



Richmond, Virginia

Annual Comprehensive Financial Report of the Virginia Resources Authority

A Component Unit of the Commonwealth of Virginia

Year Ended June 30, 2021

Virginia Resources Authority

Richmond, Virginia

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Year Ended June 30, 2021

Prepared by the Finance and Administration Division:

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Virginia Resources Authority

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INTRODUCTORY SECTION

September 14, 2021

Board of Directors
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Dear Board Members:

In accordance with the requirements set forth in Section 62.1-222 of the Code of Virginia, as amended, I am pleased to present the fiscal year 2021 financial statements of the Virginia Resources Authority (“VRA”, “Authority”). As you know, the statute requires the Authority to publish, at the close of each fiscal year, a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with Government Auditing Standards generally accepted in the United States of America.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The fiscal year ended June 30, 2021 was audited by CliftonLarsonAllen LLP, a licensed certified public accounting firm. I am pleased to report that as a result of an audit of the Authority’s financial records and transactions of all funds, CliftonLarsonAllen has issued an unmodified opinion on the Authority’s financial statements for the year ended June 30, 2021.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

VRA Profile

VRA was established in 1984 as a public body corporate and as a political subdivision of the Commonwealth of Virginia pursuant to the Virginia Resources Authority Act (Chapter 21 of Title 62.1 of the Code of Virginia, as amended). VRA is governed by an eleven-member Board of Directors, appointed by the Governor. Members include four state agency representatives, including the State Treasurer, whose agencies, along with VRA, co-manage specific loan funds. VRA’s Executive Director, also appointed by the Governor, administers, manages, and directs the affairs of the Authority, subject to the policies, control, and direction of its Board of Directors.

VRA was established to provide an additional source of funding for local infrastructure projects. Initially providing financing for local water and wastewater projects, projects eligible for VRA financing have increased over the years to 18 distinct project types. These project areas reflect the capital improvement priorities of local governments and priority areas identified by Virginia’s Governors and Legislature to improve the health, safety, and general welfare of Virginia’s counties, cities and towns.

VRA Financing Programs

VRA’s Virginia Pooled Financing Program (VPFP) is available to Virginia counties, cities, towns, and other political subdivisions requiring financing for any one of the designated project areas eligible for VRA financing. Authorized project areas include water, sewer, transportation, public safety, energy, local

government buildings, parks and recreational facilities, administrative and operations systems, and a variety of other capital improvement projects. VPPF borrowers realize savings from VRA's unique state credit enhancements based in part on the Commonwealth's moral obligation, shared expenses, and a straightforward and customer-friendly loan process. VRA's high credit rating, a natural "AAA" for the senior bonds and "AA" for the subordinate bonds, results in favorable access to the capital markets for Virginia localities without the need for additional credit enhancements.

In addition to the VPPF, the Authority currently serves as co-manager of state capitalized loan/grant funds: Virginia Water Facilities Revolving Fund (VWFRF), Virginia Water Supply Revolving Fund (VWSRF), the Virginia Airports Revolving Fund (VARF), Virginia Dam Safety and Flood Prevention and Protection Fund (VDSFPPF), Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF), Virginia Tobacco Region Revolving Fund (VTRRF), and the Community Flood Prevention Fund (CFPF).

Two funds, the VWFRF and the VWSRF, receive capitalization grants each year from the U.S. Environmental Protection Agency, which includes a state match requirement from the Commonwealth. The VARF, VDSFPPF, and VBAF are solely capitalized by appropriations from the Commonwealth. The VWFRF, VWSRF, VARF, and VDSFP operate as revolving loan funds with the initial capitalization monies invested and, along with the investment earnings and loan repayments, are then loaned to qualified borrowers for eligible projects. The VBAF solely issues grants for eligible projects.

The Virginia Transportation Infrastructure Bank (VTIB) was created in 2011 to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. VRA is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance.

Economic Information

The Commonwealth of Virginia closed fiscal year 2021, which ended on June 30, with positive general fund revenue growth over the last year. Preliminary figures indicate that the Commonwealth concluded fiscal year 2021 with 11.7% growth in general fund revenue collections, approximately \$2.6 billion above the official forecast. The surplus was expected due to the recovery from the impacts of COVID-19 on the state's economy and budget. All major general fund revenue sources exceeded their forecasts, with individual non-withholding taxes accounting for approximately half of the surplus. Payroll withholding and retail sales taxes increased by 6.4%, signifying the strength of Virginia's underlying economic foundation.

FY2021 Accomplishments

Staff efforts along with those of state agency and private sector partners resulted in many successes and opportunities during FY2021. The Authority took full advantage of market conditions to deliver cost-effective financing to all regions of the Commonwealth. With the support and guidance of the Board of Directors and Executive Director, the Authority delivered value to local government borrowers through its Virginia Pooled Financing Program (VPPF) and through other loan programs it administers for state agencies.

Major accomplishments for the Authority during FY2021 include:

- Maintaining outstanding credit ratings – VRA has consistently maintained high investment grade credit ratings for each of its rated financial programs
- Sustaining a record of no payment defaults in bond programs
- Monitoring borrowers exhibiting financial stress and concerns
- Financing investments of 188 new loans and grants totaling \$672.4 million for 150 different entities through VRA programs
- Facilitating refunding opportunities for net present value debt service savings of \$16.5 million through the Virginia Pooled Financing Program for 23 localities
- Transferring approximately \$2.2 million to the Portfolio Risk Management Reserve to further enhance the pooled bond program credit

Additional FY2021 accomplishments for the Authority include:

- Assisting state agency partners in successfully managing their loan and grant programs
 - Department of Environmental Quality – \$251.8 million for 65 loans
 - Department of Health – \$88.1 million for 18 loans
 - Department of Aviation – \$4.2 million for 4 loans
 - Department of Conservation & Recreation – \$1.6 million for 30 grants
 - Virginia Economic Development Partnership – \$1.9 million for 29 grants
 - Tobacco Region Revitalization Commission – \$5.7 million for 2 loans
- Maintaining qualified staff through professional and career development training initiatives
- Updating the five year strategic plan
- Achieving the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting for the FY2020 Annual Comprehensive Financial Report (ACFR)

FY2021 Financial Results

VRA ended the fiscal year with assets and deferred outflows of \$5.3 billion, a 0.2% increase over the prior year. With assets and deferred outflows exceeding liabilities and deferred inflows by \$1.9 billion, VRA’s net position increased 5.6%. Approximately 98.6% of total net position is restricted for making loans and grants through the various loan programs administered by VRA. Operating revenues (\$134.7 million) and expenses (\$126.3 million) both decreased during the fiscal year because of loan disbursement and repayment activity. Overall, VRA’s financial position remains strong at the conclusion of fiscal year 2021.

Long-term Financial Planning

VRA works with its agency partners to project program demand. For the Virginia Water Facilities Revolving Fund, VRA utilizes a long-term financial model to determine lending capacity under various scenarios. The model is updated at least annually. Ongoing communications with agency partners helps ensure effective planning.

VRA continues its practice of completing a five-year budget projection using certain assumptions for growth and project volume. Each year the assumptions are updated and the projection is revised accordingly.

Acknowledgments

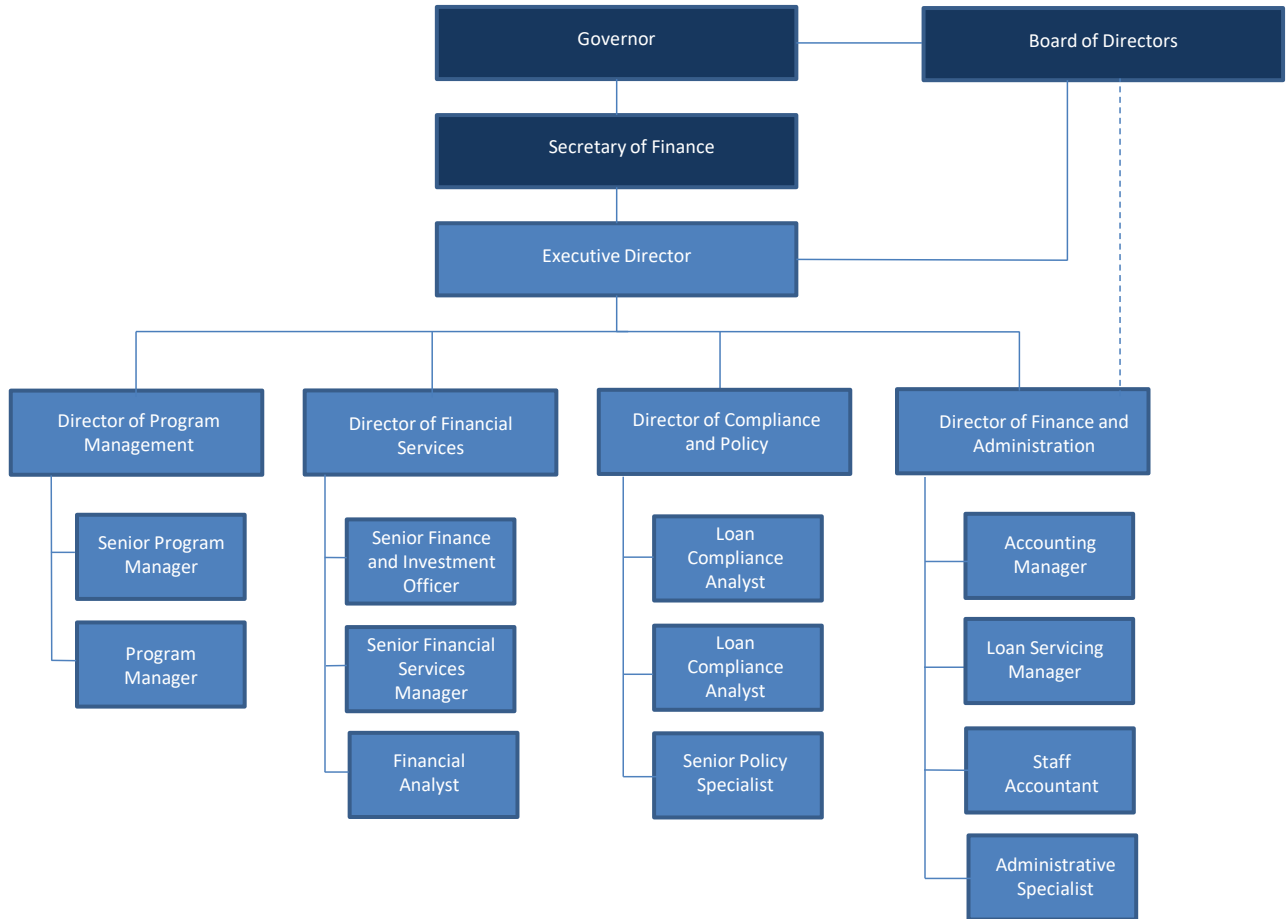
Finally, completion of the Authority's fiscal year 2021 ACFR would not have been possible without the Authority's knowledgeable and dedicated team of professionals. A special note of gratitude goes to the Authority's personnel who assisted in this effort. I would also like to extend our thanks to the Authority's Board of Directors for their continuing support in planning and conducting the financial operations of the Virginia Resources Authority in a responsible manner.

Sincerely,

A handwritten signature in black ink on a light gray background. The signature reads "Stephanie Hamlett" in a cursive, flowing script.

Stephanie Hamlett
Executive Director

**Virginia Resources Authority
Organizational Structure
June 30, 2021**



**Virginia Resources Authority
Directory of Principal Officials
June 30, 2021**

Board of Directors

Thomas L. Hasty, III, Chairman
Cecil “Rhu” Harris, Jr., Vice-Chairman
Cynthia V. Bailey
Mary B. Bunting
Barbara McCarthy Donnellan
Bill Kittrell
Dr. Charlette T. Woolridge

Ex-Officio Board Members

Mark K. Flynn
Director of the Department of Aviation
David K. Paylor
Director of the Department of Environmental Quality
Manju Ganeriwala
Treasurer of Virginia
Dr. M. Norman Oliver
State Health Commissioner

Administrative Officials

Stephanie Hamlett, Executive Director
Shawn Crumlish, Director of Financial Services
Peter D’Alema, Director of Program Management
Curtis Doughtie, Director of Finance and Administration
Stephanie Jones, Director of Compliance and Policy



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Virginia Resources Authority

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Directors
Virginia Resources Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Resources Authority (the "Authority"), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Members
of the Board of Directors
Virginia Resources Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the respective changes in financial position and 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 of other required supplementary information, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.


The combining schedules 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 combining schedules 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Members
of the Board of Directors
Virginia Resources Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
September 8, 2021

Virginia Resources Authority
Management's Discussion and Analysis
June 30, 2021

This section presents management's discussion and analysis of the financial performance of the Virginia Resources Authority ("Authority") during the fiscal year ended June 30, 2021. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$1.9 billion (net position), an increase of \$103.0 million or 5.8%. The increase in net position is primarily due to lending and repayment activity during the fiscal year.

Operating revenues of \$137.9 million decreased 8.2% primarily due to lower loan interest income and investment income. Operating expenses of \$126.3 million decreased 27.9% primarily due to lower interest expense and a lower volume of grant and principal forgiveness financing.

Overview of the Financial Statements

The financial section of this report consists of management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, required supplementary information and supplementary information.

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and a section of other statistical information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets, liabilities, and net position associated with the operation of the Authority are included in the Statement of Net Position. Net position – the difference between assets plus deferred outflows minus deferred inflows plus liabilities – is one way to measure the Authority's financial health or position.

The current fiscal year revenues and expenses of the Authority are accounted for in the Statement of Revenues, Expenses and Changes in Net Position which measures whether the Authority successfully recovered its costs through interest on loans, investment earnings, fees, and contributions from other governments. The Statement of Cash Flows provides information on the Authority's cash receipts, payments, and net changes in cash while providing insight into the source, use, and change in cash for the reporting period. Notes to the financial statements provide additional information that is essential to understanding data in the financial statements.

This report also includes other information, in addition to the basic financial statements and accompanying notes to the financial statements. Required supplementary information concerning the Authority's progress in funding its obligation to provide pension and OPEB benefits to employees is separately presented. Supplementary information that further explains and supports information in the basic financial statements immediately follows the notes. Combining schedules provide information for the Authority's separate programs.

The compliance section is required under provisions of Title 2 of the U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for

Virginia Resources Authority
Management's Discussion and Analysis
June 30, 2021

Federal Awards; and includes auditor reports on compliance and internal controls. The Schedule of Expenditures of Federal Awards provides detail of Federal assistance, followed by explanatory notes.

Overall Financial Position Analysis

The following table presents a summary of the Authority's financial position for fiscal years 2021 and 2020, followed by a description of significant changes (in thousands):

	<u>FY2021</u>	<u>FY2020</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Cash and cash equivalents	\$ 480,769	\$ 334,836	\$ 145,933	43.6%
Investments - current	39,957	127,732	(87,775)	-68.7%
Loans receivable - current	306,669	293,942	12,727	4.3%
Other current assets	37,139	38,519	(1,380)	-3.6%
Investments - noncurrent	445,788	507,541	(61,753)	-12.2%
Loans receivable - noncurrent	3,981,584	3,974,177	7,407	0.2%
Capital assets, net	149	164	(15)	-9.1%
Other noncurrent assets	-	136	(136)	-100.0%
Total assets	<u>5,292,055</u>	<u>5,277,047</u>	<u>15,008</u>	<u>0.3%</u>
Deferred outflows of resources	<u>46,857</u>	<u>50,603</u>	<u>(3,746)</u>	<u>-7.4%</u>
Total assets and deferred outflows of resources	<u>\$ 5,338,912</u>	<u>\$ 5,327,650</u>	<u>\$ 11,262</u>	<u>0.2%</u>
Liabilities				
Bonds and loans payable - current	\$ 229,794	\$ 234,055	\$ (4,261)	-1.8%
Accrued interest	22,830	25,082	(2,252)	-9.0%
Other current liabilities	3,228	2,968	260	8.8%
Bonds and loans payable - noncurrent	3,167,336	3,260,084	(92,748)	-2.8%
Noncurrent liabilities	3,616	279	3,337	1196.1%
Total liabilities	<u>3,426,804</u>	<u>3,522,468</u>	<u>(95,664)</u>	<u>-2.7%</u>
Deferred inflows of resources	<u>34,760</u>	<u>27,624</u>	<u>7,136</u>	<u>25.8%</u>
Net position				
Investment in capital assets	149	164	(15)	-9.1%
Restricted	1,850,957	1,752,921	98,036	5.6%
Unrestricted	26,242	24,473	1,769	7.2%
Total net position	<u>1,877,348</u>	<u>1,777,558</u>	<u>99,790</u>	<u>5.6%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,338,912</u>	<u>\$ 5,327,650</u>	<u>\$ 11,262</u>	<u>0.2%</u>

Total assets increased primarily due to an increase in loan receivables, as an increase in cash and cash equivalents was offset by a decrease in investments. Loans receivables increased as a result of lending and repayment activity during the fiscal year. The decrease in total liabilities was driven by a decrease to bonds payable.

Virginia Resources Authority
Management's Discussion and Analysis
June 30, 2021

Overall Revenue and Expense Analysis

The following table presents a summary of the Authority's revenues, expenses, and change in net position for fiscal years 2021 and 2020, followed by a description of significant changes (in thousands):

	<u>FY2021</u>	<u>FY2020</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues				
Interest on loans	\$ 98,769	\$ 110,683	\$ (11,914)	-10.8%
Investment income	22,370	28,884	(6,514)	-22.6%
Bond administration fees	3,218	3,341	(123)	-3.7%
Loan administration fees	2,568	2,537	31	1.2%
Loan origination revenue	4,440	4,551	(111)	-2.4%
Gain on early extinguishment of bonds	2,237	89	2,148	2413.5%
Gain on early extinguishment of loans	923	-	923	0.0%
Other income	230	41	189	461.0%
Total operating revenues	<u>134,755</u>	<u>150,126</u>	<u>(15,371)</u>	-10.2%
Operating Expenses				
Interest on bonds and loans	105,811	113,916	(8,105)	-7.1%
Bond issuance costs	4,816	4,006	810	20.2%
Grants to local governments	3,635	45,784	(42,149)	-92.1%
Principal forgiveness loans to local governments	7,187	7,937	(750)	-9.4%
Loss on early extinguishment of loans	1,027	-	1,027	0.0%
Personnel services	2,195	2,215	(20)	-0.9%
General operating	988	871	117	13.4%
Contractual services	666	446	220	49.3%
Total operating expenses	<u>126,325</u>	<u>175,175</u>	<u>(48,850)</u>	-27.9%
Operating income (loss)	<u>8,430</u>	<u>(25,049)</u>	<u>33,479</u>	133.7%
Nonoperating revenues				
Contributions from other governments	92,419	107,611	(15,192)	-14.1%
Federal interest subsidy	1,130	1,235	(105)	-8.5%
Total nonoperating revenue	<u>93,549</u>	<u>108,846</u>	<u>(15,297)</u>	-14.1%
Nonoperating expenses				
Contributions to other governments	1,086	754	332	44.0%
Federal interest subsidy passthrough	1,103	1,216	(113)	-9.3%
Total nonoperating expense	<u>2,189</u>	<u>1,970</u>	<u>219</u>	11.1%
Change in net position	99,790	81,827	17,963	22.0%
Beginning net position	<u>1,777,558</u>	<u>1,695,731</u>	<u>81,827</u>	4.8%
Ending net position	<u>\$1,877,348</u>	<u>\$1,777,558</u>	<u>\$ 99,790</u>	5.6%

Virginia Resources Authority
Management's Discussion and Analysis
June 30, 2021

At the end of fiscal year 2021, net position increased 5.6% to \$1.9 billion. Operating revenues decreased primarily due to lower loan interest income and investment income. Operating expenses decreased primarily due to lower interest expense and a lower volume of grant and principal forgiveness financing. The Authority typically shows an operating loss as several loan programs are supported by grant funding, which is presented as a non-operating revenue.

Debt Administration

As a financing entity, the Authority's purpose and objective is to issue and administer debt on behalf of other entities. The Authority issues bonds to finance infrastructure projects approved by the local governing bodies of counties, cities, towns, and service authorities of the Commonwealth of Virginia. Depending upon the program, all of the Authority's bonds are secured by either: (a) a pledge of the full faith and credit of the municipality, (b) a pledge of certain revenues of the municipality and funds and accounts established under the applicable bond resolution or indenture, and/or (c) a lease.

The Authority obtains bond ratings from one or more of the following: Moody's Investor Service (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch). The Authority, to date, has achieved an investment grade of "AA" or better on all bond issues. All Virginia Water Facilities Revolving Fund (VWFRF) leveraged issues have obtained a AAA rating from all three agencies. Under the senior/subordinate structure in the Virginia Pooled Financing Program, the senior portion of the structure (70%) has been rated "AAA" and the subordinate portion (30%) has been rated "AA." Ratings were affirmed on subsequent issues and ratings surveillances conducted in the last fiscal year.

See Note 6 for additional information on bonds payable.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance and Administration, Virginia Resources Authority, 1111 E. Main Street, Suite 1920, Richmond, VA 23219, or telephone (804) 644-3100. Additional information is also available on the Authority's website at www.virginiaresources.org

Virginia Resources Authority
Statement of Net Position
June 30, 2021

Assets	
Current assets:	
Cash	\$ 16,066,758
Cash equivalents (Note 3)	464,702,435
Investments (Note 3)	39,956,863
Loans receivable, net of allowance (Note 4)	306,668,844
Receivables:	
Investment interest	2,024,085
Loan interest	30,845,440
Loan administrative fees	1,597,497
Federal funds	2,400,203
Other	168,662
Other assets	103,128
Total current assets	<u>864,533,915</u>
Noncurrent assets:	
Investments (Note 3)	445,788,129
Loans receivable, net of allowance (Note 4)	3,981,584,006
Capital assets, net of accumulated depreciation (Note 5)	149,468
Total noncurrent assets	<u>4,427,521,603</u>
Total assets	<u>5,292,055,518</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 10)	392,358
Deferred outflows related to OPEB (Notes 11 and 12)	34,295
Deferred loss on refunding (Note 6)	46,430,470
Total deferred outflows of resources	<u>46,857,123</u>
Total assets and deferred outflows of resources	<u>\$ 5,338,912,641</u>
Liabilities	
Current liabilities:	
Bonds payable, current (Note 6)	229,793,907
Accrued interest payable	22,830,244
Agency funds	1,290,027
Accounts payable and other liabilities (Note 8)	1,938,180
Total current liabilities	<u>255,852,358</u>
Noncurrent liabilities:	
Net OPEB liability (Notes 11 and 12)	278,496
Net pension liability (Note 10)	62,206
Bonds payable, net of current portion (Note 6)	3,167,335,562
Other accrued liabilities (Note 8)	3,275,124
Total noncurrent liabilities	<u>3,170,951,388</u>
Total liabilities	<u>3,426,803,746</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions (Note 10)	35,553
Deferred inflows related to OPEB (Notes 11 and 12)	8,719
Deferred gain from localities on refunding (Note 6)	34,715,819
Total deferred inflows of resources	<u>34,760,091</u>
Total liabilities and deferred inflows of resources	<u>3,461,563,837</u>
Net position	
Investment in capital assets	149,468
Restricted (Note 7)	
Loan programs	1,843,197,162
Operating reserve	7,760,000
Unrestricted	26,242,174
Total net position	<u>1,877,348,804</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,338,912,641</u>

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

Virginia Resources Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021

Operating revenues	
Interest on loans	\$ 98,769,062
Investment income	22,369,534
Bond administrative fees	3,218,818
Loan administrative fees	2,568,850
Loan origination revenue	4,439,595
Gain on early extinguishment of bonds	2,236,940
Gain on early extinguishment of loans	923,712
Other income	229,927
Total operating revenues	<u>134,756,438</u>
Operating expenses	
Interest on bonds and loans	105,810,413
Bond issuance costs	4,816,216
Grants to local governments	3,635,042
Principal forgiveness loans to local governments	7,187,048
Loss on early extinguishment of loans	1,027,360
Personnel services	2,194,924
General operating	988,112
Contractual services	665,826
Total operating expenses	<u>126,324,941</u>
Operating income	<u>8,431,497</u>
Nonoperating revenues	
Contributions from other governments (Note 9)	92,418,761
Federal interest subsidy	1,129,764
Total nonoperating revenues	<u>93,548,525</u>
Nonoperating expenses	
Contributions to other governments	1,086,431
Federal interest subsidy pass-through	1,102,822
Total nonoperating expenses	<u>2,189,253</u>
Change in net position	<u>99,790,769</u>
Net position - beginning	<u>1,777,558,035</u>
Net position - ending	<u>\$ 1,877,348,804</u>

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

Virginia Resources Authority
Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities	
Loan disbursements to localities	\$ (546,389,969)
Principal repayments from localities on loans	486,025,821
Interest received on loans	138,315,364
Loan origination fees received	4,439,595
Bond administrative fees received	3,203,867
Loan administrative fees received	2,707,588
Cash received from other income	3,167
Cash payments for salaries and benefits	(2,128,242)
Cash payments for general operating expenses	(718,691)
Cash payments for contractual services	(773,442)
Cash payments for operating grants	(3,635,042)
Cash payments for principal forgiveness loans to local governments	(7,187,048)
Interest paid on bonds and loans	(145,286,900)
Net cash used in operating activities	<u>(71,423,932)</u>
Cash flows from noncapital financing activities	
Proceeds from sale of bonds	538,231,488
Bond issuance costs	(4,816,216)
Principal paid on bonds and loans	(581,026,978)
Arbitrage rebate	(945,881)
Proceeds from Federal interest subsidy	1,129,764
Cash payments to localities for Federal interest subsidy	(1,102,822)
Contributions from other governments	90,021,214
Contributions to other governments	(1,086,431)
Net cash provided by noncapital financing activities	<u>40,404,138</u>
Cash flows from capital and financing related activities	
Purchase of office equipment	(26,295)
Net cash used in noncapital financing activities	<u>(26,295)</u>
Cash flows from investing activities	
Purchase of investments	(199,489,301)
Proceeds from sales or maturities of investments	364,346,277
Interest received on investments - net	12,122,667
Net cash provided by investing activities	<u>176,979,643</u>
Net increase in cash and cash equivalents	145,933,554
Cash and cash equivalents - July 1	334,835,639
Cash and cash equivalents - June 30	<u>\$ 480,769,193</u>
Reconciliation to the Statement of Net Position	
Cash	\$ 16,066,758
Cash equivalents	464,702,435
	<u>\$ 480,769,193</u>

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

Virginia Resources Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2021

Reconciliation of operating income to net cash used in operating activities	
Operating income	\$ 8,431,497
Depreciation expense	40,916
Pension expense	176,037
Current year pension contributions subsequent to the measurement date	(90,449)
OPEB expense	8,372
Current year OPEB contributions subsequent to the measurement date	(9,901)
Interest on investments	(21,392,104)
Gain on early extinguishment of loans	(923,712)
Gain on early extinguishment of bonds	(1,209,580)
Bond issuance costs	4,816,216
Interest, amortization and accretion - net	(14,010,355)
Effect of changes in operating assets and liabilities:	
Loans receivable	(60,400,793)
Loan interest receivable	2,122,586
Loan administrative fee receivable	123,787
Other assets	(184,523)
Deferred charges	11,002,411
Accounts payable and other liabilities	75,663
Net cash used in operating activities	<u>\$ (71,423,932)</u>
 Schedule of non-cash activities	
Change in fair value of assets	<u>\$ (6,195,047)</u>

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

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Note 1 – Organization and Nature of Activities

The Virginia Resources Authority (Authority or VRA) was created in 1984 by an Act of the General Assembly of the Commonwealth of Virginia. The Authority encourages the investment of both public and private funds and is authorized to make loans and grants available to local governments to finance such projects as water, sewer, storm drainage, solid waste disposal, federal facilities, public safety, aviation, brownfield remediation, transportation, Chesapeake Bay cleanup, dam safety, land conservation and preservation, local government buildings, energy, parks and recreation facilities, and broadband. Subsequent General Assembly legislation added projects for administrative and operations systems and site acquisition and development for economic and community development. The Authority's enabling legislation states that the bonds issued by the Authority do not constitute a debt or pledge of the full faith and credit of the Commonwealth of Virginia (Commonwealth) or any political subdivision thereof, other than the Authority. The bonds are payable solely from the revenue, money, or property of the Authority pledged thereon. The Authority is, however, empowered to issue bonds secured by the moral obligation of the Commonwealth, of which a maximum of \$1.5 billion may be outstanding at any time.

The Authority is governed by a Board of Directors consisting of eleven members. Seven members are appointed to four-year terms by the Governor, subject to confirmation by the General Assembly. Other members consist of the State Treasurer, the State Health Commissioner, the Director of the Department of Environmental Quality, and the Director of the Department of Aviation. The Governor appoints the Chairman of the Board. The Governor also appoints the Executive Director of the Authority, who reports to but is not a member of the Board of Directors. The Executive Director serves as the ex-officio secretary of the Board of Directors and administers, manages and directs the affairs and activities of the Authority, in accordance with the policies and under the control and direction of the Board of Directors.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other similar types of funds, are included as a discretely presented component unit of the Commonwealth. The financial statements of the Authority include the activities of the Authority's pooled bond program, the Virginia Water Facilities Revolving Fund, the Virginia Water Supply Revolving Fund, the Virginia Airports Revolving Fund, the Virginia Dam Safety and Flood Prevention Fund, the Virginia Transportation Infrastructure Bank, the Virginia Brownfield Restoration and Economic Development Assistance Fund, the Virginia SAVES Green Community Program, the Virginia Tobacco Region Revolving Fund, and the Community Flood Preparedness Fund, which are described in more detail below.

The Authority's pooled bond program serves to provide cost-effective and efficient access to the bond markets to local government borrowers throughout Virginia by issuing bonds used to fund loans to local borrowers. The program is structured so that the maturities of principal and interest payments are matched, virtually eliminating interest rate risk within the portfolio. Yields on the loans to local borrowers are designed to slightly exceed the yields on the bonds issued to fund the program, in order to support administrative and other costs related to the program.

The Virginia Water Facilities Revolving Fund (VWFRF) was created in 1986 and received its first state appropriation on July 1, 1987. The VWFRF's purpose is to make discounted interest rate loans to municipalities under the Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds. The VWFRF's enabling legislation provides that the Authority and the Commonwealth's Department of Environmental Quality (DEQ) jointly administer the program. The accounts of the VWFRF are in these financial statements, except for certain administrative expenses incurred by the DEQ for the VWFRF and the associated reimbursement of the federal share of these expenses is included in the financial statements of the DEQ.

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Until 1999, the sole source of financial assistance to localities for wastewater projects under the VWFRF was the Direct Loan program. The available resources for the Direct Loan program, however, were determined to be insufficient to meet the demand for financial assistance from municipalities. In response, the Authority and DEQ, with the concurrence of the EPA, decided to leverage the VWFRF through the issuance of bonds.

The Authority is authorized to transfer assets of the VWFRF to funds and accounts pledged to collateralize bonds issued by the Authority. Such assets consist of federal capitalization grants, Commonwealth Matching Share funds, and any other monies appropriated or otherwise deposited by the Commonwealth to the VWFRF, including amounts repaid by municipalities to the VWFRF from loans represented by the local bonds, and earnings on the investment of any of the foregoing. The Authority and DEQ still make Direct Loans from the VWFRF, but by leveraging the VWFRF, the Authority can provide financing for more projects than before.

During 1999, the General Assembly expanded the scope of the VWFRF by allowing the State Water Control Board to loan money for the construction of facilities or structures supporting environmental goals of agricultural best management practices, commonly referred to as Agriculture Best Management Practices (AgBMP) loans. The program provides below-market rate loans to incent implementation of AgBMPs that results in reduced agricultural nonpoint source pollution of Virginia waters. To date, \$25 million has been set aside from the VWFRF to fund the program. The accounts of this program are combined with those of the VWFRF in the Authority's financial statements.

The Virginia Water Supply Revolving Fund (VWSRF) was created in 1987 and received its first state appropriation on July 1, 1988. In 1997, the VWSRF was updated to align with the Safe Drinking Water Act Amendments of 1996, which allowed the establishment of a drinking water state revolving loan fund. The VWSRF's purpose is to make discounted interest rate loans to local governments to finance water supply facilities and certain non-construction activities under the EPA's Capitalization Grants for State Revolving Funds. The VWSRF's enabling legislation provides that the Authority and the Commonwealth of Virginia Department of Health (VDH) jointly administer the program. The accounts of the VWSRF are in these financial statements, except for certain administrative expenses incurred by the VDH for the VWSRF and the associated reimbursement of these expenses, which are included in the financial statements of the VDH.

In 2000, the Virginia Airports Revolving Fund (VARF) was funded with \$25 million. The VARF finances local government-owned aviation projects at discounted rates for general aviation, reliever, and commercial airports across Virginia. In February 2001, the first bonds were issued by the Authority, which leveraged the VARF to provide funds for loans to three of Virginia's airports. In June 2002, \$2 million was returned to the Commonwealth to be used for other purposes. The VARF can also make direct loans out of current balances, released bond proceeds, and newly appropriated funds.

The Virginia Dam Safety and Flood Prevention Fund (VDSFPF) was created in 2006 and received its first appropriation from existing State funds on July 1, 2006. The VDSFPF's purpose is to make grants or loans to local governments for the development and implementation of flood prevention or protection projects, or for flood prevention or protection studies. In addition, the VDSFPF can be used to make grants or loans to local governments owning dams and to make loans to private entities for the design, repair and the safety modifications of qualifying dams, and to make grants for the mapping and digitization of dam break inundation zones. The VDSFPF's enabling legislation provides that the Authority and the Virginia Department of Conservation and Recreation (VDCR) jointly administer the program.

The Virginia Transportation Infrastructure Bank (VTIB) was created during the 2010 General Assembly Session to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities.

Virginia Resources Authority
Notes to the Financial Statements
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The Authority is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance. VTIB is capitalized with appropriations by the General Assembly. VTIB is a sub-fund of the Transportation Trust Fund and only reimbursement and expenses incurred are reflected in the Authority's financial statements.

The Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF) was created in 2002 for the purposes of promoting the restoration and redevelopment of brownfield sites and to address environmental problems or obstacles to reuse so that these sites can be effectively marketed to new economic development prospects. Funds were generally not available in the VBAF until 2012. The Virginia Economic Development Partnership, DEQ, and the Authority jointly administer the VBAF.

The Virginia SAVES Green Community Program (VGCP) was established in 2015 to provide lower financing costs for energy efficiency, renewable energy generation and alternative fuel projects. The program was initially capitalized with \$20 million in Qualified Energy Conservation Bonds (QECBs), allocated under the Governor of Virginia's Executive Order 36, with the ability to provide more QECB allocations as needed from additional QECBs available to the Commonwealth. The program is sponsored by Virginia Department of Mines Minerals and Energy, and administered jointly by CleanSource Capital and Abundant Power. The Virginia Small Business Financing Authority and the Authority serve as conduit issuers for the program.

The Virginia Tobacco Region Revolving Fund (VTRRF) was established in 2016 to create a long-term mechanism to fund revenue-generating economic revitalization projects in the tobacco region, and to recycle loan repayments to assist future projects. Funds were generally not available in the VTRRF until 2017. The Virginia Tobacco Region Revitalization Commission selects projects to be sent to VRA for credit analysis prior to a potential loan offer.

The Community Flood Preparedness Fund (CFPF), established in the 2020 General Assembly session, assists localities and their residents affected by recurrent flooding, sea level rise, and flooding from severe weather events through a grant and loan program. The CFPF enabling legislation provides that the Authority and the Virginia Department of Conservation and Recreation jointly administer the program.

Note 2 – Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The funds of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounts of the Authority are organized on the basis of programs and activities, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, operating revenues, operating expenses and other non-operating revenue and expenses. All of the Authority's programs and activities are reported as a single reporting entity conforming to GAAP.

The preparation of financial statements, in conformity with GAAP, requires management of the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position

Cash equivalents – For purposes of the Statement of Cash Flows, cash equivalents are restricted to investments with original remaining maturities when purchased of three months or less.

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

Investments – Investments, principally U.S. government obligations, corporate obligations, asset-backed securities, and municipal bonds, are carried at fair value with the change in fair value recognized as a component of interest on investments. The Authority also participates in the Commonwealth of Virginia Local Government Investment Pool (LGIP) program for public entities of the Commonwealth. This program offers two professionally managed investment portfolios: Virginia Treasury LGIP, a non-SEC registered external pool rated AAAM by Standard and Poor's, and Virginia Treasury LGIP Extended Maturity (EM), a non-SEC registered external pool rated AAAs/S1 by Standard and Poor's. The LGIP is managed in a manner consistent with Securities and Exchange Commission Rule 2a-7 money market fund requirements and the fair value of the position in the LGIP is the same as the value of the pool shares. The LGIP EM portfolio is a diversified portfolio structured to provide an investment alternative for public entities who wish to invest monies not needed for daily liquidity. The LGIP EM portfolio targets a one-year weighted average maturity and the value of the LGIP EM shares will fluctuate with changes in the market value of the portfolio. Pursuant to Sections 2.2-4600 through 2.2-4606 of the *Code of Virginia*, the Treasury Board of the Commonwealth of Virginia is authorized to administer the LGIP program. As permitted by law, the Treasury Board has delegated administrative aspects of managing the LGIP program to the State Treasurer, subject to the regulations and guidelines established by the Treasury Board. The Virginia State Non-Arbitrage Program (Virginia SNAP) is sponsored by the Virginia Treasury Board to invest proceeds of tax-exempt financing for Virginia governments. The Virginia SNAP portfolio is a non-SEC registered external pool operated to maintain a stable \$1.00 net asset value. Managed by PFM Asset Management LLC, the Virginia SNAP portfolio holds a AAAM rating from Standard and Poor's.

Loans receivable, discounts, and premiums – Loans receivable are reported at the unpaid principal balances, net of an allowance for loan losses, if any. The Authority receives fees relating to the origination of loans. Certain of these fees are received at the origination of a loan and other fees are received over the life of the related loans. The fees received at the origination of a loan are recorded as loan origination revenue while fees received over the life of the related loan are recorded as loan administration fees and bond administration fees in the Statement of Revenues, Expenses, and Changes in Net Position. Loan discounts and premiums are amortized over the lives of the related loans using the effective interest method.

Allowance for loan losses – The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts, and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from current estimates. An annual review is performed on a risk-based sample of borrowers in VRA's loan portfolio. The review includes performing various liquidity ratios and reviewing rate covenant calculations on existing loans to identify any potential issues with loan repayments. In addition to an annual review, the Authority actively monitors borrower information for any potential impacts to loan repayments throughout the year.

Capital Assets – Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost and are depreciated over the useful life of the asset using the straight-line method. The Authority follows the Commonwealth's Accounting Policies and Procedures Manual (CAPP) for assigning estimated useful lives

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

to its capital assets. The CAPP assigns an estimated useful life of 5 years to office furniture, fixtures, and equipment.

Deferred outflows 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 element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Authority has three items that qualify for reporting in this category: accounting loss on debt refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to OPEB. Deferred losses on refundings are recognized as a component of interest expense over the shorter of the life of the old debt or new debt. Deferred outflows of resources related to pensions are amortized and recognized in pension expense over various predetermined closed periods. Deferred outflows of resources related to OPEB are amortized and recognized in OPEB expense over various predetermined closed periods.

Bond discounts and premiums – Bond discounts and premiums are amortized over the lives of the related issues using the effective interest method.

Arbitrage rebate liability – The amount of interest on investments of tax-exempt bond proceeds the Authority may earn is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are determined through arbitrage rebate calculations, with the arbitrage rebate liability separately reported on the Authority's financial statements. The Authority treats the estimated rebate payable as a reduction of available resources in the program that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount with a corresponding arbitrage rebate liability separately reported. The Authority contracts with arbitrage rebate specialists to perform the arbitrage rebate calculations as required.

Compensated absences – The Authority provides for accumulation of paid time off (PTO) leave with a maximum accumulation of up to 520 hours of unused PTO leave. Employees are paid for unused, earned PTO upon separation of employment, with a maximum payout of 160 hours. Individuals employed by the Authority prior to August 1, 2010 are subject to a higher maximum payout cap of 340 hours.

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

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

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

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

Other Post-Employment Benefits, Health Insurance – The Authority provides post-employment health care benefits for qualifying retirees through a single-employer defined benefit plan. The plan is governed by the Authority’s Board of Directors and can be amended at its discretion. The Authority has estimated the cost of providing this benefit using the alternative measurement method in place of an actuarial valuation. The alternative measurement method is an approach that includes the same broad measurement steps as an actuarial valuation (projecting benefit payments, discounting projected benefit payments to a present value, and attributing the present value of projected benefit payments to periods using an actuarial cost method). However, it permits simplification of certain assumptions.

Deferred inflows 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 element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Authority has three items that qualify for reporting in this category: deferred gains on debt refundings, deferred inflows of resources related to pensions, and deferred inflows related to OPEB. Deferred gains on refundings are recognized as a component of interest expense over the shorter of the life of the old debt or new debt. Deferred inflows of resources related to pensions are amortized and recognized in pension expense over various predetermined closed periods. Deferred inflows of resources related to OPEB are amortized and recognized in OPEB expense over various predetermined closed periods.

Net position – Components of net position include the following:

- Investment in capital assets amounts are those associated with non-liquid, capital assets, less any associated outstanding debt
- Restricted amounts represent the portion of total net position restricted for the purpose of making loans to local governments or by the requirements of the various bond indentures or federal and state regulations for the various revolving funds
- Unrestricted amounts are those currently available at the discretion of the Authority’s Board for use in the Authority’s operations

Revenues and Expenses

Pass-through grants – The Authority accounts for grants or other financial assistance that is transferred to a secondary recipient as revenues and expenses.

Operating and non-operating revenues and expenses – The Authority’s policy is to report all revenues and expenses resulting from providing services in connection with the Authority’s ongoing operations, including interest revenues from loans and investments as well as interest expense on bonds payable, as operating revenues and expenses since such revenues and expenses are integral to the operations of the Authority. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

Virginia Resources Authority
Notes to the Financial Statements
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Cash Flow Reporting

All cash flows related to bond issuance and administration are included in cash flows from non-capital financing activities on the Statement of Cash Flows. All cash flows related to investment activity are included in cash flows from investing activities on the Statement of Cash Flows.

Note 3 – Cash, Cash Equivalents, and Investments

Cash is held in accounts that are insured by the Federal Deposit Insurance Corporation or are collateralized under provisions of the Commonwealth of Virginia Security for Public Deposits Act, Sec. 2.2-4400 et. seq. of the *Code of Virginia*. There were no amounts that were uninsured or uncollateralized at June 30, 2021.

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2021, the Authority had the following recurring fair value measurements:

<u>Investments by Fair Value</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Agency Mortgage Backed	\$ 7,668,091	\$ -	\$ 7,668,091	\$ -
Asset Backed Securities	28,233,285	-	28,233,285	-
Corporate Bonds and Notes	43,862,644	-	43,862,644	-
Municipal Securities	6,926,135	-	6,926,135	-
Negotiable Certificates of Deposit	27,081,162	-	27,081,162	-
U.S. Agency Securities	48,622,282	-	48,622,282	-
U.S. Treasury Securities	129,400,776	-	129,400,776	-
	<u>\$ 291,794,375</u>	<u>\$ -</u>	<u>\$ 291,794,375</u>	<u>\$ -</u>

Investments Using Other Measurements

Guaranteed Investment Contracts	29,851,043
LGIP	370,913,880
LGIP Extended Maturity Portfolio	6,351,784
Money Market Funds – Government	36,886,081
U.S. Treasury SLGS	157,747,792
Virginia SNAP	56,902,472
	<u>658,653,052</u>

Total investments \$ 950,447,427

Reconciliation to Statement of Net Position

Cash equivalents	\$ 464,702,435
Investments – current	39,956,863
Investments – noncurrent	445,788,129
	<u>\$ 950,447,427</u>

Virginia Resources Authority
Notes to the Financial Statements
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Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Guaranteed investment contracts are measured on a cost-basis. Investments in the Local Government Investment Pool (LGIP), LGIP extended maturity portfolio, and Virginia SNAP are measured at the net asset value per share. Money market funds are measured using amortized cost. U.S. Treasury SLGS are reported at historical cost.

Investment Policy

In accordance with the *Code of Virginia* (1950), as amended, and other applicable laws and regulations, the Authority's investment policy (Policy) permits investments in U.S. Government or Agency obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, negotiable certificates of deposit, negotiable bank deposit notes, repurchase agreements, bankers' acceptances, prime quality commercial paper, corporate notes of domestic corporations, mortgage or asset-backed securities, money market funds, guaranteed investment contracts (GICs), and the State Treasurer's LGIP and LGIP extended maturity portfolio.

As of June 30, 2021, the Authority had the following cash equivalents and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Agency Mortgage Backed	\$ 7,668,091	\$ 2,474,060	\$ 5,192,610	\$ 1,421	\$ -
Asset Backed Securities	28,233,285	23,662	28,209,623	-	-
Corporate Bonds and Notes	43,862,644	137,319	43,725,325	-	-
Guaranteed Investment Contracts	29,851,043	2,576,140	16,761,339	10,513,564	-
LGIP	370,913,880	370,913,880	-	-	-
LGIP Extended Maturity Portfolio	6,351,784	-	6,351,784	-	-
Money Market Funds – Govt.	36,886,081	36,886,081	-	-	-
Municipal Securities	6,926,135	958,600	5,967,535	-	-
Negotiable Certificates of Deposit	27,081,162	22,056,775	5,024,387	-	-
U.S. Agency Securities	48,622,282	-	48,622,282	-	-
U.S. Treasury Securities	129,400,776	-	121,603,275	928,526	6,868,975
U.S. Treasury SLGS	157,747,792	5,378,525	15,164,734	16,495,997	120,708,536
Virginia SNAP	56,902,472	56,902,472	-	-	-
	<u>\$950,447,427</u>	<u>\$498,307,514</u>	<u>\$296,622,894</u>	<u>\$27,939,508</u>	<u>\$127,577,511</u>

Reconciliation to Statement of Net Position

Cash equivalents	\$464,702,435
Investments – current	39,956,863
Investments – noncurrent	445,788,129
	<u>\$950,447,427</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability.

The Policy requires that bankers' acceptances maturing within one year have a rating of no less than "P-1" by Moody's Investors Service (Moody's) and "A-1" by S&P Global's Ratings Group (S&P). Negotiable certificates of deposit and negotiable bank notes maturing within one year must have at least two of the following ratings: "P-1" by Moody's, "A-1" by S&P, and "F-1" by Fitch Ratings (Fitch). Negotiable

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certificates of deposit and negotiable bank notes with maturities over one year but less than five years must have at least two of the following ratings: “Aa” by Moody’s, “AA” by S&P, and “AA” by Fitch. Commercial paper must have a short-term debt rating of “P-1”, “A-1” or “F-1” from at least two nationally recognized rating agencies, which can only include Moody’s, S&P, or Fitch. Municipal obligations, must have no less than a “Aa” rating by Moody’s and “AA” by S&P. For corporate notes and bonds maturing in less than five years, each issuer must receive two ratings of at least “A” by Moody’s, S&P, or Fitch.

Asset-backed securities maturing in less than five years must have a “AAA” rating by at least two nationally recognized rating agencies, which can only include Moody’s, S&P, or Fitch. GICs must be held with financial institutions with long-term credit ratings of at least “Aa” by Moody’s or “AA” by S&P. The various bond indentures require that bond fund investments, or any collateralizing securities, have no less than an “AA” rating by at least one nationally recognized rating agency.

Although Virginia statute does not impose credit standards on repurchase agreements or money market mutual funds, the Authority has established stringent credit standards for these investments to minimize portfolio risk.

At June 30, 2021, the Authority had the following cash equivalent and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Moody’s Rating</u>	<u>Percent of Portfolio</u>
Agency Mortgage Backed	\$ 7,668,091	AA+	Aaa	0.8%
Asset Backed Securities (AAA)	28,233,285	AAA	Aaa	3.0%
Corporate Bonds and Notes (AAA)	653,457	AAA	Aaa	0.1%
Corporate Bonds and Notes (AA)	12,159,973	AA+ to AA-	Aa1 to A3	1.3%
Corporate Bonds and Notes (A)	22,717,940	A+ to A-	Aa2 to A3	2.4%
Corporate Bonds and Notes (BBB)	8,331,274	BBB+	A1 to A3	0.9%
Guaranteed Investment Contracts	29,851,043	AA	A3	3.1%
LGIP	370,913,880	AAAm	-	39.0%
LGIP Extended Maturity Portfolio	6,351,784	AAAf/S1	-	0.7%
Money Market Funds - Government	36,886,081	AAAm	-	3.9%
Municipal Securities (AAA)	1,827,875	AAA	Aaa	0.2%
Municipal Securities (AA)	5,098,260	AA to AA-	AAA to Aa3	0.5%
Negotiable Certificates of Deposit (AA)	5,024,387	AA-	Aa3	0.5%
Negotiable Certificates of Deposit (A-1)	22,056,775	A-1 to A-1+	P-1	2.3%
U.S. Agency Securities	48,622,282	AA+	Aaa	5.1%
U.S. Treasury Securities	129,400,776	AA+	Aaa	13.6%
U.S. Treasury SLGS	157,747,792	AA+	Aaa	16.6%
Virginia SNAP	56,902,472	AAAm	-	6.0%
	<u>\$ 950,447,427</u>			<u>100.0%</u>

The guaranteed investment contracts (GICs) were entered into based upon the credit rating of the GIC provider. The Moody’s ratings of the GIC providers are as follows:

<u>Provider</u>	<u>Fair Value</u>	<u>Moody’s Rating</u>	<u>Percent of Portfolio</u>
FSA / Assured Guaranty	\$ 29,851,043	A3*	3.1%

*Rating fell below approved level and was collateralized with U.S. Treasury and Agency securities in accordance with the Credit Risk Policy.

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Concentration of Credit Risk

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single source.

The Policy establishes limitations on portfolio composition to control the concentration of credit risk. The maximum percentage of the portfolio permitted in each security (by fund type) is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Maximum</u>
Agency mortgage backed	\$ 7,668,091	1.1%	25%
Asset backed securities	28,233,285	4.2%	25%
Corporate bonds and notes	43,862,644	6.5%	25%
LGIP	370,913,880	55.2%	100%
LGIP Extended Maturity Portfolio	6,351,784	0.9%	10%
Money market funds – Government	4,749,241	0.7%	100%
Municipal securities	6,926,135	1.0%	25%
Negotiable certificates of deposit	27,081,162	4.0%	10%
U.S. Agency securities	48,622,282	7.2%	100%
U.S. Treasury securities	120,497,479	18.0%	100%
U.S. Treasury SLGS	7,760,000	1.2%	100%
	<u>\$ 672,665,983</u>	<u>100.0%</u>	

Reconciliation to Total Cash Equivalents and Investments

General and Program Funds	\$ 672,665,983
Bond Funds*	277,781,444
	<u>\$ 950,447,427</u>

*Proceeds from and deposits related to the issuance of VRA bonds (Bond Funds) are held in trust by the various trustee banks under a separate Indenture of Trust and, under certain circumstances, a Supplemental Indenture of Trust (collectively, "Indentures") for each bond issue. The Policy does not establish limitations on the portfolio composition in the Bond Funds. However, the investment of Bond Funds must be diversified in such a manner to ensure the preservation of principal.

Bond Fund investments are governed by Indentures authorizing the Authority or its trustee to invest generally in obligations of the U.S. Government, the Commonwealth of Virginia, or its political subdivisions (except the Farm Credit System for all bond series issued in 1985 and 1986) and Virginia SNAP. The Indentures authorize the Authority to enter into repurchase agreements with any bank, as principal and not as an agent, having a combined capital, surplus and undivided profits of not less than \$50 million. In addition, the collateralizing securities must have a fair market value equal to at least 100% of the amount of the repurchase obligation plus accrued interest.

The Policy also establishes limitations on portfolio composition by issuer in order to further control concentration of credit risk. No more than 3% of the Authority's portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. Government or Agencies thereof, (2) the LGIP and LGIP extended maturity portfolios, (3) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. Government or Agencies thereof, and (4) mutual funds whereby the portfolio is limited to U.S. Government or Agency Securities.

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Interest Rate Risk

Interest rate risk is the risk that changes in the interest rate environment will adversely affect the fair value of a fixed rate investment. The Authority has selected the Segmented Time Distribution method of disclosure. As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits individual investments to a stated maturity of no more than five years from the date of purchase. The average maturity of the portfolio may not exceed three years.

Proceeds from the sale of bonds must be invested in compliance with specific requirements of the bond covenants and may be invested in securities with longer maturities.

As of June 30, 2021, the Authority had the following investments and maturities:

General and Program Funds

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Agency Mortgage Backed	\$ 7,668,091	\$ 2,474,060	\$ 5,192,610	\$ 1,421	\$ -
Asset Backed Securities	28,233,285	23,661	28,209,624	-	-
Corporate Bonds and Notes	43,862,644	137,319	43,725,325	-	-
LGIP	370,913,880	370,913,880	-	-	-
LGIP Extended Maturity Portfolio	6,351,784	-	6,351,784	-	-
Money Market Funds – Government	4,749,241	4,749,241	-	-	-
Municipal Securities	6,926,135	958,601	5,967,534	-	-
Negotiable Certificates of Deposit	27,081,162	22,056,775	5,024,387	-	-
U.S. Agency Securities	48,622,282	-	48,622,282	-	-
U.S. Treasury Securities	120,497,479	-	120,497,479	-	-
U.S. Treasury SLGS	7,760,000	1,552,000	6,208,000	-	-
	<u>\$672,665,983</u>	<u>\$402,865,537</u>	<u>\$269,799,025</u>	<u>\$ 1,421</u>	<u>\$ -</u>

Average maturity of investments 1.01 years

The General Account includes \$1,421 of investments with maturities over five years. These investments are not expected to be held until maturity.

Bond Funds

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Guaranteed Investment Contracts	\$ 29,851,043	\$ 2,576,140	\$ 16,761,339	\$10,513,564	\$ -
Money Market Funds-Government	32,136,840	32,136,840	-	-	-
U.S. Treasury Securities	8,903,297	-	1,105,796	928,526	6,868,975
U.S. Treasury SLGS	149,987,792	3,826,525	8,956,734	16,495,997	120,708,536
Virginia SNAP	56,902,472	56,902,472	-	-	-
	<u>\$277,781,444</u>	<u>\$ 95,441,977</u>	<u>\$ 26,823,869</u>	<u>\$27,938,087</u>	<u>\$127,577,511</u>

Average maturity of investments 7.75 years

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Authority's deposits at June 30, 2021 are insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit

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Insurance Corporation must pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire assets of the collateral pool become available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro-rata basis to the members of the pool.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investments or collateral securities purchased for the Authority be held by the Authority's designated custodian where the securities must be in the Authority's name and identifiable on the custodian's books as belonging to the Authority and the custodian must be a third party, not a counterparty to the investment transaction. As of June 30, 2021, all of the Authority's investments were held by the Authority's custodial bank in the Authority's name.

Note 4 – Loans Receivable

The Authority has outstanding loans to various localities and other governmental entities in the Commonwealth of Virginia. Certain of these loans are secured by a pledge of the revenues from the lease, system-appropriate revenues, and certain other funds and assets of the entities. Other loans are secured by the full faith and credit of the borrowing entity. A summary of loans receivable as of June 30, 2021:

Loan receivables related to bond issues:	
VFPF	\$ 2,583,147,445
VWFRF – Pledged	1,046,541,058
VWSRF – Pledged	26,709,230
Unamortized discounts/premiums, net	164,472,110
	<u>3,820,869,843</u>
Loan receivables related to revolving loan funds:	
VWFRF	250,384,317
VWFRF – AgBMP	3,316,614
VARF	22,806,365
VWSRF	154,285,145
VTRRF	8,540,240
	<u>439,332,681</u>
Conduit loan receivables:	
VGCP	28,485,660
	<u>28,485,660</u>
Total loans receivable	4,288,688,184
Less: allowance for loan losses	(435,334)
Total loans receivable, net of allowance	<u>\$ 4,288,252,850</u>
Loans receivable – current	\$ 306,688,844
Loans receivable – noncurrent	3,981,584,006
Total loans receivable, net of allowance	<u>\$ 4,288,252,850</u>

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Bonds secured by the Commonwealth's moral obligation all have bond indentures that require either the Authority or the borrower to deposit with the trustee an amount of funds, known as capital reserve funds, relating to the annual principal and interest payments required on the bonds. These capital reserve funds are available for use by the Authority to pay debt service on the bonds if the borrower defaults on any interest or principal payment on the loans. Capital reserve funds are included as investments in the accompanying Statement of Net Position.

If the Authority is required to use any of these capital reserve funds, the Governor of the Commonwealth of Virginia is required to include in the budget presented to the General Assembly, as an agency request for informational purposes only, the amount necessary to replenish the capital reserve fund to the required level. The General Assembly is under no obligation to pass the budget as presented by the Governor. Any amounts so replenished must be repaid by the Authority to the Commonwealth of Virginia, without interest, from excess operating revenues, as defined, of the Authority, to the extent available.

Loans that are outstanding related to bond issuances have rates that range from 0.187% to 6.29% and final maturities that range from FY2022 to FY2051.

The Authority also has outstanding loans to various localities and other governmental entities in the Commonwealth of Virginia from the VWFRF, VWSRF, VARF, VTRRF, and VGCP. These loans range in final maturity from FY2022 to FY2053 and accrue interest at various rates ranging from 0% to 4.87%.

As of June 30, 2021, the Authority is also obligated under outstanding commitment letters and undisbursed loans and grants to disburse approximately:

Program	Committed (loan or grant closed)	Commitment letter (loan or grant not closed)	Total
VWFRF	\$ 343,479,653	\$ 63,705,405	\$ 407,185,058
VWSRF	73,804,157	8,354,508	82,158,665
VARF	1,877,399	-	1,877,399
VTIB	48,663,510	-	48,663,510
VBAF	1,136,302	-	1,136,302
VTRRF	29,048	-	29,048
DSFP	4,676,399	-	4,676,399
Total	\$ 473,666,468	\$ 72,059,913	\$ 545,726,381

As of June 30, 2021, the AgBMP loans, included within the VWFRF accounts, were determined to have a need for an allowance for loan losses for \$216,000. The VWSRF was determined to have a need for an allowance for loan losses for \$219,334. Loan loss expense is included as a general operating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

All other loan payments were current and no other loans were in payment default at June 30, 2021.

Note 5 – Capital Assets

Capital asset activity for the year ending June 30, 2021 was as follows:

	June 30, 2020	Additions	Disposals	June 30, 2021
Office equipment	\$ 359,183	\$ 26,295	\$ (25,599)	\$ 359,879
Less accumulated depreciation	(195,094)	(40,916)	25,599	(210,411)
Total capital assets, net	\$ 164,089	\$ (14,621)	\$ -	\$ 149,468

Depreciation expense was \$40,916 for the year ended June 30, 2021.

Virginia Resources Authority
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Note 6 – Long-Term Debt

The Authority had the following debt outstanding as of June 30, 2021:

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<i>Virginia Pooled Financing Program Revenue Bonds</i>		
Series 2002 (Capital Appreciation Bonds), dated July 31, 2002, interest rates ranging from 4.14% to 5.59%, final maturity November 1, 2031. Amount outstanding includes \$14,017,343 accretion for capital appreciation bonds; \$5,623,192 of the bonds defeased in 2012	\$ 27,537,167	\$ 24,892,445
Series 2002A, dated June 6, 2002, interest rates ranging from 3.00% to 5.13%, final maturity May 1, 2027; \$20,125,000 of the bonds defeased in 2010; \$985,000 of the bonds defeased in 2011	42,845,000	120,000
Series 2005B Senior (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final maturity November 1, 2035; \$3,845,000 of the bonds were defeased in 2012; \$130,000 of the bonds were defeased in 2016; \$545,000 of the bonds defeased in 2018	22,055,000	410,000
Series 2005B Subordinate (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final maturity November 1, 2035; \$1,615,000 of the bonds were defeased in 2012; \$55,000 of the bonds were defeased in 2016; \$235,000 of the bonds defeased in 2018	9,485,000	150,000
Series 2005C Senior (Non-AMT), dated December 7, 2005, interest rates ranging from 4.63% to 5.00%, final maturity November 1, 2035; \$1,275,000 of the bonds defeased in 2011; \$10,260,000 of the bonds were defeased in 2012; \$3,160,000 of the bonds were defeased in 2013; \$4,465,000 of the bonds were defeased in 2014	36,710,000	170,000
Series 2005C Subordinate (Non-AMT), dated December 7, 2005, interest rates ranging from 4.00% to 4.75%, final maturity November 1, 2035; \$595,000 of the bonds defeased in 2011; \$4,260,000 of the bonds were defeased in 2012; \$910,000 of the bonds were defeased in 2013; \$2,375,000 of the bonds were defeased in 2014	16,365,000	70,000
Series 2009A Senior (ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2039; \$12,725,000 of the bonds defeased in 2020; \$3,615,000 of the bonds defeased in 2021	42,440,000	80,000

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Description	Original Amount	Amount Outstanding
Series 2009A Subordinate (ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2039; \$6,440,000 of the bonds defeased in 2020; \$1,525,000 of the bonds defeased in 2021	\$ 18,915,000	\$ 35,000
Series 2009B Infrastructure Revenue Bonds (Tax-Exempt), dated November 19, 2009, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2030; \$1,000,000 of the bonds defeased in 2014; \$13,955,000 of the bonds defeased in 2015; \$7,685,000 of the bonds defeased in 2020	82,175,000	150,000
Series 2009B Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 4.97 to 5.70%, final maturity November 1, 2039; \$2,260,000 of the bonds defeased in 2014	45,180,000	40,765,000
Series 2009B State Moral Obligation (Tax-Exempt), dated November 19, 2009, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2030; \$410,000 of the bonds defeased in 2014; \$5,985,000 of the bonds defeased in 2015; \$6,360,000 of the bonds defeased in 2020	38,190,000	60,000
Series 2009B State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 5.22 to 6.00%, final maturity November 1, 2039; \$955,000 of the bonds defeased in 2014	20,785,000	18,890,000
Series 2010A Infrastructure Revenue Bonds, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$1,685,000 of the bonds defeased in 2015; \$2,200,000 of the bonds defeased in 2017; \$9,345,000 of the bonds defeased in 2018; \$2,325,000 of the bonds defeased in 2020; \$4,315,000 of the bonds defeased in 2021	50,470,000	2,810,000
Series 2010A State Moral Obligation, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$475,000 of the bonds defeased in 2015; \$910,000 of the bonds defeased in 2017; \$3,895,000 of the bonds defeased in 2018; \$1,275,000 of the bonds defeased in 2020; \$3,100,000 of the bonds defeased in 2021	23,170,000	1,210,000
Series 2010C Infrastructure Revenue Bonds (Tax-Exempt), dated November 23, 2010, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2033; \$505,000 of the bonds defeased in 2014; \$75,000 of the bonds defeased in 2015; \$3,715,000 of the bonds defeased in 2018; \$3,560,000 of the bonds defeased in 2019; \$7,760,000 of the bonds defeased in 2020; \$3,280,000 of the bonds defeased in 2021	59,635,000	3,930,000

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<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2010C Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 3.83 to 5.79%, final maturity November 1, 2040; \$21,165,000 of the bonds defeased in 2019	\$ 54,740,000	\$ 655,000
Series 2010C State Moral Obligation (Tax-Exempt), dated November 23, 2010, interest rates ranging from 2.50 to 5.00%, final maturity November 1, 2033; \$220,000 of the bonds defeased in 2014; \$35,000 of the bonds defeased in 2015; \$1,565,000 of the bonds defeased in 2018; \$1,495,000 of the bonds defeased in 2019; \$3,240,000 of the bonds defeased in 2020; \$3,285,000 of the bonds defeased in 2021	26,395,000	1,405,000
Series 2010C State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 6.19 to 6.29%, final maturity November 1, 2040; \$9,055,000 of the bonds defeased in 2019; \$14,320,000 of the bonds defeased in 2019	25,920,000	275,000
Series 2011A Infrastructure Revenue Bonds (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$1,805,000 of the bonds defeased in 2014; \$1,375,000 of the bonds defeased in 2016; \$21,540,000 of the bonds defeased in 2020	50,795,000	4,105,000
Series 2011A Infrastructure Revenue Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.80 to 5.10%, final maturity November 1, 2031	6,455,000	4,275,000
Series 2011A State Moral Obligation (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$755,000 of the bonds defeased in 2014; \$565,000 of the bonds defeased in 2016; \$9,265,000 of the bonds defeased in 2020	21,475,000	1,640,000
Series 2011A State Moral Obligation Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.95 to 5.25%, final maturity November 1, 2031	2,790,000	1,835,000
Series 2011B Infrastructure Revenue Bonds (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$9,070,000 of the bonds defeased in 2017; \$19,855,000 of the bonds defeased in 2018; \$32,300,000 of the bonds defeased in 2020; \$2,825,000 of the bonds defeased in 2021	129,660,000	9,685,000

Virginia Resources Authority
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Description	Original Amount	Amount Outstanding
Series 2011B Infrastructure Revenue Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.05 to 4.65%, final maturity November 1, 2041	\$ 27,750,000	\$ 27,750,000
Series 2011B State Moral Obligation (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$3,885,000 of the bonds defeased in 2017; \$3,945,000 of the bonds defeased in 2018; \$19,005,000 of the bonds defeased in 2020; \$1,180,000 of the bonds defeased in 2021	55,635,000	3,990,000
Series 2011B State Moral Obligation Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.50 to 5.05%, final maturity November 1, 2041	12,935,000	12,935,000
Series 2012A Infrastructure Revenue Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$3,740,000 of the bonds defeased in 2018; \$1,620,000 of the bonds defeased in 2019; \$96,950,000 of the bonds defeased in 2020; \$1,650,000 of the bonds defeased in 2021	205,405,000	16,835,000
Series 2012A State Moral Obligation, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$2,905,000 of the bonds defeased in 2018; \$1,075,000 of the bonds defeased in 2019; \$44,865,000 of the bonds defeased in 2020; \$685,000 of the bonds defeased in 2021	92,735,000	11,935,000
Series 2012A-1 Infrastructure Revenue Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$26,555,000 of the bonds defeased in 2020	31,705,000	1,565,000
Series 2012A-1 State Moral Obligation, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$12,180,000 of the bonds defeased in 2020	14,365,000	660,000
Series 2012B Infrastructure Revenue Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041	50,240,000	18,800,000
Series 2012B Infrastructure Revenue Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.50%, final maturity November 1, 2024; \$3,465,000 of the bonds defeased in 2021	3,840,000	885,000
Series 2012B State Moral Obligation Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.50 to 5.00%, final maturity November 1, 2041	23,385,000	9,005,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2012B State Moral Obligation Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.75%, final maturity November 1, 2024; \$1,485,000 of the bonds defeased in 2021	\$ 1,590,000	\$ 370,000
Series 2012 Current Interest Bonds (Taxable), dated November 15, 2012, interest rate of 3.82%, final maturity November 1, 2029	6,730,000	6,730,000
Series 2012C Infrastructure Revenue Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$1,370,000 of the bonds defeased in 2014; \$2,860,000 of the bonds defeased in 2019; \$3,245,000 of the bonds defeased in 2020; \$2,075,000 of the bonds defeased in 2021	34,040,000	13,785,000
Series 2012C Infrastructure Revenue Bonds (AMT), dated December 6, 2012, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2022; \$1,280,000 of the bonds defeased in 2014; \$1,355,000 of the bonds defeased in 2021	2,890,000	355,000
Series 2012C State Moral Obligation Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2042; \$585,000 of the bonds defeased in 2014; \$1,220,000 of the bonds defeased in 2019; \$1,385,000 of the bonds defeased in 2020; \$605,000 of the bonds defeased in 2021	15,375,000	6,775,000
Series 2012C State Moral Obligation Bonds (AMT), dated December 6, 2012, interest rates ranging from 2.50 to 3.00%, final maturity November 1, 2022; \$530,000 of the bonds defeased in 2014; \$850,000 of the bonds defeased in 2021	1,465,000	400,000
Series 2013A Infrastructure Revenue Bonds, dated June 5, 2013, interest rates ranging from 1.00 to 5.00%, final maturity November 1, 2042; \$585,000 of the bonds defeased in 2014; \$10,175,000 of the bonds defeased in 2020; \$12,905,000 of the bonds defeased in 2021	92,810,000	26,365,000
Series 2013A State Moral Obligation, dated June 5, 2013, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2042; \$5,530,000 of the bonds defeased in 2021	42,135,000	16,325,000
Series 2013B Infrastructure Revenue Bonds, dated August 14, 2013, interest rates ranging from 1.75 to 5.00%, final maturity November 1, 2043	46,410,000	29,020,000
Series 2013B State Moral Obligation, dated August 14, 2013, interest rates ranging from 4.00 to 4.75%, final maturity November 1, 2043	20,080,000	12,610,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2013C Infrastructure Revenue Bonds (Tax-Exempt), dated November 20, 2013, interest rates ranging from 1.50 to 5.00%, final maturity November 1, 2033.	\$ 13,535,000	\$ 7,160,000
Series 2013C Infrastructure Revenue Bonds (Taxable), dated November 20, 2013, interest rates ranging from 0.55 to 4.95%, final maturity November 1, 2033; \$2,250,000 of the bonds defeased in 2021	3,615,000	495,000
Series 2013C State Moral Obligation (Tax-Exempt), dated November 20, 2013, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2033	6,280,000	3,350,000
Series 2013C State Moral Obligation Bonds (Taxable), dated November 20, 2013, interest rates ranging from 0.70 to 5.10%, final maturity November 1, 2033; \$960,000 of the bonds defeased in 2021	1,670,000	325,000
Series 2014A Infrastructure Revenue Bonds, dated May 21, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044; \$9,585,000 of the bonds defeased in 2021	66,290,000	46,250,000
Series 2014A State Moral Obligation, dated May 21, 2014, interest rates ranging from 3.00 to 4.00%, final maturity November 1, 2044	29,870,000	25,470,000
Series 2014B Infrastructure Revenue Bonds, dated August 13, 2014, interest rates ranging from 1.25 to 5.00%, final maturity November 1, 2038; \$10,245,000 of the bonds defeased in 2021	92,405,000	65,240,000
Series 2014B State Moral Obligation, dated August 13, 2014, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038; \$1,600,000 of the bonds defeased in 2021	42,085,000	33,120,000
Series 2014C Infrastructure Revenue Bonds (Non-AMT), dated November 19, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2038, \$3,495,000 of the bonds defeased in 2018; \$11,060,000 of the bonds defeased in 2021	103,595,000	59,365,000
Series 2014C Infrastructure Revenue Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2044; \$7,215,000 of the bonds defeased in 2021	4,040,000	3,525,000
Series 2014C State Moral Obligation (Non-AMT), dated November 19, 2014, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2038, \$1,600,000 of the bonds defeased in 2018; \$4,820,000 of the bonds defeased in 2021	45,870,000	29,075,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2014C State Moral Obligation Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2044; \$270,000 of the bonds defeased in 2018; \$790,000 of the bonds defeased in 2021	\$ 1,730,000	\$ 1,525,000
Series 2014D Infrastructure Revenue Bonds, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2028	27,465,000	17,735,000
Series 2014D State Moral Obligation, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2028	12,835,000	8,680,000
Series 2015A Infrastructure Revenue Bonds (Tax-Exempt), dated May 28, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$580,000 of the bonds defeased in 2018	83,775,000	63,415,000
Series 2015A Infrastructure Revenue Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.48 to 4.25%, final maturity November 1, 2035; \$5,655,000 of the bonds defeased in 2021	11,110,000	4,585,000
Series 2015A State Moral Obligation (Tax-Exempt), dated May 28, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2040	35,225,000	27,880,000
Series 2015A State Moral Obligation Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.68 to 4.69%, final maturity November 1, 2035; \$1,100,000 of the bonds defeased in 2021	5,225,000	2,460,000
Series 2015B Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2035; \$875,000 of the bonds defeased in 2021	42,250,000	36,925,000
Series 2015B Infrastructure Revenue Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.22 to 4.01%, final maturity November 1, 2030; \$3,605,000 of the bonds defeased in 2021	6,310,000	720,000
Series 2015B State Moral Obligation (Tax-Exempt), dated November 18, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035; \$380,000 of the bonds defeased in 2021	18,505,000	16,330,000
Series 2015B State Moral Obligation Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.37 to 4.16%, final maturity November 1, 2030; \$1,575,000 of the bonds defeased in 2021	3,005,000	550,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2015C Infrastructure Revenue Bonds, dated October 14, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035	\$ 21,910,000	\$ 20,225,000
Series 2015C State Moral Obligation Bonds, dated October 14, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035	9,850,000	9,150,000
Series 2015D Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$710,000 of the bonds defeased in 2019; \$900,000 of the bonds defeased in 2020; \$12,985,000 of the bonds defeased in 2021	107,760,000	59,325,000
Series 2015D Infrastructure Revenue Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.80 to 3.20%, final maturity November 1, 2025	4,475,000	1,955,000
Series 2015D State Moral Obligation (Tax-Exempt), dated November 18, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038; \$325,000 of the bonds defeased in 2019; \$410,000 of the bonds defeased in 2020; \$20,760,000 of the bonds defeased in 2021	52,290,000	45,485,000
Series 2015D State Moral Obligation Bonds (Taxable), dated November 18, 2015, interest ranging from 0.90 to 3.35%, final maturity November 1, 2025	2,455,000	1,280,000
Series 2016A Infrastructure Revenue Bonds, dated May 25, 20126, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2037	89,580,000	74,955,000
Series 2016A State Moral Obligation Bonds, dated May 25, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	47,040,000	40,265,000
Series 2016B Infrastructure Revenue Bonds (Tax-Exempt), dated August 10, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$885,000 of the bonds defeased in 2021	32,635,000	27,250,000
Series 2016B Infrastructure Revenue Bonds (Taxable), dated August 10, 2016, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2046	2,340,000	1,455,000
Series 2016B State Moral Obligation (Tax-Exempt), dated August 10, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$415,000 of the bonds defeased in 2021	16,330,000	13,755,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2016B State Moral Obligation Bonds (Taxable), dated August 10, 2016, interest ranging from 2.75 to 3.00%, final maturity November 1, 2046	\$ 1,230,000	\$ 815,000
Series 2016C Infrastructure Revenue Bonds, dated November 16, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2046	146,095,000	140,145,000
Series 2016C State Moral Obligation Bonds, dated November 16, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2046	66,820,000	63,995,000
Series 2017A Infrastructure Revenue Bonds, dated May 18, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	42,965,000	40,420,000
Series 2017A State Moral Obligation Bonds, dated May 18, 2017, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038	19,130,000	18,030,000
Series 2017B Infrastructure Revenue Bonds (Tax-Exempt), dated August 16, 2017, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2041	27,675,000	26,325,000
Series 2017B Infrastructure Revenue Bonds (Taxable), dated August 16, 2017, interest rates ranging from 1.625 to 3.875%, final maturity November 1, 2037	2,655,000	2,360,000
Series 2017B State Moral Obligation Bonds (Tax-Exempt), dated August 16, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	7,620,000	7,075,000
Series 2017B State Moral Obligation Bonds (Taxable), dated August 16, 2017, interest rates ranging from 1.625 to 4.05%, final maturity November 1, 2037	1,215,000	1,080,000
Series 2017C Infrastructure Revenue Bonds, dated November 15, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044	56,630,000	50,885,000
Series 2017C State Moral Obligation Bonds, dated November 15, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044	30,315,000	27,525,000
Series 2018A Infrastructure Revenue Bonds (Tax-Exempt), dated May 23, 2018, interest rates ranging from 3.125 to 5.00%, final maturity November 1, 2047	70,385,000	63,995,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2018A Infrastructure Revenue Bonds (Taxable), dated May 23, 2018, interest rates ranging from 2.125 to 5.00%, final maturity November 1, 2047	\$ 2,510,000	\$ 2,365,000
Series 2018A State Moral Obligation Bonds (Tax-Exempt), dated May 23, 2018, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2047	32,275,000	29,595,000
Series 2018A State Moral Obligation Bonds (Taxable), dated May 23, 2018, interest rates ranging from 2.275 to 4.17%, final maturity November 1, 2047	1,160,000	1,090,000
Series 2018B Infrastructure Revenue Bonds, dated August 16, 2018, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2038	19,595,000	18,345,000
Series 2018B State Moral Obligation Bonds, dated August 16, 2018, interest rates ranging from 3.0 to 5.0%, final maturity Nov. 1, 2038	8,365,000	7,835,000
Series 2018C Infrastructure Revenue Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2048	72,960,000	67,685,000
Series 2018C Infrastructure Revenue Bonds (Taxable), dated November 13, 2018, interest rates ranging from 2.75 to 4.25%, final maturity November 1, 2038	4,610,000	4,135,000
Series 2018C State Moral Obligation Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 3.25 to 5.0%, final maturity November 1, 2048	39,105,000	36,870,000
Series 2018C State Moral Obligation Bonds (Taxable), dated November 13, 2018, interest rates ranging from 2.875 to 4.35%, final maturity November 1, 2038	2,285,000	2,070,000
	37,365,000	36,675,000
Series 2019A Infrastructure Revenue Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 2.625 to 5.0%, final maturity November 1, 2040		
Series 2019A State Moral Obligation Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2040	18,625,000	18,335,000
Series 2019B Infrastructure Revenue Bonds (Tax-Exempt), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2041	40,990,000	37,905,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

<u>Description</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2019B Infrastructure Revenue Bonds (AMT), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2049	\$ 5,515,000	\$ 5,415,000
Series 2019B Infrastructure Revenue Bonds (Taxable), dated August 14, 2019, interest rates ranging from 1.95 to 2.75%, final maturity November 1, 2034	11,740,000	11,505,000
Series 2019B State Moral Obligation Bonds (Tax-Exempt), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity Nov. 1, 2041	27,865,000	24,730,000
Series 2019B State Moral Obligation Bonds (AMT), dated August 14, 2019, interest rates ranging from 3.375 to 5.0%, final maturity Nov. 1, 2049	2,345,000	2,305,000
Series 2019B State Moral Obligation Bonds (Taxable), dated August 14, 2019, interest rates ranging from 2.05 to 3.0%, final maturity Nov. 1, 2034	5,615,000	5,520,000
Series 2019C Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2049	71,270,000	68,165,000
Series 2019C Infrastructure Revenue Bonds (Taxable), dated November 18, 2019, interest rates ranging from 1.817 to 3.32%, final maturity November 1, 2042	193,515,000	191,115,000
Series 2019C State Moral Obligation Bonds (Tax-Exempt), dated November 18, 2019, interest rates ranging from 2.0 to 5.0%, final maturity Nov. 1, 2049	32,885,000	31,545,000
Series 2019C State Moral Obligation Bonds (Taxable), dated November 18, 2019, interest rates ranging from 1.85 to 3.25%, final maturity Nov. 1, 2042	85,900,000	84,835,000
Series 2020A Infrastructure Revenue Bonds (Tax-Exempt), dated June 3, 2020, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2040	12,195,000	12,195,000
Series 2020A Infrastructure Revenue Bonds (Taxable), dated June 3, 2020, interest rates ranging from 1.2 to 3.1%, final maturity November 1, 2038	37,880,000	37,245,000
Series 2020A State Moral Obligation Bonds (Tax-Exempt), dated June 3, 2020, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2040	5,245,000	5,245,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Description	Original Amount	Amount Outstanding
Series 2020 Water and Sewer Revenue Bonds (Taxable), dated July 29, 2020, interest rates ranging from 1.612 to 2.212%, final maturity Nov. 1, 2041	\$ 61,350,000	\$ 61,350,000
Series 2020B Infrastructure Revenue Bonds (Tax-Exempt), dated August 5, 2020, interest rates ranging from 2.0 to 5.0%, final maturity November 1, 2050	38,460,000	38,270,000
Series 2020B Infrastructure Revenue Bonds (Taxable), dated August 5, 2020, interest rates ranging from 1.0 to 2.0%, final maturity November 1, 2031	2,605,000	2,555,000
Series 2020B State Moral Obligation Bonds (Tax-Exempt), dated August 5, 2020, interest rates ranging from 2.0 to 5.0%, final maturity Nov. 1, 2050	20,460,000	20,375,000
Series 2020B State Moral Obligation Bonds (Taxable), dated August 5, 2020, interest rates ranging from 1.0 to 2.0%, final maturity Nov. 1, 2031	1,015,000	1,000,000
Series 2020C Infrastructure Revenue Bonds (Tax-Exempt), dated November 17, 2020, interest rates ranging from 1.625 to 5.0%, final maturity November 1, 2040	48,775,000	48,775,000
Series 2020C Infrastructure Revenue Bonds (Taxable), dated November 17, 2020, interest rates ranging from 0.249 to 2.829%, final maturity November 1, 2045	80,905,000	80,905,000
Series 2020C State Moral Obligation Bonds (Tax-Exempt), dated November 17, 2020, interest rates ranging from 2.125 to 5.0%, final maturity Nov. 1, 2040	22,015,000	22,015,000
Series 2020C State Moral Obligation Bonds (Taxable), dated November 17, 2020, interest rates ranging from 0.35 to 2.65%, final maturity Nov. 1, 2040	16,840,000	16,840,000
Series 2021A Infrastructure Revenue Bonds (Tax-Exempt), dated May 24, 2021, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2047	26,120,000	26,120,000
Series 2021A Infrastructure Revenue Bonds (Taxable), dated May 24, 2021, interest rates ranging from 0.187 to 2.736%, final maturity November 1, 2039	40,840,000	40,840,000
Series 2021A Infrastructure Revenue Bonds (AMT), dated May 24, 2021, interest rates ranging from 4.0 to 5.0 %, final maturity November 1, 2041	5,840,000	5,840,000

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Description	Original Amount	Amount Outstanding
Series 2021A State Moral Obligation Bonds (Tax-Exempt), dated May 24, 2021, interest rates ranging from 2.125 to 5.0%, final maturity Nov. 1, 2047	\$ 12,305,000	\$ 12,305,000
Series 2021A State Moral Obligation Bonds (Taxable), dated May 24, 2021, interest rates ranging from 1.0 to 2.5%, final maturity Nov. 1, 2039	8,365,000	8,365,000
Series 2021A State Moral Obligation Bonds (AMT), dated May 24, 2021, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2041	2,575,000	2,575,000
<i>Total Virginia Pooled Financing Program Revenue Bonds</i>	<i>\$4,312,082,167</i>	<i>\$2,657,497,445</i>
<i>Virginia Water Facilities Revolving Loan Fund</i>		
Series 2005 CWSRF (Refunding), dated June 30, 2005, interest rates ranging from 3.00% to 5.50%, final maturity October 1, 2022	\$ 188,475,000	\$ 19,865,000
Series 2011B CWSRF, dated September 28, 2011, interest rates ranging from 2.00% to 5.00%, final maturity October 1, 2034	34,655,000	26,425,000
Series 2013 CWSRF (Refunding), dated June 20, 2013, interest rates ranging from 1.00% to 5.00%, final maturity October 1, 2025	104,275,000	65,535,000
Series 2014B CWSRF (Refunding), dated September 30, 2014, interest rates ranging from 2.00% to 5.00%, final maturity October 1, 2031	178,935,000	161,820,000
Series 2015 CWSRF (Refunding), dated April 14, 2015, interest rate of 5.00%, final maturity October 1, 2031	115,225,000	107,305,000
Series 2020 State Revolving Fund Revenue, dated September 16, 2020, interest rates ranging from 2.0% to 5.0%, final maturity October 1, 2042	60,980,000	60,980,000
<i>Total Virginia Water Facilities Revolving Loan Fund</i>	<i>\$ 682,545,000</i>	<i>\$ 441,930,000</i>
<i>Virginia Water Supply Revolving Loan Fund</i>		
Series 2020 State Revolving Fund Revenue, dated September 16, 2020, interest rates ranging from 2.0% to 5.0%, final maturity October 1, 2052	\$ 44,000,000	\$ 44,000,000
<i>Total Virginia Water Supply Revolving Loan Fund</i>	<i>\$ 44,000,000</i>	<i>\$ 44,000,000</i>

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Changes in long-term debt for the year ended June 30, 2021 are as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021	Due within One Year
Bonds outstanding	\$3,151,514,359	\$493,450,000	\$(501,536,914)	\$3,143,427,445	\$195,465,000
Unamortized discounts and premiums on bonds	234,156,667	44,781,489	(53,721,792)	225,216,364	32,536,857
Notes from direct borrowings	78,249,000	-	(78,249,000)	-	-
Conduit debt	30,219,281	-	(1,733,621)	28,485,660	1,792,050
	<u>\$3,494,139,307</u>	<u>\$538,231,489</u>	<u>\$(635,241,327)</u>	<u>\$3,397,129,469</u>	<u>\$229,793,907</u>

All bonds and direct placements are limited obligations of the Authority payable solely from and secured by a pledge of the principal and interest payments required to be made by certain local and other governmental entities on loans made by the Authority and a pledge of all funds and accounts established by the various bond indentures. The Authority has the option to redeem various bonds. The redemptions generally cannot be exercised until the bonds have been outstanding for ten years or more, as fully described in the various bond indentures.

At June 30, 2021, \$914,377,445 of the outstanding bonds were secured by the moral obligation of the Commonwealth.

At June 30, 2021, the Series 2002 Revenue Bonds include capital appreciation bonds with unaccreted values of \$5,292,555.

Conduit Debt

The Authority issued bonds through the Virginia Green Communities Program (VGCP), which uses the Commonwealth's allocation of Qualified Energy Conservation Bonds to provide subsidized financing for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes. The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VGCP bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. The Authority has elected to show these bonds as liabilities and the associated loans from local borrowers as assets in the accompanying financial statements. As of June 30, 2021, the total outstanding principal amount of conduit debt obligations in the VGCP was \$28,485,660.

Refundings

During the fiscal year, the Authority issued Virginia Pooled Financing Program Revenue Bonds, Series 2020B, Series 2020C, and Series 2021A, from which a portion of proceeds were used to provide resources to place in trust for the purpose of making future debt service payments for certain maturities.

As a result, the refunded bonds below are considered to be defeased and the liability has been removed from the Statement of Net Position:

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Issue	Principal Defeased	Difference between Previous and New Debt Services	Economic Gain as a Result of the Refunding
2008A	1,405,000	356,162	331,668
2009A	5,140,000	1,267,851	1,185,437
2010A	7,415,000	1,723,023	1,600,360
2010B	815,000	279,971	243,337
2010C	5,235,000	1,666,921	1,510,087
2011B	4,005,000	377,313	366,224
2012A	2,335,000	207,232	195,993
2012B	4,950,000	435,707	414,341
2012C	4,885,000	393,275	345,977
2013A	15,585,000	1,497,863	1,443,504
2013C	3,210,000	335,936	326,896
2014A	9,585,000	1,288,919	763,929
2014B	11,845,000	1,416,661	803,902
2014C	8,005,000	(232,570)	33,311
2015A	6,755,000	804,803	554,779
2015B	6,435,000	462,212	371,838
2015D	33,745,000	3,972,295	3,079,037
	<u>\$ 131,350,000</u>	<u>\$ 16,253,574</u>	<u>\$ 13,570,620</u>

The amount outstanding at June 30, 2021 for bonds that have been in-substance defeased was \$656,266,916. In addition to the refundings noted above, this includes bonds that were in-substance defeased during the current and prior years: Series 2002, Series 2009A, Series 2010A, Series 2010C, Series 2011A, Series 2011B, Series 2012, Series 2012A, Series 2012A-1, Series 2012B, Series 2012C, Series 2013A, Series 2014A, Series 2014B, Series 2014C, Series 2015A, Series 2015B, Series 2015D, Series 2016B, and VARF Series 2011.

Debt Service Requirements

Debt service requirements at June 30, 2021 are as follows:

June 30,	Bonds		
	Principal	Interest	Total
2022	\$ 197,257,050	\$ 119,293,221	\$ 316,550,271
2023	194,174,860	110,665,208	304,840,068
2024	186,034,097	102,300,816	288,334,913
2025	195,134,805	94,192,641	289,327,446
2026	201,557,035	85,785,148	287,342,183
2027-2031	944,664,580	309,262,085	1,253,926,665
2032-2036	648,820,652	157,832,707	806,653,359
2037-2041	412,782,581	68,454,408	481,236,989
2042-2046	155,525,000	19,013,518	174,538,518
2047-2051	39,235,000	2,829,508	42,064,508
2052-2053	2,020,000	81,600	2,101,600
	<u>\$ 3,177,205,660</u>	<u>\$ 1,069,710,860</u>	<u>\$ 4,246,916,520</u>

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Note 7 – Restricted Net Position

Restricted net position represents the portion of total net position restricted for the purpose of making loans to local governments or by the requirements of various bond indentures or federal and state regulations for the various revolving funds. Restricted net position includes Revolving Loan Fund Accounts, Airport Revolving Fund Accounts, Bond Accounts, and the Operating Reserve Fund. Such loans or grants are generally made at the direction of the state agencies overseeing the related programs. All assets and liabilities included in the Authority’s General Accounts are non-restricted in nature; however, the General Account has pledged assets to establish an Operating Reserve Fund for the VFPF. The Operating Reserve Fund serves as security on the Authority’s Infrastructure Revenue Bonds (senior lien) and is classified as restricted. At June 30, 2021 the cash, cash equivalents, and investments restricted for use related to the Operating Reserve Fund amounted to \$7,760,000.

Note 8 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2021 consisted of:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Arbitrage rebate liability	\$ -	\$ 3,272,705	\$ 3,272,705
Accounts payable and other liabilities	250,381	-	250,381
Compensated absences	131,340	2,419	133,759
Loan payments received prior to due date	1,556,459	-	1,556,459
	<u>\$ 1,938,180</u>	<u>\$ 3,275,124</u>	<u>\$ 5,213,304</u>

Note 9 – Contributions from Other Governments

During the fiscal year, the Authority received \$43,484,700 from the EPA under the Capitalization Grants for State Revolving Funds. Contributions from the EPA are disbursed as loans and grants to municipalities. The Authority also received \$5,189,936 from the Commonwealth as part of the required state match of federal funds.

In addition, the Authority received the following funds from the Commonwealth: \$15,732,147 for VDSFPF; \$19,553,536 for CFPF; \$2,808,442 for VBAF; and \$5,650,000 for VTRRF.

Note 10 – Employee Pension Plans

Plan Description

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

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

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VRS Plan 1

Overview – Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.

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

Hybrid Opt-In Election – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

Retirement Contributions – Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Creditable Service – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit – The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation – A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.

Normal Retirement Age – Age 65.

Earliest Unreduced Retirement Eligibility – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

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Earliest Reduced Retirement Eligibility – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement – The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS Plan 2

Overview – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

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

Hybrid Opt-In Election – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

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Retirement Contributions – Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

Creditable Service – Same as Plan 1.

Vesting – Same as Plan 1.

Calculating the Benefit – See definition under Plan 1.

Average Final Compensation – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier – Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age – Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

Earliest Reduced Retirement Eligibility – Age 60 with at least five years (60 months) of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement – The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility and exceptions to COLA effective dates are the same as VRS Plan 1.

Disability Coverage – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service – Same as Plan 1.

VRS Hybrid Retirement Plan

Overview – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window (see “Eligible Members”). The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees and members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

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Retirement Contributions – A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service, Defined Benefit Component – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Creditable Service, Defined Contributions Component – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting, Defined Benefit Component – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Vesting, Defined Contributions Component – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions
- After three years, a member is 75% vested and may withdraw 75% of employer contributions
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions

Distribution is not required by law until age 70½.

Calculating the Benefit, Defined Benefit Component – See definition under Plan 1.

Calculating the Benefit, Defined Contribution Component – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation – Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Normal Retirement Age, Defined Benefit Component – Same as Plan 2.

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Normal Retirement Age, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility, Defined Benefit Component – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Earliest Unreduced Retirement Eligibility, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility, Defined Benefit Component – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Earliest Reduced Retirement Eligibility, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement, Defined Benefit Component – Same as Plan 2. Eligibility and exceptions to COLA effective dates are the same as Plan 1 and Plan 2.

Cost-of-Living Adjustment (COLA) in Retirement, Defined Contribution Component – Not applicable.

Disability Coverage – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service, Defined Benefit Component – Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service.

Purchase of Prior Service, Defined Contribution Component – Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	6
Non-vested inactive members	4
Inactive members elsewhere in VRS	6
Total inactive members	<u>16</u>
Active members	<u>15</u>
Total covered employees	<u><u>34</u></u>

Contributions

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

The Authority’s contractually required contribution rate for the year ended June 30, 2021 was 6.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial

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valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$90,449 and \$71,065 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

Actuarial Methods and Assumptions

The total pension liability for the Authority was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates: 15% of deaths are assumed to be service related

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

The actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions are as follows:

- Mortality rates: update to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: lowered rates
- Salary scale: no change
- Line of Duty Disability: increase rate from 14% to 15%

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Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return*			<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take in account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2019	\$ 2,019,037	\$ 2,155,324	\$ (136,287)
Changes for the year:			
Service cost	170,910	-	170,910
Interest	134,894	-	134,894
Changes of assumptions	-	-	-
Difference between expected and actual experience	77,039	-	77,039
Contributions – employer	-	68,145	(68,145)
Contributions – employee	-	74,870	(74,870)
Net investment income	-	42,699	(42,699)
Benefit payments, including refunds	(41,202)	(41,202)	-
Administrative expenses	-	(1,312)	1,312
Other changes	-	(52)	52
Net change	341,641	143,148	198,493
Balance at June 30, 2020	<u>\$ 2,360,678</u>	<u>\$ 2,298,472</u>	<u>\$ 62,206</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability (asset)	\$ 484,836	\$ 62,206	\$ (271,166)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Authority recognized pension expense of \$85,588. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 196,435	\$ 16,995
Changes of assumptions	40,606	18,558
Net difference between projected and actual earnings on plan investments	64,868	-
Employer contributions subsequent to the measurement date	90,449	-
	<u>\$ 392,358</u>	<u>\$ 35,553</u>

Deferred outflows of resources of \$90,449 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions and amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2022	\$ 72,818
2023	117,999
2024	46,985
2025	28,554
2026	-
Thereafter	-
	\$ 266,356

Pension Plan Data

Information about the VRS Plan is also available in the separately issued VRS Annual Comprehensive Financial Report at <http://www.varetire.org/Publications>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11 – Other Post-Employment Benefits – Group Life Insurance Program

Plan Description

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

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage, and benefits is set out below:

Eligible Employees

The Group Life Insurance Program was established July 1, 1960 for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contribution and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components:

- Natural Death Benefit: Equal to the employee’s covered compensation rounded to the next highest thousand, then doubled.
- Accidental Death Benefit: Double the natural death benefit.
- Other Benefit Provisions: In addition to the natural and accidental death benefits, the program provides additional benefits under specific circumstances, including the accidental dismember benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.

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Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by Statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation; this was allocated into an employee and employer component using a 60/40 split, resulting in the employee component of 0.80% and the employer component of 0.54%. Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution.

Each employer’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program for the Authority were \$8,040 and \$7,974 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows (in thousands):

Total OPEB liability	\$ 3,523,937
Less Plan Fiduciary Net Positon	(1,855,102)
Employers’ Net OPEB Liability	<u>\$ 1,668,835</u>

Plan Fiduciary Net Positon as a percentage of the Total OPEB liability 52.64%

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

At June 30, 2021, the Authority reported a liability of \$123,327 for its proportionate share of the NOL. The NOL was measured as of June 30, 2020 and the total Group Life Insurance OPEB liability used to calculate the NOL was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority’s proportion of the NOL was based on the Authority’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020 and June 30, 2019, the Authority’s proportion was 0.00726% and 0.00744%, respectively.

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Actuarial Assumptions

The total Group Life insurance OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary increases, including inflation	
General state employees	3.5-5.35%
Teachers	3.5-5.95%
SPORS employees	3.5-4.75%
VaLORS employees	3.5-4.75%
JRS employees	4.5%
Locality – General employees	3.5-5.35%
Locality – Hazardous Duty employees	3.5-4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

Mortality rates – General State Employees

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85
- Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Line of Duty disability: increased rate from 14% to 25%
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – Teachers

- Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020

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- Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75-90
- Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – SPORS Employees

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted rates to better fit experience
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: increased rate from 60% to 85%
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – VaLORS Employees

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: decreased rate from 50% to 35%
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – JRS Employees

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85
- Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: decreased rates at first retirement eligibility
- Disability rates: removed disability rates
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers – General Employees

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates

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- Line of Duty Disability: increased rate from 14% to 20%
- Discount rate: decreased from 7.00% to 6.75%

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

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

Actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate (based on VRS Board action effective July 1, 2019). Changes to the actuarial assumptions are as follows:

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 15%
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 60% to 70%
- Discount rate: decreased from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

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- Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: decreased rate from 60% to 45%
- Discount rate: decreased from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return*			<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take in account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Group Life Insurance OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at

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rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the Authority for the Group Life Insurance OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Group Life Insurance OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Group Life Insurance OPEB liability.

Sensitivity of the Authority's Proportionate Share of the Net Group Life Insurance OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net Group Life Insurance OPEB liability using the current discount rate, as well as what the Authority's proportionate share of the net Group Life Insurance OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Proportionate share of the net Group Life Insurance OPEB liability	\$ 159,271	\$ 123,327	\$ 90,206

Group Life Insurance OPEB Expense and Deferred Outflows/Inflows of Resources Related to the Group Life Insurance Program

For the year ended June 30, 2021, the Authority recognized total OPEB expense of \$8,704, of which \$4,936 was related to the Group Life Insurance OPEB. Since there was a change in proportionate share between measurement dates, a portion of the Group Life Insurance OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,910	\$ 1,108
Net difference between projected and actual earnings on plan investments	3,705	-
Change in assumptions	6,168	2,575
Changes in proportion	6,611	5,036
Employer contributions subsequent to the measurement date	8,040	-
	\$ 32,434	\$ 8,719

Deferred outflows of resources of \$8,040 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Group Life Insurance OPEB Liability in the year ended June 30, 2022.

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Amounts reported as deferred inflows of resources related to the Group Life Insurance OPEB will be recognized in the Group Life Insurance OPEB expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ 2,255
2022	3,283
2023	4,221
2024	4,263
2025	1,280
Thereafter	373
	<u>\$ 15,675</u>

Group Life Insurance Plan Data

Information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report at <http://www.varetire.org/Publications>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12 – Other Post-Employment Benefits – Virginia Local Disability Program

Plan Description

All full-time, salaried permanent employees of the Authority who are in the VRS Hybrid Retirement Plan benefit structure are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program (“VLDP”) upon employment. This plan is administered by the Virginia Retirement System (“System”) along with pensions and other OPEB plans for public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

Eligible Employees

The VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment.

Benefit Amounts

- Short-term disability
 - Beginning after a seven-calendar day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
 - During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work related or work-related disability.
 - Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.
- Long-term disability
 - Beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
 - Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers’ compensation benefit. Members will not receive a VLDP benefit if their workers’ compensation benefit is greater than the VLDP benefit.

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VLDP Program Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.

VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirements for the active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2021 was 0.83% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were \$1,861 and \$877 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net OPEB Liability

The net OPEB liability (NOL) for the VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VLDP is as follows (in thousands):

Total OPEB liability	\$ 4,317
Less Plan Fiduciary Net Positon	(3,317)
Net OPEB Liability	<u>\$ 1,000</u>

Plan Fiduciary Net Positon as a percentage of the Total OPEB liability	76.84%
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The total OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

At June 30, 2021, the Authority reported a liability of \$326 for its proportionate share of the NOL. The NOL was measured as of June 30, 2020 and the total OPEB liability used to calculate the NOL was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the NOL was based on the Authority's actuarially determined employer contributions to the VLDP for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020 and June 30, 2019 the Authority's proportion was 0.033% and 0.031% respectively.

Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 20%
- Discount rate: decreased from 7.00% to 6.75%

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

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

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

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 15%
- Discount rate: decreased from 7.00% to 6.75%

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Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return*			<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take in account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VLDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the Authority for the VLDP OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

VLDP OPEB Expense and Deferred Outflows/Inflows of Resources Related to the VLDP

For the year ended June 30, 2021, the Authority recognized total OPEB expense of \$8,704, of which \$583 was related to the VLDP OPEB.

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At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on plan investments	-	-
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	1,861	-
	\$ 1,861	\$ -

Deferred outflows of resources of \$1,861 resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the year ended June 30, 2022.

VLDP OPEB Plan Data

Information about the VLDP’s Fiduciary Net Position is available in the separately issued VRS Annual Financial Comprehensive Report at <http://www.varetire.org/Publications>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13 – Other Post-Employment Benefits – Retiree Healthcare Plan

Plan Description

Effective July 1, 2018, the Authority began administering a single-employer defined benefit healthcare plan (the “Plan” or “Retiree Healthcare”), which provides post-employment healthcare benefits to retirees of the Authority. The Plan may be modified or discontinued at any time by the Authority’s Board of Directors.

Retirees are eligible to participate in the Plan upon retiring at 50 years old with ten years of service with the Authority or 55 years old with five years of service with the Authority. Upon reaching Medicare age, participating retirees are required to join a Medicare-supplement plan.

A separate report is not issued for the Plan.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	-
Inactive employees entitled but not receiving benefits	-
Active employees	15
Total	15

Funding Policy

Participating retirees must pay the full cost of these benefits, which results in an implicit rate subsidy for the Authority. Benefits are paid on a pay-as-you-go basis and there are no plan assets set aside in trust. This funding policy may be modified at any time by the Authority’s Board of Directors.

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Total OPEB Liability and OPEB Expense

For the year ended June 30, 2021, the Authority recognized total OPEB expense of \$8,704, of which \$3,185 was related to the Retiree Healthcare OPEB.

For the year ending June 30, 2021, the Authority reported a total Retiree Healthcare OPEB liability of \$154,699.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2020	\$ 151,514	\$ -	\$ 151,514
Changes for the year:			
Service cost	15,985	-	15,985
Interest	3,702	-	3,702
Changes of assumptions	(16,502)	-	(16,502)
Difference between expected and actual experience	-	-	-
Contributions – employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net change	<u>3,185</u>	<u>-</u>	<u>3,185</u>
Balance at June 30, 2021	<u>\$ 154,699</u>	<u>\$ -</u>	<u>\$ 154,699</u>

Actuarial Assumptions

The total OPEB liability was based on an actuarial valuation as of June 30, 2021, using the alternative measurement method and the following assumptions:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage of Payroll
Healthcare cost trend rates:	From 5.9% in the current year to 4.3% in future years, consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection
Payroll growth assumption:	average annual percentage change in the Consumer Price Index – Urban Wage Earners and Clerical Workers CPI-W from 2010 to 2020.
Amortization period:	20 years
Mortality table:	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvements projected for 10 years
Turnover assumption:	Derived from data maintained by the US Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Sensitivity of the Plan’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Plan’s total OPEB liability using healthcare trend rates 1% greater than and 1% less than the baseline trends are shown in the table below:

	Baseline Trend -1%	Baseline Trend	Baseline Trend +1%
Total OPEB liability	\$ 123,626	\$ 154,699	\$ 194,357

Discount Rate and Sensitivity of the Plan’s Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total OPEB liability was 2.14%. This rate reflects the Bond Buyer 20-Bond GO index as of the measurement date.

The following presents the Plan’s total OPEB liability using the discount rate as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current Rate -1%	Current Rate	Current Rate +1%
Total OPEB liability	\$ 181,965	\$ 154,699	\$ 132,407

Note 14 – Contingencies

The Authority participates in the Capitalization Grants for State Revolving Funds. Although the Authority’s administration of the program has been audited in accordance with Title 2 of the U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2021, this program is still subject to federal financial and compliance audits. The amount of expenses, which may be disallowed by the granting agency, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority issued Build America Bonds, a form of direct-pay bonds where issuers receive subsidy payments from the Treasury equal to 35% of their interest costs, in 2009 and 2010. As an issuer of Build America Bonds, the Authority is subject to reductions in the subsidy payments pursuant to the spending cut requirements (the “sequester”) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Certain automatic reductions, in the amount of 5.7%, went into effect October 1, 2020 and the reduction rate will be applied until September 30, 2030 or intervening Congressional action, at which time the sequestration rate is subject to change. The amount of any reduction to future subsidy payments of the Authority cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority issued Qualified Energy Conservation Bonds, a form of direct-pay bonds where issuers receive subsidy payments from the Treasury equal to 70% of the related Qualified Tax Credit Bond Rate, 2016 and 2017. As an issuer of Qualified Energy Conservation Bonds, the Authority is subject to reductions in the subsidy payments pursuant to the spending cut requirements (the “sequester”) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Certain automatic reductions, in the amount of 5.7%, went into effect October 1, 2020 and the reduction rate will be applied until September 30, 2030 or intervening Congressional action, at which time the sequestration rate is subject to change. The amount of any reduction to future subsidy payments of the Authority cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Note 15 – Leases

The Authority leases its office space under an operating lease. Rent expense totaled \$143,544 for the year ended June 30, 2021. The future minimum rental payments under this operating lease are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 143,178
2023	193,391
2024	198,224
2025	203,183
2026	208,267
2027	213,475
2028	218,809
2029	224,268
	<u>\$ 1,602,795</u>

Note 16 – Risk Management

The Authority carries commercial insurance for various risks of loss including property, workers' compensation, theft, general liability, errors and omissions, employee health and accident, and public officials' liability. There have been no claims exceeding the amount insured resulting from these risks during the three years ended June 30, 2021 and there was no reduction in insurance coverage during the fiscal year.

Note 17 – Subsequent Events

The United States and the Commonwealth of Virginia declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. Local governments, which comprise most of VRA's borrowers, have seen revenue declines since the onset of the pandemic. In April 2020, VRA completed a portfolio wide review of all borrowers and began outreach efforts regarding VRA's limited ability to offer payment deferral options for loans funded by public debt market proceeds. Feedback obtained from this outreach was positive, with localities reporting proactive financial management steps to address anticipated revenue declines and prioritize debt service. VRA continues to monitor pandemic related developments and their potential impact on VRA's borrowers in conjunction with VRA's ongoing loan monitoring and compliance efforts. The future impact on VRA's operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Authority issued revenue bonds in the amount of \$79,450,000 dated August 4, 2021 through the VFPF. Interest rates range from 1.65% to 5.0% with a final maturity date of November 1, 2044.

Note 18 – New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective:

Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Virginia Resources Authority
Notes to the Financial Statements
June 30, 2021

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement 92, "Omnibus 2020." The requirements of this Statement, The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement 93, "Replacement of Interbank Offered Rates." The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Implementation Guide No. 2019-1, "Implementation Guidance Update—2019." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.

Implementation Guide No. 2019-3, "Leases." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year Ended June 30,						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 113,609	\$ 138,652	\$ 146,176	\$ 164,504	\$ 148,916	\$ 137,528	\$ 170,910
Interest	49,872	61,149	79,808	96,398	96,332	101,751	134,894
Changes of assumptions	-	-	-	(96,698)	-	79,464	-
Difference between expected and actual experience	-	66,756	15,713	(39,168)	(28,307)	264,966	77,039
Benefit payments, including refunds of employee contributions	(4,749)	-	-	(9,413)	(242,525)	(36,525)	(41,202)
Net change	158,732	266,557	241,697	115,623	(25,584)	547,184	341,641
Total pension liability, beginning	714,828	873,560	1,140,117	1,381,814	1,497,437	1,471,853	2,019,037
Total pension liability, ending (a)	<u>\$ 873,560</u>	<u>\$1,140,117</u>	<u>\$1,381,814</u>	<u>\$1,497,437</u>	<u>\$1,471,853</u>	<u>\$2,019,037</u>	<u>\$2,360,678</u>
Plan Fiduciary Net Position							
Contributions – employer	\$ 85,767	\$ 46,529	\$ 45,908	\$ 60,777	\$ 58,238	\$ 65,730	\$ 68,145
Contributions – employee	77,046	64,726	65,224	71,356	64,628	71,954	74,870
Net investment income	163,643	61,565	28,964	202,035	140,948	134,272	42,699
Benefit payments, including refunds of employee contributions	(4,749)	-	-	(9,413)	(242,525)	(36,525)	(41,202)
Administrative expense	(736)	(720)	(828)	(1,026)	(1,323)	(1,172)	(1,312)
Other	8	(13)	(11)	(524)	(420)	(86)	(52)
Net change	320,979	172,087	139,257	323,205	19,546	234,173	143,148
Plan fiduciary net position, beginning	946,077	1,267,056	1,439,143	1,578,400	1,901,605	1,921,151	2,155,324
Plan fiduciary net position, ending (b)	<u>\$1,267,056</u>	<u>\$1,439,143</u>	<u>\$1,578,400</u>	<u>\$1,901,605</u>	<u>\$1,921,151</u>	<u>\$2,155,324</u>	<u>\$2,298,472</u>
Net Pension Liability (Asset) (b)-(a)	\$(393,496)	\$(299,026)	\$(196,586)	\$(404,168)	\$(449,298)	\$(136,287)	\$ 62,206
Plan fiduciary net position as a percentage of the total pension liability	145.0%	126.2%	114.2%	127.0%	130.5%	106.8%	97.4%
Covered payroll	\$1,170,504	\$1,294,522	\$1,311,484	\$1,342,834	\$1,292,489	\$1,458,029	\$1,521,744
Net pension liability (asset) as a percentage of covered payroll	(33.6%)	(23.1%)	(15.0%)	(30.1%)	(34.8%)	(9.3%)	4.1%

Information is presented only for those years for which it is available.

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Schedule of Pension Contributions

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 46,862	\$ 46,862	\$ -	\$ 1,294,522	3.62%
2016	47,476	47,476	-	1,311,484	3.62%
2017	62,039	62,039	-	1,342,834	4.62%
2018	59,713	59,713	-	1,292,489	4.62%
2019	68,090	68,090	-	1,458,029	4.67%
2020	71,065	71,065	-	1,521,744	4.67%
2021	76,925	76,925	-	1,499,979	6.03%

Information is presented only for those years for which it is available.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions

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

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

- Mortality rates: update to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: lowered rates
- Salary scale: no change
- Line of Duty Disability: increase rate from 14% to 15%
- Discount rate: decrease rate from 7.00% to 6.75%

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program

	Plan Year Ended June 30,			
	2017	2018	2019	2020
Proportion of the net Group Life Insurance (GLI) OPEB liability	0.00730%	0.00683%	0.00744%	0.00726%
Proportionate share of the net GLI OPEB liability	\$ 110,000	\$ 104,000	\$ 121,000	\$ 123,327
Covered payroll	\$ 1,342,834	\$ 1,292,489	\$ 1,458,029	\$ 1,521,744
Proportionate share of the net GLI OPEB liability as a percentage of covered payroll	8.19%	8.05%	8.30%	8.10%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

Information is presented only for those years for which it is available.

Schedule of Employer OPEB Contributions – Group Life Insurance Program

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 7,037	\$ 7,037	-	\$ 1,342,834	0.52%
2018	6,774	6,774	-	1,292,489	0.52%
2019	7,640	7,640	-	1,458,029	0.52%
2020	7,974	7,974	-	1,521,744	0.52%
2021	8,040	8,040	-	1,499,979	0.54%

Information is presented only for those years for which it is available.

Notes to Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Group Life Insurance Program

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

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

Mortality rates – General State Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Line of Duty disability: increased rate from 14% to 25%
- Discount rate: decreased from 7.00% to 6.75%

Teachers

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

- Retirement rates: lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Discount rate: decreased from 7.00% to 6.75%

SPORS Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted rates to better fit experience
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: increased rate from 60% to 85%
- Discount rate: decreased from 7.00% to 6.75%

VaLORS Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: decreased rate from 50% to 35%
- Discount rate: decreased from 7.00% to 6.75%

JRS Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: decreased rates at first retirement eligibility
- Disability rates: removed disability rates
- Discount rate: decreased from 7.00% to 6.75%

Largest Ten Locality Employers – General Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 20%
- Discount rate: decreased from 7.00% to 6.75%

Non-Largest Ten Locality Employers – General Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 15%
- Discount rate: decreased from 7.00% to 6.75%

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Largest Ten Locality Employers – Hazardous Duty Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 60% to 70%
- Discount rate: decreased from 7.00% to 6.75%

Non-Largest Ten Locality Employers – Hazardous Duty Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: increased age 50 rates and lowered rates at older ages
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: adjusted rates to better match experience
- Line of Duty Disability: decreased rate from 60% to 45%
- Discount rate: decreased from 7.00% to 6.75%

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Schedule of Employer’s Share of Net OPEB Liability – Virginia Local Disability Program

	Plan Year Ended June 30,			
	2017	2018	2019	2020
Proportion of the net Virginia Local Disability Program (VLDP) OPEB liability	0.020%	0.019%	0.031%	0.033%
Proportionate share of the net VLDP OPEB liability	\$ 111	\$ 144	\$ 620	\$ 326
Covered payroll	\$ 36,057	\$ 45,402	\$ 94,727	\$ 121,776
Proportionate share of the net VLDP OPEB liability as a percentage of covered payroll	0.31%	0.32%	0.65%	0.26%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.4%	51.2%	49.2%	76.8%

Information is presented only for those years for which it is available.

Schedule of Employer OPEB Contributions – Virginia Local Disability Program

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 216	\$ 216	-	\$ 36,057	0.60%
2018	272	272	-	45,402	0.60%
2019	682	682	-	94,727	0.72%
2020	877	877	-	121,776	0.72%
2021	1,861	1,861	-	224,276	0.83%

Information is presented only for those years for which it is available.

Notes to Schedule of Employer’s Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Virginia Local Disability Program

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate (based on VRS Board action effective as of July 1, 2019). Changes to the actuarial assumptions are as follows:

Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 20%
- Discount rate: decreased from 7.00% to 6.75%

Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

- Mortality rates: updated to a more current mortality table – RP-2014 projected to 2020

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

- Retirement rates: lowered rates at older ages and extended final retirement age from 70 to 75
- Withdrawal rates: adjusted rates to better fit experience at each year age and service year
- Disability rates: lowered disability rates
- Line of Duty Disability: increased rate from 14% to 15%
- Discount rate: decreased from 7.00% to 6.75%

Virginia Resources Authority
Required Supplementary Information (Unaudited)
June 30, 2021

Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Healthcare Plan

	Plan Year Ended June 30,		
	2019	2020	2021
Total OPEB Liability			
Service cost	\$ -	\$ -	\$ 15,985
Interest	-	-	3,702
Changes of assumptions	101,505	50,009	(16,502)
Difference between expected and actual experience	-	-	-
Benefit payments, including refunds	-	-	-
Net change	101,505	50,009	3,185
Total OPEB liability, beginning	\$ -	\$ 101,505	\$ 151,514
Total OPEB liability, ending (a)	<u>\$ 101,505</u>	<u>\$ 151,514</u>	<u>\$ 154,699</u>
Plan Fiduciary Net Position			
Contributions – employer	\$ -	\$ -	\$ -
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	-	-	-
Administrative expense	-	-	-
Other changes	-	-	-
Net change	-	-	-
Plan fiduciary net position, beginning	\$ -	\$ -	\$ -
Plan fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability (a)-(b)	\$ 101,505	\$ 151,514	\$ 154,699
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA
Covered-employee payroll	\$1,458,029	\$1,521,744	\$1,499,979
Net OPEB liability as a percentage of covered-employee payroll	6.96%	9.96%	10.31%

Information is presented only for those years for which it is available.

Notes to Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Healthcare Plan

The Retiree Healthcare Plan became effective July 1, 2018. Benefits are paid on a pay-as-you-go basis and there are no plan assets set aside in trust.

Virginia Resources Authority
Combining Schedule of Net Position
June 30, 2021

	General	Virginia Revolving Loan Fund Accounts		Airport	Bond	Transportation	Dam Safety &	Tobacco	Brownfields &	Total
	Accounts	Water Facilities	Water Supply							
Assets										
Current assets										
Cash	\$ 730,711	\$ 10,955,491	\$ 3,617,450	\$ -	\$ 4,167	\$ -	\$ -	\$ 258,939	\$ 500,000	\$ 16,066,758
Cash equivalents	3,977,809	299,753,523	104,792,824	8,442,748	1,396,344	-	42,420,855	-	3,918,332	464,702,435
Investments	3,293,225	23,453,656	4,051,674	4,234,085	2,806,525	-	2,117,698	-	-	39,956,863
Loans receivable - current portion	-	122,720,333	8,773,965	3,068,375	170,148,462	-	-	165,659	1,792,050	306,668,844
Receivables:										
Investment interest	55,255	1,479,762	41,203	21	447,844	-	-	-	-	2,024,085
Loan interest	-	5,484,542	476,823	115,008	23,998,916	-	-	24,991	745,160	30,845,440
Loan administrative fees	-	466,550	360,752	-	770,195	-	-	-	-	1,597,497
Federal funds	-	2,265,483	134,720	-	-	-	-	-	-	2,400,203
Other	129,235	-	39,427	-	-	-	-	-	-	168,662
Other	103,128	-	-	-	-	-	-	-	-	103,128
Total current assets	8,289,363	466,579,340	122,288,838	15,860,237	199,572,453	-	44,538,553	449,589	6,955,542	864,533,915
Noncurrent assets										
Investments - non-current	25,584,777	301,757,285	34,516,890	-	83,929,177	-	-	-	-	445,788,129
Loans receivable - non-current	-	1,177,305,656	172,001,076	19,737,990	2,577,471,093	-	-	8,374,581	26,693,610	3,981,584,006
Capital assets, net	149,468	-	-	-	-	-	-	-	-	149,468
Total noncurrent assets	25,734,245	1,479,062,941	206,517,966	19,737,990	2,661,400,270	-	-	8,374,581	26,693,610	4,427,521,603
Total assets	34,023,608	1,945,642,281	328,806,804	35,598,227	2,860,972,723	-	44,538,553	8,824,170	33,649,152	5,292,055,518
Deferred Outflows of Resources										
Deferred outflows - pension	392,358	-	-	-	-	-	-	-	-	392,358
Deferred outflows - OPEB	34,295	-	-	-	-	-	-	-	-	34,295
Deferred loss on refunding	-	16,423,806	-	-	30,006,664	-	-	-	-	46,430,470
Total deferred outflows of resources	426,653	16,423,806	-	-	30,006,664	-	-	-	-	46,857,123
Total assets and deferred outflows of resources	\$ 34,450,261	\$ 1,962,066,087	\$ 328,806,804	\$ 35,598,227	\$ 2,890,979,387	\$ -	\$ 44,538,553	\$ 8,824,170	\$ 33,649,152	\$ 5,338,912,641
Liabilities										
Current liabilities										
Bonds payable - current	\$ -	\$ 56,595,644	\$ 441,220	\$ -	\$ 170,964,993	\$ -	\$ -	\$ -	\$ 1,792,050	\$ 229,793,907
Accrued interest	-	5,008,635	379,475	-	16,696,974	-	-	-	745,160	22,830,244
Due to (from) other accounts	(468,022)	258,241	160,843	43,146	-	-	5,792	-	-	-
Agency funds	-	1,190,191	66,820	33,016	-	-	-	-	-	1,290,027
Accounts payable and other liabilities	379,248	1,001,830	487,320	45,892	-	-	-	23,890	-	1,938,180
Total current liabilities	(88,774)	64,054,541	1,535,678	122,054	187,661,967	-	5,792	23,890	2,537,210	255,852,358
Noncurrent liabilities										
Net OPEB liability	278,496	-	-	-	-	-	-	-	-	278,496
Net pension liability	62,206	-	-	-	-	-	-	-	-	62,206
Bonds payable - noncurrent	-	421,978,641	49,551,993	-	2,669,111,318	-	-	-	26,693,610	3,167,335,562
Loans payable - noncurrent	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	2,419	3,272,705	-	-	-	-	-	-	-	3,275,124
Total noncurrent liabilities	343,121	425,251,346	49,551,993	-	2,669,111,318	-	-	-	26,693,610	3,170,951,388
Total liabilities	254,347	489,305,887	51,087,671	122,054	2,856,773,285	-	5,792	23,890	29,230,820	3,426,803,746
Deferred Inflows of Resources										
Deferred inflows - pension	35,553	-	-	-	-	-	-	-	-	35,553
Deferred inflows - OPEB	8,719	-	-	-	-	-	-	-	-	8,719
Deferred gain from localities on refunding	-	-	-	-	34,715,819	-	-	-	-	34,715,819
Total deferred inflows of resources	44,272	-	-	-	34,715,819	-	-	-	-	34,760,091
Net position										
Invested in capital assets	149,468	-	-	-	-	-	-	-	-	149,468
Restricted:										
Loan programs	-	1,472,760,200	277,719,133	35,476,173	(509,717)	-	44,532,761	8,800,280	4,418,332	1,843,197,162
Operating reserve	7,760,000	-	-	-	-	-	-	-	-	7,760,000
Unrestricted	26,242,174	-	-	-	-	-	-	-	-	26,242,174
Total net position	34,151,642	1,472,760,200	277,719,133	35,476,173	(509,717)	-	44,532,761	8,800,280	4,418,332	1,877,348,804
Total liabilities, deferred inflows of resources, and net position	\$ 34,450,261	\$ 1,962,066,087	\$ 328,806,804	\$ 35,598,227	\$ 2,890,979,387	\$ -	\$ 44,538,553	\$ 8,824,170	\$ 33,649,152	\$ 5,338,912,641

Virginia Resources Authority
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021

	General Accounts	Virginia Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety & CFPF Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
		Water Facilities	Water Supply							
Operating revenues										
Interest on loans	\$ -	\$ 18,021,633	\$ 1,546,491	\$ 819,881	\$ 77,169,564	\$ -	\$ -	\$ 76,217	\$ 1,135,276	\$ 98,769,062
Investment income	204,280	19,424,398	195,878	1,024,472	1,488,505	-	25,032	1,311	5,658	22,369,534
Bond administrative fees	-	-	-	-	3,218,818	-	-	-	-	3,218,818
Loan administrative fees	-	1,411,107	1,157,743	-	-	-	-	-	-	2,568,850
Loan origination revenue	-	-	-	-	4,439,595	-	-	-	-	4,439,595
Gain on early extinguishment of bonds	-	1,739,709	-	497,231	-	-	-	-	-	2,236,940
Gain on early extinguishment of loans	-	-	-	-	923,712	-	-	-	-	923,712
Other income	-	229,402	342	183	-	-	-	-	-	229,927
Total operating revenues	204,280	40,826,249	2,900,454	2,341,767	87,240,194	-	25,032	77,528	1,140,934	134,756,438
Operating expenses										
Interest on bonds and loans	-	24,366,519	813,471	562,050	78,933,097	-	-	-	1,135,276	105,810,413
Bond issuance costs	-	489,629	378,414	23,300	3,924,873	-	-	-	-	4,816,216
Grants to local governments	-	-	-	-	-	-	1,582,491	-	2,052,551	3,635,042
Principal Forgiveness loans to local governments	-	1,755,507	5,431,541	-	-	-	-	-	-	7,187,048
Loss on early extinguishment of bonds	-	-	-	-	1,027,360	-	-	-	-	1,027,360
Personnel services	1,118,895	619,350	350,461	74,019	-	-	32,199	-	-	2,194,924
General operating	399,318	189,997	283,084	13,367	881	-	3,499	1,297	96,669	988,112
Contractual services	288,606	210,015	130,413	34,339	-	-	2,453	-	-	665,826
Total operating expenses	1,806,819	27,631,017	7,387,384	707,075	83,886,211	-	1,620,642	1,297	3,284,496	126,324,941
Operating income (loss)	(1,602,539)	13,195,232	(4,486,930)	1,634,692	3,353,983	-	(1,595,610)	76,231	(2,143,562)	8,431,497
Nonoperating revenues										
Contributions from other governments	-	35,858,483	12,816,153	-	-	-	35,285,683	5,650,000	2,808,442	92,418,761
Federal interest subsidy	-	-	-	-	1,129,764	-	-	-	-	1,129,764
Nonoperating expenses										
Contributions to other governments	-	-	-	-	-	-	(1,086,431)	-	-	(1,086,431)
Federal interest subsidy passthrough	-	-	-	-	(1,102,822)	-	-	-	-	(1,102,822)
Income (loss) before transfers	(1,602,539)	49,053,715	8,329,223	1,634,692	3,380,925	-	32,603,642	5,726,231	664,880	99,790,769
Operating transfers	3,357,230	-	-	-	(3,357,230)	-	-	-	-	-
Change in net position	1,754,691	49,053,715	8,329,223	1,634,692	23,695	-	32,603,642	5,726,231	664,880	99,790,769
Total net position - beginning	32,396,951	1,423,706,485	269,389,910	33,841,481	(533,412)	-	11,929,119	3,074,049	3,753,452	1,777,558,035
Total net position - ending	\$ 34,151,642	\$ 1,472,760,200	\$ 277,719,133	\$ 35,476,173	\$ (509,717)	\$ -	\$ 44,532,761	\$ 8,800,280	\$ 4,418,332	\$ 1,877,348,804

Virginia Resources Authority
Combining Schedule of Cash Flows
Year Ended June 30, 2021

	General Accounts	Virginia Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety & CFPF Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
		Water Facilities	Water Supply							
Cash flows from operating activities										
Cash payments to localities for loans	\$ -	\$ (109,270,479)	\$ (20,301,863)	\$ (2,691,065)	\$ (408,445,368)	\$ -	\$ -	\$ (5,681,194)	\$ -	\$ (546,389,969)
Principal repayments from localities on loans	-	122,265,528	14,145,144	9,990,169	339,557,978	-	-	67,002	-	486,025,821
Interest received on loans	-	18,944,070	1,625,856	841,008	116,857,838	-	-	46,592	-	138,315,364
Loan origination fees received	-	-	-	-	4,439,595	-	-	-	-	4,439,595
Bond administrative fees received	-	-	-	-	3,203,867	-	-	-	-	3,203,867
Loan administrative fees received	-	1,414,699	1,292,889	-	-	-	-	-	-	2,707,588
Cash received from other income	-	2,642	342	183	-	-	-	-	-	3,167
Cash payments for salaries and related benefits	(1,052,213)	(619,350)	(350,461)	(74,019)	-	-	(32,199)	-	-	(2,128,242)
Cash payments for general operating expenses	(244,373)	(272,456)	(39,912)	(62,826)	-	-	(3,499)	-	(95,625)	(718,691)
Cash payments for contractual services	(396,222)	(210,015)	(130,413)	(34,339)	-	-	(2,453)	-	-	(773,442)
Cash payments for operating grants	-	-	-	-	-	-	(1,582,491)	-	(2,052,551)	(3,635,042)
Cash payments for principal forgiveness loans	-	(1,755,507)	(5,431,541)	-	-	-	-	-	-	(7,187,048)
Interest paid on bonds and loans	-	(22,118,766)	(822,196)	(1,228,450)	(121,117,488)	-	-	-	-	(145,286,900)
Interfund activity	(561,673)	37,983	25,611	22,269	-	-	475,810	-	-	-
Net cash used in operating activities	(2,254,481)	8,418,349	(9,986,544)	6,762,930	(65,503,578)	-	(1,144,832)	(5,567,600)	(2,148,176)	(71,423,932)
Cash flows from noncapital financing activities										
Proceeds from sale of bonds	-	70,343,625	50,381,413	-	417,506,450	-	-	-	-	538,231,488
Bond issuance costs	-	(489,629)	(378,414)	(23,300)	(3,924,873)	-	-	-	-	(4,816,216)
Principal paid on bonds and loans	-	(166,184,000)	-	(19,850,000)	(394,992,978)	-	-	-	-	(581,026,978)
Arbitrage rebate	-	(945,881)	-	-	-	-	-	-	-	(945,881)
Proceeds from interest subsidy	-	-	-	-	1,129,764	-	-	-	-	1,129,764
Cash payments to localities for interest subsidy	-	-	-	-	(1,102,822)	-	-	-	-	(1,102,822)
Contributions from other governments	-	33,635,083	12,642,006	-	-	-	35,285,683	5,650,000	2,808,442	90,021,214
Contributions to other governments	-	-	-	-	-	-	(1,086,431)	-	-	(1,086,431)
Cash received (paid) from other accounts	3,357,230	-	-	-	(3,357,230)	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	3,357,230	(63,640,802)	62,645,005	(19,873,300)	15,258,311	-	34,199,252	5,650,000	2,808,442	40,404,138
Cash flows from capital and financing related activities										
Purchase of office equipment	(26,295)	-	-	-	-	-	-	-	-	(26,295)
Net cash used in noncapital financing activities	(26,295)	-	-	-	-	-	-	-	-	(26,295)
Cash flows from investing activities										
Purchase of investments	(16,769,916)	(138,688,941)	(37,101,397)	(22,255)	(6,895,661)	-	(11,131)	-	-	(199,489,301)
Proceeds from sales or maturities of investments	12,055,956	270,331,195	18,700,569	8,869,479	54,389,078	-	-	-	-	364,346,277
Interest received on investments - net	367,100	8,046,862	393,572	493,672	2,783,358	-	33,475	14	4,614	12,122,667
Net cash provided by (used in) investing activities	(4,346,860)	139,689,116	(18,007,256)	9,340,896	50,276,775	-	22,344	14	4,614	176,979,643
Net increase (decrease) in cash and cash equivalents	(3,270,406)	84,466,663	34,651,205	(3,769,474)	31,508	-	33,076,764	82,414	664,880	145,933,554
Cash and cash equivalents										
Beginning of year	7,978,926	226,242,351	73,759,069	12,212,222	1,369,003	-	9,344,091	176,525	3,753,452	334,835,639
End of year	\$ 4,708,520	\$ 310,709,014	\$ 108,410,274	\$ 8,442,748	\$ 1,400,511	\$ -	\$ 42,420,855	\$ 258,939	\$ 4,418,332	\$ 480,769,193
Reconciliation to the Statement of Net Position										
Cash	\$ 730,711	\$ 10,955,491	\$ 3,617,450	\$ -	\$ 4,167	\$ -	\$ -	\$ 258,939	\$ 500,000	\$ 16,066,758
Cash Equivalents	3,977,809	299,753,523	104,792,824	8,442,748	1,396,344	-	42,420,855	-	3,918,332	464,702,435
	\$ 4,708,520	\$ 310,709,014	\$ 108,410,274	\$ 8,442,748	\$ 1,400,511	\$ -	\$ 42,420,855	\$ 258,939	\$ 4,418,332	\$ 480,769,193

Virginia Resources Authority
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2021

	General	Virginia Revolving Loan Fund Accounts		Airport	Bond	Transportation	Dam Safety &	Tobacco	Brownfields	Total
	Accounts	Water Facilities	Water Supply	Accounts	Accounts	Infrastructure Bank	CFPF Accounts	Commission Accounts	Accounts	
Reconciliation of operating income (loss)										
to net cash provided by (used in) operating activities										
Operating income (loss)	(1,602,539)	13,195,232	(4,486,930)	1,634,692	3,353,983	-	(1,595,610)	76,231	(2,143,562)	8,431,497
Depreciation expense	40,916	-	-	-	-	-	-	-	-	40,916
Pension expense	176,037	-	-	-	-	-	-	-	-	176,037
Pension contributions subsequent to the measurement date	(90,449)	-	-	-	-	-	-	-	-	(90,449)
OPEB expense	8,372	-	-	-	-	-	-	-	-	8,372
OPEB contributions subsequent to the measurement date	(9,901)	-	-	-	-	-	-	-	-	(9,901)
Interest on investments	(204,280)	(18,474,027)	(172,041)	(1,024,472)	(1,487,624)	-	(25,032)	(14)	(4,614)	(21,392,104)
Gain on early extinguishment of loans	-	-	-	-	(923,712)	-	-	-	-	(923,712)
Gain on early extinguishment of bonds	-	(1,739,709)	-	(497,231)	1,027,360	-	-	-	-	(1,209,580)
Bond issuance cost	-	489,629	378,414	23,300	3,924,873	-	-	-	-	4,816,216
Interest, amortization and accretion - net	-	(8,845,566)	(8,725)	(707,747)	(4,448,317)	-	-	-	-	(14,010,355)
Effect of changes in operating assets and liabilities:										
Loans receivable	-	12,642,049	(5,849,099)	7,319,451	(68,887,390)	-	-	(5,625,804)	-	(60,400,793)
Loan interest receivable	-	961,728	(8,920)	49,217	1,138,574	-	-	(18,013)	-	2,122,586
Loan administrative fee receivable	-	3,592	135,146	-	(14,951)	-	-	-	-	123,787
Other assets	(184,523)	-	-	-	-	-	-	-	-	(184,523)
Deferred charges	-	10,147,438	-	41,347	813,626	-	-	-	-	11,002,411
Accounts payable and other liabilities	173,559	-	-	(97,896)	-	-	-	-	-	75,663
Due to other funds	(561,673)	37,983	25,611	22,269	-	-	475,810	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (2,254,481)</u>	<u>\$ 8,418,349</u>	<u>\$ (9,986,544)</u>	<u>\$ 6,762,930</u>	<u>\$ (65,503,578)</u>	<u>\$ -</u>	<u>\$ (1,144,832)</u>	<u>\$ (5,567,600)</u>	<u>\$ (2,148,176)</u>	<u>\$ (71,423,932)</u>
Schedule of non-cash activities										
Change in fair value of assets	\$ (282,118)	\$ (4,139,028)	\$ (476,600)	\$ (16,880)	\$ (1,271,978)	\$ -	\$ (8,443)	\$ -	\$ -	\$ (6,195,047)

Virginia Resources Authority
Combining Schedule of Net Position
Virginia Revolving Loan Fund Accounts - Water Facilities
June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	State Match Accounts	Administrative Fee Accounts	Total
Assets							
Current assets							
Cash	\$ 7,269,430	\$ -	\$ 3,686,061	\$ -	\$ -	\$ -	\$ 10,955,491
Cash equivalents	232,995,615	47,842,074	10,486,415	2,635,219	2,418,811	3,375,389	299,753,523
Investments	20,274,325	2,576,140	212,829	-	-	390,362	23,453,656
Loans receivable, net - current portion	12,684,029	107,573,299	2,463,005	-	-	-	122,720,333
Receivables:							
Investment interest	441,514	1,023,155	5,663	-	-	9,430	1,479,762
Loan interest	817,875	4,647,659	19,008	-	-	-	5,484,542
Loan administrative fees	-	-	-	-	-	466,550	466,550
Federal funds	2,265,483	-	-	-	-	-	2,265,483
Total current assets	<u>276,748,271</u>	<u>163,662,327</u>	<u>16,872,981</u>	<u>2,635,219</u>	<u>2,418,811</u>	<u>4,241,731</u>	<u>466,579,340</u>
Noncurrent assets							
Investments - non-current	196,026,028	96,890,291	3,160,543	-	-	5,680,423	301,757,285
Loans receivable - non-current	237,700,288	938,967,759	637,609	-	-	-	1,177,305,656
Total noncurrent assets	<u>433,726,316</u>	<u>1,035,858,050</u>	<u>3,798,152</u>	<u>-</u>	<u>-</u>	<u>5,680,423</u>	<u>1,479,062,941</u>
Total assets	<u>710,474,587</u>	<u>1,199,520,377</u>	<u>20,671,133</u>	<u>2,635,219</u>	<u>2,418,811</u>	<u>9,922,154</u>	<u>1,945,642,281</u>
Deferred Outflows of Resources							
Deferred loss on refunding	-	16,423,806	-	-	-	-	16,423,806
Total assets and deferred outflows of resources	<u>\$ 710,474,587</u>	<u>\$ 1,215,944,183</u>	<u>\$ 20,671,133</u>	<u>\$ 2,635,219</u>	<u>\$ 2,418,811</u>	<u>\$ 9,922,154</u>	<u>\$ 1,962,066,087</u>
Liabilities							
Current liabilities							
Bonds payable - current	-	56,595,644	-	-	-	-	56,595,644
Accrued interest	-	5,008,635	-	-	-	-	5,008,635
Due to (from) other accounts	-	-	-	-	-	258,241	258,241
Agency funds	1,190,191	-	-	-	-	-	1,190,191
Accounts payable and other liabilities	994,383	-	16	-	-	7,431	1,001,830
Total current liabilities	<u>2,184,574</u>	<u>61,604,279</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>265,672</u>	<u>64,054,541</u>
Noncurrent liabilities							
Bonds payable - noncurrent	-	421,978,641	-	-	-	-	421,978,641
Other accrued liabilities	-	3,272,705	-	-	-	-	3,272,705
Total noncurrent liabilities	<u>-</u>	<u>425,251,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,251,346</u>
Total liabilities	<u>2,184,574</u>	<u>486,855,625</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>265,672</u>	<u>489,305,887</u>
Net position							
Restricted:							
Loan programs	708,290,013	729,088,558	20,671,117	2,635,219	2,418,811	9,656,482	1,472,760,200
Total net position	<u>708,290,013</u>	<u>729,088,558</u>	<u>20,671,117</u>	<u>2,635,219</u>	<u>2,418,811</u>	<u>9,656,482</u>	<u>1,472,760,200</u>
Total liabilities and net position	<u>\$ 710,474,587</u>	<u>\$ 1,215,944,183</u>	<u>\$ 20,671,133</u>	<u>\$ 2,635,219</u>	<u>\$ 2,418,811</u>	<u>\$ 9,922,154</u>	<u>\$ 1,962,066,087</u>

Virginia Resources Authority
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	State Match Accounts	Administrative Fee Accounts	Total
Operating revenues							
Interest on loans	\$ 905,514	\$ 17,090,225	\$ 25,894	\$ -	\$ -	\$ -	\$ 18,021,633
Investment income	1,284,324	18,071,812	35,107	4,036	5,291	23,828	19,424,398
Loan administrative fees	-	-	-	-	-	1,411,107	1,411,107
Gain on early extinguishment of bonds	-	1,739,709	-	-	-	-	1,739,709
Other income	-	-	229,402	-	-	-	229,402
Total operating revenues	<u>2,189,838</u>	<u>36,901,746</u>	<u>290,403</u>	<u>4,036</u>	<u>5,291</u>	<u>1,434,935</u>	<u>40,826,249</u>
Operating expenses							
Interest on bonds and loans	-	24,314,571	-	-	51,948	-	24,366,519
Bond issuance costs	-	489,629	-	-	-	-	489,629
Principal forgiveness loans to local governments	1,524,199	204,345	26,963	-	-	-	1,755,507
Personnel services	619,350	-	-	-	-	-	619,350
General operating	272,456	-	(86,948)	-	753	3,736	189,997
Contractual services	210,015	-	-	-	-	-	210,015
Total operating expenses	<u>2,626,020</u>	<u>25,008,545</u>	<u>(59,985)</u>	<u>-</u>	<u>52,701</u>	<u>3,736</u>	<u>27,631,017</u>
Operating income (loss)	<u>(436,182)</u>	<u>11,893,201</u>	<u>350,388</u>	<u>4,036</u>	<u>(47,410)</u>	<u>1,431,199</u>	<u>13,195,232</u>
Nonoperating revenues							
Contributions from other governments	33,576,992	-	-	-	2,281,491	-	35,858,483
Income (loss) before transfers	33,140,810	11,893,201	350,388	4,036	2,234,081	1,431,199	49,053,715
Operating transfers	<u>(512,727,719)</u>	<u>526,824,253</u>	<u>-</u>	<u>-</u>	<u>(13,182,308)</u>	<u>(914,226)</u>	<u>-</u>
Change in net position	(479,586,909)	538,717,454	350,388	4,036	(10,948,227)	516,973	49,053,715
Total net position - beginning	<u>1,187,876,922</u>	<u>190,371,104</u>	<u>20,320,729</u>	<u>2,631,183</u>	<u>13,367,038</u>	<u>9,139,509</u>	<u>1,423,706,485</u>
Total net position - ending	<u>\$ 708,290,013</u>	<u>\$ 729,088,558</u>	<u>\$ 20,671,117</u>	<u>\$ 2,635,219</u>	<u>\$ 2,418,811</u>	<u>\$ 9,656,482</u>	<u>\$ 1,472,760,200</u>

Virginia Resources Authority
Combining Schedule of Cash Flows
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	State Match Accounts	Administrative Fee Accounts	Total
Cash flows from operating activities							
Cash payments to localities for loans	\$ (71,788,791)	\$ (34,114,383)	\$ (3,367,305)	\$ -	\$ -	\$ -	(109,270,479)
Principal repayments from localities on loans	58,800,453	60,851,538	2,613,537	-	-	-	122,265,528
Interest received on loans	1,039,643	17,884,547	19,880	-	-	-	18,944,070
Loan administrative fees received	-	-	-	-	-	1,414,699	1,414,699
Cash received from other income	-	-	2,642	-	-	-	2,642
Cash payments for salaries and related benefits	(619,350)	-	-	-	-	-	(619,350)
Cash payments for general operating expenses	(272,456)	-	-	-	-	-	(272,456)
Cash payments for contractual services	(210,015)	-	-	-	-	-	(210,015)
Cash payments for principal forgiveness loans	(1,524,199)	(204,345)	(26,963)	-	-	-	(1,755,507)
Interest paid on bonds and loans	-	(22,046,015)	-	-	(72,751)	-	(22,118,766)
Interfund activity	(2,135,780)	2,552	-	-	2,135,780	35,431	37,983
Net cash provided by (used in) operating activities	<u>(16,710,495)</u>	<u>22,373,894</u>	<u>(758,209)</u>	<u>-</u>	<u>2,063,029</u>	<u>1,450,130</u>	<u>8,418,349</u>
Cash flows from noncapital financing activities							
Proceeds from sale of bonds	-	70,343,625	-	-	-	-	70,343,625
Bond issuance costs	-	(489,629)	-	-	-	-	(489,629)
Principal paid on bonds and loans	-	(161,960,000)	-	-	(4,224,000)	-	(166,184,000)
Arbitrage rebate	-	(945,881)	-	-	-	-	(945,881)
Contributions from other governments	31,353,592	-	-	-	2,281,491	-	33,635,083
Cash received (paid) from other accounts	21,135,284	(7,038,750)	-	-	(13,182,308)	(914,226)	-
Net cash provided by (used in) noncapital financing activities	<u>52,488,876</u>	<u>(100,090,635)</u>	<u>-</u>	<u>-</u>	<u>(15,124,817)</u>	<u>(914,226)</u>	<u>(63,640,802)</u>
Cash flows from investing activities							
Purchase of investments	(131,853,899)	-	(2,318,845)	-	-	(4,516,197)	(138,688,941)
Proceeds from sales or maturities of investments	129,639,728	121,243,119	8,873,801	-	8,298,481	2,276,066	270,331,195
Interest received on investments - net	3,636,684	4,168,196	178,188	4,036	4,044	55,714	8,046,862
Net cash provided by (used in) investing activities	<u>1,422,513</u>	<u>125,411,315</u>	<u>6,733,144</u>	<u>4,036</u>	<u>8,302,525</u>	<u>(2,184,417)</u>	<u>139,689,116</u>
Net increase (decrease) in cash and cash equivalents	37,200,894	47,694,574	5,974,935	4,036	(4,759,263)	(1,648,513)	84,466,663
Cash and cash equivalents							
Beginning of year	<u>203,064,151</u>	<u>147,500</u>	<u>8,197,541</u>	<u>2,631,183</u>	<u>7,178,074</u>	<u>5,023,902</u>	<u>226,242,351</u>
End of year	<u>\$ 240,265,045</u>	<u>\$ 47,842,074</u>	<u>\$ 14,172,476</u>	<u>\$ 2,635,219</u>	<u>\$ 2,418,811</u>	<u>\$ 3,375,389</u>	<u>310,709,014</u>
Reconciliation to the Statement of Net Position							
Cash	\$ 7,269,430	\$ -	\$ 3,686,061	\$ -	\$ -	\$ -	10,955,491
Cash Equivalents	232,995,615	47,842,074	10,486,415	2,635,219	2,418,811	3,375,389	299,753,523
	<u>\$ 240,265,045</u>	<u>\$ 47,842,074</u>	<u>\$ 14,172,476</u>	<u>\$ 2,635,219</u>	<u>\$ 2,418,811</u>	<u>\$ 3,375,389</u>	<u>310,709,014</u>

Virginia Resources Authority
Combining Schedule of Cash Flows (Continued)
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2021

	<u>Non-Pledged Accounts</u>	<u>Trust Estate Accounts</u>	<u>Agricultural Best Management Practices Account</u>	<u>Combined Sewer Overflow Fund Account</u>	<u>State Match Accounts</u>	<u>Administrative Fee Accounts</u>	<u>Total</u>
Reconciliation of operating income (loss)							
to net cash provided by (used in) operating activities							
Operating income (loss)	(436,182)	11,893,201	350,388	4,036	(47,410)	1,431,199	13,195,232
Interest on investments	(1,284,324)	(17,125,931)	(35,106)	(4,036)	(4,538)	(20,092)	(18,474,027)
Gain on early extinguishment of bonds	-	(1,739,709)	-	-	-	-	(1,739,709)
Bond issuance cost	-	489,629	-	-	-	-	489,629
Interest, amortization and accretion - net	-	(8,824,763)	-	-	(20,803)	-	(8,845,566)
Effect of changes in operating assets and liabilities:							
Loans receivable	(12,988,338)	26,737,155	(1,106,768)	-	-	-	12,642,049
Loan interest receivable	134,129	794,322	33,277	-	-	-	961,728
Loan administrative fee receivable	-	-	-	-	-	3,592	3,592
Deferred charges	-	10,147,438	-	-	-	-	10,147,438
Due to other funds	(2,135,780)	2,552	-	-	2,135,780	35,431	37,983
Net cash provided by (used in) operating activities	<u>\$ (16,710,495)</u>	<u>\$ 22,373,894</u>	<u>\$ (758,209)</u>	<u>\$ -</u>	<u>\$ 2,063,029</u>	<u>\$ 1,450,130</u>	<u>8,418,349</u>
Schedule of non-cash activities							
Change in fair value of assets	<u>\$ (3,776,892)</u>	<u>\$ -</u>	<u>\$ (195,699)</u>	<u>\$ -</u>	<u>\$ (98,095)</u>	<u>\$ (68,342)</u>	<u>(4,139,028)</u>

Virginia Resources Authority
Combining Schedule of Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Assets						
Current assets						
Cash	\$ 3,142,914	\$ -	\$ 82,757	\$ -	\$ 391,779	\$ 3,617,450
Cash equivalents	64,913,015	37,423,729	101,175	-	2,354,905	104,792,824
Investments	3,031,674	1,020,000	-	-	-	4,051,674
Loans receivable - current portion	8,049,635	719,692	4,638	-	-	8,773,965
Receivables:						
Investment interest	40,426	777	-	-	-	41,203
Loan interest	388,538	88,285	-	-	-	476,823
Loan administrative fees	-	-	-	-	360,752	360,752
Federal funds	134,720	-	-	-	-	134,720
Other	39,427	-	-	-	-	39,427
Total current assets	79,740,349	39,252,483	188,570	-	3,107,436	122,288,838
Noncurrent assets						
Investments - non-current	32,996,890	1,520,000	-	-	-	34,516,890
Loans receivable - non-current	146,004,581	25,989,539	6,956	-	-	172,001,076
Total noncurrent assets	179,001,471	27,509,539	6,956	-	-	206,517,966
Total assets	\$ 258,741,820	\$ 66,762,022	\$ 195,526	\$ -	\$ 3,107,436	\$ 328,806,804
Liabilities						
Current liabilities						
Bonds payable - current	-	441,220	-	-	-	441,220
Accrued interest	-	379,475	-	-	-	379,475
Due to (from) other accounts	1,526	-	-	-	159,317	160,843
Agency funds	66,820	-	-	-	-	66,820
Accounts payable and other liabilities	437,111	-	-	-	50,209	487,320
Total current liabilities	505,457	820,695	-	-	209,526	1,535,678
Noncurrent liabilities						
Bonds payable - noncurrent	-	49,551,993	-	-	-	49,551,993
Total noncurrent liabilities	-	49,551,993	-	-	-	49,551,993
Total liabilities	505,457	50,372,688	-	-	209,526	51,087,671
Net position						
Restricted:						
Loan programs	258,236,363	16,389,334	195,526	-	2,897,910	277,719,133
Total net position	258,236,363	16,389,334	195,526	-	2,897,910	277,719,133
Total liabilities and net position	\$ 258,741,820	\$ 66,762,022	\$ 195,526	\$ -	\$ 3,107,436	\$ 328,806,804

Virginia Resources Authority
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Operating revenues						
Interest on loans	\$ 1,304,116	\$ 242,375	\$ -	\$ -	\$ -	\$ 1,546,491
Investment income	140,072	52,724	530	-	2,552	195,878
Loan administrative fees	-	-	-	-	1,157,743	1,157,743
Other income	342	-	-	-	-	342
Total operating revenues	1,444,530	295,099	530	-	1,160,295	2,900,454
Operating expenses						
Interest on bonds and loans	-	813,471	-	-	-	813,471
Bond issuance costs	-	378,414	-	-	-	378,414
Principal forgiveness loans to local governments	5,360,621	-	70,920	-	-	5,431,541
Personnel services	-	-	-	350,461	-	350,461
General operating	242,828	-	344	39,912	-	283,084
Contractual services	-	-	-	130,413	-	130,413
Total operating expenses	5,603,449	1,191,885	71,264	520,786	-	7,387,384
Operating income (loss)	(4,158,919)	(896,786)	(70,734)	(520,786)	1,160,295	(4,486,930)
Nonoperating revenues						
Contributions from other governments	12,816,153	-	-	-	-	12,816,153
Income (loss) before transfers	8,657,234	(896,786)	(70,734)	(520,786)	1,160,295	8,329,223
Operating transfers	(17,241,619)	17,286,120	(44,501)	520,786	(520,786)	-
Change in net position	(8,584,385)	16,389,334	(115,235)	-	639,509	8,329,223
Total net position - beginning	266,820,748	-	310,761	-	2,258,401	269,389,910
Total net position - ending	\$ 258,236,363	\$ 16,389,334	\$ 195,526	\$ -	\$ 2,897,910	\$ 277,719,133

Virginia Resources Authority
Combining Schedule of Cash Flows
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2021

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Cash flows from operating activities						
Cash payments to localities for loans	\$ (7,488,773)	\$ (12,813,090)	\$ -	\$ -	\$ -	\$ (20,301,863)
Principal repayments from localities on loans	14,140,507	-	4,637	-	-	14,145,144
Interest received on loans	1,383,481	242,375	-	-	-	1,625,856
Loan administrative fees received	-	-	-	-	1,292,889	1,292,889
Cash payments for salaries and related benefits	-	-	-	(350,461)	-	(350,461)
Cash payments for general operating expenses	-	-	-	(39,912)	-	(39,912)
Cash payments for contractual services	-	-	-	(130,413)	-	(130,413)
Cash received from other income	342	-	-	-	-	342
Cash payments for principal forgiveness loans	(5,360,621)	-	(70,920)	-	-	(5,431,541)
Interest paid on bonds and loans	-	(822,196)	-	-	-	(822,196)
Interfund activity	1,526	-	-	-	24,085	25,611
Net cash provided by (used in) operating activities	<u>2,676,462</u>	<u>(13,392,911)</u>	<u>(66,283)</u>	<u>(520,786)</u>	<u>1,316,974</u>	<u>(9,986,544)</u>
Cash flows from noncapital financing activities						
Proceeds from sale of bonds	-	50,381,413	-	-	-	50,381,413
Bond issuance costs	-	(378,414)	-	-	-	(378,414)
Contributions from other governments	12,642,006	-	-	-	-	12,642,006
Cash received (paid) from other accounts	(3,257,193)	3,301,694	(44,501)	520,786	(520,786)	-
Net cash provided by (used in) noncapital financing activities	<u>9,384,813</u>	<u>53,304,693</u>	<u>(44,501)</u>	<u>520,786</u>	<u>(520,786)</u>	<u>62,645,005</u>
Cash flows from investing activities						
Purchase of investments	(33,731,397)	(3,370,000)	-	-	-	(37,101,397)
Proceeds from sales or maturities of investments	17,870,569	830,000	-	-	-	18,700,569
Interest received on investments - net	338,887	51,947	186	-	2,552	393,572
Net cash provided by (used in) investing activities	<u>(15,521,941)</u>	<u>(2,488,053)</u>	<u>186</u>	<u>-</u>	<u>2,552</u>	<u>(18,007,256)</u>
Net increase (decrease) in cash and cash equivalents	(3,460,666)	37,423,729	(110,598)	-	798,740	34,651,205
Cash and cash equivalents						
Beginning of year	71,516,595	-	294,530	-	1,947,944	73,759,069
End of year	<u>\$ 68,055,929</u>	<u>\$ 37,423,729</u>	<u>\$ 183,932</u>	<u>\$ -</u>	<u>\$ 2,746,684</u>	<u>\$ 108,410,274</u>
Reconciliation to the Statement of Net Position						
Cash	\$ 3,142,914	\$ -	\$ 82,757	\$ -	\$ 391,779	\$ 3,617,450
Cash Equivalents	64,913,015	37,423,729	101,175	-	2,354,905	104,792,824
	<u>\$ 68,055,929</u>	<u>\$ 37,423,729</u>	<u>\$ 183,932</u>	<u>\$ -</u>	<u>\$ 2,746,684</u>	<u>\$ 108,410,274</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	(4,158,919)	(896,786)	(70,734)	(520,786)	1,160,295	\$ (4,486,930)
Interest on investments	(116,579)	(52,724)	(186)	-	(2,552)	(172,041)
Bond issuance cost	-	378,414	-	-	-	378,414
Interest, amortization and accretion - net	-	(8,725)	-	-	-	(8,725)
Effect of changes in operating assets and liabilities:						
Loans receivable	6,871,069	(12,724,805)	4,637	-	-	(5,849,099)
Loan interest receivable	79,365	(88,285)	-	-	-	(8,920)
Loan administrative fee receivable	-	-	-	-	135,146	135,146
Due to other funds	1,526	-	-	-	24,085	25,611
Net cash provided by (used in) operating activities	<u>\$ 2,676,462</u>	<u>\$ (13,392,911)</u>	<u>\$ (66,283)</u>	<u>\$ (520,786)</u>	<u>\$ 1,316,974</u>	<u>\$ (9,986,544)</u>
Schedule of non-cash activities						
Change in fair value of assets	\$ (476,600)	\$ -	\$ -	\$ -	\$ -	\$ (476,600)

STATISTICAL SECTION

Virginia Resources Authority
Statistical Section
June 30, 2021

The statistical section presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information indicate about the Authority's financial health over an extended period of time.

Financial Trends

These tables contain trend information to help the reader understand how the Authority's financial performance and well-being changed over time.

Table 1	Net Position by Component
Table 2	Change in Net Position
Table 3	Operating Revenues
Table 4	Operating Expenses

Revenue Capacity

This table contains information to help the reader assess the Authority's significant operating revenues.

Table 5	Outstanding Loans Receivable
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Debt Capacity

These tables present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Table 6	Outstanding Debt
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Table 7	Virginia Principal Employers
Table 8	Virginia Demographic and Economic Statistics

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

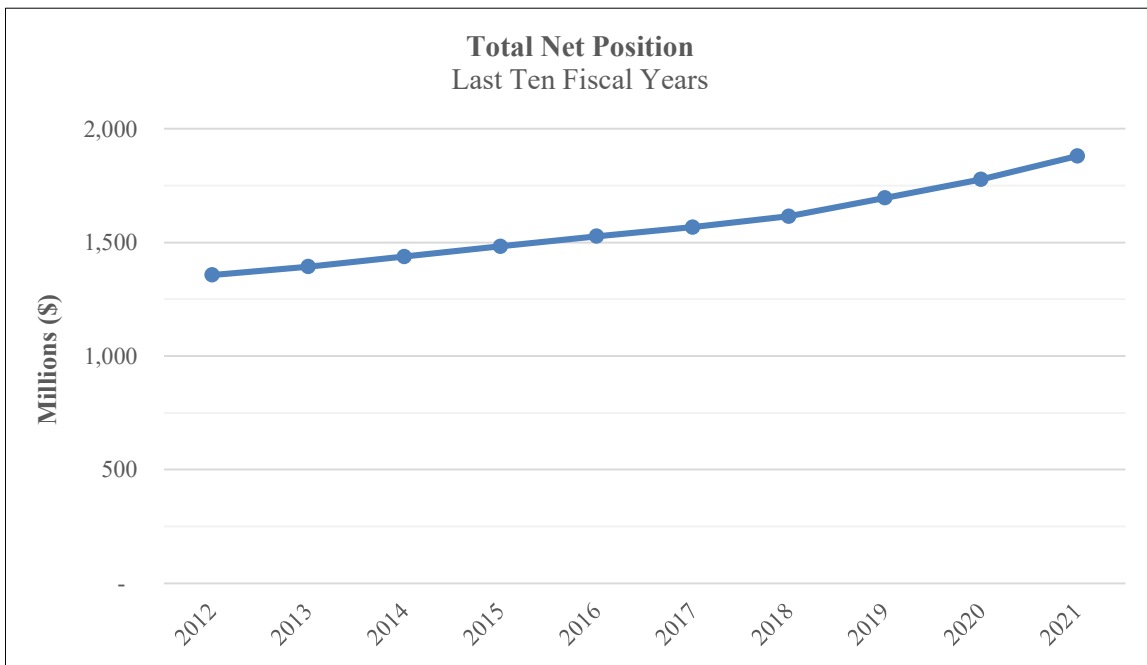
Table 9	Operating Indicators
Table 10	Employees by Identifiable Activity

Sources: Unless otherwise noted, information in these tables is derived from the Authority's Annual Financial Comprehensive Report for the relevant year.

**Virginia Resources Authority
Statistical Section
June 30, 2021**

Table 1 – Net Position by Component, Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2012	\$ 206,202	\$ 1,348,104,048	\$ 8,532,138	\$ 1,356,842,388
2013	209,143	1,383,915,308	9,642,211	1,393,766,662
2014	51,500	1,426,836,084	11,285,350	1,438,172,934
2015	112,766	1,469,844,791	13,023,011	1,482,980,568
2016	103,466	1,512,101,797	14,939,060	1,527,144,323
2017	103,160	1,550,423,556	16,916,728	1,567,443,444
2018	63,451	1,596,299,523	18,805,620	1,615,168,594
2019	122,088	1,674,042,345	21,567,320	1,695,731,753
2020	164,089	1,752,921,179	24,472,767	1,777,558,035
2021	149,468	1,850,957,162	26,242,174	1,877,348,804



Virginia Resources Authority
Statistical Section
June 30, 2021

Table 2 – Change in Net Position, Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Operating Income	Non-operating Revenue (Expense), Net	Change in Net Position
2012	\$ 137,943,639	\$ 140,138,739	\$ (2,195,100)	\$ 50,213,101	\$ 48,018,001
2013	146,254,548	153,674,122	(7,419,574)	44,912,474	37,492,900
2014	146,953,955	150,936,764	(3,982,809)	48,072,063	44,089,254
2015	148,908,438	154,788,289	(5,879,851)	50,735,314	44,855,463
2016	148,046,948	151,913,487	(3,866,539)	47,982,465	44,115,926
2017	141,062,437	142,978,472	(1,916,035)	42,215,156	40,299,121
2018	139,713,451	141,185,639	(1,472,188)	49,318,112	47,845,924
2019	148,821,595	155,551,039	(6,729,444)	87,292,603	80,563,159
2020	150,126,437	175,176,261	(25,049,824)	106,876,106	81,826,282
2021	134,756,438	126,324,941	8,431,497	91,359,272	99,790,769

Virginia Resources Authority
Statistical Section
June 30, 2021

Table 3 – Operating Revenues, Last Ten Fiscal Years

Fiscal Year	Interest on Loans	Investment Income	Admin. Reimbursement	Bond Admin. Fees	Loan Admin. Fees	Loan Origination Revenue (1)	Other	Total
2012	\$ 118,796,383	\$ 13,189,773	\$400,234	\$ 2,400,775	\$ 1,674,125	\$ -	\$ 1,482,349	\$ 137,943,639
2013	129,061,115	11,598,881	550,179	2,771,287	1,765,758	-	507,328	146,254,548
2014	124,972,397	11,480,974	509,932	2,826,301	1,822,734	2,346,383	2,995,234	146,953,955
2015	122,794,090	11,061,275	83,816	3,042,444	1,907,580	5,211,541	4,807,692	148,908,438
2016	121,474,338	12,856,376	-	3,607,108	2,041,425	5,133,637	2,934,064	148,046,948
2017	118,893,894	13,020,537	-	2,755,079	2,154,816	4,053,518	184,593	141,062,437
2018	114,478,487	16,883,169	-	3,218,224	2,208,795	2,735,470	189,306	139,713,451
2019	113,394,150	26,978,747	-	3,319,259	2,353,592	2,139,511	636,336	148,821,595
2020	110,683,314	28,883,744	-	3,341,069	2,537,279	4,550,643	130,388	150,126,437
2021	98,769,062	22,369,534	-	3,218,818	2,568,850	4,439,595	3,390,579	134,756,438

(1) GASB 65 was implemented in fiscal year 2014, which required the immediate recognition of loan origination revenue, which was previously deferred and recognized over the life of the loan.

**Virginia Resources Authority
Statistical Section
June 30, 2021**

Table 4 – Operating Expenses, Last Ten Fiscal Years

Fiscal Year	Interest on Bonds and Loans	Bond Issuance Costs (1)	Grants and Principal Forgiveness on Loans	Loss on Early Extinguishment of Bonds	Personnel Services	General Operating	Contractual Services	Total
2012	\$ 123,917,412	\$ -	\$ 11,673,235	\$ 1,941,069	\$ 1,440,715	\$ 618,621	\$ 547,687	\$ 140,138,739
2013	135,666,875	-	14,312,957	489,821	1,636,027	803,924	764,518	153,674,122
2014	132,360,014	1,893,419	10,141,816	3,151,663	1,657,123	1,069,847	662,882	150,936,764
2015	129,993,652	5,461,806	12,285,923	4,071,026	1,626,424	919,259	430,199	154,788,289
2016	127,374,789	3,688,101	14,944,559	2,886,783	1,630,865	932,924	455,466	151,913,487
2017	127,518,234	2,849,010	9,141,740	126,575	1,623,718	1,256,502	462,693	142,978,472
2018	122,994,971	2,302,158	12,909,090	167,975	1,677,275	689,643	444,527	141,185,639
2019	120,045,825	1,925,208	29,235,617	669,613	2,089,310	1,183,969	401,497	155,551,039
2020	113,916,449	4,006,048	53,720,820	-	2,215,321	871,172	446,451	175,176,261
2021	105,810,413	4,816,216	10,822,090	1,027,360	2,194,924	988,112	665,826	126,324,941

(1) GASB 65 was implemented in fiscal year 2014, which required the immediate recognition of bond issuance costs, which were previously deferred and recognized over the life of the bond.

Virginia Resources Authority
Statistical Section
June 30, 2021

Table 5 – Outstanding Loans Receivable, Last Ten Fiscal Years

Loans Pledged to Outstanding Bonds						
Fiscal Year	Revenue Bonds	VWFRF – Pledged	VARF	VSWRF - Pledged	Unamortized Discount/ Premium (1)	Total
2012	\$ 2,058,638,456	\$ 912,046,985	\$ 56,455,812	\$ -	\$ 99,850,641	\$ 3,126,991,894
2013	2,192,704,353	907,752,044	52,527,348	-	118,873,800	3,271,857,545
2014	2,194,934,597	874,358,580	48,430,013	-	159,999,677	3,277,722,867
2015	2,325,204,904	828,049,020	43,526,294	-	197,078,938	3,393,859,156
2016	2,438,694,318	781,696,843	40,580,256	-	221,659,494	3,482,630,911
2017	2,515,813,162	725,939,770	37,716,253	-	226,735,757	3,506,204,942
2018	2,560,058,692	659,660,119	33,550,896	-	224,221,552	3,477,491,259
2019	2,514,255,420	601,280,976	27,708,574	-	211,481,241	3,354,726,211
2020	2,540,794,359	540,710,376	30,125,815	-	176,487,506	3,288,118,056
2021	2,583,147,445	1,046,541,058	-	26,709,230	164,472,110	3,820,869,843

(1) GASB 65 was implemented in fiscal year 2014, which required the immediate recognition of bond issuance costs. In this table, prior years include the cost of issuance in the Unamortized Discount/Premium column.

Loans from Revolving Funds						
Fiscal Year	VWFRF	VWFRF AgBMP	VARF	VWSRF	VTRRF	Total
2012	\$ 694,033,376	\$ 7,099,516	\$ -	\$ 126,771,814	\$ -	\$ 827,904,706
2013	694,530,427	7,601,297	-	131,938,920	-	834,070,644
2014	699,775,722	5,691,138	-	144,578,587	-	850,045,447
2015	717,089,183	4,291,226	-	157,547,699	-	878,928,108
2016	729,475,535	3,920,074	-	163,074,966	-	896,470,575
2017	732,123,967	2,379,091	-	165,249,684	-	899,752,742
2018	720,275,558	2,195,062	-	168,294,548	540,000	891,305,168
2019	739,019,014	1,692,364	-	178,362,854	1,603,062	920,677,294
2020	769,926,493	2,562,847	-	174,948,255	2,913,974	950,351,569
2021	250,384,317	3,316,614	22,806,365	154,285,145	8,540,240	439,332,681

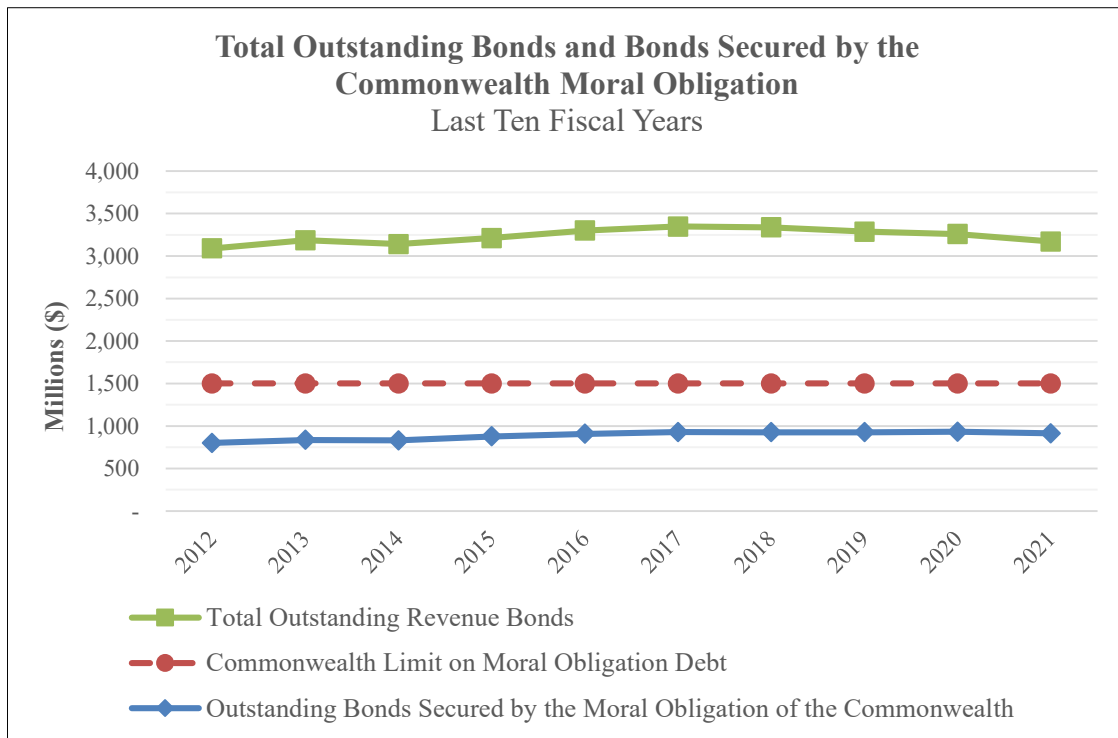
Loans from Other Programs					
Fiscal Year	ETF	VGCP	General Fund PRM Reserve	Total	Loans Receivable, Combined Total
2012	\$ 4,100,079	\$ -	\$ -	\$ 4,100,079	\$ 3,958,996,679
2013	2,383,510	-	-	2,383,510	4,108,311,699
2014	1,737,275	-	-	1,737,275	4,129,505,589
2015	325,102	-	-	325,102	4,273,112,366
2016	104,562	12,004,595	-	12,109,157	4,391,210,643
2017	53,121	28,173,001	-	28,226,122	4,434,183,806
2018	-	33,597,177	780,000	34,377,177	4,403,173,604
2019	-	31,937,232	-	31,937,232	4,307,340,737
2020	-	30,219,281	-	30,219,281	4,268,688,906
2021	-	28,485,660	-	28,485,660	4,288,688,184

**Virginia Resources Authority
Statistical Section
June 30, 2021**

Table 6 – Outstanding Debt, Last Ten Fiscal Years

Fiscal Year	Total Outstanding Revenue Bonds	Unamortized Discounts / Premiums (1)	Net Bonds Payable	Outstanding Bonds Secured by the Moral Obligation of the Commonwealth	Commonwealth Limit on Moral Obligation Debt	Remaining Capacity for Moral Obligation Debt	Revenue Bonds per Capita (2)
2012	\$3,090,678,456	\$ 188,948,095	\$3,279,626,551	\$ 801,383,906	\$ 1,500,000,000	\$ 698,616,094	\$ 381.45
2013	3,185,224,353	234,354,212	3,419,578,565	836,655,903	1,500,000,000	663,344,097	389.04
2014	3,140,914,596	226,960,909	3,367,875,505	831,164,596	1,500,000,000	668,835,404	380.45
2015	3,212,994,904	296,032,824	3,509,027,728	877,874,904	1,500,000,000	622,125,096	386.39
2016	3,300,763,913	310,765,995	3,611,529,908	907,209,309	1,500,000,000	592,790,691	394.48
2017	3,347,331,162	303,590,898	3,650,922,060	928,088,162	1,500,000,000	571,911,838	397.66
2018	3,337,580,869	292,549,585	3,630,130,454	927,833,692	1,500,000,000	572,166,308	394.00
2019	3,288,408,651	275,297,841	3,563,706,492	926,540,419	1,500,000,000	573,459,581	386.38
2020	3,259,982,640	234,156,667	3,494,139,307	933,279,358	1,500,000,000	566,720,642	380.99
2021	3,171,913,105	225,216,364	3,397,129,469	914,377,445	1,500,000,000	585,622,555	369.23

- (1) The Authority adopted GASB 65 in FY2013, which treated all cost of issuance amounts as expensed in the year incurred. For this table, FY2012 and prior amounts in the Unamortized Discount/Premium column include the cost of issuance.
- (2) Population for the proceeding calendar year (*Source: Table 8*)



**Virginia Resources Authority
Statistical Section
June 30, 2021**

Table 7 – Virginia Principal Employers, Current and Ten Years Ago

Employer (1)	Fiscal Year 2021 (1, 2) Ranking	Fiscal Year 2012 (1, 2) Ranking
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Huntington Ingalls Industries, Inc.	4	4
Sentara Health Care	5	5
University of Virginia/Blue Ridge Hospital	6	9
Food Lion	7	7
Capital One Bank	8	-
Inova Health System	9	-
Amazon Fulfillment Services, Inc.	10	-
U.S. Postal Services	11	6
County of Fairfax	13	8
City of Virginia Beach Schools	21	10

(1) Final quarter data for most recent calendar year (2020 and 2011).

(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All employers in this table have over 1,000 individuals employed.

Source: Virginia Employment Commission

Virginia Resources Authority
Statistical Section
June 30, 2021

Table 8 – Virginia Demographic and Economic Statistics, Current and Ten Years Ago

Fiscal Year	Population Estimate(1)	Personal Income (1)	Per Capita Income (1)	Public Primary and Secondary School Enrollment	Unemployment Rate (1) (2)
2012	8,102,437	\$ 387,003,900	\$ 47,764	1,258,896	6.6%
2013	8,187,456	405,863,900	49,571	1,265,277	5.9%
2014	8,255,861	403,198,400	48,838	1,273,532	5.6%
2015	8,315,430	421,873,600	50,734	1,280,370	5.1%
2016	8,367,303	441,016,700	52,707	1,284,114	4.4%
2017	8,417,651	452,400,500	53,744	1,288,033	4.0%
2018	8,471,011	470,835,700	55,582	1,292,706	3.7%
2019	8,510,920	492,764,300	57,898	1,290,513	2.9%
2020	8,556,642	509,201,300	59,509	1,298,083	2.7%
2021	8,590,563	535,727,400	62,362	1,252,756	6.2%

(1) For the preceding calendar year, as revised.

(2) Not seasonally adjusted, as revised.

*Sources: Population, Personal Income and Per Capita Income – U.S. Bureau of Economic Analysis
Public Primary and Secondary School Enrollment – Virginia Department of Education
Unemployment Rate – U.S. Bureau of Labor Statistics*

Virginia Resources Authority
Statistical Section
June 30, 2021

Table 9 – Operating Indicators, Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Virginia Pooled Financing Program										
Projects	40	38	20	44	39	24	24	20	41	40
Lending	\$561,860,000	\$318,753,736	\$185,115,000	\$458,215,000	\$396,200,000	\$321,620,000	\$223,025,000	\$191,370,000	\$516,760,000	\$319,210,000
Clean Water Revolving Loan Fund										
Projects	22	22	14	12	13	14	18	10	15	28
Closed loans	\$103,970,305	\$86,105,110	\$139,221,106	\$112,279,105	\$ 37,029,027	\$ 30,952,582	\$115,555,569	\$69,252,668	\$201,678,861	\$246,924,926
AgBMP Program										
Projects	-	-	-	-	-	-	-	-	11	37
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,655,268	\$ 4,853,184
Virginia Drinking Water State Revolving Fund										
Projects	15	15	19	20	24	19	24	34	20	18
Closed loans	\$ 18,281,172	\$ 26,752,886	\$ 28,182,614	\$ 16,262,052	\$ 16,912,070	\$ 17,157,567	\$ 27,088,449	\$ 19,256,987	\$ 12,142,839	\$ 88,118,143
Virginia Airports Revolving Fund										
Projects	3	1	-	1	-	1	1	1	2	4
Closed loans	\$ 2,239,000	\$ 325,500	\$ -	\$ 1,612,000	\$ -	\$ 2,010,000	\$ 1,846,000	\$ 2,400,000	\$ 3,212,473	\$ 4,239,031
Dam Safety and Flood Prevention										
Projects	25	37	55	65	70	40	45	39	21	30
Closed grants	\$ 233,519	\$ 558,711	\$ 996,146	\$ 824,860	\$ 326,916	\$ 1,041,301	\$ 1,347,437	\$ 473,179	\$ 423,772	\$ 1,582,491
Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund										
Projects	10	8	2	2	12	16	18	18	18	29
Closed grants	\$ 199,873	\$ 316,560	\$ 100,000	\$ 70,200	\$ 445,585	\$ 833,434	\$ 997,770	\$ 1,288,352	\$ 835,130	\$ 1,892,163
Virginia SAVES Green Communities										
Projects	-	-	-	-	2	3	1	-	-	-
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ 12,004,595	\$ 16,384,987	\$ 6,512,144	\$ -	\$ -	\$ -
Virginia Tobacco Region Revolving Funds										
Projects	-	-	-	-	-	-	1	1	2	2
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000	\$ 1,100,000	\$ 1,400,000	\$ 5,650,000
Total new projects	115	121	110	144	160	117	132	123	130	188
Total entities served	71	74	80	101	104	88	93	77	107	150
Total new financings	\$686,783,869	\$432,812,503	\$353,614,866	\$589,263,217	\$462,918,193	\$389,999,871	\$376,912,369	\$285,141,186	\$739,108,343	\$672,469,938

Virginia Resources Authority
Statistical Section
June 30, 2021

Table 10 – Employees (1) by Identifiable Activity, Current and Ten Years Ago

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Executive Director	1	1	1	1	1	1	1	1	1	1
Financial Services	4	4	4	4	4	4	4	4	4	4
Finance and Administration	5	5	5	5	6	5	5	5	5	5
Program Management	2	1	3	3	3	3	3	3	3	3
Policy and Compliance	2	2	2	2	2	2	3	4	4	4
Total	<u>14</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>17</u>

(1) Permanent employees

COMPLIANCE SECTION



**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**

The Honorable Members of the Board of Directors
Virginia Resources Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Virginia Resources Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 8, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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.

The Honorable Members of the Board of Directors
Virginia Resources Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Arlington, Virginia
September 8, 2021



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

The Board of Directors
Virginia Resources Authority
Richmond, Virginia

We have audited the Virginia Resources Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are 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 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 each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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 the Authority'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 the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority'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 the Authority's internal control over compliance.

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

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



CliftonLarsonAllen LLP

Arlington, Virginia
September 8, 2021

Virginia Resources Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CDFA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditure</u>
Environmental Protection Agency Pass-through payments from the Commonwealth of Virginia:			
Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds (VWFRE) Cluster	66.458	90319, 90320	\$ 33,571,315
Department of Health			
Capitalization Grants for Drinking Water State Revolving Funds (VWSRF) Cluster	66.468	66145	<u>9,913,385</u>
 Total Expenditures of Federal Awards			 <u>\$ 43,484,700</u>

See notes to the Schedule of Expenditures of Federal Awards

Virginia Resources Authority
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 – General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of the federal award programs of the Authority. All federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies are included.

Note 2 – Basis of Accounting

The accompanying Schedule is presented on the accrual basis of accounting, which is more fully described in Note 1 of the Authority’s basic financial statements.

Note 3 – Loan and Grant Commitments

The Authority is obligated under outstanding commitments for undisbursed loans and grants to disburse approximately \$407,185,058 from the VWFRF and \$82,158,665 from the VWSRF as of June 30, 2021.

Note 4 – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported to the Commonwealth of Virginia Department of Environmental Quality (DEQ) and the Commonwealth of Virginia Department of Health (VDH), the grantees for the federal programs. The DEQ and VDH consolidate amounts reported by the Authority with their own expenditures for federal financial reporting purposes.

Note 5 – Relationship to the Authority’s Basic Financial Statements

The federal awards in the accompanying schedule are reported as revenue (contributions from other governments) in the Authority’s basic financial statements as follows:

	<u>VWFRF</u>	<u>VWSRF</u>	<u>Other</u>	<u>Total</u>
Revenue per Financial Statements:				
Contributions from other Governments	\$ 35,858,483	\$12,816,153	\$ 43,744,125	\$92,418,761
Total Governmental Revenues				
Less amounts not related to federal financial assistance	<u>(2,287,168)</u>	<u>(2,902,768)</u>	<u>(43,744,125)</u>	<u>(48,934,061)</u>
Schedule of Expenditures of Federal Awards	<u>\$ 33,571,315</u>	<u>\$ 9,913,385</u>	<u>\$ -</u>	<u>\$ 43,484,700</u>

Note 6 – Indirect Cost Rate

The Authority did not elect to use the 10% de minimis indirect cost rate.

Virginia Resources Authority
Schedule of Findings and Questioned Costs
June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|------------|---|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <input checked="" type="checkbox"/> no |

Federal Awards

- | | | |
|---|------------|---|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with | | |
| • 2 CFR 200.516(a)? | _____ yes | _____ <input checked="" type="checkbox"/> no |

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$1,304,541</u>
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> yes _____ no

Virginia Resources Authority
Schedule of Findings and Questioned Costs
June 30, 2021

Section II – Financial Statement Audit

None

Section III – Major Federal Award Program Audit

None