NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

FINANCIAL AND COMPLIANCE REPORTS

Year Ended June 30, 2020

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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DIRECTORY OF PRINCIPAL OFFICIALS

Voting Members

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

Non-Voting Members

Helen Cuervo, *NOVA District Administrator, Virginia Department of Transportation*
Jennifer Mitchell, *Director, Virginia Department of Rail and Public Transportation*

Town Representative

Honorable Derrick R. Wood, *Town of Dumfries*

Certain Authority Staff

Monica Backmon, *Executive Director*
Michael Longhi, *Chief Financial Officer*
Margaret Teal, CPA, *Assistant Finance Officer*
Devpriya Sen, *Financial Analyst*

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Honorable Authority Board Members
Northern Virginia Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the Authority, as of June 30, 2020, and the respective changes in financial position and the budgetary comparisons, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-14 and 71-76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 16, 2020

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2020.

The Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 33.2-2500, of the *Code of Virginia*. The Authority is responsible for long-range transportation project planning, prioritization and funding for regional transportation projects in Northern Virginia. The Authority's policies and priorities are guided by two overarching goals: reduce congestion and move the greatest number of people in the most cost-effective manner. These two goals are combined with performance-based criteria such as the ability to improve travel times, reduce delays, connect regional activity centers, and improve safety and air quality. The Authority works toward regional consensus when setting regional transportation policies and priorities for transportation projects. The Authority is also charged with developing and updating the long-range regional transportation plan for Northern Virginia known as TransAction.

In November 2012, the Authority developed its long-range plan, TransAction 2040. On April 3, 2013, the Governor's substitute for House Bill 2313 (2013) ("HB2313") was adopted by the Virginia General Assembly. HB2313 provided a dedicated funding stream for transportation projects in Northern Virginia. This legislation coupled with the successful bond validation suit (BVS) enabled the Authority to fund regional transportation projects. HB2313 provided an annual source of revenue for the Authority to implement its mandate. The HB2313 revenue stream began on July 1, 2013.

The HB2313 revenue stream consisted of (i) additional retail sales and use taxes, (ii) a regional congestion relief fee and (iii) a transient occupancy tax levied by the General Assembly of Virginia in the Member Localities (planning district 8), credited and appropriated to the Northern Virginia Transportation Authority.

In October 2017, the Authority adopted the TransAction Plan Update. TransAction is Northern Virginia's long-range, multimodal transportation plan, addressing regional transportation needs through 2040. The Authority is responsible for developing and updating TransAction for use to evaluate and prioritize regional transportation projects in Northern Virginia.

Pursuant to Virginia General Assembly House Bill 1539 (2018) ("HB1539"), beginning July 1, 2018, the General Assembly repealed two of the Authority's revenue sources, the regional congestion relief fee and the transient occupancy tax. Thus, the Chapter 766 (HB2313) Transportation Revenues derived from the congestion relief fees and grantor's taxes are no longer available for appropriation to the Authority or for the payment of debt service on the Authority's 2014 Series Bonds.

In 2019, the Virginia General Assembly approved Senate Bill 1716 (SB1716) / House Bill 2718 (HB2718) where it created an Interstate 81 Committee, tasked with developing and updating a program related to Interstate 81 Corridor safety and improvements, and creates an Interstate 81 Corridor Improvement Fund (Fund). The bill provides revenues for the Fund through the creation of a new registration fee, a diesel tax, a regional gas tax, and a roads tax. The new revenues would be apportioned among the Fund, the Northern Virginia Transportation Authority Fund, and Commonwealth Transportation Board for use in other interstate corridors based upon total vehicle miles driven by vehicles classified as Class 6 or higher on Interstate 81, interstates within the boundaries of Planning District 8, and other interstate corridors, respectively, as compared with total vehicle miles driven on interstates in the Commonwealth by vehicles classified as Class 6 or higher.

All moneys received by the Authority and the proceeds of bonds and other debt instruments are required to be used solely for transportation purposes benefiting the member jurisdictions. Of the HB2313 revenues received, 30% are distributed to member jurisdictions based on revenues generated in the jurisdiction, for transportation projects and purposes authorized under Section 33.2-2510 and selected by the member jurisdiction. The remaining 70% of the HB 2313 revenues are first pledged to the payment of bonds and other debt instruments with the remaining revenues available to fund technical and analytical costs in support of TransAction the required regional transportation plan; and regional multimodal transportation projects including mass transit projects that increase capacity for the benefit of the member localities.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources for the year ended June 30, 2020 by $1,060,023,955 (net position). Of this amount, $1,185,657, which includes $641,635 of Operating Reserves, represents unrestricted net position, which may be used to meet the Authority's ongoing operating obligations. The Restricted portion of net position totaling $1,058,664,731, can be used only for regional transportation purposes. It should be noted the funds composing Restricted Net Position have been allocated by the Authority for specific regional transportation projects which meet the goals, purposes, and mandates of the Authority and the HB2313 revenue source.

- The Authority's total outstanding debt for the year ended June 30, 2020 was $55 million with $8.6 million in unamortized bond premium related to the series 2014 bonds. This outstanding debt was created in December 2014, when the Authority entered the capital bond market for the first time with bonds designated to replace a short-term Line of Credit with fixed rate, long term, low cost, permanent financing.

- For the fiscal year ended June 30, 2020, intergovernmental revenue, and investment income for the Authority's governmental activities totaled $299 million representing a $6 million increase in revenues compared to June 30, 2019. $4 million of the increase was the result of a new revenue source generated by the newly created Interstate 81 Corridor Improvement Fund (Senate Bill 1716/House Bill 2718 (2019)). Revenues from this fund were generated from a new registration fee, a diesel tax, a regional gas tax, and a roads tax. The new revenues are apportioned among the new fund, the Authority, and Commonwealth Transportation Board for use in other interstate corridors based upon total vehicle miles driven by vehicles classified as Class 6 or higher on Interstate 81, interstates within the boundaries of Planning District 8, and other interstate corridors, respectively, as compared with total vehicle miles driven on interstates in the Commonwealth by vehicles classified as Class 6 or higher.

- Expenses totaled $235 million for the fiscal year end June 30, 2020 representing an $87 million increase in expense compared to June 30, 2019. Distributions of 30% Local Distribution funds to member jurisdictions in accordance with HB2313, totaling $82 million represents a $3 million increase over the previous year. Project cost distributions of $148 million for project sponsor reimbursement of authorized costs represents an $83 million increase when compared to June 30, 2019. The Authority funds projects on a reimbursement, not grant basis. Therefore, the Authority expects project reimbursement requests to fluctuate with changing project development and construction cycles; as well as the promptness of reimbursement requests by project sponsors.

Highlights for Fund Financial Statements

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

- The Authority's General Fund reported an increase in fund balance of $485,757 compared to an increase of $207,308 for fiscal year 2019. The General Fund balance as of June 30, 2020 totaled $1,253,373 compared with $767,616 at the end of the previous fiscal year. A portion of the change represents an increase $132,853 in Operating Reserve and an increase of $316,328 in the Unassigned Fund Balance. This increase was the result of the lower than expected utilization of the fiscal year 2020 budget due to the COVID-19 pandemic and move to teleworking for the last quarter of the fiscal year. Special events related to the new funding program, professional development events, training and conferences were cancelled and a planned economic study was pushed forward to fiscal year 2021.

- General and administrative expenses for the operation of the Authority for fiscal year 2020, were funded through a transfer from the Regional Revenue Fund to the General Fund in accordance with Senate Bill 1468 (2019). Each fiscal year, the Authority, as part of its annual budget adoption, has the option to transfer the operational and administrative budget amount from the Regional Revenue Fund or allocated member jurisdictions based on population.

- The Authority's Special Revenue Funds (Local Distribution Fund and Regional Revenue Fund), reported an increase in fund balance of $60 million which is appropriated to fund regional transportation projects approved by the Authority. This increases the overall fund balance to $1.122 billion as of June 30, 2020 compared to $1.062 billion at the end of the previous fiscal year. The fund balance represents amounts appropriated for approved Standard Project Agreements (projects) for which no reimbursement request has been made by the project sponsor.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

For the Authority, revenue is classified as general revenues. General revenues for fiscal year June 30, 2020 include the three intergovernmental revenues and adjustments received, collected, and remitted from the Commonwealth of Virginia: specifically, sales tax, truck registration fee & road use (I-81 Corridor Funds), and interest earned on the Commonwealth's Northern Virginia Transportation Authority Fund.

Fund Financial Statements

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

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

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

The Authority maintains four governmental funds: General Fund, two Special Revenue Funds, and a Debt Service Fund. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances for each of these funds. The General Fund includes the Authority's operating and administrative activities. The Local Distribution (30%), Special Revenue Fund reports 30% of the intergovernmental revenue received by the Authority under HB2313 and distributed to the member jurisdictions. The Regional Revenue (70%) Special Revenue Fund reports 70% of the intergovernmental revenue received by the Authority and used to fund transportation projects under HB2313. A Debt Service Fund is used to account for and report financial resources restricted to expenditures for debt service.

The Authority adopts annual appropriated budgets for its General Fund and the two special revenue funds. An internal budgetary comparison statement is maintained for the General Fund and Special Revenue Funds to demonstrate compliance with these budgets, which have been provided in the financial statements for fiscal year 2020.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE AUTHORITY REPORTING ENTITY AS A WHOLE

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

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the Authority as of June 30, 2020. Data for June 30, 2019 has been included for comparison purposes.

Summary Statement of Net Position
June 30, 2020 and 2019

	Governmental Activities			
	2020	2019	Increase (Decrease)	% Change
Assets:				
Current and other assets	$ 1,161,975,893	$ 1,081,514,260	$ 80,461,633	7.4%
Capital assets, net	173,567	85,584	87,983	102.8%
Total assets	1,162,149,460	1,081,599,844	80,549,616	7.4%
Deferred outflows of resources	255,441	244,087	11,354	4.7%
Liabilities:				
Current and other liabilities	41,419,946	20,974,805	20,445,141	97.5%
Noncurrent liabilities	60,936,644	64,376,567	(3,439,923)	-5.3%
Total liabilities	102,356,590	85,351,372	17,005,218	19.9%
Deferred inflows of resources	24,356	24,927	(571)	-2.3%
Net position:				
Net investment in capital assets	173,567	85,584	87,983	102.8%
Restricted	1,058,664,731	995,627,138	63,037,593	6.3%
Unrestricted	1,185,657	754,910	430,747	57.1%
Total net position	$ 1,060,023,955	$ 996,467,632	$ 63,556,323	6.4%

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,060,023,955 at June 30, 2020.

A significant portion of net position, $1.052 billion represents funds that have been restricted by HB2313 and $6 million is restricted for debt service. It should be noted the funds composing this net restricted position have been allocated by the Authority to fund regional transportation projects, which meet the goals, purposes, and mandates of the Authority and Commonwealth appropriated revenue sources. The remaining balance of $1.186 million, including $641,635 of the General Fund Operating Reserves, is unrestricted and may be used to meet the Authority's ongoing obligations to its citizens and creditors.

Current assets consist primarily of restricted cash, cash equivalents, investments, and amounts due from the Commonwealth of Virginia. All securities purchased under the investment program are held in the name of the Authority by the custodian. Security Custodian use is required in the Authority's Investment Policy and by the *Code of Virginia*. All security purchase transactions are completed on a 'Delivery vs. Payment' basis as required by the Authority's Investment Policy. As of June 30, 2020, the Authority has approximately $868 million invested in United States Treasuries, Agencies, Corporate Notes, Commercial Paper, Negotiable Certificates of Deposit, Bank Certificates of Deposit and Investment Pools.

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

Restricted cash and cash equivalents totaled approximately $593 million of which $588 million is restricted for regional transportation projects approved and appropriated by the Authority and $5 million is held by the Authority's bond trustee. As of June 30, 2020, approximately $44 million was due from the Commonwealth of Virginia, and $38 million is due to the Authority's member localities and other project sponsors.

Statement of Activities

The following table presents the revenues, expenses and change in net position of the Authority for the fiscal year ended June 30, 2020. Data for June 30, 2019 has been included for comparison purposes.

Summary Statement of Activities
Years Ended June 30, 2020 and 2019

	Governmental Activities		Increase	%
	2020	2019	(Decrease)	Change
Revenues:				
Program revenues:				
Operating grants and contributions	$ -	$ 2,203,249	$ (2,203,249)	-100.0%
General revenue:				
Intergovernmental	274,674,739	263,154,358	11,520,381	4.4%
Interest income	23,931,611	27,605,760	(3,674,149)	-13.3%
Total revenues	298,606,350	292,963,367	5,642,983	1.9%
Expenses:				
General and administration	2,445,063	1,989,766	455,297	22.9%
Jurisdictional distributions	82,418,396	78,969,188	3,449,208	4.4%
Project cost distributions	147,771,018	64,509,773	83,261,245	129.1%
Transaction update & technical svc	203,414	270,977	(67,563)	-24.9%
Interest and issuance costs	2,212,136	2,342,677	(130,541)	-5.6%
Total expenses	235,050,027	148,082,381	86,967,646	58.7%
Change in net position	63,556,323	144,880,986	(81,324,663)	-56.1%
Beginning net position	996,467,632	851,586,646	144,880,986	17.0%
Ending net position	$ 1,060,023,955	$ 996,467,632	$ 63,556,323	6.4%

For the fiscal year ended June 30, 2020, revenues totaled approximately $299 million. Expenses totaled approximately $235 million. Fiscal year 2020 doesn't include operational contributions from member jurisdictions. For fiscal year 2020, the Authority exercised the option to transfer administrative and operating expenses directly from the Regional Revenue fund as a result of Senate Bill 1468 (2019).

The increase in intergovernmental revenues includes $4 million from the newly created Interstate 81 Corridor Improvement Fund, which through the use of newly enacted revenues, distributes funds to the Authority based on total miles driven by Class 6 vehicles on interstate highways in planning district 8 to the total miles driven by Class 6 vehicles in the Commonwealth of Virginia. The increase also includes newly enacted sales taxes assessed on internet retail sales.

Interest income reflects a decrease in the market and interest rates attributed to the COVID-19 pandemic and economic shut down.

The $83 million increase in project cost distributions reflect the project development cycle as multiple projects reach different major milestones. These expenditures are ramping up as project sponsors are entering the final phases of their authorized projects. An increasing rate of expenditure is expected for projects previously approved by the Authority for several years until the project life cycle reaches full maturity and stabilizes. The adoption of the Six Year Program and the update to the program approved in July 2020, permitted project sponsors to have greater project readiness in place, especially for projects approved in the later years of the program. The adoption of the two-year update to the program which occurred in July 2020, programed regional revenue funds for FY2024 and FY2025.

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

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

General Fund. The General Fund is the operating fund of the Authority. At the end of fiscal year 2020, the General Fund Nonspendable fund balance was $56,635, assigned fund balance of $21,509 and unassigned fund balance was $611,738, while total fund balance equaled $1,253,373. The equipment reserve is represented as assigned fund balance in the General Fund.

The General Funds experienced a 23% increase in general and administrative expenses. The increase resulted in part from an increase in staff and the implementation of phase two of a new project implementation, management and monitoring system. This new system is designed to streamline the manual processes previously used in programing Authority funds, reimbursing project costs and managing and monitoring projects awarded funding. This new system also provides a public-facing online dashboard providing greater accessibility and transparency regarding the status of Authority funded projects.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 25% of total General Fund expenditures, while total fund balance represents approximately 51% of that same amount.

The fund balance of $1,253,373 includes $563,491 of committed fund balance. The debt policy adopted on December 12, 2013, revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at a minimum 20% of the General Fund operating expenses. This operating reserve may be used at the discretion of the Executive Director, to cover unanticipated increases in the Authority's expenditures. If used, the Executive Director will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

For fiscal year 2020, the Authority exercised the option to transfer the administrative and operating expenses budgeted of $2,963,793 directly from the Regional Revenue fund as a result of Senate Bill 1468 (2019). Effective July 1, 2019, Senate Bill 1468 (2019) adds administrative and operating expenses to those expenses that can be paid by the Northern Transportation Authority Fund. The previous law provided that administrative expenses be allocated to the member localities of Planning District 8.

Debt Service Fund. The debt service fund reports financial resources restricted to the payment of principal and interest for the outstanding related series of transportation bonds. The debt service fund is not one of the Authority's major governmental funds. The debt service fund had a fund balance of $465,265 as of June 30, 2020 on deposit for fiscal year 2021 debt obligations. The Authority contributes monthly to the debt service fund for upcoming debt service payments.

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

Of the revenues received, the Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority and distributed to the member jurisdictions in accord with HB2313. This revenue can be used by the recipient for additional urban or secondary road construction; capital improvements that reduce congestion; transportation capital improvements which have been approved by the most recent long-range transportation plan adopted by the Authority; or for other public transportation purposes.

The remaining 70% is recorded in the Regional Revenue Fund (70%). These funds are to be used by the Authority for debt service and regional transportation projects and purposes benefiting the member jurisdictions and other entities in Planning District 8, to fund transportation projects approved by the Authority that are contained in the regional transportation plan (TransAction) and in accordance with HB2313.

The Regional Revenue Fund balance includes $1,122,086,462 categorized as restricted fund balance as of June 30, 2020. This balance is predominately comprised of $1,138,489,211 appropriated for Authority approved project funding, $120,000,000 be set aside for a Working Capital Reserve and $5,884,110 for debt service and a debt service reserve. The fund balance also includes ($142,286,859) representing the forward funding strategy initiated with the adoption of the Authority's inaugural Six Year Program for FY2018-FY2023. The funding strategy appropriates the full project cost in the first fiscal year the project is expected to spend Authority funds, even though the majority of projects will require multiple years to complete. Since the Authority is a reimbursement-based funding source versus a grant-based source, the cash related to the unspent previous project appropriations remain with the Authority and provides the liquidity to forward appropriate funds for projects that are able to expedite completion, permitting project sponsors to apply for matching /additional funds, protects against outside appropriation risk and helps ensure projects are completed timely. This practice is consistent with many local jurisdictions. Outside financing would be used if at any time the Authority's liquidity was unavailable.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The details of capital assets as of June 30, 2020 and 2019 are as follows:

	Governmental Activities 2020	Governmental Activities 2019
Office furniture and equipment	$ 240,344	$ 123,588
Less accumulated depreciation and amortization	66,777	38,004
Total capital assets, net	$ 173,567	$ 85,584

The Authority's investment in capital assets as of June 30, 2020 amounted to $173,567 (net of accumulated depreciation and amortization) compared to $85,584 as of 2019. $109,760 of the asset increase is attributed to the second phase of a new project implementation, management and monitoring system developed and installed during fiscal year 2020.

Debt Administration

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

At the end of June 30, 2020, the Authority had total debt outstanding of $55,015,000 for Transportation Special Tax Revenue Bonds, Series 2014. The Authority is amortizing the bond premium from the sale over the life of the bonds. The balance of unamortized bond premium at June 30, 2020 is $8,648,375. The bonds are secured by the Authority's Regional Revenue and a debt service reserve of $5,881,977 initially established from the proceeds upon issuance of the bonds. Assets of the debt service reserve fund are to be used solely to pay Series 2014 principal and interest.

Economic Factors and Fiscal Year 2020's Budget

- Northern Virginia has a population of over 2.5 million. It is one of the fastest growing, diverse communities in the United States. Nine years out from the last Census, Northern Virginia has added approximately 280,000 people, an increase greater than 34 states over the nine-year period.
- Virginia's population has grown by 6.7% since the 2010 Census, passing 8.5 million residents in 2019. In aggregate, the Authority's nine member jurisdictions have experienced stable population growth since the 2010 Census averaging an aggregate population growth of 13%. More than 54% of the growth in the Commonwealth is concentrated in Northern Virginia, with Loudoun County experiencing a 32% population growth since 2010.
- Prior to the COVID-19 pandemic, the job growth among the nine member jurisdictions as of March 2020 vs March 2019, increased 1%. Based on a report from George Mason University, Center for Regional Analysis from August 2020, as the economy shut down across Virginia and the United States, Northern Virginia experienced dramatic job changes as of June 2020 compared to June 2019, dropping 117,000 jobs. As of July 2020, Northern Virginia added back 33,100 jobs with 12,800 coming in the area of leisure and hospitality. Even though the Washington Metropolitan Area experienced an 8% decline in employment, it fared much better than nine others of the 15 Largest Job Market Changes in the United States.
- Unemployment in the Authority's jurisdictions was traditionally exceptionally low prior to the economic shut-down. At June 2020, the average preliminary unemployment rate not seasonally adjusted, in the Authority member jurisdictions was 7.9% compared to 8.1% in the Commonwealth and 11.1% nationally.
- Median family income average for the Authority's member jurisdictions is approximately $130,156 compared to $86,628 in the Commonwealth and $73,965 nationally per the U.S. Census Bureau, 2013-2019 5-Year American Community Survey. This represents an approximate 2% increase from the previous year.

- The fiscal year 2021 special revenue budgets were adjusted to reflect a decrease in overall revenue as a result of the economic uncertainty surrounding the COVID-19's impact on retail sales, housing, and truck vehicle miles travelled in Planning District 8. The projections do include a bump in sales tax revenue from the new internet sales taxes, the addition of the regional congestion relief fee and the transfer from the Commonwealth's Northern Virginia Transportation District Fund. The resulting revenue forecast is for fiscal year 2021 only, and is not indicative of projected revenue in the long term. The Authority will continue to use conservative revenue estimation methods.
- The Authority's General Fund operating budget will increase from $2,838,716 in fiscal year 2020 to $2,839,760 in fiscal year 2021. In accordance with Senate Bill 1468 (2019), the Authority elected to fund the FY2021 administrative and operating expenses through a transfer from the Regional Revenue Fund. The increase is reflective of phase III of the development and implementation of the Project Implementation, Monitoring, and Management System which will fine-tune the ability to electronically submit project applications, manage approved Standard Project Agreements and the submission of project reimbursement requests.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,280,063
Other receivables	3,137,247
Due from other governments	43,606,717
Deposits and prepaid items	56,635
Restricted:	
Cash and cash equivalents	592,517,486
Investments	521,377,745
Capital assets (net):	
Office furniture, computer equipment and licenses	173,567
Total assets	1,162,149,460
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	208,720
OPEB-GLI	37,240
OPEB-VLDP	9,481
Total deferred outflows of resources	255,441
LIABILITIES	
Accounts payable	23,155
Accrued liabilities	455,575
Due to other governments	37,735,961
Bond reserves	340,255
Current portion of bonds payable	2,865,000
Noncurrent liabilities:	
Net pension liability	42,494
Net GLI OPEB liability	91,127
Net VLDP OPEB liability	4,648
Bonds payable, net	60,798,375
Total liabilities	102,356,590
DEFERRED INFLOWS OF RESOURCES	
Pension plan	18,234
OPEB-GLI	5,801
OPEB-VLDP	321
Total deferred inflows of resources	24,356
NET POSITION	
Net investment in capital assets	173,567
Restricted	1,058,664,731
Unrestricted	1,185,657
Total net position	$ 1,060,023,955

See Notes to Financial Statements.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities
Functions/Programs			
Governmental activities:			
General and administration	$ 2,445,063	$ -	$ (2,445,063)
Jurisdictional distributions (30%)	82,418,396	-	(82,418,396)
Project cost distributions	147,771,018	-	(147,771,018)
Transaction update & technical services	203,414	-	(203,414)
Interest	2,212,136	-	(2,212,136)
Total governmental activities	$ 235,050,027	$ -	(235,050,027)
General revenues:			
Intergovernmental revenue:			
Sales tax			269,825,150
Truck Registration Fee & Road Use			4,400,984
Commonwealth fund interest income			448,605
Investment earnings			23,931,611
Total general revenues			298,606,350
Change in net position			63,556,323
Net Position, beginning of year			996,467,632
Net Position, end of year			$ 1,060,023,955

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2020

		Special Revenue Funds		Non-Major	
	General Fund	Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,280,063	$ -	$ -	$ -	$ 1,280,063
Other receivables	-	-	3,137,247	-	3,137,247
Due from other governments	-	13,082,015	30,524,702	-	43,606,717
Deposits and prepaid items	56,635	-	-	-	56,635
Restricted cash, cash equivalents and investments	-	93	1,113,429,873	465,265	1,113,895,231
Total assets	$ 1,336,698	$ 13,082,108	$ 1,147,091,822	$ 465,265	$ 1,161,975,893
LIABILITIES					
Accounts payable	$ 23,155	$ -	$ -	$ -	$ 23,155
Accrued liabilities	60,170	-	11,252	-	71,422
Bond reserves	-	-	340,255	-	340,255
Due to other governments	-	13,082,108	24,653,853	-	37,735,961
Total liabilities	83,325	13,082,108	25,005,360	-	38,170,793
FUND BALANCES					
Nonspendable	56,635	-	-	-	56,635
Restricted - for Bond Debt Service	-	-	5,884,110	465,265	6,349,375
Restricted - working capital reserve	-	-	120,000,000	-	120,000,000
Restricted - for appropriated project funding	-	-	996,202,352	-	996,202,352
Committed	563,491	-	-	-	563,491
Assigned	21,509	-	-	-	21,509
Unassigned	611,738	-	-	-	611,738
Total fund balances	1,253,373	-	1,122,086,462	465,265	1,123,805,100
Total liabilities and fund balances	$ 1,336,698	$ 13,082,108	$ 1,147,091,822	$ 465,265	$ 1,161,975,893

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

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

Fund balances - governmental funds		$ 1,123,805,100
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds:		
Capital assets	$ 240,344	
Less: accumulated depreciation	(66,777)	
		173,567
Financial statement elements related to pensions are applicable to future periods and, therefore, not reported in the governmental funds:		
Net pension liability	(42,494)	
Deferred outflows of resources	208,720	
Deferred inflows of resources	(18,234)	
		147,992
Financial statement elements related to Group Life Insurance Program OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net GLI OPEB liability	(91,127)	
Deferred outflows of resources	37,240	
Deferred inflows of resources	(5,801)	(59,688)
Financial statement elements related to Virginia Local Disability Program OPEB expenditures are applicable to future periods and, therefore, not reported in the governmental funds:		
Net VLDP OPEB liability	(4,648)	
Deferred outflows of resources	9,481	
Deferred inflows of resources	(321)	4,512
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(223,621)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.		(160,532)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Revenue bonds	(55,015,000)	
Premiums on bonds	(8,648,375)	
		(63,663,375)
Net position - governmental activities		$ 1,060,023,955

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2020

		Special Revenue Funds		Non-Major	
	General Fund	Local Distribution Fund	Regional Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Sales tax	$ -	$ 80,947,545	$ 188,877,605	$ -	$ 269,825,150
Truck Registration Fee & Road Use	-	1,320,295	3,080,689	-	4,400,984
Commonwealth fund interest income	-	134,582	314,023	-	448,605
Investment earnings	-	15,974	23,892,286	23,351	23,931,611
Total revenues	-	82,418,396	216,164,603	23,351	298,606,350
Expenditures					
Current:					
General and administration	2,478,036	-	-	-	2,478,036
Jurisdictional distributions (30%)	-	82,418,396	-	-	82,418,396
Project cost distributions	-	-	147,771,018	-	147,771,018
Transaction update & technical services	-	-	203,414	-	203,414
Debt service:					
Principal	-	-	-	2,730,000	2,730,000
Interest	-	-	-	2,819,950	2,819,950
Total expenditures	2,478,036	82,418,396	147,974,432	5,549,950	238,420,814
Excess (deficiency) of revenues over (under) expenditures	(2,478,036)	-	68,190,171	(5,526,599)	60,185,536
Other Financing Sources (Uses)					
Transfers in	2,963,793	-	-	5,494,107	8,457,900
Transfers out	-	-	(8,457,900)	-	(8,457,900)
Total other financing sources (uses)	2,963,793	-	(8,457,900)	5,494,107	-
Net change in fund balances	485,757	-	59,732,271	(32,492)	60,185,536
Fund Balances, beginning of year	767,616	-	1,062,354,191	497,757	1,063,619,564
Fund Balances, end of year	$ 1,253,373	$ -	$ 1,122,086,462	$ 465,265	$ 1,123,805,100

See Notes to Financial Statements.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds		$ 60,185,536
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.		
Add - capital outlay	$ 116,756	
Deduct - depreciation expense	(28,773)	
		87,983
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension expense		(14,700)
Governmental funds report Group Term Life Insurance (GLI) contributions as expenditures. However, in the Statement of Activities, the cost of GLI benefits earned net of employee contributions is reported as GLI OPEB expense.		
GLI OPEB expense	596	
GLI VLDP	4,512	
		5,108
The issuance of long-term debt (e.g., bonds, leases, line of credit) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items. A summary of the item supporting this adjustment is as follows:		
Principal payment on revenue bonds		2,730,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following is a summary of items supporting this adjustment:		
Compensated absences	(45,418)	
Change in accrued interest payable	11,374	
Amortization of premiums on bonds payable	596,440	562,396
Change in net position of governmental activities		$ 63,556,323

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
Current:				
General and administration	$ 2,817,454	$ 2,838,716	$ 2,478,036	$ (360,680)
Total expenditures	2,817,454	2,838,716	2,478,036	(360,680)
Excess (deficiency) of revenues over (under) expenditures	(2,817,454)	(2,838,716)	(2,478,036)	360,680
Other Financing Sources				
Transfer from Regional Revenue Fund for operations	2,963,793	2,963,793	2,963,793	-
Total other financing sources	2,963,793	2,963,793	2,963,793	-
Net change in fund balance	146,339	125,077	485,757	360,680
Fund Balance, beginning of year	-	-	767,616	767,616
Fund Balance, end of year	$ 146,339	$ 125,077	$ 1,253,373	$ 1,128,296

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – LOCAL DISTRIBUTION
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	$ 79,753,918	$ 79,753,918	$ 80,947,545	$ 1,193,627
Truck Registration Fee & Road Use	2,700,000	2,700,000	1,320,295	(1,379,705)
Commonwealth fund interest income	104,552	104,552	134,582	30,030
Interest income	-	-	15,974	15,974
Total revenues	82,558,470	82,558,470	82,418,396	(140,074)
Expenditures				
Current:				
Jurisdictional distributions (30%)	82,558,470	82,558,470	82,418,396	140,074
Total expenditures	82,558,470	82,558,470	82,418,396	140,074
Excess of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	$ -	$ -	$ -	$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – REGIONAL REVENUE FUND
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Intergovernmental:				
Sales tax	$ 186,092,475	$ 186,092,475	$ 188,877,605	$ 2,785,130
Truck Registration Fee & Road Use	6,300,000	6,300,000	3,080,689	(3,219,311)
Commonwealth fund interest income	243,956	243,956	314,023	70,067
Investment earnings	10,000,000	10,000,000	23,892,286	13,892,286
Total revenues	202,636,431	202,636,431	216,164,603	13,528,172
Expenditures				
Current:				
Transaction update & technical services	4,056,953	4,056,953	203,414	3,853,539
Project cost distributions	1,312,774,294	1,312,774,294	147,771,018	1,165,003,276
Total expenditures	1,316,831,247	1,316,831,247	147,974,432	1,168,856,815
Excess (deficiency) of revenues over (under) expenditures	(1,114,194,816)	(1,114,194,816)	68,190,171	1,182,384,987
Other Financing Uses				
Transfers for debt service	(5,549,950)	(5,549,950)	(5,494,107)	55,843
Transfer for operations	(2,963,793)	(2,963,793)	(2,963,793)	-
Total other financing uses	(8,513,743)	(8,513,743)	(8,457,900)	55,843
Net change in fund balance	(1,122,708,559)	(1,122,708,559)	59,732,271	1,182,440,830
Fund Balance, beginning of year	-	-	1,062,354,191	1,062,354,191
Fund Balance, end of year	$ (1,122,708,559)	$ (1,122,708,559)	$ 1,122,086,462	$ 2,244,795,021

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Authority is a political subdivision of the Commonwealth of Virginia, created in 2002 by the Northern Virginia Transportation Authority Act, Title 33.2-2500, of the *Code of Virginia*. The Authority is responsible for long-range transportation project planning, prioritization and funding for regional transportation projects in Northern Virginia. The Authority's policies and priorities are guided by two overarching goals: reduce congestion and move the greatest number of people in the most cost-effective manner. These two goals are combined with performance-based criteria such as the ability to improve travel times, reduce delays, connect regional activity centers, and improve safety and air quality. The Authority works toward regional consensus when setting regional transportation policies and priorities for transportation projects. The Authority is also charged with developing and updating the long-range regional transportation plan, TransAction, for Northern Virginia.

In November 2012, the Authority developed its long-range plan, Transaction 2040. On April 3, 2013, the Governor's substitute for House Bill 2313 (2013) (the "HB2313") was adopted by the Virginia General Assembly. HB2313 provided a dedicated funding stream for transportation projects in Northern Virginia. HB2313 provided an annual source of revenue for the Authority to implement its legislative mandates. The new revenue stream commenced on July 1, 2013.

The HB2313 revenue stream consisted of (i) additional retail sales and use taxes, (ii) a regional congestion relief fee and (iii) a transient occupancy tax levied by the General Assembly of Virginia in the Member Localities (planning district 8), credited and appropriated to the Northern Virginia Transportation Authority.

In October 2017, the Authority adopted the TransAction Plan Update. TransAction is Northern Virginia's long-range, multimodal transportation plan, addressing regional transportation needs through 2040. The Authority is responsible for developing and updating TransAction for use to evaluate and prioritize regional transportation projects in Northern Virginia.

Pursuant to Virginia General Assembly House Bill 1539 (2018) ("HB1539"), beginning July 1, 2018, the General Assembly repealed two of the Authority's revenue sources, the regional congestion relief fee and the transient occupancy tax. Thus, the Chapter 766 (HB2313) Transportation Revenues derived from the congestion relief fees and grantor's taxes are no longer available for appropriation to the Authority or for the payment of debt service on the Authority's 2014 Series Bonds.

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

In 2019, the Virginia General Assembly approved Senate Bill 1716 (SB1716) / House Bill 2718 (HB2718) where it created an Interstate 81 Committee, tasked with developing and updating a program related to Interstate 81 Corridor safety and improvements, and creates an Interstate 81 Corridor Improvement Fund (Fund). The bill provides revenues for the Fund through the creation of a new registration fee, a diesel tax, a regional gas tax, and a roads tax. The new revenues would be apportioned among the Fund, the Northern Virginia Transportation Authority Fund, and Commonwealth Transportation Board for use in other interstate corridors based upon total vehicle miles driven by vehicles classified as Class 6 or higher on Interstate 81, interstates within the boundaries of Planning District 8, and other interstate corridors, respectively, as compared with total vehicle miles driven on interstates in the Commonwealth by vehicles classified as Class 6 or higher.

The member jurisdictions of the Authority (planning district 8) are the counties of Arlington, Fairfax, Loudoun and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park.

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Authority has two special revenue funds. The Local Distribution Fund (30%) reports 30% of the intergovernmental revenue received by the Authority. The 30% funds are distributed to the member jurisdictions on a pro rata basis with each localities' share being the total of the revenues received that are generated or attributable to the locality divided by the total for use according to HB2313. The Regional Revenue Fund (70%) includes amounts to be used by the Authority solely for regional transportation projects and other entities to fund transportation projects selected by the Authority that are contained in the regional transportation plan, or mass transit capital projects that increase capacity. Both special revenue funds are considered major funds for financial reporting purposes.

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

D. Budgeting

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

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

2. Investments

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

3. Restricted Cash, Cash Equivalents and Investments

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

4. Fair Value Measurements

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

5. Prepaid Items

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital Assets

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2020.

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

7. Pensions

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

8. Group Life Insurance Program

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

9. Virginia Local Disability Program

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

10. Compensated Absences

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The Authority does recognize bond issuance costs in the governmental funds as a current period expense.

12. Deferred Outflows/Inflows of Resources

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

13. Fund Equity

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

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

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

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

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

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

The General Fund balance includes $563,491 categorized as committed fund balance as of June 30, 2020. The debt policy adopted by the Authority on December 12, 2013 and revised June 19, 2015, requires the Authority to maintain an operating reserve sufficient to fund at least 20% of the General Fund operating expenses. The operating reserve may be used at the discretion of the Executive Director, to cover unanticipated increases in the Authority's expenditures. If used, the Executive Director will present a plan to the Authority for restoring the reserve during the next fiscal year budget process.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

13. Fund Equity (Continued)

The Regional Revenue Fund balance includes $1,122,086,462 categorized as restricted fund balance as of June 30, 2020. The restricted for appropriated project funding of $996,202,352 is comprised of $1,138,489,211 appropriated by the Authority for approved funding at June 30, 2020, less $142,286,859 of forward funding, a strategy initiated with the adoption of the Authority's inaugural Six Year Program for FY2018-FY2023. The forward funding strategy appropriates the full project cost in the first fiscal year the project is expected to spend Authority funds, even though the majority of projects will require multiple years to complete. Since the Authority is a reimbursement-based funding source versus a grant-based source, the cash related to the unspent previous project appropriations remain with the Authority and provides the liquidity to forward appropriate funds for projects that are able to expedite completion permitting project sponsors to apply for matching /additional funds, protects against outside appropriation risk and helps ensure projects are completed timely. This practice is consistent with many local jurisdictions. Outside financing would be used if at any time the Authority's liquidity was unavailable. The Authority's debt policy requires $120,000,000 be restricted for a Working Capital Reserve and $5,884,110 is restricted for debt service and a debt service reserve.

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

14. Net Position

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

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

15. Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

16. Interfund Transfers

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

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

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

17. Risks and Uncertainties

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

18. Subsequent Events

The Authority has evaluated subsequent events through October 16, 2020, which was the date the financial statements were available to be issued. The following occurred effective July 1, 2020:

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

In Northern Virginia, the regional transportation improvement fee, used to support the Washington Metropolitan Area Transit Authority (WMATA), is lowered to $0.10 per $100 for the recordation of conveyance of a deed. A new regional congestion fee is imposed at a rate of $0.10 per $100 for the recordation of conveyance of a deed. Governor's amendments delayed the effective dates as follows: For the period July 1, 2020 to April 30, 2020 the rate of the regional congestion relief fee distributed to the Authority shall be $0.05 per $100 and beginning May 1, 2021, the rate shall increase to $0.10 per $100. In addition, effective July 1, 2020, $20 million each year shall be transferred from the Commonwealth Transportation Fund to the Northern Virginia Transportation Authority.

Note 2. Deposits and Investments

Deposits

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

At June 30, 2020, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

Governmental Activities

Unrestricted Cash and Cash Equivalents	
Cash	$ 1,280,063
Restricted:	
Demand Deposits	149,224,846
Commonwealth of Virginia LGIP	68,415,540
John Marshall Bank Insured Cash Sweep	47,580,771
Virginia Municipal League Investment Pool	321,998,964
Regions Bank (SNAP)	5,297,365
Total restricted	592,517,486
Total	$ 593,797,549

Investments

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

Note 2. Deposits and Investments (Continued)

Investment Policy

The Authority adopted a formal investment policy in December 2014, with subsequent updates April 2019 and October 2019. The goal of the policy is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle. The primary objectives of the Authority's investment activities in priority order are safety, liquidity, and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities. The full investment policy can be found on the Authority website at http://thenovaauthority.org/; Policy-13-Investment-Policy.

Credit Risk

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

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

Note 2. Deposits and Investments (Continued)

Credit Risk (Continued)

The Authority's rated investments as of June 30, 2020 were rated by both Standard & Poor's and Moody's. The table below reflects the Standard & Poor's ratings for the Authority's investment portfolio as of June 30, 2020.

		Standard & Poor's Ratings			
	Fair Value	AAA	AA	A1	AAAm
United States Treasuries	$ 124,882,035	$ -	$ 124,882,035	$ -	$ -
Corporate Notes	114,299,120	10,090,700	104,208,420	-	-
United States Agencies	100,173,550	-	100,173,550	-	-
International Bank for Reconstruction & Development	55,184,100	55,184,100	-	-	-
Negotiable Certificates of Deposit	42,139,790	-	-	42,139,790	-
Municipal Bonds	30,268,500	-	30,268,500	-	-
Commercial Paper	4,930,650	-	-	4,930,650	-
State Non-Arbitrage Pool	5,297,365	-	-	-	5,297,365
Local Government Investment Pools	390,414,504	-	-	-	390,414,504
Total	$ 867,589,614	$ 65,274,800	$ 359,532,505	$ 47,070,440	$ 395,711,869

Custodial Credit Risk

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

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

Note 2. Deposits and Investments (Continued)

Interest Rate Risk

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

At June 30, 2020, the Authority had the following investments and maturities:

		Investment Maturity (in years)			
	Fair Value	Less than 1 year	1-2 years	2-3 years	3-4 years
United States Treasuries	$ 124,882,035	$ 114,571,835	$ 10,310,200	$ -	$ -
Corporate Notes	114,299,120	58,429,502	18,630,128	37,239,490	-
United States Agencies	100,173,550	28,977,360	39,989,750	10,033,400	21,173,040
International Bank for Reconstruction & Development	55,184,100	-	24,972,000	30,212,100	-
CDARS	49,500,000	49,500,000	-	-	-
Negotiable Certificates of Deposit	42,139,790	42,139,790	-	-	-
Municipal Bonds	30,268,500	-	20,144,400	10,124,100	-
Commercial Paper	4,930,650	4,930,650	-	-	-
Total	$ 521,377,745	$ 298,549,137	$ 114,046,478	$ 87,609,090	$ 21,173,040

Concentration of Credit Risk

The Authority's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart. The portfolio is in compliance with each of the stated limits as of June 30, 2020.

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

Class	Length	Percent of Total Portfolio and Cash
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months of less	75%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	75%

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

Class	Length	Percent of Total Portfolio and Cash
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States	36 months or less	75%
Savings accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Bankers' Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior three year history must exceed internal performance by 25bps, net of management fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior three year history must exceed internal performance by 25bps, net of management fee

Note 2. Deposits and Investments (Continued)

External Investment Pools

As of June 30, 2020, the Authority had investments of $68,415,540 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of $1 per share. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

As of June 30, 2020, the Authority had investments of $5,297,365 in the Commonwealth of Virginia State Non-Arbitrage Program (“SNAP”). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, *Code of Virginia* 1950, as amended) to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value per share of $1. The SNAP Fund invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions, and is rated “AAAm” by S&P. SNAP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The Authority had investments of $321,998,964 in the VIP Stable NAV Liquidity Pool at June 30, 2020. This pooled investment was created during fiscal year 2017 specifically to offer local governments an investment option with a stable net asset value, while providing daily liquidity and a competitive yield. The VIP seeks to maintain a constant net asset value per share of $1. The Stable NAV pool is rated AAAm by S&P. VIP Stable NAV is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

Bond Proceeds

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

Bond proceeds shall be invested in SNAP and alternate investment pools that provide assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage regulations in accordance with the *Code of Virginia* requirements or the Authority’s own investment policy. As of June 30, 2020, the Authority had $6,349,375 held by the bond trustees, Regions Bank. Of this amount, $2,133 was in the 2014 Project Fund account, $4,829,967 and $1,052,010 of U.S. Treasuries was in the Debt Service Reserve account and $465,265 is in the debt service account for payment of principal and interest.

Note 3. Fair Value Measurement

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

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows the Authority's investments by fair value level as of June 30, 2020:

Investments by Fair Value Level	June 30, 2020	Level 1	Level 2	Level 3
Money market funds	$ 196,805,617	$ 196,805,617	$ -	$ -
United States Treasuries	124,882,035	124,882,035	-	-
Corporate Notes	114,299,120	114,299,120	-	-
United States Agencies	100,173,550	100,173,550	-	-
International Bank for Reconstruction & Development	55,184,100	55,184,100	-	-
CDARS	49,500,000	49,500,000	-	-
Negotiable Certificates of Deposit	42,139,790	42,139,790	-	-
Municipal Bonds	30,268,500	30,268,500	-	-
Commercial Paper	4,930,650	4,930,650	-	-

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

Note 4. Due To/From Other Governments

At June 30, 2020, due from other governments consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Commonwealth of Virginia:			
Sales Tax	$ 12,639,016	$ 29,491,037	$ 42,130,053
Truck Registration Fee & Road Use	418,058	975,469	1,393,527
Commonwealth of Virginia Interest	24,941	58,196	83,137
Total	$ 13,082,015	$ 30,524,702	$ 43,606,717

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

Amounts due to other governments as of June 30, 2020 consisted of the following:

	Local Distribution Fund	Regional Revenue Fund	Total
Arlington County	$ 1,011,581	$ 1,934,938	$ 2,946,519
Fairfax County	5,205,882	1,323,622	6,529,504
Loudoun County	2,727,101	1,450,167	4,177,268
Prince William County	2,309,518	4,576,801	6,886,319
City of Alexandria	864,626	14,646,592	15,511,218
City of Fairfax	407,531	-	407,531
City of Falls Church	167,538	67,758	235,296
City of Manassas	298,169	-	298,169
City of Manassas Park	90,162	-	90,162
Virginia Department of Transportation	-	196,081	196,081
Potomac Rappahannock Transportation Commission	-	457,894	457,894
	$ 13,082,108	$ 24,653,853	$ 37,735,961

Note 5. Intergovernmental Revenues, Commonwealth of Virginia

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

Beginning July 1, 2019, pursuant to Virginia General Assembly SB1716/HB2718 , the General Assembly established an Interstate 81 Corridor Improvement Fund with revenues created by a new registration fee, a diesel tax, a regional gas tax and a roads tax. The new revenues are apportioned to the new Fund, the Northern Virginia Transportation Authority Fund, and Commonwealth Transportation Board for use in other interstate corridors based upon total vehicle miles driven by vehicles classified as Class 6 or higher on Interstate 81, interstates within the boundaries of Planning District 8, and other interstate corridors, respectively, as compared with total vehicle miles driven on interstates in the Commonwealth by vehicles classified as Class 6 or higher.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated and amortized:				
Office furniture and equipment	$ 123,588	$ 116,756	$ -	$ 240,344
Less accumulated depreciation and amortization	38,004	28,773	-	66,777
Total capital assets being depreciated and amortized, net	$ 85,584	$ 87,983	$ -	$ 173,567

Note 7. Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

Plan 2

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Hybrid Retirement Plan

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

Political subdivision employees.*

- Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; in the plan's effective date for opt-in members was July 1, 2014.

<u>* Non-Eligible Members</u>

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Vesting (Continued) **Defined Contribution Component (Continued)** • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation service credit and plan multiplier. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component** See definition under Plan 1. **Defined Contribution Component** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Disability Coverage	**Disability Coverage**	**Disability Coverage**
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service	**Purchase of Prior Service**	**Purchase of Prior Service**
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	**Defined Benefit Component** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported services. **Defined Contribution Component** Not applicable.

Note 7. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	
Vested inactive members	1
Inactive members active elsewhere in VRS	1
Total Inactive	2
Active members	9
Total covered members	11

C. Contributions

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

The Authority's contractually required contribution rate for the year ended June 30, 2020 was 7.5% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $75,414 and $64,845 for the years ended June 30, 2020 and 2019, respectively.

D. Net Pension Liability

The Authority's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality Rates

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates (Continued)

Non-10 Largest – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020.
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.0% to 6.75%

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 7. Pension Plan (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	$ 500,740	$ 467,988	$ 32,752
Changes for the year:			
Service cost	107,914	-	107,914
Interest	34,544	-	34,544
Changes in assumptions	22,003	-	22,003
Difference between expected and actual experience	(5,899)	-	(5,899)
Contributions – employer	-	64,845	(64,845)
Contributions – employee	-	47,862	(47,862)
Net investment income	-	36,377	(36,377)
Benefit payments, including refunds of employee contributions	(14,509)	(14,509)	-
Administrative expense	-	(240)	240
Other changes	-	(24)	24
Net changes	144,053	134,311	9,742
Balances at June 30, 2019	$ 644,793	$ 602,299	$ 42,494

Note 7. Pension Plan (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's Net Pension Liability (Asset)	$ 134,153	$ 42,494	$ (31,233)

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

For the year ended June 30, 2020, the Authority recognized pension expense of $90,048. At June 30, 2020 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 115,416	$ (4,796)
Changes of assumptions	17,890	(8,919)
Net difference between projected and actual earnings on pension plan investments	-	(4,519)
Employer contributions subsequent to measurement date	75,414	-
Total	$ 208,720	$ (18,234)

The $75,414 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021.

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

Year Ending June 30,	Amount
2021	$ 30,999
2022	30,095
2023	32,603
2024	19,034
2025	2,341
	$ 115,072

Note 7. Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 8. Group Life Insurance Program

A. Plan Description

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

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

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

<table>
<tr><th>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</th></tr>
<tr><td>Eligible Employees
The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</td></tr>
<tr><td>Benefit Amounts
The benefits payable under the GLI have several components.
• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
• <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit.
• <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
o Accidental dismemberment benefit
o Safety belt benefit
o Repatriation benefit
o Felonious assault benefit
o Accelerated death benefit option</td></tr>
</table>

Note 8. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,463 as of June 30, 2020.

B. Contributions

The contribution requirements for the GLI are governed by section 51.1-506 and section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Authority were $7,126 and $5,716 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the Authority reported a liability of $91,127 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The Authority's proportion of the net GLI OPEB liability was based on the Authority's actuarially determined employer contributions to the GLI for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .00560% as compared to .00553% at June 30, 2018.

For the year ended June 30, 2020, the Authority recognized GLI OPEB expense of $6,918. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 8. Group Life Insurance Program (Continued)

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,060	$ (1,181)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(1,872)
Changes of assumptions	5,753	(2,748)
Changes in proportions	18,301	-
Employer contributions subsequent to measurement date	7,126	-
Total	$ 37,240	$ (5,801)

The $7,126 reported as deferred outflows of resources related to the GLI OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2021	$ 5,134
2022	5,135
2023	5,927
2024	4,921
2025	2,615
Thereafter	581
	$ 24,313

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Note 8. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

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

Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability	$ 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

Note 8. Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS -Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP-Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the Authority for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 8. Group Life Insurance Program (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI Net OPEB Liability	$ 119,716	$ 91,127	$ 67,943

I. GLI Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2019 *Comprehensive Annual Financial Report* (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 9. Virginia Local Disability Program

A. Plan Description

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

Note 9. Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

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

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

Note 9. Virginia Local Disability Program (Continued)

B. Contributions

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2020, was 0.72% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were $6,915 and $5,111 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the Authority reported a liability of $4,648 for its proportionate share of the VLDP Net OPEB liability. The net VLDP OPEB liability was measured as of June 30, 2019 and the total VLDP OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The Authority's proportion of the net VLDP OPEB liability was based on the Authority's actuarially determined employer contributions to the GLI for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Authority's proportion of the VLDP was .22944% as compared to .21833% at June 30, 2018.

For the year ended June 30, 2020, the Authority recognized VLDP OPEB expense of $5,481. Since there was a change in proportionate share between measurement dates, a portion of the VLDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	$ 2,331	$ (143)
Changes of assumptions	133	(178)
Net difference between projected and actual earnings on VLDP OPEB program investments	16	-
Changes in proportion	86	-
Employer contributions subsequent to measurement date	6,915	-
Total	$ 9,481	$ (321)

Note 8. Virginia Local Disability Program (Continued)

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

The $6,915 reported as deferred outflows of resources related to the VRS VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2021	$ 467
2022	464
2023	461
2024	466
2025	442
Thereafter	(55)
	$ 2,245

D. Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	6.75, net of investment expenses, including inflation*

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

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

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

Note 9. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

E. Net VLDP OPEB Liability

The net OPEB liability (NOL) for the VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	VRS VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	$ 3,989
Plan Fiduciary Net Position	1,962
Political Subdivision VLDP Net OPEB Liability	$ 2,027
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	49.19%

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

Note 9. Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS -Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP-Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the Authority for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Authority's VLDP OPEB liability.

Note 9. Virginia Local Disability Program (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the VLDP Net OPEB Liability	$ 5,346	$ 4,648	$ 4,039

I. VRS VLDP Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/pdf/publications/2019-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 10. Operating Leases and Agreements

Governmental Activities

The Authority originally leased office space under a 60-month agreement, which commenced on October 6, 2014. The lease was previously amended June 1, 2017 which increased the Authority's office space. In October 2019, the Authority renewed the lease for the current office space and added two additional offices while extending the lease term through 2025. The lease was extended from October 31, 2019 to October 31, 2021 with an option to extend the agreement in increments of one year or more, or until August 5, 2025 whichever comes first. The lease provides for 2.5% annual increases in base rent over the lease term, and pass through of a proportionate share of building core factor and common areas. Rent expense for Governmental Activities as reported in the government-wide financial statements totaled $165,583.

Year Ending June 30,	Amount
2021	$ 172,756
2022	177,085
2023	181,528
2024	186,082
2025	190,689
Total	$ 908,140

Note 11. Long-Term Debt Obligations

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

The Authority has outstanding Transportation Special Tax Revenue Bonds of $55,015,000. The bonds are limited obligations of the Authority and payable solely from the revenues and other property pledged by the Authority for such purpose. The pledged revenues are derived from a portion of the revenue generated by additional sales and use taxes levied by the General Assembly of Virginia. The Authority's right to receive such funds is subject to appropriation by the General Assembly. The General Assembly has the ability to eliminate or change such taxes and fees at any time. The Authority has no taxing power. Bonds are issued pursuant to a Master Indenture of Trust dated December 1, 2014. The Authority has no outstanding line of credit, direct borrowings or direct placements.

Transportation Special Tax Revenue Bonds

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

$69,045,000 2014 Transportation Special Tax Revenue Bonds due in annual principal payments of $2,865,000 to $5,285,000 through June 2034, interest at 5.00%	$ 55,015,000

Changes in Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences	$ 115,114	$ 98,023	$ 52,605	$ 160,532	$ 160,532
Transportation Special Tax Revenue Bonds	57,745,000	-	2,730,000	55,015,000	2,865,000
Unamortized Premiums	9,244,815	-	596,440	8,648,375	-
Total governmental activities	$ 67,104,929	$ 98,023	$ 3,379,045	$ 63,823,907	$ 3,025,532

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

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

Note 11. Long-Term Obligations (Continued)

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

Year(s) Ending June 30,	Principal	Interest	Totals
2021	$ 2,865,000	$ 2,683,450	$ 5,548,450
2022	2,950,000	2,597,500	5,547,500
2023	3,100,000	2,450,000	5,550,000
2024	3,255,000	2,295,000	5,550,000
2025	3,405,000	2,142,250	5,547,250
2026-2030	19,760,000	7,980,250	27,740,250
2031-2034	19,680,000	2,520,000	22,200,000
	$ 55,015,000	$ 22,668,450	$ 77,683,450

Note 12. Risk Management

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

Note 13. Pending GASB Statements

At June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

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

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

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

Required Supplementary Information

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

	Fiscal Year June 30,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution (CRC)	$ 75,414	$ 64,485	$ 86,997	$ 78,378	$ 42,427	$ 33,173
Contributions in relation to the CRC	75,414	64,485	86,997	78,378	42,427	33,173
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 1,005,520	$ 865,480	$ 917,690	$ 826,772	$ 624,845	$ 488,557
Contributions as a percentage of covered-employee pay	7.50%	7.45%	9.48%	9.48%	6.79%	6.79%

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

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

Notes to Schedule:

(1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

(2) **Changes of assumptions** – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-10 Largest

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

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

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

*** The amounts presented have a measurement date of June 30, 2019**

Notes to Schedule:

(1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

(2) **Changes of assumptions** – The actuarial assumptions used in the June 30, 2018 were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

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

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

	Fiscal Year June 30, 2019	2018	2017
Total Virginia Local Disability Program OPEB Liability			
The Authority's Portion of the Net VLDP OPEB Liability	0.22944%	0.21833%	0.21506%
The Authority's Proportionate Share of the Net VLDP OPEB Liability	$ 4,648	$ 1,000	$ 1,000
The Authority's Covered Payroll	$ 1,039,032	$ 618,992	$ 616,927
The Authority's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.45%	0.16%	0.16%
Plan Fiduciary Net Position as a percentage of the Total VLDP OPEB Liability	49.19%	51.39%	38.40%

*** The amounts presented have a measurement date of June 30, 2019**

Notes to Schedule:

(1) **Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation

(2) **Changes of assumptions** –The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers-General Employees

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

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

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS – OPEB – VIRGINIA LOCAL DISABILITY PROGRAM

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

Supplementary Information

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES
Year Ended June 30, 2020

General and Administrative Expenditures:		
Personnel expenses		$ 1,804,819
Salaries & wages	$ 1,405,102	
Benefits & retirement	399,717	
Professional services		186,744
Legislative services fees	60,194	
Financial advisory services fees	35,000	
Public outreach & regional event support costs	29,400	
Auditing & accounting services fees	26,000	
Investment custody services fees	20,400	
Legal services/Bond counsel fees	10,992	
Bond trustee services fees	2,688	
Payroll & bank services fees	2,070	
Technical and technology hosting services		233,730
GIS & Project Management & Monitoring systems	112,760	
Financial reporting & accounting systems	83,120	
Network-IT-Hosting services	31,398	
Web development & hosting services	6,452	
Office lease charges		165,583
Professional development, memberships, industry & training conferences		21,289
Computer hardware and software purchases		14,890
Phone services		14,762
Office supplies, furniture and equipment expenses		11,731
Copier printing and duplication charges		10,220
Insurance and liability bonds cost		6,072
Hosted meeting expenses		4,096
Mileage and transportation costs		3,679
Miscellaneous expenses		226
Recruitment advertising		195
Total general and administrative expenditures		**$ 2,478,036**

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN NET POSITION BY JURISDICTION
LOCAL DISTRIBUTION FUND (30%)
Year Ended June 30, 2020

	Arlington County	Fairfax County	Loudoun County	Prince William County	City of Alexandria	City of Fairfax	City of Falls Church	City of Manassas	City of Manassas Park	Totals
Revenues										
Intergovernmental:										
Commonwealth of Virginia										
Sales tax	$ 7,725,039	$ 33,852,332	$ 15,984,637	$ 12,582,257	$ 5,239,380	$ 2,270,673	$ 923,295	$ 1,879,712	$ 490,220	$ 80,947,545
Truck Registration Fee & Road Use	119,555	544,941	264,662	212,318	87,349	38,110	15,525	29,450	8,385	1,320,295
Commonwealth fund interest income	13,257	56,475	26,474	20,510	8,729	3,730	1,534	3,079	794	134,582
Interest Income	1,598	6,711	3,195	2,395	958	478	160	320	159	15,974
Total revenues	7,859,449	34,460,459	16,278,968	12,817,480	5,336,416	2,312,991	940,514	1,912,561	499,558	82,418,396
Expenditures										
Distribution of 30% local funds	7,859,449	34,460,459	16,278,968	12,817,480	5,336,416	2,312,991	940,514	1,912,561	499,558	82,418,396
Total expenditures	7,859,449	34,460,459	16,278,968	12,817,480	5,336,416	2,312,991	940,514	1,912,561	499,558	82,418,396
Net change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund Balance, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund Balance, end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down	Phases Funded
Arlington County	2014	Silver/Blue Line Mitigation (Four New Buses)	$ 1,000,000	$ 797,696	$ -	100.0%	Acq
Arlington County	2014	Crystal City Multimodal Center	1,500,000	1,326,173	-	100.0%	CN
Arlington County	2014	Boundary Channel Drive Interchange	4,335,000	2,196,516	2,138,484	50.7%	Des, CN
Arlington County	2014	Columbia Pike Multimodal St Improvements West End FR FFX County line to Four Mile Run	12,000,000	12,000,000	-	100.0%	CN
Arlington County	2015	Glebe Road Corridor Intelligent Transportation System (ITS) Improvements	2,000,000	622,297	1,377,703	31.1%	Pre Eng, CN
Arlington County	2015	Columbia Pike Multimodal St Improvements East End	10,000,000	1,000,000	9,000,000	10.0%	Des, CN
Arlington County	2015	Ballston Metrorail Station West Entrance	12,000,000	37,643	11,962,357	0.3%	Final Des
Arlington County	2017	Lee Highway Corridor Intelligent Transportation System Enhancements	3,000,000	255,338	2,744,662	8.5%	Des, Eng, ROW, CN
Arlington County	2017	Crystal City Streets:12th St Transitway, Clark/Bell Realignment, & Intersection Improvements	11,600,000	1,982,416	9,617,584	17.1%	Des, Eng, Env, CN
Arlington County	2019	Intelligent Transportation System Improvements	10,000,000	306,353	9,693,647	3.1%	CN
Arlington County	2019	ART Operations and Maintenance Facilities	39,027,000	-	39,027,000	0.00%	Des, ROW, CN, Acq
Arlington County	2020	Crystal City Metrorail Station East Entrance and Intermodal Connections	5,000,000	-	5,000,000	0.00%	Des, Eng
Arlington County	2020	Pentagon City Multimodal Connections and Transitway Extension	28,850,000	-	28,850,000	0.00%	CN
Fairfax County	2014	Innovation Center Metrorail Station	41,000,000	37,738,402	3,261,598	92.0%	Des/Build
Fairfax County	2015	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road	1,000,000	1,000,000	-	100.0%	Env, Pre Eng
Fairfax County	2015	Frontier Drive Extension & Interchange Improvements	2,000,000	2,000,000	-	100.0%	Des, Env, Pre Eng
Fairfax County	2015	Route 28 Widening - Prince William County Line to Route 29	5,000,000	3,125,000	1,875,000	62.5%	Des, Pre Eng, ROW
Fairfax County	2015	Rolling Road Widening-Old Keene Mill Rd to Franconia Springfield Parkway	5,000,000	3,839,379	1,160,621	76.8%	Des, Eng, Env, ROW, C
Fairfax County	2015	Connector Bus Service Expansion – Purchase 12 New Buses	6,000,000	5,922,262	-	100.0%	Acq
Fairfax County	2015	Fairfax County Parkway Widening - Route 123 to Route 29	10,000,000	4,000,000	6,000,000	40.0%	Study, Env, Pre Eng
Fairfax County	2015	West Ox Bus Garage Phase II	20,000,000	11,710,280	-	100.0%	CN
Fairfax County	2015	Innovation Center Metrorail Station	28,000,000	27,837,813	162,187	99.4%	CN
Fairfax County	2017	Route 28 Widening - Prince William County Line to Route 29	5,000,000	-	5,000,000	0.0%	Des, Pre Eng
Fairfax County	2017	Fairfax County Parkway Widening - Route 123 to Route 29	10,000,000	-	10,000,000	0.0%	ROW
Fairfax County	2017	Route 7 Widening - Colvin Forest Drive to Jarrett Valley Drive	10,000,000	-	10,000,000	0.0%	ROW
Fairfax County	2017	I-66/Route 28 Interchange Improvements -$300,000,000	Withdrawn	-	-	WD	Des, Eng, Env, ROW, C
Fairfax County	2019	Richmond Hwy Bus Rapid Transit Phase I & II	250,000,000	6,184,613	243,815,387	2.5%	Des, ROW, CN
Fairfax County	2020	Rolling Road Widening - Hunter Village Drive to Old Keene Mill Road	11,111,000	-	11,111,000	0.00%	ROW, CN
Fairfax County	2020	Frontier Drive Extension and Intersection Improvements	25,000,000	-	25,000,000	0.00%	ROW, CN
Fairfax County	2020	Route 1 Widening Mount Vernon Memorial Highway to Napper Road	127,000,000	-	127,000,000	0.00%	Des, ROW, CN
Loudoun County	2014	Transit Buses Two	880,000	880,000	-	100.0%	Acq
Loudoun County	2014	Leesburg Park and Ride	1,000,000	1,000,000	-	100.0%	ROW/CN
Loudoun County	2014	Belmont Ridge Road - North of Dulles Greenway	20,000,000	20,000,000	-	100.0%	CN
Loudoun County	2015	Transit Buses Four	1,860,000	1,860,000	-	100.0%	Acq
Loudoun County	2015	Belmont Ridge Road Widening - Turo Parish Road to Croson Ln	19,500,000	2,062,031	17,437,969	10.6%	CN
Loudoun County	2015	Loudoun County Parkway – Route 50 to Creighton Road	31,000,000	11,945,840	19,054,160	38.5%	CN
Loudoun County	2019	Route 9 Traffic Calming/Hillsboro	12,112,000	6,805,159	5,306,841	56.2%	Des, ROW, CN, Utility
Loudoun County	2019	Evergreen Mills Road Intersection Realignments – Watson Road and Reservoir Road	14,000,000	344,297	13,655,703	2.5%	Des, ROW, CN, Utility
Loudoun County	2019	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard	47,800,000	-	47,800,000	0.00%	Des, ROW, CN, Utility
Loudoun County	2020	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072	16,000,000	-	16,000,000	0.00%	ROW
Loudoun County	2020	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway	64,805,000	-	64,805,000	0.00%	ROW, CN
Loudoun County	2020	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643)	76,230,000	-	76,230,000	0.00%	ROW, CN
Prince William County	2014	Route 1 Widening - Featherstone Road to Mary's Way	3,000,000	3,000,000	-	100.0%	Des
Prince William County	2014	Route 28 - Linton Hall Road to Fitzwater Drive	28,000,000	28,000,000	-	100.0%	ROW, CN
Prince William County	2015	Route 28 Congestion Study - Godwin Drive Extension Alternative	2,500,000	1,689,671	810,329	67.6%	Study
Prince William County	2015	Route 28 Widening -Route 234 Bypass to Linton Hall Road	16,700,000	11,258,418	5,441,582	67.4%	Pre Eng, CN
Prince William County	2015	Route 1 Widening -Featherstone Road to Mary's Way	49,400,000	38,971,052	10,428,948	78.9%	ROW, Con
Prince William County	2017	Route 28 Widening - Route 234 Bypass to Linton Hall Road	10,000,000	-	10,000,000	0.0%	CN
Prince William County	2017	Route 1 Widening - Featherstone Road to Mary’s Way	11,000,000	3,987,275	7,012,725	36.2%	CN

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down	Phases Funded
Prince William County	2019	Summit School Rd Extension and Telegraph Rd Widening	$ 11,000,000	$ 226,072	$ 10,773,928	2.1%	Des, ROW, CN
Prince William County	2019	Route 28 corridor improvements (Fitzwater Dr to Pennsylvania Ave)	15,000,000	3,632,340	11,367,660	24.2%	CN
Prince William County	2019	Construct Interchange at Prince William Parkway and University Boulevard	24,200,000	1,125,746	23,074,254	4.7%	CN
Prince William County	2019	Construct Interchange at Route 234 and Brentsville Road	54,900,000	-	54,900,000	0.00%	Des, ROW, CN
Prince William County	2020	Route 28 Corridor Feasibility Study-Environmental Impact Statement(Manassas to FFX Cnty)	3,500,000	-	3,500,000	0.00%	DES
Town of Dumfries	2015	Route 1 (Fraley Blvd) Widening Brady's Hill Rd to Dumfries Rd	6,900,000	2,096,423	4,803,577	30.4%	Pre Eng
Town of Herndon	2014	Herndon Parkway Intersection Improvements Van Buren Street	500,000	25,811	474,189	5.2%	Des, ROW, CN
Town of Herndon	2014	Herndon Parkway Intersection Improvements Sterling Rd	500,000	498,397	-	100.0%	Des, ROW
Town of Herndon	2014	Herndon Metrorail Intermodal Access Improvements	1,100,000	700,000	400,000	63.6%	Des, ROW
Town of Herndon	2015	East Elden Street Improvements & Widening	10,400,000	-	10,400,000	0.0%	ROW
Town of Leesburg	2014	Edwards Ferry Road at Route 15 Leesburg Bypass Grade Separation	1,000,000	1,000,000	-	100.0%	Des
Town of Leesburg	2015	Route 15 Bypass/Edwards Ferry Road Interchange	1,000,000	1,000,000	-	100.0%	Des
Town of Leesburg	2015	Route 7/Battlefield Parkway Interchange	13,000,000	13,000,000	-	100.0%	Final Des
Town of Leesburg	2017	Route 7 (East Market Street) / Battlefield Parkway Interchange	20,000,000	-	20,000,000	0.0%	CN
Town of Leesburg	2020	Route 7 (East Market Street) / Battlefield Parkway Interchange	25,000,000	-	25,000,000	0.0%	CN
City of Alexandria	2014	Shelters and Real Time Transit Information for DASH/WMATA	450,000	450,000	-	100.0%	CN
City of Alexandria	2014	Traffic Signal Upgrades/Transit Signal Priority	660,000	382,181	277,819	57.9%	Des, CN
City of Alexandria	2014	Dash bus expansion (5 new hybrid buses)	1,462,500	1,462,500	-	100.0%	Acq
City of Alexandria	2014	Potomac Yard Metro Station EIS	2,000,000	2,000,000	-	100.0%	Pre Eng
City of Alexandria	2015	Duke Street Transit Signal Priority Installation	190,000	190,000	-	100.0%	Des, CN
City of Alexandria	2015	Potomac Yard Metrorail Station	1,500,000	1,500,000	-	100.0%	Pre Eng, Final Des
City of Alexandria	2015	West End Transitway Study	2,400,000	878,366	1,521,634	36.6%	Final Des
City of Alexandria	2017	Potomac Yard Metrorail Station	66,000,000	60,060,504	5,939,496	91.0%	Des, CN (Des-Build)
City of Alexandria	2019	Alexandria Bus Network ITS	150,000	110,968	39,032	74.0%	Des, CN
City of Alexandria	2020	Alexandria ITS Projects	1,195,491	-	1,195,491	0.0%	Des, ENG, CN
City of Alexandria	2020	DASH Transit Service Enhancements and Expansion	11,933,161	-	11,933,161	0.0%	CN, Acq
City of Alexandria	2020	Alexandria Duke St Transitway	12,000,000	-	12,000,000	0.0%	Des, Eng
City of Fairfax	2014	Chain Bridge Rd Widening / Improve from Rt 29/50 to Eaton Place	5,000,000	5,000,000	-	100.0%	Des, ROW, CN
City of Fairfax	2015	Kamp Washington Intersection Improvements-Rt 50 & Rt 29 & Rt 236	1,000,000	1,000,000	-	100.0%	CN
City of Fairfax	2015	Jermantown / Route 50 Roadway Improvements	1,000,000	1,000,000	-	100.0%	CN
City of Fairfax	2015	CUE 35-foot Transit Buses -Six	3,000,000	2,536,210	-	100.0%	Acq
City of Fairfax	2015	Northfax - Intersection and drainage improvements at Route 29/50 and Route 123	10,000,000	10,000,000	-	100.0%	CN
City of Fairfax	2019	Roadway Network Northfax West	2,500,000	10,383	2,489,617	0.4%	Des, ROW, CN
City of Fairfax	2019	Jermantown Rd Corridor Improvement Project	21,000,000	-	21,000,000	0.0%	Des, ROW, CN
City of Falls Church	2014	Pedestrian Bridge providing safe access to E Falls Church Metro	130,228	130,228	-	100.0%	Des, CN
City of Falls Church	2014	Bus Stop Changes Incl provision of shelters & pedestrian inform & Consolidation	200,000	200,000	-	100.0%	Des, ROW, CN
City of Falls Church	2014	Pedestrian Access to Transit	700,000	700,000	-	100.0%	Des, ROW, CN
City of Falls Church/NVRI	2019	Falls Church Enhanced Regional Bike Routes (W&OD)	3,244,959	324,690	2,920,269	10.0%	Des, CN
City of Falls Church	2020	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project	15,700,000	2,884,169	12,815,831	18.4%	Des, Eng, ROW. CN
City of Manassas	2015	Route 28 Widening - Godwin Drive to the Southern City Limits	3,294,000	629,045	2,664,955	19.1%	Pre Eng, ROW, CN
VDOT/Fairfax County	2014	Route 28 Widening NB from McLearen Rd to Dulles Toll Rd	11,100,000	11,100,000	-	100.0%	Des-Build
VDOT/Loudoun County	2014	Route 28 Hot Spot Improvements - Sterling Boulevard to the Dulles Toll Road	12,400,000	12,400,000	-	100.0%	CN
VDOT/Fairfax County	2014	Route 28 Widening SB from Dulles Toll Road to Route 50	20,000,000	20,000,000	-	100.0%	Des-Build
VDOT/Fairfax County	2015	Route 7 Bridge Widening over Dulles Toll Road	13,900,000	13,900,000	-	100.0%	CN
VDOT/Loudoun County	2019	Route 28 Northbound Widening –between the Dulles Toll Road and Sterling Blvd	20,000,000	18,234,431	1,765,569	91.2%	CN
WMATA	2014	Traction Power Upgrades on the Orange Line in Virginia (8 -car trains)	4,978,685	1,482,247	3,496,438	29.8%	Des
WMATA	2017	Blue Line Traction Power Upgrades	17,443,951	-	17,443,951	0.0%	Eng, CN

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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

Project Sponsor	Appropriation Year	Standard Project Agreement Title	NVTA Appropriated Funding	Contracted Amount Paid as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down	Phases Funded
Virginia Railway Express	2014	Alexandria Station Tunnel and Platform Improvements	$ 1,300,000	$ -	$ -	WD	CN
Virginia Railway Express	2014	VRE Gainesville-Haymarket Extension Project Development	1,500,000	1,500,000	-	100.0%	Des
Virginia Railway Express	2014	VRE Lorton Station Second Platform*	7,900,000	800,270	-	WD	Des, CN
Virginia Railway Express	2015	Crystal City Platform Extension Study	400,000	394,243	-	100.0%	Study
Virginia Railway Express	2015	Manassas Park Station Parking Expansion	500,000	500,000	-	100.0%	Des, Pre Eng
Virginia Railway Express	2015	Slaters Lane Rail Crossover	7,000,000	2,099,906	4,900,094	30.0%	Pre Eng, CN
Virginia Railway Express	2015	Rippon Station Expansion and Second Platform*	10,000,000	39,482	-	WD	Des, Pre Eng, CN
Virginia Railway Express	2015	Franconia-Springfield Platform Improvements	13,000,000	557,512	12,442,488	4.3%	Pre Eng, Env, CN
Virginia Railway Express	2017	Manassas Park Station Parking Expansion	2,000,000	830,729	1,169,271	41.5%	Eng, Env, Des
PRTC	2014	PRTC New Gainesville Service- One Bus	580,000	559,275	-	100.0%	Acq
PRTC	2015	Western Bus Maintenance and Storage Facility	16,500,000	16,499,998	-	100.0%	CN
NVTC	2014	Transit Alternatives Analysis Study in the Route 7 Corridor	838,000	834,665	-	100.0%	Study
		Total Appropriated Funding, Amount Paid & Remaining Restricted Amounts as of June 30, 2020	**$ 1,638,260,975**	**$ 472,172,715**	**1,138,489,211**		
		Amount of Forward Funding as Described in Note 1, E. - 13.			**(142,286,859)**		
					$ 996,202,352		

*** Funding Request Withdrawn effective 7/9/2020**

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

Compliance Section

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

To the Honorable Authority Board Members
Northern Virginia Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, the remaining fund information, and the budgetary comparisons of the Northern Virginia Transportation Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
October 16, 2020