



# Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

## FINANCE COMMITTEE

Thursday, October 13, 2022 – 6:00 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 8, 2022 Meeting  
*Recommended Action: Approval of Minutes*

### Action Item

3. FY2022 Audited Financial Statements and Compliance Audit Reports  
*Recommended Action: Recommend Authority Acceptance of the Audited FY2022 Financial Statements and Compliance Audit Reports*

### Information/Discussion Items

4. FY2024 Budget Guidance Mr. Longhi, CFO
5. Monthly Investment Portfolio Report Ms. Sen, Investment & Debt Manager
6. Monthly Revenue Report Mr. Longhi, CFO
7. Monthly Operating Budget Report Mr. Longhi, CFO
8. NVTA Update (Verbal Report) Ms. Backmon, CEO

### Closed Session

(If Needed)

### Adjournment

9. Adjournment

**Next Scheduled Meeting November 10, 2022 6:00 PM (Tentative Time)**

3040 Williams Drive, Suite 200, Fairfax, Virginia



**Northern Virginia Transportation Authority**  
*The Authority for Transportation in Northern Virginia*

**FINANCE COMMITTEE**

**Thursday, September 8, 2022 – 6:00 PM**

**3040 Williams Drive, Suite 200**

**Fairfax, VA 22031**

**Meeting conducted in person and live streamed via YouTube**

**MEETING SUMMARY**

**1. Call to Order/Welcome**

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

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

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

**Action Item**

**3. FY2023 Proposed Operating Budget Adjustment**

*Recommended Action: Recommend Authority Approval of Budget Adjustment*

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

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

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

#### **4. Policy 29 - Update for Duplicate Reimbursement Requests**

*Recommended Action: Recommend Authority Approval of Policy Changes*

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

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

### **Information/Discussion Items**

#### **5. Finance Team Activity Report**

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

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

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

#### **6. Monthly Investment Portfolio Report**

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

#### **7. Monthly Revenue Report**

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

#### **8. Monthly Operating Budget Report**

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

#### **9. NVTA Update (Verbal Report)**

- No verbal report was provided.

## **Adjournment**

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

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## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**FOR:** Chair Rishell and Members of the NVTa Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**DATE:** October 6, 2022

**SUBJECT:** Fiscal Year 2022 Financial Statement and Compliance Audit Reports

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1. **Purpose.** To seek the Northern Virginia Transportation Authority (NVTa) Finance Committee recommendation of Authority acceptance of the draft FY2022 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, 2022 (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 FY2022 financial reports.
  - d. Mr. Michael A Garber, CPA, MBA, partner at PBMares LLP is presenting the draft Financial and Compliance Reports for the fiscal year ended June 30, 2022 (Attached).

**Attachment:** Northern Virginia Transportation Authority, Financial and Compliance Reports, Year Ended June 30, 2022 (Draft)

PRELIMINARY DRAFT  
For Review and Discussion Purposes Only  
Subject to Change  
Not to be Reproduced



**NORTHERN VIRGINIA  
TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE REPORTS  
Year Ended June 30, 2022**



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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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## **Introductory Section**

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**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*  
Anthony Bedell, *Speaker of the Virginia House of Delegates Appointee*  
Honorable Dave LaRock, *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 DeBruhl, *Director, Virginia*  
*Department of Rail and Public Transportation*

***Town Representative***

Honorable Derrick Wood, *Town of Dumfries*

***Certain Authority Staff***

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

**Financial Section**

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**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, 2022.

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 embraced by 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 including a member of the Commonwealth Transportation Board. In addition, the Director of the Department of Rail and Public Transportation, or designee; the Commissioner of Highways, or designee; and the chief elected officer of one town in a county which the Authority embraces, serve as non-voting member of the Authority.

The Authority is responsible for developing and updating TransAction for use to evaluate regional transportation projects in Northern Virginia. TransAction is Northern Virginia's geographically and fiscally unconstrained long-range, multimodal transportation plan, addressing regional transportation needs through 2045. TransAction is updated every five years. The Authority anticipates adoption of the next update to TransAction, in December 2022.

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 the update of the long-range transportation plan, TransAction, regional multimodal transportation projects, operational, technical, and analytical costs in support of TransAction.

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. 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, 2022, by \$1,386,026,971 (net position). Of this amount, \$2,087,519 which includes \$686,430 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 \$1,383,698,527, 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.
- During fiscal year 2022, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, which improves 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.
- The implementation resulted in a net increase in capital assets of \$612,556 and an increase of \$628,165 in outstanding debt for lease agreements.
- The Authority's outstanding debt for the fiscal year ended June 30, 2022, consists of \$49.2 million in revenue bonds and \$7.5 million in unamortized bond premium related to the series 2014 bonds, and \$628,165 of capitalized lease agreements. The outstanding debt related to the series 2014 bonds was created 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, 2022, intergovernmental revenue and investment income for the Authority's governmental activities totaled \$398 million representing a \$47 million net increase in revenues compared to June 30, 2021. The changes in revenue were comprised of a \$25 million increase in the regional congestion relief fee; an \$8 million increase from the Interstate Operations and Enhancement Program transfer; an increase in sales tax revenues of \$44 million resulting from the continued re-opening of retail stores and the sales taxes on internet sales; and a decrease in net investment revenue of \$29 million.
- The decrease in investment revenue was the result of a \$33 million unrealized decrease in the fair value of the investments in the portfolio. The fair value reduction has been triggered by the Federal Open Market Committee's (FOMC) 75-basis point increase in the federal funds rate on June 16, 2022, and the projected second 75-basis point increase that was expected in July 2022 following a 50-basis point increase on May 5, 2022. Even though the federal funds rate is not a generic interest rate, it influences the prices of bonds since bond yields have historically had an inverse relationship with rises in interest rates. The unrealized decrease in the fair value of investments of \$33 million reflects a snapshot of the portfolio as of June 30, 2022 and would only be a realized loss if the entire portfolio was liquidated on that date. The Authority's practice is to hold purchased securities until maturity and therefore no loss of principal would be realized.

- Expenses totaled \$191 million for the fiscal year end June 30, 2022, representing a decrease of \$41 million in expense compared to June 30, 2021. Distributions of 30% Local Distribution funds to member jurisdictions as mandated in Title 33.2-2500 of the *Code of Virginia* totaled \$127 million to parallel the increase in revenues listed above. This represented a \$23 million increase over the previous year. Project cost distributions of \$57 million for project sponsor reimbursement of authorized costs represents an \$66 million decrease when compared to June 30, 2021. The Authority funds projects on a reimbursement not grant basis. Therefore, the Authority has no control over the submission of reimbursement requests for expended project costs by the project sponsors. In the first quarter of fiscal year 2023, the Authority received an additional \$27 million of reimbursement requests with costs expended by the project sponsor prior to the fiscal year 2023. The Authority expects project reimbursement requests to fluctuate with changing project development and construction cycles, as well as the promptness of reimbursement request submissions 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 a decrease in fund balance for fiscal year 2022 of \$31,236 compared to an increase of \$337,234 for fiscal year 2021. The General Fund balance as of June 30, 2022 totaled \$1,559,371 compared with \$1,590,607 at the end of the previous fiscal year. The net decrease of \$31,236 in the Unassigned Fund Balance was the result of a mid-year budget adjustment which included the addition of two staff members that was funded utilizing uncommitted fund balance; as well as an increase in the operating reserves and an increase in the non-spendable allocation of fund balance for prepaid expenses and deposits.
- General and administrative expenses for the operation of the Authority for fiscal year 2022, 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 allocate the expense to member jurisdictions based on population.
- During fiscal year 2022, the Authority authorized a study of the Chief Executive Officer's position and salary. As a result of the study, the Authority approved a mid-year budget adjustment adding two additional staff members to support the Chief Executive Officer.
- Due to the implementation of GASB Statement No. 87 - *Leases*, previous lease payments for the General Fund which were included under general and administrative expenses have been reclassified as principal and interest in the governmental fund statements. Leases executed during fiscal year 2022, are reflected as a capital outlay expense for right to use assets in the amount of \$88,278 and issuance of leases of \$88,278 under other financing sources.
- The Authority's Special Revenue Funds (Local Distribution Fund and Regional Revenue Fund) reported an increase in fund balance of \$204 million representing funding appropriated for adopted regional transportation project programs approved by the Authority. This increases the overall fund balance to \$1.441 billion as of June 30, 2022, compared to \$1.237 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 project completion.



## **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 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, 2022, 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 the 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 2022.

### **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 plan 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, 2022. Data for June 30, 2021 has been included for comparison purposes.

**Summary Statement of Net Position  
June 30, 2022 and 2021**

	Governmental Activities		Increase (Decrease)	%
	2022	2021		
<b>Assets:</b>				
Current and other assets	\$ 1,468,544,336	\$ 1,284,818,080	\$ 183,726,256	14.3%
Capital assets, net	869,090	235,176	633,914	269.5%
Total assets	<u>1,469,413,426</u>	<u>1,285,053,256</u>	<u>184,360,170</u>	14.3%
Deferred outflows of resources	<u>268,785</u>	<u>259,928</u>	8,857	3.4%
<b>Liabilities:</b>				
Current and other liabilities	29,356,872	49,027,874	(19,671,002)	-40.1%
Noncurrent liabilities	54,122,320	57,420,598	(3,298,278)	-5.7%
Total liabilities	<u>83,479,192</u>	<u>106,448,472</u>	<u>(22,969,280)</u>	-21.6%
Deferred inflows of resources	<u>176,048</u>	<u>16,787</u>	159,261	948.7%
<b>Net position:</b>				
Net investment in capital asset	240,925	235,176	5,749	2.4%
Restricted	1,383,698,527	1,177,137,970	206,560,557	17.5%
Unrestricted	<u>2,087,519</u>	<u>1,474,779</u>	612,740	41.5%
Total net position	<u>\$ 1,386,026,971</u>	<u>\$ 1,178,847,925</u>	<u>\$ 207,179,046</u>	17.6%

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 \$1,386,026,971 at June 30, 2022.

The \$1.384 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 \$2 million, including \$686,430 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, 2022, the Authority has approximately \$1.3 billion 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 future regional transportation projects.

Restricted cash and cash equivalents totaled approximately \$76 million of which \$70 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, 2022, approximately \$63 million was due from the Commonwealth of Virginia, and \$25 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, 2022. Data for June 30, 2021 has been included for comparison purposes.

#### Summary Statement of Activities Years Ended June 30, 2022 and 2021

	Governmental Activities		Increase (Decrease)	% Change
	2022	2021		
Revenues:				
Program revenues:				
General revenue:				
Intergovernmental	\$ 424,747,665	\$ 348,574,852	\$ 76,172,813	21.9%
Investment earnings	11,098,265	8,571,293	2,526,972	29.5%
Net amortization of premiums & discounts on investments	(4,540,607)	(2,324,081)	(2,216,526)	95.4%
Net decrease in fair value of investments	(33,077,535)	(3,646,200)	(29,431,335)	807.2%
Total revenues	<u>398,227,788</u>	<u>351,175,864</u>	<u>47,051,924</u>	<u>13.4%</u>
Expenses:				
General and administration	2,734,974	2,418,489	316,485	13.1%
Jurisdictional distributions	127,430,056	104,575,960	22,854,096	21.9%
Project cost distributions	57,337,852	123,047,379	(65,709,527)	-53.4%
Transaction update & technical svc	1,537,580	230,219	1,307,361	567.9%
Interest and issuance costs	2,008,280	2,079,847	(71,567)	-3.4%
Total expenses	<u>191,048,742</u>	<u>232,351,894</u>	<u>(41,303,152)</u>	<u>-17.8%</u>
Change in net position	207,179,046	118,823,970	88,355,076	74.4%
Beginning net position	1,178,847,925	1,060,023,955	118,823,970	11.2%
Ending net position	<u>\$ 1,386,026,971</u>	<u>\$ 1,178,847,925</u>	<u>\$ 207,179,046</u>	<u>17.6%</u>

For the fiscal year ended June 30, 2022, revenues totaled approximately \$398 million. Expenses totaled approximately \$191 million. For fiscal year 2022, 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 changes in revenue were comprised of a \$25 million increase in the regional congestion relief fee; an \$8 million increase from the Interstate Operations and Enhancement Program transfer; and an increase in sales tax revenues of \$44 million resulting from the continued re-opening of retail stores and the sales taxes on internet sales.

Investment income reflects a decrease of \$29 million due to the rapid decline in the fair value of the portfolio resulting from the impact in the bond market of the immediate succession of the actual and projected rate increases in the federal funds rate close to the end of the fiscal year. The unrealized decrease in the fair value of investments of \$33 million reflects a snapshot of the portfolio as of June 30, 2022 and would only be a realized loss if the portfolio was liquidated on that date. The Authority practice is to hold purchased securities until maturity and therefore no loss of principal would be realized.

Project cost distributions of \$57 million for project sponsor reimbursement of authorized costs represents an \$66 million decrease when compared to June 30, 2021. The Authority funds projects on a reimbursement not grant basis. Therefore, the Authority has limited control over the submission of reimbursement requests for expended project costs by the project sponsors. In the first quarter of fiscal year 2023, the Authority received an additional \$27 million of reimbursement requests with costs expended by the project sponsor prior to the current fiscal year. 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 two-year update to the program which occurred in July 2022, programed regional revenue funds for FY2026 and FY2027.

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 2022, the General Fund non-spendable fund balance was \$80,234, committed fund balance of \$574,710, assigned fund balance of \$31,486 and unassigned fund balance was \$872,941 totaling a fund balance equal to \$1,559,371. The equipment reserve is represented as assigned fund balance of \$31,486 and the operating reserve of \$574,710 represents the committed fund balance in the General Fund.

The General Funds experienced a 14% increase in general and administrative expenses. The increase is the result of two budget changes during the fiscal year. The Authority authorized a study of the Chief Executive Officer (CEO) Position and Compensation with a budget of \$25,000. Procurement for the study was awarded to the Millennial Group who conducted an in-depth study of the Authority's CEO position and identified comparisons to similar positions in government and private entities. On November 18, 2021, the Authority approved a mid-year budget adjustment for \$148,984 authorizing the addition of two staff positions, an executive assistant to the Chief Executive Officer (consultant recommendation) and an additional communications position to address workloads. Additionally, a June 30, 2022, budget adjustment also included \$18,500 in funding to conduct an external, independent test for duplicate invoice submissions included in project reimbursement requests as part of ensuring strong internal controls.

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 30% of total General Fund expenditures, while total fund balance represents approximately 54% of that same amount. The FY2023 operating budget is expected to reduce the unassigned fund balance by using most of the fiscal year 2022 carryover to reduce the operating fund transfer from the Regional Revenue Fund.

The fund balance of \$1,559,371 includes \$574,710 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 2022, the Authority exercised the option to transfer the administrative and operating expenses budgeted of \$2,744,809 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 \$467,170 as of June 30, 2022 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 \$1,440,719,184 categorized as restricted fund balance as of June 30, 2022. This balance is predominately comprised of \$1,202,013,064 appropriated for Authority approved project funding, \$120,000,000 be set aside for a Working Capital Reserve and \$5,911,859 for debt service and a debt service reserve. The fund balance also includes 112,794,261 which represents funds that have been added to the amount available for programing in the two Six Year Programs covering FY2024-FY2027.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The details of capital assets as of June 30, 2022 and 2021 are as follows:

	Governmental	
	Activities	
	2022	2021
Office furniture and equipment	\$ 1,218,541	\$ 332,651
Less accumulated depreciation and amortization	349,451	97,475
<b>Total capital assets, net</b>	<b>\$ 869,090</b>	<b>\$ 235,176</b>

The Authority’s investment in capital assets as of June 30, 2022 totaled \$869,090 net of accumulated depreciation and amortization) compared to \$235,176 (net of accumulated depreciation and amortization) as of 2021. The increase in assets totaling \$885,890 is attributed to \$93,000 for the fourth phase of the project implementation, management and monitoring system (PIMMS) developed during fiscal year 2022; and the addition of \$792,891 of intangible, Right to use assets resulting from the implementation from GASB87. The right to use asset consists of \$777,734 for the office lease covering the office space currently utilized by the Authority staff and \$13,403 for office equipment.

**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 credit ratings have been reviewed and affirmed by the Credit Rating agencies since the initial rating.

At the end of June 30, 2022, the Authority had debt outstanding in the amount of \$49,200,000, with \$3,100,000 due within one year, 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 on June 30, 2022 is \$7,455,495. The bonds are secured by the Authority’s Regional Revenue and a debt service reserve of \$5,911,859 which was 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. The Authority also has \$628,165 of outstanding debt attributed to outstanding lease agreements with \$190,790 due within one year.

**Economic Factors and Fiscal Year 2022’s Budget**

- Northern Virginia, planning district 8, has an estimated population of over 2.547 million which represents a decrease of 2,691 or (0.1%) since the April 1, 2020, Census.
- The Commonwealth of Virginia’s population has grown 10,881 or 0.1% since the April 2020 Census. Loudoun County’s increase of 4,245 represents 39% of the overall growth. In contrast, Fairfax County experienced a decrease of 4,976 or a (0.4%) change since the April 1, 2020 census. According to the Census Bureau, localities with relatively large college populations were often undercounted in the April 1, 2020, Census Count.
- The Northern Virginia region is responsible for an increase of 34,612 jobs or 2.89% growth based on first quarter 2022 and 2021 data from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

- Unemployment in the Authority’s jurisdictions has been decreasing throughout fiscal year 2022. At June 2022 the average preliminary unemployment rate seasonally adjusted, in the Authority member jurisdictions was 2.48% compared to 4% at June 2021; in the Commonwealth it was 3% as of June 2022 compared to 4.3% the prior year. Both Northern Virginia and the Commonwealth’s unemployment rates were lower than the national rate of 3.6% at June 2022 compared to 5.9% in 2021.
- Median family income average for the Authority’s member jurisdictions is approximately \$137,830 compared to \$93,284 in the Commonwealth and \$80,069 nationally per the U.S. Census Bureau, 2014-2020 5-Year American Community Survey. This represents an approximate 5.9% increase from the previous year.
- The Authority staff will continue to monitor the broader economic climate and issues that may impact our future revenue streams. Employment growth continues, and the unemployment rate remains low. However, volatility in the financial markets, rising interest rates and persistent high inflation have the potential to cause consumers to tighten spending. Additionally, a softening in the housing market suggests that growth in consumer spending and sales tax collections may slow in the coming months. The average rate on a 30-year fixed mortgage approached 6 percent in June 2022, roughly double from levels seen a year ago and the highest in fourteen years, while the Consumer Price Index for all Urban Consumers experienced the largest increase in 40 years at 9.1% in all items index. While it has not been determined whether the United States is in a recession, there remains the possibility of a slowdown in economic activity. The fiscal year 2023 projected revenues will continue to be monitored and any unexpected declines will be discussed with the Authority. The Authority will continue to use conservative revenue estimation methods.
- The Authority’s General Fund operating budget will increase from \$3,747,591 in fiscal year 2022 to \$3,842,999 in fiscal year 2023. The Authority elected to fund the FY2023 administrative and operating expenses through a transfer from the Regional Revenue Fund. The increase is reflective of the addition of three position: an accounting technician, regional transportation planner and a regional transportation modeler.

### **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](mailto:michael.longhi@thenovaauthority.org).



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## **Basic Financial Statements**

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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**STATEMENT OF NET POSITION  
 June 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,666,216
Other receivables	4,589,849
Due from other governments	62,732,834
Deposits and prepaid items	80,234
Restricted:	
Cash and cash equivalents	76,088,427
Investments	1,323,321,196
Pension asset	63,208
Other post employment benefit asset	2,372
Capital assets (net):	
Office furniture, computer equipment and licenses	869,090
<b>Total assets</b>	<b>1,469,413,426</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	217,850
OPEB-GLI	40,645
OPEB-VLDP	10,290
<b>Total deferred outflows of resources</b>	<b>268,785</b>
<b>LIABILITIES</b>	
Accounts payable	317,218
Accrued liabilities	309,161
Due to other governments	24,938,853
Bond reserves	371,966
Noncurrent liabilities:	
Due within one year:	
Compensated absences	128,883
Leases payable	190,790
Bonds payable, net	3,100,000
Due in more than one year:	
Compensated absences	52,492
Leases payable	437,375
Net GLI OPEB liability	76,959
Bonds payable, net	53,555,495
<b>Total liabilities</b>	<b>83,479,192</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	140,313
OPEB-GLI	29,977
OPEB-VLDP	5,758
<b>Total deferred inflows of resources</b>	<b>176,048</b>
<b>NET POSITION</b>	
Net investment in capital assets	240,925
Restricted	1,383,698,527
Unrestricted	2,087,519
<b>Total net position</b>	<b>\$ 1,386,026,971</b>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2022

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities
<b>Functions/Programs</b>			
Governmental activities:			
General and administration	\$ 2,734,974	\$ -	\$ (2,734,974)
Jurisdictional distributions (30%)	127,430,056	-	(127,430,056)
Project cost distributions	57,337,852	-	(57,337,852)
Transaction update & technical services	1,537,580	-	(1,537,580)
Interest	2,008,280	-	(2,008,280)
<b>Total governmental activities</b>	<b>\$ 191,048,742</b>	<b>\$ -</b>	<b>(191,048,742)</b>
General revenues:			
Intergovernmental revenue:			
Sales tax			332,596,472
Regional congestion relief fee			51,159,261
Interstate operations enhancement program			20,935,533
Northern Virginia transportation district fund transfer			20,000,000
Commonwealth fund interest income			56,399
Investment earnings			11,098,265
Net amortization of premiums & discounts on investments			(4,540,607)
Net decrease in fair value of investments			(33,077,535)
<b>Total general revenues</b>			<b>398,227,788</b>
<b>Change in net position</b>			<b>207,179,046</b>
Net Position, beginning of year			1,178,847,925
Net Position, end of year			<b>\$ 1,386,026,971</b>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2022**

	General Fund	Special Revenue Funds		Non-Major	Total Governmental Funds
		Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,666,216	\$ -	\$ -	\$ -	\$ 1,666,216
Other receivables	-	-	4,589,736	113	4,589,849
Due from other governments	-	18,819,850	43,912,984	-	62,732,834
Deposits and prepaid items	80,234	-	-	-	80,234
Restricted cash, cash equivalents and investments	-	1,113	1,398,941,453	467,057	1,399,409,623
<b>Total assets</b>	<b>\$ 1,746,450</b>	<b>\$ 18,820,963</b>	<b>\$ 1,447,444,173</b>	<b>\$ 467,170</b>	<b>\$ 1,468,478,756</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 82,085	\$ -	\$ 235,133	\$ -	\$ 317,218
Accrued liabilities	104,994	-	-	-	104,994
Bond reserves	-	-	371,966	-	371,966
Due to other governments	-	18,820,963	6,117,890	-	24,938,853
<b>Total liabilities</b>	<b>187,079</b>	<b>18,820,963</b>	<b>6,724,989</b>	<b>-</b>	<b>25,733,031</b>
<b>FUND BALANCES</b>					
Nonspendable	80,234	-	-	-	80,234
Restricted - for Bond Debt Service	-	-	5,911,859	467,170	6,379,029
Restricted - working capital reserve	-	-	120,000,000	-	120,000,000
Restricted - for appropriated project funding	-	-	1,202,013,064	-	1,202,013,064
Restricted - for future projects	-	-	112,794,261	-	112,794,261
Committed	574,710	-	-	-	574,710
Assigned	31,486	-	-	-	31,486
Unassigned	872,941	-	-	-	872,941
<b>Total fund balances</b>	<b>1,559,371</b>	<b>-</b>	<b>1,440,719,184</b>	<b>467,170</b>	<b>1,442,745,725</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,746,450</b>	<b>\$ 18,820,963</b>	<b>\$ 1,447,444,173</b>	<b>\$ 467,170</b>	<b>\$ 1,468,478,756</b>

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2022

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		\$ 1,442,745,725
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right to use assets used in governmental activities are not current financial resources and therefore, not reported in the governmental funds:		
Capital assets	\$ 1,218,541	
Less: accumulated depreciation and amortization	<u>(349,451)</u>	869,090
Financial statement elements related to pensions are applicable to future periods and, therefore, not reported in the governmental funds:		
Net pension asset	63,208	
Deferred outflows of resources	217,850	
Deferred inflows of resources	<u>(140,313)</u>	140,745
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	(76,959)	
Deferred outflows of resources	40,645	
Deferred inflows of resources	<u>(29,977)</u>	(66,291)
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 asset	2,372	
Deferred outflows of resources	10,290	
Deferred inflows of resources	<u>(5,758)</u>	6,904
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(204,167)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		(181,375)
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	(49,200,000)	
Premiums on bonds	(7,455,495)	
Lease Agreements	<u>(628,165)</u>	(57,283,660)
Net position - governmental activities		<u>\$ 1,386,026,971</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	General Fund	Special Revenue Funds		Non-Major	Total Governmental Funds
		Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	
<b>Revenues</b>					
Intergovernmental:					
Sales tax	\$ -	\$ 99,778,942	\$ 232,817,530	\$ -	\$ 332,596,472
Regional congestion relief fee	-	15,347,778	35,811,483	-	51,159,261
Interstate operations enhancement program	-	6,280,660	14,654,873	-	20,935,533
Northern Virginia transportation district fund transfer	-	6,000,000	14,000,000	-	20,000,000
Commonwealth fund interest	-	16,920	39,479	-	56,399
Investment earnings	-	5,756	11,089,774	2,735	11,098,265
Net amortization of premiums & discounts on investments	-	-	(4,540,607)	-	(4,540,607)
Net decrease in fair value of investments	-	-	(33,077,535)	-	(33,077,535)
<b>Total revenues</b>	-	127,430,056	270,794,997	2,735	398,227,788
<b>Expenditures</b>					
Current:					
General and administration	2,591,809	-	-	-	2,591,809
Jurisdictional distributions (30%)	-	127,430,056	-	-	127,430,056
Project cost distributions	-	-	57,337,852	-	57,337,852
Transaction update & technical services	-	-	1,537,580	-	1,537,580
Debt service:					
Principal	164,726	-	-	2,950,000	3,114,726
Interest	19,510	-	-	2,597,500	2,617,010
Capital outlay:					
Leases	88,278	-	-	-	88,278
<b>Total expenditures</b>	2,864,323	127,430,056	58,875,432	5,547,500	194,717,311
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,864,323)	-	211,919,565	(5,544,765)	203,510,477
<b>Other Financing Sources (Uses)</b>					
Issuance of lease	88,278	-	-	-	88,278
Transfers in	2,744,809	-	-	5,549,642	8,294,451
Transfers out	-	-	(8,294,451)	-	(8,294,451)
<b>Total other financing sources (uses)</b>	2,833,087	-	(8,294,451)	5,549,642	88,278
<b>Net change in fund balances</b>	(31,236)	-	203,625,114	4,877	203,598,755
Fund Balances, beginning of year	1,590,607	-	1,237,094,070	462,293	1,239,146,970
Fund Balances, end of year	\$ 1,559,371	\$ -	\$ 1,440,719,184	\$ 467,170	\$ 1,442,745,725

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2022**

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

Net change in fund balances - total governmental funds \$ 203,598,755

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 in the current period.

Add - Expenditure for capital assets	\$ 181,278	
Deduct - depreciation and amortization expense	<u>(251,976)</u>	(70,698)

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		7,170
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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	(2,286)	
GLI VLDP	<u>1,995</u>	(291)

Bonds and other debt proceeds (e.g., bonds, leases, line of credit) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

A summary of the items supporting this adjustment is as follows:

Issuance of lease	(88,278)	
Principal payment on lease agreements	164,726	
Principal payment on revenue bonds	<u>2,950,000</u>	3,026,448

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	8,931	
Change in accrued interest payable	12,291	
Amortization of premiums on bonds payable	<u>596,440</u>	617,662

<b>Change in net position of governmental activities</b>		<u><u>\$ 207,179,046</u></u>
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## STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

## - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Expenditures</b>				
Current:				
General and administration	\$ 3,479,748	\$ 3,747,591	\$ 2,591,809	\$ (1,155,782)
Debt service:				
Principal	-	-	164,726	164,726
Interest	-	-	19,510	19,510
Capital outlay:				
Leases	-	-	88,278	88,278
<b>Total expenditures</b>	<b>3,479,748</b>	<b>3,747,591</b>	<b>2,864,323</b>	<b>(883,268)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,479,748)</b>	<b>(3,747,591)</b>	<b>(2,864,323)</b>	<b>883,268</b>
<b>Other Financing Sources</b>				
Issuance of lease	-	-	88,278	88,278
Transfer from Regional Revenue Fund for operations	2,744,809	2,744,809	2,744,809	-
<b>Total other financing sources</b>	<b>2,744,809</b>	<b>2,744,809</b>	<b>2,833,087</b>	<b>88,278</b>
<b>Net change in fund balance</b>	<b>(734,939)</b>	<b>(1,002,782)</b>	<b>(31,236)</b>	<b>971,546</b>
Fund Balance, beginning of year	-	-	1,590,607	1,590,607
Fund Balance, end of year	\$ (734,939)	\$ (1,002,782)	\$ 1,559,371	\$ 2,562,153



## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

For Review and Discussion Purposes Only

Subject to Change

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

## - BUDGET AND ACTUAL - LOCAL DISTRIBUTION

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental:				
Sales tax	\$ 84,445,353	\$ 84,445,353	\$ 99,778,942	\$ 15,333,589
Regional congestion relief fee	7,650,000	7,650,000	15,347,778	7,697,778
Interstate operations enhancement program	3,990,000	3,990,000	6,280,660	2,290,660
Northern Virginia transportation district fund transfer	6,000,000	6,000,000	6,000,000	-
Commonwealth fund interest income	43,471	43,471	16,920	(26,551)
Interest income	-	-	5,756	5,756
<b>Total revenues</b>	<b>102,128,824</b>	<b>102,128,824</b>	<b>127,430,056</b>	<b>25,301,232</b>
<b>Expenditures</b>				
Current:				
Jurisdictional distributions (30%)	102,128,824	102,128,824	127,430,056	(25,301,232)
<b>Total expenditures</b>	<b>102,128,824</b>	<b>102,128,824</b>	<b>127,430,056</b>	<b>(25,301,232)</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

PRELIMINARY DRAFT  
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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

Reproduced

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**– BUDGET AND ACTUAL – REGIONAL REVENUE FUND**  
**Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental:				
Sales tax	\$ 197,039,153	\$ 197,039,153	\$ 232,817,530	\$ 35,778,377
Regional congestion relief fee	17,850,000	17,850,000	35,811,483	17,961,483
Interstate operations enhancement program	9,310,000	9,310,000	14,654,873	5,344,873
Northern Virginia transportation district fund transfer	14,000,000	14,000,000	14,000,000	-
Commonwealth fund interest	101,429	101,429	39,479	(61,950)
Investment earnings	5,200,000	5,200,000	11,089,774	5,889,774
Net amortization of premiums & discounts on investments	-	-	(4,540,607)	(4,540,607)
Net decrease in fair value of investments	-	-	(33,077,535)	(33,077,535)
<b>Total revenues</b>	<b>243,500,582</b>	<b>243,500,582</b>	<b>270,794,997</b>	<b>27,294,415</b>
<b>Expenditures</b>				
Current:				
Project cost distributions	1,214,970,909	1,214,970,909	57,337,852	1,157,633,057
Transaction update & technical services	4,214,470	4,214,470	1,537,580	2,676,890
<b>Total expenditures</b>	<b>1,219,185,379</b>	<b>1,219,185,379</b>	<b>58,875,432</b>	<b>1,160,309,947</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>(975,684,797)</b>	<b>(975,684,797)</b>	<b>211,919,565</b>	<b>1,187,604,362</b>
<b>Other Financing Uses</b>				
Transfers for debt service	(5,547,500)	(5,547,500)	(5,549,642)	(2,142)
Transfer for operations	(2,744,809)	(2,744,809)	(2,744,809)	-
<b>Total other financing uses</b>	<b>(8,292,309)</b>	<b>(8,292,309)</b>	<b>(8,294,451)</b>	<b>(2,142)</b>
<b>Net change in fund balance</b>	<b>(983,977,106)</b>	<b>(983,977,106)</b>	<b>203,625,114</b>	<b>1,187,602,220</b>
Fund Balance, beginning of year	-	-	1,237,094,070	1,237,094,070
Fund Balance, end of year	<b>\$ (983,977,106)</b>	<b>\$ (983,977,106)</b>	<b>\$ 1,440,719,184</b>	<b>\$ 2,424,696,290</b>

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Northern Virginia Transportation Authority (“the Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority’s significant accounting policies are described below.

**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 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 embraced by 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 including a member of the Commonwealth Transportation Board. In addition, the Director of the Department of Rail and Public Transportation, or designee; the Commissioner of Highways, or designee; and the chief elected officer of one town in a county which the Authority embraces, serve as non-voting member of the Authority.

The Authority is responsible for developing and updating TransAction for use to evaluate regional transportation projects in Northern Virginia. TransAction is Northern Virginia’s geographically and fiscally unconstrained long-range, multimodal transportation plan, addressing regional transportation needs through 2045. TransAction is updated every five years. The Authority anticipates adoption of the next update to TransAction, in December 2022.

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 the update of the long-range transportation plan, TransAction, regional multimodal transportation projects, operational, technical and analytical costs in support of TransAction.

**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. NVT A adopted its inaugural Six Year Program in June 2018. NVT A 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, FY2022 through FY2027, was adopted in July 2022.

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. 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.

**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.

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.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)****B. Government-wide and Fund Financial Statements (Continued)**

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.

*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.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)****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 and thereafter, the Authority, as part of its annual budget adoption, has exercised the option to transfer the operational and administrative budget amount from the Regional Revenue Fund.

**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.

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Other Significant Accounting Policies (Continued)**

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.

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, 2022.

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.

NOTES TO FINANCIAL STATEMENTS**Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)**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 or 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 net fiduciary 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 or assets, deferred outflows of resources and deferred inflows of resources are reported in the government-wide fund financial statements.

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 net 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 Authority's VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Authority's 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.



NOTES TO FINANCIAL STATEMENTS**Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)****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 is recorded under non-current liabilities on the Statement of Net Position.

**11. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond payables are reported net of the applicable premium or discount. 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 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 has items that qualify for reporting in this category related to the pension plan as described in Note 7 and the OPEB plans as 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 has items that qualify for reporting in this category related to the pension plan as described in Note 7 and the OPEB plans as described in Notes 8 and 9.

NOTES TO FINANCIAL STATEMENTS**Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)**13. Leases

The Authority is a lessee for a noncancellable lease of equipment and office space. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

In compliance with the implementation of Statement No. 87, *Leases* for FY2022, at the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

14. 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.

NOTES TO FINANCIAL STATEMENTS**Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)****14. Fund Equity (Continued)**

*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 \$574,710 categorized as committed fund balance as of June 30, 2022. 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.

The Regional Revenue Fund balance includes \$1,440,719,184 categorized as restricted fund balance as of June 30, 2022. The restricted for appropriated project funding of \$1,202,013,064 represents funds appropriated by the Authority for approved project funding agreements at June 30, 2022. The Authority has the option of forward appropriating funds to projects approved in later funding programs, if requested, as long as the project sponsor can demonstrate the ability to advance the project in the current fiscal year. 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 FY2022-FY2027. 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 \$6,379,029 is restricted for debt service and a debt service reserve.

NOTES TO FINANCIAL STATEMENTS**Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)****14. Fund Equity (Continued)**

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.

**15. 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.

**16. 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.

**17. 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.

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Other Significant Accounting Policies (Continued)**

18. 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.

19. Subsequent Events

The Authority has evaluated subsequent events through DATE, 2022, which was the date the financial statements were available to be issued.

**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, 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, 2022, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

**Governmental Activities**

Unrestricted Cash and Cash Equivalents	
Cash	\$ 1,666,216
Restricted:	
Demand Deposits	5,097,774
John Marshall Bank Insured Cash Sweep	52,873,160
Commonwealth of Virginia LGIP	11,738,577
Regions Bank (SNAP)	6,378,916
<b>Total restricted</b>	<u>76,088,427</u>
<b>Total</b>	<u>\$ 77,754,643</u>

**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****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.

**Investment Policy**

The Authority adopted a formal investment policy in December 2014, with subsequent updates, most recently updated March 2022. 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

NOTES TO FINANCIAL STATEMENTS

**Note 2. Deposits and Investments (Continued)**

**Credit Risk (Continued)**

The Authority’s rated investments as of June 30, 2022 were rated by both Standard & Poor’s, Fitch and Moody’s. The table below reflects the Standard & Poor’s ratings for the Authority’s investment portfolio as of June 30, 2022.

	Fair Value	Standard & Poor's or Fitch Ratings			
		AAA	AA	A1	AAAm
United States Agencies	\$ 414,056,229	\$ 39,991,225	\$ 374,065,004	\$ -	\$ -
Corporate Notes	335,120,509	13,099,450	322,021,059	-	-
Negotiable Certificates of Deposit	326,507,010	-	-	326,507,010	-
Supranational Bonds	67,147,373	67,147,373	-	-	-
Municipal Bonds-Virginia	62,334,340	14,215,035	48,119,304	-	-
United States Treasuries	60,432,990	60,432,990	-	-	-
Municipal Bonds-USA	28,093,945	11,547,875	16,546,070	-	-
Commercial Paper	19,628,800	-	-	19,628,800	-
Local Government Investment Pools	11,738,577	-	-	-	11,738,577
<b>Total</b>	<b>\$ 1,325,059,773</b>	<b>\$ 206,433,948</b>	<b>\$ 760,751,437</b>	<b>\$ 346,135,810</b>	<b>\$ 11,738,577</b>

**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.

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, 2022, the Authority had the following investments and maturities:

	Fair Value	Investment Maturity (in years)			
		Less than 1 year	1-2 years	2-3 years	3-4 years
United States Agencies	\$ 414,056,229	\$ 60,018,800	\$ 155,928,300	\$ 156,822,150	\$ 41,286,979
Corporate Notes	335,120,509	84,584,530	158,339,790	92,196,189	-
Negotiable Certificates of Deposit	326,507,010	222,681,050	83,077,100	20,748,860	-
Supranational Bonds	67,147,373	43,051,623	24,095,750	-	-
Municipal Bonds-Virginia	62,334,340	432,247	21,344,202	26,494,067	14,063,824
United States Treasuries	60,432,990	20,760,390	19,825,800	19,846,800	-
Municipal Bonds-USA	28,093,945	12,615,759	2,279,905	11,390,685	1,807,596
Commercial Paper	19,628,800	19,628,800	-	-	-
Certificate of Deposit	10,000,000	10,000,000	-	-	-
<b>Total</b>	<b>\$ 1,323,321,196</b>	<b>\$ 473,773,199</b>	<b>\$ 464,890,847</b>	<b>\$ 327,498,751</b>	<b>\$ 57,158,399</b>

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, 2022.

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
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States.	60 months or less	30%
Savings accounts, Money Market Accounts or time deposits (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%



**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

**Concentration of Credit Risk (Continued)**

<b>Class</b>	<b>Length</b>	<b>Percent of Total Portfolio and Cash</b>
Banker’s Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	48 months or less	50%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit (YCD) 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 3 year history must exceed internal performance by 25bps, net of mgmt. 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)	60 months or less	50%

**External Investment Pools**

As of June 30, 2022, the Authority had investments of \$11,738,577 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.

NOTES TO FINANCIAL STATEMENTS

**Note 2. Deposits and Investments (Continued)**

**External Investment Pools (Continued)**

As of June 30, 2022, the Authority had investments of \$5,911,859 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.

**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, 2022, the Authority had \$6,378,916 held by the bond trustees, Regions Bank. Of this amount, \$5,911,859 and was in the Debt Service Reserve account and \$467,170 is in the debt service account for payment of principal and interest.

**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.

NOTES TO FINANCIAL STATEMENTS

**Note 3. Fair Value Measurement (Continued)**

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, 2022:

Investments by Fair Value Level	June 30, 2022	Level 1	Level 2	Level 3
United States Agencies	\$ 414,056,229	\$ 414,056,229	\$ -	\$ -
Corporate Notes	335,120,509	-	335,120,509	-
Negotiable Certificates of Deposit	326,507,010	326,507,010	-	-
Supranational Bonds	67,147,373	-	67,147,373	-
Municipal Bonds-Virginia	62,334,340	-	62,334,340	-
United States Treasuries	60,432,990	60,432,990	-	-
Municipal Bonds-USA	28,093,945	-	28,093,945	-
Commercial Paper	19,628,800	-	19,628,800	-
Certificate of Deposit	10,000,000	10,000,000	-	-
Money market funds	57,970,934	57,970,934	-	-

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, 2022, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Commonwealth of Virginia:			
Sales Tax	\$ 17,426,272	\$ 40,661,301	\$ 58,087,573
Regional Congestion Relief Fee	1,393,578	3,251,683	4,645,261
<b>Total</b>	<b>\$ 18,819,850</b>	<b>\$ 43,912,984</b>	<b>\$ 62,732,834</b>

Amounts due to other governments as of June 30, 2022 consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Arlington County	\$ 1,744,464	\$ 1,336,089	\$ 3,080,553
Fairfax County	7,761,250	-	7,761,250
Loudoun County	3,876,356	-	3,876,356
Prince William County	2,948,186	4,779,522	7,727,708
City of Alexandria	1,277,937	-	1,277,937
City of Fairfax	456,032	-	456,032
City of Falls Church	182,940	-	182,940
City of Manassas	463,573	-	463,573
City of Manassas Park	110,225	-	110,225
Town of Leesburg	-	2,279	2,279
<b>Total</b>	<b>\$ 18,820,963</b>	<b>\$ 6,117,890</b>	<b>\$ 24,938,853</b>

NOTES TO FINANCIAL STATEMENTS

**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. The Interstate Operations and Enhancement Program (SB1716/HB2718, 2019) funding was also 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, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated and amortized:				
Office furniture and equipment	\$ 332,651	\$ 93,000	\$ -	\$ 425,651
Intangible right-to-use lease asset	704,612	88,278	-	792,890
Total capital assets at historical cost	1,037,263	181,278		1,218,541
Less accumulated depreciation and amortization	97,475	71,642	-	169,117
Less amortization for intangible right-to-use lease asset	-	180,334	-	180,334
Total accumulated depreciation and amortization	97,475	251,976	-	349,451
<b>Total capital assets being depreciated and amortized, net</b>	<b>\$ 939,788</b>	<b>\$ (70,698)</b>	<b>\$ -</b>	<b>\$ 869,090</b>

**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:

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> 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.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

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><b>Eligible Members</b></p>	<p><b>Eligible Members</b></p>	<p><b>Eligible Members</b></p>
<p>Employees 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>Employees 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>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p>
<p><b>Hybrid Opt-In Election</b></p>	<p><b>Hybrid Opt-In Election</b></p>	<ul style="list-style-type: none"> <li>• Political subdivision employees.*</li> <li>• Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014.</li> </ul>
<p>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. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>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. The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p><b>* Non-Eligible Members</b></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>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</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>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>	<ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>
		<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><b>Retirement Contributions</b></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><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></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><b>Service Credit</b></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><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service Credit</b></p> <p><b><u>Defined Benefit Component</u></b> 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><b><u>Defined Contribution Component</u></b> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

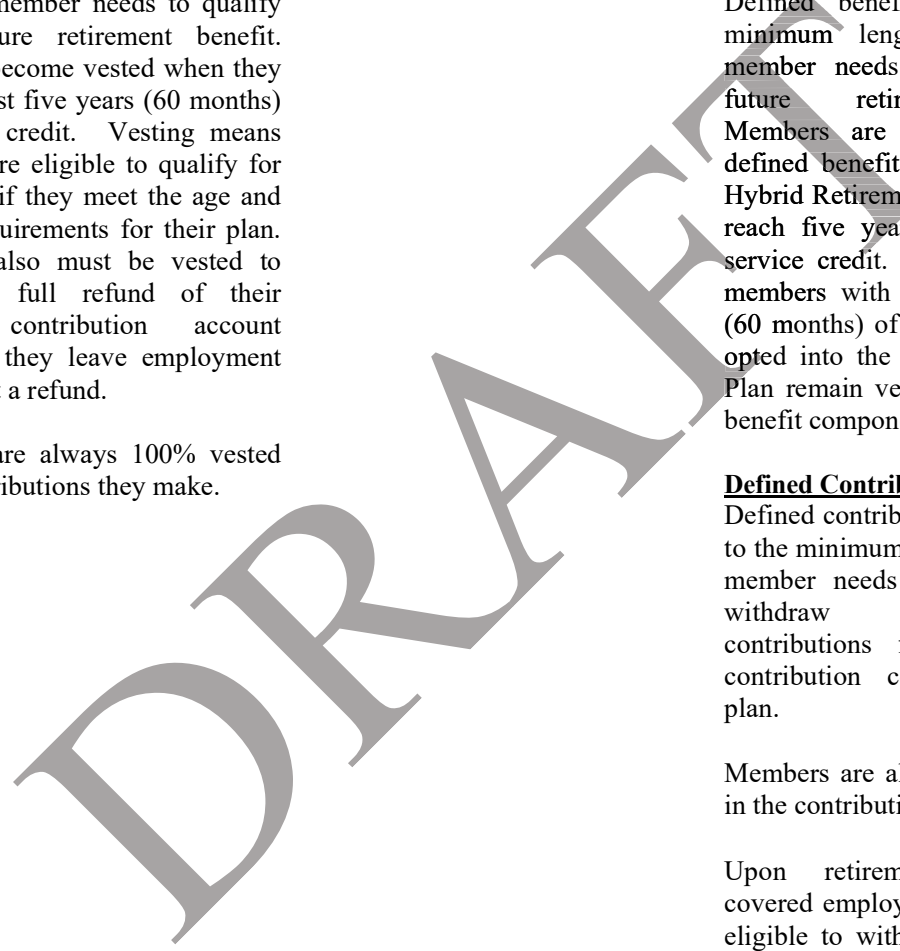
NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Vesting</b></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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component</u></b>                      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><b><u>Defined Contribution Component</u></b>                      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>





**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Pension Plan (Continued)**

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		<b>Vesting (Continued)</b>
		<b><u>Defined Component (Continued)</u></b>
		<ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul>
		Distributions not required, except as governed by law.
<p><b>Calculating the Benefit</b></p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to this amount if the member is retiring with a reduced 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.</p>	<p><b>Calculating the Benefit</b></p> <p>See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b></p> <p><b><u>Defined Benefit Component</u></b> See definition under Plan 1.</p> <p><b><u>Defined Contribution Component</u></b> 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.</p>
<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component 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><b>Service Retirement Multiplier</b></p> <p><i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit.</p> <p><i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><i>Political subdivision hazardous duty employees:</i> 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><b>Normal Retirement Age</b></p> <p><i>VRS:</i> Age 65.</p> <p><i>Political subdivision hazardous duty employees:</i> 60</p>	<p><b>Service Retirement Multiplier</b></p> <p><i>VRS:</i> 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><i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.</p> <p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p> <p><b>Normal Retirement Age</b></p> <p><i>VRS:</i> Normal Social Security retirement age.</p> <p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b></p> <p><b><u>Defined Benefit Component</u></b></p> <p><i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members who 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><i>Sheriffs and regional jail superintendents:</i> Not applicable.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><b><u>Defined Contribution Component</u></b></p> <p>Not applicable.</p> <p><b>Normal Retirement Age</b></p> <p><b><u>Defined Benefit Component</u></b></p> <p><i>VRS:</i> Same as Plan 2.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><b><u>Defined Contribution Component</u></b></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><i>VRS:</i> 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><i>Political Subdivision Employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><i>VRS:</i> 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><i>Political Subdivision Employees:</i> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><b><u>Defined Benefit Component</u></b>  <i>VRS:</i> 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><i>Political Subdivision Employees:</i> Not applicable.</p> <p><b><u>Defined Contribution Component</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>VRS:</i> 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><i>Political Subdivision Employees:</i> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political Subdivision Employees:</i> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b><u>Defined Benefit Component</u></b>  <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political Subdivision Employees:</i> Not applicable.</p> <p><b><u>Defined Contribution Component</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></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><b><u>Eligibility:</u></b>                      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><b>Cost-of-Living Adjustment (COLA) in Retirement</b></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><b><u>Eligibility:</u></b>                      Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component</u></b>                      Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b>                      Not applicable.</p> <p><b><u>Eligibility:</u></b>                      Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>
<b><u>Exceptions to COLA Effective Dates:</u></b>	<b><u>Exceptions to COLA Effective Dates:</u></b>	<b><u>Exceptions to COLA Effective Dates:</u></b>
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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• 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.</li> </ul>		

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b></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><b>Disability Coverage</b></p> <p>Employees of 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><b>Purchase of Prior Service</b></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><b>Purchase of Prior Service</b></p> <p>Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><b><u>Defined Benefit Component</u></b>                      Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported services.</li> </ul> <p><b><u>Defined Contribution Component</u></b>                      Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS

**Note 7. Pension Plan (Continued)**

**B. Employees Covered by Benefit Terms**

As of the June 30, 2020 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	2
Inactive members active elsewhere in VRS	1
Total Inactive members	3
Active members	11
Total covered members	15

**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 employer contribution rate for the year ended June 30, 2022 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 \$81,443 and \$71,536 for the years ended June 30, 2022 and 2021, respectively.

**D. Net Pension Asset**

The Authority’s net pension Asset 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 asset was measured as of June 30, 2021. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

**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, 2020, 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, 2021.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate or return	6.75 percent, net of pension plan investment expense, including inflation*

**Mortality Rates**

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

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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, 2016, through June 30, 2020, 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:



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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
<b>Total</b>	<b>100.00%</b>		<b>4.89%</b>
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.39%</b>

\*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS**Note 7. Pension Plan (Continued)**F. Long-Term Expected Rate of Return (Continued)

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

H. Changes in the Net Pension Liability/ (Asset)

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset)/Liability</b>
<b>Balances at June 30, 2020</b>	\$ 796,091	\$ 740,976	\$ 55,115
Changes for the year:			
Service cost	116,133	-	116,133
Interest	53,275	-	53,275
Changes in assumptions	42,146	-	42,146
Difference between expected and actual experience	20,848	-	20,848
Contributions – employer	-	71,536	(71,536)
Contributions – employee	-	59,017	(59,017)
Net investment income	-	220,571	(220,571)
Benefit payments, including refunds of employee contributions	(13,672)	(13,672)	-
Administrative expense	-	(421)	421
Other changes	-	22	(22)
<b>Net changes</b>	<b>218,730</b>	<b>337,053</b>	<b>(118,323)</b>
<b>Balances at June 30, 2021</b>	<b>\$ 1,014,821</b>	<b>\$ 1,078,029</b>	<b>\$ (63,208)</b>

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 or (asset) 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)	\$ 77,814	\$ (63,208)	\$ (180,140)

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

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

For the year ended June 30, 2022, the Authority recognized pension expense of \$74,173. At June 30, 2022, 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	\$ 73,859	\$ (2,590)
Changes of assumptions	43,464	(4,263)
Net difference between projected and actual earnings on pension plan investments	19,084	(133,460)
Employer contributions subsequent to measurement date	81,443	-
<b>Total</b>	<b>\$ 217,850</b>	<b>\$ (140,313)</b>

The \$81,443 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, 2023. 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
2023	\$ 19,838
2024	6,269
2025	(10,426)
2026	(20,211)
2027	624
	<u>\$ (3,906)</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTES TO FINANCIAL STATEMENTS**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:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b> 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><b>Benefit Amounts</b> The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> <li>• <b>Natural Death Benefit</b> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b>Accidental Death Benefit</b> - The accidental death benefit is double the natural death benefit.</li> <li>• <b>Other Benefit Provisions</b> - 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"> <li>o Accidental dismemberment benefit</li> <li>o Seatbelt benefit</li> <li>o Repatriation benefit</li> <li>o Felonious assault benefit</li> <li>o Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b> 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.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b> 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 \$8,722 as of June 30, 2022.</p>

NOTES TO FINANCIAL STATEMENTS

**Note 8. Group Life Insurance Program**

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, 2022 was .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 \$8,105 and \$7,395 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Authority reported a liability of \$76,959 for its proportionate share of the net GLI OPEB Liability. The net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .00661% as compared to .00665% at June 30, 2020.

For the year ended June 30, 2022, the Authority recognized GLI OPEB expense of \$10,385. 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.

At June 30, 2022, 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	\$ 8,777	\$ (586)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(18,368)
Changes of assumptions	4,243	(10,530)
Changes in proportions	19,520	(493)
Employer contributions subsequent to measurement date	8,105	-
<b>Total</b>	<b>\$ 40,645</b>	<b>\$ (29,977)</b>

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)

The \$8,105 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, 2023. 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
2023	\$ 3,441
2024	2,565
2025	265
2026	(3,132)
2027	(576)
	\$ 2,563

D. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.35%
Investment rate of return	6.75, net of investment expenses, including inflation

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

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Group Life Insurance Program (Continued)**

D. Actuarial Assumptions (Continued)

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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, NOL amounts for the GLI is as follows (amounts expressed in thousands):

**Note 8. Group Life Insurance Program (Continued)**

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability	<u>\$ 1,164,272</u>

Plan Fiduciary Net Position as a Percentage  
of the Total GLI OPEB Liability 67.45%

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.



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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS -Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
<b>Total</b>	<b>100.00%</b>		<b>4.89%</b>
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.39%</b>

\* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 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.

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	\$ 112,439	\$ 76,959	\$ 48,306

I. GLI Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2021-annual-report.pdf](http://varetire.org/Pdf/Publications/2021-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.

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:

<b>VRS VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b>                      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"> <li>• 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.</li> </ul>
<p><b>Benefit Amounts:</b>                      The VLDP provides the following benefits for eligible employees:</p> <p><b>Short-Term Disability:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.</li> </ul> <p><b>Long-Term Disability:</b></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> </ul>
<p><b>VLDP Notes:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.</li> </ul>

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, 2022, was .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 \$8,507 and \$7,851 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Authority reported an asset of \$2,372 for its proportionate share of the VRS VLDP Net OPEB liability. The net VLDP OPEB asset was measured as of June 30, 2021 and the total VLDP OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The Authority's proportion of the net VLDP OPEB asset was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Authority's proportion of the VLDP was .23427% as compared to .25748% at June 30, 2020.

For the year ended June 30, 2022, 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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

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

At June 30, 2022, 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	\$ 1,409	\$ (3,553)
Net difference between projected and actual earnings on VLDP OPEB program investments	-	(1,323)
Changes of assumptions	80	(643)
Changes in proportion	294	(239)
Employer contribution subsequent to measurement date	8,507	-
<b>Total</b>	<b>\$ 10,290</b>	<b>\$ (5,758)</b>

The \$8,507 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, 2023. 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:

Year Ending June 30,	Amount
2023	\$ (564)
2024	(560)
2025	(584)
2026	(1,120)
2027	(359)
Thereafter	(788)
	<b>\$ (3,975)</b>

D. Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.35%
Investment rate of return	6.75 including inflation*

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

## Note 9. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

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

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years,
Post-retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year,
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years,
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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, 2016 through June 30, 2020, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**NOTES TO FINANCIAL STATEMENTS**

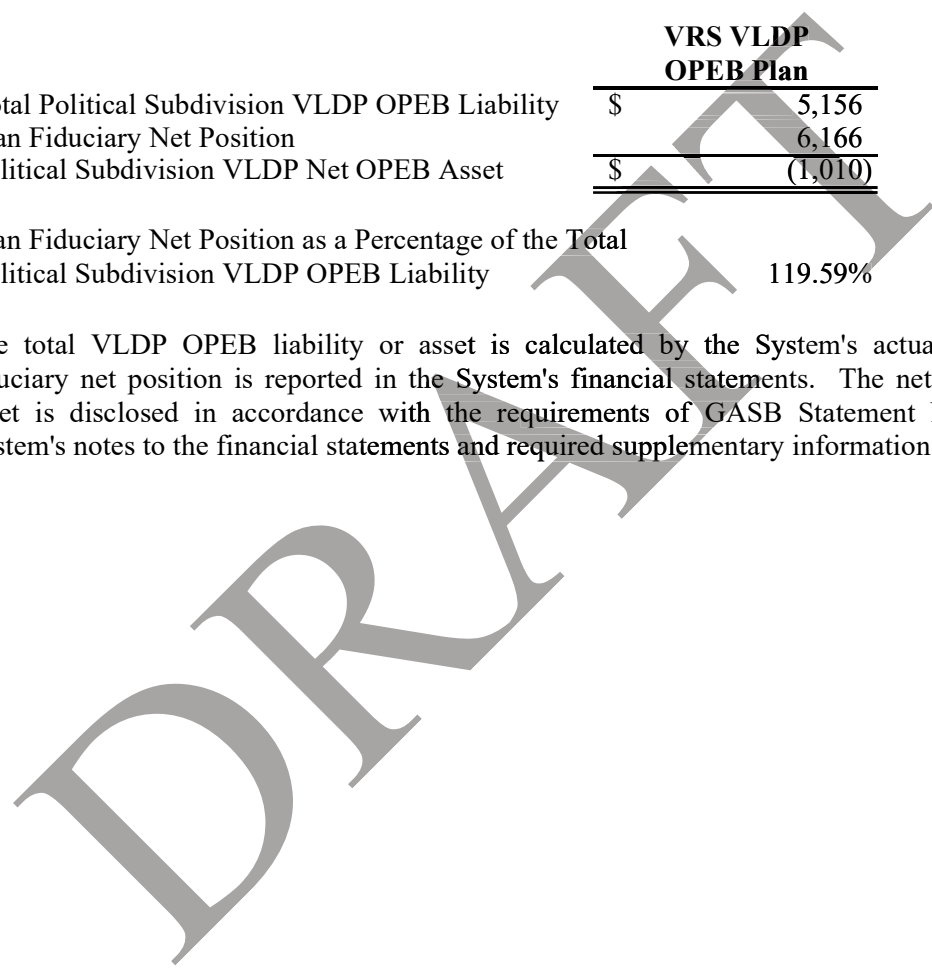
**Note 9. Virginia Local Disability Program (Continued)**

E. Net VLDP OPEB Liability or Asset

The net OPEB Liability or asset for the VLDP represents the program's total OPEB liability or asset determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, net OPEB asset amounts for the VLDP is as follows (amounts expressed in thousands):

	<b>VRS VLDP OPEB Plan</b>
Total Political Subdivision VLDP OPEB Liability	\$ 5,156
Plan Fiduciary Net Position	6,166
Political Subdivision VLDP Net OPEB Asset	<u>\$ (1,010)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	 119.59%

The total VLDP OPEB liability or asset 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 asset 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.



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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS -Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
<b>Total</b>	<b>100.00%</b>		<b>4.89%</b>
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.39%</b>

\* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021, 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 asset.



NOTES TO FINANCIAL STATEMENTS

**Note 9. Virginia Local Disability Program (Continued)**

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

The following presents the Authority's proportionate share of the net VLDP OPEB asset using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net VLDP OPEB asset 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 Asset	\$ (1,270)	\$ (2,372)	\$ (3,327)

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2021-annual-report.pdf](http://varetire.org/pdf/publications/2021-annual-report.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 10. Leases**

The Authority amended the current office space lease, under a 130-month agreement which commenced on October 5, 2014, and expires August 5, 2025, to add two additional offices. The lease provides for 2.50 percent annual increase in the base rent over the remaining term of the lease, and the pass through of a proportionate share of the shared common areas. The value of the initial lease liability added was \$74,875. As of June 30, 2022, the total liability was \$615,589. The Authority is required to make monthly principal and interest payments of \$16,645. The lease has an interest rate of 2.992%. The value of the right-to-use asset as of the end of the current fiscal year was \$777,734 and had accumulated amortization of \$177,732.

In March 2022, the Authority replaced an expired equipment lease with a right to use asset balance of \$1,751, with corresponding accumulated amortization and entered into a 48-month lease agreement as lessee for the acquisition and use of certain office equipment. An initial lease liability was recorded in the amount of \$13,403 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$12,576. The Authority is required to make monthly principal and interest payments of \$292. The lease has an interest rate of 2.45%. The equipment has a four-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$13,403 and had accumulated amortization of \$833.

**NOTES TO FINANCIAL STATEMENTS****Note 10. Leases (Continued)****Lease Agreements**

\$777,734 Capitalized office space financing, initiated October 5, 2014, due in monthly installments of \$16,645 through August 5, 2025, interest at 2.992%	\$ 615,589
\$13,403 Capitalized office equipment financing, initiated March 2022, due in monthly installments of \$292 through March 2026, interest at 2.245%	<u>12,576</u>
Total lease agreements	<u><u>\$ 628,165</u></u>

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year Ending June 30,	Lease Obligations		
	Principal	Interest	Total
2023	\$ 190,790	\$ 16,124	\$ 206,914
2024	201,707	10,291	211,999
2025	213,085	4,127	217,211
2026	22,583	79	22,662
	<u>\$ 628,165</u>	<u>\$ 30,621</u>	<u>\$ 658,786</u>

**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 \$49,200,000. 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.

**Outstanding long-term debt**

The Transportation special tax revenue bonds are direct obligations of the Authority and secured by the Authority's Regional Revenue and a debt service reserve of \$5,911,859 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.

NOTES TO FINANCIAL STATEMENTS

Note 11. Long-Term Obligations (Continued)

**Bond Financing**

\$69,045,000 2014 Transportation Special Tax Revenue Bonds due in annual principal payments of \$3,100,000 to \$5,285,000 through June 2034, interest at 5.00%

\$ 49,200,000

**Changes in Long-Term Debt Obligations**

The following is a summary of long-term liability activity for the year ended June 30, 2022:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences	\$ 190,306	\$ 107,042	\$ 115,973	\$ 181,375	\$ 128,883
Transportation Special Tax Revenue Bonds	52,150,000	-	2,950,000	49,200,000	3,100,000
Unamortized Premiums	8,051,935	-	596,440	7,455,495	-
Lease agreements	704,613	88,278	164,726	628,165	190,790
<b>Total governmental activities</b>	<b>\$ 61,096,854</b>	<b>\$ 195,320</b>	<b>\$ 3,827,139</b>	<b>\$ 57,465,035</b>	<b>\$ 3,419,673</b>

\*Beginning balance was restated for lease agreements.

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

2014 series bond 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 Debt Service Reserve Fund are invested by the Trustee with SNAP, the Debt Service Fund is invested directly with Regions Bank and is classified as restricted.

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

Year(s) Ending June 30,	2014 Series Bonds		
	Principal	Interest	Total
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	3,755,000	1,793,250	5,548,250
2028-2032	21,790,000	5,954,750	27,744,750
2033-2034	10,320,000	780,250	11,100,250
	<u>\$ 49,200,000</u>	<u>\$ 17,387,500</u>	<u>\$ 66,587,500</u>

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2022, 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Statement 99 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

Management has not determined the effect these new Statements may have on prospective financial statements.

## **Required Supplementary Information**

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## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

## SCHEDULE OF AUTHORITY CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

	Fiscal Year June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015		
Contractually required contribution (CRC)	\$ 81,443	\$ 71,536	\$ 75,332	\$ 64,485	\$ 86,928	\$ 78,378	\$ 42,427	\$ 33,173		
Contributions in relation to the CRC	81,443	71,536	75,332	64,485	86,928	78,378	42,427	33,173		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Employer's covered-employee payroll	\$ 1,096,137	\$ 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%	7.43%	7.49%	7.45%	9.47%	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.

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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

	Fiscal Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service cost	\$ 116,133	\$ 107,133	\$ 107,914	\$ 102,928	\$ 78,247	\$ 70,900	\$ -
Interest	53,275	43,242	34,544	24,197	14,560	-	-
Difference between expected and actual experience	20,848	9,259	(5,899)	27,939	60,765	137,107	-
Changes of assumptions	42,146	-	22,003	-	(15,903)	-	-
Benefit payments, including refunds of employee contributions	(13,672)	(8,336)	(14,509)	-	-	-	-
<b>Net change in total pension liability</b>	<b>218,730</b>	<b>151,298</b>	<b>144,053</b>	<b>155,064</b>	<b>137,669</b>	<b>208,007</b>	<b>-</b>
Total pension liability - beginning	796,091	644,793	500,740	345,676	208,007	-	-
<b>Total pension liability - ending (a)</b>	<b>\$ 1,014,821</b>	<b>\$ 796,091</b>	<b>\$ 644,793</b>	<b>\$ 500,740</b>	<b>\$ 345,676</b>	<b>\$ 208,007</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 71,536	\$ 75,332	\$ 64,845	\$ 86,928	\$ 78,378	\$ 42,427	\$ 30,617
Contributions - employee	59,017	58,911	47,862	47,287	42,081	31,288	49,918
Net investment income	220,571	13,086	36,377	26,628	27,878	3,770	951
Benefit payments, including refunds of employee contributions	(13,672)	(8,336)	(14,509)	-	-	-	-
Administrative expense	(421)	(299)	(240)	(113)	(42)	(11)	65
Other	22	(17)	(24)	(29)	(30)	(1)	(2)
<b>Net change in plan fiduciary net position</b>	<b>337,053</b>	<b>138,677</b>	<b>134,311</b>	<b>160,701</b>	<b>148,265</b>	<b>77,473</b>	<b>81,549</b>
Plan fiduciary net position - beginning	740,976	602,299	467,988	307,287	159,022	81,549	-
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,078,029</b>	<b>\$ 740,976</b>	<b>\$ 602,299</b>	<b>\$ 467,988</b>	<b>\$ 307,287</b>	<b>\$ 159,022</b>	<b>\$ 81,549</b>
The Authority's net pension liability (asset) - ending (a)-(b)	\$ (63,208)	\$ 55,115	\$ 42,494	\$ 32,752	\$ 38,389	\$ 48,985	\$ (81,549)
Plan fiduciary net position as a percentage of total pension liability (asset)	106%	93%	93%	93%	89%	76%	0%
Covered-employee payroll	\$ 964,145	\$ 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	-7%	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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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 – Non-Hazardous Duty:**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

PRELIMINARY DRAFT

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**SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,				
	2021	2020	2019	2018	2017
<b>Total Group Life Insurance OPEB Liability</b>					
The Authority's Portion of the Net GLI OPEB Liability	0.00661%	0.66500%	0.00560%	0.00553%	0.00497%
The Authority's Proportionate Share of the Net GLI OPEB Liability	\$ 76,959	\$ 110,978	\$ 91,127	\$ 84,000	\$ 75,000
The Authority's Covered Payroll	\$ 1,364,032	\$ 1,098,077	\$ 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	5.64%	10.11%	8.30%	7.99%	8.17%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	67.45%	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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- 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**

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**SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB –  
 GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution (CRC)	\$ 8,105	\$ 7,395	\$ 7,126	\$ 5,716	\$ 5,469	\$ 4,772	\$ 3,281	\$ 2,275	
Contributions in relation to the CRC	8,105	7,395	7,126	5,716	5,469	4,772	3,281	2,275	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered-employee payroll	\$ 1,500,926	\$ 1,364,032	\$ 1,098,077	\$ 1,098,173	\$ 1,051,730	\$ 917,664	\$ 683,642	\$ 473,980	
Contributions as a percentage of covered-employee payroll	0.54%	0.54%	0.65%	0.52%	0.52%	0.52%	0.48%	0.48%	

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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**SCHEDULE OF AUTHORITY’S SHARE OF NET OPEB LIABILITY – VIRGINIA LOCAL DISABILITY PROGRAM** Not to be Reproduced

	Fiscal Year June 30,				
	2021	2020	2019	2018	2017
<b>Total Virginia Local Disability Program OPEB Liability</b>					
The Authority's Portion of the Net VLDP OPEB Liability	0.23427%	0.25748%	0.22944%	0.21833%	0.21506%
The Authority's Proportionate Share of the Net VLDP OPEB Liability	\$ 7,451	\$ 6,908	\$ 4,648	\$ 1,000	\$ 1,000
The Authority's Covered Payroll	\$ 941,055	\$ 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	0.79%	0.72%	0.66%	0.19%	0.25%
Plan Fiduciary Net Position as a percentage of the Total VLDP OPEB Liability	119.59%	76.84%	49.19%	51.39%	38.40%

\* The amounts presented have a measurement date of June 30, 2021

**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, 2016, through June 30, 2020, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1;set separate rates based on experience for Plan 2/Hybrid;
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- 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**

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**SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution (CRC)	\$ 8,507	\$ 7,851	\$ 6,915	\$ 5,111	\$ 3,181	\$ 2,369	\$ 1,781	\$ 876	
Contributions in relation to the CRC	8,507	7,851	6,915	5,111	3,181	2,369	1,781	876	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,024,940	\$ 941,055	\$ 959,464	\$ 708,987	\$ 530,126	\$ 394,910	\$ 296,810	\$ 146,012	
Contributions as a percentage of covered-employee payroll	0.83%	0.83%	0.72%	0.72%	0.60%	0.60%	0.60%	0.60%	

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## **Supplementary Information**

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES** Not to be Reproduced  
**Year Ended June 30, 2022**

**General and Administrative Expenditures:**

Personnel expenses		\$ 1,969,440
Salaries & wages	\$ 1,554,773	
Benefits & retirement	<u>414,667</u>	
Professional services		248,880
Legislative services fees	84,473	
Financial advisory services fees	35,000	
Public outreach & regional event support costs	32,679	
Auditing & accounting services fees	46,500	
Consulting services	25,200	
Investment custody services fees	20,260	
Bond trustee services fees	2,688	
Payroll & bank services fees	<u>2,080</u>	
Technical and technology hosting services		265,384
GIS & Project Management & Monitoring systems	124,286	
Financial reporting & accounting systems	92,074	
Network-IT-Hosting services	42,020	
Web development & hosting services	<u>7,004</u>	
Office supplies, furniture and equipment expenses		37,087
Professional development, memberships, industry & training conferences		22,585
Phone services		14,779
Insurance and liability bonds cost		8,797
Hosted meeting expenses		6,494
Copier printing and duplication charges		6,333
Mileage and transportation costs		6,247
Advertisement-job positions		4,895
Office HVAC Chgs		836
Postage		<u>52</u>
<b>Total general and administrative expenditures</b>		<b><u><u>\$ 2,591,809</u></u></b>

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

**SCHEDULE OF CHANGES IN NET POSITION BY JURISDICTION  
LOCAL DISTRIBUTION FUND (30%)  
Year Ended June 30, 2022**

	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
<b>Revenues</b>										
Intergovernmental:										
Commonwealth of Virginia										
Sales tax	\$ 8,846,003	\$ 41,870,163	\$ 20,530,567	\$ 15,629,180	\$ 6,578,541	\$ 2,437,857	\$ 918,154	\$ 2,331,936	\$ 636,541	\$ 99,778,942
Regional congestion relief fee	1,887,706	6,147,441	3,205,596	2,370,494	1,251,648	142,340	85,060	159,221	98,272	15,347,778
Interstate operations enhancement program	533,310	2,633,927	1,272,858	1,008,116	414,726	163,752	71,639	142,337	39,995	6,280,660
Northern Virginia transportation district fund transfer	496,642	2,497,958	1,225,868	972,516	395,788	164,497	69,771	139,371	37,589	6,000,000
Commonwealth fund interest	1,563	7,089	3,412	2,665	1,158	399	172	352	110	16,920
Investment Earnings	518	2,359	1,209	921	403	115	58	115	58	5,756
<b>Total revenues</b>	<b>11,765,742</b>	<b>53,158,937</b>	<b>26,239,510</b>	<b>19,983,892</b>	<b>8,642,264</b>	<b>2,908,960</b>	<b>1,144,854</b>	<b>2,773,332</b>	<b>812,565</b>	<b>127,430,056</b>
<b>Expenditures</b>										
Jurisdictional Distributions of (30%)										
<b>Total expenditures</b>	<b>11,765,742</b>	<b>53,158,937</b>	<b>26,239,510</b>	<b>19,983,892</b>	<b>8,642,264</b>	<b>2,908,960</b>	<b>1,144,854</b>	<b>2,773,332</b>	<b>812,565</b>	<b>127,430,056</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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

Jurisdiction	Program Year	Standard Project Agreement Title	Total NVTA Appropriated Funds	Contracted Amount Paid as of 6/30/2022	Remaining Appropriations as of 6/30/2022	% of Total	Phases
Arlington County	2014	Silver/Blue Line Mitigation (4 New Buses) (2014)	\$ 1,000,000	\$ 797,696	\$ -	100.00%	Acquisition
Arlington County	2014	Crystal City Multimodal Center (2014)	1,500,000	1,326,173	-	100.00%	Construction
Arlington County	2014	Columbia Pike Multimodal Street Improvements (2014)	12,000,000	12,000,000	-	100.00%	Construction
Arlington County	2014	Boundary Channel Drive Interchange (2014)	4,335,000	2,196,516	2,138,484	50.67%	Construction
Arlington County	2015	Ballston Metrorail Station West Entrance (2015)	12,000,000	1,437,359	10,562,641	11.98%	Design/Pre-Engineering
Arlington County	2015	Glebe Road Corridor ITS Improvements (2015)	2,000,000	624,763	1,375,237	31.24%	Construction, Design/Pre-Engineering
Arlington County	2015	Columbia Pike Multimodal Street Improvements - East (2015)	10,000,000	1,000,000	9,000,000	10.00%	Construction, Design/Pre-Engineering
Arlington County	2017	Lee Highway Corridor ITS Enhancements (2017)	3,000,000	387,450	2,612,550	12.92%	Construction, Design/Pre-Engineering, ROW and Utilities
Arlington County	2017	Crystal City Streets: 12th Street transitway (2017)	11,600,000	3,250,017	8,349,983	28.02%	Construction, Design/Pre-Engineering
Arlington County	2018	ART Operations and Maintenance Facilities (2018)	39,027,000	2,240,650	36,786,350	5.74%	Acquisition, Construction, Design/Pre-Engineering
Arlington County	2018	Crystal City Metrorail Station East Entrance and Intermodal Connections (2018)	5,000,000	3,176,239	1,823,761	63.52%	Design/Pre-Engineering
Arlington County	2018	Pentagon City Multimodal Connections and Transitway Extension (2018)	28,850,000	-	28,850,000	0.00%	Construction
Arlington County	2018	Intelligent Transportation System Improvements (2018)	10,000,000	1,473,950	8,526,050	14.74%	Acquisition, Construction, Design/Pre-Engineering, ROW and Util
Fairfax County	2014	Innovation Center Metrorail Station (2014)	41,000,000	37,738,402	3,261,598	92.04%	Construction, Design/Pre-Engineering
Fairfax County	2015	Connector Buses (12 New) (2015)	6,000,000	5,922,262	-	100.00%	Acquisition
Fairfax County	2015	West Ox Bus Garage Expansion (2015)	20,000,000	11,710,280	-	100.00%	Construction
Fairfax County	2015	Frontier Drive Extension & Interchange Improvements (2015)	2,000,000	2,000,000	-	100.00%	Design/Pre-Engineering
Fairfax County	2015	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road (2015)	1,000,000	1,000,000	-	100.00%	Design/Pre-Engineering
Fairfax County	2015	Innovation Center Metrorail Station (2015)	28,000,000	27,837,813	162,187	99.42%	Construction
Fairfax County	2015	Fairfax County Parkway Widening from Ox Rd to Lee Hwy (2015)	10,000,000	7,000,000	3,000,000	70.00%	Design/Pre-Engineering
Fairfax County	2015	Route 28 Widening: Prince William County Line to Route 29 (2015)	5,000,000	4,324,591	675,409	86.49%	Design/Pre-Engineering
Fairfax County	2015	Rolling Road Widening - Old Keene Mill Road to Franconia Springfield Parkway (2015)	5,000,000	3,750,000	1,250,000	75.00%	Design/Pre-Engineering, ROW and Utilities
Fairfax County	2017	Fairfax County Parkway Widening from Ox Rd to Lee Hwy (2017)	10,000,000	-	10,000,000	0.00%	ROW and Utilities
Fairfax County	2017	Route 28 Widening: Prince William County Line to Route 29 (2017)	5,000,000	-	5,000,000	0.00%	ROW and Utilities
Fairfax County	2018	Fairfax County Parkway Widening from Ox Rd to Lee Hwy (2018)	67,000,000	-	67,000,000	0.00%	Construction, ROW and Utilities
Fairfax County	2018	Frontier Drive Extension & Interchange Improvements (2018)	25,000,000	-	25,000,000	0.00%	ROW and Utilities
Fairfax County	2018	Route 28 Widening: Prince William County Line to Route 29 (2018)	16,000,000	177,758	15,822,242	1.11%	Construction
Fairfax County	2018	Rolling Road Widening - Old Keene Mill Road to Franconia Springfield Parkway (2018)	11,111,000	-	11,111,000	0.00%	Construction, ROW and Utilities
Fairfax County	2018	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road (2018)	127,000,000	-	127,000,000	0.00%	Construction, Design/Pre-Engineering, ROW and Utilities
Fairfax County	2018	Richmond Highway Bus Rapid Transit - Phases I & II (2018)	250,000,000	13,899,164	236,100,836	5.56%	Construction, Design/Pre-Engineering, ROW and Utilities
Fairfax County/VDOT	2014	Route 28 Widening 6 to 8 lanes (NB from McLearn Road to Dulles Toll Road) (2014)	11,100,000	11,100,000	-	100.00%	Construction
Fairfax County/VDOT	2014	Route 28 Widening 6 to 8 lanes (SB from Dulles Toll Road to Route 50) (2014)	20,000,000	20,000,000	-	100.00%	Construction
Fairfax County/VDOT	2015	Route 7 Bridge Widening: Over Dulles Toll Road (2015)	13,900,000	13,900,000	-	100.00%	Construction
Fairfax County/VDOT	2017	Route 7 Widening - Colvin Forest Drive to Jarrett Valley Drive (2017)	10,000,000	10,000,000	-	100.00%	ROW and Utilities
Loudoun County	2014	Leesburg Park and Ride (2014)	1,000,000	1,000,000	-	100.00%	Construction
Loudoun County	2014	Transit Buses (2 New) (2014)	880,000	880,000	-	100.00%	Acquisition
Loudoun County	2014	Belmont Ridge Road, North of the Dulles Greenway (2014)	20,000,000	20,000,000	-	100.00%	Construction, ROW and Utilities
Loudoun County	2015	Transit Buses (4 New) (2015)	1,860,000	1,860,000	-	100.00%	Acquisition
Loudoun County	2015	Loudoun County Parkway Development (2015)	31,000,000	12,223,300	18,776,700	39.43%	Construction, Design/Pre-Engineering, ROW and Utilities
Loudoun County	2015	Belmont Ridge Road Widening (Truro Parish Dr to Croson Ln) (2015)	19,500,000	2,062,031	17,437,969	10.57%	Construction
Loudoun County	2018	Route 9 Traffic Calming (2018)	12,112,000	12,112,000	-	100.00%	Construction, Design/Pre-Engineering, ROW and Utilities
Loudoun County	2018	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072) (2018)	16,000,000	9,112,386	6,887,614	56.95%	ROW and Utilities
Loudoun County	2018	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway (2018)	64,805,000	4,237,749	60,567,251	6.54%	Construction, ROW and Utilities
Loudoun County	2018	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643) (2018)	76,230,000	4,166,689	72,063,311	5.47%	Construction, ROW and Utilities
Loudoun County	2018	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard (2018)	47,800,000	3,036,908	44,763,092	6.35%	Construction, Design/Pre-Engineering, ROW and Utilities
Loudoun County	2018	Evergreen Mills Road Intersection Realignments - Watson Road and Reservoir Road (2018)	14,000,000	928,773	13,071,227	6.63%	Construction, Design/Pre-Engineering, ROW and Utilities
Loudoun County/VDOT	2014	Route 28 Hot Spot Improvements (Sterling Boulevard to the Dulles Toll Road) (2014)	12,400,000	12,400,000	-	100.00%	Construction
Loudoun County/VDOT	2018	Route 28 Northbound Widening - between Dulles Toll Road and Sterling Boulevard (2018)	20,000,000	18,420,600	-	100.00%	Construction
Prince William County	2014	Route 28 Widening: Route 234 Bypass to Linton Hall Road (2014)	28,000,000	28,000,000	-	100.00%	Construction

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Jurisdiction	Program Year	Standard Project Agreement Title	Total NVTA Appropriated Funds	Contracted Amount Paid as of 6/30/2022	Remaining Appropriations of 6/30/2022	% of Total	Phases
Prince William County	2014	Route 1 Widening: Featherstone Road to Marys Way (2014)	3,000,000	3,000,000	-	100.00%	Design/Pre-Engineering
Prince William County	2015	Route 28 Widening: Route 234 Bypass to Linton Hall Road (2015)	16,700,000	16,700,000	-	100.00%	Construction, Design/Pre-Engineering
Prince William County	2015	Route 1 Widening: Featherstone Road to Marys Way (2015)	49,400,000	42,891,458	6,508,542	86.82%	Construction, Design/Pre-Engineering, ROW and Utilities
Prince William County	2015	Route 28 Corridor Roadway Improvements - East of Route 234 (2015)	2,500,000	2,276,145	223,855	91.05%	Study
Prince William County	2015	Route 1 (Fralely Blvd) Widening: Brady's Hill Road to Dumfries Road (2015)	6,900,000	3,069,545	3,830,455	44.49%	Design/Pre-Engineering
Prince William County	2017	Route 28 Widening: Route 234 Bypass to Linton Hall Road (2017)	10,000,000	-	10,000,000	0.00%	Construction
Prince William County	2017	Route 1 Widening: Featherstone Road to Marys Way (2017)	11,000,000	10,579,664	420,336	96.18%	Construction
Prince William County	2018	Route 28 Widening: Route 234 Bypass to Linton Hall Road (2018)	15,000,000	14,997,857	-	100.00%	Construction
Prince William County	2018	Route 28 Corridor Roadway Improvements - East of Route 234 (2018)	3,500,000	-	3,500,000	0.00%	Study
Prince William County	2018	Route 28 Corridor Roadway Improvements - East of Route 234 (2018)	89,000,000	-	89,000,000	0.00%	Construction, Design/Pre-Engineering, ROW and Utilities
Prince William County	2018	Construct Interchange at Prince William Parkway and University Boulevard (2018)	24,200,000	2,717,878	21,482,122	11.23%	Construction, Design/Pre-Engineering, ROW and Utilities
Prince William County	2018	Construct Interchange at Route 234 and Brentsville Road (2018)	54,900,000	7,165,483	47,734,517	13.05%	Construction, Design/Pre-Engineering, ROW and Utilities
Prince William County	2018	Summit School Rd Extension and Telegraph Rd Widening (2018)	11,000,000	4,435,340	6,564,660	40.32%	Design/Pre-Engineering, ROW and Utilities
Prince William County	2018	Route 1 (Fralely Blvd) Widening: Brady's Hill Road to Dumfries Road (2018)	44,860,000	-	44,860,000	0.00%	ROW and Utilities
Prince William County	2020	North Woodbridge Mobility Improvements: Annapolis Way Connector (2020)	8,000,000	-	8,000,000	0.00%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Alexandria	2014	Duke Street Transit Signal Priority Installation (2014)	660,000	382,181	-	100.00%	Construction, Design/Pre-Engineering
City of Alexandria	2014	DASH Bus Expansion (5 New) (2014)	1,462,500	1,462,500	-	100.00%	Acquisition
City of Alexandria	2014	Shelters and Real Time Information for DASH/Wmata (2014)	450,000	450,000	-	100.00%	Construction
City of Alexandria	2014	Potomac Yard Metrorail Station Development (2014)	2,000,000	2,000,000	-	100.00%	Design/Pre-Engineering
City of Alexandria	2015	Duke Street Transit Signal Priority Installation (2015)	190,000	190,000	-	100.00%	Acquisition
City of Alexandria	2015	Potomac Yard Metrorail Station Development (2015)	1,500,000	1,500,000	-	100.00%	Design/Pre-Engineering
City of Alexandria	2015	West End Transitway: Northern Segment (Phase 1) (2015)	2,400,000	901,254	1,498,746	37.55%	Design/Pre-Engineering
City of Alexandria	2017	Potomac Yard Metrorail Station Development (2017)	66,000,000	66,000,000	-	100.00%	Construction
City of Alexandria	2018	Alexandria ITS Projects (2018)	1,195,491	646,738	-	100.00%	Construction
City of Alexandria	2018	Alexandria Bus Network ITS (2018)	150,000	150,000	-	100.00%	Acquisition
City of Alexandria	2018	DASH Transit Service Enhancements and Expansion (including 8 electric buses) (2018)	11,933,161	488,421	11,444,740	4.09%	Acquisition, Construction, Study
City of Alexandria	2018	Alexandria Duke St Transitway (2018)	12,000,000	16,460	11,983,540	0.14%	Design/Pre-Engineering
City of Fairfax	2014	Northfax - Intersection Improvements at Route 29/50 and Route 123 (2014)	5,000,000	5,000,000	-	100.00%	Construction, ROW and Utilities
City of Fairfax	2015	Cue 35-Foot Buses (6 New) (2015)	3,000,000	2,536,210	-	100.00%	Acquisition
City of Fairfax	2015	Kamp Washington Intersection Improvements (2015)	1,000,000	1,000,000	-	100.00%	Construction
City of Fairfax	2015	Northfax - Intersection Improvements at Route 29/50 and Route 123 (2015)	10,000,000	10,000,000	-	100.00%	Construction, ROW and Utilities
City of Fairfax	2015	Jermantown / Route 50 Roadway Improvements (2015)	1,000,000	1,000,000	-	100.00%	Construction
City of Fairfax	2018	Jermantown Road Corridor Improvements Project (2018)	21,000,000	513,963	20,486,037	2.45%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Fairfax	2018	Roadway Network Northfax West (2018)	2,500,000	1,271,147	1,228,853	50.85%	Design/Pre-Engineering, ROW and Utilities
City of Fairfax	2020	Roadway Network Northfax West (2020)	2,200,000	-	2,200,000	0.00%	Construction, ROW and Utilities
City of Falls Church	2014	Funding for Bus Shelters (2014)	200,000	200,000	-	100.00%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Falls Church	2014	Pedestrian Access to Transit (2014)	700,000	700,000	-	100.00%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Falls Church	2014	Pedestrian Bridge at Van Buren Street (2014)	130,228	130,228	-	100.00%	Construction, Design/Pre-Engineering
City of Falls Church	2018	West Falls Church and Joint Campus Revitalization District Multimodal Transportation Project (2018)	15,700,000	6,210,752	9,489,248	39.56%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Falls Church	2020	Downtown Falls Church Multimodal Improvements (2020)	8,300,000	-	8,300,000	0.00%	Construction, ROW and Utilities
City of Falls Church	2020	West Falls Church Access to Transit and Multimodal Connectivity (2020)	6,900,000	-	6,900,000	0.00%	Construction, Design/Pre-Engineering, ROW and Utilities
City of Manassas	2015	Route 28 Widening: Godwin Drive to the Southern City Limits (2015)	3,294,000	2,949,454	344,546	89.54%	Construction, Design/Pre-Engineering, ROW and Utilities
Town of Herndon	2014	Herndon Metrorail Intermodal Access Improvements (2014)	1,100,000	1,100,000	-	100.00%	ROW and Utilities
Town of Herndon	2014	Herndon Parkway Intersection Improvements at Sterling Rd (2014)	500,000	498,397	-	100.00%	Construction, Design/Pre-Engineering
Town of Herndon	2014	Herndon Parkway Intersection Improvements at Van Buren St (2014)	500,000	446,376	53,624	89.28%	Design/Pre-Engineering, ROW and Utilities
Town of Herndon	2015	East Elden Street Improvements & Widening (2015)	10,400,000	2,567,795	7,832,205	24.69%	ROW and Utilities
Town of Leesburg	2014	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road (2014)	1,000,000	1,000,000	-	100.00%	Study
Town of Leesburg	2015	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road (2015)	1,000,000	1,000,000	-	100.00%	Study
Town of Leesburg	2015	Route 7 (East Market Street)/Battlefield Parkway Interchange (2015)	13,000,000	13,000,000	-	100.00%	Design/Pre-Engineering



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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

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

Jurisdiction	Program Year	Standard Project Agreement Title	Total NVTA Appropriated Funds	Contracted Amount Paid as of 6/30/2022	Remaining Appropriations as of 6/30/2022	% of Total	Phases
Town of Leesburg	2017	Route 7 (East Market Street)/Battlefield Parkway Interchange (2017)	20,000,000	20,000,000	-	100.00%	Construction
Town of Leesburg	2018	Route 7 (East Market Street)/Battlefield Parkway Interchange (2018)	25,000,000	25,000,000	-	100.00%	Construction
Town of Leesburg	2018	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road (2018)	5,400,000	2,279	5,397,721	0.04%	Design/Pre-Engineering
Town of Leesburg	2018	Construct Interchange at Route 15 Bypass and Battlefield Parkway (2018)	2,000,000	493,938	1,506,062	24.70%	Design/Pre-Engineering
NOVA Parks	2018	Falls Church Enhanced Regional Bike Routes (W&OD) (2018)	3,244,959	2,802,546	-	100.00%	Construction, Design/Pre-Engineering
NVTC	2014	Transit Alternatives Analysis Study in the Route 7 Corridor (2014)	838,000	834,665	-	100.00%	Study
PRTC	2014	PRTC New Gainesville Service (1 New Bus) (2014)	580,000	559,275	-	100.00%	Acquisition
PRTC	2015	Western Bus Maintenance & Storage Facility (2015)	16,500,000	16,499,998	-	100.00%	Construction
VRE	2014	VRE Lorton Station Second Platform (2014)*	800,270	800,270	-	100.00%	Construction, Design/Pre-Engineering
VRE	2014	VRE Gainesville-Haymarket Extension/Broad Run Expansion Project Development (2014)	1,500,000	1,500,000	-	100.00%	Study
VRE	2015	Rippon Station Expansion and Second Platform (2015)*	39,482	39,482	-	100.00%	Design/Pre-Engineering
VRE	2015	Slaters Lane Rail Crossover (2015)*	7,000,000	2,553,865	-	100.00%	Construction, Design/Pre-Engineering
VRE	2015	VRE Crystal City Station Improvements (2015)	400,000	394,243	-	98.56%	Design/Pre-Engineering
VRE	2015	Manassas Park Station Parking Expansion (2015)	500,000	500,000	-	100.00%	Design/Pre-Engineering
VRE	2015	Franconia-Springfield Platform Improvements (2015)	13,000,000	1,143,069	11,856,931	8.79%	Construction, Design/Pre-Engineering
VRE	2017	Manassas Park Station Parking Expansion (2017)	2,000,000	830,729	1,169,271	41.54%	Design/Pre-Engineering
VRE	2018	VRE Crystal City Station Improvements (2018)	4,000,000	-	4,000,000	0.00%	Design/Pre-Engineering
WMATA	2014	Traction Power Upgrades on the Orange Line in Virginia (2014)	4,978,685	2,524,634	-	100.00%	Construction, Design/Pre-Engineering
WMATA	2017	Blue Line Traction Power Upgrades (2017)	17,443,951	12,222,392	5,221,559	70.07%	Construction, Design/Pre-Engineering
<b>Total Appropriated Funding, Amount Paid &amp; Remaining Restricted Amounts as of June 30, 2022</b>			<b>\$ 1,873,560,727</b>	<b>\$ 652,557,946</b>	<b>\$ 1,202,013,064</b>		

\* Funding Request Withdrawn effective 7/9/2020

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## **Compliance Section**

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**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY****MEMORANDUM**

**FOR:** Chair Rishell and Members, NVTA Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**DATE:** October 6, 2022

**SUBJECT:** FY2024 Budget Guidance

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1. **Purpose:** To gather input from the Northern Virginia Transportation Authority (NVTA) Finance Committee on development of the FY2024 budgets.
2. **Discussion:** The NVTA business activities are supported through three separate budgets. Development of these budgets for FY2024 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 monthly 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 FY2028-FY2029.

**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.
- 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:** NVTB 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 Priya Sen, Investment & Debt Manager

**DATE:** October 6, 2022

**SUBJECT:** Investment Portfolio Report

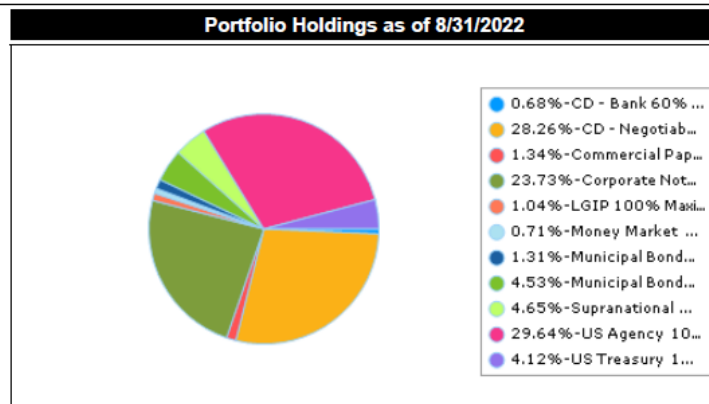
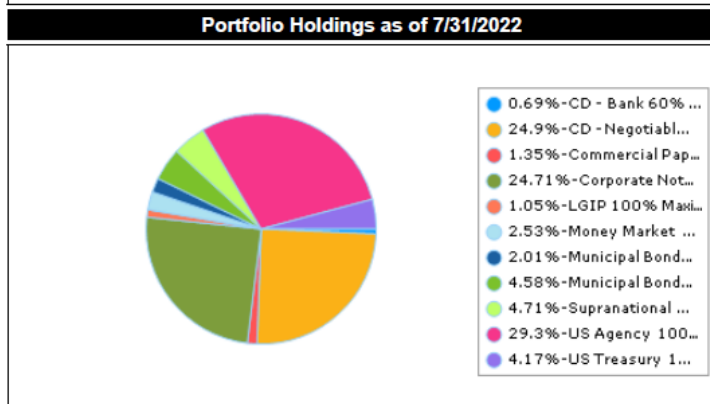
1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through August 31, 2022.
2. **Background:** This Report is on investment activity through August 2022 and affirms the portfolio's 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: 7/31/2022, End Date: 8/31/2022

Asset Category Allocation				
Asset Category	Book Value 7/31/2022	% of Portfolio 7/31/2022	Book Value 8/31/2022	% of Portfolio 8/31/2022
CD - Bank 60% Maximum	10,000,000.00	0.69	10,000,000.00	0.68
CD - Negotiable 25% Maximum	362,133,166.72	24.90	415,652,507.80	28.26
Commercial Paper 35% / 5% Maximum	19,584,999.96	1.35	19,642,177.75	1.34
Corporate Notes 50% Maximum	359,334,503.98	24.71	349,126,798.64	23.73
LGIP 100% Maximum	15,228,233.75	1.05	15,261,769.98	1.04
Money Market 60% Maximum	36,812,369.27	2.53	10,386,296.24	0.71
Municipal Bonds - US 75% Maximum	29,267,447.61	2.01	19,251,278.06	1.31
Municipal Bonds - Virginia 75% Maximum	66,653,964.31	4.58	66,638,435.10	4.53
Supranational 15% Maximum	68,426,174.11	4.71	68,354,346.77	4.65
US Agency 100% Maximum	426,073,091.32	29.30	436,072,570.82	29.64
US Treasury 100% Maximum	60,584,650.30	4.17	60,613,790.65	4.12
<b>Total / Average</b>	<b>1,454,098,601.33</b>	<b>100.00</b>	<b>1,470,999,971.81</b>	<b>100.00</b>



### 3. Current Period Reports:

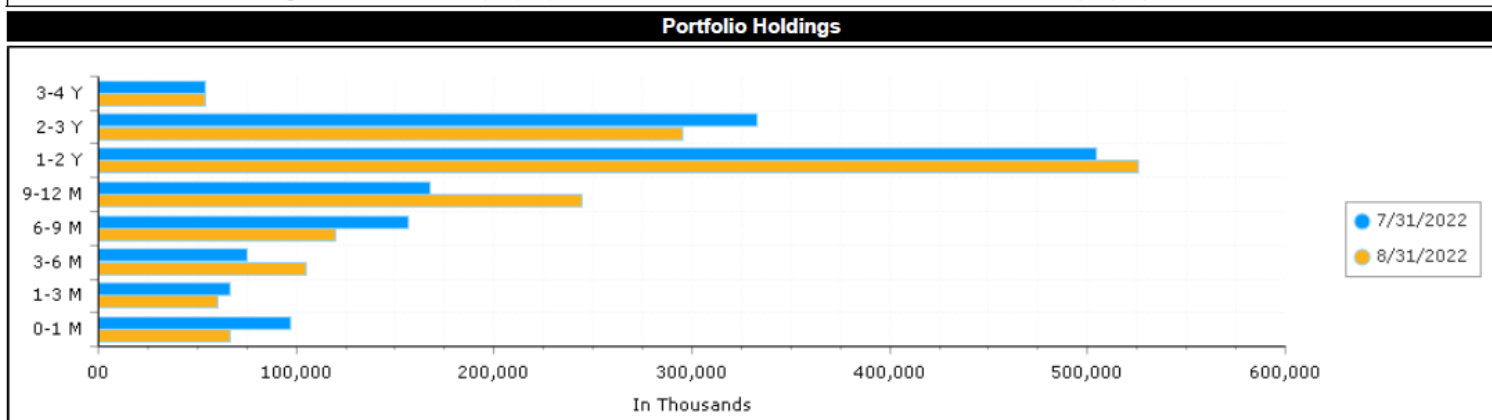
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



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

Begin Date: 7/31/2022, End Date: 8/31/2022

Maturity Range Allocation				
Maturity Range	Book Value 7/31/2022	% of Portfolio 7/31/2022	Book Value 8/31/2022	% of Portfolio 8/31/2022
0-1 Month	97,041,306.79	6.67	66,806,267.36	4.54
1-3 Months	66,191,176.85	4.55	60,441,189.96	4.11
3-6 Months	75,445,771.39	5.19	105,002,641.78	7.14
6-9 Months	156,464,462.93	10.76	119,941,093.39	8.15
9-12 Months	167,642,244.42	11.53	244,461,258.27	16.62
1-2 Years	504,143,672.82	34.67	525,219,746.01	35.70
2-3 Years	333,248,153.99	22.92	295,211,965.75	20.07
3-4 Years	53,921,812.14	3.71	53,915,809.29	3.67
<b>Total / Average</b>	<b>1,454,098,601.33</b>	<b>100.00</b>	<b>1,470,999,971.81</b>	<b>100.00</b>



The liquidity of the portfolio is reflected in the portfolio's duration of 1.53 (1.0 = 1 year) and the maturity schedule is shown above.

NVTA Investment Benchmarks	Aug-22 Month End
Fed Funds Rate	2.33%
Treasury 90 Day T Bill	2.96%
Local Government Investment Pool	2.21%
Virginia Non-Arbitrage Program	2.33%
<b>NVTA Performance</b>	<b>1.53%</b>

Source: Bloomberg/NVTA Statements

- b. The yield on the portfolio at the end of August 2022 was 1.53%. 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 (1.04% from 1.05%)
- II. Collateralized bank money market accounts (1.39% from 3.22%)
- III. Commercial Paper (1.34% from 1.35%)
- IV. Negotiable CD's (28.26% from 24.90%)
- V. AAA/AA rated investment grade corporate bonds (23.73% from 24.71%)
- VI. Supranational Securities (4.65% from 4.71%)
- VII. Treasuries and Agencies (33.76% from 33.47%)
- VIII. VA & US Municipals (5.84% from 6.59%)

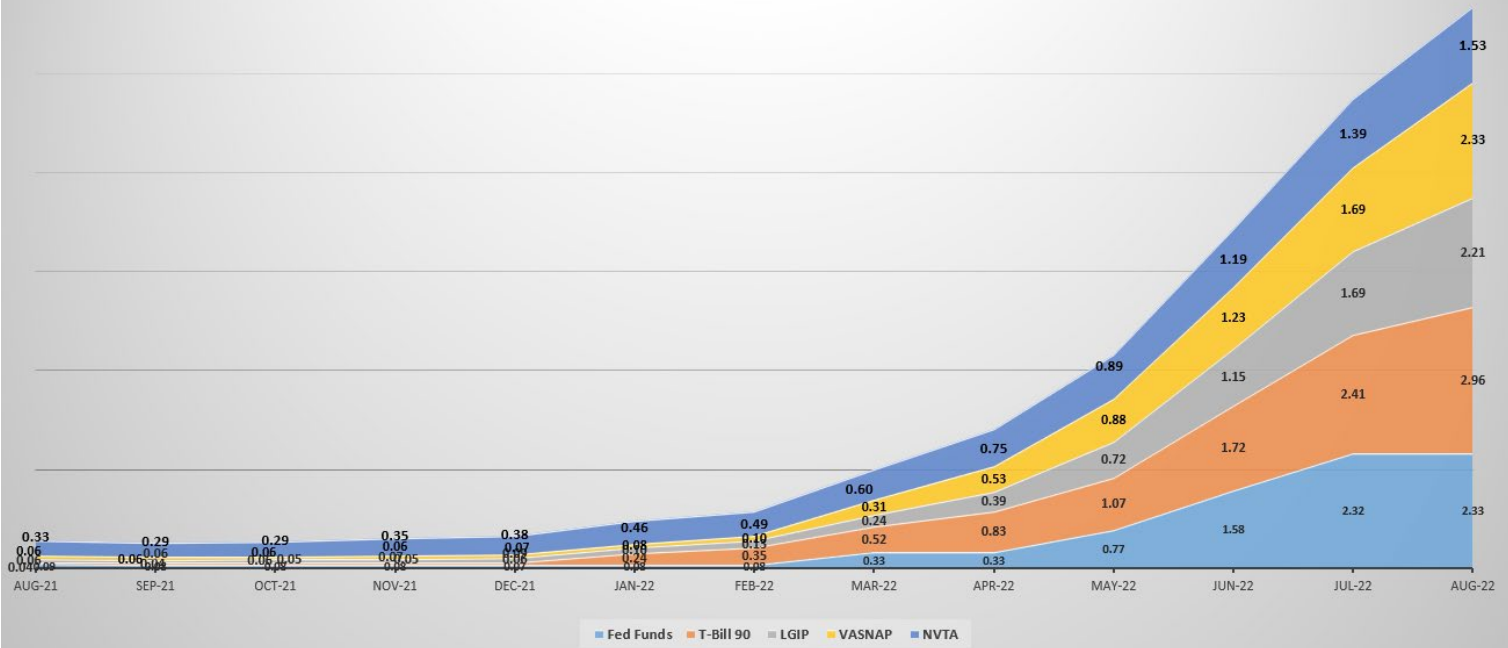
- b. **Liquidity:** The NVTA Portfolio duration is 1.53 in August 2022 (1.0 = 1 year). In expectation of eventual interest rate increases, NVTA staff initiated a process in early summer to ladder maturities such that approximately \$40 million of securities mature each month. This is resulting in monthly opportunities to re-invest at increasing rates of return.

- c. **Yield:** Market realities continue to work against bank depository rates and daily liquidity pools. During the summer, fixed income security yields have increased approximately 3% across asset classes.

- i. For the last several years, there was very little margin spread between funds placed with daily liquidity and those with a one-year maturity.
- ii. Since May 2022, staff has repositioned approximately \$180 million from community bank negotiated deposit placements to purchased fixed income securities. This action has been in addition to the approximately \$30 million a month in maturities and \$20 million from positive monthly cash flow.
- iii. Staff is considering the strategy of repositioning the investment portfolio by selling low-yielding securities which will incur a loss and buying high-yielding securities where the rate of return of the new security will cover the loss. The entire decision and transaction will be documented.
- iv. The intent is to buy high-yield securities for a maturity range of 1-2 years as the Federal Open Market Committee (FOMC) anticipates that ongoing increases in the target range for federal funds will be inevitable.
- v. Staff anticipates that yield will track or exceed the benchmarks with the occurrence of instrument maturities and new cash being placed for investment. Repositioning opportunities will be examined on an ongoing basis.



### NVTA Investment Benchmarks Comparison



5. **Custodian Certification:** Truist Bank 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. This report is fundamental for the Authority’s Annual Financial Statements and annual audit. 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

# Attachment



## Northern Virginia Transportation Authority The Authority for Transportation in Northern Virginia

### Portfolio Holdings Compliance - GASB 40 Report - As of 8/31/2022

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
Certificate Of Deposit													
Bayerische Landesbank 3.88 6/27/2024	0727MCXE2	20,000,000.00	20,028,324.14	20,188,000.00	Fitch-F1	Moodys-P1	1.36	666	666	6/27/2024		3.816	1.77
Bayerische Landesbank 0.27 12/15/2022	0727MCPE1	30,000,000.00	30,002,641.78	29,789,400.00	Fitch-F1	Moodys-P1	2.03	106	106	12/15/2022		0.240	0.29
Bayerische Landesbank 3.88 7/26/2024	0727MCXA0	30,000,000.00	30,044,182.32	30,282,000.00	Fitch-F1	Moodys-P1	2.03	695	695	7/26/2024		3.799	1.85
Credit Suisse 0.27 11/16/2022	22552G4L1	25,000,000.00	25,002,131.08	24,853,500.00	S&P-A1	Moodys-P1	1.70	77	77	11/16/2022		0.229	0.21
Credit Suisse 0.68 10/10/2023	22552G4R8	15,000,000.00	15,010,002.19	14,590,050.00	S&P-A1	Moodys-P1	1.02	405	405	10/10/2023		0.619	1.13
Credit Suisse 0.75 1/10/2024	22552G4T4	15,000,000.00	15,010,106.90	14,502,750.00	S&P-A1	Moodys-P1	1.02	497	497	1/10/2024		0.700	1.38
John Marshall Bank 2.137 12/15/2022	JMBCD061522	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.68	106	106	12/15/2022		2.137	0.29
Nordea Bank 0.26 4/20/2023	65558UGN6	30,000,000.00	30,000,000.00	29,495,400.00	S&P-A1+	Moodys-P1	2.03	232	232	4/20/2023		0.260	0.64
Nordea Bank 2.6 12/20/2023	65558USB9	25,000,000.00	25,018,789.47	24,792,250.00	S&P-A1+	Moodys-P1	1.70	476	476	12/20/2023		2.540	1.32
Rabobank 0.26 2/23/2023	21684LAZ5	40,000,000.00	40,000,000.00	39,493,600.00	S&P-A1	Moodys-P1	2.71	176	176	2/23/2023		0.260	0.48
Rabobank 3.57 8/2/2024	21684XYT7	18,500,000.00	18,500,000.00	18,564,195.00	S&P-A1	Moodys-P1	1.25	702	702	8/2/2024		3.570	1.87
Standard Chartered Bank 0.25 10/21/2022	85325VN71	25,000,000.00	25,001,058.66	24,925,000.00	S&P-A1	Moodys-P1	1.70	51	51	10/21/2022		0.220	0.14
Standard Chartered Bank 0.35 6/16/2023	85325VQ37	25,000,000.00	25,003,983.80	24,476,750.00	S&P-A1	Moodys-P1	1.70	289	289	6/16/2023		0.330	0.80
Standard Chartered Bank 0.36 7/20/2023	85325VQ60	30,000,000.00	30,008,026.07	29,286,300.00	S&P-A1	Moodys-P1	2.03	323	323	7/20/2023		0.330	0.90
Swedbank 0.95 10/22/2024	87019VA2	22,000,000.00	22,023,261.39	20,803,200.00	S&P-A1	Moodys-P1	1.49	783	783	10/22/2024		0.899	2.18
TD Bank 3.63 6/27/2023	89114WZ57	20,000,000.00	20,000,000.00	19,919,000.00	S&P-A1+	Moodys-P1	1.36	300	300	6/27/2023		3.630	0.83
TD Bank 3.75 7/11/2023	89115B5E6	30,000,000.00	30,000,000.00	29,896,800.00	S&P-A1	Moodys-P1	2.03	314	314	7/11/2023		3.750	0.87
TD Bank 4.02 8/16/2023	89115BHE3	15,000,000.00	15,000,000.00	14,971,350.00	S&P-A1+	Moodys-P1	1.02	350	350	8/16/2023		4.020	0.97
Sub Total / Average Certificate Of Deposit		425,500,000.00	425,652,507.80	420,829,545.00			28.85	350	350			1.600	0.96
Corporate													
Apple 0.75 5/11/2023	037833DV9	5,000,000.00	5,016,229.42	4,908,900.00	S&P-AA+	Moodys-Aaa	0.34	253	253	5/11/2023		0.280	0.69
Apple 1.7 9/11/2022	037833DL1	16,145,000.00	16,144,524.67	16,140,963.75	S&P-AA+	Moodys-Aaa	1.09	11	11	9/11/2022		1.800	0.03
Apple 2.4 5/3/2023	037833AK6	2,500,000.00	2,534,443.88	2,482,775.00	S&P-AA+	Moodys-Aaa	0.17	245	245	5/3/2023		0.340	0.67
Apple 2.85 5/11/2024-24	037833CU2	2,135,000.00	2,219,943.42	2,109,017.05	S&P-AA+	Moodys-Aaa	0.14	619	558	5/11/2024	3/11/2024	0.484	1.65
Apple 2.85 5/11/2024-24	037833CU2	10,000,000.00	10,405,353.59	9,878,300.00	S&P-AA+	Moodys-Aaa	0.68	619	558	5/11/2024	3/11/2024	0.442	1.65
Apple 3.45 5/6/2024	037833AS9	10,000,000.00	10,525,613.29	9,983,400.00	S&P-AA+	Moodys-Aaa	0.68	614	614	5/6/2024		0.310	1.63
Asian Development Bank 1.75 9/13/2022	045167ED1	25,000,000.00	25,013,676.47	24,991,000.00	S&P-AAA	Moodys-Aaa	1.70	13	13	9/13/2022		0.210	0.03
Asian Development Bank 2.75 3/17/2023	045167EH2	18,083,000.00	18,327,803.73	18,016,997.05	S&P-AAA	Moodys-Aaa	1.23	198	198	3/17/2023		0.250	0.54
Berkshire Hathaway 2.75 3/15/2023-23	084670BR8	10,000,000.00	10,110,698.05	9,982,400.00	S&P-AA	Moodys-Aa2	0.68	196	137	3/15/2023	1/15/2023	0.665	0.53
Berkshire Hathaway 2.75 3/15/2023-23	084670BR8	5,000,000.00	5,061,435.41	4,991,200.00	S&P-AA	Moodys-Aa2	0.34	196	137	3/15/2023	1/15/2023	0.449	0.53
Berkshire Hathaway 2.75 3/15/2023-23	084670BR8	8,200,000.00	8,298,408.17	8,185,568.00	S&P-AA	Moodys-Aa2	0.56	196	137	3/15/2023	1/15/2023	0.501	0.53
Credit Suisse 0 3/13/2023	2254EBQD6	20,000,000.00	19,642,177.75	19,656,800.00	S&P-A1	Moodys-P1	1.36	194	194	3/13/2023		3.404	0.53
Exxon Mobil 2.019 8/16/2024-24	30231GBC5	10,000,000.00	10,255,013.70	9,696,800.00	S&P-AA-	Moodys-Aa1	0.68	716	685	8/16/2024	7/16/2024	0.699	1.93
Exxon Mobil 2.709 3/6/2025-24	30231GAF9	9,500,000.00	9,294,221.70	9,244,070.00	S&P-AA-	Moodys-Aa2	0.64	918	828	3/6/2025	12/6/2024	3.619	2.41
Exxon Mobil 2.992 3/19/2025	30231GBH4	20,000,000.00	19,942,314.51	19,566,000.00	S&P-AA-	Moodys-Aa2	1.36	931	931	3/19/2025		3.110	2.44
Guardian Life 1.1 6/23/2025	40139LAG8	13,000,000.00	12,234,962.73	11,868,090.00	S&P-AA+	Moodys-Aa2	0.88	1,027	1,027	6/23/2025		3.320	2.77
Guardian Life 1.1 6/23/2025	40139LAG8	9,456,000.00	8,776,564.21	8,632,666.08	S&P-AA+	Moodys-Aa2	0.64	1,027	1,027	6/23/2025		3.829	2.77
IBRD 0.25 11/24/2023	459058JM6	25,000,000.00	25,012,866.57	24,005,250.00	S&P-AAA	Moodys-Aaa	1.70	450	450	11/24/2023		0.208	1.23
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,020,130.45	14,504,550.00	S&P-AA+	Moodys-Aa3	1.02	362	362	8/28/2023		0.344	1.00
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,020,151.98	14,504,550.00	S&P-AA+	Moodys-Aa3	1.02	362	362	8/28/2023		0.344	1.00
Mass Mutual Global Funding 2.75 6/22/2024	57629WCE8	5,000,000.00	5,183,387.20	4,868,200.00	S&P-AA+	Moodys-Aa3	0.34	661	661	6/22/2024		0.701	1.77
Mass Mutual Global Funding 3.6 4/9/2024	57629WBV1	7,210,000.00	7,578,543.27	7,165,442.20	S&P-AA+	Moodys-Aa3	0.49	587	587	4/9/2024		0.400	1.55

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
MetLife 0.45 9/1/2023	59217GEK1	10,000,000.00	10,014,922.75	9,676,900.00	S&P-AA-	Moody-Aa3	0.68	366	366	9/1/2023		0.301	1.00
MetLife 0.45 9/1/2023	59217GEK1	20,000,000.00	20,023,326.61	19,353,800.00	S&P-AA-	Moody-Aa3	1.36	366	366	9/1/2023		0.333	1.00
MetLife 0.45 9/1/2023	59217GEK1	13,920,000.00	13,940,849.50	13,470,244.80	S&P-AA-	Moody-Aa3	0.94	366	366	9/1/2023		0.300	1.00
MetLife 2.8 3/21/2025	59217GEW5	17,500,000.00	17,237,421.68	16,867,200.00	S&P-AA-	Moody-Aa3	1.19	933	933	3/21/2025		3.420	2.45
Microsoft Corp 3.625 12/15/2023-23	594918AW4	13,000,000.00	13,514,474.01	13,029,900.00	S&P-AAA	Moody-Aaa	0.88	471	441	12/15/2023	11/15/2023	0.530	1.26
Nestle 3.35 9/24/2023-23	641062AD6	15,665,000.00	16,147,775.78	15,624,897.60	S&P-AA-	Moody-Aa3	1.06	389	358	9/24/2023	8/24/2023	0.437	1.04
New York Life 0.4 10/21/2023	64952WDT7	20,000,000.00	20,020,434.52	19,248,400.00	S&P-AA+	Moody-Aaa	1.36	416	416	10/21/2023		0.310	1.14
New York Life 0.9 10/29/2024	64952WEJ8	7,500,000.00	7,490,235.64	7,009,350.00	S&P-AA+	Moody-Aaa	0.51	790	790	10/29/2024		0.961	2.14
New York Life 1.1 5/5/2023	64952WDP5	18,175,000.00	18,281,902.09	17,874,385.50	S&P-AA+	Moody-Aaa	1.23	247	247	5/5/2023		0.230	0.68
New York Life 2.875 4/10/2024	64952WDG5	4,525,000.00	4,705,886.35	4,437,667.50	S&P-AA+	Moody-Aaa	0.31	588	588	4/10/2024		0.378	1.57
Pacific Life 1.2 6/24/2025	6944PL2B4	5,000,000.00	4,625,473.03	4,586,600.00	S&P-AA-	Moody-Aa3	0.34	1,028	1,028	6/24/2025		4.050	2.77
Pricoa Global Funding 2.4 9/23/2024	74153WCL1	9,000,000.00	9,311,896.94	8,658,810.00	S&P-AA-	Moody-Aa3	0.61	754	754	9/23/2024		0.700	2.00
USAA Capital 3.375 5/1/2025	90327QD89	10,000,000.00	9,943,270.44	9,834,200.00	S&P-AA	Moody-Aa1	0.68	974	974	5/1/2025		3.600	2.55
Walmart 3.4 6/26/2023-23	931142EK5	10,000,000.00	10,246,989.65	10,025,300.00	S&P-AA	Moody-Aa2	0.68	299	268	6/26/2023	5/26/2023	0.372	0.81
Sub Total / Average Corporate		435,514,000.00	437,123,323.16	425,080,594.53			29.53	473	463			1.168	1.27
Local Government Investment Pool													
Commonwealth of Virginia LGIP	LGIP0825	12,079.25	12,079.25	12,079.25	S&P-AAA	NR	0.00	1	1	N/A	N/A	2.213	0.00
Commonwealth of Virginia LGIP	LGIP0549	15,249,690.73	15,249,690.73	15,249,690.73	S&P-AAA	NR	1.03	1	1	N/A	N/A	2.213	0.00
SNAP - Income LGIP	SNAP1005	2,135.89	2,135.89	2,135.89	NR	NR	0.00	1	1	N/A	N/A	2.330	0.00
SNAP - Principal LGIP	SNAP1006	5,907,453.20	5,907,453.20	5,907,453.20	NR	NR	0.40	1	1	N/A	N/A	2.330	0.00
Sub Total / Average Local Government Investment Pool		21,171,359.07	21,171,359.07	21,171,359.07			1.44	1	1			2.246	0.00
Money Market													
John Marshall Bank ICS MM	MM60000	5,968,184.10	5,968,184.10	5,968,184.10	NR	NR	0.40	1	1	N/A	N/A	2.200	0.00
Truist MM	MM1006	1,447,113.97	1,447,113.97	1,447,113.97	NR	NR	0.10	1	1	N/A	N/A	2.099	0.00
United Bank Ck MM	MM0667	9,486.00	9,486.00	9,486.00	NR	NR	0.00	1	1	N/A	N/A	0.000	0.00
United Bank MM	MM3272	2,961,512.17	2,961,512.17	2,961,512.17	NR	NR	0.20	1	1	N/A	N/A	1.870	0.00
Sub Total / Average Money Market		10,386,296.24	10,386,296.24	10,386,296.24			0.70	1	1			2.090	0.00
Municipal													
Arlington County 0.79 8/1/2025	041431VG9	7,000,000.00	7,038,199.88	6,395,480.00	S&P-AAA	Moody-Aaa	0.47	1,066	1,066	8/1/2025		0.600	2.89
Calvert County MD 2 5/1/2023	131537T44	2,640,000.00	2,667,994.89	2,613,996.00	S&P-AAA	Fitch-AAA	0.18	243	243	5/1/2023		0.400	0.66
Calvert County MD 2 5/1/2024	131537T51	2,330,000.00	2,387,750.85	2,270,887.90	S&P-AAA	Fitch-AAA	0.16	609	609	5/1/2024		0.500	1.64
Calvert County MD 2 5/1/2025	131537T69	2,620,000.00	2,712,883.45	2,510,117.20	S&P-AAA	Fitch-AAA	0.18	974	974	5/1/2025		0.650	2.59
Carroll CNTY MD 2 11/1/2024	144880CK5	2,385,000.00	2,466,025.68	2,304,720.90	S&P-AAA	Moody-Aaa	0.16	793	793	11/1/2024		0.420	2.12
Carroll CNTY MD 2 11/1/2025	144880CL3	1,890,000.00	1,974,360.69	1,794,536.10	S&P-AAA	Moody-Aaa	0.13	1,158	1,158	11/1/2025		0.570	3.06
City Richmond GO 2 7/15/2023	76541VWT0	3,000,000.00	3,041,595.21	2,957,220.00	S&P-AA+	Moody-Aa1	0.20	318	318	7/15/2023		0.400	0.87
City Richmond GO 2 7/15/2024	76541VWU7	3,000,000.00	3,083,455.29	2,907,660.00	S&P-AA+	Moody-Aa1	0.20	684	684	7/15/2024		0.500	1.84
City Richmond GO 2 7/15/2025	76541VWV5	410,000.00	426,245.00	390,574.20	S&P-AA+	Moody-Aa1	0.03	1,049	1,049	7/15/2025		0.600	2.80
FFX CNTY VA GO 0.645 10/1/2025	30382AKC5	5,000,000.00	5,026,629.28	4,568,100.00	S&P-AAA	Moody-Aaa	0.34	1,127	1,127	10/1/2025		0.470	3.05
Florida State Revenue Bonds 1.258 7/1/2025	341271AD6	7,000,000.00	7,042,262.50	6,489,840.00	S&P-AA	Fitch-AA	0.47	1,035	1,035	7/1/2025		1.039	2.78
Loudoun County Economic Development 0.35 12/1/2023	54602QAY7	1,930,000.00	1,930,953.79	1,847,839.90	S&P-AA+	Moody-Aa1	0.13	457	457	12/1/2023		0.310	1.25
Loudoun County Economic Development 3.75 6/1/2026	54589SDQ4	1,500,000.00	1,646,141.37	1,478,205.00	Fitch-AA+	Moody-Aa1	0.10	1,370	1,370	6/1/2026		1.080	3.50
VA Resources Auth Infrastructure Rev 0.329 11/1/20	92818NUZ9	435,000.00	435,000.00	432,742.35	S&P-AAA	Moody-Aaa	0.03	62	62	11/1/2022		0.329	0.17
VA Resources Auth Infrastructure Rev 0.436 11/1/20	92818NVA3	720,000.00	720,000.00	694,814.40	S&P-AAA	Moody-Aaa	0.05	427	427	11/1/2023		0.436	1.16
VA Resources Auth Infrastructure Rev 0.636 11/1/20	92818NVB1	1,000,000.00	1,000,000.00	938,220.00	S&P-AAA	Moody-Aaa	0.07	793	793	11/1/2024		0.636	2.15
VA Resources Auth Infrastructure Rev 0.736 11/1/20	92818NVC9	1,180,000.00	1,180,000.00	1,076,266.20	S&P-AAA	Moody-Aaa	0.08	1,158	1,158	11/1/2025		0.736	3.13
VA Resources Auth Infrastructure Rev 0.75 11/1/202	92818NUA4	1,300,000.00	1,300,828.15	1,220,934.00	S&P-AA	Moody-Aa1	0.09	793	793	11/1/2024		0.720	2.15
VA St Housing Authority 2.15 8/1/2024	92812VWH5	665,000.00	650,039.65	642,815.60	S&P-AA+	Moody-Aa1	0.05	701	701	8/1/2024		3.375	1.88
VA State College Building Auth 0.48 9/1/2024	92778WKQ8	22,820,000.00	22,826,681.70	21,382,568.20	S&P-AA+	Moody-Aa1	1.55	732	732	9/1/2024		0.465	1.99
VA State College Building Auth 0.5 9/1/2023	92778WKPO	16,305,000.00	16,332,665.78	15,792,859.95	S&P-AA+	Moody-Aa1	1.11	366	366	9/1/2023		0.330	1.00
Sub Total / Average Municipal		85,130,000.00	85,889,713.16	80,710,397.90			5.77	729	729			0.542	1.97
US Agency													
FFCB 0.6 11/24/2025-21	3133EMHF2	19,100,000.00	19,093,819.97	17,307,083.00	S&P-AA+	Moody-Aaa	1.30	1,181	1,181	11/24/2025		0.610	3.20
FFCB Var. FFCB 1/31/2023	3133EMPG1	25,000,000.00	25,000,000.00	24,996,750.00	S&P-AA+	Moody-Aaa	1.70	153	153	1/31/2023		2.956	0.00

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
FFCB Var. FFCB 11/7/2022	3133EK6W1	10,000,000.00	10,003,000.22	10,011,300.00	S&P-AA+	Moody's-Aaa	0.68	68	68	11/7/2022		2.956	0.00
FHLB 0.27 3/28/2024-21	3130AKKF2	15,000,000.00	14,999,257.75	14,194,200.00	S&P-AA+	Moody's-Aaa	1.02	575	575	3/28/2024		0.273	1.57
FHLB 1 11/15/2024-22	3130APRF4	22,500,000.00	22,514,185.55	21,248,100.00	Moody's-Aaa	S&P-AA+	1.53	807	807	11/15/2024		0.971	2.18
FHLB 1 2/7/2024-22	3130AQLR2	5,000,000.00	4,998,197.12	4,803,250.00	S&P-AA+	Moody's-Aaa	0.34	525	525	2/7/2024		1.025	1.43
FHLB 1.04 7/11/2024-22	3130AQL27	25,000,000.00	25,000,000.00	23,777,000.00	S&P-AA+	Moody's-Aaa	1.70	680	41	7/11/2024	10/11/2022	1.040	1.85
FHLB 1.1 1/13/2025-23	3130AQGT4	20,000,000.00	19,960,492.70	18,840,800.00	S&P-AA+	Moody's-Aaa	1.36	866	135	1/13/2025	1/13/2023	1.185	2.34
FHLB 1.125 12/17/2024-22	3130AQ2U6	20,000,000.00	20,000,000.00	18,838,400.00	S&P-AA+	Moody's-Aaa	1.36	839	839	12/17/2024		1.125	2.27
FHLB 1.2 6/21/2024-22	3130AQP56	26,500,000.00	26,500,000.00	25,309,620.00	S&P-AAA	Moody's-Aaa	1.80	660	51	6/21/2024	10/21/2022	1.200	1.79
FHLB 1.28 6/11/2025-22	3130AQKY8	20,000,000.00	20,000,000.00	18,673,800.00	S&P-AA+	Moody's-Aaa	1.36	1,015	41	6/11/2025	10/11/2022	1.280	2.73
FHLB 1.3 12/15/2025-22	3130AQ5U3	25,000,000.00	24,994,857.98	23,074,500.00	S&P-AA+	Moody's-Aaa	1.70	1,202	1,202	12/15/2025		1.306	3.22
FHLB 1.4 2/18/2025-22	3130AQX4	25,000,000.00	25,000,000.00	23,595,250.00	S&P-AA+	Moody's-Aaa	1.70	902	902	2/18/2025		1.400	2.43
FHLB 1.67 3/1/2024-22	3130AR6G1	26,000,000.00	26,000,000.00	25,185,420.00	S&P-AA+	Moody's-Aaa	1.76	548	548	3/1/2024		1.670	1.47
FHLB 1.78 4/8/2024-22	3130AR6H9	18,500,000.00	18,500,000.00	17,914,845.00	S&P-AA+	Moody's-Aaa	1.25	586	586	4/8/2024		1.780	1.97
FHLB 2.5 2/28/2024-22	3130ARQX2	25,000,000.00	25,000,000.00	24,503,250.00	S&P-AA+	Moody's-Aaa	1.70	546	546	2/28/2024		2.500	1.46
FHLB 2.64 8/28/2024-22	3130ARKP5	30,000,000.00	30,000,000.00	29,295,300.00	S&P-AA+	Moody's-Aaa	2.03	728	728	8/28/2024		2.640	1.95
FHLMC 0.375 4/8/2024-21	3134GWYD2	15,000,000.00	15,008,759.53	14,214,750.00	Fitch-AAA	Moody's-Aaa	1.02	586	586	4/8/2024		0.338	1.60
FHLMC 2.57 1/22/2024-22	3134GXRZ9	28,500,000.00	28,500,000.00	28,162,845.00	S&P-AA+	Moody's-Aaa	1.93	509	509	1/22/2024		2.570	1.37
FHLMC 3.75 8/28/2024-22	3134GXP40	10,000,000.00	10,000,000.00	9,998,700.00	S&P-AA+	Moody's-Aaa	0.68	728	89	8/28/2024	11/28/2022	3.750	1.94
FHLMC 4.03 5/28/2025-22	3134GXT95	25,000,000.00	25,000,000.00	24,968,500.00	S&P-AA+	Moody's-Aaa	1.70	1,001	89	5/28/2025	11/28/2022	4.030	2.62
Sub Total / Average US Agency		436,100,000.00	436,072,570.82	418,913,663.00			29.57	720	502			1.784	1.93
US Treasury													
T-Note 1.625 5/31/2023	912828R69	21,000,000.00	20,808,616.47	20,731,830.00	Fitch-AAA	Moody's-Aaa	1.42	273	273	5/31/2023		2.867	0.74
T-Note 2.5 4/30/2024	91282CEK3	20,000,000.00	19,933,953.61	19,682,800.00	Moody's-Aaa	None	1.36	608	608	4/30/2024		2.705	1.63
T-Note 2.75 5/15/2025	91282CEQ0	20,000,000.00	19,871,220.57	19,614,800.00	Moody's-Aaa	None	1.36	988	988	5/15/2025		3.000	2.61
Sub Total / Average US Treasury		61,000,000.00	60,613,790.65	60,029,430.00			4.14	617	617			2.857	1.64
Total / Average		1,474,801,655.31	1,476,909,560.90	1,437,121,285.74			100	521	453			1.531	1.40

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**FOR:** Chair Rishell and Members of the NVTa Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**DATE:** October 6, 2022

**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, 2022.
3. **Comments:**
  - a. **FY2023 Revenues (Attachment A)**
    - i. The Authority has received approximately \$43 million through the September 30, 2022, transfers from the Commonwealth.
    - ii. The Authority has received \$5 million of the annual Northern Virginia District Transfer; \$8 million in Regional Congestion Relief Fees; and \$30 million in Sales Tax Receipts.
    - iii. September represents the first month of sales tax receipts for FY2023. Attachment A shows an 16% positive variance between the budgeted sales tax receipts compared to the annualized actual sales tax receipts.
    - iv. The annualized, two months of FY2023 Regional Congestion Relief Fees (Grantor's Tax) reflects a 10% positive variance when compared to the FY2023 budgeted amount. It is too early in the fiscal year to determine if this positive trend will continue.
  - b. **FY2023 Distribution to localities (Attachment B)**
    - i. Six member jurisdictions completed the required *Code of Virginia* Section 33.2-2510 required annual certification to receive FY2023 Local Distribution Funds (30%).
    - ii. If the annual certification was not filed by August 1, 2022, Local Distribution Fund Transfers are suspended. Subsequently, if the certification is not received, in acceptable form, by March 1, 2023, 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 2022, \$11 million of the \$13 million received has been distributed in Local 30% Distribution funds for FY2023 to member jurisdictions.

**c. FY2015 to FY2023 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 2022.

**Attachments:**

- A. FY2023 Revenues Received by Tax Type Compared to NVTA Estimates, Through September 2022
- B. FY2023 30% Distribution by Jurisdiction, as of September 2022
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for September 2015 to 2022

# Attachment A

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES**  
 Based on: Revenue Data Through September 2022  
 FYE June 30, 2023

		Received	Annualized Revenue based	FY2023	Annualized - Actual	
	1	To Date	on YTD Receipts	Budget	To Budget	
<b>Regional Sales Tax</b>						
<b>Transaction Months</b>	1					
Total Sales Tax Revenue		\$ 30,266,887	\$ 363,202,646	\$ 313,399,565	\$ 49,803,081	15.9%
<b>Interstate Operation Enhance Program</b>						
<b>Transaction Months</b>	1					
Interstate Operation Enhance Program		\$ -	\$ -	\$ 20,261,936	\$ (20,261,936)	-100.0%
<b>Regional Congestion Relief Fee</b>						
<b>Transaction Months</b>	2					
Total Regional Congestion Relief Fee		\$ 7,972,278	\$ 47,833,670	\$ 43,371,567	4,462,103	10.3%
<b>NVTD Transfer from COVA</b>						
<b>Transaction Months</b>	1					
Total NVTD Transfer from COVA		\$ 5,000,000	\$ 20,000,000	\$ 20,000,000	\$ -	0.0%
Total Revenue Received		<u>\$ 43,239,165</u>	<u>\$ 431,036,316</u>	<u>\$ 397,033,068</u>	<u>\$ 34,003,248</u>	8.56%

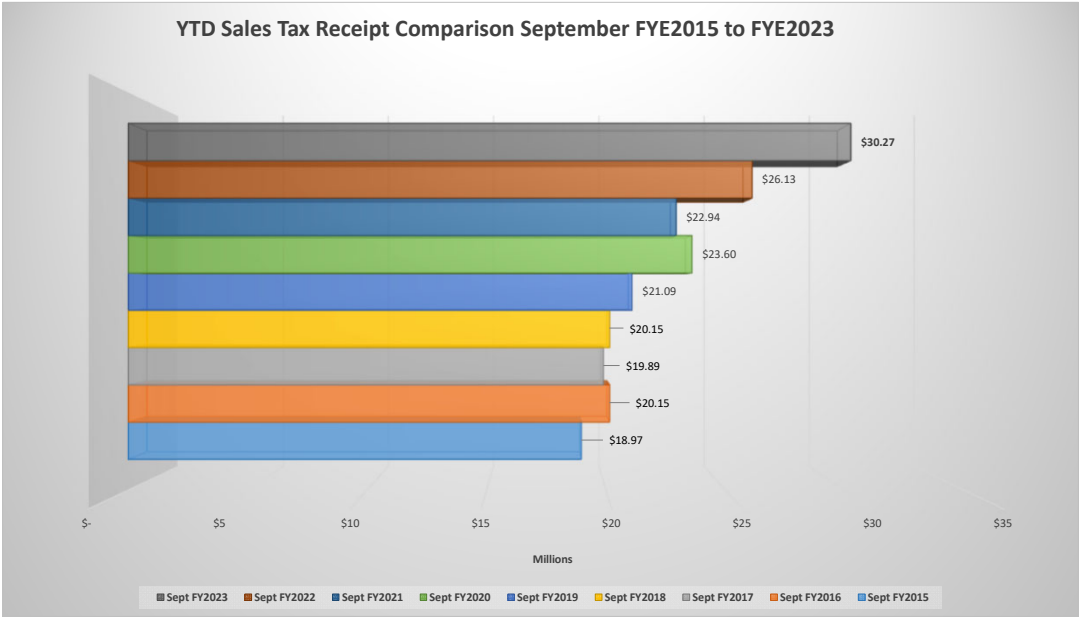
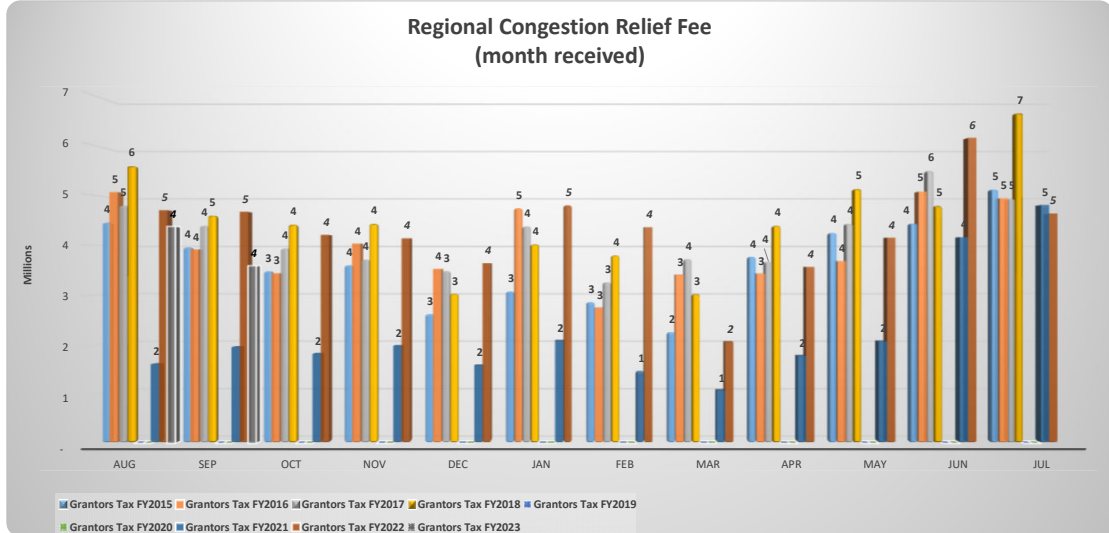
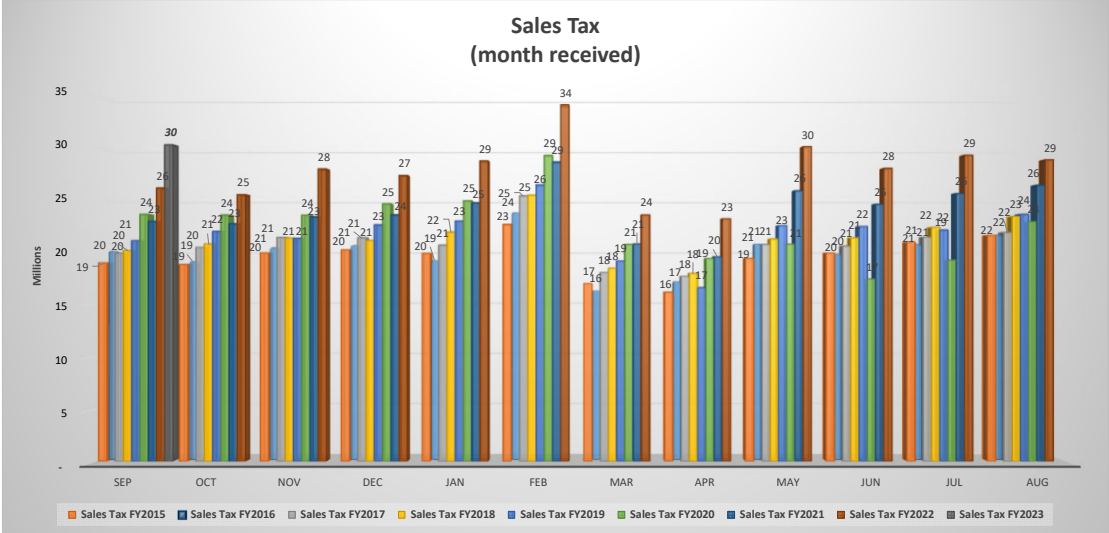
# Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2023 30% DISTRIBUTION BY JURISDICTION											
Based on: Revenue Data Through September 2022											
Jurisdiction	Interstate Operat Enhance Program	Regional Sales Tax	Regional Congestion Relief Fee	NVTD Transfer From COVA	CoVa NVTA Interest	Cumulative Total	30% Funds	As of 8/31/2022 Accrued Interest (1)	8/31/2022 Prior Distributions	Current Month Distribution	Total Funds Transferred
								(+)			
City of Alexandria	\$ -	\$ 2,079,974.46	\$ 532,131.50	\$ 329,031	\$ -	\$ 2,941,137.36	\$ 882,341.21	\$ 641.50		\$ 882,982.71	
Arlington County	\$ -	\$ 2,692,433.97	\$ 970,284.50	\$ 436,558	\$ -	\$ 4,099,276.14	\$ 1,229,782.84	\$ 824.79		\$ 1,230,607.63	
City of Fairfax	\$ -	\$ 658,904.08	\$ 123,118.40	\$ 124,557	\$ -	\$ 906,579.10	\$ 271,973.73	\$ 183.29		\$ 272,157.02	
Fairfax County	\$ -	\$ 12,498,183.03	\$ 3,548,372.80	\$ 2,105,328	\$ -	\$ 18,151,883.37	\$ 5,445,565.01	\$ 3,849.00		\$ 5,449,414.01	\$ 5,449,414.01
City of Falls Church	\$ -	\$ 314,243.21	\$ 31,995.00	\$ 46,841	\$ -	\$ 393,079.06	\$ 117,923.72	\$ 91.64	\$ 19,334.65	\$ 98,680.71	\$ 118,015.36
Loudoun County	\$ -	\$ 6,331,129.53	\$ 1,393,626.20	\$ 1,020,395	\$ -	\$ 8,745,150.87	\$ 2,623,545.26	\$ 1,832.86	\$ 519,883.01	\$ 2,105,495.11	\$ 2,625,378.12
City of Manassas	\$ -	\$ 697,896.30	\$ 59,856.80	\$ 113,857	\$ -	\$ 871,610.25	\$ 261,483.08	\$ 183.29		\$ 261,666.37	\$ 261,666.37
City of Manassas Park	\$ -	\$ 196,572.87	\$ 22,093.20	\$ 33,025	\$ -	\$ 251,690.88	\$ 75,507.26	\$ 91.64	\$ 14,080.55	\$ 61,518.35	\$ 75,598.90
Prince William County	\$ -	\$ 4,797,549.72	\$ 1,290,799.90	\$ 790,409	\$ -	\$ 6,878,758.44	\$ 2,063,627.53	\$ 1,466.28	\$ 462,087.18	\$ 1,603,006.63	\$ 2,065,093.81
Total Revenue	\$ -	\$ 30,266,887.17	\$ 7,972,278.30	\$ 5,000,000.00	\$ -	\$ 43,239,165.47	\$ 12,971,749.64	\$ 9,164.29	\$ 1,015,385.39	\$ 11,965,528.54	\$ 10,595,166.57
Interest 8/31/2022						\$ 43,239,165.47	\$ 12,971,749.64			\$ -	\$ 12,980,913.93



# Attachment C

FY2023 September 2022



**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

**MEMORANDUM**

**FOR:** Chair Rishell and Members, NVTA Finance Committee  
**FROM:** Michael Longhi, Chief Financial Officer  
**DATE:** October 6, 2022  
**SUBJECT:** Monthly Operating Budget Report

---

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the Authority’s Operating Budget for FY2023.
2. **Background:** The Authority elected to fund the Operating Budget for FY2023 through transfers from the Regional Revenue Fund.
3. **Comments:** Through September 30, 2022, the FY2023 Operating Budget has produced the following:
  - a. The Operating Budget was fully funded through quarterly transfers of \$886,850 from the Regional Revenue Fund.
  - b. As of September 30, 2022, the attached Income Statement reflects the Authority utilized 19% of its FY2023 expenditure budget, through 25% of the fiscal year.
  - c. As of September 30, 2022, all expense account remained within budget.
  - d. The attached statement shows the total Operating Budget income and expenditure activity for FY2023 as of September 30, 2022.

**Attachment:** FY2023 Monthly Operating Budget as of September 30, 2022

# Attachment

10/03/22  
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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
Income Statement  
For the Accounting Period: 9 / 22

Page: 1 of 2  
Report ID: LB170A

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
<b>Expenses</b>						
410000	Personnel Expenses					
110	Salaries-Regular Pay	147,539.95	436,134.11	2,102,061.00	1,665,926.89	21
130	Health & Dental Benefits	21,125.90	70,946.35	375,414.00	304,467.65	19
131	Payroll Taxes	9,379.94	28,530.08	169,702.00	141,171.92	17
132	Retirement VRS	12,131.90	28,477.77	177,451.00	148,973.23	16
133	Life Insurance	1,960.23	3,913.78	28,168.00	24,254.22	14
134	Flex Spending/Dependent Care		93.16	1,165.00	1,071.84	8
135	Workers Comp		1,471.00	2,312.00	841.00	64
137	Disability Insurance	3,675.44	8,129.77	30,619.00	22,489.23	27
	Total Account	195,813.36	577,696.02	2,886,892.00	2,309,195.98	20
420000	Professional Services					
210	Audit & Accounting Services			68,500.00	68,500.00	
220	Bank Service			750.00	750.00	
230	Insurance	42.00	11,249.00	9,240.00	-2,009.00	122
240	Payroll Services	8.95	1,203.60	3,283.00	2,079.40	37
260	Public Outreach & Regional Event Support	1,136.26	5,835.10	63,425.00	57,589.90	9
261	Legal/Bond Counsel Services			10,000.00	10,000.00	
262	Financial Advisory Services			36,955.00	36,955.00	
263	Bond Trustee Fees			2,700.00	2,700.00	
264	Legislative Services	2,562.50	7,806.14	80,420.00	72,613.86	10
265	Investment Custody Svc			25,000.00	25,000.00	
	Total Account	3,749.71	26,093.84	300,273.00	274,179.16	9
430000	Technology/Communication					
310	Acctg & Financial Report Systems		35,348.55	88,245.00	52,896.45	40
320	HW SW & Peripheral Purchase		278.77	10,620.00	10,341.23	3
330	IT Support Svc Incl Hosting	2,300.95	9,279.34	46,220.00	36,940.66	20
335	GIS/Project Mgt/Modeling		-21,700.00	32,800.00	54,500.00	-66
340	Phone Service & Web Ex Chgs	1,225.28	4,000.24	16,872.00	12,871.76	24
350	Web Develop & Hosting		2,491.89	135,805.00	133,313.11	2
	Total Account	3,526.23	29,698.79	330,562.00	300,863.21	9
440000	Administrative Expenses					
410	Advertisement		349.00	4,000.00	3,651.00	9
411	Dues & Subscriptions		4,107.60	15,992.00	11,884.40	26
412	Duplication & Printing	486.25	1,141.63	13,610.00	12,468.37	8
413	Furniture & Fixture	2,426.43	8,083.46	7,800.00	-283.46	104
414	Hosted Meeting Expenses		432.18	5,000.00	4,567.82	9
415	Mileage/Transportation		394.99	11,000.00	10,605.01	4
417	Office Lease	19,084.90	72,667.42	236,696.00	164,028.58	31
418	Office Supplies		2,270.56	7,475.00	5,204.44	30
419	Postage & Delivery			700.00	700.00	
420	Professional Develop & Training		2,509.27	23,000.00	20,490.73	11
940	Computer HW SW & Peripheral		5,657.02		-5,657.02	
	Total Account	21,997.58	97,613.13	325,273.00	227,659.87	30

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
	Total Expenses	225,086.88	731,101.78	3,843,000.00	3,111,898.22	19
	Net Income from Operations	-225,086.88	-731,101.78			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			768,600.00	768,600.00	
825	Transf to Equip Reserve			50,000.00	50,000.00	
	Total Account			818,600.00	818,600.00	
	Total Other Expenses	0.00	0.00	818,600.00	818,600.00	
	Net Income	-225,086.88	-731,101.78			