola	9,421,000.00	9,439,128.00	9,431,645.73	Moody's-Aa3	S&P-AA-	1.21	165	165	3/14/2018		0.46
Coca Cola 1.65 3/14/2018	191216AY6	Coca Cola	1,405,000.00	1,407,697.96	1,406,587.65	Moody's-Aa3	S&P-AA-	0.18	165	165	3/14/2018		0.46
Coca Cola 1.65 3/14/2018	191216AY6	Coca Cola	10,099,000.00	10,118,448.72	10,110,411.87	Moody's-Aa3	S&P-AA-	1.30	165	165	3/14/2018		0.46
Exxon Mobile 1.305 3/6/2018	30231GAL6	Exxon Mobile	20,000,000.00	20,011,893.94	19,989,400.00	Moody's-Aaa	S&P-AA+	2.58	157	157	3/6/2018		0.43
IBM 1.125 2/6/2018	459200H27	IBM	3,300,000.00	3,300,462.72	3,297,228.00	Moody's-Aa3	S&P-AA-	0.42	129	129	2/6/2018		0.35
IBM 1.125 2/6/2018	459200H27	IBM	7,000,000.00	7,000,981.52	6,994,120.00	Moody's-Aa3	S&P-AA-	0.90	129	129	2/6/2018		0.35
IBM 1.125 2/6/2018	459200H27	IBM	4,775,000.00	4,775,689.54	4,770,989.00	Moody's-Aa3	S&P-AA-	0.61	129	129	2/6/2018		0.35
IBM 1.125 2/6/2018	459200H27	IBM	8,429,000.00	8,430,181.89	8,421,919.64	Moody's-Aa3	S&P-AA-	1.09	129	129	2/6/2018		0.35
Nestle Holdings Inc 1.375 7/24/2018	U64106BW3	Nestle Holdings Inc	3,085,000.00	3,084,835.32	3,081,760.75	Moody's-Aa2	S&P-AA	0.40	297	297	7/24/2018		0.82

Description	CUSIP/Ticker	Issuer	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	Duration To Maturity
Stanford University 4.75 5/1/2019	854403AC6	Stanford University	5,000,000.00	5,252,757.45	5,234,950.00	Moodys-Aaa	S&P-AAA	0.64	578	578	5/1/2019		1.52
Stanford University 4.75 5/1/2019	854403AC6	Stanford University	5,515,000.00	5,793,791.46	5,774,149.85	Moodys-Aaa	S&P-AAA	0.71	578	578	5/1/2019		1.52
Stanford University 4.75 5/1/2019	854403AC6	Stanford University	6,585,000.00	6,925,339.49	6,894,429.15	Moodys-Aaa	S&P-AAA	0.85	578	578	5/1/2019		1.52
Toyota Motor Corp 1.2 4/6/2018	89236TCX1	Toyota Motor Corp	12,845,000.00	12,836,733.98	12,828,301.50	Moodys-Aa3	S&P-AA-	1.65	188	188	4/6/2018		0.51
Toyota Motor Corp 1.375 1/10/2018	89233P7E0	Toyota Motor Corp	20,000,000.00	20,009,571.85	19,996,600.00	Moodys-Aa3	S&P-AA-	2.58	102	102	1/10/2018		0.28
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	1,160,000.00	1,161,064.73	1,160,939.60	Moodys-Aa2	S&P-AA-	0.15	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	5,000,000.00	5,005,841.75	5,004,050.00	Moodys-Aa2	S&P-AA-	0.64	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	10,000,000.00	10,008,110.29	10,008,100.00	Moodys-Aa2	S&P-AA-	1.29	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	555,000.00	555,502.51	555,449.55	Moodys-Aa2	S&P-AA-	0.07	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	1,400,000.00	1,401,258.49	1,401,134.00	Moodys-Aa2	S&P-AA-	0.18	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	2,000,000.00	2,001,843.11	2,001,620.00	Moodys-Aa2	S&P-AA-	0.26	114	114	1/22/2018		0.31
Wells Fargo Bank 1.65 1/22/2018	94988J5A1	Wells Fargo Bank	10,000,000.00	10,010,849.02	10,008,100.00	Moodys-Aa2	S&P-AA-	1.29	114	114	1/22/2018		0.31
Wells Fargo Bank 1.8 11/28/2018	94988J5F0	Wells Fargo Bank	8,850,000.00	8,866,130.23	8,860,620.00	Moodys-Aa2	Fitch-AA	1.14	424	424	11/28/2018		1.15
Wells Fargo Bank 1.8 11/28/2018	94988J5F0	Wells Fargo Bank	15,200,000.00	15,227,829.82	15,218,240.00	Moodys-Aa2	Fitch-AA	1.96	424	424	11/28/2018		1.15
Sub Total / Average			230,762,000.00	231,839,902.25	231,607,279.75			29.72	238	238			0.64
FFCB Bond													
FFCB 1.4 3/27/2019	3133EHDR1	FFCB	10,000,000.00	10,007,289.59	9,973,700.00	Moodys-Aaa	S&P-AA+	1.29	543	543	3/27/2019		1.48
Sub Total / Average			10,000,000.00	10,007,289.59	9,973,700.00			1.29	543	543			1.48
FHLB Bond													
FHLB 1.75 12/14/2018	313376BR5	FHLB	5,000,000.00	5,028,523.45	5,018,000.00	Moodys-Aaa	S&P-AA+	0.64	440	440	12/14/2018		1.19
Sub Total / Average			5,000,000.00	5,028,523.45	5,018,000.00			0.64	440	440			1.19
FHLMC Bond													
FHLMC 1.35 1/25/2019-17	3134GAK78	FHLMC	10,000,000.00	10,000,000.00	9,979,800.00	Moodys-Aaa	S&P-AA+	1.29	482	25	1/25/2019	10/25/2017	1.31
FHLMC 1.375 3/15/2019	3134GA5A8	FHLMC	5,000,000.00	5,000,000.00	4,986,200.00	S&P-AA+	Fitch-AAA	0.64	531	531	3/15/2019		1.45
FHLMC Step 9/30/2019-17	3134GAKN3	FHLMC	4,500,000.00	4,490,751.69	4,486,500.00	Moodys-Aaa	S&P-AA+	0.58	730	91	9/30/2019	12/30/2017	1.98
Sub Total / Average			19,500,000.00	19,490,751.69	19,452,500.00			2.51	552	170			1.50
FNMA Bond													
FNMA 1.25 8/23/2019-17	3135G0P23	FNMA	10,000,000.00	9,961,142.17	9,945,700.00	Moodys-Aaa	S&P-AA+	1.29	692	54	8/23/2019	11/23/2017	1.88
Sub Total / Average			10,000,000.00	9,961,142.17	9,945,700.00			1.29	692	54			1.88
Local Government Investment Pool													
Commonwealth of Virginia LGIP	LGIP0825	Commonwealth of Virginia	1,596,684.60	1,596,684.60	1,596,684.60	S&P-AAA	NR	0.21	1	1	N/A	N/A	0.00
Commonwealth of Virginia LGIP	LGIP0549	Commonwealth of Virginia	20,866,168.02	20,866,168.02	20,866,168.02	S&P-AAA	NR	2.69	1	1	N/A	N/A	0.00
SNAP - Income LGIP	SNAP1005	SNAP - Income	460,055.87	460,055.87	460,055.87	NR	NR	0.06	1	1	N/A	N/A	0.00
	SNAP1004		4,641,156.33	4,641,156.33	4,641,156.33	NR	NR	0.60	1	1	N/A	N/A	0.00

Description	CUSIP/Ticker	Issuer	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	Duration To Maturity
SNAP - Principal LGIP		SNAP - Principal											
SNAP - Principal LGIP	SNAP1006	SNAP - Principal	166,939.05	166,939.05	166,939.05	NR	NR	0.02	1	1	N/A	N/A	0.00
VIP 1-3 Year LGIP	LGIP0001	VIP 1-3 Year	76,151,401.68	76,151,401.68	76,151,401.68	S&P-AA+	NR	9.81	1	1	N/A	N/A	0.00
VIP Stable NAV LGIP	LGIP5001	VIP Stable NAV	57,739,303.87	57,739,303.87	57,739,303.87	S&P-AAA	NR	7.44	1	1	N/A	N/A	0.00
Sub Total / Average			161,621,709.42	161,621,709.42	161,621,709.42			20.81	1	1			0.00
Money Market													
Access National Bank MM	MM7182	Access National Bank	61,009,433.40	61,009,433.40	61,009,433.40	NR	NR	7.86	1	1	N/A	N/A	0.00
BB&T MM	MM1006	BB&T	572,172.30	572,172.30	572,172.30	NR	NR	0.07	1	1	N/A	N/A	0.00
John Marshall Bank ICS MM	MM60000	John Marshall Bank ICS	17,623,270.66	17,623,270.66	17,623,270.66	NR	NR	2.27	1	1	N/A	N/A	0.00
Sub Total / Average			79,204,876.36	79,204,876.36	79,204,876.36			10.20	1	1			0.00
Negotiable Certificate Of Deposit													
Bank of Tokyo - New York 1.63 8/28/2018	06539RCX3	Bank of Tokyo - New York	20,000,000.00	20,008,186.30	19,992,200.00	Moody-A1	S&P-A+	2.58	332	332	8/28/2018		0.92
Bayerische Landesbank 1.7 7/18/2018	0727MAFB2	Bayerische Landesbank	20,000,000.00	20,015,147.95	20,019,400.00	Moody-P1	Fitch-F1	2.58	291	291	7/18/2018		0.81
Bayerische Landesbank 1.7 7/27/2018	0727MAFK2	Bayerische Landesbank	20,000,000.00	20,008,054.79	20,017,600.00	Moody-P1	Fitch-F1	2.58	300	300	7/27/2018		0.83
Credit Suisse New York 1.64 5/4/2018	22549LAW5	Credit Suisse New York	20,000,000.00	20,014,981.82	20,020,600.00	Moody-P1	S&P-A1	2.58	216	216	5/4/2018		0.60
Mizuho Bank, New York 1.55 9/18/2018	60700AGH1	Mizuho Bank, New York	20,000,000.00	20,009,651.89	19,994,000.00	Moody-P1	S&P-A1	2.58	353	353	9/18/2018		0.98
Standard Charter Bank NY 1.54 1/9/2018	85325TSB2	Standard Charter Bank NY	10,000,000.00	10,002,496.94	10,005,500.00	Moody-P1	S&P-A1	1.29	101	101	1/9/2018		0.28
Standard Charter Bank of NY 1.37 10/23/2017	85325TSQ9	Standard Charter Bank of NY	10,000,000.00	10,000,000.00	10,001,000.00	Moody-P1	S&P-A1	1.29	23	23	10/23/2017		0.06
Standard Charter Bank of NY 1.66 2/12/2018	85325TQZ1	Standard Charter Bank of NY	10,000,000.00	10,003,692.24	10,009,100.00	Moody-P1	S&P-A1	1.29	135	135	2/12/2018		0.38
UBS Bank Stamford CT Branch 1.46 12/13/2017	90275DFE5	UBS Bank Stamford CT Branch	15,000,000.00	15,004,251.86	15,004,650.00	Moody-P1	S&P-A1	1.93	74	74	12/13/2017		0.20
Sub Total / Average			145,000,000.00	145,066,463.79	145,064,050.00			18.67	231	231			0.64
Treasury Note													
T-Note 0.875 11/30/2017	912828M72	Treasury	100,000.00	99,960.29	99,963.30	Moody-Aaa	S&P-AA+	0.01	61	61	11/30/2017		0.17
T-Note 1.25 11/30/2018	912828A34	Treasury	2,220,000.00	2,227,939.95	2,216,356.98	Moody-Aaa	S&P-AAA	0.29	426	426	11/30/2018		1.16
T-Note 1.5 11/30/2019	912828G61	Treasury	1,110,000.00	1,114,647.34	1,109,826.84	Moody-Aaa	S&P-AAA	0.14	791	791	11/30/2019		2.13
T-Note 1.625 11/30/2020	912828M98	Treasury	1,050,000.00	1,051,578.81	1,048,441.80	Moody-Aaa	S&P-AAA	0.14	1,157	1,157	11/30/2020		3.08
Sub Total / Average			4,480,000.00	4,494,126.19	4,474,588.92			0.58	680	680			1.83
Total / Average			776,528,585.78	777,546,197.94	776,667,478.85			100	158	140			0.43

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTa Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: October 13, 2017
SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through September 2017.
3. **Comments:**
 - a. **FY2018 Revenues (Attachment A)**
 - i. The Authority has received approximately \$32 million through the September 2017 transfers from the Commonwealth.
 - ii. Actual to estimate comparison for revenues through September show a 39.82% positive variance in Grantors Tax, a 4.67% negative variance in Sales Tax and a .94% positive variance in Transient Occupancy Tax compared to the FY2018 adopted revenue estimates.
 - iii. Overall revenue receipts are 1.64% above estimates. No changes to the FY2018 revenue estimates are recommended at this time.
 - b. **FY2018 Distribution to localities (Attachment B)**
 - i. As of the preparation of this report, six jurisdictions have completed the HB2313 required annual certification process to receive FY2018 30% funds. Postponements of transfers have been discussed with jurisdictional staff where appropriate.
 - ii. Of the \$32 million received by the Authority through September for FY2018, approximately \$9.6 million represents 30% local funds of which \$7.3 million has been distributed to the member jurisdictions.
 - c. **FY2015 to FY2018 Year over Year Revenue Comparison (Attachment C).**
 - i. This chart reflects a month-to-month comparison of revenue by tax type and a year-to-year comparison of total revenues received through September 2017.

Attachments:

- A. Revenues Received By Tax Type, Compared to NVTA Estimates, Through September 2017
- B. FY2017 30% Distribution by Jurisdiction, through September 2017
- C. Month to Month Comparison By Tax Type and YTD Receipts for September 2015 to 2018

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTA BUDGET
Based on: Revenue Data Through September 2017
FYE June 30, 2018

Grantors Tax		Received		NVTA		Annualized - Actual	Projected
Transaction Months	2	To Date	Annualized	FY2018 Budget	To Budget		
City of Alexandria		\$ 651,383	\$ 3,908,295	\$ 3,322,266	\$ 586,029		
Arlington County		\$ 1,356,735	\$ 8,140,411	\$ 4,662,589	\$ 3,477,822		
City of Fairfax		\$ 103,797	\$ 622,785	\$ 297,541	\$ 325,244		
Fairfax County		\$ 4,443,075	\$ 26,658,451	\$ 21,085,116	\$ 5,573,335		
City of Falls Church		\$ 57,127	\$ 342,761	\$ 300,768	\$ 41,993		
Loudoun County		\$ 1,965,130	\$ 11,790,779	\$ 8,545,066	\$ 3,245,713		
City of Manassas		\$ 77,763	\$ 466,579	\$ 354,914	\$ 111,665		
City of Manassas Park		\$ 23,687	\$ 142,121	\$ 159,599	\$ (17,478)		
Prince William County		\$ 1,551,678	\$ 9,310,066	\$ 5,172,000	\$ 4,138,066		
Total Grantors Tax Revenue		\$ 10,230,374	\$ 61,382,247	\$ 43,899,859	\$ 17,482,388		39.82%

Regional Sales Tax*		Received		FY2018		Annualized - Actual	Projected
Transaction Months	1	To Date	Annualized	Budget	To Budget		
City of Alexandria		\$1,236,967	\$ 14,843,605	\$ 14,721,824	\$ 121,781		
Arlington County		\$2,051,966	\$ 24,623,589	\$ 25,182,782	\$ (559,193)		
City of Fairfax		\$553,707	\$ 6,644,485	\$ 7,026,407	\$ (381,922)		
Fairfax County		\$8,669,931	\$ 104,039,178	\$ 115,591,055	\$ (11,551,877)		
City of Falls Church		\$186,323	\$ 2,235,877	\$ 2,369,876	\$ (133,999)		
Loudoun County		\$3,748,680	\$ 44,984,158	\$ 45,814,663	\$ (830,505)		
City of Manassas		\$435,126	\$ 5,221,509	\$ 4,965,450	\$ 256,059		
City of Manassas Park		\$121,614	\$ 1,459,372	\$ 1,329,055	\$ 130,317		
Prince William County		\$3,150,581	\$ 37,806,971	\$ 36,707,300	\$ 1,099,671		
Total Sales Tax Revenue*		\$ 20,154,895	\$ 241,858,742	\$ 253,708,412	\$ (11,849,670)		-4.67%

Transient Occupancy Tax (TOT)			Received		FY2018		Annualized - Actual	Projected
Transaction Months			To Date	Annualized	Budget	To Budget		
City of Alexandria	Months	1.00	\$ 294,303	\$ 3,531,633	\$ 3,527,697	\$ 3,936		
Arlington County	Months	1.00	\$ 823,119	\$ 9,877,432	\$ 9,905,721	\$ (28,289)		
City of Fairfax	Quarters	1.00	\$ 72,973	\$ 291,892	\$ 331,533	\$ (39,641)		
Fairfax County	Quarters	0.05	\$ 142,833	\$ 11,426,664	\$ 11,318,238	\$ 108,426		
City of Falls Church	Months	1.00	\$ 41,492	\$ 497,910	\$ 178,212	\$ 319,698		
Loudoun County	Quarters	0.30	\$ 109,378	\$ 1,458,373	\$ 2,613,256	\$ (1,154,883)		
City of Manassas	Months	1.00	\$ 6,925	\$ 83,100	\$ 59,298	\$ 23,802		
City of Manassas Park	n/a		\$ -	\$ -	\$ -	\$ -		
Prince William County	Quarters	0.30	\$ 155,493	\$ 2,073,233	\$ 1,583,000	\$ 490,233		
Total TOT Revenue			1,646,516	29,240,237	\$ 29,516,955	(276,718)		-0.94%
Total Revenue Received			\$ 32,031,786	\$ 332,481,226	\$ 327,125,226	\$ 5,356,000		1.64%
			\$ 32,031,786					

*The Regional Sales Tax is reported net of fees when applicable.

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2018 30% DISTRIBUTION BY JURISDICTION

Based on: Revenue Data Through September 2017

Jurisdiction	Grantor's Tax	*Regional		Transient Occupancy Tax (2)	NVT/A Fund Interest	Cumulative		30% Funds	Thru 8/31/2017		Thru 8/31/2017 Prior Distributions	Current Month Distribution	Total Funds Transferred
		Sales Tax (1)	Interest			Total	Interest		Accrued Interest (3)	(+)			
City of Alexandria	\$ 651,382.50	\$ 1,236,967.06	\$ -	\$ 294,302.79	\$ -	\$ 2,182,652.35	\$ -	\$ 654,795.71	133.65		\$ 234,896.45	\$ 654,929.36	
Arlington County	\$ 1,356,735.15	\$ 2,051,965.75	\$ -	\$ 823,119.32	\$ -	\$ 4,231,820.22	\$ -	\$ 1,269,546.07	267.30		\$ -	\$ 1,034,916.92	\$ 1,269,813.37
City of Fairfax	\$ 103,797.45	\$ 553,707.05	\$ -	\$ 72,973.03	\$ -	\$ 730,477.53	\$ -	\$ 219,143.26	44.55		\$ -	\$ 219,187.81	\$ -
Fairfax County	\$ 4,443,075.15	\$ 8,669,931.47	\$ -	\$ 142,833.30	\$ -	\$ 13,255,839.92	\$ -	\$ 3,976,751.98	1,024.64		\$ 759,158.46	\$ 3,218,618.16	\$ 3,977,776.62
City of Falls Church	\$ 57,126.75	\$ 186,323.05	\$ -	\$ 41,492.46	\$ -	\$ 284,942.26	\$ -	\$ 85,482.68	22.28		\$ 8,423.69	\$ 77,081.27	\$ 85,504.96
Loudoun County	\$ 1,965,129.80	\$ 3,748,679.85	\$ -	\$ 109,377.95	\$ -	\$ 5,823,187.60	\$ -	\$ 1,746,956.28	378.68		\$ 288,909.84	\$ 1,458,425.12	\$ 1,747,334.96
City of Manassas	\$ 77,763.15	\$ 435,125.75	\$ -	\$ 6,924.98	\$ -	\$ 519,813.88	\$ -	\$ 155,944.16	22.28		\$ 10,908.90	\$ 145,057.54	\$ 155,966.44
City of Manassas Park	\$ 23,686.80	\$ 121,614.30	\$ -	\$ -	\$ -	\$ 145,301.10	\$ -	\$ 43,590.33	22.28		\$ 3,727.22	\$ 39,885.39	\$ 43,612.61
Prince William County	\$ 1,551,677.70	\$ 3,150,580.92	\$ -	\$ 155,492.50	\$ -	\$ 4,857,751.12	\$ -	\$ 1,457,325.34	311.85		\$ -	\$ 1,457,637.19	\$ -
Total Revenue	\$ 10,230,374.45	\$ 20,154,895.20	\$ -	\$ 1,646,516.33	\$ -	\$ 32,031,785.98	\$ -	\$ 9,609,535.81	\$ 2,227.51		\$ 1,306,024.56	\$ 8,305,738.76	\$ 7,280,008.96

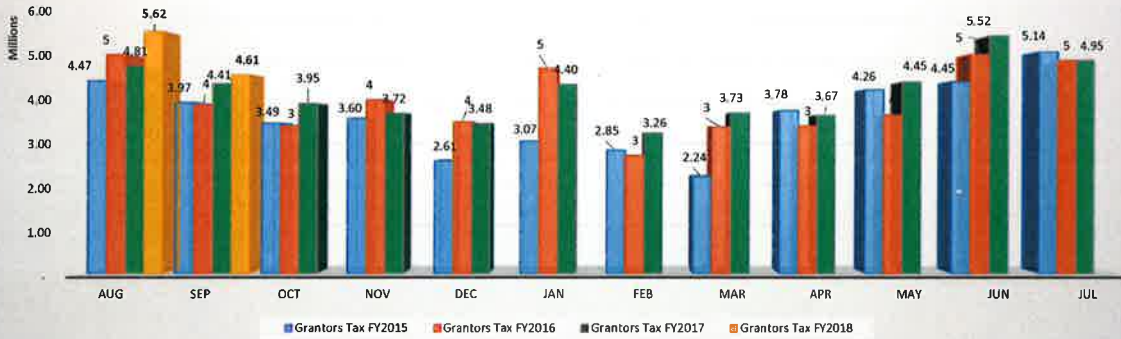
1 Net of Dept. of Taxation Fees

2 County TOT includes any town collections

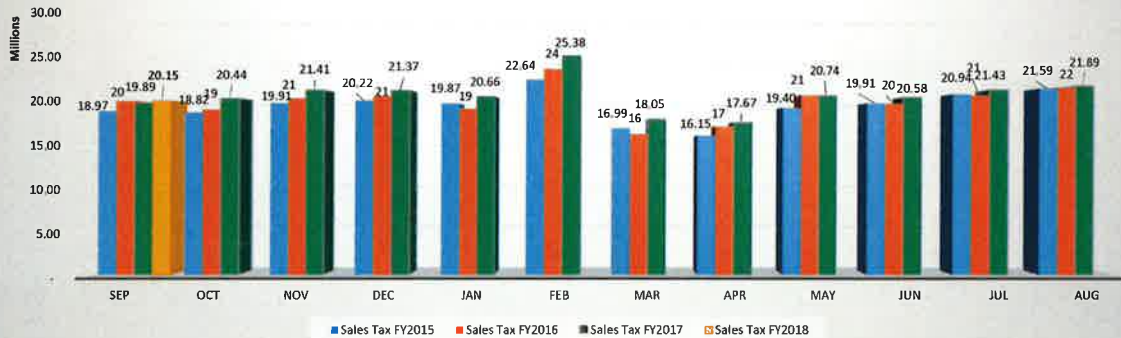
3 Interest earned through 7/31/2017 & 8/31/17

Excludes accrual of \$2,947,594 for FY2017 TOT receipts that were received in September

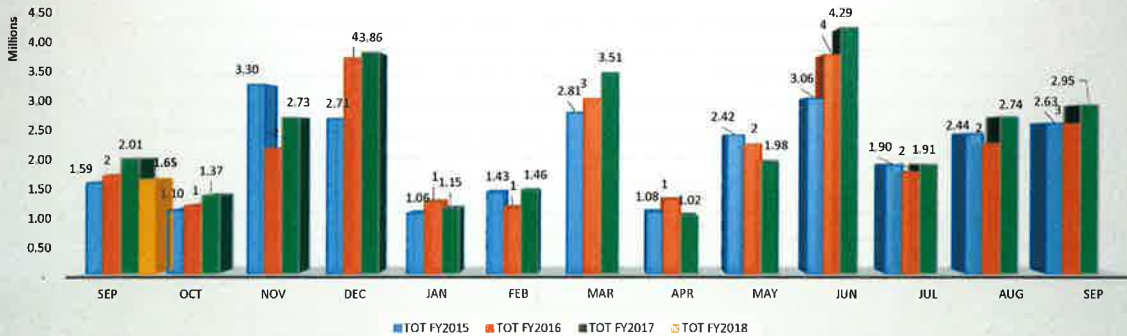
Grantors Tax (month received)



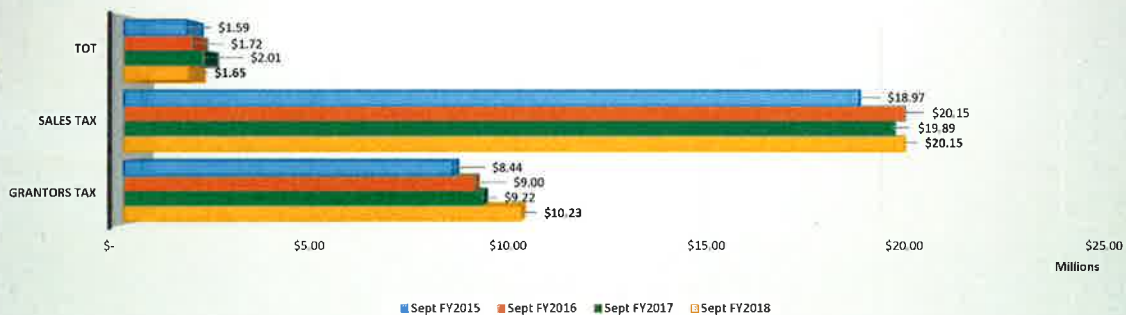
Sales Tax (month received)



Transient Occupancy Tax (month received)



YTD Receipt Comparison September FY2015 to FY2018



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 13, 2017

SUBJECT: NVTa Operating Budget

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on the Authority's Operating Budget for FY2018.
2. **Background:** The Authority operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2018 operating budget.
3. **Comments:** Through September 30, 2017, the FY2018 Operating Budget has produced the following results:
 - a. Operating revenue is at 100% of estimate.
 - b. September 2017 represents 25% of the fiscal year. Through September 2017, the Authority has utilized 23% of its FY2018 expenditure budget.
 - c. The attached statement shows the total operating budget income and expenditure activity through September 2017 for FY2018.

Attachment: FY2018 Operating Budget through September 30, 2017

10/10/17
14:56:27

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 9 / 17

Page: 1 of 2
Report ID: LB170A

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Revenue						
330100	Contribution Member Jurisdiction		1,922,196.00	1,922,196.00		100
						100
	Total Revenue	0.00	1,922,196.00	1,922,196.00	0.00	100
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	119,474.77	260,247.26	1,008,253.00	748,005.74	26
130	Health & Dental Benefits	8,628.44	40,021.36	115,200.00	75,178.64	35
131	Payroll Taxes	8,287.20	18,727.14	76,735.00	58,007.86	24
132	Retirement VRS	15,415.32	24,165.99	98,622.00	74,456.01	25
133	Life Insurance	2,131.08	3,190.50	13,122.00	9,931.50	24
134	Flex Spending/Dependent Care	31.50	63.00	604.00	541.00	10
135	Workers Comp		1,102.00	1,102.00		100
137	Disability Insurance	2,959.40	7,058.28	15,920.00	8,861.72	44
	Total Account	156,927.71	354,575.53	1,329,558.00	974,982.47	27
420000	Professional Services					
210	Audit & Accounting Services	7,000.00	20,220.00	28,300.00	8,080.00	71
220	Bank Service			750.00	750.00	
230	Insurance		5,624.00	4,725.00	-899.00	119
240	Payroll Services	94.38	639.30	1,670.00	1,030.70	38
260	Public Outreach			33,000.00	33,000.00	
261	Legal/Bond Counsel Services		-2,000.00	25,000.00	27,000.00	-8
262	Financial Advisory Services			72,000.00	72,000.00	
263	Bond Trustee Fees			2,700.00	2,700.00	
264	Legislative Services		-2,000.00	60,000.00	62,000.00	-3
265	Investment Custody Svc			25,000.00	25,000.00	
266	Communication Services			87,000.00	87,000.00	
	Total Account	7,094.38	22,483.30	340,145.00	317,661.70	7
430000	Technology/Communication					
310	Acctg & Financial Report Systems			16,000.00	16,000.00	
320	HW SW & Peripheral Purchase			15,306.00	15,306.00	
330	IT Support Svc Incl Hosting	1,156.03	4,563.53	16,160.00	11,596.47	28
340	Phone Service	100.00	1,392.27	7,250.00	5,857.73	19
350	Web Develop & Hosting	120.40	981.60	7,650.00	6,668.40	13
	Total Account	1,376.43	6,937.40	62,366.00	55,428.60	11
440000	Administrative Expenses					
410	Advertisement			1,500.00	1,500.00	
411	Dues & Subscriptions	731.00	1,236.00	4,290.00	3,054.00	29
412	Duplication & Printing	2,033.95	2,033.95	14,500.00	12,466.05	14
413	Furniture & Fixture	544.40	544.40		-544.40	
414	Meeting Expenses	120.19	-2,322.64	3,600.00	5,922.64	-65

10/10/17
14:56:27

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 9 / 17

Page: 2 of 2
Report ID: LB170A

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current			Variance	%
		Month	Current YTD	Budget		
415	Mileage/Transportation	738.87	987.89	10,200.00	9,212.11	10
417	Office Lease	11,350.67	44,236.67	117,765.00	73,528.33	38
418	Office Supplies	50.12	252.68	6,400.00	6,147.32	4
419	Postage & Delivery	34.51	34.51	700.00	665.49	5
420	Professional Develop & Training	209.00	1,886.74	14,065.00	12,178.26	13
421	Industry Conferences	455.00	2,815.51	7,000.00	4,184.49	40
	Total Account	16,267.71	51,705.71	180,020.00	128,314.29	29
Total Expenses		181,666.23	435,701.94	1,912,089.00	1,476,387.06	23
Net Income from Operations		-181,666.23	1,486,494.06			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			385,081.00	385,081.00	
825	Transf to Equip Reserve			9,000.00	9,000.00	
	Total Account			394,081.00	394,081.00	
Total Other Expenses		0.00	0.00	394,081.00	394,081.00	
Net Income		-181,666.23	1,486,494.06			