



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, October 21, 2021 – 1:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting to be conducted in person and Live Streamed via YouTube

AGENDA

1. Call to Order/Welcome Mayor Rishell, Chair
2. Summary Minutes of the September 23, 2021 Meeting
Recommended Action: Approval [with abstentions from those who were not present]

Action Item

3. FY2021 Audit Presentation Mr. Farnsworth, PBMares, LLP

Information/Discussion Items

4. FY2023 Budget Guidance Mr. Longhi, CFO
5. Investment Portfolio Report Ms. Dev Sen, Investment and Debt Manager
6. Monthly Revenue Report Mr. Longhi, CFO
7. Monthly Operating Budget Report Mr. Longhi, CFO

Closed Session

(Personnel Matter)

Adjournment

8. Adjournment

Next Scheduled Meeting November 19, 2021 1:00PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, September 23, 2021 – 1:00 PM

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Fairfax, VA 22031

Meeting Held via WebEx and Live Streamed on YouTube

SUMMARY MINUTES

1. Call to Order/Welcome

Mayor Rishell, Chair

- Mayor Rishell called the meeting to order at 1:17 PM.
- Attendees:
 - ✓ Committee Members: Mayor Rishell; Board Member Cristol; Chair Randall; Delegate Watts; Chair Wheeler (Temporary Committee appointment for quorum)
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Margaret Duker (Board Clerk)
 - ✓ Council of Counsels: Daniel Robinson (Fairfax County); Joanna Anderson (City of Alexandria); MinhChau Chor (Arlington County);
 - ✓ Other Attendees: Jurisdictional and agency staff and the public attended the meeting via the Authority's YouTube channel

2. Summary Minutes of the June 17, 2021 Meeting

Mayor Rishell, Chair

Recommended Action: Approval [with abstentions from those who were not present]
Delegate Watts moved approval of the minutes of the June 17, 2021 meeting; seconded by Chair Randall. Motion carried unanimously. Chair Wheeler abstained as she was not present at the last meeting.

Action Item

3. Approval of Forward Appropriation - Widen Route 1 Fraley Blvd to Brady's Hill and Dumfries Road (2018-053-2)

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval of Forward Appropriation

- Mr. Longhi noted that Regional Revenue Fund appropriations are done as part of the annual budget adoption process before the start of each fiscal year.
- The deadline for project sponsors to request FY2022 appropriations was January 29th, 2021. When the deadline came through, this project was managed by the Town of Dumfries through a previously approved Standard Project Agreement (SPA) and appropriation.
- The Town of Dumfries (Town) and Prince William County (County) agreed in March 2021 to transfer management of the overall project from the Town to the County.

- The purpose of transferring the project from the Town to the County was to take advantage of the County's extensive experience in widening and improving other parts of the Route 1 corridor, much of which has also been funded by the Authority.
- On March 11, 2021, the Authority transferred the project from the Town to the County by canceling the existing SPA with the Town and approving a new SPA with the County. This action only covered the previously approved SPA and appropriated funds.
- Mr. Longhi noted that the Authority approved an additional \$44,860,000 in funding for this project as part of the FY2018/23 Six-Year Program.
- County staff reported that they have been able to accelerate the project and are in need of funds in FY2022 to maintain project momentum.
- The total amount of the FY2018/23 Six-Year Program (SYP) is \$1.85 billion. This amount was planned to be appropriated over the six years of the program. Appropriation requests for FY2022 were \$33.3 million, which is the lowest amount of requests in the SYP to date. Those requests were supported by the Finance Committee and authorized by the Authority in passing the Regional Revenue Fund Budget on April 8, 2021.
- Due to the timing of the appropriation deadline (January 2021) and project transfer (March 2021) and the relatively small amount of the original FY2022 project appropriations, NVTA staff support this out-of-cycle appropriation.
- With the Finance committee's endorsement, it would go to the Authority's October 2021 meeting for final approval of budget item, and the County would prepare a SPA to present during the Authority's October 2021 meeting.

Chair Wheeler moved the approval of Forward Appropriation - Widen Route 1 Fraley Blvd to Brady's Hill and Dumfries Road (2018-053-2), seconded by Delegate Watts. Motion carried unanimously.

Information/Discussion Items

4. Investment Portfolio Report

Mr. Longhi, CFO

- Mr. Longhi presented the 2021 Fiscal Year-End recap of the Investment Portfolio Report to the Finance Committee members and discussed the Authority's Investment Portfolio performance.
- He noted the NVTA portfolio return has stopped declining relative to the market and benchmarks. However, over time, NVTA's portfolio performance will move with the market.
- He added that the portfolio remains exceptionally well-positioned to take early advantage of rising rates as the economy begins to recover and the Federal Reserve potentially enters a period of tapering asset purchases and/or quantitative easing.

5. Monthly Revenue Report

Mr. Longhi, CFO

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

6. Monthly Operating Budget Report

Mr. Longhi, CFO

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

7. Financial Activities (Verbal Report)

Mr. Longhi, CFO

- Mr. Longhi provided a verbal update on the progress of the annual independent financial audit. The process is moving forward on schedule on schedule with no issues or difficulties encountered.
- He noted that the FY2023 Budget discussion will be discussed during October meeting and staff will start the revenue projection update process in October.
- He proceeded to inform on the progress of the Reimbursement Parameter Study, noting that there was regional staff consensus on the treatment of VDOT as an on-call service provider, within the study.

8. NVTA Update (Verbal Report)

Ms. Backmon, CEO

- Ms. Backmon noted that the deadline to submit applications as part of the call for projects for the FY 2022-2027 Six-Year Program (SYP) is October 1, 2021.
- Ms. Backmon reminded the Committee of HB1915, a bill which was passed in 2015 requiring each locality embraced by the Authority to annually report to the Authority any land use or transportation elements of its Comprehensive Plan that are not consistent with TransAction.
- TransAction public outreach activities included several on-line surveys and pop-up events were conducted prior to the September 19, 2021 end of this phase of outreach.
- Ms. Backmon noted that the Authority is required to submit an annual report to the Joint Commission on Transportation Accountability (JCTA). To meet this requirement, the NVTA staff will prepare a report to the JCTA which will include FY2021 revenues, project allocations, and an update on the use of the 70% Regional Revenue Funds for FY2022-2025.
- She further noted that the November Authority meeting will be scheduled on November 18th, 2021 due to the Veterans Day holiday falling on November 11th.
- Ms. Backmon noted that the October 14th Authority meeting agenda will include the issuance of the Call for Projects for the FY2028 Congestion Mitigation and Air Quality (CMAQ) and Regional Surface Transportation Program (RSTP).

Adjournment: 1:42 PM

Next Meeting October 21, 2021, 1:00 PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 15, 2021

SUBJECT: Fiscal Year 2021 Financial Statement and Compliance Audit Reports

1. **Purpose.** To seek the Northern Virginia Transportation Authority (NVTa) Finance Committee recommendation of Authority acceptance of the draft FY2021 Financial Statement and Compliance Audit Reports.
2. **Suggested motion.** *I move the Finance Committee recommend Authority acceptance of the draft Northern Virginia Transportation Authority Financial and Compliance Audit Reports for the fiscal year ended June 30, 2021 (Attached).*
3. **Current Situation.**
 - a. The Finance Committee is designated as the Authority's Audit Committee.
 - b. As a political subdivision of the Commonwealth of Virginia, the Authority is required to complete an annual audit of its financial activities for each fiscal year following standards 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.
 - c. The Authority contracted with an independent, external, licensed certified public accounting firm; PBMares, LLP to complete the required audit of the FY2021 financial reports.
 - d. Mr. Tyler Farnsworth, CPA, is presenting the draft Financial and Compliance Reports for the fiscal year ended June 30, 2021 (Attached).

Attachment: Northern Virginia Transportation Authority, Financial and Compliance Reports, Year Ended June 30, 2021 (Draft)



**NORTHERN VIRGINIA
TRANSPORTATION AUTHORITY**

FINANCIAL AND COMPLIANCE REPORTS

Year Ended June 30, 2021

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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Introductory Section

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Honorable Phyllis J. Randall, NVTA Chairman; *Loudoun County*
Honorable David Snyder, NVTA Vice Chairman; *City of Falls Church*
Honorable Jennifer Boysko, *Virginia Senate*
Honorable Katie Cristol, *Arlington County*
Honorable Michelle Davis-Younger, *City of Manassas*
Honorable Mary Hughes Hynes, *Governor's Appointee,*
Commonwealth Transportation Board Member
Jim Kolb, *Governor's Appointee*
Honorable Jeffrey C. McKay, *Fairfax County*
Honorable David L. Meyer, *City of Fairfax*
Honorable Jeanette Rishell, *City of Manassas Park*
Honorable Danica Roem, *Virginia House of Delegates*
Honorable Vivian Watts, *Virginia House of Delegates*
Honorable Ann Wheeler, *Prince William County*
Honorable Justin Wilson, *City of Alexandria*

Non-Voting Members

John D. Lynch, *NOVA District Administrator,*
Virginia Department of Transportation
Jennifer Mitchell, *Director, Virginia*
Department of Rail and Public Transportation

Town Representative

Honorable Kelly Burk, *Town of Leesburg*

Certain Authority Staff

Monica Backmon, *Chief Executive Officer*
Michael Longhi, *Chief Financial Officer*
Margaret Teal, CPA, *Assistant Finance Officer*

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Northern Virginia Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 that 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 Authority'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 Authority'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, each major fund and the remaining fund information of the Authority, as of June 30, 2021, and the respective changes in financial position and the budgetary comparisons, 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 and the required supplementary information on pages 4-14 and 71-76, respectively, 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 Authority's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the Authority'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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia

October 13, 2021

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021.

The Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 33.2-2500, of the *Code of Virginia*. On April 3, 2013, the Governor's substitute for House Bill 2313 (2013) (the "HB2313") was adopted by the Virginia General Assembly. HB2313 provided an initial annual source of revenue for the Authority to implement legislative mandates set out in Title 33.2-2500 of the *Code of Virginia*.

The Authority's enabling legislation, states: "The Authority shall be responsible for long-range transportation planning for regional transportation projects in Northern Virginia. In carrying out this responsibility, the Authority shall, on the basis of a regional consensus, whenever possible, set regional transportation policies and priorities for regional transportation projects. The policies and priorities shall be guided by performance-based criteria such as the ability to improve travel times, reduce delays, connect regional activity centers, improve safety, improve air quality, and move the most people in the most cost-effective manner."

The member jurisdictions of the Authority (Planning District 8) are the counties of Arlington, Fairfax, Loudoun and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. The Authority has seventeen members as follows: the chief elected official, or their designees, of the nine cities and counties that are members of the Authority; two members appointed by the Speaker of the Virginia House of Delegates; one member of the Senate appointed by the Senate Committee on Privileges and Elections; and two citizens who reside in counties and cities embraced by the Authority, appointed by the Governor. In addition, the Director of the Virginia Department of Rail and Public Transportation, or designee; the Commonwealth Transportation Commissioner, or designee; and the chief elected officer of one town in a county, which the Authority embraces, serve as non-voting members of the Authority.

All moneys received by the Authority and the proceeds of bonds and other debt instruments are required to be used solely for transportation purposes benefiting the member jurisdictions. Of the total revenues received, 30% are distributed to member jurisdictions based on revenues generated in the jurisdiction. These revenues must be used for transportation projects and purposes authorized under *Code of Virginia* Section 33.2-2510 and selected by the member jurisdiction. The remaining 70% of the revenues are first pledged to the payment of bonds and other debt instruments with the remaining revenues available to fund operational, technical and analytical costs in support of TransAction, the required regional transportation plan; and regional multimodal transportation projects including mass transit projects that increase capacity for the benefit of the member localities.

The Authority is responsible for developing and updating TransAction for use to evaluate and prioritize regional transportation projects in Northern Virginia. TransAction is Northern Virginia's long-range, multimodal transportation plan, addressing regional transportation needs through 2040. TransAction is updated every five years. TransAction was last updated in October 2017. The Authority is currently undertaking the next update to TransAction, a process expected to take two years.

Pursuant to the Virginia General Assembly's, 2020 Omnibus Transportation Bill, House Bill 1414/Senate Bill 890, (HB1414/SB890), effective on July 1, 2020, the General Assembly amended numerous laws related to transportation funds, revenue sources, construction, and safety programs. The bill adopted numerous structural changes to the transportation funding system in the Commonwealth. In Northern Virginia, this resulted in the creation of a new regional congestion fee imposed at a rate of \$0.10 per \$100 for the recordation of conveyance of a deed. Governor's amendments delayed the effective date for the full implementation of the new fee until May 1, 2021. For the period July 1, 2020 to April 30, 2021, the rate of the regional congestion relief fee was \$0.05 per \$100. In addition, the Omnibus Transportation Bill provided a \$20 million transfer from the Commonwealth Transportation Fund to the Authority and revised the Interstate Operations and Enhancement Program funding from a monthly basis, based on revenues such as heavy truck registrations, highway use and diesel fuel taxes; to an annual allocation of 8.4% of funds available in the Interstate Operations and Enhancement Program.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources for the year ended June 30, 2021 by \$1,178,847,925 (net position). Of this amount, \$1,474,799 which includes \$656,287 of Operating Reserves, represents unrestricted net position, which may be used to meet the Authority's ongoing operating obligations. The Restricted portion of net position totaling \$1,177,137,970, can be used only for regional transportation purposes. It should be noted, the funds composing Restricted Net Position have been allocated by the Authority for specific regional transportation projects which meet the goals, purposes, and mandates of the Authority and Title 33.2-2500 of the *Code of Virginia* revenue source.
- The Authority's total outstanding debt for the year ended June 30, 2021 was \$52 million with \$8 million in unamortized bond premium related to the series 2014 bonds. This outstanding debt was issued in December 2014 when the Authority entered the capital bond market for the first time. At this time, the Authority has not issued additional debt.
- For the fiscal year ended June 30, 2021, intergovernmental revenue and investment income for the Authority's governmental activities totaled \$351 million, representing a \$52 million net increase in revenues compared to June 30, 2020. The majority of this increase was derived from the new and revised revenues founded in the 2020 Omnibus Transportation Bill; \$20 million transfer from Commonwealth of Virginia; \$26 million from the new regional congestion relief fee; and a \$9 million increase resulting from the change in the Interstate 81 Corridor Improvement Fund revenues from a monthly fee-based source to an annual allocation of 8.4% of funds available in the Interstate Operations and Enhancement Program. FY2021 saw an increase in sales tax revenues of \$19 million resulting from the opening of retail stores and the sales taxes on internet sales and a drop in investment revenue of \$21 million from the continued drop in fixed income market rates related to COVID-19 and Federal Reserve action.

- Expenses totaled \$232 million for the fiscal year ended June 30, 2021, representing a slight decrease of \$3 million in expense compared to June 30, 2020. Distributions of 30% Local Distribution funds to member jurisdictions as mandated in Title 33.2-2500 of the *Code of Virginia* totaled \$104 million to parallel the new revenue sources listed above. This represented a \$22 million increase over the previous year. Project cost distributions of \$123 million for project sponsor reimbursement of authorized costs represents an \$25 million decrease when compared to June 30, 2020. The Authority funds projects on a reimbursement, not grant basis. Therefore, the Authority expects project reimbursement requests to fluctuate with changing project development and construction cycles, as well as the promptness of reimbursement requests by project sponsors.

Highlights for Fund Financial Statements

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

- The Authority's General Fund reported an increase in fund balance for fiscal year 2021 of \$337,234 compared to an increase of \$485,757 for fiscal year 2020. The General Fund balance as of June 30, 2021 totaled \$1,590,607 compared with \$1,253,373 at the end of the previous fiscal year. A portion of the change represents a small increase of \$4,461 in Operating Reserve and an increase of \$322,582 in the Unassigned Fund Balance. This increase was the result of the lower than budgeted utilization of the fiscal year 2021 budget due to the prolongation of the COVID-19 pandemic and continuation of staff teleworking for the fiscal year. Public outreach special events, staffing replacement, professional development, and meeting costs were shifted to online or cancelled reducing overall expenditures.
- General and administrative expenses for the operation of the Authority for fiscal year 2021, were funded through a transfer from the Regional Revenue Fund to the General Fund in accordance with Senate Bill 1468 (2019). Each fiscal year, the Authority, as part of its annual budget adoption, has the option to transfer the operational and administrative budget amount from the Regional Revenue Fund or allocated member jurisdictions based on population.
- The Authority's Special Revenue Funds (Local Distribution Fund and Regional Revenue Fund), reported an increase in fund balance of \$115 million representing funding appropriated for regional transportation project programs approved by the Authority. This increases the overall fund balance to \$1.237 billion as of June 30, 2021 compared to \$1.122 billion at the end of the previous fiscal year. The fund balance represents amounts appropriated for approved Standard Project Agreements (projects) for which reimbursement requests have not yet been requested by the project sponsor due to the timing and phases of construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes required supplementary information and supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The financial statements presented include all of the activities which are part of the Authority's 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 the Authority's governmental activities from the economic resource measurement focus using the accrual basis of accounting.

The fund financial statements include a separate column for each of the major governmental funds and the non-major Debt Service Fund. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A 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 combined. 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 changes to net position 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 Authority is improving or declining. Net position is one way to measure financial position but the reader should also consider other indicators, such as general economic conditions prevalent in the geographic area the Authority serves.

The Statement of Activities presents information indicating how the Authority's net position changed during the fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

For the Authority, revenue is classified as general revenues. General revenues for fiscal year June 30, 2021 include the five intergovernmental revenues and adjustments received, collected, and remitted from the Commonwealth of Virginia: specifically, sales tax, the Northern Virginia transportation district fund transfer, the Interstate Operations Enhancement Program transfer, Regional Congestion Relief fees and interest earned on the Commonwealth's Northern Virginia Transportation Authority Fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only reports governmental funds. The Authority does not have proprietary funds nor does it maintain fiduciary funds at this time. The governmental funds of the Authority are divided into three categories: General Fund, Special Revenue Funds, and Debt Service Fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of a government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains four governmental funds: General Fund, two Special Revenue Funds, and a Debt Service Fund. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances for each of these funds. The General Fund includes the Authority's operating and administrative activities. The Local Distribution (30%) Special Revenue Fund reports 30% of the intergovernmental revenue received by the Authority under its legislative mandates set out in Title 33.2-2500, of the *Code of Virginia* and distributed to the member jurisdictions. The Regional Revenue (70%) Special Revenue Fund reports 70% of the intergovernmental revenue received by the Authority and used to fund regional transportation projects. A Debt Service Fund is used to account for and report financial resources restricted to expenditures for debt service.

The Authority adopts annual appropriated budgets for its General Fund and the two Special Revenue Funds. An internal budgetary comparison statement is maintained for the General Fund and Special Revenue Funds to demonstrate compliance with these budgets, which have been provided in the financial statements for fiscal year 2021.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Schedules of funding progress for the OPEB plans and the applicable pension schedules for the Authority's defined benefit pension plan are provided.

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. Supplementary Information includes a Schedule of Changes in Net Position by Jurisdiction for the Local Distribution Fund (30%) and a Schedule of Changes in Restricted Funding for Appropriated Projects in the Regional Revenue Fund (70%).

FINANCIAL ANALYSIS OF THE AUTHORITY REPORTING ENTITY AS A WHOLE

An analysis of the Authority's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the Authority's net position and changes therein. It should be noted, the Authority's net position could also be affected by non-financial factors, including economic conditions, population growth, and appropriation changes to the Authority's revenues enacted by the Commonwealth of Virginia General Assembly.

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the Authority as of June 30, 2021. Data for June 30, 2020 has been included for comparison purposes.

Summary Statement of Net Position June 30, 2021 and 2020

	Governmental Activities		Increase (Decrease)	% Change
	2021	2020		
Assets:				
Current and other assets	\$ 1,284,818,080	\$ 1,161,975,893	\$ 122,842,187	10.6%
Capital assets, net	235,176	173,567	61,609	35.5%
Total assets	1,285,053,256	1,162,149,460	122,903,796	10.6%
Deferred outflows of resources	259,928	255,441	4,487	1.8%
Liabilities:				
Current and other liabilities	49,027,874	41,419,946	7,607,928	18.4%
Noncurrent liabilities	57,420,598	60,936,644	(3,516,046)	-5.8%
Total liabilities	106,448,472	102,356,590	4,091,882	4.0%
Deferred inflows of resources	16,787	24,356	(7,569)	-31.1%
Net position:				
Net investment in capital asset	235,176	173,567	61,609	35.5%
Restricted	1,177,137,970	1,058,664,731	118,473,239	11.2%
Unrestricted	1,474,779	1,185,657	289,122	24.4%
Total net position	\$ 1,178,847,925	\$ 1,060,023,955	\$ 118,823,970	11.2%

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,178,847,925 at June 30, 2021.

A significant portion of net position, \$1.171 billion, represents funds that have been restricted by Title 33.2-2500 of the *Code of Virginia* and \$6 million is restricted for debt service. It should be noted, the funds composing this net restricted position have been allocated by the Authority to fund regional transportation projects, which meet the goals, purposes, and mandates of the Authority and Commonwealth appropriated revenue sources. The remaining balance of \$1.47 million, including \$656,287 of the General Fund Operating Reserves, is unrestricted and may be used to meet the Authority's ongoing obligations to its citizens and creditors.

Current assets consist primarily of restricted cash, cash equivalents, investments, and amounts due from the Commonwealth of Virginia. All securities purchased under the investment program are held in the name of the Authority by the custodian. Security Custodian use is required in the Authority's Investment Policy and by the *Code of Virginia*. All security purchase transactions are completed on a 'Delivery vs. Payment' basis as required by the Authority's Investment Policy. As of June 30, 2021, the Authority has approximately \$988 million invested in United States Treasuries, Agencies, Corporate Notes, Commercial Paper, Negotiable Certificates of Deposit, Bank Certificates of Deposit and Investment Pools.

As mandated in the Authority’s investment policy, the investment program priorities are safety, liquidity, then yield. Investment activities are undertaken in a conservative nature reflective of these priorities and include a ‘buy and hold’ orientation. All interest earnings of the investment program benefit the Regional Revenue Fund for appropriation by the Authority to regional transportation projects.

Restricted cash and cash equivalents totaled approximately \$236 million of which \$230 million is restricted for regional transportation projects approved and appropriated by the Authority and \$6 million is held by the Authority’s bond trustee. As of June 30, 2021, approximately \$57 million was due from the Commonwealth of Virginia, and \$45 million is due to the Authority’s member localities and other project sponsors.

Statement of Activities

The following table presents the revenues, expenses and change in net position of the Authority for the fiscal year ended June 30, 2021. Data for the year ended June 30, 2020 has been included for comparison purposes.

Summary Statement of Activities Years Ended June 30, 2021 and 2020

	Governmental Activities		Increase (Decrease)	% Change
	2021	2020		
Revenues:				
Program revenues:				
General revenue:				
Intergovernmental	\$ 348,574,852	\$ 274,674,739	\$ 73,900,113	26.9%
Investment income	2,601,012	23,931,611	(21,330,599)	-89.1%
Total revenues	<u>351,175,864</u>	<u>298,606,350</u>	<u>52,569,514</u>	17.6%
Expenses:				
General and administrative	2,418,489	2,445,063	(26,574)	-1.1%
Jurisdictional distributions	104,575,960	82,418,396	22,157,564	26.9%
Project cost distributions	123,047,379	147,771,018	(24,723,639)	-16.7%
Transaction update & technical	230,219	203,414	26,805	13.2%
Interest and issuance costs	2,079,847	2,212,136	(132,289)	-6.0%
Total expenses	<u>232,351,894</u>	<u>235,050,027</u>	<u>(2,698,133)</u>	-1.1%
Change in net position	118,823,970	63,556,323	55,267,647	87.0%
Beginning net position	<u>1,060,023,955</u>	<u>996,467,632</u>	<u>63,556,323</u>	6.4%
Ending net position	<u>\$ 1,178,847,925</u>	<u>\$ 1,060,023,955</u>	<u>\$ 118,823,970</u>	11.2%

For the fiscal year ended June 30, 2021, revenues totaled approximately \$351 million. Expenses totaled approximately \$232 million. For fiscal year 2021, the Authority exercised the option to transfer administrative and operating expenses directly from the Regional Revenue Fund as a result of Senate Bill 1468 (2019).

The increase in intergovernmental revenues includes \$20 million from the newly created Northern Virginia transportation district transfer, \$9 million from the revised Interstate Operations Enhancement Program transfer and \$26 million from Regional Congestion Relief fees derived from the 2020 Omnibus Transportation Bill. The increase also includes sales taxes assessed on internet retail sales.

Investment income reflects a decrease of \$21 million due to the continued reduction in the market and interest rates attributed to the COVID-19 pandemic and economic shut down.

The \$24 million decrease in project cost distributions reflect the project development cycle as multiple projects reach different major milestones. These expenditures are ramping up as project sponsors are entering the final phases of their authorized projects. The fluctuating rate of expenditures for project cost distributions is expected for projects previously approved by the Authority for several years until the project life cycle reaches full maturity and stabilizes. The adoption of the Six Year Program and the update to the program approved in July 2020, permitted project sponsors to have greater project readiness in place, especially for projects approved in the later years of the program. The adoption of the two-year update to the program which occurred in July 2020, programed regional revenue funds for FY2024 and FY2025.

A discussion of the key components of the revenue and expense is included in the fund's analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the needs of the Authority's financing requirements.

General Fund. The General Fund is the operating fund of the Authority. At the end of fiscal year 2021, the General Fund nonspendable fund balance was \$61,349, committed fund balance of \$567,952, assigned fund balance of \$26,986 and unassigned fund balance of \$934,320 totaling a Fund balance equal to \$1,590,607. The equipment reserve is represented as assigned fund balance of \$26,986 and the operating reserve of \$567,952 represents the committed fund balance in the General Fund.

The General Fund experienced a 2% decrease in general and administrative expenses. The decrease stemmed in part from an unfilled staff position for approximately six months; the continuation of teleworking and subsequent reduction in office related expenses.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 38% of total General Fund expenditures, while total fund balance represents approximately 65% of that same amount. The FY2022 operating budget is expected to reduce the unassigned fund balance by using some of the fiscal year 2021 carryover to reduce the operating fund transfer from the Regional Revenue Fund.

The Fund balance of \$1,590,607 includes \$567,952 of committed fund balance. The debt policy adopted on December 12, 2013, revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at a minimum 20% of the General Fund operating expenses. This operating reserve may be used at the discretion of the Chief Executive Officer, to cover unanticipated increases in the Authority's expenditures. If used, the Chief Executive Officer will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

For fiscal year 2021, the Authority exercised the option to transfer the administrative and operating expenses budgeted of \$2,769,220 directly from the Regional Revenue Fund as a result of Senate Bill 1468 (2019). The previous law provided that administrative expenses be allocated to the member localities of Planning District 8.

Debt Service Fund. The Debt Service Fund reports financial resources restricted to the payment of principal and interest for the outstanding related series of transportation bonds. The Debt Service Fund is not one of the Authority’s major governmental funds. The Debt Service Fund had a fund balance of \$462,293 as of June 30, 2021 on deposit for fiscal year 2022 debt obligations. The Authority contributes monthly to the Debt Service Fund for upcoming debt service payments.

Special Revenue Fund. The Authority maintains two Special Revenue Funds; the Local Distribution Fund (30%) and the Regional Revenue Fund (70%), both of these Funds are categorized as major funds in the governmental fund statements. These Funds are used to report the intergovernmental revenue received from the Commonwealth of Virginia.

Of the revenues received, the Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority and distributed to the member jurisdictions in accord with Title 33.2-2500 of the *Code of Virginia*. This revenue can be used by the recipient for additional urban or secondary road construction; capital improvements that reduce congestion; transportation capital improvements which have been approved by the most recent long-range transportation plan adopted by the Authority; or for other public transportation purposes.

The remaining 70% is recorded in the Regional Revenue Fund (70%). These funds are to be used by the Authority for debt service and regional transportation projects and purposes benefiting the member jurisdictions and other entities in Planning District 8, to fund transportation projects approved by the Authority that are contained in the regional transportation plan (TransAction) and in accordance with Title 33.2-2500 of the *Code of Virginia*.

The Regional Revenue Fund balance includes \$1,237,094,070 categorized as restricted fund balance as of June 30, 2021. This balance is predominately comprised of \$1,111,191,768 appropriated for Authority approved project funding, \$120,000,000 to be set aside for a Working Capital Reserve and \$5,902,302 for debt service and a debt service reserve. The fund balance also includes (\$73,492,458) representing the forward funding strategy initiated with the adoption of the Authority’s inaugural Six Year Program for FY2018-FY2023. The funding strategy appropriates the full project cost in the first fiscal year the project is expected to spend Authority funds, even though the majority of projects will require multiple years to complete. Since the Authority is a reimbursement-based funding source versus a grant-based source, the cash related to the unspent previous project appropriations remain with the Authority and provides the liquidity to forward appropriate funds for projects that are able to expedite completion, permitting project sponsors to apply for matching /additional funds, protects against outside appropriation risk and helps ensure projects are completed timely. This practice is consistent with many local jurisdictions. Outside financing would be used if at any time the Authority’s liquidity was unavailable.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The details of capital assets as of June 30, 2021 and 2020 are as follows:

	Governmental Activities	
	2021	2020
Office furniture and equipment	\$ 332,651	\$ 240,344
Less accumulated depreciation and amortization	97,475	66,777
Total capital assets, net	\$ 235,176	\$ 173,567

The Authority's investment in capital assets as of June 30, 2021 amounted to \$235,176 (net of accumulated depreciation and amortization) compared to \$173,567 as of June 30, 2020. \$92,307 of the asset increase is attributed to the third phase of a new project implementation, management and monitoring system developed and installed during fiscal year 2021.

Debt Administration

In December 2014, the Authority entered the capital bond market for the first time with bonds designated to replace a short-term Line of Credit obtained in fiscal year 2014 with fixed rate, long term, low cost, permanent financing. Efforts to execute the Authority's approved finance plan resulted in very strong credit ratings of AA+, Aa1 and AA+ with stable outlooks from Fitch, Moody's and Standard & Poor's, respectively. The bonds garnered a favorable market reception on Wall Street, reflected by a 2.5 times subscription rate and a low true interest cost of 3.09%.

At the end of June 30, 2021, the Authority had total debt outstanding of \$52,150,000 for Transportation Special Tax Revenue Bonds, Series 2014. The Authority is amortizing the bond premium from the sale over the life of the bonds. The balance of unamortized bond premium at June 30, 2021 is \$8,051,935. The bonds are secured by the Authority's Regional Revenue and a debt service reserve of \$5,900,165 initially established from the proceeds upon issuance of the bonds. Assets of the debt service reserve fund are to be used solely to pay Series 2014 principal and interest.

Economic Factors and Fiscal Year 2021's Budget

- Northern Virginia has a population of over 2.55 million. It is one of the fastest growing, diverse communities in the United States. Based on the 2020 Census, Northern Virginia has added approximately 319,754 people, or an increase of 14.3%.
- Virginia's population has grown by 7.9% based on the 2020 Census, passing 8.6 million residents as of April 2020. In aggregate, the Authority's nine member jurisdictions have experienced stable population growth since the 2010 Census averaging an aggregate population growth of 14.3%. More than 51% of the growth in the Commonwealth is concentrated in Northern Virginia, with Loudoun County experiencing a 34.8% and Prince William County experiencing a 20% population growth since 2010.
- The Northern Virginia region is responsible for an increase of 70,800 jobs from July 2020 to July 2021, based on new data from the Virginia Employment Commission. The increase in Northern Virginia represents 49.2% of the 143,800 jobs gained statewide across the Commonwealth of Virginia. The bulk of the increase in the Commonwealth came from the private sector which brought back 134,100 jobs. The public sector saw an uptick of 9,700 jobs across the same period.
- Unemployment in the Authority's jurisdictions was traditionally exceptionally low prior to the economic shut-down. At June 2021, the average preliminary unemployment rate seasonally adjusted, in the Authority member jurisdictions was 4% compared to 7.9% at June 2020; in the Commonwealth it was 4.3% as of June 2021 compared to 8.1% the prior year. Both Northern Virginia and the Commonwealth's unemployment rates were lower than the national rate of 5.9% for 2021 compared to 11.1% in 2020.
- Median family income average for the Authority's member jurisdictions is approximately \$133,683 compared to \$90,141 in the Commonwealth and \$77,263 nationally per the U.S. Census Bureau, 2014-2020 5-Year American Community Survey. This represents an approximate 2.7% increase from the previous year.

- The fiscal year 2022 special revenue budgets were adjusted to reflect the continued overall economic uncertainty surrounding the COVID-19's impact on retail sales, housing, and truck vehicle miles travelled in Planning District 8. The projections continue to include a bump in sales tax revenue from the new internet sales taxes, the addition of the regional congestion relief fee, the transfer from the Commonwealth's Northern Virginia Transportation District Fund and the Interstate Operations Enhancement Program allocation. The resulting revenue forecast is for fiscal year 2022 only, and is not indicative of projected revenue in the long term. The Authority will continue to use conservative revenue estimation methods.
- The Authority's General Fund operating budget will decrease from \$2,907,232 in fiscal year 2021 to \$2,873,551 in fiscal year 2022. The Authority elected to fund the FY2022 administrative and operating expenses through a transfer from the Regional Revenue Fund. The increase is reflective of phase IV of the development and implementation of the Project Implementation, Monitoring, and Management System which will fine-tune the ability to electronically submit project applications, manage approved Standard Project Agreements and the submission of project reimbursement requests.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. If you have any questions about this report or need additional financial information, contact Michael Longhi, Chief Financial Officer, Northern Virginia Transportation Authority, 3040 Williams Drive, Suite 200, Fairfax, Virginia 22031, or by email to michael.longhi@thenovaauthority.org.

Basic Financial Statements

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,672,638
Other receivables	2,194,449
Due from other governments	56,829,792
Deposits and prepaid items	61,349
Restricted:	
Cash and cash equivalents	236,108,231
Investments	987,951,621
Capital assets (net):	
Office furniture, computer equipment and licenses	235,176
Total assets	1,285,053,256
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	198,974
OPEB-GLI	50,287
OPEB-VLDP	10,667
Total deferred outflows of resources	259,928
LIABILITIES	
Accounts payable	189,897
Accrued liabilities	335,524
Compensated absences	190,306
Due to other governments	45,005,321
Bond reserves	356,826
Current portion of bonds payable	2,950,000
Noncurrent liabilities:	
Net pension liability	55,115
Net GLI OPEB liability	110,978
Net VLDP OPEB liability	2,570
Bonds payable, net	57,251,935
Total liabilities	106,448,472
DEFERRED INFLOWS OF RESOURCES	
Pension plan	10,284
OPEB-GLI	3,314
OPEB-VLDP	3,189
Total deferred inflows of resources	16,787
NET POSITION	
Net investment in capital assets	235,176
Restricted	1,177,137,970
Unrestricted	1,474,779
Total net position	\$ 1,178,847,925

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Expenses	Net (Expense) Revenue and Change in Net Position <u>Governmental Activities</u>
Functions/Programs		
Governmental activities:		
General and administrative	\$ 2,418,489	\$ (2,418,489)
Jurisdictional distributions (30%)	104,575,960	(104,575,960)
Project cost distributions	123,047,379	(123,047,379)
Transaction update & technical services	230,219	(230,219)
Interest	2,079,847	(2,079,847)
	<u>2,079,847</u>	<u>(2,079,847)</u>
Total governmental activities	\$ 232,351,894	(232,351,894)
General revenues:		
Intergovernmental revenue:		
Sales tax		288,700,240
Northern Virginia transportation district fund transfer		20,000,000
Interstate operations enhancement program		13,411,884
Regional congestion relief fee		26,294,651
Commonwealth fund interest income		168,077
Investment earnings		2,601,012
		<u>2,601,012</u>
Total general revenues		351,175,864
Change in net position		118,823,970
Net Position, beginning of year		<u>1,060,023,955</u>
Net Position, end of year		<u>\$ 1,178,847,925</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Funds		Non-Major	Total Governmental Funds
		Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 1,672,638	\$ -	\$ -	\$ -	\$ 1,672,638
Other receivables	-	-	2,194,449	-	2,194,449
Due from other governments	-	17,048,937	39,780,855	-	56,829,792
Deposits and prepaid items	61,349	-	-	-	61,349
Restricted cash and cash equivalents	-	71	235,645,867	462,293	236,108,231
Restricted investments	-	-	987,951,621	-	987,951,621
Total assets	\$ 1,733,987	\$ 17,049,008	\$ 1,265,572,792	\$ 462,293	\$ 1,284,818,080
LIABILITIES					
Accounts payable	\$ 24,314	\$ -	\$ 165,583	\$ -	\$ 189,897
Accrued liabilities	119,066	-	-	-	119,066
Bond reserves	-	-	356,826	-	356,826
Due to other governments	-	17,049,008	27,956,313	-	45,005,321
Total liabilities	143,380	17,049,008	28,478,722	-	45,671,110
FUND BALANCES					
Nonspendable	61,349	-	-	-	61,349
Restricted - for bond debt service	-	-	5,902,302	462,293	6,364,595
Restricted - working capital reserve	-	-	120,000,000	-	120,000,000
Restricted - for appropriated project funding	-	-	1,111,191,768	-	1,111,191,768
Committed	567,952	-	-	-	567,952
Assigned	26,986	-	-	-	26,986
Unassigned	934,320	-	-	-	934,320
Total fund balances	1,590,607	-	1,237,094,070	462,293	1,239,146,970
Total liabilities and fund balances	\$ 1,733,987	\$ 17,049,008	\$ 1,265,572,792	\$ 462,293	\$ 1,284,818,080

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2021

Reconciliation of fund balances 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		\$ 1,239,146,970
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds:		
Capital assets	\$ 332,651	
Less: accumulated depreciation and amortization	<u>(97,475)</u>	235,176
Financial statement elements related to pensions are applicable to future periods and, therefore, not reported in the governmental funds:		
Net pension liability	(55,115)	
Deferred outflows of resources	198,974	
Deferred inflows of resources	<u>(10,284)</u>	133,575
Financial statement elements related to Group Life Insurance Program OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net GLI OPEB liability	(110,978)	
Deferred outflows of resources	50,287	
Deferred inflows of resources	<u>(3,314)</u>	(64,005)
Financial statement elements related to Virginia Local Disability Program OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net VLDP OPEB liability	(2,570)	
Deferred outflows of resources	10,667	
Deferred inflows of resources	<u>(3,189)</u>	4,908
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(216,458)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.		(190,306)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Revenue bonds	(52,150,000)	
Premiums on bonds	<u>(8,051,935)</u>	(60,201,935)
Net position - governmental activities		<u>\$ 1,178,847,925</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	General Fund	Special Revenue Funds		Non-Major	Total Governmental Funds
		Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	
Revenues					
Intergovernmental:					
Sales tax	\$ -	\$ 86,610,072	\$ 202,090,168	\$ -	\$ 288,700,240
Northern Virginia transportation district fund transfer	-	6,000,000	14,000,000	-	20,000,000
Interstate operations enhancement program	-	4,023,565	9,388,319	-	13,411,884
Regional congestion relief fee	-	7,888,395	18,406,256	-	26,294,651
Commonwealth fund interest income	-	50,423	117,654	-	168,077
Investment earnings	-	3,505	2,597,271	236	2,601,012
Total revenues	-	104,575,960	246,599,668	236	351,175,864
Expenditures					
Current:					
General and administrative	2,431,986	-	-	-	2,431,986
Jurisdictional distributions (30%)	-	104,575,960	-	-	104,575,960
Project cost distributions	-	-	123,047,379	-	123,047,379
Transaction update & technical services	-	-	230,219	-	230,219
Debt service:					
Principal	-	-	-	2,865,000	2,865,000
Interest	-	-	-	2,683,450	2,683,450
Total expenditures	2,431,986	104,575,960	123,277,598	5,548,450	235,833,994
Excess (deficiency) of revenues over (under) expenditures	(2,431,986)	-	123,322,070	(5,548,214)	115,341,870
Other Financing Sources (Uses)					
Transfers in	2,769,220	-	-	5,545,242	8,314,462
Transfers out	-	-	(8,314,462)	-	(8,314,462)
Total other financing sources (uses)	2,769,220	-	(8,314,462)	5,545,242	-
Net change in fund balances	337,234	-	115,007,608	(2,972)	115,341,870
Fund Balances, beginning of year	1,253,373	-	1,122,086,462	465,265	1,123,805,100
Fund Balances, end of year	\$ 1,590,607	\$ -	\$ 1,237,094,070	\$ 462,293	\$ 1,239,146,970

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 115,341,870
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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. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.

Add - capital outlay	\$ 92,307	
Deduct - depreciation and amortization expense	<u>(30,698)</u>	61,609

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension expense		(14,417)
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Governmental funds report Group Term Life Insurance (GLI) contributions as expenditures. However, in the Statement of Activities, the cost of GLI benefits earned net of employee contributions is reported as GLI OPEB expense.

GLI OPEB expense	(4,317)	
GLI VLDP	<u>396</u>	(3,921)

The issuance of long-term debt (e.g., bonds, leases, line of credit) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items. A summary of the item supporting this adjustment is as follows:

Principal payment on revenue bonds		2,865,000
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Some 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. The following is a summary of items supporting this adjustment:

Compensated absences	(29,774)	
Change in accrued interest payable	7,163	
Amortization of premiums on bonds payable	<u>596,440</u>	573,829

Change in net position of governmental activities		<u><u>\$ 118,823,970</u></u>
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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND**

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
Current:				
General and administrative	\$ 2,907,232	\$ 2,907,232	\$ 2,431,986	\$ (475,246)
Total expenditures	<u>2,907,232</u>	<u>2,907,232</u>	<u>2,431,986</u>	<u>(475,246)</u>
Deficiency of revenues under expenditures	<u>(2,907,232)</u>	<u>(2,907,232)</u>	<u>(2,431,986)</u>	<u>475,246</u>
Other Financing Sources				
Transfer from Regional Revenue Fund for operations	2,769,220	2,769,220	2,769,220	-
Total other financing sources	<u>2,769,220</u>	<u>2,769,220</u>	<u>2,769,220</u>	<u>-</u>
Net change in fund balance	(138,012)	(138,012)	337,234	475,246
Fund Balance, beginning of year	-	-	1,253,373	1,253,373
Fund Balance, end of year	<u>\$ (138,012)</u>	<u>\$ (138,012)</u>	<u>\$ 1,590,607</u>	<u>\$ 1,728,619</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 – BUDGET AND ACTUAL – LOCAL DISTRIBUTION FUND
 Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	\$ 65,486,193	\$ 65,486,193	\$ 86,610,072	\$ 21,123,879
Northern Virginia transportation district fund transfer	6,000,000	6,000,000	6,000,000	-
Interstate operations enhancement program	638,617	638,617	4,023,565	3,384,948
Regional congestion relief fee	3,330,000	3,330,000	7,888,395	4,558,395
Commonwealth fund interest income	110,530	110,530	50,423	(60,107)
Interest income	-	-	3,505	3,505
Total revenues	75,565,340	75,565,340	104,575,960	29,010,620
Expenditures				
Current:				
Jurisdictional distributions (30%)	75,565,340	75,565,340	104,575,960	(29,010,620)
Total expenditures	75,565,340	75,565,340	104,575,960	(29,010,620)
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
– BUDGET AND ACTUAL – REGIONAL REVENUE FUND
Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	\$ 152,801,116	\$ 152,801,116	\$ 202,090,168	\$ 49,289,052
Northen Virginia transportation district fund transfer	14,000,000	14,000,000	14,000,000	-
Interstate operations enhancement prograr	1,490,106	1,490,106	9,388,319	7,898,213
Regional congestion relief fee	7,770,000	7,770,000	18,406,256	10,636,256
Commonwealth fund interest income	257,900	257,900	117,654	(140,246)
Investment earnings	5,000,000	5,000,000	2,597,271	(2,402,729)
Total revenues	181,319,122	181,319,122	246,599,668	65,280,546
Expenditures				
Current:				
Transaction update & technical services	4,013,539	4,013,539	230,219	3,783,320
Project cost distributions	1,341,025,139	1,341,025,139	123,047,379	1,217,977,760
Total expenditures	1,345,038,678	1,345,038,678	123,277,598	1,221,761,080
Excess (deficiency) of revenues over (under) expenditures	(1,163,719,556)	(1,163,719,556)	123,322,070	1,287,041,626
Other Financing Uses				
Transfers for debt service	(5,548,450)	(5,548,450)	(5,545,242)	3,208
Transfer for operations	(2,769,220)	(2,769,220)	(2,769,220)	-
Total other financing uses	(8,317,670)	(8,317,670)	(8,314,462)	3,208
Net change in fund balance	(1,172,037,226)	(1,172,037,226)	115,007,608	1,287,044,834
Fund Balance, beginning of year	-	-	1,122,086,462	1,122,086,462
Fund Balance, end of year	\$ (1,172,037,226)	\$ (1,172,037,226)	\$ 1,237,094,070	\$ 2,409,131,296

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Northern Virginia Transportation Authority (“the Authority”) 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 Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 33.2-2500, of the *Code of Virginia*. On April 3, 2013, the Governor’s substitute for House Bill 2313 (2013) (the “HB2313”) was adopted by the Virginia General Assembly. HB2313 provided an initial annual source of revenue for the Authority to implement its legislative mandates set out in Title 33.2-2500 of the *Code of Virginia*.

The Authority’s enabling legislation, states: “The Authority shall be responsible for long-range transportation planning for regional transportation projects in Northern Virginia. In carrying out this responsibility, the Authority shall, on the basis of a regional consensus, whenever possible, set regional transportation policies and priorities for regional transportation projects. The policies and priorities shall be guided by performance-based criteria such as the ability to improve travel times, reduce delays, connect regional activity centers, improve safety, improve air quality, and move the most people in the most cost-effective manner.”

The member jurisdictions of the Authority (planning district 8) are the counties of Arlington, Fairfax, Loudoun and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. The Authority has seventeen members as follows: the chief elected official, or their designees, of the nine cities and counties that are members of the Authority; two members appointed by the Speaker of the Virginia House of Delegates; one member of the Senate appointed by the Senate Committee on Privileges and Elections; and two citizens who reside in counties and cities embraced by the Authority, appointed by the Governor. In addition, the Director of the Virginia Department of Rail and Public Transportation, or designee; the Commonwealth Transportation Commissioner, or designee; and the chief elected officer of one town in a county, which the Authority embraces, serve as non-voting members of the Authority.

All moneys received by the Authority and the proceeds of bonds and other debt instruments are required to be used solely for transportation purposes benefiting the member jurisdictions. Of the total revenues received, 30% are distributed to member jurisdictions based on revenues generated in the jurisdiction. These revenues must be used for transportation projects and purposes authorized under *Code of Virginia* Section 33.2-2510 and selected by the member jurisdiction. The remaining 70% of the revenues are first pledged to the payment of bonds and other debt instruments with the remaining revenues available to fund operational, technical and analytical costs in support of TransAction, the required regional transportation plan; and regional multimodal transportation projects including mass transit projects that increase capacity for the benefit of the member localities.

The Authority is responsible for developing and updating TransAction for use to evaluate and prioritize regional transportation projects in Northern Virginia. TransAction is Northern Virginia’s long-range, multimodal transportation plan, addressing regional transportation needs through 2040. TransAction is updated every five years. TransAction was last updated in October 2017. The Authority is currently undertaking the next update to TransAction, a process expected to take two years.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

On July 24, 2013, the Authority approved its first funding program, the FY2014 Program, setting in motion a new era of transportation investments for Northern Virginia, followed by a FY2015/2016 and FY2017 Funding Programs. NVTVA adopted its inaugural Six Year Program in June 2018, using NVTVA's projected regional revenues for FY2018 through FY2023. NVTVA updates the Six Year Program every two years by allocating funding to regionally significant multimodal transportation projects for the next two projected fiscal years. The most recent Six Year Program, FY2020 through FY2025, was adopted in July 2020.

Pursuant to the Virginia General Assembly's 2020 Omnibus Transportation Bill, House Bill 1414 /Senate Bill 890 (HB1414/SB890), effective on July 1, 2020, the General Assembly amended numerous laws related to transportation funds, revenue sources, construction, and safety programs. The bill adopted numerous structural changes to the transportation funding system in the Commonwealth. Most transportation revenues are now being directed to a new Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund. Funds are then disbursed, based on codified formulas, to sub-funds established to meet the varying transportation needs of different modes of transportation.

In Northern Virginia, the Omnibus Transportation Bill established a new regional congestion fee imposed at a rate of \$0.10 per \$100 for the recordation of conveyance of a deed to reinstate a portion of the HB2313 (2013) funds diverted to Washington Metropolitan Area Transit Authority (WMATA) on July 1, 2018. Governor's amendments delayed the effective date and for the period July 1, 2020 to April 30, 2021, the rate of the regional congestion relief fee was \$0.05 per \$100. Beginning May 1, 2021, the rate increased to \$0.10 per \$100. The rate will remain at this level, unless and until changed by the General Assembly.

In addition, the Omnibus Transportation Bill provided a \$20 million transfer from the Commonwealth Transportation Fund to the Authority. In addition, the Interstate 81 Improvement Fund (SB1716/HB2718, 2019) revenue was changed. The General Assembly moved this revenue from a monthly basis, based on revenues such as heavy truck registrations, highway use and diesel fuel taxes; to an annual allocation of 8.4% of funds available in the Interstate Operations and Enhancement Program.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of the governmental activities supported by intergovernmental revenues.

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

Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function. Direct expenses are those that are clearly identifiable with a specific function. 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 except as below.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

The Authority strives to match direct expenses to the offsetting program revenue except for the investment costs related to the Regional Revenue Fund. Interest earned on the amounts held in the Regional Revenue Fund for approved & appropriated projects is retained by the fund and allocated to future projects. Investment costs are charged to the operating expenses of the General Fund.

Separate fund financial statements are provided for each of the governmental funds. In the fund financial statements, financial transactions and accounts of the Authority are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the government-wide financial statements.

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. 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 of taxes and fees from the Commonwealth of Virginia and local operating contributions, are recognized in the period the funding is made available.

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, the Authority considers revenues to be available if they are collected within 90 days after year end. Expenditures are recorded when a liability is incurred 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. The individual Government Funds are:

General Fund – The General Fund is the primary operating fund of the Authority and is used to account for and report all revenues and expenditures applicable to the general operations of the Authority which are not accounted for in other funds. Revenues are derived from contributions from member jurisdictions or a transfer from the Regional Revenue Fund as permitted under SB1468 (2019). The General Fund is considered a major fund for financial reporting purposes.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds – Special Revenue Funds account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Authority has two Special Revenue Funds. The Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority. The 30% funds are distributed to the member jurisdictions on a pro rata basis with each localities' share being the total of the revenues received that are generated or attributable to the locality divided by the total for use according to Title 33.2-2500, of the *Code of Virginia*. The Regional Revenue Fund (70%) includes amounts to be used by the Authority solely for regional transportation projects and other entities to fund transportation projects selected by the Authority that are contained in the regional transportation plan, or mass transit capital projects that increase capacity. Both Special Revenue Funds are considered major funds for financial reporting purposes.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted or committed for expenditures related to principal and interest obligations.

D. Budgeting

The Authority adopts an annual operating budget for the planning and administrative activities of the General Fund. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets. The Authority also adopts a budget for the Local Distribution Fund (30%) which promptly distributes 30% of the revenue from tax proceeds to the nine member jurisdictions based on their respective revenue contribution through the taxes collected by the Commonwealth.

To fund the various transportation projects approved by the Authority, the Regional Revenue Fund (70%) budget includes all debt service obligations costs of issuance, expenses in support of TransAction, the regional transportation plan, and funding of the Working Capital Reserve as well as PayGo projects.

In 2019, the Virginia General Assembly approved Senate Bill 1468(SB1468) where it shifted responsibility from the Department of Transportation to the Authority for the evaluation and rating of significant transportation projects in Planning District 8 as required under Title 33.2-2500, of the *Code of Virginia*. SB1468(2019) also added administrative and operating expenses to those expenses that can be paid by the Northern Virginia Transportation Authority Fund. Effective for fiscal year 2020, the Authority, as part of its annual budget adoption, exercised the option to transfer the operational and administrative budget amount from the Regional Revenue Fund.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be demand deposits, and short-term, investments with maturities of three months or less from the date of acquisition. The investment in the Commonwealth of Virginia Local Government Investment Pool (LGIP), Virginia Investment Pool Stable NAV and the Virginia State Non-Arbitrage Program (SNAP), are external investment pools and are reported as cash and cash equivalents.

2. Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 and Note 3 for discussion of investment risk and fair value measurements. Net investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, and interest income earned. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the cost basis of the investments sold.

3. Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments as reported in the Statement of Net Position are comprised of funds that shall be used solely for regional transportation purposes benefiting the member jurisdictions and funds related to bond compliance requirements. Bond proceeds are maintained in compliance with the provisions of the Tax Reform Act of 1986 and as required by the Authority's Master Indenture of Trust. Investments are stated at fair value based on quoted market prices.

4. Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able, and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value.

5. Prepaid Items

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital Assets

Capital assets include property and equipment and computer hardware with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Repairs and maintenance are charged to operations as they are incurred. Additions and betterments are capitalized. The costs of assets retired and accumulated depreciation are removed from the accounts.

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

<u>Asset Category</u>	<u>Useful Life (years)</u>
Computer Hardware and Peripherals	4
Office Furniture	7 - 10
Office Equipment	5 - 10
Leasehold Improvements	Life of the lease

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, 2021.

Funding of transportation capital projects: For projects approved and funded by the Authority with regional revenue funds (70%), either as a PayGo or financed project, the Authority does not take ownership of such projects. Therefore, these projects are not reflected on the Authority's financial statements.

7. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Authority's Retirement Plan) is a multi-employer agent plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Net pension liabilities (assets), deferred outflows of resources and deferred inflows of resources are reported in the government-wide fund financial statements.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

8. Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the total GLI other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Virginia Local Disability Program

The VRS Virginia Local Disability Program (VLDP) is a multiple-employer, cost-sharing plan. For purposes of measuring the net VLDP Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB, and the VLDP OPEB expense, information about the fiduciary net position of the VLDP; and the additions to/deductions from the VLDP's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Compensated Absences

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Authority's service. The liability for such leave is reported as incurred in the government-wide statements. Vacation leave for the Authority employees is granted to all full and part-time employees and is earned based upon the length of employment. Employees with zero to ten (10) years of service may carryover a maximum of 240 hours of accumulated leave. Employees with more than 10 years of service may carryover 360 hours of leave. The allowed accumulated leave earned yet not paid has been recorded as a liability on the Statement of Net Position. Accumulated sick leave lapses when employees leave the Authority and, therefore, upon separation from service, no monetary obligation exists. Compensated absences are paid from the General Fund.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The Authority does not recognize bond issuance costs in the governmental funds as a current period expense.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority's items that qualify for reporting in this category related to the pension plan are described in Note 7. The Authority's items that qualify for reporting in this category related to the OPEB plans are described in Notes 8 and 9.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's items that qualify for reporting in this category related to the pension plan are described in Note 7. The Authority's items that qualify for reporting in this category related to the OPEB plans are described in Notes 8 and 9.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

13. Fund Equity

The Authority reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

Restricted fund balance classification includes amounts constrained to specific purposes by their providers (higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the action to remove or change the constraint.

Assigned fund balance classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

The General Fund balance includes \$567,952 categorized as committed fund balance as of June 30, 2021. The debt policy adopted by the Authority on December 12, 2013 and revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at least 20% of the General Fund operating expenses. The operating reserve may be used at the discretion of the Chief Executive Officer, to cover unanticipated increases in the Authority's expenditures. If used, the Chief Executive Officer will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

13. Fund Equity (Continued)

The Regional Revenue Fund balance includes \$1,237,094,070 categorized as restricted fund balance as of June 30, 2021. The restricted for appropriated project funding of \$1,111,191,768 is comprised of \$1,184,684,226 appropriated by the Authority for approved funding at June 30, 2021, less \$73,492,458 of forward funding, a strategy initiated with the adoption of the Authority's inaugural Six Year Program for FY2018-FY2023 and carried forward to the updated Six Year Program for FY2020-FY2025. The forward funding strategy appropriates the full project cost in the first fiscal year the project is expected to spend Authority funds, even though the majority of projects will require multiple years to complete. Since the Authority is a reimbursement-based funding source versus a grant-based source, the cash related to the unspent previous project appropriations remain with the Authority and provides the liquidity to forward appropriate funds for projects that are able to expedite completion permitting project sponsors to apply for matching /additional funds, protects against outside appropriation risk and helps ensure projects are completed timely. This practice is consistent with many local jurisdictions. Outside financing would be used if at any time the Authority's liquidity was unavailable. The Authority's debt policy requires \$120,000,000 be restricted for a Working Capital Reserve and \$5,902,302 is restricted for debt service and a debt service reserve.

When fund balance resources are available for a specific purpose in more than one classification, the Authority will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance, as they are needed.

14. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. The net position caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

15. 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.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

16. Interfund Transfers

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

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

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

17. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates.

18. Subsequent Events

The Authority has evaluated subsequent events through October 13, 2021, the date on which the financial statements were available to be issued.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

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 (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.

At June 30, 2021, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

Governmental Activities

Unrestricted Cash and Cash Equivalents:

Cash	<u>\$ 1,672,638</u>
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Restricted:

Demand Deposits	74,628,264
United Bank Insured Cash Sweep	80,151,188
John Marshall Bank Insured Cash Sweep	52,711,413
Commonwealth of Virginia LGIP	22,043,808
Regions Bank (SNAP)	6,364,595
Virginia Municipal League Investment Pool	<u>208,963</u>
Total restricted	<u>236,108,231</u>

Total	<u><u>\$ 237,780,869</u></u>
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Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or its agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable certificates of deposits, bank notes, and corporate bonds rated at the level stated by at least two of the three following firms; AA or better by Standard & Poor's Rating Services (S&P), Aa or better by Moody's Investors Services, Inc. (Moody's), or AA or better by Fitch Rating Services, Inc. and a maturity of no more than five years; bankers' acceptances, overnight term and open repurchase agreements; money market mutual funds; and the State Treasurer's Local Government Investment Pool (LGIP). Negative-rating qualifiers (such as AA- or A-) will not exclude an investment.

The Authority holds investments in Certificates of Deposit Account Registry Service (CDARs), which mitigates risk through the use of FDIC insurance of accounts at individual banks. As such, CDARs are not rated.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy

The Authority adopted a formal investment policy in December 2014, with subsequent updates, most recently updated October 2020. The goal of the policy is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle. The primary objectives of the Authority’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. The full investment policy can be found on the Authority website at <http://thenovaauthority.org/Policy-13-Investment-Policy>.

Credit Risk

The investment policy specifies credit quality for certain types of investments, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Investment	Credit Quality
Savings account or CD’s of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a “qualified public depository”
Bankers’ acceptances	Institution must be “prime quality” as determined by one or more recognized rating services
Commercial paper	Must be “prime quality” as rated by two of the following: Moody’s (prime 1); S&P (A-1); Fitch (F-1)
Corporate notes	Must be “high quality” rating as defined by two of the following: AA by S&P; Aa by Moody’s and AA by Fitch or higher
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings by two of the following: at least A-1 by S&P; P-1 by Moody’s and F-1 by Fitch for short-term instruments and AA by S&P; Aa by Moody’s and AA by Fitch for long-term instruments

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk (Continued)

The Authority's rated investments as of June 30, 2021 were rated by both Standard & Poor's and Moody's. The table below reflects the Standard & Poor's ratings for the Authority's investment portfolio as of June 30, 2021.

	Standard & Poor's or Fitch Ratings			
	Fair Value	AAA	AA	A1
Corporate Notes	\$ 269,720,260	\$ 18,957,870	\$ 250,762,390	\$ -
United States Agencies	198,871,359	14,963,700	183,907,659	-
Commercial Paper	141,454,780	-	-	141,454,780
Supranational Bonds	119,310,862	119,310,862	-	-
Negotiable Certificates of Deposit	88,006,130	-	-	88,006,130
Municipal Bonds-Virginia	64,862,115	15,852,316	49,009,799	-
Municipal Bonds-USA	50,410,842	13,173,272	37,237,570	-
United States Treasuries	10,000,000	-	10,000,000	-
Total	\$ 942,636,348	\$ 182,258,020	\$ 530,917,418	\$ 229,460,910

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (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% 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.

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, the Authority's investment policy requires that all securities purchased by the Authority be properly and clearly labeled as an asset of the Northern Virginia Transportation Authority, and held in safekeeping by a third-party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*. Therefore, the Authority has no custodial risk.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Interest Rate Risk

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

At June 30, 2021, the Authority had the following investments and maturities:

	Investment Maturity (in years)					
	Fair Value	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Corporate Notes	\$ 269,720,260	\$ 18,546,740	\$ 87,182,470	\$ 153,589,350	\$ 10,401,700	\$ -
United States Agencies	198,871,359	35,023,000	90,076,700	29,917,200	43,854,459	-
Commercial Paper	141,454,780	141,454,780	-	-	-	-
Supranational Bonds	119,310,862	50,071,000	44,318,862	24,921,000	-	-
Negotiable Certificates of Deposit	88,006,130	88,006,130	-	-	-	-
Municipal Bonds-Virginia	64,862,115	565,023	435,183	22,108,169	28,187,292	13,566,448
Municipal Bonds-USA	50,410,842	20,840,484	12,866,538	2,423,386	12,297,559	1,982,875
CDARS	45,315,273	45,315,273	-	-	-	-
United States Treasuries	10,000,000	10,000,000	-	-	-	-
Total	\$ 987,951,621	\$ 409,822,430	\$ 234,879,753	\$ 232,959,105	\$ 94,741,010	\$ 15,549,323

Concentration of Credit Risk

The Authority'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 portfolio is in compliance with each of the stated limits as of June 30, 2021.

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

Class	Length	Percent of Total Portfolio and Cash
Savings accounts, time deposits (CDs), including FDIC insured CDs, in any bank or savings and loan association within the Commonwealth of Virginia.	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Bankers' Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

Class	Length	Percent of Total Portfolio and Cash
High Quality Corporate Notes	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior three year history must exceed internal performance by 25bps, net of management fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior three year history must exceed internal performance by 25bps, net of management fee
Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African Development Bank. (§2.2-4501)	36 months or less	15%

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

External Investment Pools

As of June 30, 2021, the Authority had investments of \$22,043,808 in the LGIP for governmental activities. 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. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

As of June 30, 2021, the Authority had investments of \$6,364,595 in the Commonwealth of Virginia State Non-Arbitrage Program (“SNAP”). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, *Code of Virginia* 1950, as amended) to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value per share of \$1. The SNAP Fund invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions, and is rated “AAAm” by S&P. SNAP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

The Authority had investments of \$208,963 in the VIP Stable NAV Liquidity Pool at June 30, 2021. This pooled investment was created during fiscal year 2017 specifically to offer local governments an investment option with a stable net asset value, while providing daily liquidity and a competitive yield. The VIP seeks to maintain a constant net asset value per share of \$1. The Stable NAV pool is rated AAAM by S&P. VIP Stable NAV is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

Bond Proceeds

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the Master Indenture of Trust and the First Supplemental Indenture of Trust both dated December 1, 2014.

Bond proceeds shall be invested in SNAP and alternate investment pools that provide assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage regulations in accordance with the *Code of Virginia* requirements or the Authority’s own investment policy. As of June 30, 2021, the Authority had \$6,364,595 held by the bond trustees, Regions Bank. Of this amount, \$2,137 was in the 2014 Project Fund account, \$5,900,165 was in the Debt Service Reserve account and \$462,293 was in the debt service account for payment of principal and interest.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

Level 1	Valuation based on quoted prices in active markets for identical assets or liabilities.
Level 2	Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
Level 3	Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows the Authority's investments by fair value level as of June 30, 2021:

Investments by Fair Value Level	June 30, 2021	Level 1	Level 2	Level 3
Corporate Notes	\$ 269,720,260	\$ 269,720,260	\$ -	\$ -
Money Market Funds	207,490,865	207,490,865	-	-
United States Agencies	198,871,359	198,871,359	-	-
Commercial Paper	141,454,780	141,454,780	-	-
Supranational Bonds	119,310,862	119,310,862	-	-
Negotiable Certificates of Deposit	88,006,130	88,006,130	-	-
Municipal Bonds-Virginia	64,862,115	64,862,115	-	-
Municipal Bonds-USA	50,410,842	50,410,842	-	-
CDARS	45,315,273	45,315,273	-	-
United States Treasuries	10,000,000	10,000,000	-	-

The remaining investments maintained by the Authority are held in external investment pools, which are exempt from the fair value disclosure.

Note 4. Due to/from Other Governments

At June 30, 2021, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Commonwealth of Virginia:			
Sales Tax	\$ 15,599,730	\$ 36,399,373	\$ 51,999,103
Regional Congestion Relief Fee	1,444,657	3,370,866	4,815,523
Commonwealth of Virginia Interest	4,550	10,616	15,166
Total	\$ 17,048,937	\$ 39,780,855	\$ 56,829,792

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/from Other Governments (Continued)

Amounts due to other governments as of June 30, 2021 consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Arlington County	\$ 1,414,505	\$ 527,923	\$ 1,942,428
Fairfax County	7,206,958	2,593,928	9,800,886
Loudoun County	3,427,919	1,789,580	5,217,499
Prince William County	2,788,491	3,682,838	6,471,329
City of Alexandria	1,107,622	16,460	1,124,082
City of Fairfax	449,337	-	449,337
City of Falls Church	184,170	211,345	395,515
City of Manassas	350,028	-	350,028
City of Manassas Park	119,978	-	119,978
Town of Herndon	-	820,565	820,565
Virginia Department of Transportation	-	7,000,000	7,000,000
Washington Metropolitan Area Transit Authority	-	11,313,674	11,313,674
	<u>\$ 17,049,008</u>	<u>\$ 27,956,313</u>	<u>\$ 45,005,321</u>

Note 5. Intergovernmental Revenues, Commonwealth of Virginia

Intergovernmental revenues from the Commonwealth of Virginia include, for Planning District 8, an additional Retail Sales Tax of 0.7% added to the standard rate of retail sales tax imposed by the *Code of Virginia*. The additional tax is not levied upon food purchased for human consumption.

Effective July 1, 2020, the Omnibus Transportation Bill established a new regional congestion fee imposed at a rate of \$0.10 per \$100 for the recordation of conveyance of a deed. Governor's amendments delayed the effective date and for the period July 1, 2020 to April 30, 2021, the rate of the regional congestion relief fee was \$0.05 per \$100. Beginning May 1, 2021, the rate increased to \$0.10 per \$100. The rate will remain at this level, unless and until changed by General Assembly.

In addition, the Omnibus Transportation Bill provided a \$20 million transfer from the Commonwealth Transportation Fund to the Authority. In addition, the Interstate Operations and Enhancement Program (SB1716/HB2718, 2019) funding was changed. The assembly moved this revenue from a monthly basis, based on revenues such as heavy truck registrations, highway use and diesel fuel taxes; to an annual allocation of 8.4% of funds available in the Interstate Operations and Enhancement Program.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated and amortized:				
Office furniture and equipment	\$ 240,344	\$ 92,307	\$ -	\$ 332,651
Less accumulated depreciation and amortization	66,777	30,698	-	97,475
Total capital assets being depreciated and amortized, net	<u>\$ 173,567</u>	<u>\$ 61,609</u>	<u>\$ -</u>	<u>\$ 235,176</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members</p> <p>Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees.* • Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; in the plan’s effective date for opt-in members was July 1, 2014. <p>* Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> <p>Service Credit</p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Retirement Contributions</p> <p>Same as Plan 1.</p> <p>Service Credit</p> <p>Same as Plan 1.</p>	<p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> <p>Service Credit</p> <p><u>Defined Benefit Component</u></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component</u></p> <p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Vesting (Continued)
		<u>Defined Contribution Component (Continued)</u>
		<ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
		Distribution is not required, except as governed by law.
Calculating the Benefit	Calculating the Benefit	Calculating the Benefit
The basic benefit is determined using the average final compensation service credit and plan multiplier.	See definition under Plan 1.	<u>Defined Benefit Component</u> See definition under Plan 1.
An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.		<u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation	Average Final Compensation	Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Service Retirement Multiplier</p> <p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier</p> <p>Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier</p> <p>The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age</p> <p>Age 65.</p>	<p>Normal Retirement Age</p> <p>Normal Social Security retirement age.</p>	<p>Normal Retirement Age</p> <p><u>Defined Benefit Component</u></p> <p>Same as Plan 2.</p> <p><u>Defined Contribution Component</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility</p> <p>Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>Normal Social Security retirement age with at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component</u></p> <p>Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><u>Defined Contribution Component</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Earliest Reduced Retirement Eligibility</p> <p>Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>Age 60 with at least five years (60 months) of service credit.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p><u>Defined Benefit Component</u> Age 60 with at least five years (60 months) of service credit.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p>
<p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><u>Eligibility:</u> Same as Plan 1.</p>	<p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<u>Exceptions to COLA Effective Dates:</u>	<u>Exceptions to COLA Effective Dates:</u>	<u>Exceptions to COLA Effective Dates:</u>
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:	Same as Plan 1.	Same as Plan 1 and Plan 2.
<ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported services. <p><u>Defined Contribution Component</u> Not applicable.</p>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	1
Inactive Members:	
Non-Vested	1
Inactive members active elsewhere in VRS	<u>1</u>
Total inactive members	3
Active members	<u>9</u>
Total covered members	<u><u>12</u></u>

C. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the year ended June 30, 2021 was 7.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$71,636 and \$75,332 for the years ended June 30, 2021 and 2020, respectively.

D. Net Pension Liability

The Authority's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50 percent
Salary increases, including inflation	3.50 percent – 5.35 percent
Investment rate or return	6.75 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities..

Mortality Rates

Non-10 Largest – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates (Continued)

Non-10 Largest – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020.
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

F. Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 644,793	\$ 602,299	\$ 42,494
Changes for the year:			
Service cost	107,133	-	107,133
Interest	43,242	-	43,242
Difference between expected and actual experience	9,259	-	9,259
Contributions – employer	-	75,332	(75,332)
Contributions – employee	-	58,911	(58,911)
Net investment income	-	13,086	(13,086)
Benefit payments, including refunds of employee contributions	(8,336)	(8,336)	-
Administrative expense	-	(299)	299
Other changes	-	(17)	17
Net changes	151,298	138,677	12,621
Balances at June 30, 2020	\$ 796,091	\$ 740,976	\$ 55,115

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

I. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's Net Pension Liability (Asset)	\$ 158,369	\$ 55,115	\$ (31,683)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Authority recognized pension expense of \$85,971. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 90,907	\$ (3,693)
Changes of assumptions	13,777	(6,591)
Net difference between projected and actual earnings on pension plan investments	22,654	-
Employer contributions subsequent to measurement date	71,636	-
Total	\$ 198,974	\$ (10,284)

The \$71,636 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 38,181
2023	40,689
2024	27,120
2025	10,425
2026	639
	<u>\$ 117,054</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 8. Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia,

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">o Accidental dismemberment benefito Safety belt benefito Repatriation benefito Felonious assault benefito Accelerated death benefit option

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

Reduction in Benefit Amounts
The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

B. Contributions

The contribution requirements for the GLI are governed by section 51.1-506 and section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Authority were \$7,395 and \$7,126 for the years ended June 30, 2021 and June 30, 2020, respectively.

C. GLI OPEB Liabilities, GLI OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the GLI OPEB

At June 30, 2021, the Authority reported a liability of \$110,978 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the net GLI OPEB liability was based on the Authority's actuarially determined employer contributions to the GLI for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .00665% as compared to .00560% at June 30, 2019.

For the year ended June 30, 2021, the Authority recognized GLI OPEB expense of \$11,718. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the GLI OPEB (Continued)

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,118	\$ (997)
Net difference between projected and actual earnings on GLI OPEB program investments	3,334	-
Changes of assumptions	5,550	(2,317)
Changes in proportionate share	26,890	-
Employer contributions subsequent to measurement date	7,395	-
Total	\$ 50,287	\$ (3,314)

The \$7,395 reported as deferred outflows of resources related to the GLI OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 9,157
2023	10,099
2024	9,228
2025	6,928
2026	3,515
Thereafter	651
	<u>\$ 39,578</u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality rates - Non-Largest 10 Locality Employers – General Employees

- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability	<u>\$ 1,668,835</u>

Plan Fiduciary Net Position as a Percentage
of the Total GLI OPEB Liability 52.64%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS -Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the Authority for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

H. Sensitivity of the Authority's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI Net OPEB Liability	\$ 145,889	\$ 110,978	\$ 82,627

I. GLI Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 9. Virginia Local Disability Program

A. Plan Description

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program (VLDP). This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

VRS VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p>Eligible Employees The VLDP was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits.</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
<p>Benefit Amounts: The VLDP provides the following benefits for eligible employees:</p> <p>Short -Term Disability:</p> <ul style="list-style-type: none"> • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <p>Long-Term Disability:</p> <ul style="list-style-type: none"> • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
<p>VLDP Notes:</p> <ul style="list-style-type: none"> • Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

B. Contributions

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2021, was 0.83% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were \$7,851 and \$6,915 for the years ended June 30, 2021 and June 30, 2020, respectively.

C. VLDP OPEB Liabilities, VLDP OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the VLDP OPEB

At June 30, 2021, the Authority reported a liability of \$2,570 for its proportionate share of the VRS VLDP Net OPEB liability. The net VLDP OPEB liability was measured as of June 30, 2020 and the total VLDP OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the net VLDP OPEB liability was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Authority's proportion of the VLDP was .25748% as compared to .22944% at June 30, 2019.

For the year ended June 30, 2021, the Authority recognized VLDP OPEB expense of \$7,451. Since there was a change in proportionate share between measurement dates, a portion of the VLDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 2,082	\$ (3,017)
Changes of assumptions	119	(172)
Net difference between projected and actual earnings on VLDP OPEB program investments	273	-
Changes in proportionate share	342	-
Employer contributions subsequent to measurement date	7,851	-
Total	\$ 10,667	\$ (3,189)

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Virginia Local Disability Program (Continued)

C. VLDP OPEB Liabilities, VLDP OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the VLDP OPEB (Continued)

The \$7,851 reported as deferred outflows of resources related to the VRS VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 294
2023	289
2024	294
2025	268
2026	(320)
Thereafter	(1,198)
	<u>\$ (373)</u>

D. Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates - Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees:

Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years,
Post-disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net VLDP OPEB Liability

The net OPEB liability (NOL) for the VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	VRS VLDP OPEB Plan	
Total Political Subdivision VLDP OPEB Liability	\$	4,317
Plan Fiduciary Net Position		3,317
Political Subdivision VLDP Net OPEB Liability	\$	<u>1,000</u>

Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	76.84%
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The total VLDP OPEB liability is calculated by the System's actuary, and plan's fiduciary net position is reported in the System's financial statements. The net VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS -Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

G. Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the Authority for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Authority's VLDP OPEB liability.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

H. Sensitivity of the Authority's Proportionate Share of the Net VLDP OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net VLDP OPEB liability using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the VLDP Net OPEB Liability	\$ 3,447	\$ 2,570	\$ 1,806

I. VRS VLDP Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 10. Operating Leases and Agreements

Governmental Activities

The Authority originally leased office space under a 60-month agreement, which commenced on October 6, 2014. The lease was previously amended June 1, 2017 which increased the Authority's office space. In October 2019, the Authority renewed the lease for the current office space and added two additional offices while extending the lease term through 2025. The lease was extended from October 31, 2019 to October 31, 2021 with an option to extend the agreement in increments of one year or more, or until August 5, 2025 whichever comes first. The lease provides for 2.5% annual increases in base rent over the lease term, and pass through of a proportionate share of building core factor and common areas. Rent expense for Governmental Activities as reported in the government-wide financial statements totaled \$171,645.

Year Ending June 30,	Amount
2022	\$ 177,085
2023	181,528
2024	186,082
Total	<u>\$ 544,695</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Long-Term Debt Obligations

In December 2014, the Authority issued \$69,045,000 of Transportation Special Tax Revenue Bonds to pay (i) certain transportation projects in the Authority member localities or (ii) certain mass transit capital projects serving the Authority member localities, (iii) the issuance and financing costs of the bonds, and (iv) to a fund debt service reserve fund for the bonds. The bonds were issued at a premium of \$11,928,792, which will be amortized over the life of the bonds.

The Authority has outstanding Transportation Special Tax Revenue Bonds of \$52,150,000. The bonds are limited obligations of the Authority and payable solely from the revenues and other property pledged by the Authority for such purpose. The pledged revenues are derived from a portion of the revenue generated by additional sales and use taxes levied by the General Assembly of Virginia. The Authority's right to receive such funds is subject to appropriation by the General Assembly. The General Assembly has the ability to eliminate or change such taxes and fees at any time. The Authority has no taxing power. Bonds are issued pursuant to a Master Indenture of Trust dated December 1, 2014. The Authority has no outstanding line of credit, direct borrowings or direct placements.

Transportation Special Tax Revenue Bonds

The special tax revenue bonds are direct obligations of the Authority and secured by the Authority's Regional Revenue and a debt service reserve of \$5,881,977 based on the maximum annual debt service calculation. These bonds were issued pursuant to the Master Indenture of Trust dated December 1, 2014 and the First Supplemental Indenture of Trust dated December 1, 2014. The bonds are issued as serial bonds and are the first series of transportation bonds to be issued under the Master Indenture.

\$69,045,000 2014 Transportation Special Tax Revenue Bonds due in annual principal payments of \$2,950,000 to \$5,285,000 through June 2034, interest at 5.00% \$ 52,150,000

Changes in Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences	\$ 160,532	\$ 92,256	\$ 62,482	\$ 190,306	\$ 190,306
Transportation Special Tax Revenue Bonds	55,015,000	-	2,865,000	52,150,000	2,950,000
Unamortized Premiums	8,648,375	-	596,440	8,051,935	-
Total governmental activities	<u>\$ 63,823,907</u>	<u>\$ 92,256</u>	<u>\$ 3,523,922</u>	<u>\$ 60,392,241</u>	<u>\$ 3,140,306</u>

Federal arbitrage regulations apply to the Authority's special tax revenue bonds.

Funds are invested by the Trustee pursuant to the provisions of the Master Indenture and the First Supplemental Indenture of Trust. The Authority's Series 2014 Project Fund and Debt Service Reserve Fund are invested by the Trustee with SNAP, the Debt Service Fund is invested directly with Regions and is classified as restricted.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Long-Term Obligations (Continued)

The debt service requirements for the Authority's bonds are as follows:

Year(s) Ending June 30,	Principal	Interest	Totals
2022	\$ 2,950,000	\$ 2,597,500	\$ 5,547,500
2023	3,100,000	2,450,000	5,550,000
2024	3,255,000	2,295,000	5,550,000
2025	3,405,000	2,142,250	5,547,250
2026	3,575,000	1,972,000	5,547,000
2027-2031	20,750,000	6,992,250	27,742,250
2032-2034	15,115,000	1,536,000	16,651,000
	<u>\$ 52,150,000</u>	<u>\$ 19,985,000</u>	<u>\$ 72,135,000</u>

Note 12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To reduce insurance costs and the need for self-insurance, the Authority has joined with other political subdivisions in the Commonwealth of Virginia in the VML Insurance Programs. The Authority has coverage with the VML Insurance Programs. Each Program member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VML the contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Program and claims and awards are to be paid.

Note 13. Pending GASB Statements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the Authority's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2020.

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

Required Supplementary Information

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

	Fiscal Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (CRC)	\$ 71,636	\$ 75,332	\$ 64,485	\$ 86,997	\$ 78,378	\$ 42,427	\$ 33,173
Contributions in relation to the CRC	71,636	75,332	64,485	86,997	78,378	42,427	33,173
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 964,145	\$ 1,005,520	\$ 865,480	\$ 917,690	\$ 826,772	\$ 624,845	\$ 488,557
Contributions as a percentage of covered-employee payroll	7.43%	7.49%	7.45%	9.48%	9.48%	6.79%	6.79%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 107,133	\$ 107,914	\$ 102,928	\$ 78,247	\$ 70,900	\$ -
Interest	43,242	34,544	24,197	14,560	-	-
Difference between expected and actual experience	9,259	(5,899)	27,939	60,765	137,107	-
Changes of assumptions	-	22,003	-	(15,903)	-	-
Benefit payments, including refunds of employee contributions	(8,336)	(14,509)	-	-	-	-
Net change in total pension liability	151,298	144,053	155,064	137,669	208,007	-
Total pension liability - beginning	644,793	500,740	345,676	208,007	-	-
Total pension liability - ending (a)	\$ 796,091	\$ 644,793	\$ 500,740	\$ 345,676	\$ 208,007	\$ -
Plan Fiduciary Net Position						
Contributions - employer	\$ 75,332	\$ 64,845	\$ 86,928	\$ 78,378	\$ 42,427	\$ 30,617
Contributions - employee	58,911	47,862	47,287	42,081	31,288	49,918
Net investment income	13,086	36,377	26,628	27,878	3,770	951
Benefit payments, including refunds of employee contributions	(8,336)	(14,509)	-	-	-	-
Administrative expense	(299)	(240)	(113)	(42)	(11)	65
Other	(17)	(24)	(29)	(30)	(1)	(2)
Net change in plan fiduciary net position	138,677	134,311	160,701	148,265	77,473	81,549
Plan fiduciary net position - beginning	602,299	467,988	307,287	159,022	81,549	-
Plan fiduciary net position - ending (b)	\$ 740,976	\$ 602,299	\$ 467,988	\$ 307,287	\$ 159,022	\$ 81,549
The Authority's net pension liability (asset) - ending (a)-(b)	\$ 55,115	\$ 42,494	\$ 32,752	\$ 38,389	\$ 48,985	\$ (81,549)
Plan fiduciary net position as a percentage of total pension liability	93%	93%	93%	89%	76%	0%
Covered-employee payroll	\$ 1,005,520	\$ 865,480	\$ 917,690	\$ 826,772	\$ 624,845	\$ 488,557
The Authority's net pension liability (asset) as a percentage of covered-employee payroll	5%	5%	4%	5%	8%	-17%

Notes to Schedule:

- Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- Changes of assumptions** – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-10 Largest

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020.
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM For the Measurement Dates of June 30

	Fiscal Year June 30,			
	2020	2019	2018	2017
Total Group Life Insurance OPEB Liability				
The Authority's Portion of the Net GLI OPEB Liability	0.00665%	0.00560%	0.00553%	0.00497%
The Authority's Proportionate Share of the Net GLI OPEB Liability	\$ 110,978	\$ 91,127	\$ 84,000	\$ 75,000
The Authority's Covered Payroll	\$ 1,369,371	\$ 1,098,173	\$ 1,051,730	\$ 917,664
The Authority's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.10%	8.30%	7.99%	8.17%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

* The amounts presented have a measurement date of June 30, 2020

Notes to Schedule:

- Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- Changes of assumptions** – The actuarial assumptions used in the June 30, 2019 were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020.
Retirement Rates	Lowered retirement rates at older ages and extended final retirement from 70 to
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (CRC)	\$ 7,395	\$ 7,126	\$ 5,716	\$ 5,469	\$ 4,772	\$ 3,281	\$ 2,275
Contributions in relation to the CRC	7,395	7,126	5,716	5,469	4,772	3,281	2,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,364,032	\$ 1,369,371	\$ 1,098,173	\$ 1,051,730	\$ 917,664	\$ 683,642	\$ 473,980
Contributions as a percentage of covered-employee payroll	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY – VIRGINIA LOCAL DISABILITY PROGRAM

	Fiscal Year June 30,			
	2020	2019	2018	2017
Total Virginia Local Disability Program OPEB Liability				
The Authority's Portion of the Net VLDP OPEB Liability	0.25748%	0.22944%	0.21833%	0.21506%
The Authority's Proportionate Share of the Net VLDP OPEB Liability	\$ 2,570	\$ 4,648	\$ 1,000	\$ 1,000
The Authority's Covered Payroll	\$ 959,464	\$ 708,987	\$ 530,126	\$ 394,910
The Authority's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.27%	0.66%	0.19%	0.25%
Plan Fiduciary Net Position as a percentage of the Total VLDP OPEB Liability	76.84%	49.19%	51.39%	38.40%

* The amounts presented have a measurement date of June 30, 2020

Notes to Schedule:

- Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation
- Changes of assumptions** –The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020.
Retirement Rates	Lowered retirement rates at older ages and extended final retirement from 70 to
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – VIRGINIA LOCAL DISABILITY PROGRAM

	Fiscal Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (CRC)	\$ 7,851	\$ 6,915	\$ 5,111	\$ 3,181	\$ 2,369	\$ 1,781	\$ 876
Contributions in relation to the CRC	7,851	6,915	5,111	3,181	2,369	1,781	876
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 941,055	\$ 959,464	\$ 708,987	\$ 530,126	\$ 394,910	\$ 296,810	\$ 146,012
Contributions as a percentage of covered-employee payroll	0.83%	0.72%	0.72%	0.60%	0.60%	0.60%	0.60%

Supplementary Information

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES

Year Ended June 30, 2021

General and Administrative Expenditures:

Personnel expenses:		\$ 1,784,949
Salaries & wages	\$ 1,391,314	
Benefits & retirement	<u>393,635</u>	
Professional services:		198,353
Legislative services fees	71,669	
Financial advisory services fees	35,000	
Public outreach & regional event support costs	38,423	
Auditing & accounting services fees	28,000	
Investment custody services fees	20,340	
Bond trustee services fees	2,688	
Payroll & bank services fees	<u>2,233</u>	
Technical and technology hosting services:		232,940
GIS & Project Management & Monitoring systems	112,132	
Financial reporting & accounting systems	84,864	
Network-IT-Hosting services	28,015	
Web development & hosting services	<u>7,929</u>	
Office lease charges		171,645
Professional development, memberships, industry & training conferences		15,154
Phone services		11,166
Insurance and liability bonds cost		7,458
Copier printing and duplication charges		6,629
Office supplies, furniture and equipment expenses		1,937
Hosted meeting expenses		1,269
Postage		321
Mileage and transportation costs		<u>165</u>
Total general and administrative expenditures		<u><u>\$ 2,431,986</u></u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN NET POSITION BY JURISDICTION LOCAL DISTRIBUTION FUND (30%) Year Ended June 30, 2021

	Arlington County	Fairfax County	Loudoun County	Prince William County	City of Alexandria	City of Fairfax	City of Falls Church	City of Manassas	City of Manassas Park	Totals
Revenues										
Intergovernmental:										
Commonwealth of Virginia:										
Sales tax	\$ 7,028,178	\$ 35,900,436	\$ 17,869,896	\$ 14,072,518	\$ 5,706,034	\$ 2,432,768	\$ 1,019,375	\$ 2,046,928	\$ 533,939	\$ 86,610,072
Northern Virginia transportation district fund transfer	478,981	2,462,415	1,285,629	962,745	390,582	168,836	69,867	146,322	34,623	6,000,000
Interstate operations enhancement program	342,806	1,660,387	829,193	646,670	260,579	115,824	45,628	97,331	25,147	4,023,565
Regional congestion relief fee	741,667	3,264,557	1,714,532	1,257,521	678,806	75,765	55,132	72,138	28,277	7,888,395
Commonwealth fund interest	4,101	20,674	10,551	8,251	3,417	1,368	589	1,168	304	50,423
Interest income	279	1,440	735	560	246	105	35	70	35	3,505
Total revenues	8,596,012	43,309,909	21,710,536	16,948,265	7,039,664	2,794,666	1,190,626	2,363,957	622,325	104,575,960
Expenditures										
Distribution of 30% local funds	8,596,012	43,309,909	21,710,536	16,948,265	7,039,664	2,794,666	1,190,626	2,363,957	622,325	104,575,960
Total expenditures	8,596,012	43,309,909	21,710,536	16,948,265	7,039,664	2,794,666	1,190,626	2,363,957	622,325	104,575,960
Net change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund Balance, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN RESTRICTED FUNDING FOR APPROPRIATED PROJECTS – REGIONAL REVENUE FUND

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2021	Remaining Appropriation at 6/30/2021	Percentage of Draw Down	Phases Funded
Arlington County	2014	Silver/Blue Line Mitigation (Four New Buses)	\$ 1,000,000	\$ 797,696	\$ -	100%	Acq
Arlington County	2014	Crystal City Multimodal Center	1,500,000	1,326,173	-	100%	CN
Arlington County	2015	Glebe Road Corridor Intelligent Transportation System (ITS) Improvements	2,000,000	624,763	1,375,237	31%	Pre Eng, CN
Arlington County	2017	Lee Highway Corridor Intelligent Transportation System Enhancements	3,000,000	346,945	2,653,055	12%	Des, Eng, ROW, CN
Arlington County	2014	Boundary Channel Drive Interchange	4,335,000	2,196,516	2,138,484	51%	Des, CN
Arlington County	2020	Crystal City Metrorail Station East Entrance and Intermodal Connections	5,000,000	651,086	4,348,914	13%	Des, Eng
Arlington County	2015	Columbia Pike Multimodal St Improvements East End B/T 2 interchanges w Washington Blvd	10,000,000	1,000,000	9,000,000	10%	Des, CN
Arlington County	2019	Intelligent Transportation System Improvements	10,000,000	537,054	9,462,946	5%	CN
Arlington County	2017	Crystal City Streets:12th St Transitway, Clark/Bell Realignment, & Intersection Improvements	11,600,000	2,446,009	9,153,991	21%	Des, Eng, Env, CN
Arlington County	2015	Ballston Metrorail Station West Entrance	12,000,000	961,137	11,038,863	8%	Final Des
Arlington County	2014	Columbia Pike Multimodal St Improvements West End FR FFX County line to Four Mile Run	12,000,000	12,000,000	-	100%	CN
Arlington County	2020	Pentagon City Multimodal Connections and Transitway Extension	28,850,000	-	28,850,000	0%	CN
Arlington County	2019	ART Operations and Maintenance Facilities	39,027,000	287,001	38,739,999	1%	Des, ROW, CN, Acq
Fairfax County	2015	US 1 Richmond Hwy (Mt. Vernon Memorial Hwy to Napper Rd)	1,000,000	1,000,000	-	100%	Env, Pre Eng
Fairfax County	2015	Frontier Drive Extension & Braided Ramps	2,000,000	2,000,000	-	100%	Des, Env, Pre Eng
Fairfax County	2015	Rolling Road Widening(Old Keene Mill Rd to Franconia Springfield Pkwy)	5,000,000	3,750,000	1,250,000	75%	Des, Eng, Env, ROW, CN
Fairfax County	2015	Route 28 Widening (Prince William County Line to Route 29)	5,000,000	4,273,667	726,333	85%	Des, Pre Eng, ROW
Fairfax County	2017	Route 28 Widening (Prince William County Line to Route 29)	5,000,000	-	5,000,000	0%	Des, Pre Eng
Fairfax County	2015	Connector Bus Service Expansion – Capital Purchase 12 Buses	6,000,000	5,922,262	-	100%	Acq
Fairfax County	2015	Fairfax County Parkway Improvements	10,000,000	7,000,000	3,000,000	70%	Study, Env, Pre Eng
Fairfax County	2017	Route 286 Fairfax County Parkway Widening (Route 123 to Route 29)	10,000,000	-	10,000,000	0%	ROW
Fairfax County	2017	Route 7 Widening Phase I (Colvin Forest Dr to Jarrett Valley Dr)	10,000,000	6,000,000	4,000,000	60%	ROW
Fairfax County	2020	Rolling Road Widening: Hunter Village Drive to Old Keene Mill Road	11,111,000	-	11,111,000	0%	ROW, CN
Fairfax County	2021	Rt 28 Widening: Rt 29 to PWC Line	16,000,000	-	16,000,000	0%	CN
Fairfax County	2015	West Ox Bus Garage Phase II	20,000,000	11,710,280	-	100%	CN
Fairfax County	2020	Frontier Drive Extension and Intersection Improvements	25,000,000	-	25,000,000	0%	ROW, CN
Fairfax County	2015	Innovation Center Metrorail Station	28,000,000	27,837,813	162,187	99%	CN
Fairfax County	2014	Innovation Center Metrorail Station	41,000,000	37,738,401	3,261,599	92%	Des/Build
Fairfax County	2021	Fairfax County Parkway Widening: Ox Rd to Lee Hwy Incl grade-separated interchange at	67,000,000	-	67,000,000	0%	ROW, CN
Fairfax County	2020	Route 1 Widening (Mount Vernon Memorial Highway to Napper Road)	127,000,000	-	127,000,000	0%	Des, ROW, CN
Fairfax County	2019	Richmond Hwy Bus Rapid Transit Phase I & II	250,000,000	12,471,361	237,528,639	5%	Des, ROW, CN
Fairfax County	2017	I-66/Route 28 Interchange Improvements -\$300,000,000	Withdrawn	-	-	WD	Des, Eng, Env, ROW, CN
Loudoun County	2014	2-Transit Buses - 40ft	880,000	880,000	-	100%	Acq
Loudoun County	2014	Leesburg Park and Ride	1,000,000	1,000,000	-	100%	ROW/CN
Loudoun County	2015	Acquisition of 4 Buses	1,860,000	1,860,000	-	100%	Acq
Loudoun County	2019	Route 9 Traffic Calming/Hillsboro	12,112,000	12,112,000	-	100%	Des, ROW, CN, Utility
Loudoun County	2019	Evergreen Mills Road Intersection Realignments – Watson Road and Reservoir Road	14,000,000	417,202	13,582,798	3%	Des, ROW, CN, Utility
Loudoun County	2020	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route	16,000,000	9,112,386	6,887,614	57%	ROW
Loudoun County	2015	Belmont Ridge Road (VA Route 659)- Turo Parish Road to Croson Ln	19,500,000	2,062,031	17,437,969	11%	CN
Loudoun County	2014	Belmont Ridge Road (Rt 659) North of Dulles Greenway Widening	20,000,000	20,000,000	-	100%	CN
Loudoun County	2015	Loudoun County Parkway (VA Route 607) – U.S. 50 to Creighton Rd.	31,000,000	12,223,300	18,776,700	39%	CN
Loudoun County	2019	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard	47,800,000	1,789,580	46,010,420	4%	Des, ROW, CN, Utility
Loudoun County	2020	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway	64,805,000	4,237,749	60,567,251	7%	ROW, CN
Loudoun County	2020	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643)	76,230,000	4,166,689	72,063,311	5%	ROW, CN
Prince William County	2015	Route 28 (Manassas Bypass) Study - Godwin Drive Extended	2,500,000	1,959,277	540,723	78%	Study
Prince William County	2014	Route 1 from Featherstone Road to Mary's Way	3,000,000	3,000,000	-	100%	Des
Prince William County	2020	Route 28 Corridor Feasibility Study - Environmental Impact Statement (City of Manassas to	3,500,000	-	3,500,000	0%	Des
Prince William County	2015	Widen Rt 1(Fraleigh Blvd) Brady's Hill Rd to Rt 234 (Dumfries Rd)	6,900,000	2,879,508	4,020,492	42%	Pre Eng
Prince William County	2017	Route 28 Widening to Six Lanes (Route 234 Bypass to Linton Hall Road)	10,000,000	-	10,000,000	0%	CN

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN RESTRICTED FUNDING FOR APPROPRIATED PROJECTS – REGIONAL REVENUE FUND (Continued)

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down	Phases Funded
Prince William County	2017	Route 1 Widening to Six Lanes (Featherstone Road to Mary's Way)	\$ 11,000,000	\$ 4,701,030	\$ 6,298,970	43%	CN
Prince William County	2019	Summit School Rd Extension and Telegraph Rd Widening	11,000,000	1,678,236	9,321,764	15%	Des, ROW, CN
Prince William County	2019	RT28 corridor improvements (Fitzwater Dr to Pennsylvania Ave)	15,000,000	11,167,555	3,832,445	74%	CN
Prince William County	2015	Route 28 Widening from Route 234 Bypass to Linton Hall Road	16,700,000	16,700,000	-	100%	Pre Eng, CN
Prince William County	2019	Construct Interchange at Prince William Parkway and University Boulevard	24,200,000	1,963,904	22,236,096	8%	CN
Prince William County	2014	Route 28 from Linton Hall Road to Fitzwater Drive	28,000,000	28,000,000	-	100%	ROW, CN
Prince William County	2015	Route 1 Widening from Featherstone Road to Mary's Way	49,400,000	39,803,310	9,596,690	81%	ROW, CN
Prince William County	2019	Construct Interchange at Route 234 and Brentsville Road	54,900,000	1,790,666	53,109,334	3%	Des, ROW, CN
Prince William County	2021	Construct RT 28 Corridor Roadway Improvements	89,000,000	-	89,000,000	0%	CN
Town of Herndon	2014	Herndon Pkwy Intersection Improvements Sterling Rd	500,000	498,397	-	100%	Des, ROW
Town of Herndon	2014	Herndon Pkwy Intersection Improvements Van Buren	500,000	446,376	53,624	89%	Des, ROW, CN
Town of Herndon	2014	Herndon Metrorail Intermodal Access Improvements	1,100,000	1,100,000	-	100%	Des, ROW
Town of Herndon	2015	East Elden Street Improvements & Widening Project	10,400,000	2,567,795	7,832,205	25%	ROW
Town of Leesburg	2015	New grade-separated interchange Edwards Ferry Rd at Rt 15 Leesburg BP	1,000,000	1,000,000	-	100%	Des
Town of Leesburg	2014	New grade-separated interchange on Edwards Ferry Road at RT 15 Leesburg BP	1,000,000	1,000,000	-	100%	Des
Town of Leesburg	2021	Rt 15 Bypass & Battlefield Prkwy Interchange Project	2,000,000	-	2,000,000	0%	Des, Eng
Town of Leesburg	2015	Route 7 (East Market Street)/Battlefield Parkway Interchange	13,000,000	13,000,000	-	100%	Final Des
Town of Leesburg	2017	Route 7 (East Market Street) / Battlefield Parkway Interchange	20,000,000	20,000,000	-	100%	CN
Town of Leesburg	2020	Route 7 (E Mrkt St) Battlefield Prkwy Interchange	25,000,000	15,000,000	10,000,000	60%	CN
City of Alexandria	2019	Alexandria Bus Network ITS	150,000	150,000	-	100%	Des, CN
City of Alexandria	2015	Duke Street Transit Signal Priority	190,000	190,000	-	100%	Des, CN
City of Alexandria	2014	Shelters and Real Time Transit Info for DASH/Wmata	450,000	450,000	-	100%	CN
City of Alexandria	2014	Traffic Signal Upgrades/Transit Signal Priority	660,000	382,181	-	100%	Des, CN
City of Alexandria	2020	Alexandria ITS Projects	1,195,491	639,398	556,093	53%	Des, ENG, CN
City of Alexandria	2014	Dash bus expansion (5 new hybrid buses)	1,462,500	1,462,500	-	100%	Acq
City of Alexandria	2015	Potomac Yard Metrorail Station	1,500,000	1,500,000	-	100%	Pre Eng, Final Des
City of Alexandria	2014	Potomac Yard Metro Station EIS	2,000,000	2,000,000	-	100%	Pre Eng
City of Alexandria	2015	West End Transitway (Van Dorn - Beauregard)	2,400,000	901,254	1,498,746	38%	Final Des
City of Alexandria	2020	DASH Transit Service Enhancements and Expansion	11,933,161	218,765	11,714,396	2%	CN, Acq
City of Alexandria	2020	Alexandria Duke St Transitway	12,000,000	16,460	11,983,540	0%	Des, Eng
City of Alexandria	2017	Potomac Yard Metrorail Station	66,000,000	66,000,000	-	100%	Des, CN (Des-Build)
City of Fairfax	2015	Jermantown / Route 50 Roadway Improvements	1,000,000	1,000,000	-	100%	CN
City of Fairfax	2015	Kamp Washington Intersection Improvements-Rt 50 & Rt 29 & Rt 236	1,000,000	1,000,000	-	100%	CN
City of Fairfax	2019	Roadway Network Northfax West	2,500,000	43,320	2,456,680	2%	Des, ROW, CN
City of Fairfax	2015	CUE 35-foot transit Bus Acquisition	3,000,000	2,536,210	-	100%	Acq
City of Fairfax	2014	Chain Bridge Rd Widening / Improve from Rt 29/50 to Eaton Place	5,000,000	5,000,000	-	100%	Des, ROW, CN
City of Fairfax	2015	Northfax - Intersection and drainage improvements at Route 29/50 and Route 123	10,000,000	10,000,000	-	100%	CN
City of Fairfax	2019	Jermantown Rd Corridor Improvement Project	21,000,000	351,395	20,648,605	2%	Des, ROW, CN
City of Falls Church	2014	Pedestrian Bridge providing safe access to E Falls Church Metro	130,228	130,228	-	100%	Des, CN
City of Falls Church	2014	Bus Stop Changes Incl provision of shelters & pedestrian inform & Consolidation	200,000	200,000	-	100%	Des, ROW, CN
City of Falls Church	2014	Pedestrian Access to Transit	700,000	700,000	-	100%	Des, ROW, CN
City of Falls Church/NVRI	2019	Falls Church Enhanced Regional Bike Routes (W&OD)	3,244,959	1,307,012	1,937,947	40%	Des, CN
City of Falls Church	2020	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project	15,700,000	3,121,160	12,578,840	20%	Des, Eng, ROW, CN
City of Manassas	2015	Route 28 Widening South to the City Limits	3,294,000	855,527	2,438,473	26%	Pre Eng, ROW, CN
VDOT/Fairfax County	2014	Route 28 widening NB from McLearen to Dulles Toll Rd	11,100,000	11,100,000	-	100%	Des-Build
VDOT/Loudoun County	2014	Route 28 Hot Spot Improvements (Loudoun Segment)	12,400,000	12,400,000	-	100%	CN
VDOT/Fairfax County	2015	Route 7 Bridge Widening over Dulles Toll Road	13,900,000	13,900,000	-	100%	CN

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN RESTRICTED FUNDING FOR APPROPRIATED PROJECTS – REGIONAL REVENUE FUND (Continued)

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down	Phases Funded
VDOT/Loudoun County	2019	Route 28 Northbound Widening –between the Dulles Toll Road and Sterling Blvd	\$ 20,000,000	\$ 18,420,600	\$ -	100%	CN
VDOT/Fairfax County	2014	Route 28 widening SB from Dulles Toll Road to Route 50	20,000,000	20,000,000	-	100%	Des-Build
WMATA	2014	Traction Power Upgrades on the Orange Line in Virginia (8 -car trains)	4,978,685	2,524,634	-	100%	Des
WMATA	2017	Metrorail Blue Line Traction Power Upgrades	17,443,951	10,271,288	7,172,663	59%	Eng, CN
Virginia Railway Express	2015	Crystal City Platform Extension Study	400,000	394,243	-	100%	Study
Virginia Railway Express	2015	Manassas Park Station Parking Expansion	500,000	500,000	-	100%	Des, Pre Eng
Virginia Railway Express	2014	Alexandria Station Tunnel and Platform Improvements *	1,300,000	-	-	WD	CN
Virginia Railway Express	2014	VRE Gainesville-Haymarket Extension Project Development	1,500,000	1,500,000	-	100%	Des
Virginia Railway Express	2017	VRE Manassas Park Station Parking Expansion	2,000,000	830,729	1,169,271	42%	Eng, Env, Des
Virginia Railway Express	2021	VRE Crystal City Station Improvements	4,000,000	-	4,000,000	0%	Des, Eng
Virginia Railway Express	2015	Slaters Lane Crossover	7,000,000	2,553,665	-	100%	Pre Eng, CN
Virginia Railway Express	2014	Lorton Station Second Platform	7,900,000	800,270	-	WD	Des, CN
Virginia Railway Express	2015	Rippon Station Expansion and Second Platform	10,000,000	39,480	-	WD	Des, Pre Eng, CN
Virginia Railway Express	2015	Franconia-Springfield Platform Improvements	13,000,000	940,681	12,059,319	7%	Pre Eng, Env, CN
PRTC	2014	PRTC New Gainesville Service Bus	580,000	559,275	-	100%	Acq
PRTC	2015	Western Bus Maintenance and Storage Facility	16,500,000	16,499,998	-	100%	CN
NVTC	2014	Route 7 Transit Alternatives Analysis Study	838,000	834,665	-	100%	Study
Total Appropriated Funding, Amount Paid & Remaining Restricted Amounts as of June 30, 2021			\$ 1,816,260,975	\$ 595,220,093	1,184,684,226		
Amount of Forward Funding as Described in Note 1, E. - 13.					(73,492,458)		
					\$ 1,111,191,768		

* Funding Request Withdrawn effective 7/9/2020

Des - Design; Pre Eng- Preliminary Engineering; Eng - Engineering; Env - Environmental; ROW - Right of Way; CN - Construction; Acq - Acquisition

Compliance Section



**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 Authority Board Members
Northern Virginia Transportation Authority

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, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 Authority'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 financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
October 13, 2021



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Results of the Audit
June 30, 2021

Presented by:
Michael A. Garber, Partner
558 South Main Street, Harrisonburg, VA 22801
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Purpose of this Report

Engagement Team and Firm Information

Overview of the Financial Statements

- Audit Opinion
- Financial Statements
- Compliance Report

Required Communications under *Government Auditing Standards*

Questions, Comments, and Observations

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Engagement Team and Firm Information

PBMares – Overview

Ranked on INSIDE Public Accounting's IPA 100 list, PBMares is a full-service accounting and consulting firm, providing audit, tax, and advisory services. Founded in 1963, the firm is headquartered in Virginia and maintains a strong presence in the Mid-Atlantic region, with offices in Baltimore and Rockville, Maryland, Morehead City and New Bern, North Carolina, as well as Fairfax, Fredericksburg, Harrisonburg, Newport News, Norfolk, Richmond, Warrenton, and Williamsburg, Virginia. We have developed a strong practice and a solid reputation thanks to the background and qualifications of our highly skilled and experienced professional staff.

Range of Services

With more than 300 professionals, PBMares offers expertise across a broad range of services. In addition to traditional assurance and tax services, we provide the following services:

- Cybersecurity
- Forensic
- Internal audits
- Outsourced accounting
- Wealth management
- Business valuations
- Retirement plan design and administration
- Transaction advisory
- Estate/trust accounting and planning
- Strategic planning
- Succession planning
- Litigation support

Industry specialties include:

- State and Local Government
- Not-for-Profit
- Construction and Real Estate
- Healthcare
- Financial institutions
- Government contractors
- Hospitality

PBMares Cares

Part of being a CPA firm is serving the community. This should be an innate part of any firm's values, and, at PBMares, we take our role as stewards of society very seriously. It isn't just about providing excellence through our services. Our commitment to the public good has a deeper ethical significance to us as individuals and citizens and translates into many contributions to our communities where we live and work – ways that go beyond making a financial contribution. Many of PBMares' partners and employees serve on non-profit boards or volunteer thousands of hours in service to local charities, including churches, children's museums, schools, food pantries, youth sports, health care organizations, and countless other worthy causes. The firm has also established PBMares Cares Day, where all employees are encouraged to participate in a firm-wide day of volunteerism at different charities supported by the firm.

State and Local Government Niche

Public Sector Commitment and Experience

PBMares' State & Local Government Team is comprised of more than 20 professionals focused on the unique compliance and regulatory needs of clients in the public sector. The public sector is one of the main focus industries within our firm. Members of the State & Local Government Team have extensive experience in providing audit and consulting services to many authorities, boards, commissions, counties, cities, and towns. The team is co-led by Betsy Hedrick and Mike Garber, who are based in the firm's Harrisonburg office.

Members of the team actively pursue information on the most up-to-date government developments and devote significant time researching and studying the economics, operational issues and trends affecting governmental entities to ensure we are on the leading edge of issues affecting clients. Team members serve as volunteer instructors at seminars conducted by the Virginia Government Finance Officers Association and the Virginia Society of Certified Public Accountants, as well as serve as seminar sponsors held by these associations. This deep industry involvement translates to a well-trained, specialized engagement team, setting us apart from many CPA firms.

Similar Engagements with Other Governmental Entities

The following are some of our current governmental audit clients:

Traditional Local Governments

- County of Augusta
- County of Goochland
- County of Orange
- County of Rockingham
- Town of Ashland
- Town of Bridgewater
- Town of Culpeper
- Town of Grottoes
- Augusta County Economic Development Authority
- Orange County Economic Development Authority

Other Types of Local Governments

- Virginia Port Authority and Virginia International Terminals
- Fairfax County Water Authority
- Prince William County Service Authority
- Upper Occoquan Service Authority
- Augusta County Service Authority
- Middle River Regional Jail Authority
- Central Virginia Transportation Authority
- Northern Virginia Transportation Commission
- Potomac and Rappahannock Transportation Commission
- Virginia Railway Express
- Hampton Roads Transportation Accountability Commission
- Hampton Roads Planning District Commission
- Goochland Powhatan Community Services
- Shenandoah Valley Regional Program for Special Education

Professional Development and Thought Leadership

PBMares will share information regarding training opportunities for our clients in applicable subject matters, including the firm's free annual Municipal Government Ethics & Training Day. The State and Local Government Niche Team also maintains a blog, giving government entities timely information on subjects that impact them. Recent blog posts have covered topics including Federal grant compliance and guidance for implementing new *Governmental Accounting Standards*.

Engagement Team

Michael A. Garber, CPA, MBA, Partner



As the Engagement Partner, Mike ensures that the services clients receive are of the highest quality and that the benefits of the professional working relationship between our two organizations are maximized. As such, he has overall responsibility for supervision of the engagement and provides technical expertise as needed. He is actively involved with the supervision, management and performance of the audit fieldwork, as well as the review of work papers and reports. He reviews the audit strategy and conducts the technical standards review of all work papers and the final report. He has more than 25 years of experience in providing audit, accounting, and consulting services to governmental entities. He also has extensive experience performing and reviewing single audits. He also co-leads the firm's State and Local Government Team.

Mike is a member of the American Institute of Certified Public Accountants, the Virginia Society of Certified Public Accountants (VSCPA), the Government Finance Officers Association (GFOA) and Virginia Government Finance Officers Association (VGFOA). He has been a presenter and session leader for new GASB pronouncements and other governmental related topics for the VSCPA, the Virginia Association of School Business Officials (VASBO), and the VGFOA. Mr. Garber is also a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting program. For ten years, he was recognized by Virginia Business magazine and the VSCPA as a "Super CPA" in the service areas of Government and Not-for-Profit as voted on by his peers from throughout the Commonwealth.

Tyler Farnsworth, CPA, Manager

As the Engagement Manager, Tyler designs the engagement strategy and procedures, directs the fieldwork and reviews the work of the staff accountants assigned to the engagement. He coordinates on-site and daily work efforts. Tyler joined PBMares in 2014. Since joining PBMares, he has worked on audit teams for various government audit engagements including counties, cities, towns, authorities, boards, and commissions.

He is a member of the American Institute of the Virginia Society of Certified Public Accountants and the Virginia Government Finance Officers' Association.

Overview of Financial Statements

Independent Auditor's Report

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, 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 Public Accounts of the Commonwealth of Virginia. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinions

We have issued an unmodified audit report (i.e. "clean opinions"). The respective financial statements are considered to present fairly the financial position and results of operations as of and for the year ended June 30, 2021.

Other Matters

Certain required supplementary information and the Management's Discussion and Analysis included in the financial report, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

Financial Statements

These Financial Statements consist of three sections: introductory, financial, and compliance. The financial section has four components: management's discussion and analysis, the basic financial statements, the required supplementary information, and supplementary information. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies.

The first government-wide statement, the Statement of Net Position, presents information on all of the Authority's assets and liabilities with the difference reported as net position. This statement provides both long-term and short-term information.

The second government-wide statement, the Statement of Activities, presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at June 30, 2021 by \$1,178,847,925, an increase of \$118,823,970 from the prior year.

Governmental Funds

At June 30, 2021, the Authority's major governmental funds, the General Fund and the Special Revenue Funds, reported total fund balances of \$1,238,684,677, which was comprised of nonspendable, restricted, committed, assigned, and unassigned fund balances.

Compliance Report

The report is based on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

Required Communications under *Government Auditing Standards*

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Our Responsibilities with Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Authorities, Boards and Commissions* provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated May 17, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement and Compliance Audit

We have issued a separate communication dated May 17, 2021 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is included in Exhibit A.

Audit Adjustments

There were no audit adjustments made to the original trial balances presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Independence

In all matters relating to audit work required by the Authority, PBMares is free from personal and external impediments to independence, is organizationally independent, and will maintain an independent attitude and appearance with respect to the requested audit services. PBMares is free of all obligations and interests that might or would conflict with the best interests of the Authority.

Significant Written Communications between Management and Our Firm

Copies of significant written communications between our firm and management of the Authority, including the representation letter provided to us by management, are attached as Exhibit B.

Closing

This information is intended solely for the use of Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report.

We appreciate the opportunity to serve the Northern Virginia Transportation Authority.

Thank you.

PBMares, LLP

Exhibit A – Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority’s June 30, 2021 financial statements:

Estimate	Accounting Policy	Management’s Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Investments	Investment Valuation	The fair value of investments are recorded based on reporting provided by the custodian. The Authority relies upon the custodian to price securities or determine fair value based on the highest quality of inputs available.	<p>Management’s approach to recognizing fair value adjustment of investments appear reasonable and consistent with accepted practice.</p> <p>While these estimates are based on information provided by the custodian, the Authority should continue to monitor and evaluate the quality of information used to develop fair value estimates and risks inherent to such measures.</p>



Exhibit B – Significant Written Communications between Management and Our Firm

Arrangement Letter



May 17, 2021

Northern Virginia Transportation Authority
3040 Williams Drive, Suite 200
Fairfax, Virginia 22031

Attention: Monica Backmon, Chief Executive Officer

The Objective and Scope of the Audit of the Financial Statements

You have requested we audit the Northern Virginia Transportation Authority (Authority) governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison as of and for the year ending June 30, 2021, which collectively comprise the basic financial statements. Also, the required supplementary information and supplementary information presented in relation to the financial statements as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); and *Specifications for Audits of Authorities, Boards, and Commissions*, provided by the Auditor of Public Accounts for 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of waste or abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting waste or abuse.

In making our risk assessments, we consider internal control relevant to the Authority'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 Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Finance Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds you have told us are maintained by the Authority and that are to be included as part of our audit are listed here:

- I. General Fund
- II. 30% Distribution Fund
- III. 70% Regional Revenue Fund
- IV. Debt Service Fund

There are no component units included in the financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and specifications identified above. Our report on compliance matters will address material errors, fraud, waste or abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and specifications identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For 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;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, waste or abuse, and for informing us about all known or suspected fraud, waste or abuse affecting the Authority involving management, employees who have significant roles in internal control, and others where the fraud, waste or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud, waste or abuse, or suspected fraud, waste or abuse, affecting the Authority received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the required supplementary information (RSI) in accordance with accounting principles generally accepted in the United States of America. Management is responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the RSI and supplementary information and indicates the auditor has reported on such RSI and supplementary information. Management also agrees to present the RSI and supplementary information with the audited financial statements or, if the RSI and supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI and supplementary information no later than the date of issuance of the RSI and supplementary information and the auditor's report thereon.

The Finance Committee is responsible for informing us of its views about the risks of fraud, waste or abuse within the Authority, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the Authority.

The Authority agrees it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Authority agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements will be necessary. The Authority agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Authority seeks such consent, we will be under no obligation to grant such consent or approval.

Records and Assistance

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Peggy Teal, Assistant Finance Officer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Other Relevant Information

PBMares, LLP may mention the Authority's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at www.pbmares.com.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Parties' Understandings Concerning Situation Around COVID-19

PBMares, LLP and the Authority acknowledge that, at the time of the execution of this arrangement letter, federal, state and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, PBMares, LLP has restricted its employees from travel and onsite work, whether at a client facility or PBMares, LLP facility, to protect the health of both PBMares, LLP's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter requires or relies on PBMares, LLP or Authority personnel to travel and/or perform work onsite, either at the Authority's or PBMares, LLP's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, PBMares, LLP and the Authority acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either PBMares, LLP's or the Authority's sole discretion. PBMares, LLP and the Authority agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. PBMares, LLP and the Authority also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. PBMares, LLP will obtain the Authority's prior written approval (email will be sufficient) for any increase in the cost of PBMares, LLP services that may result from the situation surrounding COVID-19.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are not expected to exceed \$27,500. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Authority personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Fees may also increase based on the extent of accounting services and other assistance required to render a complete set of financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Authority agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Authority's employment of a partner or professional employee of PBMares, LLP.

The audit documentation for this engagement is the property of PBMares, LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Authority or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this arrangement letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you or PBMares, LLP terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this arrangement letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this arrangement letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this arrangement letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for us to recommence work, the execution of a new arrangement letter will be required.

We may terminate this arrangement letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Other Terms

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, IRS summons, or other third party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena or IRS summons and, in the case of a third party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we may engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, penalties, and fines imposed because of our nondisclosure.

We reserve the right to withdraw from the engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this engagement letter, or as we determine professional standards require.

If any portion of this arrangement letter is deemed invalid or unenforceable, such a finding shall not invalidate the remainder of the terms set forth in this arrangement letter.

Dispute Resolution

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in Richmond, Virginia, or the Richmond Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Information Security – Miscellaneous Terms

PBMares, LLP is committed to the safe and confidential treatment of the Authority's proprietary information. PBMares, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Authority agrees that it will not provide PBMares, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Authority information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board Members of the Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Authority's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and
3. An accompanying schedule of findings and responses.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts" of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

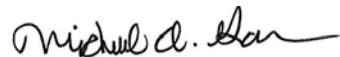
Northern Virginia Transportation Authority
May 17, 2021
Page 9

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Authority, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Sincerely,

PBMares, LLP



Michael A. Garber, Partner

Confirmed on behalf of the Northern Virginia Transportation Authority:

Monica Backmon

Signature

Sep 20, 2021

Date

Representation Letter



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

October 13, 2021

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Northern Virginia Transportation Authority (Authority) as of and for the year ended June 30, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of October 13, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 17, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. We have disclosed all interfund transactions, including interfund transfers, which have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment have been disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.

9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net position and fund balance classifications.
 - b. The fair value of investments.
 - c. Leases and material amounts of rental obligations under long-term leases.
 - d. The effect on the financial statements of GASB Statement No. 87, *Leases*, and GASB Statement No. 91, *Conduit Debt Obligations*, which have been issued, but which we have not yet adopted.
 - e. Deposits and investment securities categories of risk.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Authority has no significant amounts of idle property and equipment.
 - b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts, if necessary.
12. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.
 - d. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - e. Agreements to repurchase assets previously sold.
 - f. Security agreements in effect under the Uniform Commercial Code.

- g. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - i. Debt issue repurchases options or agreements, or sinking fund debt repurchases ordinance requirements.
 - j. Significant estimates and material concentrations known to management which are required to be disclosed.
 - k. Authorized but unissued bonds and/or notes.
 - l. Risk financing activities.
 - m. Derivative financial instruments.
 - n. Special or extraordinary items.
 - o. Arbitrage rebate liabilities.
 - p. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2021.
 - q. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - r. Material losses to be sustained as a result of purchase commitments.
 - s. Environmental cleanup obligations.
 - t. Contractual obligations for construction and purchase of real property or equipment.
 - u. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Statement No. 5 and/or GASB Statement No. 10.
13. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
17. Revenues are appropriately classified in the Statement of Activities within program revenues and general revenues.

18. We have no knowledge of any uncorrected misstatements in the financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.

Information Provided

20. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the financial statements.
22. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
24. We have no knowledge of allegations of fraud or suspected fraud, affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

28. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.
29. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
30. We agree with the findings of the specialists in evaluating the assertion found in footnote 7, Pension Plan, footnote 8, Group Life Insurance Program, and footnote 9, Virginia Local Disability Program, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

32. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
33. With respect to the Management's Discussion and Analysis and Required Supplementary Information presented as required by the GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

34. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

35. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
36. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
37. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts.
38. Has not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
39. Is responsible for 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.
40. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
41. Has a process to track the status of audit findings and recommendations.
42. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Monica Backmon

Monica Backmon, Chief Executive Officer


[Michael Longhi \(Oct 13, 2021 16:12 EDT\)](#)

Michael Longhi, Chief Financial Officer

Peggy Teal

Peggy Teal, Assistant Finance Officer

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair Phyllis J. Randall and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 14, 2021

SUBJECT: FY2023 Budget Guidance

1. **Purpose:** To gather input from the Northern Virginia Transportation Authority (NVTA) Finance Committee on development of the FY2023 budgets.
2. **Discussion:** The NVTA business activities are supported through three separate budgets. Development of these budgets for FY2023 will be based on guidance from the Committee. Initial discussion items are presented for each budget below:
 - A. **Local Distribution Fund.** The Local Distribution Fund Budget supports the monthly distribution of 30% funds to member jurisdictions. Prior guidance for this budget has been to:
 - i. Estimate revenues cooperatively, transparently and conservatively.
 - ii. Target revenue actual to budget variance to be positive (actual higher than budget).
 - iii. Maintain budget authorization to distribute the full funds received from the Commonwealth on a monthly basis while in full compliance with the Code of Virginia and NVTA policies. This eliminates the need for budget adjustments to distribute revenue in excess of the annual budgeted revenue.
 - iv. Utilize regional revenue funds for operating budget costs, eliminating reductions in jurisdiction Local Distribution Fund (30%) revenue.
 - B. **Regional Revenue Fund.** The Regional Revenue Fund Budget is the source for transportation project funding by the Authority. Important background and previous guidance for this budget are:
 - i. The Regional Revenue Fund budget's first priority, as legally required in the Code of Virginia, NVTA's Bond Indenture and Debt Policy is to first fund all debt service obligations.
 - ii. Only Sales Tax and Regional Congestion Relief Fee (Grantor's Tax) can be pledged to debt issuance and used to determine debt service capacity.

- iii. With all debt service obligations budgeted, the resources in this fund are then available for PayGo project funding of Authority approved projects.
- iv. Estimate revenues cooperatively, transparently and conservatively.
- v. Strive to end the fiscal year with small positive actual receipts to budgeted revenue variances (actual receipts slightly higher than budgeted revenues).
- vi. This budget directly funds the expenses related to TransAction and Six Year Program updates and directly related technical and consultative support services.
- vii. Fund the Authority's operating budget through a transfer of funds to the Operating Fund/Budget.
- viii. The revenue estimate process feeds into the update of the PayGo analysis which will be required for the next Two-Year Program Update for FY2026-FY2027.

C. Operating Fund. The Operating Fund Budget is the central accounting point for operating and administrative expenses of the Authority. The Operating Fund and related budget can only be funded with resources in excess of those required or exempted from debt service obligations. Important background and previous guidance for this budget are:

- i. Starting in FY2020 (per SB 1468), the Operating Budget has been funded from a transfer from the Regional Revenue Fund, rather than funding received from member jurisdictions, typically through a reduction in their 30% Local Distribution funds. This action in FY2020 (the first time it was possible) saved member jurisdictions \$2.9 million.
- ii. The Operating Budget is presented in the format of base budget increases (contract escalations, inflation, etc.) and new initiatives.
- iii. Base budget increases include:
 - i. Salaries – maximum merit and cost of living increases have previously been based on a survey of member jurisdiction budgets. Since member jurisdiction budgets are not known until the latter part of April, the budgeted percent increase is based on jurisdiction preliminary budgets. NVTAs maximum increases are then based on the survey of member jurisdictions.
 - ii. Health, Dental and Retirement costs - Health and Dental coverage is obtained through the Commonwealth's Local Choice Program, used by many member jurisdictions. Annual changes to the premiums are normally reported in early Spring. Retirement benefits are provided through the Authority's membership in the Virginia Retirement System. The Authority has made a practice of fully funding the annually required retirement contribution each year, thus reducing long term liabilities. Bi-annual actuary reports with updated contribution rates are distributed in late January.

- iii. Contracted services - The Authority obtains accounting system, auditing, leased space, technology platforms and support, bond counsel, financial advisory and other services on a contractual basis. The contractual increases are provided in the base budget. Service expansions, even if the service is currently provided under an existing contract are presented as new initiatives.
- iv. Operating Reserves – The Authority is required to maintain an operating reserve equal to 20% of the Operating Budget. In addition, the Authority maintains an equipment replacement reserve based largely on equipment depreciation schedules.

3. Next Steps: NVT A Policy 10 - Financial Management contains a guideline which calls for the Authority adoption of budgets two months prior to the start of a fiscal year. This effectively results in the budget adoption occurring by April. The following timeline is proposed:

- A. November/January** – Finance Committee budget discussions.
- B. February** – Base Budget Increases and Initiatives, cost projections presented. The Finance Committee may decide to make a recommendation to the Authority or request changes/information.
- C. March** – Additional discussion, if needed, to result in recommendation to the Authority. If the Finance Committee agreed to a recommendation in February the budgets could be presented to the Authority in March.
- D. April** – Based on Finance Committee direction, present the three budgets to the Authority for adoption.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chair Rishell and Members, NVTA Finance Committee

FROM: Dev Sen, Investment and Debt Manager

DATE: October 14, 2021

SUBJECT: Investment Portfolio Report

- Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through September 30, 2021.
- Background:** This report is on investment activity through September 2021 and affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTA Investment Policy.



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

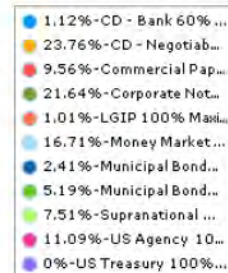
Begin Date: 8/31/2021, End Date: 9/30/2021

Asset Category Allocation				
Asset Category	Book Value 8/31/2021	% of Portfolio 8/31/2021	Book Value 9/30/2021	% of Portfolio 9/30/2021
CD - Bank 60% Maximum	44,315,273.30	3.59	14,000,000.00	1.12
CD - Negotiable 25% Maximum	183,011,820.50	14.82	298,047,398.05	23.76
Commercial Paper 35% / 5% Maximum	99,933,309.72	8.09	119,934,401.22	9.56
Corporate Notes 50% Maximum	264,396,937.82	21.41	271,444,599.46	21.64
LGIP 100% Maximum	14,535,069.53	1.18	12,701,644.90	1.01
Money Market 60% Maximum	204,882,330.77	16.59	209,527,977.77	16.71
Municipal Bonds - US 75% Maximum	30,259,188.86	2.45	30,242,109.39	2.41
Municipal Bonds - Virginia 75% Maximum	65,058,952.30	5.27	65,046,483.94	5.19
Supranational 15% Maximum	119,219,952.61	9.66	94,132,872.01	7.51
US Agency 100% Maximum	199,126,665.22	16.13	139,124,862.38	11.09
US Treasury 100% Maximum	9,999,059.88	0.81	0.00	0.00
Total / Average	1,234,738,560.51	100.00	1,254,202,349.12	100.00

Portfolio Holdings as of 8/31/2021



Portfolio Holdings as of 9/30/2021



3) Current Period Reports:

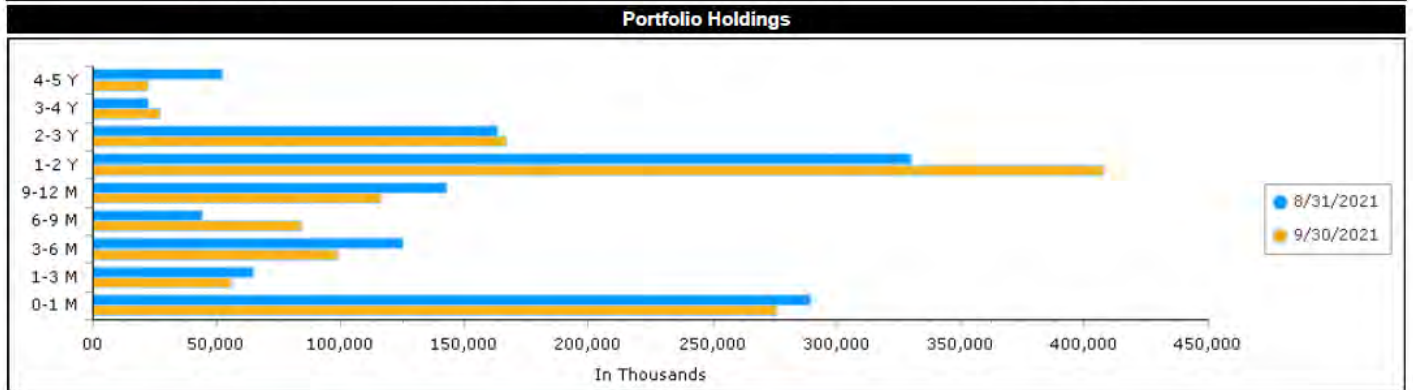
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



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

Begin Date: 8/31/2021, End Date: 9/30/2021

Maturity Range Allocation				
Maturity Range	Book Value 8/31/2021	% of Portfolio 8/31/2021	Book Value 9/30/2021	% of Portfolio 9/30/2021
0-1 Month	289,748,385.40	23.47	276,226,500.72	22.02
1-3 Months	64,553,328.97	5.23	55,555,282.09	4.43
3-6 Months	124,971,579.68	10.12	98,490,866.92	7.85
6-9 Months	44,330,467.48	3.59	83,808,001.13	6.68
9-12 Months	143,018,709.57	11.58	116,513,249.66	9.29
1-2 Years	330,369,727.15	26.76	407,566,492.63	32.50
2-3 Years	163,345,683.67	13.23	166,652,736.90	13.29
3-4 Years	22,092,563.89	1.79	27,118,386.56	2.16
4-5 Years	52,308,114.70	4.24	22,270,832.51	1.78
Total / Average	1,234,738,560.51	100.00	1,254,202,349.12	100.00



- b. The liquidity of the portfolio is reflected in the portfolio's duration of 1.07 (1.0 = 1 year) and the maturity schedule is shown above.

NVTA Investment Benchmarks	Sep-21 Month End
Fed Funds Rate	0.06%
Treasury 90 Day T Bill	0.04%
Local Government Investment Pool	0.059%
Virginia Non-Arbitrage Program	0.06%
NVTA Performance	0.29%

Source: Bloomberg/NVTA Statements

- c. The yield on the portfolio at the end of September 2021 was 0.29%. The NVTA's Investment Policy specifies the benchmarks shown above for yield performance comparison.

4) Portfolio Analysis & Statistics Overview

a) **Safety** The portfolio is invested primarily in;

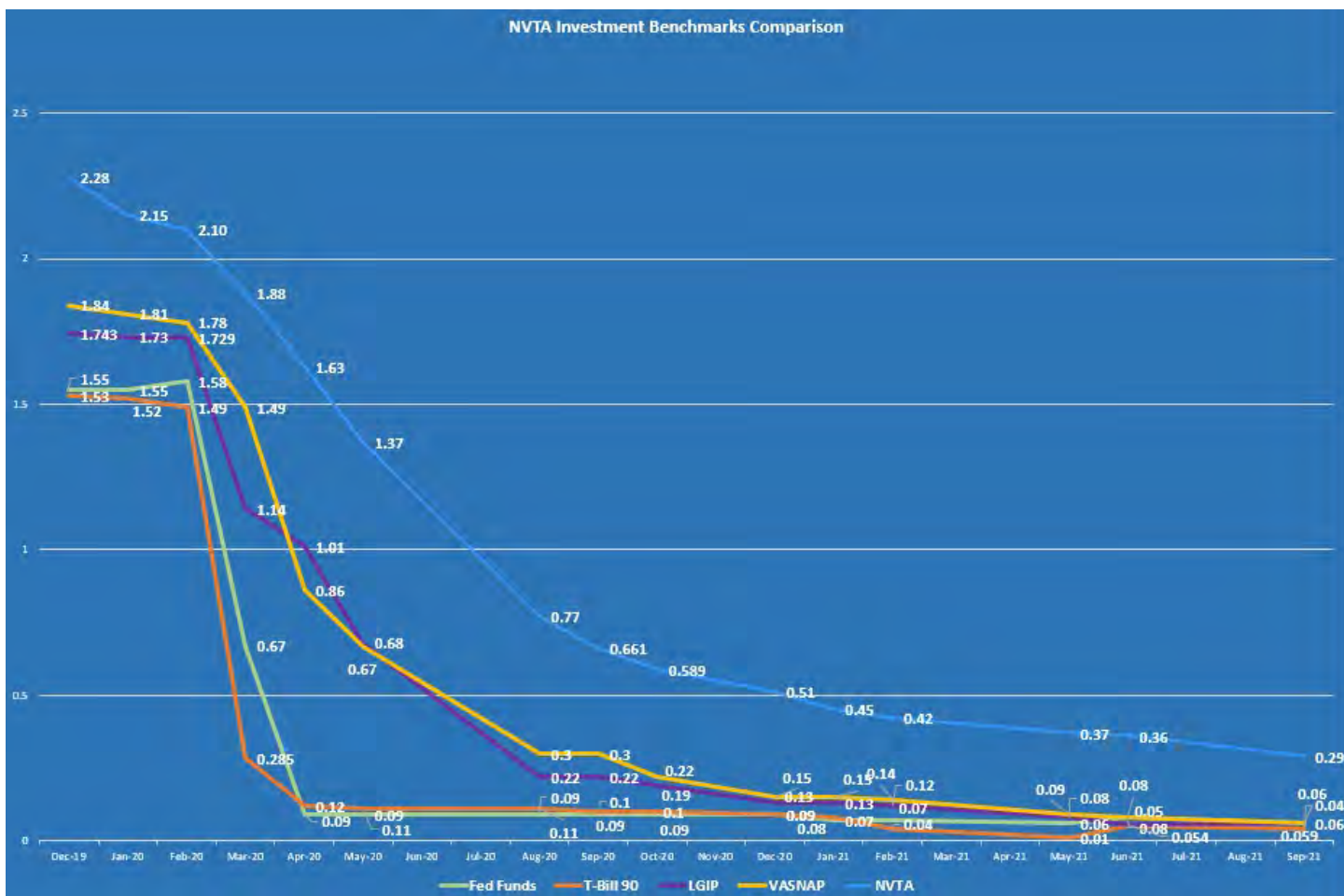
- i) Local Government Investment Pools (1.01% from 1.18%)
- ii) Collateralized bank money market accounts (16.71% from 16.59%)
- iii) AAA/AA rated investment grade corporate bonds (21.64% from 21.41%)
- iv) Treasuries and Agencies (11.09% from 16.94%)
- v) VA & US Municipals (7.6% from 7.72%)

b) **Liquidity:**

The NVTA Portfolio duration remained as 1.07 in September 2021 (1.0 = 1 year). In expectation of eventual interest rate increases NVTA staff initiated a process in early summer to ladder maturities such that a level amount (security value) of securities mature each month. This will result in monthly opportunities to re-invest at higher rates.

c) **Yield:**

- i) Bank negotiated deposit and LGIP Program fund yields are continuing to struggle in offering competitive rates. The market realities are simply working against banks and daily liquidity pools, while fixed income securities are showing minimal upward rate trends.
- ii) Staff have been implementing a strategy targeted to have \$30 million a month in maturities. The intent of this strategy is to take advantage of rising rates in an orderly fashion by each month's maturities (principle and earned interest) being reinvested at higher rates.
- iii) With the target monthly maturities and typical monthly positive cash flow new monthly security purchases will typically be between \$40 million to \$48 million.
 - (1) \$30 million in maturities, plus;
 - (2) \$10 million to \$18 million in new receipts.



- 5) **Custodian Certification:** Truist (formerly BB&T) is the custodian of all of NVTA’s investment purchases and is where all of NVTA’s non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.

- 6) **Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:
 - a. **Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
 - b. **Investment Portfolio – By Maturity Range.** The report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
 - c. **Portfolio Holdings by Custodian.** This report shows each depository, investment firm or custodian holding NVTA securities or cash.

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



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Portfolio Holdings Compliance - GASB 40 Report - As of 9/30/2021

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
Certificate Of Deposit										
United Bank 0.1 10/13/2021	9,000,000.00	9,000,000.00	9,000,000.00	None	None	0.72	13	10/13/2021	0.100	0.04
United Bank 0.1 10/20/2021	5,000,000.00	5,000,000.00	5,000,000.00	None	None	0.40	20	10/20/2021	0.100	0.05
Sub Total / Average Certificate Of Deposit	14,000,000.00	14,000,000.00	14,000,000.00			1.12	16		0.100	0.04
Commercial Paper										
Barclays 0 3/8/2022	10,000,000.00	9,993,816.59	9,995,600.00	S&P-A1	Moody's-P1	0.80	159	3/8/2022	0.140	0.44
Barclays 0 5/19/2022	10,000,000.00	9,989,733.24	9,993,600.00	S&P-A1	Moody's-P1	0.80	231	5/19/2022	0.160	0.63
Credit Suisse 0 2/18/2022	25,000,000.00	24,982,375.00	24,990,250.00	S&P-A1	Moody's-P1	2.01	141	2/18/2022	0.180	0.39
JPMorgan 0 12/17/2021	20,000,000.00	19,990,900.00	19,997,800.00	S&P-A1	Moody's-P1	1.61	78	12/17/2021	0.210	0.21
Landes Bank 0 11/22/2021	10,000,000.00	9,997,055.56	9,999,600.00	Moody's-P1	Fitch-F1	0.80	53	11/22/2021	0.200	0.15
Royal Bank of Canada 0 10/19/2021	10,000,000.00	9,998,838.89	9,999,900.00	S&P-A1+	Moody's-P1	0.80	19	10/19/2021	0.220	0.05
Royal Bank of Canada 0 10/28/2021	10,000,000.00	9,998,133.33	9,999,800.00	S&P-A1+	Moody's-P1	0.80	28	10/28/2021	0.241	0.08
Standard Chartered0 1/11/2022	25,000,000.00	24,983,548.61	24,995,750.00	S&P-A1	Moody's-P1	2.01	103	1/11/2022	0.230	0.28
Sub Total / Average Commercial Paper	120,000,000.00	119,934,401.22	119,972,300.00			9.63	105		0.201	0.29
Corporate Bond										
Apple0.75 5/11/2023	5,000,000.00	5,037,718.97	5,036,500.00	S&P-AA+	Moody's-Aa1	0.40	588	5/11/2023	0.280	1.60
Apple1.7 9/11/2022	16,145,000.00	16,130,048.78	16,364,087.65	S&P-AA+	Moody's-Aa1	1.30	346	9/11/2022	1.800	0.94
Apple2.4 5/3/2023	2,500,000.00	2,581,540.61	2,580,950.00	S&P-AA+	Moody's-Aa1	0.20	580	5/3/2023	0.340	1.56
Apple2.85 5/11/2024-24	2,135,000.00	2,265,914.42	2,252,916.05	S&P-AA+	Moody's-Aa1	0.17	954	5/11/2024	0.484	2.51
Apple2.85 5/11/2024-24	10,000,000.00	10,624,729.11	10,552,300.00	S&P-AA+	Moody's-Aa1	0.80	954	5/11/2024	0.442	2.51
Apple3.45 5/6/2024	10,000,000.00	10,812,389.27	10,743,700.00	S&P-AA+	Moody's-Aa1	0.80	949	5/6/2024	0.310	2.48
AppleVar. Corp 2/9/2022	5,011,000.00	5,022,454.92	5,020,621.12	S&P-AA+	Moody's-Aa1	0.40	132	2/9/2022	0.625	0.00
Asian Development Bank 1.75 9/13/2022	25,000,000.00	25,366,108.60	25,382,750.00	S&P-AAA	Moody's-Aaa	2.01	348	9/13/2022	0.210	0.95
Asian Development Bank 2.75 3/17/2023	18,083,000.00	18,741,991.86	18,745,922.78	S&P-AAA	Moody's-Aaa	1.45	533	3/17/2023	0.250	1.44
Asian Development Bank Var. Corp 12/15/2021	25,000,000.00	25,002,326.53	25,001,750.00	S&P-AAA	Moody's-Aaa	2.01	76	12/15/2021	0.126	0.00
Berkshire Hathaway2.75 3/15/2023-23	10,000,000.00	10,299,901.36	10,311,700.00	S&P-AA	Moody's-Aa2	0.80	531	3/15/2023	0.665	1.44
Berkshire Hathaway2.75 3/15/2023-23	5,000,000.00	5,166,439.80	5,155,850.00	S&P-AA	Moody's-Aa2	0.40	531	3/15/2023	0.449	1.44
Berkshire Hathaway2.75 3/15/2023-23	8,200,000.00	8,466,605.82	8,455,594.00	S&P-AA	Moody's-Aa2	0.66	531	3/15/2023	0.501	1.44
Exxon2.019 8/16/2024-24	10,000,000.00	10,374,328.77	10,405,100.00	S&P-AA-	Moody's-Aa1	0.80	1,051	8/16/2024	0.699	2.81

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
ExxonVar. Corp 3/6/2022	1,000,000.00	1,001,067.92	1,001,650.00	S&P-AA	Moody's-Aa1	0.08	157	3/6/2022	0.486	0.00
ExxonVar. Corp 3/6/2022	7,500,000.00	7,507,603.88	7,512,375.00	S&P-AA	Moody's-Aa1	0.60	157	3/6/2022	0.486	0.00
ExxonVar. Corp 8/16/2022	10,000,000.00	10,013,863.68	10,034,500.00	S&P-AA	Moody's-Aa1	0.80	320	8/16/2022	0.455	0.00
IBRD 0.25 11/24/2023	25,000,000.00	25,022,445.02	24,944,250.00	S&P-AAA	Moody's-Aaa	2.01	785	11/24/2023	0.208	2.14
Mass Mutual Global Funding 0.48 8/28/2023	15,000,000.00	15,038,759.46	15,032,850.00	S&P-AA+	Moody's-Aa3	1.20	697	8/28/2023	0.344	1.91
Mass Mutual Global Funding 0.48 8/28/2023	15,000,000.00	15,038,800.91	15,032,850.00	S&P-AA+	Moody's-Aa3	1.20	697	8/28/2023	0.344	1.91
Mass Mutual Global Funding 3.6 4/9/2024	7,210,000.00	7,788,870.35	7,719,314.40	S&P-AA+	Moody's-Aa3	0.58	922	4/9/2024	0.400	2.40
MetLife 0.45 9/1/2023	10,000,000.00	10,028,581.54	10,011,500.00	S&P-AA-	Moody's-Aa3	0.80	701	9/1/2023	0.301	1.91
MetLife 0.45 9/1/2023	20,000,000.00	20,044,677.47	20,023,000.00	S&P-AA-	Moody's-Aa3	1.61	701	9/1/2023	0.333	1.91
MetLife 0.45 9/1/2023	13,920,000.00	13,959,933.06	13,936,008.00	S&P-AA-	Moody's-Aa3	1.12	701	9/1/2023	0.300	1.91
Microsoft Corp 3.625 12/15/2023-23	13,000,000.00	13,880,395.02	13,831,350.00	S&P-AAA	Moody's-Aaa	1.04	806	12/15/2023	0.530	2.12
Nestle 3.35 9/24/2023-23	15,665,000.00	16,563,533.85	16,533,624.25	S&P-AA-	Moody's-Aa3	1.26	724	9/24/2023	0.437	1.94
New York Life 0.4 10/21/2023	20,000,000.00	20,036,890.21	20,021,800.00	S&P-AA+	Moody's-Aaa	1.61	751	10/21/2023	0.310	2.05
New York Life 1.1 5/5/2023	18,175,000.00	18,426,890.75	18,398,552.50	S&P-AA+	Moody's-Aaa	1.46	582	5/5/2023	0.230	1.58
New York Life 2.875 4/10/2024	4,525,000.00	4,808,942.35	4,784,735.00	S&P-AA+	Moody's-Aaa	0.36	923	4/10/2024	0.378	2.43
Walmart3.4 6/26/2023-23	10,000,000.00	10,523,717.18	10,513,300.00	S&P-AA	Moody's-Aa2	0.80	634	6/26/2023	0.372	1.69
Sub Total / Average Corporate Bond	358,069,000.00	365,577,471.47	365,341,400.75			28.74	601		0.409	1.57
FFCB Bond										
FFCBVar. FFCB 8/1/2022	25,000,000.00	25,000,000.00	25,007,750.00	S&P-AA+	Moody's-Aaa	2.01	305	8/1/2022	0.095	0.00
FFCB 0.6 11/24/2025-21	19,100,000.00	19,092,066.96	18,929,246.00	S&P-AA+	Moody's-Aaa	1.53	1,516	11/24/2025	0.610	4.10
FFCB Var. FFCB 1/31/2023	25,000,000.00	25,000,000.00	25,015,250.00	S&P-AA+	Moody's-Aaa	2.01	488	1/31/2023	0.090	0.00
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,999,905.83	20,000,200.00	S&P-AA+	Moody's-Aaa	1.61	27	10/27/2021	0.029	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,017,780.69	10,045,800.00	S&P-AA+	Moody's-Aaa	0.80	403	11/7/2022	0.455	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,002,516.49	10,015,900.00	S&P-AA+	Moody's-Aaa	0.80	228	5/16/2022	0.305	0.00
Sub Total / Average FFCB Bond	109,100,000.00	109,112,269.97	109,014,146.00			8.76	510		0.224	0.72
FHLB Bond										
FHLB 0.27 3/28/2024-21	15,000,000.00	14,998,825.30	14,931,600.00	S&P-AA+	Moody's-Aaa	1.20	910	3/28/2024	0.273	2.49
Sub Total / Average FHLB Bond	15,000,000.00	14,998,825.30	14,931,600.00			1.20	910		0.273	2.49
FHLMC Bond										
FHLMC 0.375 4/8/2024-21	15,000,000.00	15,013,767.11	14,963,550.00	Fitch-AAA	Moody's-Aaa	1.20	921	4/8/2024	0.338	2.51
Sub Total / Average FHLMC Bond	15,000,000.00	15,013,767.11	14,963,550.00			1.20	921		0.338	2.51
Local Government Investment Pool										
Commonweath of VirginiaLGIP	12,010.42	12,010.42	12,010.42	S&P-AAA	NR	0.00	1	N/A	0.059	0.00
Commonweath of Virginia LGIP	12,480,634.49	12,480,634.49	12,480,634.49	S&P-AAA	NR	1.00	1	N/A	0.059	0.00
VIP Stable NAV LGIP	208,999.99	208,999.99	208,999.99	S&P-AAA	NR	0.02	1	N/A	0.069	0.00
Sub Total / Average Local Government Investment Pool	12,701,644.90	12,701,644.90	12,701,644.90			1.02	1		0.059	0.00
Money Market										
John Marshall Bank ICS MM	52,732,469.68	52,732,469.68	52,732,469.68	NR	NR	4.23	1	N/A	0.160	0.00
Truist MM	25,651,523.90	25,651,523.90	25,651,523.90	NR	NR	2.06	1	N/A	0.010	0.00
United BankMM	52,122,067.51	52,122,067.51	52,122,067.51	NR	NR	4.18	1	N/A	0.150	0.00

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
United BankMM	28,065,575.01	28,065,575.01	28,065,575.01	NR	NR	2.25	1	N/A	0.150	0.00
United Bank Ck MM	9,761.00	9,761.00	9,761.00	NR	NR	0.00	1	N/A	0.000	0.00
United Bank MM	50,946,580.67	50,946,580.67	50,946,580.67	NR	NR	4.09	1	N/A	0.069	0.00
Sub Total / Average Money Market	209,527,977.77	209,527,977.77	209,527,977.77			16.82	1		0.116	0.00
Municipal Bond										
Arlington County 0.79 8/1/2025	7,000,000.00	7,050,204.54	6,993,700.00	S&P-AAA	Moody's-Aaa	0.56	1,401	8/1/2025	0.600	3.78
Calvert County MD 2 5/1/2022	805,000.00	812,981.66	813,557.15	S&P-AAA	Fitch-AAA	0.06	213	5/1/2022	0.300	0.58
Calvert County MD 2 5/1/2023	2,640,000.00	2,706,588.66	2,709,326.40	S&P-AAA	Fitch-AAA	0.21	578	5/1/2023	0.400	1.56
Calvert County MD 2 5/1/2024	2,330,000.00	2,419,518.56	2,415,138.20	S&P-AAA	Fitch-AAA	0.19	944	5/1/2024	0.500	2.51
Calvert County MD 2 5/1/2025	2,620,000.00	2,744,830.01	2,724,538.00	S&P-AAA	Fitch-AAA	0.21	1,309	5/1/2025	0.650	3.45
Carroll CNTY MD 2 11/1/2024	2,385,000.00	2,500,254.68	2,486,314.80	S&P-AAA	Moody's-Aaa	0.19	1,128	11/1/2024	0.420	2.99
Carroll CNTY MD 2 11/1/2025	1,890,000.00	1,998,765.55	1,974,350.70	S&P-AAA	Moody's-Aaa	0.15	1,493	11/1/2025	0.570	3.92
City Richmond GO 2 7/15/2023	3,000,000.00	3,085,414.05	3,092,970.00	S&P-AA+	Moody's-Aa1	0.24	653	7/15/2023	0.400	1.76
City Richmond GO 2 7/15/2024	3,000,000.00	3,124,328.87	3,123,240.00	S&P-AA+	Moody's-Aa1	0.24	1,019	7/15/2024	0.500	2.72
City Richmond GO 2 7/15/2025	410,000.00	431,432.86	428,384.40	S&P-AA+	Moody's-Aa1	0.03	1,384	7/15/2025	0.600	3.66
FFX CNTY VA GO 0.645 10/1/2025	5,000,000.00	5,034,544.81	4,963,200.00	S&P-AAA	Moody's-Aaa	0.40	1,462	10/1/2025	0.470	3.95
Florida State Revenue Bonds 1.258 7/1/2025	7,000,000.00	7,055,941.67	7,075,460.00	S&P-AA	Fitch-AA	0.56	1,370	7/1/2025	1.039	3.67
Loudoun County Economic Development 0.35 12/1/2023	1,930,000.00	1,931,652.96	1,926,468.10	S&P-AA+	Moody's-Aa1	0.15	792	12/1/2023	0.310	2.16
NYC GO 1.58 8/1/2022	10,000,000.00	10,003,228.60	10,113,400.00	S&P-AA	Moody's-Aa1	0.80	305	8/1/2022	1.541	0.83
VA Resources Auth Infrastructure Rev 0.249 11/1/20	565,000.00	565,000.00	565,056.50	S&P-AAA	Moody's-Aaa	0.05	32	11/1/2021	0.249	0.09
VA Resources Auth Infrastructure Rev 0.329 11/1/20	435,000.00	435,000.00	435,752.55	S&P-AAA	Moody's-Aaa	0.03	397	11/1/2022	0.329	1.08
VA Resources Auth Infrastructure Rev 0.436 11/1/20	720,000.00	720,000.00	720,900.00	S&P-AAA	Moody's-Aaa	0.06	762	11/1/2023	0.436	2.08
VA Resources Auth Infrastructure Rev 0.636 11/1/20	1,000,000.00	1,000,000.00	999,470.00	S&P-AAA	Moody's-Aaa	0.08	1,128	11/1/2024	0.636	3.05
VA Resources Auth Infrastructure Rev 0.736 11/1/20	1,180,000.00	1,180,000.00	1,172,625.00	S&P-AAA	Moody's-Aaa	0.09	1,493	11/1/2025	0.736	4.02
VA Resources Auth Infrastructure Rev 0.75 11/1/202	1,300,000.00	1,301,177.99	1,304,212.00	S&P-AA	Moody's-Aa1	0.10	1,128	11/1/2024	0.720	3.05
VA State College Building Auth 0.48 9/1/2024	22,820,000.00	22,829,739.58	22,661,172.80	S&P-AA+	Moody's-Aa1	1.83	1,067	9/1/2024	0.465	2.90
VA State College Building Auth 0.5 9/1/2023	16,305,000.00	16,357,988.28	16,319,022.30	S&P-AA+	Moody's-Aa1	1.31	701	9/1/2023	0.330	1.91
Sub Total / Average Municipal Bond	94,335,000.00	95,288,593.33	95,018,258.90			7.57	960		0.615	2.59
Negotiable Certificate Of Deposit										
Banco Santander 0 6/8/2022	20,000,000.00	20,000,000.00	19,999,600.00	S&P-A1	Moody's-P1	1.61	251	6/8/2022	0.000	0.69
Banco Santander 0.27 4/18/2022	25,000,000.00	25,002,769.74	25,012,250.00	S&P-A1	Moody's-P1	2.01	200	4/18/2022	0.250	0.56
Landesbank 0.2 6/24/2022	18,000,000.00	18,000,000.00	17,997,660.00	Fitch-F1	Moody's-P1	1.44	267	6/24/2022	0.200	0.74
Landesbank 0.27 12/15/2022	30,011,663.70	30,011,663.70	30,015,265.10	Fitch-F1	Moody's-P1	2.41	441	12/15/2022	0.270	1.23
Mizuho Bank 0.22 1/6/2022	25,000,000.00	25,000,000.00	25,007,250.00	S&P-A1	Moody's-P1	2.01	98	1/6/2022	0.220	0.27
MUFG Bank 0.22 7/11/2022	30,000,000.00	30,000,000.00	30,005,700.00	S&P-A1	Moody's-P1	2.41	284	7/11/2022	0.220	0.79
Nordea Bank0.26 4/20/2023	30,000,000.00	30,000,000.00	30,005,100.00	S&P-A1+	Moody's-P1	2.41	567	4/20/2023	0.260	1.58
Rabobank 0.26 2/23/2023	40,000,000.00	40,000,000.00	40,002,800.00	S&P-A1	Moody's-P1	3.21	511	2/23/2023	0.260	1.42
Standard Chartered Bank 0.25 10/21/2022	25,000,000.00	25,008,012.56	25,008,750.00	S&P-A1	Moody's-P1	2.01	386	10/21/2022	0.220	1.07
Standard Chartered Bank 0.35 6/16/2023	25,000,000.00	25,008,601.69	25,026,250.00	S&P-A1	Moody's-P1	2.01	624	6/16/2023	0.330	1.73
Standard Chartered Bank 0.36 7/20/2023	30,000,000.00	30,016,350.36	30,025,500.00	S&P-A1	Moody's-P1	2.41	658	7/20/2023	0.330	1.83

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
Sub Total / Average Negotiable Certificate Of Deposit	298,011,663.70	298,047,398.05	298,106,125.10			23.92	408		0.241	1.13
Total / Average	1,245,745,286.37	1,254,202,349.12	1,253,577,003.42			100	420		0.289	1.07

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Rishell and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 15, 2021

SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through September 30, 2021.
3. **Comments:**
 - a. **FY2022 Revenues (Attachment A)**
 - i. The Authority has received approximately \$40.5 million through the September 30, 2021 transfers from the Commonwealth.
 - ii. The Authority has received \$5 million of the annual Northern Virginia District Transfer; \$9.4 million in Regional Congestion Relief Fees; and \$26.1 million in Sales Tax Receipts.
 - iii. September represents the first month of sales tax receipts for FY2022. Attachment A shows an 11% positive variance between the budgeted sales tax receipts compared to the annualized actual sales tax receipts.
 - iv. The annualized, two months of FY2022 Regional Congestion Relief Fees (Grantor's Tax) reflects a 121% positive variance when compared to the FY2022 budgeted amount. It is too early in the fiscal year to determine if this positive trend will continue.
 - b. **FY2022 Distribution to localities (Attachment B)**
 - i. Six member jurisdictions completed the required *Code of Virginia* Section 33.2-2510 required annual certification to receive FY2022 Local Distribution Funds (30%).
 - ii. If the annual certification is not filed by August 1st, Local Distribution Fund Transfers are suspended. Subsequently, if the certification is not received, in acceptable form, by March 1st of the current fiscal year, the jurisdiction's share of the Local Distribution Fund will be irrevocably transferred to the Regional Revenue Fund.
 - iii. Postponements of transfers have been discussed with jurisdictional staff where appropriate and reminders are sent monthly.
 - iv. As of September 2021, \$10.9 million of the \$12.1 million received has been distributed in Local 30% Distribution funds for FY2022 to member jurisdictions.

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

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

Attachments:

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

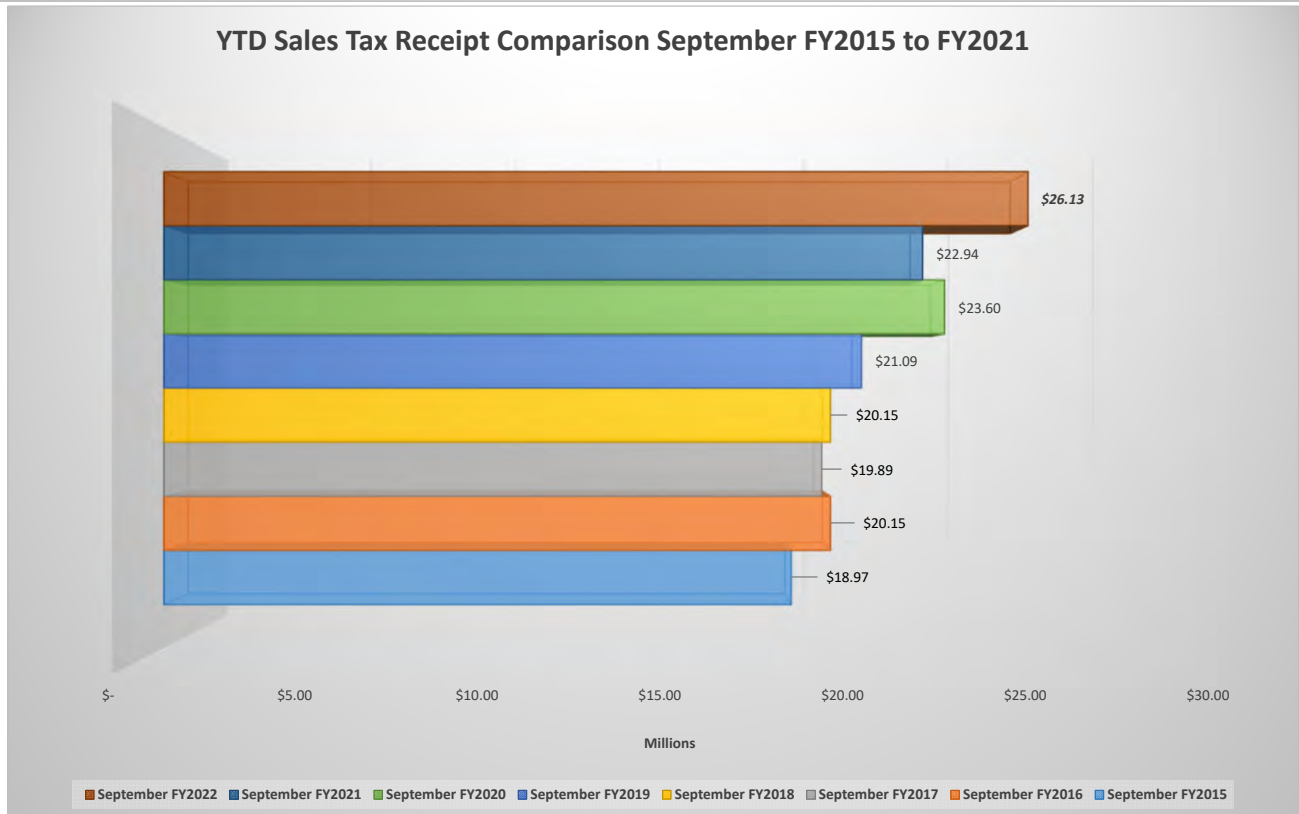
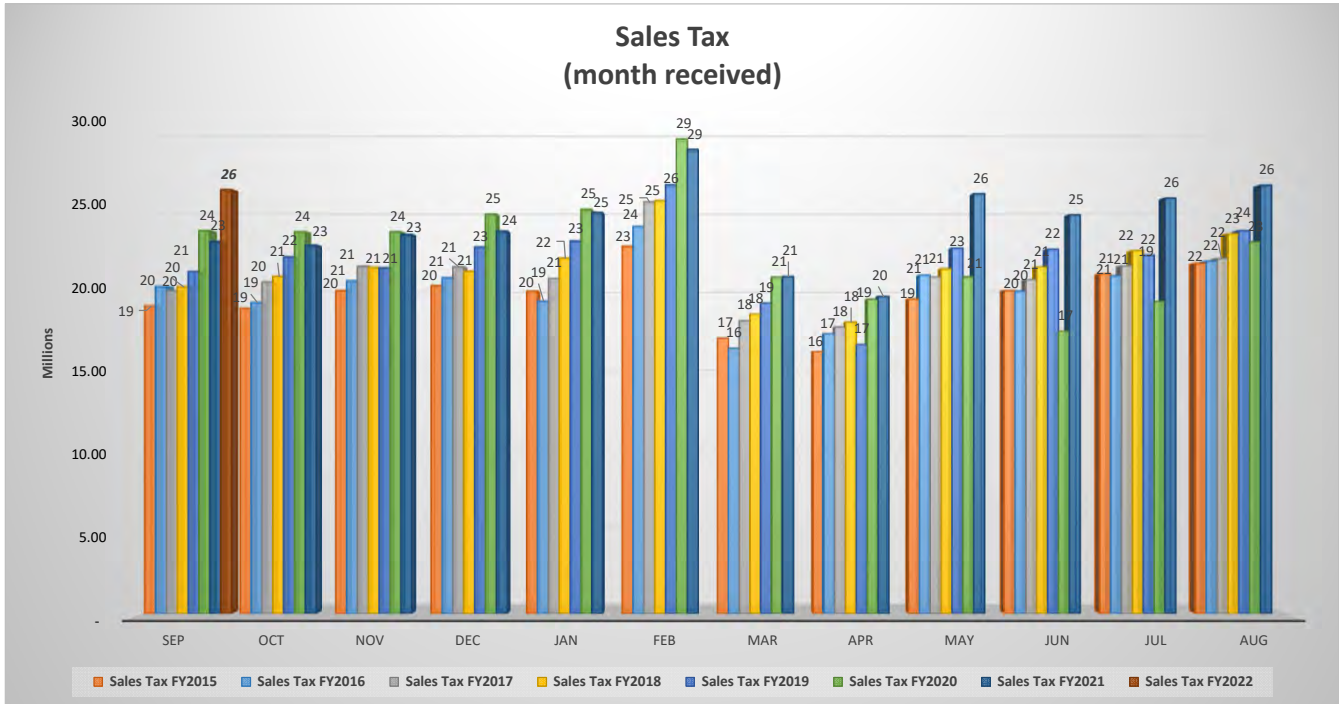
Attachment A

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

Regional Sales Tax Transaction Months	1	Annualized		FY2022 Budget	Annualized - Actual To Budget		
		Received To Date	Revenue based on YTD Receipts				
City of Alexandria	\$	1,704,496	\$ 20,453,948	\$ 19,703,915	\$	750,033	
Arlington County		2,264,142	27,169,703	22,518,760		4,650,943	
City of Fairfax		645,958	7,751,493	8,444,535		(693,042)	
Fairfax County		10,975,967	131,711,599	115,408,646		16,302,953	
City of Falls Church		274,298	3,291,578	2,814,845		476,733	
Loudoun County		5,171,699	62,060,388	59,111,746		2,948,643	
City of Manassas		613,223	7,358,673	5,629,690		1,728,983	
City of Manassas Park		173,565	2,082,784	2,814,845		(732,061)	
Prince William County		4,302,226	51,626,709	45,037,520		6,589,188	
Total Sales Tax Revenue	\$	26,125,573	\$ 313,506,877	\$ 281,484,503	\$	32,022,374	11.4%
Interstate Operation Enhance Program Transaction Months	1	Annualized		FY2022 Budget	Annualized - Actual To Budget		
		Received To Date	Revenue based on YTD Receipts				
City of Alexandria	\$	-	\$ -	\$ 931,000	\$	(931,000)	
Arlington County		-	\$ -	1,064,000		(1,064,000)	
City of Fairfax		-	\$ -	399,000		(399,000)	
Fairfax County		-	\$ -	5,453,000		(5,453,000)	
City of Falls Church		-	\$ -	133,000		(133,000)	
Loudoun County		-	\$ -	2,793,000		(2,793,000)	
City of Manassas		-	\$ -	266,000		(266,000)	
City of Manassas Park		-	\$ -	133,000		(133,000)	
Prince William County		-	\$ -	2,128,000		(2,128,000)	
Interstate Operation Enhance Program	\$	-	\$ -	\$ 13,300,000	\$	(13,300,000)	-100.0%
Regional Congestion Relief Fee Transaction Months	2	Annualized		FY2022 Budget	Annualized - Actual To Budget		
		Received To Date	Revenue based on YTD Receipts				
City of Alexandria	\$	694,222	\$ 4,165,329	\$ 2,386,800	\$	1,778,529	
Arlington County		1,325,532	7,953,191	2,511,750		5,441,441	
City of Fairfax		134,282	805,691	242,250		563,441	
Fairfax County		3,962,540	23,775,239	10,409,100		13,366,139	
City of Falls Church		39,723	238,339	183,600		54,739	
Loudoun County		1,667,764	10,006,585	5,418,750		4,587,835	
City of Manassas		86,530	519,181	247,350		271,831	
City of Manassas Park		23,441	140,648	94,350		46,298	
Prince William County		1,454,655	8,727,931	4,006,050		4,721,881	
Total Regional Congestion Relief Fee	\$	9,388,689	\$ 56,332,133	\$ 25,500,000	\$	30,832,133	120.9%
NVTD Transfer from COVA Transaction Months	1	Annualized		FY2022 Budget	Annualized - Actual To Budget		
		Received To Date	Revenue based on YTD Receipts				
City of Alexandria	\$	328,404	\$ 1,313,615	\$ 1,400,000	\$	(86,385)	
Arlington County		401,901	\$ 1,607,604	1,600,000		7,604	
City of Fairfax		142,276	\$ 569,104	600,000		(30,896)	
Fairfax County		2,065,404	\$ 8,261,616	8,200,000		61,616	
City of Falls Church		59,572	\$ 238,289	200,000		38,289	
Loudoun County		1,035,245	\$ 4,140,981	4,200,000		(59,019)	
City of Manassas		119,514	\$ 478,057	400,000		78,057	
City of Manassas Park		30,901	\$ 123,605	200,000		(76,395)	
Prince William County		816,782	\$ 3,267,129	3,200,000		67,129	
Total NVTD Transfer from COVA	\$	5,000,000	\$ 20,000,000	\$ 20,000,000	\$	-	0.0%
Total Revenue Received	\$	40,514,262	\$ 389,839,009	\$ 340,284,503	\$	49,554,506	14.56%

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2020 30% DISTRIBUTION BY JURISDICTION											
Based on: Revenue Data Through September 2021											
Jurisdiction	Interstate Operat Enhance Program	Regional Sales Tax	Regional Congestion Relief Fee	NVTD Transfer From COVA	CoVa NVTA Interest	Cumulative Total	30% Funds	8/31/2021 Accrued Interest (1)	8/31/2021 Prior Distributions	Current Month Distribution	Total Funds Transferred
								(+)			
City of Alexandria	\$ -	\$ 1,704,495.68	\$ 694,221.50	\$ 328,404	\$ -	\$ 2,727,121.03	\$ 818,136.31	\$ 8.35		\$ 818,144.66	
Arlington County	\$ -	\$ 2,264,141.94	\$ 1,325,531.80	\$ 401,901	\$ -	\$ 3,991,574.84	\$ 1,197,472.45	\$ 11.92		\$ 1,197,484.37	\$ 1,197,484.37
City of Fairfax	\$ -	\$ 645,957.78	\$ 134,281.80	\$ 142,276	\$ -	\$ 922,515.53	\$ 276,754.66	\$ 2.38		\$ 276,757.04	
Fairfax County	\$ -	\$ 10,975,966.62	\$ 3,962,539.75	\$ 2,065,404	\$ -	\$ 17,003,910.28	\$ 5,101,173.08	\$ 50.09	\$1,252,180.45	\$ 3,849,042.72	\$ 5,101,223.17
City of Falls Church	\$ -	\$ 274,298.18	\$ 39,723.10	\$ 59,572	\$ -	\$ 373,593.42	\$ 112,078.03	\$ 1.19	\$24,336.13	\$ 87,743.09	\$ 112,079.22
Loudoun County	\$ -	\$ 5,171,699.03	\$ 1,667,764.10	\$ 1,035,245	\$ -	\$ 7,874,708.36	\$ 2,362,412.51	\$ 22.65	\$565,073.53	\$ 1,797,361.63	\$ 2,362,435.16
City of Manassas	\$ -	\$ 613,222.76	\$ 86,530.20	\$ 119,514	\$ -	\$ 819,267.33	\$ 245,780.20	\$ 2.38	\$50,714.38	\$ 195,068.20	\$ 245,782.58
City of Manassas Park	\$ -	\$ 173,565.36	\$ 23,441.40	\$ 30,901	\$ -	\$ 227,907.94	\$ 68,372.38	\$ 1.19		\$ 68,373.57	
Prince William County	\$ -	\$ 4,302,225.72	\$ 1,454,655.10	\$ 816,782	\$ -	\$ 6,573,663.09	\$ 1,972,098.93	\$ 19.08	\$421,527.57	\$ 1,550,590.44	\$ 1,972,118.01
Total Revenue	\$ -	\$ 26,125,573.07	\$ 9,388,688.75	\$ 5,000,000.00	\$ -	\$ 40,514,261.82	\$ 12,154,278.55	\$ 119.23	\$ 2,313,832.06	\$ 9,840,565.72	\$ 10,991,122.51
	Interest 8/31/2021						12,154,278.55				\$ 12,154,397.78



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair Rishell and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 15, 2021

SUBJECT: Monthly Operating Budget Report

- 1. Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the Authority's Operating Budget for FY2022.
- 2. Background:** The Authority elected to fund the Operating Budget for FY2022 through transfers from the Regional Revenue Fund.
- 3. Comments:** Through September 30, 2021, the FY2022 Operating Budget has produced the following:
 - a.** The Operating Budget was fully funded through quarterly transfers of \$686,202 from the Regional Revenue Fund.
 - b.** As of September 30, 2021, the Authority has utilized 19% of its FY2022 expenditure budget, through 25% of the fiscal year.
 - c.** As of September 30, 2021, all expense account remained within budget.
 - d.** The attached statement shows the total operating budget income and expenditure activity for FY2022 through September 30, 2021.

Attachment: FY2021 Monthly Operating Budget through September 30, 2021

10/13/21
15:29:00NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 9 / 21Page: 1 of 2
Report ID: LB170A

1000 General Fund

Account Object	Description	Current Year				%
		Current Month	Current YTD	Budget	Variance	
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	109,953.33	339,171.03	1,552,741.00	1,213,569.97	22
130	Health & Dental Benefits	12,020.38	49,428.02	232,013.00	182,584.98	21
131	Payroll Taxes	6,495.09	22,107.34	118,890.00	96,782.66	19
132	Retirement VRS	9,145.20	21,854.18	127,439.00	105,584.82	17
133	Life Insurance	1,533.24	3,083.52	20,807.00	17,723.48	15
134	Flex Spending/Dependent Care	51.83	103.66	881.00	777.34	12
135	Workers Comp		1,202.00	1,708.00	506.00	70
137	Disability Insurance	3,381.40	7,570.80	18,834.00	11,263.20	40
	Total Account	142,580.47	444,520.55	2,073,313.00	1,628,792.45	21
420000	Professional Services					
210	Audit & Accounting Services			29,500.00	29,500.00	
220	Bank Service			750.00	750.00	
230	Insurance		8,797.00	7,835.00	-962.00	112
240	Payroll Services	193.47	792.22	2,636.00	1,843.78	30
245	Consulting Services		15,120.00		-15,120.00	
260	Public Outreach & Regional Event Support	72.00	9,940.00	49,925.00	39,985.00	20
261	Legal/Bond Counsel Services	2,621.96	2,621.96	10,000.00	7,378.04	26
262	Financial Advisory Services			36,951.00	36,951.00	
263	Bond Trustee Fees			2,700.00	2,700.00	
264	Legislative Services		5,054.88	78,690.00	73,635.12	6
265	Investment Custody Svc			25,000.00	25,000.00	
	Total Account	2,887.43	42,326.06	243,987.00	201,660.94	17
430000	Technology/Communication					
310	Acctg & Financial Report Systems		26,228.46	94,685.00	68,456.54	28
320	HW SW & Peripheral Purchase	6,246.78	6,246.78		-6,246.78	
330	IT Support Svc Incl Hosting	2,207.07	6,506.19	29,304.00	22,797.81	22
335	GIS/Project Mgt/Modeling	1,733.33	-34,533.34	159,728.00	194,261.34	-22
340	Phone Service & Web Ex Chgs	907.34	4,614.14	13,160.00	8,545.86	35
350	Web Develop & Hosting	382.50	1,090.12	9,185.00	8,094.88	12
	Total Account	11,477.02	10,152.35	306,062.00	295,909.65	3
440000	Administrative Expenses					
410	Advertisement			1,500.00	1,500.00	
411	Dues & Subscriptions	92.96	5,082.58	10,544.00	5,461.42	48
412	Duplication & Printing		834.71	13,610.00	12,775.29	6
414	Hosted Meeting Expenses		669.30	4,500.00	3,830.70	15
415	Mileage/Transportation	97.93	97.93	11,000.00	10,902.07	1
417	Office Lease		43,189.02	177,586.00	134,396.98	24
418	Office Supplies	16.21	569.92	7,100.00	6,530.08	8
419	Postage & Delivery			700.00	700.00	
420	Professional Develop & Training	495.80	2,170.80	23,650.00	21,479.20	9
	Total Account	702.90	52,614.26	250,190.00	197,575.74	21

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
	Total Expenses	157,647.82	549,613.22	2,873,552.00	2,323,938.78	19
	Net Income from Operations	-157,647.82	-549,613.22			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			574,710.00	574,710.00	
825	Transf to Equip Reserve			31,486.00	31,486.00	
	Total Account			606,196.00	606,196.00	
	Total Other Expenses	0.00	0.00	606,196.00	606,196.00	
	Net Income	-157,647.82	-549,613.22			