

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Financial and Compliance Reports

Year Ended June 30, 2016



ASSURANCE, TAX & ADVISORY SERVICES

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Commission, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 21, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2016. Please read it in conjunction with the accompanying financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- NVTC's net position totaled \$130.6 million on a government-wide basis as of June 30, 2016. Of this total, \$130.3 million is for business-type activities with the balance for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$173.0 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$49.5 million. Expenses amounted to \$45.5 million.

Highlights for Fund Financial Statements

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

- NVTC's governmental funds reported a decrease in fund balance of \$16,325 for fiscal year 2016, compared to an increase of \$13,364 for fiscal year 2015. The governmental funds balance as of June 30, 2016 totaled \$467,735 compared with \$484,060 at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$3.0 million, from \$127.3 million to \$130.3 million.
- NVTC's fiduciary fund reported a decrease of \$8.9 million in net position, held in trust for member jurisdictions, from \$189.0 million to \$180.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented include all of the activities which are part of the NVTC reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB).

The government-wide financial statements present the financial picture of NVTC's governmental and business-type activities from the economic resources measurement focus using the accrual basis of accounting. Excluded from these statements are the activities of the jurisdiction trust funds, which are considered fiduciary funds and, therefore, not part of the primary government.

The fund financial statements include a set of statements for each of the three categories of funds – governmental, proprietary and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund and the fiduciary fund are prepared using the economic resources measurement focus and the accrual basis of accounting, same as the government-wide financial statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, with the governmental activities and business-type activities shown separately. The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The Statement of Activities shows in broad terms how the net position changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the NVTC reporting entity is improving or declining. Net position is one way to measure financial position, but the reader should also consider other indicators, such as for the business-type activities, the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions and the age and condition of capital assets.

Revenue is classified as program or general revenues. Program revenues are further classified as charges for services, operating grants and contributions, and capital grants and contributions. Expenses are reported by functions and programs. Transfers between the governmental activities and business-type activities are reported under the general revenues section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the NVTC reporting entity are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

NVTC maintains two governmental funds: the General Fund and the Special Revenue Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Fund. The proprietary fund is used to account for NVTC's share of the Virginia Railway Express (VRE) joint venture. The fund is used to account for the same functions reported as business-type activities in the government-wide financial statements. The three statements included for the proprietary fund are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

Fiduciary Fund. The Fiduciary Fund is used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary fund consist of revenue remitted from the Special Revenue Fund, state operating and capital assistance for transit contracted directly with the NVTC WMATA Compact member jurisdictions, and investment income. Deductions from the fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for the fiduciary fund are much like that used for proprietary funds. The two statements included for the fiduciary fund are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Notes to the Basic Financial Statements

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

Supplementary Information

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users.

FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2016 and 2015:

Summary of Net Position As of June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 6,080,744	\$ 7,830,044	\$ 27,088,168	\$ 34,919,631	\$ 33,168,912	\$ 42,749,675
Capital assets, net	51,531	43,394	171,962,274	163,604,532	172,013,805	163,647,926
Total assets	6,132,275	7,873,438	199,050,442	198,524,163	205,182,717	206,397,601
Liabilities:						
Current and other liabilities	5,757,289	7,491,062	8,653,172	8,379,890	14,410,461	15,870,952
Long-term liabilities	68,890	68,112	60,092,447	62,865,190	60,161,337	62,933,302
Total liabilities	5,826,179	7,559,174	68,745,619	71,245,080	74,571,798	78,804,254
Net position:						
Net investment in capital assets	51,531	43,394	109,253,855	98,187,617	109,305,386	98,231,011
Restricted	-	-	5,609,607	5,243,766	5,609,607	5,243,766
Unrestricted	254,565	270,870	15,441,361	23,847,700	15,695,926	24,118,570
Total net position	\$ 306,096	\$ 314,264	\$ 130,304,823	\$ 127,279,083	\$ 130,610,919	\$ 127,593,347

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$130.6 million as of June 30, 2016, an increase of \$3.0 million over the previous fiscal year. The largest portion of net position, \$109.3 million or 84 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$5.6 million or 4 percent represents resources that are restricted, primarily for the commuter rail liability insurance plan.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia for governmental activities, and restricted and non-restricted cash, cash equivalents, and investments for the business-type activities. As of June 30, 2016, approximately \$10.8 million was due from the Commonwealth of Virginia, of which \$5.5 million is for motor vehicle fuel sales tax, and \$5.3 million for grant revenue. This is a \$8.9 million decrease from the previous fiscal year, of which motor vehicle fuel sales tax receivables decreased \$0.5 million or 8 percent, and grant revenue decreased \$8.4 million or 6 percent. The \$0.5 million decrease in the receivable for motor vehicle fuel sales tax is due to lower gasoline prices between periods. The \$8.4 million decrease in the receivable for grant revenue is primarily due to a decrease in capital grant revenue not yet received at the end of the fiscal year for the business-type activities. As of June 30, 2016, \$5.3 million of the amount due from the Commonwealth was for the commuter rail service, with the balance for the jurisdiction transit function of NVTC, and for general and administrative and projects. Cash, cash equivalents and investments increased approximately \$1.2 million and totaled \$13.5 million as of June 30, 2016, of which all but \$462,458 was for the business-type activities.

Net position of the jurisdiction trust fund are not reported in the entity-wide Statement of Net Position, as they are considered fiduciary funds and are held in trust for the NVTC member jurisdictions restricted use.

Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2016 and 2015:

Summary of Changes in Net Position For the Fiscal Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 17,585,780	\$ 16,329,028	\$ 17,585,780	\$ 16,329,028
Operating grants and contributions	143,422,738	145,747,321	5,448,410	5,188,627	148,871,148	150,935,948
Capital grants and contributions	-	-	7,985	7,187,539	(1,634,829)	7,187,539
General revenues						
Intergovernmental						
Commuter rail	26,398,505	29,096,234	-	-	26,398,505	29,096,234
Motor vehicle fuel sales tax	29,590,766	37,863,773	-	-	29,590,766	37,863,773
Interest	1,676	970	78,245	15,135	79,921	16,105
Other	100	10,069	-	-	(361)	10,069
Transfers	(26,398,505)	(29,096,234)	26,398,505	29,096,234	-	-
Total revenues	173,015,280	183,622,133	49,518,925	57,816,563	220,890,930	241,438,696
Expenses:						
General and administration	4,664,736	3,471,539	-	-	4,664,275	3,471,539
Jurisdiction transit	168,358,712	180,041,897	-	-	168,358,712	180,041,897
Commuter rail	-	-	45,551,712	39,850,376	43,908,898	39,850,376
Total expenses	173,023,448	183,513,436	45,551,712	39,850,376	216,931,885	223,363,812
Extraordinary item	-	-	(941,473)	-	(941,473)	-
Change in net position	(8,168)	108,697	3,025,740	17,966,187	3,017,572	18,074,884
Beginning net position	314,264	205,567	127,279,083	109,312,896	127,593,347	109,518,463
Ending net position	\$ 306,096	\$ 314,264	\$ 130,304,823	\$ 127,279,083	\$ 130,610,919	\$ 127,593,347

For the fiscal year ended June 30, 2016, revenues totaled \$220.9 million, compared to \$241.4 million in the preceding year, a decrease of \$20.5 million or 9 percent. Expenses decreased \$6.4 million, or 3 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

General Fund. The General Fund reports the project, planning and administrative activities of NVTC. The unreserved fund balance represents the net resources available for spending at the end of the fiscal year.

NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual budgets. While certain administrative expenditures such as payroll and payroll related expenses are part of the annual operating budget, they may be included in project costs if they were incurred directly for a project. Since non-administrative project expenditures are generally fully funded from sources other than those for the planning and administrative activities, the unreserved fund balance is mainly the result of the planning and administrative activities of the General Fund.

As of June 30, 2016, the General Fund had a total fund balance of \$467,735 of which \$45,043 was nonspendable and \$422,692 was unassigned. The fund balance decreased by \$16,325 or 3 percent from the preceding year due to a budgeted drawdown of surplus funds, partially offset by a favorable budget variance.

During fiscal year 2016, NVTC's regional projects incurred a total of \$2,786,272 in direct costs. Three of these projects were funded with federal, state and regional sources totaling \$2,460,984. The \$325,288 in other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

Special Revenue Fund. Prior to fiscal year 2013, the special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority ("WMATA"). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2016 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

As the revenue is recognized by the Special Revenue Fund, it is allocated using the Subsidy Allocation Model formula ("SAM"). This formula, which is defined and established by NVTC board resolution and the *Code of Virginia*, is maintained and updated annually by NVTC. After the revenue has been allocated by the SAM and each jurisdiction's share has been identified, the funds are remitted to the Jurisdiction Trust Fund for the restricted use by the member jurisdictions individually to support the programs of their respective locality.

Intergovernmental revenues decreased approximately \$11.7 million or 6 percent from the previous fiscal year. The decrease is caused by a \$ 8.3 million decrease, or 22 percent in motor vehicle fuels sales tax revenue due primarily to lower fuel prices compared to fiscal year 2015. State assistance decreased \$3.4 million, or 2 percent, due to a reduction in grant invoicing through the special revenue fund.

Proprietary Fund

The proprietary fund captures NVTC's portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Assets owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities. For financial statement reporting purposes, assets, liabilities and operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

NVTC's share of operating revenue increased about \$1.3 million or 7 percent, while operating expenses increased approximately \$3.4 million or 12 percent. Operating revenue of the VRE operations as a whole remained relatively constant. The difference between percentages of the reporting entity and the VRE operations as a whole is due to an increase in NVTC's share of the activity. Capital contributions and transfers decreased \$11.5 million or 32 percent.

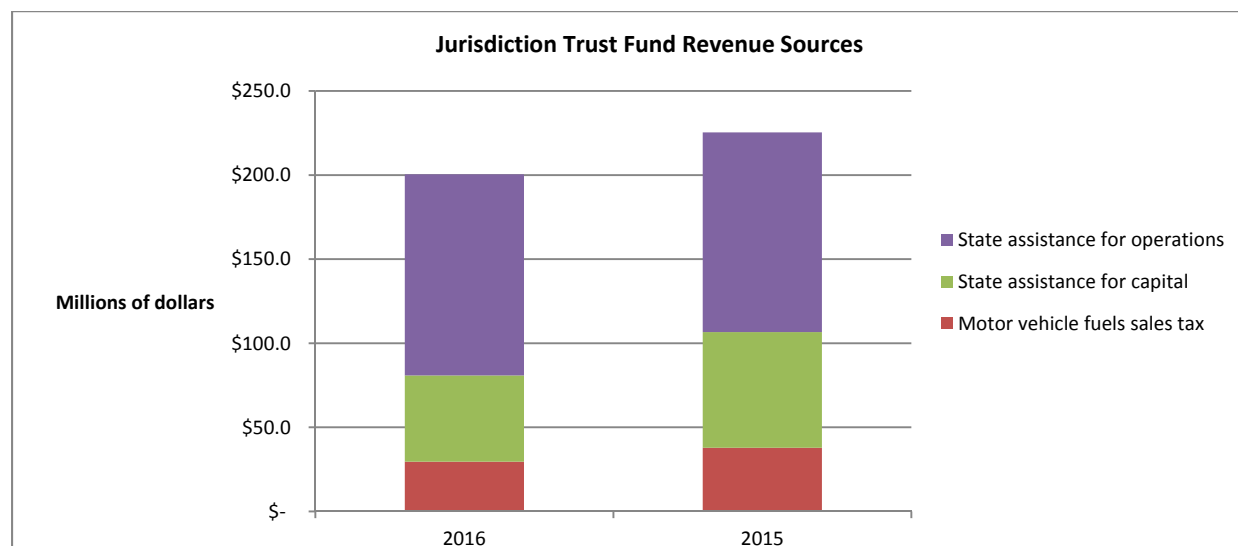
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

Fiduciary Fund

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

Jurisdiction Trust Fund. The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 through fiscal year 2014 operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the fiscal year 2013 through fiscal year 2014 directly contracted revenue with the jurisdictions is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund.

The total additions to the Trust Fund, excluding investment income, decreased by \$25.0 million, or 12 percent from the previous year. An analysis of this change is shown below.



State assistance for operations is revenue from the state operating formula assistance program. Operating assistance increased approximately \$0.8 million, or 1 percent from the previous fiscal year, while the state-wide allocated operating assistance decreased by 3 percent. The operating assistance program is funded at the statutory fixed rate of 73.5 percent of projected Mass Transit Trust Fund (MTTF) revenue up to \$160 million. Since fiscal year 2009, the operating program receives directly a portion of the state recordation tax to help fund the operating program. Beginning in fiscal year 2014 with increased statewide funding for transit, MTTF revenues above \$160 million are allocated using a performance based formula for operations.

State assistance for capital expenditures recognized by the Jurisdiction Trust Fund during fiscal year 2016 decreased by \$17.5 million or 26 percent from the previous fiscal year. The decrease is primarily the result of a decrease in the NVTC jurisdiction capital commitments to WMATA. State assistance for capital expenditures during the fiscal year includes revenue from the Mass Transit Trust Fund and the Mass Transit Capital Fund. The state-wide capital program is funded at the statutory fixed rate of 25 percent of projected Mass Transit Trust Fund revenues. The fiscal year 2016 program allocated an additional \$49.2 million from the Mass Transit Capital Fund (Bond Funds) for state-wide needs.

Effective January 1, 2010, the Motor Vehicle Fuel Sales tax is levied on distributors of gasoline and diesel fuel for deliveries within NVTC's jurisdictions at the rate of 2.1 percent. Prior to this, the tax was levied on the retail sales at the rate of 2 percent. Motor Vehicle Fuel Sales tax revenue decreased by \$8.3 million, or 22 percent from the previous year, which mirror the sharp decline in the price of fuel. This is after a \$11.4 million or 23.1 percent decrease in fiscal year 2015. Other factors that influence the gas tax revenue include overall demand, price elasticity impacting demand, grade mix, and taxpayer compliance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The details of capital assets as of June 30, 2016 and 2015 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Rolling stock	\$ -	\$ -	\$ 132,377,536	\$ 124,647,979	\$ 132,377,536	\$ 124,647,979
Vehicles	-	-	69,155	53,598	69,155	53,598
Facilities	-	-	51,747,277	51,224,981	51,747,277	51,224,981
Track and signal improvements	-	-	42,350,282	26,342,184	42,350,282	26,342,184
Equipment and software	-	-	6,063,333	5,998,438	6,063,333	5,998,438
Construction in progress	-	-	6,948,336	14,520,293	6,948,336	14,520,293
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Furniture, equipment and software	123,552	114,354	2,744,668	2,721,694	2,868,220	2,836,048
	123,552	114,354	245,194,231	228,402,811	245,317,783	228,517,165
Less accumulated depreciation and amortization	72,021	70,960	73,231,957	64,798,279	73,303,978	64,869,239
Total capital assets, net	\$ 51,531	\$ 43,394	\$ 171,962,274	\$ 163,604,532	\$ 172,013,805	\$ 163,647,926

NVTC's investment in capital assets as of June 30, 2016 amounted to \$172.0 million (net of accumulated depreciation and amortization) which represents an increase of \$8.4 million or 5 percent over last year due to new project construction, offset in part by annual depreciation and amortization recognized. A total of \$18.2 million was charged to construction in progress during the fiscal year. Completed projects totaling approximately \$25.7 million were closed from construction in progress to their respective capital accounts and an additional \$0.168 million was charged directly to the capital accounts.

The major completed projects were: the purchase of seven Gallery rail cars (\$7.8 million), the construction of the Spotsylvania VRE station (\$2.0 million), and the construction of a third track between Hamilton and Crossroads in Spotsylvania County (\$16.0 million). The major additions to construction in progress during the fiscal year were the installation of Positive Train Control equipment in VRE's locomotives and cab cars (\$3.1 million), the design of a life-cycle maintenance facility at the VRE Crossroad Yard (\$1.0 million), the design of a pedestrian tunnel at the Alexandria VRE station (\$0.4 million), and the construction of a storage track north of the L'Enfant VRE station (\$0.4 million).

Debt Administration

At June 30, 2016, the commissions had total debt outstanding of \$69.8 million for the VRE commuter rail service, of which \$62.7 million is reported by NVTC.

The NVTC and PRTC are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The promissory note with the Federal Railroad Administration for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC are signatories. The note is secured by the revenues of VRE and the rolling stock.

	2016	2015
Capital leases	\$ 7,079,477	\$ 7,707,059
Note payable (includes RRIF)	55,628,942	57,709,856
Total	\$ 62,708,419	\$ 65,416,915

Economic Factors and Next Year's Budget

State assistance recognized by the Special Revenue fund is expected to increase slightly. This is due to an increase in operating assistance for WMATA subsidies, slightly offset by a decrease in capital assistance due to the change in the size, asset mix and how those assets are funded by other sources within WMATA's capital program. Effective with fiscal year 2015, the Commonwealth of Virginia was contracted with NVTC for state assistance related to the jurisdictions subsidy requirements to WMATA, as was done prior to fiscal year 2013. NVTC will continue as an agent for the receipt, investment and disbursement of the state assistance related to the jurisdiction's local systems which started in fiscal year 2013, and such activity will continue to be recognized by the Jurisdiction Trust Fund. Prior to fiscal year 2013, NVTC was the grantee for the assistance related to the jurisdiction's local systems.

The U.S. Energy Information Administration forecasts a small decrease of 1.5 percent in the average price of gasoline nationwide for fiscal year 2017. If that forecast holds true for the NVTC region, and the historical relationship between gas prices and motor vehicle fuel sales tax collections continue, a similar percentage decrease in motor vehicle fuel sales tax revenue for the Special Revenue fund would be realized.

NVTC entered into a Memorandum of Agreement with the Commonwealth of Virginia, to receive toll revenues from the I-66 inside the beltway HOT lanes effective July 1, 2017 for multimodal projects benefiting the toll payers. Toll revenue projections are still being developed at this time. The MOA also provides \$10 million to NVTC in fiscal year 2017 for multimodal projects. In accordance with the MOA, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities.

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The local subsidy for fiscal year 2017 increased by 5.0 percent. Fares were held constant; the last general fare increase was 3.0 percent in fiscal year 2016.

Additional sources of funding will be available in fiscal year 2016 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, or by email to scottkalkwarf@nvtdc.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2016

ASSETS	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 462,458	\$ 12,991,638	\$ 13,454,096
Due from other governments:			
Commonwealth of Virginia	10,782,539	-	10,782,539
Regional	9,280	-	9,280
Local Jurisdictions	14,877	-	14,877
Trade accounts receivable, net	-	1,010,673	1,010,673
Other receivables	-	327,915	327,915
Inventory	-	1,850,617	1,850,617
Deposits and prepaid items	45,043	64,265	109,308
Restricted cash, cash equivalents and investments	-	5,609,607	5,609,607
Internal balances	(5,233,453)	5,233,453	-
Capital assets:			
Rolling stock	-	132,377,536	132,377,536
Vehicles	-	69,155	69,155
Facilities	-	51,747,277	51,747,277
Track and signal improvements	-	42,350,282	42,350,282
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	6,948,336	6,948,336
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	123,552	2,744,668	2,868,220
Less accumulated depreciation and amortization	(72,021)	(73,231,957)	(73,303,978)
Total assets	<u>6,132,275</u>	<u>199,050,442</u>	<u>205,182,717</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable	\$ 118,296	\$ 1,663,315	\$ 1,781,611
Accrued expenses	93,944	2,485,433	2,579,377
Accrued interest	-	164,435	164,435
Due to fiduciary fund	5,400,769	-	5,400,769
Unearned revenue	-	782,333	782,333
Lease liability	110,597	-	110,597
Contract retainage	-	700,337	700,337
Noncurrent liabilities:			
Due within one year:			
Compensated absences	33,683	11,411	45,094
Note payable	-	2,188,783	2,188,783
Capital lease obligation	-	657,125	657,125
Due in more than one year:			
Compensated absences	68,890	229,936	298,826
Note payable	-	53,440,159	53,440,159
Capital lease obligation	-	6,422,352	6,422,352
Total liabilities	<u>5,826,179</u>	<u>68,745,619</u>	<u>74,571,798</u>
NET POSITION			
Net investment in capital assets	51,531	109,253,855	109,305,386
Restricted for liability insurance plan	-	5,219,995	5,219,995
Restricted grants or contributions	-	389,612	389,612
Unrestricted	254,565	15,441,361	15,695,926
Total net position	<u>\$ 306,096</u>	<u>\$ 130,304,823</u>	<u>\$ 130,610,919</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 4,664,736	\$ -	\$ 4,654,792	\$ -	\$ (9,944)	\$ -	\$ (9,944)
Jurisdiction transit	168,358,712	-	138,767,946	-	(29,590,766)	-	(29,590,766)
Total governmental activities	173,023,448	-	143,422,738	-	(29,600,710)	-	(29,600,710)
Business-type activities:							
Commuter rail	45,551,712	17,585,780	5,448,410	7,985	-	(22,509,537)	(22,509,537)
Total business-type activities	45,551,712	17,585,780	5,448,410	7,985	-	(22,509,537)	(22,509,537)
Total primary government	<u>\$ 218,575,160</u>	<u>\$ 17,585,780</u>	<u>\$ 148,871,148</u>	<u>\$ 7,985</u>	(29,600,710)	(22,509,537)	(52,110,247)
General revenues:							
Intergovernmental revenue - commuter rail					26,398,505	-	26,398,505
Intergovernmental revenue - motor vehicle fuel sales tax					29,590,766	-	29,590,766
Interest income					1,676	78,245	79,921
Other					100	-	100
Transfers					(26,398,505)	26,398,505	-
Total general revenues					29,592,542	26,476,750	56,069,292
Extraordinary item					-	(941,473)	(941,473)
Change in net position					(8,168)	3,025,740	3,017,572
Net position, beginning of year					314,264	127,279,083	127,593,347
Net position, end of year					\$ 306,096	\$ 130,304,823	\$ 130,610,919

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	Major Funds		Total
	General Fund	Special Revenue Fund	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 462,458	\$ -	\$ 462,458
Due from other governments:			
Commonwealth of Virginia	5,290,796	5,491,743	10,782,539
Regional	9,280	-	9,280
Local jurisdictions	14,877	-	14,877
Due from fiduciary fund	90,974	-	90,974
Due from proprietary fund	28,920	-	28,920
Deposits and prepaid items	45,043	-	45,043
 Total assets	<u>\$ 5,942,348</u>	<u>\$ 5,491,743</u>	<u>\$ 11,434,091</u>
LIABILITIES			
Accounts payable	\$ 118,296	\$ -	\$ 118,296
Accrued salaries	93,944	-	93,944
Due to proprietary fund	5,262,373	-	5,262,373
Due to fiduciary fund	-	5,491,743	5,491,743
Total liabilities	<u>5,474,613</u>	<u>5,491,743</u>	<u>10,966,356</u>
FUND BALANCES			
Nonspendable			
Deposits and prepaid items	45,043	-	45,043
Unassigned	422,692	-	422,692
Total fund balance	<u>467,735</u>	<u>-</u>	<u>467,735</u>
 Total liabilities and fund balance	<u>\$ 5,942,348</u>	<u>\$ 5,491,743</u>	<u>\$ 11,434,091</u>

Reconciliation of fund balance on the Balance Sheet for the governmental funds to the net position of the governmental activities on the Statement of Net Position:

Fund balances - governmental funds	\$ 467,735
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$123,552 and the accumulated depreciation and amortization is \$72,021.	51,531
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Lease liability only recognized in the government-wide financial statements.	(110,597)
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Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(102,573)
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Net position - governmental activities	<u>\$ 306,096</u>
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The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Intergovernmental revenues:			
Grants and contributions:			
Commonwealth of Virginia	\$ 28,535,168	\$ 138,767,946	\$ 167,303,114
Federal	1,642,129	-	1,642,129
Regional	455,251	-	455,251
Local jurisdictions	340,747	-	340,747
Motor vehicle fuel sales tax	-	29,590,766	29,590,766
Project chargebacks	80,002	-	80,002
Interest income	1,676	-	1,676
Other income	100	-	100
Total revenues	<u>31,055,073</u>	<u>168,358,712</u>	<u>199,413,785</u>
Expenditures:			
Current:			
General and administration	1,861,154	-	1,861,154
Project costs	2,786,272	-	2,786,272
Payments to fiduciary fund	-	168,358,712	168,358,712
Capital outlay	25,467	-	25,467
Total expenditures	<u>4,672,893</u>	<u>168,358,712</u>	<u>173,031,605</u>
Other financing uses:			
Transfer out	(26,398,505)	-	(26,398,505)
Change in fund balances	(16,325)	-	(16,325)
Fund balances, beginning of year	484,060	-	484,060
Fund balances, end of year	<u>\$ 467,735</u>	<u>\$ -</u>	<u>\$ 467,735</u>
Change in fund balances - total governmental funds			\$ (16,325)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.			
Add - capital outlay			25,467
Deduct - depreciation and amortization expense			(16,869)
The net effect of miscellaneous transactions involving capital assets (i.e. loss on disposal) is to decrease net position.			(461)
Amortization of lease liability is only recognized in the government-wide financial statements.			4,740
The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			(4,720)
Change in net position of governmental activities			<u>\$ (8,168)</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2016

	<u>Commuter Rail Service Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 12,991,638
Accounts receivable:	
Due from general fund	5,262,373
Trade receivables, net of allowance for doubtful accounts	1,010,673
Other receivables	327,915
Inventory	1,850,617
Deposits and prepaid items	64,265
Restricted cash, cash equivalents and investments	<u>5,609,607</u>
Total current assets	<u>27,117,088</u>
Capital assets:	
Rolling stock	132,377,536
Vehicles	69,155
Facilities	51,747,277
Track and signal improvements	42,350,282
Equipment and software	6,063,333
Construction in progress	6,948,336
Equity in property of others	2,893,644
Furniture, equipment and software	<u>2,744,668</u>
	245,194,231
Less accumulated depreciation and amortization	<u>(73,231,957)</u>
Total capital assets, net	<u>171,962,274</u>
Total assets	<u><u>\$ 199,079,362</u></u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2016

	<u>Commuter Rail Service Fund</u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 1,663,315
Due to general fund	28,920
Compensated absences	11,411
Accrued expenses	2,485,433
Accrued interest	164,435
Deferred revenue	782,333
Contract retainage	700,337
Note payable	2,188,783
Current portion of capital lease obligations	<u>657,125</u>
Total current liabilities	<u>8,682,092</u>
Noncurrent Liabilities:	
Capital lease obligations	6,422,352
Note payable	53,440,159
Compensated absences	<u>229,936</u>
Total noncurrent liabilities	<u>60,092,447</u>
Total liabilities	<u>68,774,539</u>
Net Position:	
Net investment in capital assets	109,253,855
Restricted for liability insurance plan	5,219,995
Restricted grants or contributions	389,612
Unrestricted	<u>15,441,361</u>
Total net position	<u>130,304,823</u>
Total liabilities and net position	<u><u>\$ 199,079,362</u></u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2016

	<u>Commuter Rail Service Fund</u>
Operating Revenues:	
Passenger revenue	\$ 17,474,503
Equipment rentals and other	<u>111,277</u>
Total operating revenues	<u>17,585,780</u>
Operating Expenses:	
Contract operations and maintenance	11,163,559
Other operations and maintenance	6,333,337
Property leases and access fees	7,034,750
Insurance	1,875,626
Marketing and sales	1,109,435
General and administrative	<u>4,873,950</u>
Total operating expenses	<u>32,390,657</u>
Operating loss before depreciation and amortization	(14,804,877)
Depreciation and amortization	<u>(8,476,784)</u>
Operating loss	<u>(23,281,661)</u>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	5,177,075
Regional transportation funding	271,335
Interest income:	
Operating funds	43,424
Insurance trust	34,722
Other restricted funds	99
Interest, amortization and other nonoperating expenses, net	<u>(3,041,457)</u>
Total nonoperating revenues, net	<u>2,485,198</u>
Loss before capital contributions and transfers, net	<u>(20,796,463)</u>
Capital contributions and transfers:	
Other local contributions	7,985
Contribution to PRTC	(1,642,814)
Transfers in	<u>26,398,505</u>
Total capital contributions and transfers	24,763,676
Extraordinary item (note 4)	<u>(941,473)</u>
Change in net position	3,025,740
Net position, beginning	<u>127,279,083</u>
Net position, ending	<u><u>\$ 130,304,823</u></u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2016

	<u>Commuter Rail Service Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 17,402,556
Payments to suppliers	(29,340,199)
Payments to employees	(2,877,821)
Net cash used in operating activities	<u>(14,815,464)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>23,659,688</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(18,692,546)
Capital grants and assistance	15,635,824
Proceeds from sale of capital assets	533,140
Principal paid on capital lease obligations	(627,582)
Principal paid on note	(2,080,914)
Interest paid on capital lease obligation	(345,239)
Interest paid on bonds and note	(2,708,223)
Contribution from General Fund	(1,482,338)
Net cash used in capital and related financing activities	<u>(9,767,878)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>75,706</u>
Decrease in cash and cash equivalents	(847,948)
Cash and Cash Equivalents, beginning	<u>19,449,193</u>
Cash and Cash Equivalents, ending	<u><u>\$ 18,601,245</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (23,281,661)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	8,476,784
Loss on disposal of assets	(111,019)
Increase in:	
Accounts receivable	(220,294)
Other receivables	(26,504)
Inventory	(42,911)
Prepaid items and other	(7,279)
Increase in:	
Accounts payable and accrued expenses	333,847
Unearned revenue	63,573
Net cash used in operating activities	<u><u>\$ (14,815,464)</u></u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 767,873
Capital assets acquired through accrued liabilities	1,227,279

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2016

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 174,137,431
Due from special revenue fund - Motor vehicle fuel sales tax	5,491,743
Due from other governments - Commonwealth of Virginia grants	<u>543,518</u>
Total assets	<u>180,172,692</u>
LIABILITIES	
Due to member jurisdictions	3,100
Due to general fund	<u>90,974</u>
Total liabilities	<u>94,074</u>
NET POSITION	
Net position held in trust for member jurisdictions	<u><u>\$ 180,078,618</u></u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2016

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 168,358,712
Intergovernmental revenues	32,084,022
Investment income	501,058
Total additions	<u>200,943,792</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	17,133,698
Project development	614,500
Metrorail operating	64,370,747
Metrobus operating	86,796,959
MetroAccess operating	12,960,680
Metro debt service	31,484
Other funds disbursed:	
Other capital disbursements	7,658,733
Other operating disbursements	20,305,023
Total deductions	<u>209,871,824</u>
Change in net position	(8,928,032)
Net position held in trust for member jurisdictions	
Beginning of year	189,006,650
End of year	<u><u>\$ 180,078,618</u></u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Northern Virginia Transportation Commission ("NVTC") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

The Northern Virginia Transportation District (the "District") was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, to assume the powers and purposes of transportation districts under the Act. The transportation district comprises the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax and Loudoun, and has all the powers granted transportation districts in the Act. The Act was created for the purpose of developing transportation systems necessary to the orderly growth and development of urban areas of the Commonwealth of Virginia for the safety, comfort, and convenience of its citizens and for the economical utilization of public funds. The District has no taxing power, although a tax imposed by the Virginia General Assembly is collected within the District's boundaries for its benefit. The Northern Virginia Transportation Commission is the governing body of the District, and was created pursuant to the Authorizing Legislation to manage and control the functions, affairs, and property of the District.

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage and other services at Union Station.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of NVTC. Governmental activities, which are supported by intergovernmental revenues, are reported separately from the business-type activities of the VRE joint venture, which rely to a significant extent on charges for services.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include charges to customers who use services provided by a given function, and grants and contributions are restricted to meeting the operational or capital requirements of a particular function.

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Separate fund financial statements are provided for governmental funds, proprietary fund, and fiduciary fund. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). The proprietary fund is reported on a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The fiduciary fund is reported on a Statement of Net Position and a Statement of Changes in Net Position. The fiduciary fund is not included in the government-wide statements. Eliminations have been made to minimize the double counting of internal activities.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenditures, are recognized at the time the expenditures are incurred. Any excess of revenues or expenditures at year-end are recorded as deferred revenue or accounts receivable, respectively. Derived tax revenues are recognized when the underlying transactions have occurred.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, NVTC considers revenues to be available if they are collected within 90 days after year end. Revenues from grants that are expenditure based are recognized if the expenditure has been made and invoiced to the grant. Expenditures are recorded when a liability is incurred, as under the full accrual method of accounting. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

Proprietary Fund – The financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with the principal ongoing operation. The principal operating revenues are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned. Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities. Intergovernmental revenues, consisting primarily of Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Position when expended. Monetary and in-kind contributions are recorded as matching obligations to the jurisdictions or other construction partners as assessed. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major enterprise fund:

Commuter Rail Service Fund

The Commuter Rail Service Fund accounts for NVTC's portion of VRE's operation and maintenance costs for commuter rail service, financed by charges for services, jurisdictional contributions, and operating and capital received from the Commonwealth of Virginia.

Fiduciary Fund – The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

D. Budgeting

Although not statutorily required, NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables NVTC to determine the annual contributions required from the member jurisdictions to fund its planning and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets.

E. Other Significant Accounting Policies

1. Cash and cash equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP or Pool), a 2a7-like pool, is reported at the Pool's share price.

2. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, and a small liability claims account.

Restricted cash and cash equivalents as reported by the Trust fund are funds restricted for use by the member jurisdictions for certain transit purposes.

3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$86,900 at June 30, 2016 for the proprietary fund.

4. Inventory

An inventory of spare parts for rolling stock has been purchased and is maintained and managed at the Commissions' warehouse located at the Crossroads yard. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

6. Capital assets

For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated historic value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such the net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities ("equity in property of others") recognize the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

Interest is capitalized on qualifying construction in progress projects until they reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

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

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	30 years
Equipment and software	5 years
Equity in properties of others	3-35 years
Furniture, equipment and software	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2016.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

7. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned, generally, based upon the length of employment. Employees with zero through 9 years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years of service, the maximum carryover is 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

Sick leave for NVTC employees may also be accumulated. After five years of service, NVTC employees are eligible to receive 25% of their accumulated sick leave at the then current wage rate for hours in excess of 450, without limit. Employees hired prior to January 3, 2008 have the option of receiving a payment for 25% of accrued hours of sick leave with a maximum of \$5,000. The calculation producing the largest amount for each eligible employee has been recorded as a liability. In prior years, the General Fund was responsible for paying the liability for compensated absences for general government employees.

The employees of the VRE joint venture are employees of PRTC and are subject to PRTC's leave policies. VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer.

VRE employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

8. Fund equity

In the fund financial statements, the governmental fund reports classifications of fund balance as follows:

Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

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

NVTC will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Indirect expenditure allocation

Employee benefits are allocated to projects based on direct labor charges. Overhead and other indirect costs are not charged to NVTC projects.

10. Net position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NVTC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NVTC first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

11. Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

12. Inter-fund transfers

Transactions among NVTC's funds would be treated as revenues and expenditures or expenses if they involved organizations external to NVTC government are accounted for as revenues and expenditures or expenses in funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which revenues are to be expended, are separately reported in the respective funds' operating statements.

13. Subsequent events

NVTC has evaluated subsequent events through November 21, 2016, which was the date the financial statements were available to be issued.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Cash and Investments

At June 30, 2016, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 381,141	\$ 3,967,614	\$ -	\$ 4,348,755
LGIP	81,317	9,024,024	174,137,431	183,242,772
	462,458	12,991,638	174,137,431	187,591,527
Restricted:				
Cash	-	389,612	-	389,612
LGIP	-	26,616	-	26,616
Insurance trust fund – pooled funds	-	5,193,379	-	5,193,379
	-	5,609,607	-	5,609,607
Total	\$ 462,458	\$ 18,601,245	\$ 174,137,431	\$ 193,201,134

Maturities of all investments are less than one year.

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes; bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

As of June 30, 2016, the reporting entity had investments of \$183,269,388 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth’s pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2016, a total of \$10,386,757 was invested in the Insurance Trust, of which \$5,193,379 is included in the NVTC reporting entity. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. In fiscal year 2016, earnings on the Insurance Trust in the amount of \$69,444 were credited to VRE, of which \$34,722 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

NVTC's investment authority and permitted instruments are contained in resolutions approved by the NVTC Board. NVTC's investment policy objectives are to generate revenue while balancing risk and ensuring the availability of cash to meet the Commission's and the jurisdictions' expenditure requirements. The objectives are prioritized in the following order: safety, liquidity, and return on investments. Allowable investments are restricted to instruments permitted by the *Code of Virginia*, with maximum percentages of the portfolio permitted in each of the following instruments:

LGIP	100%
U. S. Treasury Obligations	100%
Certificates of Deposit	75%
Bankers' Acceptances	50%
Repurchase Agreements	35%
Commercial Paper	25%

The VRE Operations Board has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet VRE's expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of VRE's investment activities, in priority order, are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

Credit risk

The investment policy specifies credit quality for certain types of investments, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services.

Custodial credit risk

For deposits, custodial credit risk is the risk in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the reporting entity is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

Interest rate risk

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

Concentration of credit risk

VRE's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, or authority	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

When applicable, NVTC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NVTC has no investments subject to fair value measurements as of June 30, 2016.

Note 3. Due From Other Governments

At June 30, 2016, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 5,491,743	\$ 5,491,743
Grants	5,290,796	-	5,290,796
	<u>5,290,796</u>	<u>5,491,743</u>	<u>10,782,539</u>
Due from Northern Virginia Transportation Authority:			
Project funding	9,280	-	9,280
Due from Local Jurisdictions:			
Local grant match	14,877	-	14,877
	<u>\$ 5,314,953</u>	<u>\$ 5,491,743</u>	<u>\$ 10,806,696</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$5,262,373 for commuter rail and \$28,423 for other projects.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Furniture, equipment and software	\$ 114,354	\$ 25,467	\$ (16,269)	\$ -	\$ 123,552
Less accumulated depreciation or amortization	70,960	16,869	(15,808)	-	72,021
Governmental activities capital assets, net	\$ 43,394	\$ 8,598	\$ (461)	\$ -	\$ 51,531
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 14,520,293	\$ 18,166,284	\$ -	\$ (25,738,241)	\$ 6,948,336
Capital assets being depreciated or amortized:					
Rolling stock	124,647,979	-	-	7,729,557	132,377,536
Vehicles	53,598	15,557	-	-	69,155
Facilities	51,224,981	13,404	(1,517,718)	2,026,610	51,747,277
Track and signal improvements	26,342,184	26,024	-	15,982,074	42,350,282
Equipment and software	5,998,438	64,895	-	-	6,063,333
Equity in property of others	2,893,644	-	-	-	2,893,644
Furniture, equipment and software	2,721,694	22,974	-	-	2,744,668
Total capital assets being depreciated or amortized	213,882,518	142,854	(1,517,718)	25,738,241	238,245,895
Less accumulated depreciation or amortization for:					
Rolling stock	29,711,789	5,046,715	-	-	34,758,504
Vehicles	39,401	5,767	-	-	45,168
Facilities	16,170,798	1,521,601	(43,106)	-	17,649,293
Track and signal improvements	10,719,969	1,162,652	-	-	11,882,621
Equipment and software	4,532,528	426,373	-	-	4,958,901
Equity in property of others	1,648,436	84,949	-	-	1,733,385
Furniture, equipment and software	1,975,358	228,727	-	-	2,204,085
Total accumulated depreciation or amortization	64,798,279	8,476,784	(43,106)	-	73,231,957
Total capital assets being depreciated or amortized, net	149,084,239	(8,333,930)	(1,474,612)	25,738,241	165,013,938
Business-Type activities capital assets, net	\$ 163,604,532	\$ 9,832,354	\$ (1,474,612)	\$ -	\$ 171,962,274

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (Continued)

During fiscal year 2016, the Virginia Department of Transportation (VDOT) took a VRE facility by eminent domain for the purpose of widening Route 1 and reconstructing the Route 1 and 123 interchange for the appraised value. Since the Federal Transit Administration (FTA) provided a portion of the funding for the land and improvements, the Commissions must return 80% of the appraised value to the FTA or use the funds for another eligible federal project. The reporting entities share of the loss on the disposition of this facility in the amount of \$941,473 is recorded as an extraordinary item in the financial statements.

Depreciation and amortization expenses for the year ended June 30, 2016 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary Government:		
General and administration	\$ 16,869	\$ -
Commuter rail	-	8,476,784

Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

Assets owned by the Commissions for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Joint Venture – Virginia Railway Express (Continued)

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the then current 90% system ridership and 10% population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Joint Venture – Virginia Railway Express (Continued)

Financial information from VRE's fiscal year 2016 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets	
Cash and cash equivalents	\$ 28,026,242
Accounts receivable:	
Due from PRTC – FTA and other	28,642,153
Commonwealth of Virginia grants	5,262,372
Trade and other, net of allowance	3,628,407
Inventory	3,992,249
Prepaid expenses and other	138,636
Restricted cash, cash equivalent, and investments	11,219,213
Total current assets	<u>80,909,272</u>
Noncurrent Assets	
Pension asset	213,799
Capital assets (net of \$146,463,913 accumulated depreciation and amortization)	343,924,549
Total noncurrent assets	<u>344,138,348</u>
Total assets	425,047,620
Deferred outflows of resources: pension plan	319,010
Total assets and deferred outflows of resources	<u>\$ 425,366,630</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities	
Accounts payable and accrued liabilities	\$ 10,758,825
Unearned revenue	1,687,689
Contract retainage	1,400,674
Current portion of:	
Capital lease obligations	1,314,250
Note payable	2,188,783
Total current liabilities	<u>17,350,221</u>
Noncurrent Liabilities	
Capital lease obligations	12,844,704
Note payable	53,440,159
Compensated absences	496,031
Total noncurrent liabilities	<u>66,780,894</u>
Total liabilities	<u>84,131,115</u>
Deferred inflows of resources: pension plan	182,256
Net Position:	
Net investment in capital assets	274,136,653
Restricted for liability insurance plan	10,439,990
Restricted grants and contributions	779,223
Unrestricted assets	55,697,393
Total net position	<u>341,053,259</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 425,366,630</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Joint Venture – Virginia Railway Express (Continued)

VIRGINIA RAILWAY EXPRESS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2016

Operating revenues	\$ 37,936,965
Operating expenses	69,874,826
Operating loss before depreciation and amortization	<u>(31,937,861)</u>
Depreciation and amortization	(16,953,565)
Operating loss	<u>(48,891,426)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	16,572,077
Federal grants – with PRTC as grantee	13,917,534
Jurisdictional contributions	16,428,800
Regional transportation funding (NVTa)	542,671
Interest income:	
Operating funds	93,677
Insurance trust	69,444
Other restricted funds	197
Interest, amortization and other nonoperating expenses, net	(3,384,762)
Total nonoperating revenues, net	<u>44,239,638</u>
Capital grants and assistance:	
Commonwealth of Virginia grants	9,826,429
Federal grants – with PRTC as grantee	22,125,460
In-kind and other local contributions	851,659
Total capital grants and assistance	<u>32,803,548</u>
Extraordinary item	<u>(1,882,945)</u>
Change in net position	26,268,815
Net position, beginning of year	<u>314,784,444</u>
Net position, ending	<u>\$ 341,053,259</u>

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

Intergovernmental revenues from the Commonwealth of Virginia include the regional motor vehicle fuel sales tax, NVTC project revenue, operating and capital assistance for NVTC's WMATA Compact members' local systems contracted prior to fiscal year 2013, operating and capital assistance for NVTC's WMATA Compact members' WMATA subsidies, and operating and capital assistance for the Virginia Railway Express commuter rail service.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Pension Plans

Employees of the reporting entity are covered under two separate plans. The NVTC Pension Trust covers eligible employees of the Governmental activities of NVTC, while the Virginia Retirement System covers the eligible employees of the Business-type activities of the VRE joint venture through employment with PRTC.

NVTC – Target Benefit Plan

NVTC contributes to the Northern Virginia Transportation Commission Pension Trust (the “Plan”), a single employer public employees’ retirement system, contributory target benefit pension plan covering substantially all employees. Under the terms of the Plan, the normal retirement date is the July 1st closest to the participant’s 65th birthday. Early retirement may be elected if the participant has attained age 55 with ten years of continuous service. Employees vest in the employer’s contributions at the rate of 20% for each year of service until fully vested.

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2016 totaled \$99,697 (12.1% of covered payroll). Required employee contributions for the year ended June 30, 2016 totaled \$16,065 (1.9% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC’s payroll for employees covered by the plan for the year ended June 30, 2016 was approximately \$827,000.

Note 8. Operating Leases and Agreements

Governmental activities

NVTC leases office space under a 125-month agreement which commenced on January 1, 2011 and expires May 31, 2021. The lease provides for 3% annual increases in base rent over the term of the lease, and the pass through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first five months of rent. For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for Governmental Activities as reported in the government wide financial statements totals \$201,384 (\$206,124 paid less \$4,740 amortization). The Statement of Net Position reported a liability of \$110,597 related to the lease. The remaining liability will be amortized over the remaining lease.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2020. Minimum monthly payments under these agreements equal \$406 per month, with payments totaling \$2,436 for the year ended June 30, 2016.

As of June 30, 2016, the minimum long-term lease commitments were as shown below:

Years Ending June 30,	Amount
2017	\$ 203,063
2018	209,009
2019	215,121
2020	221,421
2021	206,628
Total	<u>\$ 1,055,242</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements (Continued)

Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2016, annual track usage fees totaled approximately \$9,224,100, and facility and other identified costs totaled approximately \$521,000.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. For the year ended June 30, 2016, costs for track access and equipment storage totaled approximately \$5,831,000, and mid-day maintenance, utility and other services totaled approximately \$4,332,000. Cost adjustments will be made in fiscal year 2017 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning July 1, 2015. The cost of train operations and maintenance for the year ended June 30, 2016 totaled approximately \$19,828,000. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2016 reflect contractual increases and the addition of a new train during the fiscal year. Costs for fiscal year 2017 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index. A separate contract for maintenance of equipment and facilities will be in effect for the period beginning July 1, 2016.

Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 97,853	\$ 92,095	\$ (87,375)	\$ 102,573	\$ 33,683
Total governmental activities	97,853	92,095	(87,375)	102,573	33,683
Business-type activities					
Capital leases	7,707,059	-	(627,582)	7,079,477	657,125
Note payable	57,709,856	-	(2,080,914)	55,628,942	2,188,783
Compensated absences	170,131	154,928	(83,712)	241,347	11,411
Total business-type activities	65,587,046	154,928	(2,792,208)	62,949,766	2,857,319
Total Primary Government	\$ 65,684,899	\$ 247,023	\$ (2,879,583)	\$ 63,052,339	\$ 2,891,002

Federal arbitrage regulations apply to VRE's Gallery IV capitalized lease.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (Continued)

Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$17,449,718 (NVTC reporting entity, \$8,724,859)	\$ 14,108,906	\$ 7,054,453

Future minimum lease payments as of June 30, 2016 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2017	\$ 1,931,357	\$ 965,678
2018	1,931,357	965,679
2019	1,931,357	965,678
2020	1,931,357	965,679
2021	1,931,357	965,678
2022-2026	7,725,428	3,862,715
Total minimum lease payments	17,382,213	8,691,107
Lease amount representing interest	3,273,307	1,636,654
Present value of lease payments	\$ 14,108,906	\$ 7,054,453

Capitalized Lease – Copiers

	Total	NVTC Reporting Entity
\$73,425 capitalized lease obligations; \$1,329 due monthly, interest at 9.39%, maturing in 2020; \$330 due monthly, interest at 11.73%, maturing in 2018, collateralized with three multifunction copiers with a carrying value of \$41,395 (NVTC reporting entity, \$20,698)	\$ 50,048	\$ 25,024

Future minimum lease payments as of June 30, 2016 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2017	\$ 19,908	\$ 9,954
2018	19,248	9,624
2019	15,948	7,974
2020	2,658	1,329
Total minimum lease payments	57,762	28,881
Less amount representing interest	7,714	3,857
Present value of lease payments	\$ 50,048	\$ 25,024

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (Continued)

Notes Payable – Gallery IV (60 cars)

In fiscal year 2008, an agreement in the name of NVTC was entered into with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance of the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The carrying value of the railcars was \$79,279,560 at June 30, 2016.

\$63,844,842 Promissory Note; due in quarterly maturities of \$533,073 to \$1,195,258 through March 2033, plus quarterly interest at 4.74%

\$ 55,628,942

Mandatory debt service requirements for the note consist of the following:

Years Ending June 30,	Principal	Interest	Total Required
2017	\$ 2,188,783	\$ 2,594,730	\$ 4,783,513
2018	2,290,688	2,492,825	4,783,513
2019	2,401,211	2,382,302	4,783,513
2020	2,513,907	2,269,606	4,783,513
2021	2,641,432	2,142,081	4,783,513
2022-2026	15,229,226	8,688,337	23,917,563
2027-2031	19,275,259	4,642,304	23,917,563
2032-2033	9,088,436	478,588	9,567,024
	<u>\$ 55,628,942</u>	<u>\$ 25,690,773</u>	<u>\$ 81,319,715</u>

Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$163,000 at June 30, 2016, of which \$81,500 was included in the NVTC reporting entity.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 10. Risk Management and Liability Insurance Plan (Continued)

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the years ended June 30, 2016 was as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,434,495	\$ 5,217,248
Contribution to reserves	3,950,000	1,975,000
Insurance premiums paid	(3,966,626)	(1,983,313)
Investment income	69,444	34,722
Actuarial and administrative charges	(81,707)	(40,853)
Transfer to VRE for small liability claims	(18,849)	(9,425)
Ending balance, June 30	<u>\$ 10,386,757</u>	<u>\$ 5,193,379</u>

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

Note 11. Significant Commitments and Contingencies

NVTC and the VRE joint venture have received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on the reporting entities policies and past experience, management believes no refunds would be due in the case of an audit and accordingly no provision has been made in the accompanying financial statements for the refund of grant monies.

Governmental activities

A combination of Federal and Commonwealth of Virginia Grants and local funds are available to finance substantially all of the NVTC contracted services for the projects. Significant NVTC contracts include a sufficiency of funding clause in the event funding becomes unavailable.

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract.

Business-type activities

At June 30, 2016, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with VRE as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2016:

Stations and parking lots	\$ 2,243,252
Rolling Stock	31,412,358
Maintenance and layover yards	1,125,176
Other administrative	1,983,352
Total	<u>\$ 36,764,138</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Pending GASB Statements

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

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

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will improve the accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 will be effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

Note 13. Subsequent Events

The Commissions entered into contracts at various times from August 2016 through October 2016 to purchase fuel at set prices for delivery in September 2016 through March 2017. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 420,000 gallons of fuel at a cost of approximately \$660,000.

The first year of the Commissions' contract with Keolis Rail Services, Virginia LLC for maintenance of equipment and facilities went into effect on July 1, 2016 for a five-year base term. The contract also provides for two subsequent five-year option periods. The existing agreement with Keolis Rail Services, Virginia LLC for operations and maintenance was amended to remove the maintenance functions, effective July 1, 2016.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2016

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 20,382,729	\$ 30,138,626	\$ 1,617,330	\$ 85,632,072	\$ 997,189	\$ -	\$ 138,767,946
Motor Vehicle Fuel Sales Tax	2,156,124	2,610,504	1,143,227	15,818,309	937,229	6,925,373	29,590,766
Intergovernmental revenues, grants:							
Commonwealth of Virginia	4,666,857	7,776,560	359,954	19,058,317	222,334	-	32,084,022
Investment income	33,887	116,936	9,404	268,982	775	71,074	501,058
Total additions	<u>27,239,597</u>	<u>40,642,626</u>	<u>3,129,915</u>	<u>120,777,680</u>	<u>2,157,527</u>	<u>6,996,447</u>	<u>200,943,792</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	4,000,000	9,556,553	470,299	2,912,128	194,718	-	17,133,698
Project development	133,000	261,000	6,000	208,500	6,000	-	614,500
Metrail operating	6,058,521	13,648,485	974,248	43,165,249	524,244	-	64,370,747
Metrobus operating	17,203,468	14,271,297	597,936	53,495,583	1,228,675	-	86,796,959
MetroAccess operating	-	-	268,822	12,636,433	55,425	-	12,960,680
Metro debt service	-	-	-	-	31,484	-	31,484
Other funds disbursed:							
Other capital disbursements	-	6,522,130	207,472	-	59,409	869,722	7,658,733
Other operating disbursements	-	4,757,368	324,438	14,160,353	-	1,062,864	20,305,023
Total deductions	<u>27,394,989</u>	<u>49,016,833</u>	<u>2,849,215</u>	<u>126,578,246</u>	<u>2,099,955</u>	<u>1,932,586</u>	<u>209,871,824</u>
Change in net position	(155,392)	(8,374,207)	280,700	(5,800,566)	57,572	5,063,861	(8,928,032)
Net position held in trust for member jurisdictions							
Beginning of year	<u>16,532,819</u>	<u>43,875,032</u>	<u>3,553,667</u>	<u>104,162,274</u>	<u>662,175</u>	<u>20,220,683</u>	<u>189,006,650</u>
End of year	<u>\$ 16,377,427</u>	<u>\$ 35,500,825</u>	<u>\$ 3,834,367</u>	<u>\$ 98,361,708</u>	<u>\$ 719,747</u>	<u>\$ 25,284,544</u>	<u>\$ 180,078,618</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2016

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 1,364	\$ 1,364	\$ -
Audit and Legal	55,306	55,306	-
Capital outlay	25,467	25,467	-
Commissioners' per diem	11,046	11,046	-
Computer	7,967	7,967	-
Conference registration and training	12,326	12,326	-
Copier duplicating	11,329	11,329	-
Disability insurance	5,106	4,836	270
Employee group insurance	70,338	66,625	3,713
Employee retirement	99,697	94,434	5,263
Employer payroll taxes	81,875	77,553	4,322
Leave - annual, holiday, and sick	150,418	142,477	7,941
Memberships and subscriptions	1,201	1,201	-
Miscellaneous	6,430	6,430	-
Office supplies	4,050	4,050	-
Office rent	206,124	206,124	-
Insurance and liability bonds	5,699	5,699	-
Parking and Transit	12,955	12,835	120
Postage and shipping	1,605	1,605	-
Project consultants and other project costs	2,741,447	29,328	2,712,119
Public information	576	500	76
Salaries and wages	1,084,069	1,032,208	51,861
Special events	20,686	20,686	-
State liaison	32,292	32,292	-
Telephone and data	7,717	7,717	-
Travel and meetings	15,803	15,215	588
Total expenditures	<u>\$ 4,672,893</u>	<u>\$ 1,886,621</u>	<u>\$ 2,786,272</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2016

	Jurisdiction Grants & Projects	NTD	Fare Collection	Route 7	Totals
Revenues:					
Commonwealth of Virginia	\$ 307,104	\$ -	\$ 56,500	\$ -	\$ 363,604
Federal	1,642,129	-	-	-	1,642,129
Regional	-	-	-	455,251	455,251
Local	-	194,634	56,500	-	251,134
NVTC match	-	1,911	23,416	48,827	74,154
Total revenue	<u>\$ 1,949,233</u>	<u>\$ 196,545</u>	<u>\$ 136,416</u>	<u>\$ 504,078</u>	<u>\$ 2,786,272</u>
Expenditures:					
Consultants	\$ -	\$ 194,634	\$ 113,000	\$ 455,252	\$ 762,886
Costs incurred	1,949,233	-	-	-	1,949,233
Fringe benefits	-	560	6,799	14,149	21,508
Parking	-	-	72	48	120
Public information	-	-	-	76	76
Salaries and wages	-	1,351	16,394	34,116	51,861
Travel	-	-	151	437	588
Total expenditures	<u>\$ 1,949,233</u>	<u>\$ 196,545</u>	<u>\$ 136,416</u>	<u>\$ 504,078</u>	<u>\$ 2,786,272</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Project Costs to Date - Active Projects
Period Ended June 30, 2016

	Jurisdiction Grants & Projects	NTD and Bus Data Collection	NEPP	Route 7	Totals
Revenues:					
Commonwealth of Virginia	\$ 1,068,511	\$ 1,675,569	\$ 151,500	\$ 43,500	\$ 2,939,080
Federal	5,666,356	113,067	-	349,537	6,128,960
Regional	-	-	-	785,252	785,252
Local	5,000	926,382	151,500	43,750	1,126,632
NVTC match	71,101	54,722	65,304	89,483	280,610
Total revenue	<u>\$ 6,810,968</u>	<u>\$ 2,769,740</u>	<u>\$ 368,304</u>	<u>\$ 1,311,522</u>	<u>\$ 11,260,534</u>
Expenditures:					
Advertising	\$ 306	\$ 1,210	\$ -	\$ -	\$ 1,516
Consultants	442,735	2,699,970	303,000	1,222,174	4,667,879
Copier duplicating	-	-	-	37	37
Costs incurred	6,297,130	-	-	-	6,297,130
Fringe benefits	22,963	20,303	18,780	26,304	88,350
Parking	8	60	360	144	572
Postage	-	960	-	307	1,267
Public information	-	-	-	362	362
Salaries and wages	47,718	46,866	46,013	61,697	202,294
Telephone	108	21	-	-	129
Travel	-	350	151	497	998
Total expenditures	<u>\$ 6,810,968</u>	<u>\$ 2,769,740</u>	<u>\$ 368,304</u>	<u>\$ 1,311,522</u>	<u>\$ 11,260,534</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2016

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
Northern Virginia Transportation Commission									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2016	8/3/2015	73016-53	\$ 9,782,860	\$ -	\$ 9,782,860	\$ 9,782,860	\$ 9,782,860	\$ -	\$ 9,782,860
Fiscal Year 2016	8/3/2015	73016-54	31,621,455	-	24,876,105	24,876,105	24,876,105	-	24,876,105
Fiscal Year 2016	8/3/2015	73016-55	2,615,481	-	2,037,003	2,037,003	2,037,003	-	2,037,003
Fiscal Year 2016	8/3/2015	73016-56	17,998	-	17,998	17,998	17,998	-	17,998
Fiscal Year 2016	8/3/2015	73016-57	889,893	-	-	-	-	-	-
Fiscal Year 2016	8/3/2015	73016-58	140,250	-	140,250	140,250	140,250	-	140,250
Fiscal Year 2015	7/18/2014	73015-47	3,369,003	-	138,528	138,528	138,528	-	3,369,003
Fiscal Year 2015	7/18/2014	73015-51	13,465,111	-	-	-	-	-	12,810,846
Fiscal Year 2015	7/18/2014	73015-52	21,876,797	-	-	-	-	-	20,815,787
Fiscal Year 2015	7/18/2014	73015-53	3,197,559	-	-	-	-	-	3,044,035
Fiscal Year 2012	10/18/2011	73012-48	754,380	-	-	-	-	-	570,953
Fiscal Year 2012	10/18/2011	73012-49	17,926,808	-	-	-	-	-	8,981,360
Fiscal Year 2012	10/18/2011	73012-52	28,590	-	-	-	-	-	27,470
Fiscal Year 2012	10/18/2011	73012-54	445,500	-	-	-	-	-	427,545
Fiscal Year 2012	10/18/2011	73012-61	1,350,000	-	-	-	-	-	557,409
Fiscal Year 2012	10/18/2011	73012-65	750,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-66	1,250,000	-	-	-	-	-	1,244,292
Fiscal Year 2012	10/18/2011	73012-67	750,000	23,207	95,350	72,143	72,143	-	630,464
Fiscal Year 2012	10/18/2011	73012-68	100,000	-	-	-	-	-	64,570
Fiscal Year 2012	10/18/2011	73012-69	150,000	-	-	-	-	-	82,576
Fiscal Year 2012	10/18/2011	73012-72	225,000	-	-	-	-	-	91,969
Fiscal Year 2012	10/18/2011	73012-74	525,000	15,506	79,501	63,995	63,995	-	281,363
Fiscal Year 2012	10/18/2011	73012-76	350,000	-	-	-	-	-	321,181
Fiscal Year 2012	10/18/2011	73012-77	100,000	-	-	-	-	-	43,186
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-29	53,000	-	-	-	-	-	6,155
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	-
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	36,804	36,804	36,804	-	36,804
Fiscal Year 2010	1/8/2014	72510-13	169,290	98,539	148,262	49,723	49,723	-	169,289
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	2/2/2011	72510-25	133,250	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	10,007	10,007	10,007	-	12,633
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	-	-	-	-	7,982
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	-	-	-	-	138,968

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2016

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2009	7/1/2008	73009-44	\$ 4,626,150	\$ 324,722	\$ 1,960,942	\$ 1,636,220	\$ 1,636,220	\$ -	\$ 2,830,956
Fiscal Year 2009	7/2/2009	72508-09	175,560	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-10	100,320	961	10,864	9,903	9,903	-	14,277
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	-	-	-	-	-	13,234
Fiscal Year 2008	10/1/2008	72508-14	59,500	-	23,612	23,612	23,612	-	59,500
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	750	750	750	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	1,870	46,511	44,641	44,641	-	54,113
Fiscal Year 2008	1/8/2014	72508-46	241,000	80,877	152,504	71,627	71,627	-	240,962
Fiscal Year 2008	4/5/2012	72508-48	209,245	-	-	-	-	-	-
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	4,195	4,195	4,195	-	4,195
Fiscal Year 2008	10/16/2007	73008-17	2,139,112	-	-	-	-	-	2,011,428
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	63,960	63,960	63,960	-	63,960
Fiscal Year 2008	10/16/2007	73008-74	312,873	-	13,200	13,200	13,200	-	13,200
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	51,410
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	-	-	-	-	-
Operating									
Fiscal Year 2016		72016-26	99,790,236	-	99,790,236	99,790,236	99,790,236	-	99,790,236
Demonstration \ Experimental:									
Fiscal Year 2015									
Intern Program	8/3/2015	71216-03	40,000	-	-	1,180	1,180	1,180	1,180
Intern Program	9/2/2014	71215-04	40,000	3,688	21,436	30,992	30,992	13,244	40,000
Fiscal Year 2014									
NEPP Technical Assist.	9/2/2014	71315-03	400,000	-	37,500	51,500	51,500	14,000	51,500
NEPP Technical Assist.	12/1/2013	71314-02	100,000	28,000	33,000	5,000	5,000	-	100,000
Total State Assistance - NVTC			<u>224,550,060</u>	<u>577,370</u>	<u>139,521,378</u>	<u>138,972,432</u>	<u>138,972,432</u>	<u>28,424</u>	<u>195,930,957</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2016

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2015	8/3/2015	50002	\$ 4,539,850	\$ -	\$ 2,661,519	\$ 3,277,413	\$ 3,277,413	\$ 615,894	\$ 3,277,413
Fiscal Year 2015	8/3/2015	50003	4,634,540	-	1,665,377	1,762,748	1,762,748	97,371	1,762,748
Fiscal Year 2016	9/16/2015	50012	12,045,657	-	700,196	1,187,332	1,187,332	487,136	1,187,332
Fiscal Year 2016	2/26/2016	50013	16,065,000	-	-	2,217	2,217	2,217	2,217
Fiscal Year 2010	6/10/2011	72510-51	720,474	-	-	-	-	-	645,786
Fiscal Year 2011	1/6/2014	72510-67	300,000	-	-	-	-	-	-
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	-	-	-	-	-	183,051
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2014	2/20/2014	72514-10	325,000	-	-	-	-	-	158,052
Fiscal Year 2016	2/2/2016	72516-07	68,973	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-60	749,000	14,994	23,739	8,745	8,745	-	321,715
Fiscal Year 2014	1/6/2014	73014-71	275,000	41,805	74,314	33,109	33,109	600	209,556
Fiscal Year 2014	10/14/2016	73014-72	212,449	-	-	212,449	212,449	212,449	212,449
Fiscal Year 2014	2/11/2016	73014-74	510,997	-	510,997	510,997	510,997	-	510,997
Fiscal Year 2014	8/15/2013	73014-75	3,799,032	-	-	-	-	-	2,879,916
Fiscal Year 2014	10/14/2016	73014-76	539,000	-	-	349,649	349,649	349,649	349,649
Fiscal Year 2014	1/6/2014	73014-77	145,134	25,390	140,567	115,177	115,177	-	145,134
Fiscal Year 2015	9/16/2015	73015-92	2,040,000	-	2,040,000	2,040,000	2,040,000	-	2,040,000
Fiscal Year 2007	2/29/2016	73015-94	1,705,189	-	32,951	38,622	38,622	5,671	38,622
Fiscal Year 2015	2/8/2016	73015-95	840,000	-	20,813	36,522	36,522	15,709	36,522
Fiscal Year 2015	10/14/2016	73015-98	879,572	-	-	330,817	330,817	330,817	330,817
Fiscal Year 2015	10/14/2016	73015-99	309,017	-	-	309,017	309,017	309,017	309,017
Fiscal Year 2016	10/14/2016	73016-84	867,200	-	-	80,528	80,528	80,528	80,528
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	-	-	19,052	19,052	19,052	19,052
Fiscal Year 2016	10/14/2016	73016-92	309,017	-	-	58,052	58,052	58,052	58,052
Fiscal Year 2016	10/19/2016	73016-93	790,564	-	-	404,295	404,295	404,295	404,295
Fiscal Year 2009	3/23/2016	73109-51	418,540	-	-	8,618	8,618	8,618	8,618
Fiscal Year 2011	7/22/2011	73111-20	135,899	7,298	31,330	52,328	52,328	28,296	69,372
Fiscal Year 2011	12/1/2012	73111-23	46,110	-	-	-	-	-	32,387
Fiscal Year 2012	2/4/2016	73112-33	48,708	-	25,614	25,614	25,614	-	25,614
Fiscal Year 2013	8/28/2012	73113-01	1,884,025	296,423	778,488	482,065	482,065	-	1,884,025
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	24,973	3,839,334	4,134,976	4,134,976	320,615	9,739,850
Fiscal Year 2014	10/9/2014	73114-76	232,716	-	232,716	232,716	232,716	-	232,716
Fiscal Year 2015	2/11/2016	73115-01	704,818	-	704,818	704,818	704,818	-	704,818
Operating:									
Fiscal Year 2016	8/3/2015	72016-31	9,201,466	-	9,201,466	9,201,466	9,201,466	-	9,201,466

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2016

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2015</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2016</u>	<u>Cumulative Expenditures</u>
<u>Virginia Railway Express (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Other Special Projects	7/18/2014	71315-04	\$ 125,000	\$ -	\$ 99,682	\$ 108,671	\$ 108,671	\$ 8,989	\$ 108,671
Rail Enhancement Fund:									
Gainesville-Haymarket	5/10/2013	76509-02	2,785,714	-	635,919	1,007,818	1,007,818	371,899	1,007,818
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	8,117,488	10,618,316	4,032,132	4,032,132	1,531,304	13,820,807
Cherry Hill Station	4/15/2008	76507-07	1,071,429	126,858	77,601	(49,257)	(49,257)	-	731,901
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	4,324,395	-	(4,320,201)	(4,320,201)	4,194	(4,320,201)
Total State Assistance - VRE			<u>97,565,428</u>	<u>12,979,624</u>	<u>34,115,757</u>	<u>26,398,505</u>	<u>26,398,505</u>	<u>5,262,372</u>	<u>48,410,782</u>
Total State Assistance - NVTC and VRE			<u>\$ 322,115,488</u>	<u>\$ 13,556,994</u>	<u>\$ 173,637,135</u>	<u>\$ 165,370,937</u>	<u>\$ 165,370,937</u>	<u>\$ 5,290,796</u>	<u>\$ 244,341,739</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2016**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
<u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)</u>									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2016									
Arlington County	10/19/2015	73016-59	\$ 155,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	10/19/2015	73016-60	39,950	-	4,901	4,901	4,901	-	4,901
Arlington County	10/19/2015	73016-61	1,734,000	-	3,786	3,786	3,786	-	3,786
Arlington County	10/19/2015	73016-62	46,410	-	12,245	12,245	12,245	-	12,245
Arlington County	10/19/2015	73016-63	811,185	-	-	-	-	-	-
Arlington County	10/19/2015	73016-64	170,000	-	-	-	-	-	-
Arlington County	10/19/2015	73016-65	2,651,581	-	2,651,581	2,651,581	2,651,581	-	2,651,581
Arlington County	10/19/2015	73016-66	493,000	-	484,883	484,883	484,883	-	484,883
Arlington County	10/19/2015	73016-67	51,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-68	1,836,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-69	17,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-70	816,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-72	340,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-73	1,870,000	-	-	72,227	72,227	72,227	72,227
Fairfax County	9/24/2015	73016-74	2,040,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-75	408,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-76	1,870,000	-	296,040	327,646	327,646	31,606	327,646
Fairfax County	9/24/2015	73016-77	850,000	-	16,645	27,049	27,049	10,404	27,049
Fairfax County	9/24/2015	73016-78	1,088,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-79	2,074,000	-	1,133,524	1,133,524	1,133,524	-	1,133,524
Fairfax County	9/24/2015	73016-80	3,230,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-81	42,500	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-82	357,000	-	-	-	-	-	-
Fiscal Year 2015									
Arlington County	9/12/2014	73015-54	211,480	-	163,423	163,423	163,423	-	163,423
Arlington County	9/12/2014	73015-55	38,760	-	10,012	10,012	10,012	-	38,760
Arlington County	9/12/2014	73015-56	538,220	-	274	274	274	-	274
Arlington County	9/12/2014	73015-57	17,000	235	2,858	2,623	2,623	-	2,858
Arlington County	9/12/2014	73015-58	737,800	-	-	-	-	-	238,319
Arlington County	9/12/2014	73015-59	44,880	-	-	-	-	-	-
Arlington County	9/12/2014	73015-61	2,885,580	-	-	-	-	-	-
Arlington County	9/12/2014	73015-62	80,920	34,237	57,069	22,832	22,832	-	80,920
Arlington County	9/12/2014	73015-63	68,000	28,177	68,000	39,823	39,823	-	68,000
Arlington County	9/12/2014	73015-64	850,000	-	-	-	-	-	-
Arlington County	9/12/2014	73015-65	98,940	-	-	-	-	-	71,402
Arlington County	9/12/2014	73015-66	523,600	-	-	-	-	-	-
Arlington County	9/12/2014	73115-62	2,720,000	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2016**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
<u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
City of Alexandria	10/8/2013	72513-17	\$ 282,987	\$ 117,233	\$ 282,987	\$ 165,754	\$ 165,754	\$ -	\$ 282,987
City of Alexandria	9/2/2014	73015-67	1,700,000	-	-	-	-	-	-
City of Alexandria	9/2/2014	73015-68	170,000	-	-	-	-	-	-
City of Alexandria	9/2/2014	73015-69	2,380,000	-	-	-	-	-	-
City of Alexandria	9/2/2014	73015-71	535,500	-	7,657	7,657	7,657	-	7,657
City of Fairfax	7/30/2014	73015-72	35,700	-	35,270	35,270	35,270	-	35,270
Fairfax County	10/7/2014	73015-74	5,780,000	-	-	-	-	-	5,482,575
Fairfax County	10/7/2014	73015-75	3,400,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-77	272,000	-	151,932	151,932	151,932	-	272,000
Fairfax County	10/7/2014	73015-78	76,500	-	-	76,500	76,500	76,500	76,500
Fairfax County	10/7/2014	73015-80	68,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-81	68,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-82	170,000	-	46,531	46,531	46,531	-	46,531
Fairfax County	10/7/2014	73015-83	850,000	4,402	81,989	87,823	87,823	10,236	92,225
Fairfax County	10/7/2014	73015-84	102,000	-	21,402	62,556	62,556	41,154	62,556
Fairfax County	10/7/2014	73015-85	595,000	-	-	-	-	-	63,902
Fairfax County	10/7/2014	73015-86	782,000	23,165	698,677	675,512	675,512	-	782,000
Fairfax County	10/7/2014	73015-87	782,000	26,101	356,558	351,013	351,013	20,556	782,000
Fairfax County	10/7/2014	73015-88	2,040,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-89	340,000	-	41,592	82,214	82,214	40,622	82,214
Fairfax County	10/7/2014	73015-90	47,600	-	-	8,708	8,708	8,708	8,708
Fairfax County	10/7/2014	73015-91	299,200	-	-	-	-	-	-
City of Falls Church	11/21/2014	73015-73	239,700	290	60,262	59,972	59,972	-	80,105
Fiscal Year 2014									
Arlington County	1/8/2014	73014-40	1,100,000	-	-	-	-	-	-
Arlington County	1/29/2014	73014-41	825,000	-	-	-	-	-	386,823
Arlington County	1/8/2014	73014-42	483,560	-	-	-	-	-	435,923
Arlington County	1/8/2014	73014-43	1,119,360	11,110	13,904	2,794	2,794	-	1,064,892
Arlington County	1/8/2014	73014-44	1,119,360	11,110	13,904	2,794	2,794	-	1,064,892
Arlington County	1/8/2014	73014-45	27,500	-	11,741	11,741	11,741	-	18,473
Arlington County	1/8/2014	73014-46	110,000	9,700	44,580	34,880	34,880	-	110,000
Arlington County	1/8/2014	73014-47	357,500	-	196,368	196,368	196,368	-	196,368
Arlington County	1/8/2014	73014-48	550,444	-	550,444	550,444	550,444	-	550,444
Arlington County	1/8/2014	73014-50	1,842,500	126,030	1,771,730	1,645,700	1,645,700	-	1,771,730
Arlington County	1/8/2014	73014-52	41,431	-	33,943	33,943	33,943	-	33,943
Arlington County	1/8/2014	73114-58	1,587,304	-	-	-	-	-	1,467,993
Arlington County	1/8/2014	73114-59	8,331,362	-	-	-	-	-	7,705,383
City of Alexandria	10/8/2013	73014-53	1,787,500	-	1,742,051	1,742,051	1,742,051	-	1,742,051

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2016

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2015	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016	Cumulative Expenditures
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Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)

Virginia Department of Rail and Public Transportation (DRPT) (continued)

Capital (continued):

City of Alexandria	10/8/2013	73014-54	\$ 2,029,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,019,309
City of Alexandria	10/8/2013	73014-55	660,000	-	-	-	-	-	-
City of Alexandria	1/6/2014	73114-53	817,168	-	-	-	-	-	788,949
City of Alexandria	1/6/2014	73114-54	7,289,093	-	-	-	-	-	4,141,132
City of Fairfax	8/26/2013	73014-56	23,100	-	-	-	-	-	20,797
City of Fairfax	8/26/2013	73014-57	11,000	-	-	-	-	-	10,036
City of Fairfax	1/6/2014	73114-62	63,216	-	-	-	-	-	45,250
City of Fairfax	1/6/2014	73114-63	331,782	-	-	-	-	-	237,509
Fairfax County	2/20/2014	73014-58	68,750	-	-	-	-	-	59,049
Fairfax County	2/20/2014	73014-59	4,801,500	-	-	-	-	-	4,693,388
Fairfax County	2/20/2014	73014-61	440,000	10,732	203,794	209,565	209,565	16,503	421,151
Fairfax County	2/20/2014	73014-62	440,000	9,300	26,619	17,319	17,319	-	197,200
Fairfax County	4/23/2014	73014-63	2,200,000	-	20,600	57,427	57,427	36,827	57,427
Fairfax County	2/20/2014	73014-64	110,000	-	110,000	110,000	110,000	-	110,000
Fairfax County	2/20/2014	73014-65	247,500	-	136,684	168,069	168,069	31,385	247,500
Fairfax County	2/20/2014	73014-66	27,500	-	-	-	-	-	10,451
Fairfax County	2/20/2014	73014-67	398,750	-	365,732	365,732	365,732	-	398,750
Fairfax County	2/20/2014	73014-68	55,000	-	-	-	-	-	-
Fairfax County	2/20/2014	73014-69	1,925,000	-	-	107,966	107,966	107,966	563,015
Fairfax County	2/20/2014	73114-67	2,795,744	-	-	-	-	-	2,579,124
Fairfax County	2/20/2014	73114-68	14,674,066	-	-	-	-	-	13,537,620
Falls Church	1/6/2014	73114-72	65,496	-	-	-	-	-	55,665
Falls Church	1/6/2014	73114-73	343,750	-	-	-	-	-	292,184

Fiscal Year 2013

City of Alexandria	10/8/2013	72513-16	200,000	-	25,536	25,536	25,536	-	200,000
Arlington County	11/13/2012	73113-28	275,000	738	271,046	270,308	270,308	-	274,504
Arlington County	11/13/2012	73113-29	82,500	-	-	-	-	-	69,002
Arlington County	11/13/2012	73113-31	1,755,000	-	-	-	-	-	-
Arlington County	11/13/2012	73113-33	93,500	19,166	19,166	-	-	-	93,500
City of Fairfax	10/4/2012	73113-34	16,500	-	-	-	-	-	13,559
City of Fairfax	10/4/2012	73113-74	203,491	-	-	-	-	-	199,286
City of Fairfax	10/4/2012	73113-75	44,537	-	-	-	-	-	43,617
Fairfax County	10/4/2012	73113-35	5,335,000	-	-	-	-	-	5,051,831
Fairfax County	10/4/2012	73113-36	4,001,250	-	-	-	-	-	3,747,690
Fairfax County	10/4/2012	73113-38	49,500	-	-	-	-	-	44,790
Fairfax County	10/4/2012	73113-39	1,375,000	-	1,057,275	1,096,099	1,096,099	38,824	1,375,000
Fairfax County	10/4/2012	73113-42	495,000	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2016**

<u>Grant / Contracted Jurisdiction</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2015</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2016</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fairfax County	10/4/2012	73113-43	\$ 2,365,000	\$ 11,896	\$ 781,614	\$ 769,718	\$ 769,718	\$ -	\$ 781,614
Fairfax County	10/4/2012	73113-44	825,000	5,858	52,031	46,173	46,173	-	52,031
Fairfax County	10/4/2012	73113-45	660,000	-	-	-	-	-	653,612
Operating									
Arlington County	10/19/2015	72016-27	2,313,918	-	2,313,918	2,313,918	2,313,918	-	2,313,918
City of Alexandria	11/2/2015	72016-28	3,180,023	-	3,180,023	3,180,023	3,180,023	-	3,180,023
City of Fairfax	10/1/2015	72016-29	595,471	-	595,471	595,471	595,471	-	595,471
Fairfax County	9/24/2015	72016-30	13,748,921	-	13,748,921	13,748,921	13,748,921	-	13,748,921
Total State Assistance - Jurisdiction Trust Fund			\$ 149,538,060	\$ 449,480	\$ 33,977,193	\$ 34,071,231	\$ 34,071,231	\$ 543,518	\$ 93,011,818

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/15</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/16</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission</u>									
Federal Transit Administration									
Alexandria Potomac Yards Env Analysis	20.507	VA 95-0112	\$ 800,000	\$ -	\$ 102,146	\$ 102,146	\$ 102,146	\$ -	\$ 800,000
Alexandria VanDorn/Beauregard AA/EA	20.507	VA 95-2114	1,131,950	190,290	1,131,949	941,659	941,659	-	1,131,949
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	182,820
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	241,662	241,662	241,662	-	611,926
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	7,479	186,041	178,562	178,562	-	589,683
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	8,474	8,474	8,474	-	61,405
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	40,027	40,027	40,027	-	50,529
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	278,641	408,240	129,599	129,599	-	408,240
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	-	-	-	-	496,934
Total Federal Assistance - NVTC			<u>\$ 11,731,717</u>	<u>\$ 476,410</u>	<u>\$ 2,118,539</u>	<u>\$ 1,642,129</u>	<u>\$ 1,642,129</u>	<u>\$ -</u>	<u>\$ 4,333,486</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Grantor / Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Transportation			
Direct Payments:			
Federal Transit Cluster:			
Fixed Guideway Capital Investment Grants:			
VA 04-0029	20.500	\$ 178,562	\$ 178,562
VA 04-0033	20.500	8,474	8,474
VA 04-0024	20.500	241,662	241,662
VA 04-0048	20.500	40,027	40,027
Total Fixed Guideway Capital Investment Grants		<u>468,725</u>	<u>468,725</u>
Urbanized Area Formula Program:			
VA 95-0112	20.507	102,146	102,146
VA 95-2114	20.507	941,659	941,659
Total Urbanized Area Formula Program		<u>1,043,805</u>	<u>1,043,805</u>
Total Federal Transit Cluster		1,512,530	1,512,530
Alternatives Analysis:			
VA 39-0004	20.522	<u>129,599</u>	<u>129,599</u>
Total Department of Transportation		<u>1,642,129</u>	<u>1,642,129</u>
Total Expenditures of Federal Awards		<u>\$ 1,642,129</u>	<u>\$ 1,642,129</u>

The accompanying notes are an integral part of this financial statement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with the Uniform Guidance.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying Schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following cluster is administered by NVTC: Federal Transit Cluster.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Summary of Significant Accounting Policies (Continued)

For fiscal year 2016, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$1,112,612 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

NVTC has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers are presented where available.



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 21, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2016. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 21, 2016

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> √ </u> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u> </u> Yes	<u> √ </u> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
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Federal Transit Cluster:

20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? √ Yes No

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2016

There were no audit findings reported in the prior year's single audit.