

**NORTHERN VIRGINIA REGIONAL COMMISSION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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# NORTHERN VIRGINIA REGIONAL COMMISSION

## DIRECTORY OF PRINCIPAL OFFICIALS AS OF JUNE 30, 2020

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### OFFICERS

David Tarter, Chairperson  
Cydney Neville, Vice Chairperson  
Kathy Smith, Treasurer  
Robert W. Lazaro, Executive Director

### COMMISSIONERS

#### County of Arlington

Libby Garvey  
Matt de Ferranti

#### County of Fairfax

Penelope A. "Penny" Gross  
Pat Herrity  
Kathy Smith  
Walter L. Alcorn  
Rodney L. Lusk  
Dalia A. Palchik  
James Walkinshaw

#### County of Loudoun

Kristen Umstatt  
Caleb Kershner

#### County of Prince William

Victor S. Angry  
Andrea O. Bailey  
Kenny Boddy

#### City of Alexandria

Elizabeth Bennett-Parker  
John T. Chapman

#### City of Fairfax

David L. Meyer

#### City of Falls Church

David Tarter

#### City of Manassas

Mark D. Wolfe

#### City of Manassas Park

Jeanette Rishell

#### Town of Dumfries

Cydney A. Neville

#### Town of Herndon

Lisa Merkel

#### Town of Leesburg

Kelly Burk

#### Town of Vienna

Laurie A. DiRocco

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**NORTHERN VIRGINIA REGIONAL COMMISSION**  
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**Independent Auditors' Report**

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**To the Board of Commissioners  
Northern Virginia Regional Commission  
Fairfax, Virginia**

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Virginia Regional Commission's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 22, 2020, on our consideration of Northern Virginia Regional 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 the effectiveness of Northern Virginia Regional Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Virginia Regional Commission's internal control over financial reporting and compliance.

## Report on Summarized Comparative Information

We have previously audited Northern Virginia Regional Commission's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
October 22, 2020

**NORTHERN VIRGINIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2020**

**Introduction**

This discussion and analysis is intended to be an easily readable analysis of the Northern Virginia Regional Commission's (the Commission) financial activities based on currently known facts, decisions or conditions. It provides an overview of the Commission's financial activities for the year ended June 30, 2020. Please read it in conjunction with the Commission's financial statements, which follow this section.

The Commission is a regional council of local governments in Northern Virginia. It is a public body created in 1969 pursuant to the Virginia Area Development Act and a regionally-executed Charter. In 1995, the Virginia Area Development Act was amended and renamed the "Regional Cooperation Act." It sets forth the purpose of planning district commissions as follows:

*...to encourage and facilitate local government cooperation in addressing on a regional basis problems of greater than local significance. The cooperation resulting from this Act is intended to assist local governments in meeting their own problems by enhancing their abilities to recognize and analyze regional opportunities and take account of regional influences in planning and implementing their public policies and services.*

The Commission's programs and policies are established by a 24-member board, composed entirely of elected officials from, and appointed by, the governing bodies of the Commission's thirteen member localities. The work of the Commission is supported, in part, by annual contributions from the member local governments, and by appropriations from the Virginia General Assembly.

The Commission serves as a neutral forum for decision-making; provides member governments and others with information and analyses necessary to make sound local and regionally beneficial decisions; provides professional and technical services to enable member governments to plan for their future individually and as a region; and carries out programs and functions at the request of member governments to supplement their own capacities or to achieve economies of scale through regional approaches. Services are divided into regional policy programs such as the legislative program; demographics and information programs; environmental and land use programs; and human services programs.

**Overview of the Financial Statements**

Besides this Management's Discussion and Analysis (MD&A), this report consists of Basic Financial Statements, Notes to the Financial Statements, and both required and other supplemental information.

The Basic Financial Statements include the following major parts:

- **The Statement of Net Position (page 9)**, presents a snapshot of the Commission's assets, the amounts the Commission owes (liabilities), and the net difference, as of particular dates: June 30, 2020 and June 30, 2019. The net difference between assets and liabilities is divided into two parts: (1) a "restricted" amount, including funds drawn from unrestricted reserves in the purchase of fixed assets and not yet restored through repayment (represented as depreciation costs) from annual operating funds; and (2) an unrestricted amount that comprises the Commission's unallocated reserves.

**NORTHERN VIRGINIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2020**

- ***The Statement of Revenues, Expenses and Changes in Net Position (page 10)*** includes all of the current year's revenue and expenses and compare these data to the prior year's. These statements indicate the degree to which expenses are being covered by revenue earned during each given year.
- ***The Statement of Cash Flows (page 11)*** reports cash receipts, cash payments and net changes resulting from operations, capital and related financing activities. Provided for fiscal years 2020 and 2019, these statements show where the cash came from, how it was used, and how much the cash balance changed during each year.
- ***The Statement of Fiduciary Net Position – Fiduciary Fund - Pension Trust (page 12)*** shows funds that are being held for an employee pension trust. Northern Virginia Regional Commission is responsible for these funds, which may be used only for their intended purpose – employee pension benefits that are earned and distributed according to an IRS-approved plan. These assets cannot be used to finance operations.
- ***The Statement of Fiduciary Net Position – Fiduciary Fund – Agency Funds (page 12)*** shows funds held for the “GO” Northern Virginia program. The “GO” Northern Virginia Council Program is to provide assistance to encourage regional cooperation among business, education, and government on strategic, economic, and workforce development efforts.
- ***The Statement of Changes in Fiduciary Net Position – Fiduciary Fund (page 13)*** provides additional detail on the changes in the balance of funds in the pension trust, including the source or reason for additions and deductions during the fiscal years reported (2020 and 2019).
- ***The Notes to Financial Statements (pages 14-23)*** provide disclosures required by generally accepted accounting principles, along with information to assist the reader in understanding the Commission's financial condition and changes in financial condition.
- ***The Schedule of Resources, Appropriations and Expenditures– Actual and Budget (page 24)*** summarizes the current year's revenue and expenses in comparison to the last-approved budget for the year. It provides detail on how actual experience varied from the projections incorporated into the budget.
- ***The Schedule of Resources, Appropriations and Expenditures by Program (pages 25-28)*** focuses on gross and net costs of the Commission's separate programs, and the extent to which such programs rely on general revenues. This statement shows the degree to which the various programs are self-supporting and/or subsidized by general revenues.
- ***The Schedule of Member Government Contributions (page 29)*** is included as documentation of the respective dues paid by member local governments for fiscal years 2020 and 2019.
- ***The Schedule of Changes in Assets and Liabilities - Agency Funds (page 30)*** – summarizes the increases and decreases of the funds held for the “GO” Northern Virginia Council.

**NORTHERN VIRGINIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2020**

**Capital Assets**

Capital assets consist of building, furniture and equipment used in the governmental activities of the Commission. Currently, the Commission leases office space and so capital assets are limited to leasehold improvements, office furniture and fixtures, computers and other equipment.

**Financial Highlights**

***Net Position***

- At June 30, 2020, the Commission's net position totaled \$598,440, an improvement of \$478,436 from the previous year.
- From June 30, 2018 to June 30, 2019, the Commission's net position had improved by \$545,907, from (\$425,903) to \$102,004; and from June 30, 2019 to June 30, 2020, it improved further, by \$478,436, to \$598,440.

See Tables 1 and 2, below.

	<b>Table 1 Net Postion</b>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
Current and other assets	\$ 1,659,731	\$ 1,172,387	\$ 554,954
Capital assets, net of accumulated depreciation	<u>21,085</u>	<u>46,168</u>	<u>75,911</u>
<b>Total assets</b>	<u>\$ 1,680,816</u>	<u>\$ 1,218,555</u>	<u>\$ 630,865</u>
<b>Liabilities</b>	<u>\$ 1,082,376</u>	<u>\$ 1,098,551</u>	<u>\$ 1,056,768</u>
<b>Net Position</b>			
Investment in capital assets	\$ 21,085	\$ 46,168	\$ 75,911
Unrestricted	<u>577,355</u>	<u>73,836</u>	<u>(501,814)</u>
<b>Total net position</b>	<u>\$ 598,440</u>	<u>\$ 120,004</u>	<u>\$ (425,903)</u>

**NORTHERN VIRGINIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2020**

**Table 2  
Changes in Net Position**

	2020	2019	2018
Federal, state, and local grants and contributions	\$ 6,788,376	\$ 7,226,902	\$ 9,664,177
Miscellaneous	386,337	321,569	306,369
Interest and other	14,940	13,248	4,522
<b>Total revenue</b>	<b>\$ 7,189,653</b>	<b>\$ 7,561,719</b>	<b>\$ 9,975,068</b>
Personnel costs	\$ 1,985,512	\$ 1,830,098	\$ 1,631,209
Contract services	788,464	661,525	772,408
Subgrants	3,153,201	3,763,885	6,347,786
Housekeeping expenses	585,550	585,619	571,657
Operating expenses	87,292	79,671	63,176
Duplicating	40,833	29,617	25,365
Travel and conference	69,150	62,915	49,274
Recruitment and development	1,215	2,309	2,613
Bad debt exepenses	-	173	-
<b>Total expenses</b>	<b>\$ 6,711,217</b>	<b>\$ 7,015,812</b>	<b>\$ 9,463,488</b>
<b>Increase (decrease) in net position</b>	<b>\$ 478,436</b>	<b>\$ 545,907</b>	<b>\$ 511,580</b>

***Financial Position***

Under new leadership with a specific plan, the Commission's financial position continues to improve. Elimination of the accumulated deficit was achieved in FY 2019. The Commission continues to place funds in its Rainy-Day Fund consistent with the Commission adopted reserve policy.

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

In November 2015, the Commission agreed to raise the members' per capita dues rate for FY 2017 by 7¢, to 60¢. The resulting dues increase, therefore, produced a dollar increase of \$184,130 over the FY 2016 dues – of which \$16,252 would have resulted from population increases alone. No increase in the dues rate has occurred since then.

The state contribution of \$151,943 has not changed since FY 2012 and will not increase for FY 2022. Using the same population base that generates local government dues, the state contribution for FY 2022 will be equal to approximately 6¢ per capita – a substantial diminishment from the once-statutory rate (until 1985) of 20¢. NVRC members, advocates, and staff will continue to work with state representatives to demonstrate the opportunities that regional councils provide for efficiencies and savings in state government programs and activities.

During FY 2014, the Commission began providing office space for a sister regional agency, the Northern Virginia Transportation Authority (NVTA). It is expected that NVTA will continue to contribute toward office rent and use of NVRC VOIP telephone service, and that this arrangement will produce savings for both organizations. During FY 2017 the Commission began providing office space for another sister regional agency, the Health Systems Agency of Northern Virginia (HSANV), which also contributes toward office rent.

**NORTHERN VIRGINIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2020**

The leadership of the Commission has been and continues to be committed to taking the steps necessary to proactively address and maintain the fiscal health of the organization. As such, working with the Executive Director and staff, the Commission developed a conservative, fiscal remediation plan that eliminated the structural deficit through a series of strategic spending cuts and realistic enhancement of revenues where possible.

By adhering to its plan, the Commission ended Fiscal Year 2019 with a surplus that erased the structural deficit; and over the past two years for the first time in many years has been able to place money aside into the Commission's reserve account consistent with a policy adopted by the Commission.

While the Commission is in a strong fiscal condition, the economic impacts of COVID19 on the region and its local government are far from being over. As such, the Commission and staff continue a conservative approach to revenues and expenditures.

**Financial Contact**

The Northern Virginia Regional Commission's financial statements are designed to present users with a general overview of the Commission's finances and to demonstrate management's accountability. If you have questions about the report or need additional financial information, contact Executive Director Robert W. Lazaro, Jr. at 3040 Williams Drive, Suite 200, Fairfax, VA 22031. Telephone: 703/642-0700. Email: [rlazaro@novaregion.org](mailto:rlazaro@novaregion.org).

- Financial Statements -

**NORTHERN VIRGINIA REGIONAL COMMISSION**

Statement of Net Position

June 30, 2020

(with comparative totals as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 825,220	\$ 386,386
Accounts receivable, net:		
Federal	672,503	652,799
State and local	<u>80,906</u>	<u>16,834</u>
Total current assets	<u>\$ 1,578,629</u>	<u>\$ 1,056,019</u>
Other assets:		
Other receivables	\$ 30,442	\$ 3,056
Prepaid expenses	50,660	113,312
Depreciable capital assets, net	<u>21,085</u>	<u>46,168</u>
Total other assets	<u>\$ 102,187</u>	<u>\$ 162,536</u>
Total assets	<u>\$ 1,680,816</u>	<u>\$ 1,218,555</u>
<b>Liabilities:</b>		
Accounts payable	\$ 242,754	\$ 307,671
Pass-through funds payable	309,251	192,836
Compensated absences	137,145	119,677
Salaries payable	11,849	49,767
Unearned revenue	<u>381,377</u>	<u>428,600</u>
Total liabilities	<u>\$ 1,082,376</u>	<u>\$ 1,098,551</u>
<b>Net position:</b>		
Investment in capital assets	\$ 21,085	\$ 46,168
Unrestricted	<u>577,355</u>	<u>73,836</u>
Total net position	<u>\$ 598,440</u>	<u>\$ 120,004</u>

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

**NORTHERN VIRGINIA REGIONAL COMMISSION**

Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020  
(with comparative totals for year ended June 30, 2019)

	<b>2020</b>	<b>2019</b>
Operating revenue:		
Federal	\$ 4,288,856	\$ 5,021,866
State	308,269	259,846
Local	2,191,251	1,945,190
Miscellaneous	386,337	321,569
Total operating revenue	\$ 7,174,713	\$ 7,548,471
Operating expenses:		
Personnel costs	\$ 1,985,512	\$ 1,830,098
Contract services	788,464	661,525
Subgrants	3,153,201	3,763,885
Housekeeping expenses	585,550	585,619
Operating expenses	87,292	79,671
Duplicating	40,833	29,617
Travel and conference	69,150	62,915
Recruitment and development	1,215	2,309
Bad debt expenses	-	173
Total operating expenses	\$ 6,711,217	\$ 7,015,812
Operating income (loss)	\$ 463,496	\$ 532,659
Nonoperating revenue (expenses):		
Interest income	\$ 14,940	\$ 13,248
Total nonoperating revenue (expenses)	\$ 14,940	\$ 13,248
Change in net position	\$ 478,436	\$ 545,907
Net position, beginning of year	120,004	(425,903)
Net position, end of year	\$ 598,440	\$ 120,004

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

**NORTHERN VIRGINIA REGIONAL COMMISSION**

Statement of Cash Flows  
Year Ended June 30, 2020

(with comparative totals for year ended June 30, 2019)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Receipts from federal, state and local governments	\$ 6,704,600	\$ 7,019,775
Payment to suppliers and subgrantees	(4,633,695)	(5,171,160)
Payments to employees	(2,005,962)	(1,838,565)
Other receipts	358,951	321,843
Net cash provided by (used for) operating activities	\$ 423,894	\$ 331,893
<b>Cash flows from capital and related financing activities:</b>		
Interest income	\$ 14,940	\$ 13,248
Net cash flows provided by (used for) capital and related financing activities	\$ 14,940	\$ 13,248
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 438,834</b>	<b>\$ 345,141</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>386,386</b>	<b>41,245</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 825,220</b>	<b>\$ 386,386</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income	\$ 463,496	\$ 532,659
Adjustments to reconcile net operating income to net cash provided by (used for) operating activities:		
Depreciation expense	25,083	29,743
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(111,162)	(206,853)
(Increase) decrease in prepaid expenses	62,652	(65,439)
Increase (decrease) in accounts payable and accruals	31,048	14,941
Increase (decrease) in unearned revenue	(47,223)	26,842
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 423,894</b>	<b>\$ 331,893</b>

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

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Fiduciary Net Position  
 June 30, 2020  
 (with comparative totals as of June 30, 2019)

	Pension Trust		Agency Funds	
	2020	2019	2020	2019
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 43,924	\$ 161,252
Investments	878,643	801,876	-	-
Total assets	\$ 878,643	\$ 801,876	\$ 43,924	\$ 161,252
<b>Liabilities:</b>				
Amounts held for others	\$ -	\$ -	\$ 43,924	\$ 161,252
<b>Net position restricted for pension benefits</b>	<b>\$ 878,643</b>	<b>\$ 801,876</b>	<b>\$ -</b>	<b>\$ -</b>

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

**NORTHERN VIRGINIA REGIONAL COMMISSION**

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2020

(with comparative totals for year ended June 30, 2019)

	Pension Trust	
	2020	2019
<b>Additions:</b>		
Contributions	\$ 24,432	\$ 17,713
Net increase (decrease) in fair value of investments	53,709	42,218
Total additions	\$ 78,141	\$ 59,931
<b>Deductions:</b>		
Distributions	\$ 1,374	\$ 31,325
Total deductions	\$ 1,374	\$ 31,325
Change in net position	\$ 76,767	\$ 28,606
Net Position, beginning of year	801,876	773,270
Net Position, end of year	\$ 878,643	\$ 801,876

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

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of Northern Virginia Regional Commission (Commission) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant polices:

**A. Financial Reporting Entity**

The Commission, a special purpose government engaged in a business-type activity, is a regional council of local governments in Northern Virginia. The Commission is a public body created in 1969 pursuant to the Virginia Area Development Act and a regionally-executed charter. The Act has since been amended and recodified in Sections 15.2-4200 to 15.2-4222 of the Virginia code, which states the purpose of planning district commissions is to encourage and facilitate local government cooperation in addressing on a regional basis problems of greater than local significance. The Commission's programs and policies are established by a 24-member Board. The Commission is composed entirely of elected officials from, and appointed by, the governing bodies of the Commission's 13-member localities. The work of the Commission is supported, in part, by annual contributions from the member local governments, and by appropriations from the Virginia General Assembly. The following local jurisdictions are members of the Commission: Arlington, Fairfax, Loudoun, and Prince William Counties; the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and the Towns of Dumfries, Herndon, Leesburg, and Vienna. Commission funding is obtained from member jurisdictions' contributions, from funds provided by the Commonwealth of Virginia, and from federal, state and local grants and contracts for specified projects designed to further the Commission's goals and objectives.

**B. Basis of Accounting**

The Commission maintains one operating and two fiduciary funds. The Commission's financial statements (the statements of net position; revenues, expenses and changes in net position and cash flows) report information of all of the nonfiduciary activities. The Commission's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Commission utilizes the accrual basis of accounting and the economic measurement focus in preparing its financial statements wherein revenues are recognized when earned and expenses are recognized when incurred.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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**C. Budgets and Budgetary Accounting**

A budget is prepared for information and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses. The budget is prepared on the same basis of accounting as the basic financial statements are prepared.

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. Fiduciary Fund Types - (Trust and Agency Funds)**

*Pension Trust Fund:* The commission maintains a pension trust fund to account for Commission employee' benefits. This fund is accounted for in essentially the same manner as a proprietary fund type.

*"GO" Northern Virginia Council Agency Fund:* This fund accounts for the increases and decreases of the funds held for the "GO" Northern Virginia Council.

**F. Cash and Cash Equivalents**

The Commission's cash and cash equivalents are considered to be cash on hand, and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**G. Accounts Receivable**

Accounts receivable represents funds owed the Commission for grants, member contributions and other fees related to the Commission's efforts to encourage and facilitate local government cooperation in addressing regional problems of greater than local significance. Accounts receivable are stated at unpaid balances. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. The Commission did not have an allowance for doubtful accounts as of June 30, 2020 and 2019. Bad debt expenses for the year ended June 30, 2020 and 2019 totaled \$0 and \$173, respectively.

**H. Project Expenses**

The costs of goods and services which are identifiable for specific projects are directly charged to those projects at the time costs are incurred. Indirect costs are allocated to projects as described in Note 11. Personnel costs for Commission employees are direct charges to the appropriate projects. Expenses of annual, sick, and other types of paid leave and fringe benefits are allocated to projects as described in Note 11.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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I. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

J. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

K. Net Position Flow Assumption

Sometimes the Commission funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

L. Property and Equipment

Capital assets consisting of furniture and equipment are recorded at cost. Property and equipment with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year is recorded as capital assets unless instructed otherwise by the funding grant document. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from three to seven years.

M. Unearned Revenue

The Commission reports unearned revenue on its statement of net position. Unearned revenues also arise when resources are received by the Commission before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

## NORTHERN VIRGINIA REGIONAL COMMISSION

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2020 (Continued)

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#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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##### **N. Revenue Recognition**

Intergovernmental revenues, consisting primarily of federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments where problems warrant. The Commission recognizes a liability for funds received in excess of project expenditures. Operating revenues and expenses are defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as investment and other revenues. Nonoperating expenses are defined as noncapital related financing and other expenses.

#### NOTE 2—DEPOSITS AND INVESTMENTS:

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##### **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 (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. No deposits exceed FDIC insurance limits.

##### **Investments**

Statutes authorize the Commission to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Therefore there is no foreign currency risk.

The Commission investments consist of investments in the Local Government Investment Pool of \$538,024 and \$170,073 as of June 30, 2020 and 2019, respectively and in the VML/VACO Virginia Investment Pool of \$196,756 and \$193,549 as of June 30, 2020 and 2019, respectively. There is no custodial credit risk for either of these investments as the amounts are fully collateralized. The LGIP and the VML/VACO funds were rated AAAM by Standard & Poor's. All investment maturities are less than one year.

##### **External Investment Pools**

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

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Withdrawal Restrictions

The Commission is limited to two withdrawals per month for the VML/VACO Virginia Investment Pool funds.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the VML/VACO Virginia Investment Pool funds at the net asset value (NAV).

NOTE 3- DUE FROM OTHER GOVERNMENTS:

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Amounts due from other governments at June 30, 2020 are as follows:

Federal Government:		
U.S. Department of Health and Human Services:		
HIV Emergency Relief Project Grants - CARE ACT PART B	\$	399,293
U.S. Department of Interior:		
National Trails System Projects		11,511
U.S. Department of Housing and Urban Development:		
Housing Opportunities for Persons with AIDS - HOPWA		189,189
U.S. Department of Commerce:		
Coastal Program Technical Assistance		10,031
Resiliency		16,549
U.S. Department of Energy:		
State Energy Program Special Projects		435
U.S. Department of Transportation:		
Triple Trails Earmark Project		14,426
Bicycle/Pedestrian Safety Guide		31,069
		<hr/>
Total Federal Government	\$	672,503
		<hr/>
State and Local	\$	80,906
		<hr/>

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

**NOTE 4–CAPITAL ASSETS:**

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, being depreciated:				
Furniture, Equipment and Improvements	\$ 220,165	\$ -	\$ -	\$ 220,165
Total capital assets being depreciated	\$ 220,165	\$ -	\$ -	\$ 220,165
Accumulated depreciation:				
Furniture, Equipment and Improvements	\$ 173,997	\$ 25,083	\$ -	\$ 199,080
Total accumulated depreciation	\$ 173,997	\$ 25,083	\$ -	\$ 199,080
Total capital assets being depreciated, net	\$ 46,168	\$ (25,083)	\$ -	\$ 21,085

Depreciation expense for the years ended June 30, 2020 and 2019 was \$25,083 and \$29,743 respectively.

**NOTE 5–COMPENSATED ABSENCES:**

The Commission policy allows employees to accumulate unused vacation leave up to certain maximum hours. Commission employees earn from 13-26 vacation days per year, depending on the length of their employment. Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused vacation leave. All employees receive 12 sick days a year. Sick leave is cancelled upon termination of employment, with no compensation to the employee. The following is a summary of changes in accrued annual leave for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Compensated absences	\$ 119,677	\$ 17,468	\$ -	\$ 137,145

**NOTE 6–LEASE COMMITMENTS:**

The Commission is obligated under noncancelable operating leases for office facilities and equipment.

In October 2014, the Commission amended its lease for office space, extending the lease term to expire on July 31, 2025. The Commission is required to pay as "additional rent" a proportionate share of the increase in building operating costs over the base year 2005. Operating costs are defined to include real estate taxes and other expenses incurred by the landlord in ownership and operation of the building. The lease also provides for annual base rent escalations of 2.5% per year. Rent expense for the years ended June 30, 2020 and 2019 was \$558,622 and \$544,997, respectively.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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NOTE 6—LEASE COMMITMENTS: (CONTINUED)

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Future minimum lease payments required as of June 30, 2020, under the amended operating lease for office space are as follows:

For the years ending June 30,	
2021	\$ 572,587
2022	586,902
2023	601,574
2024	616,614
2025	632,029
Thereafter	158,977
Total	\$ <u>3,168,683</u>

The first six and a half months of the amended lease term was abated. The difference between the amount charged to rent expense and the rent paid is recorded as unearned revenue and amortized over the lease term.

As part of the office lease agreement, the landlord purchased office furniture and equipment for the Commission. The value of the office furniture and equipment is recorded as unearned revenue and amortized on a straight-line basis over the life of the lease.

In 2016, the Commission entered into an operating lease to sub-lease office space. The lease was amended on September 4, 2019 and provides for annual base rent escalations of 2.5% per year. Rental income for the years ended June 30, 2020 and 2019 was \$178,847 and \$111,435, respectively.

Future minimum lease income due as of June 30, 2020, under the sub-lease for office space is as follows:

For the years ending June 30,	
2021	\$ 171,702
2022	176,003
2023	180,417
2024	184,944
2025	189,538
Thereafter	31,782
Total	\$ <u>934,386</u>

NOTE 7—DEFERRED COMPENSATION PLAN:

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The Commission has established a voluntary deferred compensation plan, pursuant to Section 457 of the Internal Revenue Code. Under this plan, any employee may elect to have a portion of their current salary retained by the Commission and invested by the plan trustees. The employee may begin to collect at termination, retirement, or disability. The assets of the plan are reflected on the Statement of Fiduciary Net Position.

The Commission Board annually votes on whether to contribute to the deferred compensation fund for the Executive Director. No contributions were made for fiscal years 2020 and 2019.

**NORTHERN VIRGINIA REGIONAL COMMISSION**

**NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)**

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**NOTE 8—PENSION PLAN:**

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Effective July 1, 2003, the Commission established a defined contribution retirement plan, which is named the Northern Virginia Regional Commission Employees' Retirement Plan and Trust and the Northern Virginia Regional Commission 457 Matching Plan. Employees are eligible to make elective deferrals to the plan upon hire. Employees are eligible to receive matching contributions and non-elective contributions upon completing one year of service. Employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Commission contributes by matching 25% of the first 6% of eligible employee contributions. The Commission also makes an additional contribution to the plan which is called a non-elective contribution. For the years ended June 30, 2020 and 2019, the employer contributions to the plan by the Commission were \$171,894 and \$174,970, respectively.

If an employee leaves the pension plan before their portion of the Commission's contribution to the plan is fully vested, the unvested funds are forfeited by the employee. These funds are recorded as prepaid expenses and are available for the Commission to use to meet the Commission's portion of future contributions to the plan. These funds are invested in mutual funds and recorded at fair market value based on quoted prices in active markets for identical assets (level 1 inputs). As of June 30, 2020 the market value of these funds was \$2,454.

**NOTE 9—COMMITMENTS/CONTINGENT LIABILITIES:**

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Federal programs in which the Commission participates were audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements.

Additionally, the federal government may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, any future disallowances of grant program expenditures would be immaterial.

**NOTE 10—LITIGATION:**

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As represented by management, there were no lawsuits pending which would materially affect the Commission's financial position as of the date of these financial statements.

**NOTE 11—COST ALLOCATION BASIS - INDIRECT COSTS AND FRINGE BENEFITS:**

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Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries, leave, and fringe benefits to total direct salaries, leave, and fringe benefits (excluding temporary help). The indirect cost rate for the fiscal year ended June 30, 2020, was 45.75% calculated as follows:

Indirect costs	\$	$\frac{795,624}{1,678,720}$	=	47.39%
Total direct salaries and fringe benefits (excluding temporary help)				

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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NOTE 11–COST ALLOCATION BASIS - INDIRECT COSTS AND FRINGE BENEFITS: (CONTINUED)

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The following are included in indirect costs allocated to projects:

Personnel costs:		
Salary	\$	204,601
Fringe benefits		<u>96,065</u>
Total personnel costs	\$	300,666
Housekeeping expenses		397,821
Contract services		48,351
Operating expenses		41,251
Travel and conference		1,566
Duplicating		5,424
Recruitment and development		<u>545</u>
Total indirect costs	\$	<u><u>795,624</u></u>

Fringe benefit expense is allocated using the percentage of benefits to total salaries including all personnel costs included in other categories. The fringe benefit rate for the fiscal year ended June 30, 2020 was 54.29%, and is calculated as follows:

$$\begin{array}{l} \text{Fringe benefit expense} \\ \text{Total salaries} \end{array} \quad \begin{array}{l} \$ \\ \end{array} \frac{686,724}{1,292,662} = 53.12\%$$

Components of fringe benefits expense for the year ended June 30, 2020 are shown below:

Employee leave	\$	234,083
Group hospitalization		151,594
Retirement costs		171,894
Social security taxes		105,099
Group life insurance		12,116
Group disability insurance		4,874
Unemployment taxes		3,295
Workmen's compensation		2,160
Ceridian flex admin fees		459
Employee assistance program		<u>1,150</u>
Total fringe benefits	\$	<u><u>686,724</u></u>

NOTE 12–LINE OF CREDIT:

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On June 11, 2018 the Commission entered into an agreement for a line of credit not to exceed \$250,000, payable at the Lender's Prime Rate per year. During the year ended June 30, 2020, the Commission did not draw down on the line of credit and there was no outstanding balance at June 30, 2020.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (Continued)

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**NOTE 13–“GO” NORTHERN VIRGINIA COUNCIL:**

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The following is a summary of the fiscal year activity for the “Go” Northern Virginia Council program funds:

**Inflows:**

Virginia Department of Housing and Community Development	\$	991,704
Other miscellaneous		<u>1,527</u>
Total Inflows	\$	<u>993,231</u>

**Outflows:**

Administrative expenses	\$	6,593
Contract services		173,931
Grants awarded		<u>930,035</u>
Total Outflows	\$	<u>1,110,559</u>
Net Inflows (Outflows)	\$	<u>(117,328)</u>

**NOTE 14–SUBSEQUENT EVENTS:**

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On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Through the CARES Act, the Commission was awarded \$321,000 for the administration and housing needs of people living with HIV/AIDS and COVID-19 and \$121,186 for services, activities and supplies needed to prepare for, prevent and respond to COVID-19. There were no CARES Act funds received for the year ended June 30, 2020.

- Other Supplementary Information -

**NORTHERN VIRGINIA REGIONAL COMMISSION**  
Schedule of Resources, Appropriations and Expenditures - Actual and Budget  
Year Ended June 30, 2020

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Federal	\$ 4,288,856	\$ 5,139,211	\$ (850,355)
State	458,269	151,943	306,326
Local	2,041,251	2,106,298	(65,047)
Miscellaneous	386,337	191,775	194,562
Total Revenues	<u>\$ 7,174,713</u>	<u>\$ 7,589,227</u>	<u>\$ (414,514)</u>
<b>Expenses:</b>			
Personnel costs	\$ 1,985,512	\$ 2,162,884	\$ 177,372
Contract services	788,464	649,217	(139,247)
Subgrants	3,153,201	3,661,115	507,914
Housekeeping expenses	585,550	608,895	23,345
Operating expenses	87,292	77,368	(9,924)
Duplicating	40,833	42,090	1,257
Travel and conference	69,150	122,759	53,609
Recruitment and development	1,215	8,900	7,685
Bank service fees	-	5,000	5,000
Total Expenses	<u>\$ 6,711,217</u>	<u>\$ 7,338,228</u>	<u>\$ 627,011</u>
Operating income (loss)	\$ 463,496	\$ 250,999	\$ 212,497
<b>Nonoperating revenue (expenses):</b>			
Interest income	<u>14,940</u>	<u>3,000</u>	<u>11,940</u>
Change in net position	<u>\$ 478,436</u>	<u>\$ 253,999</u>	<u>\$ 224,437</u>

NORTHERN VIRGINIA REGIONAL COMMISSION  
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM  
(Non-GAAP Basis)  
YEAR ENDED JUNE 30, 2020

	Regional Council Services	Communications	Demographics	Four Mile Run Watershed Management	Solid Waste Management	Occoquan Programs	Coastal Resources Management
<b>Resources</b>							
Federal (Direct)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal (Indirect)	-	-	-	-	-	-	102,827
State	152,436	-	-	-	-	-	-
Local	650	-	-	154,240	82,545	211,043	-
Other	181,906	2,500	-	-	-	-	91,897
Total Resources	<u>\$ 334,992</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 154,240</u>	<u>\$ 82,545</u>	<u>\$ 211,043</u>	<u>\$ 194,724</u>
<b>NVRC Appropriation</b>	<u>\$ 233,724</u>	<u>\$ 101,016</u>	<u>\$ 188,496</u>	<u>\$ 1,734</u>	<u>\$ (5)</u>	<u>\$ 12,121</u>	<u>\$ 53,647</u>
Total Resources and Appropriations	<u><u>\$ 568,716</u></u>	<u><u>\$ 103,516</u></u>	<u><u>\$ 188,496</u></u>	<u><u>\$ 155,974</u></u>	<u><u>\$ 82,540</u></u>	<u><u>\$ 223,164</u></u>	<u><u>\$ 248,371</u></u>
<b>Expenditures</b>							
Personnel Cost	\$ 169,786	\$ 60,814	\$ 115,597	\$ 23,215	\$ 53,400	\$ 71,272	\$ 99,086
Contract Services	120,057	1,500	10,000	121,750	1,900	116,005	101,692
Housekeeping	179,997	4,059	-	-	-	-	25
Operating	9,628	7,529	7,690	-	1,341	144	314
Duplicating	1,907	791	312	6	180	28	63
Travel and Conferences	6,871	-	110	-	415	1,936	267
Recruitment and Development	-	-	-	-	-	-	-
Indirect Cost	80,470	28,823	54,787	11,003	25,304	33,779	46,924
Total Expenditures	<u><u>\$ 568,716</u></u>	<u><u>\$ 103,516</u></u>	<u><u>\$ 188,496</u></u>	<u><u>\$ 155,974</u></u>	<u><u>\$ 82,540</u></u>	<u><u>\$ 223,164</u></u>	<u><u>\$ 248,371</u></u>

NORTHERN VIRGINIA REGIONAL COMMISSION  
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)  
(Non-GAAP Basis)  
YEAR ENDED JUNE 30, 2020

	Salt Mitigation	MS4	Chesapeake Bay WIP	Chesapeake Bay PDC Local Implementation	Environmental General	Regional Sustainable Development	Heritage Resource Programs
<b>Resources</b>							
Federal (Direct)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,885
Federal (Indirect)	-	-	-	14,666	-	-	123,368
State	-	-	-	-	-	-	3,890
Local	9,050	76,769	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Resources	\$ 9,050	\$ 76,769	\$ -	\$ 14,666	\$ -	\$ -	\$ 143,143
<b>NVRC Appropriation</b>	\$ 1,619	\$ (5)	\$ 61	\$ 18,686	\$ 18,524	\$ 51,537	\$ 60,804
Total Resources and Appropriations	\$ 10,669	\$ 76,764	\$ 61	\$ 33,352	\$ 18,524	\$ 51,537	\$ 203,947
<b>Expenditures</b>							
Personnel Cost	\$ 1,098	\$ 51,601	\$ -	\$ 22,628	\$ 11,494	\$ 34,884	\$ 76,336
Contract Services	9,050	-	-	-	960	-	70,869
Housekeeping	-	-	-	-	50	-	1,951
Operating	-	-	-	-	-	-	622
Duplicating	-	275	-	-	64	1	16,844
Travel and Conferences	-	432	61	-	8	119	1,146
Recruitment and Development	-	-	-	-	500	-	-
Indirect Cost	521	24,456	-	10,724	5,448	16,533	36,179
Total Expenditures	\$ 10,669	\$ 76,764	\$ 61	\$ 33,352	\$ 18,524	\$ 51,537	\$ 203,947

NORTHERN VIRGINIA REGIONAL COMMISSION  
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)  
(Non-GAAP Basis)  
YEAR ENDED JUNE 30, 2020

	Other Human Services	CARE Act Part B	COVID	Congressional DC/HIV Funds	HOPWA	Energy Sustainability
<b>Resources</b>						
Federal (Direct)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal (Indirect)	-	1,720,351	-	-	2,299,954	1,576
State	-	-	-	-	-	-
Local	-	-	-	150,000	-	87,500
Other	5,775	-	-	-	-	17,620
Total Resources	<u>\$ 5,775</u>	<u>\$ 1,720,351</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 2,299,954</u>	<u>\$ 106,696</u>
<b>NVRC Appropriation</b>	<u>\$ 31,918</u>	<u>\$ 12,054</u>	<u>\$ 1,172</u>	<u>\$ -</u>	<u>\$ 17,568</u>	<u>\$ 4,307</u>
Total Resources and Appropriations	<u><u>\$ 37,693</u></u>	<u><u>\$ 1,732,405</u></u>	<u><u>\$ 1,172</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ 2,317,522</u></u>	<u><u>\$ 111,003</u></u>
<b>Expenditures</b>						
Personnel Cost	\$ 21,277	\$ 445,377	\$ 795	\$ -	\$ 98,807	\$ 73,945
Contract Services	504	1,017,770	-	150,000	2,161,608	-
Housekeeping	170	678	-	-	716	83
Operating	65	13,085	-	-	484	250
Duplicating	112	2,505	-	-	9,650	503
Travel and Conferences	5,499	44,029	-	-	147	1,176
Recruitment and Development	-	-	-	-	-	-
Indirect Cost	10,066	208,961	377	-	46,110	35,046
	<u>\$ 37,693</u>	<u>\$ 1,732,405</u>	<u>\$ 1,172</u>	<u>\$ 150,000</u>	<u>\$ 2,317,522</u>	<u>\$ 111,003</u>

NORTHERN VIRGINIA REGIONAL COMMISSION  
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)  
(Non-GAAP Basis)  
YEAR ENDED JUNE 30, 2020

	<u>Regional Economic Vitality</u>	<u>General Funds</u>	<u>Total Programs</u>
<b>Resources</b>			
Federal (Direct)	\$ 10,229	\$ -	\$ 26,114
Federal (Indirect)	-	-	4,262,742
State	-	151,943	308,269
Local	173,804	1,245,650	2,191,251
Other	<u>86,642</u>	<u>14,937</u>	<u>401,277</u>
Total Resources	\$ <u>270,675</u>	\$ <u>1,412,530</u>	\$ <u>7,189,653</u>
<b>NVRC Appropriation</b>	\$ <u>125,116</u>	\$ <u>(1,412,530)</u>	\$ <u>(478,436)</u>
Total Resources and Appropriations	\$ <u><u>395,791</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,711,217</u></u>
<b>Expenditures</b>			
Personnel Cost	\$ 253,434	\$ -	\$ 1,684,846
Contract Services	9,649	-	3,893,314
Housekeeping	-	-	187,729
Operating	4,889	-	46,041
Duplicating	2,168	-	35,409
Travel and Conferences	5,368	-	67,584
Recruitment and Development	170	-	670
Indirect Cost	<u>120,113</u>	<u>-</u>	<u>795,624</u>
	\$ <u><u>395,791</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,711,217</u></u>

**NORTHERN VIRGINIA REGIONAL COMMISSION**  
**SCHEDULE OF MEMBER GOVERNMENT CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2020**  
(with comparative totals for year ended June 30, 2019)

Jurisdiction	<u>2020</u>	<u>2019</u>
Alexandria	\$ 96,431	\$ 95,678
Arlington County	143,444	142,015
City of Fairfax	14,295	13,954
Falls Church	8,561	8,474
Fairfax County	661,412	657,857
Herndon	14,719	14,636
Vienna	9,926	9,881
Loudoun County	205,112	199,632
Leesburg	32,529	31,564
Manassas City	25,070	24,970
Manassas Park	9,685	9,481
Prince William County	270,456	265,718
Dumfries	3,138	3,112
Total Contributions	<u>\$ 1,494,778</u>	<u>\$ 1,476,972</u>

**NORTHERN VIRGINIA REGIONAL COMMISSION**

Statement of Changes in Assets and Liabilities - Agency  
Funds Year Ended June 30, 2020

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	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>"GO" Northern Virginia Council:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ <u>161,252</u>	\$ <u>993,231</u>	\$ <u>1,110,559</u>	\$ <u>43,924</u>
<b>Liabilities:</b>				
Amounts held for others	\$ <u>161,252</u>	\$ <u>993,231</u>	\$ <u>1,110,559</u>	\$ <u>43,924</u>

Independent Auditors' 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*

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To the Board of Commissioners  
Northern Virginia Regional Commission  
Fairfax, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities, and the aggregate remaining fund information of Northern Virginia Regional Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Northern Virginia Regional Commission's basic financial statements and have issued our report thereon dated October 22, 2020.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Virginia Regional Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Virginia Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Virginia Regional 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Virginia Regional 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
October 22, 2020

**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance**

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**To the Board of Commissioners  
Northern Virginia Regional Commission  
Fairfax, Virginia**

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

We have audited Northern Virginia Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Northern Virginia Regional Commission's major federal program for the year ended June 30, 2020. Northern Virginia Regional Commission's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Northern Virginia Regional Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Virginia Regional Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northern Virginia Regional Commission's compliance.

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

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

## Report on Internal Control Over Compliance

Management of Northern Virginia Regional Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northern Virginia Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Virginia Regional Commission's internal control over compliance.

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

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

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.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
October 22, 2020

NORTHERN VIRGINIA REGIONAL COMMISSION

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
<u>Department of Health and Human Services:</u>				
Pass-through Payments:				
Virginia Department of Health: HIV Care Formula Grants	93.917	NVRHCS611GY19/ NVRCRWB611GY20	\$ 1,720,350	\$ 991,593
Total Department of Health and Human Services			\$ 1,720,350	\$ 991,593
<u>Environmental Protection Agency:</u>				
Pass-through Payments:				
Virginia Department of Environmental Quality Chesapeake Bay Program	66.466	16815	\$ 14,666	\$ -
<u>Department of Interior:</u>				
Direct Payments:				
National Trails Systems Projects	15.935	P18AC01136/P19AC01196	\$ 15,885	\$ -
<u>Department of Transportation:</u>				
Direct Payments:				
America's Marine Highway Grants	20.816	DTMA9117G00011	\$ 10,229	\$ -
Pass-through Payments:				
Virginia Department of Motor Vehicles: Highway Safety Cluster: State and Community Highway Safety	20.600	FPS-2018-58131-8131/ FPS-2019-59152-9152/ FPS-2020-50132-2012	107,822	-
Virginia Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	SLEN-969-101, PE101, C501	15,546	-
Total Department of Transportation			\$ 133,597	\$ -
<u>Department of Commerce:</u>				
Pass-through Payments:				
Virginia Department of Environmental Quality: Coastal Zone Management Administration Awards	11.419	NA18NOS4190152(46)/ NA18NOS4190152(83)/ NA19NOS4190163(83)/ NA19NOS4190163(46)/ NA17NOS4190152(50)	\$ 102,827	\$ -
<u>Department of Housing and Urban Development:</u>				
Pass-through Payments:				
District of Columbia Department of Health: Housing Opportunities for Persons with AIDS	14.241	19C313/20D313	\$ 2,299,955	\$ 2,161,608
<u>Department of Energy:</u>				
Pass-through Payments:				
Maryland Energy Administration State Energy Program Special Projects	81.119	2019-04-449F1	\$ 1,576	\$ -
Total expenditures of federal awards			\$ 4,288,856	\$ 3,153,201

See accompanying notes to the schedule of expenditures of federal awards.

**NORTHERN VIRGINIA REGIONAL COMMISSION**

**Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

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Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northern Virginia Regional Commission under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 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 Northern Virginia Regional Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Northern Virginia Regional Commission.

Note 2 - Summary of Significant Accounting Policies:

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

(2) Pass-through entity identifying numbers are presented where available.

(3) The Commission did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 - Relationship to Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Commission's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements	<u>\$ 4,288,856</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,288,856</u></u>

NORTHERN VIRGINIA REGIONAL COMMISSION

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.

**NORTHERN VIRGINIA REGIONAL COMMISSION**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020**

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There are no prior year audit findings.