



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, September 8, 2022 – 6:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting conducted in person and live streamed via YouTube

MEETING SUMMARY

1. Call to Order/Welcome

- Mayor Rishell called the meeting to order at 6:02 PM.
- Attendees:
 - Committee Members: Mayor Rishell; Chair Randall; Council Member Snyder; Mayor Wood.
 - Staff: Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Adnan Malik (Senior Accountant); Margaret Duker (Accounting Assistant); Jonathan Davis (Authority Board Secretary); Amanda Sink (Executive Assistant to CEO).
 - Council of Counsels: Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County); Joanna Anderson (City of Alexandria);

2. Summary Minutes of the May 12, 2022, Meeting

Recommended Action: Approval [with abstentions from those who were not present]
Mayor Wood moved approval of the minutes of the May 12, 2022, meeting; seconded by Council Member Snyder. Motion carried unanimously.

Action Item

3. FY2023 Proposed Operating Budget Adjustment

Recommended Action: Recommend Authority Approval of Budget Adjustment

- Mr. Longhi presented the FY2023 Proposed Operating Budget Adjustment by noting:
 - The adopted FY2023 Operating Budget included two new positions, a Regional Transportation Modeler (effective July 1, 2022) and a Regional Transportation Planner (effective January 1, 2023).
 - The modeler position was filled with an internal candidate on August 15, 2022. Since an existing staff member was promoted to the position, a vacant Regional Transportation Planner position was created on the same date.
 - Recruitment to fill the newly vacant Regional Transportation Planner position is underway and is expected to be concluded no sooner than September 15, 2022.
 - Filling the newly established modeler position on August 15th, and not filling the newly vacant Regional Transportation Planner position sooner than September 15th, creates adequate unutilized budget capacity to advance the hiring of the FY2023 established Regional Transportation Planner position from January 1, 2023, to September 2022.

- Mr. Longhi further noted that advancing the FY2023 budget authorization to hire the newly established Regional Transportation Planner will provide several efficiencies:
 - Reduced staff effort relative to undertaking two separate recruitment processes separated by two months. NVTA does not have a separate Human Resource function. All vacant position posting, screening, recruitment, onboarding, and related activities are undertaken on top of existing duties.
 - Separate recruitment may require additional advertisement expenses of up to \$3,200.
 - The current, highly competitive job market is not anticipated to ease over the next three months.

Council Member Snyder moved the Finance Committee to recommend Authority approval to advance the hiring of the Regional Transportation Planner, approved in the FY2023 Operating Budget, forward from January 2023 to September 15, 2022, seconded by Chair Randall. Motion carried unanimously.

4. Policy 29 - Update for Duplicate Reimbursement Requests

Recommended Action: Recommend Authority Approval of Policy Changes

- Mr. Longhi presented an update on the Policy29 to the committee by noting:
 - In FY2022, the Authority commissioned an external Agreed Upon Procedures (AUP) audit to assess, under a limited scope, additional duplicate reimbursement requests which had been paid.
 - Project Sponsors are responsible for establishing a system of internal controls for the prevention of duplicate project reimbursement requests.
 - Additional duplicate reimbursement requests which had been paid were identified through the FY2022 AUP audit. The Project Sponsor confirmed the duplication and made reimbursement.
- Mr. Longhi concluded by adding that as part of the FY2023 Operating Budget, wherein the Duplicate Reimbursement Audit Program was funded, staff was directed to develop a cost allocation process. With a Finance Committee recommendation, this item will be presented to the Authority on October 13, 2022, meeting for consideration.

Chair Randall moved the Finance Committee recommend Authority approval of the proposed changes to Policy 29 – Project Activation, Monitoring and De-Appropriation identified in the attached draft, seconded by Mayor Wood. Motion carried unanimously.

Information/Discussion Items

5. Finance Team Activity Report

- Mr. Longhi provided updates on several team activities as noted below:
 - Finance Team staff changes and introductions:
 - Introduced Mr. Malik who joined the Finance team as a Senior Accountant and elaborated on the new role change for Ms. Duker as an Accounting Assistant.
 - FY2022 Project Reimbursements:

- Mr. Longhi presented the total reimbursed amount per Fiscal Year table to the Committee and advised that the FY2022 project reimbursements were the lowest (\$57.3 million) since the process was fully established in FY2016.
 - The Committee discussed potential cause and effects with staff and encouraged the staff to reach out to project sponsors to stimulate project advancement and use of NVTAs project funds.
 - Mr. Longhi informed the Committee of the receipt of a reimbursement package with 72 invoices dated as far back as five calendar years, during audit fieldwork. He suggested an amendment to Policy 29 to ensure submitted receipts for reimbursement are not older than 18 months from the date of submission. If any submitted receipts are older than 18 months, they would not be paid.
 - Mayor Rishell recognized Mr. Longhi's suggestion and expressed her concern that a delay in submitting reimbursement would lead to an artificial impression that the Authority is not utilizing the resources from HB2313.
 - Mr. Longhi suggested that we can allow 6 months for project sponsors to catch up and submit invoices for project reimbursements. Chair Randall suggested making it 3 months instead, to cut down any delay in reimbursement submissions from the project sponsors.
 - Mayor Rishell asked if the five delay in project sponsors would be trigger a negative comment from the Auditors.
 - Mr. Longhi responded that this would be regarded as a management comment, which is less significant than a 'finding'. He added that the auditors could treat the observed late reimbursement submission as an FY2022 or FY2023 issue, and may be assured if the Authority were to adopt policies to protect itself from this situation in the future.
- FY2022 Financial Statement Audit Update:
 - Mr. Longhi advised that the FY2022 audit is progressing on schedule and discussed the implementation of Government Accounting Standards Board (GASB) Statement 87 related to the required presentation of Lease Agreements and the impact and presentation of Realized/Unrealized, Gains and Losses in the Fair Value of Investments.
 - He noted Ms. Teal was working with the auditors to improve the transparency and readability related to GASB 87 as well as realized/unrealized gains and losses in the investment portfolio for the financial statement and operating budget presentment.
 - As of FYE June 30, 2022, the attached Income Statement reflects the Authority utilized 110% of its FY2022 amended operating budget or was \$300,730 negative (overspent), and removing the impact of the one-time implementation of GASB 87 would show only 88% of the authorized adjusted budget was expended resulting in a positive FYE budget variance (underspent) of \$365,350.

- Council Member Snyder asked where the Investment Portfolio is standing. Mr. Longhi responded that the Investment Portfolio is underperforming the benchmarks but projected that the Investment Portfolio will be exceeding the benchmarks by the end of this year or early next year.
 - ESG/Green Bonds:
 - Mr. Longhi reported on discussions with the NVTA organized Regional Investment Group (comprised of Northern Virginia elected treasurers and investment staff). The discussion was to share experiences and related future areas of inquiry.
 - Initial FY2024 Budget Preparation Discussions:
 - Mr. Longhi noted that the initial discussion involved the Website(s) Consolidation, Modernization Project, and potential Duplicate Reimbursement Audit Volume Increase which is a part of the Operating Budget, and Regional Bus Rapid Transit Study which would be part of the Regional Revenue Fund Budget.
 - Other Activities:
 - Mr. Longhi noted the other items of discussion includes record retention implementation, study of regional planner compensation levels, and implementation of a fixed asset accounting tracking system.
 - Mr. Longhi explained the repositioning of the investment portfolio where the team will look to sell low-yielding securities which will incur loss and buying high-yielding securities where the rate of return of the new security will cover the loss. The entire decision and transaction process will be documented.

6. Monthly Investment Portfolio Report

- Mr. Longhi reviewed the Monthly Investment Portfolio Report as provided in the packet by noting that the portfolio yield is lagging the recent rapid increase in market rates and volatility. Staff anticipates that yield will track or exceed the benchmarks with the occurrence of instrument maturities and new cash being placed for investment. Repositioning opportunities will be examined on an ongoing basis.

7. Monthly Revenue Report

- Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.

8. Monthly Operating Budget Report

- Mr. Longhi reviewed and presented the Monthly Operating Budget Report as provided in the packet.

9. NVTA Update (Verbal Report)

- No verbal report was provided.

Adjournment

- Chair Rishell adjourned the meeting at 6:36 pm.