

**ROANOKE VALLEY-ALLEGHANY  
REGIONAL COMMISSION**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

**DRAFT**

**DUNHAM, AUKAMP & RHODES, PLC**  
Certified Public Accountants  
Chantilly, VA

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## **INDEPENDENT AUDITOR'S REPORT**

To the Commissioners  
Roanoke Valley-Alleghany Regional Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Roanoke Valley-Alleghany Regional Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made be management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the Roanoke Valley-Alleghany Regional Commission as of June 30, 2013 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and page 29 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roanoke Valley-Alleghany Regional Commission's financial statements. The accompanying schedules of cost allocation by project, indirect costs, and revenues and expenditures - ARC are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The schedules of cost allocation by project, indirect costs, revenues and expenditures – ARC, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013, on our consideration of the Roanoke Valley-Alleghany Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Roanoke Valley-Alleghany Regional Commission's internal control over financial reporting and compliance.

Certified Public Accountants  
Chantilly, Virginia

September 26, 2013

## Management's Discussion and Analysis

### Roanoke Valley-Alleghany Regional Commission

This section of the Roanoke Valley-Alleghany Regional Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2013. 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

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

The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities are reported on the accrual basis of accounting. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities focuses gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The statement of Revenue, Expenses and Changes in Net Assets presents information showing how the Commission's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise of the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are recorded in this statement for some items that will only result in cash flows in future periods.

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 years.

## Government-Wide Financial Statements

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

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating. Net assets are reported in three categories; net assets invested in capital assets, net assets that are restricted in use and net assets that are unrestricted. Then revenue supporting the activities and programs are classified under three broad categories: operating grants and contributions, capital grants, and contributions and charges for services. Grant revenue received that is passed through to another entity is classified as operating even if the funds are ultimately used for capital purposes.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses a governmental fund to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

## **Financial Analysis**

### **Summary Statement of Net Assets**

	Governmental Activities 2013	Governmental Activities 2012
Assets:		
Current Assets	\$697,212	\$683,454
Capital Assets (net)	<u>252,344</u>	<u>260,367</u>
Total Assets	<u>\$949,556</u>	<u>\$943,821</u>
Liabilities:		
Current Liabilities	\$109,312	\$128,925
Noncurrent Liabilities	<u>-</u>	<u>37,690</u>
Total Liabilities	<u>\$109,312</u>	<u>\$166,615</u>
Net Assets:		
Invested in Capital Assets	\$252,344	\$217,405
Unrestricted	572,900	544,801
Restricted	<u>15,000</u>	<u>15,000</u>
Total Net Assets	<u>\$840,244</u>	<u>\$777,206</u>

The Summary of Net Assets - Governmental Activities shows an increase of \$63,038.

## Summary Statement of Revenues, Expenditures and Changes in Net Assets

	Governmental Activities 2013	Governmental Activities 2012
Revenues	\$1,626,236	\$1,598,756
Expenses	<u>1,563,198</u>	<u>1,546,513</u>
Change in net assets	63,038	52,243
Net assets at beginning of year	<u>777,206</u>	<u>724,963</u>
Net assets at end of year	<u>\$ 840,244</u>	<u>\$ 777,206</u>

The Statement of Revenues, Expenditures and Change in Net Assets is a result of reasonable and expected fluctuations in grant activity for the year.

### Revenues and Carryover Balances

The Virginia Department of Rail and Public Transportation provided an additional \$65,000 to the Commission's RIDEsolutions program, with an added match of \$16,230 in local funds to provide for expansion into the Lynchburg area.

The RIDEsolutions program applied to the Virginia Department of Rail and Public Transit's Transportation Management fund in the amount of \$12,000, with a match of \$3,000 for a total of \$15,000 to build a high performance web presence for the program. The funding was used to hire a consultant to assist in enhancing the web site.

In September 2012, the Regional Commission was awarded a contract from the Department of Environmental Quality for the TMDL implementation plan for the Roanoke River in the amount of \$192,627 (\$20,000 from the Commonwealth of Virginia and \$172,627 from the Federal Emergency Management Agency).

The Federal Highway Administration (FHWA) notified Virginia's MPOs that funding state-wide would be reduced 40% below the 2012 levels. The dramatic reduction in PL funding was a result of FHWA revising/reconciling four years of previous PL Budgets. This resulted in a temporary loss of \$25,536 in Federal PL funds and \$3,193 in State match

The Commission applied for and received a \$625,000 grant in 2011 from the U.S. Department of Housing and Urban Development to develop a regional livability plan (the Partnership for a Livable Roanoke Valley). The in-kind match for the grant is \$217,549, and this match will come from regional stakeholders as well as \$30,000 cash match from the Regional Commission. So far, \$416,710 has been spent. The project work will end on December 31, 2013 and close out activities will be completed January through February 2014.

\$23,142 in Federal Transportation PL funds and \$2,894 in State VDOT match funds are to be carried over into the 2014/2015 planning year.

The Commission received \$75,971 from the Virginia Department of Housing and Community Development, which was allocated by the General Assembly to Planning District Commissions.

Dues paid by the localities at seventy five cents per capita are as follows: Alleghany County \$9,274, Botetourt County \$24,861, Clifton Forge \$2,913, Covington \$4,469, Craig County \$3,892, Franklin County \$38,520, Town of Rocky Mount \$3,599, City of Roanoke \$72,774, County of Roanoke \$63,208, Salem \$18,601 and Vinton \$6,073 for total dues in the amount of \$248,184.

## **Expenditures**

Accrued annual leave balance decreased by \$4,676.

Supplies were over spent due to the change in the Commission's logo. Several items had to be replaced, such as letter head, envelopes, signage, business cards and name tags.

The miscellaneous account line item consists of bank fees of \$2,500 and \$100,000 in in-kind contributions to the Partnership for a Livable Roanoke Valley project (funded by HUD). In March of 2013, the Commission was notified that HUD had mistakenly allowed grantees to allow as match, funds from other federally funded programs. The in-kind amount was reduced to \$33,455 when the federal match was deducted.

The Commission hired several consultants to assist with program development and implementation this fiscal year:

- AECOM was paid \$114,450 to develop a framework and strategies for the Partnership for a Livable Roanoke Valley.
- The Council of Community Services was paid \$52,147 to assist with facilitation, public engagement through summits, committee meetings, visioning meetings, and public focus groups as a part of the work of the Partnership for a Livable Roanoke Valley.
- Louis Berger & Associates was paid \$100,731 for their work on the Implementation Plan for the Roanoke River TMDL. This work was undertaken with the Department of Environmental Quality.
- ACCESS was paid \$22,000 to develop an enhanced website presence for the Commission and work on the RIDEsolutions website redesign Phase II.
- New River Valley PDC was paid \$30,059 for their work with the RideSolutions program in the New River Valley.
- Virginia's Region 2000 was paid \$32,882 for their work with the RideSolutions program in the Lynchburg area.
- Trillium Solutions was paid \$9,545 to implement and maintain the Google transit feed system for Valley Metro, College Express, Star Trolley, Smart Way commuter bus, Smart Connector bus service to Lynchburg and the Mountain Express.
- TJ Willard & Assoc was paid \$25,000 for strategy development and workshop facilitation in support of the Partnership for a Livable Roanoke Valley.

The contract service line item was under spent \$262,444. This was due to Berger & Associates not spending \$88,896, AECOM not spending \$124,510, the Council of Community Services not spending \$19,853, TJ Willard and Associates was paid \$25,000 in the previous year and the RIDESolutions program did not spend \$5,000.

Utilities were under budget due to the conservation efforts of the staff to reduce energy usage by promoting energy efficiency throughout the Commission building.

The Commission paid off the balance on the building loan in the amount of \$36,510.

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

The capital assets in the governmental funds consist of computer equipment and furniture. The capital assets in the proprietary fund consist of land and office building.

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### **Economic Factors and Future Outlook**

Presently, management of the Commission is not aware of any other significant changes in conditions that would have a significant effect on the financial position or on the activities of the Commission in the near future.

### **Contacting the Commission's Financial Management Staff**

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission's Director of Finance at 313 Luck Avenue, SW Roanoke, Virginia 24016-5013, telephone 540-343-4417, or at [odooley@rvarc.org](mailto:odooley@rvarc.org).

**Roanoke Valley-Alleghany Regional Commission**  
**Statement of Net Assets**  
**June 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 467,458
Due from grantors	213,578
Due from contracts	13,550
Prepaid expenses	2,626
Capital assets, net	252,344
Total Assets	\$ 949,556
<b>LIABILITIES</b>	
Accounts payable	\$ 53,400
Deferred revenue	11,517
Accrued annual leave	44,395
Total Liabilities	109,312
<b>NET ASSETS</b>	
Investment in capital assets	252,344
Reserve for capital improvements	15,000
Unrestricted	572,900
Total Net Assets	840,244
Total Liabilities and Net Assets	\$ 949,556

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**Roanoke Valley-Alleghany Regional Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Total
Governmental activities				
General government and administration	\$ 91,856	\$ -	\$ -	\$ (91,856)
Projects	1,471,342	1,338,667	286,682	154,007
Total Governmental Activities	1,563,198	1,338,667	286,682	62,151
	General revenues			
	Investment earnings			887
				63,038
				777,206
				\$ 840,244

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**Roanoke Valley-Alleghany Regional Commission  
Balance Sheet  
Governmental Fund  
June 30, 2013**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 467,458
Due from grantors	213,578
Due from contracts	13,550
Prepaid expenses	2,626
Total Assets	\$ 697,212
<b>LIABILITIES</b>	
Accounts payable	\$ 53,400
Deferred revenue	11,517
Total Liabilities	64,917
<b>FUND BALANCE</b>	
Reserve for capital improvements	15,000
Unrestricted	617,295
Total Fund Balance	632,295
Total Liabilities and Fund Balance	\$ 697,212

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Reconciliation of fund balances on the balance sheet for governmental funds to net assets of governmental funds on the statement of net assets:

Fund Balances - total governmental funds	\$ 632,295
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Amounts reported for governmental activities in the statement of net assets are different because:

Compensated absences, are not due and payable in the current period and therefore are not reported in the funds	(44,395)
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	252,344
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Net Assets of Governmental Activities	\$ 840,244
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**Roanoke Valley-Alleghany Regional Commission**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2013**

Revenue	
Grants and appropriations	
Federal grants	\$ 915,645
State grants and appropriations	381,979
Local grants and appropriations	253,737
Other revenue	
Miscellaneous and interest	74,875
Total Revenues	<u>1,626,236</u>
Expenditures	
Salaries	634,985
Contract services	399,573
Fringe benefits	251,629
Advertising	65,049
Miscellaneous	32,453
Travel	26,605
Maintenance	22,053
Computer services	16,784
Supplies	15,870
Dues and subscriptions	12,013
Meetings	10,657
Utilities	9,853
Public Relations	8,919
Legal and accounting	8,912
Printing	7,089
Telephone	6,208
Lease payments	6,120
Conferences	5,867
Training	5,687
Insurance	4,180
Postage	3,127
Capital outlay	2,520
Furniture and equipment	1,198
Library and maps	442
Debt service	45,019
Total Expenditures	<u>1,602,812</u>
Excess of Revenues over Expenditures	23,424
Fund Balance - Beginning of Year	<u>608,871</u>
Fund Balance - End of Year	<u>\$ 632,295</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Net Changes in Fund Balances - Total Governmental Funds	\$ 23,424
Capital outlays are reported as expenditures in the government funds. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. In the current period these amounts are:	
Capital outlay	2,520
Depreciation Expense	(10,543)
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the government funds.	
Principal payments on long term debt	42,962
Decrease in compensated absence liability	<u>4,675</u>
Change in net assets reported on the Statement of Activity	<u>\$ 63,038</u>

# ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies of the Roanoke Valley-Alleghany Regional Commission (the “Commission”) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant policies.

#### **A. The Financial Reporting Entity**

The Commission is a multi-jurisdictional entity created for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements in its district. The Commission draws its corporate powers from Virginia Code section 15.1-1404 which defines it as a body corporate and politic. The Commission consists of 36 members who are appointed by and serve at the pleasure of the eleven member governments.

#### **B. Financial Statement Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities.

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.

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

Separate fund financial statements are provided for governmental fund. The governmental fund is reported on separate balance sheet and statement of revenues, expenditures, and change in fund balances.

#### **C. Basis of Accounting**

The accounting and reporting policies of the Commission relating to the accompanying basic financial 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).

# ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

#### **C. Basis of Accounting (Continued)**

The Commission's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Under the modified 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 ninety 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.

#### **D. Budgets/Legal Compliance**

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

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

#### **E. Cash and Cash 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 Commission's money market funds was \$283,410, the checking account balance was \$59,685 and a certificate of deposit had a \$124,213 balance.

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**E. Cash and Cash Equivalents (Continued)**

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 risk as the interest rates are adjusted daily.

**F. Property and Equipment**

The Commission records property and equipment at cost for all items exceeding \$1,000 and provides for depreciation using the straight-line method over the useful lives of the assets. Maintenance and repairs are charged to earnings.

The estimated lives are as follows:

Buildings and improvements	30 years
Furniture and other equipment	5 years
Computer equipment	2 years

**G. Estimates**

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

**NOTE 2 – CAPITAL ASSETS**

Property, plant and equipment purchased are stated at cost. Depreciation for Propriety Fixed Assets has been provided over estimated useful lives of 30 years for buildings and their improvements, and 5 years for furniture and equipment.

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ <u>43,240</u>	\$ _____	\$ _____	\$ <u>43,240</u>
Total capital assets not being depreciated	<u>43,240</u>	_____	_____	<u>43,240</u>
Capital Assets being depreciated				
Office equipment	5,931	-	-	5,931
Building	<u>484,556</u>	<u>2,520</u>	<u>(8,684)</u>	<u>478,392</u>
Total capital assets being depreciated	<u>490,487</u>	<u>2,520</u>	<u>(8,684)</u>	<u>484,323</u>
Less accumulated depreciation for:				
Office Equipment	(1,557)	(974)	-	(2,531)
Building	<u>(271,893)</u>	<u>(9,569)</u>	<u>8,684</u>	<u>(272,688)</u>
Total accumulated depreciation	<u>(273,350)</u>	<u>(10,543)</u>	<u>8,684</u>	<u>(275,219)</u>
Governmental activities capital assets, net	<u>\$260,367</u>	<u>\$ (8,023)</u>	<u>\$ _____</u>	<u>\$252,344</u>

**NOTE 3 – COMPENSATED ABSENCES**

The Commission has accrued the liability arising from outstanding compensated absences. Commission employees earn sick leave at the rate of 9 days per year, 15 days per year after 5 years of service. A maximum of 60 days of sick leave may be accumulated. No benefits or pay is received for unused sick leave upon termination. Commission employees earn 3 days of personal leave after 1 year of service. No benefits or pay is received for unused personal leave upon termination.

Commission employees' annual leave is based on the number of years of service as follows:

1 - 4 years of service	12 days per year
5 - 9 years of service	15 days per year
10 - 14 years of service	18 days per year
15 - 20 years of service	21 days per year
After 20 years of service,	1 day for each year of service

Accumulated annual leave up to a maximum of 30 days is paid upon termination. The Commission has outstanding accrued annual leave pay totaling \$44,395 in the current liabilities of the General Fund at the end of the fiscal year. The Commission reports accrued compensated absences in the General Fund, and the related cost is included in the Indirect Cost Allocation Pool.

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – LEASES**

In February 2010, the Commission entered into a 60 month operating lease agreement with Wells Fargo Financial Leasing, Inc. for a copier. Lease payments are \$510 per month. Future minimum lease under non-cancelable operating leases as of June 30, 2013 are:

<u>Year ended June 30</u>	
2014	\$ 6,120
2015	<u>4,080</u>
Total	<u>\$10,200</u>

The Commission’s lease expense for operating leases for the year ended June 30, 2013 was \$6,120.

**NOTE 5 – LONG-TERM DEBT**

Long-term debt activity for the year ended June 30, 2013 was as follows:

Balance July 1, 2012	Principal Payments	Balance June 30, 2013
<u>\$36,510</u>	<u>\$36,510</u>	<u>\$ -</u>

**NOTE 6 – ALLOCATION OF INDIRECT COSTS**

The Commission has entered into various agreements to assist the management of various projects and grants. The Commission charges for direct costs incurred plus a portion of indirect costs. Indirect costs are allocated on the ratio of the individual project’s personnel services, including fringe benefits, to total personnel, including fringe benefits. The indirect cost rate for the year ended June 30, 2013 was 43.69% and is calculated as follows:

Indirect costs	<u>\$317,059</u>
Total personnel, including fringe benefits	\$725,765 = 43.69%

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – ALLOCATION OF FRINGE BENEFITS**

Fringe benefit expenditure is allocated using the percentage of benefits to total personnel services. Components of fringe benefit expenditure for the year ended June 30, 2013 and the allocation computation are as follows:

Fringe Benefits	
Health insurance premiums	\$139,608
Social security	40,925
Retirement contributions	48,033
Life and disability insurance	11,077
Workers compensation insurance	1,400
State unemployment insurance	<u>586</u>
Fringe benefits expenditures	<u>\$251,629</u>
Total personnel services	\$630,310 = 39.92%

**NOTE 8 – EMPLOYER’S DEFERRED COMPENSATION PLAN AND TRUST**

The Commission offers this plan to employees in order to provide retirement income and other deferred benefits in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986 as amended. Employer and participant must pay social security tax on the amount of the deferred compensation. Benefits accrue as follows:

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

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – RISK MANAGEMENT**

The Commission is a member of the Virginia Municipal Liability Pool (VML). The Commission has automobile coverage, local government liability, coverage for no fault property damage, property coverage and crime coverage.

Liability Coverage	\$1,000,000 Combined Single Limit
No Fault Property Damage	\$10,000
Uninsured Motorist Coverage	\$25,000 Bodily Injury per Person \$50,000 Bodily Injury per Accident \$20,000 Property Damage
Property Coverage	\$1,341,200
Business Interruption	\$100,000
Fidelity Bond	\$100,000 Per Occurrence

**NOTE 10 – CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, which may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. At June 30, 2013, there were no matters of litigation involving the Commission that would materially affect the financial position of the Commission.

**NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through September 26, 2013, the date which the financial statements were available to be issued.

**Roanoke Valley-Alleghany Regional Commission**  
**Cost Allocation by Project**  
**For the Year Ended June 30, 2013**

	<u>Total</u>	<u>General Operations</u>	<u>ARC 2013</u>	<u>ARC 2012</u>	<u>VDOT PL</u>	<u>VDOT SPR</u>	<u>VDRPT Trans</u>	<u>VDRPT TMP</u>	<u>VDRPT TEIF</u>	<u>Sustainable Communitites</u>	<u>Save- A-Ton</u>	<u>EDA CEDS</u>	<u>Regional Projects</u>	<u>Leadership Trips</u>	<u>Contracts</u>
<b>Revenues:</b>															
Federal contributions	\$ 915,645	\$ -	\$ 32,695	\$ 30,256	\$ 356,171	\$ 58,000	\$ 70,422	\$ -	\$ -	\$ 284,663	\$ -	\$ 83,438	\$ -	\$ -	\$ -
State contributions	381,979	75,971	-	-	44,521	-	8,802	12,000	220,685	-	-	20,000	-	-	-
Local contributions	253,737	(4,412)	32,694	31,509	44,522	15,811	10,965	3,000	32,818	11,716	4,562	-	70,552	-	-
Interest income	887	887	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract income	22,354	-	-	-	-	-	-	-	22,354	-	-	-	-	-	-
In-Kind income	37,938	-	-	-	-	-	-	-	-	37,938	-	-	-	-	-
Miscellaneous income	13,696	-	-	-	-	-	-	-	-	-	-	-	11,895	416	1,385
<b>Total revenues</b>	<b>1,626,236</b>	<b>72,446</b>	<b>65,389</b>	<b>61,765</b>	<b>445,214</b>	<b>73,811</b>	<b>90,189</b>	<b>15,000</b>	<b>275,857</b>	<b>334,317</b>	<b>4,562</b>	<b>103,438</b>	<b>82,447</b>	<b>416</b>	<b>1,385</b>
<b>Expenditures:</b>															
Salaries and wages	518,693	-	32,602	30,050	221,446	36,713	44,526	-	70,351	39,154	1,496	1,346	41,009	-	-
Fringe benefits	207,070	-	13,008	12,003	88,406	14,656	17,776	-	28,085	15,631	597	537	16,371	-	-
Advertising	60,025	250	-	-	-	-	670	-	58,638	5,737	195	-	-	-	535
Conferences	850	-	-	-	-	-	-	-	850	-	-	-	-	-	-
Computer services	1,515	-	-	-	-	-	-	-	25	130	1,360	-	-	-	-
Consultants/contracts	399,521	-	-	-	-	-	-	15,000	70,641	213,148	-	100,732	-	-	-
Dues	3,758	2,000	-	-	-	-	-	-	1,758	-	-	-	-	-	-
In-Kind	29,888	-	-	-	-	-	-	-	-	29,888	-	-	-	-	-
Interest	2,057	2,057	-	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	2,890	1,406	-	-	-	-	-	-	877	607	-	-	-	-	-
Miscellaneous	556	56	-	-	-	-	-	-	-	-	-	-	-	-	500
Postage	595	-	-	-	-	-	-	-	595	-	-	-	-	-	-
Printing	4,192	3,555	-	-	-	-	-	-	637	-	-	-	-	-	-
Public Relations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	4,526	85	-	-	-	-	-	-	3,991	105	-	-	-	-	345
Training	20	-	-	-	-	-	-	-	20	-	-	-	-	-	-
Travel	9,982	-	-	1,193	-	-	-	-	2,385	5,983	-	-	-	416	5
Indirect costs	317,060	-	19,779	18,519	135,362	22,442	27,217	-	43,003	23,934	914	823	25,067	-	-
<b>Total expenditures</b>	<b>\$ 1,563,198</b>	<b>\$ 9,409</b>	<b>\$ 65,389</b>	<b>\$ 61,765</b>	<b>\$ 445,214</b>	<b>\$ 73,811</b>	<b>\$ 90,189</b>	<b>\$ 15,000</b>	<b>\$ 275,856</b>	<b>\$ 334,317</b>	<b>\$ 4,562</b>	<b>\$ 103,438</b>	<b>\$ 82,447</b>	<b>\$ 416</b>	<b>\$ 1,385</b>

**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  
Roanoke Valley-Alleghany 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, the financial statements of governmental activities, the business-type, activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Roanoke Valley-Alleghany Regional Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Roanoke Valley-Alleghany Regional Commission's basic financial statements, and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

Management of Roanoke Valley-Alleghany Regional Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Roanoke Valley-Alleghany Regional Commission's internal control over financial reporting to determine the audit procedures that are appropriate in circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley-Alleghany Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Roanoke Valley-Alleghany Regional Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

September 26, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Commissioners  
Roanoke Valley-Alleghany Regional Commission:

Report on Compliance for Each Major Federal Program

We have audited Roanoke Valley-Alleghany Regional Commission's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on Roanoke Valley-Alleghany Regional Commission's major federal programs for the year ended June 30, 2013. Roanoke Valley-Alleghany 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roanoke Valley-Alleghany Regional Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roanoke Valley-Alleghany Regional Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However our audit does not provide a legal determination of Roanoke Valley-Alleghany Regional Commission's compliance.

## Opinion on Each Major Program

In our opinion, Roanoke Valley-Alleghany 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, 2013.

## Report on Internal Control Over Compliance

Management of Roanoke Valley-Alleghany Regional Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roanoke Valley-Alleghany Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Roanoke Valley-Alleghany Regional Commission's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants  
Chantilly, Virginia

September 26, 2013

**Roanoke Valley-Alleghany Regional Commission  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

<u>Federal Program</u>		<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>Major Programs</b>			
Department of Transportation			
Pass-through Payments - Virginia Department of Transportation			
SPR Funds		20.205	\$ 58,000
PL Funds		20.205	<u>356,171</u>
			<u>414,171</u>
 <b>Other Federal Awards</b>			
Appalachian Regional Commission			
Contract No. VA-0711E-C42	2012	23.009	30,256
Contract No. VA-0711E-C43	2013	23.009	<u>32,695</u>
			<u>62,951</u>
 United States Environmental Protection Agency			
Roanoke River TMDL		66.605	83,438
		66.454	
 Department of Housing & Urban Development			
Sustainable Communities		14.703	284,663
 Department of Transportation			
Pass-through payments - Virginia Department of Rail and Public Transportation			
Section 5303 Funds (46013-11)		20.505	<u>70,422</u>
Total Federal Awards			<u>\$ 915,645</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Roanoke Valley - Alleghany Regional Commission. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

**Roanoke Valley-Alleghany Regional Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

Section I – Summary of Auditors’ Results

**Financial Statements**

Type of auditor’ s report issued: Unqualified

Internal control over financial reporting

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

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

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

**Federal Awards**

Internal control over major programs:

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

- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ Yes   X   No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ Yes   X   No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Transportation Planning

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

**ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION  
SCHEDULE OF INDIRECT EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013**

SALARIES	\$ 111,615
FRINGE BENEFITS	44,559
BUILDING MAINTENANCE	19,967
TRAVEL	17,041
COMPUTER SERVICES	15,268
SUPPLIES	12,019
UTILITIES	9,853
DEPRECIATION BUILDING	9,569
PUBLIC RELATIONS	8,919
AUDIT FEES	8,800
MEETINGS	7,766
PROFESSIONAL DUES	7,695
PRINTING	6,847
TELEPHONE	6,208
LEASES	6,120
TRAINING	5,667
CONFERENCES	5,017
INSURANCE-GENERAL	4,180
POSTAGE	2,533
FURNITURE AND EQUIPMENT MAINTENANCE	2,086
MISCELLANEOUS	1,593
ADVERTISING	1,074
FURNITURE AND EQUIPMENT DEPRECIATION	974
SUBSCRIPTIONS	560
FURNITURE AND EQUIPMENT	523
LIBRARY/MAPS	442
LEGAL FEES	113
CONSULTANTS	52
	<hr/>
TOTAL INDIRECT COSTS	<u><u>\$ 317,060</u></u>

**Roanoke Valley-Alleghany Regional Commission  
Statement of Revenues and Expenditures – ARC  
For the Period January 1, 2012 to December 31, 2012**

Appalachian Regional Commission  
Contract No. VA-0711E-C41

Revenues:

Federal grant contributions	\$ 60,814
Local contributions	<u>62,067</u>
<b>Total Revenues</b>	<b><u>122,881</u></b>

Expenditures:

Salaries and wages	61,110
Indirect costs	23,857
Fringe benefits	35,795
Direct costs	<u>2,119</u>
<b>Total Expenditures</b>	<b><u>122,881</u></b>
<b>Excess of revenues over expenditures</b>	<b>\$ <u>          </u> -</b>

**Roanoke Valley-Alleghany Regional Commission**  
**Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Initial Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>				
Grants and appropriations				
Federal grants	\$ 910,734	\$ 1,175,098	\$ 915,645	\$ (259,453)
State grants and appropriations	365,198	365,198	381,979	16,781
Local grants and appropriations	254,189	252,189	253,737	1,548
Other revenue				
Miscellaneous and interest	130,211	135,461	74,875	(60,586)
Total Revenues	<u>1,660,332</u>	<u>1,927,946</u>	<u>1,626,236</u>	<u>(301,710)</u>
<b>Expenditures</b>				
Salaries	660,562	634,234	630,310	3,924
Fringe benefits	255,935	250,868	251,629	(761)
Insurance	4,000	4,000	4,180	(180)
Supplies	7,800	7,800	15,870	(8,070)
Postage	5,000	5,000	3,127	1,873
Dues and subscriptions	16,500	16,500	12,013	4,487
Printing	13,000	13,000	7,089	5,911
Public relations	2,000	12,000	8,919	3,081
Training	8,000	9,000	5,687	3,313
Telephone	7,000	7,000	6,208	792
Travel	24,114	25,436	26,605	(1,169)
Legal and accounting	9,350	9,350	8,912	438
Conferences	6,500	6,500	5,867	633
Furniture and equipment	5,500	5,500	1,198	4,302
Maintenance	28,000	28,000	22,053	5,947
Miscellaneous	102,500	102,500	32,453	70,047
Advertising	60,797	60,797	65,049	(4,252)
Recruitment	500	500	-	500
Meetings	9,500	12,000	10,657	1,343
Library and maps	500	500	442	58
Contract services	376,430	662,017	399,573	262,444
Computer services	15,952	15,952	16,784	(832)
Utilities	14,000	12,000	9,853	2,147
Lease payments	6,500	6,500	6,120	380
Interest	4,200	3,092	2,057	1,035
Principal payments on notes	5,892	7,000	42,962	(35,962)
Depreciation	10,300	10,900	10,543	357
Total Expenditures	<u>1,660,332</u>	<u>1,927,946</u>	<u>1,606,160</u>	<u>321,786</u>
Net gain - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,076</u>	<u>\$ -</u>
Reconciliation of financial statements prepared under generally accepted accounting principles				
Net gain - budgetary basis			\$ 20,076	
Effect of recording principal payments as expenses in budget			<u>42,962</u>	
Net income under generally accepted accounting principles			<u>\$ 63,038</u>	