



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, January 20, 2022 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

Meeting to be conducted in person and Live Streamed via YouTube

AGENDA

- 1. Call to Order/Welcome** Mayor Rishell, Chair
- 2. Summary Minutes of the October 21, 2021 Meeting**
Recommended Action: Approval [with abstentions from those who were not present]

Action Items

- 3. 2022 Finance Committee Meeting Schedule** Mr. Longhi, CFO
Recommended Action: Committee Adoption of 2022 Meeting Schedule
- 4. NVTA Investment Policy – Proposed Changes** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Proposed Changes to the Investment Policy

Information/Discussion Items

- 5. Duplicate Payment Audit Report** Mr. Longhi, CFO
- 6. Audit Service Procurement/Contract Guidance** Mr. Longhi, CFO
- 7. FY2023 Operating Budget Guidance** Mr. Longhi, CFO
- 8. Monthly Investment Portfolio Report** Mr. Longhi, CFO
- 9. Monthly Revenue Report** Mr. Longhi, CFO
- 10. Monthly Operating Budget Report** Mr. Longhi, CFO
- 11. NVTA Update (Verbal Report)** Ms. Backmon, CEO

Closed Session

(If Needed)

Adjournment

- 12. Adjournment**

Next Scheduled Meeting February 17, 2022 1:00PM (Tentative)

3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, October 21, 2021 – 1:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting Held via WebEx and Live Streamed on YouTube

SUMMARY MINUTES

1. Call to Order/Welcome

Mayor Rishell, Chair

- Mayor Rishell called the meeting to order at 1:09 PM.
- Attendees:
 - ✓ Committee Members: Mayor Rishell; Chair Randall; Delegate Watts;
 - ✓ Staff: Monica Backmon (CEO); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Margaret Duker (Board Clerk)
 - ✓ Council of Counsels: MinhChau Corr (Arlington County);
 - ✓ Other Attendees: Tyler Farnsworth (Audit Manager, PBMares, LLC); Jurisdictional and agency staff and the public attended the meeting via the Authority's YouTube channel

2. Summary Minutes of the September 23, 2021 Meeting

Mayor Rishell, Chair

Recommended Action: Approval [with abstentions from those who were not present]

Chair Randall moved approval of the minutes of the September 23, 2021, meeting; seconded by Delegate Watts. Motion carried unanimously.

Action Item

3. FY2021 Audit Presentation

Mr. Farnsworth, PBMares, LLP

- As a political subdivision of the Commonwealth of Virginia, the Authority is required to complete an annual audit of its financial activities for each fiscal year.
- Mr. Longhi introduced Mr. Farnsworth (Audit Manager, PBMares, LLP) to provide his opinion on the FY2021 audited financial reports.
- Mr. Farnsworth highlighted the Management's Discussion and Analysis section from the audit report year over year and noted the increase of \$74 million in Intergovernmental Revenue noting the individual revenue lines.
- He further noted investment income reflects a decrease of \$21 million due to the continued reduction in the market and interest rates attributed to the COVID-19 pandemic and economic shut down.
- He noted the Schedule of Changes in Restricted Funding for Appropriated Projects was around \$1.1 billion for funds appropriated to projects. NVTa staff and PBMares added this schedule several years ago. The schedule shows details of funds appropriated to projects and draw down requests.

- Mr. Farnsworth concluded by noting that that FY2021 Financial and Compliance Reports received an unmodified (clean) audit opinion. This opinion reflects that the Authority's financial statements, in all material respects, fairly and accurately present the financial position of the Authority for FY2021.

Chair Randall moved the Finance Committee recommend Authority approval of the FY2021 Audit Presentation, seconded by Delegate Watts. Motion carried unanimously.

Information/Discussion Items

4. FY2023 Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi reviewed material for the Committee to provide guidance on the development of NVTAs three budgets for FY2023 – Regional Revenue Fund Budget (70%), Local Distribution Fund Budget (30%), and Operating Budget Fund.
- Regional Revenue Fund Budget (70%):
 - Mr. Longhi described the function of the Regional Revenue Fund Budget and how it is the source for transportation project funding by the Authority.
 - The Regional Revenue Fund budget's first priority, as legally required in the Code of Virginia and NVTAs Bond Indenture and Debt Policy, is to first fund all debt service obligations.
 - He noted only Sales Tax and Regional Congestion Relief Fee (Grantor's Tax) can be pledged to debt issuance and used to determine debt service capacity.
 - With all debt service obligations budgeted, the resources in this fund are then available for PayGo project funding of Authority approved projects.
 - Estimate revenues cooperatively, transparently and conservatively.
 - Strive to end the fiscal year with small positive actual receipts to budgeted revenue variances (actual receipts slightly higher than budgeted revenues).
 - This budget funds the expenses related to TransAction and Six Year Program updates and directly related technical and consultative support services.
 - The revenue estimate process feeds into the update of the PayGo analysis which will be required for the next Two-Year Program Update for FY2026-FY2027.
- Local Distribution Fund Budget (30%):
 - Mr. Longhi noted that Local Distribution Fund (30%) revenues are distributed in their entirety to member jurisdictions in accord with HB 2313 (2013).
 - He noted that the target revenue actual to budget variance to be positive (actual higher than budget).
 - Maintain budget authorization to distribute the full funds received from the Commonwealth on a monthly basis while in full compliance with the Code of Virginia and NVTAs policies. This eliminates the need for budget adjustments to distribute revenue in excess of the annual budgeted revenue.

- Utilize the Regional Revenue Fund for operating budget costs, eliminating reductions in jurisdiction Local Distribution Fund (30%) revenue.
- **Operating Fund:**
 - Starting in FY2020 (per SB 1468), the Operating Budget has been funded from a transfer from the Regional Revenue Fund, rather than funding received from member jurisdictions, typically through a reduction in their 30% Local Distribution funds. This action in FY2020 (the first time it was possible) saved member jurisdictions \$2.9 million.
 - The Operating Budget is presented in the format of base budget increases (contract escalations, inflation, etc.) and new initiatives.
 - Mr. Longhi noted the base budget increases includes Salaries, Health, Dental, and Retirement Costs, Contracted Services, and Operating Reserves
- Mr. Longhi concluded by noting that the prior year budget guidance and the impact of COVID-19 economic concerns on the FY2022 revenue estimates. The initial budget requests for operating cost normal escalations and new FY2023 initiatives will be discussed at the December meeting.

5. Investment Portfolio Report Ms. Dev Sen, Investment and Debt Manager

- Ms. Sen presented the Investment Portfolio Report to the Finance Committee members and discussed the Authority's Investment Portfolio performance.
- She noted that in the rising rate market, NVTa has implemented a strategy targeted to have \$30 million a month in maturities.
- On a monthly basis, NVTa is using the roll over of maturities plus monthly Regional Revenue Funds in excess of reimbursement requests to fund new monthly security purchases of between \$40 to \$48 million. The dividends of this strategy result in more funding for transportation projects.
- Ms. Sen concluded her presentation by noting that the Portfolio continues to perform well compared to its benchmarks and the overall market.

6. Monthly Revenue Report Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Revenue Report and responded to questions.

7. Monthly Operating Budget Report Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Operating Budget Report and responded to questions.

Motion to Convene a Closed Meeting

Mayor Rishell moved that the Northern Virginia Transportation Authority Finance Committee convene a closed meeting, as authorized by Virginia Code section 2.2-3711.A.1, for the purpose of a discussion regarding a personnel matter involving the CEO's performance, and a consultant report and recommendation as it relates to the CEO's performance; seconded by Delegate Watts.

Motion to Reconvene an Open Meeting

Mayor Rishell moved that the members of the Northern Virginia Transportation Authority Finance Committee certify: (1) that only public business matters lawfully exempted from open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia; and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee; seconded by Chair Randall.

Adjournment: 2:30 PM

Next Meeting December 16, 2021, 1:00 PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

TO: Chair Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: Finance Committee Meeting Schedule

1. Purpose. Determine a Finance Committee meeting schedule for the period of March 2022 to February 2023.

2. Suggested motion. *I move the Finance Committee adopt the proposed March 2021 to February 2022 meeting schedule.*

3. Background.

- a. The Finance Committee has been meeting on the third Thursday of the month at 1:00PM. The Committee determines the dates and times of meetings.
- b. By selecting a meeting day of the third Thursday of a month, the Committee will receive reconciled financial, banking and revenue receipt reports from the most recently completed month.
- c. This meeting date also allows sufficient time for staff to prepare any Finance Committee action items for the next Authority meeting on the second Thursday of the following month.
- d. On January 15, 2021, the Committee adopted a schedule which runs through February 17, 2022.
- e. Meetings without Action Items, or time sensitive Discussion Items are typically canceled, with reports on investments, revenue and the operating budget presented on a year-to-date basis at the next meeting.

4. Meeting Options. The following table provides the dates for consideration by the Committee.

Month	Thursday	Notes
March	March 17, 2022	
April	April 21, 2022	Easter April 17, 2022
May	May 19, 2022	
June	June 16, 2022	
July	July 21, 2022	If needed
August	August 18, 2022	If needed
September	September 15, 2022	
October	October 20, 2022	Yom Kippur Oct 4-5 2022
November	November 17, 2022	Authority Meets Thursday 11/10/2022 & Thanksgiving is 11/24/2022
December	December 15, 2022	
January	January 19, 2023	
February	February 16, 2023	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: NVTa Investment Policy – Proposed Changes

- 1. Purpose.** To seek the Northern Virginia Transportation Authority (NVTa) Finance Committee recommendation of Authority approval of the attached proposed changes to NVTa Policy 13 – Investment Policy.
- 2. Suggested motion.** *I move the Finance Committee recommend Authority approval of the proposed changes to NVTa Policy 13 – Investment Policy (Attached).*
- 3. Current Situation.**
 - a. NVTa staff monitor the market environment as well as the underlying transaction environment of the investment portfolio so as to keep the Investment Policy consistent with best practices as the portfolio evolves.
 - b. Currently the Authority is typically cash flow positive by \$12 to \$18 million a month. This results in a growing portfolio balance.
 - c. The FY2018-2023 Inaugural Six Year Program of \$1.285 billion, projected \$1.9 million in appropriations in the last program year (FY2023), based on project sponsor provided spending plans.
 - d. Due to changes in project sponsor estimates, FY2023 now has \$178 million waiting to be appropriated, an increase of \$176 million.
 - e. The proposed changes to the Investment Policy reflect the reality that funds are staying in the portfolio longer than initially projected.
 - f. Therefore, most of the changes reflect increases in maturity duration to increase yield (income) opportunities.
 - g. In some cases, as reflected in the change tracked copy of the policy, the percentage of the portfolio allowed for certain instruments is reduced to counter balance interest rate market change risk. Specific examples are:
 - i. A proposed reduction in the portfolio percentage of Commonwealth of Virginia bonds from 75% to 30%, to reflect expansion of duration in other instruments, and;
 - ii. Increasing the duration of county and city bonds issued in the United State from 36 to 60 months, and;

- iii. Increase the duration of high-quality corporate notes from 36 to 48 months reflecting the reduced number and amount of AA or higher rated bonds in the market, and;
- iv. For bonds issued by the International Bank of Reconstruction and Development, and the Asian Development Bank, or the African Development Bank (World Bank) increasing the duration from 36 to 60 months and portfolio percentage from 15% to 50%, reflecting that these bonds may come with a higher credit rating than US Treasuries and Agencies.
- v. Elimination of certificates representing ownership in either treasury bond principal or coupons. These types of transactions are typically used in smaller portfolios which do not have the size capacity to purchase new issue treasuries and agencies or make significant purchases in the secondary market.
- vi. Since the portfolio will often now buy new issue or secondary treasuries and agencies in \$20 to \$30 million blocks, the purchase of certificates is no longer necessary or appropriate for the portfolio.
- h. Other noted changes are to continue to imbed Code of Virginia links in the actual policy.

4. Next Steps. With Finance Committee recommendation, the proposed changes will be presented to the Authority at the February 2022 meeting.

Attachment: Policy 13 – Investment Policy with draft proposed changes.



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Northern Virginia Transportation Authority

Investment Policy

Adopted: December 11, 2014

Revised: April 11, 2019

Revised: October 10, 2019

Revised: October 8, 2020

This Investment Policy has been established by the Northern Virginia Transportation Authority (Authority) to ensure effective management of the day-to-day investment activity, and is designed to increase non-tax revenues by investing funds when not needed for current obligations. The objective is to obtain, while protecting principal, the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that govern the placement of public funds. The general custody of all funds requires the investment of those funds within the confines of the Code of Virginia and a comprehensive Investment Policy developed and maintained by the Authority.

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INVESTMENT POLICY

PURPOSE AND SCOPE

The purpose of this statement of investment policy is to establish guidelines for the safeguarding and efficient management of Authority funds and for the purchase, sale and custody of investment instruments. The goal 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.

Unless otherwise noted, all citations in this policy refer to the Code of Virginia (1950), as amended.

OBJECTIVES

The primary objectives of the Authority's investment activities, in priority order, are: safety, liquidity, and yield (SLY).

Safety of principal is the foremost objective in the investment of public funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. This objective shall take into account constraints as to acceptable risk, the characteristics of the Authority's cash flows and the funding expectations of approved projects.

ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is charged with collecting, safeguarding and disbursing Authority funds. The CFO serves as the investment officer for the Authority with authority for investment decisions to include managing the day-to-day operations of the portfolio, placing purchase orders and sell orders with dealers and financial institutions, procuring banking and financial services and preparing reports as required.

The CFO shall invest all available cash (with the exception of 30% funds) into a common investment portfolio. The CFO and Investment and Debt Manager will file an annual Statement of Economic Interest and make any and all other disclosures or recusals in compliance with NVTB Policy 2 – Conflict of Interest. In no event shall any employee involved in the investment process also be involved in personal business activity that could conflict with proper execution of the investment program.

In the event a security(s) held in the portfolio is downgraded, below the approved purchase level, the CFO will advise the Finance Committee at their next meeting, of actions taken or strategies planned in response to the downgrade. Actions and strategies will consider the reason for the downgrade, financial condition of the issuer, maturity dates, market value and market conditions.

The CFO shall continue to monitor the statutes and regulations and modify investment procedures accordingly to ensure compliance.

The CFO as well as staff assigned to investment and accounting functions; shall individually and as a group stay current on new regulations and market trends in investments, technology enhancements and new banking as well as financial services. Individual readings, research, subscriptions to news services, attending training and informational symposiums on these topics is encouraged and supported.

ROLE OF THE INVESTMENT MONITOR

The Investment Monitor is designated by the CFO to review the balances and activity in the Authority's investment portfolio. The Investment Monitor shall be thoroughly familiar with this Investment Policy and the Code of Virginia regarding allowable investments. The Investment Monitor will not be actively involved in investment activity other than to monitor transactions for compliance with this policy and the Code of Virginia. The Investment Monitor shall have read-only access to the portfolio tracking system, as well as a Bloomberg Audit Terminal to review Direct (electronic) Purchases made on the Bloomberg Terminal, to confirm all investment balances, purchases, maturities, sales and trades.

ROLE OF THE FINANCE COMMITTEE

The Finance Committee is established in the Authority to review the CFO's actions regarding the disposition of Authority funds. The Finance Committee meets at regular intervals with the CFO to review the GASB 40 Statement and monthly portfolio recap. The makeup of the Finance Committee is specified in the Bylaws.

ETHICS AND CONFLICT OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

INTERNAL CONTROLS

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met, to the extent possible with staff resources.

- Prevention of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping using a delivery versus payment basis
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian.

EXTERNAL PORTFOLIO MANAGEMENT

In order to better manage yield in changing interest rate environments, the CFO may decide to contract for external portfolio management. This portion of the investment portfolio may be invested for periods greater than two (2) years but not more than five (5) years. Since these funds have been set aside, they are not currently required to meet the near-term liquidity needs of the Authority. These funds may not exceed 25% of the net balance of the Authority's 70% Regional Fund pooled cash and investments. The external portfolio manager must comply with all the requirements of the Code of Virginia with respect to the investment of local funds.

COMMUNITY BANK PROGRAM

In order to enable community based financial institutions to compete against regional and national institutions for Authority funds the CFO may set aside a portion of Authority funds upon which only local community-based institutions may bid. In order to qualify for the Community Bank Program, an institution must be headquartered locally or maintain a significant portion of its branches within the Authority membership jurisdictional boundaries. Any banks which show significant community reinvestment activities beyond the minimums required in the Community Reinvestment Act will receive consideration. Newly chartered banks, meeting the above criterion, will qualify after being closely reviewed for solvency, stability and quality as well as experience of executive management.

The aggregate investments held for any qualifying institution is not to exceed five (5) percent of the institution's total assets as reported on their most recent audited financial statements or Quarterly Call Report. The CFO may require such bids to include a premium over the market rate to compensate for the increased administrative costs and reduction of liquidity which this program may entail. Such premiums shall be determined by the CFO periodically based on prevailing market conditions.

The investments under the Community Bank Program are subject to the same restrictions and the same collateralization requirements as all other investments. The CFO reserves the right to reject bids that are not suitable or otherwise not in the best interest of the Authority.

INVESTMENT OF BOND PROCEEDS

The Tax Reform Act of 1986 restricts the interest which may be earned on the unexpended proceeds of tax-exempt bonds issued after 1986. The average yield of investments purchased with bond proceeds may not exceed the yield on the bonds. Any excess earnings are considered arbitrage earnings and must be remitted to the U.S. Treasury. In order to avoid the difficulties associated with arbitrage, all unexpended bond proceeds shall be invested separately in the State Non-Arbitrage Pool, or its equivalent.

Notwithstanding the general policy that the CFO shall refrain from specific fund investments, interest earned on these investments shall be allocated to the funds for which the bonds were issued.

ARBITRAGE MANAGEMENT PROGRAM

The arbitrage management program seeks to promptly reimburse pooled cash for expenses related to bond projects and to manage the Authority relationship with the State Non-Arbitrage Program (SNAP). Through the prompt replenishment of eligible capital expenses, the Arbitrage Management Program seeks to maximize the Authority's liquidity and investment earnings. The main points of the program are:

1. Make cash draws from the appropriate SNAP account based on the Authority general ledger activity.
2. Establish and manage arbitrage rebate accounts to cover projected IRS rebate liability.
3. Provide the most accurate information to the Arbitrage Rebate Calculation Agent based on the Authority general ledger activity.
4. Return any erroneously drawn funds to the appropriate SNAP account within five (5) months, if the underlying expense is retracted by a member jurisdiction.
5. Rely on the appropriate member jurisdictions to maintain the detailed documents to support their transactions related to expenses eligible for cash draws.

PAYMENT OF BANKING SERVICE AND INVESTMENT FEES

The CFO determines whether paying for banking, financial services and financial products directly or through compensating balances is in the best interest of the Authority. The method of payment chosen will, for the most part, be based on the current rate of return on the portfolio versus the compensating balance rate offered by individual institutions.

Payment methods may change on a month to month and institution by institution basis depending upon which arrangement produces the best overall return, cost constraint and operational efficiency. Investment proceeds and/or compensating balance arrangements can be used for banking and financial services only within the fund which holds the balance. Examples would be investment fees stay within the 70% Regional Revenue funds. Operational banking fees remain within the Operating Fund.

AUTHORIZED DEPOSITORY AND FEE SERVICE BANKS

The CFO shall maintain a list of financial institutions authorized to provide depository and/or investment services. In order to ensure orderly and fair competition, the CFO will routinely bid new fee services on an individual basis, when such service is not functionally linked to an existing banking process. Priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

1. Banks must be “qualified public depositories” as defined in the *Code of Virginia §2.2-4401* Security for Public Deposits Act.
2. All commercial banks wishing to be authorized to provide services must report a minimum of 4% or greater in the Tier 1 (Core) capital rating in their Quarterly Call Report filed with the FDIC. If any bank were to report a rating of less than 4% the deposit and fee relationship will be considered in jeopardy and the CFO will take appropriate and prudent action.
3. The CFO will conduct a bi-annual review of the condition of each authorized financial institution. The CFO will undertake interim reviews as conditions dictate.

AUTHORIZED INVESTMENT BROKER/DEALERS

The CFO shall maintain a list of financial institutions authorized to provide depository (Certificates of Deposit, Negotiated Order of Withdrawal and Money Market accounts) and/or investment broker services by voice or Direct (electronic) Purchases through means such as Bloomberg Terminal.

In order to ensure orderly and fair competition, the CFO shall limit the number of broker/dealers on the authorized list. For the broker/dealers on the list, priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

Furthermore, in order to protect NVT A from counterparty risk, only quotes by authorized brokers and financial institutions, or thoroughly vetted counterparts, will be considered for voice or Direct (electronic) Purchases of investments through the Bloomberg Terminal.

Further, authorized financial institutions will:

1. Maintain compliance with FINRA Net Capital Requirements for Brokers or Dealers - SEC Rule 15c3-1.
2. Any broker must maintain an active registration in good standing with FINRA.
3. Achieve a successful review, by the Authority, of individual broker records as posted by FINRA.
4. All Broker/Dealers are required to sign an acknowledgement as to receiving, understanding and agreeing to abide by this investment policy prior to the start of any activity. Broker/Dealers which repeatedly propose non-allowable or noncompetitive investments will be removed from the approved list.
5. Broker/Dealers will be automatically removed from the authorized list if no instruments have been purchased from their firm for 16 consecutive months.

BENCHMARKS

The portfolio performance benchmarks will be both the Fed Funds Rate and the Treasury 90 Day T-Bill rate. Comparisons to the Virginia State Non-Arbitrage Program (SNAP) and the Virginia Local Government Investment Pool (LGIP) will be maintained as they are both highly liquid investment pools operated in compliance with the Code of Virginia.

PURCHASE OF INVESTMENTS

GENERAL

Generally, investment offers must be considered in a competitive environment. Investments in excess of five (5) million dollars must be selected on a competitive basis. Offers must be solicited/received from a minimum of two dealers or financial institutions. Similarly, Direct (electronic) Purchases of investments through the Bloomberg Terminal must also be selected on a competitive basis – there must be a minimum of two dealers or financial institutions showing active quotations or offers. The CFO may use discretion in selecting the bidders, taking into consideration an institution's reputation, past success rate, timeliness in providing bids and any other factors which the CFO believes have bearing.

In general, the highest yielding instrument offered with an appropriate maturity to match with projected liquidity needs will be the investment selected. The CFO may reject an investment, even if it yields the highest rate, if he feels it carries an element of risk which may not be reflected in the published credit rating or if it is not in the Authority's interest to hold such an investment in its portfolio.

Banks and broker/dealers shall be required to provide trade confirmations or similar documentation and monthly statements to the Authority electronically or in hard copy. A copy of all confirms and statements will be provided to the Authority's Assistant Finance Officer for entry into the accounting system and record retention.

In accord with primary objectives, in priority order of safety, liquidity, and yield (SLY), investments shall be made with the judgment and care which persons of discretion, prudence and intelligence exercise in the management of their own affairs, not for speculation, but for the protection of principal. Consideration for the safety of capital shall be paramount over the probable income to be derived. Individuals responsible for investing Authority funds shall in no way benefit personally as a result of investment decisions.

INVESTMENT POLICIES AND STANDARDS

There are certain standards of "adequacy" and "appropriateness" set by the Authority, in addition to the creditworthiness of an institution, against which offers shall be measured when purchasing investments. For example, diversification reduces overall portfolio risks while attaining market average rates of return. The policies and standards which regulate specific investments and the composition of the investment portfolio shall include, but not be limited to, the following:

1. No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term.
 - a. No investment shall be purchased if two of three or more enhanced ratings from nationally recognized ratings firms are not at or above the minimum required in the Code of Virginia. Due to the use of credit qualifiers by the rating agencies to signify rating reviews in the financial market turmoil starting in calendar year 2009, negative rating qualifications (such as AA- or A1-) will not exclude the instrument.
 - b. The status of any credit enhancement firm will be examined when considering the purchase of an instrument. The CFO will keep a list of unacceptable credit enhancement firms. Any instrument with a credit enhancement by a firm on this list will be considered based on its underlying credit rating not the enhanced rating.
2. At no time, shall more than thirty-five percent of the portfolio be invested in

- commercial paper.
3. No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
 4. The CFO will determine/reaffirm on a weekly basis the target balance for the portion of the portfolio invested with maturities greater than 24 months.
 5. At no time shall the remaining maturity of an investment exceed 60 months, unless such investment has a PUT option as described in the Diversity & Maturity Section.
 6. The CFO shall endeavor to maintain an appropriate diversification in the portfolio. The CFO will diversify instruments and institutions in order to reduce overall portfolio risk while attaining market rates of return.
 7. The CFO shall use the average of the three-month Treasury bill auctions for a quarter as a benchmark for the return on the investment portfolio.
 8. All investments with the sole exception of bank depository instruments, will be purchased on a delivery versus payment basis through a trust and custody agent under contract with the Authority.

The Finance Committee may add, delete or modify standards of investment at its discretion in response to changing economic, national or international conditions. Such additions, deletions or modifications shall be reported to the Authority at the next meeting of that body.

All institutions solicited for offers shall be advised of the allowable investments and any restrictions upon investments. Only investments which meet the criteria enumerated above may be considered. The CFO may consider barring institutions from consideration should they repeatedly offer disallowed investments.

ALLOWABLE INVESTMENTS

The Authority must limit investments to those allowed by the Code of Virginia. The Authority, however, may restrict investments beyond the limits imposed by the Code if such restrictions serve the purpose of further safeguarding Authority funds or are in the best interests of the Authority.

The allowable types of investments under the Code of Virginia for non-sinking funds are as follows ([§ 2.2-4501](#)):

1. Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, and other evidences of indebtedness unconditionally guaranteed as to payment of principal and interest by the Commonwealth of Virginia.
2. Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.
3. Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for

more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.

4. Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article 9 (§ 64.2-780 et seq.) of Chapter 7 of Title 64.2, without reference to this section, shall apply.

In any case in which an authority, having an established record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, issues additional evidences of indebtedness for the purposes of acquiring or constructing additional facilities of the same general character that it is then operating, such additional evidences of indebtedness shall be governed by the provisions of this section without limitation. Securities must be rated by at least two of the three following rating agencies with ratings of at least; Aa or higher for Moody's, AA or higher for Standard and Poor's, AA or higher for Fitch.

5. 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 upon which there is no default and upon which there has been no default for more than ninety days; provided, that (i) within the twenty fiscal years next preceding the making of such investment, such city, county, town or district has not been in default for more than ninety days in the payment of any part of principal or interest of any stock, bond, note or other evidence of indebtedness issued by it; (ii) such city, county, town or district shall have been in continuous existence for at least twenty years; (iii) such city, county, town or district has a population, as shown by the federal census next preceding the making of such investment, of not less than 25,000 inhabitants; (iv) the stocks, bonds, notes or other evidences of indebtedness in which such investment is made are the direct legal obligations of the city, county, town or district issuing the same; (v) the city, county, town or district has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount; and (vi) the net indebtedness of such city, county, town or district (including the issue in which such investment is made), after deducting the amount of its bonds issued for self-sustaining public utilities, does not exceed ten (10) percent of the value of the taxable property in such city, county, town or district, to be ascertained by the valuation of such property therein for the assessment of taxes next preceding the making of such investment; and (vii) where the rating by two of the three following rating agencies is: Moody's Aa or higher, Standard and Poor's AA or higher and Fitch AA or higher.
6. Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank, issued by the World Bank under United States of America regulations, typically issued in New York (NY).

7. Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth of Virginia, providing such bank or savings and loan association is a “qualified public depository”. Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits Act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. This collateral must be pledged to the Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board (§2.2-4400).
8. Repurchase agreements which are collateralized with securities that are approved for direct investment. The CFO may require that physical possession of the collateral be taken (§2.2-4507). Physical possession must be taken when the term of the repurchase agreement exceeds ten (10) days. The CFO shall execute a master repurchase agreement with the bank or broker/dealer, which is the counterparty to the repurchase transaction prior to entering into any repurchase transaction.
9. Banker’s acceptances from “prime quality” institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).
10. “Prime quality” commercial paper (§2.2-4502). "Prime quality" shall be as rated by at least two (2) of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, at least F1 by Fitch Ratings Inc.
11. “High quality” corporate notes (§2.2-4510). High quality shall be defined as a rating of at least AA by Standard and Poor’s, at least Aa by Moody’s, at least AA by Fitch Ratings and a maturity of no more than five (5) years. All investments should be rated by at least two rating agencies.
- ~~12. Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods. The underlying United States Treasury bonds or coupons shall be held by a safekeeping agent independent of the seller of the certificates (§2.2-4505).~~
- ~~13.~~12. The Local Government Investment Pool (LGIP). Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool (§2.2-4602). The CFO shall, on a continual basis, monitor the management and operations of the LGIP.
- ~~14.~~13. The State Non-Arbitrage Pool (SNAP). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986 (§2.2-4700), and reserve accounts directly related to the issuance of debt or other credit agreement.
- ~~15.~~14. Open-end mutual funds, provided the funds are registered under the Security Act of Virginia (§ 13.1-501 et seq.) or the Federal Investment Act of 1940 and that the investments by such Funds are restricted to the same securities as approved for direct investments (§2.2-4508).

~~16.15.~~ Negotiable certifications of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks that have received at least two of the following ratings: A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., F1 by Fitch Ratings., for maturities of one year or less, and a rating of at least AA by Standard & Poor's, Aa by Moody's Investor Service, Inc. and AA by Fitch Ratings, for maturities over one year and not exceeding five years (~~\$2.2-4509~~).

~~17.16.~~ Non-negotiable certificates of deposit of banks certified as qualified to hold Virginia Public Deposits.

DIVERSIFICATION & MATURITIES

The CFO will diversify holdings of the investment instruments to avoid incurring unreasonable risk inherent in over-investing in any specific instruments or class of instruments, individual financial institution or maturity schedule; while attaining market average rates of return.

Length and allowable percentage of instruments maturity scheduling shall be timed according to anticipated need. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenues.

If a legally authorized stock, bond, note or other evidence of indebtedness of any city, county, town or district situated in any one of the states of the United States has a PUT option which requires the issuer of the instrument to return all principal, and accrued interest within 30 days of the exercise of the PUT option, than the maturity of that instrument will be considered the PUT option not the stated maturity of the instrument.

The table below shows the maximum length and maximum portfolio composition of each investment class:

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months or 61 less	75 30%
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	60 months or less	30%
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.	36-60 months or less	75 30%

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Savings accounts, <u>Money Market Accounts</u> 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%
Banker's 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	36-48 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%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit (<u>YCD</u>) 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 3 year history must exceed internal performance by 25bps, net of mgmt. fee
Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African Development Bank. (<u>§2.2-4501</u>)	36-60 months or less	45 50%

DELIVERY REQUIREMENTS

Collateral for savings and time deposits shall be pledged according to the provisions of the Security for Public Deposits Act and the requirements of the State Treasury Board regulations.

All securities will be purchased on a delivery versus payment basis.

The Authority must designate one or more institutions to act as custodian for all non-depository investments. Such institutions must be qualified to do business in the State of Virginia as banks or trust companies. Delivery to the designated trustee, in lieu of physical possession, meets these delivery requirements.

REPORTS OF INVESTMENT ACTIVITY

REPORTS TO THE FINANCE COMMITTEE

The CFO shall report to the Finance Committee on a regular basis, as determined by the Committee, such information as the Committee requires in order to fulfill its function. At its discretion the Committee may require additional information or clarification from the CFO either orally or in writing.

The reports to the Finance Committee shall consist of a summary of cash and investments which are the assets of the Authority. This report, will list each depository, investment firm or custodian with balances. A listing of all investments, a detailed report of the investments held and the annual return being realized by each will be provided. A separate report shall be prepared for each calendar month as of the last day of that month.

FINANCIAL STATEMENT BASIS

Financial statement presentation of investments, accrual of interest, amortization of premiums and accretion of discounts shall be according to generally accepted accounting principles as applied to municipalities.

Those principals shall be as determined by the Commonwealth of Virginia Auditor of Public Accounts, the American Institute of Certified Public Accountants and its designated units, the Financial Accounting Standards Board and the Governmental Accounting Standards Board.

Reporting components will include:

- Listing of individual securities held at the end of the reporting period.
- Mark to market valuation on a monthly basis.
- Average weighted yield to maturity of portfolio.
- Listing of investments by maturity date.
- Percentage of the total portfolio which each type of investment represents.

COMPLIANCE WITH THE CODE OF VIRGINIA

This policy seeks to restrict and define investment actions at a more detailed level than presented in the Code of Virginia.

In the absence of any issue or situation not specifically addressed by this policy; any action undertaken by the CFO or his staff will at all times be in compliance with the Code of Virginia.

ATTACHMENTS

GLOSSARY – Attachment 1

Accrual Basis

Basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

Accrued Interest

The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency Security

A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization

The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Arbitrage

A technique employed to take advantage of price differences in separate markets. This may be accomplished by purchasing a security in one market and immediately selling in another market at a better price. As used in the context of investing public funds, arbitrage means borrowing at low tax-exempt rates and investing in taxable instruments. The arbitrage rebate provisions of the 1986 tax reform act govern this type of activity.

Average Life

The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers Acceptance

Negotiable time drafts drawn on commercial banks to finance import, export, shipment and storage of goods. Banker's acceptances are backed by the credit of the bank, which assumes primary liability. The acceptance is further collateralized by the goods in shipment or storage. Possession of a banker's acceptance requires taking delivery of a physical instrument.

Basis Point (bps)

A basis point refers to the measure of the yield to maturity of an investments calculated to four decimal places. For example, one quarter of one percent would be expressed as "twenty-five basis points".

Bid

The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value

The value at which a security is carried on the inventory lists or other financial records

of an investor. The book value may differ significantly from the security's current value in the market.

Bond

A written, interest bearing certificate of debt with a promise to pay on a specific date and with a set annual rate of interest.

Broker

A person or firm acting as an agent for buyers and sellers.

Callable Bond

A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price

The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk

The risk to a bondholder that a bond may be redeemed prior to maturity.

Capital Reserve Fund

That portion of the County's investment portfolio which the Treasurer may designate for longer term investment. These funds are not currently required to meet the County's working capital needs and can be invested on a longer term basis.

Cash Equivalents

Instruments or investments of such high liquidity and safety that they are virtually as good as cash. Examples are a money market fund and a treasury bill.

Cash Sale/Purchase

A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Certificate of Deposit

A bank deposit evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of such deposit is payable to the bearer or a specified person on a certain date or upon notice in writing. Negotiable CD's may be sold on the secondary market, thus providing liquidity. Liquidation of non-negotiable CD's generally involves penalties.

Collateralization

Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Collusion

Collusion is a situation where two or more individuals are working in conjunction to commit fraud.

Commercial Paper

Business promissory notes, with a stated date of payment, which are usually sold at a discount and are backed by the general credit of the company. The credit of commercial paper may be enhanced by letters of credit from one or more banks.

Commercial paper is generally for terms of less than 270 days, longer corporate obligations are referred to as notes or bonds and are subject to a greater degree of regulation.

Compensating Balance

A minimum level of deposits maintained in one or more non-interest bearing accounts at a bank to defray the costs of banking services.

Coupon Rate

The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

Credit Quality

The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return)

A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Custodial Safekeeping

Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

Demand Deposit

A depository account from which withdrawals may be made as desired, e.g. a checking account.

Derivative Security

Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Discount

The amount or percentage at which a security sells below par value. For example, if a bond with a \$1,000 par value sells for \$900 the discount is \$100 or 10%.

D.K.

“Don’t know”. If the delivery of a security fails because the trustee was not informed to take delivery or because the security is delivered for a different amount than agreed upon, the trade is “DK’ed”, meaning refused.

D.T.C.

The Depository Trust Company (DTC) of New York acts as the repository for all securities which are electronic, as opposed to physical, delivery. These include all U.S. Treasury and agency issues and certain issues of commercial paper.

D.V.P.

Delivery Verses Payment. Delivering securities “DVP” means that funds are not released by the trustee until the security is delivered either in physical form or through DTC.

Duration

A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FDIC

Federal Deposit Insurance Corporation

Federal Funds (Fed Funds)

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate

Interest rate charged by one institution lending federal funds to the other.

Federal Reserve System

System established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are part of the system. National banks are stockholders of the Federal Reserve Bank in their regions. The Fed’s main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for the transfer of funds throughout the banking system and examine member banks to make sure they meet various Federal Reserve regulations.

FINRA

Financial Industry Regulatory Authority is the largest non-governmental regulator for all securities firms doing business with the United States public.

Fiscal Year

A twelve-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operation.

Governmental Accounting Standards Board (GASB)

A nationally recognized board consisting of five members, appointed by and operating

under the Financial Accounting Foundation. The GASB is the highest source of reporting and accounting guidance for state and local governments.

Government Securities

An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market.

Interest Rate

See Coupon Rate.

Interest Rate Risk

The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls

Internal controls are procedures designed to protect the assets of the entity from loss, theft, or misuse.

Inverted Yield Curve

A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment

The use of capital to create more money, either through income producing vehicles or through more risk-oriented ventures designed to result in capital gains. Investment connotes the idea that safety of principal is important. Speculation, on the other hand, is far riskier.

Investment Company Act of 1940

Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy

A concise and clear statement of the objectives and guidelines formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations

An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Jumbo CD

A certificate of deposit of at least one hundred thousand dollars.

Liquidity

A measure of the ability to convert a security into cash with a minimum risk of loss of principal or accrued interest. The easier the ability to convert the more liquid the security.

Local Government Investment Pool (LGIP)

An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market

The process whereby the book value or collateral value of a Security is adjusted to reflect its current market value.

Market Risk

The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value

Current market price of a security.

Maturity

The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money Market Mutual Fund

Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Municipal Obligation

A security issued by a state or local government, authority or similar entity. These obligations are generally exempt from federal income tax. Taxable municipal obligations are issued by localities or authorities for non-purpose projects.

Mutual Fund

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the Securities and Exchange Commission (SEC) disclosure guidelines.

Mutual Fund Statistical Services

Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

National Association of Securities Dealers (NASD)

A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value

The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$.

No Load Fund

A mutual fund which does not levy a sales charge on the purchase of its shares.

Nominal Yield

The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the “coupon,” “coupon rate,” or “interest rate.”

Offer

An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the “Ask price.”

Opportunity Cost

The highest price or rate of return an alternative course of actions would provide. In securities investments, the cost of forgoing a safe return on an investment in hopes of making a larger profit. For instance, an investor might buy a stock that shows great promise but yields on 4%, even though a higher safe return is available in a money market fund yielding 10%. The 6% yield difference is called the opportunity cost.

Par Value

The value of a security as expressed on its face without any consideration of any premium, discount or accrued interest. Par value is also known as “face amount” or “face value”.

Positive Yield Curve

A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium

The amount by which the price paid for a security exceeds the par value. For example, if a bond with a \$1,000 par value sells for \$1,100 the premium is \$100 or 10%.

Primary Dealer

A securities dealer that buys government securities directly from the Federal Reserve Bank (the Fed) and that has met certain minimum financial criteria set by the Markets Reports Division of the Federal Reserve Bank of New York. The Fed requires primary dealers to maintain a minimum capital adequacy ratio of liquid capital to measured risk that meets or exceeds 125 percent.

Prime Rate

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Principal

The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus

A legal document that must be provided to any prospective purchaser of new securities offerings registered with the SEC. This can include information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

Prudent Person Rule

An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Repurchase Agreement (“Repo”)

A short term investment wherein an investor purchases a security (i.e. a Treasury Bond) in return for the seller’s agreement to buy the security back on a specified date for a specified amount greater than the amount the investor paid. The principal is guaranteed and the return fixed under such an agreement.

Rule 2a-7 of the Investment Company Act

Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

Safekeeping

Holding of assets (e.g., securities) by a financial institution.

SEA

Securities Exchange Act

Serial Bond

A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund

Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLY

Safety, Liquidity and Yield

SNAP (State Non-Arbitrage Program)

An investment program established by the State Treasurer, as authorized under Section 2.1-234.9, to assist local bond issuers in the management, investment and accounting of bond proceeds in compliance with certain provisions of the federal Tax Reform Act of 1986. The purpose of this arrangement is to centralize the administrative and legal requirements of compliance with complex IRS provisions regarding municipal bond Arbitrage.

Swap

Trading one asset for another.

Term Bond

Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Time Deposit

A bank deposit drawing interest at intervals and having a restrictive level of withdrawals, e.g. a savings account.

Total Return

The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills

Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bonds

Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Treasury Notes

Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Obligations

Securities representing obligations backed by the full faith and credit of the United States. Treasury bills are short term obligations (3 and 6 month), treasury notes are medium term obligations (1 to 7 years) and treasury bonds are long term obligations (over 7 years).

U.S. Agency Securities

Obligations issued by agencies established by the United States but not backed by the full faith and credit of the government. These obligations are regarded as almost as risk free as direct treasury issues as the federal government supervises and regulates the issuers and is regarded as having a moral obligation to ensure repayment.

Volatility

A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM)

The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds thirteen months.

When Issued (WI)

A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

Yield

The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

Yield-to-call (YTC)

The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve

A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity

The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero Balance Account

A disbursing account in which no cash is maintained. As checks drawn on the account are presented the funds necessary to pay them are withdrawn from a master account at the same bank. Zero balance accounts are used to control float or provide account separation for specialized purposes.

Zero-coupon Securities

Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security.

Broker/Dealer Investment Policy Confirmation
The Investment Policy for the Northern Virginia Transportation Authority
(Effective October 8, 2020)

Name of Firm/Bank/Broker/Dealer:

I acknowledge that I have received and reviewed the Investment Policy of the Northern Virginia Transportation Authority. I have read and understand the policy and am aware of the Code of Virginia with respect to municipal investment statutes, as referenced within the Investment Policy. Further, I have ensured that other personnel, who may conduct business with the Authority from time to time, are aware of the Policy and its provisions. In my dealings with the Authority, I will, at all times, follow the guidelines as presented in the Investment Policy.

I certify that I am authorized to represent and commit my firm to this acknowledgement.

Printed Name: _____

Signature: _____

Title: _____

Date: _____

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**M E M O R A N D U M**

FOR: Chair Rishell and Members, NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: Duplicate Payment Detection Audit

1. **Purpose:** To present the Northern Virginia Transportation Authority (NVTa) Finance Committee the result of the Agreed Upon Procedures (AUP) Audit, which was designed to assess vulnerabilities for duplicate payments being submitted by project sponsors.
2. **Background:**
 - a. Reimbursement requests from project sponsors are expected to be screened at the project level to avoid duplicative submissions. Many general ledger accounting systems include functionality which permits users to track reimbursable expenses and record whether the reimbursement request has been filed and paid. Unfortunately, NVTa staff have been made aware or have detected duplicate submissions of project expenses. While understanding these submissions were processing errors, not intentional deception by the project sponsors, they potentially reflect an internal control weakness at the project sponsor level and a risk to the Authority.
 - b. NVTa staff consulted with the Authority's external auditors (PBMares, LLP) to develop a cost-effective data driven approach to examine certain projects, on a test basis, but using real data.
 - c. To assess this risk, the Finance Committee recommended, and the Authority approved a limited scope AUP audit for duplicate payments to be conducted by the Authority's independent external auditor PBMares, LLP on July 8, 2021.
3. **Discussion:**
 - a. Reimbursement request packages can often include hundreds to a thousand pages of documents containing dozens of individual invoices. The packages are reviewed electronically by NVTa Planning and Finance staff members.
 - b. While NVTa staff reviews the invoices, it is the responsibility of the project sponsor to have internal controls in place to prevent the submission of duplicate project expense reimbursements.
 - c. For the NVTa to be responsible for detection of duplicate expense reimbursements, data for each reimbursed invoice would need to be entered individually into the Authority's general ledger accounting system. This would be a costly, time-consuming

process which duplicates the processes project sponsors are already required to have in place and will extensively delay the processing of all reimbursement requests.

- d. The AUP audit included nine projects, containing 131 reimbursement requests. Those requests included 1,004 individual invoices with a reimbursed value of \$136 million. The audit cost was \$18,500.
- e. The AUP resulted in the detection of six duplicate payments, on one project, totaling approximately \$87,000. This is over a 4X recovery on the AUP test cost.
- f. Project sponsor staff are not involved in the audit process except to confirm the identification of any duplicates.
- g. These AUP results were shared with the project sponsor. The project sponsor promptly and professionally responded by:
 - i. Timely verifying the duplications on their side.
 - ii. Initiating an internal review of their transactions and procedures.
 - iii. Agreeing to return the duplicate payments.
- h. It is important to note that this was a test process with limited projects selected and data submitted. Therefore, the audit results do not mean only one project sponsor has mistakenly presented duplicate reimbursements or that all duplicate payments have been discovered.
- i. The AUP duplicate payment test confirms that internal control weaknesses on the part of a project sponsor can result in the issuance of duplicate payments by the Authority. It is recognized that the duplicate payments in this test represent a 0.06% occurrence rate based on the dollar value of payments examined.

4. Next Steps: Finance Committee can choose to provide a directive for NVTa staff to prepare budget and policy proposals to:

- a. Incorporate routine AUP duplicate payment audits on an ongoing basis.
- b. Develop a policy proposal, whereas;
 - i. The cost of the AUP audit will be charged to project sponsors based on a ratio of duplicates discovered, to the audit cost, on a dollar basis.
 - ii. If no duplicates are discovered the audit cost will be absorbed by the Authority as an operating cost for maintaining a strong system of internal controls and protecting the public funds within its control.

Attachments:

- A. PBMares – Independent Accountant's Report on Applying Agreed-Upon Procedures
- B. NVTa – Agreed Upon-Procedures Representation Letter



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Management
Northern Virginia Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Northern Virginia Transportation Authority (the "Authority"), solely to assist you with payment requests submitted by member jurisdictions. The Authority is responsible for these payment requests.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of identifying duplicate invoices submitted by member jurisdictions for payment. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the payment requests submitted by member jurisdictions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority and is not intended to be, and should not be, used by anyone other than the specified party.

PB Mares, LLP

Harrisonburg, Virginia
December 20, 2021

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

AGREED-UPON PROCEDURES ATTACHMENT

For the projects listed below, we performed the following agreed-upon procedures:

- A. Extracted, transformed, and loaded all data from the C2-2 tables from the Detail Requisition Forms, including all scanned and native copies.
- B. Searched for potential duplicate payments within projects and related continuation projects, including the application of “fuzzy matching” and other techniques.
- C. Performed inspection of details for potential duplicate payments, including examination of supporting invoices, and identified duplicate payments.

The results of these procedures are listed below:

Project	# of payment requests extracted, transformed, and loaded	# of invoices analyzed	# of potential duplicate invoices identified and inspected	# of actual duplicate payments identified	Dollar amount of duplicate payments made to member jurisdictions
13-14-016-09	7	82	8	-	\$ -
13-90421	8	50	4	-	-
153-14-012-2-03	24	107	-	-	-
153-30481	20	91	-	-	-
153-80401	26	292	15	2*	42,160
153-80781	4	52	13	4*	44,568
600-60411 UPC 16632	18	145	5	-	-
2018-027-1	19	120	2	-	-
2018-007-1	4	65	2	-	-
Total	130	1,004	49	6	\$ 86,728

*Note: We have advised management on which specific invoices comprised these totals.



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

December 20, 2021

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

In connection with your engagement to perform, in accordance with attestation standards established by the American Institute of Certified Public Accountants, specified agreed-upon procedures with respect to payment requests submitted by member jurisdictions of the Northern Virginia Transportation Authority (the "Authority"), we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We understand that the Authority has the responsibility for processing Regional Revenue Fund project payment requests submitted to the Authority by Member Jurisdictions.
2. We acknowledge that the processes used by the Authority in processing these payment requests includes due diligence in determining the appropriateness of the request in relation to the approved project scope as well as usual and customary bookkeeping techniques to ensure proper invoice documentation and cross footing.
3. By design, Member Jurisdictions are responsible for the accurate presentation of reimbursement requests to the Authority. The Authority, while exercising its own due diligence, relies on the internal controls of Member Jurisdictions to prevent errors, eliminate fraud and avoid duplication of payment requests.
4. We have made available to you all records and related data relevant to payment requests submitted to the Authority by Member Jurisdictions and the agreed-upon procedures.
5. There are no known matters, other than those previously disclosed, contradicting the payment requests submitted to the Authority by Member Jurisdictions, nor any communication from regulatory agencies affecting these requests.
6. We have no knowledge of any material misstatements in payment requests submitted to the Authority by Member Jurisdictions, other than those previously disclosed.
7. We have disclosed to you all known events, if any, that would have a material effect on payment requests submitted to the Authority by Member Jurisdictions.
8. There has been no knowledge of fraud or suspected fraud affecting the Authority involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.

c. Others where fraud could have a material effect on payment requests submitted to the Authority by Member Jurisdictions.

9. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, or others.

11. We have responded fully to all inquiries made to us by you during your engagement.

12. During the course of your engagement, 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.

Northern Virginia Transportation Authority

A handwritten signature in black ink, appearing to read 'Michael Longhi', is positioned above the printed name.

Michael Longhi, Chief Financial Officer

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**M E M O R A N D U M**

FOR: Mayor Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: Audit Service Procurement/Contract Guidance

- 1. Purpose:** To gather input from the Northern Virginia Transportation Authority (NVTa) Finance Committee on audit service procurement and contract formation.
- 2. Discussion:** The Finance Committee also serves the Authority in the role of Audit Committee. The current audit service contract with PBMAres, LLP is coming to the end of its term. The current contract was obtained through 'riding' an existing contract issued by a public entity in Virginia. NVTa has previously used rider agreements to obtain many services, as it meets the public procurement requirements, while providing a great deal of efficiency. The options for obtaining this service are:
 - A. Issuing a Request for Proposals (RFP) for audit services.** An RFP for audit services could be issued independently. An independent RFP has advantages and disadvantages noted below.
 - i. Competition may bring a reduced price.
 - ii. However, often times a new firm will increase prices in the first year, or amortize expenses over the life of the contract, due to the level of effort required to become familiar with a new client.
 - iii. Bringing a new firm onboard will require additional NVTa staff support as the firm reviews already established policy, procedures and administrative processes.
 - iv. A new firm may have different focus areas than the previous firm.
 - v. The RFP process will require a significant time commitment from NVTa staff, and may result in the same firm receiving the award for a new term.
 - vi. RFP's are appropriate were the Audit Committee to have any hesitations with the current firm.
 - B. Riding An Existing PBMAres client's contract.** The Authority could choose an existing PBMAres's client contract to ride. The existing client would have to have a rider clause within their contract. Riding a contract has certain advantages and disadvantages:

- i. The price competition, while not direct, does have transparency as price will be negotiated within the context of the contract being ridden.
- ii. Since PBMAres is already familiar with NVTa, no extra familiarization time will be required.
- iii. The NVTa staff have developed a reliable partnership with PBMAres as the Authority has grown into its legislative responsibilities. One example would be the recent conversation with PBMAres to develop the capacity for the Authority to become qualified to receive Federal grants with PBMAres.
- iv. This qualification process could start quickly since PBMAres understands and is familiar with the Authority's organizational, procedural, administrative and accounting structure.
- v. Building the capacity to receive Federal grants could start in the audit off season. This timeframe would have to be utilized with an RFP, pushing the Federal qualification process out more than one calendar year.
- vi. The recent completed Agreed Upon Procedures Audit for Duplicate Payments is an example of special tasks which will be able to move forward seamlessly if auditor continuity is retained.

C. Next Steps. NVTa staff will follow Finance Committee direction on obtaining audit services.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Mayor Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: FY2023 Operating Budget Guidance

1. **Purpose:** To gather input from the Northern Virginia Transportation Authority (NVTa) Finance Committee on development of the FY2023 Operating Budget.
2. **Discussion:** The NVTa business activities are supported through three separate budgets. Development of these budgets for FY2023 will be based on guidance from the Committee. Initial discussion items are presented for each budget below:
 - A. **Local Distribution Fund Budget.** The Local Distribution Fund Budget supports the monthly distribution of 30% funds to member jurisdictions. Prior guidance for this budget has not changed and will be based on the finalized FY2023 revenue projections which are currently under development.
 - B. **Regional Revenue Fund Budget.** The Regional Revenue Fund Budget is the source for transportation project funding by the Authority. Prior guidance for this budget has not changed and will be based on the finalized FY2023 revenue projections and PayGo analysis which are currently under development.
 - C. **Operating Fund Budget.** The Operating Fund Budget is the central accounting point for operating and administrative expenses of the Authority. The Operating Fund and related budget can only be funded with resources in excess of those required or exempted from debt service obligations. Prior guidance for this budget has not changed. Current drivers of the Operating Budget are segmented into two categories. The first category is base budget escalations triggered by inflation, contract terms and required service extensions. The second category is for new initiatives, which includes requests such as additional staffing and service activities.
3. **Operating Budget Base Budget Escalation.**
 - A. **Personnel Expenses:**
 - i. Annual performance-based salary increases for staff are targeted to be in line with member jurisdictions. Since jurisdiction budgets are concurrently in

development, we present a percentage increase that will not be exceeded, then modify that to be in line with member jurisdictions for market and performance increases, once those budgets are passed. This year we propose the not to exceed percentage to be 5.0%, based predominantly on current rate of inflation.

- ii. Benefits are based on actual costs such as the Annually Required Contribution determined by the Virginia Retirement System (VRS) and such items as the Commonwealth of Virginia - Local Choice Health Insurance rates.

B. Professional Services:

- i. The largest change here is expected to be with Audit Services which will be going through a contract renewal. Two enhancements are requested for FY2023 related to preparation of the Authority to receive, administer and account for Federal grants, either with a member jurisdiction/agency or as a regional Authority. This is a goal in the Authority's adopted Five-Year Strategic Plan. Additionally, consideration of routine duplicate payment audits is proposed, as discussed earlier in this meeting.

C. Technology/Communications:

- ii. All IT services are outsourced. This is still the most cost-efficient approach and provides the greatest operational flexibility. We need to increase the router capacity, internet service speed and data storage. Where these expenses are triggered by new staff members (for the first time) these costs are included in those new initiatives. Outside of staffing changes, capacity increases are still needed to meet daily demands and a transition to the mandatory Microsoft Office 365 platform.
- iii. The Authority's outsourced cloud-based accounting systems will need to have some modules added to keep pace with Government Accounting Standards Board (GASB) pronouncements and the growing complexity of our accounting needs. The new GASB related modules relate to amortization and financial statement note disclosures for leases (GASB 87) and subscription-based technology (GASB 96). The growing complexity and quantity of the Authority's fixed assets require moving this process from a spreadsheet function and incorporation directly into the General Ledger accounting system.

D. Administrative Expenses:

- i. Over 70% of this expense category is the office lease. Staff will discuss potential options to mitigate additional cost escalations. Where triggered by new staff these increases are included in those new initiatives.

4. New Initiatives.

A. Accounting Technician Position:

- i. This position is required to meet the increasing workload related to the Authority's expanding portfolio of adopted as well as appropriated projects. This portfolio is expanding by upwards of \$500 million in projects every two years. Currently, there is \$2.5 billion awarded to 106 projects through 142 Standard Project Agreements (contracts). The Agreed Upon Procedure Audit (AUP) for duplicate reimbursement requests noted these packages can be as large as 1,000 pages.
- ii. The Authority is increasing the number of new projects, through the bi-annual funding programs, at a faster rate than projects are being completed and closed. Therefore, additional staffing is needed to ensure timely and accurate processing of project reimbursement requests.
- iii. Per the Authority's Standard Project Agreement (SPA), finished projects require some level of fiscal accountability on the part of the Authority for the economic life of the project. The economic life will be at least decade(s) in the case of capital asset purchases or perpetual in the case of land. With \$2.5 billion in approved projects, it is time to start building the capacity to manage the Authority's financial interest in completed projects.
- iv. Routine staffing changes at member localities due to promotions, staff increases and retirements, is resulting in an unexpected annual need to provide support to new jurisdiction hires to ensure accurate and timely annual certifications for monthly 30% distributions as well as maintaining a pipeline of smooth project reimbursements.
- v. The last personnel increase for the Finance Team occurred in FY2019. Projected through FY2022, the volume of reimbursement requests will increase 75%, with the dollar value of those reimbursements increasing 72% from the FY2019 level. We are observing an increase in project complexity which results in more complex reimbursement requests and reviews.
- vi. The last position allocated for financial activities was a Financial Analyst. Since we are looking at transaction volume and value increases it is time to add additional clerical capacity to address the rapidly increasing volume levels.
 - i. Salary & Benefits \$129,811
 - ii. Equipment & Furniture \$6,140
 - iii. Office Space/Technology Charges/General Admin Expenses \$15,013

B. Regional Transportation Modeler and Regional Transportation Planner Positions:

- i. NVTa's Transportation Planning and Programming (TPP) Team currently comprises five positions. The TPP team is responsible for developing/ updating NVTa's two primary responsibilities – TransAction and the Six Year Program (through bi-annual updates) – and provide programmatic oversight to NVTa's increasing project portfolio (currently \$2.5 billion, 106 projects, 142 SPAs). In addition, the TPP team leads the development and ongoing

maintenance of PIMMS and the NoVA Gateway dashboard, maintains/updates and implements the Transportation Technology Strategic Plan, the Authority's Five-Year Strategic Plan, collaborates with the Commonwealth on the development of RM3P, organizes the annual Northern Virginia Transportation Roundtable, and manages the annual NOVA region CMAQ/RSTP strawman process as well as a BRT Working Group. The TPP team is responsible for coordinating the Authority's TAC, PCAC, and the PPC, as well as the TTC, TPB, CTB, NVTCs MAC, PRTC, VRE, WMATA in addition to representing the Authority in statewide initiatives.

These two new positions are required to meet the TPP team's increasing workload related to:

- a. Strategic Plan Goal of developing in-housing of transportation modeling for the benefit of the region.
- b. Expansion of data analytics capacity and capabilities, especially related to the transportation impact of the projects that NVTA funds, as well as providing benefits to member jurisdictions.
- c. Resumption of regular briefings with jurisdiction/agency staff to discuss and track the status of projects funded with regional revenues. A process discontinued due primarily to the pressing needs of other obligations.
- d. Proactively planning for a regional bus rapid transit (BRT) system.
- e. Development of transportation technology related projects, such as RM3P.
- f. Regular updates to the Transportation Technology Strategic Plan and related deliverables, potentially including regional transportation policies.
- g. Proactive consideration and application of NVTA's core values – equity, sustainability, and safety.
- h. In addition, the Authority's expanding portfolio of adopted as well as appropriated projects necessitates additional TPP team resources (in addition to Finance Team resources) as activities such as processing reimbursement requests are the responsibility of both teams.

C. Regional Transportation Modeler

- i. As part of the current TransAction update, and consistent with NVTA's Strategic Plan, in-house modeling tools (much of the technology for this has been installed) will be developed allowing NVTA staff to replicate the consultant team's modeling work. While, it is envisioned that future TransAction updates will continue to be outsourced due to their scale, NVTA staff will increasingly be able to take onboard modeling work related to the

Six Year Program update, including congestion reduction relative to cost evaluations, Long Term Benefit assessments, and TransAction project ratings, and running the model due to project scope changes. This will save on future consultant expenses and possibly provide new modeling services to the region.

- ii. The new Regional Transportation Modeler will support modeling activities, including data entry, model runs, interpretation of results, and reporting. In addition to the in-housing of modelling work currently performed by consultants, this new hire will afford NVTa staff the opportunity to undertake re-evaluation of projects (i.e. scope changes, etc.), and other model-based analyses of travel behaviors that are either not feasible today, or the project sponsor must pay for. These costs often run \$25 to \$35 thousand per run, per project.
- iii. The new Regional Transportation Modeler will also support more general data analytics, leveraging the existing GIS capabilities available to the TPP team. In particular, this will enable expanded analysis of travel trends that was initiated during the pandemic, as well as analysis of the transportation impact of the projects (and types of projects) that are funded using NVTa's regional revenues.
 - i. Salary & Benefits \$173,262
 - ii. Equipment & Furniture \$6,140
 - iii. Office Space/Technology Charges/General Admin Expenses \$16,823

D. Regional Transportation Planner

- i. Updates to TransAction and NVTa's Six Year Program have five-year and two-year update cycles respectively. TransAction updates take three years, while Six Year Program updates take at least one year. NVTa staff resources will be increasingly stretched with these overlapping primary responsibilities.
- ii. The new Regional Transportation Planner will provide greater bandwidth to the TPP team, enabling the resumption of regular briefings with jurisdiction/agency staff to discuss the status of projects funded with regional revenues. These briefings provide valuable opportunities to identify and mitigate any risks to successful project completion.
- iii. Proactively planning for a regional bus rapid transit (BRT) system has been identified through TransAction as a critically important initiative to develop a network integrated network of BRT lines providing fast, frequent, and reliable transit services that will reverse the region's dependence on driving alone. The new Regional Transportation Planner will provide the necessary bandwidth to advance this initiative.
- iv. Development of transportation technology related projects, such as RM3P, is an increasingly important topic for which NVTa is ideally positioned given its regional perspective and multimodal approach.
- v. Regular updates to the Transportation Technology Strategic Plan and related deliverables, potentially including regional transportation policies.

- vi. Capacity to make applications for Federal grants on a regional and as part of a jurisdictional team basis and become a designated recipient.
- vii. Proactive consideration and application of NVTAs core values – equity, sustainability, and safety.
- viii. The Authority is increasing the number of new projects at a faster rate than projects are being finished. Therefore, additional staffing is needed to ensure timely and accurate processing of project reimbursement requests.
- ix. Per the Authority's SPA, finished projects require some level of fiscal accountability on the part of the Authority for the economic life of the project. The economic life can be decade(s) in the case of capital asset purchases or perpetual in the case of land. This necessitates a minimal level of oversight of finished projects beyond SPA closure.
- x. Routine staffing changes at member localities and regional agencies due to promotions, staff increases and retirements, is resulting in an unexpected annual need to provide support to new jurisdiction and agency hires. Such support activities will ensure they are familiar with NVTAs processes related to updates to TransAction and NVTAs Six Year Program, as well as for other activities including SPA management, reimbursement requests, PIMMS, and the NoVA Gateway dashboard.
 - i. Salary & Benefits \$133,654
 - ii. Equipment & Furniture \$6,140
 - iii. Office Space/Technology Charges/General Admin Expenses \$15,545

E. Internet Capacity Upgrade: Upgrade of internet access service speed and transition to fiber optic backbone to support increased use of modeling software, GIS applications, file size capacity in terms of access and storage. This is needed regardless of additional staff increases. Enhancement Cost: \$10,000, Ongoing Expense

F. Website Modernization and Consolidation: The NVTAs websites have not had a full professional design review and are becoming increasingly difficult to update, maintain and improve and has shown system stability concerns. TransAction has a separate website as does the NoVA Gateway Dashboard. Expert advice is needed to determine if a consolidation is in order and if so, how it could be accomplished. Enhancement Cost: \$250,000. One Time Expense.

G. Federal Grant Funding Recipient Qualifications: With expanded Federal grant availability, the Authority is in a position to assist the region in the application for Federal grants either on a regional, direct or partnership basis. The Authority's external auditor can assist in preparing the Authority to receive, administer and account for Federal grants, either directly or with a member jurisdiction or as a regional agency. Enhancement Cost: \$12,000. One Time Expense

H. Duplicate Payment AUP Audits: As noted in earlier Committee discussions, the responsibility to prevent duplicate payments rests with the project sponsors. However,

can also choose to enhance its system of internal controls through routine Agreed Upon Procedure (AUP) Audits seeking to discover duplicate payments made to project sponsors. Enhancement Cost: \$18,500. Ongoing expense with the potential for reimbursement based on policy changes.

- I. **Economic Impact Study:** As part of the Five-Year Strategic Plan, the Authority has commissioned an economic impact study to determine the economic value to the region and Commonwealth of the Authority's most recent Six Year Plan Update and 30% distributions. Enhancement Cost: \$13,500. Occurs approximately every two fiscal years.
-
5. **Next Steps:** NVT A Policy 10 - Financial Management contains a guideline which calls for the Authority adoption of budgets two months prior to the start of a fiscal year. This effectively results in the budget adoption occurring by April. The following timeline is proposed:
 - A. **November/January** – Finance Committee budget discussions.
 - B. **February** – Base Budget Increases and Initiatives, cost projections presented. The Finance Committee may decide to make a recommendation to the Authority or request changes/information.
 - C. **March** – Additional discussion, if needed, to result in recommendation to the Authority. If the Finance Committee agreed to a recommendation in February the budgets could be presented to the Authority in March.
 - D. **April** – Based on Finance Committee direction, present the three budgets to the Authority for adoption.

Attachment

Northern Virginia Transportation Authority Base/Proposed FY2023 Operating Budget						
INCOME:	Adj Base Budget FY2022	Proposed Base Budget FY2023	Budget Note	Proposed Budget w/FY2023 Initiatives	Budget Note	Change \$
Budget Carryforward including Operating Reserve	\$ 979,422	\$ 1,114,202		\$ 1,114,202		\$ 134,780
330000 Other Income						
Total Income	\$ 979,422	\$ 1,114,202		\$ 1,114,202		\$ 134,780
EXPENDITURES:						
410000 Personnel Expenditures						
110 Salaries-Regular Pay	\$ 1,626,074	\$ 1,852,061	3.A.i	\$ 2,147,061	4.A,C,D	\$ 520,987
130 Health & Dental Benefits	256,478	311,180	3.A.ii	388,261	4.A,C,D	131,784
131 Payroll Taxes	127,529	146,308	3.A.i	169,867	4.A,C,D	42,338
132 Retirement VRS	134,596	152,514	3.A.ii	177,470	4.A,C,D	42,875
133 Life Insurance	20,807	24,818	3.A.ii	28,771	4.A,C,D	7,964
134 Flex Spending/Dependent Care	881	1,007		1,196	4.A,C,D	315
135 Workers Comp	1,708	2,037		2,362	4.A,C,D	654
137 Disability Insurance	18,834	19,834	3.A.ii	31,499	4.A,C,D	12,664
Subtotal Personnel Costs	\$ 2,186,907	\$ 2,509,760		\$ 2,946,487		\$ 759,581
420000 Professional Service						
210 Audit & Accounting	\$ 48,000	\$ 38,000	3.B.i	\$ 68,500	4.G&H	\$ 20,500
220 Bank Service	750	750		750		-
230 Insurance	7,835	9,240		9,240		1,405
240 Payroll Service	2,636	2,810		3,378		742
245 Consulting Services	25,000	-		-		(25,000)
260 Public Outreach & Regional Event Support	49,925	49,925		63,425	3.I	13,500
261 Legal Services/Bond Counsel	10,000	10,000		10,000		-
262 Financial Advisor Services	36,951	36,955		36,955		4
263 Bond Trustee Fees	2,700	2,700		2,700		-
264 Legislative Services	78,690	80,420		80,420		1,730
265 Investment Custody Fees	25,000	25,000		25,000		-
Subtotal Professional Services	\$ 287,487	\$ 255,799		\$ 300,367		\$ 12,880
430000 Technology/Communication						
310 GL Financial Reporting & Invest Monitoring/Mgt Sys	\$ 94,685	\$ 88,245	3.C.ii&iii	\$ 88,245		\$ (6,440)
320 HW SW & Peripheral Purchase	5,000	-		10,620	4.A,C,D	5,620
330 IT Support Svc Incl Hosting	29,304	33,880		46,688	4.E	17,384
335 GIS/Project Monitoring & Management/Modeling	211,728	32,800		32,800		(178,928)
340 Phone Service	13,160	14,772		17,292	4.A,C,D	4,132
350 Web Development & Hosting	9,185	10,805		260,805	4.F	251,620
Subtotal Technology/Communication	\$ 363,062	\$ 180,502		\$ 456,450		\$ 93,388
440000 Administrative Expenses						
410 Advertisement	\$ 1,500	\$ 1,500		\$ 4,000		\$ 2,500
411 Memberships & Subscriptions	10,544	14,392		15,992		5,448
412 Duplication & Printing	13,610	13,610		13,610		-
413 Furniture & Fixture	14,000	-		7,800	4.A,C,D	(6,200)
414 Hosted Meetings	4,500	5,000		5,000		500
415 Mileage/Transportation	11,000	11,000		11,000		-
416 Misc Expenses	-	-		-		-
417 Office Lease	193,976	207,196	3.D.i	242,306	4.A,C,D	48,330
418 Office Supplies	7,100	7,100		7,475	4.A,C,D	375
419 Postage & Delivery	700	700		700		-
420 Professional Develop, Training & Conferences	23,650	21,450		23,350		(300)
Subtotal Administrative Expenses	\$ 280,580	\$ 281,948		\$ 331,233		\$ 50,653
Expenditure Subtotal	3,118,036	3,228,010		4,034,538		916,503
Operating Reserve (20%)	\$ 574,710	\$ 645,602		\$ 806,908		\$ 232,197
Equipment Replacement Reserve & Replenishment	31,486	50,000		50,000		18,514
Reserve Subtotal	606,196	695,602		856,908		\$ 250,711
Total Expenditures	\$ 3,724,232	\$ 3,923,612		\$ 4,891,446		\$ 1,167,214
Transfer From Regional Revenue Fund	\$ 2,744,809	\$ 2,809,410		\$ 3,777,244		\$ 1,032,434
			One Time Costs of Initiatives:		\$ 314,920	
			Net FY22 to FY23 Base Budget Growth:		\$ 852,294	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chair Rishell and Members, NVTA Finance Committee

FROM: Michael Longhi, CFO

DATE: January 14, 2022

SUBJECT: Investment Portfolio Report

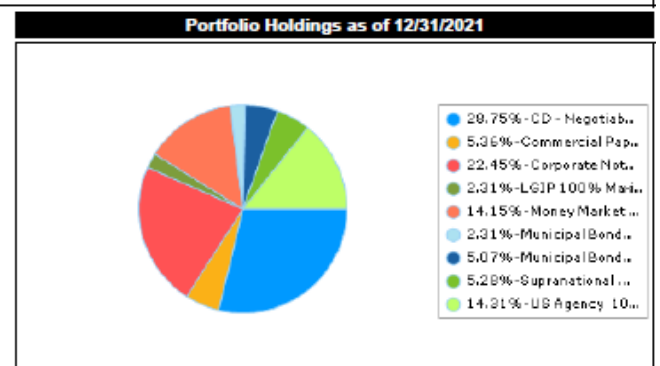
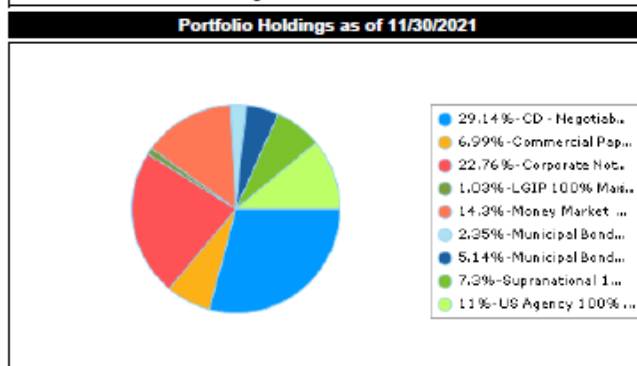
- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through December 31, 2021.
- 2) **Background:** This report is on investment activity through December 2021 and affirms the portfolio 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.



Northern Virginia Transportation Authority Distribution by Asset Category - Book Value Report Group: Regional Revenue

Begin Date: 11/30/2021, End Date: 12/31/2021

Asset Category Allocation				
Asset Category	Book Value 11/30/2021	% of Portfolio 11/30/2021	Book Value 12/31/2021	% of Portfolio 12/31/2021
CD - Negotiable 25% Maximum	375,116,494.22	29.14	375,111,048.86	28.75
Commercial Paper 35% / 5% Maximum	89,969,941.56	6.99	69,983,334.64	5.36
Corporate Notes 50% Maximum	293,095,710.74	22.76	292,810,213.50	22.45
LGIP 100% Maximum	13,220,217.39	1.03	30,195,575.46	2.31
Money Market 60% Maximum	184,139,298.07	14.30	184,557,972.96	14.15
Municipal Bonds - US 75% Maximum	30,207,381.19	2.35	30,189,732.41	2.31
Municipal Bonds - Virginia 75% Maximum	66,131,501.30	5.14	66,115,310.48	5.07
Supranational 15% Maximum	93,989,666.98	7.30	68,917,380.46	5.28
US Agency 100% Maximum	141,640,079.99	11.00	186,631,382.46	14.31
Total / Average	1,287,510,291.44	100.00	1,304,511,951.23	100.00



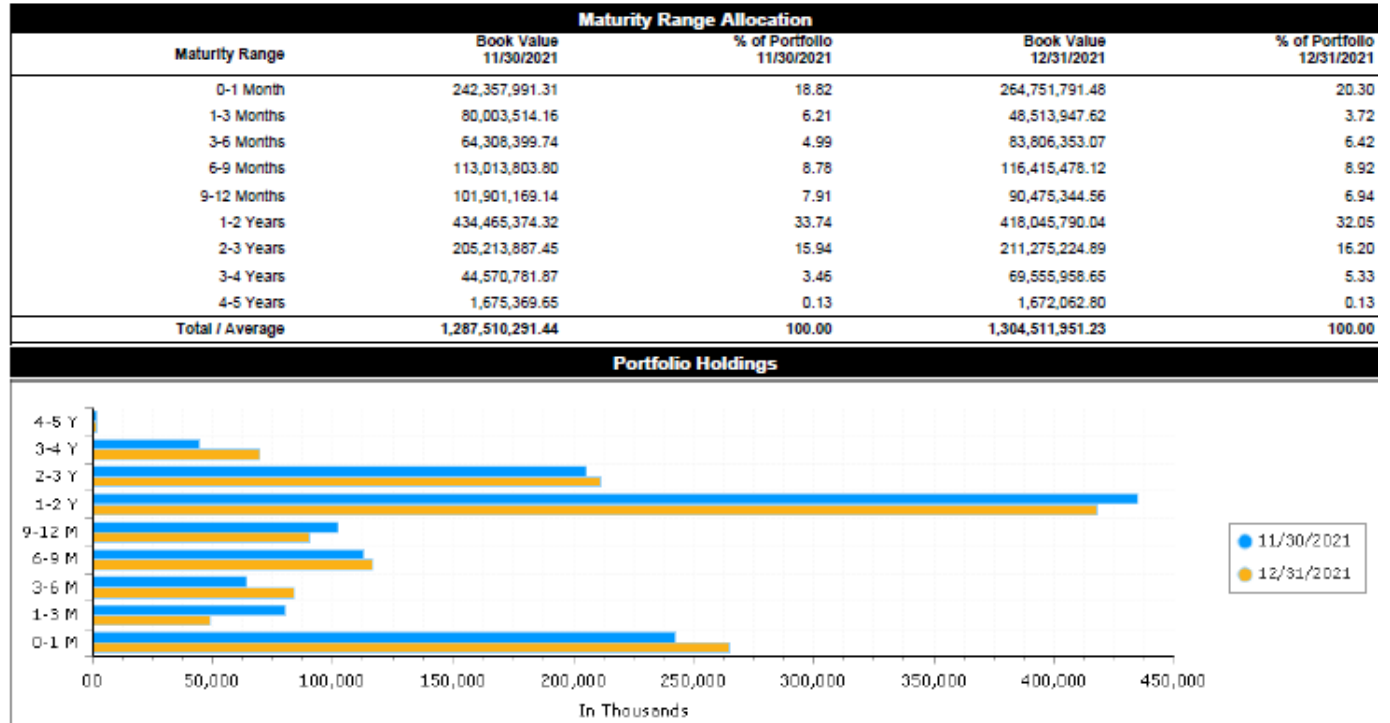
3) Current Period Reports:

- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



**Northern Virginia Transportation Authority
Distribution by Maturity Range - Book Value
Report Group: Regional Revenue**

Begin Date: 11/30/2021, End Date: 12/31/2021



- b. The liquidity of the portfolio is reflected in the portfolio's duration of 1.20 (1.0 = 1 year) and the maturity schedule is shown above.

NVTA Investment Benchmarks	Dec-21 Month End
Fed Funds Rate	0.07%
Treasury 90 Day T Bill	0.06%
Local Government Investment Pool	0.09%
Virginia Non-Arbitrage Program	0.07%
NVTA Performance	0.38%

Source: Bloomberg/NVTA Statements

- c. The yield on the portfolio at the end of December 2021 was 0.383%. The NVTA's Investment Policy specifies the benchmarks shown above for yield performance comparison.

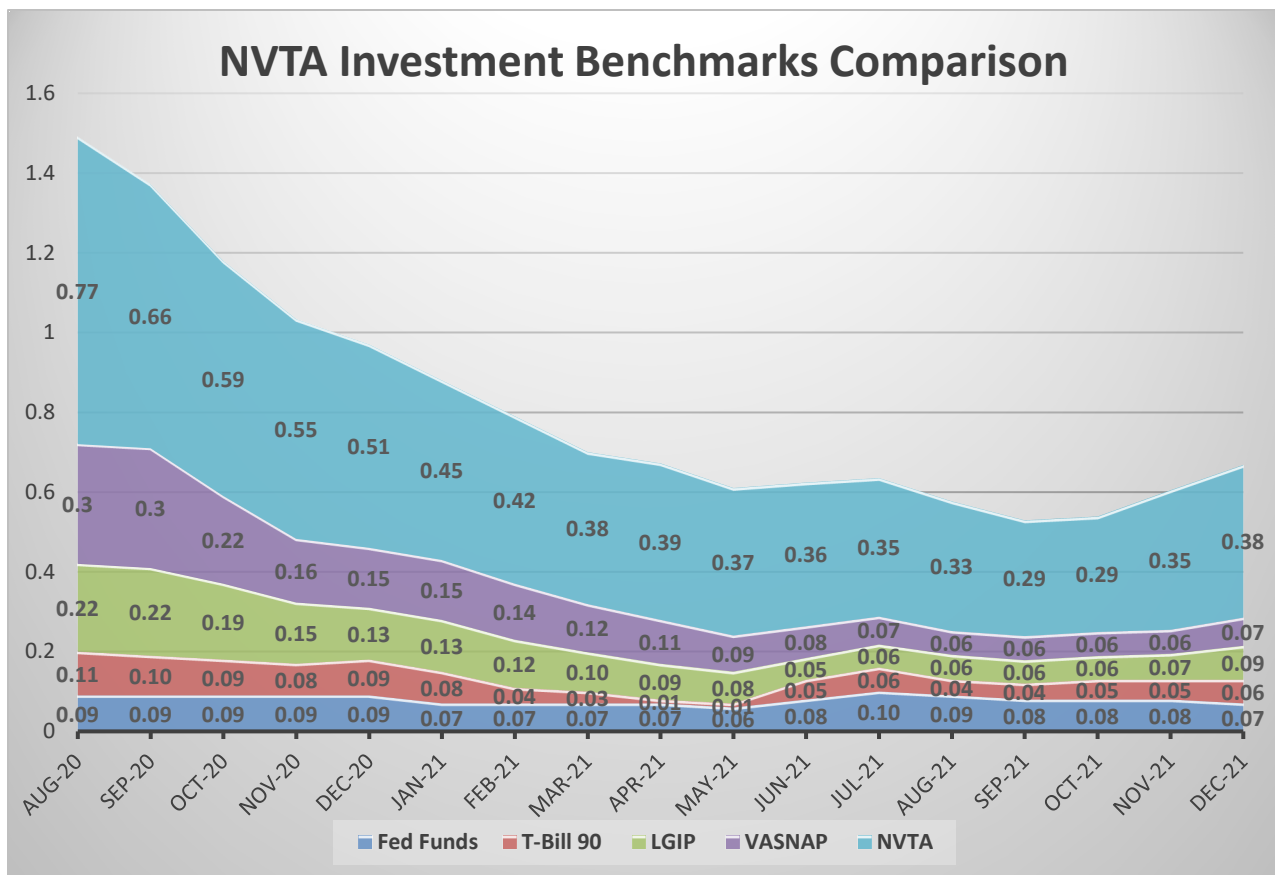
4) Portfolio Analysis & Statistics Overview:

a) Safety The portfolio is invested primarily in:

- I. Local Government Investment Pools (2.31% from 1.03%)
- II. Collateralized bank money market accounts (14.15% from 14.30%)
- III. Commercial Paper (5.36% from 6.99%)
- IV. Negotiable CD's (28.75% from 29.14%)
- V. AAA/AA rated investment grade corporate bonds 22.45% from 22.76%)

- VI. Supranational Securities (5.28% from 7.30%)
- VII. Treasuries and Agencies (14.31% from 11%)
- VIII. VA & US Municipals (7.38% from 7.49%)

- b) Liquidity:** The NVTa Portfolio duration crept up from 1.15 in November 2021 to 1.20 in December 2021 (1.0 = 1 year). In expectation of eventual interest rate increases NVTa staff initiated a process in early summer to ladder maturities such that a level amount (security value) of securities mature each month. This will result in monthly opportunities to re-invest at higher rates.
- i) Yield:** Bank negotiated deposit and LGIP Program fund yields are continuing to struggle in offering competitive rates. The market realities are simply working against banks and daily liquidity pools, while fixed income securities are showing minimal upward rate trends.
- ii)** Staff have been implementing a strategy targeted to have \$30 million a month in maturities. The intent of this strategy is to take advantage of rising rates in an orderly fashion by each month's maturities (principal and earned interest) being reinvested at higher rates.
- iii)** With the target monthly maturities and typical monthly positive cash flow new monthly security purchases will typically be between \$40 million to \$48 million.
- (1) \$30 million in maturities, plus;
 - (2) \$10 million to \$18 million in new receipts.



- 5) Custodian Certification:** Truist (formerly BB&T) is the custodian of all of NVTA’s investment purchases and is where all of NVTA’s non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.
- 6) Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:
- a. Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
 - b. Investment Portfolio – By Maturity Range.** The 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 NVTA securities or cash.

Attachments: Compliance - GASB 40 Report shows reporting requirements as listed above, and not otherwise presented. This report is also fundamental for the Authority’s Annual Financial Statements and annual audit.



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

Portfolio Holdings Compliance - GASB 40 Report - As of 12/31/2021

Description	CUSIP/Ticker	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	YTM @ Cost	Duration To Maturity
Commercial Paper													
Barclays 0 3/8/2022	06742XTR8	10,000,000.00	9,997,394.41	9,997,700.00	S&P-A1	Moody's-P1	0.77	67	67	3/8/2022		0.140	0.18
Barclays 0 5/19/2022	06742XTQ0	10,000,000.00	9,993,822.17	9,992,800.00	S&P-A1	Moody's-P1	0.77	139	139	5/19/2022		0.160	0.38
Credit Suisse 0 2/18/2022	2254EBBJ9	25,000,000.00	24,993,875.00	24,996,250.00	S&P-A1	Moody's-P1	1.93	49	49	2/18/2022		0.180	0.13
Standard Chartered Bank 0 1/11/2022	85324UAB9	25,000,000.00	24,998,243.06	24,999,500.00	S&P-A1	Moody's-P1	1.93	11	11	1/11/2022		0.230	0.03
Sub Total / Average Commercial Paper		70,000,000.00	69,983,334.64	69,986,250.00			5.40	51	51			0.190	0.14
Corporate Bond													
Apple0.75 5/11/2023	037833DV9	5,000,000.00	5,031,817.36	5,013,650.00	S&P-AA+	Moody's-Aaa	0.39	496	496	5/11/2023		0.280	1.36
Apple1.7 9/11/2022	037833DL1	16,145,000.00	16,134,024.25	16,307,580.15	S&P-AA+	Moody's-Aaa	1.25	254	254	9/11/2022		1.800	0.69
Apple2.4 5/3/2023	037833AK6	2,500,000.00	2,568,606.59	2,559,625.00	S&P-AA+	Moody's-Aaa	0.19	488	488	5/3/2023		0.340	1.32
Apple2.85 5/11/2024-24	037833CU2	2,135,000.00	2,253,289.55	2,223,666.55	S&P-AA+	Moody's-Aaa	0.16	862	801	5/11/2024	3/11/2024	0.484	2.29
Apple2.85 5/11/2024-24	037833CU2	10,000,000.00	10,564,482.70	10,415,300.00	S&P-AA+	Moody's-Aaa	0.77	862	801	5/11/2024	3/11/2024	0.442	2.29
Apple3.45 5/6/2024	037833AS9	10,000,000.00	10,733,632.88	10,576,100.00	S&P-AA+	Moody's-Aaa	0.77	857	857	5/6/2024		0.310	2.27
AppleVar. Corp 2/9/2022	037833CN8	5,011,000.00	5,019,087.98	5,013,254.95	S&P-AA+	Moody's-Aaa	0.39	40	40	2/9/2022		0.643	0.00
Asian Development Bank 1.75 9/13/2022	045167ED1	25,000,000.00	25,269,321.27	25,229,500.00	S&P-AAA	Moody's-Aaa	1.93	256	256	9/13/2022		0.210	0.70
Asian Development Bank 2.75 3/17/2023	045167EH2	18,083,000.00	18,628,244.67	18,556,774.60	S&P-AAA	Moody's-Aaa	1.40	441	441	3/17/2023		0.250	1.19
Berkshire Hathaway2.75 3/15/2023-23	084670BR8	10,000,000.00	10,247,941.05	10,210,400.00	S&P-AA	Moody's-Aa2	0.77	439	380	3/15/2023	1/15/2023	0.665	1.19
Berkshire Hathaway2.75 3/15/2023-23	084670BR8	5,000,000.00	5,137,602.77	5,105,200.00	S&P-AA	Moody's-Aa2	0.39	439	380	3/15/2023	1/15/2023	0.449	1.19
Berkshire Hathaway2.75 3/15/2023-23	084670BR8	8,200,000.00	8,420,414.22	8,372,528.00	S&P-AA	Moody's-Aa2	0.63	439	380	3/15/2023	1/15/2023	0.501	1.19
Exxon2.019 8/16/2024-24	30231GBC5	10,000,000.00	10,341,561.64	10,245,900.00	S&P-AA-	Moody's-Aa1	0.77	959	928	8/16/2024	7/16/2024	0.699	2.55
ExxonVar. Corp 3/6/2022	30231GAK8	1,000,000.00	1,000,442.13	1,000,440.00	S&P-AA	Moody's-Aa1	0.08	65	65	3/6/2022		0.550	0.00
ExxonVar. Corp 3/6/2022	30231GAK8	7,500,000.00	7,503,148.10	7,503,300.00	S&P-AA	Moody's-Aa1	0.58	65	65	3/6/2022		0.550	0.00
ExxonVar. Corp 8/16/2022	30231GBA9	10,000,000.00	10,009,877.87	10,015,500.00	S&P-AA	Moody's-Aa1	0.77	228	228	8/16/2022		0.485	0.00
IBRD 0.25 11/24/2023	459058JM6	25,000,000.00	25,019,814.52	24,770,250.00	S&P-AAA	Moody's-Aaa	1.93	693	693	11/24/2023		0.208	1.89
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,033,643.43	14,912,700.00	S&P-AA+	Moody's-Aa3	1.16	605	605	8/28/2023		0.344	1.66
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,033,679.41	14,912,700.00	S&P-AA+	Moody's-Aa3	1.16	605	605	8/28/2023		0.344	1.66
Mass Mutual Global Funding 2.75 6/22/2024	57629WCE8	5,000,000.00	5,250,804.88	5,183,950.00	S&P-AA+	Moody's-Aa3	0.39	904	904	6/22/2024		0.701	2.41
Mass Mutual Global Funding 3.6 4/9/2024	57629WBV1	7,210,000.00	7,731,108.88	7,588,669.20	S&P-AA+	Moody's-Aa3	0.56	830	830	4/9/2024		0.400	2.19
MetLife 0.45 9/1/2023	59217GEK1	10,000,000.00	10,024,830.47	9,941,600.00	S&P-AA-	Moody's-Aa3	0.77	609	609	9/1/2023		0.301	1.66
MetLife 0.45 9/1/2023	59217GEK1	20,000,000.00	20,038,813.95	19,883,200.00	S&P-AA-	Moody's-Aa3	1.54	609	609	9/1/2023		0.333	1.66
MetLife 0.45 9/1/2023	59217GEK1	13,920,000.00	13,954,692.20	13,838,707.20	S&P-AA-	Moody's-Aa3	1.07	609	609	9/1/2023		0.300	1.66
Microsoft Corp 3.625 12/15/2023-23	594918AW4	13,000,000.00	13,779,903.28	13,682,370.00	S&P-AAA	Moody's-Aaa	1.00	714	684	12/15/2023	11/15/2023	0.530	1.90
Nestle 3.35 9/24/2023-23	641062AD6	15,665,000.00	16,449,355.52	16,307,421.65	S&P-AA-	Moody's-Aa3	1.21	632	601	9/24/2023	8/24/2023	0.437	1.68
New York Life 0.4 10/21/2023	64952WDT7	20,000,000.00	20,032,371.03	19,841,600.00	S&P-AA+	Moody's-Aaa	1.54	659	659	10/21/2023		0.310	1.80
New York Life 0.9 10/29/2024	64952WEJ8	7,500,000.00	7,487,232.18	7,448,475.00	S&P-AA+	Moody's-Aaa	0.58	1,033	1,033	10/29/2024		0.961	2.79
New York Life 1.1 5/5/2023	64952WDP5	18,175,000.00	18,387,072.96	18,254,424.75	S&P-AA+	Moody's-Aaa	1.40	490	490	5/5/2023		0.230	1.34
New York Life 2.875 4/10/2024	64952WDG5	4,525,000.00	4,780,640.40	4,707,674.25	S&P-AA+	Moody's-Aaa	0.35	831	831	4/10/2024		0.378	2.21
Prcoa Global Funding 2.4 9/23/2024	74153WCL1	9,000,000.00	9,412,415.46	9,290,970.00	S&P-AA-	Moody's-Aa3	0.69	997	997	9/23/2024		0.700	2.64
Walmart3.4 6/26/2023-23	931142EK5	10,000,000.00	10,447,720.36	10,402,100.00	S&P-AA	Moody's-Aa2	0.77	542	511	6/26/2023	5/26/2023	0.372	1.46
Sub Total / Average Corporate Bond		354,569,000.00	361,727,593.96	359,315,531.30			27.35	575	565			0.455	1.53
FFCB Bond													
FFCBVar. FFCB 8/1/2022	3133EMAN2	25,000,000.00	25,000,000.00	25,005,500.00	S&P-AA+	Moody's-Aaa	1.93	213	213	8/1/2022		0.145	0.00
FFCB 0.6 11/24/2025-21	3133EMHF2	19,100,000.00	19,092,548.38	18,635,106.00	S&P-AA+	Moody's-Aaa	1.47	1,424	1,424	11/24/2025		0.610	3.85
FFCB Var. FFCB 1/31/2023	3133EMPG1	25,000,000.00	25,000,000.00	25,001,000.00	S&P-AA+	Moody's-Aaa	1.93	396	396	1/31/2023		0.140	0.00
FFCB Var. FFCB 11/7/2022	3133EK6W1	10,000,000.00	10,013,721.58	10,035,200.00	S&P-AA+	Moody's-Aaa	0.77	311	311	11/7/2022		0.505	0.00
FFCB Var. FFCB 5/16/2022	3133EKLN4	10,000,000.00	10,001,501.06	10,009,400.00	S&P-AA+	Moody's-Aaa	0.77	136	136	5/16/2022		0.355	0.00
Sub Total / Average FFCB Bond		89,100,000.00	89,107,771.02	88,686,206.00			6.87	526	526			0.307	0.83
FHLB Bond													
FHLB 0.27 3/28/2024-21	3130AKKF2	15,000,000.00	14,998,944.06	14,824,050.00	S&P-AA+	Moody's-Aaa	1.16	818	818	3/28/2024		0.273	2.23

Description	CUSIP/Ticker	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	YTM @ Cost	Duration To Maturity
FHLB 1 11/15/2024-22	3130APRF4	22,500,000.00	22,518,457.03	22,469,625.00	Moody's-Aaa	S&P-AA+	1.74	1,050	46	11/15/2024	2/15/2022	0.971	2.84
FHLB 1.125 12/17/2024-22	3130AQ2U6	20,000,000.00	20,000,000.00	19,986,000.00	S&P-AA+	Moody's-Aaa	1.54	1,082	76	12/17/2024	3/17/2022	1.125	3.16
FHLB 1.31 12/15/2025-22	3130AQ5U3	25,000,000.00	24,993,818.45	25,008,000.00	S&P-AA+	Moody's-Aaa	1.93	1,445	74	12/15/2025	3/15/2022	1.317	4.11
Sub Total / Average FHLB Bond		82,500,000.00	82,511,219.54	82,287,675.00			6.36	1,135	202			0.986	3.19
FHLMC Bond													
FHLMC 0.375 4/8/2024-21	3134GWYD2	15,000,000.00	15,012,391.90	14,837,550.00	Fitch-AAA	Moody's-Aaa	1.16	829	829	4/8/2024		0.338	2.26
Sub Total / Average FHLMC Bond		15,000,000.00	15,012,391.90	14,837,550.00			1.16	829	829			0.338	2.26
Local Government Investment Pool													
Commonweath of Virginia LGIP	LGIP0825	12,012.52	12,012.52	12,012.52	S&P-AAA	NR	0.00	1	1	N/A	N/A	0.085	0.00
Commonweath of Virginia LGIP	LGIP0549	30,183,562.94	30,183,562.94	30,183,562.94	S&P-AAA	NR	2.33	1	1	N/A	N/A	0.085	0.00
Sub Total / Average Local Government Investment Pool		30,195,575.46	30,195,575.46	30,195,575.46			2.33	1	1			0.085	0.00
Money Market													
John Marshall Bank ICS MM	MM60000	52,754,229.84	52,754,229.84	52,754,229.84	NR	NR	4.07	1	1	N/A	N/A	0.170	0.00
Truist MM	MM1006	1,207,718.35	1,207,718.35	1,207,718.35	NR	NR	0.09	1	1	N/A	N/A	0.010	0.00
United BankMM	MM3272SV	52,141,776.73	52,141,776.73	52,141,776.73	NR	NR	4.02	1	1	N/A	N/A	0.150	0.00
United BankMM	MM3272CK	28,076,187.53	28,076,187.53	28,076,187.53	NR	NR	2.17	1	1	N/A	N/A	0.150	0.00
United Bank Ck MM	MM0667	9,686.00	9,686.00	9,686.00	NR	NR	0.00	1	1	N/A	N/A	0.000	0.00
United Bank MM	MM3272	50,368,374.51	50,368,374.51	50,368,374.51	NR	NR	3.89	1	1	N/A	N/A	0.070	0.00
Sub Total / Average Money Market		184,557,972.96	184,557,972.96	184,557,972.96			14.24	1	1			0.133	0.00
Municipal Bond													
Arlington County 0.79 8/1/2025	041431VG9	7,000,000.00	7,046,907.74	6,912,990.00	S&P-AAA	Moody's-Aaa	0.54	1,309	1,309	8/1/2025		0.600	3.53
Calvert County MD 2 5/1/2022	131537T36	805,000.00	809,534.18	809,733.40	S&P-AAA	Fitch-AAA	0.06	121	121	5/1/2022		0.300	0.33
Calvert County MD 2 5/1/2023	131537T44	2,640,000.00	2,695,989.77	2,687,044.80	S&P-AAA	Fitch-AAA	0.20	486	486	5/1/2023		0.400	1.32
Calvert County MD 2 5/1/2024	131537T51	2,330,000.00	2,410,794.30	2,386,013.20	S&P-AAA	Fitch-AAA	0.18	852	852	5/1/2024		0.500	2.29
Calvert County MD 2 5/1/2025	131537T69	2,620,000.00	2,736,056.63	2,686,993.40	S&P-AAA	Fitch-AAA	0.20	1,217	1,217	5/1/2025		0.650	3.23
Carroll CNTY MD 2 11/1/2024	144880CK5	2,385,000.00	2,490,854.48	2,452,757.85	S&P-AAA	Moody's-Aaa	0.18	1,036	1,036	11/1/2024		0.420	2.76
Carroll CNTY MD 2 11/1/2025	144880CL3	1,890,000.00	1,992,063.32	1,946,681.10	S&P-AAA	Moody's-Aaa	0.15	1,401	1,401	11/1/2025		0.570	3.70
City Richmond GO 2 7/15/2023	76541VWT0	3,000,000.00	3,073,380.22	3,058,800.00	S&P-AA+	Moody's-Aa1	0.23	561	561	7/15/2023		0.400	1.51
City Richmond GO 2 7/15/2024	76541VWU7	3,000,000.00	3,113,103.88	3,071,550.00	S&P-AA+	Moody's-Aa1	0.23	927	927	7/15/2024		0.500	2.47
City Richmond GO 2 7/15/2025	76541VWV5	410,000.00	430,008.14	420,467.30	S&P-AA+	Moody's-Aa1	0.03	1,292	1,292	7/15/2025		0.600	3.41
FFX CNTY VA GO 0.645 10/1/2025	30382AKC5	5,000,000.00	5,032,370.99	4,907,350.00	S&P-AAA	Moody's-Aaa	0.39	1,370	1,370	10/1/2025		0.470	3.70
Florida State Revenue Bonds 1.258 7/1/2025	341271AD6	7,000,000.00	7,052,185.00	6,965,840.00	S&P-AA	Fitch-AA	0.54	1,278	1,278	7/1/2025		1.039	3.41
Loudoun County Economic Development 0.35 12/1/2023	54602QAY7	1,930,000.00	1,931,460.95	1,913,749.40	S&P-AA+	Moody's-Aa1	0.15	700	700	12/1/2023		0.310	1.91
Loudoun County Economic Development 3.75 6/1/2026	54589SDQ4	1,500,000.00	1,672,062.80	1,652,415.00	Fitch-AA+	Moody's-Aa1	0.12	1,613	1,613	6/1/2026		1.080	4.12
NYC GO 1.58 8/1/2022	64966QFW5	10,000,000.00	10,002,254.73	10,071,800.00	S&P-AA	Moody's-Aa1	0.77	213	213	8/1/2022		1.541	0.58
VA Resources Auth Infrastructure Rev 0.329 11/1/20	92818NUZ9	435,000.00	435,000.00	434,103.90	S&P-AAA	Moody's-Aaa	0.03	305	305	11/1/2022		0.329	0.83
VA Resources Auth Infrastructure Rev 0.436 11/1/20	92818NVA3	720,000.00	720,000.00	713,584.80	S&P-AAA	Moody's-Aaa	0.06	670	670	11/1/2023		0.436	1.83
VA Resources Auth Infrastructure Rev 0.636 11/1/20	92818NVB1	1,000,000.00	1,000,000.00	984,440.00	S&P-AAA	Moody's-Aaa	0.08	1,036	1,036	11/1/2024		0.636	2.81
VA Resources Auth Infrastructure Rev 0.736 11/1/20	92818NVC9	1,180,000.00	1,180,000.00	1,151,113.60	S&P-AAA	Moody's-Aaa	0.09	1,401	1,401	11/1/2025		0.736	3.78
VA Resources Auth Infrastructure Rev 0.75 11/1/202	92818NUA4	1,300,000.00	1,301,081.92	1,290,328.00	S&P-AA	Moody's-Aa1	0.10	1,036	1,036	11/1/2024		0.720	2.81
VA State College Building Auth 0.48 9/1/2024	92778WKQ8	22,820,000.00	22,828,899.80	22,472,907.80	S&P-AA+	Moody's-Aa1	1.76	975	975	9/1/2024		0.465	2.65
VA State College Building Auth 0.5 9/1/2023	92778WKP0	16,305,000.00	16,351,034.04	16,228,692.60	S&P-AA+	Moody's-Aa1	1.26	609	609	9/1/2023		0.330	1.66
Sub Total / Average Municipal Bond		95,270,000.00	96,305,042.89	95,219,356.15			7.35	885	885			0.625	2.39
Negotiable Certificate Of Deposit													
Banco Santander 0.21 6/8/2022	05966DB92	20,000,000.00	20,000,000.00	19,991,200.00	S&P-A1	Moody's-P1	1.54	159	159	6/8/2022		0.210	0.44
Banco Santander 0.27 4/18/2022	05966DA93	25,000,000.00	25,001,495.66	25,004,000.00	S&P-A1	Moody's-P1	1.93	108	108	4/18/2022		0.250	0.30
Credit Suisse 0.27 11/16/2022	22552G4L1	25,000,000.00	25,008,856.45	24,950,500.00	S&P-A1	Moody's-P1	1.93	320	320	11/16/2022		0.229	0.89
Credit Suisse 0.68 10/10/2023	22552G4R8	15,000,000.00	15,016,003.51	15,025,500.00	S&P-A1	Moody's-P1	1.16	648	648	10/10/2023		0.619	1.80
Credit Suisse 0.75 1/10/2024	22552G4T4	15,000,000.00	15,015,048.51	15,028,050.00	S&P-A1	Moody's-P1	1.16	740	740	1/10/2024		0.700	2.06
Landesbank 0.2 6/24/2022	51501HKT5	18,000,000.00	18,000,000.00	17,993,520.00	Fitch-F1	Moody's-P1	1.39	175	175	6/24/2022		0.200	0.49
Landesbank 0.27 12/15/2022	0727MCPE1	30,011,663.70	30,011,663.70	29,960,343.76	Fitch-F1	Moody's-P1	2.32	349	349	12/15/2022		0.270	0.97
Mizuho Bank 0.22 1/6/2022	60710RAE5	25,000,000.00	25,000,000.00	25,000,750.00	S&P-A1	Moody's-P1	1.93	6	6	1/6/2022		0.220	0.02
MUFG Bank 0.22 7/11/2022	55380TUR9	30,000,000.00	30,000,000.00	29,982,000.00	S&P-A1	Moody's-P1	2.31	192	192	7/11/2022		0.220	0.53
Nordea Bank 0.26 4/20/2023	65558UGN6	30,000,000.00	30,000,000.00	29,928,000.00	S&P-A1+	Moody's-P1	2.31	475	475	4/20/2023		0.260	1.32
Rabobank 0.26 2/23/2023	21684LAZ5	40,000,000.00	40,000,000.00	39,914,800.00	S&P-A1	Moody's-P1	3.09	419	419	2/23/2023		0.260	1.16
Standard Chartered Bank 0.25 10/21/2022	85325VN71	25,000,000.00	25,006,102.83	24,967,500.00	S&P-A1	Moody's-P1	1.93	294	294	10/21/2022		0.220	0.82
Standard Chartered Bank 0.35 6/16/2023	85325VQ37	25,000,000.00	25,007,333.49	24,948,250.00	S&P-A1	Moody's-P1	1.93	532	532	6/16/2023		0.330	1.48
Standard Chartered Bank 0.36 7/20/2023	85325VQ60	30,000,000.00	30,014,064.27	29,925,900.00	S&P-A1	Moody's-P1	2.31	566	566	7/20/2023		0.330	1.57
Swedbank 0.95 10/22/2024	87019V4A2	22,000,000.00	22,030,480.44	21,924,540.00	S&P-A1	Moody's-P1	1.70	1,026	1,026	10/22/2024		0.899	2.85
Sub Total / Average Negotiable Certificate Of Deposit		375,011,663.70	375,111,048.86	374,544,853.76			28.93	388	388			0.324	1.08
Total / Average		1,296,204,212.12	1,304,511,951.23	1,299,630,970.63			100	456	393			0.383	1.20

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

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 December 31, 2021.
3. **Comments:**
 - a. **FY2022 Revenues (Attachment A)**
 - i. The Authority has received approximately \$138.3 million through the December 31, 2021 transfers from the Commonwealth.
 - ii. The Authority has received \$10 million of the annual Northern Virginia District Transfer; \$21.4 million in Regional Congestion Relief Fees; and \$106.9 million in Sales Tax Receipts.
 - iii. FY2022 annualized sales tax receipts through December 2021 shows a 13.9% positive variance and the Regional Congestion Relief Fees (Grantor's Tax) reflects a 101% positive variance when compared to the FY2022 adopted revenue budget.
 - iv. During December, staff began contacting the jurisdiction teams to update the Authority's revenue projections for FY2022 to FY2025 and add projections for FY2026 and FY2027.
 - b. **FY2022 Distribution to Localities (Attachment B)**
 - i. As of this report, eight member jurisdictions have completed the required *Code of Virginia* Section 33.2-2510 annual certification to receive FY2022 Local Distribution Funds (30%).
 - ii. If the annual certification is not filed by August 1st, Local Distribution Fund Transfers are suspended. Subsequently, if the certification is not received, in acceptable form, by March 1st of the current fiscal year, the jurisdiction's share of the Local Distribution Fund will be irrevocably transferred to the Regional Revenue Fund.
 - iii. Postponements of transfers have been discussed with jurisdictional staff where appropriate and reminders are sent monthly.
 - iv. As of December 2021, \$40.5 million has been distributed in FY2022 Local 30% Distribution funds to member jurisdictions.

c. FY2015 to FY2022 Year over Year Revenue Comparison (Attachment C).

- i. This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received as of December 2021.

Attachments:

- A. FY2022 Revenues Received by Tax Type Compared to NVTA Estimates, Through December 2021
- B. FY2022 30% Distribution by Jurisdiction, as of December 2021
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for December 2015 to 2021

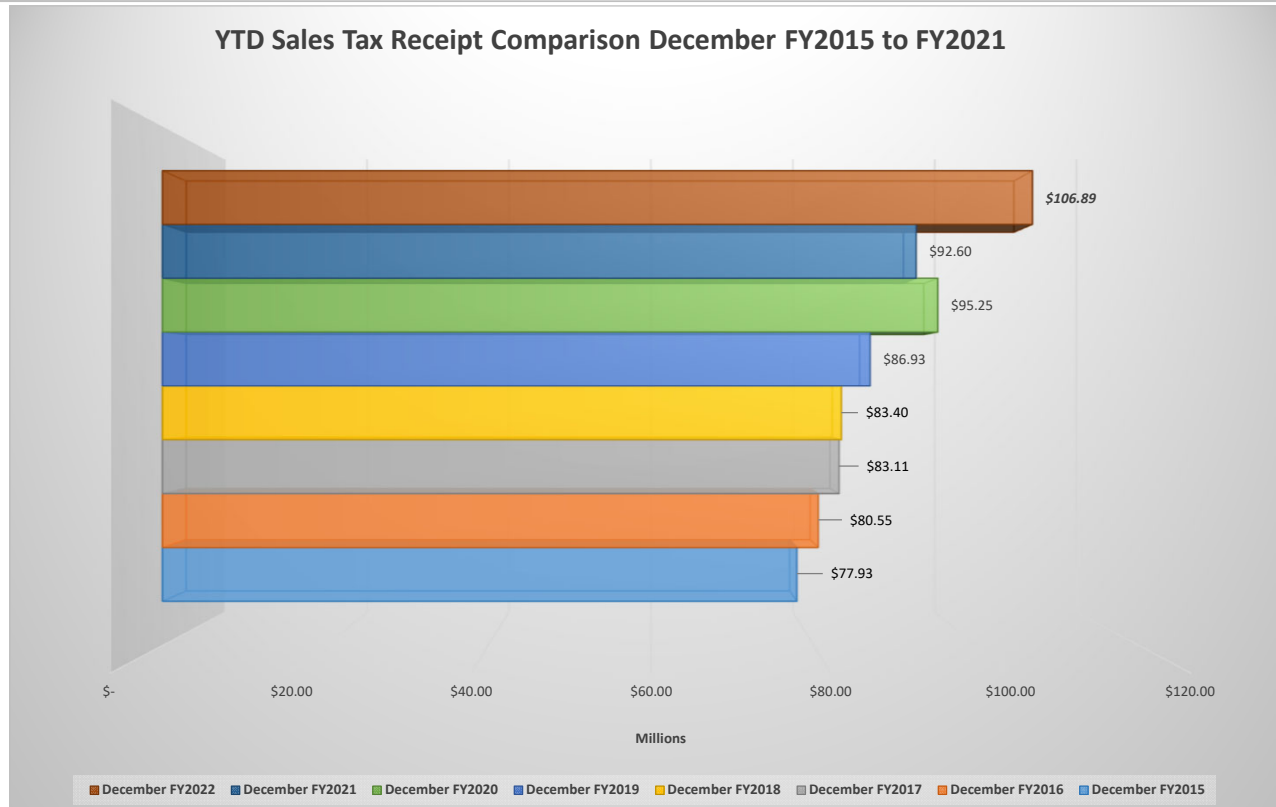
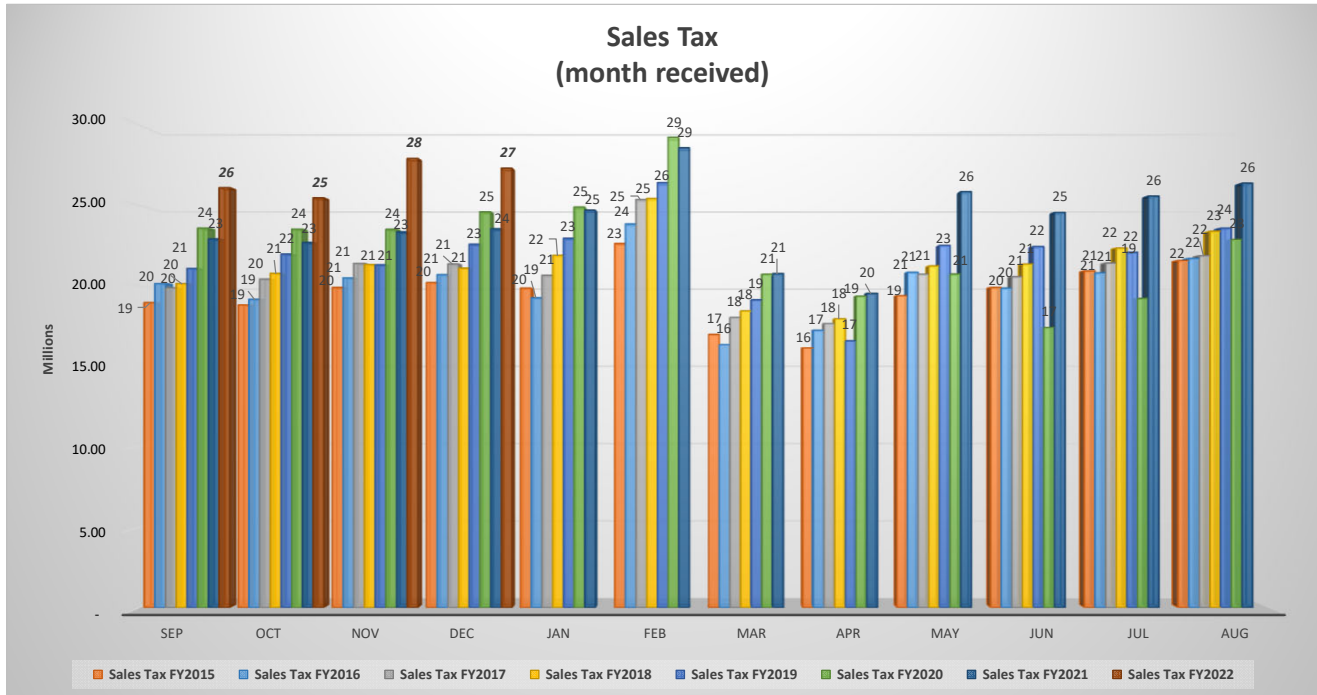
Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES
Based on: Revenue Data Through December 2021
FYE June 30, 2022

Regional Sales Tax		Annualized		FY2022		Annualized - Actual		
Transaction Months	4	Received To Date	Revenue based on YTD Receipts	Budget		To Budget		
City of Alexandria		\$ 7,037,179	\$ 21,111,536	\$ 19,703,915		\$ 1,407,621		
Arlington County		9,357,856	28,073,569	22,518,760		5,554,809		
City of Fairfax		2,742,081	8,226,242	8,444,535		(218,293)		
Fairfax County		44,834,760	134,504,279	115,408,646		19,095,633		
City of Falls Church		1,185,310	3,555,930	2,814,845		741,085		
Loudoun County		21,342,755	64,028,265	59,111,746		4,916,520		
City of Manassas		2,429,258	7,287,775	5,629,690		1,658,085		
City of Manassas Park		711,574	2,134,722	2,814,845		(680,123)		
Prince William County		17,249,454	51,748,362	45,037,520		6,710,842		
Total Sales Tax Revenue		\$ 106,890,227	\$ 320,670,681	\$ 281,484,503		\$ 39,186,178		13.9%
Interstate Operation Enhance Program		Annualized		FY2022		Annualized - Actual		
Transaction Months	1	Received To Date	Revenue based on YTD Receipts	Budget		To Budget		
City of Alexandria		\$ -	\$ -	\$ 931,000		\$ (931,000)		
Arlington County		-	-	1,064,000		(1,064,000)		
City of Fairfax		-	-	399,000		(399,000)		
Fairfax County		-	-	5,453,000		(5,453,000)		
City of Falls Church		-	-	133,000		(133,000)		
Loudoun County		-	-	2,793,000		(2,793,000)		
City of Manassas		-	-	266,000		(266,000)		
City of Manassas Park		-	-	133,000		(133,000)		
Prince William County		-	-	2,128,000		(2,128,000)		
Interstate Operation Enhance Program		\$ -	\$ -	\$ 13,300,000		\$ (13,300,000)		-100.0%
Regional Congestion Relief Fee		Annualized		FY2022		Annualized - Actual		
Transaction Months	5	Received To Date	Revenue based on YTD Receipts	Budget		To Budget		
City of Alexandria		\$ 1,701,299	\$ 4,083,117	\$ 2,386,800		\$ 1,696,317		
Arlington County		2,488,820	5,973,168	2,511,750		3,461,418		
City of Fairfax		234,364	562,475	242,250		320,225		
Fairfax County		9,100,556	21,841,334	10,409,100		11,432,234		
City of Falls Church		87,826	210,783	183,600		27,183		
Loudoun County		4,404,349	10,570,438	5,418,750		5,151,688		
City of Manassas		216,599	519,839	247,350		272,489		
City of Manassas Park		168,766	405,039	94,350		310,689		
Prince William County		2,979,021	7,149,651	4,006,050		3,143,601		
Total Regional Congestion Relief Fee		\$ 21,381,601	\$ 51,315,841	\$ 25,500,000		\$ 25,815,841		101.2%
NVTD Transfer from COVA		Annualized		FY2022		Annualized - Actual		
Transaction Months	2	Received To Date	Revenue based on YTD Receipts	Budget		To Budget		
City of Alexandria		\$ 658,814	\$ 1,317,628	\$ 1,400,000		\$ (82,372)		
Arlington County		813,184	1,626,368	1,600,000		26,368		
City of Fairfax		281,569	563,138	600,000		(36,862)		
Fairfax County		4,145,583	8,291,166	8,200,000		91,166		
City of Falls Church		117,606	235,213	200,000		35,213		
Loudoun County		2,057,251	4,114,502	4,200,000		(85,498)		
City of Manassas		236,326	472,653	400,000		72,653		
City of Manassas Park		61,744	123,489	200,000		(76,511)		
Prince William County		1,627,922	3,255,844	3,200,000		55,844		
Total NVTD Transfer from COVA		\$ 10,000,000	\$ 20,000,000	\$ 20,000,000		\$ -		0.0%
Total Revenue Received		\$ 138,271,828	\$ 391,986,522	\$ 340,284,503		\$ 51,702,019		15.19%

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2020 30% DISTRIBUTION BY JURISDICTION											
Based on: Revenue Data Through December 2021											
Jurisdiction	Interstate Operat Enhance Program	Regional Sales Tax	Regional Congestion Relief Fee	NVTD Transfer From COVA	CoVa NVTA Interest	Cumulative Total	30% Funds	11/30/2021 Accrued Interest (1)	11/30/2021 Prior Distributions	Current Month Distribution	Total Funds Transferred
								(+)			
City of Alexandria	\$ -	\$ 7,037,178.71	\$ 1,701,298.60	\$ 658,814	\$ 2,028.51	\$ 9,399,319.68	\$ 2,819,795.90	\$ 47.28	\$ 2,089,525.50	\$ 730,317.68	\$ 2,819,843.18
Arlington County	\$ -	\$ 9,357,856.44	\$ 2,488,819.80	\$ 813,184	\$ 2,762.71	\$ 12,662,623.14	\$ 3,798,786.94	\$ 60.79	\$ 2,796,842.42	\$ 1,002,005.31	\$ 3,798,847.73
City of Fairfax	\$ -	\$ 2,742,080.71	\$ 234,364.40	\$ 281,569	\$ 739.09	\$ 3,258,753.34	\$ 977,626.00	\$ 13.51		\$ 977,639.51	
Fairfax County	\$ -	\$ 44,834,759.73	\$ 9,100,555.65	\$ 4,145,583	\$ 12,581.71	\$ 58,093,479.93	\$ 17,428,043.98	\$ 283.69	\$ 12,862,022.20	\$ 4,566,305.47	\$ 17,428,327.67
City of Falls Church	\$ -	\$ 1,185,309.92	\$ 87,826.10	\$ 117,606	\$ 295.60	\$ 1,391,037.95	\$ 417,311.39	\$ 6.75	\$ 303,579.93	\$ 113,738.21	\$ 417,318.14
Loudoun County	\$ -	\$ 21,342,755.12	\$ 4,404,349.10	\$ 2,057,251	\$ 5,882.74	\$ 27,810,237.77	\$ 8,343,071.33	\$ 135.09	\$ 6,179,299.37	\$ 2,163,907.05	\$ 8,343,206.42
City of Manassas	\$ -	\$ 2,429,258.33	\$ 216,599.40	\$ 236,326	\$ 622.27	\$ 2,882,806.41	\$ 864,841.92	\$ 13.51	\$ 624,109.00	\$ 240,746.43	\$ 864,855.43
City of Manassas Park	\$ -	\$ 711,573.99	\$ 168,766.20	\$ 61,744	\$ 207.34	\$ 942,291.89	\$ 282,687.57	\$ 6.75		\$ 282,694.32	\$ 282,694.32
Prince William County	\$ -	\$ 17,249,454.04	\$ 2,979,021.30	\$ 1,627,922	\$ 4,767.63	\$ 21,861,165.03	\$ 6,558,349.51	\$ 108.07	\$ 4,884,717.36	\$ 1,673,740.22	\$ 6,558,457.58
Total Revenue	\$ -	\$ 106,890,226.99	\$ 21,381,600.55	\$ 10,000,000.00	\$ 29,887.60	\$ 138,301,715.14	\$ 41,490,514.54	\$ 675.44	\$ 29,740,095.78	\$ 11,751,094.20	\$ 40,513,550.47



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Rishell and Members, NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 14, 2022

SUBJECT: Monthly Operating Budget Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on the Authority's Operating Budget for FY2022.
2. **Background:** The Authority elected to fund the Operating Budget for FY2022 through transfers from the Regional Revenue Fund.
3. **Comments:** Through December 31, 2021, the FY2022 Operating Budget has produced the following:
 - a. The Operating Budget will be fully funded through quarterly transfers of \$686,202 from the Regional Revenue Fund.
 - b. On November 18, 2021, the Authority adopted a mid-year budget adjustment increasing expenditures \$148,984, to fund two additional staff positions as recommended in the Chief Executive Officer Position and Compensation Survey Report from the Millennium Group International LLC, accepted at the same meeting.
 - c. As of December 31, 2021, the Authority has utilized 40% of its FY2022 amended expenditure budget, through 50% of the fiscal year. Certain large expenses such as, the on boarding of the two additional staff members approved in the midyear budget adjustment and the next phase of the Project Implementation, Management and Monitoring System (PIMMS) will be spread out across the remainder of the fiscal year.
 - d. As of December 31, 2021, all expense categories remained within budget.
 - e. The attached statement shows the total operating budget income and expenditure activity for FY2022 through December 31, 2021.

Attachment: FY2021 Monthly Operating Budget through December 31, 2021

ATTACHMENT

01/07/22

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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Income Statement

Report ID: LB170A

For the Accounting Period: 12 / 21

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	188,806.15	739,177.14	1,646,103.00	906,925.86	45
130	Health & Dental Benefits	9,850.57	83,319.35	256,478.00	173,158.65	32
131	Payroll Taxes	7,831.97	41,246.48	128,634.00	87,387.52	32
132	Retirement VRS	11,687.44	51,600.52	136,385.00	84,784.48	38
133	Life Insurance	1,792.98	7,942.98	20,807.00	12,864.02	38
134	Flex Spending/Dependent Care	41.33	248.65	881.00	632.35	28
135	Workers Comp		1,202.00	1,708.00	506.00	70
137	Disability Insurance	2,229.36	10,547.20	19,270.00	8,722.80	55
	Total Account	222,239.80	935,284.32	2,210,266.00	1,274,981.68	42
420000	Professional Services					
210	Audit & Accounting Services		18,000.00	48,000.00	30,000.00	38
220	Bank Service			750.00	750.00	
230	Insurance		8,797.00	7,835.00	-962.00	112
240	Payroll Services	132.82	1,181.08	2,636.00	1,454.92	45
245	Consulting Services		25,200.00	25,000.00	-200.00	101
260	Public Outreach & Regional Event Support		12,029.00	49,925.00	37,896.00	24
261	Legal/Bond Counsel Services		2,621.96	10,000.00	7,378.04	26
262	Financial Advisory Services		8,750.00	36,951.00	28,201.00	24
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services	20,450.00	35,729.88	78,690.00	42,960.12	45
265	Investment Custody Svc		5,140.00	25,000.00	19,860.00	21
	Total Account	20,582.82	120,136.42	287,487.00	167,350.58	42
430000	Technology/Communication					
310	Acctg & Financial Report Systems		46,476.51	94,685.00	48,208.49	49
320	HW SW & Peripheral Purchase		14,752.16	5,000.00	-9,752.16	295
330	IT Support Svc Incl Hosting	2,075.72	16,022.45	29,304.00	13,281.55	55
335	GIS/Project Mgt/Modeling	3,500.00	15,966.66	211,728.00	195,761.34	8
340	Phone Service & Web Ex Chgs	953.96	7,509.05	13,160.00	5,650.95	57
350	Web Develop & Hosting	420.75	2,600.99	9,185.00	6,584.01	28
	Total Account	6,950.43	103,327.82	363,062.00	259,734.18	28
440000	Administrative Expenses					
410	Advertisement	703.20	703.20	1,500.00	796.80	47
411	Dues & Subscriptions	1,083.69	7,092.12	10,544.00	3,451.88	67
412	Duplication & Printing		2,693.52	13,610.00	10,916.48	20
413	Furniture & Fixture			14,000.00	14,000.00	
414	Hosted Meeting Expenses	433.17	2,278.47	4,500.00	2,221.53	51
415	Mileage/Transportation	54.00	437.37	11,000.00	10,562.63	4
417	Office Lease	14,757.13	87,460.41	193,976.00	106,515.59	45
418	Office Supplies	226.09	1,396.57	7,100.00	5,703.43	20
419	Postage & Delivery			700.00	700.00	
420	Professional Develop & Training	1,175.00	2,916.95	23,650.00	20,733.05	12
	Total Account	18,432.28	104,978.61	280,580.00	175,601.39	37

01/07/22

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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Income Statement

For the Accounting Period: 12 / 21

Page: 2 of 2

Report ID: LB170A

1000 General Fund

Account Object	Description	----- Current Year -----				
		Current Month	Current YTD	Budget	Variance	%
	Total Expenses	268,205.33	1,263,727.17	3,141,395.00	1,877,667.83	40
	Net Income from Operations	-268,205.33	-1,263,727.17			
Other Revenue						
383000	Transfer Operating Budget from Regional Revenue	686,202.00	687,375.52	2,744,809.00	-2,057,433.48	25
						25
	Total Other Revenue	686,202.00	687,375.52	2,744,809.00	-2,057,433.48	25
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			574,710.00	574,710.00	
825	Transf to Equip Reserve			31,486.00	31,486.00	
	Total Account			606,196.00	606,196.00	
	Total Other Expenses	0.00	0.00	606,196.00	606,196.00	
	Net Income	417,996.67	-576,351.65			