

NORTHERN SHENANDOAH VALLEY
REGIONAL COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

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June 30, 2023

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NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

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Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

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, 2023, 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, 2023 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 40, and the schedule of expenditures of federal awards, on page 46, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of revenues and expenses by project are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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, but does not include the basic financial statements and our auditor's 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 November 16, 2023, 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 16, 2023

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023. 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 2022 to June 2023 increased by \$120,700. Of this amount, \$136,749 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 (\$16,049) was deducted from operational net income of \$136,749 resulting in the increase in net position of \$120,700 as of June 30, 2023.

The Statement of Activities (Page 9) focuses on gross and net costs of the Commission’s programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The Commission received unrestricted general revenues in the amount of \$89,971 from the Department of Housing and Community Development for annual planning district support in the fiscal year. Member jurisdiction contributions are the only other source of unrestricted funding available to the Commission. In fiscal year 2022 member contributions through a \$0.93 per capita assessment totaled \$226,039. The Commission incurred project expenses totaling \$3,189,201 and billed for services in the amount of \$3,088,935. The difference between these totals of (\$100,266) 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 \$3,286,591. Fiscal year 2022 showed expenditures of \$2,537,077 which shows an increase of \$749,513 in fiscal year 2023. These changes can be largely attributed to increases in pass-through expenses for contract services in the operation of the ShenGo Intra-regional Transit System, the timing of HOME distributions for the development of affordable housing, and an increase in marketing for the RideSmart program as ridesharing became feasible again on the heels of the Covid 19 Pandemic.

The total change in net position of \$70,904 (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 \$139,139, less internal service funds reported with governmental activities on the Statement of Activities of (\$49,796), less a change in net annual leave of (\$1,331), less a change in GASB 87 lease liability payments of (\$1,424, 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 (\$16,049) represents a fiscal year-end GASB 68 adjustment to agree net pension assets, deferred outflows and inflows to the Virginia Retirement System (VRS). The Commission’s VRS investments showed a net gain on investments this year. GASB 68 laws require disclosure of this within internal financial statements. This is a book entry and does not reflect a cash gain or affect the Commission’s operational revenues and expenditures. It is not accessible for programmatic operations.

Fund financial statements (Pages 13–17) focus separately on proprietary funds generated through the Regional Tire Operations Program (RTOP). Governmental and Fiduciary fund statements follow the more traditional presentation of financial statements. Statements for the Commission’s proprietary fund RTOP follow the governmental funds and include statements of net position; revenue, expenditures and changes in net position; and cash flow. Net cash provided by operating activities in fiscal year 2023 total \$31,260 (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	
	2023	2022	2023	2022	2023	2022
Current Assets	\$29,059,887	\$ 934,905	\$ 649,054	\$ 638,539	\$326,691	\$143,329
Capital Assets (net)	52,706	56,841	321,124	342,871	-	-
Right to Use Lease Asset	82,604	108,588	-	-	-	-
Net Pension Asset	<u>139,827</u>	<u>242,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>29,335,024</u>	<u>1,343,266</u>	<u>970,178</u>	<u>981,410</u>	326,691	143,329
Deferred Outflows of Resources	<u>60,695</u>	<u>109,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities	28,404,157	416,983	38,564	-	326,691	143,329
Lease Liability	88,073	112,633	-	-	-	-
Long-Term Liabilities	<u>10,371</u>	<u>14,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>28,502,601</u>	<u>544,487</u>	<u>38,564</u>	<u>-</u>	<u>326,691</u>	<u>143,329</u>
Deferred Inflows of Resources	<u>55,135</u>	<u>191,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Invested in Capital Assets	42,335	41,970	321,124	342,871	-	-
Unrestricted	<u>795,648</u>	<u>675,313</u>	<u>610,490</u>	<u>638,539</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 837,983</u>	<u>\$ 717,283</u>	<u>\$ 931,614</u>	<u>\$ 981,410</u>	<u>\$ -</u>	<u>\$ -</u>

The above Summary Statement of Net Position shows a change in net position from 2022 to 2023 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	
	2023	2022	2023	2022	2023	2022
Revenue						
Operating grants and contributions	\$ 316,010	\$ 304,403	\$ -	\$ -	\$2,087,251	\$1,657,159
Charges for services	3,088,935	2,277,652	121,027	45,154	-	-
GASB 68 adjustment	(16,049)	(21,526)	-	-	-	-
Interest income	11,547	820	21,211	2,131	-	-
Transfer of funds	9,236	-	-	-	-	-
Total Revenue	<u>3,409,679</u>	<u>2,561,349</u>	<u>142,238</u>	<u>117,166</u>	<u>2,087,251</u>	<u>1,657,159</u>
Expenses						
General and administrative	99,778	128,271	192,166	119,323	239,632	239,632
Project costs	3,189,201	2,414,947	-	-	1,416,187	1,416,187
Transfer of funds	-	1,340	-	-	1,340	-
Total Expenses/Deductions	<u>3,288,979</u>	<u>2,544,558</u>	<u>192,166</u>	<u>119,611</u>	<u>1,657,159</u>	<u>1,657,159</u>
Change in net position	120,700	16,791	(49,796)	(72,326)	-	-
Net position, beginning of year	<u>717,283</u>	<u>700,492</u>	<u>981,410</u>	<u>1,053,736</u>	-	-
Net position, end of year	\$ <u>837,983</u>	\$ <u>717,283</u>	\$ <u>931,614</u>	\$ <u>981,410</u>	\$ -	\$ -

Charges for services under governmental activities increased in Fiscal Year 2023 primarily due to the timing of disbursement for programmatic pass-through funding. Charges for services under business-type activities increased by \$75,873 from last year as a result of increased 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, 2023 the outstanding balance of this loan was \$10,371.

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 2023, 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 \$225,938 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.)	\$ 99,321
River Heros Pilot Program – Matching Funds	2,856
Economic Development Projects – Unfunded:	55,000
Economic Development Projects – Matching Funds:	35,000
Community Development Projects – Unfunded:	29,000
Transportation Demand Management (Ridesmart) matching funds 20%:	48,707
Commuter Assistance Program (CAP) Strategic Plan:	10,000
Rural Transportation Program – 20% grant match:	14,500
Watershed Implementation Plan (WIP Phase III) matching funds 20%:	14,500
Natural Resources Projects – Unfunded:	6,500
Hazard Mitigation Projects – Unfunded:	<u>525</u>
Total:	<u>\$315,909</u>

Contacting the Commission’s Financial Management Staff

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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 28,685,288	\$ 616,627	\$ 29,301,915
Accounts receivable	288,455	32,427	320,882
Due from fiduciary fund	60,708	-	60,708
Prepaid expenses	25,436	-	25,436
Net pension asset	139,827	-	139,827
Capital assets, net	52,706	321,124	373,830
Leased office space, net	82,604	-	82,604
	<u>29,335,024</u>	<u>970,178</u>	<u>30,305,202</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions after the measurement date	34,437	-	34,437
Difference between expected and actual experience	16,133	-	16,133
Changes of assumptions	10,125	-	10,125
	<u>60,695</u>	<u>-</u>	<u>60,695</u>
LIABILITIES			
Accounts payable	193,777	38,564	232,341
Accrued leave	59,232	-	59,232
Deferred revenue	28,151,148	-	28,151,148
Loan payable	10,371	-	10,371
Lease liability	88,073	-	88,073
	<u>28,502,601</u>	<u>38,564</u>	<u>28,541,165</u>
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	5,706	-	5,706
Net difference between projected and actual earnings on plan investments	49,429	-	49,429
	<u>55,135</u>	<u>-</u>	<u>55,135</u>
NET POSITION			
Investment in capital assets, net of related debt	42,335	321,124	363,459
Unrestricted	795,648	610,490	1,406,138
	<u>\$ 837,983</u>	<u>\$ 931,614</u>	<u>\$ 1,769,597</u>

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 99,780	\$ -	\$ 316,010	\$ 216,230	\$ -	\$ 216,230
Projects	3,189,200	3,088,937	-	(100,263)	-	(100,263)
Total Governmental Activities	3,288,980	3,088,937	316,010	115,967	-	115,967
Business-Type Activities						
Regional Tire Operations Program	182,930	121,027	-	-	(61,903)	(61,903)
Total Business-Type Activities	182,930	121,027	-	-	(61,903)	(61,903)
Total Government	<u>\$ 3,471,910</u>	<u>\$ 3,209,964</u>	<u>\$ 316,010</u>	115,967	(61,903)	54,064
General revenues, special items and transfers:						
Investment earnings				11,547	21,211	32,758
Loss on disposal of equipment				-	(9,104)	-
GASB 68 pension expense				(16,049)	-	-
Transfer to fiduciary fund				9,235	-	-
Change in net position				120,700	(49,796)	70,904
Net position at beginning of year				717,283	981,410	1,698,693
Net position at end of year				<u>\$ 837,983</u>	<u>\$ 931,614</u>	<u>\$ 1,769,597</u>

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2023**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 28,685,288
Accounts receivable	288,455
Due from fiduciary fund	60,708
Prepaid expenses	25,436
Total Assets	\$ 29,059,887
LIABILITIES	
Accounts payable	\$ 193,777
Deferred revenue	28,151,148
Total Liabilities	28,344,925
FUND BALANCE	
Nonspendable	25,436
Unassigned	689,526
Total Fund Balance	714,962
Total Liabilities and Fund Balance	\$ 29,059,887

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	\$ 714,962
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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.	52,706
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	82,604

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	34,437
Net pension asset	139,827
Difference between expected and actual experience	10,427
Changes of assumptions	10,125
Net difference between projected and actual earnings on plan investments	(49,429)
Compensated absences	(59,232)
Note payable	(10,371)
Lease liability	(88,073)

Net Position of Governmental Activities	\$ 837,983
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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, 2023
(Continued)

REVENUES

Grants and appropriations:		
Federal grants	\$	1,507,566
State grants and appropriations		871,750
Local grants and appropriations		1,038,102
Other revenue:		
Interest		11,547
Miscellaneous		6,000
TOTAL REVENUES		3,434,965

EXPENDITURES

Current Operating:		
Contract services		2,167,172
Salaries		676,871
Employee benefits and payroll taxes		243,331
Advertising		84,154
Rent		29,250
Professional fees		13,584
Computer costs		18,599
Capital purchases		-
Dues and memberships		11,467
Office equipment and repair		15,060
Technology stipends		7,670
Communications		8,046
Office supplies and expense		8,546
Conferences and trainings		3,844
Utilities		5,692
Equipment rental		3,605
Insurance		5,607
Travel		9,605
Van subsidies		-
Meeting expenses		1,896
Printing		57
Other costs		1,665
Less indirect expenses applied to fiduciary fund		(33,630)
Debt Service		
Principal		4,500
TOTAL EXPENDITURES		3,286,591

EXCESS OF REVENUES OVER EXPENDITURES	148,374
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OTHER FINANCING SOURCES (USES)

Transfers in/(out) to fiduciary fund	(9,235)
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NET CHANGE IN FUND BALANCE	139,139
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FUND BALANCE - Beginning of year	575,823
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FUND BALANCE - End of year	\$ 714,962
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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, 2023
(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	\$ 139,139
The net revenue of internal service funds is reported with governmental activities on the statement of activities.	(49,796)
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	(16,049)
Change in long-term annual leave payable	(1,331)
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.	(1,424)
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.	<u>(4,135)</u>
Change in net position reported on the Statement of Activities	<u>\$ 70,904</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

Business Type Activities - Enterprise Fund

	Regional Tire Operations Program
ASSETS	
Cash and investments	\$ 616,627
Accounts receivable	32,427
Capital assets, net	<u>321,124</u>
Total Assets	<u>970,178</u>
LIABILITIES	
Accounts payable	<u>38,564</u>
Total Liabilities	<u>38,564</u>
NET POSITION	
Investment in capital assets, net of related debt	321,124
Unrestricted	<u>610,490</u>
Total Net Position	<u>\$ 931,614</u>
Total Liabilities and Net Position	<u>\$ 970,178</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, 2023**

Business Type Activities - Enterprise Fund

	Regional Tire Operations Program
Operating Revenue	
Charges for service	\$ 121,027
Total Operating Revenue	121,027
Operating Expenses	
Operating costs	95,904
Depreciation	87,026
Total Operating Expenses	182,930
Operating (Loss)	(61,903)
Non-Operating Revenues	
Interest income	21,211
Loss on disposal of equipment	(9,104)
Total Non-Operating Revenues	12,107
Change in Net Position	(49,796)
Net Position - Beginning of Year	981,410
Net Position - End of Year	\$ 931,614

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Business Type Activities - Enterprise Fund

	Regional Tire Operations Program
Cash flows from operating activities:	
Cash received from customers	\$ 88,600
Cash payments to suppliers	<u>(57,340)</u>
Net Cash Provided by Operating Activities	<u>31,260</u>
Cash flows from investing activities	
Purchases of equipment	(74,383)
Interest income	<u>21,211</u>
Net Cash Used in Investing Activities	<u>(53,172)</u>
Change in Cash and Cash Equivalents	<u>(21,912)</u>
Cash and Cash Equivalents - Beginning of Year	<u>638,539</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 616,627</u></u>
Reconciliation of Operating (Loss)	
to Net Cash Provided by Operating Activities	
Operating (loss)	\$ (61,903)
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation	87,026
Change in accounts receivable	(32,427)
Change in accounts payable	<u>38,564</u>
Net Cash Provided by Operating Activities	<u><u>\$ 31,260</u></u>

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Go Virginia Fund
ASSETS	
Accounts receivable	\$ 326,691
Total assets	326,691
LIABILITIES	
Accounts payable	265,983
Due to general fund	60,708
Total liabilities	326,691
NET POSITION	\$ -

See accompanying notes.

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Go Virginia Fund
ADDITIONS	
Contributions	\$ 2,087,251
Transfer from general fund	9,235
Total Additions	2,096,486
DEDUCTIONS	
Contractor services	1,955,606
Salaries	77,280
Employee benefits and payroll taxes	27,253
Professional fees	1,500
Conferences and meetings	521
Travel expense	323
Subscriptions and Newspapers	300
Postage	27
Equipment rental	46
Indirect expenses	33,630
Total Deductions	2,096,486
Change in Net Position	-
Net Position, Beginning of Year	-
Net Position, End of Year	\$ -

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, 2023, 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, 2023.
- (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 as of June 30, 2022, 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, 2023.

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 as of June 30, 2022, 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, 2023.

- (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 \$28,451,945, and the business-type activities checking account balance was \$67,696. The carrying value of the governmental activities' and business-type activities' Virginia Investment Pool account balances was \$782,248.

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, 2023 was as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2023</u>
Governmental Activities:				
Building	\$ 93,510	\$ -	\$ -	\$ 93,510
Furniture and Equipment	59,081	-	(11,429)	47,652
Less: Accumulated Depreciation	<u>(95,750)</u>	<u>(4,135)</u>	<u>11,429</u>	<u>(88,456)</u>
Governmental Activities Capital Assets, net	<u>\$ 56,841</u>	<u>\$ (4,135)</u>	<u>\$ -</u>	<u>\$ 52,706</u>
Business-Type Activities:				
Vehicles and Equipment	\$679,122	\$ 74,383	\$(19,863)	\$733,642
Less: Accumulated Depreciation	<u>(336,251)</u>	<u>(87,026)</u>	<u>10,759</u>	<u>(336,251)</u>
Business-Type Activities Capital Assets, net	<u>\$342,871</u>	<u>\$ (12,643)</u>	<u>\$ (9,104)</u>	<u>\$321,124</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, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</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>25,550</u>	<u>25,984</u>	<u>_____</u>	<u>51,534</u>
Total accumulated depreciation	<u>25,550</u>	<u>25,984</u>	<u>_____</u>	<u>51,534</u>
Right to Use Assets, Net	<u>\$108,588</u>	<u>\$ (25,984)</u>	<u>\$ _____</u>	<u>\$ 82,604</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 \$82,604 as of June 30, 2023. For the fiscal year ended June 30, 2023, interest expense on the lease liability was \$4,690.

The future minimum lease obligations and the net present value of these minimum lease payments as of as of June 30, 2023, are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,722	\$ 3,528	\$ 29,250
2025	27,683	2,317	30,000
2026	28,954	1,046	30,000
2027	<u>7,444</u>	<u>56</u>	<u>7,500</u>
Total payments	<u>\$ 89,803</u>	<u>\$ 6,947</u>	<u>\$ 96,750</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,	
2024	\$ 4,500
2025	4,500
2026	<u>1,371</u>
Total minimum payments	<u>\$ 10,371</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 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 a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 7 - Retirement Plan (Continued)

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan(continued)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. <p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

<p>Hybrid Opt-In Election (continued)</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (continued)</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>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> <p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Retirement Contributions Same as Plan 1.</p> <p>Service Credit Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. 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> <p>Service Credit Defined Benefit Component: 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>Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.</p> <p>Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied</p>	<p>Calculating the Benefit See definition under Plan 1</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 7 - Retirement Plan (Continued)

<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement 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>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

<p>Cost-of-Living Adjustment (COLA) in Retirement (continued)</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (continued)</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (continued)</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>
<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

		<p>Disability Coverage (continued)</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Comprehensive Annual Financial Report (CAFR). A copy of the 2022 VRS VAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2021 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	<u>7</u>
Total Inactive Members	15
Active Members	
Total covered employees	<u>28</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

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, 2023 was 5.25% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$34,437 and \$24,432 for the years ended June 30, 2023 and June 30, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2022; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2022; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2022; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2022; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2022; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2022; males set forward 2 years, 110% of rates; females 125% of rates.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

Long-Term Expected Rate of Return

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

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS – Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP – Private Investment Partnership	<u>3.00%</u>	6.55%	<u>0.20%</u>
Total	<u>100.00%</u>		<u>5.33%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.83%</u>

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 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, 2021, actuarial variations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

Change in the Net Pension Asset:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2022	\$1,527,565	\$1,770,497	\$(242,932)
Changes for the year:			
Service cost	62,437	-	62,437
Interest	105,095	-	105,095
Change of assumptions	-	-	-
Differences between expected and actual experience	(8,912)	-	(8,912)
Contributions – employer	-	24,663	(24,663)
Contributions – employee	-	34,078	(34,078)
Net investment income	-	(2,173)	2,173
Benefit payments, including refunds of employee contributions	(66,083)	(66,083)	-
Administrative expense	-	(1,094)	1,094
Other changes	-	41	(41)
Net changes	<u>92,537</u>	<u>(10,568)</u>	<u>103,105</u>
Balances at June 30, 2022	<u>\$1,620,102</u>	<u>\$1,759,929</u>	<u>\$(139,827)</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	\$102,981	\$(139,827)	\$(331,406)

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

For the year ended June 30, 2023, the Commission recognized pension expense of \$50,717. At June 30, 2023, 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	\$ 16,133	\$ 5,706
Changes of assumptions	10,125	-
Net difference between projected and actual earnings on plan investments	-	49,429
Employer contributions subsequent to the Measurement Date	<u>34,437</u>	<u>-</u>
Total	<u>\$ 60,695</u>	<u>\$55,135</u>

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - Retirement Plan (Continued)

\$34,437 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future reporting periods as follows:

Year ending June 30,	
2023	\$ 3,424
2024	(22,890)
2025	(33,690)
2026	24,279
2027	-
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, 2023 is calculated as follows:

Fringe benefit expense	<u>\$270,584</u>	
Total salaries	\$755,482	= 35.82%

Components of fringe benefit expense for the year ended June 30, 2023 are shown below:

Health, disability and life insurance	\$175,286
Payroll taxes	57,058
Retirement	<u>38,240</u>
Total Fringe Benefits	<u>\$270,584</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, 2023 was calculated as follows:

Indirect costs	<u>\$280,266</u>
Total direct salaries and fringe benefits	\$861,671 = 32.53%

The following indirect costs have been allocated to projects:

Salaries and fringe benefits	\$164,470
Rent	29,250
Computer services	15,778
Repairs and maintenance	9,078
Technology stipends	7,670
Communications	7,388
Office supplies and expense	6,758
Dues and subscriptions	6,364
Utilities	5,692
Equipment	5,667
Insurance	5,607
Depreciation	4,135
Copier lease	3,210
Travel	2,543
Meetings and conferences	1,572
Conferences and training	1,555
Miscellaneous	1,811
Bank fees	1,411
Advertising	250
Printing	<u>57</u>
Total Indirect Costs	<u>\$280,266</u>

NOTE 10 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 16, 2023, 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, 2023**

	Total Local Commission Activities	Page County Broadband	Shenandoah County Transit System	Worlds of Work	HOME Program	HOME Consort. ARPA Grant	Federal EDA Grant	VATI Fiber Deployment	Shenandoah Valley Tourism	42122-70 RTAP CTAV	71323-17 CAP Strategic Plan	VDRPT Ridesmart TDM Grant	VDOT Rural Trans- portation Planning Grant	
REVENUES														
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 828,699	\$ -	\$ 35,000	\$ 169,850	\$ -	\$ 990	\$ -	\$ -	\$ 57,968	
State grants	89,971	-	-	459,245	-	-	-	-	30,886	-	-	205,047	-	
Local governments	226,039	431,588	15,186	108,873	45,244	-	-	-	132,050	-	9,984	-	-	
Other income	11,547	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	<u>327,557</u>	<u>431,588</u>	<u>15,186</u>	<u>568,118</u>	<u>45,244</u>	<u>828,699</u>	<u>-</u>	<u>169,850</u>	<u>162,936</u>	<u>990</u>	<u>9,984</u>	<u>205,047</u>	<u>57,968</u>	
EXPENSES														
Salaries	52,844	83,146	5,176	7,885	2,636	66,003	925	37,182	39,332	4,002	-	1,819	82,802	40,085
Payroll taxes and benefits	19,982	29,781	1,854	2,824	944	23,451	331	13,317	14,087	1,433	-	651	29,419	14,242
Advertising	-	-	-	2,178	-	394	-	-	-	-	-	-	77,722	-
Computer software	-	1,062	248	-	-	-	-	-	-	21	-	-	-	386
Communications	-	-	-	-	-	-	-	-	-	-	-	-	659	-
Conferences and trainings	-	399	-	-	-	-	-	-	-	-	-	-	295	-
Contract services	2,011	352,719	2,905	561,759	39,622	757,383	-	-	-	151,450	-	19,967	22,217	-
Copier lease expense	-	214	25	-	-	3	-	1	18	1	-	-	4	-
Dues and memberships	2	399	-	-	-	-	-	-	-	-	-	-	3,275	190
Equipment rental/purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	(272)	39	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-	-	-	-	345	-
Postage	-	-	-	-	-	32	-	-	-	-	-	-	-	-
Professional fees	-	351	2,846	-	-	1,000	-	-	1,929	400	-	-	1,000	1,059
Subscriptions and newspapers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	568	1,132	-	-	-	-	-	-	-	-	498	16	2,210	-
Miscellaneous	(223)	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead and indirect costs	24,868	36,676	2,275	3,467	1,164	28,982	407	16,365	17,375	1,768	-	803	36,359	17,601
Total expenses	<u>99,780</u>	<u>505,918</u>	<u>15,329</u>	<u>578,113</u>	<u>44,366</u>	<u>877,248</u>	<u>1,663</u>	<u>66,865</u>	<u>72,741</u>	<u>159,075</u>	<u>998</u>	<u>23,256</u>	<u>256,307</u>	<u>73,563</u>
GASB 68 pension expense	(16,049)	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization Expense-GASB 87	(25,984)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense-GASB 87	(4,690)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reverse Rent Exp-GASB 87	29,250	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	(9,235)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues over (under) expenses	<u>\$ 201,069</u>	<u>\$ (74,330)</u>	<u>\$ (143)</u>	<u>\$ (9,995)</u>	<u>\$ 878</u>	<u>\$ (48,549)</u>	<u>\$ (1,663)</u>	<u>\$ (31,865)</u>	<u>\$ 97,109</u>	<u>\$ 3,861</u>	<u>\$ (8)</u>	<u>\$ (13,272)</u>	<u>\$ (51,260)</u>	<u>\$ (15,595)</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, 2023**

	MPO Highway and Transportation Planning	WIP Water Phase III	WIP Phase III FY21-22	WIP III 1/1/2023 TO 12/31/2023	Water Planning	Solid Waste Manage- ment	RTOP	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
REVENUES														
Federal grants	\$ 346,017	\$ -	\$ 58,000	\$ -	\$ -	\$ -	\$ -	\$ 11,042	\$ 1,507,566	\$ -	\$ -	\$ -	\$ -	\$ 1,507,566
State grants	86,500	-	-	-	-	-	-	-	871,649	214,196	1,494,130	378,925	2,087,251	2,958,900
Local governments	-	-	-	-	36,442	32,797	-	-	1,038,203	-	-	-	-	1,038,203
Other income	-	-	-	-	-	-	6,000	-	17,547	-	-	-	-	17,547
Total revenues	432,517	-	58,000	-	36,442	32,797	6,000	11,042	3,434,965	214,196	1,494,130	378,925	2,087,251	5,522,216
EXPENSES														
Salaries	97,335	(436)	-	10,003	8,518	15,435	2,468	-	557,160	45,623	19,699	11,958	77,280	634,440
Payroll taxes and benefits	34,774	(156)	-	3,583	3,051	5,528	884	-	199,980	16,210	6,774	4,269	27,253	227,233
Advertising	3,610	-	-	-	-	-	-	-	83,904	-	-	-	-	83,904
Computer software	1,104	-	-	-	-	-	-	-	2,821	-	-	-	-	2,821
Communications	-	-	-	-	-	-	-	-	659	-	-	-	-	659
Conferences and trainings	1,616	-	-	-	-	-	-	-	2,810	-	-	-	-	2,810
Contract services	246,097	-	-	-	-	-	-	11,042	2,167,172	129,640	1,459,659	366,307	1,955,606	4,122,778
Copier lease expense	127	-	-	-	-	-	-	-	393	46	-	-	46	439
Dues and memberships	1,238	-	-	-	-	-	-	-	5,104	-	-	-	-	5,104
Equipment rental/purchase	315	-	-	-	-	-	-	-	315	-	-	-	-	315
Meetings	36	-	-	-	-	-	-	-	(197)	521	-	-	521	324
Office supplies	-	-	-	-	-	-	-	-	345	-	-	-	-	345
Postage	-	-	-	-	-	-	-	-	32	-	27	-	27	59
Professional fees	1,000	-	-	1,000	1,000	1,000	1,000	-	13,585	1,500	-	-	1,500	15,085
Subscriptions and newspapers	-	-	-	-	-	-	-	-	-	300	-	-	300	300
Travel	2,637	-	-	-	-	-	-	-	7,061	323	-	-	323	7,384
Miscellaneous	-	-	-	-	-	-	-	-	(223)	-	-	-	-	(223)
Overhead and indirect costs	42,632	(192)	-	4,419	3,763	6,819	1,085	-	246,636	20,033	8,342	5,255	33,630	280,266
Total expenses	432,521	(784)	-	19,005	16,332	28,782	5,437	11,042	3,287,557	214,196	1,494,501	387,789	2,096,486	5,384,043
GASB 68 pension expense	-	-	-	-	-	-	-	-	(16,049)	-	-	-	-	(16,049)
Amortization Expense-GASB 87	-	-	-	-	-	-	-	-	(25,984)	-	-	-	-	(25,984)
Interest Expense-GASB 87	-	-	-	-	-	-	-	-	(4,690)	-	-	-	-	(4,690)
Reverse Rent Exp-GASB 87	-	-	-	-	-	-	-	-	29,250	-	-	-	-	29,250
Transfer to/from general funds	-	-	-	-	-	-	-	-	(9,235)	-	371	8,864	9,235	-
Revenues over (under) expenses	\$ (4)	\$ 784	\$ 58,000	\$ (19,005)	\$ 20,110	\$ 4,015	\$ 563	\$ -	\$ 120,700	\$ -	\$ -	\$ -	\$ -	\$ 120,700

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, 2023**

	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	Economic Develop Base Funding	Community Develop Base Funding	Hazard Mitigation Base Funding	Natural Resources Base Funding	Total Local Technical Assistance
REVENUES															
Local governments	\$ 219,630	\$ 160,625	\$ 15,500	\$ 12,000	\$ -	\$ 1,333	\$ 12,000	\$ 6,000	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 431,588
Total revenues	<u>219,630</u>	<u>160,625</u>	<u>15,500</u>	<u>12,000</u>	<u>-</u>	<u>1,333</u>	<u>12,000</u>	<u>6,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,588</u>
EXPENSES															
Salaries	8,521	1,405	9,143	4,603	427	896	2,942	2,147	3,900	410	29,236	15,573	531	3,412	83,146
Payroll taxes and benefits	3,052	503	3,275	1,649	153	321	1,054	769	1,397	147	10,471	5,578	190	1,222	29,781
Computer software	-	-	373	-	-	-	-	-	-	-	-	689	-	-	1,062
Conferences and trainings	-	-	-	-	-	-	-	-	-	-	-	399	-	-	399
Contract services	212,094	140,625	-	-	-	-	-	-	-	-	-	-	-	-	352,719
Copier lease expense	-	-	214	-	-	-	-	-	-	-	-	-	-	-	214
Dues and memberships	-	-	-	-	-	-	-	-	-	-	-	399	-	-	399
Meetings	-	-	12	-	-	-	-	-	-	-	27	-	-	-	39
Professional fees	351	-	-	-	-	-	-	-	-	-	-	-	-	-	351
Travel	-	-	316	-	-	-	86	33	-	-	114	583	-	-	1,132
Overhead and indirect costs	3,746	621	4,020	2,033	188	396	1,293	949	1,714	180	12,915	6,879	234	1,508	36,676
Total expenses	<u>227,764</u>	<u>143,154</u>	<u>17,353</u>	<u>8,285</u>	<u>768</u>	<u>1,613</u>	<u>5,375</u>	<u>3,898</u>	<u>7,011</u>	<u>737</u>	<u>52,763</u>	<u>30,100</u>	<u>955</u>	<u>6,142</u>	<u>505,918</u>
Revenues over (under) expenses	<u>\$ (8,134)</u>	<u>\$ 17,471</u>	<u>\$ (1,853)</u>	<u>\$ 3,715</u>	<u>\$ (768)</u>	<u>\$ (280)</u>	<u>\$ 6,625</u>	<u>\$ 2,102</u>	<u>\$ (2,511)</u>	<u>\$ (737)</u>	<u>\$ (52,763)</u>	<u>\$ (30,100)</u>	<u>\$ (955)</u>	<u>\$ (6,142)</u>	<u>\$ (74,330)</u>

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

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
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, 2023 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 16, 2023.

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 16, 2023

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responses under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Durham, Auker & Rhoads, PLLC". The signature is written in a cursive, professional style.

Certified Public Accountants
Chantilly, Virginia

November 16, 2023

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

	<u>Grant Number</u>	<u>Federal ALN Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Major Program					
Department of Housing and Urban Development					
Pass through payment - City of Winchester					
HOME Program		14.239		\$ 786,050	\$ 828,699
Other Federal Awards					
Department of Housing and Community Development					
Pass through payment - Virginia Department of Housing and Community Development (VDHCD)					
Virginia Telecommunications Initiative(VATI)		21.027		-	169,850
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction		20.205		-	242,519
Department of Transportation - Rural Transportation Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction - SPR Highway Administration Funds		20.205		-	57,968
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Rail and Public Transportation (VDRPT)					
Federal Transit Authority Funds	46022-14	20.505		-	13,695
Federal Transit Authority Funds	46023-14	20.505		-	89,120
Federal Transit Authority Funds	46024-14	20.505		-	683
Department of Rail and Public Transportation -					
RTAP VTA Conference and Expo	42122-70	20.509		-	990
Department of Environmental Quality					
Chesapeake Bay Regulatory and Accountability Program (CBRAP)					
	DEQ Contract 17327	66.466		-	58,000
National Fish and Wildlife Foundation					
Shenandoah County River Heros Pilot Program					
	0603.22.075324	66.466		-	11,042
Economic Development Administration	ED23PH13030003	11.303		-	35,000
Total Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 1,507,566</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, 2023. 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:

	ALN - 14.239	<u>Subrecipient Name</u>	<u>Amount Provided</u>
HOME Program		Habitat for Humanity	\$ 240,000
		Blue Ridge Housing Network	220,505
		People Inc. of Virginia	150,000
		AIDS Response Effort	95,457
		Faithworks, Inc.	61,752
		Shenandoah Alliance	18,336
		Total passed through to subrecipients	786,050
		Less funds recaptured from Community Housing Partner	(28,668)
			<u>\$ 757,382</u>

NOTE 4 - Indirect Cost Rate

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

**Northern Shenandoah Valley Regional Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified Yes No

- Significant deficiency(ies) identified Yes none reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified Yes No

- Significant deficiency(ies) identified Yes none reported

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

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

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Program

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	\$1,215,289	\$1,409,642	\$ 1,507,566	\$ 97,924
State grants and appropriations	4,285,157	830,551	871,750	41,199
Fiduciary grants	550,000	1,557,434	2,087,251	529,817
Local grants and appropriations	579,408	\$1,546,647	1,038,102	(508,545)
Private grants	458,095	-	-	-
Other revenue:				
Interest	-	-	11,547	11,547
Miscellaneous	6,000	6,000	6,000	-
TOTAL REVENUES	7,093,949	5,350,274	5,522,216	171,942
EXPENDITURES				
Current Operating:				
Contract services	5,790,321	3,991,294	4,122,778	131,484
Salaries	769,155	769,160	754,151	(15,009)
Employee benefits and payroll taxes	272,810	274,000	270,584	(3,416)
Advertising	82,816	82,816	84,154	1,338
Rent	29,250	29,250	29,250	-
Professional fees	14,100	14,900	15,084	184
Computer costs	18,000	16,500	18,599	2,099
Dues and memberships	10,900	11,900	11,767	(133)
Technology stipends	7,800	7,800	7,670	(130)
Communications	7,800	8,500	8,046	(454)
Office equipment and repair	6,980	10,380	15,060	4,680
Office supplies and expense	6,750	10,775	8,573	(2,202)
Conferences and trainings	4,500	4,200	4,365	165
Utilities	8,000	8,000	5,692	(2,308)
Equipment rental	3,000	4,000	3,651	(349)
Insurance	5,703	5,827	5,607	(220)
Travel	4,000	10,825	9,928	(897)
Van subsidies	25,500	-	-	-
Meetings	3,000	1,500	1,896	396
Printing	750	150	57	(93)
Other costs	5,000	3,000	1,665	(1,335)
Debt Service	-	-	4,500	4,500
Capital purchases	5,000	14,500	-	(14,500)
TOTAL EXPENDITURES	7,081,135	5,279,277	5,383,077	103,800
EXCESS OF REVENUES OVER EXPENDITURES	\$ 12,814	\$ 70,997	\$ 139,139	\$ 275,742
FUND BALANCE - Beginning of year			575,823	
FUND BALANCE - End of year			\$ 714,962	
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			\$ 139,139	
Effect of GASB 68 pension benefit not budgeted			(16,049)	
Effect of GASB 87 lease liability payments not budgeted			(1,424)	
Debt payments in excess of debt issued			4,500	
Change in long-term annual leave payable			(1,331)	
The amount by which capital outlays exceed depreciation in the period			(4,135)	
Change in net position reported on the Statement of Activity			\$ 120,700	

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,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service cost	\$ 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	87,979	78,193	71,839	66,516	67,540	62,560	62,958	58,757
Differences between expected and actual experience	(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)	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Net change in total pension liability	<u>92,537</u>	<u>193,653</u>	<u>149,160</u>	<u>132,770</u>	<u>76,589</u>	<u>(14,322)</u>	<u>71,175</u>	<u>(5,287)</u>	<u>60,357</u>
Total pension liability - beginning	<u>1,527,565</u>	<u>1,333,912</u>	<u>1,184,752</u>	<u>1,051,982</u>	<u>975,393</u>	<u>989,715</u>	<u>918,540</u>	<u>923,827</u>	<u>863,470</u>
Total pension liability - ending (a)	<u>\$ 1,620,102</u>	<u>\$ 1,527,565</u>	<u>\$ 1,333,912</u>	<u>\$ 1,184,752</u>	<u>\$ 1,051,982</u>	<u>\$ 975,393</u>	<u>\$ 989,715</u>	<u>\$ 918,540</u>	<u>\$ 923,827</u>
Plan fiduciary net position									
Contributions - employer	\$ 24,663	\$ 21,583	\$ 10,214	\$ 9,583	\$ 13,396	\$ 12,923	\$ 29,407	\$ 27,344	\$ 40,387
Contributions - employee	34,078	30,307	29,653	26,337	24,189	23,570	24,451	22,803	23,594
Net investment income	(2,173)	383,796	26,453	87,515	91,178	135,578	19,297	47,970	141,207
Benefits payments	(66,083)	(61,043)	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Administrative expense	(1,094)	(938)	(891)	(859)	(781)	(781)	(669)	(647)	(741)
Other	41	36	(31)	(55)	(81)	(121)	(8)	(10)	7
Net change in plan fiduciary net position	<u>(10,568)</u>	<u>373,741</u>	<u>12,736</u>	<u>71,113</u>	<u>77,565</u>	<u>121,460</u>	<u>22,828</u>	<u>48,602</u>	<u>156,288</u>
Plan fiduciary net position - beginning	<u>1,770,497</u>	<u>1,396,756</u>	<u>1,384,020</u>	<u>1,312,907</u>	<u>1,235,342</u>	<u>1,113,882</u>	<u>1,091,054</u>	<u>1,042,452</u>	<u>886,164</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,759,929</u>	<u>\$ 1,770,497</u>	<u>\$ 1,396,756</u>	<u>\$ 1,384,020</u>	<u>\$ 1,312,907</u>	<u>\$ 1,235,342</u>	<u>\$ 1,113,882</u>	<u>\$ 1,091,054</u>	<u>\$ 1,042,452</u>
Commission's Net Pension Asset - ending (a)-(b)	<u>\$ (139,827)</u>	<u>\$ (242,932)</u>	<u>\$ (62,844)</u>	<u>\$ (199,268)</u>	<u>\$ (260,925)</u>	<u>\$ (259,949)</u>	<u>\$ (124,167)</u>	<u>\$ (172,514)</u>	<u>\$ (118,625)</u>
Plan fiduciary net position as a percentage of the total pension asset	108.63%	115.90%	104.71%	116.82%	124.80%	126.65%	112.55%	118.78%	112.84%
Covered - employee payroll	\$ 749,522	\$ 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	-18.66%	-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, 2014 THROUGH 2023

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)
2023	\$ 39,663	\$ 34,437	\$ 5,226	\$ 755,482	4.56%
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%
2014	33,878	39,567	(5,689)	400,449	9.88%

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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