



Roanoke Valley-Alleghany

REGIONAL
commission

rvarc.org

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October 24, 2023

MEMORANDUM

TO: Executive Committee Members, RVARC

FROM: Jeremy Holmes, Executive Director

SUBJ: Executive Committee Meeting Scheduled for November 6, 2023 at 11:30 a.m.

I would like to call a meeting of the Regional Commission's Executive Committee on Monday, November 6, 2023 at 11:30 a.m. The meeting will be in person and held at the RVARC office, in the RVARC board room. Lunch will be served. The following items will be discussed by the Executive Committee:

AGENDA

1. Consent Agenda:
 - a. Minutes of the September 14, 2023 meeting, pp. 2 - 4
2. FY23 RVARC Audit Presentation by Corbin Stone, pp. 5 - 38
3. Other Business

Please let Virginia Mullen (vmullen@rvarc.org) know if you will be able to attend. I hope you can attend the meeting.



MINUTES

The September Executive Committee Meeting of the Roanoke Valley-Alleghany Regional Commission was held on Thursday, September 14, 2023 at 11:30 a.m. at Roanoke Valley-Alleghany Regional Commission office located at 313 Luck Ave., SW, Roanoke, VA.

1. CALL TO ORDER AND WELCOME

Chairman Phil North called the meeting to order at 11:30 a.m.

Roanoke Valley-Alleghany Regional Commission Executive Committee Members: Present: Phil North, Roanoke County; Dean Martin, Roanoke County; Mayor Grose, Town of Vinton; Billy Martin, Botetourt County and Steve Clinton, Botetourt County.

OTHERS/GUESTS IN ATTENDANCE

Roanoke Valley-Alleghany Regional Commission Staff: Jeremy Holmes and Sherry Dean.

2. APPROVAL OF CONSENT AGENDA

Mr. Billy Martin motioned, Mr. Phil North made a second and the consent agenda was approved by voice vote.

3. SERDI Assessment

Mr. Holmes reported the Commission will be working with the Southeast Regional Directors Institute (SERDI) for a strategic planning process to help determine services, goals and vision. SERDI will complete surveys and interviews with board members and outside stakeholders. The process will start around January and should take three months to complete and should be done about the time the Commission annual work plan development starts and we can use the results help make sure our work plan is aligned with the priorities that come out of the strategic plan. The total cost for SERDI to assist with the strategic plan is \$5,000 plus their travel to send staff here. The Executive Committee and board will guide the direction of the strategic planning process. This cost has been already been included in our FY24 budget under Strategic Plan.



Mayor Grose noted from the last SERDI Assessment the interviewer stated how important it is for the interviewees to be completely candid or the process doesn't work as well.

4. **FY25 Dues**

Mr. North reported inflation on a \$1.00 from January 2019 to today is .22 cents therefore the \$1.20 dues Mr. Holmes is requesting are right in the range, if not are two cents too low. Mr. Holmes reported the Commission has not had a dues increase in four years. In prior years, there were small increases every year or two to bring the dues up to \$1.00. The recession in 2009 caused the dues to be reduced and then paused, but with in the most recent years working back up to the \$1.00 rate.

The locality dues and DHCD funds are the only funds the Commission has to meet matches on grants. The ARC and EDA grants each require a 50% match on their funds which is about \$70,000 for each of those grants the Commission has to match with local funds. Most other grants have some 20-50% match and, what the Commission doesn't use for match, is what we use for flexible planning projects and analysis that is not tied to one of our federal grant programs. Grants only allow you to do certain things with the funding they provide. The 20% dues increase will allow us to cover the cost of inflation and forecasted salary increases based on cost of living we would expect for the next five years at least.

Mr. North noted the dues increase wouldn't take place until July of 2025 so that would give localities time to plan for the increase.

Mr. Holmes noted in some years the Commission dues have decreased as locality populations have decreased even though, in the years that dues have gone up, some populations have decreased which caused dues to decrease. Any additional local dues are funding for additional local projects. As an equivalent neighbor, New River Valley PDC dues are \$1.39 and their model also charges a fee for service but they have a smaller population. The RVARC has never charged a fee for service, as locality service has been a part of our core work, but we can look at other pay structures if needed.

Mr. Billy Martin made motion to raise locality per capita dues to \$1.20 per capita for the next fiscal year, Mr. Dean Martin seconded. The motion passed on a voice vote.



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Mr. Dean Martin noted dues should be discussed each year. Mr. Holmes reported we can discuss it each year during the budget process. Mr. Holmes will mention this at the CAO lunch tomorrow and it will also have to go to the full board for approval.

5. BUILDING DISCUSSION

Mr. Holmes reported he handed out a staff report that is a summary of all the work done in the past couple of months on the building and deciding on remaining here and the investments and quality of life changes needed in the building. Also listed are the key capital improvements needed in the next ten years in priority order. The end of the report notes possible ways to fund the projects going forward. The first funding method being to always look for grants (such as energy efficient retrofitting), secondly we have about \$1.2 million in our investment reserves to use and can capitalize some of those costs to recoup them later. Also included is a one-time building assessment as part of the dues such as the chamber does to focus on one aspect of their business, although just approving a rate increase the Executive Committee may not want to approve another fee assessment. Mr. North noted that when you get into the costs that are over \$100,000 which is the conference room and elevator then you may want to talk to the CAOs about funding.

Mr. Holmes noted what is on the list is not in the budget as of yet, but the maintenance room plumbing and the lighting retrofit are needed first. There are going to be three quotes on the LED lighting but we only have one right now. Mr. Dean Martin recommended Shively Electric for their quality of work. Mr. North noted to make sure to change the "Cost" column on the Improvement Plan to say "Estimated Cost" so, if costs come in higher, in the future it will not be a surprise to the Chief Executive Officers.

MEETING ADJORNED

The meeting was adjourned at 12:28 p.m.

Submitted by:

Jeremy Holmes, Secretary,

Roanoke Valley-Alleghany Regional Commission

Member Governments: Counties of Alleghany, Botetourt, Craig, Franklin and Roanoke, Cities of Covington, Roanoke and Salem, Towns of Clifton Forge, Rocky Mount and Vinton



Communication with Those Charged with Governance

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

We have audited the financial statements of the governmental activities and the major fund of the Roanoke Valley - Alleghany Regional Commission for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 2, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Roanoke Valley - Alleghany Regional Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Roanoke Valley - Alleghany Regional Commission's financial statements was:

Management's estimate of depreciation expense is based on management's expectations regarding the useful service lives of assets placed in service. We evaluated the methods, assumptions, and data used to calculate depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the discount rate used in determining the fair value for lease related payables and intangible right-to-use lease assets is based on historical data. We have evaluated the key factors and assumptions used to develop the discount rate utilized by the Commission in determining that the value lease related payables and intangible right-to-use lease assets are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 11, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

We were engaged to report on the schedule of expenditures of federal awards which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Exhibits 8 through 10, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of members of the Board and management of the Roanoke Valley - Alleghany Regional Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
August 11, 2023

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Roanoke Valley - Alleghany Regional 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 financial position of the governmental activities and the major fund of the Roanoke Valley - Alleghany Regional Commission, as of and for the year ended June 30, 2023, and the respective changes in financial position, and thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roanoke Valley - Alleghany Regional Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

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

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

Required Supplementary Information

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

financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary 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 basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 relates 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 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 other information schedules as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023, on our consideration of Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
August 11, 2023

Management's Discussion and Analysis (MD&A)

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, 2023. Please read it in conjunction with the Commission's financial statements, which follow this section.

Overview of the Financial Statements

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

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

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

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

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

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

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition.

The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior year.

Government-Wide Financial Statements

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

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

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

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Financial Analysis

Summary Statement of Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and Other Assets	\$ 1,764,199	\$ 1,591,827
Capital Assets	232,028	225,682
Total Assets	<u>\$ 1,996,227</u>	<u>\$ 1,817,509</u>
Liabilities:		
Current Liabilities	\$ 505,146	\$ 457,570
Noncurrent Liabilities	8,256	9,492
Total Liabilities	<u>\$ 513,402</u>	<u>\$ 467,062</u>
Net Position:		
Investment in Capital Assets	\$ 232,028	\$ 225,682
Unrestricted	1,250,797	1,124,765
Total Net Position	<u>\$ 1,482,825</u>	<u>\$ 1,350,447</u>

The Summary Statement of Activities - Governmental Activities shows an increase of \$132,378.

Summary Statement of Revenues, Expenditures & Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues	\$ 1,858,614	\$ 1,440,258
General revenues	59,886	16,804
Total revenues	<u>\$ 1,918,500</u>	<u>\$ 1,457,062</u>
Expenses:		
Community development	\$ 1,786,122	\$ 1,327,448
Total expenses	<u>\$ 1,786,122</u>	<u>\$ 1,327,448</u>
Change in Net Position	\$ 132,378	\$ 129,614
Net Position, Beginning of Year	1,350,447	1,220,833
Net Position, End of Year	<u>\$ 1,482,825</u>	<u>\$ 1,350,447</u>

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

Revenues and Carryover Balances

The Commission continues to spend down the City of Roanoke allocated \$390,000 of American Rescue Plan funding for Roanoke Valley Collective Response. The funds will be used to promote mental health and substance addiction treatment through November 2024.

The Commission was also awarded a four-year \$1.4 million Substance Abuse and Mental Health Services Administration Center for Substance Abuse Treatment grant to further the work, of the Roanoke Valley Collective Response, by providing resources to first responders and the community through a peer recovery network to assist and prevent opioid overdoses and support treatment and recovery.

The Commission continues to spend down the \$2,000,000 of grant funds provided by Virginia Housing to partner with developers, in the region, to build a minimum of 20 housing units targeted for low to moderate income individuals at 80% of the area medium income or below. The funding will be used through June 2025.

The Commission was awarded regional transportation planning funding from Virginia Department of Transportation (VDOT), for Metropolitan Planning Organization (MPO) activities in the amount \$593,451, VDOT Rural Transportation funding of \$58,000 and Virginia Department of Rail and Transportation funds of \$189,400. The Commission matches each funding stream, as required, with local funds. MPO funds not used in a fiscal year carry forward to the fiscal year following the next current fiscal year. This allows for adjustments to plans as the need arises.

The Commission has completed two years of the three year U.S. Economic Development Administration (EDA) planning and technical assistance grant funds in FY2023. Each year, of the funding, provides \$70,000 of funds from EDA and the Commission matches the funds at \$70,000 as well, for a total of \$140,000 funding per year.

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

The Virginia Department of Rail and Public Transportation (VDRPT) provides funding support for the RIDE Solutions' Transportation Demand Management program. Funding in FY2023 for this program was \$154,633, with the Commission providing a \$38,658 grant match.

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

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

The per capita dues paid to the Commission by its member governments remained at \$1.00 for FY2023. Dues paid by the localities at \$1.00 per capita were as follows: Alleghany County \$11,668, Botetourt County \$33,596, Clifton Forge \$3,555, Covington \$5,737, Craig County \$4,892, Franklin County \$49,574, Town of Rocky Mount \$4,903, City of Roanoke \$100,011, County of Roanoke \$88,870, City of Salem \$25,346 and Town of Vinton \$8,059 for total dues in the amount of \$336,211.

The Regional Commission received, from localities in the urbanized area that are covered by the Roanoke Valley Transportation Planning Organization, \$0.15 per capita to assist with 10 percent of the required match for federal transportation planning funds. Per capita funds received were as follows: Bedford County \$240, Botetourt County \$2,845, Montgomery County \$201, Roanoke County \$12,585, City of Roanoke \$15,002, City of Salem \$3,802, and the Town of Vinton \$1,209 for total dues in the amount of \$35,884.

Expenditures

As the Commission has not been at full budgeted staff capacity for part of the year, the salaries and fringes costs came in under budget by \$206,246.

Travel expense was under budget by \$25,098, as well due to being understaffed and online training and meetings continuing post-covid.

Computer Services were under budget by \$20,412 by holding off on more PC replacements and the search for more cost-effective boardroom monitor equipment.

Contract Services were under budget by \$926,742 largely due to the Virginia Housing (\$708,208) contractors delays for additional unforeseen improvements and supply chain issues and transportation underspent of \$196,877 as a set aside for future long-range plan work.

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

Capital Asset and Debt Administration

Capital assets include the Commission's building, computer equipment and furniture. There were no significant changes to capital assets during the fiscal year aside from depreciation charges and installing walls, doors and new lighting on the top floor.

In the current and prior fiscal year, the Commission was debt free and there are no current plans to pursue additional debt but the potential for new debt could exist if it is determined the building needs additional immediate maintenance or upgrades.

Economic Factors and Future Outlook

The Commission continues to partner with many regional agencies to provide services across a broad range of issues.

Contacting the Commission's Financial Management Staff

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

Basic Financial Statements

Roanoke Valley - Alleghany Regional Commission
Statement of Net Position
June 30, 2023

		<u>Governmental Activities</u>
ASSETS		
Cash and cash equivalents	\$	1,359,355
Accounts receivable		438
Grants receivable		383,014
Prepaid items		21,392
Capital assets:		
Land		113,240
Capital assets, net of accumulated depreciation/amortization		118,788
Total capital assets		<u>232,028</u>
Total assets	\$	<u>1,996,227</u>
LIABILITIES		
Accounts payable	\$	199,194
Accrued payroll		35,473
Unearned revenue		244,111
Noncurrent liabilities:		
Due within one year		26,368
Due in more than one year		8,256
Total liabilities	\$	<u>513,402</u>
NET POSITION		
Investment in capital assets	\$	232,028
Unrestricted		1,250,797
Total net position	\$	<u><u>1,482,825</u></u>

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

Roanoke Valley - Alleghany Regional Commission
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
<u>Functions/Programs</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Primary Government Activities	
Primary Government:				
Governmental activities:				
Community Development	\$ 1,786,122	\$ 30,422	\$ 1,828,192	\$ 72,492
Total primary government	\$ 1,786,122	\$ 30,422	\$ 1,828,192	\$ 72,492
General revenues:				
Unrestricted revenues from use of money and property			\$	45,865
Miscellaneous			\$	14,021
Total general revenues			\$	59,886
Change in net position			\$	132,378
Net position - beginning				1,350,447
Net position - ending			\$	1,482,825

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

Roanoke Valley - Alleghany Regional Commission
 Balance Sheet
 Governmental Fund
 At June 30, 2023

ASSETS	<u>General Fund</u>
Current assets:	
Cash and cash equivalents	\$ 1,359,355
Accounts receivable	438
Grants receivable	383,014
Prepaid items	<u>21,392</u>
Total assets	<u><u>\$ 1,764,199</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 199,194
Accrued payroll	35,473
Unearned revenue	<u>244,111</u>
Total liabilities	<u>\$ 478,778</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 21,392
Unassigned	<u>1,264,029</u>
Total fund balances	<u>\$ 1,285,421</u>
Total liabilities and fund balances	<u><u>\$ 1,764,199</u></u>

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

Roanoke Valley - Alleghany Regional Commission
 Reconciliation of the Balance Sheet of Governmental Fund
 To the Statement of Net Position
 June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet	\$	1,285,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		232,028
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(32,311)
Lease liability		(2,313)
		(34,624)
Net position of governmental activities	\$	1,482,825

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

Roanoke Valley - Alleghany Regional Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2023

	<u>General Fund</u>
Revenues:	
Grants and appropriations:	
Federal grants	\$ 993,537
State grants and appropriations	446,362
Local grants and appropriations	388,293
Contract services	30,422
Miscellaneous	14,021
Interest income	<u>45,865</u>
 Total revenues	 \$ <u>1,918,500</u>
 Expenditures:	
Current:	
Community Development	\$ <u>1,791,000</u>
 Total expenditures	 \$ <u>1,791,000</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ 127,500
 Fund balance, beginning of year	 <u>1,157,921</u>
 Fund balance, end of year	 \$ <u><u>1,285,421</u></u>

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

Roanoke Valley - Alleghany Regional Commission
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Fund
 To the Statement of Activities
 For the Year Ended June 30, 2023

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

Net change in fund balances - governmental fund	\$	127,500	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.			
Capital outlays	\$	18,521	
Depreciation/amortization expense		(12,175)	6,346
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
(Increase) decrease in compensated absences	\$	(3,593)	
(Increase) decrease in net lease liability		2,125	<u>(1,468)</u>
Change in net position of governmental activities	\$		<u><u>132,378</u></u>

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

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

The Commission is a multi-jurisdictional entity created for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements in its district. The Commission draws its corporate powers from Virginia Code section 15.1-1404 which defines it as a body corporate and politic. The Commission consists of 30 members who are appointed by and serve at the pleasure of the eleven member governments.

B. Government-wide and fund financial statements

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

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

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

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

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

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

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

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

The Commission reports the following major governmental fund:

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

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

1. *Cash and Cash Equivalents*

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

2. *Allowance for Uncollectible Accounts*

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

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

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

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

3. *Capital assets*

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

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

Assets	Years
Office Equipment	2-5
Buildings and improvements	30
Lease Assets	
Office Equipment	5

4. *Compensated Absences*

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

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

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

Accumulated annual leave up to a maximum of 30 days is paid upon termination. The Commission has outstanding accrued annual leave pay totaling \$32,311 at the end of the fiscal year.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

5. *Use of Estimates*

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

6. *Fund Equity Balance*

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

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

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

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

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

7. *Net Position*

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

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

8. *Net Position Flow Assumption*

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

9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any deferred outflows of resources as of June 30, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any deferred inflows of resources as of June 30, 2023.

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

10. *Leases*

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

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

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

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

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

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

Note 2-Stewardship, Compliance, and Accountability:

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

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

Note 3-Deposits and Investments:

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

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

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

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year	1-5 Years
Local Government Investment Pool	\$ 1,235,134	\$ 1,235,134	\$ -
Totals	\$ 1,235,134	\$ 1,235,134	\$ -

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

Note 3-Deposits and Investments: (Continued)

Credit Risk of Debt Securities: The Commission has not adopted an investment policy for credit risk. The Commission's rated debt investments as of June 30, 2023 were rated by Standard and Poor's rating scale and the ratings are presented below.

Commission's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 1,235,134

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

Note 4-Grants Receivable:

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

	Amount Due
Due from the Federal Government	\$ 234,949
Due from the State Government	146,291
Due from Local Governments	1,774
Total Grants Receivable	\$ 383,014

Note 5-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Commission for the year ended June 30, 2023.

	Balance				Balance		Amount Due
	July 1, 2022	Increases	Decreases		June 30, 2023		Within One Year
Compensated Absences	\$ 28,718	\$ 25,132	\$ (21,539)	\$	32,311	\$	24,233
Lease Liabilities	4,438	-	(2,125)	\$	2,313	\$	2,135
Total	\$ 33,156	\$ 25,132	\$ (23,664)	\$	34,624	\$	26,368

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

Note 6-Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciation:				
Land	\$ 113,240	\$ -	\$ -	\$ 113,240
Construction in progress	5,964	-	5,964	-
Total capital assets not being depreciated, net:	<u>\$ 119,204</u>	<u>\$ -</u>	<u>\$ 5,964</u>	<u>\$ 113,240</u>
Capital assets, being depreciated:				
Office equipment	\$ 21,774	\$ -	\$ -	\$ 21,774
Buildings and improvements	455,541	24,485	-	480,026
Total capital assets being depreciated	<u>\$ 477,315</u>	<u>\$ 24,485</u>	<u>\$ -</u>	<u>\$ 501,800</u>
Accumulated depreciation:				
Office equipment	\$ (11,190)	\$ (2,511)	\$ -	\$ (13,701)
Buildings and improvements	(364,087)	(7,532)	-	(371,619)
Total accumulated depreciation	<u>\$ (375,277)</u>	<u>\$ (10,043)</u>	<u>\$ -</u>	<u>\$ (385,320)</u>
Total capital assets being depreciated, net	<u>\$ 102,038</u>	<u>\$ 14,442</u>	<u>\$ -</u>	<u>\$ 116,480</u>
Leased assets, being amortized:				
Machinery and equipment	\$ 6,552	\$ -	\$ -	\$ 6,552
Total leased assets being amortized	<u>\$ 6,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,552</u>
Accumulated amortization:				
Machinery and equipment	\$ (2,112)	\$ (2,132)	\$ -	\$ (4,244)
Total accumulated amortization	<u>\$ (2,112)</u>	<u>\$ (2,132)</u>	<u>\$ -</u>	<u>\$ (4,244)</u>
Total leased assets being amortized, net	<u>\$ 4,440</u>	<u>\$ (2,132)</u>	<u>\$ -</u>	<u>\$ 2,308</u>
Capital assets, net	<u>\$ 225,682</u>	<u>\$ 12,310</u>	<u>\$ 5,964</u>	<u>\$ 232,028</u>

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

Note 7-Allocation of Indirect Costs:

The Commission has entered into various agreements to assist in the management of various projects and grants. The Commission charges for direct costs incurred plus a portion of indirect costs. Indirect costs are allocated on the ratio of the individual project's personnel services, including fringe benefits, to total personnel, including fringe benefits. The indirect cost rate for the year ended June 30, 2023 was 28.71% and was calculated as follows:

Indirect costs	\$ 287,187
Total direct personnel, including fringe benefits	<u>1,000,350</u>
Indirect cost rate	28.71%

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

Note 8-Leases:

On July 22, 2019, the Commission entered into a five-year lease agreement as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$6,552 during the previous fiscal year due to the implementation of GASB Statement No. 87. As of June 30, 2023, the value of the lease liability was \$2,313. The Commission is required to make monthly principal and interest payments of \$178. The lease has an interest rate of .48% (the Commission’s incremental borrowing cost). The equipment is being amortized over the useful life using the straight-line method. The value of the right-to-use asset as of the end of the current fiscal year was \$6,552 and had accumulated amortization of \$4,244.

The future principal and interest payments as of June 30, 2023 were as follows:

For the Year Ended June 30,	Principal	Interest
2023	\$ 2,135	\$ 6
2024	178	-
Totals	\$ 2,313	\$ 6

Note 9-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$244,111 is comprised of the following:

Coronavirus State and Local Fiscal Recovery Funds - Unspent Coronavirus State and Local Fiscal Recovery Funds received during the current fiscal year totaling \$162,594.

Miscellaneous Projects - Funding received in advance and carried over for use in the next fiscal year from various sources totaling \$81,517.

Note 10-Litigation:

At June 30, 2023, there were no matters of litigation involving the Commission which would materially affect the Commission’s financial position should any court decision on pending matters not be favorable to the Commission.

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ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

Note 11-Allocation of Fringe Benefits:

Fringe benefit expenditure is allocated using the percentage of benefits to total personnel services. Components of fringe benefit expenditure for the year ended June 30, 2023 and the allocation computation are as follows:

Fringe Benefits:	
Health insurance premiums	\$ 153,378
Social security	68,052
Retirement contributions	38,891
Life & disability insurance	12,485
State unemployment insurance	225
Workers compensation premium	497
Total Fringe Benefits	\$ 273,528
Total Personnel Services	872,824
Allocation rate	31.34%

Note 12-Deferred Contribution Plan:

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

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

All assets are maintained by MissionSquare; therefore, there are no assets accumulated in a trust fund. The Commission's required and actual contribution was \$38,891 for the fiscal year ending June 30, 2023.

Note 13-Contingent Liabilities:

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

ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

Note 14-Risk Management:

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

Liability Coverage	\$1,000,000 per occurrence
No Fault Property Damage	\$10,000 per occurrence
Auto Coverage	\$1,000,000 Combined Single Limit
Property Coverage	\$1,802,146
Business Interruption	\$1,000,000
Fidelity Bond	\$500,000 per occurrence
Computer Fraud	\$25,000 per occurrence
Worker's Compensation	\$1,000,000 per occurrence
Cyber Coverage	\$250,000 per occurrence

Note 15-Upcoming Pronouncements:

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

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

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

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

Required Supplementary Information

Roanoke Valley - Alleghany Regional Commission
 Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
 Budget and Actual
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Grants and appropriations:				
Federal grants	\$ 1,133,374	\$ 1,518,607	\$ 993,537	\$ (525,070)
State grants and appropriations	1,289,537	1,294,043	446,362	(847,681)
Local grants and appropriations	395,586	443,348	388,293	(55,055)
Contractual services	26,538	32,538	30,422	(2,116)
Miscellaneous	32,834	47,728	14,021	(33,707)
Interest income	900	14,000	45,865	31,865
	<u>2,878,769</u>	<u>3,350,264</u>	<u>1,918,500</u>	<u>(1,431,764)</u>
Total revenues	\$ 2,878,769	\$ 3,350,264	\$ 1,918,500	\$ (1,431,764)
Expenditures:				
Community Development:				
Salaries	\$ 944,157	\$ 1,020,528	\$ 871,527	\$ 149,001
Fringe benefits	304,346	330,773	273,528	57,245
Insurance	5,200	5,200	4,900	300
Supplies	19,000	27,429	22,801	4,628
Postage	2,000	2,000	689	1,311
Subscriptions	4,625	4,625	576	4,049
Dues	14,000	14,000	16,676	(2,676)
Printing	2,150	1,150	604	546
Training	10,133	10,133	5,600	4,533
Telephone	9,000	9,971	6,664	3,307
Travel	47,441	48,936	23,838	25,098
Legal and accounting	27,600	27,600	18,130	9,470
Conferences	11,475	11,475	7,065	4,410
Furniture and fixtures	13,500	13,500	13,155	345
Miscellaneous	3,100	3,100	1,905	1,195
Advertising	43,500	43,500	38,277	5,223
Recruitment	1,000	1,600	6,859	(5,259)
Meetings	9,800	9,800	9,418	382
Computer services	46,191	46,391	25,979	20,412
Utilities	13,500	13,500	14,993	(1,493)
Contract services	1,040,380	1,296,774	370,032	926,742
Capital outlays	13,550	14,590	18,521	(3,931)
Building maintenance	30,000	36,000	37,121	(1,121)
Operating lease payments				
Principal	2,125	2,125	2,125	-
Interest	17	17	17	-
	<u>2,617,790</u>	<u>2,994,717</u>	<u>1,791,000</u>	<u>1,203,717</u>
Total expenditures	\$ 2,617,790	\$ 2,994,717	\$ 1,791,000	\$ 1,203,717
Excess (deficiency) of revenues over (under) expenditures	\$ 260,979	\$ 355,547	\$ 127,500	\$ (228,047)
Fund balance, beginning of year	-	-	1,157,921	1,157,921
Fund balance, end of year	<u>\$ 260,979</u>	<u>\$ 355,547</u>	<u>\$ 1,285,421</u>	<u>\$ 929,874</u>

GAAP serves as the Commissions budgetary basis of accounting.

Other Information

Roanoke Valley - Alleghany Regional Commission
 Schedule of Indirect Expenses
 For the Year Ended June 30, 2023

Salaries	\$	111,164
Fringe Benefits		34,837
Audit Fees		12,100
Building Maintenance		37,121
Computer Services		18,604
Conferences		464
Depreciation Physical Assets		9,006
Depreciation Computer Equipment		1,037
Furniture and Equipment		2,732
Furniture and Equipment Maintenance		9,198
Insurance-General		4,900
Leases		4,722
Legal Fees		428
Miscellaneous		55
Postage		638
Professional Dues		7,686
Subscriptions		476
Supplies		7,054
Telephone & Internet		6,303
Training		2,619
Travel		1,050
Utilities		14,993
		<hr/>
Total Indirect Expenses	\$	<u><u>287,187</u></u>

Roanoke Valley-Alleghany Regional Commission
Cost Allocation by Project
For the Year Ended June 30, 2023

	Total	General Operations	ARC 22-23	EDA 23	VOOT PL	VOOT SPR	VDRPT Trns	VDRPT Ridesolutions	Chesapeake Bay	ARP ACT	SAHSA	Virginia Housing	Regional Bike Coordination	HUD Bus Shelters	Virginia Environmental Endowment	Broadband Authority	Commuter Sponsorships	Rte River Blueway	Regional Projects	WVREA	Arbor Day Mini-Grant	
Revenues:																						
Federal contributions	\$ 993,537	\$ -	\$ 78,035	\$ 70,000	\$ 236,498	\$ 37,405	\$ 221,050	\$ -	\$ 54,902	\$ 114,439	\$ 135,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions	446,362	-	-	-	30,313	-	19,305	121,780	-	-	-	154,737	-	-	22,806	-	-	-	-	89,971	-	7,450
Local contributions	388,293	73,412	77,720	70,123	35,884	9,356	35,969	30,445	13,725	-	-	-	17,889	-	-	-	-	8,390	15,180	-	-	-
Interest income	45,865	45,865	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract income	30,422	1,538	-	-	-	-	-	-	-	-	-	-	-	-	-	3,884	-	-	-	-	-	25,000
Miscellaneous income	14,024	12,864	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,057	-	-	-	-	-
Total revenues	\$ 1,918,500	\$ 133,979	\$ 155,755	\$ 140,123	\$ 302,695	\$ 46,781	\$ 276,324	\$ 152,225	\$ 68,627	\$ 114,439	\$ 135,698	\$ 154,737	\$ 17,889	\$ 45,490	\$ 22,806	\$ 3,884	\$ 1,057	\$ 8,390	\$ 105,151	\$ 25,000	\$ -	\$ 7,450
Expenditures:																						
Salaries and wages	\$ 761,660	\$ 254	\$ 88,061	\$ 80,799	\$ 138,590	\$ 26,682	\$ 101,386	\$ 51,592	\$ 37,917	\$ 64,210	\$ 65,262	\$ 17,919	\$ 8,177	\$ 4,910	\$ 4,050	\$ 1,973	\$ 591	\$ 3,951	\$ 56,629	\$ 8,707	\$ -	\$ -
Fringe benefits	238,690	(110)	27,743	25,321	45,631	8,362	31,773	16,168	11,927	20,122	20,492	5,616	2,562	1,539	1,269	618	185	1,238	17,746	2,728	-	-
Advertising	38,277	-	-	625	1,794	-	1,126	33,977	-	-	-	-	-	-	-	-	955	-	-	-	-	-
Computer services	7,375	443	-	-	24	-	-	4,791	180	845	220	-	-	-	-	44	-	321	150	357	-	-
Contract services	368,136	-	634	-	49,099	-	101,000	22,294	-	50	21,742	118,835	-	37,190	15,960	-	-	1,372	375	-	-	-
Dues & subscriptions	9,090	3,215	1,750	-	2,195	-	-	1,555	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & equipment	1,225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	5,602	540	-	-	-	-	-	-	-	-	-	5,062	-	-	-	-	-	-	-	-	-	-
Meetings	9,418	7,768	-	-	-	-	-	-	-	917	84	120	-	-	-	-	529	-	-	-	-	-
Miscellaneous	1,849	1,710	-	-	-	-	-	-	-	-	75	-	-	-	-	-	14	-	-	50	-	-
Postage	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	-	-	-
Printing	604	499	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruitment	6,858	-	-	-	-	-	-	-	-	2,279	28	-	-	-	-	-	-	-	-	-	-	-
Supplies	15,746	74	47	-	4,951	-	-	-	-	1,080	2,211	-	-	-	-	-	-	-	-	-	-	-
Telephone	362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Training	2,993	-	-	-	142	-	57	654	-	-	362	-	-	-	-	-	-	-	-	-	-	-
Travel	22,788	4,431	3,698	2,563	1,642	1,281	1,861	1,253	-	725	525	29	-	-	-	-	-	18	1,998	-	-	-
Conferences	5,918	1,185	-	350	1,698	395	892	-	-	-	-	399	-	-	-	-	-	-	-	799	-	-
Indirect costs	287,187	(712)	33,823	30,465	52,256	10,061	38,228	19,453	14,485	24,211	24,607	6,757	3,083	1,851	1,527	744	223	1,490	21,352	3,283	-	-
Total expenditures	\$ 1,783,817	\$ 19,297	\$ 155,756	\$ 140,123	\$ 295,622	\$ 46,781	\$ 276,323	\$ 152,113	\$ 64,509	\$ 114,439	\$ 135,698	\$ 154,737	\$ 17,889	\$ 45,490	\$ 22,806	\$ 3,379	\$ 2,789	\$ 8,390	\$ 105,151	\$ 15,075	\$ -	\$ 7,450

Roanoke Valley - Alleghany Regional Commission
 Statement of Revenues and Expenditures - ARC
 For the Period of January 1, 2022 to December 31, 2022

Appalachian Regional Commission
 Contract No.: VA-711-E-C52-22

Revenues:

Federal grant contributions	\$	68,420
Local contributions		68,420

Total revenues	\$	136,840
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Expenditures:

Salaries and wages	\$	77,949
Fringe benefits		24,991
Supplies		47
Travel		3,102
Indirect costs		30,751

Total expenditures	\$	136,840
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Excess (deficiency) of revenues over (under) expenditures	\$	-
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COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and the each major fund of the Roanoke Valley - Alleghany Regional Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Roanoke Valley - Alleghany Regional Commission's basic financial statements and have issued our report thereon dated August 11, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia

August 11, 2023



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Roanoke Valley - Alleghany 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 the Roanoke Valley - Alleghany Regional Commission's major federal programs for the year ended June 30, 2023. The Roanoke Valley - Alleghany Regional Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 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; 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 responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Roanoke Valley - Alleghany Regional Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Roanoke Valley - Alleghany 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 control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the's federal programs.

Auditors' 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 the Roanoke Valley - Alleghany 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 the 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 judgment made by a reasonable user of the report on compliance about the Roanoke Valley - Alleghany 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 the 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 the Roanoke Valley - Alleghany Regional Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Roanoke Valley - Alleghany 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley - Alleghany 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 and any 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 a 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 Auditors' 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 based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
August 11, 2023

Roanoke Valley - Alleghany Regional Commission

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-Thru to Subrecipients
APPALACHIAN REGIONAL COMMISSION:				
Direct payments:				
Appalachian Local Development District Assistance	23.009	Not applicable	\$ 78,035	
Total Appalachian Regional Commission			<u>\$ 78,035</u>	
DEPARTMENT OF COMMERCE:				
Direct payments:				
Economic Development Support for Planning Organizations	11.302	Not applicable	\$ 70,000	
Total Department of Commerce			<u>\$ 70,000</u>	
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct payments:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Total Department of Health and Human Services	93.243	Not applicable	\$ 135,698	\$ 21,742
			<u>\$ 135,698</u>	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Pass through payments from:				
<i>City of Roanoke, Virginia:</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants	14.218	Not available	\$ 45,490	
Total Department of Housing and Urban Development			<u>\$ 45,490</u>	
DEPARTMENT OF TRANSPORTATION:				
Pass through payments from:				
<i>Virginia Department of Motor Vehicles:</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	46023-10/46023-53	\$ 221,050	
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	UPC 0000121501/UPC 0000121484	\$ 273,923	
Total Department of Transportation			<u>\$ 494,973</u>	
DEPARTMENT OF TREASURY:				
Pass through payments from:				
<i>City of Roanoke, Virginia:</i>				
American Rescue Plan Act:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 114,439	
Total Department of Treasury			<u>\$ 114,439</u>	
ENVIRONMENTAL PROTECTION AGENCY:				
Pass through payments from:				
<i>Virginia Department of Environmental Quality:</i>				
Chesapeake Bay Program	66.964	17213/17331	\$ 54,902	
Total Environmental Protection Agency			<u>\$ 54,902</u>	
Total Expenditures of Federal Awards			<u>\$ 993,537</u>	<u>\$ 21,742</u>

Notes to Schedule of Expenditures of Federal Awards:

Note A--Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Roanoke Valley-Alleghany Regional Commission under programs of the federal government for the year ended June 30, 2023. The information in the 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 operations of the Roanoke Valley-Alleghany Regional Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Roanoke Valley-Alleghany Regional Commission.

Note B--Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying number are presented where available.

Note C--De Minimis Cost Ratio:

The Roanoke Valley-Alleghany Regional Commission has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$287,187 claimed as an indirect cost recovery using an approved indirect cost rate of 27.71 percent.

Note D--Relationship to the Financial Statements:

Grant and appropriations: Federal grants per Exhibit 5 of the financial statements \$ 993,537

Roanoke Valley - Alleghany Regional Commission

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' 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)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.