

NORTHERN SHENANDOAH VALLEY
REGIONAL COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

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June 30, 2022

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NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Northern Shenandoah Valley Regional Commission

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, fiduciary activities, and the aggregate remaining fund information of the Northern Shenandoah Valley Regional Commission (the Commission) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, fiduciary activities and the aggregate remaining fund information of the Commission as of June 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 4 to the financial statements, in 2022, the Commission adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the Commission's net pension liability and related ratios, and the schedule of employer contributions on pages 4 through 7 and pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedules of revenues and expenses by project, on pages 38 through 40, and the schedule of expenditures of federal awards, on page 46, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of revenues and expenses by project are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Certified Public Accountants
Chantilly, Virginia

November 17, 2022

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2022**

This section of the Northern Shenandoah Valley Regional Commission's (Commission) annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

Overview of the Financial Statements

In addition to this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, proprietary fund statements, fiduciary fund statements and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the Commission's finances. Within this view, Commission operations are categorized and reported as either governmental or business-type activities. Governmental activities include typical planning services and administration. The Commission's business-type activities include operation of the Regional Tire Operations Program, a regional tire shredding program. The Commission's fiduciary fund activities include capacity building and per capita allocation funding from the Department of Housing and Community Development Growth and Opportunity Initiative Program (GO Virginia). These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

Required Financial Statements

The Statement of Net Position (Page 8) focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the Commission's assets, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities are reported on the accrual basis of accounting. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The net position for governmental activities from July 2021 to June 2022 increased by \$16,791. Of this amount, \$38,317 reflects a surplus of revenues over expenses with the balance being due to changes in VRS pension benefits reported per GASB 68 requirements. The GASB 68 adjustment of (\$21,526) was deducted from operational net income of \$38,317 resulting in the increase in net position of \$16,791 as of June 30, 2022.

The Statement of Activities (Page 9) focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The Commission received unrestricted general revenues in the amount of \$89,971 from the Department of Housing and Community Development for annual planning district support in the fiscal year. Member jurisdiction contributions are the only other source of unrestricted funding available to the Commission. In fiscal year 2022 member contributions through a \$0.93 per capita assessment totaled \$214,432. The Commission incurred project expenses totaling \$2,414,947 and billed for services in the amount of \$2,277,652. The difference between these totals of (\$137,295) represents grant matching funds required and the support of indirect costs not covered by specific grants.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 11) shows total fiscal year governmental expenses of \$2,537,077. Fiscal year 2021 showed expenditures of \$1,547,913 which shows an increase of \$984,664 in fiscal year 2022. These changes can be largely attributed to increases in pass through expenses for contract services in the operation of the ShenGo Intra-regional Transit System, the timing of HOME distributions for the development of affordable housing, and an increase in marketing for the RideSmart program as ridesharing became feasible again on the heels of the Covid 19 Pandemic.

The total change in net position of (\$55,535) (Page 9) ties to the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 11) and consists of a net change in the fund balance of \$50,298, less internal service funds reported with governmental activities on the Statement of Activities of (\$72,326), less a change in net annual leave of (\$3,801), less a change in GASB 87 lease liability payments of (\$4,045), plus \$4,500 shown as debt payments in excess of debt issued, less the amount by which capital outlays exceed depreciation of (\$4,135).

The \$4,500 represents the \$375/month no interest loan payments to the EDA for office renovations. The remaining (\$21,526) represents a fiscal year end GASB 68 adjustment to agree net pension assets, deferred outflows and inflows to the Virginia Retirement System (VRS). The Commission's VRS investments showed a net gain on investments this year. GASB 68 laws require disclosure of this within internal financial statements. This is a book entry and does not reflect a cash gain or affect the Commission's operational revenues and expenditures. It is not accessible for programmatic operations.

Fund financial statements (Pages 13–17) focus separately on proprietary funds generated through the Regional Tire Operations Program (RTOP). Governmental and Fiduciary fund statements follow the more traditional presentation of financial statements. Statements for the Commission's proprietary fund RTOP follow the governmental funds and include statements of net position; revenue, expenditures and changes in net position; and cash flow. Net cash provided by operating activities in fiscal year 2022 total \$15,677 (Page 15). Statements for the Commission's fiduciary fund follow the proprietary funds and include statements of net position and changes in net position.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition. The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior year.

Financial Analysis

	Summary Statements of Net Position					
	Governmental Activities		Business-Type Activities		Fiduciary Activities	
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 934,905	\$ 741,724	\$ 638,539	\$ 648,692	\$143,329	\$162,244
Capital Assets (net)	56,841	60,976	342,871	410,253	-	-
Right to Use Lease Asset	108,588	-	-	-	-	-
Net Pension Asset	<u>242,932</u>	<u>62,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,343,266</u>	<u>865,544</u>	<u>981,410</u>	<u>1,058,945</u>	<u>143,329</u>	<u>162,244</u>
Deferred Outflows of Resources	<u>109,995</u>	<u>120,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities	416,983	265,799	-	5,209	143,329	162,244
Lease Liability	112,633	-	-	-	-	-
Long-Term Liabilities	<u>14,871</u>	<u>19,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>544,487</u>	<u>285,170</u>	<u>-</u>	<u>5,209</u>	<u>143,329</u>	<u>162,244</u>
Deferred Inflows of Resources	<u>191,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Invested in Capital Assets	41,970	41,605	342,871	410,253	-	-
Unrestricted	<u>675,313</u>	<u>658,887</u>	<u>638,539</u>	<u>643,483</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 717,283</u>	<u>\$ 700,492</u>	<u>\$ 981,410</u>	<u>\$ 1,053,736</u>	<u>\$ -</u>	<u>\$ -</u>

The above Summary Statement of Net Position shows a change in net position from 2021 to 2022 based on three different types of activities. Governmental activities show an increase in net position of \$16,791, business-type activities (RTOP) show a decrease in net position of (\$72,326) and fiduciary activities, Growth and Opportunity funds for Virginia (GO Virginia) net to a zero-net position.

	Summary Statements of Activities					
	Governmental Activities		Business-Type Activities		Fiduciary Activities	
	2022	2021	2022	2021	2022	2021
Revenue						
Operating grants and contributions	\$ 304,403	\$ 293,711	\$ -	\$ -	\$1,657,159	\$693,761
Charges for services	2,277,652	1,310,369	45,154	116,154	-	-
GASB 68 adjustment	(21,526)	(40,195)	-	-	-	-
Interest income	820	531	2,131	1,012	-	-
Transfer of funds	-	10,724	-	-	-	10,724
Total Revenue	<u>2,561,349</u>	<u>1,575,140</u>	<u>47,285</u>	<u>117,166</u>	<u>1,657,159</u>	<u>704,485</u>
Expenses						
General and administrative	128,271	112,391	119,611	132,323	239,632	217,934
Project costs	2,414,947	1,445,734	-	-	1,416,187	486,551
Transfer of funds	1,340	-	-	-	1,340	-
Total Expenses/Deductions	<u>2,544,558</u>	<u>1,558,125</u>	<u>119,611</u>	<u>132,323</u>	<u>1,657,159</u>	<u>704,485</u>
Change in net position	16,791	17,015	(72,326)	(15,157)	-	-
Net position, beginning of year	<u>700,492</u>	<u>683,477</u>	<u>1,053,736</u>	<u>1,068,893</u>	-	-
Net position, end of year	<u>\$ 717,283</u>	<u>\$ 704,492</u>	<u>\$ 981,410</u>	<u>\$1,053,736</u>	<u>\$ -</u>	<u>\$ -</u>

Charges for services under governmental activities increased in Fiscal Year 2022 primarily due to the timing of disbursement for programmatic pass-through funding. Charges for services under business-type activities decreased by \$71,000 from last year as a result of decreased waste-tire processing through RTOP, largely attributable to workforce shortages.

Capital Assets

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

Included in proprietary fund fixed assets are the tire grinder and related electrical installation expenses.

Debt

The cost associated with preparing the office location on Kendrick Lane for occupancy included construction and buildout which is secured by a loan with the property owner at no interest and payable at a fixed monthly amount of \$375 over the life of the lease period. This amount is paid with each lease payment. As of June 30, 2022 the outstanding balance of this loan was \$14,871.

Utilization of Local Member Jurisdiction per capita assessments:

Each budget cycle, Commission staff allocates local member contributions to fund specific regional projects with no funding source and to provide local match obligations for grants such as the Transportation Demand Management (TDM) and the Rural Transportation Program. This budgeting process anticipates investments during the budget process and reserves the actual total investment (grant and matching funds) for a project at the beginning of the year. This is necessary to assure that the Commission does not over obligate its unrestricted funding and invests local funding in programs and projects that are pre-determined regional and local priorities. This process allows for increased transparency in tracking the final destination of local investments in the Commission.

In fiscal year 2022, the per capita assessments received from the Commission member jurisdictions were applied to the following programs in order to support Commission staff hours to administer them and to provide matching funds. The Commission utilized \$214,432 in local funds collected in addition to \$89,971 in unrestricted Planning District Commission support from the Department of Housing and Community Development funds to provide budgeted mandatory grant matching dollars and to provide support for the following programs and projects:

General Administration and Indirect Charges (Lease, Electric, etc.)	\$127,501
Transit Recovery Marketing Program – Matching Funds	2,000
Economic Development Projects – Unfunded:	50,000
Community Development Projects – Unfunded:	30,000
Transportation Demand Management (Ridesmart) matching funds 20%:	53,402
Rural Transportation Program – 20% grant match:	14,500
Watershed Implementation Plan (WIP Phase III) matching funds 20%:	14,500
Shenandoah Valley Tourism Partnership:	5,000
Natural Resources Projects – Unfunded:	2,500
Hazard Mitigation Projects – Unfunded:	2,500
Regional Procurement (On-call Consultant Program) – Unfunded:	<u>2,500</u>
Total:	<u>\$304,403</u>

Contacting the Commission’s Financial Management Staff

This financial report is designed to provide a general overview of the Commission’s finances and show the Commission’s accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission’s Executive Director at 400 Kendrick Lane – Suite E, Front Royal, Virginia 22630. (540) 636-8800 or bdavis@nsvregion.org.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 552,617	\$ 638,539	\$ 1,191,156
Accounts receivable	337,807	-	337,807
Due from fiduciary fund	22,887	-	22,887
Prepaid expenses	21,594	-	21,594
Net pension asset	242,932	-	242,932
Capital assets, net	56,841	342,871	399,712
Leased office space, net	108,588	-	108,588
	<hr/>	<hr/>	<hr/>
Total Assets	1,343,266	981,410	2,324,676
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions after the measurement date	24,432	-	24,432
Difference between expected and actual experience	60,098	-	60,098
Changes of assumptions	25,465	-	25,465
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	109,995	-	109,995
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	145,887	-	145,887
Accrued leave	57,901	-	57,901
Deferred revenue	213,195	-	213,195
Loan payable	14,871	-	14,871
Lease liability	112,633	-	112,633
	<hr/>	<hr/>	<hr/>
Total Liabilities	544,487	-	544,487
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on plan investments	191,491	-	191,491
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	191,491	-	191,491
	<hr/>	<hr/>	<hr/>
NET POSITION			
Investment in capital assets, net of related debt	41,970	342,871	384,841
Unrestricted	675,313	638,539	1,313,852
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 717,283	\$ 981,410	\$ 1,698,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities						
General government and administration	\$ 128,271	\$ -	\$ 304,403	\$ 176,132	\$ -	\$ 176,132
Projects	<u>2,414,947</u>	<u>2,277,652</u>	<u>-</u>	<u>(137,295)</u>	<u>-</u>	<u>(137,295)</u>
Total Governmental Activities	<u>2,543,218</u>	<u>2,277,652</u>	<u>304,403</u>	<u>38,837</u>	<u>-</u>	<u>38,837</u>
Business-Type Activities						
Regional Tire Operations Program	<u>105,766</u>	<u>45,154</u>	<u>-</u>	<u>-</u>	<u>(60,612)</u>	<u>(60,612)</u>
Total Business-Type Activities	<u>105,766</u>	<u>45,154</u>	<u>-</u>	<u>-</u>	<u>(60,612)</u>	<u>(60,612)</u>
Total Government	<u>\$ 2,648,984</u>	<u>\$ 2,322,806</u>	<u>\$ 304,403</u>	<u>38,837</u>	<u>(60,612)</u>	<u>(21,775)</u>
General revenues, special items and transfers:						
Investment earnings				820	2,131	2,951
Loss on disposal of equipment				-	(13,845)	-
GASB 68 pension expense				(21,526)	-	-
Transfer from fiduciary fund				<u>(1,340)</u>	<u>-</u>	<u>-</u>
Change in net position				16,791	(72,326)	(55,535)
Net position at beginning of year				<u>700,492</u>	<u>1,053,736</u>	<u>1,754,228</u>
Net position at end of year				<u>\$ 717,283</u>	<u>\$ 981,410</u>	<u>\$ 1,698,693</u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 552,617
Accounts receivable	337,807
Due from fiduciary fund	22,887
Prepaid expenses	21,594
	<u>21,594</u>
Total Assets	<u><u>\$ 934,905</u></u>
LIABILITIES	
Accounts payable	\$ 145,887
Deferred revenue	213,195
	<u>213,195</u>
Total Liabilities	<u>359,082</u>
FUND BALANCE	
Nonspendable	21,594
Unassigned	554,229
	<u>554,229</u>
Total Fund Balance	<u>575,823</u>
Total Liabilities and Fund Balance	<u><u>\$ 934,905</u></u>
Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position:	
Fund balance - total governmental funds	\$ 575,823
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,841
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	108,588
Long-term liabilities and related deferred items are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position	
Pension contributions	24,432
Net pension asset	242,932
Difference between expected and actual experience	60,098
Changes of assumptions	25,465
Net difference between projected and actual earnings on plan investments	(191,491)
Compensated absences	(57,901)
Note payable	(14,871)
Lease liability	(112,633)
	<u>(112,633)</u>
Net Position of Governmental Activities	<u><u>\$ 717,283</u></u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

REVENUES

Grants and appropriations:	
Federal grants	\$ 1,188,602
State grants and appropriations	679,673
Local grants and appropriations	706,440
Other revenue:	
Interest	820
Miscellaneous	6,000
TOTAL REVENUES	<u>2,581,535</u>

EXPENDITURES

Current Operating:	
Contract services	1,586,376
Salaries	603,357
Employee benefits and payroll taxes	208,718
Advertising	43,451
Rent	27,000
Professional fees	24,592
Computer costs	18,626
Dues and memberships	12,081
Office equipment and repair	8,414
Technology stipends	8,385
Communications	7,963
Office supplies and expense	6,629
Conferences and trainings	6,544
Utilities	5,945
Equipment rental	5,210
Insurance	4,932
Travel	4,271
Van subsidies	3,210
Meeting expenses	3,121
Printing	818
Other costs	709
Less indirect expenses applied to fiduciary fund	(57,775)
Debt Service	
Principal	4,500
TOTAL EXPENDITURES	<u>2,537,077</u>

EXCESS OF REVENUES OVER EXPENDITURES	<u>44,458</u>
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OTHER FINANCING SOURCES (USES)

Transfers in/(out) to fiduciary fund	<u>1,340</u>
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NET CHANGE IN FUND BALANCE	45,798
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FUND BALANCE - Beginning of year	<u>530,025</u>
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FUND BALANCE - End of year	<u><u>\$ 575,823</u></u>
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NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

Reconciliation of the Statement of Revenues, Expenditures, and Changes

Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net Change in Fund Balances - Total Government Funds	\$	45,798
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The net revenue of internal service funds is reported with governmental activities on the statement of activities.		(72,326)
--	--	----------

Some expenses and benefits reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in GASB 68 pension benefit calculation		(21,526)
---	--	----------

Change in long-term annual leave payable		(3,801)
--	--	---------

Governmental funds report lease expenditures as rent expense. However, base on GASB 87, in the statement of activities the lease is recorded as a leased office space asset and a lease liability, amortization expense is reported for the reduction of the net right to use asset, and lease payments are reported as interest expense and a reduction in the lease liability.

This is the amount by which amortization expense and interest expense exceeds rent expense.		(4,045)
---	--	---------

Loan proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has an effect on net position.

This is the amount by which debt payments exceeds debt issued.		4,500
--	--	-------

All capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities those outlays are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceed depreciation in the period.

		(4,135)
--	--	---------

Change in net position reported on the Statement of Activities

	\$	(55,535)
--	----	----------

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	<u>Business Type Activities - Enterprise Fund</u>
	Regional Tire Operations Program
ASSETS	
Cash and investments	\$ 638,539
Capital assets, net	<u>342,871</u>
Total Assets	<u>981,410</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Investment in capital assets, net of related debt	342,871
Unrestricted	<u>638,539</u>
Total Net Position	<u><u>\$ 981,410</u></u>
Total Liabilities and Net Position	<u><u>\$ 981,410</u></u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

		<u>Business Type Activities - Enterprise Fund</u>
		Regional Tire Operations Program
Operating Revenue		
Charges for service		\$ 45,154
Total Operating Revenue		<u>45,154</u>
Operating Expenses		
Operating costs		32,367
Depreciation		<u>73,399</u>
Total Operating Expenses		<u>105,766</u>
	Operating (Loss)	<u>(60,612)</u>
Non-Operating Revenues		
Interest income		2,131
Loss on disposal of equipment		<u>(13,845)</u>
Total Non-Operating Revenues		<u>(11,714)</u>
	Change in Net Position	(72,326)
	Net Position - Beginning of Year	<u>1,053,736</u>
	Net Position - End of Year	<u><u>\$ 981,410</u></u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

Business Type Activities - Enterprise Fund

	Regional Tire Operations Program
Cash flows from operating activities:	
Cash received from customers	\$ 72,015
Cash payments to suppliers	<u>(37,576)</u>
Net Cash Provided by Operating Activities	<u>34,439</u>
Cash flows from investing activities	
Purchases of equipment	(19,862)
Interest income	<u>2,131</u>
Net Cash Used in Investing Activities	<u>(17,731)</u>
Change in Cash and Cash Equivalents	<u>16,708</u>
Cash and Cash Equivalents - Beginning of Year	<u>621,831</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 638,539</u></u>
Reconciliation of Operating (Loss)	
to Net Cash Provided by Operating Activities	
Operating (loss)	\$ (60,612)
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation	73,399
Change in accounts receivable	26,861
Change in accounts payable	<u>(5,209)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 34,439</u></u>

See accompanying notes.

NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Go Virginia
	Fund
ASSETS	
Accounts receivable	\$ 143,329
Total assets	143,329
LIABILITIES	
Accounts payable	120,442
Due to general fund	22,887
Total liabilities	143,329
NET POSITION	\$ -

See accompanying notes.

NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Go Virginia Fund
ADDITIONS	
Contributions	\$ 1,657,159
Total Additions	<u>1,657,159</u>
DEDUCTIONS	
Contractor services	1,416,187
Salaries	132,608
Employee benefits and payroll taxes	47,276
Professional fees	1,500
Equipment rental	415
Travel expense	58
Transfer to general fund	1,340
Indirect expenses	<u>57,775</u>
Total Deductions	<u>1,657,159</u>
Change in Net Position	-
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

The Northern Shenandoah Valley Regional Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia. The purpose of the Commission is to promote the orderly and efficient development of the physical, social and economic elements of the Northern Shenandoah Valley by encouraging and assisting governmental subdivisions in planning for the future. The accounting policies of the Commission conform to generally accepted accounting principals as applied to government units.

- (a) Financial Statement Presentation - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities. The governmental activities of the Commission are supported by intergovernmental revenues.

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

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds. The governmental funds, proprietary funds and fiduciary are reported on separate balance sheets and statements of revenues, expenditures, and changes in fund balances (fund equity). The proprietary fund reporting also includes a statement of cash flows. The accounts are organized on the basis of fund classification, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The individual Governmental Fund of the Commission is comprised of the General Fund, which accounts for all revenues and expenditures applicable to the general operation of the Commission that are not accounted for in other funds.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Commission's Proprietary Fund consists of an Enterprise Fund that accounts for the operations of the Regional Tire Operations Program. The Commission is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict Government Accounting Standards Board (GASB) pronouncements. The Commission has chosen not to apply any FASB pronouncements after that date.

Fiduciary Funds account for operations of Region 8 of the Virginia Growth and Opportunity Regional Council (Council) that the Commission administers as a separate entity. This fund is accounted for in essentially the same manner as a proprietary fund type. The Council manages the GO Virginia initiative, which is an initiative by Virginia's senior business leaders to foster private-sector growth and job creation through state incentives for regional collaboration by business, education, and government.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Organization and Summary of Accounting Policies (Continued)

- (b) Basis of Accounting - The Commission's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally sixty days. The Commission considers grant revenue as available when the grant expenditure is made since the expenditure is the prime factor for determining eligibility. Expenditures are recorded when the related fund liability is incurred.

The accounting and reporting policies of the Commission relating to the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable).

- (c) Revenue Recognition - Intergovernmental revenues, consisting primarily of Federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. The Commission considers grant revenue as earned when the grant expenditure is incurred. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments when warranted. Funding received prior to expenditures being incurred are recognized as a deferred revenue liability.
- (d) Cash and Cash Equivalents - The Commission follows a deposit and investment policy in accordance with statutes of the Commonwealth of Virginia. Accordingly, the Commission is authorized to hold cash, checking accounts and certain investments. In addition to cash on deposit with private bank accounts, petty cash, and undeposited receipts, all of which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act, cash and cash equivalents includes cash on deposit with fiscal agents and short-term investments with the State Treasurer's Cash and Investment Pool (a governmental external investment pool). For purposes of the statement of cash flows, all highly liquid debt investments with a maturity of three months or less when purchased are considered to be cash equivalents. All other short-term investments are reported as investments.
- (e) Accounts Receivable - Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2022, and no allowance for doubtful accounts has been provided.
- (f) Capital Assets - Property and equipment are recorded at cost for items exceeding \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from five to thirty-nine years. Normal repairs and maintenance are expensed as incurred. Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Organization and Summary of Accounting Policies (Continued)

- (g) Right to Use Assets – The Commission has recorded the right to use asset, leased office space, as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.
- (h) Accrued Leave - Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, the employee is reimbursed for accumulated vacation leave. Sick leave and vacation expenditures are recognized in the governmental fund to the extent it is paid during the year.
- (i) Deferred Revenue - The deferred revenue balance represents funds for local grants received in the current fiscal year and expected to be expended in the fiscal year ending June 30, 2022.
- (j) Use of Estimates - The presentation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (k) Deferred Outflows/Inflows of Resources - The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Per the actuarial report dated of June 30, 2021, the Commission has three items that qualify for reporting in this category. They are: the employer pension contributions made after the actuarial measurement date; the difference between expected and actual experience; and changes of assumptions. These items are reported as deferred outflows of resources at June 30, 2022.

The Commission reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period. Per the actuarial report dated of June 30, 2021, the Commission has one item that qualifies for reporting in this category. It is changes of assumptions; and net differences between projected and actual earnings on plan investments. This item is reported as deferred inflows of resources at June 30, 2022.

- (l) Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by Virginia Retirement System (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.
- (m) Advertising Costs - Advertising costs are expensed as incurred.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Organization and Summary of Accounting Policies (Continued)

(n) Concentration of Credit Risk - Financial instruments that potentially expose the Commission to concentration of credit risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Commission maintains its cash in various bank deposits accounts which, at times, may exceed federally insured limits. The Commission has not experienced any losses in such accounts.

NOTE 2 - Cash and Equivalents

State statute authorizes the Commission to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Cash and cash equivalents include amounts in demand deposits as well as short-term, highly liquid investments with a maturity date within three months of the date acquired by the Commission. Deposits are carried at cost, which approximates fair value. At year end, the carrying value of the governmental activities' money market account balance was \$25, the carrying value of the combined governmental activities' and fiduciary activities checking account balance was \$328,215, and the business-type activities checking account balance was \$110,154. The carrying value of the governmental activities' and business-type activities' Virginia Investment Pool account balances was \$752,762.

There is no custodial credit risk to these accounts, as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FSLIC limits. The State Treasury Board is responsible for monitoring compliance by banks and savings and loans. Accordingly, there is no custodial risk for either of the accounts as they are fully collateralized. In addition, there is no interest rate risk as the interest rates are adjusted daily.

NOTE 3 - Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2022</u>
Governmental Activities:				
Building	\$ 93,510	\$ -	\$ -	\$ 93,510
Furniture and Equipment	59,081	-	-	59,081
Less: Accumulated Depreciation	<u>(91,615)</u>	<u>(4,135)</u>	<u>-</u>	<u>(95,750)</u>
Governmental Activities Capital Assets, net	<u>\$ 60,976</u>	<u>\$ (4,135)</u>	<u>\$ -</u>	<u>\$ 56,841</u>
Business-Type Activities:				
Vehicles and Equipment	\$677,152	\$ 19,862	\$(17,892)	\$679,122
Less: Accumulated Depreciation	<u>(266,899)</u>	<u>(73,399)</u>	<u>4,047</u>	<u>(336,251)</u>
Business-Type Activities Capital Assets, net	<u>\$410,253</u>	<u>\$ (53,537)</u>	<u>\$(13,845)</u>	<u>\$342,871</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – Adoption of Accounting Principle

The Commission implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, Leases during the fiscal year ended June 30, 2022. Statement No. 87, Leases requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases.

Leased office space	<u>\$134,138</u>
Total Assets	<u>\$134,138</u>
Leased liability	<u>\$134,138</u>
Total Liabilities	<u>\$134,138</u>

NOTE 5 – Right to use Assets

Right to use assets activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Right to use assets being amortized				
Leased Office Space	\$ _____ -	\$134,138	\$ _____ -	\$134,138
Total Right to Use Assets	_____ -	<u>134,138</u>	_____ -	<u>134,138</u>
Less Accumulated Amortization for:				
Leased Office Space	_____ -	<u>25,550</u>	_____ -	<u>25,550</u>
Total accumulated depreciation	_____ -	<u>25,550</u>	_____ -	<u>25,550</u>
Right to Use Assets, Net	\$ _____ -	<u>\$108,588</u>	\$ _____ -	<u>\$108,588</u>

NOTE 6 - Compliance with Grant Provisions

The Commission participates in several federal financial assistance programs. Although the Commission's grant programs have been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Long-Term Obligations

Lease Liability

The Commission leases office space in Front Royal, Virginia, under a fifteen-year lease agreement, which expires September 30, 2026. The lease agreement qualifies as other than short-term under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the adoption of GASB 87. The lease calls for periodic rent increases over the lease term. The lease liability is measured at a discount rate of 4.5%. As a result of the lease the Board has recorded a right to use asset with net book value of \$108,588 as of June 30, 2022. For the fiscal year ended June 30, 2022, interest expense on the lease liability was \$5,495.

The future minimum lease obligations and the net present value of these minimum lease payments as of as of June 30, 2022, are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,409	\$ 4,591	\$ 27,000
2024	25,722	3,528	29,250
2025	27,683	2,317	30,000
2026	28,954	1,046	30,000
2027	<u>7,444</u>	<u>56</u>	<u>7,500</u>
Total payments	<u>\$112,212</u>	<u>\$11,538</u>	<u>\$123,750</u>

Note Payable

The Commission's office lease included a provision whereby the landlord financed certain improvements to the office to be paid back in monthly installments of \$375 over the life of the lease. The note is non-interest bearing. The future scheduled maturities of the note payable are as follows:

Years ending June 30,	
2023	\$ 4,500
2024	4,500
2025	4,500
2026	<u>1,371</u>
Total minimum payments	<u>\$ 14,871</u>

NOTE 8 - Retirement Plan

Pensions

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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p> <p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>About Plan 2 Same as Plan 1.</p> <p>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.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. <p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • 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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

<p>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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>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.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax 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.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>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.</p> <p>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.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

		<p>Vesting (continued)</p> <p><u>Defined Contributions Component:</u> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit</p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

<p>Service Retirement Multiplier VRS: 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 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

<p>Earliest Unreduced Retirement (continued)</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility (continued)</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility (continued)</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>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.</p>	<p>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.</p> <p>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.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2021 VRS VAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	2
Inactive Members	
Vested	3
Non-vested	6
LTD	-
Active elsewhere in VRS	7
Total Inactive Members	16
Active Members	10
Total covered employees	28

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 Commission's contractually required employer contribution rate for the year ended June 30, 2022 was 4.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial 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 Commission were \$24,432 and \$21,583 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB statement No. 68, less that employer's fiduciary net position. The Commission's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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 2022; 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 2022; 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 2022; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2022; 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 2022; 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 2022; males set forward 2 years, 110% of rates; females 125% of rates.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

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, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Other (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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:

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	<u>3.00%</u>	6.84%	<u>0.21%</u>
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		* Expected arithmetic nominal return	<u>7.39%</u>

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing 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, 2021, 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 variations, whichever was greater. From July 1, 2021, 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.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

Change in the Net Pension Asset:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2020	\$1,333,912	\$1,396,756	\$(62,844)
Changes for the year:			
Service cost	60,891	-	60,891
Interest	87,979	-	87,979
Change of assumptions	40,805	-	40,805
Differences between expected and actual experience	65,021	-	65,021
Contributions – employer	-	21,583	(21,583)
Contributions – employee	-	30,307	(30,307)
Net investment income	-	383,796	(383,796)
Benefit payments, including refunds of employee contributions	(61,043)	(61,043)	-
Administrative expense	-	(938)	938
Other changes	-	36	(36)
Net changes	193,653	373,741	(180,088)
Balances at June 30, 2021	<u>\$1,527,565</u>	<u>\$1,770,497</u>	<u>\$(242,932)</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability	\$(23,681)	\$(242,932)	\$(417,647)

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

For the year ended June 30, 2022, the Commission recognized pension expense of \$60,512. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,098	\$ -
Changes of assumptions	25,465	-
Net difference between projected and actual earnings on plan investments	-	191,491
Employer contributions subsequent to the Measurement Date	<u>24,432</u>	<u>-</u>
Total	<u>\$ 109,995</u>	<u>\$191,491</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Retirement Plan (Continued)

\$24,432 reported as deferred outflows of resources related to pensions resulting from Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future reporting periods as follows:

Year ending June 30,	
2023	\$ 14,362
2024	(17,650)
2025	(44,670)
2026	(57,970)
2027	-
Thereafter	-

NOTE 9 - Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total salaries. The fringe benefit rate for the fiscal year ended June 30, 2022 is calculated as follows:

Fringe benefit expense	<u>\$255,994</u>	
Total salaries	\$739,766	= 34.60%

Components of fringe benefit expense for the year ended June 30, 2022 are shown below:

Health, disability and life insurance	\$168,645
Payroll taxes	55,449
Retirement	<u>31,900</u>
Total Fringe Benefits	<u>\$255,994</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 10 - Indirect Costs

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries and fringe benefits to total direct salaries and fringe benefits. The indirect cost rate for the fiscal year ended June 30, 2022 was calculated as follows:

Indirect costs	<u>\$266,132</u>
Total direct salaries and fringe benefits	\$842,164 = 31.60%

The following indirect costs have been allocated to projects:

Salaries and fringe benefits	\$153,802
Rent	27,000
Computer services	15,774
Technology stipends	8,385
Dues and subscriptions	7,556
Communications	7,313
Utilities	5,945
Insurance	4,932
Office supplies and expense	4,799
Repairs and maintenance	4,167
Depreciation	4,135
Conferences and training	4,125
Professional fees	4,093
Copier lease	3,943
Equipment	3,436
Meetings and conferences	3,080
Bank fees	1,735
Travel	1,170
Miscellaneous	493
Advertising	142
Printing	<u>107</u>
Total Indirect Costs	<u>\$266,132</u>

NOTE 11 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 17, 2022, the date which the financial statements were available to be issued.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

Schedule of Revenues and Expenses by Project For the Year Ended June 30, 2022

													VDOT Rural Trans- portation Planning Grant
	Commission Activities	Total Local Technical Assistance	Page County Broadband	Shenandoah County Transit System	Worlds of Work	HOME Program	VATI Fiber Deployment	VDRPT VTA Conference RTAP	Shenandoah Valley Tourism	VDRPT Ridesmart TDM Grant	VDRPT Transit Recovery Grant	TDM Van Subsidy Grant	
REVENUES													
Federal grants	\$ -	\$ -	\$ -		\$ -	\$801,445	\$ -	\$ 680	\$ -	\$ -	\$ -	\$ -	\$ 57,684
State grants	89,971	-	-	333,430	-	-	-	-	-	182,662	39,761	-	-
Local governments	214,433	109,513	18,911	91,022	33,046	-	-	-	137,795	-	-	-	-
Other income	820	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>305,224</u>	<u>109,513</u>	<u>18,911</u>	<u>424,452</u>	<u>33,046</u>	<u>801,445</u>	<u>-</u>	<u>680</u>	<u>137,795</u>	<u>182,662</u>	<u>39,761</u>	<u>-</u>	<u>57,684</u>
EXPENSES													
Salaries	72,344	67,780	6,236	-	1,646	35,959	6,962	-	3,009	81,130	-	146	40,055
Payroll taxes and benefits	25,423	23,352	2,119	-	560	12,221	2,366	-	1,023	27,572	-	51	13,613
Advertising	-	-	-	-	-	320	-	-	-	39,026	-	-	-
Computer software	-	961	427	-	-	-	-	-	-	-	-	-	280
Communications	-	-	-	-	-	-	-	-	-	650	-	-	-
Conferences and trainings	-	203	-	-	-	-	-	-	-	1,550	-	-	125
Contract services	-	44,826	3,400	424,452	31,082	737,635	-	680	137,811	35,610	39,703	-	-
Copier lease expense	46	631	291	-	6	21	-	-	5	31	-	-	18
Dues and memberships	-	100	-	-	-	-	-	-	-	3,275	-	-	-
Equipment rental/purchase	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	-	41	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	9	-	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	655	-	-	-
Professional fees	-	1,702	-	-	-	1,000	12,797	-	-	1,000	-	-	1,000
Travel	-	903	-	-	-	-	-	-	-	1,328	-	-	107
Van subsidies	-	-	-	-	-	-	-	-	-	3,210	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead and indirect costs	30,459	28,776	2,632	-	695	15,177	2,938	-	1,270	34,243	-	62	16,907
Total expenses	<u>128,272</u>	<u>169,284</u>	<u>15,105</u>	<u>424,452</u>	<u>33,989</u>	<u>802,333</u>	<u>25,063</u>	<u>680</u>	<u>143,118</u>	<u>229,280</u>	<u>39,703</u>	<u>259</u>	<u>72,105</u>
GASB 68 pension expense	(21,526)	-	-	-	-	-	-	-	-	-	-	-	-
Amortization Expense-GASB 87	(25,550)	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense-GASB 87	(5,495)	-	-	-	-	-	-	-	-	-	-	-	-
Reverse Rent Exp-GASB 87	27,000	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	1,340	-	-	-	-	-	-	-	-	-	-	-	-
Revenues over (under) expenses	<u>\$ 152,721</u>	<u>\$ (59,771)</u>	<u>\$ 3,806</u>	<u>\$ -</u>	<u>\$ (943)</u>	<u>\$ (888)</u>	<u>\$ (25,063)</u>	<u>\$ -</u>	<u>\$ (5,323)</u>	<u>\$ (46,618)</u>	<u>\$ 58</u>	<u>\$ (259)</u>	<u>\$ (14,421)</u>

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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

Schedule of Revenues and Expenses by Project For the Year Ended June 30, 2022

	MPO Highway and Transportation Planning	WIP Phase III FY21-22	Water Planning	Solid Waste Manage- ment	RTOP	Total Governmental Projects	GO VA FY20 ERR Funds	FIDUCIARY GO VA Capacity Building	FIDUCIARY GO VA Per Capita Allocation	Total Fiduciary Projects	Totals
REVENUES											
Federal grants	\$ 270,793	\$ 58,000	\$ -	\$ -	\$ -	\$ 1,188,602	\$ -	\$ -	\$ -	\$ -	\$ 1,188,602
State grants	33,849	-	-	-	-	679,673	121,338	290,990	1,244,831	1,657,159	2,336,832
Local governments	33,848	-	35,722	32,150	-	706,440	-	-	-	-	706,440
Other income	-	-	-	-	6,000	6,820	-	-	-	-	6,820
Total revenues	<u>338,490</u>	<u>58,000</u>	<u>35,722</u>	<u>32,150</u>	<u>6,000</u>	<u>2,581,535</u>	<u>121,338</u>	<u>290,990</u>	<u>1,244,831</u>	<u>1,657,159</u>	<u>4,238,694</u>
EXPENSES											
Salaries	112,516	40,816	12,346	9,181	2,922	493,048	4,636	104,536	23,436	132,608	625,656
Payroll taxes and benefits	38,282	14,341	4,196	3,120	993	169,232	1,787	37,064	8,425	47,276	216,508
Advertising	3,963	-	-	-	-	43,309	-	-	-	-	43,309
Computer software	661	29	319	-	175	2,852	-	-	-	-	2,852
Communications	-	-	-	-	-	650	-	-	-	-	650
Conferences and trainings	541	-	-	-	-	2,419	-	-	-	-	2,419
Contract services	131,177	-	-	-	-	1,586,376	109,448	103,690	1,203,049	1,416,187	3,002,563
Copier lease expense	192	-	10	13	3	1,267	21	394	-	415	1,682
Dues and memberships	1,150	-	-	-	-	4,525	-	-	-	-	4,525
Equipment rental/purchase	177	-	-	-	-	177	-	-	-	-	177
Maintenance	633	-	-	-	-	633	-	-	-	-	633
Meetings	-	-	-	-	-	41	-	-	-	-	41
Office supplies	86	-	-	-	-	86	-	-	-	-	86
Postage	-	-	-	-	-	9	-	-	-	-	9
Printing	56	-	-	-	-	711	-	-	-	-	711
Professional fees	1,000	-	1,000	-	1,000	20,499	-	1,500	-	1,500	21,999
Travel	763	-	-	-	-	3,101	-	58	-	58	3,159
Van subsidies	-	-	-	-	-	3,210	-	-	-	-	3,210
Miscellaneous	11	-	-	-	-	11	-	-	-	-	11
Overhead and indirect costs	47,519	17,360	5,211	3,875	1,233	208,357	2,155	45,446	10,174	57,775	266,132
Total expenses	<u>338,727</u>	<u>72,546</u>	<u>23,082</u>	<u>16,189</u>	<u>6,326</u>	<u>2,540,513</u>	<u>118,047</u>	<u>292,688</u>	<u>1,245,084</u>	<u>1,655,819</u>	<u>4,196,332</u>
GASB 68 pension expense	-	-	-	-	-	(21,526)	-	-	-	-	(21,526)
Amortization Expense-GASB 87	-	-	-	-	-	(25,550)	-	-	-	-	(25,550)
Interest Expense-GASB 87	-	-	-	-	-	(5,495)	-	-	-	-	(5,495)
Reverse Rent Exp-GASB 87	-	-	-	-	-	27,000	-	-	-	-	27,000
Transfer to/from general funds	-	-	-	-	-	1,340	(3,291)	1,698	253	(1,340)	-
Revenues over (under) expenses	<u>\$ (237)</u>	<u>\$ (14,546)</u>	<u>\$ 12,640</u>	<u>\$ 15,961</u>	<u>\$ (326)</u>	<u>\$ 16,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,791</u>

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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

Schedule of Revenues and Expenses by Project (Local Technical Assistance Projects) For the Year Ended June 30, 2022

	Regional Procurement	Toms Brook Planning	Luray CDBG 2020	Rail to Trail Feas Study	Boyce Website	Edinburg Project Based Services	Toms Brook Project Based Services	Economic Develop Base Funding	Community Develop Base Funding	Hazard Mitigation Base Funding	Natural Resources Base Funding	Total Local Technical Assistance
REVENUES												
Local governments	\$ 31,317	\$ 15,500	\$ 38,500	\$15,000	\$ 196	\$ 6,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 109,513
Total revenues	<u>31,317</u>	<u>15,500</u>	<u>38,500</u>	<u>15,000</u>	<u>196</u>	<u>6,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,513</u>
EXPENSES												
Salaries	1,679	9,454	501	-	-	3,007	1,958	35,705	8,036	654	6,786	67,780
Payroll taxes and benefits	570	3,213	170	-	-	1,022	666	12,356	2,781	226	2,348	23,352
Computer software	-	556	-	-	196	-	-	-	209	-	-	961
Conferences and trainings	-	203	-	-	-	-	-	-	-	-	-	203
Contract services	29,826	-	-	15,000	-	-	-	-	-	-	-	44,826
Copier lease expense	-	630	-	-	-	-	-	-	1	-	-	631
Dues and memberships	-	100	-	-	-	-	-	-	-	-	-	100
Meetings	-	-	-	-	-	-	-	35	6	-	-	41
Postage	-	9	-	-	-	-	-	-	-	-	-	9
Professional fees	1,702	-	-	-	-	-	-	-	-	-	-	1,702
Travel	-	715	-	-	-	67	8	-	14	-	99	903
Overhead and indirect costs	708	3,990	211	-	-	1,269	827	15,188	3,418	278	2,887	28,776
Total expenses	<u>34,485</u>	<u>18,870</u>	<u>882</u>	<u>15,000</u>	<u>196</u>	<u>5,365</u>	<u>3,459</u>	<u>63,284</u>	<u>14,465</u>	<u>1,158</u>	<u>12,120</u>	<u>169,284</u>
Revenues over (under) expenses	<u>\$ (3,168)</u>	<u>\$ (3,370)</u>	<u>\$ 37,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635</u>	<u>\$ (459)</u>	<u>\$ (63,284)</u>	<u>\$ (14,465)</u>	<u>\$ (1,158)</u>	<u>\$ (12,120)</u>	<u>\$ (59,771)</u>

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

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

4437 Brookfield Corporate Dr., Suite 205-D
Chantilly, VA 20151

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

To the Commissioners
Northern Shenandoah Valley Regional Commission

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; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of governmental activities, the business-type activities, fiduciary activities and the aggregate remaining fund information of the Northern Shenandoah Valley Regional Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Northern Shenandoah Valley Regional Commission's basic financial statements, and have issued our report thereon dated November 17, 2022.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Dunham, Lukamp + Rhodes, PLLC

Certified Public Accountants
Chantilly, Virginia

November 17, 2022

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

4437 Brookfield Corporate Dr., Suite 205-D
Chantilly, VA 20151

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

To the Commissioners
Northern Shenandoah Valley Regional Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Shenandoah Valley Regional Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Shenandoah Valley Regional Commission's major federal programs for the year ended June 30, 2022. Northern Shenandoah Valley Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Shenandoah Valley Regional Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responses under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Dunham, Aukamp & Rhodes, PLLC

Certified Public Accountants
Chantilly, Virginia

November 17, 2022

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

	<u>Grant Number</u>	<u>Federal ALN Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Major Program					
Department of Housing and Urban Development					
Pass through payment - City of Winchester					
HOME Program		14.239		\$ 737,635	\$ 801,445
Other Federal Awards					
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction		20.205		-	203,649
Department of Transportation - Rural Transportation Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction - SPR Highway Administration Funds		20.205		-	57,684
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Rail and Public Transportation (VDRPT)					
Federal Transit Authority Funds	46021-14	20.505		-	2,501
Federal Transit Authority Funds	46020-14	20.505		-	64,643
Department of Rail and Public Transportation -					
RTAP VTA Conference and Expo	42122-48	20.509		-	680
Department of Environmental Quality					
Chesapeake Bay Regulatory and					
Accountability Program (CBRAP)	DEQ Contract 17029	66.466		-	58,000
Total Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 1,188,602</u>

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Northern Shenandoah Valley Regional Commission (the Commission) for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the Commission, it is not intended to and does not present the financial position, change in net position, or cash flows of the Commission. The Commission's fiscal year does not parallel the federal government's fiscal year. This should be considered when reconciling amounts reported on this schedule.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Subrecipients

Of the expenditures presented in the Schedule, the Commission provided awards to subrecipients as follows:

		<u>Subrecipient Name</u>	<u>Amount Provided</u>
HOME Program	14.239	People Inc. of Virginia	\$ 493,782
		Habitat for Humanity	100,000
		Blue Ridge Housing Network	71,719
		Faithworks, Inc.	46,468
		AIDS Response Effort	20,851
		Shenandoah Alliance	4,815
			<u>\$ 737,635</u>

NOTE 4 - Indirect Cost Rate

The Commission has elected not to use the 10% de minimus indirect cost rate.

Northern Shenandoah Valley Regional Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified ☐ Yes ☒ No

- Significant deficiency(ies) identified ☐ Yes ☒ none reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified ☐ Yes ☒ No

- Significant deficiency(ies) identified ☐ Yes ☒ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? ☐ Yes ☒ No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Program

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	\$862,000	\$862,000	\$ 1,188,602	\$ 326,602
State grants and appropriations	399,579	399,579	679,673	280,094
Fiduciary grants	1,595,235	1,595,235	1,657,159	61,924
Local grants and appropriations	383,805	383,805	520,599	136,794
Private grants	350,000	350,000	185,841	(164,159)
Other revenue:				
Interest	-	-	820	820
Miscellaneous	-	-	6,000	6,000
TOTAL REVENUES	3,590,619	3,590,619	4,238,694	648,075
EXPENDITURES				
Current Operating:				
Contract services	2,287,045	2,287,045	3,002,563	715,518
Salaries	747,191	747,191	735,965	(11,226)
Employee benefits and payroll taxes	266,862	266,862	255,994	(10,868)
Advertising	79,750	79,750	43,451	(36,299)
Rent	27,000	27,000	27,000	-
Professional fees	13,500	13,500	26,092	12,592
Computer costs	20,442	20,442	18,626	(1,816)
Dues and memberships	11,400	11,400	12,081	681
Technology stipends	8,580	8,580	8,385	(195)
Communications	8,680	8,680	7,963	(717)
Office equipment and repair	21,740	21,740	7,535	(14,205)
Office supplies and expense	5,980	5,980	6,629	649
Conferences and trainings	4,500	4,500	6,544	2,044
Utilities	8,000	8,000	5,945	(2,055)
Equipment rental	6,000	6,000	5,625	(375)
Insurance	4,994	4,994	4,932	(62)
Travel	9,350	9,350	4,329	(5,021)
Van subsidies	5,000	5,000	3,210	(1,790)
Meetings	6,000	6,000	3,121	(2,879)
Information technology services	-	-	879	879
Printing	750	750	818	68
Other costs	15,000	15,000	709	(14,291)
Debt Service	-	-	4,500	4,500
TOTAL EXPENDITURES	3,557,764	3,557,764	4,192,896	635,132
EXCESS OF REVENUES OVER EXPENDITURES	\$ 32,855	\$ 32,855	\$ 45,798	\$ 1,283,207
FUND BALANCE - Beginning of year			530,025	
FUND BALANCE - End of year			\$ 575,823	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities				
Net Change in Fund Balance - Total Government Funds			\$ 45,798	
Effect of GASB 68 pension benefit not budgeted			(21,526)	
Effect of GASB 87 lease liability payments not budgeted			(4,045)	
Debt payments in excess of debt issued			4,500	
Change in long-term annual leave payable			(3,801)	
The amount by which capital outlays exceed depreciation in the period			(4,135)	
Change in net position reported on the Statement of Activity			\$ 16,791	

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE PLAN YEARS ENDED JUNE 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 60,891	\$ 58,178	\$ 51,298	\$ 49,236	\$ 56,358	\$ 48,105	\$ 45,118	\$ 49,766
Interest on total pension liability	87,979	78,193	71,839	66,516	67,540	62,560	62,958	58,757
Differences between expected and actual experience	65,021	65,451	24,396	11,173	(69,580)	10,160	(64,505)	-
Changes in assumptions	40,805	-	36,645	-	(18,931)	-	-	-
Benefit payments	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Net change in total pension liability	193,653	149,160	132,770	76,589	(14,322)	71,175	(5,287)	60,357
Total pension liability - beginning	1,333,912	1,184,752	1,051,982	975,393	989,715	918,540	923,827	863,470
Total pension liability - ending (a)	\$ 1,527,565	\$ 1,333,912	\$ 1,184,752	\$ 1,051,982	\$ 975,393	\$ 989,715	\$ 918,540	\$ 923,827
Plan fiduciary net position								
Contributions - employer	\$ 21,583	\$ 10,214	\$ 9,583	\$ 13,396	\$ 12,923	\$ 29,407	\$ 27,344	\$ 40,387
Contributions - employee	30,307	29,653	26,337	24,189	23,570	24,451	22,803	23,594
Net investment income	383,796	26,453	87,515	91,178	135,578	19,297	47,970	141,207
Benefits payments	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Administrative expense	(938)	(891)	(859)	(781)	(781)	(669)	(647)	(741)
Other	36	(31)	(55)	(81)	(121)	(8)	(10)	7
Net change in plan fiduciary net position	373,741	12,736	71,113	77,565	121,460	22,828	48,602	156,288
Plan fiduciary net position - beginning	1,396,756	1,384,020	1,312,907	1,235,342	1,113,882	1,091,054	1,042,452	886,164
Plan fiduciary net position - ending (b)	\$ 1,770,497	\$ 1,396,756	\$ 1,384,020	\$ 1,312,907	\$ 1,235,342	\$ 1,113,882	\$ 1,091,054	\$ 1,042,452
 Commission's Net Pension Asset - ending (a)-(b)	 \$ (242,932)	 \$ (62,844)	 \$ (199,268)	 \$ (260,925)	 \$ (259,949)	 \$ (124,167)	 \$ (172,514)	 \$ (118,625)
 Plan fiduciary net position as a percentage of the total pension asset	 115.90%	 104.71%	 116.82%	 124.80%	 126.65%	 112.55%	 118.78%	 112.84%
 Covered - employee payroll	 \$ 668,711	 \$ 634,023	 \$ 580,502	 \$ 516,833	 \$ 489,432	 \$ 542,277	 \$ 483,500	 \$ 400,449
 Commission's net pension asset as percentage of covered payroll	 -36.33%	 -9.91%	 -34.33%	 -50.49%	 -53.11%	 -22.90%	 -35.68%	 -24.53%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH 2022

Date	Contractually Required Contributions (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 33,068	\$ 24,432	\$ 8,636	\$ 739,766	3.30%
2021	29,647	21,583	8,064	668,711	3.68%
2020	14,075	10,214	3,861	634,023	1.61%
2019	12,887	10,031	2,856	580,502	1.73%
2018	14,988	13,396	1,592	516,833	2.59%
2017	14,194	12,923	1,271	489,432	2.64%
2016	32,374	29,407	2,967	542,277	5.42%
2015	28,865	27,344	1,521	483,500	5.66%
2014	33,878	39,567	(5,689)	400,449	9.88%
2013	36,749	38,205	(1,456)	434,387	8.80%

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - Change of Benefit Terms

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

NOTE 2 - 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, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change