

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

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**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL SECTION**

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## FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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**To the Members of the Board  
Roanoke Valley - Alleghany Regional Commission  
Roanoke, Virginia**

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the government activities and each major fund of the Roanoke Valley - Alleghany Regional Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities and each major fund of the Roanoke Valley - Alleghany Regional Commission, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Roanoke Valley - Alleghany Regional Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As discussed in Note 15 to the financial statements, in 2022 the Commission adopted new accounting guidance, *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

***Responsibility of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Roanoke Valley - Alleghany

Regional Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibility 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Governmental Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional 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 Roanoke Valley - Alleghany Regional 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary schedules, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2022, on our consideration of the Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
August 18, 2022

## **Management's Discussion and Analysis (MD&A)**

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### **Roanoke Valley-Alleghany Regional Commission**

This section of the Roanoke Valley-Alleghany Regional Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with the Commission's financial statements, which follow this section.

#### **Overview of the Financial Statements**

This report consists of Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements and supplementary information. The first two financial statements are condensed and present a government-wide view of the Commission's finances. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental 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 statement of activities 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 statement of activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are recorded in this statement for some items that will only result in cash flows in future periods.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses a governmental fund to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental

fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Fund financial statements are presented as exhibits 3 and 5 in the accompanying financial statements. Fund financial statements are reconciled to the government-wide (Governmental Activities) financial statements in exhibits 4 and 6 as presented in the accompanying financial statements.

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.

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

The government-wide financial statements consist of the statement of net position and the statement of activities. The statement of net position presents the Commission's assets and liabilities, with the difference between the two reported as net position. The statement of activities shows in broad terms how net position changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the Commission's financial position is improving or deteriorating. Net position is reported in three categories; net position invested in capital assets, net position that is restricted in use and net position that is unrestricted.

In the statement of activities, revenues supporting activities and programs, of the Commission, are classified under three broad categories: operating grants and contributions, capital grants, and contributions and charges for services. Grant revenue received that is passed through to another entity is classified as operating even if the funds are ultimately used for capital purposes.

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## Financial Analysis

### Summary Statement of Net Position

	2022	2021
Assets:		
Current and Other Assets	\$ 1,591,827	\$ 1,183,146
Capital Assets	225,682	220,592
Total Assets	<u>\$ 1,817,509</u>	<u>\$ 1,403,738</u>
Liabilities:		
Current Liabilities	\$ 457,570	\$ 175,157
Noncurrent Liabilities	9,492	7,748
Total Liabilities	<u>\$ 467,062</u>	<u>\$ 182,905</u>
Net Position:		
Investment in Capital Assets	\$ 225,682	\$ 220,592
Unrestricted	1,124,765	1,000,241
Total Net Position	<u>\$ 1,350,447</u>	<u>\$ 1,220,833</u>

The Summary Statement of Activities - Governmental Activities shows an increase of \$129,614.

### Summary Statement of Revenues, Expenditures & Changes in Net Position

	2022	2021
Revenues:		
Program revenues	\$ 1,440,258	\$ 1,385,029
General revenues	16,804	1,679
Total revenues	<u>\$ 1,457,062</u>	<u>\$ 1,386,708</u>
Expenses:		
Community development	\$ 1,327,448	\$ 1,371,285
Total expenses	<u>\$ 1,327,448</u>	<u>\$ 1,371,285</u>
Change in Net Position	\$ 129,614	\$ 15,423
Net Position, Beginning of Year	1,220,833	1,205,410
Net Position, End of Year	<u>\$ 1,350,447</u>	<u>\$ 1,220,833</u>

Changes in net position for the current year are a result of reasonable and expected fluctuations in grant activity for the year.

## **Revenues and Carryover Balances**

In October 2021, the City of Roanoke allocated \$390,000 of American Rescue Plan funding to Roanoke Valley Collective Response via the Roanoke Valley-Alleghany Regional Commission. The funds will be used to promote mental health and substance addiction treatment through November 2024.

July 1, 2021 the Commission was awarded \$2,000,000 by Virginia Housing to partner with developers, in the region, to build a minimum of 20 housing units targeted for low to moderate income individuals at 80% of the area medium income or below. The funding will be used through June 2024.

The Commission was awarded regional transportation planning funding from Virginia Department of Transportation (VDOT), for Metropolitan Planning Organization (MPO) activities in the amount \$416,077, VDOT Rural Transportation funding of \$58,000 and Virginia Department of Rail and Transportation funds of \$135,734. The Commission matches each funding stream, as required, with local funds. MPO funds not used in a fiscal year carry forward to the fiscal year following the next current fiscal year. This allows for adjustments to plans as the need arises.

The Commission completed the first year of the three-year U.S. Economic Development Administration (EDA) planning and technical assistance grant funds in FY2022. Each year, of the funding, provides \$70,000 of funds from EDA and the Commission matches the funds at \$70,000 as well, for a total of \$140,000 funding per year.

The Commission continues to receive the Commonwealth of Virginia Department of Environmental Quality (DEQ) grant award of \$58,000 annually, for the Chesapeake Bay Watershed Locality Implementation Program, to facilitate state-local cooperation of environmental management in the Bay watershed. The local governments included in this project are the Counties of Alleghany, Botetourt, Craig, and Roanoke, the City of Covington and the Towns of Clifton Forge, Fincastle, Buchanan, Troutville, and Iron Gate. The Commission provides a \$14,500 funding match on the project.

The Virginia Department of Rail and Public Transportation (VDRPT) provides funding support for the RIDE Solutions' Transportation Demand Management program. Funding in FY2022 for this program was \$129,641, with the Commission providing a \$32,411 grant match.

The Commission continued to provide administrative and accounting services to the Western Virginia Regional Industrial Facility Authority for which the Commission was paid \$25,000.

The Commission received \$89,971 from the Virginia Department of Housing and Community Development, which was allocated by the Virginia General Assembly to Planning District Commissions.

The per capita dues paid to the Commission by its member governments remained at \$1.00 for FY22. Dues paid by the localities at \$1.00 per capita were as follows: Alleghany County \$11,458, Botetourt County \$33,494, Clifton Forge \$3,494, Covington \$5,694, Craig County \$5,108, Franklin County \$51,058, Town of Rocky Mount \$4,724, City of Roanoke \$99,348, County of Roanoke \$85,701, City of Salem \$25,363 and Town of Vinton \$8,104 for total dues in the amount of \$333,546.

The Regional Commission received, from localities in the urbanized area that are covered by the Roanoke Valley Transportation Planning Organization, .15 cents per capita to assist with 10 percent of the required match for federal transportation planning funds. Per capita funds received were as follows: Bedford County \$263, Botetourt County \$2,688, Montgomery County \$210, Roanoke County \$11,424, City of Roanoke \$14,902, City of Salem \$3,804, and the Town of Vinton \$1,216 for total dues in the amount of \$34,507.

### **Expenditures**

With significant staff turnover in FY2022 and not reaching full staff capacity until April 2022, the salaries and fringes costs came in under budget by \$103,190.

Travel expense was under budget by \$18,489, as well due to being understaffed for most of FY2022.

Consultant costs came in under budget by \$78,884 due largely to the Commission receiving an in-kind grant of \$99,939 from the Virginia Office of Intermodal Planning and Investment (OIPI) to assist with the completion of the transportation long range plan update. This funding runs from July 1, 2021 through September 2022 and the OIPI office provides all of the cash outlays to pay this portion of the consultant costs.

The Commissions budget includes funds set aside for certain grant carryforwards and operating contingencies that may be used in a future year, if not used in the current funding year or limited by the granting authorities.

### **Capital Asset and Debt Administration**

Capital assets include the Commission's building, computer equipment and furniture. There were no significant changes to capital assets during the fiscal year aside from depreciation charges.

In the current and prior fiscal year, the Commission was debt free and there are no current plans to pursue additional debt.

## **Economic Factors and Future Outlook**

The Commission continues to partner with many regional agencies to provide services across a broad range of issues. On July 29, 2022 the Commission was awarded \$1.4 million grant to provide training to first responders and provide a peer network for drug overdose calls. This new grant runs from September 30, 2022 through September 29, 2026.

## **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 Director of Finance at 313 Luck Avenue SW in Roanoke, Virginia 24016-5013, telephone 540-343-4417, or at [sdean@rvarc.org](mailto:sdean@rvarc.org).

## **Basic Financial Statements**

Roanoke Valley - Alleghany Regional Commission  
Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,304,282
Accounts receivable	39
Grants receivable	258,840
Prepaid items	28,666
Capital assets:	
Land	113,240
Construction in progress	5,964
Capital assets, net of accumulated depreciation/amortization	106,478
Total capital assets	<u>225,682</u>
Total assets	<u>\$ 1,817,509</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 57,419
Accrued payroll	35,753
Unearned revenue	340,734
Noncurrent liabilities:	
Due within one year	23,664
Due in more than one year	<u>9,492</u>
Total liabilities	<u>\$ 467,062</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 225,682
Unrestricted	<u>1,124,765</u>
Total net position	<u><u>\$ 1,350,447</u></u>

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

Roanoke Valley - Alleghany Regional Commission  
Statement of Activities  
For the Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	<u>Activities</u>
<u>Functions/Programs</u>					
<u>Primary Government:</u>					
Governmental activities:					
Community Development	\$ 1,327,448	\$ 44,456	\$ 1,395,802	\$	112,810
Total primary government	<u>\$ 1,327,448</u>	<u>\$ 44,456</u>	<u>\$ 1,395,802</u>	<u>\$</u>	<u>112,810</u>
General revenues:					
Unrestricted revenues from use of money and property				\$	2,474
Miscellaneous				\$	14,330
Total general revenues				\$	16,804
Change in net position				\$	129,614
Net position - beginning					1,220,833
Net position - ending				\$	<u>1,350,447</u>

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

Roanoke Valley - Alleghany Regional Commission  
 Balance Sheet  
 Governmental Fund  
 At June 30, 2022

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<b>ASSETS</b>	<u>General Fund</u>
Current assets:	
Cash and cash equivalents	\$ 1,304,282
Accounts receivable	39
Grants receivable	258,840
Prepaid items	<u>28,666</u>
Total assets	\$ <u><u>1,591,827</u></u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 57,419
Accrued payroll	35,753
Unearned revenue	<u>340,734</u>
Total liabilities	\$ <u>433,906</u>
 <b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	\$ 28,666
Unassigned	<u>1,129,255</u>
Total fund balances	\$ <u><u>1,157,921</u></u>
Total liabilities and fund balances	\$ <u><u>1,591,827</u></u>

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

**Roanoke Valley - Alleghany Regional Commission**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**To the Statement of Net Position**  
**June 30, 2022**

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet	\$ 1,157,921
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	225,682
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(28,718)
Lease liability	(4,438)
	<u>          </u>
Net position of governmental activities	\$ <u><u>1,350,447</u></u>

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

**Roanoke Valley - Alleghany Regional Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Fund**  
**For the Year Ended June 30, 2022**

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Revenues:	<u>General Fund</u>
Grants and appropriations:	
Federal grants	\$ 710,135
State grants and appropriations	304,204
Local grants and appropriations	381,463
Contract services	44,456
Miscellaneous	14,330
Interest income	<u>2,474</u>
 Total revenues	 \$ <u>1,457,062</u>
 Expenditures:	
Current:	
Community Development	\$ <u>1,330,375</u>
 Total expenditures	 \$ <u>1,330,375</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ 126,687
 Fund balance, beginning of year	 <u>1,031,234</u>
 Fund balance, end of year	 \$ <u><u>1,157,921</u></u>

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

**Roanoke Valley - Alleghany Regional Commission**  
**Reconciliation of Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Fund**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2022**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental fund	\$	126,687	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.			
Capital outlays	\$	11,150	
Depreciation expense		(10,500)	
Amortization expense		(2,112)	(1,462)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
(Increase) decrease in compensated absences		2,275	
(Increase) decrease in net lease liability		2,114	4,389
Change in net position of governmental activities	\$	129,614	

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

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies:**

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

A. Financial Reporting Entity

The Commission is a multi-jurisdictional entity created for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements in its district. The Commission draws its corporate powers from Virginia Code section 15.1-1404 which defines it as a body corporate and politic. The Commission consists of 38 members who are appointed by and serve at the pleasure of the eleven member governments.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission (primary government).

The Statement of Net Position is designed to display financial position of the primary government (governmental activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the functions (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The Commission reports the following major governmental fund:

The General Fund is the Commission's operating fund. It accounts for and reports all financial resources of the Commission.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and Cash Equivalents*

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. *Allowance for Uncollectible Accounts*

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts has been recorded in the accompanying financial statements.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

3. *Capital assets*

As the Roanoke Valley - Alleghany Regional Commission constructs or acquires capital assets each period, including infrastructure assets (if applicable), they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in note 1.D.10. that follows). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment	2-5
Buildings and improvements	30
Right to Use Leased Equipment	5

4. *Compensated Absences*

The Commission has accrued the liability arising from outstanding compensated absences. Commission employees earn sick leave at the rate of 9 days per year, 15 days per year after 5 years of service. A maximum of 60 days of sick leave may be accumulated. No benefits or pay is received for unused sick leave upon termination. Commission employees earn 7 days of personal leave. No benefits or pay is received for unused personal leave upon termination.

Commission employees earn annual leave based on the number of years of services as follows:

<u>Years of Service</u>	<u>Days per Year</u>
1-4 years	12
5-9 years	15
10-14 years	18
15-20 years	21
21+ years	24

Accumulated annual leave up to a maximum of 30 days is paid upon termination. The Commission has outstanding accrued annual leave pay totaling \$28,718 at the end of the fiscal year.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)**

**5. *Use of Estimates***

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

**6. *Fund Equity***

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Commission's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance  
(continued)

7. *Net Position*

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted—consist of assets that are restricted by the Commission's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

8. *Net Position Flow Assumption*

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

9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any deferred outflows of resources as of June 30, 2022.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any deferred inflows of resources as of June 30, 2022.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. *Leases*

Lessee: The Commission is a lessee for a noncancellable lease of equipment. The Commission recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Commission recognizes lease liabilities with an initial value of \$5,000 or more. At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term less any lease incentives.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided and the interest rate cannot be readily determined, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term obligations on the statement of net position.

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 2-Stewardship, Compliance, and Accountability:**

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements.

1. The Executive Director submits to the Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them.
2. Prior to June 30, the budget is legally adopted by the Commissioners.
3. Only the Commissioners can revise the budget.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. All budgets are adopted on a basis consistent with the modified accrual basis of accounting.
6. Any unused budget amounts lapse on June 30.

**Note 3-Deposits and Investments:**

**Deposits:** Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits.

**Investments:** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investor Service, Inc; A-1 by Standard and Poor’s; or F1 by Fitch Ratings Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

**Interest Rate Risk:** The Commission has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

<u>Investment Maturities (in years)</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year</u>	<u>1-5 Years</u>
Local Government Investment Pool	\$ <u>989,301</u>	\$ <u>989,301</u>	\$ <u>-</u>
Totals	\$ <u>989,301</u>	\$ <u>989,301</u>	\$ <u>-</u>

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

**Note 3-Deposits and Investments: (Continued)**

**Credit Risk of Debt Securities:** The Commission has not adopted an investment policy for credit risk. The Commission's rated debt investments as of June 30, 2022 were rated by Standard and Poor's rating scale and the ratings are presented below.

**Commission's Rated Debt Investments' Values**

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 989,301

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

**Note 4-Grants Receivable:**

The following amount represents payments due from other governmental units at year end:

	Amount Due
Due from the Federal Government	\$ 179,666
Due from the State Government	79,174
Total Grants Receivable	\$ 258,840

**Note 5-Long-Term Obligations:**

The following is a summary of long-term obligation transactions of the Commission for the year ended June 30, 2022.

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amount Due Within One Year
Compensated Absences	\$ 30,993	\$ 20,970	\$ (23,245)	\$ 28,718	\$ 21,539
Lease Liabilities	6,552	-	(2,114)	4,438	2,125
Total	\$ 37,545	\$ 20,970	\$ (25,359)	\$ 33,156	\$ 23,664

Beginning balance for the lease was restated from \$0 to \$6,552, due to the implementation of GASB Statement No. 87.

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 (CONTINUED)**

**Note 6-Capital Assets:**

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

	Balance July 1, Balance	Restate- ments	July 1, 2021 As Restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciation:						
Land	\$ 113,240	\$ -	\$ 113,240	\$ -	\$ -	\$ 113,240
Construction in progress	-	-	-	5,964	-	5,964
Total capital assets not being depreciated, net:	\$ 113,240	\$ -	\$ 113,240	\$ 5,964	\$ -	\$ 119,204
Capital assets, being depreciated:						
Office equipment	\$ 20,928	\$ -	\$ 20,928	\$ 5,186	\$ 4,340	\$ 21,774
Buildings and improvements	455,541	-	455,541	-	-	455,541
Total capital assets being depreciated	\$ 476,469	\$ -	\$ 476,469	\$ 5,186	\$ 4,340	\$ 477,315
Accumulated depreciation:						
Office equipment	\$ (13,796)	\$ -	\$ (13,796)	\$ (1,734)	\$ (4,340)	\$ (11,190)
Buildings and improvements	(355,321)	-	(355,321)	(8,766)	-	(364,087)
Total accumulated depreciation	\$ (369,117)	\$ -	\$ (369,117)	\$ (10,500)	\$ (4,340)	\$ (375,277)
Total capital assets being depreciated, net	\$ 107,352	\$ -	\$ 107,352	\$ (5,314)	\$ -	\$ 102,038
Intangible right-to-use assets:						
Leased equipment	\$ -	\$ 6,552	\$ 6,552	\$ -	\$ -	\$ 6,552
Less accumulated amortization	-	-	-	(2,112)	-	(2,112)
Total intangible right-to-use assets, net	\$ -	\$ 6,552	\$ 6,552	\$ (2,112)	\$ -	\$ 4,440
Capital assets, net	\$ 220,592	\$ 6,552	\$ 227,144	\$ (7,426)	\$ -	\$ 225,682

Restatement above due to the implementation of GASB Statement No. 87.

All depreciation expense was charged to the Community Development function in the Statement of Activities.

**Note 7-Allocation of Indirect Costs:**

The Commission has entered into various agreements to assist in the management of various projects and grants. The Commission charges for direct costs incurred plus a portion of indirect costs. Indirect costs are allocated on the ratio of the individual project's personnel services, including fringe benefits, to total personnel, including fringe benefits. The indirect cost rate for the year ended June 30, 2022 was 31.05% and was calculated as follows:

Indirect costs	\$ 266,104
Total direct personnel, including fringe benefits	856,965
Indirect cost rate	31.05%

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 8-Leases:**

On July 22, 2019, the Commission entered into a five-year lease agreement as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$6,552 during the current fiscal year due to the implementation of GASB Statement No. 87. As of June 30, 2022, the value of the lease liability was \$4,438. The Commission is required to make monthly principal and interest payments of \$178. The lease has an interest rate of .48% (the Commission's incremental borrowing cost). The equipment is being amortized over the useful life using the straight-line method. The value of the right-to-use asset as of the end of the current fiscal year was \$6,552 and had accumulated amortization of \$2,112.

The future principal and interest payments as of June 30, 2022 were as follows:

For the Year Ended June 30,	Principal	Interest
2022	\$ 2,125	\$ 17
2023	2,135	6
2024	178	-
Totals	\$ 4,438	\$ 23

**Note 9-Unearned Revenue:**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$340,734 is comprised of the following:

Coronavirus State and Local Fiscal Recovery Funds - Unspent Coronavirus State and Local Fiscal Recovery Funds received during the current fiscal year totaling \$277,034.

Miscellaneous Projects - Funding received in advance and carried over for use in the next fiscal year from various sources totaling \$63,700.

**Note 10-Litigation:**

At June 30, 2022, there were no matters of litigation involving the Commission which would materially affect the Commission's financial position should any court decision on pending matters not be favorable to the Commission.

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 11-Allocation of Fringe Benefits:**

Fringe benefit expenditure is allocated using the percentage of benefits to total personnel services. Components of fringe benefit expenditure for the year ended June 30, 2022 and the allocation computation are as follows:

Fringe Benefits:	
Health insurance premiums	\$ 137,857
Social security	59,453
Retirement contributions	40,672
Life & disability insurance	9,788
State unemployment insurance	469
Workers compensation premium	776
Total Fringe Benefits	<u>\$ 249,015</u>
Total Personnel Services	744,211
Allocation rate	33.46%

**Note 12-Deferred Contribution Plan:**

The Commission offers a defined contribution pension plan to employees through MissionSquare Retirement Governmental Deferred Compensation Plan. The plan provides retirement income and other deferred benefits to participants. Employer and participant must pay social security tax on the amount of the deferred compensation. Benefits accrue as follows:

0 - 1 years of service	0% of gross income
1 - 2 years of service	3% of gross income
2 - 3 years of service	4% of gross income
3 - 4 years of service	5% of gross income
4 - 9 years of service	6% of gross income
10 - 20 years of service	8% of gross income
20 + years of service	10% of gross income

All assets are maintained by MissionSquare; therefore, there are no assets accumulated in a trust fund. The Commission's required and actual contribution was \$40,672 for the fiscal year ending June 30, 2022.

**Note 13-Contingent Liabilities:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 14-Risk Management:**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates with other government entities in a public entity risk pool for their coverage of general liability, public officials' liability, property coverage, fidelity/crime coverage and worker's compensation coverage through the Virginia Risk Sharing Association (VRSA). Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Commission makes contributions to a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Commission continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Commission's insurance coverages are summarized below:

Liability Coverage	\$1,000,000 Combined Single Limit
No Fault Property Damage	\$10,000
Auto Coverage	\$1,000,000
Property Coverage	\$1,716,329
Business Interruption	\$1,000,000
Fidelity Bond	\$500,000 per occurrence
Computer Fraud	\$25,000 per occurrence
Worker's Compensation	\$1,000,000 per occurrence
Cyber Coverage	\$1,000,000

**Note 15-Implementation of GASB Statement No. 87, Leases:**

During the fiscal year, the Commission implemented provisions of *GASB Statement No. 87, Leases*. In accordance with this standard, a right to use asset with an initial value of \$6,552 was recorded in the financial statements as of July 1<sup>st</sup>. Such amount was offset by a lease liability totaling \$6,552 on that same date. Accordingly, beginning net position was not impacted by the implementation of this standard.

**Note 16-Upcoming Pronouncements:**

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 (CONTINUED)

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**Note 16-Upcoming Pronouncements: (Continued)**

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement has different effective dates for various sections which range from April of 2022 through periods starting after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

## **Required Supplementary Information**

Roanoke Valley - Alleghany Regional Commission  
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund  
Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Grants and appropriations:				
Federal grants	\$ 810,743	\$ 967,788	\$ 710,135	\$ (257,653)
State grants and appropriations	315,857	349,711	304,204	(45,507)
Local grants and appropriations	391,544	391,544	381,463	(10,081)
Contractual services	38,204	47,024	44,456	(2,568)
Miscellaneous	26,637	44,129	14,330	(29,799)
Interest income	900	900	2,474	1,574
Total revenues	\$ 1,583,885	\$ 1,801,096	\$ 1,457,062	\$ (344,034)
Expenditures:				
Community Development:				
Salaries	\$ 810,609	\$ 817,482	\$ 746,486	\$ 70,996
Fringe benefits	290,955	281,209	249,015	32,194
Insurance	5,000	5,000	4,541	459
Supplies	21,650	28,782	19,176	9,606
Postage	2,100	2,100	606	1,494
Subscriptions	1,000	1,000	473	527
Dues	14,800	15,084	15,362	(278)
Printing	6,150	8,150	1,829	6,321
Training	5,696	5,696	1,289	4,407
Telephone	9,000	9,000	6,948	2,052
Travel	28,576	30,376	11,887	18,489
Legal and accounting	14,000	18,300	11,720	6,580
Conferences	11,440	11,643	6,304	5,339
Furniture and fixtures	10,500	16,663	11,017	5,646
Miscellaneous	3,100	3,100	1,434	1,666
Advertising	27,250	33,675	31,881	1,794
Recruitment	500	500	1,388	(888)
Meetings	6,000	6,000	7,179	(1,179)
Computer services	35,056	35,799	36,632	(833)
Utilities	13,500	13,500	12,371	1,129
Contract services	4,559	25,159	22,441	2,718
Consultants	175,000	175,000	96,116	78,884
Capital outlays	13,500	13,500	11,150	2,350
Building maintenance	25,000	25,000	20,989	4,011
Operating lease payments				
Principal	2,114	2,114	2,114	-
Interest	27	27	27	-
Total expenditures	\$ 1,537,082	\$ 1,583,859	\$ 1,330,375	\$ 253,484
Excess (deficiency) of revenues over (under) expenditures	\$ 46,803	\$ 217,237	\$ 126,687	\$ (90,550)
Fund balance, beginning of year	-	-	1,031,234	1,031,234
Fund balance, end of year	\$ 46,803	\$ 217,237	\$ 1,157,921	\$ 940,684

GAAP serves as the Commissions budgetary basis of accounting.

## **Other Supplementary Information**

Roanoke Valley - Alleghany Regional Commission  
Schedule of Indirect Expenses  
For the Year Ended June 30, 2022

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Salaries	\$ 102,592
Fringe Benefits	34,299
Audit Fees	11,300
Building Maintenance	20,989
Computer Services	23,705
Conferences	1,326
Depreciation Physical Assets	10,241
Depreciation Computer Equipment	259
Furniture and Equipment	1,511
Furniture and Equipment Maintenance	8,707
Insurance-General	4,540
Leases	4,722
Legal Fees	150
Meetings	27
Postage	596
Professional Dues	9,667
Recruitment	1,388
Subscriptions	473
Supplies	7,796
Telephone & Internet	6,948
Training	1,239
Travel	1,258
Utilities	12,371
	<hr/>
Total Indirect Expenses	\$ <u>266,104</u>

Roanoke Valley-Alleghany Regional Commission  
Cost Allocation by Project  
For the Year Ended June 30, 2022

	Total	General Operations	ARC 21-22	EDA ZZ	VOOT JPL	VOOT SPR	VORPT Trans	VORPT Ridesolutions	Chesapeake Bay	ARP ACT	VA Housing	Regional Bike Coordination	Community Mobility Design	Broadband Authority	Commuter Sponsorships	Rte River Blueway	Regional Projects	WVRIEA	Arbor Day Mini Grant
<b>Revenues:</b>																			
Federal contributions	\$ 710,135	\$ -	\$ 48,938	\$ 55,656	\$ 218,956	\$ 48,238	\$ 137,447	\$ -	\$ 62,906	\$ 113,567	\$ -	\$ -	\$ 18,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,222
State contributions	304,204	-	-	-	27,369	-	17,182	129,641	-	-	40,041	-	-	-	-	-	89,971	-	-
Local contributions	381,463	108,140	48,938	55,656	34,507	12,060	17,294	32,411	14,773	-	-	3,667	-	-	-	18,224	35,793	-	-
Interest income	2,474	2,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract income	44,456	9,160	-	-	-	-	-	-	-	-	-	-	-	10,296	-	-	-	25,000	-
Miscellaneous income	14,330	11,462	-	-	-	-	-	-	-	-	-	-	-	-	2,868	-	-	-	-
<b>Total revenues</b>	<b>\$ 1,457,062</b>	<b>\$ 131,236</b>	<b>\$ 97,876</b>	<b>\$ 111,312</b>	<b>\$ 280,832</b>	<b>\$ 60,298</b>	<b>\$ 171,923</b>	<b>\$ 162,052</b>	<b>\$ 77,679</b>	<b>\$ 113,567</b>	<b>\$ 40,041</b>	<b>\$ 3,667</b>	<b>\$ 18,205</b>	<b>\$ 10,296</b>	<b>\$ 2,868</b>	<b>\$ 18,224</b>	<b>\$ 125,764</b>	<b>\$ 25,000</b>	<b>\$ 6,222</b>
<b>Expenditures:</b>																			
Salaries and wages	\$ 642,250	\$ (1,389)	\$ 53,665	\$ 63,245	\$ 100,330	\$ 34,336	\$ 97,425	\$ 72,343	\$ 42,304	\$ 63,085	\$ 22,568	\$ 2,097	\$ 5,040	\$ 5,099	\$ 1,407	\$ 3,808	\$ 66,477	\$ 10,410	\$ -
Fringe benefits	214,716	(1,797)	18,671	21,144	33,542	11,479	32,620	24,186	14,388	21,090	7,545	701	1,794	1,705	471	1,273	22,224	3,480	-
Advertising	31,881	1,672	-	685	1,133	-	466	23,080	-	-	441	-	3,129	-	1,275	-	-	-	-
Computer services	12,927	5,198	-	-	123	-	-	2,968	151	514	-	-	-	6	86	147	3,500	234	-
Consultants/contracts	115,976	299	-	-	91,142	-	-	5,000	-	-	-	-	5,785	240	1,800	10,000	1,710	-	-
Dues	5,695	3,000	-	-	790	-	-	1,555	-	-	-	-	-	-	250	-	100	-	-
Furniture & Equipment	799	799	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	270	270	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	7,152	6,575	-	-	-	-	-	-	-	-	35	-	-	-	217	-	325	-	-
Miscellaneous	2,852	1,433	-	-	-	-	-	-	-	-	-	-	-	-	1	1,418	-	-	-
Postage	11	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	6	-
Printing	1,828	315	-	-	-	-	-	284	1,229	-	-	-	-	-	-	-	-	-	-
Supplies	9,961	81	-	-	87	-	-	46	-	2,460	2	-	-	-	389	-	674	-	6,222
Training	50	-	-	-	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	10,630	1,637	736	34	3,190	132	164	1,689	371	216	-	-	-	-	-	-	-	-	-
Conferences	4,977	525	100	-	1,737	125	640	927	-	64	99	-	-	-	10	-	2,461	750	-
Indirect costs	266,102	(5,164)	24,704	26,204	41,570	14,226	40,608	29,974	19,036	26,138	9,351	869	2,457	2,112	583	1,578	27,543	4,313	-
<b>Total expenditures</b>	<b>\$ 1,328,077</b>	<b>\$ 13,454</b>	<b>\$ 97,876</b>	<b>\$ 111,312</b>	<b>\$ 273,694</b>	<b>\$ 60,298</b>	<b>\$ 171,923</b>	<b>\$ 162,052</b>	<b>\$ 77,679</b>	<b>\$ 113,567</b>	<b>\$ 40,041</b>	<b>\$ 3,667</b>	<b>\$ 18,205</b>	<b>\$ 9,162</b>	<b>\$ 6,494</b>	<b>\$ 18,224</b>	<b>\$ 125,764</b>	<b>\$ 18,443</b>	<b>\$ 6,222</b>

Roanoke Valley - Alleghany Regional Commission  
Statement of Revenues and Expenditures - ARC  
For the Period of January 1, 2021 to December 31, 2021

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Appalachian Regional Commission  
Contract No.: VA-711-E-C48-R1-18

Revenues:

Federal grant contributions	\$ 59,077
Local contributions	<u>59,077</u>
Total revenues	<u>\$ 118,154</u>

Expenditures:

Salaries and wages	\$ 63,907
Fringe benefits	23,446
Temporary Labor	544
Indirect costs	<u>30,257</u>
Total expenditures	<u>\$ 118,154</u>

Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ -</u></u>
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## COMPLIANCE SECTION

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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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To the Members of the Board  
Roanoke Valley - Alleghany Regional Commission  
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Roanoke Valley - Alleghany Regional Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Roanoke Valley - Alleghany Regional Commission's basic financial statements and have issued our report thereon dated August 18, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Roanoke Valley - Alleghany 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 the Roanoke Valley - Alleghany Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional Commission's internal control.

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia

August 18, 2022