

NORTHERN SHENANDOAH VALLEY  
REGIONAL COMMISSION

AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024

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

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Eric Lawrence, Vice Chairman  
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June 30, 2024

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## **EXECUTIVE DIRECTOR**

Brandon Davis

# 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, 2024, 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, 2024 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.

### **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***

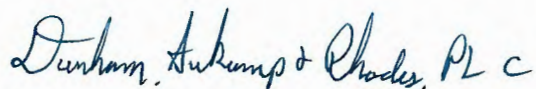
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the Commission's net pension liability and related ratios, and the schedule of employer contributions on pages 4 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 41, and the schedule of expenditures of federal awards, on page 47, 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 26, 2024, 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 26, 2024

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2024**

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, 2024. 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 snapshot 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 2023 to June 2024 increased by \$93,263. Of this amount, \$106,186 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 (\$12,923) was deducted from operational net income of \$106,186 resulting in the increase in net position of \$93,263 as of June 30, 2024.

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 2024 member contributions through a \$1.01 per capita assessment totaled \$248,904. The Commission incurred project expenses totaling \$39,450,206 and billed for services in the amount of \$39,207,758. The difference between these totals of (\$242,448) 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 \$39,477,332. Fiscal year 2023 showed expenditures of \$3,286,591 which represents an increase of \$36,190,741 in fiscal year 2024. This significant increase is almost exclusively attributable to the NSVRC VATI Accelerated Fiber Deployment Initiative having achieved its first milestone, completing low-level system design and engineering.

The total change in net position of \$11,535 (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 \$121,217, less internal service funds reported with governmental activities on the Statement of Activities of (\$81,728), less a change in net annual leave of (\$15,879), less a change in GASB 87 lease liability payments of \$483, 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 (\$12,923) 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 used in operating activities in fiscal year 2024 total (\$47,387) (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	
	2024	2023	2024	2023	2024	2023
Current Assets	\$47,133,411	\$29,059,887	\$ 632,268	\$ 649,054	\$394,381	\$326,691
Capital Assets (net)	48,571	52,706	231,876	321,124	-	-
Right to Use Lease Asset	56,621	82,604	-	-	-	-
Net Pension Asset	119,431	139,827	-	-	-	-
Total Assets	<u>47,358,034</u>	<u>29,335,024</u>	<u>864,144</u>	<u>970,178</u>	<u>394,381</u>	<u>326,691</u>
Deferred Outflows of Resources	<u>42,119</u>	<u>60,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities	46,372,343	28,404,157	14,258	38,564	394,381	326,691
Lease Liability	61,607	88,073	-	-	-	-
Long-Term Liabilities	5,871	10,371	-	-	-	-
Total Liabilities	<u>46,439,821</u>	<u>28,502,601</u>	<u>14,258</u>	<u>38,564</u>	<u>394,381</u>	<u>326,691</u>
Deferred Inflows of Resources	<u>29,086</u>	<u>55,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Invested in Capital Assets	42,700	42,335	231,876	321,124	-	-
Unrestricted	888,546	795,648	618,010	610,490	-	-
Total Net Position	<u>\$ 931,246</u>	<u>\$ 837,983</u>	<u>\$ 849,886</u>	<u>\$ 931,614</u>	<u>\$ -</u>	<u>\$ -</u>



The above Summary Statement of Net Position shows a change in net position from 2023 to 2024 based on three different types of activities. Governmental activities show an increase in net position of \$120,700, business-type activities (RTOP) show a decrease in net position of (\$49,796) 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	
	2024	2023	2024	2023	2024	2023
Revenue						
Operating grants and contributions	\$ 338,875	\$ 316,010	\$ -	\$ -	\$1,514,625	\$2,087,251
Charges for services	39,207,758	3,088,937	83,047	121,027	-	-
GASB 68 adjustment	(12,923)	(16,049)	-	-	-	-
Interest income	47,788	11,547	33,947	21,211	-	-
Transfer of funds	4,129	9,235	-	-	4,129	9,235
Total Revenue	<u>39,585,627</u>	<u>3,409,680</u>	<u>116,994</u>	<u>142,238</u>	<u>1,518,754</u>	<u>2,096,486</u>
Expenses						
General and administrative	42,158	99,778	198,722	182,930	133,805	140,880
Project costs	39,450,206	3,189,200	-	-	1,384,949	1,955,606
Loss on disposal	-	-	-	9,104	-	-
Transfer of funds	-	-	-	-	-	-
Total Expenses/Deductions	<u>39,492,364</u>	<u>3,288,980</u>	<u>198,722</u>	<u>192,034</u>	<u>1,518,754</u>	<u>2,096,486</u>
Change in net position	93,263	120,700	(81,728)	(49,796)	-	-
Net position, beginning of year	<u>837,983</u>	<u>717,283</u>	<u>931,614</u>	<u>981,410</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 931,246</u>	<u>\$ 837,983</u>	<u>\$ 849,886</u>	<u>\$ 931,614</u>	<u>\$ -</u>	<u>\$ -</u>

Charges for services under governmental activities increased in Fiscal Year 2024 primarily due to the timing of disbursement for programmatic pass-through funding. Charges for services under business-type activities decreased by \$37,980 from last year as a result of decreased waste-tire processing through RTOP, largely attributable to the availability of labor to process tires, as compared to the previous fiscal year.

## 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, computers 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, 2024 the outstanding balance of this loan was \$5,871.

### **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 ensure 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 2024, 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 \$248,904 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.)	\$138,828
River Heros Pilot Program – Matching Funds	5,995
Economic Development Projects – Unfunded:	20,000
Economic Development Projects – Matching Funds:	35,000
Community Development Projects – Unfunded:	10,000
Transportation Demand Management (Ridesmart) matching funds 20%:	57,027
Commuter Assistance Program (CAP) Strategic Plan:	40,000
Rural Transportation Program – 20% grant match:	14,500
Watershed Implementation Plan (WIP Phase III) matching funds 20%:	14,500
Natural Resources Projects – Unfunded:	2,500
Hazard Mitigation Projects – Unfunded:	<u>525</u>
Total:	<u>\$338,875</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](mailto:bdavis@nsvregion.org).

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,711,461	\$ 603,187	\$ 47,314,648
Accounts receivable	363,723	29,081	392,804
Due from fiduciary fund	28,380	-	28,380
Prepaid expenses	29,847	-	29,847
Net pension asset	119,431	-	119,431
Capital assets, net	48,571	231,876	280,447
Leased office space, net	56,621	-	56,621
	<u>47,358,034</u>	<u>864,144</u>	<u>48,222,178</u>
<b>Total Assets</b>			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions after the measurement date	37,184	-	37,184
Difference between expected and actual experience	4,935	-	4,935
	<u>42,119</u>	<u>-</u>	<u>42,119</u>
<b>Total Deferred Outflows of Resources</b>			
<b>LIABILITIES</b>			
Accounts payable	169,093	14,258	183,351
Accrued leave	75,111	-	75,111
Deferred revenue	46,128,139	-	46,128,139
Loan payable	5,871	-	5,871
Lease liability	61,607	-	61,607
	<u>46,439,821</u>	<u>14,258</u>	<u>46,454,079</u>
<b>Total Liabilities</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Difference between expected and actual experience	2,500	-	2,500
Net difference between projected and actual earnings on plan investments	26,586	-	26,586
	<u>29,086</u>	<u>-</u>	<u>29,086</u>
<b>Total Deferred Inflows of Resources</b>			
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	42,700	231,876	274,576
Unrestricted	888,546	618,010	1,506,556
	<u>931,246</u>	<u>849,886</u>	<u>1,781,132</u>
<b>Total Net Position</b>			

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	\$ 42,158	\$ -	\$ 338,875	\$ 296,717	\$ -	\$ 296,717
Projects	39,450,206	39,207,758	-	(242,448)	-	(242,448)
Total Governmental Activities	39,492,364	39,207,758	338,875	54,269	-	54,269
Business-Type Activities						
Regional Tire Operations Program	198,722	83,047	-	-	(115,675)	(115,675)
Total Business-Type Activities	198,722	83,047	-	-	(115,675)	(115,675)
Total Government	<u>\$ 39,691,086</u>	<u>\$ 39,290,805</u>	<u>\$ 338,875</u>	54,269	(115,675)	(61,406)
General revenues, special items and transfers:						
Investment earnings				47,788	33,947	81,735
GASB 68 pension expense				(12,923)	-	(12,923)
Transfer to fiduciary fund				4,129	-	4,129
Change in net position				93,263	(81,728)	11,535
Net position at beginning of year				837,983	931,614	1,769,597
Net position at end of year				<u>\$ 931,246</u>	<u>\$ 849,886</u>	<u>\$ 1,781,132</u>

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2024**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 46,711,461
Accounts receivable	363,723
Due from fiduciary fund	28,380
Prepaid expenses	29,847
	<u>29,847</u>
Total Assets	<u><u>\$ 47,133,411</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 169,093
Deferred revenue	46,128,139
	<u>46,128,139</u>
Total Liabilities	<u>46,297,232</u>
<b>FUND BALANCE</b>	
Nonspendable	29,847
Unassigned	806,332
	<u>806,332</u>
Total Fund Balance	<u>836,179</u>
Total Liabilities and Fund Balance	<u><u>\$ 47,133,411</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	\$ 836,179
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.	48,571
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,621
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
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	37,184
Net pension asset	119,431
Difference between expected and actual experience	2,435
Net difference between projected and actual earnings on plan investments	(26,586)
Compensated absences	(75,111)
Note payable	(5,871)
Lease liability	(61,607)
	<u>(61,607)</u>
Net Position of Governmental Activities	<u><u>\$ 931,246</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, 2024**  
**(Continued)**

REVENUES

Grants and appropriations:	
Federal grants	\$ 32,720,576
State grants and appropriations	1,936,968
Local grants and appropriations	4,891,346
Other revenue:	
Interest	47,788
Miscellaneous	6,000
TOTAL REVENUES	<u>39,602,678</u>

EXPENDITURES

Current Operating:	
Contract services	38,176,741
Salaries	824,265
Employee benefits and payroll taxes	293,348
Advertising	68,881
Rent	30,000
Professional fees	12,062
Computer costs	22,859
Dues and memberships	11,307
Office equipment and repair	16,309
Technology stipends	8,580
Communications	8,887
Office supplies and expense	4,102
Conferences and trainings	332
Utilities	3,733
Equipment rental	2,992
Insurance	5,946
Travel	7,334
Meeting expenses	4,845
Printing	208
Other costs	2,599
Less indirect expenses applied to fiduciary fund	(32,498)
Debt Service	
Principal	4,500
TOTAL EXPENDITURES	<u>39,477,332</u>

EXCESS OF REVENUES OVER EXPENDITURES	<u>125,346</u>
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OTHER FINANCING SOURCES (USES)

Transfers in/(out) to fiduciary fund	<u>(4,129)</u>
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NET CHANGE IN FUND BALANCE	121,217
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FUND BALANCE - Beginning of year	<u>714,962</u>
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FUND BALANCE - End of year	<u><u>\$ 836,179</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, 2024**  
**(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	\$ 121,217
The net revenue of internal service funds is reported with governmental activities on the statement of activities.	(81,728)
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	(12,923)
Change in long-term annual leave payable	(15,879)
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.	483
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	\$ 11,535

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2024**

	<u><b>Business Type Activities - Enterprise Fund</b></u>
	<b>Regional Tire Operations Program</b>
<b>ASSETS</b>	
Cash and investments	\$ 603,187
Accounts receivable	29,081
Capital assets, net	<u>231,876</u>
Total Assets	<u>864,144</u>
<b>LIABILITIES</b>	
Accounts payable	<u>14,258</u>
Total Liabilities	<u>14,258</u>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	231,876
Unrestricted	<u>618,010</u>
Total Net Position	<u><u>\$ 849,886</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, 2024**

	<u><b>Business Type Activities - Enterprise Fund</b></u>
	<b>Regional Tire Operations Program</b>
Operating Revenue	
Charges for service	\$ 83,047
Total Operating Revenue	<u>83,047</u>
Operating Expenses	
Operating costs	109,474
Depreciation	<u>89,248</u>
Total Operating Expenses	<u>198,722</u>
Operating (Loss )	<u>(115,675)</u>
Non-Operating Revenues	
Interest income	<u>33,947</u>
Total Non-Operating Revenues	<u>33,947</u>
Change in Net Position	(81,728)
Net Position - Beginning of Year	<u>931,614</u>
Net Position - End of Year	<u><u>\$ 849,886</u></u>

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Business Type Activities - Enterprise Fund**

	<b>Regional Tire Operations Program</b>
Cash flows from operating activities:	
Cash received from customers	\$ 86,393
Cash payments to suppliers	<u>(133,780)</u>
Net Cash Used in Operating Activities	<u>(47,387)</u>
Cash flows from investing activities	
Interest income	<u>33,947</u>
Net Cash Used in Investing Activities	<u>33,947</u>
Change in Cash and Cash Equivalents	<u>(13,440)</u>
Cash and Cash Equivalents - Beginning of Year	<u>616,627</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 603,187</u></u>
Reconciliation of Operating (Loss)	
to Net Cash Used in Operating Activities	
Operating (loss)	\$ (115,675)
Adjustments to Reconcile Operating Income	
to Net Cash Used in Operating Activities:	
Depreciation	89,248
Change in accounts receivable	3,346
Change in accounts payable	<u>(24,306)</u>
Net Cash Used in Operating Activities	<u><u>\$ (47,387)</u></u>

See accompanying notes.

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2024**

	<b>Go Virginia</b>
	<b>Fund</b>
<b>ASSETS</b>	
Accounts receivable	\$ 394,381
Total assets	<u>394,381</u>
<b>LIABILITIES</b>	
Accounts payable	366,001
Due to general fund	<u>28,380</u>
Total liabilities	<u>394,381</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See accompanying notes.

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Go Virginia Fund</b>
ADDITIONS	
Contributions	\$ 1,514,625
Transfer from general fund	4,129
	<hr/>
Total Additions	1,518,754
	<hr/>
DEDUCTIONS	
Contractor services	1,384,949
Salaries	70,492
Employee benefits and payroll taxes	24,614
Maintenance	2,345
Professional fees	1,500
Conferences and meetings	1,414
Travel expense	296
Equipment rental	313
Advertising	158
Office supplies	116
Postage	40
Computer software	19
Indirect expenses	32,498
	<hr/>
Total Deductions	1,518,754
	<hr/>
Change in Net Position	-
Net Position, Beginning of Year	-
	<hr/>
Net Position, End of Year	\$ -
	<hr/> <hr/>

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, 2024, 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, 2024.
- (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, 2023, 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, 2024.

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, 2023, 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, 2024.

- (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 \$46,464,956, and the business-type activities checking account balance was \$23,289. The carrying value of the governmental activities' and business-type activities' Virginia Investment Pool account balances was \$826,377.

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, 2024 was as follows:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2024</u>
Governmental Activities:				
Building	\$ 93,510	\$ -	\$ -	\$ 93,510
Furniture and Equipment	47,652	-	-	47,652
Less: Accumulated Depreciation	<u>(88,456)</u>	<u>(4,135)</u>	<u>-</u>	<u>(92,591)</u>
Governmental Activities Capital Assets, net	<u>\$ 52,706</u>	<u>\$ (4,135)</u>	<u>\$ -</u>	<u>\$ 48,571</u>
Business-Type Activities:				
Vehicles and Equipment	\$733,642	\$ -	\$ -	\$733,642
Less: Accumulated Depreciation	<u>(412,518)</u>	<u>(89,248)</u>	<u>-</u>	<u>(501,766)</u>
Business-Type Activities Capital Assets, net	<u>\$321,124</u>	<u>\$ (89,248)</u>	<u>\$ -</u>	<u>\$231,876</u>



# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – Right to use Assets

Right to use assets activity for the year ended June 30, 2024, was as follows:

	Balance <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2024</u>
Right to use assets being amortized				
Leased Office Space	\$134,138	\$ _____	\$ _____	\$134,138
Total Right to Use Assets	<u>134,138</u>	<u>_____</u>	<u>_____</u>	<u>134,138</u>
Less Accumulated Amortization for:				
Leased Office Space	<u>51,534</u>	<u>25,983</u>	<u>_____</u>	<u>77,517</u>
Total accumulated depreciation	<u>51,534</u>	<u>25,983</u>	<u>_____</u>	<u>77,517</u>
Right to Use Assets, Net	\$ <u>82,604</u>	\$ <u>(25,983)</u>	\$ <u>_____</u>	\$ <u>56,621</u>

### NOTE 5 - 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.

### NOTE 6 - 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 \$56,621 as of June 30, 2024. For the fiscal year ended June 30, 2024, interest expense on the lease liability was \$3,533.

The future minimum lease obligations and the net present value of these minimum lease payments as of as of June 30, 2024, are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>64,081</u>	\$ <u>3,419</u>	\$ <u>67,500</u>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Long-Term Obligations (continued)

#### 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,	
2025	\$ 4,500
2026	<u>1,371</u>
Total minimum payments	<u>\$ 5,871</u>

### NOTE 7 - 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.

#### Plan Description

All full-time, salaried permanent (professional) employees of the Commission are automatically covered by a 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 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:

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> 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><b>Eligible Members</b> 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><b>About Plan 2</b> Same as Plan 1.</p> <p><b>Eligible Members</b> 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><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• 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</li> </ul>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

<p><b>Eligible Members</b> 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><i>Hybrid Opt-In Election</i> 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><b>Eligible Members</b> 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><i>Hybrid Opt-In Election</i> 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><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• 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</li> </ul> <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <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><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> 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 7 - Retirement Plan (Continued)

<p><b>Service Credit</b> 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><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <i>Defined Benefit Component:</i> 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><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component:</i> 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 7 - Retirement Plan (Continued)

		<p><b>Vesting (continued)</b></p> <p><i>Defined Contributions Component:</i> 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. 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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>
<p><b>Calculating the Benefit</b> 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><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> 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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> 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 7 - Retirement Plan (Continued)

<p><b>Service Retirement Multiplier</b> <i>VRS:</i> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b> <i>VRS:</i> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <i>Defined Benefit Component:</i> <i>VRS:</i> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p><b>Normal Retirement Age</b> <i>VRS:</i> Age 65.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> <i>VRS:</i> Normal Social Security retirement age.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> <i>VRS:</i> Same as Plan 2.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> 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><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> 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><b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <i>VRS:</i> 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 7 - Retirement Plan (Continued)

<p><b>Earliest Unreduced Retirement (continued)</b></p> <p><i>Political subdivision hazardous duty employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility (continued)</b></p> <p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility (continued)</b></p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> 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><i>Political subdivisions hazardous duty employees:</i> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><i>Defined Benefit Component: VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivisions hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><i>Eligibility:</i> 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><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><i>Eligibility:</i> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p>



# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

<p><i>Exceptions to COLA Effective Dates:</i> 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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• 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.</li> </ul>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1</p>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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 plan 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><b>Purchase of Prior Service</b> 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><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i> Not applicable.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

#### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Comprehensive Annual Financial Report (CAFR). A copy of the 2023 VRS VAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	3
Inactive Members	
Vested	2
Non-vested	6
LTD	-
Active elsewhere in VRS	7
Total Inactive Members	18
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, 2024 was 4.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$37,184 and \$34,437 for the years ended June 30, 2024 and June 30, 2023, 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, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - 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, 2022, 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, 2023.

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:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forwards 2 years.

##### Post-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

##### Post-Disablement:

Pub-2010 amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

##### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

##### Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

##### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forwards 2 years.

##### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

Mortality rates (continued):

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

#### *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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS – Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnership	2.00%	7.18%	0.14%
Cash	<u>1.00%</u>	<u>1.20%</u>	<u>0.01%</u>
Total	<u>100.00%</u>		5.75%
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.25%</u>

\* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\* On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

#### *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, 2023, 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, 2022, actuarial variations, whichever was greater. From July 1, 2023, 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.

#### **Change in the Net Pension Asset:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2022	\$1,620,102	\$1,759,929	\$ ( 139,827)
Changes for the year:			
Service cost	82,178	-	82,178
Interest	112,605	-	112,605
Benefit Changes			
Differences between expected and actual experience	7,647	-	7,647
Contributions – employer	-	33,172	(33,172)
Contributions – employee	-	35,188	(35,188)
Net investment income	-	114,748	(114,748)
Benefit payments, including refunds of employee contributions	(68,122)	(68,122)	-
Administrative expense	-	(1,120)	1,120
Other changes	-	46	(46)
Net changes	134,308	113,912	20,396
Balances at June 30, 2023	<u>\$1,754,410</u>	<u>\$1,873,841</u>	<u>\$ (119,431)</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	\$162,109	\$ (119,431)	\$ (327,262)

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 - Retirement Plan (Continued)

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

For the year ended June 30, 2024, the Commission recognized pension expense of \$48,842. At June 30, 2024, 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	\$ 4,935	\$ 2,500
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	26,586
Employer contributions subsequent to the Measurement Date	<u>37,184</u>	<u>-</u>
Total	<u>\$ 42,119</u>	<u>\$29,086</u>

\$37,184 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, 2025. 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,	
2025	\$(19,374)
2026	(30,663)
2027	25,083
2028	803
2029	-
Thereafter	-

### NOTE 8 - 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, 2024 is calculated as follows:

Fringe benefit expense	\$317,962	
Total salaries	\$910,637	= 34.92%

Components of fringe benefit expense for the year ended June 30, 2024 are shown below:

Health, disability and life insurance	\$205,447
Payroll taxes	65,190
Retirement	<u>47,325</u>
Total Fringe Benefits	<u>\$317,962</u>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Concluded)

### NOTE 9 - 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, 2024 was calculated as follows:

Indirect costs	<u>\$ 341,610</u>
Total direct salaries and fringe benefits	\$1,002,820 = 34.06%

The following indirect costs have been allocated to projects:

Salaries and fringe benefits	\$225,869
Rent	30,000
Computer services	19,595
Repairs and maintenance	12,806
Technology stipends	8,580
Communications	8,228
Dues and subscriptions	6,672
Insurance	5,946
Depreciation	4,135
Utilities	3,733
Equipment	3,504
Copier lease	2,969
Miscellaneous	2,663
Meetings and conferences	1,751
Office supplies and expense	1,612
Travel	1,556
Postage	802
Conferences and training	525
Professional fees	371
Bank fees	<u>293</u>
Total Indirect Costs	<u>\$341,610</u>

### NOTE 11 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 26, 2024, 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, 2024

	Commission Activities	Total Local Technical Assistance	Page County Broadband	Worlds of Work	HOME Program	HOME Consort. ARPA Grant	Federal EDA Grant	VATI Fiber Deployment	Shenandoah Valley Tourism	71323-17 CAP Strategic Plan	VDRPT Ridesmart TDM Grant	VDRPT TRIP Commuter Bus
<b>REVENUES</b>												
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 256,674	\$ -	\$ 35,000	\$31,634,986	\$ -	\$ -	\$ -	\$ -
State grants	89,971	1,493,362	-	-	-	-	-	-	-	-	207,620	-
Local governments	248,904	721,629	-	33,108	-	20,328	-	3,481,949	91,013	30,008	-	56,054
Other income	47,788	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>386,663</u>	<u>2,214,991</u>	<u>-</u>	<u>33,108</u>	<u>256,674</u>	<u>20,328</u>	<u>35,000</u>	<u>35,116,935</u>	<u>91,013</u>	<u>30,008</u>	<u>207,620</u>	<u>56,054</u>
<b>EXPENSES</b>												
Salaries	22,579	141,874	-	2,488	49,756	26,503	40,376	75,404	2,825	-	84,360	6,025
Payroll taxes and benefits	6,136	49,538	-	869	17,373	9,254	14,625	26,329	987	-	29,455	2,103
Advertising	-	-	-	-	-	-	-	-	-	-	66,896	-
Bank Fees	450	-	-	-	-	-	-	-	72	-	-	-
Computer software	95	527	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	659	-
Conferences and trainings	-	-	-	-	-	-	35	-	-	-	-	-
Contract services	-	2,004,765	-	33,108	187,854	-	-	35,025,135	91,013	30,008	39,943	56,054
Copier lease expense	-	241	-	-	-	-	-	-	-	-	16	-
Dues and memberships	-	-	-	-	-	-	-	-	-	-	3,375	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	1,450	184	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-	-	497	-
Postage	36	18	-	-	-	-	-	172	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	-	208	-
Professional fees	-	1,482	-	-	1,390	820	-	1,000	-	-	1,000	-
Subscriptions and newspapers	-	263	-	-	-	-	-	-	-	-	-	-
Travel	385	1,183	-	-	-	-	83	-	-	-	24	-
Miscellaneous	(328)	172	-	-	-	-	-	-	-	-	-	-
Overhead and indirect costs	11,354	65,236	-	1,143	22,867	12,262	17,525	34,565	1,299	-	39,031	2,769
Total expenses	<u>42,157</u>	<u>2,265,483</u>	<u>-</u>	<u>37,608</u>	<u>279,240</u>	<u>48,839</u>	<u>72,644</u>	<u>35,162,605</u>	<u>96,196</u>	<u>30,008</u>	<u>265,464</u>	<u>66,951</u>
GASB 68 pension expense	(12,923)	-	-	-	-	-	-	-	-	-	-	-
Amortization Expense-GASB 87	(25,984)	-	-	-	-	-	-	-	-	-	-	-
Interest Expense-GASB 87	(3,533)	-	-	-	-	-	-	-	-	-	-	-
Reverse Rent Exp-GASB 87	30,000	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	(4,129)	-	-	-	-	-	-	-	-	-	-	-
Revenues over (under) expenses	<u>\$ 327,937</u>	<u>\$ (50,492)</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ (22,566)</u>	<u>\$ (28,511)</u>	<u>\$ (37,644)</u>	<u>\$ (45,670)</u>	<u>\$ (5,183)</u>	<u>\$ -</u>	<u>\$ (57,844)</u>	<u>\$ (10,897)</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, 2024

	VDRPT RTAP Conference Grant	VDOT Rural Trans- portation Planning Grant	Shenandoah County Transit System	MPO Highway and Transportation Planning	Safe Streets 4 All	WIP 1/1/2024 TO 12/31/2024	WIP III 1/1/2023 TO 12/31/2023	Water Planning	Solid Waste Manage- ment	RTOP	Hazard Mitigation Base Funding	Hazard Mitigation Plan Update 2024
<b>REVENUES</b>												
Federal grants	\$ -	\$ 57,921	\$ -	\$ 258,649	\$ 240,000	\$ -	\$ 58,000	\$ -	\$ -	\$ -	\$ -	\$ 124,507
State grants	2,060	-	130,849	-	-	-	-	-	-	-	-	13,106
Local governments	-	-	12,883	64,831	60,000	-	-	36,933	33,706	-	-	-
Other income	-	-	-	-	-	-	-	-	-	6,000	-	-
Total revenues	<u>2,060</u>	<u>57,921</u>	<u>143,732</u>	<u>323,480</u>	<u>300,000</u>	<u>-</u>	<u>58,000</u>	<u>36,933</u>	<u>33,706</u>	<u>6,000</u>	<u>-</u>	<u>137,613</u>
<b>EXPENSES</b>												
Salaries	-	39,176	1,455	79,459	16,103	2,542	10,874	15,183	13,538	2,229	2,358	21,839
Payroll taxes and benefits	-	13,679	581	27,864	5,710	887	3,939	5,301	4,726	778	823	8,424
Advertising	-	-	-	1,809	175	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	431	-	1,189	-	-	-	-	660	363	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-	-
Conferences and trainings	625	-	-	561	-	-	-	-	-	-	-	-
Contract services	-	-	141,028	174,088	269,093	-	-	-	-	-	-	98,060
Copier lease expense	-	-	-	2	-	-	-	-	12	-	-	-
Dues and memberships	-	-	-	750	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	-	-	-	-	-	-	-	-	45	-	-	-
Office supplies	-	-	-	-	9	-	-	-	-	142	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	1,000	-	1,000	-	-	1,000	1,000	1,000	1,429	-	-
Subscriptions and newspapers	-	-	-	-	-	-	-	-	-	-	-	-
Travel	1,435	-	-	1,598	-	-	-	-	1,071	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Overhead and indirect costs	-	18,126	668	36,675	7,511	1,168	4,720	6,978	6,222	1,024	1,084	9,605
Total expenses	<u>2,060</u>	<u>72,412</u>	<u>143,732</u>	<u>324,995</u>	<u>298,601</u>	<u>4,597</u>	<u>20,533</u>	<u>28,462</u>	<u>27,274</u>	<u>5,965</u>	<u>4,265</u>	<u>137,928</u>
GASB 68 pension expense	-	-	-	-	-	-	-	-	-	-	-	-
Amortization Expense-GASB 87	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense-GASB 87	-	-	-	-	-	-	-	-	-	-	-	-
Reverse Rent Exp-GASB 87	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	-	-	-	-	-	-	-	-	-	-	-	-
Revenues over (under) expenses	<u>\$ -</u>	<u>\$ (14,491)</u>	<u>\$ -</u>	<u>\$ (1,515)</u>	<u>\$ 1,399</u>	<u>\$ (4,597)</u>	<u>\$ 37,467</u>	<u>\$ 8,471</u>	<u>\$ 6,432</u>	<u>\$ 35</u>	<u>\$ (4,265)</u>	<u>\$ (315)</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, 2024

	SWIFR Grant	DEQ IIJA 2024 Septic Cleanouts	River Heros Pilot Program	Total Governmental Projects	FIDUCIARY GO VA Capacity Building	FIDUCIARY GO VA Per Capita Allocation	GO VA FY20 ERR Funds	Total Fiduciary Projects	Totals
<b>REVENUES</b>									
Federal grants	\$ 28,247	\$ -	\$ 26,592	\$ 32,720,576	\$ -	\$ -	\$ -	\$ -	\$ 32,720,576
State grants	-	-	-	1,936,968	226,071	1,043,010	245,544	1,514,625	3,451,593
Local governments	-	-	-	4,891,346	-	-	-	-	4,891,346
Other income	-	-	-	53,788	-	-	-	-	53,788
Total revenues	<u>28,247</u>	<u>-</u>	<u>26,592</u>	<u>39,602,678</u>	<u>226,071</u>	<u>1,043,010</u>	<u>245,544</u>	<u>1,514,625</u>	<u>41,117,303</u>
<b>EXPENSES</b>									
Salaries	15,638	210	-	672,794	48,787	9,233	12,472	70,492	743,286
Payroll taxes and benefits	5,460	73	-	234,914	17,035	3,224	4,355	24,614	259,528
Advertising	-	-	-	68,880	158	-	-	158	69,038
Bank Fees	-	-	-	522	-	-	-	-	522
Computer software	-	-	-	3,265	19	-	-	19	3,284
Communications	-	-	-	659	-	-	-	-	659
Conferences and trainings	-	-	-	1,221	-	-	-	-	1,221
Contract services	-	-	26,592	38,176,741	123,153	1,030,020	231,776	1,384,949	39,561,690
Copier lease expense	-	-	-	271	23	42	-	65	336
Dues and memberships	-	-	-	4,125	248	-	-	248	4,373
Maintenance	-	-	-	-	2,345	-	-	2,345	2,345
Meetings	-	-	-	1,679	1,414	-	-	1,414	3,093
Office supplies	-	-	-	648	116	-	-	116	764
Postage	-	-	-	226	40	-	-	40	266
Printing	-	-	-	208	-	-	-	-	208
Professional fees	(429)	-	-	11,692	1,500	-	-	1,500	13,192
Subscriptions and newspapers	-	-	-	263	-	-	-	-	263
Travel	-	-	-	5,779	296	-	-	296	6,075
Miscellaneous	-	-	-	(156)	-	-	-	-	(156)
Overhead and indirect costs	7,187	96	-	309,115	22,573	4,222	5,703	32,498	341,613
Total expenses	<u>27,856</u>	<u>379</u>	<u>26,592</u>	<u>39,492,846</u>	<u>217,707</u>	<u>1,046,741</u>	<u>254,306</u>	<u>1,518,754</u>	<u>41,011,600</u>
GASB 68 pension expense	-	-	-	(12,923)	-	-	-	-	(12,923)
Amortization Expense-GASB 87	-	-	-	(25,984)	-	-	-	-	(25,984)
Interest Expense-GASB 87	-	-	-	(3,533)	-	-	-	-	(3,533)
Reverse Rent Exp-GASB 87	-	-	-	30,000	-	-	-	-	30,000
Transfer to/from general funds	-	-	-	(4,129)	(8,364)	3,731	8,762	4,129	-
Revenues over (under) expenses	<u>\$ 391</u>	<u>\$ (379)</u>	<u>\$ -</u>	<u>\$ 93,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,263</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, 2024

	Regional Procurement	Virginia Housing PDC Grant	Toms Brook Planning	Middletown Planning	Luray CDBG 2020	Boyce Project Based Svcs.	Edinburg Project Based Services	Toms Brook Project Based Services	Page County GIS Support	Woodstock GIS Support	Boyce Website	Economic Develop Base Funding	Community Develop Base Funding	SCRC Local Dev. Districts (LDD)	Talent Coalition	Natural Resources Base Funding	Total Local Technical Assistance
<b>REVENUES</b>																	
State grants	\$ -	\$ 1,493,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,493,362
Local governments	502,022	-	15,500	48,000	24,500	6,667	12,000	6,000	54,000	20,000	-	-	-	17,532	15,408	-	721,629
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>502,022</u>	<u>1,493,362</u>	<u>15,500</u>	<u>48,000</u>	<u>24,500</u>	<u>6,667</u>	<u>12,000</u>	<u>6,000</u>	<u>54,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,532</u>	<u>15,408</u>	<u>-</u>	<u>2,214,991</u>
<b>EXPENSES</b>																	
Salaries	4,200	2,826	7,265	21,495	1,863	3,613	5,089	2,917	53,279	2,588	-	22,364	1,649	9,362	-	3,364	141,874
Payroll taxes and benefits	1,467	987	2,536	7,505	651	1,262	1,777	1,018	18,604	903	-	7,809	575	3,269	-	1,175	49,538
Computer software	-	-	120	-	-	-	-	-	-	120	51	-	236	-	-	-	527
Contract services	495,996	1,493,361	-	-	-	-	-	-	-	-	-	-	-	-	15,408	-	2,004,765
Copier lease expense	-	-	241	-	-	-	-	-	-	-	-	-	-	-	-	-	241
Meetings	-	-	-	-	-	-	-	-	-	-	-	-	-	184	-	-	184
Postage	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
Professional fees	-	1,482	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,482
Subscriptions and newspapers	-	-	-	-	-	-	-	-	-	263	-	-	-	-	-	-	263
Travel	-	-	-	-	-	-	-	-	-	-	-	228	742	213	-	-	1,183
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	172	-	-	172
Overhead and indirect costs	1,931	1,299	3,339	9,880	856	1,661	2,339	1,341	24,487	1,189	-	10,278	758	4,332	-	1,546	65,236
Total expenses	<u>503,594</u>	<u>1,499,973</u>	<u>13,501</u>	<u>38,880</u>	<u>3,370</u>	<u>6,536</u>	<u>9,205</u>	<u>5,276</u>	<u>96,370</u>	<u>5,063</u>	<u>51</u>	<u>40,679</u>	<u>3,960</u>	<u>17,532</u>	<u>15,408</u>	<u>6,085</u>	<u>2,265,483</u>
Revenues over (under) expenses	<u>\$ (1,572)</u>	<u>\$ (6,611)</u>	<u>\$ 1,999</u>	<u>\$ 9,120</u>	<u>\$ 21,130</u>	<u>\$ 131</u>	<u>\$ 2,795</u>	<u>\$ 724</u>	<u>\$ (42,370)</u>	<u>\$ 14,937</u>	<u>\$ (51)</u>	<u>\$ (40,679)</u>	<u>\$ (3,960)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,085)</u>	<u>\$ (50,492)</u>

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

# Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

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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, 2024, 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 26, 2024.

### **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.



Certified Public Accountants  
Chantilly, Virginia

November 26, 2024

# **Dunham, Aukamp & Rhodes, PLC**

*Certified Public Accountants*

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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, 2024. 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, 2024.

#### **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.

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## **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 26, 2024

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

	<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>
<b>Major Program</b>					
Department of Housing and Community Development					
Pass through payment - Virginia Department of Housing and Community Development (VDHCD)					
Virginia Telecommunications Initiative (VATI)		21.027		\$ -	\$ 31,634,986
<b>Other Federal Awards</b>					
Department of Housing and Urban Development					
Pass through payment - City of Winchester					
HOME Program		14.239		187,854	256,674
Federal Highway Administration					
Safe Streets and Roads for All					
693JJ32340086		20.939		-	240,000
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction		20.205		-	170,606
Department of Emergency Management					
Pass through payment - Virginia Department of Emergency Management (VDEM)					
Hazard Mitigation Plan Update					
FEMA-DR-4512-VA-0010		97.039		-	124,507
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Rail and Public Transportation (VDRPT)					
Federal Transit Authority Funds					
46024-14		20.505		-	88,043
Department of Environmental Quality					
Chesapeake Bay Regulatory and Accountability Program (CBRAP)					
DEQ Contract 17327		66.466		-	58,000
Department of Transportation - Rural Transportation Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction - SPR Highway Administration Funds					
		20.205		-	57,921
Economic Development Administration					
ED23PH13030003		11.303		-	35,000
Environmental Protection Agency					
Solid Waste for Infrastructure for Recycling					
4Z-95335001		66.920		-	28,247
National Fish and Wildlife Foundation					
Shenandoah County River Heros Pilot Program					
0603.22.075324		66.466		-	26,592
Total Expenditures of Federal Awards				<u>\$ 187,854</u>	<u>\$ 32,720,576</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, 2024. 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:

HOME Program	ALN - 14.239	<u>Subrecipient Name</u>	<u>Amount Provided</u>
		Blue Ridge Housing Network	\$ 117,626
		Faithworks, Inc.	49,696
		AIDS Response Effort	11,032
		Shenandoah Alliance	9,500
			<u>\$ 187,854</u>

**NOTE 4 - Indirect Cost Rate**

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

See accompanying notes

**Northern Shenandoah Valley Regional Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

**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   X   No

- Significant deficiency(ies) identified \_\_\_\_\_ Yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No

- Significant deficiency(ies) identified \_\_\_\_\_ Yes   X   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   X   No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

21.027	VA Telecommunications Initiative Program
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Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Auditee qualified as low-risk auditee?   X   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, 2024**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Grants and appropriations:				
Federal grants	\$1,568,370	\$1,460,749	\$ 32,720,576	\$ 31,259,827
State grants and appropriations	26,374,330	21,536,237	1,936,968	(19,599,269)
Fiduciary grants	1,579,650	1,472,919	1,514,625	41,706
Local grants and appropriations	13,587,569	11,397,588	4,891,346	(6,506,242)
Private grants	1,661,767	1,684,800	-	(1,684,800)
Other revenue:				
Interest	-	-	47,788	47,788
Miscellaneous	6,000	6,000	6,000	-
<b>TOTAL REVENUES</b>	<b>44,777,686</b>	<b>37,558,293</b>	<b>41,117,303</b>	<b>3,559,010</b>
<b>EXPENDITURES</b>				
Current Operating:				
Contract services	43,324,848	36,095,519	39,561,690	3,466,171
Salaries	904,276	911,776	894,757	(17,019)
Employee benefits and payroll taxes	317,922	318,152	317,962	(190)
Advertising	80,869	80,869	69,039	(11,830)
Rent	30,000	30,000	30,000	-
Computer costs	17,325	22,425	22,878	453
Office equipment and repair	12,900	14,700	18,654	3,954
Professional fees	15,395	14,500	13,562	(938)
Dues and memberships	12,000	12,150	11,307	(843)
Communications	7,450	7,800	8,887	1,087
Technology stipends	8,580	8,580	8,580	-
Travel	11,825	9,825	7,630	(2,195)
Insurance	6,000	5,946	5,946	-
Meetings	1,750	3,300	4,845	1,545
Office supplies and expense	2,525	3,025	4,258	1,233
Utilities	6,500	4,500	3,733	(767)
Equipment rental	4,200	3,200	3,305	105
Other costs	1,000	1,500	2,599	1,099
Conferences and trainings	5,000	3,800	1,746	(2,054)
Printing	750	400	208	(192)
Debt Service	-	-	4,500	4,500
Capital purchases	3,000	5,000	-	(5,000)
<b>TOTAL EXPENDITURES</b>	<b>44,774,115</b>	<b>37,556,967</b>	<b>40,996,086</b>	<b>3,439,119</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 3,571</b>	<b>\$ 1,326</b>	<b>\$ 121,217</b>	<b>\$ 6,998,129</b>
<b>FUND BALANCE - Beginning of year</b>			<b>714,962</b>	
<b>FUND BALANCE - End of year</b>			<b>\$ 836,179</b>	
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			\$ 121,217	
Effect of GASB 68 pension benefit not budgeted			(12,923)	
Effect of GASB 87 lease liability payments not budgeted			483	
Debt payments in excess of debt issued			4,500	
Change in long-term annual leave payable			(15,879)	
The amount by which capital outlays exceed depreciation in the period			(4,135)	
Change in net position reported on the Statement of Activity			<b>\$ 93,263</b>	

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,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 62,437	\$ 62,437	\$ 60,891	\$ 58,178	\$ 51,298	\$ 49,236	\$ 56,358	\$ 48,105	\$ 45,118	\$ 49,766
Interest on total pension liability	105,095	105,095	87,979	78,193	71,839	66,516	67,540	62,560	62,958	58,757
Differences between expected and actual experience	(8,912)	(8,912)	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	(66,083)	(66,083)	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
<b>Net change in total pension liability</b>	<b>92,537</b>	<b>92,537</b>	<b>193,653</b>	<b>149,160</b>	<b>132,770</b>	<b>76,589</b>	<b>(14,322)</b>	<b>71,175</b>	<b>(5,287)</b>	<b>60,357</b>
<b>Total pension liability - beginning</b>	<b>1,620,102</b>	<b>1,527,565</b>	<b>1,333,912</b>	<b>1,184,752</b>	<b>1,051,982</b>	<b>975,393</b>	<b>989,715</b>	<b>918,540</b>	<b>923,827</b>	<b>863,470</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,712,639</b>	<b>\$ 1,620,102</b>	<b>\$ 1,527,565</b>	<b>\$ 1,333,912</b>	<b>\$ 1,184,752</b>	<b>\$ 1,051,982</b>	<b>\$ 975,393</b>	<b>\$ 989,715</b>	<b>\$ 918,540</b>	<b>\$ 923,827</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 24,663	\$ 24,663	\$ 21,583	\$ 10,214	\$ 9,583	\$ 13,396	\$ 12,923	\$ 29,407	\$ 27,344	\$ 40,387
Contributions - employee	34,078	34,078	30,307	29,653	26,337	24,189	23,570	24,451	22,803	23,594
Net investment income	(2,173)	(2,173)	383,796	26,453	87,515	91,178	135,578	19,297	47,970	141,207
Benefits payments	(66,083)	(66,083)	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Administrative expense	(1,094)	(1,094)	(938)	(891)	(859)	(781)	(781)	(669)	(647)	(741)
Other	41	41	36	(31)	(55)	(81)	(121)	(8)	(10)	7
<b>Net change in plan fiduciary net position</b>	<b>(10,568)</b>	<b>(10,568)</b>	<b>373,741</b>	<b>12,736</b>	<b>71,113</b>	<b>77,565</b>	<b>121,460</b>	<b>22,828</b>	<b>48,602</b>	<b>156,288</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,759,929</b>	<b>1,770,497</b>	<b>1,396,756</b>	<b>1,384,020</b>	<b>1,312,907</b>	<b>1,235,342</b>	<b>1,113,882</b>	<b>1,091,054</b>	<b>1,042,452</b>	<b>886,164</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,749,361</b>	<b>\$ 1,759,929</b>	<b>\$ 1,770,497</b>	<b>\$ 1,396,756</b>	<b>\$ 1,384,020</b>	<b>\$ 1,312,907</b>	<b>\$ 1,235,342</b>	<b>\$ 1,113,882</b>	<b>\$ 1,091,054</b>	<b>\$ 1,042,452</b>
Commission's Net Pension Asset - ending (a)-(b)	\$ (36,722)	\$ (139,827)	\$ (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	102.14%	108.63%	115.90%	104.71%	116.82%	124.80%	126.65%	112.55%	118.78%	112.84%
Covered - employee payroll	\$ 743,860	\$ 726,096	\$ 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	-4.94%	-19.26%	-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, 2015 THROUGH 2024**

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)
2024	\$ 47,036	\$ 37,184	\$ 9,852	\$ 895,915	4.15%
2023	39,053	33,172	5,881	743,860	4.46%
2022	32,456	24,663	7,793	726,096	3.68%
2021	29,891	21,583	8,308	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%

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, 2022, 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, 2021. 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