

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**Financial and Compliance Reports**

**Year Ended June 30, 2022**



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ASSURANCE, TAX & ADVISORY SERVICES

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## Table of Contents

	<b>Page</b>
Independent Auditor's Report	1 - 3
Required Supplementary Information:	
Management's Discussion and Analysis	4 - 15
Basic Financial Statements:	
Statement of Net Position	16 - 17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Statement of Net Position - Proprietary Fund	21 - 22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Notes to the Financial Statements	27 - 54
Supplementary Information:	
Schedule of Changes in Fiduciary Net Position by Jurisdiction - Jurisdiction Trust Fund	55
Schedule of General, Administrative and Project Expenditures - General Fund	56
Schedule of Project Revenues and Expenditures - General Fund	57
Schedule of I-66 Commuter Choice Toll Funded Projects and Expenditures	58
Schedule of I-395/95 Commuter Choice Toll Funded Project and Expenditures	59
Schedule of Allocated Special Revenue Fund – I-395/95 Activity between NVTC and PRTC	60

	<b>Page</b>
Schedules of Expenditures of Commonwealth of Virginia Awards	61 - 66
Supplemental Schedule of Expenditures of Federal Awards	67
Compliance Section:	
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69 – 70
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 <i>Government Auditing Standards</i>	71 – 72
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	73 – 75
Schedule of Findings and Questioned Costs	76
Summary Schedule of Prior Audit Findings	77



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission'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, the business-type activities, each major fund, and the remaining aggregate fund information of the Commission, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 Commission 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 Commission'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 Commission'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 Commission'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 the Management's Discussion and Analysis on pages 4-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 18, 2022

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2022. Please read it in conjunction with the accompanying financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Highlights for Government-wide Financial Statements**

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

- NVTC's net position totaled \$288.6 million on a government-wide basis as of June 30, 2022. Of this total, \$235.5 million is for business-type activities and \$53.1 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$327.0 million. Expenses totaled \$324.6 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$132.2 million. Expenses amounted to \$69.6 million.

#### **Highlights for Fund Financial Statements**

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

- NVTC's governmental funds reported an increase in fund balance of \$11.7 million for fiscal year 2022, compared to an increase of \$3.2 million for fiscal year 2021. The governmental funds balances as of June 30, 2022 totaled \$53.4 million compared with \$41.7 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$62.6 million, from \$172.9 million to \$235.5 million.
- NVTC's fiduciary funds reported an increase of \$175.2 million in net position. The Jurisdiction Trust Fund increased \$175.3 million. The Pension Trust Fund decreased \$0.1 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **Government-Wide Financial Statements**

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

### **Notes to the Basic Financial Statements**

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

### **Supplementary Information**

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

## **FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE**

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2022 and 2021:

#### **Summary Statements of Net Position June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets:</b>						
Current and other assets	\$ 68,957,780	\$ 47,785,206	\$ 238,975,066	\$ 60,776,560	\$ 307,932,846	\$ 108,561,766
Capital assets, net	3,737,499	71,954	177,085,683	163,002,885	180,823,182	163,074,839
Other non-current assets	-	-	701,475	-	701,475	-
Total assets	<u>72,695,279</u>	<u>47,857,160</u>	<u>416,762,224</u>	<u>223,779,445</u>	<u>489,457,503</u>	<u>271,636,605</u>
Deferred outflows	-	-	331,710	362,566	331,710	362,566
Total assets and deferred outflows	<u>72,695,279</u>	<u>47,857,160</u>	<u>417,093,934</u>	<u>224,142,011</u>	<u>489,789,213</u>	<u>271,999,171</u>
<b>Liabilities:</b>						
Current and other liabilities	15,923,119	6,201,640	13,211,403	6,278,161	29,134,522	12,479,801
Long-term liabilities	3,623,528	419,539	167,683,153	44,929,100	171,306,681	45,348,639
Total liabilities	<u>19,546,647</u>	<u>6,621,179</u>	<u>180,894,556</u>	<u>51,207,261</u>	<u>200,441,203</u>	<u>57,828,440</u>
Total deferred inflows	-	-	701,475	-	701,475	-
Total liabilities and Deferred inflows	<u>19,546,647</u>	<u>6,621,179</u>	<u>181,596,031</u>	<u>51,207,261</u>	<u>201,142,678</u>	<u>57,828,440</u>
<b>Net position:</b>						
Net investment in capital assets	(42,300)	71,954	126,324,041	115,424,594	126,281,741	115,496,548
Restricted	52,635,382	41,065,681	139,561,666	8,389,995	192,197,048	49,455,676
Unrestricted	555,550	98,346	(30,387,804)	49,120,161	(29,832,254)	49,218,507
Total net position	<u>\$ 53,148,632</u>	<u>\$ 41,235,981</u>	<u>\$ 235,497,903</u>	<u>\$ 172,934,750</u>	<u>\$ 288,646,535</u>	<u>\$ 214,170,731</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$288.6 million as of June 30, 2022, an increase of \$74.5 million over the previous fiscal year. The largest portion of net position, \$192.2 million or 66.6 percent, represents restricted net assets, which includes \$133.3 million for debt service, \$52.6 million for the Commuter Choice program, \$5.0 million for liability insurance plan, and \$1.3 million for grants or contributions. The next largest portion of net position, \$126.3, represents the net investment in capital assets (e.g., land, right-to-use assets, building, improvements, rolling stock, equipment and software), net of accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used primarily to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental and business-type activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments. As of June 30, 2022, approximately \$39.6 million was due from the Commonwealth of Virginia, of which \$3.8 million is for motor vehicle fuel sales tax, \$35.1 million for grant and other state revenue, and \$0.7 million of toll revenues. This is a \$28.4 million increase from the previous fiscal year, of which grant and other state revenue increased \$27.5 million, toll revenues increased \$0.7 million, and motor vehicle fuel sales tax receivables increased \$0.2 million. The increase in the receivable for grant and other state revenue is due mainly attributable to the business-type activities. The increase in the receivable for toll revenue is due to the impact of COVID-19 on toll revenues in the fourth quarter of the prior year, and the increase in motor vehicle fuel sales tax receivable is due to rebounding revenues compared to the prior year.

As of June 30, 2022, \$32.5 million of the amount due from the Commonwealth was for the commuter rail service, and \$2.4 million for general and administrative and projects. Cash and cash equivalents increased approximately \$19.2 million and totaled \$63.3 million as of June 30, 2022, of which all but \$341,974 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$192.9 million as of June 30, 2022, with \$52.6 million for governmental activities, and \$140.3 million for business-type activities. This is a \$142.2 million increase from the prior year, of which \$11 million is due to toll revenue for governmental activities, and 131.2 million primarily due to debt issues for business-type activities.

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

## Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2022 and 2021.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 7,250,314	\$ 2,857,134	\$ 7,250,314	\$ 2,857,134
Operating grants and contributions	290,309,427	181,924,631	2,191,395	7,010,421	292,500,822	188,935,052
Capital grants and contributions	-	-	69,529,815	5,307,713	69,529,815	5,307,713
General revenues:						
Intergovernmental:						
Commuter rail	53,109,699	21,237,702	-	-	53,109,699	21,237,702
Motor vehicle fuel sales tax	22,519,329	17,674,274	-	-	22,519,329	17,674,274
Toll revenue	23,562,375	15,375,000	-	-	23,562,375	15,375,000
Interest	128,254	60,985	126,599	103,836	254,853	164,821
Other	-	77	-	-	-	77
Transfers	(53,109,699)	(21,980,341)	53,109,699	21,980,341	-	-
Total revenues	327,048,975	214,292,328	132,207,822	37,259,445	468,727,207	251,551,773
Expenses:						
General and administration	25,312,389	8,136,261	-	-	25,312,389	8,136,261
Jurisdiction transit	287,725,699	191,553,814	-	-	287,725,699	191,553,814
Toll funded project costs	11,568,646	11,524,413	-	-	11,568,646	11,524,413
Commuter rail	-	-	69,644,669	43,801,693	69,644,669	43,801,693
Total expenses	324,606,734	211,214,488	69,644,669	43,801,693	394,251,403	255,016,181
Change in net position	11,912,651	3,077,840	62,563,153	(6,542,248)	74,475,804	(3,464,408)
Beginning net position	41,235,981	38,158,141	172,934,750	179,476,998	214,170,731	217,635,139
Ending net position	\$ 53,148,632	\$ 41,235,981	\$ 235,497,903	\$ 172,934,750	\$ 288,646,535	\$ 214,170,731

For the fiscal year ended June 30, 2022, revenues totaled \$468.7 million, compared to \$251.6 million in the preceding year, an increase of \$217.1 million or 82.6 percent. Expenses increased \$139.2 million, or 54.6 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

## **FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS**

### **Governmental Funds**

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

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

As of June 30, 2022, the General Fund had a total fund balance of \$762,899 of which \$149,939 was nonspendable and \$612,960 was unassigned. The fund balance increased by \$172,468 or 29.2 percent from the preceding year.

**Special Revenue Fund – Jurisdiction Transit.** Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2022 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

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

The fiscal year 2022 intergovernmental revenues totaled \$287.7 million, an increase of approximately \$96.1 million or 50.2 percent from the previous fiscal year. The increase is composed of a \$91.3 million increase, or 52.5 percent in state assistance due to step up funding and a change in the state-wide allocation percentages, and a \$4.8 million increase, or 27.1 percent in motor vehicle fuel sales tax revenue due to the COVID-19 Novel Coronavirus (COVID) pandemic in the prior year combined with an increase in the tax rate which is indexed to the CPI.

**Special Revenue Fund – I-66 Toll Revenue.** As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 inside the Beltway. The agreement calls for NVTC to receive the toll revenues collected by the Commonwealth, net of certain costs charged against those funds, on a quarterly basis for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement also calls for the advance payment of up to \$10 million to fund an initial round of projects before tolling commenced in December 2017. The agreement was amended effective fiscal year 2021 for NVTC to instead receive a \$10 million annual payment escalated each year by 2.5%, totaling \$10.250 million for fiscal year 2022, but subject to available toll revenue. In addition to toll revenue, the amended agreement calls for an annual concessionaire payment of \$5 million escalated each year by 2.5%, which is effective with fiscal year 2022.

Through fiscal year 2022, NVTC has rated, selected and approved projects totaling \$47.4 million. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2022, the special revenue fund recognized approximately \$7.8 million in revenue comprised of \$2.8 million of available toll revenue and a \$5.0 million concessionaire payment. The full \$10.250 million was not received because of insufficient toll revenues as a result of the COVID-19 Novel Coronavirus (COVID) pandemic's continuing impact on commuter patterns. The special revenue fund recognized \$5.3 million in project costs, including transfers to the General Fund for NVTC administration of the program. As of June 30, 2022, the restricted fund balance totaled \$22.2 million, an increase of \$2.6 million over the prior year balance.

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

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

Through fiscal year 2022, NVTC has rated, selected and approved projects totaling \$41.7 million. The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. In fiscal year 2022, NVTC received \$15,759,375 in ATI funds, as specified in the agreement. The allocation of the funds between NVTC and PRTC results in \$10.3 million and \$5.5 million in revenues for NVTC and PRTC respectively. The fund recognized \$6.8 million in project costs, including transfers to the General Fund for NVTC administration of the program. The allocation of the expenditures between NVTC and PRTC equals \$4.5 million and \$2.3 million respectively. The activity to date results in an ending fund balance of \$30.4 million, with \$20.1 million allocated to NVTC and \$10.3 million allocated to PRTC.

## **Proprietary Fund**

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

NVTC's share of revenue increased approximately \$94.9 million or 255.1 percent, while operating expenses increased approximately \$25.8 million or 59.0 percent. For VRE operations as a whole, operating revenue increased 43.4 percent, while operating expenses increased 0.6 percent. Ridership saw an increase of 140.5 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

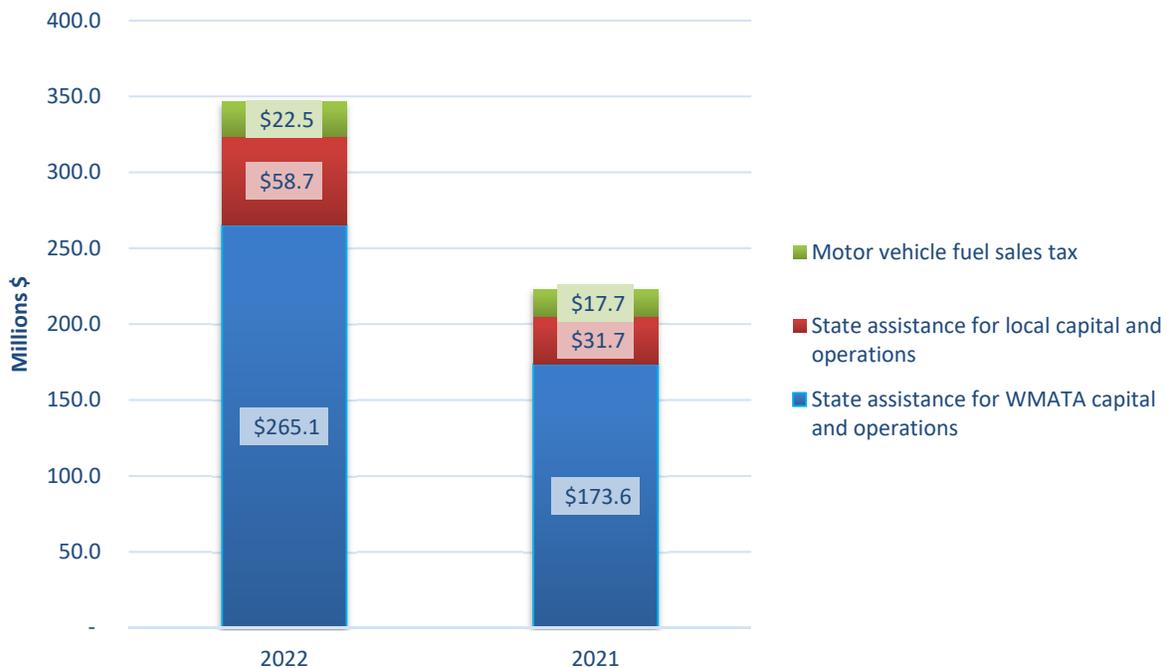
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained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

## **Fiduciary Funds**

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

The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, increased by \$123.4 million, or 55.3 percent from the previous year. An analysis of this change is shown below.

## Jurisdiction Trust Fund Revenue Sources



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a competitive reimbursement program. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set percentage of the funding available through the Commonwealth’s Mass Transit Trust Fund. Both the state assistance for local operations and the state assistance for WMATA capital and operations received step up funding in fiscal year 2022.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that established the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund (C-ROC) which benefits VRE. For fiscal year 2019, the gain was calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Effective fiscal year 2021 the amount withheld for the WMATA Capital Fund was fixed at \$22.183 million per year, an increase of approximately \$7.2 over the prior amount from the “gain”. Motor vehicle fuel sales tax revenue increased by \$4.8 million, or 27.4 percent from the previous year due to an increase in consumption combined with a 1.4% increase in the tax rate.

**Pension Trust Fund.** The Pension Trust Fund holds the assets contributed by NVTC on behalf of the pension plan participants, and the required plan participant contributions. Investments are participant directed in one or more separate investments available through the plan sponsor. Net assets available for benefits at the end of fiscal year 2022 equaled \$2.1 million, a decrease of \$138,077, or 6.1 percent over the prior year. This decrease is the net result of a \$329,655 decrease in fair value of investments and \$197,120 in plan contributions.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Right-to-use leased buildings	\$ 4,064,461	\$ -	\$ 692,516	\$ -	\$ 4,756,977	\$ -
Right-to-use leased parking lots	-	-	289,664	-	289,664	-
Right-to-use leased tower	-	-	49,790	-	49,790	-
Rolling stock	-	-	142,651,538	142,639,959	142,651,538	142,639,959
Vehicles	-	-	72,780	72,780	72,780	72,780
Facilities	-	-	56,489,589	56,404,725	56,489,589	56,404,725
Track and signal improvements	-	-	50,054,134	50,054,134	50,054,134	50,054,134
Equipment and software	-	-	6,685,145	6,515,559	6,685,145	6,515,559
Construction in progress	-	-	40,170,393	16,592,210	40,170,393	16,592,210
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	212,054	198,931	3,129,921	3,129,324	3,341,975	3,328,255
	4,276,515	198,931	303,179,114	278,302,335	307,455,629	278,501,266
Less accumulated depreciation and amortization	539,016	126,977	126,093,431	115,299,450	126,632,447	115,426,427
<b>Total capital assets, net</b>	<b>\$ 3,737,499</b>	<b>\$ 71,954</b>	<b>\$ 177,085,683</b>	<b>\$ 163,002,885</b>	<b>\$ 180,823,182</b>	<b>\$ 163,074,839</b>

NVTC's investment in capital assets as of June 30, 2022 amounted to \$180.8 million (net of accumulated depreciation and amortization) which represents an increase of \$17.7 million or 10.9 percent over last year due to new project construction, recognition of right-to-use leased assets and the recognition of annual depreciation and amortization.

The major completed projects during the fiscal year were the S&B Fare Collection System Validators purchase (\$0.3 million) and the Broad Run and Crossroads LED Yard Lighting Replacement (\$0.2 million). The major additions to construction in progress during the fiscal year were costs related to the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$19.4 million), the twenty-one New Railcars project (\$13.1 million), the Quantico station improvement project (\$6.7 million), the Rolling Road station platform extension project (\$2.7million), the Broad Run station improvement project (\$1.7 million), the VRE Headquarters Office Renovation project (\$0.9 million), the Manassas Park parking expansion project (\$0.8 million) and the Enterprise Resource Planning (ERP) system development (\$0.7 million).

### **Debt Administration**

At June 30, 2022, the Commissions had total debt outstanding of approximately \$160.0 million for the VRE commuter rail service, of which all but \$0.8 million is reported by NVTC. In addition, the governmental activities of NVTC has a lease liability of approximately \$3.8 million, for \$163.8 million total debt for the entity as a whole.

The NVTC and PRTC are co-lessees of the private placement note payable for rolling stock, which is secured by the related equipment. The promissory note for the purchase of the 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC were signatories. This note was previously designated to the Federal Railroad Administration (FRA) as lender but was delegated to the Build America Bureau of the United States Department of Transportation in fiscal year 2017. This delegation had no effect on the terms of the note. The note was secured by the revenues of VRE and the rolling stock.

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

In fiscal year 2022, NVTC issued, on behalf of VRE, \$115,670,000 (par value) in Transportation District Special Obligation Revenue Bonds (“Series 2022 Bonds”). The bonds are limited obligations of NVTC and payable solely from pledged revenues of the Commuter Operating and Capital Fund (C-ROC), a special non-reverting fund in the state treasury of the Commonwealth of Virginia. The bond proceeds will be used to finance contributions to the Virginia Passenger Rail Authority (VPRA) to assist with VPRA’s purchase of rail right-of-way from CSX Transportation, to fund a debt service reserve for the Series 2022 Bonds, and to pay issuance and finance costs of the Series 2022 Bonds.

	2022	2021
Bonds payable	\$ 152,965,000	\$ 39,770,000
Private placement note payable	5,355,739	6,984,969
Leases payable	1,640,618	-
<b>Total</b>	<b>\$ 159,961,357</b>	<b>\$ 46,754,969</b>

**Economic Factors and Next Year’s Budget**

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

The local subsidy for fiscal year 2023 increased by \$8,787,464 or 184.7 percent to \$13,544,122. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund, which will continue in fiscal year 2023. Additional sources of funding will be available in fiscal year 2023 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

**REQUESTS FOR INFORMATION**

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2022

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Cash and cash equivalents	\$ 341,974	\$ 62,962,964	\$ 63,304,938
Due from other governments:			
Commonwealth of Virginia	39,560,718	-	39,560,718
Federal	8,444,264	-	8,444,264
Local jurisdictions	346,544	-	346,544
Trade accounts receivable, net	-	320,059	320,059
Other receivables	-	458,446	458,446
Inventory	-	2,146,834	2,146,834
Deposits and prepaid items	149,939	323,477	473,416
Restricted cash, cash equivalents and investments	52,619,738	140,257,889	192,877,627
Internal balances	(32,505,397)	32,505,397	-
Capital assets:			
Right-to-use leased buildings	4,064,461	692,516	4,756,977
Right-to-use leased parking lots	-	289,664	289,664
Right-to-use leased tower	-	49,790	49,790
Rolling stock	-	142,651,538	142,651,538
Vehicles	-	72,780	72,780
Facilities	-	56,489,589	56,489,589
Track and signal improvements	-	50,054,134	50,054,134
Equipment and software	-	6,685,145	6,685,145
Construction in progress	-	40,170,393	40,170,393
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	212,054	3,129,921	3,341,975
Less accumulated depreciation and amortization	(539,016)	(126,093,431)	(126,632,447)
Leases receivable, noncurrent portion	-	701,475	701,475
Total assets	<u>72,695,279</u>	<u>416,762,224</u>	<u>489,457,503</u>
Deferred outflows of resources, loss on refunding	-	331,710	331,710
Total assets and deferred outflows of resources	<u>72,695,279</u>	<u>417,093,934</u>	<u>489,789,213</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2022

<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 11,503,902	\$ 4,157,348	\$ 15,661,250
Accrued expenses	68,509	1,114,401	1,182,910
Accrued interest	7,612	460,546	468,158
Due to fiduciary fund	3,723,658	-	3,723,658
Unearned revenue	263,430	819,922	1,083,352
Contract retainage	-	781,994	781,994
Noncurrent liabilities:			
Due within one year:			
Lease payable	292,712	179,912	472,624
Compensated absences	63,296	89,845	153,141
Bond payable	-	4,755,000	4,755,000
Private placement note payable	-	852,435	852,435
Due in more than one year:			
Lease payable	3,487,087	640,397	4,127,484
Compensated absences	136,441	590,845	727,286
Bond payable	-	164,626,477	164,626,477
Private placement note payable	-	1,825,434	1,825,434
<b>Total liabilities</b>	<b>19,546,647</b>	<b>180,894,556</b>	<b>200,441,203</b>
Deferred inflows of resources, leases	-	701,475	701,475
<b>NET POSITION</b>			
Net investment in capital assets	(42,300)	126,324,041	126,281,741
Restricted for toll funded projects	52,635,382	-	52,635,382
Restricted for liability insurance plan	-	5,011,452	5,011,452
Restricted for debt service	-	133,281,926	133,281,926
Restricted grants or contributions	-	1,268,288	1,268,288
Unrestricted	555,550	(30,387,804)	(29,832,254)
<b>Total net position</b>	<b>\$ 53,148,632</b>	<b>\$ 235,497,903</b>	<b>\$ 288,646,535</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
<b>Primary government:</b>							
Governmental activities:							
General and administration	\$ 25,312,389	\$ -	\$ 25,103,057	\$ -	\$ (209,332)	\$ -	\$ (209,332)
Toll funded project costs	11,568,646	-	-	-	(11,568,646)	-	(11,568,646)
Jurisdiction transit	287,725,699	-	265,206,370	-	(22,519,329)	-	(22,519,329)
Total governmental activities	<u>324,606,734</u>	<u>-</u>	<u>290,309,427</u>	<u>-</u>	<u>(34,297,307)</u>	<u>-</u>	<u>(34,297,307)</u>
Business-type activities:							
Commuter rail	69,644,669	7,250,314	2,191,395	69,529,815	-	9,326,855	9,326,855
Total business-type activities	<u>69,644,669</u>	<u>7,250,314</u>	<u>2,191,395</u>	<u>69,529,815</u>	<u>-</u>	<u>9,326,855</u>	<u>9,326,855</u>
Total primary government	<u>\$ 394,251,403</u>	<u>\$ 7,250,314</u>	<u>\$ 292,500,822</u>	<u>\$ 69,529,815</u>	<u>(34,297,307)</u>	<u>9,326,855</u>	<u>(24,970,452)</u>
<b>General revenues:</b>							
Intergovernmental revenue - commuter rail					53,109,699	-	53,109,699
Intergovernmental revenue - motor vehicle fuel sales tax					22,519,329	-	22,519,329
Intergovernmental revenue - toll revenue					23,562,375	-	23,562,375
Interest					128,254	126,599	254,853
Transfers					(53,109,699)	53,109,699	-
Total general revenues					<u>46,209,958</u>	<u>53,236,298</u>	<u>99,446,256</u>
<b>Change in net position</b>					11,912,651	62,563,153	74,475,804
Net position, beginning of year					<u>41,235,981</u>	<u>172,934,750</u>	<u>214,170,731</u>
Net position, end of year					<u>\$ 53,148,632</u>	<u>\$ 235,497,903</u>	<u>\$ 288,646,535</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 341,974	\$ -	\$ -	\$ -	\$ 341,974
Due from other governments:					
Commonwealth of Virginia	35,038,480	3,821,488	700,750	-	39,560,718
Federal	8,444,264	-	-	-	8,444,264
Local jurisdictions	346,544	-	-	-	346,544
Due from fiduciary fund	97,830	-	-	-	97,830
Due from proprietary fund	15,881	-	-	-	15,881
Due from special revenue funds	224,763	-	-	-	224,763
Restricted cash	-	-	21,639,779	30,979,959	52,619,738
Deposits and prepaid items	149,939	-	-	-	149,939
<b>Total assets</b>	<b>\$ 44,659,675</b>	<b>\$ 3,821,488</b>	<b>\$ 22,340,529</b>	<b>\$ 30,979,959</b>	<b>\$ 101,801,651</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,043,559	\$ -	\$ -	\$ 460,343	\$ 11,503,902
Accrued salaries	68,509	-	-	-	68,509
Unearned revenue	263,430	-	-	-	263,430
Due to general fund	-	-	150,908	73,855	224,763
Due to proprietary fund	32,521,278	-	-	-	32,521,278
Due to fiduciary fund	-	3,821,488	-	-	3,821,488
<b>Total liabilities</b>	<b>43,896,776</b>	<b>3,821,488</b>	<b>150,908</b>	<b>534,198</b>	<b>48,403,370</b>
<b>FUND BALANCES</b>					
Nonspendable					
Deposits and prepaid items	149,939	-	-	-	149,939
Restricted					
Toll Revenues	-	-	22,189,621	30,445,761	52,635,382
Unassigned	612,960	-	-	-	612,960
<b>Total fund balance</b>	<b>762,899</b>	<b>-</b>	<b>22,189,621</b>	<b>30,445,761</b>	<b>53,398,281</b>
<b>Total liabilities and fund balance</b>	<b>\$ 44,659,675</b>	<b>\$ 3,821,488</b>	<b>\$ 22,340,529</b>	<b>\$ 30,979,959</b>	<b>\$ 101,801,651</b>

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

Fund balances - governmental funds	\$ 53,398,281
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, are not reported in the funds. The cost of the assets is \$4,276,515 and the accumulated depreciation and amortization is \$539,016.	3,737,499
Lease payable is only recognized in the government-wide financial statements	(3,779,799)
Interest payable is only recognized in the government-wide financial statements	(7,612)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(199,737)
Net position - governmental activities	<u>\$ 53,148,632</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
Revenues:					
Intergovernmental revenues:					
Grants and contributions:					
Commonwealth of Virginia	\$ 52,860,429	\$ 265,206,370	\$ -	\$ -	\$ 318,066,799
Commonwealth of Virginia - CROC	15,000,000	-	-	-	15,000,000
Federal	9,869,063	-	-	-	9,869,063
Local jurisdictions	403,264	-	-	-	403,264
Toll Revenue	-	-	7,803,000	15,759,375	23,562,375
Motor vehicle fuel sales tax	-	22,519,329	-	-	22,519,329
Project chargebacks	80,000	-	-	-	80,000
Interest	882	-	58,681	68,691	128,254
<b>Total revenues</b>	<b>78,213,638</b>	<b>287,725,699</b>	<b>7,861,681</b>	<b>15,828,066</b>	<b>389,629,084</b>
Expenditures:					
Current:					
General and administration	3,050,337	-	-	-	3,050,337
Project costs	12,949,001	-	-	-	12,949,001
PRTC share of CROC funds	9,470,410	-	-	-	9,470,410
Toll funded project costs	-	-	4,924,140	6,644,506	11,568,646
Payments to fiduciary fund	-	287,725,699	-	-	287,725,699
Capital outlay	13,123	-	-	-	13,123
<b>Total expenditures</b>	<b>25,482,871</b>	<b>287,725,699</b>	<b>4,924,140</b>	<b>6,644,506</b>	<b>324,777,216</b>
Other financing uses:					
Transfers in	551,400	-	(356,494)	(194,906)	-
Transfers out	(53,109,699)	-	-	-	(53,109,699)
<b>Change in fund balances</b>	<b>172,468</b>	<b>-</b>	<b>2,581,047</b>	<b>8,988,654</b>	<b>11,742,169</b>
Fund balances, beginning of year	590,431	-	19,608,574	21,457,107	41,656,112
Fund balances, end of year	<u>\$ 762,899</u>	<u>\$ -</u>	<u>\$ 22,189,621</u>	<u>\$ 30,445,761</u>	<u>\$ 53,398,281</u>

Change in fund balances - total governmental funds \$ 11,742,169

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

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

Add - capital outlay	13,123
Deduct - depreciation and amortization expense	(412,039)

Interest expense payable on lease liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund	(7,612)
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Principal payments on lease agreement is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position	284,662
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Amortization of lease liability is only recognized in the government-wide financial statements	264,492
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The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>27,856</u>
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Change in net position of governmental activities	<u>\$ 11,912,651</u>
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The accompanying notes are an integral part of the financial statements.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2022

	<b>Commuter Rail Service Fund</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 62,962,964
Accounts receivable:	
Due from general fund	32,505,397
Trade receivables, net of allowance for doubtful accounts	320,059
Other receivables	458,446
Inventory	2,146,834
Prepaid expenses and other	323,477
Restricted cash, cash equivalents and investments	140,257,889
<b>Total current assets</b>	<b>238,975,066</b>
Noncurrent Assets:	
Capital assets:	
Right-to-use leased buildings	692,516
Right-to-use leased parking lots	289,664
Right-to-use leased tower	49,790
Rolling stock	142,651,538
Vehicles	72,780
Facilities	56,489,589
Track and signal improvements	50,054,134
Equipment and software	6,685,145
Construction in progress	40,170,393
Equity in property of others	2,893,644
Furniture, equipment and software	3,129,921
	303,179,114
Less accumulated depreciation and amortization	(126,093,431)
<b>Total capital assets, net</b>	<b>177,085,683</b>
Lease receivable, noncurrent portion	701,475
<b>Total noncurrent assets</b>	<b>177,787,158</b>
Deferred Outflows of Resources:	
Loss on refunding	331,710
<b>Total assets and deferred outflows of resources</b>	<b>\$ 417,093,934</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2022

	<b>Commuter Rail Service Fund</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 4,157,348
Compensated absences	89,845
Accrued expenses	1,114,401
Accrued interest	460,546
Unearned revenue	819,922
Contract retainage	781,994
Current portion of bonds payable	4,755,000
Current portion of private placement note payable	852,435
Leases payable	179,912
<b>Total current liabilities</b>	<b>13,211,403</b>
Noncurrent Liabilities:	
Compensated absences	590,845
Bonds payable	164,626,477
Private placement note payable	1,825,434
Lease payable	640,397
<b>Total noncurrent liabilities</b>	<b>167,683,153</b>
<b>Total liabilities</b>	<b>180,894,556</b>
Deferred Inflows of Resources:	
Leases	701,475
Net Position:	
Net investment in capital assets	126,324,041
Restricted for liability insurance plan	5,011,452
Restricted for debt service	133,281,926
Restricted grants or contributions	1,268,288
Unrestricted assets	(30,387,804)
<b>Total net position</b>	<b>235,497,903</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 417,093,934</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2022

	<b>Commuter Rail Service Fund</b>
Operating Revenues:	
Passenger revenue	\$ 7,170,641
Equipment rentals and other	79,673
Total operating revenues	7,250,314
Operating Expenses:	
Contract operations and maintenance	19,428,396
Other operations and maintenance	12,111,234
Property leases and access fees	11,783,830
Insurance	5,067,084
Marketing and sales	542,567
General and administrative	7,199,021
Total operating expenses	56,132,132
Operating loss before depreciation and amortization	(48,881,818)
Depreciation and amortization	(10,776,384)
Operating loss	(59,658,202)
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	1,753,492
Regional transportation funding	437,903
Interest income:	
Operating funds	39,088
Insurance trust	9,726
Commonwealth Rail Operating and Capital (CROC) Fund	69,604
Leases	14,587
Other restricted funds	(6,406)
Interest, amortization and other nonoperating expenses, net	(2,736,153)
Total nonoperating expenses, net	(418,159)
Loss before capital contributions and transfers	(60,076,361)
Capital contributions and transfers:	
Contribution from PRTC	69,529,815
Transfers in	53,109,699
Total capital contributions and transfers	122,639,514
Change in net position	62,563,153
Net Position, beginning	172,934,750
Net Position, ending	\$ 235,497,903

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2022

	<b>Commuter Rail Service Fund</b>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 7,217,275
Payments to suppliers	(49,577,378)
Payments to employees	(5,432,695)
Net cash used in operating activities	(47,792,798)
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	69,529,815
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(21,372,694)
Proceeds from bond issuance	129,521,695
Proceeds from sale of capital assets	9,000
Private placement note payable	(814,615)
Principal paid on bonds	(2,475,000)
Leases payable	(211,661)
Interest paid on private placement note payable	(151,064)
Interest paid on bond and notes	(1,784,984)
Interest paid on leases	(25,469)
Bond issuance cost	(1,147,071)
Contribution from General Fund	27,095,311
Net cash provided by capital and related financing activities	128,643,448
Cash Flows From Investing Activities:	
Interest received on investments	126,599
Increase in cash and cash equivalents	150,507,064
Cash and Cash Equivalents, beginning	52,713,789
Cash and Cash Equivalents, ending	\$ 203,220,853
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (59,658,202)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	10,776,384
(Increase) decrease in:	
Trade receivables	(209,435)
Other receivables	(333,412)
Inventory	(1,036,122)
Prepaid items and other	(98,087)
Increase (decrease) in:	
Accounts payable and accrued expenses	1,896,055
Compensated absences	360,215
Unearned revenue	509,806
Net cash used in operating activities	\$ (47,792,798)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 2,377,616
Capital assets acquired through accrued liabilities	281,411
Capital assets acquired through leases	1,031,970
Premium on bond acquired via debt issuance	12,136,265

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2022

	<b>Jurisdiction Trust Fund</b>	<b>Pension Trust Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 344,383,797	\$ -
Due from special revenue fund - Motor vehicle fuel sales tax	3,821,488	-
Due from other governments - Commonwealth of Virginia grants	16,197,803	-
Investments held in trust at fair value	-	2,107,319
	<u>364,403,088</u>	<u>2,107,319</u>
<b>LIABILITIES</b>		
Due to member jurisdictions	24,480	-
Due to general fund	97,830	-
	<u>122,310</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for:		
Member jurisdictions	364,280,778	-
Plan participants	-	2,107,319
	<u>\$ 364,280,778</u>	<u>\$ 2,107,319</u>
Total net position	<u>\$ 364,280,778</u>	<u>\$ 2,107,319</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Year Ended June 30, 2022

	<b>Jurisdiction Trust Fund</b>	<b>Pension Trust Fund</b>
Additions:		
Contributions from government	\$ 287,725,699	\$ -
Intergovernmental revenues	58,632,522	-
Pension fund contributions		
Participants	-	30,637
Employer	-	166,483
	346,358,221	197,120
Investment income		
(Decrease) in fair value of investments	-	(329,655)
Interest earned on investments	800,915	-
	800,915	(329,655)
Deductions:		
Funds disbursed to WMATA:		
Capital improvement program	13,790,106	-
Project development	703,282	-
Metrorail operating	56,610,187	-
Metrobus operating	37,982,049	-
Metroaccess operating	12,955,226	-
Metro debt service	4,782,716	-
Other funds disbursed:		
Other capital disbursements	31,636,930	-
Other operating disbursements	13,354,170	-
Distributions	-	5,542
	171,814,666	5,542
Total deductions	171,814,666	5,542
Change in net position	175,344,470	(138,077)
Net position:		
Beginning of year	188,936,308	2,245,396
End of year	\$ 364,280,778	\$ 2,107,319

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

#### B. Government-wide and Fund Financial Statements

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major governmental funds:

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

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

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

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

NVTC reports the following major enterprise fund:

#### Commuter Rail Service Fund

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

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

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

##### 1. Cash and cash equivalents

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

##### 2. Investments

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

3. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to the Virginia Resources Authority (VRA) financing compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue. The investment in the Virginia State Non-Arbitrage Program (SNAP) for VRA financing is reported at amortized cost; a debt service reserve fund, cost of issuance (COI) fund and revenue stabilization fund for the Series 2022 bonds; a project fund for the net proceeds from sale of the Series 2022 bonds, to be requisitioned by the Virginia Passenger Rail Authority in fiscal year 2023.

4. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$36,100 at June 30, 2022, for the proprietary fund.

5. Inventory

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

6. Prepaid items

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

7. Capital assets

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 7. Capital assets (Continued)

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2022.

##### 8. Deferred outflows/inflows of resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NVTC currently has one item reported in this category.

##### 9. Leases

###### **Lessee:**

NVTC is the lessee for building office space, with a term of thirteen and a half years. The lease does not include a renewal option.

VRE is the lessee for leases of certain buildings, parking lots and a tower. Most leases have terms that range from one to fifteen years. The exercise of lease renewal options is at VRE's discretion.

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

Leases 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 lease term. At the commencement of a lease, NVTC measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The 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, then amortized on a straight line basis over a period that is the shorter of the lease term or the useful life of similar capital assets. Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Key estimates and judgements related to the leases include the determination of a discount rate, lease term, lease payments, and residual value guarantees or other provisions as follows:

**Discount Rate:** When readily available or easily determinable, the interest rate charged by the lessor is used. If not readily available or easily determinable, the estimated incremental borrowing rate is used.

**Lease Term:** The lease term includes the non-cancellable period of the lease.

**Lease Payments:** Lease payments included in the measurement of the lease liability are comprised of fixed payments, and, if applicable, the purchase option price that is reasonably certain to be exercised.

Lease assets are reported with other capital assets as right-to-use leased assets and lease liabilities are reported with current and noncurrent liabilities on the statement of net position.

#### **Lessor:**

For new or modified contracts, NVTC determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), NVTC will record a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not clear, NVTC may apply the guidance for imputation of interest as a means of determining the interest rate.

NVTC will not recognize a lease receivable and a deferred inflow of resources for leases with a noncancellable term of less than 12 months, and income is recognized as incurred.

At the commencement of a lease, NVTC will measure the lease receivable as the present value of payments expected to be received during the lease term and will reduce the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

VRE is a lessor for a lease related to communication towers. The leases term is for 55 years. The exercise of lease renewal options is at VRE's discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

Key estimates and judgements related to leases include the determination of a discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts:

**Discount Rate:** When readily available or easily determinable, the interest rate charged by the lessor is used. If not readily available or easily determinable, the estimated incremental borrowing rate is used.

**Lease Term:** The lease term includes the non-cancellable period of the lease.

**Lease Payments:** Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee

##### 10. Compensated absences

Annual leave for NVTC employees is granted to all full and part-time employees and is earned, generally, based upon the length of employment. Employees with zero through nine years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years of service, the maximum carryover is 360 hours of leave.

The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

10. Compensated absences (Continued)

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

11. Fund equity

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

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

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

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

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

12. Indirect expenditure allocation

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

13. Net position

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

14. 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.

15. Inter-fund transfers

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

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

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

16. Subsequent events

NVTC has evaluated subsequent events through November 18, 2022, which was the date the financial statements were available to be issued.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2. Deposits and Investments

At June 30, 2022, cash, cash equivalents, and investments consisted of the following, stated at fair value.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash	\$ 156,243	\$ 2,999,814	\$ -	\$ 3,156,057
LGIP	185,731	59,963,150	344,383,797	404,532,678
Unit investment trusts – mutual funds	-	-	1,824,258	1,824,258
Unit investment trusts – group annuity contract	-	-	283,061	283,061
	<u>341,974</u>	<u>62,962,964</u>	<u>346,491,116</u>	<u>409,796,054</u>
Restricted:				
LGIP	52,619,738	1,992,958	-	54,612,696
Series 2022 bond proceeds	-	119,159,195	-	119,159,195
Series 2022 debt service reserve fund	-	7,500,000	-	7,500,000
Series 2022 revenue stabilization fund	-	3,750,000	-	3,750,000
Series 2022 certificate of indebtedness fund	-	887,500	-	887,500
VRA debt service reserve fund	-	1,985,231	-	1,985,231
Insurance trust fund – pooled funds	-	4,983,005	-	4,983,005
	<u>52,619,738</u>	<u>140,257,889</u>	<u>-</u>	<u>192,877,627</u>
<b>Total</b>	<u>\$ 52,961,712</u>	<u>\$ 203,220,853</u>	<u>\$ 346,491,116</u>	<u>\$ 602,673,681</u>

Maturities of all investments are less than one year.

### Deposits

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

### Investments

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

As of June 30, 2022, the reporting entity had investments of \$459,145,374 in the LGIP for governmental activities, business-type activities, and the fiduciary funds. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. On the closing date of the bond issuance, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. The funds held in COI are for payment of issuance costs incurred. At June 30, 2022, VRE had \$7,500,000 invested in the Debt Service Reserve Fund, \$3,750,000 in the Revenue Stabilization Fund and \$887,500 in the Cost of Issuance Fund. The funds in the DSRF, RS, and COI were held in custody by U.S. Bank and were invested in a JP Morgan US Government Money Market Fund.

Subsequent to year-end in July, the DSRF, RS, and COI funds were transferred to the Virginia State NonArbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79.

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, \$2 million was transferred into the DSRF from existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2022, the reporting entity had \$1,985,231 invested in the VRA Debt Service Reserve Fund.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2022, a total of \$9,966,010 was invested in the Insurance Trust, of which \$4,983,005 is included in the NVTC reporting entity. In fiscal year 2022, earnings on the Insurance Trust in the amount of \$19,451 were credited to VRE, of which \$9,726 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

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

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

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

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

#### Credit risk

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

#### Custodial credit risk

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Interest rate risk

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

#### Concentration of credit risk

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

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

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

#### Concentration of credit risk

#### Fair Value Measurement

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows NVTC's investments by fair value level as of June 30, 2022:

Investments by Fair Value Level	June 30, 2022	Level 1	Level 2	Level 3
Mutual funds (Pension Trust Fund)	\$ 1,824,258	\$ 1,824,258	\$ -	\$ -
Immediate Participation Guarantee Contract (Pension Trust Fund)	283,061	-	-	283,061
U.S. Treasury Securities (Commuter Rail)	133,281,926	133,281,926	-	-

### Note 3. Due From Other Governments

At June 30, 2022, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 3,821,488	\$ 3,821,488
Grants	32,538,480	-	32,538,480
CROC	2,500,000	-	2,500,000
Toll revenue	700,750	-	700,750
	<u>35,739,230</u>	<u>3,821,488</u>	<u>39,560,718</u>
Due from Federal Government:			
Grants	8,444,264	-	8,444,264
Due from Local Jurisdictions:			
Local match	346,544	-	346,544
	<u>\$ 44,530,038</u>	<u>\$ 3,821,488</u>	<u>\$ 48,351,526</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$32,521,279 for commuter rail and \$3,217,951 for other projects.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance*	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 198,931	\$ 13,123	\$ -	\$ -	212,054
Right-to-use leased building	4,064,461	-	-	-	4,064,461
Less accumulated depreciation or amortization	126,977	412,039	-	-	539,016
<b>Governmental activities capital assets, net</b>	<b>\$ 4,136,415</b>	<b>\$ (398,916)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,737,499</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 16,592,210	\$ 23,896,715	\$ (66,085)	\$ (252,447)	\$ 40,170,393
Capital assets being depreciated or amortized:					
Right-to-use leased buildings	692,516	-	-	-	692,516
Right-to-use leased parking lots	289,664	-	-	-	289,664
Right-to-use leased tower	49,790	-	-	-	49,790
Rolling stock	142,639,959	-	-	11,579	142,651,538
Vehicles	72,780	-	-	-	72,780
Facilities	56,404,725	-	(9,000)	93,864	56,489,589
Track and signal improvements	50,054,134	-	-	-	50,054,134
Equipment and software	6,515,559	5,550	-	164,036	6,685,145
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	3,129,324	-	-	597	3,129,921
<b>Total capital assets being depreciated or amortized</b>	<b>262,742,095</b>	<b>5,550</b>	<b>(9,000)</b>	<b>270,076</b>	<b>263,008,721</b>
Less accumulated depreciation or amortization for:					
Right-to-use leased buildings	-	67,638	-	-	67,638
Right-to-use leased parking lots	-	146,448	-	-	146,448
Right-to-use leased tower	-	19,274	-	-	19,274
Rolling stock	58,368,986	5,800,442	-	11,579	64,181,007
Vehicles	59,952	7,136	-	-	67,088
Facilities	25,721,688	1,538,266	-	5,421	27,265,375
Track and signal improvements	20,973,414	2,787,976	-	-	23,761,390
Equipment and software	5,460,727	251,359	-	-	5,712,086
Equity in property of others	2,148,846	82,297	-	-	2,231,143
Office equipment, furniture and software	2,565,837	75,548	-	597	2,641,982
<b>Total accumulated</b>	<b>115,299,450</b>	<b>10,776,384</b>	<b>-</b>	<b>17,597</b>	<b>126,093,431</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>147,442,645</b>	<b>(10,770,834)</b>	<b>(9,000)</b>	<b>252,479</b>	<b>136,915,290</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 164,034,855</b>	<b>\$ 13,125,881</b>	<b>\$ (75,085)</b>	<b>\$ 12</b>	<b>\$ 177,085,683</b>

\*The beginning balance was restated for the implementation of GASB 87. Leased assets at June 30, 2022 consists of three building leases, two parking lot leases, and one tower lease.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets (continued)

The chart above reflects the purchase of several S&B fare collection system ticket validator units at a value of \$0.3 million (NVTC reporting entity \$0.15 million, the completion of the Broad Run and Crossroads LED Yard Lighting Replacement project at a value of \$0.2 million (NVTC reporting entity \$0.1 million, and work on the Variable Message System (VMS) Proof of Concept project at a value of \$15,272 (NVTC reporting entity \$7,636). The chart also reflects the direct purchase of \$11,100 (NVTC reporting entity \$5,550) in rolling stock maintenance tools.

The chart also represents the sale to the United States Department of the Navy of a small parcel (0.12 acre) of Commission-owned land for construction of a new Base facility adjacent to the VRE Quantico Station for \$18,000.

Finally, the chart also reflects several asset-related adjustments completed as part of VRE's transition of financial systems in fiscal year 2022.

Depreciation and amortization expenses for the year ended June 30, 2022 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 412,039	\$ -
Commuter rail	-	10,776,384

### Note 5. Leases

#### Governmental activities

NVTC amended the current office space lease under a 154-month agreement which commenced on March 15, 2019 and expires November 15, 2031. NVTC is required to make monthly principal and interest payments ranging from \$33,796 to \$43,276 through November 2031. The lease has an interest rate of 2.5% over the term of the lease, and calls for the pass-through of a proportionate share of common building expenses after the first anniversary year. The lease contains a provision for the abatement of the first month's payment for the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

For the government-wide financial statements, an initial lease liability was recorded in the amount of \$4,064,461 during the current fiscal year. The building has an estimated useful life of approximately ten and a half years. The value of the right-to-use leased asset as of the end of the current fiscal year was \$3,674,273, and had accumulated amortization of \$390,188. The lease liability outstanding at the end of the current fiscal year was \$3,779,799.

The following table summarizes the total minimum lease payments due as of June 30, 2022:

Year(s) Ending June 30,	Principal	Interest
2023	\$ 292,712	\$ 91,000
2024	309,804	83,483
2025	327,579	75,531
2026	383,615	66,893
2027	404,673	57,063
2028-2032	2,061,416	120,252
Total	<u>\$ 3,779,799</u>	<u>\$ 494,222</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 5. Leases (continued)**

**Business-type activities**

	Total	NVTC Reporting Entity
<p>Lease obligation for a building. VRE is required to make monthly principal and interest payments of \$1,697 through July 2022. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$21,740 (\$10,870) during the current fiscal year. The building has an estimated one-year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,673 (\$837) and had accumulated amortization of \$20,067 (\$10,034).</p>	\$ 1,693	\$ 847
<p>Lease obligation for a tower. VRE is required to make monthly principal and interest payments ranging from \$3,222 to \$3,418 through January 2024. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$99,581 (\$49,790) during the current fiscal year. The tower has an estimated useful life of thirty-one months. The value of the right-to-use leased asset as of the end of the current fiscal year was \$61,034 (\$30,517) and had accumulated amortization of \$38,547 (\$19,274).</p>	62,665	31,332
<p>Lease obligation for a building. VRE is required to make monthly principal and interest payments ranging from \$9,708 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291 (\$681,645) during the current fiscal year. The building has an estimated twelve-year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,248,083 (\$624,041) and had accumulated amortization of \$115,208 (\$57,604).</p>	1,282,558	641,279
<p>Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments ranging from \$9,070 to \$9,717 through December 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$273,503 (\$136,752) during the current fiscal year. The parking lot has an estimated thirty-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$164,102 (\$82,051) and had accumulated amortization of \$109,401 (\$54,700).</p>	168,852	84,426
<p>Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments ranging from \$15,473 to \$15,782 through February 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$305,825 (\$152,913) during the current fiscal year. The parking lot has an estimated thirty-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$122,330 (\$61,165) and had accumulated amortization of \$183,495 (\$91,748).</p>	124,850	62,425
	\$ 1,640,618	\$ 820,309

Note: Amounts shown parenthetically are the values reported by the NVTC Reporting Entity.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Leases (continued)

Years(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2023	\$ 359,824	\$ 43,671	\$ 179,912	\$ 21,836
2024	170,928	35,508	85,464	17,754
2025	95,944	31,992	47,972	15,996
2026	102,753	29,021	51,376	14,510
2027	109,887	25,841	54,944	12,921
2028-2032	668,729	73,484	334,364	36,741
2033	132,553	1,829	66,277	915
Total minimum lease payments	\$ 1,640,618	\$ 241,346	\$ 820,309	\$ 120,673

### Note 6. Long-Term Debt Obligations

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

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Leases payable	\$ 4,064,461	\$ -	\$(284,662)	\$ 3,779,799	\$ 292,712
Compensated absences	227,593	158,065	(185,921)	199,737	63,296
<b>Total governmental activities</b>	<b>4,292,054</b>	<b>158,065</b>	<b>(470,583)</b>	<b>3,979,536</b>	<b>356,008</b>
Business-type activities:					
Leases payable	1,031,970	-	(211,661)	820,309	179,912
Private placement note payable	3,492,484	-	(814,615)	2,677,869	852,435
Bond payable	39,770,000	115,670,000	(2,475,000)	152,965,000	4,755,000
Unamortized premium	4,678,371	12,136,265	(398,159)	16,416,477	470,476
Compensated absences	320,475	558,870	(198,655)	680,690	89,845
<b>Total business-type activities</b>	<b>48,261,330</b>	<b>128,365,135</b>	<b>(3,886,429)</b>	<b>172,740,036</b>	<b>6,347,668</b>
<b>Total Primary Government</b>	<b>\$ 52,553,384</b>	<b>\$ 128,523,200</b>	<b>\$ (4,357,012)</b>	<b>\$ 176,719,572</b>	<b>\$ 6,703,676</b>

\*Note: The beginning balance was restated for the implementation of GASB 87.

Private Payment Placement Note Payable - Gallery IV (11 cars)	Total	NVTC Reporting Entity
	\$25,100,000 private placement note payable (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$10,694,992 (NVTC reporting entity, \$5,347,461)	\$ 5,355,739

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6. Long-Term Debt Obligations (continued)

Future minimum payments as of June 30, 2022 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2023	\$ 1,704,870	\$ 852,435
2024	1,784,022	892,011
2025	1,866,847	933,423
	<u>\$ 5,355,739</u>	<u>\$ 2,677,869</u>

Note: Federal arbitrage regulations apply to the Gallery IV private payment placement note payable.

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

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

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

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$51,534,250 at June 30, 2022. \$ 37,295,000

### NVTC Transportation District Special Obligation Revenue Bonds, Series 2022

NVTC Bond payable, \$115,670,000 Bond, due in variable annual amounts, plus a bi-annual interest rate of 5.00% through June 1, 2052. \$ 115,670,000

Mandatory debt service on Bonds payable requirements as of June 30, 2022 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,150,000	\$ 5,349,738	\$ 2,605,000	\$ 1,685,666	\$ 4,755,000	\$ 7,035,404
2024	1,820,000	5,676,000	2,745,000	1,548,572	4,565,000	7,224,572
2025	1,910,000	5,585,000	2,885,000	1,404,303	4,795,000	6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028-2032	12,235,000	25,253,500	18,610,000	2,845,200	30,845,000	28,098,700
2033-2037	15,610,000	21,874,000	4,210,000	80,531	19,820,000	21,954,531
2038-2042	19,925,000	17,561,250	-	-	19,925,000	17,561,250
2043-2047	25,440,000	12,054,750	-	-	25,440,000	12,054,750
2048-2052	32,460,000	5,027,000	-	-	32,460,000	5,027,000
Subtotal	115,670,000	109,259,738	37,295,000	9,909,322	152,965,000	119,169,060
Unamortized premium	4,280,212	-	12,136,265	-	16,416,477	-
<b>Total</b>	<u>\$119,950,212</u>	<u>\$109,259,738</u>	<u>\$ 49,431,265</u>	<u>\$ 9,909,322</u>	<u>\$169,381,477</u>	<u>\$229,209,950</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Joint Venture – Virginia Railway Express

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

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Joint Venture – Virginia Railway Express (continued)

Financial information from VRE's fiscal year 2022 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2022

##### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 92,348,142
Accounts receivable:	
Due from PRTC	22,615,359
Federal CARES Act	4,637,278
Commonwealth of Virginia grants	30,021,278
Commonwealth Rail Operating and Capital (CROC) Fund	2,500,000
Trade and other, net of allowance	2,072,675
Inventory	3,148,774
Prepaid expenses and other	474,445
Restricted cash, cash equivalents and investments	145,841,405
<b>Total current assets</b>	<u>303,659,356</u>
Noncurrent assets:	
Capital assets (net of \$252,186,861 accumulated depreciation and amortization)	354,171,361
Leases receivable, noncurrent portion	1,402,949
Net pension assets	891,393
<b>Total noncurrent assets</b>	<u>356,465,703</u>
<b>Total assets</b>	
Deferred outflows of resources	1,455,938
<b>Total assets and deferred outflows of resources</b>	<u>\$ 661,580,997</u>

##### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 12,907,535
Unearned revenue	1,202,584
Current portion of:	
Compensated absences	131,776
Bonds payable	4,755,000
Leases payable	359,824
Private placement note payable	1,704,870
<b>Total current liabilities</b>	<u>21,061,589</u>
Noncurrent liabilities:	
Other postemployment benefits	305,585
Private placement note payable	3,650,869
Bonds payable	164,626,477
Leases payable	1,280,794
Compensated absences	866,596
<b>Total noncurrent liabilities</b>	<u>170,730,321</u>
<b>Total liabilities</b>	<u>191,791,910</u>
Deferred inflows of resources	3,305,618
Net position:	
Net investment in capital assets	290,402,387
Restricted for liability insurance plan	10,022,903
Restricted for debt service	133,281,926
Restricted grants or contributions	2,536,576
Unrestricted assets	30,239,677
<b>Total net position</b>	<u>466,483,469</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 661,580,997</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 7. Joint Venture – Virginia Railway Express (Continued)**

**VIRGINIA RAILWAY EXPRESS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended June 30, 2022**

Operating revenues	\$	10,634,078
Operating expenses		82,329,324
<b>Operating loss before depreciation and amortization</b>		(71,695,246)
Depreciation and amortization		(21,552,764)
<b>Operating loss</b>		(93,248,010)
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		21,975,609
Federal grants – with PRTC as grantee		8,070,012
Federal CARES Act		47,232,405
Jurisdictional contributions		4,756,658
Commonwealth Rail Operating and Capital (CROC) Fund		15,000,000
Interest income:		
Operating funds		101,474
Insurance trust		19,451
Commonwealth Rail Operating and Capital (CROC) Fund		139,208
Leases		29,174
Other restricted funds		(12,812)
Interest, amortization and other nonoperating expenses, net		(2,908,408)
<b>Total nonoperating revenues, net</b>		94,402,771
Capital grants and assistance:		
Commonwealth of Virginia grants		25,604,500
Federal grants – with PRTC as grantee		17,603,912
Regional transportation funding (NVTA)		875,805
Local contribution		62,269
<b>Total capital grants and assistance</b>		44,146,486
<b>Change in net position</b>		45,301,247
Net position, beginning of year		421,182,222
Net position, ending	\$	466,483,469

**Note 8. Intergovernmental Revenues, Commonwealth of Virginia**

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 9. Pension Plans

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

#### NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2022 totaled \$166,483 (12.1 percent of covered payroll). Required employee contributions for the year ended June 30, 2022 totaled \$28,891 (2.1 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. During the plan year ending June 30, 2022 there were 12 participants. NVTC's payroll for employees covered by the plan for the year ended June 30, 2022 was \$1,379,422.

### Note 10. Agreements

#### Business-type activities

Operating Access Agreements with the CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2022, annual track usage fees totaled approximately \$11,207,000, of which \$7,641,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$443,000, of which \$302,000 is recognized by the NVTC reporting entity.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. A new agreement became effective on July 1, 2020. For the year ended June 30, 2022, costs for track access and equipment storage totaled approximately \$6,060,000, of which \$4,132,000 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,095,000, of which \$2,792,000 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2023 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 10. Agreements (continued)

The Commissions signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. In May 2020, the Commissions authorized the Chief Executive Officer to amend the contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the second five-year option period, effective July 1, 2020 through June 30, 2025.

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the year ended June 30, 2022 total approximately \$24,450,000 of which \$16,670,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2023 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

### Note 11. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently approximately \$323 million) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$65,300 at June 30, 2022, of which \$32,650 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to the provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2022 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,196,192	\$ 5,098,096
Insurance premiums paid	(6,950)	(3,475)
Claims mitigation and losses incurred	(216,187)	(108,094)
Investment income	19,451	9,726
Actuarial and administrative charges	(26,496)	(13,248)
Ending balance, June 30	<u>\$ 9,966,010</u>	<u>\$ 4,983,005</u>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 12. Significant Commitments and Contingencies

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

#### Governmental activities

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

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

#### Business-type activities

At June 30, 2022, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2022:

Stations and parking lots	\$ 24,789,712
Rolling stock	72,667,523
Maintenance and layover yards	18,428,988
Other administrative	688,236
<b>Total</b>	<u>\$ 116,574,459</u>

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

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 13. Interfund Transfers**

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 356,494	\$ -	\$ 356,494
Special Revenue Fund – I-395/95 toll revenue	194,906	-	194,906
General Fund	-	53,109,699	53,109,699
	<hr/>	<hr/>	<hr/>
Total transferred in	\$ 551,400	\$ 53,109,699	\$ 53,661,099
	<hr/>	<hr/>	<hr/>

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

The transfers from the Special Revenue Funds to the General Fund are for NVTC administration and outreach.

**Note 14. Pending GASB Statements**

At June 30, 2022, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the VRE reporting entity. The statements which might impact NVTC are as follows:

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 14. Pending GASB Statements (Continued)

GASB Statement No. 99, *Omnibus 2022*, provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the NVTC beginning with its year ending June 30, 2023. The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for NVTC beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Statement 100 will be effective for NVTC beginning with its year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for the NVTC beginning with its year ending June 30, 2025.

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

### Note 15. Subsequent Events

In July 2022, VRE undertook a number of actions related to the sale of the Series 2022 Bonds which closed on June 28, 2022. In accordance with the Funding Agreement between the two parties, and following a formal requisition by VPRA, the net proceeds of approximately \$119.2 million from the transaction were transferred to VPRA to assist in the purchase of railroad right-of-way from CSX Transportation. VRE also undertook the first transfer of C-ROC funds to the bond Trustee (U.S. Bank), as required by the Indenture and other bond documents. Transfers to the Trustee in the amount of \$1,250,000 are now occurring monthly. VRE also initiated payment of bond issuance costs from the Cost of Issuance (COI) fund. Following payment of all eligible costs, any excess funds in the COI fund will be applied by the Trustee to pay debt service on the Series 2022 Bonds, and the COI fund will be closed.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to offer fare-free travel for all VRE riders in September 2022 and fare-free travel between zones 1, 2 and 3 in October 2022. The fare-free travel initiatives are intended to show appreciation for the core group of VRE riders who stayed with the service throughout the pandemic; promote VRE service and attract new riders; and support the region's transportation network during scheduled Metrorail service disruptions.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 15. Subsequent Events (continued)**

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for construction of Fredericksburg Station Rehabilitation in the amount of \$7,918,581, plus a 10 percent contingency of \$791,858, for a total amount not to exceed \$8,710,439.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Gannett Fleming, Inc. of Fairfax, Virginia for Construction Management (CM) Services for the Manassas Park Parking Expansion Project in the amount of \$3,231,139, plus a 10 percent contingency of \$323,114, for a total amount not to exceed \$3,554,253.

In August 2022, the VRE Operations Board authorized the Chief Executive Officer to issue a Mechanical Engineering Consulting Services Task Order to STV Inc. for Engineering Oversight for New Passenger Railcars II in the amount of \$1,359,164, plus a 10 percent contingency of \$135,916, for a total not to exceed \$1,495,080.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION  
JURISDICTION TRUST FUND  
Year Ended June 30, 2022**

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 42,046,094	\$ 67,064,557	\$ 3,392,596	\$ 150,789,933	\$ 1,913,190	\$ -	\$ 265,206,370
Motor Vehicle Fuel Sales Tax	1,767,905	1,588,910	557,589	11,245,542	857,653	6,501,730	22,519,329
Intergovernmental revenues, grants:							
Commonwealth of Virginia	9,682,902	14,690,920	1,488,621	32,359,259	410,820	-	58,632,522
Investment income	86,157	183,444	16,703	382,677	4,419	127,515	800,915
Total additions	<u>53,583,058</u>	<u>83,527,831</u>	<u>5,455,509</u>	<u>194,777,411</u>	<u>3,186,082</u>	<u>6,629,245</u>	<u>347,159,136</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	3,641,129	6,036,622	713,407	3,398,948	-	-	13,790,106
Project development	-	205,244	8,600	489,438	-	-	703,282
Metrorail operating	15,890,343	10,593,946	634,772	28,638,682	852,444	-	56,610,187
Metrobus operating	4,685,499	6,000,000	391,954	25,552,380	1,352,216	-	37,982,049
Metroaccess operating	2,049,824	-	297,966	10,514,879	92,557	-	12,955,226
Metro debt service	1,775,510	-	111,494	2,807,606	88,106	-	4,782,716
Other funds disbursed:							
Other capital disbursements	1,904,986	-	-	29,731,944	-	-	31,636,930
Other operating disbursements	-	56,719	1,380,480	11,916,971	-	-	13,354,170
Total deductions	<u>29,947,291</u>	<u>22,892,531</u>	<u>3,538,673</u>	<u>113,050,848</u>	<u>2,385,323</u>	<u>-</u>	<u>171,814,666</u>
Change in net position	23,635,767	60,635,300	1,916,836	81,726,563	800,759	6,629,245	175,344,470
Net position held in trust for member jurisdictions:							
Beginning of year	<u>21,768,346</u>	<u>34,518,365</u>	<u>5,816,230</u>	<u>79,855,260</u>	<u>1,569,742</u>	<u>45,408,365</u>	<u>188,936,308</u>
End of year	<u>\$ 45,404,113</u>	<u>\$ 95,153,665</u>	<u>\$ 7,733,066</u>	<u>\$ 161,581,823</u>	<u>\$ 2,370,501</u>	<u>\$ 52,037,610</u>	<u>\$ 364,280,778</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2022**

	Total	General and Administrative	Projects
Expenditures:			
Audit and Legal	\$ 54,355	\$ 54,355	\$ -
Capital outlay	13,123	13,123	-
Commissioners' per diem	12,450	12,450	-
Computer	18,209	18,209	-
Copier duplicating	8,785	8,785	-
Disability insurance	9,806	9,543	263
Employee group insurance	151,413	147,360	4,053
Employee retirement	166,483	162,027	4,456
Employer payroll taxes	137,356	133,679	3,677
Leave - annual, holiday, and sick	297,392	290,177	7,215
Memberships and subscriptions	1,534	1,534	-
Miscellaneous	9,069	9,069	-
Office supplies	2,504	2,504	-
Office rent	386,407	386,407	-
Insurance and liability bonds	7,344	7,344	-
Parking and transit	1,786	1,786	-
Postage and shipping	1,289	1,289	-
Consulting, other project costs	13,040,271	152,880	12,887,391
Public information	11,932	11,932	-
Salaries and wages	1,587,075	1,545,129	41,946
State liaison	47,538	47,538	-
Telephone and data	15,325	15,325	-
Training and conferences	19,809	19,809	-
Travel and meetings	11,206	11,206	-
<b>Total expenditures</b>	<b>\$ 16,012,461</b>	<b>\$ 3,063,460</b>	<b>\$ 12,949,001</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2022**

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD Collection</b>	<b>Fare Collection</b>	<b>Route 7</b>	<b>Post Platform Shutdown Marketing</b>	<b>Totals</b>
Revenues:						
Commonwealth of Virginia	\$ 2,445,124	\$ 231,234	\$ 32,448	\$ -	\$ 138,751	\$ 2,847,557
Federal	9,869,063	-	-	-	-	9,869,063
Local	-	-	32,447	-	34,821	67,268
NVTC match	-	6	45,291	119,816	-	165,113
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenue	<u><u>\$ 12,314,187</u></u>	<u><u>\$ 231,240</u></u>	<u><u>\$ 110,186</u></u>	<u><u>\$ 119,816</u></u>	<u><u>\$ 173,572</u></u>	<u><u>\$ 12,949,001</u></u>
Expenditures:						
Consulting	\$ -	\$ 231,240	\$ 64,893	\$ 103,499	\$ -	\$ 399,632
Costs incurred	12,314,187	-	-	-	173,572	12,487,759
Fringe benefits	-	-	14,456	5,208	-	19,664
Salaries and wages	-	-	30,837	11,109	-	41,946
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u><u>\$ 12,314,187</u></u>	<u><u>\$ 231,240</u></u>	<u><u>\$ 110,186</u></u>	<u><u>\$ 119,816</u></u>	<u><u>\$ 173,572</u></u>	<u><u>\$ 12,949,001</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES**  
**SPECIAL REVENUE FUND I-66 TOLL REVENUE**  
Year Ended June 30, 2022

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2022 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2022 Deobligations</u>	<u>Remaining Balance</u>
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	\$ 3,336,836	\$ 3,300,260	\$ 36,576	\$ 3,336,836	\$ -	\$ -
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	217,468	126,969	344,437	-	155,563
<b>Subtotal - Fiscal Year 2017 Program</b>			<b>3,836,836</b>	<b>3,517,728</b>	<b>163,545</b>	<b>3,681,273</b>	<b>-</b>	<b>155,563</b>
Arlington County	Traffic Management Center	013-02-18	400,000	281,675	105,096	386,771	13,229	-
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	2,681,374	379,611	3,060,985	-	391,633
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	54,849	-	54,849	-	442,251
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	333,939	-	333,939	1,372,101	-
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	892,271	164,992	1,057,263	-	8,697
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	133,068	22,011	155,079	-	809,921
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	81,992	52,208	134,200	-	-
<b>Subtotal - Fiscal Year 2018 Program</b>			<b>8,220,918</b>	<b>4,459,168</b>	<b>723,918</b>	<b>5,183,086</b>	<b>1,385,330</b>	<b>1,652,502</b>
Arlington County	Enhanced Bus Service on Metrobus 3Y: Lee Highway-Farragut Square	013-01-20	1,040,000	-	-	-	-	1,040,000
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	233,412	328,054	561,466	-	788,534
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	520,000	575,187	1,095,187	-	844,313
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	3,120,000	501,024	3,621,024	-	704,976
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	-	-	-	-	532,031
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	640,000	263,858	903,858	-	353,368
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	639,630	151,269	790,899	-	158,583
Prince William County	New TDM Outreach to the I-66 Corridor	153-01-20	200,000	-	-	-	-	200,000
PRTC	Enhanced Bus Service from Gainesville to DC	664-01-20	1,519,100	91,986	88,839	180,825	-	1,338,275
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	3,054,700	1,542,049	4,596,749	-	74,951
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	185,629	492,522	678,151	-	98,549
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-01-20	800,000	713,627	86,373	800,000	-	-
<b>Subtotal - Fiscal Year 2020 Program</b>			<b>19,361,739</b>	<b>9,198,984</b>	<b>4,029,175</b>	<b>13,228,159</b>	<b>-</b>	<b>6,133,580</b>
Arlington County	Lee Highway HOV and Bus-Only Lane in Rosslyn	013-61-21	710,000	-	-	-	-	710,000
Fairfax County	McLean Metrorail Station North Entrance	059-61-21	1,000,000	-	-	-	-	1,000,000
Loudoun County	Renewal of Purcellville Metro Connection Bus Service	107-61-21	709,030	-	93,875	93,875	-	615,155
City of Fairfax	City of Fairfax Bike Share Implementation	600-61-21	460,000	-	-	-	-	460,000
PRTC	Renewal of Bus Service from Gainesville to Pentagon/Navy Yard	664-61-21	461,100	-	-	-	-	461,100
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-21	137,100	-	-	-	-	137,100
NVTC	Program Administration and Oversight	999-01-21	300,000	-	270,121	270,121	-	29,879
<b>Subtotal - Fiscal Year 2021 Program</b>			<b>3,777,230</b>	<b>-</b>	<b>363,996</b>	<b>363,996</b>	<b>-</b>	<b>3,413,234</b>
PRTC	TDM Strategy - I-66 Corridor Vanpool Parking Benefit	664-61-22	85,000	-	-	-	-	85,000
Fairfax County	New Bus Service from Reston South to Crystal City	059-61-22	5,110,800	-	-	-	-	5,110,800
Fairfax County	Fare Buy-Down on Bus Service from Reston North to Crystal City	059-62-22	154,500	-	-	-	-	154,500
NVTC	Program Administration and Oversight	999-01-22	400,000	-	-	-	-	400,000
<b>Subtotal - Fiscal Year 2022 Program</b>			<b>5,750,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,750,300</b>
<b>Total</b>			<b>\$ 40,947,023</b>	<b>\$ 17,175,880</b>	<b>\$ 5,280,634</b>	<b>\$ 22,456,514</b>	<b>\$ 1,385,330</b>	<b>\$ 17,105,179</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2022 activity. Expenditures for NVTC administration and outreach totaling \$356,494 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF I-395/95 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES  
SPECIAL REVENUE FUND I-395/95 TOLL REVENUE  
Year Ended June 30, 2022**

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2022 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2022 Deobligations</u>	<u>Remaining Balance</u>
Fairfax County	New Bus Service to the Pentagon with Gambrill and Backlick North Park and Ride Improvements	059-31-20	\$ 3,540,903	\$ 2,283,169	\$ 557,816	\$ 2,840,985	\$ -	\$ 699,918
PRTC	Enhanced Bus Service from Dale City to Ballston	664-31-20	251,600	72,774	178,826	251,600	-	-
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	198,923	244,565	443,488	-	118,912
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	237,033	333,801	570,834	-	562,666
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	223,117	546,083	769,200	-	2,800,000
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	168,899	326,401	495,300	-	3,000,000
Alexandria Transit Co.	Enhanced Bus Service on AT-1 Plus: West End to Van Dorn Metro	997-31-20	3,040,000	2,830,521	209,479	3,040,000	-	-
Alexandria Transit Co.	Enhanced Bus Service on AT-9: Mark Center to Potomac Yard	997-32-20	1,949,000	1,949,000	-	1,949,000	-	-
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	194,489	70,388	264,877	-	131,307
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	602,672	194,906	797,578	-	2,422
<b>Subtotal - Fiscal Year 2020 Program</b>			<b>18,738,087</b>	<b>8,760,597</b>	<b>2,662,265</b>	<b>11,422,862</b>	<b>-</b>	<b>7,315,225</b>
Fairfax County	Renewal of Route 396 Express Bus Service: Backlick North Park and Ride to Pentagon	059-31-22	\$ 1,386,000	\$ -	\$ -	\$ -	\$ -	\$ 1,386,000
Fairfax County	Enhanced Bus Service for Route 371: Lorton to Franconia - Springfield Metro	059-32-22	2,496,529	-	-	-	-	2,496,529
Prince William County	Horner Road Park and Ride Lot Expansion	153-31-22	2,800,000	-	-	-	-	2,800,000
Spotsylvania County	New Park and Ride Lot in Massaponax	177-31-22	1,100,000	-	-	-	-	1,100,000
City of Fredricksburg	New Bus Service from Route 208 Park and Ride Lot to Fredericksburg VRE	630-31-22	1,218,800	-	-	-	-	1,218,800
PRTC	Renewal of Enhanced Bus Service from Dale City to Ballston	664-31-22	291,831	-	75,691	75,691	-	216,140
PRTC	Renewal of Enhanced Bus Service on Prince William Metro Express: OmniRide Transit Center to Franconia-Springfield Metro	664-32-22	434,776	-	-	-	-	434,776
PRTC	Renewal of Enhanced Bus Service on Route 1 Local: Quantico to Woodbridge VRE	664-33-22	541,169	-	-	-	-	541,169
PRTC	Renewal of Bus Service from Staffordboro to Downtown D.C.	664-34-22	968,308	-	106,617	106,617	-	861,691
PRTC	Renewal of Bus Service from Staffordboro to the Pentagon	664-35-22	704,773	-	9,762	9,762	-	695,011
PRTC	TDM Strategy-- I-395/95 Corridor Vanpool Monthly Incentive	664-36-22	604,800	-	-	-	-	604,800
Alexandria Transit Co.	Enhanced Bus Service from Van Dorn Metro to the Pentagon	997-31-22	5,734,000	-	2,580,378	2,580,378	-	3,153,622
Alexandria Transit Co.	Enhanced Bus Service from Mark Center to Potomac Yard	997-32-22	3,650,000	-	1,404,699	1,404,699	-	2,245,301
NVTC	NVTC Program Administration of Oversight	999-31-22	800,000	-	-	-	-	800,000
<b>Subtotal - Fiscal Year 2022 Program</b>			<b>22,730,986</b>	<b>-</b>	<b>4,177,147</b>	<b>4,177,147</b>	<b>-</b>	<b>18,553,839</b>
<b>Total</b>			<b>\$ 41,469,073</b>	<b>\$ 8,760,597</b>	<b>\$ 6,839,412</b>	<b>\$ 15,600,009</b>	<b>\$ -</b>	<b>\$ 25,869,064</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2022 activity. Expenditures for NVTC administration and outreach totaling \$194,906 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF ALLOCATED SPECIAL REVENUE FUND - I-395/95 ACTIVITY  
BETWEEN NVTC AND PRTC  
Year Ended June 30, 2022**

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

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
<b>Revenues:</b>			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 15,759,375	\$ 10,324,713	\$ 5,434,662
Interest income	68,691	45,003	23,688
Total revenues	<u>15,828,066</u>	<u>10,369,716</u>	<u>5,458,350</u>
<b>Expenditures:</b>			
Current:			
Toll funded project costs	6,644,506	4,353,131	2,291,375
Total expenditures	<u>6,644,506</u>	<u>4,353,131</u>	<u>2,291,375</u>
Other financing uses:			
Transfers	<u>(194,906)</u>	<u>(127,692)</u>	<u>(67,214)</u>
Change in fund balance	8,988,654	5,888,893	3,099,761
Fund balance, beginning of year	<u>21,457,107</u>	<u>14,232,776</u>	<u>7,224,331</u>
Fund balance, end of year	<u>\$ 30,445,761</u>	<u>\$ 20,121,669</u>	<u>\$ 10,324,092</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2022**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2021	5/2/2022	72521-14	\$ 5,000,000	\$ -	\$ -	\$ 2,111,066	\$ 2,111,066	\$ 2,111,066	\$ 2,111,066
Fiscal Year 2020	10/25/2019	72519-17	170,000	170,000	170,000	-	-	-	170,000
Fiscal Year 2018	6/16/2018	72517-09	406,318	118,201	118,201	233,993	233,993	233,993	352,194
Fiscal Year 2018	6/22/2018	72517-10	409,901	409,901	409,901	-	-	-	409,901
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	-	-	-	-	221,105
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	-	-	-	-	39,496
Fiscal Year 2016	11/30/2015	72513-18	164,624	164,624	164,624	-	-	-	164,624
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	6,785	6,785	6,785	-	6,785
Fiscal Year 2011	7/17/2012	72511-03	771,612	53,925	53,925	-	-	-	771,612
Fiscal Year 2011	10/5/2010	72511-04	100,000	60,358	60,358	-	-	-	84,762
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	40,745	40,745	40,745	-	156,538
Fiscal Year 2010	12/28/2010	72510-18	221,540	50,058	139,746	91,595	91,595	1,907	223,363
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	205,295	205,295	205,295	-	205,295
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	1,685	1,685	1,685	-	26,725
Fiscal Year 2008	8/12/2008	72508-09	175,560	-	23,361	23,361	23,361	-	164,596
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	-	-	-	-	102,190
Fiscal Year 2008	4/5/2012	72508-52	320,000	4,666	14,570	9,904	9,904	-	85,700
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	56,963
Capital and Operating - WMATA:									
Fiscal Year 2022	9/2/2021	73622-01	177,101,785	-	177,101,785	177,101,785	177,101,785	-	177,101,785
Fiscal Year 2022 Amended	2/10/2022	73622-01	87,995,148	-	87,995,148	87,995,148	87,995,148	-	87,995,148
Special Projects:									
Fiscal Year 2022									
Regional Mktng Camp.	6/1/2021	71422-16	400,000	-	55,408	138,751	138,751	83,343	138,751
Fiscal Year 2021									
Regional Mktng Camp.	9/1/2020	71321-01	320,000	14,517	14,517	-	-	-	319,280
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	23,690	34,873	32,448	32,448	21,265	179,287
Envision Rt 7 BRT Stud.	12/17/2020	71321-09	280,000	-	-	58,783	58,783	58,783	58,783

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
 Year Ended June 30, 2022**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2021</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2022</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Special Projects (continued):									
Fiscal Year 2021									
Intern Program	12/17/2020	71221-03	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2020									
Intern Program	11/17/2019	71220-04	40,000	2,534	10,417	14,727	14,727	6,844	17,261
<b>Total State Assistance - NVTC</b>			<b>\$ 277,898,402</b>	<b>\$ 1,072,474</b>	<b>\$ 266,621,344</b>	<b>\$ 268,066,071</b>	<b>\$ 268,066,071</b>	<b>\$ 2,517,201</b>	<b>\$ 271,165,040</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**

Year Ended June 30, 2022

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Virginia Railway Express</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) &amp; Virginia Passenger Rail Authority (VPRA)</b>									
Capital:									
Fiscal Year 2016-2020	12/13/17, 9/16/15	50012	\$ 11,469,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,176,999
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	-	-	-	-	-	1,603,797
Fiscal Year 2016	N/A	10021-72	600,000	-	-	251,290	251,290	251,290	251,290
Fiscal Year 2022-2023	1/6/2014	10021-63 / 72513-12	400,000	33,583	10,102	266,023	266,023	289,504	400,000
Fiscal Year 2021-2023	3/10/2021	10021-23,24 / 50031	10,350,857	-	-	3,065,187	3,065,187	3,065,187	3,065,187
Fiscal Year 2020	9/23/2019	50034	2,893,400	-	-	-	-	-	2,619,763
Fiscal Year 2021-2026	2/4/2021	50043	5,569,390	-	843,388	1,134,209	1,134,209	290,821	1,959,183
Fiscal Year 2022-2023	10/13/2021	50045	34,294,442	-	-	6,885,971	6,885,971	6,885,971	6,885,971
Fiscal Year 2021	12/11/220	73021-65	374,000	-	-	-	-	-	-
Fiscal Year 2020	10/1/2020	73020-47	309,018	154,509	-	(154,509)	(154,509)	-	309,018
Fiscal Year 2019	4/2/2019	10021-35 / 72519-26	23,483,000	-	-	-	-	-	-
Fiscal Year 2020	6/11/2021	72519-20	28,120,000	-	-	6,260,212	6,260,212	6,260,212	6,260,212
Fiscal Year 2020	5/27/2020	10021-32 / 72519-22	64,287,000	-	-	468,665	468,665	468,665	468,665
Fiscal Year 2020	4/9/2020	72519-24	9,125,000	-	-	-	-	-	-
N/A	N/A	73019-86	-	78,317	-	(78,317)	(78,317)	-	-
Fiscal Year 2021	10/1/2020	73019-87	477,970	-	-	-	-	-	-
Fiscal Year 2019	N/A	73119-01	7,004,428	125,466	-	5,259,260	5,259,260	5,384,726	5,259,260
N/A	N/A	73018-71	-	-	-	70,789	70,789	70,789	70,789
Fiscal Year 2019	9/10/2018	73018-72	582,214	-	-	-	-	-	529,336
N/A	N/A	73018-74	-	-	-	50,925	50,925	50,925	50,925
Fiscal Year 2021	10/1/2020	73018-75	784,000	-	-	868,224	868,224	868,224	868,224
N/A	N/A	73017-73	-	114,815	-	(9,944)	(9,944)	104,871	209,742
Fiscal Year 2020	9/23/2019	73017-75	784,000	352,872	-	(352,872)	(352,872)	-	158,085
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	-	-	10,875	10,875	10,875	287,391
Fiscal Year 2016	2/5/2019	73016-87	464,000	-	-	15,054	15,054	15,054	240,595
Fiscal Year 2016	2/5/2018	73016-88	120,000	-	-	-	-	-	39,336
N/A	N/A	73015-75	-	207,571	-	(207,571)	(207,571)	-	-
Fiscal Year 2015	2/29/2016	73015-94	1,705,189	-	-	-	-	-	1,472,288
Fiscal Year 2015	2/8/2016	73015-95	840,000	41,054	-	(41,054)	(41,054)	-	457,416

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2022**

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) &amp; Virginia Passenger Rail Authority (VPRA) (continued)</b>									
Capital (continued)									
Fiscal Year 2015	10/14/2016	73015-98	\$ 879,572	\$ 917,610	\$ 205,399	\$ (917,610)	\$ (917,610)	\$ (205,399)	\$ 674,173
Fiscal Year 2014	3/29/21, 2/2/16	10021-30 / 72514-07	200,000	-	-	-	-	-	-
Fiscal Year 2010	3/29/21, 1/6/14	10021-28 / 72510-68	200,000	-	-	12,296	12,296	12,296	12,296
Fiscal Year 2010	1/21/2011	10021-29 / 72510-75	821,902	194,142	118,819	(90,564)	(90,564)	(15,241)	481,223
Operating:									
Fiscal Year 2022	7/2/2021	72022-25	12,278,878	-	12,278,878	12,278,878	12,278,878	-	12,278,878
Fiscal Year 2022	4/1/2022	72022-25 Amend.	8,118,381	-	8,118,381	8,118,381	8,118,381	-	8,118,381
IPROC									
N/A	N/A	10021-17 / 78016-07	10,350,857	364,169	-	3,497,272	3,497,272	3,861,441	4,889,304
Rail Enhancement Fund:									
N/A	N/A	10021-04 / 76518-04	707,000	693,093	-	(693,093)	(693,093)	-	-
N/A	N/A	10021-05 / 76518-05	2,226,000	29,644	-	345,338	345,338	374,982	374,982
Third Track Spotsylvani	5/10/2013	10021-39 / 76513-11	13,856,292	-	-	-	-	-	13,619,062
Eligible expenditures accrued, not yet assigned to specific grants									
		N/A	N/A	709,292	-	1,266,793	1,266,793	1,976,085	1,983,054
<b>Total State Assistance - VRE</b>			261,250,965	4,016,137	21,574,967	47,580,108	47,580,108	30,021,278	86,074,825
<b>Total State Assistance - NVTC and VRE</b>			\$ 539,149,367	\$ 5,088,611	\$ 288,196,311	\$ 315,646,179	\$ 315,646,179	\$ 32,538,479	\$ 357,239,865

\*N/A indicates contract not executed as of June 30, 2022.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2022**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
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**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)**

**Virginia Department of Rail and Public Transportation (DRPT)**

Capital:

Fiscal Year 2022

Arlington County	12/9/2021	73022-30	\$ 9,288,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	12/9/2021	73022-31	750,000	-	-	44,541	44,541	44,541	44,541
City of Fairfax	7/15/2021	73022-32	2,040,000	-	-	-	-	-	-
City of Fairfax	7/15/2021	73022-33	23,800	-	-	-	-	-	-
City of Fairfax	11/18/2021	73022-98	86,518	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-34	51,000	-	-	51,000	51,000	51,000	51,000
Fairfax County	12/3/2021	73022-35	408,000	-	-	104,659	104,659	104,659	104,659
Fairfax County	12/3/2021	73022-36	816,000	-	-	111,992	111,992	111,992	111,992
Fairfax County	12/3/2021	73022-37	11,644,625	-	-	10,074,267	10,074,267	10,074,267	10,074,267
Fairfax County	12/3/2021	73022-38	816,000	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-39	586,245	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-40	2,725,592	-	-	-	-	-	-

Fiscal Year 2021

Arlington County	3/7/2021	73021-53	312,800	-	85,185	275,799	275,799	190,614	275,799
Arlington County	3/7/2021	73021-54	353,600	-	102,871	108,182	108,182	5,311	108,182
Arlington County	3/7/2021	73021-55	503,880	44,572	404,031	393,936	393,936	34,477	438,508
Arlington County	3/7/2021	73021-56	1,647,923	-	90,920	333,373	333,373	242,453	333,373
City of Alexandria	5/2/2022	72521-14	5,000,000	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-57	2,040,000	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-58	24,480	-	-	24,480	24,480	24,480	24,480
Fairfax County	3/5/2021	73021-59	170,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-60	816,000	-	-	-	-	-	352,435
Fairfax County	3/5/2021	73021-61	1,955,000	-	-	1,412,509	1,412,509	1,412,509	1,412,509
Fairfax County	3/5/2021	73021-62	102,000	-	39,223	58,582	58,582	19,359	58,582
Fairfax County	3/5/2021	73021-63	68,000	-	-	68,000	68,000	68,000	68,000
Fairfax County	3/5/2021	73021-64	102,000	-	-	-	-	-	96,154

Fiscal Year 2020

Arlington County	10/11/2019	73020-30	250,240	-	103,911	103,911	103,911	-	250,240
City of Alexandria	10/11/2019	73020-31	612,000	-	42,435	73,651	73,651	31,216	225,483
City of Alexandria	1/28/2020	73020-33	4,486,633	2,239,258	2,239,098	(160)	(160)	-	4,486,473
City of Alexandria	1/28/2020	73020-34	660,000	-	660,000	660,000	660,000	-	660,000
Fairfax County	10/11/2019	73020-40	102,000	-	-	-	-	-	33,459
Fairfax County	10/11/2019	73020-41	51,000	-	18,286	18,286	18,286	-	18,286
Fairfax County	10/11/2019	73020-42	306,000	-	45,150	45,150	45,150	-	45,150
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	1,695,354	1,695,354	1,695,354	1,695,354
Fairfax County	10/11/2019	73020-45	326,400	-	-	-	-	-	260,016

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2022

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2019									
Arlington County	11/8/2018	73019-32	\$ 306,000	\$ -	\$ 306,000	\$ 306,000	\$ 306,000	\$ -	\$ 306,000
Arlington County	11/8/2018	73019-34	1,020,000	24,207	24,207	866,203	866,203	866,203	1,020,000
Arlington County	11/8/2018	73019-36	190,000	71,754	71,753	(1)	(1)	-	203,436
Fairfax County	12/14/2018	73019-41	2,210,000	-	982,596	982,596	982,596	-	2,210,000
Fairfax County	8/6/2019	73019-42	5,950,000	-	-	295,349	295,349	295,349	1,588,404
Fairfax County	8/6/2019	73019-43	3,740,000	-	32,580	48,864	48,864	16,284	1,817,738
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-
Fairfax County	8/6/2019	73019-48	357,000	-	116,205	149,366	149,366	33,161	352,660
Fairfax County	4/20/2020	73019-88	1,124,651	-	-	842,443	842,443	842,443	842,443
Fairfax County	4/20/2020	73019-89	930,750	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-54	979,880	-	72,637	106,768	106,768	34,131	406,146
Fairfax County	12/14/2017	73018-60	8,500,000	-	-	-	-	-	8,498,026
Fiscal Year 2017									
Arlington County	10/26/2021	73017-54	1,387,200	-	48,001	48,001	48,001	-	48,001
Arlington County	10/26/2016	73017-57	172,380	-	106,084	106,084	106,084	-	159,503
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
Fiscal Year 2016									
Fairfax County	9/24/2015	73016-73	1,870,000	-	-	-	-	-	1,846,406
Operating									
Fiscal Year 2022									
Arlington County	12/9/2021	72022-21	3,840,395	-	3,840,395	3,840,395	3,840,395	-	3,840,395
Arlington County	4/1/2022	72022-21	1,761,851	-	1,761,851	1,761,851	1,761,851	-	1,761,851
City of Alexandria	8/23/2021	72022-22	4,804,729	-	4,804,729	4,804,729	4,804,729	-	4,804,729
City of Alexandria	6/12/2022	72022-22	2,519,958	-	2,519,958	2,519,958	2,519,958	-	2,519,958
City of Fairfax	7/15/2021	72022-23	857,184	-	857,184	857,184	857,184	-	857,184
City of Fairfax	4/7/2022	72022-23	534,140	-	534,140	534,140	534,140	-	534,140
Fairfax County	12/3/2021	72022-24	16,444,697	-	16,444,697	16,444,697	16,444,697	-	16,444,697
Fairfax County	6/1/2022	72022-24	10,905,211	-	10,905,211	10,905,211	10,905,211	-	10,905,211
<b>Total State Assistance - Jurisdiction Trust Fund</b>			<u>\$ 126,848,017</u>	<u>\$ 2,379,791</u>	<u>\$ 47,259,338</u>	<u>\$ 61,077,350</u>	<u>\$ 61,077,350</u>	<u>\$ 16,197,803</u>	<u>\$ 82,842,912</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022**

	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2021</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2022</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,144,941
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	-	-	-	-	2,053,962
Eisenhower Ave. South Entrance	20.507	VA 95-0107	1,840,000	-	27,138	27,138	27,138	-	27,138
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	205,032
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	200,230	558,983	358,753	358,753	-	1,667,816
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	3,624	3,624	3,624	-	780,704
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	6,742	6,742	6,742	-	118,846
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	-	-	-	-	658,856
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	-	-	-	-	1,416,342
King Street Metrorail Station Improvements	20.507	VA 2017-021	2,468,105	783,338	1,811,880	1,028,542	1,028,542	-	2,228,106
Potomac Yard Metrorail Station	20.507	VA 2021-007	20,000,000	-	-	8,444,264	8,444,264	8,444,264	8,444,264
<b>Total Federal Assistance - NVTC</b>			<b>\$ 41,280,813</b>	<b>\$ 983,568</b>	<b>\$ 2,408,367</b>	<b>\$ 9,869,063</b>	<b>\$ 9,869,063</b>	<b>\$ 8,444,264</b>	<b>\$ 22,534,997</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022**

<b>Federal Grantor / Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 358,753	\$ 358,753
VA 04-0033	20.500	3,624	3,624
VA 04-0048	20.500	6,742	6,742
Total Federal Capital Investment Grants		<u>369,119</u>	<u>369,119</u>
Federal Transit Formula Grants:			
VA 2017-021	20.507	1,028,542	1,028,542
VA 2021-007	20.507	8,444,264	8,444,264
VA 95-0107	20.507	27,138	27,138
Total Federal Transit Formula Grants		<u>9,499,944</u>	<u>9,499,944</u>
Total Federal Transit Cluster		<u>9,869,063</u>	<u>9,869,063</u>
Total Department of Transportation		<u>9,869,063</u>	<u>9,869,063</u>
Total Expenditures of Federal Awards		<u>\$ 9,869,063</u>	<u>\$ 9,869,063</u>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

---

### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

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

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

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

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

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

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

### **Note 2. Summary of Significant Accounting Policies**

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

For fiscal year 2022, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$9,869,063 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

#### **Note 3. Indirect Cost Rate**

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



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 18, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 18, 2022



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2022. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each of the federal programs as a whole.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 18, 2022

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2022**

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**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

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

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

Yes  No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?  Yes  No

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2022**

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