

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**Financial and Compliance Reports**

**Year Ended June 30, 2023**



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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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Commission, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 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 27, 2023

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

## **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, 2023. 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 \$281.4 million on a government-wide basis as of June 30, 2023. Of this total, \$205.4 million is for business-type activities and \$76.0 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$317.7 million. Expenses totaled \$294.8 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$85.7 million. Expenses amounted to \$115.8 million.

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

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

- NVTC's governmental funds reported an increase in fund balance of \$23.0 million for fiscal year 2023, compared to an increase of \$11.7 million for fiscal year 2022. The governmental funds balance as of June 30, 2023 totaled \$76.4 million compared with \$53.4 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position decreased by \$30.1 million, from \$235.5 million to \$205.4 million.
- NVTC's fiduciary funds reported an increase of \$62.6 million in net position. The Jurisdiction Trust Fund increased \$62.4 million, and the Pension Trust Fund increased \$0.2 million.

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

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

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



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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

### **Supplementary Information**

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

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

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2023 and 2022:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Assets:</b>						
Current and other assets	\$ 82,957,370	\$ 68,957,780	\$ 130,902,234	\$ 238,975,066	\$ 213,859,604	\$ 307,932,846
Capital assets, net	3,356,319	3,737,499	251,347,987	177,085,683	254,704,306	180,823,182
Other non-current assets	-	-	529,864	701,475	529,864	701,475
<b>Total assets</b>	<b>86,313,689</b>	<b>72,695,279</b>	<b>382,780,085</b>	<b>416,762,224</b>	<b>469,093,774</b>	<b>489,457,503</b>
Deferred outflows	-	-	300,853	331,710	300,853	331,710
<b>Total assets and     Deferred outflows</b>	<b>86,313,689</b>	<b>72,695,279</b>	<b>383,080,938</b>	<b>417,093,934</b>	<b>469,394,627</b>	<b>489,789,213</b>
<b>Liabilities:</b>						
Current and other liabilities	6,553,361	15,923,119	15,347,660	13,211,403	21,901,021	29,134,522
Long-term liabilities	3,703,484	3,623,528	161,856,448	167,683,153	165,559,932	171,306,681
<b>Total liabilities</b>	<b>10,256,845</b>	<b>19,546,647</b>	<b>177,204,108</b>	<b>180,894,556</b>	<b>187,460,953</b>	<b>200,441,203</b>
Deferred inflows	-	-	514,723	701,475	514,723	701,475
<b>Total liabilities and     Deferred inflows</b>	<b>10,256,845</b>	<b>19,546,647</b>	<b>177,718,831</b>	<b>181,596,031</b>	<b>187,975,676</b>	<b>201,142,678</b>
<b>Net position:</b>						
Net investment in capital assets	(130,769)	(42,300)	79,430,092	126,324,041	79,299,323	126,281,741
Restricted	75,413,265	52,635,382	29,030,897	139,561,666	104,444,162	192,197,048
Unrestricted	774,348	555,550	96,901,118	(30,387,804)	97,675,466	(29,832,254)
<b>Total net position</b>	<b>\$ 76,056,844</b>	<b>\$ 53,148,632</b>	<b>\$ 205,362,107</b>	<b>\$ 235,497,903</b>	<b>\$ 281,418,951</b>	<b>\$ 288,646,535</b>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$281.4 million as of June 30, 2023, a decrease of \$7.2 million over the previous fiscal year. The largest portion of net position, \$104.4 million or 37.1 percent, represents restricted net assets, which includes \$22.5 million for debt service, \$75.4 million for the Commuter Choice program, \$5.1 million for liability insurance plan, and \$1.4 million for grants or contributions. Net investment in capital assets (e.g., land, intangible right-to-use assets, building, improvements, rolling stock, equipment and software), net of accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets represents \$79.3. These assets are used primarily to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental and business-type activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments. As of June 30, 2023, approximately \$45.9 million was due from the Commonwealth of Virginia, of which \$4.6 million is for motor vehicle fuel sales tax, \$38.8 million for grant and other state revenue, and \$2.5 million of toll revenues. This is a \$5.0 million increase from the previous fiscal year, of which grant and other state revenue increased \$2.5 million, toll revenues increased \$1.8 million, and motor vehicle fuel sales tax receivables increased \$0.7 million. The increase in the receivable for grant and other state revenue is due mainly attributable to the business-type activities. The increase in the receivable for toll revenue is due to the lingering impact of COVID-19 on toll revenues in the prior year, and the increase in motor vehicle fuel sales tax receivable is due to continuing rebounding of revenues compared to the prior year.

Cash and cash equivalents decreased approximately \$4.6 million and totaled \$58.7 million as of June 30, 2023, of which all but \$640,328 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$104.4 million as of June 30, 2023, with \$74.7 million for governmental activities, and \$29.8 million for business-type activities. This is an \$88.5 million net decrease from the prior year, of which \$22.1 million increase is due to toll revenue for governmental activities, and \$110.5 million decrease primarily due to debt issues for business-type activities that took place near the end of the prior year.

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

## Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2023 and 2022.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 10,330,009	\$ 7,250,314	\$ 10,330,009	\$ 7,250,314
Operating grants and contributions	258,094,618	290,309,427	14,559,783	2,191,395	272,654,401	292,500,822
Capital grants and contributions	-	-	-	69,529,815	-	69,529,815
General revenues:						
Intergovernmental:						
Commuter rail	58,648,784	53,109,699	-	-	58,648,784	53,109,699
Motor vehicle fuel sales tax	25,702,954	22,519,329	-	-	25,702,954	22,519,329
Toll revenue	31,292,699	23,562,375	-	-	31,292,699	23,562,375
Interest	2,589,438	128,254	2,142,140	126,599	4,731,578	254,853
Other	-	-	11,478	-	11,478	-
Transfers	(58,648,784)	(53,109,699)	58,648,784	53,109,699	-	-
Total revenues	<u>317,679,709</u>	<u>336,519,385</u>	<u>85,692,194</u>	<u>132,207,822</u>	<u>403,371,903</u>	<u>468,727,207</u>
Expenses:						
General and administration	29,371,347	25,312,389	-	-	29,371,347	25,312,389
Jurisdiction transit	254,874,778	287,725,699	-	-	254,874,778	287,725,699
Toll funded project costs	10,434,960	11,568,646	-	-	10,434,960	11,568,646
Interest - lease	90,412	-	-	-	90,412	-
Commuter rail	-	-	115,827,990	69,644,669	115,827,990	69,644,669
Total expenses	<u>294,771,497</u>	<u>324,606,734</u>	<u>115,827,990</u>	<u>69,644,669</u>	<u>410,599,487</u>	<u>394,251,403</u>
Change in net position	22,908,212	11,912,651	(30,135,796)	62,563,153	(7,227,584)	74,475,804
Beginning net position	53,148,632	41,235,981	235,497,903	172,934,750	288,646,535	214,170,731
Ending net position	<u>\$ 76,056,844</u>	<u>\$ 53,148,632</u>	<u>\$ 205,362,107</u>	<u>\$ 235,497,903</u>	<u>\$ 281,418,951</u>	<u>\$ 288,646,535</u>

For the fiscal year ended June 30, 2023, revenues totaled \$404.4 million, compared to \$468.7 million in the preceding year, a decrease of \$65.4 million or 13.9 percent. Expenses increased \$16.3 million, or 4.2 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, 2023, the General Fund had a total fund balance of \$997,767 of which \$98,107 was nonspendable and \$899,660 was unassigned. The fund balance increased by \$234,868 or 30.1 percent from the preceding year.

**Special Revenue Fund – Jurisdiction Transit.** Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2023 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 2023 intergovernmental revenues totaled \$254.9 million, a decrease of approximately \$32.9 million or 11.4 percent from the previous fiscal year. The net decrease is composed of a \$36.0 million decrease, or 15.7 percent, in state assistance due to step up funding received in the prior year, offset in part by an increase in the amount of assistance received by the regular allocation percentages, and a one-time special allocation. This decrease is offset in part by a \$3.2 million increase, or 14.1 percent, in motor vehicle fuel sales tax revenue due to the continual rebounding of motor fuel sales in the wake of the COVID-19 Novel Coronavirus (COVID) pandemic, combined with an increase in the tax rate which is indexed to the CPI.

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

Through fiscal year 2023, NVTC has rated, selected and approved projects totaling \$47.4 million. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2023, the special revenue fund recognized approximately \$15.1 million in revenue comprised of \$10.0 million of available toll revenue and a \$5.1 million concessionaire payment. The full \$10.5 was not received because it was not included in the FY2023 prepared by the Commonwealth, as revenues were not expected to be sufficient to make the full payment. The special revenue fund recognized \$4.4 million in project costs, including transfers to the General Fund for NVTC administration of the program. As of June 30, 2023, the restricted fund balance totaled \$34.1 million, an increase of \$11.9 million over the prior year balance.

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

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

Through fiscal year 2023, NVTC has rated, selected and approved projects totaling \$41.7 million. The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. In fiscal year 2023, NVTC received \$16.2 million in ATI funds, as specified in the agreement. The allocation of the funds between NVTC and PRTC results in \$10.5 million and \$5.7 million in revenues for NVTC and PRTC respectively. The fund recognized \$6.6 million in project costs, including transfers to the General Fund for NVTC administration of the program. The allocation of the expenditures between NVTC and PRTC equals \$4.3 million and \$2.3 million respectively. The activity to date results in an ending fund balance of \$41.3 million, with \$27.2 million allocated to NVTC and \$14.1 allocated to PRTC.

## **Proprietary Fund**

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

NVTC's share of operating revenue increased approximately \$3.1 million or 42.5 percent, while operating expenses increased approximately \$10.6 million or 18.9 percent. For VRE operations as a whole, operating revenue increased 34.0 percent, while operating expenses increased 11.9 percent. Ridership saw an increase of 78.4 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

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

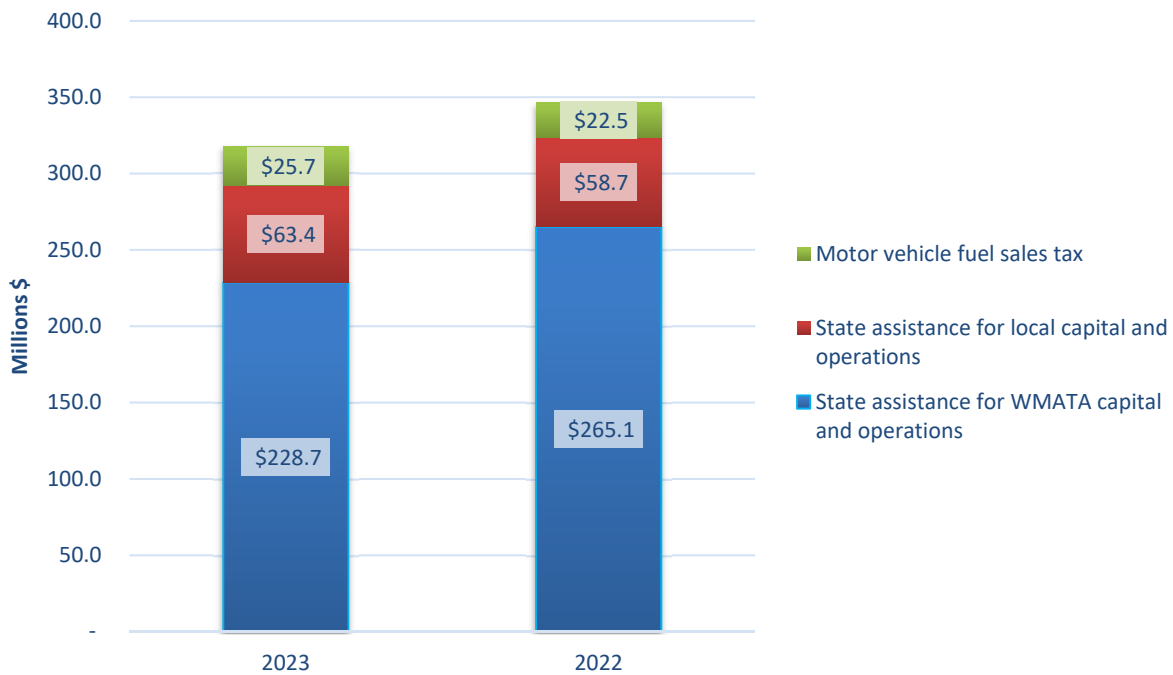
## **Fiduciary Funds**

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

The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, decreased by \$28.6 million, or 8.3 percent from the previous year. An analysis of this change is shown below.



## Jurisdiction Trust Fund Revenue Sources



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a competitive reimbursement program. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set percentage of the funding available through the Commonwealth’s Mass Transit Trust Fund. The state assistance for local operations received step up funding in fiscal year 2023, while both local operations and WMATA capital and operating assistance received step up funding in the prior year.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that established the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund (C-ROC) which benefits VRE. For fiscal year 2019, the gain was calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Effective fiscal year 2021, the amount withheld for the WMATA Capital Fund was fixed at \$22.183 million per year, an increase of approximately \$7.2 over the prior amount from the “gain”. Motor Vehicle Fuel Sales tax revenue increased by \$3.2 million, or 14.1 percent from the previous year due to an increase in consumption combined with a 7.0% increase in the tax rate effective July 1, 2022.

**Pension Trust Fund.** The Pension Trust Fund holds the assets contributed by NVTC on behalf of the pension plan participants, and the required plan participant contributions. Investments are participant directed in one or more separate investments available through the plan sponsor. Net assets available for benefits at the end of fiscal year 2023 equaled \$2.3 million, an increase of \$212,498, or 10.1 percent over the prior year. This increase is the net result of a \$216,796 increase in fair value of investments, \$206,401 in plan contributions and distributions of \$210,699.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2023 and 2022 are as follows:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Intangible right-to-use lease buildings	\$ 4,064,461	\$ 4,064,461	\$ 731,785	\$ 692,516	\$ 4,796,246	\$ 4,756,977
Intangible right-to-use lease parking lots	-	-	136,751	289,664	136,751	289,664
Intangible right-to-use lease tower	-	-	49,790	49,790	49,790	49,790
Intangible right-to-use subscription assets	-	-	767,262	-	767,262	-
Rolling stock	-	-	143,388,695	142,651,538	143,388,695	142,651,538
Vehicles	-	-	75,670	72,780	75,670	72,780
Facilities	-	-	59,514,401	56,489,589	59,514,401	56,489,589
Track and signal improvements	-	-	50,054,134	50,054,134	50,054,134	50,054,134
Equipment and software	-	-	6,958,573	6,685,145	6,958,573	6,685,145
Construction in progress	-	-	60,601,428	40,170,393	60,601,428	40,170,393
Equity in properties of others	-	-	62,473,241	2,893,644	62,473,241	2,893,644
Office equipment, furniture and software	243,507	212,054	3,766,000	3,129,921	4,009,507	3,341,975
	4,307,968	4,276,515	388,517,730	303,179,114	392,825,698	307,455,629
Less accumulated depreciation and amortization	951,649	539,016	137,169,743	126,093,431	138,121,392	126,632,447
<b>Total capital assets, net</b>	<b>\$ 3,356,319</b>	<b>\$ 3,737,499</b>	<b>\$ 251,347,987</b>	<b>\$ 177,085,683</b>	<b>\$ 254,704,306</b>	<b>\$ 180,823,182</b>

NVTC's investment in capital assets as of June 30, 2023 amounted to \$254.7 million (net of accumulated depreciation and amortization) which represents an increase of \$73.9 million or 40.9 percent over last year due to new project construction, recognition of right-to-use leased assets and the recognition of annual depreciation and amortization.

The major completed projects during the fiscal year were the contribution to the VPRA for the CSX right of way project (\$59.60 million), the Rolling Road Station improvements (\$1.9 million), the L'Enfant Storage South project (\$.85 million), the Automated Passenger Counters in railcars project (\$.75 million), the HQ renovation project (\$.6 million), the second portion of the Lighting Replacements project (\$0.25 million), and improvements to the VMS Proof of Concept project (\$0.4 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads LOU project (\$10.6 million), the Quantico Platform project (\$5.1 million), the contribution to the VPRA Long Bridge project (\$3.7 million), the twenty-one New Railcars project (\$2.2 million), the Fredericksburg Station rehab project (\$1.4 million), the Broad Run station & platform project (\$1.4 million), the Manassas Park parking expansion project (\$0.4 million), and the Crossroads MSF expansion project (\$0.5 million).

### **Debt Administration**

At June 30, 2023, the Commissions had total debt outstanding of approximately \$153.5 million for the VRE commuter rail service, of which all but \$2.7 million is reported by NVTC. In addition, the governmental activities of NVTC has a lease liability of approximately \$3.5 million, for \$157.0 million total debt for the entity as a whole.

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

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

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

	2023	2022
Bonds payable	\$ 148,210,000	\$ 152,965,000
Private placement note payable	3,650,870	5,355,739
Leases payable	1,381,122	1,640,618
Subscription liability	302,044	-
<b>Total</b>	<b>\$ 153,544,036</b>	<b>\$ 159,961,357</b>

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

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

The local subsidy for fiscal year 2024 increased by \$2,455,878 or 18.1 percent to \$16,000,000. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. In fiscal year 2019, VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund, which will continue in fiscal year 2023. Additional sources of funding will be available in fiscal year 2024 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

**REQUESTS FOR INFORMATION**

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2023

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Cash and cash equivalents	\$ 640,328	\$ 58,021,844	\$ 58,662,172
Due from other governments:			
Commonwealth of Virginia	44,585,543	1,297,496	45,883,039
Local jurisdictions	158,282	-	158,282
Trade accounts receivable, net	-	271,111	271,111
Other receivables	-	1,648,390	1,648,390
Inventory	-	2,294,991	2,294,991
Deposits and prepaid items	98,108	415,153	513,261
Restricted cash, cash equivalents and investments	74,673,567	29,754,791	104,428,358
Internal balances	(37,198,458)	37,198,458	-
Capital assets:			
Intangible right-to-use lease buildings	4,064,461	731,785	4,796,246
Intangible right-to-use lease parking lots	-	136,751	136,751
Intangible right-to-use lease tower	-	49,790	49,790
Intangible right-to-use subscriptions	-	767,262	767,262
Rolling stock	-	143,388,695	143,388,695
Vehicles	-	75,670	75,670
Facilities	-	59,514,401	59,514,401
Track and signal improvements	-	50,054,134	50,054,134
Equipment and software	-	6,958,573	6,958,573
Construction in progress	-	60,601,428	60,601,428
Equity in property of others	-	62,473,241	62,473,241
Office equipment, furniture and software	243,507	3,766,000	4,009,507
Less accumulated depreciation and amortization	(951,649)	(137,169,743)	(138,121,392)
Leases receivable, noncurrent portion	-	529,864	529,864
Total assets	86,313,689	382,780,085	469,093,774
Deferred outflows of resources, loss on refunding	-	300,853	300,853
Total assets and deferred outflows of resources	86,313,689	383,080,938	469,394,627

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2023

<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 1,923,406	\$ 5,170,496	\$ 7,093,902
Accrued expenses	92,376	1,946,097	2,038,473
Accrued interest	7,023	895,755	902,778
Due to fiduciary fund	4,492,209	-	4,492,209
Unearned revenue	38,347	917,992	956,339
Contract retainage	-	736,586	736,586
Noncurrent liabilities:			
Due within one year:			
Lease liability	309,804	87,719	397,523
Subscription liability	-	97,779	97,779
Compensated absences	72,550	38,225	110,775
Bond payable	-	4,565,000	4,565,000
Private placement note payable	-	892,011	892,011
Due in more than one year:			
Lease liability	3,177,284	602,842	3,780,126
Subscription liability	-	53,243	53,243
Compensated absences	143,846	675,939	819,785
Bond payable	-	159,591,000	159,591,000
Private placement note payable	-	933,424	933,424
Total liabilities	10,256,845	177,204,108	187,460,953
Deferred inflows of resources, leases	-	514,723	514,723
<b>NET POSITION</b>			
Net investment in capital assets	(130,769)	79,430,092	79,299,323
Restricted for toll funded projects	75,413,265	-	75,413,265
Restricted for liability insurance plan	-	5,073,702	5,073,702
Restricted for debt service	-	22,521,722	22,521,722
Restricted grants or contributions	-	1,435,473	1,435,473
Unrestricted assets	774,348	96,901,118	97,675,466
Total net position	\$ 76,056,844	\$ 205,362,107	\$ 281,418,951

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
<b>Primary government:</b>							
Governmental activities:							
General and administration	\$ 29,371,347	\$ -	\$ 28,922,794	\$ -	\$ (448,553)	\$ -	\$ (448,553)
Toll funded project costs	10,434,960	-	-	-	(10,434,960)	-	(10,434,960)
Jurisdiction transit	254,874,778	-	229,171,824	-	(25,702,954)	-	(25,702,954)
Interest - lease	90,412	-	-	-	(90,412)	-	(90,412)
Total governmental activities	<u>294,771,497</u>	<u>-</u>	<u>258,094,618</u>	<u>-</u>	<u>(36,676,879)</u>	<u>-</u>	<u>(36,676,879)</u>
Business-type activities:							
Commuter rail	115,827,990	10,330,009	14,559,783	-	-	(90,938,198)	(90,938,198)
Total business-type activities	<u>115,827,990</u>	<u>10,330,009</u>	<u>14,559,783</u>	<u>-</u>	<u>-</u>	<u>(90,938,198)</u>	<u>(90,938,198)</u>
Total primary government	<u>\$ 410,599,487</u>	<u>\$ 10,330,009</u>	<u>\$ 272,654,401</u>	<u>\$ -</u>	<u>(36,676,879)</u>	<u>(90,938,198)</u>	<u>(127,615,077)</u>
<b>General revenues:</b>							
Intergovernmental revenue - commuter rail					58,648,784	-	58,648,784
Intergovernmental revenue - motor vehicle fuel sales tax					25,702,954	-	25,702,954
Intergovernmental revenue - toll revenue					31,292,699	-	31,292,699
Increase in fair value of investments					-	11,478	11,478
Interest					2,589,438	2,142,140	4,731,578
Transfers					(58,648,784)	58,648,784	-
Total general revenues					<u>59,585,091</u>	<u>60,802,402</u>	<u>120,387,493</u>
<b>Change in net position</b>					22,908,212	(30,135,796)	(7,227,584)
Net position, beginning of year					<u>53,148,632</u>	<u>235,497,903</u>	<u>288,646,535</u>
Net position, end of year					<u>\$ 76,056,844</u>	<u>\$ 205,362,107</u>	<u>\$ 281,418,951</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 640,328	\$ -	\$ -	\$ -	\$ 640,328
Due from other governments:					
Commonwealth of Virginia	37,517,185	4,564,773	2,503,585	-	44,585,543
Local jurisdictions	158,282	-	-	-	158,282
Due from fiduciary fund	72,564	-	-	-	72,564
Due from proprietary fund	29,672	-	-	-	29,672
Due from special revenue funds	263,946	-	-	-	263,946
Restricted cash	-	-	31,742,090	42,931,477	74,673,567
Deposits and prepaid items	98,108	-	-	-	98,108
<b>Total assets</b>	<b>\$ 38,780,085</b>	<b>\$ 4,564,773</b>	<b>\$ 34,245,675</b>	<b>\$ 42,931,477</b>	<b>\$ 120,522,010</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 423,465	\$ -	\$ 82,566	\$ 1,417,375	\$ 1,923,406
Accrued salaries	92,376	-	-	-	92,376
Unearned revenue	38,347	-	-	-	38,347
Due to general fund	-	-	71,806	192,140	263,946
Due to proprietary fund	37,228,130	-	-	-	37,228,130
Due to fiduciary fund	-	4,564,773	-	-	4,564,773
<b>Total liabilities</b>	<b>37,782,318</b>	<b>4,564,773</b>	<b>154,372</b>	<b>1,609,515</b>	<b>44,110,978</b>
<b>FUND BALANCES</b>					
Nonspendable					
Deposits and prepaid items	98,108	-	-	-	98,108
Restricted					
Toll Revenues	-	-	34,091,303	41,321,962	75,413,265
Unassigned	899,659	-	-	-	899,659
<b>Total fund balance</b>	<b>997,767</b>	<b>-</b>	<b>34,091,303</b>	<b>41,321,962</b>	<b>76,411,032</b>
<b>Total liabilities and fund balance</b>	<b>\$ 38,780,085</b>	<b>\$ 4,564,773</b>	<b>\$ 34,245,675</b>	<b>\$ 42,931,477</b>	<b>\$ 120,522,010</b>

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

Fund balances - governmental funds	\$ 76,411,032
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and intangible right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,307,968 and the accumulated depreciation and amortization is \$951,649.	3,356,319
Lease liability recognized in the government-wide financial statements	(3,487,088)
Accrued interest recognized in the government-wide financial statements	(7,023)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(216,396)
<b>Net position - governmental activities</b>	<b>\$ 76,056,844</b>

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, 2023

	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	\$ 59,970,403	\$ 229,171,824	\$ -	\$ -	\$ 289,142,227
Commonwealth of Virginia - CROC	15,000,000	-	-	-	15,000,000
Federal	11,795,736	-	-	-	11,795,736
Local jurisdictions	725,439	-	-	-	725,439
Toll Revenue	-	-	15,139,340	16,153,359	31,292,699
Motor vehicle fuel sales tax	-	25,702,954	-	-	25,702,954
Project chargebacks	80,000	-	-	-	80,000
Interest	58,346	-	1,158,685	1,372,407	2,589,438
Total revenues	<u>87,629,924</u>	<u>254,874,778</u>	<u>16,298,025</u>	<u>17,525,766</u>	<u>376,328,493</u>
Expenditures:					
Current:					
General and administration	3,113,305	-	-	-	3,113,305
Project costs	16,358,340	-	-	-	16,358,340
PRTC share of CROC funds	9,470,410	-	-	-	9,470,410
Toll funded project costs	-	-	4,199,090	6,235,870	10,434,960
Payments to fiduciary fund	-	254,874,778	-	-	254,874,778
Debt service:					
Principal retirement - lease	292,711	-	-	-	292,711
Interest - lease	91,001	-	-	-	91,001
Capital outlay	31,453	-	-	-	31,453
Total expenditures	<u>29,357,220</u>	<u>254,874,778</u>	<u>4,199,090</u>	<u>6,235,870</u>	<u>294,666,958</u>
Other financing uses:					
Transfers in	610,948	-	-	-	610,948
Transfers out	(58,648,784)	-	(197,253)	(413,695)	(59,259,732)
<b>Change in fund balances</b>	234,868	-	11,901,682	10,876,201	23,012,751
Fund balances, beginning of year	762,899	-	22,189,621	30,445,761	53,398,281
Fund balances, end of year	<u>\$ 997,767</u>	<u>\$ -</u>	<u>\$ 34,091,303</u>	<u>\$ 41,321,962</u>	<u>\$ 76,411,032</u>

Change in fund balances - total governmental funds \$ 23,012,751

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	31,453
Deduct - depreciation and amortization expense	(22,444)

Decrease in accrued interest payable, reduces interest in the Statement of Activities. 589

Principal payments on lease agreement is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position. 292,711

Amortization of intangible right-to-use lease building. (390,189)

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. (16,659)

Change in net position of governmental activities \$ 22,908,212

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2023

	<b>Commuter Rail Service Fund</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 58,021,844
Accounts receivable:	
Due from general fund	37,198,458
Commonwealth of Virginia grants	1,297,496
Trade receivables, net of allowance for doubtful accounts	271,111
Other receivables	1,648,390
Inventory	2,294,991
Prepaid expenses and other	415,153
Restricted cash, cash equivalents and investments	29,754,791
<b>Total current assets</b>	<b>130,902,234</b>
Noncurrent Assets:	
Capital assets:	
Intangible right-to-use lease buildings	731,785
Intangible right-to-use lease parking lots	136,751
Intangible right-to-use lease tower	49,790
Intangible right-to-use subscription assets	767,262
Rolling stock	143,388,695
Vehicles	75,670
Facilities	59,514,401
Track and signal improvements	50,054,134
Equipment and software	6,958,573
Construction in progress	60,601,428
Equity in property of others	62,473,241
Furniture, equipment and software	3,766,000
	388,517,730
Less accumulated depreciation and amortization	(137,169,743)
<b>Total capital assets, net</b>	<b>251,347,987</b>
Lease receivable, noncurrent portion	529,864
<b>Total noncurrent assets</b>	<b>251,877,851</b>
Deferred Outflows of Resources:	
Loss on refunding	300,853
<b>Total assets and deferred outflows of resources</b>	<b>\$ 383,080,938</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2023

	<b>Commuter Rail Service Fund</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 5,170,496
Compensated absences	38,225
Accrued expenses	1,946,097
Accrued interest	895,755
Unearned revenue	917,992
Contract retainage	736,586
Current portion of bonds payable	4,565,000
Current portion of private placement note payable	892,011
Lease liability	87,719
Subscriptions payable	97,779
	<b>15,347,660</b>
Noncurrent Liabilities:	
Compensated absences	675,939
Bonds payable	159,591,000
Private placement note payable	933,424
Lease liability	602,842
Subscriptions payable	53,243
	<b>161,856,448</b>
	<b>177,204,108</b>
Deferred Inflows of Resources:	
Leases	514,723
	<b>514,723</b>
Net Position:	
Net investment in capital assets	79,430,092
Restricted for liability insurance plan	5,073,702
Restricted for debt service	22,521,722
Restricted grants or contributions	1,435,473
Unrestricted assets	96,901,118
	<b>205,362,107</b>
	<b>205,362,107</b>
	<b>383,080,938</b>
	<b>\$ 383,080,938</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2023

	<b>Commuter Rail Service Fund</b>
Operating Revenues:	
Passenger revenue	\$ 10,104,750
Equipment rentals and other	225,259
	10,330,009
Operating Expenses:	
Contract operations and maintenance	22,374,157
Other operations and maintenance	14,977,245
Property leases and access fees	13,363,776
Insurance	5,604,949
Marketing and sales	851,747
General and administrative	9,578,538
	66,750,412
Total operating expenses	66,750,412
Operating loss before depreciation and amortization	(56,420,403)
Depreciation and amortization	(11,240,095)
Operating loss	(67,660,498)
Nonoperating Revenues (Expenses):	
Subsidies:	
Commonwealth of Virginia grants	8,715,638
Jurisdictional contributions	4,992,895
Regional transportation funding	851,250
Contribution to PRTC	(30,685,015)
Interest income:	
Operating funds	775,183
Increase in fair value of investments	11,478
Insurance trust	91,585
Commonwealth Rail Operating and Capital (CROC) Fund	947,190
Leases	9,889
Other restricted funds	318,293
Interest, amortization and other nonoperating expenses, net	(7,152,468)
Total nonoperating expenses, net	(21,124,082)
Loss before capital contributions and transfers	(88,784,580)
Capital contributions and transfers:	
Transfers in	58,648,784
Total capital contributions and transfers	58,648,784
Change in net position	(30,135,796)
Net Position, beginning	235,497,903
Net Position, ending	\$ 205,362,107

*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, 2023

	<b>Commuter Rail Service Fund</b>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 9,271,942
Payments to suppliers	(60,049,531)
Payments to employees	(6,644,782)
Net cash used in operating activities	(57,422,371)
Cash Flows From Noncapital Financing Activities:	
Transfer to PRTC	(30,685,015)
Governmental subsidies	13,262,287
Net cash used in noncapital financing activities	(17,422,728)
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(83,665,387)
Principal paid on private placement note payable	(852,434)
Principal paid on bonds	(4,755,000)
Principal paid on lease liability	(179,855)
Principal paid on subscription liability	(98,905)
Interest paid on private placement note payable	(113,243)
Interest paid on capital lease obligation	(22,117)
Interest paid on bonds	(7,019,477)
Interest paid on subscription liability	(2,042)
Transfer from General Fund	53,955,723
Net cash used in capital and related financing activities	(42,752,737)
Cash Flows From Investing Activities:	
Interest received on leases	9,889
Interest received on investments	2,143,729
Cash provided by investing activities	2,153,618
Decrease in cash and cash equivalents	(115,444,218)
Cash and Cash Equivalents, beginning	203,220,853
Cash and Cash Equivalents, ending	\$ 87,776,635
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (67,660,498)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	11,240,095
Write-off of construction in progress to expense	417,732
(Increase) decrease in:	
Trade receivables	48,948
Other receivables	(1,189,944)
Inventory	(148,157)
Prepaid items and other	(91,676)
Lease receivable	171,611
Increase (decrease) in:	
Accounts payable and accrued expenses	(155,274)
Compensated absences	33,474
Unearned revenue	98,070
Deferred inflow - lease	(186,752)
Net cash used in operating activities	\$ (57,422,371)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 3,078,897
Capital assets acquired through accrued liabilities	1,580,248
Intangible right-to-use assets acquired through leases	50,107
Intangible right-to-use assets acquired through subscriptions	249,927

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2023

	<b>Jurisdiction Trust Fund</b>	<b>Pension Trust Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 453,037,034	\$ -
Due from special revenue fund - Motor vehicle fuel sales tax	4,564,773	-
Due from other governments - Commonwealth of Virginia grants	4,870,612	-
Investments held in trust at fair value	-	2,319,817
	<u>462,472,419</u>	<u>2,319,817</u>
<b>LIABILITIES</b>		
Due to member jurisdictions	35,729,796	-
Due to general fund	72,564	-
	<u>35,802,360</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for:		
Member jurisdictions	426,670,059	-
Plan participants	-	2,319,817
	<u>\$ 426,670,059</u>	<u>\$ 2,319,817</u>
Total net position	<u>\$ 426,670,059</u>	<u>\$ 2,319,817</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Year Ended June 30, 2023

	<u>Jurisdiction Trust Fund</u>	<u>Pension Trust Fund</u>
Additions:		
Contributions from government	\$ 254,874,778	\$ -
Intergovernmental revenues	62,887,491	-
Pension fund contributions		
Participants	-	36,401
Employer	-	170,000
	<u>317,762,269</u>	<u>206,401</u>
Investment income		
Increase in fair value of investments	-	216,796
Interest earned on investments	14,974,666	-
	<u>14,974,666</u>	<u>216,796</u>
Deductions:		
Funds disbursed to WMATA:		
Capital improvement program	13,914,174	-
Project development	689,083	-
Metrorail operating	81,561,842	-
Metrobus operating	85,613,864	-
Metroaccess operating	15,815,213	-
Metro debt service	6,854,278	-
Other funds disbursed:		
Other capital disbursements	41,521,686	-
Other operating disbursements	24,377,514	-
Distributions	-	210,699
	<u>270,347,654</u>	<u>210,699</u>
Total deductions	<u>270,347,654</u>	<u>210,699</u>
Change in net position	62,389,281	212,498
Net position:		
Beginning of year	364,280,778	2,107,319
End of year	<u>\$ 426,670,059</u>	<u>\$ 2,319,817</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

NVTC reports the following major governmental funds:

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

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

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

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

NVTC reports the following major enterprise fund:

#### Commuter Rail Service Fund

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

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

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

##### 1. Cash and cash equivalents

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

##### 2. Investments

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 3. Restricted cash, cash equivalents and investments

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

##### 4. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$50,700 at June 30, 2023, for the proprietary fund.

##### 5. Inventory

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

##### 6. Prepaid items

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

##### 7. Capital assets

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

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

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities and other infrastructure ("equity in property of others") recognizes the right of access for commuter rail patrons granted to the Commissions. This category represents investments in Amtrak infrastructure and facilities, as well as the recent contributions to the Virginia Passenger Rail Authority (VPRA) for the CSX right-of-way purchase and Long Bridge project, all which provide primary benefit to the commuter rail service and an expectation of continued use by the VRE.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	5-30 years
Equipment and software	5 years
Equity in properties of others	3-35 years
Office equipment, furniture and software	3-10 years
Intangible right-to-use lease assets and subscription assets	2-15 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, 2023.

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

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

##### 9. Leases

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

Leases with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the lease term. At the commencement of a lease, NVTC measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, then amortized on a straight line basis over a period that is the shorter of the lease term or the useful life of similar capital assets. Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

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

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

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

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

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

#### **Lessor:**

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

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

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

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

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

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

##### 10. Subscription based information technology arrangements (SBITAs)

NVTC adopted GASB Statement No. 96 on July 1, 2022.

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 11. Compensated absences

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

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

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

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

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.

##### 12. 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.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 12. Fund equity (continued)

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

##### 13. 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.

##### 14. 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.

##### 15. Estimates and assumptions

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

##### 16. 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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 17. Subsequent events

NVTC has evaluated subsequent events through November 27, 2023, which was the date the financial statements were available to be issued.

### Note 2. Deposits and Investments

At June 30, 2023, cash, cash equivalents, and investments consisted of the following, stated at fair value.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash	\$ 207,050	\$ 12,315,062	\$ -	\$ 12,522,112
LGIP	433,278	45,706,782	453,037,034	499,177,094
Unit investment trusts – mutual funds	-	-	2,031,306	2,031,306
Unit investment trusts – group annuity contract	-	-	288,511	288,511
	<u>640,328</u>	<u>58,021,844</u>	<u>455,356,851</u>	<u>514,019,023</u>
Restricted:				
LGIP	74,673,567	2,188,945	-	76,862,512
Series 2022 debt service fund	-	913,493	-	913,493
Series 2022 debt service reserve fund	-	7,445,493	-	7,445,493
Series 2022 revenue stabilization fund	-	3,884,111	-	3,884,111
Series 2022 revenue fund	-	8,266,538	-	8,266,538
VRA debt service reserve fund	-	2,012,087	-	2,012,087
Insurance trust fund – pooled funds	-	5,044,124	-	5,044,124
	<u>-</u>	<u>29,754,791</u>	<u>-</u>	<u>104,428,358</u>
<b>Total</b>	<b>\$ 75,313,895</b>	<b>\$ 87,776,635</b>	<b>\$ 455,356,851</b>	<b>\$ 618,447,381</b>

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).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

As of June 30, 2023, the reporting entity had investments of \$575,129,113 in the LGIP for governmental activities, business-type activities, and the fiduciary funds. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

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, NVTC transferred \$2 million into the DSRF from its existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment by NVTC 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, 2023, NVTC had \$2,012,087 invested in the VRA Debt Service Reserve Fund.

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. The DSRF and RS are held in custody by U.S. Bank as the Trustee for the Series 2022 bonds. On the closing date of the bond transaction, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. The funds held in COI are for payment of issuance costs incurred. At June 30, 2023, NVTC had \$7,445,493 invested in the Debt Service Reserve Fund, \$3,884,111 in the Revenue Stabilization Fund, and \$0 in the Cost of Issuance Fund.

At June 30, 2022, the funds in the DSRF and RS were invested in a JP Morgan US Government Money Market Fund. In July 2022, the DSRF and RS were re-invested in the Virginia State Non-Arbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. The COI funds were invested in SNAP as of the closing of the bond transaction. 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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

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, 2023, a total of \$10,088,248 was invested in the Insurance Trust, of which \$5,044,124 is included in the NVTC reporting entity. In fiscal year 2023, earnings on the Insurance Trust in the amount of \$183,169 were credited to VRE, of which \$91,585 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

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

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

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

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

#### 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

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

#### 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 CDs of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

#### Fair Value Measurement

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

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows NVTC's investments by fair value level as of June 30, 2023:

Investments by Fair Value Level	June 30, 2023	Level 1	Level 2	Level 3
Mutual funds (Pension Trust Fund)	\$ 2,031,306	\$ 2,031,306	\$ -	\$ -
Immediate Participation Guarantee Contract (Pension Trust Fund)	288,511	-	-	288,511
Securities issued or guaranteed by the U.S. government and other commercial instruments (Commuter Rail)	22,521,722	22,521,722	-	-

### Note 3. Due From Other Governments

At June 30, 2023, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 4,564,773	\$ 4,564,773
Grants	35,017,185	-	35,017,185
CROC	2,500,000	-	2,500,000
Toll revenue	2,503,585	-	2,503,585
	<u>40,020,770</u>	<u>4,564,773</u>	<u>44,585,543</u>
Due from Local Jurisdictions:			
Local match	158,282	-	158,282
	<u>\$ 40,179,052</u>	<u>\$ 4,564,773</u>	<u>\$ 44,743,825</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$37,228,130 for commuter rail and \$2,792,640 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, 2023 was as follows:

	Beginning Balance*	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 212,054	\$ 31,453	\$ -	\$ -	\$ 243,507
Intangible right-to-use lease building	4,064,461	-	-	-	4,064,461
Less accumulated depreciation or amortization	(539,016)	(412,633)	-	-	(951,649)
<b>Governmental activities capital assets, net</b>	<b>\$ 3,737,499</b>	<b>\$ (381,180)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,356,319</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 40,170,393	\$ 25,928,378	\$ (417,732)	\$ (5,079,611)	\$ 60,601,428
Capital assets being depreciated or amortized:					
Intangible right-to-use buildings	692,516	50,139	(10,870)	-	731,785
Intangible right-to-use lease parking lots	289,664	-	(152,913)	-	136,751
Intangible right-to-use lease tower	49,790	-	-	-	49,790
Intangible right-to-use subscription assets	291,780	-	-	475,482	767,262
Rolling stock	142,651,538	-	-	737,157	143,388,695
Vehicles	72,780	2,890	-	-	75,670
Facilities	56,489,589	-	-	3,024,812	59,514,401
Track and signal improvements	50,054,134	-	-	-	50,054,134
Equipment and software	6,685,145	53,664	-	219,764	6,958,573
Equity in property of others	2,893,644	59,579,597	-	-	62,473,241
Office equipment, furniture and software	3,129,921	13,683	-	622,396	3,766,000
<b>Total capital assets being depreciated or amortized</b>	<b>263,300,501</b>	<b>59,699,973</b>	<b>(163,783)</b>	<b>5,079,611</b>	<b>327,916,302</b>
Less accumulated depreciation or amortization for:					
Intangible right-to-use lease buildings	67,638	59,275	(10,870)	-	116,043
Intangible right-to-use lease parking lots	146,448	115,866	(152,913)	-	109,401
Intangible right-to-use lease tower	19,274	19,274	-	-	38,548
Intangible right-to-use subscription assets	-	249,142	-	-	249,142
Rolling stock	64,181,007	5,837,299	-	-	70,018,306
Vehicles	67,088	4,555	-	-	71,643
Facilities	27,265,375	1,619,218	-	-	28,884,593
Track and signal improvements	23,761,390	2,787,839	-	-	26,549,229
Equipment and software	5,712,086	327,309	-	-	6,039,395
Equity in property of others	2,231,143	82,296	-	-	2,313,439
Office equipment, furniture and software	2,641,982	138,022	-	-	2,780,004
<b>Total accumulated depreciation or amortization</b>	<b>126,093,431</b>	<b>11,240,095</b>	<b>(163,783)</b>	<b>-</b>	<b>137,169,743</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>137,207,070</b>	<b>48,459,878</b>	<b>-</b>	<b>5,079,611</b>	<b>190,746,559</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 177,377,463</b>	<b>\$ 74,388,256</b>	<b>\$ (417,732)</b>	<b>\$ -</b>	<b>\$ 251,347,987</b>

\*The beginning balance was restated for the recording of right-to-use subscription assets as of July 1 in accordance with GASB 96.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 4. Capital Assets (continued)**

Depreciation and amortization expenses for the year ended June 30, 2023 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 412,633	\$ -
Commuter rail	-	11,240,095

**Note 5. Leases**

**Governmental activities**

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

For the government-wide financial statements, an initial lease liability was recorded in the amount of \$4,064,461 during fiscal year 2022. The office space has an estimated useful life of approximately ten and a half years. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was \$3,284,085, and had accumulated amortization of \$780,377. The lease liability outstanding at the end of the current fiscal year was \$3,487,088.

The following table summarizes the total minimum lease payments due as of June 30, 2023:

Year(s) Ending June 30,	Principal	Interest
2024	\$ 309,804	\$ 83,483
2025	327,579	75,531
2026	383,615	66,893
2027	404,673	57,063
2028	426,621	46,696
2029-2032	1,634,796	72,210
Total	<u>\$ 3,487,088</u>	<u>\$ 401,876</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 5. Leases (continued)**

**Business-type activities**

	Total	NVTC Reporting Entity
<p>Lease liability for a tower. VRE is required to make monthly principal and interest payments of \$3,418 through January 2024. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$99,581 (\$49,790). The tower has an estimated useful life of thirty-one months. The value of the intangible right-to-use leased asset as of the end of the current fiscal year was \$99,581 (\$49,790) and had accumulated amortization of \$77,095 (\$38,848).</p>	\$ 23,692	\$ 11,846
<p>Lease liability for a building. VRE is required to make monthly principal and interest payments ranging from \$10,299 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291 (\$681,645). The building has an estimated 141 month useful life. The value of the intangible right-to-use leased asset as of the end of the current fiscal year was \$1,363,291 (\$681,645) and had accumulated amortization of \$230,415 (\$115,207).</p>	1,200,812	600,406
<p>Lease liability for a parking lot. VRE is required to make monthly principal and interest payments of \$9,717 through December 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$273,503 (\$136,752). The parking lot has an estimated thirty-month useful life. The value of the intangible right-to-use leased asset as of the end of the current fiscal year was \$273,503 (\$136,752) and had accumulated amortization of \$218,803 (\$109,402).</p>	57,791	28,895
<p>Lease liability for a building roof. VRE is required to make monthly principal and interest payments of \$650 through March 2038. The lease has an interest rate of 3.40%. An initial lease liability was recorded in the amount of \$100,214 (\$50,107) during the current fiscal year. The building roof has an estimated 180-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$100,277 (\$50,139) and had accumulated amortization of \$1,671 (\$809).</p>	98,827	49,414
	\$ 1,381,122	\$ 690,561

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Leases (continued)

Years(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2024	\$ 175,438	\$ 38,798	\$ 87,719	\$ 19,399
2025	100,610	35,126	50,305	17,563
2026	107,580	31,994	53,790	15,997
2027	114,880	28,647	57,440	14,323
2028	122,718	25,076	61,359	12,538
2029-2033	717,052	62,859	358,526	31,430
2034-2038	42,844	3,487	21,422	1,743
Total minimum lease payments	\$ 1,381,122	\$ 255,987	\$ 690,561	\$ 112,993

VRE is a lessor for a lease related to a communication tower. The lease term is for 43.5 years. The exercise of lease renewal options is at VRE's discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable. VRE will receive annual payments ranging from \$26,222 to \$86,843 (NVTC reporting entity, \$13,111 to \$43,421) through December 2063. An initial lease receivable was recorded in the amount of \$1,437,167 (NVTC reporting entity, \$718,583). During fiscal year 2023, there was a remeasurement of the lease receivable due to a contract amendment that resulted in a lease receivable of \$1,088,174 (NVTC reporting entity, \$529,864).

VRE has a deferred inflow of resources associated with its lease that will be recognized as revenue over the term of the lease. As of June 30, 2023, the balance of the deferred inflow was \$1,029,445 (NVTC reporting entity, \$514,722). Lease revenue for the year ended June 30, 2023 was \$24,511 and lease interest income for the same year was \$19,778 (NVTC reporting entity, \$12,255 and \$9,889, respectively).

Future minimum lease amounts as of June 30, 2023 are as follows:

Year(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2024	\$ (5,169)	31,792	(2,584)	15,896
2025	(4,526)	31,947	(2,263)	15,973
2026	(3,839)	32,083	(1,920)	16,042
2027	(3,107)	32,198	(1,554)	16,099
2028	(2,327)	32,291	(1,164)	16,145
2029-2033	1,873	161,981	937	80,991
2034-2038	29,834	160,118	14,917	80,059
2039-2043	66,655	153,552	33,328	76,776
2044-2048	114,448	140,832	57,224	70,416
2049-2053	175,774	120,165	87,887	60,082
2054-2058	253,733	89,342	126,867	44,671
2059-2063	352,066	45,651	176,033	22,826
2064	84,312	2,529	42,156	1,265
Total minimum lease payments	\$ 1,059,727	\$ 1,034,481	\$ 529,864	\$ 517,241

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2023:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Leases liability	\$ 3,779,799	\$ -	\$(292,711)	\$ 3,487,088	\$ 309,804
Compensated absences	199,737	207,359	(190,700)	216,396	72,550
<b>Total governmental activities</b>	<b>3,979,536</b>	<b>207,359</b>	<b>(483,411)</b>	<b>3,703,484</b>	<b>365,262</b>
Business-type activities:					
Lease liability	820,309	50,107	(179,855)	690,561	87,719
Subscription liability	249,927	-	(98,905)	151,022	97,779
Private placement note payable	2,677,869	-	(852,434)	1,825,435	892,011
Bond payable	152,965,000	-	(4,755,000)	148,210,000	4,565,000
Unamortized premium	16,416,477	-	(470,477)	15,946,000	-
Compensated absences	680,690	393,186	(359,712)	714,164	38,225
<b>Total business-type activities</b>	<b>173,810,272</b>	<b>443,293</b>	<b>(6,716,383)</b>	<b>167,537,182</b>	<b>5,680,734</b>
<b>Total Primary Government</b>	<b>\$ 177,789,808</b>	<b>\$ 650,652</b>	<b>\$ (7,199,794)</b>	<b>\$ 171,240,666</b>	<b>\$ 6,045,996</b>

\*Note: The beginning balance was restated for recording of subscription liability as of July 1 in accordance with GASB 96.

Private Payment Placement Note Payable - Gallery IV (11 cars)	NVTC Reporting Entity	
	Total	Reporting Entity
\$25,100,000 private placement note payable (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$9,569,200 (NVTC reporting entity, \$4,784,600)	\$ 3,650,870	\$ 1,825,435

Future minimum payments as of June 30, 2023 are as follows:

Year Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2024	\$ 1,784,022	\$ 147,336	\$ 892,011	\$ 73,668
2025	1,866,848	64,509	933,424	32,254
	<b>\$ 3,650,870</b>	<b>\$ 211,845</b>	<b>\$ 1,825,435</b>	<b>\$ 105,922</b>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6. 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 \$46,910,034 at June 30, 2023. \$ 34,690,000

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

NVTC Bond payable, \$115,670,000 Bond, due in variable annual amounts, plus a bi-annual interest rate of 5.00% through June 1, 2052. \$ 113,520,000

Mandatory debt service on Bonds payable requirements as of June 30, 2023 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,820,000	\$ 5,676,000	\$ 2,745,000	\$ 1,548,572	\$ 4,565,000	\$ 7,224,572
2025	1,910,000	5,585,000	2,885,000	1,404,303	4,795,000	6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028	2,215,000	5,283,500	3,365,000	924,347	5,580,000	6,207,847
2029-2033	12,845,000	24,641,750	19,455,000	2,001,384	32,300,000	26,643,134
2034-2038	16,390,000	21,093,500	-	-	16,390,000	21,093,500
2039-2043	20,925,000	16,565,000	-	-	20,925,000	16,565,000
2044-2048	26,710,000	10,782,750	-	-	26,710,000	10,782,750
2049-2052	26,585,000	3,404,000	-	-	26,585,000	3,404,000
Subtotal	113,520,000	103,910,000	34,690,000	8,223,656	148,210,000	112,133,656
Unamortized premium	12,063,949	-	3,882,051	-	15,946,000	-
<b>Total</b>	<b>\$ 125,583,949</b>	<b>\$ 103,910,000</b>	<b>\$ 38,572,051</b>	<b>\$ 8,223,656</b>	<b>\$ 164,156,000</b>	<b>\$ 112,133,656</b>

#### Subscriptions Liability

During the current fiscal year, VRE had multiple subscription agreements as lessee for software ranging from two to three years. In accordance with the implementation of GASB Statement 96, an initial subscription liability was recorded in the amount of \$499,853 (NVTC reporting entity, \$249,927) during the current fiscal year. As of June 30, 2023, the balance of the subscription liability was \$302,044 (NVTC reporting entity, \$151,022).

VRE is required to make annual principal and interest payments ranging from \$1,458 to \$106,762. The subscriptions have an interest rate ranging from 2.35% to 2.8%. The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$1,534,525 (NVTC reporting entity, \$767,262) and had accumulated amortization of \$498,284 (NVTC reporting entity, \$249,142).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

Financial information from VRE's fiscal year 2023 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2023

##### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 80,010,886
Accounts receivable:	
Due from PRTC	32,091,015
Federal CARES Act	3,264,673
Commonwealth of Virginia grants	37,323,122
Commonwealth Rail Operating and Capital (CROC) Fund	2,500,000
Trade and other, net of allowance	4,361,991
Inventory	3,165,942
Prepaid expenses and other	572,705
Restricted cash, cash equivalents and investments	35,423,290
<b>Total current assets</b>	<u>198,713,624</u>
Noncurrent assets:	
Capital assets (net of \$274,339,485 accumulated depreciation and amortization)	502,695,977
Leases receivable, noncurrent portion	1,059,727
Net pension assets	67,453
<b>Total noncurrent assets</b>	<u>503,823,157</u>
<b>Total assets</b>	702,536,781
Deferred outflows of resources	1,084,713
<b>Total assets and deferred outflows of resources</b>	<u>\$ 703,621,494</u>

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

Current liabilities:	
Accounts payable and accrued liabilities	\$ 17,053,162
Unearned revenue	1,266,371
Current portion of:	
Compensated absences	52,732
Bonds payable	4,565,000
Subscription liability	195,558
Lease liability	175,438
Private placement note payable	1,784,022
<b>Total current liabilities</b>	<u>25,092,283</u>
Noncurrent liabilities:	
Other postemployment benefits	328,073
Private placement note payable	1,866,848
Bonds payable	159,591,000
Subscription liability	106,486
Lease liability	1,205,684
Compensated absences	932,458
<b>Total noncurrent liabilities</b>	<u>164,030,549</u>
<b>Total liabilities</b>	<u>189,122,832</u>
Deferred inflows of resources	1,695,668
Net position:	
Net investment in capital assets	322,715,330
Restricted for liability insurance plan	10,147,403
Restricted for debt service	22,521,722
Restricted grants or contributions	2,754,165
Restricted pension asset	67,453
Unrestricted net position	154,596,921
<b>Total net position</b>	<u>512,802,994</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 703,621,494</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**VIRGINIA RAILWAY EXPRESS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended June 30, 2023**

Operating revenues	\$	14,250,860
Operating expenses		92,086,157
<b>Operating loss before depreciation and amortization</b>		<b>(77,835,297)</b>
Depreciation and amortization		(22,480,189)
<b>Operating loss</b>		<b>(100,315,486)</b>
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		42,011,586
Federal grants – with PRTC as grantee		9,289,764
Federal CARES Act		20,267,695
Jurisdictional contributions		13,544,122
Commonwealth Rail Operating and Capital (CROC) Fund		15,000,000
Interest income:		
Operating funds		1,069,411
Insurance trust		183,169
Commonwealth Rail Operating and Capital (CROC) Fund		1,894,380
Leases		19,778
Other restricted funds		636,585
Interest, amortization and other nonoperating expenses, net		(7,285,456)
Increase in fair value of investments		15,835
<b>Total nonoperating revenues, net</b>		<b>96,646,869</b>
Capital grants and assistance:		
Commonwealth of Virginia grants		27,879,245
Federal grants – with PRTC as grantee		20,406,397
Regional transportation funding (NVTA)		1,702,500
<b>Total capital grants and assistance</b>		<b>49,988,142</b>
<b>Change in net position</b>		<b>46,319,525</b>
Net position, beginning of year		466,483,469
Net position, ending	\$	<b>512,802,994</b>

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 9. Pension Plans

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

#### NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2023 totaled \$183,023 (10.1 percent of covered payroll). Required employee contributions for the year ended June 30, 2023 totaled \$36,401 (2.0 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. During the plan year ending June 30, 2023 there were 16 participants. NVTC's payroll for employees covered by the plan for the year ended June 30, 2023 was \$1,817,826.

### Note 10. Agreements

#### Business-type activities

Operating Access Agreements with the CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2023, annual track usage fees totaled approximately \$11,923,000, of which \$8,643,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$465,000, of which \$337,000 is recognized by the NVTC reporting entity. The increase in track usage fees primarily reflects normal annual increases to the base fees. The decrease in facility and other costs is primarily due to changes in station lease agreements with CSX and VPRA.

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. For the year ended June 30, 2023, costs for track access and equipment storage totaled approximately \$6,513,000, of which \$4,721,300 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,326,000, of which \$3,135,900 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2024 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 10. Agreements (continued)

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

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the year ended June 30, 2023 totaled approximately \$26,586,000 of which \$19,272,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2024 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

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

NVTC and the VRE commuter rail operation are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently approximately \$323 million) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$56,300 at June 30, 2023, of which \$28,150 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to the provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2023 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 9,966,010	\$ 4,983,005
Insurance premiums paid	(7,100)	(3,550)
Claims mitigation and losses incurred	(19,392)	(9,696)
Investment income	183,169	91,584
Actuarial and administrative charges	(34,439)	(17,219)
Ending balance, June 30	<u>\$ 10,088,248</u>	<u>\$ 5,044,124</u>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 12. Significant Commitments and Contingencies

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

#### Governmental activities

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

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

#### Business-type activities

At June 30, 2023, 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 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, 2023:

Stations and parking lots	\$ 46,672,740
Rolling stock	71,696,725
Maintenance and layover yards	3,199,049
Other administrative	324,352
<b>Total</b>	<u>\$ 121,892,866</u>

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

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 13. Interfund Transfers**

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 194,253	\$ -	\$ 194,253
Special Revenue Fund – I-395/95 toll revenue	413,695	-	413,695
General Fund	-	58,648,784	58,648,784
	<hr/>	<hr/>	<hr/>
Total transferred in	\$ 607,948	\$ 58,648,784	\$ 59,256,732

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

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

**Note 14. Pending GASB Statements**

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 15. Subsequent Events**

In July 2023, the VRE Operations Board authorized the Chief Financial Officer to execute a Sole Source Contract with Wabtec Corporation of Cedar Rapids, Iowa for Cloud Positive Train Control (PTC) Hosting and WabtecOne PTC Performance Analytics in the amount of \$4,454,930, plus a 10 percent contingency of \$445,493, for a total amount not to exceed \$4,900,423, for a five year term.

In August 2023, the Lifecycle Overhaul and Upgrade (LOU) Facility was placed into service with a total cost of \$52,878,484. The facility, featuring 33,000 square feet of maintenance space will allow VRE to cost-effectively maintain rolling stock, as well as systems and components, in a state of good repair.

In September 2023, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin, Inc. (VHB) of Washington, DC for Engineering and Environmental Services for VRE L'Enfant Track and Station Improvements in the amount of \$3,072,448, plus a 10% contingency of \$307,245, for a total not to exceed \$3,379,693.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION**  
**JURISDICTION TRUST FUND**  
Year Ended June 30, 2023

	<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	\$ 36,689,975	\$ 56,309,660	\$ 3,193,674	\$ 125,874,930	\$ 1,695,180	\$ 5,408,405	\$ 229,171,824
Motor Vehicle Fuel Sales Tax	1,835,427	1,789,906	601,746	12,342,810	1,676,179	7,456,886	25,702,954
Intergovernmental revenues, grants:							
Commonwealth of Virginia	9,895,633	15,455,844	1,647,195	33,492,056	451,043	1,945,720	62,887,491
Investment income	2,123,918	3,610,041	247,261	6,684,256	80,826	2,228,364	14,974,666
Total additions	<u>50,544,953</u>	<u>77,165,451</u>	<u>5,689,876</u>	<u>178,394,052</u>	<u>3,903,228</u>	<u>17,039,375</u>	<u>332,736,935</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	1,000,000	10,550,529	743,238	-	-	1,620,407	13,914,174
Project development	-	150,719	9,341	529,023	-	-	689,083
Metrorail operating	11,652,103	14,660,616	1,096,607	49,806,367	1,072,156	3,273,993	81,561,842
Metrobus operating	13,209,692	17,582,430	731,705	51,953,575	2,136,462	-	85,613,864
Metroaccess operating	691,815	404,659	528,810	14,042,756	147,173	-	15,815,213
Metro debt service	948,460	-	111,549	5,617,993	176,276	-	6,854,278
Other funds disbursed:							
Other capital disbursements	-	14,783,104	2,995,056	23,743,526	-	-	41,521,686
Other operating disbursements	-	11,445,992	785,252	12,146,270	-	-	24,377,514
Total deductions	<u>27,502,070</u>	<u>69,578,049</u>	<u>7,001,558</u>	<u>157,839,510</u>	<u>3,532,067</u>	<u>4,894,400</u>	<u>270,347,654</u>
Change in net position	23,042,883	7,587,402	(1,311,682)	20,554,542	371,161	12,144,975	62,389,281
Net position held in trust for member jurisdictions:							
Beginning of year	<u>45,404,113</u>	<u>95,153,665</u>	<u>7,733,066</u>	<u>161,581,823</u>	<u>2,370,501</u>	<u>52,037,610</u>	<u>364,280,778</u>
End of year	<u>\$ 68,446,996</u>	<u>\$ 102,741,067</u>	<u>\$ 6,421,384</u>	<u>\$ 182,136,365</u>	<u>\$ 2,741,662</u>	<u>\$ 64,182,585</u>	<u>\$ 426,670,059</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2023**

	Total	General and Administrative	Projects
Expenditures:			
Audit and Legal	\$ 54,510	\$ 54,510	\$ -
Capital outlay	31,453	31,453	-
Commissioners' per diem	13,900	13,900	-
Computer	23,898	23,898	-
Copier duplicating	8,620	8,620	-
Disability insurance	13,230	13,114	116
Employee group insurance	157,213	155,840	1,373
Employee retirement	173,720	172,203	1,517
Employer payroll taxes	157,092	155,720	1,372
Leave - annual, holiday, and sick	355,372	352,120	3,252
Memberships and subscriptions	1,433	1,433	-
Miscellaneous	11,881	11,881	-
Office supplies	1,199	1,199	-
Office rent *	397,459	397,459	-
Insurance and liability bonds	7,335	7,335	-
Parking and transit	19,408	19,408	-
Postage and shipping	1,226	1,226	-
Consulting, other project costs	16,501,680	166,987	16,334,693
Public information	21,770	21,756	14
Salaries and wages	1,808,771	1,793,076	15,695
State liaison	49,309	49,309	-
Telephone and data	17,765	17,765	-
Training and conferences	40,798	40,798	-
Travel and meetings	17,768	17,460	308
	<u>\$ 19,886,810</u>	<u>\$ 3,528,470</u>	<u>\$ 16,358,340</u>
Total expenditures			

\* \$383,712 included in office rent reported as debt service on the Statement of Revenues, Expenditures and Change in Fund Balances. \$292,711 reported as principal retirement and \$91,001 reported as interest expense.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2023**

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD Collection</b>	<b>Route 7</b>	<b>Fare Collection</b>	<b>Regional Bus</b>	<b>Regional Marketing</b>	<b>Value of Transit</b>	<b>Zero Emission Bus</b>	<b>Totals</b>
<b>Revenues:</b>									
Commonwealth of Virginia	\$ 2,943,055	\$ 408,608	\$ -	\$ 32,448	\$ 23,949	\$ 304,029	\$ -	\$ -	\$ 3,712,089
Federal	11,795,736	-	-	-	-	-	-	-	11,795,736
Local	-	-	-	32,447	23,949	76,006	-	-	132,402
NVTC match	-	1,170	459,523	(2)	-	1	69,914	187,507	718,113
<b>Total revenue</b>	<b>\$ 14,738,791</b>	<b>\$ 409,778</b>	<b>\$ 459,523</b>	<b>\$ 64,893</b>	<b>\$ 47,898</b>	<b>\$ 380,036</b>	<b>\$ 69,914</b>	<b>\$ 187,507</b>	<b>\$ 16,358,340</b>
<b>Expenditures:</b>									
Consulting	\$ -	\$ 408,602	\$ 437,052	\$ 64,893	\$ 47,898	\$ -	\$ 69,914	\$ 187,507	\$ 1,215,866
Costs incurred	14,738,791	-	-	-	-	380,036	-	-	15,118,827
Fringe benefits	-	385	7,245	-	-	-	-	-	7,630
Public information	-	-	14	-	-	-	-	-	14
Salaries and wages	-	791	14,904	-	-	-	-	-	15,695
Travel and meetings	-	-	308	-	-	-	-	-	308
<b>Total expenditures</b>	<b>\$ 14,738,791</b>	<b>\$ 409,778</b>	<b>\$ 459,523</b>	<b>\$ 64,893</b>	<b>\$ 47,898</b>	<b>\$ 380,036</b>	<b>\$ 69,914</b>	<b>\$ 187,507</b>	<b>\$ 16,358,340</b>



**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, 2023

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2023 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2023 Deobligations</u>	<u>Remaining Balance</u>
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	\$ 500,000	\$ 344,437	\$ 74,566	\$ 419,003	\$ 80,997	\$ -
<b>Subtotal - Fiscal Year 2017 Program</b>			<b>500,000</b>	<b>344,437</b>	<b>74,566</b>	<b>419,003</b>	<b>80,997</b>	<b>-</b>
Arlington County	Traffic Management Center	013-02-18	400,000	386,771	-	386,771	13,229	-
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	3,060,985	391,632	3,452,617	1	-
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	54,849	125,824	180,673	-	316,427
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	333,939	-	333,939	1,372,101	-
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	1,057,263	-	1,057,263	8,697	-
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	155,079	-	155,079	-	809,921
<b>Subtotal - Fiscal Year 2018 Program</b>			<b>8,086,718</b>	<b>5,048,886</b>	<b>517,456</b>	<b>5,566,342</b>	<b>1,394,028</b>	<b>1,126,348</b>
Arlington County	Enhanced Bus Service on Metrobus 3Y: Lee Highway-Farragut Square	013-01-20	1,040,000	-	124,812	124,812	915,188	-
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	561,466	222,298	783,764	-	566,236
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	1,095,187	844,313	1,939,500	-	-
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	3,621,024	704,976	4,326,000	-	-
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	-	242,361	242,361	-	289,670
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	903,858	270,725	1,174,583	-	82,643
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	790,899	113,327	904,226	-	45,256
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	180,825	78,516	259,341	-	1,259,759
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	4,596,749	74,951	4,671,700	-	-
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	678,151	98,549	776,700	-	-
<b>Subtotal - Fiscal Year 2020 Program</b>			<b>18,561,739</b>	<b>12,428,159</b>	<b>2,774,828</b>	<b>15,202,987</b>	<b>915,188</b>	<b>2,443,564</b>
Arlington County	Lee Highway HOV and Bus-Only Lane in Rosslyn	013-61-21	710,000	-	-	-	-	710,000
Fairfax County	McLean Metrorail Station North Entrance	059-61-21	1,000,000	-	-	-	-	1,000,000
Loudoun County	Renewal of Purcellville Metro Connection Bus Service	107-61-21	709,030	93,875	242,407	336,282	-	372,748
City of Fairfax	City of Fairfax Bike Share Implementation	600-61-21	460,000	-	-	-	-	460,000
PRTC	Renewal of Bus Service from Gainesville to Pentagon/Navy Yard	664-61-21	461,100	-	461,099	461,099	1	-
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-21	137,100	-	128,734	128,734	-	8,366
NVTC	Program Administration and Oversight	999-01-21	300,000	270,121	29,879	300,000	-	-
<b>Subtotal - Fiscal Year 2021 Program</b>			<b>3,777,230</b>	<b>363,996</b>	<b>862,119</b>	<b>1,226,115</b>	<b>1</b>	<b>2,551,114</b>
PRTC	TDM Strategy - I-66 Corridor Vanpool Parking Benefit	664-61-22	85,000	-	-	-	-	85,000
Fairfax County	New Bus Service from Reston South to Crystal City	059-61-22	5,110,800	-	-	-	-	5,110,800
Fairfax County	Fare Buy-Down on Bus Service from Reston North to Crystal City	059-62-22	154,500	-	-	-	-	154,500
NVTC	Program Administration and Oversight	999-01-22	400,000	-	167,374	167,374	-	232,626
<b>Subtotal - Fiscal Year 2022 Program</b>			<b>5,750,300</b>	<b>-</b>	<b>167,374</b>	<b>167,374</b>	<b>-</b>	<b>5,582,926</b>
<b>Total</b>			<b>\$ 36,675,987</b>	<b>\$ 18,185,478</b>	<b>\$ 4,396,343</b>	<b>\$ 22,581,821</b>	<b>\$ 2,390,214</b>	<b>\$ 11,703,952</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2023 activity. Expenditures for NVTC administration and outreach totaling \$197,253 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, 2023**

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2023 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2023 Deobligations</u>	<u>Remaining Balance</u>
Fairfax County	New Bus Service to the Pentagon with Gambrell and Backlick North Park and Ride Improvements	059-31-20	\$ 3,540,903	\$ 2,840,985	\$ 578,158	\$ 3,419,143	\$ -	\$ 121,760
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	443,488	118,908	562,396	4	-
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	570,834	37,666	608,500	-	525,000
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	769,200	-	769,200	-	2,800,000
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	495,300	-	495,300	-	3,000,000
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	264,877	7,663	272,540	123,644	-
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	797,578	2,422	800,000	-	-
<b>Subtotal - Fiscal Year 2023 Program</b>			<b>13,497,487</b>	<b>6,182,262</b>	<b>744,817</b>	<b>6,927,079</b>	<b>123,648</b>	<b>6,446,760</b>
Fairfax County	Renewal of Route 396 Express Bus Service: Backlick North Park and Ride to Pentagon	059-31-22	\$ 1,386,000	\$ -	\$ 234,890	\$ 234,890	\$ -	\$ 1,151,110
Fairfax County	Enhanced Bus Service for Route 371: Lorton to Franconia - Springfield Metro	059-32-22	2,496,529	-	-	-	-	2,496,529
Prince William County	Horner Road Park and Ride Lot Expansion	153-31-22	2,800,000	-	-	-	-	2,800,000
Spotsylvania County	New Park and Ride Lot in Massaponax	177-31-22	1,100,000	-	-	-	-	1,100,000
City of Fredericksburg	New Bus Service from Route 208 Park and Ride Lot to Fredericksburg VRE	630-31-22	1,218,800	-	-	-	-	1,218,800
PRTC	Renewal of Enhanced Bus Service from Dale City to Ballston	664-31-22	291,831	75,691	131,351	207,042	-	84,789
PRTC	Renewal of Enhanced Bus Service on Prince William Metro Express: OmniRide Transit Center to Franconia-Springfield Metro	664-32-22	434,776	-	92,142	92,142	-	342,634
PRTC	Renewal of Enhanced Bus Service on Route 1 Local: Quantico to Woodbridge VRE	664-33-22	541,169	-	265,220	265,220	-	275,949
PRTC	Renewal of Bus Service from Staffordboro to Downtown D.C.	664-34-22	968,308	106,617	504,662	611,279	-	357,029
PRTC	Renewal of Bus Service from Staffordboro to the Pentagon	664-35-22	704,773	9,762	376,869	386,631	-	318,142
PRTC	TDM Strategy-- I-395/95 Corridor Vanpool Monthly Incentive	664-36-22	604,800	-	16,000	16,000	-	588,800
Alexandria Transit Co.	Enhanced Bus Service from Van Dorn Metro to the Pentagon	997-31-22	5,734,000	2,580,378	2,327,972	4,908,350	-	825,650
Alexandria Transit Co.	Enhanced Bus Service from Mark Center to Potomac Yard	997-32-22	3,650,000	1,404,699	1,544,369	2,949,068	-	700,932
NVTC	NVTC Program Administration of Oversight	999-31-22	800,000	-	411,273	411,273	-	388,727
<b>Subtotal - Fiscal Year 2023 Program</b>			<b>22,730,986</b>	<b>4,177,147</b>	<b>5,904,748</b>	<b>10,081,895</b>	<b>-</b>	<b>12,649,091</b>
<b>Total</b>			<b>\$ 36,228,473</b>	<b>\$ 10,359,409</b>	<b>\$ 6,649,565</b>	<b>\$ 17,008,974</b>	<b>\$ 123,648</b>	<b>\$ 19,095,851</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2023 activity. Expenditures for NVTC administration and outreach totaling \$413,695 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, 2023**

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

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
Revenues:			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 16,153,359	\$ 10,510,948	\$ 5,642,411
Interest income	1,372,407	893,022	479,385
Total revenues	<u>17,525,766</u>	<u>11,403,970</u>	<u>6,121,796</u>
Expenditures:			
Current:			
Toll funded project costs	6,235,870	4,057,664	2,178,206
Total expenditures	<u>6,235,870</u>	<u>4,057,664</u>	<u>2,178,206</u>
Other financing uses:			
Transfers	-	-	-
Change in fund balance	11,289,896	7,346,306	3,943,590
Fund balance, beginning of year	<u>30,445,761</u>	<u>20,121,669</u>	<u>10,324,092</u>
Fund balance, end of year	<u>\$ 41,735,657</u>	<u>\$ 27,467,975</u>	<u>\$ 14,267,682</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2023**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2022	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2023	Cumulative Expenditures
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**Northern Virginia Transportation Commission**

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

Capital:

Fiscal Year 2021	5/2/2022	72521-14	\$ 5,000,000	\$ 2,111,066	\$ 5,000,000	\$ 2,888,934	\$ 2,888,934	\$ -	\$ 5,000,000
Fiscal Year 2018	6/16/2018	72517-09	406,318	233,993	288,114	54,121	54,121	-	406,315
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	-	-	-	-	39,496
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	-	-	-	-	6,785
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	55,116	55,116	55,116	-	211,654
Fiscal Year 2010	12/28/2010	72510-18	221,540	1,907	1,907	-	-	-	223,363
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	194,705	194,705	194,705	-	400,000
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	26,778	26,778	26,778	-	26,778
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	-	-	-	-	26,725
Fiscal Year 2008	8/12/2008	72508-09	175,560	-	10,625	10,625	10,625	-	175,221
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	-	-	-	-	102,190
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	184,000	184,000	184,000	-	269,700
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	56,963

Capital and Operating - WMATA:

Fiscal Year 2023		73623-01	202,643,004	-	202,643,004	202,643,004	202,643,004	-	202,643,004
Fiscal Year 2023		N/A	26,057,597	-	26,057,597	26,057,597	26,057,597	-	26,057,597

Special Projects:

Fiscal Year 2023									
Zero Emission Bus	8/4/2022	71323-03	240,000	-	-	93,755	93,755	93,755	93,755
Regional Bus	8/4/2022	71323-04	150,000	-	-	23,949	23,949	23,949	23,949
Regional Mktng Camp.	7/19/2023	71123-14	400,000	-	-	42,780	42,780	42,780	42,780
Intern Program	8/4/2022	71223-04	32,000	-	13,837	35,421	35,421	21,584	35,421
Fiscal Year 2022									
Regional Mktng Camp.	6/1/2021	71422-16	400,000	83,343	344,592	261,249	261,249	-	400,000
Fiscal Year 2021									
Intern Program	12/17/2020	71221-03	16,000	7,033	23,033	16,000	16,000	-	16,000
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	21,265	23,952	6,684	6,684	3,997	185,971
Envision Rt 7 BRT Stud.	12/17/2020	71321-09	280,000	51,750	145,015	196,255	196,255	102,990	255,038

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2023**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2022</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Special Projects (continued):									
Fiscal Year 2020									
Intern Program	11/17/2019	71220-04	\$ 40,000	\$ 6,844	\$ 6,844	\$ -	\$ -	\$ -	\$ 17,261
<b>Total State Assistance - NVTC</b>			238,746,617	2,517,201	235,019,119	232,790,973	232,790,973	289,055	236,717,796
<b>Total State Assistance - VRE</b>			261,250,965	30,021,278	48,412,342	53,119,194	53,119,194	34,728,130	139,194,019
<b>Total State Assistance - NVTC and VRE</b>			<u>\$ 499,997,582</u>	<u>\$ 32,538,479</u>	<u>\$ 283,431,461</u>	<u>\$ 285,910,167</u>	<u>\$ 285,910,167</u>	<u>\$ 35,017,185</u>	<u>\$ 375,911,815</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2023**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2022	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2023	Cumulative Expenditures
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**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)**

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

Capital:

Fiscal Year 2023

Arlington County	11/21/2022	73023-37	\$ 710,000	\$ -	\$ 3,342	\$ 71,551	\$ 71,551	\$ 68,209	\$ 71,551
Arlington County	11/21/2022	73023-38	652,000	-	71,860	71,860	71,860	-	71,860
Arlington County	11/21/2022	73023-39	421,000	-	-	-	-	-	-
Arlington County	11/21/2022	73023-40	463,000	-	-	-	-	-	-
Arlington County	11/21/2022	73023-41	550,000	-	-	-	-	-	-
Arlington County	8/5/2022	73122-50	289,680	-	289,680	289,680	289,680	-	289,680
Arlington County	8/5/2022	73122-51	454,920	-	454,920	454,920	454,920	-	454,920
Arlington County	7/22/2022	50068-01	9,905,000	-	448,591	5,197,211	5,197,211	4,748,620	5,197,211
City of Alexandria	8/10/2023	72523-29	1,194,538	-	-	-	-	-	-
City of Alexandria	3/30/2023	73023-43	3,284,926	-	-	-	-	-	-
City of Fairfax	8/4/2022	73023-45	34,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-46	85,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-47	2,618,000	-	649,546	649,546	649,546	-	649,546
Fairfax County	11/21/2022	73023-48	12,775,794	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-49	448,800	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-50	628,999	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-51	442,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-52	816,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-53	1,496,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-54	147,557	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-56	1,428,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-57	775,200	-	574,274	574,274	574,274	-	574,274
Fairfax County	8/5/2022	73122-53	816,000	-	122,337	122,337	122,337	-	122,337
Fairfax County	8/5/2022	73122-54	204,004	-	109,188	109,188	109,188	-	109,188

Fiscal Year 2022

Arlington County	12/9/2021	73022-30	9,288,800	-	8,449,428	8,449,428	8,449,428	-	8,449,428
Arlington County	12/9/2021	73022-31	750,000	44,541	134,790	90,249	90,249	-	134,790
City of Fairfax	7/15/2021	73022-32	2,040,000	-	2,036,638	2,036,638	2,036,638	-	2,036,638
City of Fairfax	7/15/2021	73022-33	23,800	-	20,142	20,142	20,142	-	20,142
City of Fairfax	11/18/2021	73022-98	86,518	-	43,259	43,259	43,259	-	43,259
Fairfax County	12/3/2021	73022-34	51,000	51,000	-	(51,000)	(51,000)	-	-
Fairfax County	12/3/2021	73022-35	408,000	104,659	330,517	225,858	225,858	-	330,517
Fairfax County	12/3/2021	73022-36	816,000	111,992	698,080	586,088	586,088	-	698,080
Fairfax County	12/3/2021	73022-37	11,644,625	10,074,267	10,074,267	-	-	-	10,074,267
Fairfax County	12/3/2021	73022-38	816,000	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-39	586,245	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-40	2,725,592	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2023**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2022	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2023	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2021									
Arlington County	3/7/2021	73021-53	\$ 312,800	\$ 190,614	\$ 227,615	\$ 37,001	\$ 37,001	\$ -	\$ 312,800
Arlington County	3/7/2021	73021-54	353,600	5,311	15,074	9,763	9,763	-	117,945
Arlington County	3/7/2021	73021-55	503,880	34,477	99,849	65,372	65,372	-	503,880
Arlington County	3/7/2021	73021-56	1,647,923	242,453	1,495,478	1,253,025	1,253,025	-	1,586,398
City of Fairfax	2/8/2021	73021-57	2,040,000	-	44,787	44,787	44,787	-	44,787
City of Fairfax	2/8/2021	73021-58	24,480	24,480	24,480	-	-	-	24,480
Fairfax County	3/5/2021	73021-59	170,000	-	15,935	15,935	15,935	-	15,935
Fairfax County	3/5/2021	73021-60	816,000	-	463,565	463,565	463,565	-	816,000
Fairfax County	3/5/2021	73021-61	1,955,000	1,412,509	1,955,000	542,491	542,491	-	1,955,000
Fairfax County	3/5/2021	73021-62	102,000	19,359	25,083	5,724	5,724	-	64,306
Fairfax County	3/5/2021	73021-63	68,000	68,000	-	(68,000)	(68,000)	-	-
Fairfax County	3/5/2021	73021-64	102,000	-	98,897	98,897	98,897	-	98,897
Fiscal Year 2020									
City of Alexandria	10/11/2019	73020-31	612,000	31,216	-	(332)	(332)	30,884	225,151
Fairfax County	10/11/2019	73020-41	51,000	-	-	-	-	-	18,286
Fairfax County	10/11/2019	73020-42	306,000	-	112,670	112,670	112,670	-	157,820
Fairfax County	10/11/2019	73020-44	1,700,000	1,695,354	1,695,354	-	-	-	1,695,354
Fairfax County	10/11/2019	73020-45	326,400	-	66,384	66,384	66,384	-	326,400
Fiscal Year 2019									
Arlington County	11/8/2018	73019-34	1,020,000	866,203	866,203	-	-	-	1,020,000
Fairfax County	8/6/2019	73019-42	5,950,000	295,349	281,971	(13,378)	(13,378)	-	1,575,026
Fairfax County	8/6/2019	73019-43	3,740,000	16,284	16,284	-	-	-	1,817,738
Fairfax County	8/6/2019	73019-48	357,000	33,161	33,161	-	-	-	352,660
Fairfax County	4/20/2020	73019-88	1,124,651	842,443	842,443	-	-	-	842,443
Fairfax County	4/20/2020	73019-89	930,750	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	311,827	334,726	334,726	22,899	334,726
Arlington County	9/19/2017	73018-54	979,880	34,131	126,725	92,594	92,594	-	498,740
Fairfax County	12/14/2017	73018-60	8,500,000	-	-	-	-	-	8,498,026
Fiscal Year 2017									
Arlington County	10/26/2016	73017-57	172,380	-	25,802	25,802	25,802	-	185,305
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
Fiscal Year 2016									
Fairfax County	9/24/2015	73016-73	1,870,000	-	-	-	-	-	1,846,406

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2023**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2022	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2023	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Operating									
Fiscal Year 2023									
Arlington County	11/21/2022	72023-21	\$ 6,286,037	\$ -	\$ 6,286,037	\$ 6,286,037	\$ 6,286,037	\$ -	\$ 6,286,037
City of Alexandria	8/10/2023	72023-22	7,229,866	-	7,229,866	7,229,866	7,229,866	-	7,229,866
City of Fairfax	8/4/2022	72023-23	1,369,833	-	1,369,833	1,369,833	1,369,833	-	1,369,833
City of Fairfax	8/4/2022	50069-01	300,000	-	300,000	300,000	300,000	-	300,000
Fairfax County	11/21/2022	72023-24	28,910,548	-	28,910,548	28,910,548	28,910,548	-	28,910,548
<b>Total State Assistance - Jurisdiction Trust Fund</b>			<u>\$ 154,304,481</u>	<u>\$ 16,197,803</u>	<u>\$ 77,451,730</u>	<u>\$ 66,124,539</u>	<u>\$ 66,124,539</u>	<u>\$ 4,870,612</u>	<u>\$ 99,005,523</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023**

	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2022</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
Eisenhower Ave. South Entrance	20.507	VA 95-0107	\$ 1,840,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,138
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	205,032
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	-	-	-	-	-	1,667,816
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	-	-	-	-	780,704
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	-	-	-	-	118,846
King Street Metrorail Station Improvements	20.507	VA 2017-021	2,468,105	-	240,000	240,000	240,000	-	2,468,105
Potomac Yard Metrorail Station	20.507	VA 2021-007	20,000,000	8,444,264	20,000,000	11,555,736	11,555,736	-	20,000,000
<b>Total Federal Assistance - NVTC</b>			<b>\$ 30,820,162</b>	<b>\$ 8,444,264</b>	<b>\$ 20,240,000</b>	<b>\$ 11,795,736</b>	<b>\$ 11,795,736</b>	<b>\$ -</b>	<b>\$ 25,267,641</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2023**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023**

<b>Federal Grantor / Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Formula Grants:			
VA 2017-021	20.507	\$ 240,000	\$ 240,000
VA 2021-007	20.507	11,555,736	11,555,736
Total Federal Transit Formula Grants		<u>11,795,736</u>	<u>11,795,736</u>
Total Federal Transit Cluster		<u>11,795,736</u>	<u>11,795,736</u>
Total Department of Transportation		<u>11,795,736</u>	<u>11,795,736</u>
Total Expenditures of Federal Awards		<u>\$ 11,795,736</u>	<u>\$ 11,795,736</u>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### **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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

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

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

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

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

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

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

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

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For fiscal year 2023, 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, \$10,395,300 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

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

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

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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2023, 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 27, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

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

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

### **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 27, 2023]

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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

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

***Opinion on the Major Federal Program***

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2023. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

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

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

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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



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

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

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

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

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

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

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

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

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 27, 2023

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2023**

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I. SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

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

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major federal programs:

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

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

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

Yes  No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
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Federal Transit Cluster:  
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. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2023**

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