

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Mayor Parrish, Chairman – NVTA Finance Committee

DATE: November 7, 2019

SUBJECT: Finance Committee Report of the October 17, 2019 Meeting

1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) with a report of NVTA Finance Committee (Committee) activities.
2. **Background:** The Finance Committee last met on Thursday, October 17, 2019. The next meeting is scheduled for Thursday, November 21, 2019, at 1:00 PM. The following summarizes the October 17th meeting.
3. **Action Items:**
 - a. **FY2019 Financial Statement and Compliance Audit:** The Finance Committee, in its role as Audit Committee, received a presentation from Mr. Garber a partner with PBMares, LLP the Authority's external auditor. Mr. Garber reviewed the audited financial statements, compliance reports and documents related to the audit engagement. Mr. Garber noted the Financial Statements and Compliance Reports for FY2019 received an unmodified (clean) audit opinion. The Committee voted unanimously to recommend the Authority acceptance of the FY2019 Financial Statements and audit.
 - b. **Revisions to Policy 19 – Local Distribution (30% Funds):** The Committee reviewed and recommended changes to Policy 19 – Local Distribution Fund (30% Funds). The primary purpose of the revisions is to implement Bills passed in the 2019 General Assembly Session. SB1468, patroned by Senator Black, provides the Authority flexibility to pay operating and administrative expenses through a transfer from the Regional Revenue Fund. Also, SB1716, related to funding for I-81 improvements, provides for additional funding to the Authority. The Committee voted unanimously to recommend the Authority adoption of the proposed changes.
 - c. **Revisions to Policy 20- Regional Revenue Fund (70% Funds):** The Committee reviewed and recommended changes to Policy 20 – Regional Revenue Fund (70% Funds). Like Policy 19, the primary purpose of the recommended changes is to implement SB1468 and SB1716. The changes to Policy 20 also note that SB1468 transfers the responsibility for the HB599 ratings to the Authority. The changes also reflect that the revenue to be received from SB1716 cannot be used in the calculation of the Authority's debt capacity. The Committee voted unanimously to recommend the Authority adoption of the proposed changes.

4. Information/Discussion Items (February 21):

- a. **Project Reimbursement Parameters Study:** The Committee received information and commented on the need for clarity and transparency in project reimbursements related to public employee/agency direct and indirect costs among other expenses submitted for project reimbursement. The study is expected to take approximately six months with the committee receiving interim reports.
- b. **Policy 29 Report:** The Committee received and discussed the second report of NVTAF funded projects with Policy 29 compliance concerns. The Committee requested an update to the report at their November 2019 meeting.
- c. **Investment Portfolio Report.** The Committee received reports and provided comments on investment activity and performance. The report to the Committee noted that the portfolio is fairing better in the current declining market than its benchmarks.
- d. **Monthly Revenue Report.** The report received and discussed by the Committee showed sales tax-based revenue is showing a marked increase. This increase is prospectively linked to the implementation of taxes on internet sales. However, the SB1716 (I-81 Heavy Truck Registration and Diesel Fuel) receipts are currently far behind what would be expected to meet the Commonwealth's revenue projections of what the Authority should receive in FY2020.
- e. **NVTAF Operating Budget.** The report received and discussed by the Committee showed the Operating Budget was positive to projections, with no changes projected at this time.