

**NORTHERN VIRGINIA
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports
Year Ended June 30, 2015**



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, 2015, 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, 2015, 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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 24, 2015 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 24, 2015

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

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, 2015. 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 equaled \$127.6 million on a government-wide basis as of June 30, 2015. Of this total, \$127.3 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 \$183.6 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$57.8 million. Expenses amounted to \$39.9 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 an increase in fund balance of \$103,364 for fiscal year 2015, compared to an increase of \$96,900 for fiscal year 2014. The governmental funds balance as of June 30, 2015 totaled \$484,060 compared with \$380,696 at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$18.0 million, from \$109.3 million to \$127.3 million.
- NVTC's fiduciary fund reported an increase of \$2.2 million in net position, held in trust for member jurisdictions, from \$186.8 million to \$189.0 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, similar to 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.

Required Supplementary Information

Additional information that is required by accounting principles generally accepted in the United States to be presented as a supplement to the basic financial statements.

Supplementary Information

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

FINANCIAL ANALYSIS OF THE 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, 2015 and 2014:

Summary of Net Position As of June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 7,830,044	\$ 9,096,341	\$ 34,919,631	\$ 37,259,098	\$ 42,749,675	\$ 46,355,439
Capital assets, net	43,394	39,918	163,604,532	151,429,294	163,647,926	151,469,212
Total assets	7,873,438	9,136,259	198,524,163	188,688,392	206,397,601	197,824,651
Liabilities:						
Current and other liabilities	7,491,062	8,830,107	8,379,890	4,702,500	15,870,952	13,532,607
Long-term liabilities	68,112	100,585	62,865,190	74,672,996	62,933,302	74,773,581
Total liabilities	7,559,174	8,930,692	71,245,080	79,375,496	78,804,254	88,306,188
Net position:						
Net investment in capital assets	43,394	39,918	98,187,617	76,907,908	98,231,011	76,947,826
Restricted	-	-	5,243,766	11,958,252	5,243,766	11,958,252
Unrestricted	270,870	165,649	23,847,700	20,446,736	24,118,570	20,612,385
Total net position	\$ 314,264	\$ 205,567	\$ 127,279,083	\$ 109,312,896	\$ 127,593,347	\$ 109,518,463

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$127.6 million as of June 30, 2015, an increase of \$18.1 million over the previous fiscal year. The largest portion of net position, \$98.2 million or 77.0 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, \$5.2 million or 4.1 percent represents resources that are restricted for the commuter rail liability insurance plan.

Current assets consist primarily of grant revenue and motor 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, 2015, approximately \$19.7 million was due from the Commonwealth of Virginia, of which \$6.0 million is for motor vehicle fuel sales tax, and \$13.7 million for grant revenue. This is a \$5.9 million increase from the previous fiscal year, of which motor vehicle fuel sales tax receivables decreased \$2.4 million or 28.6 percent, and grant revenue increased \$8.3 million or 153.7 percent. The \$2.4 million decrease in the receivable for motor vehicle fuel sales tax is due to a decrease in motor vehicle fuel sales tax revenue due to lower gasoline prices between periods. The \$8.3 million increase in the receivable for grant revenue is primarily due to an increase in capital grant revenue due not yet received at the end of the fiscal year for the business-type activities. As of June 30, 2015, \$13.0 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 decreased approximately \$3.3 million and totaled \$14.6 million as of June 30, 2015, of which all but \$421,385 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, 2015 and 2014:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 16,329,028	\$ 17,608,413	\$ 16,329,028	\$ 17,608,413
Operating grants and contributions	145,747,321	5,440,463	5,188,627	5,077,476	150,935,948	10,517,939
Capital grants and contributions	-	-	7,187,539	11,454,550	7,187,539	11,454,550
General revenues						
Intergovernmental						
Commuter rail	29,096,234	21,794,733	-	-	29,096,234	21,794,733
Motor vehicle fuel sales tax	37,863,773	49,247,910	-	-	37,863,773	49,247,910
Interest	970	214	15,135	13,253	16,105	13,467
Other	10,069	-	-	-	10,069	-
Transfers	(29,096,234)	(21,794,733)	29,096,234	21,794,733	-	-
Total revenues	183,622,133	54,688,587	57,816,563	55,948,425	241,438,696	110,637,012
Expenses:						
General and administration	3,471,539	2,885,561	-	-	3,471,539	2,885,561
Jurisdiction transit	180,041,897	51,750,839	-	-	180,041,897	51,750,839
Commuter rail	-	-	39,850,376	42,037,288	39,850,376	42,037,288
Total expenses	183,513,436	54,636,400	39,850,376	42,037,288	223,363,812	96,673,688
Extraordinary item	-	-	-	(1,830,393)	-	(1,830,393)
Change in net position	108,697	52,187	17,966,187	12,080,744	18,074,884	12,132,931
Beginning net position	205,567	153,380	109,312,896	97,232,152	109,518,463	97,385,532
Ending net position	\$ 314,264	\$ 205,567	\$ 127,279,083	\$ 109,312,896	\$ 127,593,347	\$ 109,518,463

For the fiscal year ended June 30, 2015, revenues totaled \$241.4 million, compared to \$110.6 million in the preceding year, an increase of \$130.8 million or 118.2% percent. Expenses increased \$126.7 million, or 131.0%. 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, 2015 the General Fund had a total fund balance of \$484,060 of which \$42,042 was nonspendable and \$442,018 was unassigned. The fund balance increased \$103,364 or 27.2 percent from the preceding year due to a favorable budget variance, partly offset by a budgeted drawdown of surplus funds.

During fiscal year 2015, NVTC's regional projects incurred a total of \$1,911,360 in direct costs. Three of these projects were funded with federal, state and regional sources totaling \$1,598,585. The \$312,775 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 2015 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 increased approximately \$128.3 million or 247.9 percent from the previous fiscal year. The increase is caused by a \$139.6 million increase in state assistance due to the fiscal year 2015 state assistance for WMATA contracted with NVTC, offset by a \$11.4 million, or 23.1% decrease in motor fuel sales tax revenue due primarily to lower fuel prices compared to fiscal year 2014.

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 decreased about \$1.3 million or 7.3%, while operating expenses decreased about \$2.1 million or 6.7%. While the total revenue and expenses of the VRE operations held about constant between years, most of the decrease to the NVTC reporting entity is caused by a decrease in NVTC's share of the activity. Capital contributions and transfers increased \$3.0 million or 9.1 percent.

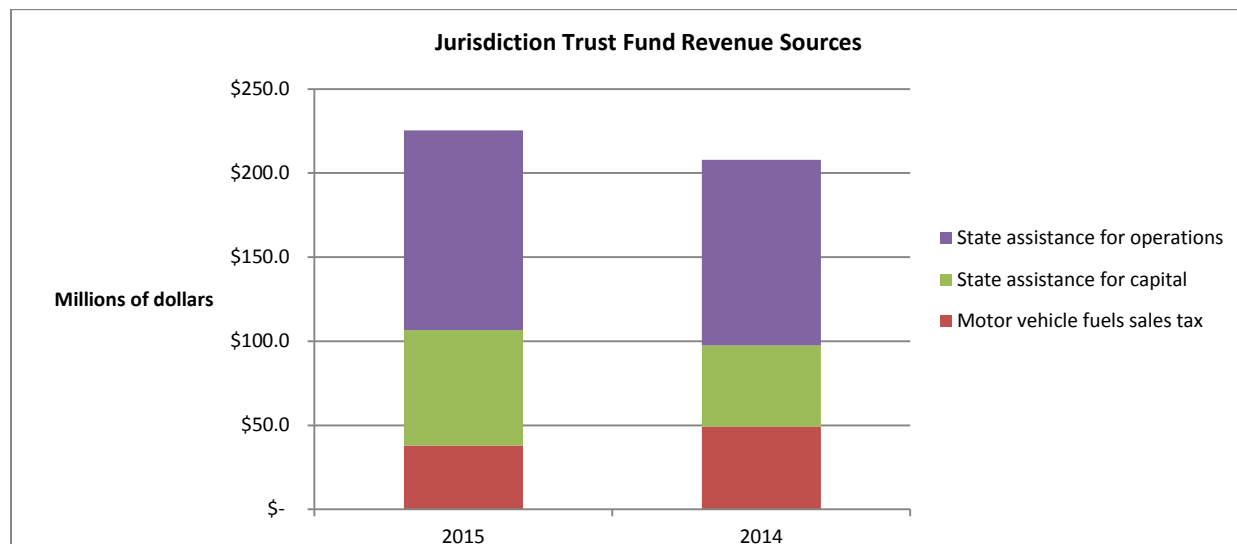
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained 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, increased by \$17.5 million, or 8.4% 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 \$8.4 million, or 7.6% from the previous fiscal year, while the state-wide allocated operating assistance decreased by 1.5%. The operating assistance program is funded at the statutory fixed rate of 73.5% 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 2015 increased by \$20.5 million or 42.6 percent from the previous fiscal year. The increase is primarily the result of an increase in the statewide match percentage due to increased statewide funding for transit first allocated through the capital program during fiscal year 2015. 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% of projected Mass Transit Trust Fund revenues. The fiscal year 2015 program allocated an additional \$55.4 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%. Prior to this, the tax was levied on the retail sales at the rate of 2%. Motor Vehicle Fuel Sales tax revenue decreased by \$11.4 million or 23.1 percent from the previous fiscal year, which mirror the sharp decline in the price of fuel. 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, 2015 and 2014 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Rolling stock	\$ -	\$ -	\$ 124,647,979	\$ 114,468,417	\$ 124,647,979	\$ 114,468,417
Vehicles	-	-	53,598	39,332	53,598	39,332
Facilities	-	-	51,224,981	51,224,981	51,224,981	51,224,981
Track and signal improvements	-	-	26,342,184	26,342,184	26,342,184	26,342,184
Equipment and software	-	-	5,998,438	5,171,422	5,998,438	5,171,422
Construction in progress	-	-	14,520,293	6,819,428	14,520,293	6,819,428
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Furniture, equipment and software	114,354	98,051	2,721,694	2,757,273	2,836,048	2,855,324
	114,354	98,051	228,402,811	209,716,681	228,517,165	209,814,732
Less accumulated depreciation and amortization	70,960	58,133	64,798,279	58,287,387	64,869,239	58,345,520
Total capital assets, net	\$ 43,394	\$ 39,918	\$ 163,604,532	\$ 151,429,294	\$ 163,647,926	\$ 151,469,212

NVTC's investment in capital assets as of June 30, 2015 amounted to \$163.6 million (net of accumulated depreciation and amortization) which represents an increase of \$12.2 million or 8.0 percent over last year due to new project construction, offset in part by annual depreciation and amortization recognized. Completed projects totaling approximately \$12.0 million were closed from construction in progress to their respective capital accounts and an additional \$0.125 million was charged directly to the capital accounts.

The major completed projects were: the purchase of eight Gallery rail cars (\$11.2 million), and the implementation of phase one of the mobile ticketing system (\$0.7 million). The major additions to construction in progress during the fiscal year were for the construction of a third track between Hamilton and Crossroads in Spotsylvania County (\$6.4 million); the construction of the Spotsylvania VRE station (\$1.1 million); and the construction of a pedestrian tunnel at the Alexandria VRE station (\$0.35 million).

Debt Administration

At June 30, 2015, the commissions had total debt outstanding of \$73.1 million for the VRE commuter rail service, of which \$65.4 million is reported by NVTC. The revenue bond debt was issued under the name of the NVTC. The bonds were secured by a pledge of VRE revenue, and a debt service insurance policy guaranteed payment of each bond series.

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.

	2015	2014
Revenue bonds	\$ -	\$ 6,555,000
Capital leases	7,707,059	8,267,805
Note payable (includes RRIF)	57,709,856	59,698,580
Total	\$ 65,416,915	\$ 74,521,385

VRE has access to a revolving line of credit to finance certain grant-funded capital projects prior to the receipt of reimbursements from the grantor agencies. The most recent line of credit with SunTrust Bank terminated on February 28, 2014 and a new line with PNC Bank is in process. The revolving line of credit was not used during the year ended June 30, 2015.

Economic Factors and Next Year's Budget

State assistance recognized by the Special Revenue fund is expected to decrease slightly. This is due to an increase in operating assistance for WMATA subsidies, more than 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 is contracting 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 17.9% decrease in the average price of gasoline nationwide for fiscal year 2016. 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 fuel sales tax revenue for the Special Revenue fund would be realized.

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.

A fare increase of 3% was budgeted for fiscal year 2016. The last general fare increase was 4% in fiscal year 2014. The local subsidy for fiscal year 2016 was again held constant.

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@nvtcd.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2015

ASSETS	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 421,385	\$ 14,205,427	\$ 14,626,812
Due from other governments:			
Commonwealth of Virginia	19,696,715	-	19,696,715
Federal	476,410	-	476,410
Regional	87,993	-	87,993
Local Jurisdictions	39,796	-	39,796
Trade accounts receivable, net	-	750,073	750,073
Other receivables	-	16,468	16,468
Inventory	-	1,715,520	1,715,520
Deposits and prepaid items	42,042	54,080	96,122
Restricted cash, cash equivalents and investments	-	5,243,766	5,243,766
Internal balances	(12,934,297)	12,934,297	-
Capital assets:			
Rolling stock	-	124,647,979	124,647,979
Vehicles	-	53,598	53,598
Facilities	-	51,224,981	51,224,981
Track and signal improvements	-	26,342,184	26,342,184
Equipment and software	-	5,998,438	5,998,438
Construction in progress	-	14,520,293	14,520,293
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	114,354	2,721,694	2,836,048
Less accumulated depreciation and amortization	(70,960)	(64,798,279)	(64,869,239)
Total assets	<u>7,873,438</u>	<u>198,524,163</u>	<u>206,397,601</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable	\$ 794,164	\$ 1,792,794	\$ 2,586,958
Accrued expenses	7,438	2,273,071	2,280,509
Accrued interest	-	173,627	173,627
Due to fiduciary fund	6,544,382	-	6,544,382
Deferred revenue	-	682,105	682,105
Lease liability	115,337	-	115,337
Contract retainage	-	736,437	736,437
Noncurrent liabilities:			
Due within on year:			
Compensated absences	29,741	13,361	43,102
Note payable	-	2,080,914	2,080,914
Capital lease obligation	-	627,581	627,581
Due in more than on year:			
Compensated absences	68,112	156,770	224,882
Note payable	-	55,628,942	55,628,942
Capital lease obligation	-	7,079,478	7,079,478
Total liabilities	<u>7,559,174</u>	<u>71,245,080</u>	<u>78,804,254</u>
NET POSITION			
Net investment in capital assets	43,394	98,187,617	98,231,011
Restricted for liability insurance plan	-	5,243,766	5,243,766
Unrestricted	<u>270,870</u>	<u>23,847,700</u>	<u>24,118,570</u>
Total net position	<u>\$ 314,264</u>	<u>\$ 127,279,083</u>	<u>\$ 127,593,347</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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	\$ 3,471,539	\$ -	\$ 3,569,197	\$ -	\$ 97,658	\$ -	\$ 97,658
Jurisdiction transit	180,041,897	-	142,178,124	-	(37,863,773)	-	(37,863,773)
Total governmental activities	183,513,436	-	145,747,321	-	(37,766,115)	-	(37,766,115)
Business-type activities:							
Commuter rail	39,850,376	16,329,028	5,188,627	7,187,539	-	(11,145,182)	(11,145,182)
Total business-type activities	39,850,376	16,329,028	5,188,627	7,187,539	-	(11,145,182)	(11,145,182)
Total primary government	\$ 223,363,812	\$ 16,329,028	\$ 150,935,948	\$ 7,187,539	(37,766,115)	(11,145,182)	(48,911,297)
General revenues:							
Intergovernmental revenue - commuter rail					29,096,234	-	29,096,234
Intergovernmental revenue - motor vehicle fuel sales tax					37,863,773	-	37,863,773
Interest income					970	15,135	16,105
Other					10,069	-	10,069
Transfers					(29,096,234)	29,096,234	-
Total general revenues					37,874,812	29,111,369	66,986,181
Change in net position					108,697	17,966,187	18,074,884
Net position, beginning of year					205,567	109,312,896	109,518,463
Net position, end of year					\$ 314,264	\$ 127,279,083	\$ 127,593,347

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 421,385	\$ -	\$ 421,385
Due from other governments:			
Commonwealth of Virginia	13,130,415	6,566,300	19,696,715
Federal	476,410	-	476,410
Regional	87,993	-	87,993
Local jurisdictions	39,796	-	39,796
Due from fiduciary fund	21,918	-	21,918
Due from proprietary fund	45,327	-	45,327
Deposits and prepaid items	42,042	-	42,042
Total assets	<u>\$ 14,265,286</u>	<u>\$ 6,566,300</u>	<u>\$ 20,831,586</u>
LIABILITIES			
Accounts payable	\$ 794,164	\$ -	\$ 794,164
Accrued salaries	7,438	-	7,438
Due to proprietary fund	12,979,624	-	12,979,624
Due to fiduciary fund	-	6,566,300	6,566,300
Total liabilities	<u>13,781,226</u>	<u>6,566,300</u>	<u>20,347,526</u>
FUND BALANCES			
Nonspendable			
Deposits and prepaid items	42,042	-	42,042
Unassigned	442,018	-	442,018
Total fund balance	<u>484,060</u>	<u>-</u>	<u>484,060</u>
Total liabilities and fund balance	<u>\$ 14,265,286</u>	<u>\$ 6,566,300</u>	<u>\$ 20,831,586</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	\$ 484,060
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 \$114,354 and the accumulated depreciation and amortization is \$70,960.	43,394
Lease liability only recognized in the government-wide financial statements.	(115,337)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(97,853)
Net position - governmental activities	<u>\$ 314,264</u>

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, 2015

	Major Funds		Total
	General Fund	Special Revenue Fund	Governmental Funds
Revenues:			
Intergovernmental revenues:			
Grants and contributions:			
Commonwealth of Virginia	\$ 29,523,947	\$ 142,178,124	\$ 171,702,071
Federal	1,017,761	-	1,017,761
Regional	330,001	-	330,001
Local jurisdictions	1,713,722	-	1,713,722
Motor vehicle fuel sales tax	-	37,863,773	37,863,773
Project chargebacks	80,000	-	80,000
Interest income	970	-	970
Other income	10,069	-	10,069
Total revenues	<u>32,676,470</u>	<u>180,041,897</u>	<u>212,718,367</u>
Expenditures:			
Current:			
General and administration	1,549,209	-	1,549,209
Project costs	1,911,360	-	1,911,360
Payments to fiduciary fund	-	180,041,897	180,041,897
Capital outlay	16,303	-	16,303
Total expenditures	<u>3,476,872</u>	<u>180,041,897</u>	<u>183,518,769</u>
Other financing uses:			
Transfer out	<u>(29,096,234)</u>	<u>-</u>	<u>(29,096,234)</u>
Change in fund balances	103,364	-	103,364
Fund balances, beginning of year	380,696	-	380,696
Fund balances, end of year	<u>\$ 484,060</u>	<u>\$ -</u>	<u>\$ 484,060</u>
Change in fund balances - total governmental funds			\$ 103,364
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			16,303
Deduct - depreciation and amortization expense			(12,827)
Amortization of lease liability is only recognized in the government-wide financial statements.			(875)
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.			2,732
Change in net position of governmental activities			<u>\$ 108,697</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 14,205,427
Accounts receivable:	
Due from general fund	12,979,624
Trade receivables, net of allowance for doubtful accounts	750,073
Other receivables	16,468
Inventory	1,715,520
Deposits and prepaid items	54,080
Restricted cash, cash equivalents and investments	<u>5,243,766</u>

Total current assets	<u><u>34,964,958</u></u>
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Capital assets:

Rolling stock	124,647,979
Vehicles	53,598
Facilities	51,224,981
Track and signal improvements	26,342,184
Equipment and software	5,998,438
Construction in progress	14,520,293
Equity in property of others	2,893,644
Furniture, equipment and software	<u>2,721,694</u>
	228,402,811
Less accumulated depreciation and amortization	<u>(64,798,279)</u>

Total capital assets, net	<u><u>163,604,532</u></u>
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Total assets	<u><u>\$ 198,569,490</u></u>
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The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 1,792,794
Due to general fund	45,327
Compensated absences	13,361
Accrued expenses	2,273,071
Accrued interest	173,627
Deferred revenue	682,105
Contract retainage	736,437
Note payable	2,080,914
Current portion of capital lease obligations	<u>627,581</u>
Total current liabilities	<u>8,425,217</u>
Noncurrent Liabilities:	
Capital lease obligations	7,079,478
Note payable	55,628,942
Compensated absences	<u>156,770</u>
Total noncurrent liabilities	<u>62,865,190</u>
Total liabilities	<u>71,290,407</u>
Net Position:	
Net investment in capital assets	98,187,617
Restricted for liability insurance plan	5,243,766
Unrestricted	<u>23,847,700</u>
Total net position	<u>127,279,083</u>
Total liabilities and net position	<u><u>\$ 198,569,490</u></u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

Operating Revenues:	
Passenger revenue	\$ 16,144,894
Equipment rentals and other	184,134
	<hr/>
Total operating revenues	16,329,028
	<hr/>
Operating Expenses:	
Contract operations and maintenance	10,022,430
Other operations and maintenance	6,306,134
Property leases and access fees	6,299,022
Insurance	1,744,111
Marketing and sales	997,604
General and administrative	3,591,345
	<hr/>
Total operating expenses	28,960,646
	<hr/>
Operating loss before depreciation and amortization	(12,631,618)
Depreciation and amortization	<hr/> (7,695,597)
	<hr/>
Operating loss	(20,327,215)
	<hr/>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	5,188,627
Interest income:	
Operating funds	15,105
Other restricted funds	30
Loss on disposal of asset	(30,147)
Interest, amortization and other nonoperating expenses, net	<hr/> (3,163,986)
	<hr/>
Total nonoperating revenues, net	2,009,629
	<hr/>
Loss before capital contributions and transfers	(18,317,586)
	<hr/>
Capital contributions and transfers:	
Other local contributions	14,362
Contribution from PRTC	7,173,177
Transfers in	29,096,234
	<hr/>
Total capital contributions and transfers	36,283,773
	<hr/>
Change in net position	17,966,187
	<hr/>
Net position, beginning	109,312,896
	<hr/>
Net position, ending	\$ 127,279,083
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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, 2015

Cash Flows From Operating Activities:	
Receipts from customers	\$ 16,194,429
Payments to suppliers	(26,614,511)
Payments to employees	(2,336,645)
Net cash used in operating activities	<u>(12,756,727)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>17,367,777</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(18,519,819)
Capital grants and assistance	12,556,465
Proceeds from sale of capital assets	1,500
Principal paid on capital lease obligations	(597,459)
Principal paid on note	(1,988,724)
Principal paid on bonds	(6,555,000)
Interest paid on capital lease obligation	(372,767)
Interest paid on bonds and note	(2,978,310)
Contribution from PRTC	3,671,181
Net cash used in capital and related financing activities	<u>(14,782,933)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>15,132</u>
Decrease in cash and cash equivalents	(10,156,751)
Cash and Cash Equivalents, beginning	29,605,944
Cash and Cash Equivalents, ending	<u>\$ 19,449,193</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (20,327,215)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	7,695,597
Loss on disposal of assets	(27,843)
(Increase) decrease in:	
Accounts receivable	(30,236)
Other receivables	(6,568)
Inventory	(114,521)
Prepaid expenses and other	21,539
Increase (decrease) in:	
Accounts payable and accrued expenses	130,317
Unearned revenue	(97,797)
Net cash used in operating activities	<u>\$ (12,756,727)</u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 831,103
Capital assets acquired through note payable	36,712
Capital assets acquired through accrued liabilities	1,511,358
	<u>\$ 2,379,173</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2015

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 186,074,390
Due from special revenue fund - Commonwealth of Virginia grants	543,812
Due from special revenue fund - Motor vehicle fuel sales tax	6,022,488
Due from other governments - Commonwealth of Virginia grants	<u>332,247</u>
Total assets	<u>192,972,937</u>
LIABILITIES	
Due to member jurisdictions	3,944,369
Due to general fund	<u>21,918</u>
Total liabilities	<u>3,966,287</u>
NET POSITION	
Net position held in trust for member jurisdictions	<u><u>\$ 189,006,650</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, 2015

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 180,041,897
Intergovernmental revenues	45,369,918
Investment income	186,828
Total additions	<u>225,598,643</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	27,919,214
Capital improvement program, Virginia direct contribution	9,000,000
Project development	612,500
Metrorail operating	57,614,263
Metrobus operating	73,541,937
MetroAccess operating	12,720,321
Metro debt service	26,602
Other funds disbursed:	
Other capital disbursements	9,748,324
Other operating disbursements	32,234,659
Total deductions	<u>223,417,820</u>
Change in net position	2,180,823
Net position held in trust for member jurisdictions	
Beginning of year	186,825,827
End of year	<u><u>\$ 189,006,650</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, 2015

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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)

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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

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 \$80,960 at June 30, 2015 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.

5. Prepaid expenses

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 fair market 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital assets (Continued)

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, 2015.

7. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned 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.

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 (Continued)

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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

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.

Note 2. Cash and Investments

At June 30, 2015, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 250,473	\$ 2,748,743	\$ -	\$ 2,999,216
LGIP	170,912	11,456,684	-	11,627,596
	421,385	14,205,427	-	14,626,812
Restricted:				
LGIP	-	26,518	186,074,390	186,100,908
Insurance trust fund – pooled funds	-	5,217,248	-	5,217,248
	-	5,243,766	186,074,390	191,318,156
Total	\$ 421,385	\$ 19,449,193	\$ 186,074,390	\$ 205,944,968

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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, 2015, the reporting entity had investments of \$197,728,504 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, 2015, a total of \$10,434,495 was invested in the Insurance Trust, of which \$5,217,248 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. Beginning with fiscal year 2016, earnings on the Insurance Trust will be credited to VRE. The Insurance Trust Fund has not been assigned a rating.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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.

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio 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%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 3. Due From Other Governments

At June 30, 2015, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor fuel sales tax	\$ -	\$ 6,022,488	\$ 6,022,488
Grants	13,130,415	543,812	13,674,227
	13,130,415	6,566,300	19,696,715
Due from Federal Transit Administration:			
Grants	476,410	-	476,410
Due from Northern Virginia Transportation Authority:			
Project funding	87,993	-	87,993
Due from Local Jurisdictions:			
Local grant match	39,796	-	39,796
	\$ 13,734,614	\$ 6,566,300	\$ 20,300,914

Amounts due from the Commonwealth for the Project and Administrative activities include \$12,979,624 for commuter rail and \$150,791 for other projects.

The Fiduciary Fund had amounts due directly from the Commonwealth for transit assistance totaling \$332,247.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Furniture, equipment and software	\$ 98,051	\$ 16,303	\$ -	\$ -	\$ 114,354
Total accumulated depreciation or amortization	58,133	12,827	-	-	70,960
Governmental activities capital assets, net	<u>\$ 39,918</u>	<u>\$ 3,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,394</u>
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 6,819,428	\$ 19,744,839	\$ -	\$ (12,043,974)	\$ 14,520,293
Capital assets being depreciated or amortized:					
Rolling stock	114,468,417	-	(1,058,915)	11,238,477	124,647,979
Vehicles	39,332	14,266	-	-	53,598
Facilities	51,224,981	-	-	-	51,224,981
Track and signal improvements	26,342,184	-	-	-	26,342,184
Equipment and software	5,171,422	21,519	-	805,497	5,998,438
Equity in property of others	2,893,644	-	-	-	2,893,644
Furniture, equipment and software	2,757,273	90,211	(125,790)	-	2,721,694
Total capital assets being depreciated or amortized	202,897,253	125,996	(1,184,705)	12,043,974	213,882,518
Less accumulated depreciation or amortization for:					
Rolling stock	26,103,352	4,667,352	(1,058,915)	-	29,711,789
Vehicles	33,827	5,574	-	-	39,401
Facilities	14,683,166	1,487,632	-	-	16,170,798
Track and signal improvements	9,824,117	895,852	-	-	10,719,969
Equipment and software	4,214,947	317,581	-	-	4,532,528
Equity in property of others	1,563,487	84,949	-	-	1,648,436
Furniture, equipment and software	1,864,491	236,657	(125,790)	-	1,975,358
Total accumulated depreciation or amortization	58,287,387	7,695,597	(1,184,705)	-	64,798,279
Total capital assets being depreciated or amortized, net	<u>144,609,866</u>	<u>(7,569,601)</u>	<u>-</u>	<u>12,043,974</u>	<u>149,084,239</u>
Business-Type activities capital assets, net	<u>\$ 151,429,294</u>	<u>\$ 12,175,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,604,532</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (Continued)

Depreciation and amortization expenses for the year ended June 30, 2015 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary Government:		
General and administration	\$ 12,827	\$ -
Commuter rail	-	7,695,597

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 February 2010 the VRE Master Agreement was amended to include Spotsylvania County as a participating jurisdiction.

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 2015 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets	
Cash and cash equivalents	\$ 32,291,442
Accounts receivable:	
Due from PRTC – funded by FTA	12,289,014
Commonwealth of Virginia grants	12,979,624
Trade and other, net of allowance	2,457,930
Inventory	3,899,680
Prepaid expenses and other	122,934
Restricted cash, cash equivalent, and investments	10,487,532
Total current assets	<u>74,528,156</u>
Noncurrent Assets	
Pension asset	267,880
Capital assets (net of \$129,596,559 accumulated depreciation and amortization)	327,209,068
Total noncurrent assets	<u>327,476,948</u>
Total assets	402,005,104
Deferred outflows of resources: Pension plan	<u>244,793</u>
Total assets and deferred outflows of resources	<u>\$ 402,249,897</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities	
Accounts payable and accrued liabilities	\$ 10,560,080
Unearned revenue	1,550,545
Contract retainage	1,472,874
Current portion of:	
Capital lease obligations	1,255,162
Note payable	2,080,914
Total current liabilities	<u>16,919,575</u>
Noncurrent Liabilities	
Capital lease obligations	14,158,955
Note payable	55,628,942
Compensated absences	356,366
Total noncurrent liabilities	<u>70,144,263</u>
Total liabilities	<u>87,063,838</u>
Deferred inflows of resources: Pension plan	<u>401,615</u>
Net Position:	
Net investment in capital assets	254,085,092
Restricted for liability insurance plan	10,487,532
Unrestricted assets	50,211,820
Total net position	<u>314,784,444</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 402,249,897</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, 2015

Operating revenues	\$ 37,118,760
Operating expenses	65,637,194
Operating loss before depreciation and amortization	<u>(28,518,434)</u>
Depreciation and amortization	(15,391,195)
Operating loss	<u>(43,909,629)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	14,401,957
Federal grants – with PRTC as grantee	13,688,723
Jurisdictional contributions	16,456,986
Interest income:	
Operating funds	34,337
Other restricted funds	59
Gain on disposal of assets	(60,293)
Interest, amortization and other nonoperating expenses, net	(3,534,644)
Total nonoperating revenues, net	<u>40,987,125</u>
Capital grants and assistance:	
Commonwealth of Virginia grants	14,694,277
Federal grants – with PRTC as grantee	17,764,759
In-kind and other local contributions	1,079,885
Total capital grants and assistance	<u>33,538,921</u>
Change in net position	30,616,417
Net position, beginning of year, as restated	<u>284,168,027</u>
Net position, ending	<u><u>\$ 314,784,444</u></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, 2015 totaled \$80,457 (11.7% of covered payroll). Required employee contributions for the year ended June 30, 2015 totaled \$14,490 (2.1% 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, 2015 was approximately \$687,300.

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 \$200,923 (\$200,048 paid plus \$875 additional amortization).

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2015. Minimum monthly payments under these agreements equal \$459 per month, with payments totaling \$5,509 for the year ended June 30, 2015.

As of June 30, 2015, the minimum long-term lease commitments were as shown below:

Fiscal Year	Amount
2016	\$ 195,166
2017	198,191
2018	204,137
2019	210,249
2020	216,549
2021	204,192
Total	<u>\$ 1,228,484</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 years ended June 30, 2015 and 2014, annual track usage fees totaled approximately \$8,550,200 and \$8,243,800, respectively, and facility and other identified costs totaled approximately \$520,600 and \$507,000, respectively.

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 June 28, 2010. For the years ended June 30, 2015 and 2014, costs for track access and equipment storage totaled approximately \$5,592,000 and \$5,516,000, respectively, and mid-day maintenance, utility and other services totaled approximately \$4,177,000 and \$4,798,000, respectively. A new agreement will be in effect for the period beginning July 1, 2015. Cost adjustments will be made in fiscal year 2016 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 June 25, 2010. The cost of train operations and maintenance for the years ended June 30, 2015 and 2014 totaled approximately \$18,609,000 and \$18,361,000, respectively. Costs are based on an annual budget prepared in advance. A new contract will be in effect for the period beginning July 1, 2015. Costs for fiscal year 2016 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 100,585	\$ 80,480	\$ (83,212)	\$ 97,853	\$ 29,741
Total governmental activities	100,585	80,480	(83,212)	97,853	29,741
Business-type activities					
Revenue bonds	6,555,000	-	(6,555,000)	-	-
Capital leases	8,267,806	36,712	(597,459)	7,707,059	627,581
Note payable	59,698,580	-	(1,988,724)	57,709,856	2,080,914
	74,521,386	36,712	(9,141,183)	65,416,915	2,708,495
Compensated absences	151,160	133,549	(114,578)	170,131	13,361
Total business-type activities	74,672,546	170,261	(9,255,761)	65,587,046	2,721,856
Total Primary Government	\$ 74,773,131	\$ 250,741	\$ (9,338,973)	\$ 65,684,899	\$ 2,751,597

Federal arbitrage regulations apply to VRE's revenue bonds and the 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 \$18,552,350 (NVTC reporting entity, \$9,276,175)	\$ 15,349,786	\$ 7,674,893

Future minimum lease payments as of June 30, 2015 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2016	\$ 1,931,357	\$ 965,679
2017	1,931,357	965,678
2018	1,931,357	965,679
2019	1,931,357	965,678
2020	1,931,357	965,679
2021-2025	9,656,787	4,828,393
Total minimum lease payments	19,313,572	9,656,786
Lease amount representing interest	3,963,786	1,981,893
Present value of lease payments	\$ 15,349,786	\$ 7,674,893

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 \$57,410 (NVTC reporting entity, \$28,705)	\$ 64,331	\$ 32,166

Future minimum lease payments as of June 30, 2015 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2016	\$ 19,908	\$ 9,954
2017	19,908	9,954
2018	19,248	9,624
2019	15,948	7,975
2020	2,658	1,329
Total minimum lease payments	77,670	38,836
Less amount representing interest	13,339	6,670
Present value of lease payments	\$ 64,331	\$ 32,166

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 \$83,926,935 at June 30, 2015.

\$63,844,842 Promissory Note; due in quarterly maturities of
\$506,396 to \$1,195,258 through March 2033, plus quarterly
interest at 4.74% \$ 57,709,856

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

Years Ending June 30,	Principal	Interest	Total Required
2016	\$ 2,080,914	\$ 2,702,599	\$ 4,783,513
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
2021-2025	14,531,178	9,386,385	23,917,563
2026-2030	18,388,051	5,529,512	23,917,563
2031-2033	13,315,124	1,035,415	14,350,539
	<u>\$ 57,709,856</u>	<u>\$ 28,393,374</u>	<u>\$ 86,103,230</u>

Note 10. Short-Term Debt

VRE has access to a revolving line of credit to finance certain grant-funded capital projects prior to the receipt of reimbursements from the grantor agencies. The most recent line of credit with SunTrust Bank terminated on February 28, 2014 and a new line with PNC Bank is in process. The revolving line of credit was not used during the year ended June 30, 2015.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 11. 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 \$250,000,000 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 \$184,000 at June 30, 2015, of which \$92,000 was included in the NVTC reporting entity.

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, 2015 was as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,401,194	\$ 5,200,597
Contribution to reserves	4,000,000	2,000,000
Insurance premiums paid	(3,883,676)	(1,941,838)
Claims mitigation costs and losses incurred	(16,551)	(8,275)
Actuarial and administrative charges	(66,472)	(33,236)
Ending balance, June 30	<u>\$ 10,434,495</u>	<u>\$ 5,217,248</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 12. 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Significant Commitments and Contingencies (Continued)

Business-type activities

At June 30, 2015, 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.

At June 30, 2015, 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, 2015:

Stations and parking lots	\$ 4,847,230
Rolling Stock	33,003,217
Maintenance and layover yards	2,514,875
Track and signal improvements	13,387,084
Other administrative	1,953,362
Total	<u><u>\$ 55,705,768</u></u>

Note 13. Pending GASB Statements

At June 30, 2015, 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. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement 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*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes of OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

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

Note 14. Subsequent Events

The Commissions entered into contracts at various times from June 2015 through September 2015 to purchase fuel at set prices for delivery in July 2015 through June 2016. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 1,008,000 gallons of fuel at a cost of approximately \$2.0 million.

In September 2015, the Commissions authorized the Chief Executive Officer of VRE to amend the contract with Sumitomo Corporation of America to place an order for nine additional Gallery railcars and to increase the contract value by \$18.9 million, following the recommendation of the Operations Board in July 2015.

On July 7, 2015 the Commonwealth of Virginia, Department of Transportation took by eminent domain the land and improvements associated with the Kiss and Ride facility at VRE's Woodbridge Station for the purpose of widening Route 1 and reconstructing the Route 1/123 Interchange. VRE is currently negotiating the price to be paid by the Commonwealth for the land and improvements. As the result of their participation in the purchase of land and construction costs associated with the Kiss and Ride facility, 80 per cent of the appraised value must be returned to the Federal Transit Administration or used for a future eligible capital project.

A new five year agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance and other services went into effect on July 1, 2015. The agreement allows for an optional extension for an additional five year period. The first optional renewal of the Commissions' contract with Keolis Rail Services, Virginia, LLC for train operations and maintenance went into effect on July 1, 2015 for an additional five year period. The contract also provides for a second optional five year renewal at the end of the current five year period.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2015

	<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	\$ 20,889,890	\$ 32,574,564	\$ 1,651,796	\$ 85,999,055	\$ 1,062,819	\$ -	\$ 142,178,124
Motor Vehicle Fuel Sales Tax	2,529,510	3,400,693	1,524,003	20,612,491	1,069,430	8,727,646	37,863,773
Intergovernmental revenues, grants:							
Commonwealth of Virginia	6,660,523	11,782,555	492,910	26,068,012	365,918	-	45,369,918
Investment income	12,205	42,002	2,964	103,889	315	25,453	186,828
	<u>30,092,128</u>	<u>47,799,814</u>	<u>3,671,673</u>	<u>132,783,447</u>	<u>2,498,482</u>	<u>8,753,099</u>	<u>225,598,643</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	3,700,000	11,634,538	666,152	11,398,618	519,906	-	27,919,214
Capital improvement program, Virginia							
direct contribution	1,438,092	2,676,131	82,525	4,701,720	101,532		9,000,000
Project development	133,000	261,000	6,000	208,500	4,000	-	612,500
Metrorail operating	10,390,981	10,128,651	824,802	35,730,968	538,861	-	57,614,263
Metrobus operating	13,409,677	11,639,302	612,185	46,671,748	1,209,025	-	73,541,937
MetroAccess operating	-	220,116	290,195	12,162,420	47,590	-	12,720,321
Metro debt service	-	-	-	-	26,602	-	26,602
Other funds disbursed:							
Other capital disbursements	-	6,513,904	-	48,093	20,696	3,165,631	9,748,324
Other operating disbursements	-	4,139,414	546,642	19,830,913	-	7,717,690	32,234,659
	<u>29,071,750</u>	<u>47,213,056</u>	<u>3,028,501</u>	<u>130,752,980</u>	<u>2,468,212</u>	<u>10,883,321</u>	<u>223,417,820</u>
Change in net position	1,020,378	586,758	643,172	2,030,467	30,270	(2,130,222)	2,180,823
Net position held in trust for member jurisdictions							
Beginning of year	<u>15,512,441</u>	<u>43,288,274</u>	<u>2,910,495</u>	<u>102,131,807</u>	<u>631,905</u>	<u>22,350,905</u>	<u>186,825,827</u>
End 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>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2015

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 1,641	\$ 1,641	\$ -
Audit	29,870	29,870	-
Capital purchases	16,303	16,303	-
Commissioners' per diem	8,400	8,400	-
Computer	5,754	5,754	-
Conference registration and training	6,271	6,271	-
Copier duplicating	8,384	8,347	37
Disability insurance	4,163	3,986	177
Employee group insurance	44,529	42,633	1,896
Employee retirement	83,056	79,519	3,537
Employer payroll taxes	69,131	66,187	2,944
Leave - annual, holiday, and sick	133,409	127,726	5,683
Memberships and subscriptions	1,191	1,191	-
Miscellaneous	7,077	7,077	-
Office supplies	2,758	2,758	-
Office rent	201,462	201,462	-
Insurance and liability bonds	5,323	5,323	-
Parking and Metrochek	8,102	7,814	288
Postage and shipping	1,388	1,388	-
Project consultants and other project costs	1,874,440	14,053	1,860,387
Public information	286	-	286
Salaries and wages	842,224	806,099	36,125
Special events	64,410	64,410	-
State liason	36,732	36,732	-
Telephone and data	6,916	6,916	-
Travel and meetings	13,652	13,652	-
Total expenditures	<u>\$ 3,476,872</u>	<u>\$ 1,565,512</u>	<u>\$ 1,911,360</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2015

	Jurisdiction Grants & Projects	NTD	NEPP	Route 7	Totals
Revenues:					
Commonwealth of Virginia	\$ 156,902	\$ -	\$ 93,921	\$ -	\$ 250,823
Federal	1,017,761	-	-	-	1,017,761
Regional	-	-	-	330,001	330,001
Local	-	167,882	93,922	-	261,804
NVTC match	(1)	711	27,062	23,199	50,971
Total revenue	<u>\$ 1,174,662</u>	<u>\$ 168,593</u>	<u>\$ 214,905</u>	<u>\$ 353,200</u>	<u>\$ 1,911,360</u>
Expenditures:					
Salaries and wages	\$ -	\$ 510	\$ 19,231	\$ 16,384	\$ 36,125
Fringe benefits	-	201	7,579	6,457	14,237
Consultants	-	167,882	187,843	330,000	685,725
Costs incurred	1,174,662	-	-	-	1,174,662
Public information	-	-	-	286	286
Copier duplicating	-	-	-	37	37
Parking	-	-	252	36	288
Total expenditures	<u>\$ 1,174,662</u>	<u>\$ 168,593</u>	<u>\$ 214,905</u>	<u>\$ 353,200</u>	<u>\$ 1,911,360</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, 2015**

	Jurisdiction Grants & Projects	NTD and Bus Data Collection	NEPP	Route 7	Totals
Revenues:					
Commonwealth of Virginia	\$ 761,407	\$ 1,675,569	\$ 95,000	\$ 43,500	\$ 2,575,476
Federal	4,024,227	113,067	-	349,537	4,486,831
Regional	-	-	-	330,001	330,001
Local	5,000	731,748	95,000	43,750	875,498
NVTC match	71,101	52,811	41,888	40,656	206,456
Total revenue	<u>\$ 4,861,735</u>	<u>\$ 2,573,195</u>	<u>\$ 231,888</u>	<u>\$ 807,444</u>	<u>\$ 8,474,262</u>
Expenditures:					
Salaries and wages	\$ 47,718	\$ 45,515	\$ 29,619	\$ 27,581	\$ 150,433
Fringe benefits	22,963	19,743	11,981	12,155	66,842
Advertising	306	1,210	-	-	1,516
Consultants	442,735	2,505,336	190,000	766,922	3,904,993
Postage	-	960	-	307	1,267
Public information	-	-	-	286	286
Copier duplicating	-	-	-	37	37
Telephone	108	21	-	-	129
Travel	-	350	-	60	410
Parking	8	60	288	96	452
Costs incurred	4,347,897	-	-	-	4,347,897
Total expenditures	<u>\$ 4,861,735</u>	<u>\$ 2,573,195</u>	<u>\$ 231,888</u>	<u>\$ 807,444</u>	<u>\$ 8,474,262</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2015

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2015	7/18/2014	73015-47	\$ 3,369,003	\$ -	\$ 3,230,475	\$ 3,230,475	\$ 3,230,475	\$ -	\$ 3,230,475
Fiscal Year 2015	7/18/2014	73015-51	13,465,111	-	12,810,846	12,810,846	12,810,846	-	12,810,846
Fiscal Year 2015	7/18/2014	73015-52	21,876,797	-	20,815,787	20,815,787	20,815,787	-	20,815,787
Fiscal Year 2015	7/18/2014	73015-53	3,197,559	-	3,044,035	3,044,035	3,044,035	-	3,044,035
Fiscal Year 2015	7/18/2014	73015-48	18,020	-	18,006	18,006	18,006	-	18,006
Fiscal Year 2015	7/18/2014	73015-49	140,250	-	140,250	140,250	140,250	-	140,250
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	73012-62	16,875	-	-	-	-	-	16,405
Fiscal Year 2012	10/18/2011	73012-65	750,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-66	1,250,000	-	79,836	79,836	79,836	-	1,244,292
Fiscal Year 2012	10/18/2011	73012-67	750,000	-	454,658	477,865	477,865	23,207	558,321
Fiscal Year 2012	10/18/2011	73012-68	100,000	-	33,520	33,520	33,520	-	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	-	31,421	46,927	46,927	15,506	217,368
Fiscal Year 2012	10/18/2011	73012-76	350,000	-	262,264	262,264	262,264	-	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 2011	10/5/2010	73011-35	74,200	-	74,200	74,200	74,200	-	74,200
Fiscal Year 2011	7/17/2012	73011-36	129,850	-	118,011	118,011	118,011	-	129,850
Fiscal Year 2011	10/5/2010	73011-40	795,000	91,747	187,581	95,834	95,834	-	795,001
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	-
Fiscal Year 2010	1/8/2014	72510-13	169,290	-	21,027	119,566	119,566	98,539	119,566
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	72509-21	156,270	-	156,270	156,270	156,270	-	156,270
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2015

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	Cumulative Expenditures
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2009	10/1/2010	72509-25	\$ 200,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,626
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	-	-	-	-	7,982
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	-	-	-	-	138,968
Fiscal Year 2009	7/1/2008	73009-44	4,626,150	-	127,767	452,489	452,489	324,722	1,194,736
Fiscal Year 2009	7/1/2008	73009-45	160,000	-	129,764	129,764	129,764	-	160,001
Fiscal Year 2009	7/2/2009	72508-08	150,480	-	150,480	150,480	150,480	-	150,480
Fiscal Year 2009	7/2/2009	72508-09	175,560	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	344	1,305	1,305	961	4,374
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	-	-	-	-	-	35,888
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	-
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	7,602	9,472	9,472	1,870	9,472
Fiscal Year 2008	1/8/2014	72508-46	241,000	-	88,458	169,335	169,335	80,877	169,335
Fiscal Year 2008	4/5/2012	72508-48	209,245	-	-	-	-	-	-
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	-	-	-	-	-
Fiscal Year 2008	10/16/2007	73008-17	2,139,112	22,160	24,034	1,874	1,874	-	2,011,428
Fiscal Year 2007	7/2/2009	72507-06	142,768	-	142,768	142,768	142,768	-	142,768
Fiscal Year 2007	9/19/2008	72507-08	95,178	17,879	48,468	30,589	30,589	-	95,178
Fiscal Year 2007	8/12/2008	72507-31	118,973	5,705	7,183	1,478	1,478	-	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 2015	7/11/2014	72015-28	99,188,691	-	99,188,691	99,188,691	99,188,691	-	99,188,691
Fiscal Year 2015	12/16/2014	72015-73	417,726	-	417,726	417,726	417,726	-	417,726
Demonstration \ Experimental:									
Fiscal Year 2015									
Intern Program	9/2/2014	71215-04	40,000	-	5,320	9,008	9,008	3,688	9,008
Fiscal Year 2014									
NEPP Technical Assist.	12/1/2013	71314-02	200,000	1,079	67,000	93,921	93,921	28,000	95,000
Total State Assistance - NVTC			180,181,827	138,570	141,883,792	142,322,592	142,322,592	577,370	158,443,351

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2015

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2014	2/20/2014	72514-10	\$ 325,000	\$ 37,188	\$ 158,052	\$ 120,864	\$ 120,864	\$ -	\$ 158,052
Fiscal Year 2014	1/6/2014	73014-71	275,000	30,986	134,642	145,461	145,461	41,805	176,447
Fiscal Year 2014	10/17/2014	73014-73	2,788,998	-	2,788,998	2,788,998	2,788,998	-	2,788,998
Fiscal Year 2014	8/15/2013	73014-75	3,799,032	316,586	316,586	-	-	-	2,879,916
Fiscal Year 2014	1/6/2014	73014-77	145,134	-	4,567	29,957	29,957	25,390	29,957
Fiscal Year 2013	12/1/2011	72513-11	750,000	-	-	-	-	-	730,393
Fiscal Year 2013	10/9/2014	73013-50	212,449	-	212,449	212,449	212,449	-	212,449
Fiscal Year 2013	12/19/2014	73013-51	367,344	-	367,344	367,344	367,344	-	367,344
Fiscal Year 2013	8/28/2012	73113-01	1,884,025	29,898	882,706	1,149,231	1,149,231	296,423	1,401,960
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	127,516	5,579,901	5,477,358	5,477,358	24,973	5,604,874
Fiscal Year 2014	5/10/2013	76513-11	13,856,292	-	-	3,749,067	3,749,067	3,749,067	3,749,067
Fiscal Year 2012	2/15/2012	72512-04	420,000	-	-	-	-	-	414,391
Fiscal Year 2012	10/20/2011	73012-83	3,726,003	-	-	-	-	-	3,725,640
Fiscal Year 2012	3/13/2013	73012-84	240,732	-	-	-	-	-	192,024
Fiscal Year 2011	10/23/2011	73011-70	153,488	-	-	-	-	-	153,249
Fiscal Year 2011	3/13/2013	73011-78	9,484	-	-	-	-	-	9,051
Fiscal Year 2011	7/22/2011	73111-20	135,899	329	3,435	10,404	10,404	7,298	17,044
Fiscal Year 2011	12/1/2012	73111-23	46,110	1,021	1,021	-	-	-	32,387
Fiscal Year 2010	6/10/2011	72510-51	720,474	-	-	-	-	-	645,786
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	-	52,424	52,424	52,424	-	183,051
Fiscal Year 2009	7/1/2008	73009-60	749,000	3,172	36,683	48,505	48,505	14,994	321,715
Operating:									
Fiscal Year 2015	7/18/2014	72015-33	9,024,762	-	9,024,762	9,024,762	9,024,762	-	9,024,762
Other Special Projects	3/10/2014	73014-58	2,569	-	2,569	2,569	2,569	-	2,569
Other Special Projects	2/3/2013	72513-21	310,000	5,278	5,278	-	-	-	310,000
Rail Enhancement Fund:									
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	1,671,187	1,671,187	4,368,421	4,368,421	4,368,421	6,039,608
Cherry Hill Station	4/15/2008	76507-07	1,071,429	19,185	42,391	150,064	150,064	126,858	781,158
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	2,926,039	-	1,398,356	1,398,356	4,324,395	1,398,356
Total State Assistance - VRE			67,132,602	5,168,385	21,284,995	29,096,234	29,096,234	12,979,624	41,350,248
Total State Assistance - NVTC and VRE			\$ 247,314,429	\$ 5,745,755	\$ 163,168,787	\$ 171,418,826	\$ 171,418,826	\$ 13,556,994	\$ 199,793,599

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2015**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	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 2015									
Arlington County	9/12/2014	73015-54	\$ 211,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	9/12/2014	73015-55	38,760	-	28,748	28,748	28,748	-	28,748
Arlington County	9/12/2014	73015-56	538,220	-	-	-	-	-	-
Arlington County	9/12/2014	73015-57	17,000	-	-	235	235	235	235
Arlington County	9/12/2014	73015-58	737,800	-	238,319	238,319	238,319	-	238,319
Arlington County	9/12/2014	73015-59	44,880	-	-	-	-	-	-
Arlington County	9/12/2014	73015-60	244,800	-	244,800	244,800	244,800	-	244,800
Arlington County	9/12/2014	73015-61	2,885,580	-	-	-	-	-	-
Arlington County	9/12/2014	73015-62	80,920	-	23,851	58,088	58,088	34,237	58,088
Arlington County	9/12/2014	73015-63	68,000	-	-	28,177	28,177	28,177	28,177
Arlington County	9/12/2014	73015-64	850,000	-	-	-	-	-	-
Arlington County	9/12/2014	73015-65	98,940	-	71,402	71,402	71,402	-	71,402
Arlington County	9/12/2014	73015-66	523,600	-	-	-	-	-	-
Arlington County	9/12/2014	73115-62	2,720,000	-	-	-	-	-	-
City of Alexandria	10/8/2013	72513-17	282,987	-	-	117,233	117,233	117,233	117,233
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	73015-70	17,000	-	-	-	-	-	-
City of Alexandria	9/2/2014	73015-71	535,500	-	-	-	-	-	-
City of Fairfax	7/30/2014	73015-72	35,700	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-74	5,780,000	-	5,482,575	5,482,575	5,482,575	-	5,482,575
Fairfax County	10/7/2014	73015-75	3,400,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-76	4,080,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-77	272,000	-	120,068	120,068	120,068	-	120,068
Fairfax County	10/7/2014	73015-78	76,500	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-79	9,180	-	9,180	9,180	9,180	-	9,180
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	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-83	850,000	-	-	4,402	4,402	4,402	4,402
Fairfax County	10/7/2014	73015-84	102,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-85	595,000	-	63,902	63,902	63,902	-	63,902
Fairfax County	10/7/2014	73015-86	782,000	-	83,323	106,488	106,488	23,165	106,488
Fairfax County	10/7/2014	73015-87	782,000	-	404,886	430,987	430,987	26,101	430,987
Fairfax County	10/7/2014	73015-88	2,040,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-89	340,000	-	-	-	-	-	-

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2015

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	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):									
Fairfax County	10/7/2014	73015-90	\$ 47,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax County	10/7/2014	73015-91	299,200	-	-	-	-	-	-
City of Falls Church	11/21/2014	73015-73	239,700	-	19,843	20,133	20,133	290	20,133
WMATA Jurisdictions	12/16/2014	73115-60	9,000,000	-	9,000,000	9,000,000	9,000,000	-	9,000,000
Fiscal Year 2014									
Arlington County	1/8/2014	73014-40	1,100,000	-	-	-	-	-	-
Arlington County	1/29/2014	73014-41	825,000	15,313	357,184	341,871	341,871	-	386,823
Arlington County	1/8/2014	73014-42	483,560	-	-	-	-	-	435,923
Arlington County	1/8/2014	73014-43	1,119,360	-	1,049,314	1,060,424	1,060,424	11,110	1,062,098
Arlington County	1/8/2014	73014-44	1,119,360	-	1,049,314	1,060,424	1,060,424	11,110	1,062,098
Arlington County	1/8/2014	73014-45	27,500	-	4,226	4,226	4,226	-	6,732
Arlington County	1/8/2014	73014-46	110,000	-	65,420	75,120	75,120	9,700	75,120
Arlington County	1/8/2014	73014-47	357,500	-	-	-	-	-	-
Arlington County	1/8/2014	73014-48	550,444	-	-	-	-	-	-
Arlington County	1/8/2014	73014-49	374,000	75,371	122,246	46,875	46,875	-	373,999
Arlington County	1/8/2014	73014-50	1,842,500	-	-	126,030	126,030	126,030	126,030
Arlington County	1/8/2014	73014-51	165,000	-	46,893	46,893	46,893	-	165,000
Arlington County	1/8/2014	73014-52	41,431	-	-	-	-	-	-
Arlington County	1/8/2014	73114-57	882,698	-	228,545	228,545	228,545	-	882,698
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	-	-	-	-	-	-
City of Alexandria	10/8/2013	73014-54	2,029,500	-	2,019,309	2,019,309	2,019,309	-	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	-	36,923	36,923	36,923	-	59,049
Fairfax County	2/20/2014	73014-59	4,801,500	-	-	-	-	-	4,693,388
Fairfax County	4/23/2014	73014-60	825,000	-	825,000	825,000	825,000	-	825,000
Fairfax County	2/20/2014	73014-61	440,000	-	200,854	211,586	211,586	10,732	211,586
Fairfax County	2/20/2014	73014-62	440,000	-	108,782	118,082	118,082	9,300	179,881
Fairfax County	4/23/2014	73014-63	2,200,000	-	-	-	-	-	-
Fairfax County	2/20/2014	73014-64	110,000	-	-	-	-	-	-
Fairfax County	2/20/2014	73014-65	247,500	-	40,309	40,309	40,309	-	79,431

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2015

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2014	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015	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):									
Fairfax County	2/20/2014	73014-66	\$ 27,500	\$ -	\$ 5,485	\$ 5,485	\$ 5,485	\$ -	\$ 10,451
Fairfax County	2/20/2014	73014-67	398,750	-	33,018	33,018	33,018	-	33,018
Fairfax County	2/20/2014	73014-68	55,000	-	-	-	-	-	-
Fairfax County	2/20/2014	73014-69	1,925,000	-	455,049	455,049	455,049	-	455,049
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									
Arlington County	11/13/2012	73113-28	275,000	-	-	738	738	738	4,196
Arlington County	11/13/2012	73113-29	82,500	-	-	-	-	-	69,002
Arlington County	11/13/2012	73113-30	110,000	-	2,881	2,881	2,881	-	109,999
Arlington County	11/13/2012	73113-31	1,755,000	-	-	-	-	-	-
Arlington County	11/13/2012	73113-33	93,500	16,512	47,789	50,443	50,443	19,166	93,500
Arlington County	4/1/2015	73113-65 (A)	706,846	-	706,846	706,846	706,846	-	706,846
Arlington County	4/1/2015	73113-66 (A)	76,194	-	76,194	76,194	76,194	-	76,194
Arlington County	4/1/2015	73113-70 (A)	399,350	-	399,350	399,350	399,350	-	399,350
Arlington County	4/1/2015	73113-71 (A)	44,134	-	44,134	44,134	44,134	-	44,134
Arlington County	4/1/2015	73113-74 (A)	16,013	-	16,013	16,013	16,013	-	16,013
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	-	278,901	278,901	278,901	-	278,901
Fairfax County	10/4/2012	73113-40	715,000	-	491,082	491,082	491,082	-	715,000
Fairfax County	10/4/2012	73113-41	825,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-42	495,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-43	2,365,000	-	-	11,896	11,896	11,896	11,896
Fairfax County	10/4/2012	73113-44	825,000	-	-	5,858	5,858	5,858	5,858
Fairfax County	10/4/2012	73113-45	660,000	-	24,715	24,715	24,715	-	653,612
Fairfax County	4/1/2015	73113-79 (A)	24,771	-	24,771	24,771	24,771	-	24,771
Fairfax County	4/1/2015	73113-80 (A)	2,588	-	2,588	2,588	2,588	-	2,588
Fairfax County	4/1/2015	73113-84 (A)	1,278,096	-	1,278,096	1,278,096	1,278,096	-	1,278,096
Fairfax County	4/1/2015	73113-85 (A)	136,296	-	136,296	136,296	136,296	-	136,296
City of Falls Church	4/1/2015	73113-75 (A)	779	-	779	779	779	-	779

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2015

<u>Grant /</u> <u>Contracted Jurisdiction</u>	<u>Contract</u> <u>Date</u>	<u>Grant</u> <u>Number</u>	<u>Grant</u> <u>Award</u>	<u>Accrued</u> <u>(Deferred)</u> <u>Revenue</u> <u>6/30/2014</u>	<u>Cash</u> <u>Received</u>	<u>Revenue</u> <u>Recognized</u>	<u>Expenditures</u>	<u>Accrued</u> <u>(Deferred)</u> <u>Revenue</u> <u>6/30/2015</u>	<u>Cumulative</u> <u>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):									
Fiscal Year 2013									
Operating									
Arlington County	9/12/2014	72015-29	\$ 2,373,373	\$ -	\$ 2,373,372	\$ 2,373,372	\$ 2,373,372	\$ -	\$ 2,373,372
Arlington County	3/27/2015	72015-74	65,057	-	65,057	65,057	65,057	-	65,057
City of Alexandria	9/2/2014	72015-30	3,305,598	-	3,305,598	3,305,598	3,305,598	-	3,305,598
City of Fairfax	7/30/2014	72015-31	666,109	-	666,108	666,108	666,108	-	666,108
Fairfax County	10/7/2014	72015-32	14,311,518	-	14,311,518	14,311,518	14,311,518	-	14,311,518
Total State Assistance - Jurisdiction Trust Fund			<u>\$ 147,162,781</u>	<u>\$ 107,196</u>	<u>\$ 46,690,856</u>	<u>\$ 47,033,140</u>	<u>\$ 47,033,140</u>	<u>\$ 449,480</u>	<u>\$ 94,498,519</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/14</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/15</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 697,854
Alexandria VanDorn/Beauregard AA/EA	20.507	VA 95-2114	1,131,950	-	-	190,290	190,290	190,290	190,290
Crystal City/Potomac Yard Busway	20.500	VA 03-0112	777,422	-	65,999	65,999	65,999	-	777,422
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	5,914	5,914	5,914	-	182,820
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	370,264
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	33,173	178,458	152,764	152,764	7,479	411,121
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	-	-	-	-	52,931
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	-	-	-	-	10,502
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	-	278,641	278,641	278,641	278,641
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	324,153	324,153	324,153	-	496,934
Total Federal Assistance - NVTC			<u>\$ 12,509,139</u>	<u>\$ 33,173</u>	<u>\$ 574,524</u>	<u>\$ 1,017,761</u>	<u>\$ 1,017,761</u>	<u>\$ 476,410</u>	<u>\$ 3,468,779</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2015

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Granting Agency/ Grant Program/Grant Number	Federal CFDA Number	Expenditures
Department of Transportation		
<u>Direct Payments:</u>		
Federal Transit Administration Cluster:		
VA 03-0112	20.500	\$ 65,999
VA 03-0117	20.500	324,153
VA 04-0022	20.500	5,914
VA 04-0029	20.500	152,764
VA 95-2114	20.507	<u>190,290</u>
Total Federal Transit Administration Cluster		<u>739,120</u>
VA 39-0004	20.522	<u>278,641</u>
Total federal awards expended		<u><u>\$ 1,017,761</u></u>

The accompanying note is an integral part of this financial statement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of NVTC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 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 of Expenditures of Federal Awards.

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 of Expenditures of Federal Awards.

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with OMB Circular A-133.

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 is the cluster administered by NVTC: Federal Transit – Administration cluster.

For fiscal year 2015, the Commission recognized amounts in the Schedule of Expenditures of Federal Awards associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$634,232 of prior year expenditures associated with the Federal Transit Cluster were included in the SEFA. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which the Commission received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.



**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, 2015, 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 24, 2015.

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 24, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2015. The Commission's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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, 2015.

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 OMB Circular A-133, 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 24, 2015

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal awards

Internal control over major programs:

Material weaknesses identified?	_____ Yes	<u>✓</u> No
Significant deficiencies identified?	_____ 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 510(a) of Circular A-133?	_____ 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 Administration Cluster:

20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?	<u>✓</u> Yes	_____ No
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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, 2015

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