



Central Shenandoah Planning District Commission Financial Report

June 30, 2024

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

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INTRODUCTORY SECTION

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

DIRECTORY OF COMMISSIONERS

June 30, 2024

COMMISSIONERS

Butch Wells, Augusta County	Frank Friedman, Chair, Lexington
Pam Carter, Augusta County	Jay Lewis, Rockbridge County
Julia Hensley, Augusta County	Chris Slaydon, Rockbridge County
Lynn Ellen Black, Bath County	Lelia Longcor, Rockingham County
Tyson Cooper, Buena Vista	Kim Sandum, Rockingham County
Laura Dent, Harrisonburg	Rachel Salatin, Rockingham County
Monica Robinson, Harrisonburg	Amy Darby, Staunton
Adam Fletcher, Harrisonburg	Sharon Angle, Staunton
Henry Budzinski, Vice Chair, Highland County	Terry Short, Treasurer, Waynesboro

APPOINTED OFFICIALS

Ann Cundy	Executive Director
Donnie Kern	Finance Director

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Central Shenandoah Planning District Commission (the "Commission") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Central Shenandoah Planning District Commission, as of June 30, 2024, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 is 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 introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 9, 2024

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BASIC FINANCIAL STATEMENTS

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CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF NET POSITION

June 30, 2024

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents (Note 2)	\$ 1,195,224
Investments (Note 2)	1,510,986
Cash and cash equivalents restricted (Note 2)	124,367
Receivables (Note 3)	2,809,109
Prepays	19,663
Capital assets: (Note 5)	
Nondepreciable	1,692,716
Depreciable, net	<u>2,700,251</u>
Total assets	<u>10,052,316</u>
LIABILITIES	
Accounts payable and accrued liabilities	908,972
Accrued payroll and related liabilities	91,688
Unearned revenues	2,926,762
Noncurrent liabilities: (Note 6)	
Due within one year	66,473
Due in more than one year	<u>274,172</u>
Total liabilities	<u>4,268,067</u>
DEFERRED INFLOWS OF RESOURCES	
Leases (Note 7)	<u>218,232</u>
Total deferred inflows of resources	<u>218,232</u>
NET POSITION	
Net investment in capital assets	4,092,116
Restricted for debt service (Notes 1 and 2)	40,201
Restricted for Central Shenandoah Development Corporation (Notes 1 and 2)	42,083
Unrestricted	<u>1,391,617</u>
Total net position	<u><u>\$ 5,566,017</u></u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions/Programs	Primary Government - Governmental Activities				
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and Contributions	
Governmental activities					
Economic and community development	\$ 6,252,196	\$ 236,219	\$ 6,009,762	\$ 719,597	\$ 713,382
Interest on long-term debt	10,069	-	-	-	(10,069)
Total governmental activities	\$ 6,262,265	\$ 236,219	\$ 6,009,762	\$ 719,597	\$ 703,313

General revenues:

Unrestricted revenue from the use of money and property	\$ 185,064
Other	100
Total general revenues and transfers	<u>185,164</u>
Change in net position	888,477
NET POSITION AT JULY 1	<u>4,677,540</u>
NET POSITION AT JUNE 30	<u><u>\$ 5,566,017</u></u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
ASSETS							
Cash and cash equivalents (Note 2)	\$ 717,084	\$ 18,187	\$ 88,043	\$ -	\$ -	\$ 371,910	\$ 1,195,224
Investments (Note 2)	818,119	-	-	-	-	692,867	1,510,986
Cash and cash equivalents restricted (Notes 1 and 2)	124,367	-	-	-	-	-	124,367
Receivables (Note 3)	519,896	13,718	23,082	106,827	52,384	2,093,202	2,809,109
Prepaid items	18,934	-	-	-	-	729	19,663
Due from other funds (Note 4)	497,019	-	-	-	-	-	497,019
Total assets	<u>\$ 2,695,419</u>	<u>\$ 31,905</u>	<u>\$ 111,125</u>	<u>\$ 106,827</u>	<u>\$ 52,384</u>	<u>\$ 3,158,708</u>	<u>\$ 6,156,368</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 375,301	\$ 114	\$ 660	\$ 28,497	\$ 1,721	\$ 502,679	\$ 908,972
Accrued payroll and related liabilities	79,705	1,246	1,451	1,187	3,075	5,024	91,688
Unearned revenues	696,472	-	5,640	18,947	32,184	2,173,519	2,926,762
Due to other funds (Note 4)	-	30,545	103,374	58,196	15,404	289,500	497,019
Total liabilities	<u>1,151,478</u>	<u>31,905</u>	<u>111,125</u>	<u>106,827</u>	<u>52,384</u>	<u>2,970,722</u>	<u>4,424,441</u>
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	218,232	218,232
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-	-	-	218,232	218,232
Fund balances (deficit):							
Nonspendable:							
Prepays	18,934	-	-	-	-	729	19,663
Restricted:							
Debt service (Notes 1 and 2)	40,201	-	-	-	-	-	40,201
Central Shenandoah Development Corporation (Notes 1 and 2)	42,083	-	-	-	-	-	42,083
Transit facility future capital	-	-	-	-	-	34,552	34,552
Committed:							
Capital improvement	255,091	-	-	-	-	-	255,091
Development	136,608	-	-	-	-	-	136,608
Paid time off	120,708	-	-	-	-	-	120,708
Assigned:							
Transportation services	-	-	-	-	-	(65,527)	(65,527)
Unassigned	<u>930,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,316</u>
Total fund balances (deficit)	<u>1,543,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,246)</u>	<u>1,513,695</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,695,419</u>	<u>\$ 31,905</u>	<u>\$ 111,125</u>	<u>\$ 106,827</u>	<u>\$ 52,384</u>	<u>\$ 3,158,708</u>	<u>\$ 6,156,368</u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2024

Ending fund balances – governmental funds	\$ 1,513,695
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.

Nondepreciable capital assets	\$ 1,692,716	
Depreciable capital assets, net	<u>2,700,251</u>	
		4,392,967

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(39,794)	
Leases	(11,624)	
Subscription liabilities	(111,479)	
Long-term debt	<u>(177,748)</u>	
		<u>(340,645)</u>

Total net position – governmental activities	\$ <u>5,566,017</u>
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CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
REVENUES							
Assessments	\$ 223,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,917
Charges for services	154,567	-	-	-	-	93,351	247,918
Intergovernmental - State and Local	844,937	61,900	51,629	71,163	45,341	1,156,418	2,231,388
Intergovernmental - Federal	1,217,885	61,900	51,629	284,653	181,365	2,476,622	4,274,054
Revenues from the use of money and property	57,369	-	-	-	-	127,695	185,064
Other	-	-	-	-	-	100	100
Total revenues	2,498,675	123,800	103,258	355,816	226,706	3,854,186	7,162,441
EXPENDITURES							
Current:							
Economic and community development	2,289,579	124,654	127,858	355,816	226,706	2,975,246	6,099,859
Capital outlay	12,000	-	-	-	-	1,055,218	1,067,218
Debt service:							
Principal retirement	39,456	-	-	-	-	31,256	70,712
Interest and other fiscal charges	10,069	-	-	-	-	-	10,069
Total expenditures	2,351,104	124,654	127,858	355,816	226,706	4,061,720	7,247,858
Excess (deficiency) of revenues over(under) expenditures	147,571	(854)	(24,600)	-	-	(207,534)	(85,417)
OTHER FINANCING SOURCES (USES)							
Issuance of leases and subscription liabilities	-	-	-	-	-	142,735	142,735
Transfers in (Note 4)	-	854	24,600	-	-	-	25,454
Transfers out (Note 4)	(25,454)	-	-	-	-	-	(25,454)
Total other financing sources (uses)	(25,454)	854	24,600	-	-	142,735	142,735
Net change in fund balances	122,117	-	-	-	-	(64,799)	57,318
FUND BALANCES AT JULY 1	1,421,824	-	-	-	-	34,553	1,456,377
FUND BALANCES AT JUNE 30	\$ 1,543,941	\$ -	\$ -	\$ -	\$ -	\$ (30,246)	\$ 1,513,695

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances – total governmental funds	\$ 57,318
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Amounts reported for governmental activities in the statement of activities are different because:

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	1,067,218
Depreciation and amortization expense	(160,585)

In the Statement of Activities, only the gain or loss on the sale or disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the property sold or disposed.	804
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The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes current financial resources of governmental funds.
Neither transaction, however, has an effect on net position.

Issuance of leases and subscription liabilities	(142,735)
Lease payments	8,503
Principal payments	30,953
Subscription liability payments	31,256

Revenues in the funds that do not provide current financial resources are not reported as revenues in the statement of activities.	(11,699)
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Long-term compensated absences are reported in the statement of activities but they do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds.	7,444
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Change in net position of governmental activities	<u><u>\$ 888,477</u></u>
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CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Central Shenandoah Planning District Commission (the “Commission”) operates as an agent for the Counties of Augusta, Bath, Highland, Rockbridge, and Rockingham; the Towns of Bridgewater, Broadway, Craigsville, Dayton, Elkton, Glasgow, Goshen, Grottoes, Monterey, Mt. Crawford, and Timberville; and the Cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro in the establishment and operation of Community Improvement Projects, Local Planning Assistance, and Public Transit Systems all activities that improve the economic and community development goals of each participating locality.

B. Government-Wide and Fund Financial Statements

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Revenues from local sources consist primarily of assessments and grants. Assessments are recognized when susceptible to accrual. Federal, state, and local grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from grants are considered to be available if they are collected within one year 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.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Commission reports the following major governmental funds:

The *general fund* is the Commission's primary operating fund. It accounts for and reports all financial resources of the commission, except those required to be accounted for and reported in another fund.

Special revenue funds account and report for the proceeds of the specific revenue sources that are legally restricted to expenditures. The special revenue funds are the Appalachian Regional Commission Fund, the Economic Development Administration Fund, the Harrisonburg-Rockingham Metropolitan Planning Organization Fund, the Staunton-Augusta-Waynesboro Metropolitan Planning Organization Fund, and the Public Transit Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less when purchased. All certificates of deposit, regardless of maturity, are considered to be cash and cash equivalents.

E. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include intergovernmental grants.

The Commission does not have an allowance for uncollectible accounts as historically there has not been difficulty in collecting payments. Management believes any allowance would be immaterial.

F. Restricted Cash and Cash Equivalents

Amounts held for debt service reserves are reported as restricted investments. Restricted investments at June 30, 2024, was \$40,201 as required by Rural Development, the lender.

Additionally, \$42,083 is reported as restricted cash, which is held by a 501(c)3 not-for-profit entity called Central Shenandoah Development Corporation. This not-for-profit entity was created solely to apply for various federal grants and is included as part of the general fund.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$2,500 and a useful life of more than one year. The Public Transit Fund capitalizes assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over an estimated useful life of five to seven years for furniture and equipment and thirty-nine years for buildings.

H. Unearned Revenues

The Commission receives matching amounts from member localities. These funds are based on budgets and grant matching requirements and were not earned as of year-end.

I. Deferred Inflows of Resources

Governmental funds report revenues that are unavailable as deferred inflows of resources. Availability of revenues is defined at Note 1C. These amounts are deferred and recognized as revenue in the period the amounts become available.

Lease-related amounts are recognized at the inception of leases in which the Commission is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

J. Compensated Absences

The Commission has policies, which allow for the accumulation and vesting of limited amounts of annual leave, sick time, and holidays until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

K. Long-Term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. Long-term debt generally consists of a note payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as an expenditure.

L. Net Position/Fund Balance

Net position in government-wide financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

Fund balance is divided into five classifications based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the governmental fund.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – 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** – Amounts constrained to specific purposes by the Commission, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Commission intends to use for a specified purpose; intent can be expressed by the governing body.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

L. Net Position/Fund Balance (Continued)

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 of commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Restricted Resources

When 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.

N. Minimum Fund Balance Policy

Governmental funds of the Commission do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Commission.

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds.

P. Post-Retirement Health Benefits

The Commission allows retirees to participate in the Commission's medical insurance plan through the Local Choice. Since employees must be 65 in order to retire from the Commission, they are eligible to participate in the Medicare supplement plan. The Commission does not participate in the cost of premiums for retirees and there is no impact on the cost of premiums for current employees.

Q. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2. Deposits and Investments

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) or 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 Federal Deposit Insurance Corporation (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. Accordingly, all deposits are considered fully collateralized.

Restricted cash consists of debt service held in a reserve account, as well as cash held by a not-for-profit entity that was created to apply to various federal grants.

Investments:

Statutes authorize the Commission to invest in obligations of the United States of America 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 and certain corporate notes, banker’s acceptances, repurchase agreements, and the Virginia Investment Pool (“VIP”). The VIP is not registered with the SEC, but is overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Commission’s position in the pool is the same as the value of the pool shares.

The Commission has no investment policies that would further limit its investment choices.

The Commission holds deposits in the VIP consisting of the Stable NAV Liquidity Pool. This VIP pool includes short-duration, high-quality, and fixed income securities. The NAV Pool offers a competitive yield with a stable net asset value, and daily liquidity, which is ideal for managing operating funds. The NAV pool is rated AAAM by Standard and Poor’s. At June 30, 2024, all investments were held in VIP.

As of June 30, the Commission had the following deposits and investments:

Investments: VIP	\$ 1,510,986
Deposits	<u>1,319,591</u>
Total deposits and investments	<u>\$ 2,830,577</u>
Statement of Net Position:	
Cash and cash equivalents	\$ 1,195,224
Investments	1,510,986
Cash and cash equivalents, restricted	<u>124,367</u>
Total statement of net position	<u>\$ 2,830,577</u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 3. Receivables

Receivables are as follows:

Federal grants	\$ 1,949,319
State grants	535,935
Leases (Note 7)	231,428
Other	<u>92,427</u>
Total receivables	<u><u>\$ 2,809,109</u></u>

Note 4. Interfund Activity and Transfers

Interfund balances are the result of short-term cash flow needs or services provided by the general fund that have not been reimbursed by special revenue funds. Due to/from balances between the funds consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General	\$ 497,019	\$ -
Appalachian Regional Commission	-	30,545
Economic Development Administration	-	103,374
HRMPO	-	58,196
SAWMPO	-	15,404
Public Transit	<u>-</u>	<u>289,500</u>
	<u><u>\$ 497,019</u></u>	<u><u>\$ 497,019</u></u>

Transfers balances between the funds consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 25,454
Appalachian Regional Commission	854	-
Economic Development Administration	<u>24,600</u>	<u>-</u>
	<u><u>\$ 25,454</u></u>	<u><u>\$ 25,454</u></u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 721,697	\$ -	\$ -	\$ 721,697
Construction in process	109,000	862,019	-	971,019
Total capital assets, not depreciated	830,697	862,019	-	1,692,716
Capital assets, depreciated:				
Buildings	3,463,824	12,000	-	3,475,824
Furniture and equipment	210,129	50,464	-	260,593
Total capital assets, depreciated	3,673,953	62,464	-	3,736,417
Less accumulated depreciation:				
Buildings	877,449	101,576	-	979,025
Furniture and equipment	161,532	21,043	-	182,575
Total accumulated depreciation	1,038,981	122,619	-	1,161,600
Total capital assets, depreciated, net	2,634,972	(60,155)	-	2,574,817
Lease assets:				
Equipment	2,414	-	(2,414)	-
Vehicles	24,537	-	-	24,537
Less accumulated amortization	(7,090)	(9,419)	3,218	(13,291)
Total lease assets, amortized, net	19,861	(9,419)	804	11,246
Subscription assets	-	142,735	-	142,735
Less accumulated amortization	-	(28,547)	-	(28,547)
Total subscription assets, amortized, net	-	114,188	-	114,188
Total capital assets, net	<u>\$ 3,485,530</u>	<u>\$ 906,633</u>	<u>\$ 804</u>	<u>\$ 4,392,967</u>

Depreciation is included as part of economic and community development expenditures on the Statement of Activities.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable:					
Rural Housing Service	\$ 208,701	\$ -	\$ (30,953)	\$ 177,748	\$ 32,473
Leases	20,127	-	(8,503)	11,624	8,039
Subscription liabilities	-	142,735	(31,256)	111,479	25,961
Compensated absences	47,238	-	(7,444)	39,794	-
Total governmental activities	<u>\$ 276,066</u>	<u>\$ 142,735</u>	<u>\$ (78,156)</u>	<u>\$ 340,645</u>	<u>\$ 66,473</u>

Details of outstanding long-term debt are as follows:

On June 28, 1999, the Commission issued a note payable secured by a deed of trust. The note is being repaid in monthly installments of \$3,350, including interest at 4.75%. The note matures May 2029.

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	Note Payable		Leases		Subscriptions	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 32,473	\$ 7,727	\$ 8,039	\$ 371	\$ 25,961	\$ 5,295
2026	34,050	6,150	3,585	79	27,194	4,062
2027	35,703	4,497	-	-	28,486	2,770
2028	37,436	2,764	-	-	29,838	1,417
2029	38,086	939	-	-	-	-
	<u>\$ 177,748</u>	<u>\$ 22,077</u>	<u>\$ 11,624</u>	<u>\$ 450</u>	<u>\$ 111,479</u>	<u>\$ 13,544</u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 7. Leases and Subscription Based Information Technology Arrangements

Commission as Lessee

The Commission entered into two three-year vehicle leases, both with monthly payments of \$365.

For purposes of discounting future payments on the leases, the Commission used the interest rate (4.75%) to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 5.

Commission as Lessor

The Commission, as a lessor, has entered into lease agreements involving land and building space. The Commission entered into a five-year lease for transit facility space beginning in May 2022 and terminating May 2027. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$64,255.

During 2018, the Commission entered into a three-year operating lease in which the Commission would lease office space located at 112 MacTanly Place. As the lessor, the Commission would receive monthly rental payments that would increase by 3% each year. In March 2021, the lease was extended for an additional three years, set to terminate in March 2024. Rental revenue of \$8,640 was received for the year ended June 30, 2024, including lease revenue and interest revenue. A new lease was signed for a one year term only and is excluded from lease revenue and receivables.

The Commission contracted to purchase land located at 240 North Lewis Street, Staunton, Virginia during fiscal year 2021. Prior to the sale, the City of Staunton, Virginia, had entered into a commercial lease agreement with the prior lessor to use parking space on the land. This agreement was re-assigned to the Commission effective April 20, 2021, for a period of five years. Starting in July 2021, the lessee pays monthly rent to the Commission of \$917 per month, which will increase annually based on the Consumer Price Index. Rental income in the amount of \$9,813 was received by the Commission for fiscal year ending June 30, 2024. The lease is expected to expire in June 2026.

All three lessor agreements have an interest rate of 4.75%.

Subscription Based Information Technology Arrangements

Under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), subscription asset information is disclosed in Note 5, while the corresponding liabilities and maturity schedules are provided in Note 6.

In March 2024, the Commission entered into an agreement for the purchase of bus routing equipment which was capitalized (see Note 5). The agreement also includes a five-year mobile data collection system subscription. The discount rate used is the same noted above regarding leases.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 8. Retirement Plans

Defined Contribution Pension Plan

The Commission provides a defined contribution plan for all full-time employees administered by Empower. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Plan payments are based on basic annual compensation with contributions by the Commission and employees. The Commission matched 13.85% for the year ended June 30, 2024. Commission contributions for each employee are fully vested after three years of continuous service. Contributions for, and investment income forfeited by, employees who leave employment before three years of service are allocated to Plan participants. Employer contributions for the year ended June 30, 2024, were \$133,343 and employee contributions for the year ended June 30, 2024, were \$73,648.

457 Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all eligible Commission employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Commission matched 1% for the year ended June, 30 2024, given the condition of at least 2% employee deferral. Employer contributions for the year ended June 30, 2024, were \$8,809 and employee contributions for the year ended June 30, 2024, were \$84,248.

Note 9. Federal Transit Administration

The Commission was approved to oversee the Federal Transit Administration funds for Staunton-Augusta-Waynesboro MPO member localities beginning January 2014. The Commission has contracted with Virginia Regional Transit (VRT) to provide public transit service. A contract was signed on July 1, 2017 through June 2022, for a total of \$7,552,510. During 2024, the contract was extended through to June 30, 2026. The total paid to VRT during fiscal year 2024, is \$2,147,458 and is recorded in the Public Transit Fund.

Note 10. 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. To reduce insurance costs and the need for self-insurance, the Commission has joined with other Commissions and municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Commission is not self-insured.

The Commission has insurance coverage with VML Insurance Programs. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The Commission pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion that the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Commission's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Indirect Cost Allocation

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries and fringe benefits to total direct salaries and fringe benefits. The indirect cost rate for the year ended June 30, 2024, was 57.12%.

The rate was calculated as follows:

Indirect costs ÷	\$	556,863	
Direct chargeable salary & benefits	\$	974,896	= 57.12%

The following indirect costs have been used in the above calculations:

Salaries and benefits	\$	346,733
Accounting and auditing services		35,595
IT Services and subscriptions		22,193
Legal services		878
Repairs and maintenance		16,923
Printing		4,256
Advertising		1,918
Utilities		8,265
Telecommunications		17,713
Insurance (property, liability, etc.)		13,110
Travel, training, and meetings		28,408
Administrative costs		12,346
Dues and association memberships		4,287
Office supplies		4,161
Books and subscriptions		1,734
Other program costs		5,716
Depreciation expense		24,651
Interest payments on debt service		7,976
Total indirect costs	\$	<u>556,863</u>

Note 12. Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total chargeable salaries. The fringe benefit rate for the fiscal year ending June 30, 2024, was calculated as follows:

Fringe benefit expense ÷	\$	493,622	
Total chargeable salaries	\$	835,527	= 59.08%

Components of fringe benefit expense are:

Health, disability, and life insurance	\$	206,907
Medicare, social security, retirement		147,553
Unemployment tax, workers' comp. insurance		1,111
Value of release time including vac., sick, holiday		<u>138,051</u>
Total fringe benefit expense	\$	<u>493,622</u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Commitments and Contingencies

At June 30, the Commission had outstanding contractual commitments for grant funded transit projects totaling \$4,213,545. These commitments, where they do not create negative unassigned fund balance, are included in assigned fund balance in the governmental funds balance sheet.

Note 14. New Accounting Standards

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 223,917	\$ 223,917
Charges for services	-	-	154,567	154,567
Intergovernmental - State and Local	6,773,138	6,773,138	844,937	(5,928,201)
Intergovernmental - Federal	191,000	191,000	1,217,885	1,026,885
Revenues from the use of money and property	37,778	37,778	57,369	19,591
Total revenues	7,001,916	7,001,916	2,498,675	(4,503,241)
EXPENDITURES				
Current:				
Economic and community development	7,001,916	7,001,916	2,289,579	4,712,337
Capital Outlay	-	-	12,000	(12,000)
Debt service:				
Principal retirement	-	-	39,456	(39,456)
Interest and other fiscal charges	-	-	10,069	(10,069)
Total expenditures	7,001,916	7,001,916	2,351,104	4,650,812
OTHER FINANCING USES				
Transfers out	-	-	(25,454)	(25,454)
Net change in fund balance	\$ -	\$ -	\$ 122,117	\$ 122,117

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – APPALACHIAN REGIONAL COMMISSION FUND
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and local	\$ 52,248	\$ 52,248	\$ 61,900	\$ 9,652
Intergovernmental - Federal	112,248	112,248	61,900	(50,348)
Total revenues	164,496	164,496	123,800	(40,696)
EXPENDITURES				
Current:				
Economic and community development	164,496	164,496	124,654	39,842
Total expenditures	164,496	164,496	124,654	39,842
OTHER FINANCING SOURCES				
Transfers	-	-	854	854
Net change in fund balance	\$ -	\$ -	\$ -	\$ (1,708)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT ADMINISTRATION FUND
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and Local	\$ 94,600	\$ 94,600	\$ 51,629	\$ (42,971)
Intergovernmental - Federal	70,000	70,000	51,629	(18,371)
Total revenues	164,600	164,600	103,258	(61,342)
EXPENDITURES				
Current:				
Economic and community development	164,600	164,600	127,858	36,742
Total expenditures	164,600	164,600	127,858	36,742
OTHER FINANCING SOURCES				
Transfers	-	-	24,600	(24,600)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – HARRISONBURG-ROCKINGHAM MPO FUND
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and Local	\$ 89,856	\$ 89,856	\$ 71,163	\$ (18,693)
Intergovernmental - Federal	359,427	359,427	284,653	(74,774)
Total revenues	449,283	449,283	355,816	(93,467)
EXPENDITURES				
Current:				
Economic and community development	449,283	449,283	355,816	93,467
Total expenditures	449,283	449,283	355,816	93,467
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STAUNTON-AUGUSTA-WAYNESBORO MPO FUND
Year Ended June 30, 2024**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental - State and Local	\$ 67,348	\$ 67,348	\$ 45,341	\$ (22,007)
Intergovernmental - Federal	269,396	269,396	181,365	(88,031)
Total revenues	336,744	336,744	226,706	(110,038)
EXPENDITURES				
Current:				
Economic and community development	336,744	336,744	226,706	110,038
Total expenditures	336,744	336,744	226,706	110,038
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PUBLIC TRANSIT FUND
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 93,351	\$ 93,351
Intergovernmental - State and Local	1,446,702	1,446,702	1,156,418	(290,284)
Intergovernmental - Federal	2,759,917	2,759,917	2,476,622	(283,295)
Revenues from the use of money and property	82,375	82,375	127,695	45,320
Other	-	-	100	100
Total revenues	4,288,994	4,288,994	3,854,186	(434,808)
EXPENDITURES				
Current:				
Economic and community development	4,288,994	4,288,994	2,975,246	1,313,748
Capital outlay	-	-	1,055,218	(1,055,218)
Debt service:				
Principal retirement	-	-	31,256	(31,256)
Total expenditures	4,288,994	4,288,994	4,061,720	227,274
OTHER FINANCING SOURCES				
Issuance of leases	-	-	142,735	142,735
Net change in fund balance	\$ -	\$ -	\$ (64,799)	\$ (350,269)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2024

Note 1. Budgets and Budgetary Accounting

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

- 1) Prior to June 30th, the budget is approved by the Commission through passage of a resolution. The Commission may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
- 2) Formal budgetary integration is employed as a management control device during the year.
- 3) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 4) All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30th.

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

We have audited, 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, the financial statements of the governmental activities and each major fund of the Central Shenandoah Planning District Commission (the "Commission"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. **We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2024-003, to be a material weakness.**

Report on Internal Control over Financial Reporting (Continued)

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. **We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2024-001 and 2024-002, to be significant deficiencies.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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*.**

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's responses to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Commission'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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 9, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Central Shenandoah Planning District Commission's (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2024. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 documentation of the 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 Commission's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 judgement made by a reasonable user of the report on compliance about the Commission's compliance 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 risk 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 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 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 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 9, 2024

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY OF COMPLIANCE MATTERS

June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Commission's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Two significant deficiencies and one material weakness** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no findings relating to the major program tested**.
7. The programs tested as major were:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Federal Transit Cluster -Formula Grants (Urbanized Area Formula Program)	20.507
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The Commission was **not** determined to be a **low-risk auditee**.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001: Accounts Receivable Reconciliation (Significant Deficiency)

Condition:

Accounts receivable was not being properly reconciled to transit reimbursement requests. Additionally, there was no reconciliation to determine which expenditures had been requested for reimbursement, and if the reimbursement had been received.

Cause:

There was no established process or oversight requiring regular reconciliation between accounts receivable and transit reimbursement requests.

Effect:

The lack of reconciliations led to discrepancies in financial records, increasing the risk of reporting errors and uncollected funds.

Recommendation:

We recommend submitting reimbursement requests and reconciling accounts receivable monthly and by year end. This will ensure more accurate monthly financial reporting as well as improve grant management.

Views of Responsible Officials:

We agree with the auditor's noted deficiency. All asset, liability, and equity accounts should be reconciled monthly. In early October 2023 the CSPDC's Finance Director resigned from the position. Subsequently, the tenured Fiscal Technician also resigned in December 2023. This exodus of staff left CSPDC without a Finance Department and the ability to maintain current processes and procedures until these positions were filled in January of 2024. The accounts receivable for transit fund was reconciled at year-end in connection with this audit. The CSPDC will determine a reasonable reconciliation schedule of its ninety active asset, liability, and equity accounts with existing staff resources.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2024-002: System Access (Significant Deficiency)

Condition:

The finance Director has full administrative ability in QuickBooks to assign and change user roles. Additionally there is no process in place to ensure that only approved journal entries are entered.

Cause:

Lack of segregation of duties and not properly designed controls.

Effect:

Increased risk of undetected errors, misstatements, and potential fraud in financial reporting.

Recommendation:

We recommend that the Finance Director run the audit trail report of journal entries monthly and verify that each entry has documented support and approval. Finally, we recommend that any financial information presented to the Board should be reviewed and agreed back to the accounting records. This process would help mitigate issues with system access and lack of individual journal entry review.

Views of Responsible Officials:

We agree with the auditor's recommendations. In October of 2023, the CSPDC Finance Director became a part-time employee and carried out core functions to maintain CSPDC operations and assist with transitioning of the new Finance Director. The CSPDC prioritized core operations (payroll, benefits, AR/AP) over internal controls and was unable to maintain manual sign off/review of journal entries to support this review process. The CSPDC currently has all journal entries entered in QuickBooks under peer-review. Each journal entry is reviewed by someone other than the preparer and is manually signed indicating proper supporting documentation. Financial information presented to the Board is reviewed by the Executive Director and Treasurer of the CSPDC. The CSPDC assigns specific journal entry responsibilities to staff. The Finance Director reviews all accounts payable activities performed by the Accountant, and vice-versa.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2024-003: Financial Reporting (Material weakness)

Condition:

Material audit adjustments were proposed.

Cause:

Certain of these adjustments were related to transactions or determinations made by management that did not involve the proper accounting treatment.

Effect:

Proper accounting treatment was not followed during the fiscal year.

Recommendation:

We suggest management make the appropriate adjustments when misstatements have been identified. We also recommend implementing procedures such as review of transactions near year end to ensure that services received and rendered during the year have been appropriately reflected in accounts receivable, prepaid expenses, and accounts payable.

Views of Responsible Officials:

We agree with the auditor's comments. Due to turnover in the finance department during half the audit period, not all improvements documented in 2023 were continued for the full audit period; however controls like matching invoices to deposits to ensure incoming payments are applied to the correct program, and weekly coordination meetings with program managers to discuss active programs helped new finance staff learn our many programs and improved the accuracy of AR and AP processes. Additionally, program managers now generate their own invoices and copy finance staff so that finance has a record of AR and can book revenues to the correct account when bills are paid.

During the remainder of FY25 and into FY26 we will evaluate processes for re-instituting quarterly reconciliation of accounts receivable to further reduce the likelihood of misstatement.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Budget (Material Weakness)

Condition:

There was no formal fund level annual budget developed or approved.

Cause:

Financial reporting requirements to present fund level budgets were not followed.

Effect:

Fund level programs were not able to be monitored against budget, which could allow grants to be overspent or expenditures and time charged to grants to exceed what funding would allow.

Current status:

No longer applicable.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2023-002: Approval of Journal Entries (Significant Deficiency)

Condition:

Some journal entries lacked proper approval.

Cause:

Due to turnover, certain controls that had previously been established did not continue throughout the year.

Effect:

Some journal entries were made without any oversight.

Current status:

Still applicable. See updated comments at 2024-002.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2023-003: Financial Reporting (Material weakness)

Condition:

Multiple material audit adjustments were proposed.

Cause:

Certain of these adjustments were related to transactions or determinations made by management that did not involve the proper accounting treatment.

Effect:

Audit adjustments were required to ensure the financial statements are materially correct.

Current status:

Still applicable. See updated comments at 2024-003.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

C. FINDINGS – COMMONWEALTH OF VIRGINIA

None

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Granting Agency/Recipient State Agency	Assistance Listing Number	Pass-through Identification Number	Federal Expenditures
U.S. Environmental Protection Agency			
Pass-through payments:			
Department of Environmental Quality:			
Chesapeake Bay Program	66.466	17319	\$ 30,834
Chesapeake Bay Program	66.466	CTR022677	8,974
Total Environmental Protection Agency			<u>39,808</u>
U.S. Department of Commerce Economic Development Administration			
Direct payments:			
Economic Development Support for Planning Organizations	11.302	N/A	<u>51,629</u>
Total U.S. Department of Commerce Economic Development Administration			<u>51,629</u>
U.S. Department of Transportation			
Direct payments:			
Federal Transit Cluster:			
Federal Transit Formula Grants (Operating)	20.507	VA-2023-017	317,675
Federal Transit Formula Grants (Operating)	20.507	VA-2024-004	201,771
Federal Transit Formula Grants (CCOC)	20.507	VA-2023-017	123,668
Federal Transit Formula Grants (CCOC)	20.507	VA-2024-004	416,101
Federal Transit Formula Grants (Cap Purchases)	20.507	VA-2022-020	54,256
Bus and Bus Facilities Formula & Discretionary Programs	20.526	VA-2022-035	<u>665,341</u>
			1,778,812
Pass-through payments:			
Virginia Department of Transportation			
Highway Planning and Construction	20.205	UPC 0000121494	172,374
Highway Planning and Construction	20.205	UPC 0000121502	119,546
Highway Planning and Construction	20.205	UPC 0000121470	56,218
Department of Rail & Public Transportation			
Highway Planning and Construction	20.205	VA-2022-036	37,085
Highway Planning and Construction	20.205	VA-2023-027	75,207
Highway Planning and Construction	20.205	VA-2022-036	50,847
Highway Planning and Construction	20.205	VA-2023-027	10,959
Formula Grants for Rural Area (Operating)	20.509	VA-42524-14	348,493
Formula Grants for Rural Area (CCOC)	20.509	VA-42023-52	194
Formula Grants for Rural Area (CCOC)	20.509	VA-42024-64	319,022
Formula Grants for Rural Area (Cap Purchases)	20.509	VA-42021-61	30,102
Formula Grants for Rural Areas	20.509	VA-2023-027	<u>26,031</u>
Total U.S. Department of Transportation			<u>3,024,890</u>
Appalachian Regional Commission			
Direct payments:			
Appalachian Local Development District Assistance	23.009	N/A	<u>61,900</u>
Total Appalachian Regional Commission			<u>61,900</u>
Federal Emergency Management Agency			
Pass-through payments:			
Virginia Department of Emergency Management			
State Homeland Security Program	97.067	FEMA-DR-4644-VA-0002	<u>25,951</u>
Total Department of Emergency Management			<u>25,951</u>
U.S. Department of Homeland Security			
Pass-through payments:			
Department of Housing and Community Development			
HOME Investment Partnership Program	14.239	2022-2023 DPA	<u>61,000</u>
Total U.S. Department of Homeland Security			<u>61,000</u>
U.S. Department of Treasury			
Pass-through payments:			
Department of Housing and Community Development			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	VATISF# 2022-016	<u>1,008,876</u>
Total U.S. Department of Treasury			<u>1,008,876</u>
Total Expenditures of Federal Awards			<u>\$ 4,274,054</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

Note 2: Indirect Cost Rate

The entity did not elect to use the 10% de minimis indirect cost rate. Some awards include an approved negotiated rate.

Note 3: Outstanding Loan Balances

At June 30, 2024, the Commission had no outstanding loan balances requiring disclosure.