



**NORTHERN VIRGINIA
TRANSPORTATION AUTHORITY**
FINANCIAL AND COMPLIANCE REPORTS
Year Ended June 30, 2025

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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Introductory Section

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

Honorable Phyllis J. Randall, NVTa Chair; *Loudoun County*
Honorable David Snyder, NVTa Vice Chair; *City of Falls Church*
Honorable Jennifer Boysko, *Virginia Senate*
Honorable Michelle Davis-Younger, *City of Manassas*
Honorable Karrie Delaney, *Virginia Speaker of the House of Delegates Appointee*
Honorable Matt de Ferranti, *Arlington County*
Honorable Alyia Gaskins, *City of Alexandria*
DJ Gribbin, *Gubernatorial Appointee,*
Commonwealth Transportation Board Member
Honorable Deshundra Jefferson, *Prince William County*
Honorable Jeffrey C. McKay, *Fairfax County*
Honorable Alanna Mensing, *City of Manassas Park*
Honorable Catherine S. Read, *City of Fairfax*
Honorable Briana D. Sewell, *Virginia Speaker of the House of Delegates Appointee*

Non-Voting Members

Bill Cuttler, P.E. *Northern Virginia District Engineer,*
Virginia Department of Transportation
Tiffany Robinson, *Director, Virginia*
Department of Rail and Public Transportation

Town Representative

Honorable Linda Colbert, *Town of Vienna*

Certain Authority Staff

Monica Backmon, *Chief Executive Officer*
Michael Longhi, *Chief Financial Officer*
Margaret Teal, CPA, *Deputy Chief Financial Officer*
Lu Han, CPA
Lauren Wilber, CPA
Dev Priya Sen

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Northern Virginia Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Authority, as of June 30, 2025, and the respective changes in financial position, and the budgetary comparisons thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 14 and the required supplementary information on pages 65 – 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedules of general and administration expenditures, changes in net position by jurisdiction – local distribution fund (30%), changes in restricted funding for appropriated projects – regional revenue fund, and restricted approved funding for FY2025-FY2029 adopted programs for the regional revenue fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedules of general and administration expenditures, changes in net position by jurisdiction – local distribution fund (30%), changes in restricted funding for appropriated projects – regional revenue fund, and restricted approved funding for FY2025-FY2029 adopted programs for the regional revenue fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 15, 2025

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2025.

The Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 under Title 33.2-2500 of the *Code of Virginia*. In 2013, House Bill 2313 (HB2313) established a dedicated annual revenue source for the Authority to fulfill its legislative mandates.

The Authority is charged with long-range, regional transportation planning for Northern Virginia. It sets transportation policies and priorities guided by performance-based criteria such as improving travel times, reducing delays, connecting activity centers, enhancing safety, improving air quality, and moving people cost-effectively.

Member jurisdictions include Arlington, Fairfax, Loudoun, and Prince William Counties and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. The Authority has 17 voting members (chief elected officials or designees, General Assembly appointees, and Governor appointees, including a Commonwealth Transportation Board member) and several non-voting state and local representatives.

The Authority develops and updates TransAction, Northern Virginia's long-range multimodal transportation plan through 2045, most recently updated in December 2022. A Request for Proposals for the next update, through 2050, has been issued with a contract award anticipated in FY2026.

All Authority revenues and debt proceeds must be used for transportation benefiting member jurisdictions. By statute, 30% of revenues are distributed directly to jurisdictions for eligible projects they select under §33.2-2510, while 70% is pledged first to debt service, with the remaining funds used for regional projects and TransAction updates.

The 2020 Omnibus Transportation Bill (HB1414/SB890) restructured statewide transportation funding, creating a \$0.10 per \$100 regional congestion fee on deed recordation, providing a \$20 million annual transfer from the Commonwealth Transportation Fund, and allocating 8.4% of the Interstate Operations and Enhancement Program to Northern Virginia. The Authority's primary revenue source is a .7% sales tax levy.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- With the Authority's growing investment in multimodal transportation projects, NVTA expanded its focus on project delivery efforts in fiscal year 2025. This included updating and modernizing the Monthly Project Status Report which increased transparency to both the Authority and the public by providing clear representation of the progress of NVTA's funding programs and regional investments. NVTA also enhanced the Quarterly Analysis that tracks project performance and compliance with NVTA policies and re-initiating Project Sponsor meetings to strengthen collaboration and improve issue resolution. This increased focus resulted in a 42.4% increase in reimbursement requests totaling \$196 million, Project Close Outs that returned \$11.4 million to the Regional Revenue Fund, and five voluntary project cancellations that returned \$134 million to the Regional Revenue Fund.

- Additionally, in fiscal year 2025, NVTa continued its initiative to develop a plan for a regional Bus Rapid Transit (BRT) system. Outlining 28 potential routes to expand connectivity across the Washington-Metropolitan Area, NVTa's BRT Action Plan builds upon the more than \$880 million in NVTa investments across five BRT segments currently operating or under development within Northern Virginia. The BRT Action Plan provides a strong blueprint for jurisdictions and agencies to develop BRT lines incrementally in addition to supplying the information necessary to demonstrate how they can successfully function as an integrated system once fully implemented.
- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,044,182,758 (net position) for the fiscal year ended June 30, 2025. Of this amount, \$8,673,488, including \$1.040 million in Operating Reserves, is classified as unrestricted net position and may be used to cover the Authority's ongoing obligations. The restricted portion of the net position, amounting to \$2,036,054,754, is designated exclusively for regional transportation purposes. It should be noted the funds composing Restricted Net Position have been allocated by the Authority for specific regional transportation projects which meet the goals, purposes, and mandates of the Authority and Title 33.2- 2500 of the *Code of Virginia* revenue source.

The outstanding debt is related to the series 2014 bonds that were issued in December 2014. At this time, the Authority has not issued additional debt.

- For the fiscal year ended June 30, 2025, the Authority's governmental activities generated \$547.6 million in intergovernmental revenue and investment earnings, net of premium and discount amortization, changes in fair value. This represents a \$31.9 million increase compared to June 30, 2024. The revenue changes included a \$9 million increase in sales tax revenues, a \$3.9 million increase in regional congestion relief fee revenues, a \$530,106 decline from the Interstate Operations and Enhancement Program (IOEP) transfer, a \$46,283 decrease in the Commonwealth fund interest income and a \$19.5 million increase in net investment revenue. The significant increase in investment revenue is discussed below.
- In fiscal year 2025, the IOEP transfer from the Commonwealth of Virginia was \$530,106 less compared to fiscal year 2024, representing a 21.5% decrease from the estimate provided by the Virginia Department of Transportation. The Authority annually receives 8.4% of the allocated funds from the IOEP, as approved by the Commonwealth Transportation Board. However, the Authority lacks visibility into the fund's activity at the Commonwealth level in order to make independent revenue estimates.
- In fiscal year 2025, the Authority's investment earnings, net of premium and discount amortization and increase in fair value, totaled \$110.2 million, indicating a substantial increase of \$19.5 million compared to the previous fiscal year. This surpasses the budget estimates for 2025 by \$75 million. The increase in FY2025 investment earnings reflects the reinvestment of prior lower yield positions at higher interest rates and longer maturities. Those maturities with stronger yields are now boosting income. Although the Federal Reserve began cutting rates early in FY2025, the pace was gradual, and rates stayed elevated for much of the year, allowing maturing securities to be reinvested at favorable yields and locking in stronger income streams. This extended period of higher rates also helped stabilize bond markets, and together with the Authority's hold-to-maturity strategy, these factors produced stronger portfolio performance than budgeted.
- The favorable budget variance in investment earnings serves as a robust revenue safeguard, effectively offsetting the fluctuations in regional fund revenues. These regional fund revenues support the projects that have been adopted and appropriated by the Authority for funding through the most recently approved six-year program spanning from FY2024 to FY2029 and will continue to support the upcoming funding program for FY2026 to FY2031.

- For the fiscal year ended June 30, 2025, the Statement of Activities reports total expenses of \$335 million, primarily for project reimbursements and local distribution fund expenditures. This represents a \$63 million increase from FY2024, largely due to higher project reimbursements driven by a greater focus on project delivery. Distributions of 30% of Local Distribution funds to member jurisdictions, as mandated by Title 33.2-2500 of the *Code of Virginia*, totaled \$131.5 million. This aligns with the slight increase in revenues mentioned earlier, representing a small increase of \$3.8 million from the previous year. Project cost distributions, representing reimbursements for project expenses requested from project sponsors, totaled \$196.1 million. This reflects an increase of \$58.4 million in comparison to June 30, 2024. It's important to note that the Authority operates on a reimbursement basis rather than providing grants. Consequently, the Authority has limited control over the timing of project sponsors' submission of reimbursement requests for incurred project costs.

Highlights for Fund Financial Statements

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

- The Authority's General Fund reported a fund balance increase of \$1.1 million in fiscal year 2025, compared to a \$1.6 million increase in fiscal year 2024. As of June 30, 2025, the General Fund balance was \$4.5 million, up from \$3.4 million the previous year, and includes \$1.2 million classified as committed, assigned and non-spendable. A portion of the increase will be allocated to the fiscal year 2026 budget to fully fund the Web Development Redesign project, which had been budgeted at \$250,000 over the past two fiscal years. Additionally, \$75,730 is allocated to the final billing for the completion of the Program Information Management and Monitoring System (PIMMS) enhancement, which included a new NOVA Gateway dashboard for projects funded with Authority 30% local distribution funds which increased transparency for the Authority and the public.
- General and administrative expenses for the operation of the Authority for fiscal year 2025 were funded through a transfer from the Regional Revenue Fund to the General Fund in accordance with Senate Bill 1468 (2019). Each fiscal year, the Authority, as part of its annual budget adoption, has the option to transfer the operational and administrative budget amount from the Regional Revenue Fund or allocate the expense to member jurisdictions based on population.
- The Authority's Special Revenue Funds (Local Distribution Fund and Regional Revenue Fund) reported an increase in fund balance of \$207.8 million representing funding for adopted regional transportation projects approved by the Authority through the fiscal year 2024 to 2029 six-year funding program. This increases the overall fund balance to \$2 billion as of June 30, 2025, compared to \$1.9 billion at the end of the previous fiscal year. The Restricted for appropriated project's fund balance of \$1.1 billion denotes the amounts appropriated through fiscal year 2025 for approved Standard Project Agreements (projects) for which reimbursement requests have not yet been requested by the project sponsor due to the timing and phases of project completion. Since the Authority allocates the full approved funding amount based in the fiscal year in which the project sponsor commits to the start of reimbursable costs, funds approved but not yet appropriated are included in the \$869.9 million Restricted for projects adopted through FY2029 Funding Program category. Any revenue not yet assigned to an adopted project through FY2029 is rolled over into the next two-year update to the six-year program. A schedule of the Authority's approved funding pending future appropriations can be found in the Supplementary Information section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements presented include all of the activities which are part of the Authority reporting entity using the integrated approach as prescribed by the GASB. The government-wide financial statements present the financial picture of the Authority's governmental activities from the economic resource measurement focus using the accrual basis of accounting.

The fund financial statements include a separate column for each of the major governmental funds and the non-major Debt Service Fund. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

Government-Wide Financial Statements

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

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or declining. Net position is one way to measure financial position, but the reader should also consider other indicators, such as general economic conditions prevalent in the geographic area the Authority serves.

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

For the Authority, revenue is classified as general revenues. General revenues for fiscal year June 30, 2025 include the five intergovernmental revenues and adjustments received, collected, and remitted from the Commonwealth of Virginia: specifically, sales tax, the Northern Virginia transportation district fund transfer, the Interstate Operations Enhancement Program transfer, Regional Congestion Relief fees and interest earned on the Commonwealth's Northern Virginia Transportation Authority Fund.

Fund Financial Statements

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

The Authority adopts annual appropriation budgets for its General Fund and the two Special Revenue Funds. An internal budgetary comparison statement is maintained for the General Fund and Special Revenue Funds to demonstrate compliance with these budgets, which have been provided in the financial statements for fiscal year 2025.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Supplementary Information

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users. Supplementary Information includes a Schedule of Changes in Net Position by Jurisdiction for the Local Distribution Fund (30%), a Schedule of Changes in Restricted Funding for Appropriated Projects in the Regional Revenue Fund (70%) and a Schedule of Restricted Approved Funding for FY2025-FY2029 Adopted Programs for the Regional Revenue Fund (70%).

FINANCIAL ANALYSIS OF THE AUTHORITY REPORTING ENTITY AS A WHOLE

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

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the Authority as of June 30, 2025. Data for June 30, 2024, has been included for comparison purposes.

Summary Statement of Changes in Net Position June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)	% Change
	2025	2024		
Assets				
Current and other assets	\$ 2,154,760,827	\$ 1,903,833,832	\$ 250,926,995	13.2%
Capital assets, net	4,061,494	4,243,627	(182,133)	-4.3%
Total assets	2,158,822,321	1,908,077,459	250,744,862	13.1%
Deferred Outflows of Resources	185,117	229,622	(44,505)	-19.4%
Total assets and deferred outflows of resources	\$ 2,159,007,438	\$ 1,908,307,081	\$ 250,700,357	13.1%
Liabilities				
Current and other liabilities	\$ 68,537,501	\$ 26,365,926	\$ 42,171,575	159.9%
Noncurrent liabilities	46,224,249	50,579,847	(4,355,598)	-8.6%
Total liabilities	114,761,750	76,945,773	37,815,977	49.1%
Deferred Inflows of Resources	62,930	29,270	33,660	115.0%
Total liabilities and deferred inflows of resources	114,824,680	76,975,043	37,849,637	49.2%
Net Position				
Net investment in capital assets	(685,798)	(789,364)	103,566	-13.1%
Restricted	2,036,195,068	1,823,840,624	212,354,444	11.6%
Unrestricted	8,673,488	8,280,778	392,710	4.7%
Total net position	2,044,182,758	1,831,332,038	212,850,720	11.6%
Total liabilities, deferred inflows of resources, and net position	\$ 2,159,007,438	\$ 1,908,307,081	\$ 250,700,357	13.1%

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,044,182,758 on June 30, 2025.

A significant portion of net position, \$2.036 billion, represents funds that have been restricted by Title 33.2-2500 of the *Code of Virginia*. It should be noted that the funds composing this net restricted position have been allocated by the Authority to fund regional transportation projects, which meet the goals, purposes, and mandates of the Authority and Commonwealth appropriated revenue sources. The remaining balance of \$8.1 million, including \$1.04 million of General Fund Operating Reserves, is unrestricted and may be used to meet the Authority's ongoing obligations to its citizens and creditors.

Current assets consist primarily of restricted cash, cash equivalents, investments, and amounts due from the Commonwealth of Virginia. All securities purchased under the investment program are held in the name of the Authority by the custodian. Security Custodian use is required in the Authority's Investment Policy and by the *Code of Virginia*. All security purchase transactions are completed on a 'Delivery vs. Payment' basis as required by the Authority's Investment Policy. As of June 30, 2025, the Authority has approximately \$1.98 billion invested in United States Treasuries, Agencies, Corporate Notes, Commercial Paper, Negotiable Certificates of Deposit, Bank Certificates of Deposit, and Investment Pools.

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

Restricted cash and cash equivalents totaled approximately \$74.2 million of which \$67.9 million is restricted for regional transportation projects approved and appropriated by the Authority and \$6.3 million is held by the Authority's bond trustee. As of June 30, 2025, approximately \$67 million was due from the Commonwealth of Virginia, and \$64 million is due to the Authority's member localities and other project sponsors.

Statement of Activities

The following table presents the revenues, expenses and change in net position of the Authority for the fiscal year ended June 30, 2025. Data for June 30, 2024, has been included for comparison purposes.

Summary Statement of Activities Years Ended June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)	% Change
	2025	2024		
Revenues				
General revenue:				
Intergovernmental	\$ 437,293,019	\$ 424,838,549	\$ 12,454,470	2.9%
Investment earnings	80,463,120	57,316,006	23,147,114	40.4%
Net amortization of premiums & discounts on investments	8,060,714	9,112,018	(1,051,304)	-11.5%
Net increase in fair value of investments	21,741,981	24,321,627	(2,579,646)	-10.6%
Gain on disposition of assets	-	22,343	(22,343)	
Program revenue:				
Capital Contributions	278,820	-	278,820	100.0%
Total revenues	547,837,654	515,610,543	32,227,111	6.3%
Expenses				
General and administration	4,384,688	3,696,246	688,442	18.6%
Jurisdictional distributions (30%)	131,478,011	127,670,388	3,807,623	3.0%
Project cost distributions	196,138,654	137,705,104	58,433,550	42.4%
Transaction update & technical services	126,005	297,816	(171,811)	-57.7%
Preliminary post deployment - bus rapid transit	1,211,707	237,782	973,925	409.6%
Interest	1,647,869	1,688,351	(40,482)	-2.4%
Total expenses	334,986,934	271,295,687	63,691,247	23.5%
Change in net position	212,850,720	244,314,856	(31,464,136)	-12.9%
Beginning net position	1,831,332,038	1,587,017,182	244,314,856	15.4%
Ending net position	\$ 2,044,182,758	\$ 1,831,332,038	\$ 212,850,720	11.6%

For the fiscal year ended June 30, 2025, revenues totaled approximately \$548 million. Expenses totaled approximately \$335 million. For fiscal year 2025, the Authority exercised the option to transfer administrative and operating expenses directly from the Regional Revenue fund as a result of Senate Bill 1468 (2019).

The changes in revenue were comprised of a \$9 million increase in sales tax receipts; a \$3.9 million increase in regional congestion relief fee revenues; a \$530,106 decrease from the IOEP transfer; a \$46,823 decrease in the Commonwealth fund interest income and an increase in net investment revenue of \$19.5 million.

The Authority's investment earnings, net of premium and discount amortization and increase in fair value, for fiscal year 2025 of \$110.2 million exceeds 2025 budget estimates by \$75 million. The positive budget variance in investment earnings provides revenue protection to cover any potential future decreases in the regional fund revenues for the adopted and appropriated projects authorized by the Authority for funding through the fiscal year 2029 approved six-year programs.

Project cost distributions of \$196 million for project sponsor reimbursement of authorized costs represents a \$58 million increase when compared to June 30, 2024. The Authority funds projects on a reimbursement not a grant basis. Therefore, the Authority has limited control over the submission of reimbursement requests for expended project costs by the project sponsors. The fluctuating rate of expenditures for project cost distributions is expected for projects previously approved by the Authority for several years until the project life cycle reaches full maturity and starts to close out.

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

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

General Fund. The General Fund is the operating fund of the Authority. At the end of fiscal year 2025, the General Fund non-spendable fund balance was \$118,382, committed fund balance of \$990,440, assigned fund balance of \$50,000, and unassigned fund balance was \$3,328,176, totaling a fund balance equal to \$4.5 million. The equipment reserve is represented as an assigned fund balance of \$50,000 and the operating reserve of \$990,440 represents the committed fund balance in the General Fund.

The general and administrative expenses in the General Fund increased 11.7% when compared to the previous year. The increase is attributable to increased lease cost; transition costs associated with relocation of the office space and the implementation of the website modernization project.

The fund balance of \$4,486,998 includes \$990,440 committed fund balance. The debt policy adopted on December 12, 2013, revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at a minimum 20% of the General Fund operating expenses. This operating reserve may be used at the discretion of the Chief Executive Officer to cover unanticipated increases in Authority expenditures. If used, the Chief Executive Officer will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

For fiscal year 2025, the Authority exercised the option to transfer the administrative and operating expense budget of \$5,025,647 directly from the Regional Revenue fund as a result of Senate Bill 1468 (2019).

Debt Service Fund. The debt service fund reports financial resources restricted to the payment of principal and interest for the outstanding related series of transportation bonds. The debt service fund is not one of the Authority's major governmental funds. The debt service fund had a fund balance of \$753,892 as of June 30, 2025, on deposit for fiscal year 2026 debt obligations. The Authority contributes monthly to the debt service fund for upcoming debt service payments.

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

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

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

The Regional Revenue Fund balance includes \$2,085,178,349 categorized as restricted fund balance as of June 30, 2025. The majority of the balance, \$1,089,738,953, is fully appropriated for Authority approved project funding, \$120,000,000 is set aside for a Working Capital Reserve and \$5,572,681 for the mandated 2014 series bond debt service reserve. The fund balance also includes \$869,866,715 which is restricted for use for the Authority adopted funding programs through fiscal 2029. The Authority allocates the full approved funding amount based on the fiscal year in which the project sponsor commits to incurring reimbursable costs. Allocated revenue may remain in this category until the next fiscal year while awaiting project initiation. Any revenue not yet assigned to an adopted project is rolled over into the next six-year program funding cycle. A new schedule of the Authority's approved funding pending future appropriations can be found in the Supplementary Information section.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The details of capital assets as of June 30, 2025 and 2024 are as follows:

	Governmental Activities	
	2025	2024
Office Furniture, equipment and intangible right-to-use asset	\$ 4,868,541	\$ 4,590,203
Less accumulated depreciation and amortization	807,047	346,576
Total capital assets, net	\$ 4,061,494	\$ 4,243,627

The Authority's capital assets (net of accumulated depreciation and amortization) as of June 30, 2025, totaled \$4.1 million compared to \$4.2 million in 2024.

Debt Administration

In December 2014, the Authority entered the capital bond market for the first time with bonds designated to replace a short-term Line of Credit obtained in fiscal year 2014 with fixed rate, long term, low cost, permanent financing. Efforts to execute the Authority's approved finance plan resulted in very strong credit ratings of AA+, Aa1 and AA+ with stable outlooks from Fitch, Moody's and Standard & Poor's, respectively. The credit ratings have been reviewed and affirmed by the Credit Rating agencies since the initial rating.

At the end of June 30, 2025, the Authority had debt outstanding in the amount of \$39,440,000, with \$3,575,000 due within one year, for Transportation Special Tax Revenue Bonds, Series 2014. The Authority is amortizing the bond premium from the sale over the life of the bonds. The balance of unamortized bond premium on June 30, 2025 was \$5,666,176. The bonds are secured by the Authority's Regional Revenue and a debt service reserve of \$5,572,681 which was initially established from the proceeds upon issuance of the bonds. Assets of the debt service reserve fund are to be used solely to pay Series 2014 principal and interest. The Authority also has \$4,747,292 of outstanding debt attributed to lease agreements with \$344,919 due within one year.

Economic Factors and Fiscal Year 2025's Budget

- As of the July 1, 2024, Population Estimates for Virginia and its Counties and Cities reports for Northern Virginia, has an estimated population of over 2.591 million which represents an increase of 24,910 or (0.97%) when compared to the previous year's report and a 41,016 increase since the 2020 Census.
- The Commonwealth of Virginia's population has grown by 82,163 or .94% since the previous year and 166,468 since the April 2020 Census. Fairfax County's population increased 10,197 or .89%, Loudoun County's population increased 5,288 or 1.22% since the previous year; Prince William County's increased 4,894 or .99%, and Arlington County's increased 2,525 or 1.04% since last year.
- The Northern Virginia region is responsible for an increase of approximately 8,977 jobs or 0.7% growth based on first quarter 2025 and 2024 data from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
- The average unemployment rate seasonally adjusted, for the Authority's jurisdictions has increased from 2.6% on June 30, 2024 to 3.5% at June 30, 2025, while the rate for the Commonwealth of Virginia has increased from 2.7% on June 30, 2024 to 3.5% at June 30, 2025. Both Northern Virginia and the Commonwealth's unemployment rates were lower than the national rate, which slightly increased from 4.1% at June 2024 to 4.3% on June 30, 2025.
- Median family income average for the Authority's member jurisdictions is approximately \$163,884 or an 2.97% increase, in comparison to \$112,146 or a 4.32% increase in the Commonwealth of Virginia and \$96,922 or 4.62% increase nationally per the U.S. Census Bureau, 2019-2023 5-Year American Community Survey.
- The Authority staff will continue to monitor the broader economic climate and issues that may impact future revenue streams. Employment growth continues to be low, with the unemployment rate increasing during the fiscal year. In addition, volatility in international trade, financial markets, rising interest rates, historically high mortgage rates and persistent high inflation have the potential to continue negatively impact consumer spending.
- The Authority's General Fund operating budget will increase from \$5,025,647 in fiscal year 2025 to \$5,263,402 in fiscal year 2026. The Authority elected to fund the fiscal year 2026 administrative and operating expenses through a transfer from the Regional Revenue Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. For questions about this report or for additional information, contact Michael Longhi, CFO, Northern Virginia Transportation Authority, 2600 Park Tower Dr. Suite 601, Vienna, VA 22180, or by email to mlonghi@thenovaauthority.org.

Basic Financial Statements

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,140,773
Other receivables	27,134,651
Due from other governments	66,979,824
Deposits and prepaid items	118,382
Restricted:	
Cash and cash equivalents	74,249,852
Investments	1,981,997,031
Net pension asset	133,095
Net other post employment benefit asset	7,219
Capital assets (net):	
Office furniture, equipment and intangible right-to-use lease asset	4,061,494
Total assets	2,158,822,321
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	130,793
OPEB-GLI	40,794
OPEB-VLDP	13,530
Total deferred outflows of resources	185,117
LIABILITIES	
Accounts payable	205,268
Accrued liabilities	185,623
Due to other governments	63,927,603
Bond reserves	47,113
Noncurrent liabilities:	
Due within one year:	
Compensated absences	251,975
Leases payable	344,919
Bonds payable	3,575,000
Due in more than one year:	
Net GLI OPEB liability	92,064
Compensated absences	198,636
Leases payable	4,402,373
Bonds payable	41,531,176
Total liabilities	114,761,750
DEFERRED INFLOWS OF RESOURCES	
Pension plan	49,649
OPEB-GLI	11,797
OPEB-VLDP	1,484
Total deferred inflows of resources	62,930
NET POSITION	
Net investment in capital assets	(685,798)
Restricted	2,036,054,754
Restricted for net pension and OPEB assets	140,314
Unrestricted	8,673,488
Total net position	\$ 2,044,182,758

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

		Program Revenues		Net (Expense)
		Operating	Capital	Revenue and
		Grants and	Contributions	Change in
	Expenses	Contributions		Net Position
				Governmental
				Activities
Functions/Programs				
Governmental activities:				
General and administration	\$ 4,384,688	\$ -	\$ 278,820	\$ (4,105,868)
Jurisdictional distributions (30%)	131,478,011	-	-	(131,478,011)
Project cost distributions	196,138,654	-	-	(196,138,654)
Transaction update & technical services	126,005	-	-	(126,005)
Preliminary post deployment - bus rapid transit	1,211,707	-	-	(1,211,707)
Interest	1,647,869	-	-	(1,647,869)
Total governmental activities	\$ 334,986,934	\$ -	\$ 278,820	(334,708,114)
General revenues:				
Intergovernmental revenue:				
Sales tax				362,357,126
Regional congestion relief fee				37,032,038
Interstate operations enhancement program				16,744,248
Northern Virginia transportation district fund transfer				20,000,000
Commonwealth fund interest income				1,159,607
Investment earnings				80,463,120
Net amortization of premiums & discounts on investments				8,060,714
Net increase in fair value of investments				21,741,981
Total general revenues				547,558,834
Change in net position				212,850,720
Net Position, beginning of year				1,831,332,038
Net Position, end of year				\$ 2,044,182,758

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Funds			Non-Major	
	General	Local	Regional	Debt	Total
	Fund	Distribution	Revenue	Service	Governmental
	Fund	Fund	Fund	Fund	Funds
ASSETS					
Cash and cash equivalents	\$ 4,140,773	\$ -	\$ -	\$ -	\$ 4,140,773
Other receivables	317,384	-	26,817,267	-	27,134,651
Due from other governments	-	20,093,947	46,885,877	-	66,979,824
Deposits and prepaid items	118,382	-	-	-	118,382
Restricted cash, cash equivalents and investments	-	6,045	2,055,486,946	753,892	2,056,246,883
Total assets	\$ 4,576,539	\$ 20,099,992	\$ 2,129,190,090	\$ 753,892	\$ 2,154,620,513
LIABILITIES					
Accounts payable	\$ 68,251	\$ -	\$ 137,017	\$ -	\$ 205,268
Accrued liabilities	21,290	-	-	-	21,290
Bond reserves	-	-	47,113	-	47,113
Due to other governments	-	20,099,992	43,827,611	-	63,927,603
Total liabilities	89,541	20,099,992	44,011,741	-	64,201,274
FUND BALANCES					
Nonspendable	118,382	-	-	-	118,382
Restricted - for Bond Debt Service	-	-	5,572,681	753,892	6,326,573
Restricted - working capital reserve	-	-	120,000,000	-	120,000,000
Restricted - for appropriated project funding	-	-	1,089,738,953	-	1,089,738,953
Restricted - for projects adopted through FY2029	-	-	869,866,715	-	869,866,715
Committed	990,440	-	-	-	990,440
Assigned	50,000	-	-	-	50,000
Unassigned	3,328,176	-	-	-	3,328,176
Total fund balances	4,486,998	-	2,085,178,349	753,892	2,090,419,239
Total liabilities and fund balances	\$ 4,576,539	\$ 20,099,992	\$ 2,129,190,090	\$ 753,892	\$ 2,154,620,513

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2025

Reconciliation of fund balances on the Balance Sheet for the governmental funds to the net position of the governmental activities on the Statement of Net Position:		
Fund balances - governmental funds	\$	2,090,419,239
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not current financial resources and therefore, not reported in the governmental funds:		
Capital assets	\$	4,868,541
Less: accumulated depreciation and amortization		<u>(807,047)</u>
		4,061,494
Financial statement elements related to pensions are applicable to future periods and, therefore, not reported in the governmental funds:		
Net pension asset		133,095
Deferred outflows of resources		130,793
Deferred inflows of resources		<u>(49,649)</u>
		214,239
Financial statement elements related to Group Life Insurance (GLI) Program OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net GLI OPEB liability		(92,064)
Deferred outflows of resources		40,794
Deferred inflows of resources		<u>(11,797)</u>
		(63,067)
Financial statement elements related to Virginia Local Disability Program (VLDP) OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net VLDP OPEB asset		7,219
Deferred outflows of resources		13,530
Deferred inflows of resources		<u>(1,484)</u>
		19,265
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(164,333)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		(450,611)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Revenue bonds		(39,440,000)
Premiums on bonds		(5,666,176)
Lease Agreements		<u>(4,747,292)</u>
		(49,853,468)
Net position - governmental activities	\$	<u><u>2,044,182,758</u></u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Year Ended June 30, 2025

	Special Revenue Funds			Non-Major	
	General Fund	Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Sales tax	\$ -	\$ 108,707,138	\$ 253,649,988	\$ -	\$ 362,357,126
Regional congestion relief fee	-	11,109,612	25,922,426	-	37,032,038
Interstate operations enhancement program	-	5,023,274	11,720,974	-	16,744,248
Northern Virginia transportation district fund transfer	-	6,000,000	14,000,000	-	20,000,000
Commonwealth fund interest income	-	347,882	811,725	-	1,159,607
Investment earnings	196,823	290,105	79,871,188	105,004	80,463,120
Net amortization of premiums & discounts on investments	-	-	8,060,714	-	8,060,714
Net increase in fair value of investments	-	-	21,741,981	-	21,741,981
Total revenues	196,823	131,478,011	415,778,996	105,004	547,558,834
Expenditures					
Current:					
General and administration	3,983,830	-	-	-	3,983,830
Jurisdictional distributions (30%)	-	131,478,011	-	-	131,478,011
Project cost distributions	-	-	196,138,654	-	196,138,654
Transaction update & technical services	-	-	126,005	-	126,005
Preliminary post deployment - bus rapid transit	-	-	1,211,707	-	1,211,707
Debt service:					
Principal	298,637	-	-	3,405,000	3,703,637
Interest	116,247	-	-	2,142,250	2,258,497
Capital outlay:					
Leases	24,553	-	-	-	24,553
Total expenditures	4,423,267	131,478,011	197,476,366	5,547,250	338,924,894
Excess (deficiency) of revenues over (under) expenditures	(4,226,444)	-	218,302,630	(5,442,246)	208,633,940
Other Financing Sources (Uses)					
Issuance of lease	24,553	-	-	-	24,553
Tenant improvement lease allowance incentive	278,820	-	-	-	278,820
Transfers in	5,025,647	-	-	5,595,376	10,621,023
Transfers out	-	-	(10,621,023)	-	(10,621,023)
Total other financing sources (uses), net	5,329,020	-	(10,621,023)	5,595,376	303,373
Net change in fund balances	1,102,576	-	207,681,607	153,130	208,937,313
Fund Balances, beginning of year	3,384,422	-	1,877,496,742	600,762	1,881,481,926
Fund Balances, end of year	\$ 4,486,998	\$ -	\$ 2,085,178,349	\$ 753,892	\$ 2,090,419,239

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$	208,937,313
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.

Add - Expenditures for capital & right-to-use assets	\$	293,698
Deduct - depreciation and amortization expense		(464,216)
		(170,518)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(11,615)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension expense		31,026
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Governmental funds report Other Post Employment benefits (OPEB) contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as an OPEB expense.

Group Life Insurance (GLI) OPEB expense		3,501
Virginia Local Disability Program (VLDP) OPEB expense		2,418
		5,919

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

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

Issuance of lease		(24,553)
Adjustment of lease liability due to remeasurement		11,615
Principal payment on lease agreements		298,637
Principal payment on revenue bonds		3,405,000
		3,690,699

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following is a summary of items supporting this adjustment:

Compensated absences		(242,732)
Change in accrued interest payable		14,188
Amortization of premiums on bonds payable		596,440
		367,896

Change in net position of governmental activities	\$	212,850,720
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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenue				
Investment Earnings	\$ -	\$ -	\$ 196,823	\$ 196,823
Total revenues	-	-	196,823	196,823
Expenditures				
Current:				
General and administration	\$ 5,342,799	\$ 5,342,799	\$ 3,983,830	\$ (1,358,969)
Debt service:				
Principal	-	-	298,637	298,637
Interest	-	-	116,247	116,247
Capital outlay:				
Leases	-	-	24,553	24,553
Total expenditures	5,342,799	5,342,799	4,423,267	(919,532)
Deficiency of revenues under expenditures	(5,342,799)	(5,342,799)	(4,423,267)	919,532
Other Financing Sources				
Issuance of lease	-	-	24,553	24,553
Tenant improvement lease allowance incentive	-	-	278,820	278,820
Transfer from Regional Revenue Fund for operations	5,025,647	5,025,647	5,025,647	-
Total other financing sources	5,025,647	5,025,647	5,329,020	303,373
Net change in fund balance	(317,152)	(317,152)	1,102,576	1,222,905
Fund Balance, beginning of year	-	-	3,384,422	3,384,422
Fund Balance, end of year	\$ (317,152)	\$ (317,152)	\$ 4,486,998	\$ 4,804,150

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – LOCAL DISTRIBUTION Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	\$ 100,823,259	\$ 100,823,259	\$ 108,707,138	\$ 7,883,879
Regional congestion relief fee	15,535,235	15,535,235	11,109,612	(4,425,623)
Interstate operations enhancement program	6,399,960	6,399,960	5,023,274	(1,376,686)
Northern Virginia transportation district fund transfer	6,000,000	6,000,000	6,000,000	-
Commonwealth fund interest income	105,000	105,000	347,882	242,882
Investment earnings	-	-	290,105	290,105
Total revenues	128,863,454	128,863,454	131,478,011	2,614,557
Expenditures				
Current:				
Jurisdictional distributions (30%)	128,863,454	128,863,454	131,478,011	2,614,557
Total expenditures	128,863,454	128,863,454	131,478,011	2,614,557
Excess of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – REGIONAL REVENUE FUND Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	\$ 235,254,269	\$ 235,254,269	\$ 253,649,988	\$ 18,395,719
Regional congestion relief fee	36,248,883	36,248,883	25,922,426	(10,326,457)
Interstate operations enhancement program	14,933,245	14,933,245	11,720,974	(3,212,271)
Northern Virginia transportation district fund transfer	14,000,000	14,000,000	14,000,000	-
Commonwealth fund interest income	245,000	245,000	811,725	566,725
Investment earnings	35,000,000	35,000,000	79,871,188	44,871,188
Net amortization of premiums & discounts on investments	-	-	8,060,714	8,060,714
Net decrease in fair value of investments	-	-	21,741,981	21,741,981
Total revenues	335,681,397	335,681,397	415,778,996	80,097,599
Expenditures				
Current:				
Project cost distributions	1,292,808,210	1,292,808,210	196,138,654	(1,096,669,556)
Transaction update & technical services	1,534,702	1,534,702	126,005	(1,408,697)
Preliminary post deployment - bus rapid transit	1,762,217	1,762,217	1,211,707	(550,510)
Total expenditures	1,296,105,129	1,296,105,129	197,476,366	(1,098,628,763)
Deficiency of revenues under expenditures	(960,423,732)	(960,423,732)	218,302,630	1,178,726,362
Other Financing Uses				
Transfers for debt service	(5,547,250)	(5,547,250)	(5,595,376)	(48,126)
Transfer for operations	(5,025,647)	(5,025,647)	(5,025,647)	-
Total other financing uses	(10,572,897)	(10,572,897)	(10,621,023)	(48,126)
Net change in fund balance	(970,996,629)	(970,996,629)	207,681,607	1,178,678,236
Fund Balance, beginning of year	-	-	1,877,496,742	1,637,249,774
Fund Balance, end of year	\$ (970,996,629)	\$ (970,996,629)	\$ 2,085,178,349	\$ 2,815,928,010

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

The Authority is responsible for developing and updating TransAction for use to evaluate regional transportation projects in Northern Virginia. TransAction is Northern Virginia’s geographically and fiscally unconstrained long-range, multimodal transportation plan, addressing regional transportation needs through 2045. TransAction is updated every five years. The Authority adopted the most recent update to TransAction, in December 2022 and issued a Request for Proposals for the next update with a contract award anticipated in FY2026.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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

NVTA updates the Six Year Program every two years by allocating funding to regionally significant multimodal transportation projects for the next two projected fiscal years. The most recent update to the Six Year Program, FY2024 through FY2029, was adopted by the Authority in July 2024.

Pursuant to the Virginia General Assembly's, 2020 Omnibus Transportation Bill, House Bill 1414/Senate Bill 890, (HB1414/SB890), effective on July 1, 2020, the General Assembly amended numerous laws related to transportation funds, revenue sources, construction, and safety programs. The bill adopted numerous structural changes to the transportation funding system in the Commonwealth. In Northern Virginia, this resulted in the creation of a new regional congestion fee imposed at a rate of \$0.10 per \$100 for the recordation of conveyance of a deed. In addition, the Omnibus Transportation Bill provided a \$20 million transfer from the Commonwealth Transportation Fund to the Authority and revised the Interstate Operations and Enhancement Program funding to an annual allocation of 8.4% of funds available each year from the Commonwealth of Virginia's Interstate Operations and Enhancement Program.

B. Government-wide and Fund Financial Statements

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

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

Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function. Direct expenses are those that are clearly identifiable with a specific function. The Government-wide Statement of Activities is designed to report to the degree to which the direct expenses of a given function are offset by program revenues except as below.

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

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

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of taxes and fees from the Commonwealth of Virginia and local operating contributions, are recognized in the period the funding is made available.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting. However, debt service principal and interest expenditures, including lease and subscription liabilities as well as expenditures related to compensated absences and claims and judgments, postemployment benefits are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Authority the right to use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology arrangements are reported as other financing sources. The individual Government Funds are:

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Budgeting

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

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

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

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

2. Investments

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

3. Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments as reported in the Statement of Net Position are comprised of funds that shall be used solely for regional transportation purposes benefiting the

member jurisdictions and funds related to bond compliance requirements. Bond proceeds are maintained in compliance with the provisions of the Tax Reform Act of 1986 and as required by the Authority's Master Indenture of Trust. Investments are stated at fair value based on quoted market prices.

4. Fair Value Measurements

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

5. Prepaid Items

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

6. Capital Assets

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital Assets (Continued)

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2025.

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

7. Pensions

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

8. Group Life Insurance Program

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Virginia Local Disability Program

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

10. Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or will be paid out to an employee upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences, vacation and sick leave. Policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Authority's service. The liability for such leave is reported as incurred in the government-wide statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The Authority's policy permits full and part time employees to accumulate earned and unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. Employees with zero to ten (10) years of service may carry-over a maximum of 240 hours of accumulated leave. Employees with more than 10 years of service may accumulate 360 hours of leave. The allowed accumulated leave earned yet not paid has been recorded as a liability in the Statement of Net Position.

The Authority's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the Authority and, therefore, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by an employee as time off is included in the liability for compensated absences in the Statement of Net Position.

11. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond payables are reported net of the applicable premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Long-term Obligations (Continued)

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

12. Deferred Outflows/Inflows of Resources

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

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

13. Leases

As of June 30, 2025, the Authority is the lessee for non-cancelable building office space, with a term of eleven years and two months. The lease contains a renewable option for an additional five years at the prevailing market rate at that time. The Authority is unable to determine at this time if the option will be exercised due to unknown staff growth and legislative purpose evolution. The Authority is also the lessee for two non-cancellable leases for office equipment.

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

In compliance with Statement No. 87, *Leases*, for new or modified leases with a non-cancelable term in excess of twelve months, the Authority measures the lease liability at the present value of payments expected to be made during the lease term, including reasonably expected extension options. The new lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over its useful life. The lease liability is subsequently reduced by the principal portion of lease payments made.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

13. Leases (Continued)

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

14. Subscription based information technology arrangements (SBITAs)

For new or modified contracts, the Authority determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Authority records a subscription asset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Authority will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Authority recognizes subscription liability and subscription assets on the Statements of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, the Authority measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

15. Fund Equity

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

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

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

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

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

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

The General Fund balance includes \$990,440 categorized as committed fund balance as of June 30, 2025. The debt policy adopted by the Authority on December 12, 2013, and revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at least 20% of the General Fund operating expenses. The operating reserve may be used at the discretion of the Chief Executive Officer, to cover unanticipated increases in the Authority's expenditures. If used, the Chief Executive Officer will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

15. Fund Equity (Continued)

The Regional Revenue Fund includes \$2,085,178,349 categorized as restricted fund balance as of June 30, 2025. The restricted for appropriated project funding of \$1,089,738,953 represents funds appropriated by the Authority for approved project funding agreements at June 30, 2025 (*See Supplementary Schedule*). It also includes \$869,866,715 classified as restricted fund balance for approved funding through FY2029. The Authority allocates the full approved funding amount based on the fiscal year in which the project sponsor commits to incurring reimbursable costs. Allocated revenue may remain in this category until the next fiscal year while awaiting project initiation. Any revenue not yet assigned to an adopted project is rolled over into the next six-year program funding cycle. A schedule of the Authority's approved funding pending future appropriations can be found in the Supplementary Information section.

The Authority has the option of forward appropriating funds to projects approved in later funding programs, if requested, and if the project sponsor can demonstrate the ability to advance the project in the current fiscal year. Forward funding, a strategy initiated with the adoption of the Authority's inaugural Six Year Program for FY2018-FY2023 and carried forward to the updated Six Year Program for FY2024-FY2029. The forward funding strategy appropriates the full project cost in the first fiscal year the project is expected to spend Authority funds, even though most projects will require multiple years to complete. Since the Authority is a reimbursement-based funding source versus a grant-based source, the cash related to the unspent previous project appropriations remain with the Authority and provides the liquidity to forward appropriate funds for projects that can expedite completion permitting project sponsors to apply for matching or additional funds, protects against outside appropriation risk and helps ensure projects are completed timely. This practice is consistent with many local jurisdictions. Outside financing would be used if at any time the Authority's liquidity was unavailable. The Authority's debt policy requires \$120,000,000 to be restricted for a Working Capital Reserve and \$6,326,573 restricted for debt service and a debt service reserve.

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

16. Net Position

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

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

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences* during fiscal year June 30, 2025. The implementation had no impact on beginning net position.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

17. 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.

18. Interfund Transfers

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

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

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

19. Subsequent Events

The Authority has evaluated subsequent events through October 15, 2025, which was the date the financial statements were available to be issued.

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks, and savings institutions, holding public deposits in demand deposit accounts, time savings accounts, insured cash sweep or certificate of deposit account registry service accounts, in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. Regions Bank and Truist Bank funds are maintained in trustee, investment or custodial accounts and therefore are not classified as public deposits under the Security for Public Deposit Act (SPDA).

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

At June 30, 2025, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

Governmental Activities

Unrestricted:

Local Government Investment Pool	\$ 3,545,022
Demand Deposits	595,751
Total unrestricted	4,140,773

Restricted:

Demand Deposits	7,809,988
Insured Cash Sweep (ICS)	5,626,631
Local Government Investment Pool	54,486,660
Bond Debt Service Fund	753,892
Bond Debt Service Reserve Fund (SNAP)	5,572,681
Total restricted	74,249,852

Total	\$ 78,390,625
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Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or its agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, and corporate bonds rated at the level stated by at least two of the three following firms; AA or better by Standard & Poor's Rating Services (S&P), Aa or better by Moody's Investors Services, Inc. (Moody's), or AA or better by Fitch Rating Services, Inc. "Prime quality" commercial paper, negotiable certificates of deposits and negotiable bank deposit notes at least two of the following ratings: A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., F1 by Fitch Ratings., for maturities of one year or less, and a rating of at least AA by Standard & Poor's, Aa by Moody's Investor Service, Inc. and AA by Fitch Ratings, for maturities over one year and not exceeding five years; bankers' acceptances, overnight term and open repurchase agreements; money market mutual funds; and the State Treasurer's Local Government Investment Pool (LGIP). Negative-rating qualifiers (such as AA- or A-) will not exclude an investment.

Investment Policy

The Authority adopted a formal investment policy in December 2014, with subsequent updates, most recently updated October 2023. The goal of the policy is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle. The primary objectives of the Authority's investment activities in priority order are safety, liquidity, and yield (SLY). The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities. The full investment policy can be found on the Authority website at <http://thenovaauthority.org/>; Policy-13-Investment-Policy.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk

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

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

The Authority's rated investments as of June 30, 2025, were rated by two of three nationally recognized rating firms, Standard & Poor's, Fitch and/or Moody's. The table below reflects the Standard & Poor's ratings for the Authority's investment portfolio as of June 30, 2025.

	Standard & Poor's or Fitch Ratings				
	Fair Value	AAA	AA	A1	AAAm
Corporate Notes	\$ 941,289,459	\$ 20,983,725	\$ 920,305,734	\$ -	\$ -
United States Agencies	596,171,763	-	596,171,763	-	-
Negotiable Certificates of Deposit	265,908,178	-	107,056,970	158,851,208	-
Supranational Bonds	93,251,586	93,251,586	-	-	-
United States Treasuries	22,257,965	22,257,965	-	-	-
Municipal Bonds-Virginia	18,878,058	16,973,591	1,904,467	-	-
Commercial Paper	18,217,263	-	-	18,217,263	-
Municipal Bonds-USA	8,876,864	1,876,864	7,000,000	-	-
Local Government					
Investment Pools	58,031,682	-	-	-	58,031,682
State Non-Arbitrage Program	5,572,681	-	-	-	5,572,681
Total	\$ 2,028,455,499	\$ 155,343,731	\$ 1,632,438,934	\$ 177,068,471	\$ 63,604,363

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk

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

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

Interest Rate Risk

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

At June 30, 2025, the Authority had the following investments and maturities:

	Investment Maturity (in years)					
	Fair Value	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Corporate Notes	\$ 941,289,459	\$ 188,378,538	\$ 386,317,021	\$ 267,309,836	\$ 99,284,064	\$ -
United States Agencies	596,171,763	104,748,909	20,142,800	31,139,190	167,363,450	272,777,414
Negotiable Certificates of Deposit	265,908,178	197,851,208	68,056,970	-	-	-
Supranational Bonds	93,251,586	-	-	34,886,609	-	58,364,977
United States Treasuries	22,257,965	22,257,965	-	-	-	-
Municipal Bonds-Virginia	18,878,058	15,005,058	-	3,873,000	-	-
Commercial Paper	18,217,263	18,217,263	-	-	-	-
Certificates of Deposit	17,145,895	-	17,145,895	-	-	-
Municipal Bonds-USA	8,876,864	8,876,864	-	-	-	-
Total	\$ 1,981,997,031	\$ 555,335,805	\$ 491,662,686	\$ 337,208,635	\$ 266,647,514	\$ 331,142,391

Concentration of Credit Risk

The Authority's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart. The portfolio is in compliance with each of the stated limits as of June 30, 2025.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

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

Class	Length	Percent of Total Portfolio and Cash
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months or less	30%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	60 months or less	30%
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States.	60 months or less	30%
Savings accounts, Money Market Accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Bankers' Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	48 months or less	50%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit (YCD) and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African Development Bank. (§2.2-4501)	60 months or less	50%

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

External Investment Pools

As of June 30, 2025, the Authority had investments of \$58,031,682 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to the current market to monitor any variance. Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

As of June 30, 2025, the Authority had investments of \$5,572,681 in the Commonwealth of Virginia State Non-Arbitrage Program (“SNAP”). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, *Code of Virginia* 1950, as amended) to provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value per share of \$1. The SNAP Fund invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions, and is rated “AAAm” by S&P. SNAP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to the current market to monitor any variance. Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

Bond Proceeds

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

Bond proceeds shall be invested in SNAP and alternate investment pools that provide assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage regulations in accordance with the *Code of Virginia* requirements or the Authority’s own investment policy. As of June 30, 2025, the Authority had \$6,326,573 held by the bond trustees, Regions Bank. Of this amount, \$5,572,681 was in the Debt Service Reserve account at SNAP and \$753,892 is in the debt service account for payment of principal and interest.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurement

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

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows the Authority's investments by fair value level as of June 30, 2025.

Investments by Fair Value Level	June 30, 2025	Level 1	Level 2	Level 3
Corporate Notes	\$ 941,289,459	\$ -	\$ 941,289,459	\$ -
United States Agencies	596,171,763	596,171,763	-	-
Negotiable Certificates of Deposit	265,908,178	265,908,178	-	-
Supranational Bonds	93,251,586	-	93,251,586	-
United States Treasuries	22,257,965	22,257,965	-	-
Municipal Bonds-Virginia	18,878,058	-	18,878,058	-
Commercial Paper	18,217,263	-	18,217,263	-
Certificates of Deposit	17,145,895	17,145,895	-	-
Municipal Bonds-USA	8,876,864	-	8,876,864	-
Demand Deposits/Money Market	7,809,988	7,809,988	-	-
Insured Cash Sweep (ICS)	5,626,631	5,626,631	-	-
Total	\$ 1,995,433,650	\$ 914,920,420	\$ 1,080,513,230	\$ -

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

Note 4. Due To/From Other Governments

At June 30, 2025, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Commonwealth of Virginia:			
Sales Tax	\$ 18,854,631	\$ 43,994,139	\$62,848,770
Regional Congestion Relief Fee	1,166,351	2,721,487	3,887,838
Commonwealth of Virginia Interest	72,965	170,251	243,216
Total	\$ 20,093,947	\$ 46,885,877	\$66,979,824

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Due To/From Other Governments (Continued)

Amounts due to other governments as of June 30, 2025, consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Arlington County	\$ 1,817,316	\$ 1,420,576	\$ 3,237,892
Fairfax County	8,546,781	37,199,366	45,746,147
Loudoun County	3,919,508	32,085	3,951,593
Prince William County	3,256,468	5,175,584	8,432,052
City of Alexandria	1,341,148	-	1,341,148
City of Fairfax	413,213	-	413,213
City of Falls Church	214,750	-	214,750
City of Manassas	490,512	-	490,512
City of Manassas Park	100,296	-	100,296
	<u>\$ 20,099,992</u>	<u>\$ 43,827,611</u>	<u>\$63,927,603</u>

Note 5. Intergovernmental Revenues, Commonwealth of Virginia

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

Effective July 1, 2020, the Omnibus Transportation Bill established a new regional congestion fee imposed at a rate of \$0.10 per \$100 for the recordation of conveyance of a deed. The Omnibus Transportation Bill also provided a \$20 million transfer from the Northern Virginia Commonwealth Transportation Fund to the Authority. The Interstate Operations and Enhancement Program (SB1716/HB2718, 2019) funding was changed in the Omnibus Transportation Bill to an annual allocation of 8.4% of funds available in the Interstate Operations and Enhancement Program.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated and amortized:				
Office furniture and equipment	\$ 441,818	\$ 269,145	\$ (3,745)	\$ 707,218
Intangible right-to-use lease asset	4,148,385	24,553	(11,615)	4,161,323
Total capital assets at historical cost	<u>4,590,203</u>	<u>293,698</u>	<u>(15,360)</u>	<u>4,868,541</u>
Less accumulated depreciated and amortized:				
Office furniture and equipment	339,037	117,550	(3,745)	452,842
Intangible right-to-use lease asset	7,539	346,666	-	354,205
Total accumulated depreciation and amortization	<u>346,576</u>	<u>464,216</u>	<u>(3,745)</u>	<u>807,047</u>
Total capital assets being depreciated and amortized, net	<u>\$ 4,243,627</u>	<u>\$ (170,518)</u>	<u>\$ (11,615)</u>	<u>\$4,061,494</u>

Depreciation and amortization expense was charged to general and administrative expenditures.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criterion. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

B. Employees Covered by Benefit Terms

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	<u>1</u>
Inactive Members:	
Non-Vested	2
Inactive members active elsewhere in VRS	<u>1</u>
Total Inactive members	<u>3</u>
Active members	<u>16</u>
Total covered members	<u>20</u>

C. Contributions

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

C. Contributions (Continued)

The Authority's contractually required contribution rate for the year ended June 30, 2025, was 3.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$96,523 and \$117,904 for the years ended June 30, 2025, and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$18,254 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll, which would require the employer a mandatory additional contribution rate up to 2.5%. This additional employer mandatory contribution totaled \$35,089 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,825,408 for the year ended June 30, 2025.

D. Net Pension Asset

The Authority's net pension asset is calculated separately for each employer and represents that particular employer's total pension liability or asset determined in accordance with GASB Statement No. 68, less the employer's fiduciary net position. For the Authority, the net pension asset was measured as of June 30, 2024. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

E. Actuarial Assumptions

The total pension asset for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions:

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-10 Largest – Non-Hazardous Duty :

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

F. Long-Term Expected Rate of Return

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

G. Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

** Expected arithmetic nominal return 7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

H. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from June 30, 2023, actuarial valuations. From July 1, 2024, forward, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

I. Changes in the Net Pension Asset

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balances at June 30, 2023	\$ 1,454,529	\$ 1,481,834	\$ (27,305)
Changes for the year:			
Service cost	154,888	-	154,888
Interest	108,490	-	108,490
Difference between expected and actual experience	(7,509)	-	(7,509)
Contributions – employer	-	117,904	(117,904)
Contributions – employee	-	90,818	(90,818)
Net investment income	-	153,485	(153,485)
Benefit payments, including refunds of employee contributions	(4,325)	(4,325)	-
Administrative expense	-	(597)	597
Other changes	-	49	(49)
Net changes	251,544	357,334	(105,790)
Balances at June 30, 2024	\$ 1,706,073	\$ 1,839,168	\$ (133,095)

J. Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's Net Pension Liability (Asset)	\$ 105,944	\$ (133,095)	\$ (329,073)

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$65,306. On June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,508	\$ 11,818
Changes of assumptions	8,762	-
Net difference between projected and actual earnings on pension plan investments	-	37,831
Employer contributions subsequent to measurement date	96,523	-
Total	\$ 130,793	\$ 49,649

The \$96,523 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (10,683)
2027	10,153
2028	(6,371)
2029	(8,189)
2030	(289)
	\$ (15,379)

L. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/publications/2024-annual-report, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program

A. Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	
Eligible Employees	
The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.	
Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.	
Benefit Amounts	
The benefits payable under the GLI have several components.	
• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: - o Accidental dismemberment benefit - o Seatbelt benefit - o Repatriation benefit - o Felonious assault benefit - o Accelerated death benefit option	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

Reduction in Benefit Amounts
The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

B. Contributions

The contribution requirements for the GLI are governed by section 51.1-506 and section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Authority were \$11,580 and \$11,485 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the Authority reported a liability of \$92,064 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2024, and the total GLI OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the net GLI OPEB liability was based on the Authority's actuarially determined employer contributions to the GLI program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion was .00825% as compared to .00817% at June 30, 2023.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

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

For the year ended June 30, 2025, the Authority recognized GLI OPEB expense of \$9,112. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,272	\$ -
Net difference between projected and actual earnings on GLI OPEB program investments	-	(7,760)
Changes of assumptions	-	(4,037)
Changes in proportions	16,942	-
Employer contributions subsequent to measurement date	11,580	-
Total	\$ 40,794	\$ (11,797)

The \$11,580 reported as deferred outflows of resources related to the GLI OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ 2,130
2027	5,825
2028	3,864
2029	4,019
2030	1,579
	\$ 17,417

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

D. Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability	<u>\$ 1,115,922</u>

Plan Fiduciary Net Position as a Percentage
of the Total GLI OPEB Liability 73.41%

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

E. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
** Expected arithmetic nominal return			<u>7.07%</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return (Continued)

* The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI Net OPEB Liability	\$ 143,171	\$ 92,064	\$ 50,776

I. GLI Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/publications/2024-annual-report, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program

A. Plan Description

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

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

VRS VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
Eligible Employees The VLDP was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Full-time general employees: including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
Benefit Amounts: The VLDP provides the following benefits for eligible employees: Short-Term Disability: • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. Long-Term Disability: • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

VLDP Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

B. Contributions

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025, was 0.74% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were \$13,335 and \$13,199 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the Authority reported a net asset of \$7,219 for its proportionate share of the VRS VLDP Net OPEB asset. The net VLDP OPEB asset was measured as of June 30, 2024, and the total VLDP OPEB asset used to calculate the net VLDP OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the net VLDP OPEB asset was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion of the VLDP was 0.20011% as compared to 0.23738% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized VLDP OPEB expense of \$9,794. Since there was a change in proportionate share between measurement dates, a portion of the VLDP OPEB expense was related to deferred amounts from changes in proportion.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

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

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ (663)
Net difference between projected and actual earnings on VLDP OPEB program investments	-	(653)
Changes of assumptions	-	(168)
Changes in proportion	195	-
Employer contributions subsequent to measurement date	13,335	-
Total	\$ 13,530	\$ (1,484)

The \$13,335 reported as deferred outflows of resources related to the VRS VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year(s) Ending June 30,	Amount
2026	\$ (682)
2027	(26)
2028	(159)
2029	(284)
2030	(138)
	\$ (1,289)

D. Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

E. Net VLDP OPEB Liability or Asset

The net OPEB liability or asset for the VLDP represents the program's total OPEB liability or asset determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, net OPEB asset amounts for the VLDP are as follows (amounts expressed in thousands):

	VRS VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$ 12,230
Plan Fiduciary Net Position	15,837
Political Subdivision VLDP Net OPEB Asset	<u>\$ (3,607)</u>

Plan Fiduciary Net Position as a Percentage of the Total

Political Subdivision VLDP OPEB Liability 129.49%

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

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
Expected arithmetic nominal return*			<u>7.07%</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return (Continued)

* The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Authority’s VLDP OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the VLDP Net OPEB Asset	\$ (5,250) \$	(7,219) \$	(8,952)

I. VRS VLDP Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program’s Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/publications/2024-annual-report or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Leases

On February 6, 2024, the Authority entered into a lease agreement with COPT Metro Place II, LLC for 14,239 square feet of office space at 2600 Park Tower Drive, Suite 601. The lease term is 132 months, beginning on August 15, 2024. NVTa is obligated to make monthly principal and interest payments ranging from \$38,564 to \$51,960 until September 2035. The agreement includes a five-year renewal option at the prevailing market rate. The lease carries an interest rate of 2.992% over its term and requires NVTa to cover a proportionate share of common building expenses, including real estate taxes. The lease included a provision for the Authority to receive a one-time payment of \$892,008 as an additional concession for entering into the agreement.

As of June 30, 2025, Other receivables, include a tenant improvement lease allowance incentive of \$278,820. This amount represents reimbursement to the Authority for reasonable and actual costs incurred in purchasing and installing fixtures, furniture, and equipment in the new office space. The reimbursement is reported as Capital Contributions in the Authority's Statement of Activities for the year ended June 30, 2025.

For the government-wide financial statements, an initial lease liability of \$5,026,991 was recorded for office space that has an estimated useful life of approximately eleven years. As of the end of the fiscal year, the net intangible right-to-use lease asset was valued at \$4,123,368 and had accumulated amortization of \$338,485. Under the terms of the lease, monthly payments commenced on August 15, 2024. The lease liability outstanding at the end of the current fiscal year was \$4,724,218.

The Authority entered into a 48-month lease agreement in March 2022, as lessee for the acquisition and use of certain office equipment. As of June 30, 2025, the value of the lease liability was \$2,601. The Authority is required to make monthly principal and interest payments of \$292.

The lease has an interest rate of 2.45%. The equipment has a four-year estimated useful life. The value of the lease asset on June 30, 2025, was \$13,402 and had accumulated amortization of \$10,890.

On September 20, 2024, the Authority entered into a new 60-month lease agreement, as lessee for the acquisition and use of certain office equipment. As of June 30, 2025, the value of the lease liability was \$20,473. The Authority is required to make monthly principal and interest payments of \$435.

The lease has an interest rate of 2.879%. The equipment has a five-year estimated useful life. The value of the lease asset on June 30, 2025, was \$24,553 and had accumulated amortization of \$4,830.

Lease Agreements

\$5,026,991 Capitalized office space financing, initiated February 6, 2024, due in monthly installments at the commencement on August 15, 2024 of \$38,564 to \$51,960 through the term of the lease expiring September 30, 2035, interest at 2.992%	\$ 4,724,218
\$24,553 Capitalized office equipment financing, initiated September 2024, due in monthly installments of \$435 through August 2029, interest at 2.879%	20,473
\$13,402 Capitalized office equipment financing, initiated March 2022, due in monthly installments of \$292 through March 2026, interest at 2.245%	2,601
Total lease agreements	<u>\$ 4,747,292</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Leases (Continued)

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year(s) Ending June 30,	Lease Obligations		
	Principal	Interest	Total
2026	\$ 344,919	\$ 137,310	\$ 482,229
2027	365,941	126,727	492,668
2028	390,581	115,448	506,029
2029	416,389	103,416	519,805
2030	439,016	90,643	529,659
2031-2035	2,636,718	233,153	2,869,871
2036	153,728	765	154,493
	<u>\$ 4,747,292</u>	<u>\$ 807,462</u>	<u>\$ 5,554,754</u>

Note 11. Long-Term Debt Obligations

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

The Authority has outstanding Transportation Special Tax Revenue Bonds of \$39,440,000. The bonds are limited obligations of the Authority and payable solely from the revenues and other property pledged by the Authority for such purpose. The pledged revenues are derived from the revenue generated by additional sales and use taxes levied by the General Assembly of Virginia. The Authority's right to receive such funds is subject to appropriation by the General Assembly. The General Assembly has the ability to eliminate or change such taxes and fees at any time. The Authority has no taxing power. Bonds are issued pursuant to a Master Indenture of Trust dated December 1, 2014. The Authority has no outstanding line of credit, direct borrowings or direct placements.

Outstanding Long-Term Debt

The Transportation special tax revenue bonds are direct obligations of the Authority and secured by the Authority's Regional Revenue and a debt service reserve of \$5,572,681 based on the maximum annual debt service calculation. These bonds were issued pursuant to the Master Indenture of Trust dated December 1, 2014, and the First Supplemental Indenture of Trust dated December 1, 2014. The bonds are issued as serial bonds and are the first series of transportation bonds to be issued under the Master Indenture.

Bond Financing

\$69,045,000 2014 Transportation Special Tax Revenue Bonds due in annual principal payments of \$3,575,000 to \$5,285,000 through June 2034, interest at 5.00%

\$ 39,440,000

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Long-Term Obligations (Continued)

Compensated Absences

The compensated absences liability is measured using employee pay rates in effect as of June 30, 2025. The estimate considers historical usage and payout patterns; employee eligibility under the current policy and the likelihood of forfeiture based on prior trends. Leave that is expected to be forfeited is excluded from the liability calculation.

Changes in Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences*	\$ 207,879	\$ 242,732	\$ -	\$ 450,611	\$ 251,975
Transportation Special Tax Revenue Bonds	42,845,000	-	3,405,000	39,440,000	3,575,000
Unamortized Premiums	6,262,616	-	596,440	5,666,176	-
Lease agreements	5,032,991	24,553	310,252	4,747,292	344,919
Total governmental activities	\$ 54,348,486	\$ 267,285	\$ 4,311,692	\$ 50,304,079	\$ 4,171,894

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

*As of June 30, 2025, the increase in the liability is a net change for the year. The increase includes new accruals for sick leave based on historical usage in compliance with GASB Statement No. 101.

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

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

Year(s) Ending June 30,	2014 Series Bonds		
	Principal	Interest	Total
2026	\$ 3,575,000	\$ 1,972,000	\$ 5,547,000
2027	3,755,000	1,793,250	5,548,250
2028	3,945,000	1,605,500	5,550,500
2029	4,140,000	1,408,250	5,548,250
2030	4,345,000	1,201,250	5,546,250
2031-2034	19,680,000	2,520,000	22,200,000
	\$ 39,440,000	\$ 10,500,250	\$ 49,940,250

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 12. Risk Management

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

NVTA has evaluated the requirements of Governmental Accounting Standards Board (GASB) Statement No. 102, Certain Risk Disclosures. This standard requires governments to disclose information about certain concentrations or constraints that make the government vulnerable to a risk of substantial financial impact, provided a related event has occurred or is more likely than not to occur within 12 months. NVTA is not aware of any concentrations or constraints that meet the criteria for disclosure under this Statement as of and for the fiscal year ended June 30, 2025.

Note 13. Pending GASB Statements

At June 30, 2025, the Governmental Accounting Standards Board (GASB) issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Statement 103 will be effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires governments to enhance note disclosures by separately reporting major classes of certain capital assets, including intangible right-to-use assets and to disclose details about assets held for sales. Statement 103 will be effective for fiscal years beginning after June 15, 2025.

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

**Northern Virginia Transportation
Authority**

Required Supplementary Information
YEAR ENDED JUNE 30, 2025

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

	Fiscal year June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (CRC)	\$ 96,523	\$ 117,904	\$ 105,669	\$ 80,898	\$ 71,536	\$ 75,332	\$ 64,485	\$ 86,928	\$ 78,378	\$ 42,427
Contributions in relation to the CRC	96,523	117,904	105,669	80,898	71,536	75,332	64,485	86,928	78,378	42,427
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,468,619	\$ 1,525,775	\$ 1,368,501	\$ 1,096,137	\$ 964,145	\$ 1,005,520	\$ 865,480	\$ 917,690	\$ 826,772	\$ 624,845
Contributions as a percentage of covered-employee payroll	3.91%	7.73%	7.72%	7.38%	7.42%	7.49%	7.45%	9.47%	9.48%	6.79%

(1) This schedule is presented to illustrate the requirement to show 10 years of information.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

	Fiscal year June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 154,888	\$ 142,170	\$ 121,804	\$ 116,133	\$ 107,133	\$ 107,914	\$ 102,928	\$ 78,247	\$ 70,900	\$ -
Interest	108,490	90,047	76,479	53,275	43,242	34,544	24,197	14,560	-	-
Difference between expected and actual experience	(7,509)	32,507	(11,981)	20,848	9,259	(5,899)	27,939	60,765	137,107	-
Changes of assumptions	-	-	-	42,146	-	22,003	-	(15,903)	-	-
Benefit payments, including refunds of employee contributions	(4,325)	(4,119)	(7,199)	(13,672)	(8,336)	(14,509)	-	-	-	-
Net change in total pension liability	251,544	260,605	179,103	218,730	151,298	144,053	155,064	137,669	208,007	-
Total pension liability - beginning	1,454,529	1,193,924	1,014,821	796,091	644,793	500,740	345,676	208,007	-	-
Total pension liability - ending (a)	\$ 1,706,073	\$ 1,454,529	\$ 1,193,924	\$ 1,014,821	\$ 796,091	\$ 644,793	\$ 500,740	\$ 345,676	\$ 208,007	\$ -
Plan Fiduciary Net Position										
Contributions - employer	\$ 117,904	\$ 105,669	\$ 80,898	\$ 71,536	\$ 75,332	\$ 64,845	\$ 86,928	\$ 78,378	\$ 42,427	\$ 30,617
Contributions - employee	90,818	81,796	64,543	59,017	58,911	47,862	47,287	42,081	31,288	49,918
Net investment income	153,485	87,917	(4,468)	220,571	13,086	36,377	26,628	27,878	3,770	951
Benefit payments, including refunds of employee contributions	(4,325)	(4,119)	(7,199)	(13,672)	(8,336)	(14,509)	-	-	-	-
Administrative expense	(597)	(692)	(605)	(421)	(299)	(240)	(113)	(42)	(11)	65
Other	49	37	28	22	(17)	(24)	(29)	(30)	(1)	(2)
Net change in plan fiduciary net position	357,334	270,608	133,197	337,053	138,677	134,311	160,701	148,265	77,473	81,549
Plan fiduciary net position - beginning	1,481,834	1,211,226	1,078,029	740,976	602,299	467,988	307,287	159,022	81,549	-
Plan fiduciary net position - ending (b)	\$ 1,839,168	\$ 1,481,834	\$ 1,211,226	\$ 1,078,029	\$ 740,976	\$ 602,299	\$ 467,988	\$ 307,287	\$ 159,022	\$ 81,549
The Authority's net pension liability (asset) - ending (a)-(b)	\$ (133,095)	\$ (27,305)	\$ (17,302)	\$ (63,208)	\$ 55,115	\$ 42,494	\$ 32,752	\$ 38,389	\$ 48,985	\$ (81,549)
Plan fiduciary net position as a percentage of total pension asset	108%	102%	101%	106%	93%	93%	93%	89%	76%	0%
Covered-employee payroll	\$ 1,525,775	\$ 1,368,501	\$ 1,096,137	\$ 964,145	\$ 1,005,520	\$ 865,480	\$ 917,690	\$ 826,772	\$ 624,845	\$ 488,557
The Authority's net pension liability (asset) as a percentage of covered-employee payroll	-9%	-2%	-2%	-7%	5%	5%	4%	5%	8%	-17%

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Notes to Schedule:

- (1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (2) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-10 Largest – Non-Hazardous Duty:

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

	Fiscal year June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total Group Life Insurance OPEB Liability								
The Authority's Portion of the Net GLI OPEB Liability	0.00825%	0.00817%	0.00681%	0.00661%	0.66500%	0.00560%	0.00553%	0.00497%
The Authority's Proportionate Share of the Net GLI OPEB Liability	\$ 92,064	\$ 97,984	\$ 81,999	\$ 76,959	\$ 110,978	\$ 91,127	\$ 84,000	\$ 75,000
The Authority's Covered Payroll	\$ 2,121,196	\$ 1,924,868	\$ 1,500,926	\$ 1,364,032	\$ 1,098,077	\$ 1,098,173	\$ 1,051,730	\$ 917,664
The Authority's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.34%	5.09%	5.46%	5.64%	10.11%	8.30%	7.99%	8.17%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

The amounts presented have a measurement date of June 30, 2023

Notes to Schedule:

- (1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (2) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

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

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal year June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (CRC)	\$ 11,580	\$ 11,485	\$ 10,422	\$ 8,105	\$ 7,395	\$ 7,126	\$ 5,716	\$ 5,469	\$ 4,772	\$ 3,281
Contributions in relation to the CRC	11,580	11,485	10,422	8,105	7,395	7,126	5,716	5,469	4,772	3,281
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,453,161	\$ 2,121,196	\$ 1,924,868	\$ 1,500,926	\$ 1,364,032	\$ 1,098,077	\$ 1,098,173	\$ 1,051,730	\$ 917,664	\$ 683,642
Contributions as a percentage of covered-employee payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.65%	0.52%	0.52%	0.52%	0.48%

(1) This schedule is presented to illustrate the requirement to show 10 years of information.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

	Fiscal year June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total Virginia Local Disability Program OPEB Liability								
The Authority's Portion of the Net VLDP OPEB Liability	0.20011%	0.23738%	0.21849%	0.23427%	0.25748%	0.22944%	0.21833%	0.21506%
The Authority's Proportionate Share of the Net VLDP OPEB Liability (Asset)	\$ (7,219)	\$ (3,819)	\$ (1,285)	\$ 7,451	\$ 6,908	\$ 4,648	\$ 1,000	\$ 1,000
The Authority's Covered Payroll	\$ 1,552,824	\$ 1,452,890	\$ 1,024,940	\$ 941,055	\$ 959,464	\$ 708,987	\$ 530,126	\$ 394,910
The Authority's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.46%	-0.26%	-0.13%	0.79%	0.72%	0.66%	0.19%	0.25%
Plan Fiduciary Net Position as a percentage of the Total VLDP OPEB Liability	129.49%	116.89%	107.99%	119.59%	76.84%	49.19%	51.39%	38.40%

The amounts presented have a measurement date of June 30, 2023

Notes to Schedule:

- (1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation
- (2) **Changes of assumptions** –The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

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

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – VIRGINIA LOCAL DISABILITY PROGRAM

	Fiscal year June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (CRC)	\$ 13,335	\$ 13,199	\$ 12,358	\$ 8,507	\$ 7,851	\$ 6,915	\$ 5,111	\$ 3,181	\$ 2,369	\$ 1,781
Contributions in relation to the CRC	13,335	13,199	12,358	8,507	7,851	6,915	5,111	3,181	2,369	1,781
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,795,151	\$ 1,552,824	\$ 1,452,890	\$ 1,024,940	\$ 941,055	\$ 959,464	\$ 708,987	\$ 530,126	\$ 394,910	\$ 296,810
Contributions as a percentage of covered-employee payroll	0.74%	0.85%	0.85%	0.83%	0.83%	0.72%	0.72%	0.60%	0.60%	0.60%

(1) This schedule is presented to illustrate the requirement to show 10 years of information.

**Northern Virginia Transportation
Authority**

Supplementary Information

YEAR ENDED JUNE 30, 2025

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF GENERAL AND ADMINISTRATION EXPENDITURES Year Ended June 30, 2025

General and Administration Expenditures:

Personnel expenses		\$ 3,098,711
Salaries & wages	\$ 2,504,362	
Benefits & retirement	594,349	
Professional services		198,908
Legislative services fees	82,888	
Auditing & accounting services fees	41,800	
Public outreach & regional event support costs	33,686	
Investment custody services fees	20,000	
Financial advisory services fees	13,240	
Payroll & bank services fees	4,606	
Bond trustee services fees	2,688	
Technical and technology hosting services		362,420
Web development & hosting services	145,978	
GIS & Project Management & Monitoring systems	90,518	
Financial reporting & accounting systems	80,591	
Network-IT-Hosting services	45,333	
Office supplies, furniture and equipment expenses		200,278
Professional development, memberships, industry & training conferences		42,992
Office lease & transition expenses		28,351
Phone services		15,619
Insurance and liability bonds cost		14,791
Hosted meeting expenses		7,281
Copier printing and duplication charges		6,994
Mileage and transportation costs		6,098
Advertisement-job positions		1,324
Postage		63
Total general and administration expenditures		\$ 3,983,830

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN NET POSITION BY JURISDICTION LOCAL DISTRIBUTION FUND (30%) Year Ended June 30, 2025

	Arlington County	Fairfax County	Loudoun County	Prince William County	City of Alexandria	City of Fairfax	City of Falls Church	City of Manassas	City of Manassas Park	Totals
Revenues										
Intergovernmental:										
Commonwealth of Virginia										
Sales tax	\$ 10,151,330	\$ 45,017,766	\$ 21,915,283	\$ 17,429,671	\$ 7,258,769	\$ 2,411,106	\$ 1,162,875	\$ 2,811,487	\$ 548,851	\$ 108,707,138
Regional congestion relief fee	889,555	4,888,109	2,499,626	1,638,632	783,537	150,252	70,226	138,380	51,295	11,109,612
Interstate operations enhancement program	480,375	2,101,213	990,271	797,987	338,659	114,884	54,996	119,278	25,611	5,023,274
Northern Virginia transportation district fund transfer	576,301	2,502,501	1,187,540	954,365	404,269	135,266	65,561	143,640	30,557	6,000,000
Commonwealth fund interest income	32,263	145,537	71,187	54,479	22,992	7,604	3,608	8,398	1,814	347,882
Investment earnings	26,889	120,804	59,110	45,981	19,495	6,245	3,002	7,119	1,460	290,105
Total revenues	12,156,713	54,775,930	26,723,017	20,921,115	8,827,721	2,825,357	1,360,268	3,228,302	659,588	131,478,011
Expenditures										
Distribution of 30% local funds										
Total expenditures	\$ 12,156,713	\$ 54,775,930	\$ 26,723,017	\$ 20,921,115	\$ 8,827,721	\$ 2,825,357	\$ 1,360,268	\$ 3,228,302	\$ 659,588	\$ 131,478,011

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Jurisdiction	Appropriation		Total NVT		Remaining		Phases
	Year	SPA Title	Appropriated Funds	Actual Invoicing	Appropriation as of 6/30/2025	% of Total	
Arlington County	2014	Silver/Blue Line Mitigation (4 New Buses) (2014)	\$ 1,000,000	\$ 797,696	\$ -	79.77%	Asset Acquisition
Arlington County	2014	Boundary Channel Drive Interchange (2014)	4,335,000	4,335,000	-	100.00%	Construction
Arlington County	2014	Crystal City Multimodal Center (2014)	1,500,000	1,326,173	-	88.41%	Construction
Arlington County	2014	Columbia Pike Multimodal Street Improvements - East (2014)	12,000,000	12,000,000	-	100.00%	Construction
Arlington County	2015	Ballston Metrorail Station West Entrance (2015)	12,000,000	3,123,997	8,876,003	26.03%	Design/Engineering/Environmental
Arlington County	2015	Glebe Road Corridor ITS Improvements (2015)	2,000,000	1,377,689	622,311	68.88%	Construction, Design/Engineering/Environmental
Arlington County	2015	Columbia Pike Multimodal Street Improvements - West (2015)	10,000,000	8,586,541	1,413,459	85.87%	Construction, Design/Engineering/Environmental
Arlington County	2017	Lee Highway Corridor ITS Enhancements (2017)	3,000,000	1,298,430	1,701,570	43.28%	Construction, Design/Engineering/Environmental, ROW and Utilities
Arlington County	2017	Crystal City Streets (2017)	11,600,000	7,040,139	4,559,861	60.69%	Construction, Design/Engineering/Environmental
Arlington County	2018	Crystal City Metrorail Station East Entrance and Intermodal Connections (2018)	5,000,000	5,000,000	-	100.00%	Design/Engineering/Environmental
Arlington County	2018	ART Operations and Maintenance Facilities (2018)	39,027,000	38,647,802	379,198	99.03%	Asset Acquisition, Construction, Design/Engineering/Environmental
Arlington County	2018	Pentagon City Multimodal Connections and Transitway Extension (2018)	28,850,000	4,773,982	24,076,018	16.55%	Construction
Arlington County	2018	Intelligent Transportation System Improvements (2018)	10,000,000	6,489,695	3,510,305	64.90%	Construction, Design/Engineering/Environmental, ROW and Utilities
Arlington County	2020	CC2DCA Intermodal Connector (2020)	18,000,000	-	18,000,000	0.00%	Construction, Design/Engineering/Environmental
Arlington County	2020	Rosslyn Multimodal Network Improvements (2020)	11,874,000	379,517	11,494,483	3.20%	Construction, Design/Engineering/Environmental, ROW and Utilities
Arlington County	2022	Ballston-MU Metrorail Station West Entrance (2022)	58,900,000	-	58,900,000	0.00%	Construction
City of Alexandria	2014	Traffic Signal Upgrades/Transit Signal Priority (2014)	660,000	382,181	-	57.91%	Construction, Design/Engineering/Environmental
City of Alexandria	2014	DASH Bus Expansion (5 New) (2014)	1,462,500	1,462,500	-	100.00%	Asset Acquisition
City of Alexandria	2014	Shelters and RTI for DASH/WMATA (2014)	450,000	450,000	-	100.00%	Construction
City of Alexandria	2014	Potomac Yard Metrorail Station EIS (2014)	2,000,000	2,000,000	-	100.00%	Design/Engineering/Environmental
City of Alexandria	2015	Duke Street Transit Signal Priority Installation (2015)	190,000	190,000	-	100.00%	Asset Acquisition
City of Alexandria	2015	West End Transitway Study (2015)	2,400,000	2,400,000	-	100.00%	Design/Engineering/Environmental
City of Alexandria	2015	Potomac Yard Metrorail Station (2015)	1,500,000	1,500,000	-	100.00%	Design/Engineering/Environmental
City of Alexandria	2017	Potomac Yard Metrorail Station (2017)	66,000,000	66,000,000	-	100.00%	Construction
City of Alexandria	2018	Alexandria ITS Projects (2018)	1,195,491	646,738	-	54.10%	Construction
City of Alexandria	2018	Alexandria Bus Network ITS (2018)	150,000	150,000	-	100.00%	Asset Acquisition
City of Alexandria	2018	West End Transitway: Northern Segment (Phase 1) (2018)	2,200,000	81,772	2,118,228	3.72%	ROW and Utilities
City of Alexandria	2018	DASH Transit Service Enhancements and Expansion (2018)	11,933,161	9,351,788	2,581,373	78.37%	Asset Acquisition, Construction, Study
City of Alexandria	2018	Alexandria Duke St Transitway (2018)	12,000,000	1,664,962	10,335,038	13.87%	Design/Engineering/Environmental
City of Fairfax	2014	Chain Bridge Road Widening/Improvements (2014)	5,000,000	5,000,000	-	100.00%	Construction, ROW and Utilities
City of Fairfax	2015	Cue 35-Foot Buses (6 New) (2015)	3,000,000	2,536,210	-	84.54%	Asset Acquisition
City of Fairfax	2015	Kamp Washington Intersection Improvements (2015)	1,000,000	1,000,000	-	100.00%	Construction
City of Fairfax	2015	Northfax - Intersection Improvements at Route 29/50 and Route 123 (2015)	10,000,000	10,000,000	-	100.00%	Construction, ROW and Utilities
City of Fairfax	2015	Jermantown / Route 50 Roadway Improvements (2015)	1,000,000	1,000,000	-	100.00%	Construction
City of Fairfax	2018	Jermantown Road Corridor Improvements Project (2018)	21,000,000	1,053,569	19,946,431	5.02%	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Fairfax	2018	Intersection Improvements at Eaton Place/Chain Bridge Road (2018)	10,750,000	249,667	10,500,333	2.32%	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Fairfax	2018	Old Lee Highway Multimodal Improvements Phase 1 (2018)	5,000,000	-	5,000,000	0.00%	Construction, ROW and Utilities
City of Fairfax	2018	Roadway Network Northfax West (2018)	2,500,000	2,431,928	68,072	97.28%	Design/Engineering/Environmental, ROW and Utilities
City of Fairfax	2020	Roadway Network Northfax West (2020)	2,200,000	259,820	1,940,180	11.81%	Construction, ROW and Utilities
City of Fairfax	2020	Government Center Parkway Extension (2020)	3,540,000	-	3,540,000	0.00%	Construction, ROW and Utilities
City of Fairfax	2020	Jermantown Road/Route 29 Intersection Improvements (2020)	700,000	-	700,000	0.00%	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Falls Church	2014	Funding for Bus Shelters (2014)	200,000	200,000	-	100.00%	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Falls Church	2014	Pedestrian Access to Transit (2014)	700,000	700,000	-	100.00%	Construction, Design/Engineering/Environmental, ROW and Utilities

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Jurisdiction	Appropriation Year	SPA Title	Total NVTATotal Appropriated Funds	Actual Invoicing	Remaining Appropriation as of 6/30/2025	% of Total	Phases
City of Falls Church	2014	Pedestrian Bridge at Van Buren Street (2014)	\$300,000	\$130,228	\$-	43.41%	Construction, Design/Engineering/Environmental
City of Falls Church	2018	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project (2018)	15,700,000	15,393,771	306,229	98.05%	Construction, Design/Engineering/Environmental
City of Falls Church	2020	Downtown Falls Church Multimodal Improvements (2020)	8,300,000	-	8,300,000	0.00%	Construction, ROW and Utilities
City of Falls Church	2020	West Falls Church Access to Transit and Multimodal Connectivity (2020)	6,900,000	115,291	6,784,709	1.67%	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Falls Church/NOVA Prk	2018	Falls Church Enhanced Regional Bike Routes (W&OD) (2018)	3,244,959	2,802,546	-	86.37%	Construction, Design/Engineering/Environmental
City of Manassas	2015	Route 28 Widening: Godwin Drive to the Southern City Limits (2015)	3,294,000	3,294,000	-	100.00%	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2014	Innovation Center Metrorail Station (2014)	41,000,000	37,480,715	-	91.42%	Construction, Design/Engineering/Environmental
Fairfax County	2014	Route 28 Widening 6 to 8 lanes (NB from McLearen Road to Dulles Toll Road) (2014)	11,100,000	11,100,000	-	100.00%	Construction
Fairfax County	2014	Route 28 Widening 6 to 8 lanes (SB from Dulles Toll Road to Route 50) (2014)	20,000,000	20,000,000	-	100.00%	Construction
Fairfax County	2015	Innovation Center Metrorail Station (2015)	28,000,000	27,837,813	-	99.42%	Construction
Fairfax County	2015	Connector Buses (12 New) (2015)	6,000,000	5,922,262	-	98.70%	Asset Acquisition
Fairfax County	2015	West Ox Bus Garage Expansion (2015)	20,000,000	11,710,280	-	58.55%	Construction
Fairfax County	2015	Fairfax County Parkway Widening Rte. 123 to Rte. 29 (Study) (2015)	10,000,000	10,000,000	-	100.00%	Design/Engineering/Environmental
Fairfax County	2015	Frontier Drive Extension & Interchange Improvements (2015)	2,000,000	2,000,000	-	100.00%	Design/Engineering/Environmental
Fairfax County	2015	Route 28 Widening: Prince William County Line to Route 29 (2015)	5,000,000	5,000,000	-	100.00%	Design/Engineering/Environmental
Fairfax County	2015	Rolling Road Widening - Old Keene Mill Road to Franconia Springfield Parkway (2015)	5,000,000	5,000,000	-	100.00%	Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2015	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road (2015)	1,000,000	1,000,000	-	100.00%	Design/Engineering/Environmental
Fairfax County	2015	Route 7 Bridge Widening: Over Dulles Toll Road (2015)	13,900,000	13,900,000	-	100.00%	Construction
Fairfax County	2017	Route 7 Widening - Colvin Forest Drive to Jarrett Valley Drive (2017)	10,000,000	10,000,000	-	100.00%	ROW and Utilities
Fairfax County	2017	Fairfax County Parkway Widening Rte 123 to Rte 29 (widening) (2017)	10,000,000	5,337,916	4,662,084	53.38%	ROW and Utilities
Fairfax County	2017	Route 28 Widening: Prince William County Line to Route 29 (2017)	5,000,000	4,982,998	17,002	99.66%	ROW and Utilities
Fairfax County	2018	Route 28 Widening: Prince William County Line to Rte 29 (2018)	16,000,000	16,000,000	-	100.00%	Construction
Fairfax County	2018	Fairfax County Parkway Widening from Ox Road to Lee Highway includes a grade separated interchange at the intersection of Popes Head Road (2018)	67,000,000	-	67,000,000	0.00%	Construction, ROW and Utilities
Fairfax County	2018	Frontier Drive Extension and Intersection Improvements (2018)	25,000,000	-	25,000,000	0.00%	ROW and Utilities
Fairfax County	2018	Rolling Road Widening: Hunter Village Drive to Old Keene Mill Road (2018)	11,111,000	1,166,250	9,944,750	10.50%	Construction, ROW and Utilities
Fairfax County	2018	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road (2018)	127,000,000	22,375,082	104,624,918	17.62%	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2018	Richmond Highway Bus Rapid Transit - Phases I & II (2018)	250,000,000	109,403,091	140,596,909	43.76%	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2020	Fairfax County Parkway Widening: Lee Highway (Route 29) to Nomes Court (2020)	37,400,000	1,948,347	35,451,653	5.21%	Construction, Design/Engineering/Environmental
Fairfax County	2020	Rolling Road Widening from Hunter Village Drive to Old Keene Mill Road (2020)	27,700,000	-	27,700,000	0.00%	Construction
Fairfax County	2022	Fairfax County Parkway Widening (Nomes Court to Route 123) (2022)	108,000,000	10,676,381	97,323,619	9.89%	Construction, Design/Engineering/Environmental, ROW and Utilities
Loudoun County	2014	Leesburg Park and Ride (2014)	1,000,000	1,000,000	-	100.00%	Construction
Loudoun County	2014	Two New Transit Buses (2014)	880,000	880,000	-	100.00%	Asset Acquisition
Loudoun County	2014	Belmont Ridge Road, North of the Dulles Greenway (2014)	20,000,000	20,000,000	-	100.00%	Construction, ROW and Utilities
Loudoun County	2014	Route 28 Hot Spot Improvements (Sterling Boulevard to the Dulles Toll Road) (2014)	12,400,000	12,400,000	-	100.00%	Construction
Loudoun County	2015	Transit Buses (4 New) (2015)	1,860,000	1,860,000	-	100.00%	Asset Acquisition
Loudoun County	2015	Loudoun County Parkway Development (2015)	31,000,000	12,223,300	-	39.43%	Construction, Design/Engineering/Environmental, ROW and Utilities
Loudoun County	2015	Belmont Ridge Road Widening (Truro Parish Dr to Croson Ln) (2015)	19,500,000	19,500,000	-	100.00%	Construction
Loudoun County	2018	Route 28 Northbound Widening –between the Dulles Toll Road and Sterling Boulevard (2018)	20,000,000	18,420,600	-	92.10%	Construction
Loudoun County	2018	Route 9 Traffic Calming (2018)	12,112,000	12,112,000	-	100.00%	Construction, Design/Engineering/Environmental, ROW and Utilities
Loudoun County	2018	Route 15 Bypass Widening: Battlefield Parkway to Montresor Road (2018)	54,000,000	528,747	53,471,253	0.98%	Construction, ROW and Utilities
Loudoun County	2018	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072)(2018)	16,000,000	9,112,386	6,887,614	56.95%	ROW and Utilities

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

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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Jurisdiction	Appropriation Year	SPA Title	Total NVTA		Remaining Appropriation as of		Phases
			Appropriated Funds	Actual Invoicing	6/30/2025	% of Total	
VRE	2014	VRE Lorton Station Second Platform (2014)	\$ 800,270	\$ 800,270	\$ -	100.00%	Construction, Design/Engineering/Environmental
VRE	2014	VRE Gainesville-Haymarket Extension Project Development (2014)	1,500,000	1,500,000	-	100.00%	Study
VRE	2015	Rippon Station Expansion and Second Platform (2015)	39,482	39,482	-	100.00%	Design/Engineering/Environmental
VRE	2015	Slaters Lane Rail Crossover (2015)	7,000,000	2,553,665	-	36.48%	Construction, Design/Engineering/Environmental
VRE	2015	Crystal City Platform Extension Study (2015)	400,000	394,243	-	98.56%	Design/Engineering/Environmental
VRE	2015	Manassas Park Station Parking Expansion (2015)	500,000	500,000	-	100.00%	Design/Engineering/Environmental
VRE	2015	Franconia-Springfield Platform Improvements (2015)	13,000,000	1,493,498	11,506,502	11.49%	Construction, Design/Engineering/Environmental
VRE	2017	Manassas Park Station Parking Expansion (2017)	2,000,000	1,798,128	-	89.91%	Design/Engineering/Environmental
VRE	2018	VRE Crystal City Station Improvements (2018)	4,000,000	2,933,860	1,066,140	73.35%	Design/Engineering/Environmental
WMATA	2014	Traction Power Upgrades on the Orange Line in Virginia (2014)	4,978,685	2,524,634	-	50.71%	Construction, Design/Engineering/Environmental
WMATA	2017	Blue Line Traction Power Upgrades (2017)	17,443,951	15,313,075	-	87.78%	Construction, Design/Engineering/Environmental
			\$ 2,242,694,499	\$ 1,103,785,907	\$ 1,089,738,953		

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF RESTRICTED APPROVED FUNDING FOR FY2025-FY2029 ADOPTED PROGRAMS FOR THE REGIONAL REVENUE FUND

Jurisdiction	Adoption Year	Project Title	Total Approved Funding	Phases
Arlington County	2020	Arlington W&OD Trail Enhancements	\$ 650,000	Design/Engineering/Environmental
Arlington County	2024	CC2DCA Multimodal Connection (formerly known as CC2DCA Intermodal Connector)	21,100,000	Construction
Arlington County	2024	Shirlington Bus Station Expansion	11,600,000	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Alexandria	2020	Alexandria Duke Street Transitway	75,000,000	Asset Acquisition, Construction, ROW and Utilities
City of Alexandria	2022	West End Transitway Phase 1b	5,000,000	Design/Engineering/Environmental
City of Alexandria	2022	Alexandria Bike and Pedestrian Trails Construction and Reconstruction	5,000,000	Construction
City of Alexandria	2024	South Van Dorn Street Bridge Enhancements	10,000,000	Construction
City of Alexandria	2024	Safety Improvements at High-Crash Intersections	3,000,000	Design/Engineering/Environmental
City of Alexandria	2024	Alexandria Metroway Enhancements	7,000,000	Construction, ROW and Utilities
City of Alexandria	2024	Smart & Connected Vehicle Infrastructure	5,000,000	Construction, Design/Engineering/Environmental
City of Fairfax	2020	Old Lee Highway Multimodal Improvements	8,000,000	Construction
City of Fairfax	2024	Blenheim Boulevard Multimodal Improvements	5,400,000	Construction
City of Fairfax	2024	Northfax Network Improvements - Northfax East-West Road	12,932,754	Design/Engineering/Environmental, ROW and Utilities
City of Falls Church	2022	North Washington Street Multimodal Improvements Project	22,500,000	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Falls Church	2024	City of Falls Church Signal Prioritization Project	1,400,000	Construction, Design/Engineering/Environmental
City of Manassas	2022	Liberia Avenue 3rd Lane Eastbound	8,851,639	Construction, Design/Engineering/Environmental, ROW and Utilities
City of Manassas	2024	Roundabout at Route 28 and Sudley Rd	4,020,000	Construction
City of Manassas Park	2024	Route 28-Centreville Road Corridor Improvements	40,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2018	Rock Hill Road Bridge	20,604,670	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2018	Richmond Highway (Route 1)/CSX Underpass Widening	12,000,000	Construction
Fairfax County	2020	Soapstone Drive Extension	15,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2020	Richmond Highway Widening From Route 235 North to Route 235 South	120,387,962	Construction, ROW and Utilities
Fairfax County	2022	Seven Corners Ring Road Improvements	4,200,000	Design/Engineering/Environmental
Fairfax County	2022	Connector Buses (8 New) - Fairfax Connector Buses for Tysons to Franconia Service	10,000,000	Asset Acquisition
Fairfax County	2022	Richmond Highway Widening From Route 235 North to Route 235 South	60,207,038	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2022	Richmond Highway (Route 1) Bus Rapid Transit	80,000,000	Acq, Construction, Design/Engineering/Environmental, ROW/Utilities
Fairfax County	2022	Soapstone Drive Extension	73,793,037	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2024	Frontier Drive Extension and Intersection Improvements	111,957,472	Construction
Fairfax County	2024	Seven Corners Ring Road Improvements	122,229,417	Construction, Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2024	Route 7 Multimodal Improvements (I-495 to I-66)	101,351,506	Design/Engineering/Environmental, ROW and Utilities
Fairfax County	2024	Braddock Road Multimodal Improvements Phase II (Humphries Drive to Southampton Drive)	27,299,000	Design/Engineering/Environmental, ROW and Utilities
Loudoun County	2022	Northern Virginia ITS/ICM Improvements	2,500,000	Construction
Loudoun County	2022	Ryan Road Widening (Phase 2)	16,000,000	Construction, ROW and Utilities
Loudoun County	2022	Route 7 Improvements	20,000,000	Construction, ROW and Utilities

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF RESTRICTED APPROVED FUNDING FOR FY2025-FY2029 ADOPTED PROGRAMS FOR THE REGIONAL REVENUE FUND (Continued)

Jurisdiction	Adoption Year	Project Title	Total Approved Funding	Phases
Loudoun County	2022	Loudoun County Parkway Interchange at US 50	\$ 35,250,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Loudoun County	2024	Old Ox Road Widening - Shaw Road to Oakgrove Road	30,000,000	Construction
Loudoun County	2024	Sycolin Road Widening - Loudoun Center Place to Crosstrail Boulevard	15,000,000	Construction, ROW and Utilities
Loudoun County	2024	Route 15 at Braddock Road Roundabout	10,000,000	Construction, ROW and Utilities
Prince William County	2020	Widen/Relocate Route 1: BradyÆs Hill Road to Dumfries Road (Route 234)	78,000,000	Construction
Prince William County	2022	Route 1 at Route 123 Interchange	3,000,000	Design/Engineering/Environmental
Prince William County	2022	Old Bridge Road Widening: Colby Drive to Minnieville Road	25,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Prince William County	2024	Route 234 and Sudley Manor Drive Interchange	115,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Prince William County	2024	Route 234 Bicycle and Pedestrian Facility Over I-95	12,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Prince William County	2024	Route 234 Operational Improvements	10,000,000	Asset Acquisition, Construction, Design/Engineering/Environmental
Prince William County	2024	The Landing at Prince William Transit Center	25,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Prince William County	2024	Triangle Mobility Hub and First/Last Mile Connection Improvements	10,000,000	Construction, Design/Engineering/Environmental, ROW and Utilities
Town of Vienna	2018	Mill St NE Parking Garage	2,300,000	Construction
Virginia Passenger Rail Authority	2020	Franconia-Springfield Passenger Rail Bypass	22,958,821	Construction
VRE	2020	VRE Crystal City Station Improvements	15,800,000	Construction
VRE	2024	VRE Backlick Road Station Improvements	6,145,103	Construction
			<u>\$ 1,459,438,419</u>	

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

To the Honorable Authority Board Members of
Northern Virginia Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
October 15, 2025