

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**

**FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2012**

---

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2012**

---

**TABLE OF CONTENTS**

---

**FINANCIAL SECTION**

---

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report .....		1-2
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Assets .....	1	3
Statement of Activities .....	2	4
Fund Financial Statements:		
Balance Sheet - Governmental Funds .....	3	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	4	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds .....	5	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6	8
Notes to Financial Statements .....		9-22
<b>Required Supplementary Information:</b>		
Individual Fund Statements and Schedules:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund .....	7	23-24
WIA Fund .....	8	25
Schedule of Pension and Other Post Employment Benefits Funding Progress.....	9	26

---

**COMPLIANCE SECTION**

---

**Compliance:**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		27-28
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....		29-30
Schedule of Expenditures of Federal Awards .....		31
Schedule of Findings and Questioned Costs.....		32-34

---

**Financial Section**

---

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

---

## Independent Auditors' Report

---

**To the Members of the Board  
New River Valley Planning District Commission  
Radford, Virginia**

We have audited the accompanying financial statements of the governmental activities and each major fund of the New River Valley Planning District Commission, as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the New River Valley Planning District Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 New River Valley Planning District Commission, as of June 30, 2012, and the changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of the New River Valley Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of pension and OPEB funding progress 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 schedules of funding progress 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 schedules of funding progress 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.

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 the missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New River Valley Planning District Commission's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
August 31, 2012

---

## Basic Financial Statements

---

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**  
**Statement of Net Assets**  
**June 30, 2012**

		Primary Government Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$	222,127
Accounts receivable		456,919
Due from governmental units		621,697
Capital assets (net of accumulated depreciation):		
Vehicles and equipment		16,961
Total assets	\$	1,317,704
<b>LIABILITIES</b>		
Accounts payable	\$	770,832
Accrued unemployment liability		16,457
Noncurrent liabilities:		
Due within one year		41,046
Due in more than one year		137,608
Total liabilities	\$	965,943
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$	16,961
Unrestricted		334,800
Total net assets	\$	351,761

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

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	
<b><u>Functions/Programs</u></b>				
<b>Primary Government:</b>				
Governmental activities:				
Health and welfare	\$ 2,585,830	\$ -	\$ 2,585,830	\$ -
Community development	2,228,017	697,870	1,180,160	(349,987)
Total governmental activities	\$ 4,813,847	\$ 697,870	\$ 3,765,990	\$ (349,987)
General revenues:				
Contributions				\$ 293,929
Unrestricted revenues from use of money and property				32
Miscellaneous				3,123
Total general revenues				\$ 297,084
Change in net assets				(52,903)
Net assets - beginning				404,664
Net assets - ending				\$ 351,761

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



NEW RIVER VALLEY PLANNING DISTRICT COMMISSION  
 Balance Sheet  
 Governmental Funds  
 At June 30, 2012

ASSETS	General	WIA Fund	Total
Current assets:			
Cash and cash equivalents	\$ 213,805	\$ 8,322	\$ 222,127
Accounts receivable	456,919	-	456,919
Due from governmental units	-	621,697	621,697
<b>Total assets</b>	<b>\$ 670,724</b>	<b>\$ 630,019</b>	<b>\$ 1,300,743</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Current liabilities:			
Accounts payable	\$ 140,814	\$ 630,018	\$ 770,832
Accrued unemployment liability	16,457	-	16,457
<b>Total liabilities</b>	<b>\$ 157,271</b>	<b>\$ 630,018</b>	<b>\$ 787,289</b>
Fund balance:			
Committed	\$ -	\$ 1	\$ 1
Unassigned	513,453	-	513,453
<b>Total fund balance</b>	<b>\$ 513,453</b>	<b>\$ 1</b>	<b>\$ 513,454</b>
<b>Total liabilities and fund balance</b>	<b>\$ 670,724</b>	<b>\$ 630,019</b>	<b>\$ 1,300,743</b>

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

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2012

---

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

Total fund balances per Exhibit 3 - Balance Sheet	\$ 513,454
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,961
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(178,654)</u>
Net assets of governmental activities	<u>\$ 351,761</u>

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

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2012**

Revenues:	General	WIA Fund	Total
Revenue from use of money and property	\$ 32	\$ -	\$ 32
Charges for services	697,870	-	697,870
Contributions from localities	206,433	-	206,433
Contributions from others	87,496	-	87,496
Miscellaneous	3,123	-	3,123
Intergovernmental	1,180,160	2,585,830	3,765,990
<b>Total revenues</b>	<b>\$ 2,175,114</b>	<b>\$ 2,585,830</b>	<b>\$ 4,760,944</b>
<b>Expenditures:</b>			
<b>Community Development:</b>			
Personnel	\$ 859,177	\$ -	\$ 859,177
Fringe benefits	301,213	-	301,213
Office rent	53,582	-	53,582
Telephone	11,246	-	11,246
Office supplies	50,137	-	50,137
Postage	3,474	-	3,474
Bad debts	2,661	-	2,661
Advertising	7,702	-	7,702
Travel	53,898	-	53,898
Equipment maintenance and rent	13,115	-	13,115
Dues and publications	8,408	-	8,408
Training	419	-	419
Meeting expense	20,512	-	20,512
Insurance	4,417	-	4,417
Capital outlay	19,280	-	19,280
Contractual services	740,414	-	740,414
Audit fee	4,526	-	4,526
Miscellaneous	20,109	-	20,109
<b>Health and Welfare:</b>			
Administrative grant costs	-	180,087	180,087
Program grant costs	-	2,405,743	2,405,743
<b>Total expenditures</b>	<b>\$ 2,174,290</b>	<b>\$ 2,585,830</b>	<b>\$ 4,760,120</b>
Excess (deficiency) of revenues over expenditures	\$ 824	\$ -	\$ 824
Fund balance, beginning of year	512,629	1	512,630
Fund balance, end of year	\$ 513,453	\$ 1	\$ 513,454

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

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2012

---

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

Net change in fund balances - total governmental funds	\$	824
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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.		14,792
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.		<u>(68,519)</u>
Change in net assets of governmental activities	\$	<u><u>(52,903)</u></u>

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

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

---

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

The financial statements of the New River Valley Planning District 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. Reporting Entity

The New River Valley Planning District Commission was formed pursuant Title 15.2, Chapter 42 of the *Code of Virginia, (1950) as amended*, to encourage and facilitate local government cooperation and state-local cooperation in addressing on a regional basis problems of greater than local significance. Functional areas in which the Commission may assist participating jurisdictions include, but are not limited to: (i) economic and physical infrastructure development; (ii) solid waste, water supply and other environmental management; (iii) transportation; (iv) criminal justice; (v) emergency management; (vi) human services; and (vii) recreation. The Commission was formed to serve the towns of Blacksburg, Christiansburg, Floyd, Narrows, Pearisburg, Pulaski and Rich Creek; the counties of Floyd, Giles, Montgomery and Pulaski; and the City of Radford.

The New River Valley Planning District Commission's financial statements include the accounts of all the Commission's operations. The criteria for including organizations as component units within the Commission's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Commission holds the corporate powers of the organization
- the Commission appoints a voting majority of the organization's board
- the Commission is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Commission
- there is fiscal dependency by the organization on the Commission

Based on the aforementioned criteria, the Commission has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Commission (primary government). For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are other charges between the Commission's functions.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

B. Government-wide and fund financial statements (continued)

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*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**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 in other funds.

The Workforce Investment Act Fund accounts for the deposit and expenditure of grant proceeds under the Workforce Investment Act programs.

D. Assets, liabilities, and net assets or equity

1. *Deposits and investments*

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. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *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. For the year ended June 30, 2012, write-offs totaled \$2,661.

4. *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.

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

D. Assets, liabilities, and net assets or equity (continued)

5. *Capital assets*

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer and related equipment	3-5
Furniture and fixtures	10
Vehicles	5

6. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Commission accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements.

7. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources in the statement of revenues, expenditures and changes in fund balance and is not presented as a liability in the balance sheet.



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

D. Assets, liabilities, and net assets or equity (continued)

8. *Fund equity*

The New River Valley Planning District Commission reports Fund balance in accordance with provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 New River Valley Planning District Commission's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The New River Valley Planning District 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).

9. *Net Assets*

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements:**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Exhibit 4 provides a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(178,654) difference for the primary government are as follows:

	Primary Government
Compensated absences	\$ (54,728)
Other post employment benefits	<u>(123,926)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (178,654)</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

Exhibit 6 provides a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "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 expense." The details of this \$14,792 are as follows:

	Primary Government
Capital Outlay	\$ 16,961
Depreciation Expense	<u>(2,169)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 14,792</u>

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states, “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.” The details of this \$(68,519) difference for the primary government are as follows:

		Primary Government
Increase in compensated absences	\$	(17,283)
Increase in Net OPEB Obligation		<u>(51,236)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u>(68,519)</u>

**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. Accordingly, all deposits are considered fully collateralized.

**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 and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). As of June 30, 2012 and for the year then ended the Commission did not have any investments.

New River Valley Planning District Commission  
Notes to the Financial Statements  
June 30, 2012

---

**Note 4-Due from Other Governmental Units:**

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

U.S Department of Labor	Amount Due
Pass through the Commonwealth of Virginia:	
Virginia Community College System	
Workforce Investment Act	\$ 621,697

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

The following is a summary of long-term obligation transactions of the Commission for the year ended June 30, 2012.

	Balance			Balance	Amount Due
	July 1, 2011	Issuances	Retirements	June 30, 2012	Within One Year
Net OPEB Obligation	\$ 72,690	\$ 51,236	\$ -	\$ 123,926	\$ -
Compensated Absences	37,445	26,644	(9,361)	54,728	41,046
<b>Total</b>	<b>\$ 110,135</b>	<b>\$ 77,880</b>	<b>\$ (9,361)</b>	<b>\$ 178,654</b>	<b>\$ 41,046</b>

**Note 6-Employee Retirement System and Pension Plans:**

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

**Note 6-Employee Retirement System and Pension Plans: (Continued)**

A. Plan Description (continued)

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 6-Employee Retirement System and Pension Plans: (Continued)**

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the New River Valley Planning District Commission is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The New River Valley Planning District Commission's contribution rate for the fiscal year ended 2012 was 0.99% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2012, New River Valley Planning District Commission's annual pension cost of \$6,930 was equal to the New River Valley Planning District Commission's required and actual contributions.

Three - Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 6,930	100.00%	\$ -
6/30/2011	6,261	100.00%	-
6/30/2010	22,330	100.00%	-

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the New River Valley Planning District Commission's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The New River Valley Planning District Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**Note 6-Employee Retirement System and Pension Plans: (Continued)**

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 94.18% funded. The actuarial accrued liability for benefits was \$1,674,103, and the actuarial value of assets was \$1,576,751, resulting in an unfunded actuarial accrued liability (UAAL) of \$97,352. The covered payroll (annual payroll of active employees covered by the plan) was \$678,293, and ratio of the UAAL to the covered payroll was 14.35%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

**Note 7-Capital Assets:**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Automobiles	\$ 63,520	\$ 16,961	\$ -	\$ 80,481
Furniture, fixtures and equipment	22,032	-	-	22,032
Total capital assets being depreciated	<u>\$ 85,552</u>	<u>\$ 16,961</u>	<u>\$ -</u>	<u>\$ 102,513</u>
Less: accumulated depreciation for:				
Automobiles	\$ (61,351)	\$ (2,169)	\$ -	\$ (63,520)
Furniture, fixtures and equipment	(22,032)	-	-	(22,032)
Total accumulated depreciation	<u>\$ (83,383)</u>	<u>\$ (2,169)</u>	<u>\$ -</u>	<u>\$ (85,552)</u>
Total capital assets, net	<u>\$ 2,169</u>	<u>\$ 14,792</u>	<u>\$ -</u>	<u>\$ 16,961</u>

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

*The remainder of this page left blank intentionally.*

**Note 8-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 public officials and liability insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Commission pays the Virginia Municipal Group contributions and assessments based upon classifications and rates into 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 in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

**Note 9-Compensated Absences:**

Commission employees earn vacation leave each month at a scheduled rate in accordance with years of service. Accumulated unpaid vacation is accrued when incurred. Commission employees also earn credit for vacation pay if they work on holidays recognized by the Commission. Accumulated holiday pay is accrued when incurred. At June 30, 2012 the liability for accrued vacation and holiday pay totaled \$54,728.

**Note 10-Other Post Employment Benefits Program (OPEB):**

The Commission recognizes the cost of retiree health benefits during the period of active employment, while the benefits are being earned, and discloses the unfunded actuarial accrued liability (UAAL) in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Commission. As the Commission has less than 100 employees and is not required to have an actuarial valuation performed, the alternative measurement method was utilized to determine the amounts that follow.

A. Plan Description

The Commission allows retirees to participate in health insurance programs offered by the Commission. To participate, a retiree must have reached age 55 and completed at least 5 years of full-time service with the Commission. Retirees are required to contribute 100% of their health insurance premiums to the Commission. The retirees' health insurance rates are not age adjusted; rather the retirees pay the same premium as active employees.

B. Funding Policy

The contribution requirements of the plan members and the Commission are established and may be amended by the Commission. The Commission currently pays for post-retirement health care benefits on a pay-as-you-go basis. Retirees are responsible for the payment of 100% of the health care insurance rates shown below:

<u>Participants</u>	<u>Monthly Premium</u>
Employee	\$ 520.00
Employee / Spouse	962.00
Family	1,404.00



**Note 10-Other Postemployment Benefits Program (OPEB): (Continued)**

C. Annual OPEB Cost and Net OPEB Obligation

The Commission is required to compute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Commission's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligations:

Annual required contribution	\$ 51,236
Contributions made	-
Increase in net OPEB obligation	<u>51,236</u>
Net OPEB obligation - beginning of year	<u>72,690</u>
Net OPEB obligation - end of year	<u>\$ 123,926</u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 51,103	28.89%	\$ 36,341
6/30/2011	51,170	28.96%	72,690
6/30/2012	51,236	0.00%	123,926

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2010, the most recent valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 252,877
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 252,877</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 706,240
UAAL as a percentage of covered payroll	35.81%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and inflation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to

**Note 10-Other Postemployment Benefits Program (OPEB): (Continued)**

D. Funded Status and Funding Progress (Continued)

continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2010 actuarial valuation, the entry age actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions for the Commission include:

	<u>Assumptions</u>
Amortization period	30 years
Investment rate of return	4%
Payroll growth	3.30%
Age adjustment factor	2.278768

The UAAL is being amortized as a level percentage of payroll over the remaining amortization period, which at June 30, 2010, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

---

**Required Supplementary Information**

---

## NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund  
Budget and Actual  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
<b>Revenue from local sources:</b>				
Interest Income	\$ -	\$ -	\$ 32	\$ 32
Charges for Services	743,898	767,538	697,870	(69,668)
Contributions from Local Governments	206,433	206,433	206,433	-
Contribution from Johnson Foundation	84,520	85,992	87,496	1,504
Miscellaneous Revenue	-	-	3,123	3,123
<b>Total revenue from local sources</b>	<b>\$ 1,034,851</b>	<b>\$ 1,059,963</b>	<b>\$ 994,954</b>	<b>\$ (65,009)</b>
<b>Revenue from the Commonwealth:</b>				
<b>Categorical aid:</b>				
DHCD Grants (Administrative)	\$ 75,971	\$ 75,971	\$ 75,971	\$ -
Department of Forestry	7,477	5,462	2,053	(3,409)
Virginia Department of Transportation	58,000	58,000	62,757	4,757
<b>Total revenue from the Commonwealth</b>	<b>\$ 141,448</b>	<b>\$ 139,433</b>	<b>\$ 140,781</b>	<b>\$ 1,348</b>
<b>Revenue from the Federal Government:</b>				
<b>Categorical aid:</b>				
ARC Grant	\$ 68,552	\$ 68,436	\$ 68,465	\$ 29
Housing and Urban Development Grant	382,690	423,159	374,866	(48,293)
Department of Commerce Grant	628,150	418,732	526,048	107,316
EDA Grant	70,000	70,000	70,000	-
<b>Total revenue from the Federal Government</b>	<b>\$ 1,149,392</b>	<b>\$ 980,327</b>	<b>\$ 1,039,379</b>	<b>\$ 59,052</b>
<b>Total operating revenues</b>	<b>\$ 2,325,691</b>	<b>\$ 2,179,723</b>	<b>\$ 2,175,114</b>	<b>\$ (4,609)</b>

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund  
Budget and Actual  
Year Ended June 30, 2012 (Continued)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:				
Community Development:				
Personnel	\$ 966,385	\$ 836,275	\$ 859,177	\$ (22,902)
Fringe benefits	321,525	282,898	301,213	(18,315)
Office rent	53,584	53,583	53,582	1
Telephone	11,264	12,663	11,246	1,417
Office supplies	33,686	66,956	50,137	16,819
Postage	5,246	5,928	3,474	2,454
Bad debts	-	-	2,661	(2,661)
Advertising	6,705	11,665	7,702	3,963
Travel	86,363	77,081	53,898	23,183
Equipment maintenance and rent	13,330	17,329	13,115	4,214
Dues and publications	10,845	10,006	8,408	1,598
Training	1,100	1,025	419	606
Meeting expense	275	20,995	20,512	483
Insurance	8,700	8,700	4,417	4,283
Capital outlay	27,402	22,902	19,280	3,622
Contractual services	788,004	647,389	740,414	(93,025)
Audit fee	8,295	8,695	4,526	4,169
Miscellaneous	62,584	76,631	20,109	56,522
Total expenditures	\$ 2,405,293	\$ 2,160,721	\$ 2,174,290	\$ (13,569)
Excess (deficiency) of revenues over expenditures	\$ (79,602)	\$ 19,002	\$ 824	\$ (18,178)
Net change in fund balance	\$ (79,602)	\$ 19,002	\$ 824	\$ (18,178)
Fund balance, beginning of year	79,602	-	512,629	512,629
Fund balance, end of year	\$ -	\$ 19,002	\$ 513,453	\$ 494,451

## NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

Schedule of Revenues, Expenditures and Changes in Fund Balances -- WIA Fund  
 Budget and Actual  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Revenue from the Federal Government:				
Categorical aid:				
Workforce Investment Act	\$ 2,691,519	\$ 2,691,519	\$ 2,585,830	\$ (105,689)
Total revenue from the Federal Government	\$ 2,691,519	\$ 2,691,519	\$ 2,585,830	\$ (105,689)
Total operating revenues	\$ 2,691,519	\$ 2,691,519	\$ 2,585,830	\$ (105,689)
Expenditures:				
Health and Welfare:				
Administrative	\$ -	\$ -	\$ 180,087	\$ (180,087)
Program	2,691,519	2,691,519	2,405,743	285,776
Total expenditures	\$ 2,691,519	\$ 2,691,519	\$ 2,585,830	\$ 105,689
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	-	-	1	1
Fund balance, end of year	\$ -	\$ -	\$ 1	\$ 1

New River Valley Planning District Commission  
 Schedule of Pension and Other Post Employment Benefits (OPEB) Funding Progress  
 As of June 30, 2012

Planning District Commission Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	1,576,751	1,674,103	97,352	94.18%	678,293	14.35%
6/30/2010	1,544,406	1,563,460	19,054	98.78%	592,597	3.22%
6/30/2009	1,500,760	1,301,987	(198,773)	115.27%	583,083	-34.09%

OPEB Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010 *	\$ -	\$ 252,877	252,877	0%	\$ 706,240	35.81%

\*Only available for one year

---

**Compliance Section**

---



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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  
New River Valley Planning District Commission  
Radford, Virginia

We have audited the financial statements of the governmental activities and each major fund of the New River Valley Planning District Commission as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the New River Valley Planning District Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the New River Valley Planning District Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 New River Valley Planning District Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New River Valley Planning District Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 (reference 2012-1) to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New River Valley Planning District 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 determination of financial

Compliance and Other Matters (continued)

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The New River Valley Planning District Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, others within the Commission, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Co. Associates*

Blacksburg, Virginia  
August 31, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

---

To the Members of the Board  
New River Valley Planning District Commission  
Radford, Virginia

### Compliance

We have audited the New River Valley Planning District Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the New River Valley Planning District Commission's major federal programs for the year ended June 30, 2012. The New River Valley Planning District Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the New River Valley Planning District Commission's management. Our responsibility is to express an opinion on the New River Valley Planning District Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the New River Valley Planning District Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the New River Valley Planning District Commission's compliance with those requirements.

In our opinion, the New River Valley Planning District Commission complied, in all material respects, with the 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, 2012.

### Internal Control Over Compliance

Management of the New River Valley Planning District Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the New River Valley Planning District Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their

## Internal Control Over Compliance (continued)

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.

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

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
August 31, 2012

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	
U.S. Department of Labor:				
Pass-through payments from:				
Virginia Community College System:				
Workforce Investment Act (Cluster)				
Adult Program	17.258	PY10, PY11	\$ 704,056	
ARRA-Adult Program	17.258	PY 08	34,875	738,931
Youth Activities	17.259	PY10, PY11	1,014,849	
ARRA-Youth Activities	17.259	PY 08	50,270	1,065,119
Dislocated Workers	17.278	PY10, PY11	744,883	
ARRA-Dislocated Workers	17.278	PY 08	36,897	781,780
Total U.S. Department of Labor			\$ 2,585,830	
Appalachian Regional Commission - Direct Payments:				
Appalachian Local Development District Assistance	23.009	N/A	\$ 68,465	
U.S. Department of Housing and Urban Development - Direct Payments:				
Sustainable Communities Regional Planning Grant Program	14.703	N/A	\$ 374,866	
Department of Commerce - Direct Payments:				
Community Trade Adjustment Assistance	11.010	N/A	\$ 526,048	
Economic Development - Support for Planning Organizations	11.302	N/A	70,000	
Total Department of Commerce			\$ 596,048	
Total Expenditures of Federal Awards			\$ 3,625,209	

See accompanying 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 grant activity of the New River Valley Planning District Commission under programs of the federal government for the year ended June 30, 2012. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the New River Valley Planning District Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the New River Valley Planning District 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity indentifying numbers are presented where available.

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
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 auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
11.010	Community Trade Adjustment Assistance
14.703	Sustainable Communities Regional Planning Grant Program
17.258	Workforce Investment Act Cluster - Adult Program
17.259	Workforce Investment Act Cluster - Youth Activities
17.278	Workforce Investment Act Cluster - Dislocated Workers
17.258	Workforce Investment Act Cluster - ARRA Adult Program
17.259	Workforce Investment Act Cluster - ARRA Youth Activities
17.278	Workforce Investment Act Cluster - ARRA Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
---	-----------

Auditee qualified as low-risk auditee?	No
--	----

## NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

---

### Section II - Financial Statement Findings

#### 2012-1

Criteria: Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report.

Condition: The auditee does not possess sufficient expertise in the selection and application of accounting principles to ensure the annual financial report meets all applicable standards promulgated by Generally Accepted Accounting Standards (GAAS), the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Cause: The auditee is small and does not have staff with significant experience in preparing financial statements in accordance with current reporting standards. As such, the auditee relies on the auditor for technical advice related to same.

Recommendation: The auditor recommends that the auditee review audit adjustments annually and replicate same in future periods to the extent possible. It is noted that the auditee has made great strides in posting year end adjustments and is gaining a good understanding of the year end audit process.

#### Management's Response

To comply with Standard 115, we would be required to hire staff and/or consultants with expertise in the preparation of financial statements using standards referred to above. The additional cost required exceeds any identified benefits. As such, management will continue to review year end audit entries and will work toward preparing financials statements in accordance with current reporting standards in future periods.

### Section III - Federal Award Findings and Questioned Costs

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

**NEW RIVER VALLEY PLANNING DISTRICT COMMISSION**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

---

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no prior audit findings related to federal awards.