

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Financial and Compliance Reports

Year Ended June 30, 2020



ASSURANCE, TAX & ADVISORY SERVICES

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Commission, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 23, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2020. Please read it in conjunction with the accompanying financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- NVTC's net position totaled \$217.6 million on a government-wide basis as of June 30, 2020. Of this total, \$179.5 million is for business-type activities and \$38.1 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$218.4 million. Expenses totaled \$206.1 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$55.8 million. Expenses amounted to \$48.2 million.

Highlights for Fund Financial Statements

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

- NVTC's governmental funds reported an increase in fund balance of \$12.5 million for fiscal year 2020, compared to an increase of \$13.0 million for fiscal year 2019. The governmental funds balance as of June 30, 2020 totaled \$38.5 million compared with \$25.9 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$8.9 million, from \$170.6 million to \$179.5 million.
- NVTC's fiduciary fund reported an increase of \$18.4 million in net position, held in trust for member jurisdictions, from \$168.4 million to \$186.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2020 and 2019:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 42,209,718	\$ 34,178,087	\$ 66,320,481	\$ 58,683,230	\$ 108,530,199	\$ 92,861,317
Capital assets, net	87,333	103,148	167,509,925	170,998,515	167,597,258	171,101,663
Deferred outflows	-	-	393,423	424,280	393,423	424,280
Total assets	<u>42,297,051</u>	<u>34,281,235</u>	<u>234,223,829</u>	<u>230,106,025</u>	<u>276,520,880</u>	<u>264,387,260</u>
Liabilities:						
Current and other liabilities	3,790,869	8,285,782	6,115,258	7,404,973	9,906,127	15,690,755
Long-term liabilities	348,041	167,787	48,631,573	52,139,769	48,979,614	52,307,556
Total liabilities	<u>4,138,910</u>	<u>8,453,569</u>	<u>54,746,831</u>	<u>59,544,742</u>	<u>58,885,741</u>	<u>67,998,311</u>
Net position:						
Net investment in capital assets	87,333	103,148	116,435,860	116,571,900	116,523,193	116,675,048
Restricted	37,897,537	25,281,188	8,439,810	7,853,574	46,337,347	33,134,762
Unrestricted	173,271	443,330	54,601,328	46,135,809	54,774,599	46,579,139
Total net position	<u>\$ 38,158,141</u>	<u>\$ 25,827,666</u>	<u>\$ 179,476,998</u>	<u>\$ 170,561,283</u>	<u>\$ 217,635,139</u>	<u>\$ 196,388,949</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$217.6 million as of June 30, 2020, an increase of \$21.2 million over the previous fiscal year. The largest portion of net position, \$116.5 million or 53.5 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$46.3 million or 21.3 percent represents resources that are restricted, which includes \$37.9 million of toll revenue and the balance for the commuter rail service.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments for the business-type activities. As of June 30, 2020, approximately \$12.0 million was due from the Commonwealth of Virginia, of which \$1.8 million is for motor vehicle fuel sales tax, \$0.8 million is for toll revenues, and \$9.4 million for grant and other state revenue. This is a \$10.9 million decrease from the previous fiscal year, of which grant revenue decreased \$3.0 million, toll revenues decreased \$3.4 million, and motor vehicle fuel sales tax receivables decreased \$4.5 million. The decrease in the receivable for grant revenue is due a decrease in capital grant reimbursements due from the Commonwealth. The decrease in the receivable for toll revenue is due to the impact of COVID-19 on toll revenues in the fourth quarter, as was the decrease in motor vehicle fuel sales tax receivable.

As of June 30, 2020, \$9.2 million of the amount due from the Commonwealth was for the commuter rail service, \$1.8 million for jurisdiction transit funding, \$0.8 million for toll funded projects, and a small amount for general and administrative and projects. Cash and cash equivalents increased approximately \$10.9 million and totaled \$46.5 million as of June 30, 2020, of which all but \$341,749 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$47.9 million as of June 30, 2020, with \$38.8 million for governmental activities, and \$9.1 million for business-type activities. This is a \$18.6 million increase from the prior year, of which \$17.3 million is due to toll revenue for governmental activities and \$1.3 million is due to business-type activities.

Net position of the jurisdiction trust fund is not reported in the entity-wide Statement of Net Position, as it is considered a fiduciary fund and is held in trust for the NVTC member jurisdictions restricted use.

Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2020 and 2019 (as restated).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 16,264,440	\$ 19,455,993	\$ 16,264,440	\$ 19,455,993
Operating grants and contributions	165,759,023	170,294,620	7,488,750	5,839,717	173,247,773	176,134,337
Capital grants and contributions	-	-	4,885,925	3,769,460	4,885,925	3,769,460
General revenues:						
Intergovernmental:						
Commuter rail	25,483,921	23,405,864	-	-	25,483,921	23,405,864
Motor vehicle fuel sales tax	27,444,860	34,435,487	-	-	27,444,860	34,435,487
Toll revenue	25,642,199	15,367,040	-	-	25,642,199	15,367,040
Interest	498,471	440,572	750,426	826,447	498,471	1,267,019
Other	-	114,954	-	-	-	114,954
Transfers	(26,396,564)	(23,834,997)	26,396,564	23,834,997	-	-
Total revenues	218,431,910	220,223,540	55,786,105	53,726,614	274,218,015	273,950,154
Expenses:						
General and administration	6,062,195	15,785,238	-	-	6,062,195	15,785,238
Jurisdiction transit	187,440,409	188,926,744	-	-	187,440,409	188,926,744
Toll funded project costs	12,598,831	2,487,046	-	-	12,598,831	2,487,046
Commuter rail	-	-	48,242,769	43,458,338	48,242,769	43,458,338
Total expenses	206,101,435	207,199,028	48,242,769	43,458,338	254,344,204	250,657,366
Change in net position	12,330,475	13,024,512	8,915,715	10,268,276	21,246,190	23,292,788
Beginning net position	25,827,666	12,803,154	170,561,283	160,293,007	196,388,949	173,096,161
Ending net position	\$ 38,158,141	\$ 25,827,666	\$ 179,476,998	\$ 170,561,283	\$ 217,635,139	\$ 196,388,949

For the fiscal year ended June 30, 2020, revenues totaled \$274.2 million, compared to \$273.9 million in the preceding year, an increase of \$0.3 million or 0.1 percent. Expenses increased \$3.7 million, or 1.5 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

As of June 30, 2020, the General Fund had a total fund balance of \$591,246 of which \$97,701 was nonspendable and \$493,545 was unassigned. The fund balance decreased by \$68,546 or 10.4 percent from the preceding year.

During fiscal year 2020, NVTC's regional projects incurred a total of \$2.8 million in direct costs. Three of these projects were funded with federal and state sources totaling \$2.1 million. The balance of other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

Special Revenue Fund – Jurisdiction Transit. Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2020 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

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

The fiscal year 2020 intergovernmental revenues totaled \$187.4 million, a decrease of approximately \$1.5 million or 0.8 percent from the previous fiscal year. The decrease is composed of a \$5.5 million increase, or 3.4 percent in state assistance, and a \$7.0 million decrease, or 20.3 percent in motor vehicle fuel sales tax revenue due primarily to the COVID-19 Novel Coronavirus (COVID) pandemic during the fourth quarter of fiscal year 2020.

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

Through fiscal year 2020, NVTC has rated, selected and approved projects totaling \$41.5 million. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2020, the special revenue fund recognized \$11.1 million in toll revenue and interest earnings, and \$8.7 million in project costs, including transfers to the General Fund for NVTC administration of the program. Net toll revenues received in fiscal year 2020 were 39 percent less than estimated at the beginning of the year due mostly to the impact of the COVID pandemic. As of June 30, 2020, the restricted fund balance totaled \$27.0 million, an increase of \$1.7 million over the prior year balance.

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

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

The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. Allocating the ATI in this manner results in \$10.0 million and \$5.0 million in revenues for NVTC and PRTC respectively, \$2.6 million and \$1.3 million in expenditures for NVTC and PRTC respectively, and \$7.3 million and \$3.7 million ending fund balance between NVTC and PRTC respectively.

Proprietary Fund

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

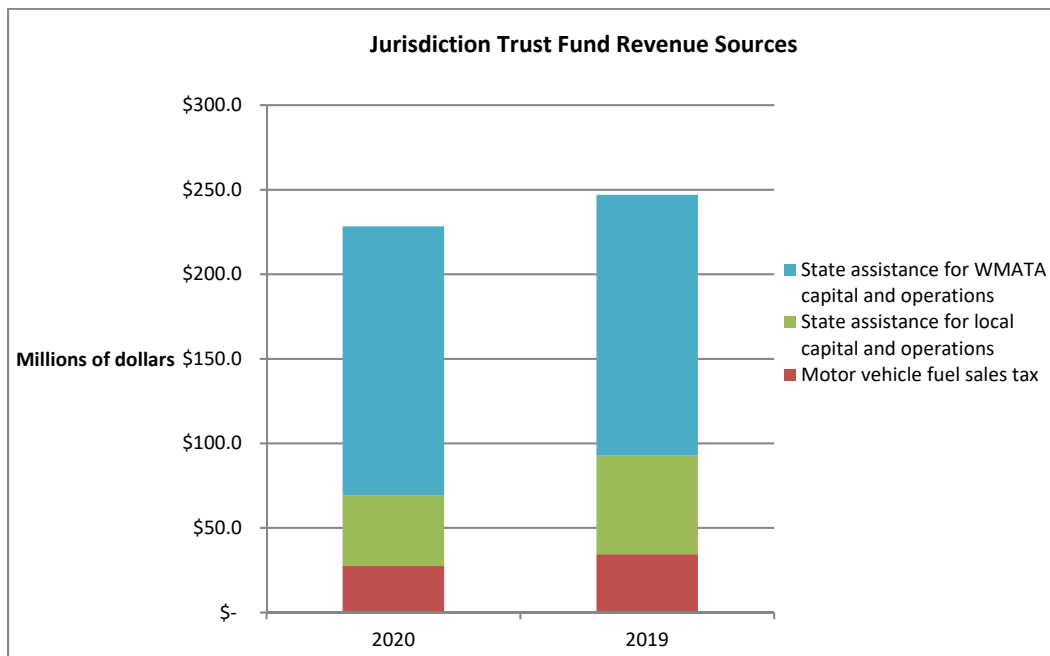
NVTC's share of operating revenue decreased about \$3.2 million or 16.4 percent, while operating expenses increased approximately \$4.3 million or 13.3 percent. For VRE operations as a whole, operating revenue decreased 17.3 percent, while operating expenses increased 1.1 percent. Ridership saw a decrease of 26.9 percent, reflecting the effects of the COVID-19 pandemic during the fourth quarter. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

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

Fiduciary Fund

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

Jurisdiction Trust Fund. The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 through fiscal year 2014 operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the fiscal year 2013 through fiscal year 2014 directly contracted revenue with the jurisdictions is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, increased by \$18.6 million, or 7.5 percent from the previous year. An analysis of this change is shown below.



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a competitive reimbursement program. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set 53.5% of the funding available in the Commonwealth's Mass Transit Trust Fund.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that establishes the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund which benefits VRE. For fiscal year 2019, the gain was calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Motor Vehicle Fuel Sales tax revenue decrease by \$7.0 million, or 20.3 percent from the previous year due primarily to the COVID-19 pandemic during the fourth quarter of fiscal year 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959
Vehicles	-	-	72,780	72,780	72,780	72,780
Facilities	-	-	56,404,725	54,925,893	56,404,725	54,925,893
Track and signal improvements	-	-	49,764,479	41,717,264	49,764,479	41,717,264
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	12,001,865	15,370,836	12,001,865	15,370,836
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	193,619	188,682	3,194,727	3,026,958	3,388,346	3,215,640
	193,619	188,682	273,035,512	266,710,667	273,229,131	266,899,349
Less accumulated depreciation and amortization	106,286	85,534	105,525,587	95,712,152	105,631,873	95,797,686
Total capital assets, net	\$ 87,333	\$ 103,148	\$ 167,509,925	\$ 170,998,515	\$ 167,597,258	\$ 171,101,663

NVTC's investment in capital assets as of June 30, 2020 amounted to \$167.6 million (net of accumulated depreciation and amortization) which represents a decrease of \$3.5 million or 2.0 percent over last year due to new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$9.7 million were closed from construction in progress to their respective capital accounts and an additional \$7,493 was charged directly to the capital accounts.

The major completed projects during the fiscal year were the Positive Train Control project (\$6.75 million), completion of Slaters Lane Track Crossover Improvements (\$1.3 million) purchase of the Crossroads Maintenance Storage Facility Land (\$1.25 million), lighting upgrades at various stations (\$0.2 million) and the completion of SharePoint Development and Implementation project (\$0.2 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Maintenance Storage Facility Land Acquisition (\$1.2 million), completion of Positive Train Control (\$0.95 million), the Scheidt & Bachmann Fare Collection System EMV Compliance Upgrade (\$0.6 million), development of the Passenger Counter System (\$0.6 million), completion of the Slaters Lane Track Crossover Improvements (\$0.5 million), ongoing development of the Middy Storage Yard project (\$0.4 million), Alexandria Station Improvements (\$0.3 million), and the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$0.2 million).

Debt Administration

At June 30, 2020, the Commissions had total debt outstanding of \$50.7 million for the VRE commuter rail service, of which \$46.4 million is reported by NVTC.

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

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

	2020	2019
Bond payable	\$ 42,120,000	\$ 44,360,000
Capital leases	4,270,958	5,016,206
Total	\$ 46,390,958	\$ 49,376,206

Economic Factors and Next Year’s Budget

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

The VRE local subsidy for fiscal year 2021 increased by 3.0 percent to \$18,300,780. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund as a result of Virginia HB1539, which will continue in fiscal year 2021. Additional sources of funding will be available in fiscal year 2021 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

REQUESTS FOR INFORMATION

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 341,749	\$ 46,118,765	\$ 46,460,514
Due from other governments:			
Commonwealth of Virginia	11,961,732	-	11,961,732
Federal	189,285	-	189,285
Local jurisdictions	15,535	-	15,535
Trade accounts receivable, net	-	276,282	276,282
Other receivables	-	301,032	301,032
Inventory	-	1,279,805	1,279,805
Deposits and prepaid items	97,701	64,651	162,352
Restricted cash, cash equivalents and investments	38,750,493	9,133,169	47,883,662
Internal balances	(9,146,777)	9,146,777	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	72,780	72,780
Facilities	-	56,404,725	56,404,725
Track and signal improvements	-	49,764,479	49,764,479
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	12,001,865	12,001,865
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	193,619	3,194,727	3,388,346
Less accumulated depreciation and amortization	(106,286)	(105,525,587)	(105,631,873)
Deferred outflows of resources, loss on refunding	-	393,423	393,423
Total assets and deferred outflows of resources	42,297,051	234,223,829	276,520,880

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2020

LIABILITIES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 1,914,197	\$ 1,068,027	\$ 2,982,224
Accrued expenses	53,017	482,322	535,339
Accrued interest	-	532,598	532,598
Due to fiduciary fund	1,753,721	-	1,753,721
Unearned revenue	-	845,976	845,976
Contract retainage	-	7,853	7,853
Noncurrent liabilities:			
Due within one year:			
Compensated absences	69,934	50,009	119,943
Bond payable	-	2,350,000	2,350,000
Capital lease obligation	-	778,473	778,473
Due in more than one year:			
Lease liability	208,679	-	208,679
Compensated absences	139,362	292,558	431,920
Bond payable	-	44,846,530	44,846,530
Capital lease obligation	-	3,492,485	3,492,485
Total liabilities	4,138,910	54,746,831	58,885,741
 NET POSITION			
Net investment in capital assets	87,333	116,435,860	116,523,193
Restricted for toll funded projects	37,897,537	-	37,897,537
Restricted for liability insurance plan	-	5,160,099	5,160,099
Restricted for debt service	-	2,016,642	2,016,642
Restricted grants or contributions	-	1,263,069	1,263,069
Unrestricted assets	173,271	54,601,328	54,774,599
Total net position	\$ 38,158,141	\$ 179,476,998	\$ 217,635,139

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 6,062,195	\$ -	\$ 5,763,474	\$ -	\$ (298,721)	\$ -	\$ (298,721)
Toll funded project costs	12,598,831	-	-	-	(12,598,831)	-	(12,598,831)
Jurisdiction transit	187,440,409	-	159,995,549	-	(27,444,860)	-	(27,444,860)
Total governmental activities	<u>206,101,435</u>	<u>-</u>	<u>165,759,023</u>	<u>-</u>	<u>(40,342,412)</u>	<u>-</u>	<u>(40,342,412)</u>
Business-type activities:							
Commuter rail	48,242,769	16,264,440	7,488,750	4,885,925	-	(19,603,654)	(19,603,654)
Total business-type activities	<u>48,242,769</u>	<u>16,264,440</u>	<u>7,488,750</u>	<u>4,885,925</u>	<u>-</u>	<u>(19,603,654)</u>	<u>(19,603,654)</u>
Total primary government	<u>\$ 254,344,204</u>	<u>\$ 16,264,440</u>	<u>\$ 173,247,773</u>	<u>\$ 4,885,925</u>	<u>(40,342,412)</u>	<u>(19,603,654)</u>	<u>(59,946,066)</u>
General revenues:							
Intergovernmental revenue - commuter rail					25,483,921	-	25,483,921
Intergovernmental revenue - motor vehicle fuel sales tax					27,444,860	-	27,444,860
Intergovernmental revenue - toll revenue					25,642,199	-	25,642,199
Interest income					498,471	750,426	1,248,897
Transfers					(26,396,564)	26,396,564	-
Total general revenues					<u>52,672,887</u>	<u>27,146,990</u>	<u>79,819,877</u>
Extraordinary or special items					-	1,372,379	1,372,379
Change in net position					12,330,475	8,915,715	21,246,190
Net position, beginning of year					<u>25,827,666</u>	<u>170,561,283</u>	<u>196,388,949</u>
Net position, end of year					<u>\$ 38,158,141</u>	<u>\$ 179,476,998</u>	<u>\$ 217,635,139</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
ASSETS					
Cash and cash equivalents	\$ 341,749	\$ -	\$ -	\$ -	\$ 341,749
Due from other governments:					
Commonwealth of Virginia	9,318,489	1,849,851	793,392	-	11,961,732
Federal	189,285	-	-	-	189,285
Local jurisdictions	15,535	-	-	-	15,535
Due from fiduciary fund	96,130	-	-	-	96,130
Due from proprietary fund	18,448	-	-	-	18,448
Due from special revenue funds	164,037	-	-	-	164,037
Restricted cash	-	-	27,713,707	11,036,786	38,750,493
Deposits and prepaid items	97,701	-	-	-	97,701
Total assets	\$ 10,241,374	\$ 1,849,851	\$ 28,507,099	\$ 11,036,786	\$ 51,635,110
LIABILITIES					
Accounts payable	\$ 431,886	\$ -	\$ 1,427,416	\$ 54,895	\$ 1,914,197
Due to general fund	-	-	116,671	47,366	164,037
Accrued salaries	53,017	-	-	-	53,017
Due to proprietary fund	9,165,225	-	-	-	9,165,225
Due to fiduciary fund	-	1,849,851	-	-	1,849,851
Total liabilities	9,650,128	1,849,851	1,544,087	102,261	13,146,327
FUND BALANCES					
Nonspendable					
Deposits and prepaid items	97,701	-	-	-	97,701
Restricted					
Toll Revenues	-	-	26,963,012	10,934,525	37,897,537
Unassigned	493,545	-	-	-	493,545
Total fund balance	591,246	-	26,963,012	10,934,525	38,488,783
Total liabilities and fund balance	\$ 10,241,374	\$ 1,849,851	\$ 28,507,099	\$ 11,036,786	\$ 51,635,110

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

Fund balances - governmental funds	\$ 38,488,783
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$193,619 and the accumulated depreciation and amortization is \$106,286.	87,333
Lease liability only recognized in the government-wide financial statements.	(208,679)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(209,296)
Net position - governmental activities	<u>\$ 38,158,141</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
Revenues:					
Intergovernmental revenues:					
Grants and contributions:					
Commonwealth of Virginia, net of CROC funds attributable to PRTC	\$ 29,411,010	\$ 159,995,549	\$ -	\$ -	\$ 189,406,559
Federal	1,284,958	-	-	-	1,284,958
Local jurisdictions	471,427	-	-	-	471,427
Toll Revenue	-	-	10,642,199	15,000,000	25,642,199
Motor vehicle fuel sales tax	-	27,444,860	-	-	27,444,860
Project chargebacks	80,000	-	-	-	80,000
Interest income	12,847	-	451,280	34,344	498,471
Total revenues	31,260,242	187,440,409	11,093,479	15,034,344	244,828,474
Expenditures:					
Current:					
General and administration	3,062,199	-	-	-	3,062,199
Project costs	2,777,731	-	-	-	2,777,731
Toll funded project costs	-	-	8,724,710	3,874,121	12,598,831
Payments to fiduciary fund	-	187,440,409	-	-	187,440,409
Capital outlay	4,937	-	-	-	4,937
Total expenditures	5,844,867	187,440,409	8,724,710	3,874,121	205,884,107
Other financing uses:					
Transfers	(25,483,921)	-	(686,945)	(225,698)	(26,396,564)
Change in fund balances	(68,546)	-	1,681,824	10,934,525	12,547,803
Fund balances, beginning of year	659,792	-	25,281,188	-	25,940,980
Fund balances, end of year	<u>\$ 591,246</u>	<u>\$ -</u>	<u>\$ 26,963,012</u>	<u>\$ 10,934,525</u>	<u>\$ 38,488,783</u>

Change in fund balances - total governmental funds \$ 12,547,803

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

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

Add - capital outlay	4,937
Deduct - depreciation and amortization expense	(20,752)

Amortization of lease liability is only recognized in the government-wide financial statements. (143,313)

The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (58,200)

Change in net position of governmental activities \$ 12,330,475

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	Commuter Rail Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	\$ 46,118,765
Accounts receivable:	
Due from general fund	9,146,777
Trade receivables, net of allowance for doubtful accounts	276,282
Other receivables	301,032
Inventory	1,279,805
Prepaid expenses and other	64,651
Restricted cash, cash equivalents and investments	9,133,169
Total current assets	66,320,481
Capital assets:	
Rolling stock	142,639,959
Vehicles	72,780
Facilities	56,404,725
Track and signal improvements	49,764,479
Equipment and software	6,063,333
Construction in progress	12,001,865
Equity in property of others	2,893,644
Furniture, equipment and software	3,194,727
	273,035,512
Less accumulated depreciation and amortization	(105,525,587)
Total capital assets, net	167,509,925
Deferred Outflows of Resources:	
Loss on refunding	393,423
Total assets and deferred outflows of resources	\$ 234,223,829

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	Commuter Rail Service Fund
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 1,068,027
Compensated absences	50,009
Accrued expenses	482,322
Accrued interest	532,598
Unearned revenue	845,976
Contract retainage	7,853
Current portion of bonds payable	2,350,000
Current portion of capital lease obligations	778,473
Total current liabilities	6,115,258
Noncurrent Liabilities:	
Compensated absences	292,558
Bonds payable	44,846,530
Capital lease obligations	3,492,485
Total noncurrent liabilities	48,631,573
Total liabilities	54,746,831
Net Position:	
Net investment in capital assets	116,435,860
Restricted for liability insurance plan	5,160,099
Restricted for debt service	2,016,642
Restricted grants or contributions	1,263,069
Unrestricted assets	54,601,328
Total net position	179,476,998
Total liabilities and net position	\$ 234,223,829

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2020

	Commuter Rail Service Fund
Operating Revenues:	
Passenger revenue	\$ 16,139,879
Equipment rentals and other	124,561
	16,264,440
Operating Expenses:	
Contract operations and maintenance	13,058,355
Other operations and maintenance	7,184,316
Property leases and access fees	8,104,794
Insurance	2,032,888
Marketing and sales	1,018,429
General and administrative	5,125,012
	36,523,794
Total operating expenses	36,523,794
Operating loss before depreciation and amortization	(20,259,354)
Depreciation and amortization	(9,845,160)
Operating loss	(30,104,514)
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	6,609,692
Regional transportation funding	879,058
Interest income:	
Operating funds	469,577
Insurance trust	109,311
Commonwealth Rail Operating and Capital (CROC) Fund	147,088
Other restricted funds	24,450
Interest, amortization and other nonoperating expenses, net	(1,873,815)
Total nonoperating revenues, net	6,365,361
Loss before capital contributions and transfers	(23,739,153)
Capital contributions and transfers:	
Contribution from General Fund	4,885,925
Transfers in	26,396,564
Total capital contributions and transfers	31,282,489
Extraordinary or special items	1,372,379
Change in net position	8,915,715
Net Position, beginning	170,561,283
Net Position, ending	\$ 179,476,998

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2020

	Commuter Rail Service Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 17,542,981
Payments to suppliers	(36,835,019)
Net cash used in operating activities	(19,292,038)
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	35,783,218
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(7,280,823)
Capital grants and assistance	9,572,307
Principal paid on capital lease obligations	(745,248)
Principal paid on note	(2,240,000)
Interest paid on capital lease obligation	(221,390)
Interest paid on bonds and note	(2,050,400)
Contribution from General Fund	7,496,671
Refund of loan risk premium - unusual event	1,372,379
Net cash used in capital and related financing activities	5,903,496
Cash Flows From Investing Activities:	
Interest received on investments	750,426
Increase in cash and cash equivalents	23,145,102
Cash and Cash Equivalents, beginning	32,106,832
Cash and Cash Equivalents, ending	\$ 55,251,934
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (30,104,514)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,845,160
Write off of CIP projects	338,753
(Increase) decrease in:	
Trade receivables	1,165,860
Other receivables	129,877
Inventory	(29,357)
Prepaid items and other	(15,372)
Increase (decrease) in:	
Accounts payable and accrued expenses	(660,918)
Compensated absences	55,669
Unearned revenue	(17,196)
Net cash used in operating activities	\$ (19,292,038)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 443,215
Capital assets acquired through accrued liabilities	142,286

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 180,204,615
Due from special revenue fund - Motor vehicle fuel sales tax	1,820,087
Due from special revenue fund - Commonwealth of Virginia grants	29,764
Due from other governments - Commonwealth of Virginia grants	<u>4,883,845</u>
Total assets	<u>186,938,311</u>
LIABILITIES	
Due to member jurisdictions	30,432
Due to general fund	<u>96,130</u>
Total liabilities	<u>126,562</u>
NET POSITION	
Net position held in trust for member jurisdictions	<u><u>\$ 186,811,749</u></u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2020

	Jurisdiction Trust Fund
Additions:	
Contributions from government	\$ 187,440,409
Intergovernmental revenues	40,890,500
Investment income	2,303,245
Total additions	230,634,154
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	11,670,405
Project development	611,019
Metrorail operating	91,897,284
Metrobus operating	75,601,416
Metroaccess operating	16,962,940
Metro debt service	6,697,555
Other funds disbursed:	
Other capital disbursements	30,432
Other operating disbursements	8,724,922
Total deductions	212,195,973
Change in net position	18,438,181
Net position held in trust for member jurisdictions:	
Beginning of year	168,373,568
End of year	\$ 186,811,749

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major governmental funds:

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

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

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

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

NVTC reports the following major enterprise fund:

Commuter Rail Service Fund

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

Fiduciary Fund – The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

D. Budgeting

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

E. Other Significant Accounting Policies

1. Cash and cash equivalents

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

2. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to the Virginia Resources Authority (VRA) financing compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue. The investment in the Virginia State Non-Arbitrage Program (SNAP) for VRA financing is reported at amortized cost.

3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$80,500 at June 30, 2020 for the proprietary fund.

4. Inventory

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

5. Prepaid items

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

6. Capital assets

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital assets (Continued)

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

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

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

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

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NVTC currently has no items reported in this category.

8. Compensated absences

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

8. Compensated absences (Continued)

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

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

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

9. Fund equity

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

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

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

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

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

10. Indirect expenditure allocation

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Net position

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

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

12. 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.

13. Inter-fund transfers

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

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

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

14. Subsequent events

NVTC has evaluated subsequent events through November 23, 2020, which was the date the financial statements were available to be issued.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments

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

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 79,076	\$ 3,176,252	\$ -	\$ 3,255,328
LGIP	262,673	42,942,513	180,204,615	223,409,801
	<u>341,749</u>	<u>46,118,765</u>	<u>180,204,615</u>	<u>226,665,129</u>
Restricted:				
LGIP	38,750,493	1,984,757	-	40,735,250
VRA debt service fund	-	2,016,642	-	2,016,642
Insurance trust fund – pooled funds	-	5,131,770	-	5,131,770
	<u>38,750,493</u>	<u>9,133,169</u>	<u>-</u>	<u>47,883,662</u>
Total	<u>\$ 39,092,242</u>	<u>\$ 55,251,933</u>	<u>\$ 180,204,615</u>	<u>\$ 274,548,791</u>

Maturities of all investments are less than one year.

Deposits

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

Investments

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

As of June 30, 2020, the reporting entity had investments of \$264,145,051 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, \$2 million was transferred into the DSRF from existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2020, the reporting entity had \$2,016,642 invested in the VRA Debt Service Reserve Fund.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2020, a total of \$10,263,540 was invested in the Insurance Trust, of which \$5,131,770 is included in the NVTC reporting entity. In fiscal year 2020, earnings on the Insurance Trust in the amount of \$218,621 were credited to VRE, of which \$109,311 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

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

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

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

Credit risk

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Custodial credit risk

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

Interest rate risk

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

Concentration of credit risk

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

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

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

When applicable, NVTC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of credit risk (Continued)

NVTC has the following investment subject to fair value measurement:

- U.S. Treasury securities of \$1,008,321 as of June 30, 2020, which are valued using quoted prices in an active market for identical assets (Level 1 inputs).

Note 3. Due From Other Governments

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

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 1,820,087	\$ 1,820,087
Grants	5,568,489	29,764	5,598,253
CROC	3,750,000	-	3,750,000
Toll revenue	793,392	-	793,392
	<u>10,111,881</u>	<u>1,849,851</u>	<u>11,961,732</u>
Due from Federal Government:			
Grants	189,285	-	189,285
Due from Local Jurisdictions:			
Local grant match	15,535	-	15,535
	<u>\$ 10,316,701</u>	<u>\$ 1,849,851</u>	<u>\$ 12,166,552</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$9,165,225 for commuter rail and \$946,656 for other projects.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets

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

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 188,682	\$ 4,937	\$ -	\$ -	193,619
Less accumulated depreciation or amortization	85,534	20,752	-	-	106,286
Governmental activities capital assets, net	\$ 103,148	\$ (15,815)	\$ -	\$ -	87,333
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 15,370,836	\$ 6,687,830	\$ (338,753)	\$ (9,718,048)	12,001,865
Capital assets being depreciated or amortized:					
Rolling stock	142,639,959	-	-	-	142,639,959
Vehicles	72,780	-	-	-	72,780
Facilities	54,925,893	-	-	1,478,832	56,404,725
Track and signal improvements	41,717,264	-	-	8,047,215	49,764,479
Equipment and software	6,063,333	-	-	-	6,063,333
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	3,026,958	7,493	(31,725)	192,001	3,194,727
Total capital assets being depreciated or amortized	251,339,831	7,493	(31,725)	9,718,048	261,033,647
Less accumulated depreciation or amortization for:					
Rolling stock	46,768,103	8,800,441	-	-	52,568,544
Vehicles	36,675	13,130	-	-	49,805
Facilities	22,385,004	1,664,874	-	-	24,049,878
Track and signal improvements	16,097,134	2,093,269	-	-	18,190,403
Equipment and software	5,958,893	101,442	-	-	6,060,335
Equity in property of others	1,984,253	82,296	-	-	2,066,549
Office equipment, furniture and software	2,482,090	89,708	(31,725)	-	2,540,073
Total accumulated depreciation or amortization	95,712,152	9,845,160	(31,725)	-	105,525,587
Total capital assets being depreciated or amortized, net	155,627,679	(9,837,667)	-	9,718,048	155,508,060
Business-type activities capital assets, net	\$ 170,998,515	\$ (3,149,8397)	\$ (338,753)	\$ -	167,509,925

The chart above reflects the Positive Train Control project at a value of \$13.5 million (NVTC reporting entity \$6.75 million), completion of Slaters Lane Track Crossover Improvements at \$2.6 million (NVTC reporting entity \$1.3 million), purchase of the Crossroads Maintenance Storage Facility Land at a value of \$2.5 million (NVTC reporting entity \$1.25 million), lighting upgrades at various stations at a value of \$0.4 million (NVTC reporting entity \$0.2 million) and the completion of SharePoint Development and Implementation project at a value of \$0.4 million (NVTC reporting entity \$0.2 million).

Due to the computer and software-based nature of Positive Train Control, this asset is being depreciated over five years, unlike most Track and Signal assets, which are typically depreciated over thirty years.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (continued)

The chart also reflects a reduction of approximately \$678,000 (NVTC reporting entity \$338,753) in construction in progress reclassified to operating expenses. This was related to two older construction in progress projects related to Broad Run station and yard, both in the preliminary design phase, that were determined to be redundant due to newer development plans for this location, and were expensed.

The capital lease for two multifunction copier capital leases ended during fiscal year 2020. The units were subsequently purchased for under the capitalization threshold and have been removed from capital assets.

Depreciation and amortization expenses for the year ended June 30, 2020 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary government:		
General and administration	\$ 20,752	\$ -
Commuter rail	-	9,845,160

Note 5. Joint Venture – Virginia Railway Express

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

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

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

Financial information from VRE's fiscal year 2020 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 97,142,781
Accounts receivable:	
Due from PRTC	9,006,275
Federal CARES Act	2,688,095
Commonwealth of Virginia grants	5,415,225
Commonwealth Rail Operating and Capital (CROC) Fund	3,750,000
Trade and other, net of allowance	1,196,091
Inventory	2,751,678
Prepaid expenses and other	139,004
Restricted cash, cash equivalents and investments	14,862,978
Total current assets	<u>136,952,127</u>
Noncurrent assets:	
Capital assets (net of \$211,051,174 accumulated depreciation and amortization)	335,019,850
Total noncurrent assets	<u>335,019,850</u>
Total assets	471,971,977
Deferred outflows of resources	1,181,041
Total assets and deferred outflows of resources	<u>\$ 473,153,018</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 5,199,689
Unearned revenue	1,818,911
Current portion of:	
Compensated absences	107,523
Bonds payable	2,350,000
Capital lease obligations	1,556,946
Total current liabilities	<u>11,033,069</u>
Noncurrent liabilities:	
Pension liability	212,336
Other postemployment benefits	457,084
Capital lease obligations	6,984,969
Bonds payable	44,846,530
Compensated absences	629,021
Total noncurrent liabilities	<u>53,129,940</u>
Total liabilities	<u>64,163,009</u>
Deferred inflows of resources	174,555
Net position:	
Net investment in capital assets	279,674,828
Restricted for liability insurance plan	10,320,199
Restricted for debt service	2,016,642
Restricted grants or contributions	2,526,137
Unrestricted assets	114,277,648
Total net position	<u>408,815,454</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 473,153,018</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2020**

Operating revenues	\$	34,969,771
Operating expenses		78,525,443
Operating loss before depreciation and amortization		(43,555,672)
Depreciation and amortization		(19,690,320)
Operating loss		(63,245,992)
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		18,712,734
Federal grants – with PRTC as grantee		15,271,669
Federal CARES Act		2,688,095
Jurisdictional contributions		17,767,748
Commonwealth Rail Operating and Capital (CROC) Fund		15,000,000
Interest income:		
Operating funds		1,009,626
Insurance trust		218,621
Commonwealth Rail Operating and Capital (CROC) Fund		294,176
Other restricted funds		48,899
Interest, amortization and other nonoperating expenses, net		(2,089,883)
Total nonoperating revenues, net		68,921,685
Capital grants and assistance:		
Commonwealth of Virginia grants		2,110,561
Federal grants – with PRTC as grantee		3,696,057
Regional transportation funding (NVTA)		1,758,116
Total capital grants and assistance		7,564,734
Extraordinary or Special Item		1,372,379
Change in net position		14,612,806
Net position, beginning of year		394,202,648
Net position, ending	\$	408,815,454

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Pension Plans

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

NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2020 totaled \$154,446 (10.0 percent of covered payroll). Required employee contributions for the year ended June 30, 2020 totaled \$29,840 (1.9 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2020 was approximately \$1,538,912.

Note 8. Operating Leases and Agreements

Governmental activities

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

For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for governmental activities as reported in the government-wide financial statements totals \$415,946 (\$272,632 paid plus \$143,313 amortization). The Statement of Net Position reported a liability of \$208,679 related to the lease.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2020. Minimum monthly payments under these agreements equal \$406 per month, with payments totaling \$4,872 for the year ended June 30, 2020.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements (continued)

As of June 30, 2020, the minimum long-term lease commitments were as shown below:

<u>Year(s) Ending June 30,</u>	<u>Amount</u>
2021	\$ 367,195
2022	373,884
2023	383,279
2024	392,844
2025	402,654
2026-2030	2,370,346
2031-2032	704,912
Total	<u>\$ 4,995,114</u>

Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2020, annual track usage fees totaled approximately \$10,527,000, of which \$4,896,100 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$584,000, of which \$272,600 is recognized by the NVTC reporting entity.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the year ended June 30, 2020, costs for track access and equipment storage totaled approximately \$6,714,000, of which \$3,122,700 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,345,000, of which \$2,020,900 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2021 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the year ended June 30, 2020 totaled approximately \$23,654,000, of which \$11,001,500 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2020 reflect contractual increases and added services, including a focus on asset maintenance programs. Costs for fiscal year 2021 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 151,096	\$ 154,652	\$ (96,452)	\$ 209,296	\$ 69,934
Total governmental activities	<u>151,096</u>	<u>154,652</u>	<u>(96,452)</u>	<u>209,296</u>	<u>69,934</u>
Business-type activities:					
Capital leases	5,016,206	-	(745,248)	4,270,958	778,473
Bond payable	44,360,000	-	(2,240,000)	42,120,000	2,350,000
Unamortized premium	5,474,689	-	(398,159)	5,076,530	-
Compensated absences	286,898	181,717	(126,048)	342,567	50,009
Total business-type activities	<u>55,137,793</u>	<u>181,717</u>	<u>(3,509,455)</u>	<u>51,810,055</u>	<u>3,178,482</u>
Total Primary Government	<u>\$ 55,288,889</u>	<u>\$ 336,369</u>	<u>\$ (3,605,907)</u>	<u>\$ 52,019,351</u>	<u>\$ 3,248,416</u>

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

Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$12,946,565 (NVTC reporting entity, \$6,473,283)	<u>\$ 8,541,916</u>	<u>\$ 4,270,958</u>

Future minimum lease payments as of June 30, 2020 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2021	\$ 1,931,357	\$ 965,679
2022	1,931,357	965,679
2023	1,931,357	965,678
2024	1,931,357	965,678
2025	1,931,357	965,678
Total minimum lease payments	<u>9,656,785</u>	<u>4,828,392</u>
Lease amount representing interest	<u>1,114,869</u>	<u>557,434</u>
Present value of lease payments	<u>\$ 8,541,916</u>	<u>\$ 4,270,958</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (continued)

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

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

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

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$60,782,688 at June 30, 2020. \$ 42,120,000

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

Year(s) Ending June 30,	Principal	Interest	Total Required
2021	\$ 2,350,000	\$ 1,939,481	\$ 4,289,481
2022	2,475,000	1,815,841	4,290,841
2023	2,605,000	1,685,666	4,290,666
2024	2,745,000	1,548,572	4,293,572
2025	2,885,000	1,404,303	4,289,303
2026-2030	16,875,000	4,583,259	21,458,259
2031-2033	12,185,000	687,522	12,872,522
Subtotal	42,120,000	13,664,644	55,784,644
Unamortized premium	5,076,530	-	5,076,530
Total	<u>\$ 47,196,530</u>	<u>\$ 13,664,644</u>	<u>\$ 60,861,174</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$139,000 at June 30, 2020, of which \$69,500 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2020 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,471,870	\$ 5,235,935
Contribution to reserves	3,900,136	1,950,068
Insurance premiums paid	(4,256,144)	(2,128,072)
Claims mitigation and losses incurred	(55,493)	(27,747)
Investment income	218,621	109,311
Actuarial and administrative charges	(15,450)	(7,725)
Ending balance, June 30	\$ 10,263,540	\$ 5,131,770

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

Note 11. Significant Commitments and Contingencies

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

Governmental activities

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 11. Significant Commitments and Contingencies (Continued)

Business-type activities

At June 30, 2020, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with VRE as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2020:

Stations and parking lots	\$	3,712,524
Rolling stock		5,121,050
Maintenance and layover yards		2,179,043
Track and signal improvements		130,746
Other administrative		288,390
Total	\$	11,431,753

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

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

Note 12. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 686,945	\$ -	\$ 686,945
Special Revenue Fund – I-395/95 toll revenue	225,698	-	285,698
General Fund	-	25,483,921	25,483,921
Total transferred in	\$ 912,643	\$ 25,483,921	\$ 26,396,564

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements

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

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2019.

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2021.

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

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements (Continued)

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

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

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

Note 14. Subsequent Events

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to execute a contract with Svanaco, Inc. (DBA Americaneagle.com) of Des Plaines, Illinois for Mobile Ticketing Services in the amount of \$988,630, plus a 10 percent contingency of \$98,863, for a total amount not to exceed \$1,087,493, for a base year and five option years, with the Chief Executive Officer exercising the option years at his discretion. This will replace VRE's existing mobile ticketing solution.

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to formally withdraw from existing Standard Project Agreements (SPAs) with the Northern Virginia Transportation Authority (NVTA) for the Lorton and Rippon station expansion projects. This is a result of the Commonwealth's Transforming Rail in Virginia program of planned capital investments and associated operating plan. Under the new operating plan, expansions of those two stations are not projected to be needed until 2030 or later. The SPA for Lorton Station had a value of \$7.9 million, and the SPA for Rippon Station had a value of \$10.0 million.

In September 2020, following a nationwide search and affirming the recommendation of the VRE Operations Board, the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportations Commission (PRTC) named the Acting Chief Executive Officer, Rich Dalton, to be the new Chief Executive Officer of VRE. Mr. Dalton was appointed VRE's acting CEO in November 2019. Prior to his appointment as Acting Chief Executive Officer, Mr. Dalton had been with VRE for 11 years as Deputy Chief Executive Officer and Chief Operating Officer.

In September 2020, the VRE Operations Board authorized an increase in the Chief Executive Officer's procurement authorization authority to \$1,000,000 and an increase in the Chief Executive Officer's contract award authority to \$200,000.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for Construction of the Lifecycle Overhaul and Upgrade (LOU) Facility in the amount of \$37,673,006, plus a 10% contingency of \$3,767,301, for a total amount not to exceed \$41,440,307.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 14. Subsequent Events (Continued)

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Archer Western Construction, LLC of Herndon, Virginia, for construction of Quantico Station Improvements in the amount of \$16,709,330, plus a 10% contingency of \$1,670,933, for a total amount not to exceed \$18,380,263. The VRE Operations Board also authorized the Chief Executive Officer (CEO) to execute a contract with Dewberry Engineers Inc. of Fairfax, Virginia, for Construction Management Services for the Quantico Station Improvements in the amount of \$1,868,776, plus a 10% contingency of \$186,878, for a total amount not to exceed \$2,055,654.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute contracts with HDR Engineering, Inc. (HDR) of Vienna, Virginia, for Project Design Services and STV Incorporated (STV) of Fairfax, Virginia, for Construction Management Services for a base year and four option years in an amount not to exceed \$6 million in aggregate per year for a total not to exceed amount of \$30 million in aggregate for the five-year term of the contract.

In October 2020, VRE Operations Board authorized the Chief Executive Officer to execute a contract with Sumter Contracting Corp. of Fairfax, Virginia, for Construction of Rolling Road Station Improvements in the amount of \$2,234,474, plus a 10 percent contingency of \$223,447, for a total amount not to exceed \$2,457,921.

Note 15. 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 NVTC operates. While it is unknown how long these conditions will last, many NVTC activities were, and continue to be, affected.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2020**

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 24,948,209	\$ 40,923,253	\$ 2,034,146	\$ 90,948,500	\$ 1,141,441	\$ -	\$ 159,995,549
Motor Vehicle Fuel Sales Tax	2,286,747	2,051,879	968,622	13,662,003	1,083,717	7,391,892	27,444,860
Intergovernmental revenues, grants:							
Commonwealth of Virginia	6,471,807	10,621,934	557,759	22,975,797	263,203	-	40,890,500
Investment income	354,575	296,473	65,884	999,765	29,114	557,434	2,303,245
Total additions	<u>34,061,338</u>	<u>53,893,539</u>	<u>3,626,411</u>	<u>128,586,065</u>	<u>2,517,475</u>	<u>7,949,326</u>	<u>230,634,154</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	880,490	9,392,794	729,503	-	667,618	-	11,670,405
Project development	-	75,524	9,518	518,818	7,159	-	611,019
Metrorail operating	17,311,316	21,200,654	1,412,634	51,531,150	441,530	-	91,897,284
Metrobus operating	13,398,920	11,894,872	831,034	48,308,811	1,167,779	-	75,601,416
Metroaccess operating	1,155,587	-	411,040	15,284,766	111,547	-	16,962,940
Metro debt service	887,087	-	111,410	5,610,982	88,076	-	6,697,555
Other funds disbursed:							
Other capital disbursements	-	-	30,432	-	-	-	30,432
Other operating disbursements	-	632,789	14,879	8,077,254	-	-	8,724,922
Total deductions	<u>33,633,400</u>	<u>43,196,633</u>	<u>3,550,450</u>	<u>129,331,781</u>	<u>2,483,709</u>	<u>-</u>	<u>212,195,973</u>
Change in net position	427,938	10,696,906	75,961	(745,716)	33,766	7,949,326	18,438,181
Net position held in trust for member jurisdictions:							
Beginning of year	<u>26,013,690</u>	<u>21,320,838</u>	<u>4,738,456</u>	<u>82,171,939</u>	<u>1,645,607</u>	<u>32,483,038</u>	<u>168,373,568</u>
End of year	<u>\$ 26,441,628</u>	<u>\$ 32,017,744</u>	<u>\$ 4,814,417</u>	<u>\$ 81,426,223</u>	<u>\$ 1,679,373</u>	<u>\$ 40,432,364</u>	<u>\$ 186,811,749</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2020**

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 144	\$ 144	\$ -
Audit and Legal	65,300	65,300	-
Capital outlay	4,937	4,937	-
Commissioners' per diem	11,551	11,551	-
Computer	14,501	14,501	-
Copier duplicating	10,541	10,541	-
Disability insurance	9,587	8,803	784
Employee group insurance	145,234	133,363	11,871
Employee retirement	154,446	141,822	12,624
Employer payroll taxes	132,040	121,248	10,792
Leave - annual, holiday, and sick	225,388	202,208	23,180
Memberships and subscriptions	1,520	1,520	-
Miscellaneous	7,514	7,514	-
Office supplies	7,389	7,389	-
Office rent	274,870	274,870	-
Insurance and liability bonds	8,053	8,053	-
Parking and Transit	20,770	20,770	-
Postage and shipping	1,604	1,604	-
Consulting, other project costs	3,034,076	448,452	2,585,624
Public information	15,419	15,419	-
Salaries and wages	1,604,396	1,474,207	130,189
State liaison	45,823	45,823	-
Telephone and data	13,818	13,818	-
Training and conferences	21,619	19,086	2,533
Travel and meetings	14,327	14,193	134
Total expenditures	\$ 5,844,867	\$ 3,067,136	\$ 2,777,731

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2020**

	Jurisdiction Grants & Projects	NTD Collection	Fare Collection	Route 7	Post Platform Shutdown Marketing	Totals
Revenues:						
Commonwealth of Virginia	\$ 314,746	\$ 277,032	\$ 166,015	\$ 42,483	\$ 304,665	\$ 1,104,941
Federal	1,284,958	-	-	-	-	1,284,958
Local	-	-	77,029	42,506	67,645	187,180
NVTC match	-	4,347	123,200	46,426	26,679	200,652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>\$ 1,599,704</u>	<u>\$ 281,379</u>	<u>\$ 366,244</u>	<u>\$ 131,415</u>	<u>\$ 398,989</u>	<u>\$ 2,777,731</u>
Expenditures:						
Consulting	\$ -	\$ 277,068	\$ 154,059	\$ 84,978	\$ -	\$ 516,105
Costs incurred	1,599,704	-	88,984	-	380,831	2,069,519
Fringe benefits	-	1,348	37,713	14,511	5,679	59,251
Salaries and wages	-	2,963	82,863	31,884	12,479	130,189
Training and conferences	-	-	2,533	-	-	2,533
Travel	-	-	92	42	-	134
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,599,704</u>	<u>\$ 281,379</u>	<u>\$ 366,244</u>	<u>\$ 131,415</u>	<u>\$ 398,989</u>	<u>\$ 2,777,731</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-66 TOLL REVENUE
Year Ended June 30, 2020

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2020 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2020 Deobligations</u>	<u>Remaining Balance</u>
Arlington County	Peak Period Service Expansion to Metrobus Route 2S	013-01-020-17	\$ 1,000,000	\$ -	\$ 981,603	\$ 981,603	\$ -	\$ 18,397
Arlington County	Peak Period Service Expansion to ART Bus Route 55	013-02-120-17	450,000	69,074	-	69,074	-	380,926
Arlington County	County Bus Stop Consolidation and Accessibility Improvements	013-03-010-17	462,000	189,957	218,682	408,639	-	53,361
Arlington County	Multimodal Real-Time Transportation Information	013-04-040-17	250,000	22,953	65,831	88,784	-	161,216
Arlington County	Expanded TDM Outreach	013-05-030-17	350,000	262,409	87,591	350,000	-	-
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	3,336,836	2,371,290	466,610	2,837,900	-	498,936
Loudoun County	County Stone Ridge Enhanced Transit	107-01-120-17	1,940,939	1,522,884	(422,883)	1,100,001	840,938	-
Loudoun County	County Transportation Demand Management	107-02-030-17	623,000	394,059	89,462	483,521	139,479	-
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	-	126,275	126,275	-	373,725
PRTC	Gainesville to Pentagon Commuter Service	664-01-120-17	887,900	455,786	126,229	582,015	-	305,885
Subtotal - Fiscal Year 2017 Program			9,800,675	5,288,412	1,739,400	7,027,812	980,417	1,792,446
Arlington County	I-66 Corridor Intelligent Transportation System Enhancements	013-01-18	400,000	-	215,496	215,496	-	184,504
Arlington County	Traffic Management Center	013-02-18	400,000	-	90,537	90,537	-	309,463
Arlington County	Expanded Transportation Demand Management Outreach to the I-66 Corridor	013-03-18	350,000	-	283,159	283,159	-	66,841
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	-	2,294,148	2,294,148	-	1,158,470
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	-	-	-	-	497,100
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	277,142	56,797	333,939	-	1,372,101
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	-	565,092	565,092	-	500,868
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	-	42,830	42,830	-	922,170
City of Falls Church	Metrobus Route 3T Extension and Service Expansion	610-01-18	845,754	211,000	317,250	528,250	-	317,504
PRTC	On-Demand Commuter Lot Shuttles in Prince William County	664-01-18	1,087,796	-	-	-	-	1,087,796
PRTC	Flexible Vanpool Program	664-02-18	317,600	-	-	-	-	317,600
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	-	-	-	-	134,200
City of Manassas	Bicycle Parking Improvements at Manassas VRE Station	683-01-18	55,000	38,870	-	38,870	-	16,130
NVTC	I-66 Commuter Choice Marketing and Outreach	999-01-18	400,000	101,207	235,649	336,856	-	63,144
NVTC	Program Administration, Evaluation and Oversight	999-02-18	400,000	327,926	72,074	400,000	-	-
Subtotal - Fiscal Year 2018 Program			12,077,068	956,145	4,173,032	5,129,177	-	6,947,891
Arlington County	Enhanced Bus Service on Metrobus 3Y: Lee Highway-Farragut Square	013-01-20	1,040,000	-	-	-	-	1,040,000
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	-	-	-	-	1,350,000
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	-	-	-	-	1,939,500
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	-	3,120,000	3,120,000	-	1,206,000
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	-	-	-	-	532,031
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	-	-	-	-	1,257,226
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	-	-	-	-	949,482
Prince William County	New TDM Outreach to the I-66 Corridor	153-01-20	200,000	-	-	-	-	200,000
PRTC	Enhanced Bus Service from Gainesville to DC	664-01-20	1,519,100	-	-	-	-	1,519,100
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	-	-	-	-	4,671,700
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	-	-	-	-	776,700
PRTC	I-66 Slug Line Campaign	664-04-20	287,800	-	-	-	-	287,800
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-01-20	800,000	-	379,223	379,223	-	420,777
Subtotal - Fiscal Year 2020 Program			19,649,539	-	3,499,223	3,499,223	-	16,150,316
Total			\$ 41,527,282	\$ 6,244,557	\$ 9,411,655	\$ 15,656,212	\$ 980,417	\$ 24,890,653

Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC administration and outreach totaling \$686,945 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-395/95 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-395/95 TOLL REVENUE
Year Ended June 30, 2020

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2020 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2020 Deobligations</u>	<u>Remaining Balance</u>
Arlington County	Commuter Store at the Pentagon Transit Center	013-31-20	\$ 211,962	\$ -	\$ 54,895	\$ 54,895	\$ -	\$ 157,067
	New Bus Service to the Pentagon with Gambrill and Backlick North Park and Ride Improvements							
Fairfax County		059-31-20	3,540,903	-	2,120,785	2,120,785	-	1,420,118
PRTC	Enhanced Bus Service from Dale City to Ballston	664-31-20	251,600	-	-	-	-	251,600
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	-	-	-	-	562,400
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	-	-	-	-	1,133,500
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	-	66,656	66,656	-	3,502,544
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	-	53,688	53,688	-	3,441,612
Alexandria Transit Co.	Enhanced Bus Service on AT-1 Plus: West End to Van Dorn Metro	997-31-20	3,040,000	-	948,148	948,148	-	2,091,852
Alexandria Transit Co.	Enhanced Bus Service on AT-9: Mark Center to Potomac Yard	997-32-20	1,949,000	-	539,770	539,770	-	1,409,230
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	-	58,295	58,295	-	337,889
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	-	257,582	257,582	-	542,418
Subtotal - Fiscal Year 2020 Program			18,950,049	-	4,099,819	4,099,819	-	14,850,230
Total			\$ 18,950,049	\$ -	\$ 4,099,819	\$ 4,099,819	\$ -	\$ 14,850,230

Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC administration and outreach totaling \$225,698 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF ALLOCATED SPECIAL REVENUE FUND - I-395/95 ACTIVITY
BETWEEN NVTC AND PRTC
Year Ended June 30, 2020**

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

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
Revenues:			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 15,000,000	\$ 9,961,234	\$ 5,038,766
Interest income	34,344	22,807	11,537
Total revenues	<u>15,034,344</u>	<u>9,984,041</u>	<u>5,050,303</u>
Expenditures:			
Current:			
Toll funded project costs	3,874,121	2,572,735	1,301,386
Total expenditures	<u>3,874,121</u>	<u>2,572,735</u>	<u>1,301,386</u>
Other financing uses:			
Transfers	<u>(225,698)</u>	<u>(149,882)</u>	<u>(75,816)</u>
Change in fund balance	10,934,525	7,261,424	3,673,101
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,934,525</u>	<u>\$ 7,261,424</u>	<u>\$ 3,673,101</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2020**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2018	7/26/2017	73018-49	\$ 875,398	\$ -	\$ 875,398	\$ 875,398	\$ 875,398	\$ -	\$ 875,398
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	88,984	88,984	88,984	-	106,067
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	399	39,496	39,496	39,097	39,496
Fiscal Year 2016	11/30/2015	72513-34	460,561	275,000	275,000	-	-	-	452,813
Fiscal Year 2016	11/30/2015	72513-18	164,624	-	-	-	-	-	-
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	-	-	-	-	-
Fiscal Year 2011	7/17/2012	72511-03	771,612	234,566	401,522	223,358	223,358	56,402	717,687
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	24,404	24,404	24,404	24,404
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	-	-	-	-	81,071
Fiscal Year 2014	1/7/2014	72510-15	221,540	8,676	40,401	32,429	32,429	704	93,240
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	-	1,149	1,149	1,149	26,189
Fiscal Year 2009	10/1/2010	72509-26	64,750	-	21,526	21,526	21,526	-	81,227
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	3,679	6,165	2,486	2,486	-	97,161
Fiscal Year 2008	4/5/2012	72508-52	320,000	1,241	3,511	4,933	4,933	2,663	47,766
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	-	-	-	-	114,292
Fiscal Year 2007	8/12/2008	72507-31	118,973	2,646	3,608	2,327	2,327	1,365	56,383
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	30,268	69,055	65,184	65,184	26,397	113,488
Capital and Operating - WMATA:									
Fiscal Year 2020	7/9/2019	73620-01	159,017,605	-	159,017,605	159,017,605	159,017,605	-	159,017,605
Special Projects:									
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	-	59,696	77,031	77,031	17,335	77,031
Fiscal Year 2019									
Marketing Post Shut.	3/21/2019	71319-11	316,580	-	291,153	304,665	304,665	13,512	304,665
Fiscal Year 2018									
Rt. 7 Technical	5/25/2018	71318-04	150,000	38,448	80,931	42,483	42,483	-	149,979

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2020</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Special Projects (continued):									
Fiscal Year 2015									
Intern Program	10/18/2018	71219-03	\$ 40,000	\$ 7,446	\$ 13,698	\$ 6,252	\$ 6,252	\$ -	\$ 27,075
Intern Program	11/14/2007	71218-04	40,000	-	-	-	-	-	28,058
Fiscal Year 2014									
Fare Collection Tech.	9/2/2014	71315-03	400,000	10,468	10,468	-	-	-	213,677
Total State Assistance - NVTC			\$ 168,430,213	\$ 612,438	\$ 161,259,120	\$ 160,829,710	\$ 160,829,710	\$ 183,028	\$ 162,746,602

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2020**

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2016-2020	9/16/2015	50012	\$ 11,469,882	\$ 2,244,300	\$ 3,774,411	\$ 2,281,599	\$ 2,281,599	\$ 751,488	\$ 10,176,997
Fiscal Year 2016-2020	2/26/2016	50013	16,065,000	-	111,364	111,364	111,364	-	12,437,775
Fiscal Year 2019	8/20/2018	50029	2,730,200	1,607,141	1,607,141	-	-	-	2,478,011
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	511,315	1,324,589	1,092,481	1,092,481	279,207	1,603,796
N/A	N/A	50031	-	-	-	163,317	163,317	163,317	163,317
Fiscal Year 2020	9/23/2019	50034	2,893,400	-	1,961,011	2,619,762	2,619,762	658,751	2,619,762
N/A	N/A	50037	-	-	-	710	710	710	710
Fiscal Year 2020	10/1/2020	73020-47	309,018	-	-	995,482	995,482	995,482	995,482
Fiscal Year 2019	4/2/2019	72519-26	23,483,000	-	-	-	-	-	-
Fiscal Year 2020	9/23/2019	73019-84	309,017	-	309,017	309,017	309,017	-	309,017
Fiscal Year 2020	9/23/2019	73019-85	670,707	-	670,707	670,707	670,707	-	670,707
N/A	N/A	73019-86	-	-	-	13,715	13,715	13,715	13,715
Fiscal Year 2020	9/23/2019	73018-67	309,017	309,017	58,052	(250,965)	(250,965)	-	58,052
Fiscal Year 2020	9/23/2019	73018-68	747,691	670,699	235,523	(435,176)	(435,176)	-	235,523
Fiscal Year 2019	9/10/2018	73018-72	582,214	114,582	433,955	321,602	321,602	2,229	514,131
N/A	N/A	73018-73	-	16,162	-	51,392	51,392	67,554	67,554
N/A	N/A	73018-74	-	59,806	-	-	-	59,806	59,806
Fiscal Year 2021	10/1/2020	73018-75	784,000	-	-	-	-	-	-
N/A	N/A	76518-04	-	-	-	35,547	35,547	35,547	35,547
N/A	N/A	76518-05	-	-	-	34,050	34,050	34,050	34,050
N/A	N/A	73117-62	-	92,780	-	(92,780)	(92,780)	-	-
N/A	N/A	73017-73	-	257,544	-	(82,581)	(82,581)	174,963	174,963
Fiscal Year 2019	9/10/2018	73017-74	4,284,000	-	-	-	-	-	-
Fiscal Year 2020	9/23/2019	73017-75	784,000	-	-	168,301	168,301	168,301	168,301
Fiscal Year 2017	2/5/2018	73017-77	192,000	79,924	79,924	-	-	-	127,878
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	-	-	-	-	-
Fiscal Year 2017	9/10/2018	73117-61	436,153	217,498	-	(217,498)	(217,498)	-	375,130
N/A	N/A	73117-62	-	-	-	46,368	46,368	46,368	46,368
N/A	N/A	76517-01	-	-	-	420,637	420,637	420,637	420,637
Fiscal Year 2016	2/2/2016	72516-07	68,973	-	-	-	-	-	68,973
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	5,723	5,723	-	-	-	276,606
Fiscal Year 2016	10/19/2016	73016-86	304,000	41,552	112,552	71,000	71,000	-	304,000
Fiscal Year 2016	2/5/2019	73016-87	464,000	20,511	47,068	164,620	164,620	138,063	190,245
Fiscal Year 2016	2/5/2018	73016-88	120,000	733	830	781	781	684	39,873
N/A	N/A	78016-07	-	419,458	582,470	548,443	548,443	385,431	967,901

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2020**

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Virginia Railway Express (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued)									
Fiscal Year 2015	2/29/2016	73015-94	\$ 1,705,189	\$ 5,618	\$ 4,222	\$ (1,396)	\$ (1,396)	\$ -	\$ 1,472,288
Fiscal Year 2015	2/8/2016	73015-95	840,000	85,210	147,466	98,390	98,390	36,134	477,747
Fiscal Year 2015	10/14/2016	73015-96	64,000	9,252	-	(9,252)	(9,252)	-	-
Fiscal Year 2015	10/14/2016	73015-98	879,572	52,122	-	62,270	62,270	114,392	424,911
Fiscal Year 2019	9/10/2018	73115-72	2,720,428	-	-	-	-	-	-
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2013	1/6/2014	72513-12	400,000	19,136	34,494	20,822	20,822	5,464	105,858
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	27,112	27,112	27,112	27,112
Fiscal Year 2010	1/21/2011	72510-75	821,902	158,698	57,467	36,084	36,084	137,315	377,833
Operating:									
Fiscal Year 2020	7/12/2019	72020-26	10,702,373		10,702,373	10,702,373	10,702,373		10,702,373
Fiscal Year 2020	3/26/2020	72120-26	1,144,866		1,144,866	1,144,866	1,144,866		1,144,866
Rail Enhancement Fund:									
Potomac Shores	N/A	76517-01	-	483,160	-	(483,160)	(483,160)	-	-
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	-	-	246,982	246,982	246,982	13,603,913
Gainsville-Haymarket	5/10/2013	76509-02	2,785,714	316,592	37,979	196,561	196,561	475,174	2,759,814
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	234,990	-	(258,641)	(258,641)	(23,651)	(37,367)
Total State Assistance - VRE			<u>111,520,362</u>	<u>8,033,523</u>	<u>23,443,204</u>	<u>20,824,906</u>	<u>20,824,906</u>	<u>5,415,225</u>	<u>66,694,175</u>
Total State Assistance - NVTC and VRE			<u>\$ 279,950,575</u>	<u>\$ 8,645,961</u>	<u>\$ 184,702,324</u>	<u>\$ 181,654,616</u>	<u>\$ 181,654,616</u>	<u>\$ 5,598,253</u>	<u>\$ 229,440,777</u>

*N/A indicates contract not executed as of June 30, 2020.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2020**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2020									
Arlington County	10/11/2019	73020-26	\$ 350,200	\$ -	\$ 132,240	\$ 177,035	\$ 177,035	\$ 44,795	\$ 177,035
Arlington County	10/11/2019	73020-28	54,400	-	-	-	-	-	-
Arlington County	10/11/2019	73020-30	250,240	-	-	-	-	-	-
City of Alexandria	10/11/2019	73020-31	612,000	-	-	-	-	-	-
City of Alexandria	10/11/2019	73020-32	1,659,921	-	-	1,659,921	1,659,921	1,659,921	1,659,921
City of Alexandria	1/28/2020	73020-33	4,486,633	-	-	-	-	-	-
City of Alexandria	1/28/2020	73020-34	660,000	-	-	-	-	-	-
City of Fairfax	9/23/2019	73020-37	42,742	-	-	30,432	30,432	30,432	30,432
City of Fairfax	3/26/2020	73020-38	12,240	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-39	544,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-40	102,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-41	51,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-42	306,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-43	306,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-45	326,400	-	260,016	260,016	260,016	-	260,016
Fairfax County	10/11/2019	73020-46	850,000	-	-	-	-	-	-
Fiscal Year 2019									
Arlington County	11/8/2018	73019-32	306,000	-	-	-	-	-	-
Arlington County	11/8/2018	73019-33	5,962,928	-	3,637,911	5,686,265	5,686,265	2,048,354	5,686,265
Arlington County	11/8/2018	73019-34	1,020,000	-	736	21,652	21,652	20,916	21,652
Arlington County	11/8/2018	73019-35	148,000	19,230	101,942	88,620	88,620	5,908	121,639
Arlington County	11/8/2018	73019-36	190,000	12,820	25,668	28,211	28,211	15,363	41,031
Arlington County	11/8/2018	73019-37	126,310	-	-	-	-	-	-
City of Alexandria	6/20/2019	73019-38	2,635,680	1,575,322	1,575,322	995,106	995,106	995,106	2,570,428
City of Alexandria	1/28/2019	73019-39	34,000	-	20,089	20,089	20,089	-	20,089
City of Alexandria	10/25/2019	72519-17	170,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-40	15,300	-	15,300	15,300	15,300	-	15,300
Fairfax County	12/14/2018	73019-41	2,210,000	-	1,136,649	1,136,649	1,136,649	-	1,195,706
Fairfax County	8/6/2019	73019-42	5,950,000	-	-	-	-	-	-
Fairfax County	8/6/2019	73019-43	3,740,000	-	1,705,366	1,705,366	1,705,366	-	1,705,366
Fairfax County	10/14/2018	73019-44	408,000	-	399,172	399,172	399,172	-	399,172
Fairfax County	12/14/2018	73019-45	76,500	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-46	102,000	-	31,353	31,353	31,353	-	31,353
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2019 (continued)									
Fairfax County	8/6/2019	73019-48	\$ 357,000	\$ -	\$ 123,271	\$ 123,271	\$ 123,271	\$ -	\$ 123,271
Fairfax County	4/20/2020	73019-88	1,124,651	-	-	-	-	-	-
Fairfax County	4/20/2020	73019-89	930,750	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-51	504,560	17,421	37,185	19,764	19,764	-	252,280
Arlington County	9/19/2017	73018-54	979,880	9,842	32,024	85,232	85,232	63,050	172,780
City of Alexandria	11/29/2017	73018-55	2,652,000	2,520,515	2,520,515	-	-	-	2,520,515
City of Alexandria	11/29/2017	73018-56	42,500	-	26,866	26,866	26,866	-	42,500
Fairfax County	12/14/2017	73018-60	8,500,000	230,381	2,421,534	2,191,153	2,191,153	-	8,368,532
Fairfax County	12/14/2017	73018-61	4,760,000	3,253	233,334	230,081	230,081	-	4,760,000
Fairfax County	12/14/2017	73018-62	21,250	12,196	12,196	-	-	-	12,196
Fairfax County	12/14/2017	73018-63	76,500	26,843	27,757	914	914	-	76,500
Fairfax County	12/14/2017	73018-64	2,305,200	51,814	51,814	-	-	-	260,307
Fairfax County	12/14/2017	73018-65	748,000	110,449	121,818	11,369	11,369	-	264,690
Fiscal Year 2017									
Arlington County	10/26/2016	73017-53	174,250	-	-	-	-	-	46,245
Arlington County	10/26/2016	73017-54	1,387,200	127,937	208,216	80,279	80,279	-	575,453
Arlington County	10/26/2016	73017-55	12,750	-	31	31	31	-	327
Arlington County	10/26/2016	73017-57	172,380	-	35,791	35,791	35,791	-	36,236
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
City of Alexandria	6/22/2018	72517-10	409,901	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-61	4,182,000	768	768	-	-	-	4,182,000
Fairfax County	10/14/2016	73017-63	680,000	3,484	9,778	6,294	6,294	-	680,000
City of Alexandria	6/20/2017	73117-58	204,000	-	-	-	-	-	60,480
Fiscal Year 2016									
Arlington County	10/19/2015	73016-61	1,734,000	3,963	8,552	4,589	4,589	-	32,289
City of Alexandria	11/2/2015	73016-70	816,000	-	-	-	-	-	298,644
City of Alexandria	11/30/2015	72516-05	68,500	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-73	1,870,000	29,183	83,670	54,487	54,487	-	1,827,226
Fairfax County	9/24/2015	73016-74	2,040,000	112,550	186,949	74,399	74,399	-	1,663,507
Fairfax County	9/24/2015	73016-75	408,000	7,135	73,241	66,106	66,106	-	375,619
Fairfax County	9/24/2015	73016-76	1,870,000	8,636	8,636	-	-	-	1,870,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Technical Assistance									
City of Fairfax	7/20/2020	71320-12	\$ 89,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax County	8/6/2019	71319-09	231,200	-	188,638	188,638	188,638	-	188,638
Operating									
Arlington County	10/11/2019	72020-22	3,556,096	-	3,556,096	3,556,096	3,556,096	-	3,556,096
Arlington County	4/3/2020	72120-22	420,926	-	420,926	420,926	420,926	-	420,926
City of Alexandria	10/11/2019	72020-23	4,194,956	-	4,194,956	4,194,956	4,194,956	-	4,194,956
City of Alexandria	4/15/2020	72120-23	493,396	-	493,396	493,396	493,396	-	493,396
City of Fairfax	9/23/2019	72020-24	801,653	-	801,653	801,653	801,653	-	801,653
City of Fairfax	3/25/2020	72120-24	89,445	-	89,445	89,445	89,445	-	89,445
Fairfax County	10/11/2019	72020-25	16,268,916	-	16,268,916	16,268,916	16,268,916	-	16,268,916
Fairfax County	4/6/2020	72120-25	1,848,416	-	1,848,416	1,848,416	1,848,416	-	1,848,416
Total State Assistance - Jurisdiction Trust Fund			<u>\$ 108,049,992</u>	<u>\$ 4,883,742</u>	<u>\$ 43,128,152</u>	<u>\$ 43,128,255</u>	<u>\$ 43,128,255</u>	<u>\$ 4,883,845</u>	<u>\$ 70,946,486</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2020</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission</u>									
Federal Transit Administration									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ 973,294	\$ 1,964,344	\$ 991,050	\$ 991,050	\$ -	\$ 3,029,315
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	-	-	-	-	2,053,962
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	10,583	14,430	9,309	9,309	5,462	202,712
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	14,716	24,663	9,947	9,947	-	761,875
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	90,829	270,054	270,054	179,225	777,080
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	-	4,598	4,598	4,598	109,076
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	-	-	-	-	658,856
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	-	-	-	-	1,416,342
Total Federal Assistance - NVTC			\$ 16,972,708	\$ 998,593	\$ 2,094,266	\$ 1,284,958	\$ 1,284,958	\$ 189,285	\$ 9,798,208

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2020

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 9,947	\$ 9,947
VA 04-0022	20.500	9,309	9,309
VA 04-0033	20.500	270,054	270,054
VA 04-0048	20.500	4,598	4,598
Total Federal Capital Investment Grants		<u>293,908</u>	<u>293,908</u>
Federal Transit Formula Grants:			
VA 95-0082	20.507	991,050	991,050
Total Federal Transit Formula Grants		<u>991,050</u>	<u>991,050</u>
Total Federal Transit Cluster		<u>1,284,958</u>	<u>1,284,958</u>
Total Department of Transportation		<u>1,284,958</u>	<u>1,284,958</u>
Total Expenditures of Federal Awards		<u>\$ 1,284,958</u>	<u>\$ 1,284,958</u>

The accompanying notes are an integral part of this financial statement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

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

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

Major Programs – The Single Audit Act Amendments of 1996 and the OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with the OMB Circular A-133.

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

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-133, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Summary of Significant Accounting Policies (Continued)

For fiscal year 2020, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$664,235 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

Note 3. Indirect Cost Rate

NVTC has elected not to use the 10 percent de minimis indirect cost rate as allowed under the OMB Circular A-133.



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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 23, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2020. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 23, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Federal Transit Cluster:	
20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

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

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2020**

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