

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Financial and Compliance Reports

Year Ended June 30, 2021



ASSURANCE, TAX & ADVISORY SERVICES

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Commission, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 19, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2021. Please read it in conjunction with the accompanying financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- NVTC's net position totaled \$214.2 million on a government-wide basis as of June 30, 2021. Of this total, \$172.9 million is for business-type activities and \$41.3 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$214.3 million. Expenses totaled \$211.2 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$37.3 million. Expenses amounted to \$43.8 million.

Highlights for Fund Financial Statements

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

- NVTC's governmental funds reported an increase in fund balance of \$3.2 million for fiscal year 2021, compared to an increase of \$12.5 million for fiscal year 2020. The governmental funds balance as of June 30, 2021 totaled \$41.7 million compared with \$38.5 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position decreased by \$6.5 million, from \$179.4 million to \$172.9 million.
- NVTC's fiduciary funds reported an increase of \$2.9 million in net position. The Jurisdiction Trust Fund increased \$2.2 million. The Pension Trust Fund increased \$0.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NVTC maintains four governmental funds: The General Fund, the Special Revenue Fund – Jurisdiction Transit, the Special Revenue Fund – I-66 Toll Revenue, and the Special Revenue Fund – I-395/95 Toll Revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund – Jurisdiction Transit, reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund. The Special Revenue Fund – I-66 Toll Revenue, reports Toll Revenue received from the Commonwealth of Virginia according to an agreement entered into between NVTC and the Commonwealth. The Special Revenue Fund – I-395/95 Toll Revenue, reports an annual transit investment received by the Commonwealth of Virginia from the facility's concessionaire toll revenue receipts for NVTC and PRTC according to an agreement entered into between NVTC, PRTC and the Commonwealth. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2021 and 2020:

Summary Statements of Net Position June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 47,785,206	\$ 42,209,718	\$ 60,776,560	\$ 66,320,481	\$ 108,561,766	\$ 108,530,119
Capital assets, net	71,954	87,333	163,002,885	167,509,925	163,074,837	167,597,258
Deferred outflows	-	-	362,566	393,423	362,566	393,423
Total assets	<u>47,857,160</u>	<u>42,297,051</u>	<u>224,142,011</u>	<u>230,106,025</u>	<u>271,999,169</u>	<u>264,387,260</u>
Liabilities:						
Current and other liabilities	6,201,640	3,790,869	6,278,161	6,115,258	12,479,799	9,906,127
Long-term liabilities	419,539	348,041	44,929,100	48,631,573	45,348,639	48,979,614
Total liabilities	<u>6,621,179</u>	<u>4,138,910</u>	<u>51,207,261</u>	<u>54,746,831</u>	<u>57,828,438</u>	<u>58,885,741</u>
Net position:						
Net investment in capital assets	71,954	87,333	115,424,594	116,435,860	115,496,548	116,523,193
Restricted	41,065,681	37,897,537	8,389,995	8,439,810	49,455,676	46,337,347
Unrestricted	98,346	173,271	49,120,161	54,601,328	49,218,507	54,774,559
Total net position	<u>\$ 41,235,981</u>	<u>\$ 38,158,141</u>	<u>\$ 172,934,750</u>	<u>\$ 179,476,998</u>	<u>\$ 214,170,731</u>	<u>\$ 217,635,139</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$214.2 million as of June 30, 2021, a decrease of \$3.5 million over the previous fiscal year. The largest portion of net position, \$115.5 million or 53.9 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$49.5 million or 23.1 percent represents resources that are restricted, which includes \$41.1 million of toll revenue and the balance for the commuter rail service.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments for the business-type activities. As of June 30, 2021, approximately \$11.2 million was due from the Commonwealth of Virginia, of which \$3.6 million is for motor vehicle fuel sales tax, and \$7.6 million for grant and other state revenue. This is a \$0.8 million decrease from the previous fiscal year, of which grant revenue decreased \$1.8 million, toll revenues decreased \$0.8 million, and motor vehicle fuel sales tax receivables increased \$1.8 million. The decrease in the receivable for grant revenue is due a decrease in capital grant reimbursements due from the Commonwealth. The decrease in the receivable for toll revenue is due to the impact of COVID-19 on toll revenues in the fourth quarter,

and the increase in motor vehicle fuel sales tax receivable is due to rebounding revenues compared to the prior year.

As of June 30, 2021, \$6.5 million of the amount due from the Commonwealth was for the commuter rail service, \$3.6 million for jurisdiction transit funding, and \$1.1 million for general and administrative and projects. Cash and cash equivalents decreased approximately \$2.4 million and totaled \$44.1 million as of June 30, 2021, of which all but \$442,088 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$50.7 million as of June 30, 2021, with \$41.6 million for governmental activities, and \$9.1 million for business-type activities. This is a \$2.8 million increase from the prior year, of which just about all is due to toll revenue for governmental activities.

The net positions of the jurisdiction trust fund and the pension trust fund are not reported in the entity-wide Statement of Net Position, as they are considered fiduciary funds and held for others than the NVTC reporting entity. The jurisdiction trust fund resources are held in trust for the NVTC member jurisdictions restricted use, while the pension trust fund resources are held for the participants of the pension trust.

Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2021 and 2020.

Summary Statements of Changes in Net Position Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,857,134	\$ 16,264,440	\$ 2,857,134	\$ 16,264,440
Operating grants and contributions	181,924,631	165,759,023	7,010,421	7,488,750	188,935,052	173,247,773
Capital grants and contributions	-	-	5,307,713	4,885,925	5,307,713	4,885,925
General revenues:						
Intergovernmental:						
Commuter rail	21,237,702	25,483,921	-	-	21,237,702	25,483,921
Motor vehicle fuel sales tax	17,674,274	27,444,860	-	-	17,674,274	27,444,860
Toll revenue	15,375,000	25,642,199	-	-	15,375,000	25,642,199
Interest	60,985	498,471	103,836	750,426	164,821	498,471
Other	77	-	-	-	77	-
Transfers	(21,980,341)	(26,396,564)	21,980,341	26,396,564	-	-
Total revenues	214,292,328	218,431,910	37,259,445	55,786,105	251,551,773	274,218,015
Expenses:						
General and administration	8,136,261	6,062,195	-	-	8,136,261	6,062,195
Jurisdiction transit	191,553,814	187,440,409	-	-	191,553,814	187,440,409
Toll funded project costs	11,524,413	12,598,831	-	-	11,524,413	12,598,831
Commuter rail	-	-	43,801,693	48,242,769	43,801,693	48,242,769
Total expenses	211,214,488	206,101,435	43,801,693	48,242,769	255,016,181	254,344,204
Change in net position	3,077,840	12,330,475	(6,542,248)	8,915,715	(3,464,408)	21,246,190
Beginning net position	38,158,141	25,827,666	179,476,998	170,561,283	217,635,139	196,388,949
Ending net position	\$ 41,235,981	\$ 38,158,141	\$ 172,934,750	\$ 179,476,998	\$ 214,170,731	\$ 217,635,139

For the fiscal year ended June 30, 2021, revenues totaled \$251.6 million, compared to \$274.2 million in the preceding year, a decrease of \$22.6 million or 8.3 percent. Expenses increased \$0.7 million, or 0.3 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

As of June 30, 2021, the General Fund had a total fund balance of \$590,431 of which \$90,032 was nonspendable and \$500,399 was unassigned. The fund balance decreased by \$815 or 0.1 percent from the preceding year.

During fiscal year 2021, NVTC's regional projects incurred a total of \$5.0 million in direct costs. Three of these projects were funded with federal and state sources totaling \$4.6 million. The balance of other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

Special Revenue Fund – Jurisdiction Transit. Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2021 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

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

The fiscal year 2021 intergovernmental revenues totaled \$191.6 million, an increase of approximately \$4.1 million or 2.2 percent from the previous fiscal year. The increase is composed of a \$13.9 million increase, or 8.7 percent in state assistance, and a \$9.8 million decrease, or 35.6 percent in motor vehicle fuel sales tax revenue due to the COVID-19 Novel Coronavirus (COVID) pandemic and increased withholding by the Commonwealth for the WMATA Capital Fund.

Special Revenue Fund – I-66 Toll Revenue. As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 inside the Beltway. The agreement calls for NVTC to receive the toll revenues collected by the Commonwealth, net of certain costs charged against those funds, on a quarterly basis for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement also calls for the advance payment of up to \$10 million to fund an initial round of projects before tolling commenced in December 2017. The agreement was amended effective fiscal year 2021 for NVTC to instead receive a \$10 million escalating annual payment subject to available toll revenue.

Through fiscal year 2021, NVTC has rated, selected and approved projects totaling \$41.7 million. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2021, the special revenue fund did not recognize any revenue since due to the COVID-19 Novel Coronavirus (COVID) pandemic, toll revenues were insufficient for any payments to be made to NVTC. The special revenue fund recognized \$7.4 million in project costs, including transfers to the General Fund for NVTC administration of the program. As of June 30, 2021, the restricted fund balance totaled \$19.6 million, a decrease of \$7.4 million over the prior year balance.

Special Revenue Fund – I-395/95 Toll Revenue. In December 2017, NVTC entered into a 68-year agreement with the Commonwealth of Virginia and PRTC whereby the commissions will receive an annual transit investment (ATI) from toll revenue from the operations of the I-395/95 HOT Lanes which commenced during fiscal year 2020. The ATI equals \$15 million in the commencement year, increasing at 2.5% annually, and is to be used to fund transit and multimodal investments which will benefit users in the I-395/95 corridor.

In January 2019, NVTC and PRTC entered into an agreement that among other things provides details of the commissions project selection process, specifies that NVTC will be the designated recipient of the ATI fund, and that NVTC will administer the program on behalf of the commissions. NVTC has established a special revenue fund to account for the ATI toll revenue and related projects for both Commissions, separately from the Commissions' other activities.

The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. In fiscal year 2021, NVTC received \$15,375,000 in ATI funds, as specified in the agreement. The allocation of the funds between NVTC and PRTC results in \$10.2 million and \$5.2 million in revenues for NVTC and PRTC respectively. The fund recognized \$4.8 million in project costs, including transfers to the General Fund for NVTC administration of the program. The allocation of the expenditures between NVTC and PRTC equals \$3.0 million and \$1.5 million respectively. The activity to date results in an ending fund balance of \$21.4 million, with \$14.2 million allocated to NVTC and \$7.2 allocated to PRTC.

Proprietary Fund

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

operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

NVTC's share of operating revenue decreased about \$13.4 million or 82.4 percent, while operating expenses decreased approximately \$5.0 million or 13.7 percent. For VRE operations as a whole, operating revenue decreased 78.8 percent, while operating expenses increased 4.2 percent. Ridership saw a decrease of 89.6 percent, reflecting the effects of the ongoing COVID-19 Novel Coronavirus pandemic throughout fiscal year 2021. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

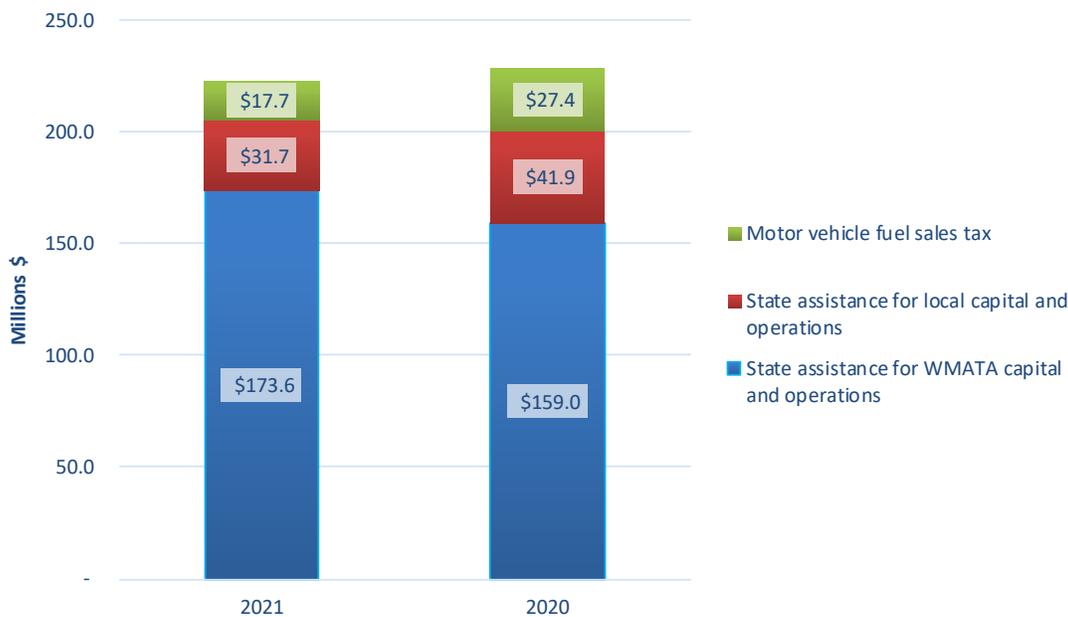
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

Fiduciary Funds

Jurisdiction Trust Fund. The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the Commonwealth (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the jurisdiction contracted revenue is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions.

The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, decreased by \$5.3 million, or 2.3 percent from the previous year. An analysis of this change is shown below.

Jurisdiction Trust Fund Revenue Sources



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a competitive reimbursement program. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set percentage of the funding available in the Commonwealth's Mass Transit Trust Fund.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that established the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund (C-ROC) which benefits VRE. For fiscal year 2019, the gain was calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Effective fiscal year 2021 the amount withheld for the WMATA Capital Fund was fixed at \$22.183 million per year, an increase of approximately \$7.2 over the prior amount from the "gain". Motor Vehicle Fuel Sales tax revenue decrease by \$9.8 million, or 35.6 percent from the previous year due primarily to increase in withholding for the WMATA Capital Fund and the ongoing COVID-19 Novel Coronavirus pandemic throughout fiscal year 2021.

Pension Trust Fund. The Pension Trust Fund holds the assets contributed by NVTC on behalf of the pension plan participants, and the required plan participant contributions. Investments are participant directed in one or more separate investments available through the plan sponsor. Net assets available for benefits at the end of fiscal year 2021 equaled \$2.2 million, an increase of \$716,177 (46.8%) over the prior year. This increase is the result of \$488,823 an increase in fair value of investments and \$227,354 in plan contributions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959
Vehicles	-	-	72,780	72,780	72,780	72,780
Facilities	-	-	56,404,725	56,404,725	56,404,725	56,404,725
Track and signal improvements	-	-	50,054,134	49,764,479	50,054,134	49,764,479
Equipment and software	-	-	6,515,559	6,063,333	6,515,559	6,063,333
Construction in progress	-	-	16,592,210	12,001,865	16,592,210	12,001,865
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	198,931	193,619	3,129,324	3,194,727	3,328,255	3,388,346
	198,931	193,619	278,302,335	273,035,512	278,501,266	273,229,131
Less accumulated depreciation and amortization	126,977	106,286	115,299,450	105,525,587	115,426,427	105,631,873
Total capital assets, net	\$ 71,954	\$ 87,333	\$ 163,002,885	\$ 167,509,925	\$ 163,074,839	\$ 167,597,258

NVTC's investment in capital assets as of June 30, 2021 amounted to \$163.1 million (net of accumulated depreciation and amortization) which represents a decrease of \$3.5 million or 2.7 percent over last year due to new project construction and the recognition of annual depreciation and amortization.

The major completed projects during the fiscal year were the Fare Collection EMV Compliance Upgrade (\$1.05 million), completion of Crossroads to Hamilton Third Track Slope Stabilization (\$0.3 million) and implementation of the new Mobile Ticketing System (\$0.1 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$4.4 million), development of the Crystal City station project (\$0.4 million), development of the Munis Enterprise Resource Planning (ERP) System (\$0.3 million), the Quantico station improvement project (\$0.3 million), the Broad Run station improvement project (\$0.25 million) the Alexandria station improvements project (\$0.3 million), development of the Franconia/Springfield platform project (\$0.25 million), development of the Manassas Park parking expansion project (\$0.25 million) and the VRE Headquarters Office Renovation project (\$0.15 million).

Debt Administration

At June 30, 2021, the Commissions had total debt outstanding of \$46.8 million for the VRE commuter rail service, of which \$43.3 million is reported by NVTC.

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

In fiscal year 2018, a financing agreement was entered into with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

	2021	2020
Bond payable	\$ 39,770,000	\$ 42,120,000
Capital leases	3,492,484	4,270,958
Total	\$ 43,262,484	\$ 46,390,958

Economic Factors and Next Year's Budget

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to support long-term demand for VRE's service. The constraining factors to VRE growth in the near-term are the current COVID-19 pandemic and its effects, as well as station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The local subsidy for fiscal year 2022 decreased by \$13,544,122 or 74.0 percent to \$4,756,658. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund, which will continue in fiscal year 2022. Additional sources of funding will be available in fiscal year 2022 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 230, Arlington, Virginia 22201, or by email to scottkalkwarf@novatransit.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 422,088	\$ 43,629,372	\$ 44,051,460
Due from other governments:			
Commonwealth of Virginia	11,194,664	-	11,194,664
Federal	983,568	-	983,568
Local jurisdictions	14,079	-	14,079
Trade accounts receivable, net	-	110,625	110,625
Other receivables	-	125,035	125,035
Inventory	-	1,110,712	1,110,712
Deposits and prepaid items	90,032	225,390	315,422
Restricted cash, cash equivalents and investments	41,571,784	9,084,417	50,656,201
Internal balances	(6,491,009)	6,491,009	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	72,780	72,780
Facilities	-	56,404,725	56,404,725
Track and signal improvements	-	50,054,134	50,054,134
Equipment and software	-	6,515,559	6,515,559
Construction in progress	-	16,592,210	16,592,210
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	198,931	3,129,324	3,328,255
Less accumulated depreciation and amortization	(126,977)	(115,299,450)	(115,426,427)
Deferred outflows of resources, loss on refunding	-	362,566	362,566
Total assets and deferred outflows of resources	47,857,160	224,142,011	271,999,171

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2021

LIABILITIES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 2,493,699	\$ 1,554,342	\$ 4,048,041
Accrued expenses	50,909	402,638	453,547
Accrued interest	-	496,534	496,534
Due to fiduciary fund	3,582,259	-	3,582,259
Unearned revenue	2,227	310,116	312,343
Contract retainage	-	182,301	182,301
Noncurrent liabilities:			
Due within one year:			
Compensated absences	72,546	42,615	115,161
Bond payable	-	2,475,000	2,475,000
Capital lease obligation	-	814,615	814,615
Due in more than one year:			
Lease liability	264,492	-	264,492
Compensated absences	155,047	277,860	432,907
Bond payable	-	41,973,371	41,973,371
Capital lease obligation	-	2,677,869	2,677,869
	<u>6,621,179</u>	<u>51,207,261</u>	<u>57,828,440</u>
Total liabilities	<u>6,621,179</u>	<u>51,207,261</u>	<u>57,828,440</u>
 NET POSITION			
Net investment in capital assets	71,954	115,424,594	115,496,548
Restricted for toll funded projects	41,065,681	-	41,065,681
Restricted for liability insurance plan	-	5,126,469	5,126,469
Restricted for debt service	-	1,998,519	1,998,519
Restricted grants or contributions	-	1,265,007	1,265,007
Unrestricted assets	98,346	49,120,161	49,218,507
	<u>98,346</u>	<u>49,120,161</u>	<u>49,218,507</u>
Total net position	<u>\$ 41,235,981</u>	<u>\$ 172,934,750</u>	<u>\$ 214,170,731</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 8,136,261	\$ -	\$ 7,302,452	\$ -	\$ (833,809)	\$ -	\$ (833,809)
Toll funded project costs	11,524,413	-	-	-	(11,524,413)	-	(11,524,413)
Jurisdiction transit	191,553,814	-	173,879,540	-	(17,674,274)	-	(17,674,274)
Total governmental activities	<u>211,214,488</u>	<u>-</u>	<u>181,181,992</u>	<u>-</u>	<u>(30,032,496)</u>	<u>-</u>	<u>(30,032,496)</u>
Business-type activities:							
Commuter rail	43,801,693	2,857,134	7,010,421	5,307,713	-	(28,626,425)	(28,626,425)
Total business-type activities	<u>43,801,693</u>	<u>2,857,134</u>	<u>7,010,421</u>	<u>5,307,713</u>	<u>-</u>	<u>(28,626,425)</u>	<u>(28,626,425)</u>
Total primary government	<u>\$ 255,016,181</u>	<u>\$ 2,857,134</u>	<u>\$ 188,192,413</u>	<u>\$ 5,307,713</u>	<u>(30,032,496)</u>	<u>(28,626,425)</u>	<u>(58,658,921)</u>
General revenues:							
Intergovernmental revenue - commuter rail					21,980,341	-	21,980,341
Intergovernmental revenue - motor vehicle fuel sales tax					17,674,274	-	17,674,274
Intergovernmental revenue - toll revenue					15,375,000	-	15,375,000
Other revenue					77	-	77
Interest					60,985	103,836	164,821
Transfers					(21,980,341)	21,980,341	-
Total general revenues					<u>33,110,336</u>	<u>22,084,177</u>	<u>55,194,513</u>
Change in net position					3,077,840	(6,542,248)	(3,464,408)
Net position, beginning of year					<u>38,158,141</u>	<u>179,476,998</u>	<u>217,635,139</u>
Net position, end of year					<u>\$ 41,235,981</u>	<u>\$ 172,934,750</u>	<u>\$ 214,170,731</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
ASSETS					
Cash and cash equivalents	\$ 422,088	\$ -	\$ -	\$ -	\$ 422,088
Due from other governments:					
Commonwealth of Virginia	7,583,944	3,610,720	-	-	11,194,664
Federal	983,568	-	-	-	983,568
Local jurisdictions	14,079	-	-	-	14,079
Due from fiduciary fund	28,461	-	-	-	28,461
Due from proprietary fund	25,127	-	-	-	25,127
Due from special revenue funds	196,150	-	-	-	196,150
Restricted cash	-	-	19,882,977	21,688,807	41,571,784
Deposits and prepaid items	90,032	-	-	-	90,032
Total assets	\$ 9,343,449	\$ 3,610,720	\$ 19,882,977	\$ 21,688,807	\$ 54,525,953
LIABILITIES					
Accounts payable	\$ 2,183,746	\$ -	\$ 163,822	\$ 146,131	\$ 2,493,699
Accrued salaries	50,909	-	-	-	50,909
Unearned revenue	2,227	-	-	-	2,227
Due to general fund	-	-	110,581	85,569	196,150
Due to proprietary fund	6,516,136	-	-	-	6,516,136
Due to fiduciary fund	-	3,610,720	-	-	3,610,720
Total liabilities	8,753,018	3,610,720	274,403	231,700	12,869,841
FUND BALANCES					
Nonspendable					
Deposits and prepaid items	90,032	-	-	-	90,032
Restricted					
Toll Revenues	-	-	19,608,574	21,457,107	41,065,681
Unassigned	500,399	-	-	-	500,399
Total fund balance	590,431	-	19,608,574	21,457,107	41,656,112
Total liabilities and fund balance	\$ 9,343,449	\$ 3,610,720	\$ 19,882,977	\$ 21,688,807	\$ 54,525,953

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

Fund balances - governmental funds \$ 41,656,112

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$198,931 and the accumulated depreciation and amortization is \$126,977. 71,954

Lease liability only recognized in the government-wide financial statements. (264,492)

Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds. (227,593)

Net position - governmental activities \$ 41,235,981

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
Revenues:					
Intergovernmental revenues:					
Grants and contributions:					
Commonwealth of Virginia, net of					
CROC funds attributable to PRTC	\$ 25,901,017	\$ 173,879,540	\$ -	\$ -	\$ 199,780,557
Federal	2,867,725	-	-	-	2,867,725
Local jurisdictions	434,051	-	-	-	434,051
Toll Revenue	-	-	-	15,375,000	15,375,000
Motor vehicle fuel sales tax	-	17,674,274	-	-	17,674,274
Project chargebacks	80,000	-	-	-	80,000
Other revenue	77	-	-	-	77
Interest	789	-	39,877	20,319	60,985
Total revenues	29,283,659	191,553,814	39,877	15,395,319	236,272,669
Expenditures:					
Current:					
General and administration	3,092,165	-	-	-	3,092,165
Project costs	4,949,295	-	-	-	4,949,295
Toll funded project costs	-	-	6,996,766	4,527,647	11,524,413
Payments to fiduciary fund	-	191,553,814	-	-	191,553,814
Capital outlay	5,312	-	-	-	5,312
Total expenditures	8,046,772	191,553,814	6,996,766	4,527,647	211,124,999
Other financing uses:					
Transfers in	742,639	-	(397,549)	(345,090)	-
Transfers	(21,980,341)	-	-	-	(21,980,341)
Change in fund balances	(815)	-	(7,354,438)	10,522,582	3,167,329
Fund balances, beginning of year	591,246	-	26,963,012	10,934,525	38,488,783
Fund balances, end of year	<u>\$ 590,431</u>	<u>\$ -</u>	<u>\$ 19,608,574</u>	<u>\$ 21,457,107</u>	<u>\$ 41,656,112</u>

Change in fund balances - total governmental funds \$ 3,167,329

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Add - capital outlay	5,312
Deduct - depreciation and amortization expense	(20,691)

Amortization of lease liability is only recognized in the government-wide financial statements.	(55,813)
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The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(18,297)
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Change in net position of governmental activities	<u>\$ 3,077,840</u>
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The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	Commuter Rail Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	\$ 43,629,372
Accounts receivable:	
Due from general fund	6,491,009
Trade receivables, net of allowance for doubtful accounts	110,625
Other receivables	125,035
Inventory	1,110,712
Prepaid expenses and other	225,390
Restricted cash, cash equivalents and investments	9,084,417
Total current assets	60,776,560
Capital assets:	
Rolling stock	142,639,959
Vehicles	72,780
Facilities	56,404,725
Track and signal improvements	50,054,134
Equipment and software	6,515,559
Construction in progress	16,592,210
Equity in property of others	2,893,644
Furniture, equipment and software	3,129,324
	278,302,335
Less accumulated depreciation and amortization	(115,299,450)
Total capital assets, net	163,002,885
Deferred Outflows of Resources:	
Loss on refunding	362,566
Total assets and deferred outflows of resources	\$ 224,142,011

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	Commuter Rail Service Fund
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 1,554,342
Compensated absences	42,615
Accrued expenses	402,638
Accrued interest	496,534
Unearned revenue	310,116
Contract retainage	182,301
Current portion of bonds payable	2,475,000
Current portion of capital lease obligations	814,615
Total current liabilities	6,278,161
Noncurrent Liabilities:	
Compensated absences	277,860
Bonds payable	41,973,371
Capital lease obligations	2,677,869
Total noncurrent liabilities	44,929,100
Total liabilities	51,207,261
Net Position:	
Net investment in capital assets	115,424,594
Restricted for liability insurance plan	5,126,469
Restricted for debt service	1,998,519
Restricted grants or contributions	1,265,007
Unrestricted assets	49,120,161
Total net position	172,934,750
Total liabilities and net position	\$ 224,142,011

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2021

	Commuter Rail Service Fund
Operating Revenues:	
Passenger revenue	\$ 2,793,392
Equipment rentals and other	63,742
Total operating revenues	2,857,134
Operating Expenses:	
Contract operations and maintenance	10,833,908
Other operations and maintenance	6,010,605
Property leases and access fees	6,685,138
Insurance	2,735,003
Marketing and sales	377,240
General and administrative	4,877,397
Total operating expenses	31,519,291
Operating loss before depreciation and amortization	(28,662,157)
Depreciation and amortization	(10,559,083)
Operating loss	(39,221,240)
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	6,746,387
Regional transportation funding	264,034
Interest income:	
Operating funds	41,481
Insurance trust	33,961
Commonwealth Rail Operating and Capital (CROC) Fund	25,043
Other restricted funds	3,351
Interest, amortization and other nonoperating expenses, net	(1,723,319)
Total nonoperating revenues, net	5,390,938
Loss before capital contributions and transfers	(33,830,302)
Capital contributions and transfers:	
Contribution from PRTC	5,307,713
Transfers in	21,980,341
Total capital contributions and transfers	27,288,054
Change in net position	(6,542,248)
Net Position, beginning	179,476,998
Net Position, ending	\$ 172,934,750

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2021

	Commuter Rail Service Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 2,662,928
Payments to suppliers	(27,710,398)
Payments to employees	(3,005,985)
Net cash used in operating activities	(28,053,455)
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	12,318,134
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(6,287,610)
Principal paid on capital lease obligations	(778,474)
Principal paid on bonds	(2,350,000)
Interest paid on capital lease obligation	(187,205)
Interest paid on bond	(1,939,480)
Contribution from General Fund	24,636,109
Net cash provided by capital and related financing activities	13,093,340
Cash Flows From Investing Activities:	
Interest received on investments	103,836
Decrease in cash and cash equivalents	(2,538,145)
Cash and Cash Equivalents, beginning	55,251,934
Cash and Cash Equivalents, ending	\$ 52,713,789
Reconciliation of Operating Loss to Net Cash Used In	
Operating Activities:	
Operating loss	\$ (39,221,240)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	10,559,083
Write-off of construction in progress to expense	1,064,827
(Increase) decrease in:	
Trade receivables	165,657
Other receivables	175,997
Inventory	169,093
Prepaid items and other	(160,739)
Increase (decrease) in:	
Accounts payable and accrued expenses	(248,181)
Compensated absences	(22,092)
Unearned revenue	(535,860)
Net cash used in operating activities	\$ (28,053,455)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 963,968
Capital assets acquired through accrued liabilities	276,343

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Jurisdiction Trust Fund	Pension Trust Fund
ASSETS		
Cash and cash equivalents	\$ 191,203,314	\$ -
Due from special revenue fund - Motor vehicle fuel sales tax	3,606,054	-
Due from special revenue fund - Commonwealth of Virginia grants	4,666	-
Due from other governments - Commonwealth of Virginia grants	2,379,791	-
Investments held in trust at fair value	-	2,245,396
	<u>197,193,825</u>	<u>2,245,396</u>
LIABILITIES		
Due to member jurisdictions	8,229,056	-
Due to general fund	28,461	-
	<u>8,257,517</u>	<u>-</u>
NET POSITION		
Restricted for:		
Member jurisdictions	188,936,308	-
Plan participants	-	2,245,396
	<u>\$ 188,936,308</u>	<u>\$ 2,245,396</u>
Total net position	<u>\$ 188,936,308</u>	<u>\$ 2,245,396</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021

	Jurisdiction Trust Fund	Pension Trust Fund
Additions:		
Contributions from government	\$ 191,553,814	\$ -
Intergovernmental revenues	31,435,599	-
Pension fund contributions		
Participants	-	36,293
Employer	-	191,061
	222,989,413	227,354
Investment income		
Increase in fair value of investments	-	488,823
Interest earned on investments	265,370	-
	265,370	488,823
Deductions:		
Funds disbursed to WMATA:		
Capital improvement program	13,471,061	-
Project development	625,246	-
Metrorail operating	88,783,955	-
Metrobus operating	47,892,105	-
Metroaccess operating	13,068,380	-
Metro debt service	4,667,283	-
Other funds disbursed:		
Other capital disbursements	8,982,117	-
Other operating disbursements	43,640,077	-
	221,130,224	-
Change in net position	2,124,559	716,177
Net position:		
Beginning of year	186,811,749	1,529,219
End of year	\$ 188,936,308	\$ 2,245,396

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major governmental funds:

The General Fund is NVTC's primary operating fund and is considered a major fund. It accounts for all financial resources of NVTC except those required to be accounted for in another fund.

The Special Revenue Fund – Jurisdictional Transit Fund is used to account for intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA).

The Special Revenue Fund – I-66 Toll Revenue Fund is used to account revenues generated by the tolling of I-66 inside the Beltway to account for the toll revenue received at related projects.

The Special Revenue Fund – I-395/95 Toll Revenue Fund is used to account for the Annual Transit Investment (ATI) from toll revenue from the operations of the I-395/95 Hot Lanes and related projects for the NVTC and PRTC Commissions.

NVTC reports the following major enterprise fund:

Commuter Rail Service Fund

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

Fiduciary Funds – The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. The Commission maintains two fiduciary funds, the Jurisdictional Trust Fund and Pension Trust Fund.

D. Budgeting

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

E. Other Significant Accounting Policies

1. Cash and cash equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP) is reported at amortized cost.

2. Investments

Investments are stated at fair value based on quoted market prices.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

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 related to the Virginia Resources Authority (VRA) financing compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue. The investment in the Virginia State Non-Arbitrage Program (SNAP) for VRA financing is reported at amortized cost.

4. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$13,900 at June 30, 2021 for the proprietary fund.

5. Inventory

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

6. Prepaid items

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

7. Capital assets

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

7. Capital assets (Continued)

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2021.

8. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expenditure) until then. NVTC currently has one item that qualifies for reporting in this category. The deferred loss on refunding is reported as a deferred outflow of resources.

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. NVTC currently has no items reported in this category.

9. Compensated absences

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Compensated absences (Continued)

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

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

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

10. Fund equity

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

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

Restricted fund balance – amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

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

11. Indirect expenditure allocation

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

12. Net position

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

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

13. 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.

14. Inter-fund transfers

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

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

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

15. Subsequent events

NVTC has evaluated subsequent events through November 19, 2021, which was the date the financial statements were available to be issued.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments

At June 30, 2021, cash, cash equivalents, and investments consisted of the following, stated at fair value.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash	\$ 234,869	\$ 5,366,495	\$ -	\$ 5,601,364
LGIP	187,219	38,262,877	191,203,314	229,653,410
Unit investment trusts – mutual funds	-	-	2,073,584	2,073,584
Unit investment trusts – group annuity contract	-	-	183,715	183,715
	<u>422,088</u>	<u>43,629,372</u>	<u>193,460,613</u>	<u>237,512,073</u>
Restricted:				
LGIP	41,571,784	1,987,802	-	43,559,586
VRA debt service fund	-	1,998,519	-	1,998,519
Insurance trust fund – pooled funds	-	5,098,096	-	5,098,096
Total	<u>\$ 41,993,872</u>	<u>\$ 52,713,789</u>	<u>\$ 193,460,613</u>	<u>\$ 288,168,274</u>

Maturities of all investments are less than one year.

Deposits

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

Investments

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

As of June 30, 2021, the reporting entity had investments of \$273,212,996 in the LGIP for governmental activities, business-type activities, and the fiduciary funds. 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. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, \$2 million was transferred into the DSRF from existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2021, the reporting entity had \$1,998,519 invested in the VRA Debt Service Reserve Fund.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2021, a total of \$10,196,192 was invested in the Insurance Trust, of which \$5,098,096 is included in the NVTC reporting entity. In fiscal year 2021, earnings on the Insurance Trust in the amount of \$67,921 were credited to VRE, of which \$33,961 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

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

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

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

The NVTC Pension Trust allows for participant-directed investments in one or more of 12 separate unit investment trusts through the National Employers Retirement Trust (NERT). Each unit trust, with the exception of the MetLife Stable Value Fund, has a registered mutual fund that is the underlying investment and is reported at fair value based on the unit prices quoted by the fund. The Stable Value Fund is sponsored by the Metropolitan Life Insurance Company (MetLife) and is 100% invested in a MetLife group annuity contract which is held as part of the general assets of MetLife. The Stable Value Fund is reported at contract value as determined by MetLife.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Credit risk

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

Custodial credit risk

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

Interest rate risk

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

Concentration of credit risk

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Fair Value Measurement

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

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

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

Investments by Fair Value Level	June 30, 2021	Level 1	Level 2	Level 3
Mutual funds (Pension Trust Fund)	\$ 2,073,584	\$ 2,073,584	\$ -	\$ -
Immediate Participation Guarantee Contract (Pension Trust Fund)	183,715	-	-	183,715
U.S. Treasury Securities (Commuter Rail Service Fund)	1,998,519	1,998,519	-	-

Note 3. Due From Other Governments

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

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 3,606,054	\$ 3,606,054
Grants	5,083,944	4,666	5,088,610
CROC	2,500,000	-	2,500,000
	<u>7,583,944</u>	<u>3,610,720</u>	<u>11,194,664</u>
Due from Federal Government:			
Grants	983,568	-	983,568
Due from Local Jurisdictions:			
Local grant match	14,079	-	14,079
	<u>\$ 8,581,591</u>	<u>\$ 3,610,720</u>	<u>\$ 12,192,311</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$6,516,136 for commuter rail and \$1,067,808 for other projects.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets

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

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 193,619	\$ 5,312	\$ -	\$ -	198,931
Less accumulated depreciation or amortization	106,286	20,691	-	-	126,977
Governmental activities capital assets, net	\$ 87,333	\$ (15,379)	\$ -	\$ -	71,954
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 12,001,865	\$ 7,082,368	\$ (1,064,827)	\$ (1,427,196)	\$ 16,592,210
Capital assets being depreciated or amortized:					
Rolling stock	142,639,959	-	-	-	142,639,959
Vehicles	72,780	-	-	-	72,780
Facilities	56,404,725	-	-	-	56,404,725
Track and signal improvements	49,764,479	-	-	289,655	50,054,134
Equipment and software	6,063,333	34,502	(719,817)	1,137,541	6,515,559
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	3,194,727	-	(65,403)	-	3,129,324
Total capital assets being depreciated or amortized	261,033,647	34,502	(785,220)	1,427,196	261,710,125
Less accumulated depreciation or amortization for:					
Rolling stock	52,568,544	5,800,442	-	-	58,368,986
Vehicles	49,805	10,147	-	-	59,952
Facilities	24,049,878	1,671,810	-	-	25,721,688
Track and signal improvements	18,190,403	2,783,011	-	-	20,973,414
Equipment and software	6,060,335	120,209	(719,817)	-	5,460,727
Equity in property of others	2,066,549	82,297	-	-	2,148,846
Office equipment, furniture and software	2,540,073	91,167	(65,403)	-	2,565,837
Total accumulated depreciation or amortization	105,525,587	10,559,083	(785,220)	-	115,299,450
Total capital assets being depreciated or amortized, net	155,508,060	(10,524,581)	-	1,427,196	146,410,675
Business-type activities capital assets, net	\$ 167,509,925	\$ (3,442,213)	\$ (1,064,827)	\$ -	163,002,885

The chart above reflects the completion of the Fare Collection EMV Compliance Upgrade project at a value of \$2.1 million (NVTC reporting entity \$1.05 million), completion of the Crossroads to Hamilton Third Track Slope Stabilization project at \$0.6 million (NVTC reporting entity \$0.3 million), and implementation of the new Mobile Ticketing System at a value of \$0.2 million (NVTC reporting entity \$0.1million). The chart also reflects the direct purchase of \$69,000 (NVTC reporting entity \$34,500) in heavy duty utility carts.

The chart also represents the retirement of the original Mobile Ticketing System at a fully depreciated value of \$1.4 million (NVTC reporting entity (\$0.7 million) as well as the retirement of various fully

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

depreciated software and IT equipment assets at a collective value of \$0.1 million (NVTC reporting entity \$0.05 million).

Finally, the chart also reflects a reduction of approximately \$2.1 million (NVTC reporting entity \$1.05 million) in construction in progress reclassified to operating expense. This reduction was primarily related to three projects, all in the preliminary design and development phase, for second platforms at VRE's Brooke, Leeland Road and Lorton stations, at a total value of \$1.5 million (NVTC reporting entity \$0.75 million). The Commonwealth of Virginia is in the process of acquiring half of the CSX Transportation right of way in the VRE service area, with the objective of achieving near-total separation of freight and passenger rail service. With that change to operations in the corridor, these second platform projects were determined to be no longer necessary, and work on those design efforts was terminated. The additional \$0.6 million (NVTC reporting entity \$0.3 million) that was reclassified was for ongoing phase two development work on the original Mobile Ticketing System that was not completed or in-service at the time that system was retired from service.

Depreciation and amortization expenses for the year ended June 30, 2021 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary government:		
General and administration	\$ 20,691	\$ -
Commuter rail	-	10,559,083

Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

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

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions.

Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

Financial information from VRE's fiscal year 2021 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 113,216,934
Accounts receivable:	
Due from PRTC	11,002,685
Federal CARES Act	5,403,201
Commonwealth of Virginia grants	4,016,137
Commonwealth Rail Operating and Capital (CROC) Fund	2,500,000
Trade and other, net of allowance	1,152,200
Inventory	2,883,469
Prepaid expenses and other	585,125
Restricted cash, cash equivalents and investments	14,781,469
Total current assets	<u>155,541,220</u>
Noncurrent assets:	
Capital assets (net of \$230,598,899 accumulated depreciation and amortization)	326,005,769
Total noncurrent assets	<u>326,005,769</u>
Total assets	
Deferred outflows of resources	1,718,418
Total assets and deferred outflows of resources	<u>\$ 483,265,407</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 7,300,169
Unearned revenue	805,079
Current portion of:	
Compensated absences	110,631
Bonds payable	2,475,000
Capital lease obligations	1,629,230
Total current liabilities	<u>12,320,109</u>
Noncurrent liabilities:	
Pension liability	1,228,984
Other postemployment benefits	436,013
Capital lease obligations	5,355,739
Bonds payable	41,973,371
Compensated absences	721,340
Total noncurrent liabilities	<u>49,715,447</u>
Total liabilities	<u>62,035,556</u>
Deferred inflows of resources	47,629
Net position:	
Net investment in capital assets	274,934,995
Restricted for liability insurance plan	10,252,938
Restricted for debt service	1,998,519
Restricted grants or contributions	2,530,013
Unrestricted assets	131,465,757
Total net position	<u>421,182,222</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 483,265,407</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2021**

Operating revenues	\$	7,417,274
Operating expenses		81,823,228
Operating loss before depreciation and amortization		(74,405,954)
Depreciation and amortization		(21,118,165)
Operating loss		(95,524,119)
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		14,110,733
Federal grants – with PRTC as grantee		21,741,238
Federal CARES Act		28,305,131
Jurisdictional contributions		18,300,780
Commonwealth Rail Operating and Capital (CROC) Fund		15,000,000
Interest income:		
Operating funds		89,187
Insurance trust		67,921
Commonwealth Rail Operating and Capital (CROC) Fund		50,085
Other restricted funds		6,701
Interest, amortization and other nonoperating expenses, net		(1,904,569)
Total nonoperating revenues, net		95,767,207
Capital grants and assistance:		
Commonwealth of Virginia grants		2,339,034
Federal grants – with PRTC as grantee		8,738,493
Regional transportation funding (NVTA)		528,067
Local contribution		518,086
Total capital grants and assistance		12,123,680
Change in net position		12,366,768
Net position, beginning of year		408,815,454
Net position, ending	\$	421,182,222

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Pension Plans

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

NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2021 totaled \$191,061 (10.2 percent of covered payroll). Required employee contributions for the year ended June 30, 2021 totaled \$36,293 (1.9 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. During the plan year ending June 30, 2021 there were 17 participants. NVTC's payroll for employees covered by the plan for the year ended June 30, 2021 was \$1,872,263.

Note 8. Operating Leases and Agreements

Governmental activities

NVTC amended the current office space lease under a 154-month agreement which commenced on March 15, 2019 and expires November 15, 2031, canceling the previous lease on the effective date of the amendment. The lease provides for 2.5 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses after the first anniversary year. The lease contains a provision for the abatement of the first month's rent of the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for governmental activities as reported in the government-wide financial statements totals \$425,470 (\$369,657 paid plus \$55,813 amortization). The Statement of Net Position reported a liability of \$264,492 related to the lease.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements (continued)

As of June 30, 2021, the minimum long-term lease commitments were as shown below:

<u>Year(s) Ending June 30,</u>	<u>Amount</u>
2022	\$ 373,884
2023	383,279
2024	392,844
2025	402,654
2026	450,972
2027-2031	2,429,584
2032	<u>194,702</u>
Total	<u>\$ 4,627,919</u>

Business-type activities

Operating Access Agreements with the CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2021, annual track usage fees totaled approximately \$10,830,000, of which \$4,172,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$583,000, of which \$225,000 is recognized by the NVTC reporting entity.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the year ended June 30, 2021, costs for track access and equipment storage totaled approximately \$6,349,000, of which \$2,445,635 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$3,868,000, of which \$1,490,000 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2021 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the year ended June 30, 2021 totaled approximately \$24,375,000, of which approximately \$9,389,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2021 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 209,296	\$ 163,587	\$ (145,290)	\$ 227,593	\$ 72,546
Total governmental activities	<u>209,296</u>	<u>163,587</u>	<u>(145,290)</u>	<u>227,593</u>	<u>72,546</u>
Business-type activities:					
Capital leases	4,270,958	-	(778,474)	3,492,484	814,615
Bond payable	42,120,000	-	(2,350,000)	39,770,000	2,475,000
Unamortized premium	5,076,530	-	(398,159)	4,678,371	-
Compensated absences	342,567	103,429	(125,521)	320,475	42,615
Total business-type activities	<u>51,810,055</u>	<u>103,429</u>	<u>(3,652,154)</u>	<u>48,261,330</u>	<u>3,332,230</u>
Total Primary Government	<u>\$ 52,019,351</u>	<u>\$ 267,016</u>	<u>\$ (3,797,444)</u>	<u>\$ 48,488,923</u>	<u>\$ 3,404,776</u>

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

Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$11,820,777 (NVTC reporting entity, \$5,910,389)	<u>\$ 6,984,969</u>	<u>\$ 3,492,484</u>

Future minimum lease payments as of June 30, 2021 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2022	\$ 1,931,357	\$ 965,679
2023	1,931,357	965,679
2024	1,931,357	965,678
2025	1,931,357	965,678
Total minimum lease payments	<u>7,725,428</u>	<u>3,862,714</u>
Lease amount representing interest	740,459	370,230
Present value of lease payments	<u>\$ 6,984,969</u>	<u>\$ 3,492,484</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (continued)

Notes Payable – Gallery IV (60 cars)/VRA Bond Payable

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

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$56,158,470 at June 30, 2021. \$ 39,770,000

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

Year(s) Ending June 30,	Principal	Interest	Total Required
2022	\$ 2,475,000	\$ 1,815,841	\$ 4,290,841
2023	2,605,000	1,685,666	4,290,666
2024	2,745,000	1,548,572	4,293,572
2025	2,885,000	1,404,303	4,289,303
2026	3,040,000	1,252,475	4,292,475
2027-2031	17,745,000	3,713,197	21,458,197
2032-2033	8,275,000	305,109	8,580,109
Subtotal	39,770,000	11,725,163	51,495,163
Unamortized premium	4,678,371	-	4,678,371
Total	<u>\$ 44,448,371</u>	<u>\$ 11,725,163</u>	<u>\$ 56,173,534</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$123,000 at June 30, 2021, of which \$61,500 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2021 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,263,540	\$ 5,131,770
Contribution to reserves	6,781,555	3,390,778
Insurance premiums paid	(6,788,505)	(3,394,253)
Claims mitigation and losses incurred	(92,862)	(46,431)
Investment income	67,921	33,961
Actuarial and administrative charges	(35,457)	(17,729)
Ending balance, June 30	<u>\$ 10,196,192</u>	<u>\$ 5,098,096</u>

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

Note 11. Significant Commitments and Contingencies

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

Governmental activities

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

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract. Expenditures for jurisdiction grant funded and toll revenue funded projects are recognized when the reimbursement requests are submitted and approved by NVTC.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 11. Significant Commitments and Contingencies (Continued)

Business-type activities

At June 30, 2021, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with VRE as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2021:

Stations and parking lots	\$	23,954,513
Rolling stock		86,402,535
Maintenance and layover yards		34,640,018
Track and signal improvements		85,926
Other administrative		583,283
Total	\$	145,666,275

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

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

Note 12. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 397,549	\$ -	\$ 397,549
Special Revenue Fund – I-395/95 toll revenue	345,090	-	345,090
General Fund	-	21,980,314	21,980,314
Total transferred in	\$ 742,639	\$ 21,980,314	\$ 22,722,953

The transfer from the General Fund to the Commuter Rail Service Fund is for state grant activity in which NVTC serves as grantee on behalf of VRE.

The transfer from the Special Revenue Funds to the General Fund is for NVTC administration and outreach.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements

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

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

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2021, and December 31, 2021.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

NVTC has not yet determined the effect of these statements on its financial statements.

Note 14. Subsequent Events

In July 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with UTCRAS, LLC of Morton, Pennsylvania, for Rehabilitation of Wheelsets and Traction Motor Assemblies in the amount of \$2,949,765, plus a 10 percent contingency of \$294,977, for a total amount not to exceed \$3,244,742. The contract will be for a base year and four option years, with the Chief Executive Officer exercising the option years at his discretion.

In July 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with TranSystems Corporation of Kansas City, Missouri, for Final Design for the VRE Broad Run Expansion Project in the amount of \$8,113,484, plus a 10 percent contingency of \$811,348, for a total amount not to exceed \$8,924,832.

In July 2021, the VRE Operations Board adopted “Relocation Processes and Procedures of the Virginia Railway Express” addressing the administration of the relocation assistance program for persons impacted by the acquisition of real property for VRE use. It is anticipated that multiple businesses will be displaced in conjunction with property acquisition for the Broad Run Expansion project and will be eligible for relocation assistance payments. These processes and procedure will ensure compliance with applicable federal and state law and ensure the consistent application of those requirements to those displaced and requiring relocation.

In July 2021, the VRE Operations Board recommended that the Commissions approve amended “Financial and Debt Management Principles,” which were originally adopted in 2013. The creation of the new Commuter Rail Operating and Capital (C-ROC) Fund in 2018 and the authorization for a debt issuance backed by C-ROC revenues warrants such a policy update. The objectives for updating and amending the Principles included aligning with the authorizing elements of the C-ROC statutes; reflecting the key provisions of the March 2021 Funding Agreement with the Virginia Department of Rail and Public Transportation; identifying parameters and guidelines for debt issuance; setting thresholds for affordability, such as debt service coverage; and ultimately supporting investment grade credit ratings. The amended Principles were subsequently approved by the Commission in September 2021.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 14. Subsequent Events (Continued)

In July 2021, the VRE Operations Board recommended that the Commissions approve and authorize the Chief Executive Officer to execute a Memorandum of Understanding with the Department of the Navy regarding an exchange of Commission owned property and Department owned property in the vicinity of the VRE Quantico Station in accordance with the terms of the Memorandum of Understanding

In September 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a Contract Amendment for additional design services for the Lifecycle Overhaul and Upgrade Facility, with STV Incorporated of Fairfax, VA, in the amount of \$703,883, plus a 10% contingency of \$70,388, for a total contract value not to exceed \$4,379,310.

In September 2021, the VRE Operations Board authorized the Chief Executive Officer to amend the contract for Engineering and Environmental Services for VRE Crystal City Station Improvements to Vanasse Hangen Brustlin, Inc., to exercise Option A for Final Engineering Design Services in the amount of \$1,029,207, plus a 10 percent contingency of \$102,921, for a total increase of \$1,132,128. This will increase the authorization for this Task Order from \$1,368,716 to a total amount not to exceed \$2,500,844.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2021

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 28,145,770	\$ 43,055,414	\$ 2,293,085	\$ 99,200,690	\$ 1,184,581	\$ -	\$ 173,879,540
Motor Vehicle Fuel Sales Tax	1,463,421	1,260,597	993,584	8,209,316	834,572	4,912,784	17,674,274
Intergovernmental revenues, grants:							
Commonwealth of Virginia	7,085,167	7,936,219	366,566	15,857,926	189,721	-	31,435,599
Investment income	29,690	34,232	7,484	128,950	1,797	63,217	265,370
Total additions	<u>36,724,048</u>	<u>52,286,462</u>	<u>3,660,719</u>	<u>123,396,882</u>	<u>2,210,671</u>	<u>4,976,001</u>	<u>223,254,783</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	-	10,242,579	715,355	2,292,452	220,675	-	13,471,061
Project development	-	123,319	8,614	490,657	2,656	-	625,246
Metrorail operating	21,563,584	21,424,894	995,275	43,757,584	1,042,618	-	88,783,955
Metrobus operating	15,461,056	520,000	471,645	30,494,345	945,059	-	47,892,105
Metroaccess operating	1,348,192	-	329,650	11,294,577	95,961	-	13,068,380
Metro debt service	1,774,830	-	85,924	2,806,529	-	-	4,667,283
Other funds disbursed:							
Other capital disbursements	1,249,668	7,720,209	12,240	-	-	-	8,982,117
Other operating disbursements	-	9,754,840	40,203	33,831,701	13,333	-	43,640,077
Total deductions	<u>41,397,330</u>	<u>49,785,841</u>	<u>2,658,906</u>	<u>124,967,845</u>	<u>2,320,302</u>	<u>-</u>	<u>221,130,224</u>
Change in net position	(4,673,282)	2,500,621	1,001,813	(1,570,963)	(109,631)	4,976,001	2,124,559
Net position held in trust for member jurisdictions:							
Beginning of year	<u>26,441,628</u>	<u>32,017,744</u>	<u>4,814,417</u>	<u>81,426,223</u>	<u>1,679,373</u>	<u>40,432,364</u>	<u>186,811,749</u>
End of year	<u>\$ 21,768,346</u>	<u>\$ 34,518,365</u>	<u>\$ 5,816,230</u>	<u>\$ 79,855,260</u>	<u>\$ 1,569,742</u>	<u>\$ 45,408,365</u>	<u>\$ 188,936,308</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2021**

	Total	General and Administrative	Projects
Expenditures:			
Audit and Legal	\$ 56,007	\$ 56,007	\$ -
Capital outlay	5,312	5,312	-
Commissioners' per diem	14,000	14,000	-
Computer	17,576	17,576	-
Copier duplicating	5,075	5,075	-
Disability insurance	10,441	9,763	678
Employee group insurance	151,730	141,871	9,859
Employee retirement	194,141	181,526	12,615
Employer payroll taxes	136,040	127,201	8,839
Leave - annual, holiday, and sick	281,606	262,120	19,486
Memberships and subscriptions	1,463	1,463	-
Miscellaneous	8,170	8,170	-
Office supplies	1,718	1,718	-
Office rent	371,428	371,428	-
Insurance and liability bonds	6,439	6,439	-
Parking and transit	845	845	-
Postage and shipping	632	632	-
Consulting, other project costs	5,114,718	319,978	4,794,740
Public information	12,870	12,870	-
Salaries and wages	1,594,685	1,491,802	102,883
State liaison	45,200	45,200	-
Telephone and data	13,428	13,428	-
Training and conferences	2,301	2,106	195
Travel and meetings	947	947	-
Total expenditures	\$ 8,046,772	\$ 3,097,477	\$ 4,949,295

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2021**

	Jurisdiction Grants & Projects	NTD Collection	Fare Collection	Route 7	Post Platform Shutdown Marketing	Totals
Revenues:						
Commonwealth of Virginia	\$ 1,120,985	\$ 152,279	\$ 184,846	\$ -	\$ 319,280	\$ 1,777,390
Federal	2,867,725	-	-	-	-	2,867,725
Local	-	-	69,806	-	79,998	149,804
NVTC match	-	2,117	137,001	10,004	5,253	154,376
	<u>-</u>	<u>2,117</u>	<u>137,001</u>	<u>10,004</u>	<u>5,253</u>	<u>154,376</u>
Total revenue	<u>\$ 3,988,710</u>	<u>\$ 154,396</u>	<u>\$ 391,653</u>	<u>\$ 10,004</u>	<u>\$ 404,531</u>	<u>\$ 4,949,295</u>
Expenditures:						
Consulting	\$ -	\$ 152,279	\$ 139,612	\$ -	\$ -	\$ 291,891
Costs incurred	3,988,710	-	115,039	-	399,100	4,502,849
Fringe benefits	-	706	45,623	3,336	1,811	51,476
Salaries and wages	-	1,411	91,184	6,668	3,620	102,883
Training and conferences	-	-	195	-	-	195
	<u>-</u>	<u>-</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>195</u>
Total expenditures	<u>\$ 3,988,710</u>	<u>\$ 154,396</u>	<u>\$ 391,653</u>	<u>\$ 10,004</u>	<u>\$ 404,531</u>	<u>\$ 4,949,295</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-66 TOLL REVENUE
Year Ended June 30, 2021**

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2021 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2021 Deobligations</u>	<u>Remaining Balance</u>
Arlington County	Peak Period Service Expansion to Metrobus Route 2S	013-01-020-17	\$ 1,000,000	\$ 981,603	\$ -	\$ 981,603	\$ 18,397	\$ -
Arlington County	Peak Period Service Expansion to ART Bus Route 55	013-02-120-17	450,000	69,074	51,475	120,549	329,451	-
Arlington County	County Bus Stop Consolidation and Accessibility Improvements	013-03-010-17	462,000	408,639	53,361	462,000	-	-
Arlington County	Multimodal Real-Time Transportation Information	013-04-040-17	250,000	88,784	29,978	118,762	131,238	-
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	3,336,836	2,837,900	462,360	3,300,260	-	36,576
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	126,275	91,193	217,468	-	282,532
PRTC	Gainesville to Pentagon Commuter Service	664-01-120-17	887,900	582,015	(245,804)	336,211	551,689	-
Subtotal - Fiscal Year 2017 Program, Round 1			6,886,736	5,094,290	442,563	5,536,853	1,030,775	319,108
Arlington County	I-66 Corridor Intelligent Transportation System Enhancements	013-01-18	400,000	215,496	-	215,496	184,504	-
Arlington County	Traffic Management Center	013-02-18	400,000	90,537	191,138	281,675	-	118,325
Arlington County	Expanded Transportation Demand Management Outreach to the I-66 Corridor	013-03-18	350,000	283,159	66,841	350,000	-	-
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	2,294,148	387,226	2,681,374	-	771,244
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	-	54,849	54,849	-	442,251
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	333,939	-	333,939	-	1,372,101
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	565,092	327,179	892,271	-	173,689
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	42,830	90,238	133,068	-	831,932
City of Falls Church	Metrobus Route 3T Extension and Service Expansion	610-01-18	845,754	528,250	(11,940)	516,310	329,444	-
PRTC	On-Demand Commuter Lot Shuttles in Prince William County	664-01-18	1,087,796	-	-	-	1,087,796	-
PRTC	Flexible Vanpool Program	664-02-18	317,600	-	-	-	317,600	-
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	-	81,992	81,992	-	52,208
City of Manassas	Bicycle Parking Improvements at Manassas VRE Station	683-01-18	55,000	38,870	1,325	40,195	14,805	-
NVTC	I-66 Commuter Choice Marketing and Outreach	999-01-18	400,000	336,856	63,144	400,000	-	-
Subtotal - Fiscal Year 2018 Program, Round 2			11,677,068	4,729,177	1,251,992	5,981,169	1,934,149	3,761,750
Arlington County	Enhanced Bus Service on Metrobus 3Y: Lee Highway-Farragut Square	013-01-20	1,040,000	-	-	-	-	1,040,000
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	-	233,412	233,412	-	1,116,588
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	-	520,000	520,000	-	1,419,500
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	3,120,000	-	3,120,000	-	1,206,000
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	-	-	-	-	532,031
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	-	640,000	640,000	-	617,226
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	-	639,630	639,630	-	309,852
Prince William County	New TDM Outreach to the I-66 Corridor	153-01-20	200,000	-	-	-	-	200,000
PRTC	Enhanced Bus Service from Gainesville to DC	664-01-20	1,519,100	-	91,986	91,986	-	1,427,114
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	-	3,054,700	3,054,700	-	1,617,000
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	-	185,629	185,629	-	591,071
PRTC	I-66 Slug Line Campaign	664-04-20	287,800	-	-	-	287,800	-
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-01-20	800,000	379,223	334,405	713,628	-	86,372
Subtotal - Fiscal Year 2020 Program, Round 3			19,649,539	3,499,223	5,699,762	9,198,985	287,800	10,162,754
Arlington County	Lee Highway HOV and Bus-Only Lane in Rosslyn	013-61-21	710,000	-	-	-	-	710,000
Fairfax County	McLean Metrorail Station North Entrance	059-61-21	1,000,000	-	-	-	-	1,000,000
Loudoun County	Renewal of Purcellville Metro Connection Bus Service	107-61-21	709,030	-	-	-	-	709,030
City of Fairfax	City of Fairfax Bike Share Implementation	600-61-21	460,000	-	-	-	-	460,000
PRTC	Renewal of Bus Service from Gainesville to Pentagon/Navy Yard	664-61-21	461,100	-	-	-	-	461,100
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-21	137,100	-	-	-	-	137,100
Subtotal - Fiscal Year 2021 Program, Round 4			3,477,230	-	-	-	-	3,477,230
Total			\$ 41,690,573	\$ 13,322,690	\$ 7,394,317	\$ 20,717,007	\$ 3,252,724	\$ 17,720,842

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC administration and outreach totaling \$397,549 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-395/95 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-395/95 TOLL REVENUE
Year Ended June 30, 2021**

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2021 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2021 Deobligations</u>	<u>Remaining Balance</u>
Arlington County	Commuter Store at the Pentagon Transit Center New Bus Service to the Pentagon with Gambrill and Backlick North Park and	013-31-20	\$ 211,962	\$ 54,895	\$ 157,064	\$ 211,959	\$ 3	\$ -
Fairfax County	Ride Improvements	059-31-20	3,540,903	2,120,785	162,384	2,283,169	-	1,257,734
PRTC	Enhanced Bus Service from Dale City to Ballston	664-31-20	251,600	-	72,774	72,774	-	178,826
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	-	198,923	198,923	-	363,477
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	-	237,033	237,033	-	896,467
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	66,656	156,461	223,117	-	3,346,083
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	53,688	115,211	168,899	-	3,326,401
Alexandria Transit Co.	Enhanced Bus Service on AT-1 Plus: West End to Van Dorn Metro	997-31-20	3,040,000	948,148	1,882,373	2,830,521	-	209,479
Alexandria Transit Co.	Enhanced Bus Service on AT-9: Mark Center to Potomac Yard	997-32-20	1,949,000	539,770	1,409,230	1,949,000	-	-
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	58,295	136,194	194,489	-	201,695
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	257,582	345,090	602,672	-	197,328
Subtotal - Fiscal Year 2020 Program, Round 1			18,950,049	4,099,819	4,872,737	8,972,556	3	9,977,490
Total			\$ 18,950,049	\$ 4,099,819	\$ 4,872,737	\$ 8,972,556	\$ 3	\$ 9,977,490

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC administration and outreach totaling \$345,090 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF ALLOCATED SPECIAL REVENUE FUND - I-395/95 ACTIVITY
BETWEEN NVTC AND PRTC
Year Ended June 30, 2021**

The agreement between the Commonwealth, NVTC and PRTC states that the annual transit investment funds ("ATI) from toll revenue are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. Allocating the ATI in this manner results in the following split between the commissions:

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
Revenues:			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 15,375,000	\$ 10,186,144	\$ 5,188,856
Interest income	20,319	13,462	6,857
Total revenues	<u>15,395,319</u>	<u>10,199,606</u>	<u>5,195,713</u>
Expenditures:			
Current:			
Toll funded project costs	<u>4,527,647</u>	<u>2,999,627</u>	<u>1,528,020</u>
Total expenditures	<u>4,527,647</u>	<u>2,999,627</u>	<u>1,528,020</u>
Other financing uses:			
Transfers	<u>(345,090)</u>	<u>(228,627)</u>	<u>(116,463)</u>
Change in fund balance	10,522,582	6,971,352	3,551,230
Fund balance, beginning of year	<u>10,934,525</u>	<u>7,261,424</u>	<u>3,673,101</u>
Fund balance, end of year	<u>\$ 21,457,107</u>	<u>\$ 14,232,776</u>	<u>\$ 7,224,331</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2021**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2020	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2021	Cumulative Expenditures
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Northern Virginia Transportation Commission

Virginia Department of Rail and Public Transportation (DRPT)

Capital:

Fiscal Year 2020	10/25/2019	72519-17	\$ 170,000	\$ -	\$ -	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
Fiscal Year 2018	6/16/2018	72517-09	406,318	-	-	118,201	118,201	118,201	118,201
Fiscal Year 2018	6/22/2018	72517-10	409,901	-	-	409,901	409,901	409,901	409,901
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	115,038	115,038	115,038	-	221,105
Fiscal Year 2016	11/30/2015	72516-05	68,500	39,097	39,097	-	-	-	39,496
Fiscal Year 2016	11/30/2015	72513-34	460,561	-	7,748	7,748	7,748	-	460,561
Fiscal Year 2016	11/30/2015	72513-18	164,624	-	-	164,624	164,624	164,624	164,624
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	-	-	-	-	-
Fiscal Year 2011	7/17/2012	72511-03	771,612	56,402	56,402	53,925	53,925	53,925	771,612
Fiscal Year 2011	10/5/2010	72511-04	100,000	24,404	24,404	60,358	60,358	60,358	84,762
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2014	1/7/2014	72510-15	221,540	704	23,257	22,553	22,553	-	115,793
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	81,710	131,768	131,768	50,058	131,768
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	1,149	-	(1,149)	(1,149)	-	25,040
Fiscal Year 2008	8/12/2008	72508-09	175,560	-	141,235	141,235	141,235	-	141,235
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	5,029	5,029	5,029	-	102,190
Fiscal Year 2008	4/5/2012	72508-52	320,000	2,663	26,027	28,030	28,030	4,666	75,796
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	316	316	316	-	114,608
Fiscal Year 2007	8/12/2008	72507-31	118,973	1,365	1,945	580	580	-	56,963
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	26,397	84,602	58,205	58,205	-	171,693

Capital and Operating - WMATA:

Fiscal Year 2021	7/20/2020	73621-01	39,754,401	-	39,754,401	39,754,401	39,754,401	-	39,754,401
Fiscal Year 2021	10/1/2020	73621-02	39,754,401	-	39,754,401	39,754,401	39,754,401	-	39,754,401
Fiscal Year 2021	12/17/2020	73621-03	94,120,399	-	94,120,399	94,120,399	94,120,399	-	94,120,399

Special Projects:

Fiscal Year 2021									
Regional Mktng Camp.	9/1/2020	71321-01	320,000	-	304,763	319,280	319,280	14,517	319,280
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	17,335	63,453	69,808	69,808	23,690	146,839
Fiscal Year 2019									
Regional Mktng Camp.	3/21/2019	71319-11	316,580	13,512	13,512	-	-	-	304,665

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
 Year Ended June 30, 2021**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2020</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2021</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Special Projects (continued):									
Fiscal Year 2021									
Intern Program	12/17/2020	71221-03	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2020									
Intern Program	11/17/2019	71220-04	40,000	-	-	2,534	2,534	2,534	2,534
Total State Assistance - NVTC			\$ 182,876,190	\$ 183,028	\$ 174,617,739	\$ 175,507,185	\$ 175,507,185	\$ 1,072,474	\$ 177,779,697

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2021

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2020	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2021	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2016-2020	12/13/17, 9/16/15	50012	\$ 11,469,882	\$ 751,488	\$ 751,490	\$ 2	\$ 2	\$ -	\$ 10,176,999
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	279,207	279,208	1	1	-	1,603,797
Fiscal Year 2022-2023		10021-63	-	-	-	33,583	33,583	33,583	33,583
Fiscal Year 2021-2023	3/10/2021	10021-23,24 / 50031	5,450,745	163,317	-	(163,317)	(163,317)	-	-
Fiscal Year 2020	9/23/2019	50034	2,893,400	658,751	658,752	1	1	-	2,619,763
N/A	N/A	10021-26 / 50037	-	710	-	(710)	(710)	-	-
Fiscal Year 2021-2026	2/4/2021	50043	5,569,390	-	824,974	824,974	824,974	-	824,974
Fiscal Year 2021	12/11/220	73021-65	374,000	-	-	-	-	-	-
Fiscal Year 2020	10/1/2020	73020-47	309,018	995,482	309,018	(531,955)	(531,955)	154,509	463,527
Fiscal Year 2021	10/1/2020	73020-48	670,613	-	670,613	670,613	670,613	-	670,613
Fiscal Year 2019	4/2/2019	10021-35 / 72519-26	23,483,000	-	-	-	-	-	-
Fiscal Year 2020	6/11/2021	72519-20	28,120,000	-	-	-	-	-	-
Fiscal Year 2020	5/27/2020	72519-22	64,287,000	-	-	-	-	-	-
Fiscal Year 2020	4/9/2020	72519-24	9,125,000	-	-	-	-	-	-
N/A	N/A	73019-86	-	13,715	-	64,602	64,602	78,317	78,317
Fiscal Year 2021	10/1/2020	73019-87	477,970	-	-	-	-	-	-
Fiscal Year 2019	9/10/2018	73018-72	582,214	2,229	17,434	15,205	15,205	-	529,336
Fiscal Year 2020	9/23/2019	73018-73	61,824	67,554	61,824	(5,730)	(5,730)	-	61,824
N/A	N/A	73018-74	-	59,806	-	(59,806)	(59,806)	-	-
Fiscal Year 2021	10/1/2020	73018-75	784,000	-	-	-	-	-	-
N/A	N/A	73017-73	-	174,963	-	(60,148)	(60,148)	114,815	114,815
Fiscal Year 2019	9/10/2018	73017-74	4,284,000	-	-	-	-	-	-
Fiscal Year 2020	9/23/2019	73017-75	784,000	168,301	158,085	342,656	342,656	352,872	510,957
Fiscal Year 2017	2/5/2018	73017-77	192,000	-	64,122	64,122	64,122	-	192,000
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	19,461	19,461	19,461	-	19,461
Fiscal Year 2020	9/23/2019	73117-62	46,368	46,368	46,368	-	-	-	46,368
N/A	N/A	76517-01	-	420,637	-	(420,637)	(420,637)	-	-
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	-	-	-	-	-	276,606
Fiscal Year 2016	2/5/2019	73016-87	464,000	138,063	173,359	35,296	35,296	-	225,541
Fiscal Year 2016	2/5/2018	73016-88	120,000	684	147	(537)	(537)	-	39,336
N/A	N/A	73015-75	-	-	-	207,571	207,571	207,571	207,571
Fiscal Year 2015	2/29/2016	73015-94	1,705,189	-	-	-	-	-	1,472,288
Fiscal Year 2015	2/8/2016	73015-95	840,000	36,134	15,803	20,723	20,723	41,054	498,470
Fiscal Year 2015	10/14/2016	73015-96	64,000	-	64,000	64,000	64,000	-	64,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2021**

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2020	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2021	Cumulative Expenditures
Virginia Railway Express (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued)									
Fiscal Year 2015	10/14/2016	73015-98	\$ 879,572	\$ 114,392	\$ 363,654	\$ 1,166,872	\$ 1,166,872	\$ 917,610	\$ 1,591,783
Fiscal Year 2019	9/10/2018	73115-72	2,720,428	-	-	125,466	125,466	125,466	125,466
Fiscal Year 2014	3/29/21, 2/2/16	10021-30 / 72514-07	200,000	-	-	-	-	-	-
Fiscal Year 2013	1/6/2014	72513-12	400,000	5,464	-	(5,464)	(5,464)	-	100,394
Fiscal Year 2010	3/29/21, 1/6/14	10021-28 / 72510-68	200,000	27,112	-	(27,112)	(27,112)	-	-
Fiscal Year 2010	1/21/2011	10021-29 / 72510-75	821,902	137,315	137,127	193,954	193,954	194,142	571,787
Operating:									
Fiscal Year 2021	7/20/2020	72021-23	2,418,033	-	2,418,033	2,418,033	2,418,033	-	2,418,033
Fiscal Year 2021	9/25/2020	72021-54	2,418,033	-	2,418,033	2,418,033	2,418,033	-	2,418,033
Fiscal Year 2021	12/17/2020	72121-14	7,189,737	-	7,189,737	7,189,737	7,189,737	-	7,189,737
IPROC									
N/A	N/A	10021-17 / 78016-07	-	385,431	445,393	424,131	424,131	364,169	1,392,032
Rail Enhancement Fund:									
N/A	N/A	10021-04 / 76518-04	707,000	35,547	-	657,546	657,546	693,093	693,093
N/A	N/A	10021-05 / 76518-05	2,226,000	34,050	-	(4,406)	(4,406)	29,644	29,644
Third Track Spotsylvani	5/10/2013	10021-39 / 76513-11	13,856,292	246,982	262,131	15,149	15,149	-	13,619,062
Gainsville-Haymarket	5/10/2013	10021-38 / 76509-02	2,785,714	475,174	501,074	25,900	25,900	-	2,785,714
Eligible expenditures accrued, not yet assigned to specific grants									
		N/A	N/A	(23,651)	-	732,943	732,943	709,292	695,576
Total State Assistance - VRE			206,574,078	5,415,225	17,849,840	16,450,752	16,450,752	4,016,137	54,360,500
Total State Assistance - NVTC and VRE			\$ 389,450,268	\$ 5,598,253	\$ 192,467,579	\$ 191,957,937	\$ 191,957,937	\$ 5,088,611	\$ 232,140,197

*N/A indicates contract not executed as of June 30, 2021.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2021**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2020	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2021	Cumulative Expenditures
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Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)

Virginia Department of Rail and Public Transportation (DRPT)

Capital:

Fiscal Year 2021

Arlington County	3/7/2021	73021-53	\$ 312,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	3/7/2021	73021-54	353,600	-	-	-	-	-	-
Arlington County	3/7/2021	73021-55	503,880	-	-	44,572	44,572	44,572	44,572
Arlington County	3/7/2021	73021-56	1,647,923	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-57	2,040,000	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-58	24,480	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-59	170,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-60	816,000	-	352,435	352,435	352,435	-	352,435
Fairfax County	3/5/2021	73021-61	1,955,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-62	102,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-63	68,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-64	102,000	-	96,154	96,154	96,154	-	96,154

Fiscal Year 2020

Arlington County	10/11/2019	73020-26	350,200	44,795	217,960	173,165	173,165	-	350,200
Arlington County	10/11/2019	73020-28	54,400	-	54,400	54,400	54,400	-	54,400
Arlington County	10/11/2019	73020-30	250,240	-	146,329	146,329	146,329	-	146,329
City of Alexandria	10/11/2019	73020-31	612,000	-	151,832	151,832	151,832	-	151,832
City of Alexandria	10/11/2019	73020-32	1,659,921	1,659,921	1,659,921	-	-	-	1,659,921
City of Alexandria	1/28/2020	73020-33	4,486,633	-	2,247,375	4,486,633	4,486,633	2,239,258	4,486,633
City of Alexandria	1/28/2020	73020-34	660,000	-	-	-	-	-	-
City of Fairfax	9/23/2019	73020-37	42,742	30,432	30,432	-	-	-	30,432
City of Fairfax	3/26/2020	73020-38	12,240	-	12,240	12,240	12,240	-	12,240
Fairfax County	10/11/2019	73020-39	544,000	-	544,000	544,000	544,000	-	544,000
Fairfax County	10/11/2019	73020-40	102,000	-	33,459	33,459	33,459	-	33,459
Fairfax County	10/11/2019	73020-41	51,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-42	306,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-43	306,000	-	43,690	43,690	43,690	-	43,690
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-45	326,400	-	-	-	-	-	260,016

Fiscal Year 2019

Arlington County	11/8/2018	73019-32	306,000	-	-	-	-	-	-
Arlington County	11/8/2018	73019-33	5,962,928	2,048,354	2,118,042	69,688	69,688	-	5,755,953
Arlington County	11/8/2018	73019-34	1,020,000	20,916	128,854	132,145	132,145	24,207	153,797
Arlington County	11/8/2018	73019-35	148,000	5,908	5,908	-	-	-	121,639
Arlington County	11/8/2018	73019-36	190,000	15,363	106,015	162,406	162,406	71,754	203,437
Arlington County	11/8/2018	73019-37	126,310	-	-	-	-	-	-
City of Alexandria	6/20/2019	73019-38	2,635,680	995,106	995,106	-	-	-	2,570,428

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2021**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2020	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2021	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2019 (continued)									
City of Alexandria	10/25/2019	72519-17	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax County	12/14/2018	73019-41	2,210,000	-	31,698	31,698	31,698	-	1,227,404
Fairfax County	8/6/2019	73019-42	5,950,000	-	1,293,055	1,293,055	1,293,055	-	1,293,055
Fairfax County	8/6/2019	73019-43	3,740,000	-	63,508	63,508	63,508	-	1,768,874
Fairfax County	12/14/2018	73019-45	76,500	-	75,586	75,586	75,586	-	75,586
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-
Fairfax County	8/6/2019	73019-48	357,000	-	80,023	80,023	80,023	-	203,294
Fairfax County	4/20/2020	73019-88	1,124,651	-	-	-	-	-	-
Fairfax County	4/20/2020	73019-89	930,750	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-54	979,880	63,050	189,648	126,598	126,598	-	299,378
Fairfax County	12/14/2017	73018-60	8,500,000	-	129,494	129,494	129,494	-	8,498,026
Fiscal Year 2017									
Arlington County	10/26/2016	73017-57	172,380	-	17,183	17,183	17,183	-	53,419
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
City of Alexandria	6/22/2018	72517-10	409,901	-	-	-	-	-	-
City of Alexandria	6/20/2017	73117-58	204,000	-	-	-	-	-	60,480
Fiscal Year 2016									
City of Alexandria	11/2/2015	73016-70	816,000	-	29,017	29,017	29,017	-	327,661
Fairfax County	9/24/2015	73016-73	1,870,000	-	19,180	19,180	19,180	-	1,846,406
Operating									
Fiscal Year 2021									
Arlington County	12/1/2020	72021-19	1,778,048	-	1,778,048	1,778,048	1,778,048	-	1,778,048
Arlington County	12/1/2020	72121-10	1,983,194	-	1,983,194	1,983,194	1,983,194	-	1,983,194
City of Alexandria	9/10/2020	72021-20	2,084,168	-	2,084,168	2,084,168	2,084,168	-	2,084,168
City of Alexandria	11/12/2020	72021-51	2,621,533	-	2,621,533	2,621,533	2,621,533	-	2,621,533
City of Fairfax	7/20/2020	72021-21	377,830	-	377,830	377,830	377,830	-	377,830
City of Fairfax	2/4/2021	72121-12	461,687	-	461,687	461,687	461,687	-	461,687
Fairfax County	12/17/2020	72021-22	7,807,954	-	7,807,954	7,807,954	7,807,954	-	7,807,954
Fairfax County	12/17/2020	72121-53	8,297,808	-	8,297,808	8,297,808	8,297,808	-	8,297,808
Total State Assistance - Jurisdiction Trust Fund			\$ 88,487,116	\$ 4,883,845	\$ 36,284,766	\$ 33,780,712	\$ 33,780,712	\$ 2,379,791	\$ 58,784,414

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2020</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2021</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission</u>									
Federal Transit Administration									
	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ 1,115,626	\$ 1,115,626	\$ 1,115,626	\$ -	\$ 4,144,941
	20.507	VA 95-0106	3,028,000	-	-	-	-	-	2,053,962
	20.500	VA 04-0022	1,442,203	5,462	7,782	2,320	2,320	-	205,032
	20.500	VA 04-0024	997,710	-	-	-	-	-	788,990
	20.500	VA 04-0029	1,668,154	-	346,958	547,188	547,188	200,230	1,309,063
	20.500	VA 04-0033	1,761,000	179,225	179,225	-	-	-	777,080
	20.500	VA 04-0048	1,640,700	4,598	7,626	3,028	3,028	-	112,104
	20.522	VA 39-0004	800,000	-	-	-	-	-	658,856
	20.500	VA 03-0117	1,490,000	-	-	-	-	-	1,416,342
	20.507	VA 2017-021	2,468,105	-	416,225	1,199,563	1,199,563	783,338	1,199,563
		Total Federal Assistance - NVTC	\$ 19,440,813	\$ 189,285	\$ 2,073,442	\$ 2,867,725	\$ 2,867,725	\$ 983,568	\$ 12,665,933

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2021

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

Federal Grantor / Program Title	Federal Assistance Listing Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 547,188	\$ 547,188
VA 04-0022	20.500	2,320	2,320
VA 04-0048	20.500	3,028	3,028
Total Federal Capital Investment Grants		<u>552,536</u>	<u>552,536</u>
Federal Transit Formula Grants:			
VA 95-0082	20.507	1,115,626	1,115,626
VA 2017-021	20.507	1,199,563	1,199,563
Total Federal Transit Formula Grants		<u>2,315,189</u>	<u>2,315,189</u>
Total Federal Transit Cluster		<u>2,867,725</u>	<u>2,867,725</u>
Total Department of Transportation		<u>2,867,725</u>	<u>2,867,725</u>
Total Expenditures of Federal Awards		<u>\$ 2,867,725</u>	<u>\$ 2,867,725</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

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

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

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

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

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

Note 2. Summary of Significant Accounting Policies

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Summary of Significant Accounting Policies (Continued)

For fiscal year 2021, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$1,545,702 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

Note 3. Indirect Cost Rate

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



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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 19, 2021



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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2021. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 19, 2021

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No
 Significant deficiencies identified? Yes None Reported
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No
 Significant deficiencies identified? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes No

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
Federal Transit Cluster: 20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

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

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

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