

NORTHERN VIRGINIA REGIONAL COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



NORTHERN VIRGINIA REGIONAL COMMISSION

DIRECTORY OF PRINCIPAL OFFICIALS AS OF JUNE 30, 2023

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NORTHERN VIRGINIA REGIONAL COMMISSION
TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1-3 |
| Management's Discussion and Analysis | 4-8 |
| <u>Financial Statements</u> | |
| Statement of Net Position | 9 |
| Statement of Revenues, Expenses and Changes in Net Position | 10 |
| Statement of Cash Flows | 11 |
| Statement of Fiduciary Net Position | 12 |
| Statement of Changes in Fiduciary Net Position | 13 |
| Notes to Financial Statements | 14-24 |
| Other Supplementary Information | |
| Schedule of Resources, Appropriations and Expenditures - Actual and Budget | 25 |
| Schedule of Resources, Appropriations and Expenditures by Program (Non-GAAP Basis) | 26-29 |
| Schedule of Member Government Contributions | 30 |
| <u>Compliance</u> | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 31-32 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 33-35 |
| Schedule of Expenditures of Federal Awards | 36 |
| Notes to the Schedule of Expenditures of Federal Awards | 37 |
| Schedule of Findings and Questioned Costs | 38 |
| Summary Schedule of Prior Audit Findings | 39 |



Independent Auditors' Report

**To the Board of Commissioners
Northern Virginia Regional Commission
Fairfax, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Northern Virginia Regional Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Northern Virginia Regional Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Northern Virginia Regional Commission, as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Virginia Regional Commission's ability to continue as a going concern for twelve months beyond June 30, 2023, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited Northern Virginia Regional Commission's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Virginia Regional Commission's basic financial statements. The other supplementary information and 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of Northern Virginia Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Virginia Regional Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Virginia Regional Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
October 26, 2023

**NORTHERN VIRGINIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023**

Introduction

This discussion and analysis is intended to be an easily readable analysis of the Northern Virginia Regional Commission's (the Commission) financial activities based on currently known facts, decisions or conditions. It provides an overview of the Commission's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Commission's financial statements, which follow this section.

The Commission is a regional council of local governments in Northern Virginia. It is a public body created in 1969 pursuant to the Virginia Area Development Act and a regionally-executed Charter. In 1995, the Virginia Area Development Act was amended and renamed the "Regional Cooperation Act." It sets forth the purpose of planning district commissions as follows:

...to encourage and facilitate local government cooperation in addressing on a regional basis problems of greater than local significance. The cooperation resulting from this Act is intended to assist local governments in meeting their own problems by enhancing their abilities to recognize and analyze regional opportunities and take account of regional influences in planning and implementing their public policies and services.

The Commission's programs and policies are established by a 24-member board, composed entirely of elected officials from, and appointed by, the governing bodies of the Commission's thirteen member localities. The work of the Commission is supported, in part, by annual contributions from the member local governments, and by appropriations from the Virginia General Assembly.

The Commission serves as a neutral forum for decision-making; provides member governments and others with information and analyses necessary to make sound local and regionally beneficial decisions; provides professional and technical services to enable member governments to plan for their future individually and as a region; and carries out programs and functions at the request of member governments to supplement their own capacities or to achieve economies of scale through regional approaches. Services are divided into regional policy programs such as the legislative program; demographics and information programs; environmental and land use programs; and human services programs.

Overview of the Financial Statements

Besides this Management's Discussion and Analysis (MD&A), this report consists of Basic Financial Statements, Notes to the Financial Statements, and both required and other supplemental information.

The Basic Financial Statements include the following major parts:

- ***The Statement of Net Position (page 9)***, presents a snapshot of the Commission's assets, the amounts the Commission owes (liabilities), and the net difference, as of particular dates: June 30, 2023 and June 30, 2022. The net difference between assets and liabilities is divided into two parts: (1) a "restricted" amount, including funds drawn from unrestricted reserves in the purchase of fixed assets and not yet restored through repayment (represented as depreciation costs) from annual operating funds; and (2) an unrestricted amount that comprises the Commission's unallocated reserves.

**NORTHERN VIRGINIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023**

- ***The Statement of Revenues, Expenses and Changes in Net Position (page 10)*** includes all of the current year's revenue and expenses and compare these data to the prior year's. These statements indicate the degree to which expenses are being covered by revenue earned during each given year.
- ***The Statement of Cash Flows (page 11)*** reports cash receipts, cash payments and net changes resulting from operations, capital and related financing activities. Provided for fiscal years 2023 and 2022, these statements show where the cash came from, how it was used, and how much the cash balance changed during each year.
- ***The Statement of Fiduciary Net Position – Fiduciary Fund - Pension Trust (page 12)*** shows funds that are being held for an employee pension trust. Northern Virginia Regional Commission is responsible for these funds, which may be used only for their intended purpose – employee pension benefits that are earned and distributed according to an IRS-approved plan. These assets cannot be used to finance operations.
- ***The Statement of Fiduciary Net Position – Fiduciary Fund – Custodial Funds (page 12)*** shows funds held for the “GO” Northern Virginia program. The “GO” Northern Virginia Council Program is to provide assistance to encourage regional cooperation among business, education, and government on strategic, economic, and workforce development efforts.
- ***The Statement of Changes in Fiduciary Net Position – Fiduciary Fund (page 13)*** provides additional detail on the changes in the balance of funds in the pension trust, including the source or reason for additions and deductions during the fiscal years reported (2023 and 2022).
- ***The Notes to Financial Statements (pages 14-23)*** provide disclosures required by generally accepted accounting principles, along with information to assist the reader in understanding the Commission's financial condition and changes in financial condition.
- ***The Schedule of Resources, Appropriations and Expenditures– Actual and Budget (page 24)*** summarizes the current year's revenue and expenses in comparison to the last-approved budget for the year. It provides detail on how actual experience varied from the projections incorporated into the budget.
- ***The Schedule of Resources, Appropriations and Expenditures by Program (pages 25-28)*** focuses on gross and net costs of the Commission's separate programs, and the extent to which such programs rely on general revenues. This statement shows the degree to which the various programs are self-supporting and/or subsidized by general revenues.
- ***The Schedule of Member Government Contributions (page 29)*** is included as documentation of the respective dues paid by member local governments for fiscal years 2023 and 2022.

**NORTHERN VIRGINIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023**

Capital Assets

Capital assets consist of building, furniture and equipment used in the governmental activities of the Commission. Currently, the Commission leases office space and so capital assets are limited to leasehold improvements, office furniture and fixtures, computers and other equipment.

Financial Highlights

Net Position

- At June 30, 2023, the Commission's net position totaled \$1,654,475, an improvement of \$241,502 from the previous year.
- From June 30, 2021 to June 30, 2022, the Commission's net position had improved by \$257,840, from \$1,164,822 to \$1,412,973; and from June 30, 2022 to June 30, 2023, it improved further, by \$241,502, to \$1,654,475.

See Tables 1 and 2, below.

| | Table 1 | | |
|---|---------------------|---------------------|---------------------|
| | Net Position | | |
| | <u>2023</u> | <u>2022</u> | <u>2021*</u> |
| Assets | | | |
| Current and other assets | \$ 3,292,084 | \$ 3,279,317 | \$ 2,869,002 |
| Capital assets, net of accumulated depreciation | <u>4,457,538</u> | <u>1,802,545</u> | <u>2,377,445</u> |
| Total assets | <u>\$ 7,749,622</u> | <u>\$ 5,081,862</u> | <u>\$ 5,246,447</u> |
| Liabilities | <u>\$ 6,095,147</u> | <u>\$ 3,090,849</u> | <u>\$ 3,330,699</u> |
| Deferred Inflows of Resources: | <u>\$ -</u> | <u>\$ 578,040</u> | <u>\$ 760,579</u> |
| Net Position | | | |
| Investment in capital assets | \$ 4,883 | \$ 15,244 | \$ 9,653 |
| Unrestricted | <u>1,649,592</u> | <u>1,397,729</u> | <u>1,155,169</u> |
| Total net position | <u>\$ 1,654,475</u> | <u>\$ 1,412,973</u> | <u>\$ 1,164,822</u> |

*Beginning balances have been restated to reflect leased equipment due to the implementation of GASB 87.

**NORTHERN VIRGINIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023**

**Table 2
Changes in Net Position**

| | <u>2023</u> | <u>2022</u> | <u>2021*</u> |
|--|----------------------|---------------------|---------------------|
| Federal, state, and local grants and contributions | \$ 7,883,756 | \$ 7,560,059 | \$ 7,120,379 |
| Miscellaneous | 2,736,037 | 1,072,365 | 570,822 |
| Interest and other | 96,193 | 21,446 | 2,135 |
| Total revenue | \$ 10,715,986 | \$ 8,653,870 | \$ 7,693,336 |
| Personnel costs | \$ 2,260,459 | \$ 2,179,672 | \$ 2,148,546 |
| Contract services | 3,873,327 | 1,771,789 | 692,092 |
| Subgrants | 3,509,348 | 3,613,629 | 3,730,512 |
| Housekeeping expenses | 642,442 | 632,356 | 617,015 |
| Operating expenses | 75,806 | 84,602 | 93,454 |
| Duplicating | 18,100 | 27,364 | 15,812 |
| Travel and conference | 55,156 | 34,601 | 2,988 |
| Recruitment and development | 873 | 150 | 114 |
| Interest expense | 38,973 | 51,903 | - |
| Total expenses | \$ 10,474,484 | \$ 8,396,066 | \$ 7,300,533 |
| Increase (decrease) in net position | \$ 241,502 | \$ 257,804 | \$ 392,803 |

Financial Position

Under new leadership with a specific plan, the Commission's financial position continues to improve. Elimination of the accumulated deficit was achieved in FY 2019. The Commission continues to place funds in its Rainy-Day Fund consistent with the Commission adopted reserve policy.

Economic Factors and Next Year's Budget

In November 2015, the Commission agreed to raise the members' per capita dues rate for FY 2017 by 7¢, to 60¢. The resulting dues increase, therefore, produced a dollar increase of \$184,130 over the FY 2016 dues – of which \$16,252 would have resulted from population increases alone. No increase in the dues rate has occurred since then.

The state contribution to NVRC in FY22 increased by \$14,000 to \$165,943 which is the first increase since FY2012. NVRC members, advocates, and staff will continue to work with state representatives to communicate the opportunities that regional councils provide for efficiencies and savings in state government programs and activities.

During FY 2014, the Commission began providing office space for a sister regional agency, the Northern Virginia Transportation Authority (NVTA). It is expected that NVTA will continue to contribute toward office rent and use of NVRC VOIP telephone service, and that this arrangement will produce savings for both organizations. During FY 2017 the Commission began providing office space for another sister regional agency, the Health Systems Agency of Northern Virginia (HSANV), which also contributes toward office rent.

**NORTHERN VIRGINIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023**

The leadership of the Commission has been and continues to be committed to taking the steps necessary to proactively address and maintain the fiscal health of the organization. As such, working with the Executive Director and staff, the Commission developed and implemented a conservative, fiscal remediation plan that eliminated the structural deficit through a series of strategic spending cuts and realistic enhancement of revenues where possible.

By adhering to its plan, the Commission ended Fiscal Year 2019 with a surplus that erased the structural deficit; and over the past three years for the first time in many years has been able to place money aside into the Commission's reserve account consistent with a policy adopted by the Commission.

While the Commission is in a strong fiscal condition, the impacts of COVID19 on the region continues to create some level of uncertainty. As such, the Commission and staff continue a conservative approach to revenues and expenditures.

Financial Contact

The Northern Virginia Regional Commission's financial statements are designed to present users with a general overview of the Commission's finances and to demonstrate management's accountability. If you have questions about the report or need additional financial information, contact Executive Director Robert W. Lazaro, Jr. at 3040 Williams Drive, Suite 200, Fairfax, VA 22031. Telephone: 703/642-0700. Email: rlazaro@novaregion.org.

- Financial Statements -

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Net Position
June 30, 2023
(with comparative totals as of June 30, 2022)

| | 2023 | 2022 |
|---|--------------|--------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,658,285 | \$ 1,503,471 |
| Accounts receivable, net: | | |
| Federal | 461,393 | 1,045,748 |
| State and local | 94,609 | 32,805 |
| Lease receivable, current portion | - | 178,539 |
| Total current assets | \$ 3,214,287 | \$ 2,760,563 |
| Other assets: | | |
| Other receivables | \$ 26,777 | \$ 35,717 |
| Prepaid expenses | 51,020 | 63,585 |
| Accrued interest | - | 1,243 |
| Lease receivable, net of current portion | - | 418,209 |
| Depreciable capital assets, net | 4,457,538 | 1,802,545 |
| Total other assets | \$ 4,535,335 | \$ 2,321,299 |
| Total assets | \$ 7,749,622 | \$ 5,081,862 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 529,374 | \$ 348,853 |
| Pass-through funds payable | - | 377,480 |
| Compensated absences | 176,337 | 166,568 |
| Lease liabilities, current portion | 319,873 | 568,346 |
| Salaries payable | 30,795 | 25,533 |
| Unearned revenue | 905,986 | 385,114 |
| Total current liabilities | \$ 1,962,365 | \$ 1,871,894 |
| Noncurrent liabilities: | | |
| Lease liabilities, net of current portion | \$ 4,132,782 | \$ 1,218,955 |
| Total noncurrent liabilities | \$ 4,132,782 | \$ 1,218,955 |
| Total liabilities | \$ 6,095,147 | \$ 3,090,849 |
| Deferred Inflows of Resources: | | |
| Lease related | \$ - | \$ 578,040 |
| Total deferred inflows of resources | \$ - | \$ 578,040 |
| Net position: | | |
| Net investment in capital assets | \$ 4,883 | \$ 15,244 |
| Unrestricted | 1,649,592 | 1,397,729 |
| Total net position | \$ 1,654,475 | \$ 1,412,973 |

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

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(with comparative totals for year ended June 30, 2022)

| | 2023 | 2022 |
|---|---------------|--------------|
| Operating revenues: | | |
| Federal | \$ 5,188,424 | \$ 5,037,675 |
| State | 488,033 | 432,158 |
| Local | 2,207,299 | 2,090,226 |
| Miscellaneous | 2,736,037 | 1,072,365 |
| Total operating revenues | \$ 10,619,793 | \$ 8,632,424 |
| Operating expenses: | | |
| Personnel costs | \$ 2,260,459 | \$ 2,179,672 |
| Contract services | 3,873,327 | 1,771,789 |
| Subgrants | 3,509,348 | 3,613,629 |
| Housekeeping expenses | 642,442 | 632,356 |
| Operating expenses | 75,806 | 84,602 |
| Duplicating | 18,100 | 27,364 |
| Travel and conference | 55,156 | 34,601 |
| Recruitment and development | 873 | 150 |
| Total operating expenses | \$ 10,435,511 | \$ 8,344,163 |
| Operating income (loss) | \$ 184,282 | \$ 288,261 |
| Nonoperating revenue (expenses): | | |
| Interest income | \$ 96,193 | \$ 21,446 |
| Interest expense | (38,973) | (51,903) |
| Total nonoperating revenue (expenses) | \$ 57,220 | \$ (30,457) |
| Change in net position | \$ 241,502 | \$ 257,804 |
| Net position, beginning of year | 1,412,973 | 1,155,169 |
| Net position, end of year | \$ 1,654,475 | \$ 1,412,973 |

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

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Cash Flows
Year Ended June 30, 2023

(with comparative totals for year ended June 30, 2022)

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Receipts from federal, state and local governments | \$ 8,406,307 | \$ 7,112,719 |
| Payment to suppliers and subgrantees | (7,252,106) | (5,210,363) |
| Payments to employees | (2,245,428) | (2,170,485) |
| Other receipts | 2,562,438 | 926,372 |
| Net cash provided by (used for) operating activities | <u>\$ 1,471,211</u> | <u>\$ 658,243</u> |
| Cash flows from capital and related financing activities: | | |
| Interest income | \$ 97,436 | \$ 20,203 |
| Interest expense | (38,973) | (51,903) |
| Principal paid on leases | (541,206) | (580,491) |
| Principal received on leases | 178,539 | 163,831 |
| Remeasurement of leases | 22,708 | - |
| Purchase of capital assets | (34,901) | (8,632) |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (316,397)</u> | <u>\$ (456,992)</u> |
| Increase (decrease) in cash and cash equivalents | \$ 1,154,814 | \$ 201,251 |
| Cash and cash equivalents at beginning of year | <u>1,503,471</u> | <u>1,302,220</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 2,658,285</u></u> | <u><u>\$ 1,503,471</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income | \$ 184,282 | \$ 288,261 |
| Adjustments to reconcile net operating income to net cash provided by (used for) operating activities: | | |
| Depreciation expense | 586,468 | 583,532 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 531,491 | (410,794) |
| (Increase) decrease in prepaid expenses | 12,565 | 39,142 |
| Increase (decrease) in accounts payable and accruals | (181,928) | 210,627 |
| Increase (decrease) in unearned revenue | 520,872 | 130,014 |
| Increase (decrease) in deferred inflows of resources - lease related | (182,539) | (182,539) |
| Net cash provided by (used for) operating activities | <u><u>\$ 1,471,211</u></u> | <u><u>\$ 658,243</u></u> |

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

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Fiduciary Net Position

June 30, 2023

(with comparative totals as of June 30, 2022)

| | Pension Trust | | Custodial Funds | |
|---------------------------|---------------|------------|--------------------------------|------------|
| | | | "GO" Northern Virginia Council | |
| | 2023 | 2022 | 2023 | 2022 |
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 247,571 | \$ 2,398 |
| Investments | 1,085,258 | 970,181 | - | - |
| Accounts receivable | - | - | 411,160 | 102,150 |
| Total assets | \$ 1,085,258 | \$ 970,181 | \$ 658,731 | \$ 104,548 |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 658,731 | \$ 104,223 |
| Deferred revenue | - | - | - | 325 |
| Total assets | \$ - | \$ - | \$ 658,731 | \$ 104,548 |
| Net Position: | | | | |
| Restricted for: | | | | |
| Pension trust | \$ 1,085,258 | \$ 970,181 | \$ - | \$ - |
| Total net position | \$ 1,085,258 | \$ 970,181 | \$ - | \$ - |

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

NORTHERN VIRGINIA REGIONAL COMMISSION

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023
(with comparative totals for year ended June 30, 2022)

| | Pension Trust | | Custodial Funds | |
|---|----------------------------|--------------------------|--------------------------------|---------------------|
| | | | "GO" Northern Virginia Council | |
| | 2023 | 2022 | 2023 | 2022 |
| Additions: | | | | |
| Contributions | | | | |
| Employee/Employer | \$ 47,392 | \$ 17,058 | \$ - | \$ - |
| Grant Revenue | - | - | 5,044,855 | 2,801,731 |
| Total contributions | <u>47,392</u> | <u>17,058</u> | <u>5,044,855</u> | <u>2,801,731</u> |
| Investment earnings | | | | |
| Interest and Dividends | \$ 1,258 | \$ 795 | \$ - | \$ - |
| Net increase in the fair value of investments | 99,574 | (128,121) | - | - |
| Total investment earnings | <u>\$ 100,832</u> | <u>\$ (127,326)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total additions | <u>\$ 148,224</u> | <u>\$ (110,268)</u> | <u>\$ 5,044,855</u> | <u>\$ 2,801,731</u> |
| Deductions: | | | | |
| Distributions | \$ 33,147 | \$ 1,513 | \$ - | \$ - |
| Administrative expenses | - | - | 56,887 | 45,337 |
| Contract services | - | - | 294,684 | 338,726 |
| Grants awarded | - | - | 4,693,284 | 2,417,668 |
| Total deductions | <u>\$ 33,147</u> | <u>\$ 1,513</u> | <u>\$ 5,044,855</u> | <u>\$ 2,801,731</u> |
| Change in net position | \$ 115,077 | \$ (111,781) | \$ - | \$ - |
| Net Position, beginning of year | <u>970,181</u> | <u>1,081,962</u> | <u>-</u> | <u>-</u> |
| Net Position, end of year | <u><u>\$ 1,085,258</u></u> | <u><u>\$ 970,181</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northern Virginia Regional Commission (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 polices:

A. Financial Reporting Entity

The Commission, a special purpose government engaged in a business-type activity, is a regional council of local governments in Northern Virginia. The Commission is a public body created in 1969 pursuant to the Virginia Area Development Act and a regionally-executed charter. The Act has since been amended and recodified in Sections 15.2-4200 to 15.2-4222 of the Virginia code, which states the purpose of planning district commissions is to encourage and facilitate local government cooperation in addressing on a regional basis problems of greater than local significance. The Commission's programs and policies are established by a 24-member Board. The Commission is composed entirely of elected officials from, and appointed by, the governing bodies of the Commission's 13-member localities. The work of the Commission is supported, in part, by annual contributions from the member local governments, and by appropriations from the Virginia General Assembly. The following local jurisdictions are members of the Commission: Arlington, Fairfax, Loudoun, and Prince William Counties; the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and the Towns of Dumfries, Herndon, Leesburg, and Vienna. Commission funding is obtained from member jurisdictions' contributions, from funds provided by the Commonwealth of Virginia, and from federal, state and local grants and contracts for specified projects designed to further the Commission's goals and objectives.

B. Basis of Accounting

The Commission maintains one operating and two fiduciary funds. The Commission's financial statements (the statements of net position; revenues, expenses and changes in net position; and cash flows) report information of all of the nonfiduciary activities. The Commission's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Commission utilizes the accrual basis of accounting and the economic measurement focus in preparing its financial statements wherein revenues are recognized when earned and expenses are recognized when incurred.

C. Budgets and Budgetary Accounting

A budget is prepared for information and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses. The budget is prepared on the same basis of accounting as the basic financial statements are prepared.

D. Use of Estimates

The preparation of financial statements in conformity with 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.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Fiduciary Fund Types - (Trust and Custodial Funds)

Fiduciary Funds (Trust and Custodial Funds) account for assets held in a trustee capacity or as custodian for individuals, private organizations, or other governmental units. The Commission reports the following Fiduciary Funds.

Pension Trust Fund: The commission maintains a pension trust fund to account for Commission employee' benefits. This fund is accounted for in essentially the same manner as a proprietary fund type.

“GO” Northern Virginia Council Custodial Fund: This fund provides assistance to encourage regional cooperation among business, education, and government on strategic, economic, and workforce development efforts is accounted for in essentially the same manner as a proprietary fund type.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Commission's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

G. Accounts Receivable

Accounts receivable represents funds owed the Commission for grants, member contributions and other fees related to the Commission's efforts to encourage and facilitate local government cooperation in addressing regional problems of greater than local significance. Accounts receivable are stated at unpaid balances. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. The Commission did not have an allowance for doubtful accounts as of June 30, 2023 and 2022.

H. Project Expenses

The costs of goods and services which are identifiable for specific projects are directly charged to those projects at the time costs are incurred. Indirect costs are allocated to projects as described in Note 12. Personnel costs for Commission employees are direct charges to the appropriate projects. Expenses of annual, sick, and other types of paid leave and fringe benefits are allocated to projects as described in Note 12.

I. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

K. Net Position Flow Assumption

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

L. Capital Assets

Capital assets consisting of furniture and equipment are recorded at cost. Property and equipment with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year is recorded as capital assets unless instructed otherwise by the funding grant document. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from three to seven years. Leased assets are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

M. Unearned Revenue

The Commission reports unearned revenue on its statement of net position. Unearned revenues also arise when resources are received by the Commission before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

N. Revenue Recognition

Intergovernmental revenues, consisting primarily of federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments where problems warrant. The Commission recognizes a liability for funds received in excess of project expenditures. Operating revenues and expenses are defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as investment and other revenues. Nonoperating expenses are defined as noncapital related financing and other expenses.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. Deferred Outflows/Inflows of Resources

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

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

P. Leases

The Commission has various lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Commission recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Lessee

The Commission recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$2,500, individually or in the aggregate. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Leases: (CONTINUED)

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee).

The Commission monitors changes in circumstances that would require a remeasurement or modification of its leases. The Commission will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability.

NOTE 2—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. No deposits exceed FDIC insurance limits.

Investments

Statutes authorize the Commission to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Therefore there is no foreign currency risk.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

The Commission investments consist of investments in the Local Government Investment Pool of \$2,244,556 and \$1,241,106 as of June 30, 2023 and 2022, respectively and in the VML/VACO Virginia Investment Pool of \$205,473 and \$197,599 as of June 30, 2023 and 2022, respectively. There is no custodial credit risk for either of these investments as the amounts are fully collateralized. The LGIP and the VML/VACO funds were rated AAAM by Standard & Poor's. All investment maturities are less than one year.

External Investment Pools

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

Withdrawal Restrictions

The Commission is limited to two withdrawals per month for the VML/VACO Virginia Investment Pool funds.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the VML/VACO Virginia Investment Pool funds at the net asset value (NAV).

NOTE 3- DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments at June 30, 2023 are as follows:

Federal Government:

U.S. Department of Health and Human Services:

HIV Emergency Relief Project Grants - CARE Act PART B \$ 180,456

U.S. Department of Interior:

National Trails System Projects 22,362

U.S. Department of Housing and Urban Development:

Housing Opportunities for Persons with AIDS - HOPWA 158,463

U.S. Department of Commerce:

Coastal Zone Management Administration Awards 28,493

U.S. Department of Defense:

Economic Adjustment Assistance for Responding to
threats to the Resilience of Military Installation 71,619

Total Federal Government \$ 461,393

State and Local \$ 94,609

NORTHERN VIRGINIA REGIONAL COMMISSION**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)**

NOTE 4–CAPITAL ASSETS:

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

| | Balance | | | Balance |
|---|---------------------|---------------------|-------------|---------------------|
| | July 1, 2022 | Additions | Deletions | June 30, 2023 |
| Capital assets, being depreciated: | | | | |
| Furniture, Equipment and Improvements | \$ 227,572 | \$ 2,695 | \$ - | \$ 230,267 |
| Lease building space | 2,367,792 | 3,206,560 | - | 5,574,352 |
| Lease equipment | - | 32,206 | - | 32,206 |
| Total capital assets being depreciated | <u>\$ 2,595,364</u> | <u>\$ 3,241,461</u> | <u>\$ -</u> | <u>\$ 5,836,825</u> |
| Accumulated depreciation: | | | | |
| Furniture, Equipment and Improvements | \$ 212,952 | \$ 3,916 | \$ - | \$ 216,868 |
| Lease building space | 579,867 | 579,868 | - | 1,159,735 |
| Lease equipment | - | 2,684 | - | 2,684 |
| Total accumulated depreciation | <u>\$ 792,819</u> | <u>\$ 586,468</u> | <u>\$ -</u> | <u>\$ 1,379,287</u> |
| Total capital assets being depreciated, net | <u>\$ 1,802,545</u> | <u>\$ 2,654,993</u> | <u>\$ -</u> | <u>\$ 4,457,538</u> |

Depreciation expense for the years ended June 30, 2023 and 2022 was \$586,468 and \$583,532 respectively.

NOTE 5–LEASE RECEIVABLES:

The Commission entered into an agreement to sub-lease office space. The lease provides for annual base rent escalations of 2.5% per year. The Commission recognized \$200,630 in lease revenue and \$12,523 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the sub-lease was agreement was modified and the lease is to be terminated as of March 31, 2024.

NOTE 6–COMPENSATED ABSENCES:

The Commission policy allows employees to accumulate unused vacation leave up to certain maximum hours. Commission employees earn from 13-26 vacation days per year, depending on the length of their employment. Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused vacation leave. All employees receive 12 sick days a year. Sick leave is cancelled upon termination of employment, with no compensation to the employee.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 7—LONG-TERM OBLIGATION:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023.

| | <u>Balance</u> <u>July 1, 2022</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2023</u> | <u>Due Within</u> <u>One Year</u> |
|-----------------------------|---------------------------------------|---------------------|-------------------|--|--------------------------------------|
| Other obligations: | | | | | |
| Lease liabilities | \$ 1,787,301 | \$ 3,206,560 | \$ 541,206 | \$ 4,452,655 | \$ 319,873 |
| Compensated absences | 166,568 | 9,769 | - | 176,337 | 176,337 |
| Total other obligations | <u>\$ 1,953,869</u> | <u>\$ 3,216,329</u> | <u>\$ 541,206</u> | <u>\$ 4,628,992</u> | <u>\$ 496,210</u> |
| Total long-term liabilities | <u>\$ 1,953,869</u> | <u>\$ 3,216,329</u> | <u>\$ 541,206</u> | <u>\$ 4,628,992</u> | <u>\$ 496,210</u> |

As of June 30, 2023, the Commission's long-term lease consisted of the following:

Building Lease:

The Commission entered into a lease agreement for office space, with the lease term to expire on July 31, 2025. The agreement was amendment to expire on July 31, 2035. The Commission is required to pay as "additional rent" a proportionate share of the increase in building operating costs over the base year. Operating costs are defined to include real estate taxes and other expenses incurred by the landlord in ownership and operation of the building. The lease also provides for annual base rent escalations of 2.5% per year. The Commission used the rate of 2.5% as the discount rate for leases.

Equipment Lease:

The Commission entered into a lease agreement for a copier, with the lease term to expire on January 31, 2028. The Commission is required to pay monthly payments in the amount of \$645. The Commission used the rate of 7.75% as the discount rate for leases.

Future principal and interest lease payments as of June 30, 2023

| <u>June 30,</u> | <u>Lease Liabilities</u> | |
|-----------------|--------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 319,873 | \$ 98,793 |
| 2025 | 204,340 | 101,806 |
| 2026 | 251,332 | 95,442 |
| 2027 | 266,662 | 88,609 |
| 2028 | 350,738 | 81,325 |
| 2029 - 2033 | 2,041,180 | 262,567 |
| 2034 - 2036 | 1,018,530 | 28,007 |
| Totals | <u>\$ 4,452,655</u> | <u>\$ 756,549</u> |

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (Continued)

NOTE 8—DEFERRED COMPENSATION PLAN:

The Commission has established a voluntary deferred compensation plan, pursuant to Section 457 of the Internal Revenue Code. Under this plan, any employee may elect to have a portion of their current salary retained by the Commission and invested by the plan trustees. The employee may begin to collect at termination, retirement, or disability. The assets of the plan are reflected on the Statement of Fiduciary Net Position.

The Commission Board annually votes on whether to contribute to the deferred compensation fund for the Executive Director. No contributions were made for fiscal years 2023 and 2022.

NOTE 9—PENSION PLAN:

Effective July 1, 2003, the Commission established a defined contribution retirement plan, which is named the Northern Virginia Regional Commission Employees' Retirement Plan and Trust and the Northern Virginia Regional Commission 457 Matching Plan. Employees are eligible to make elective deferrals to the plan upon hire. Employees are eligible to receive matching contributions and non-elective contributions upon completing one year of service. Employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Commission contributes by matching 25% of the first 6% of eligible employee contributions. The Commission also makes an additional contribution to the plan which is called a non-elective contribution. For the years ended June 30, 2023 and 2022, the employer contributions to the plan by the Commission were \$199,545 and \$205,202, respectively.

If an employee leaves the pension plan before their portion of the Commission's contribution to the plan is fully vested, the unvested funds are forfeited by the employee. These funds are recorded as prepaid expenses and are available for the Commission to use to meet the Commission's portion of future contributions to the plan. These funds are invested in mutual funds and recorded at fair market value based on quoted prices in active markets for identical assets (level 1 inputs). As of June 30, 2023 the market value of these funds was \$3.

NOTE 10—COMMITMENTS/CONTINGENT LIABILITIES:

Federal programs in which the Commission participates were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements.

Additionally, the federal government may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, any future disallowances of grant program expenditures would be immaterial.

NOTE 11—LITIGATION:

As represented by management, there were no lawsuits pending which would materially affect the Commission's financial position as of the date of these financial statements.

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 12—COST ALLOCATION BASIS - INDIRECT COSTS AND FRINGE BENEFITS:

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries, leave, and fringe benefits to total direct salaries, leave, and fringe benefits (excluding temporary help). The indirect cost rate for the fiscal year ended June 30, 2023, was 50.87% calculated as follows:

$$\begin{array}{r} \text{Indirect costs} \\ \text{Total direct salaries and fringe benefits} \\ \text{(excluding temporary help)} \end{array} \quad \begin{array}{r} \$ \quad 954,391 \\ \hline 1,876,222 \end{array} = 50.87\%$$

The following are included in indirect costs allocated to projects:

| | |
|-----------------------------|--------------------------|
| Personnel costs: | |
| Salary | \$ 247,719 |
| Fringe benefits | 136,517 |
| Total personnel costs | <u>\$ 384,236</u> |
| Housekeeping expenses | 420,151 |
| Contract services | 105,587 |
| Operating expenses | 37,893 |
| Travel and conference | 1,094 |
| Duplicating | 4,557 |
| Recruitment and development | 873 |
| Total indirect costs | <u><u>\$ 954,391</u></u> |

Fringe benefit expense is allocated using the percentage of benefits to total salaries including all personnel costs included in other categories. The fringe benefit rate for the fiscal year ended June 30, 2023 was 55.11%, and is calculated as follows:

$$\begin{array}{r} \text{Fringe benefit expense} \\ \text{Total salaries} \end{array} \quad \begin{array}{r} \$ \quad 803,130 \\ \hline 1,457,328 \end{array} = 55.11\%$$

NORTHERN VIRGINIA REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (Continued)

NOTE 12–COST ALLOCATION BASIS - INDIRECT COSTS AND FRINGE BENEFITS: (CONTINUED)

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

| | | |
|-----------------------------|----|----------------|
| Employee leave | \$ | 297,173 |
| Retirement costs | | 199,545 |
| Group hospitalization | | 157,311 |
| Social security taxes | | 126,930 |
| Group life insurance | | 13,475 |
| Group disability insurance | | 5,418 |
| Employee assistance program | | 1,150 |
| Workmen's compensation | | 1,126 |
| Ceridian flex admin fees | | 747 |
| Unemployment taxes | | 255 |
| Total fringe benefits | \$ | <u>803,130</u> |

NOTE 13–LINE OF CREDIT:

On August 4, 2021 the Commission entered into an agreement for a line of credit not to exceed \$500,000, payable at the Lender's Prime Rate per year. During the year ended June 30, 2023, the Commission did not draw down on the line of credit and there was no outstanding balance at June 30, 2023.

NOTE 14– UPCOMING PRONOUNCEMENTS:

Statement No. 99, Omnibus 2022, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

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

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

Implementation Guide No. 2021-1, Implementation Guidance Update–2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, Implementation Guidance Update–2023, effective for fiscal years beginning after June 15, 2023.

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

- Other Supplementary Information -

NORTHERN VIRGINIA REGIONAL COMMISSION
Schedule of Resources, Appropriations and Expenditures - Actual and Budget
Year Ended June 30, 2023

| | <u>Actual</u> | <u>Approved Budget</u> | <u>Variance Positive (Negative)</u> |
|---|--------------------------|----------------------------|---|
| Revenues: | | | |
| Federal | \$ 5,188,424 | \$ 5,526,595 | \$ (338,171) |
| State | 488,033 | 531,972 | (43,939) |
| Local | 2,207,299 | 2,305,753 | (98,454) |
| Miscellaneous | <u>2,736,037</u> | <u>1,698,229</u> | <u>1,037,808</u> |
| Total Revenues | <u>\$ 10,619,793</u> | <u>\$ 10,062,549</u> | <u>\$ 557,244</u> |
| Expenses: | | | |
| Personnel costs | \$ 2,260,459 | \$ 2,411,792 | \$ 151,333 |
| Contract services | 3,873,327 | 3,087,182 | (786,145) |
| Subgrants | 3,509,348 | 3,450,000 | (59,348) |
| Housekeeping expenses | 642,442 | 659,128 | 16,686 |
| Operating expenses | 75,806 | 158,102 | 82,296 |
| Duplicating | 18,100 | 17,028 | (1,072) |
| Travel and conference | 55,156 | 40,945 | (14,211) |
| Recruitment and development | 873 | 7,000 | 6,127 |
| Bank service fees | - | 4,400 | 4,400 |
| Total Expenses | <u>\$ 10,435,511</u> | <u>\$ 9,835,577</u> | <u>\$ (599,934)</u> |
| Operating income (loss) | \$ 184,282 | \$ 226,972 | \$ (42,690) |
| Nonoperating revenue (expenses): | | | |
| Interest income | \$ 96,193 | \$ 3,000 | \$ 93,193 |
| Interest expense | <u>(38,973)</u> | <u>(600)</u> | <u>(38,373)</u> |
| Total nonoperating income (expenses) | <u>\$ 57,220</u> | <u>\$ 2,400</u> | <u>\$ 54,820</u> |
| Change in net position | <u>\$ 241,502</u> | <u>\$ 229,372</u> | <u>\$ 12,130</u> |

NORTHERN VIRGINIA REGIONAL COMMISSION
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM
(Non-GAAP Basis)
YEAR ENDED JUNE 30, 2023

| | Regional Council Services | Communications | Demographics | Four Mile Run Watershed Management | Solid Waste Management | Occoquan Programs | Coastal Resources Management |
|------------------------------------|---------------------------------|-------------------------|--------------------------|--|------------------------------|--------------------------|------------------------------------|
| Resources | | | | | | | |
| Federal (Direct) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal (Indirect) | 1,901 | - | - | - | - | - | 93,426 |
| State | 265,297 | - | 3,000 | 53,794 | - | - | - |
| Local | 1,177 | - | 500 | 141,014 | 88,625 | 229,059 | 135,197 |
| Other | 268,351 | - | - | 29,525 | - | - | - |
| Total Resources | <u>\$ 536,726</u> | <u>\$ -</u> | <u>\$ 3,500</u> | <u>\$ 224,333</u> | <u>\$ 88,625</u> | <u>\$ 229,059</u> | <u>\$ 228,623</u> |
| NVRC Appropriation | <u>\$ 385,892</u> | <u>\$ 13,547</u> | <u>\$ 189,992</u> | <u>\$ 58,871</u> | <u>\$ -</u> | <u>\$ 24,212</u> | <u>\$ 43,169</u> |
| Total Resources and Appropriations | <u><u>\$ 922,618</u></u> | <u><u>\$ 13,547</u></u> | <u><u>\$ 193,492</u></u> | <u><u>\$ 283,204</u></u> | <u><u>\$ 88,625</u></u> | <u><u>\$ 253,271</u></u> | <u><u>\$ 271,792</u></u> |
| Expenditures | | | | | | | |
| Personnel Cost | \$ 268,771 | \$ 1,041 | \$ 117,211 | \$ 48,933 | \$ 56,459 | \$ 78,043 | \$ 89,259 |
| Contract Services | 226,165 | 2,119 | 5,116 | 209,377 | - | 133,199 | 135,197 |
| Housekeeping | 251,810 | - | - | - | - | - | - |
| Operating | 12,654 | 7,124 | 9,088 | - | 1,914 | 152 | 91 |
| Duplicating | 2,557 | 2,734 | 2,242 | 2 | 1,117 | 183 | 48 |
| Travel and Conferences | 23,943 | - | 213 | - | 416 | 1,996 | 1,793 |
| Interest Expense | - | - | - | - | - | - | - |
| Indirect Cost | 136,718 | 529 | 59,622 | 24,892 | 28,719 | 39,698 | 45,404 |
| Total Expenditures | <u>\$ 922,618</u> | <u>\$ 13,547</u> | <u>\$ 193,492</u> | <u>\$ 283,204</u> | <u>\$ 88,625</u> | <u>\$ 253,271</u> | <u>\$ 271,792</u> |

NORTHERN VIRGINIA REGIONAL COMMISSION
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)
(Non-GAAP Basis)
YEAR ENDED JUNE 30, 2023

| | Water Supply Planning | Salt Mitigation | MS4 | Flood Ed. & Outreach | Chesapeake Bay PDC Local Implementation | VCC Tasks | Environmental General |
|---------------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|---|------------------------|--------------------------|
| Resources | | | | | | | |
| Federal (Direct) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal (Indirect) | - | 13,776 | - | - | 46,011 | - | - |
| State | - | - | - | - | - | - | - |
| Local | 16,649 | - | 74,666 | - | - | - | - |
| Other | - | - | - | - | - | 2,864 | - |
| Total Resources | <u>\$ 16,649</u> | <u>\$ 13,776</u> | <u>\$ 74,666</u> | <u>\$ -</u> | <u>\$ 46,011</u> | <u>\$ 2,864</u> | <u>\$ -</u> |
| NVRC Appropriation | <u>\$ -</u> | <u>\$ 3,664</u> | <u>\$ -</u> | <u>\$ 102,542</u> | <u>\$ 11,487</u> | <u>\$ 164</u> | <u>\$ 129,539</u> |
| Total Resources and Appropriations | <u><u>\$ 16,649</u></u> | <u><u>\$ 17,440</u></u> | <u><u>\$ 74,666</u></u> | <u><u>\$ 102,542</u></u> | <u><u>\$ 57,498</u></u> | <u><u>\$ 3,028</u></u> | <u><u>\$ 129,539</u></u> |
| Expenditures | | | | | | | |
| Personnel Cost | \$ 10,963 | \$ 5,285 | \$ 48,930 | \$ 67,595 | \$ 38,050 | \$ 1,899 | \$ 84,777 |
| Contract Services | - | 9,466 | - | - | - | - | 1,250 |
| Housekeeping | - | - | - | - | - | - | 28 |
| Operating | - | - | - | - | - | - | 25 |
| Duplicating | - | - | 103 | - | 18 | - | 259 |
| Travel and Conferences | 110 | - | 743 | 563 | 74 | 163 | 76 |
| Interest Expense | - | - | - | - | - | - | - |
| Indirect Cost | 5,576 | 2,689 | 24,890 | 34,384 | 19,356 | 966 | 43,124 |
| Total Expenditures | <u><u>\$ 16,649</u></u> | <u><u>\$ 17,440</u></u> | <u><u>\$ 74,666</u></u> | <u><u>\$ 102,542</u></u> | <u><u>\$ 57,498</u></u> | <u><u>\$ 3,028</u></u> | <u><u>\$ 129,539</u></u> |

NORTHERN VIRGINIA REGIONAL COMMISSION
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)
(Non-GAAP Basis)
YEAR ENDED JUNE 30, 2023

| | Heritage Resource Programs | Other Human Services | CARES Act Part B | HOPWA CARES | HOPWA | Energy Sustainability |
|------------------------------------|----------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|--------------------------|
| Resources | | | | | | |
| Federal (Direct) | \$ 44,399 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal (Indirect) | - | - | 2,029,700 | 46,149 | 2,072,269 | - |
| State | - | - | - | - | - | - |
| Local | - | - | - | - | - | 114,259 |
| Other | - | 1,942,451 | - | - | - | 41,007 |
| Total Resources | <u>\$ 44,399</u> | <u>\$ 1,942,451</u> | <u>\$ 2,029,700</u> | <u>\$ 46,149</u> | <u>\$ 2,072,269</u> | <u>\$ 155,266</u> |
| NVRC Appropriation | <u>\$ 63,182</u> | <u>\$ 41,638</u> | <u>\$ 46,679</u> | <u>\$ 244</u> | <u>\$ 32,191</u> | <u>\$ (10,263)</u> |
| Total Resources and Appropriations | <u><u>\$ 107,581</u></u> | <u><u>\$ 1,984,089</u></u> | <u><u>\$ 2,076,379</u></u> | <u><u>\$ 46,393</u></u> | <u><u>\$ 2,104,460</u></u> | <u><u>\$ 145,003</u></u> |
| Expenditures | | | | | | |
| Personnel Cost | \$ 69,605 | \$ 35,798 | \$ 340,068 | \$ 975 | \$ 109,896 | \$ 88,577 |
| Contract Services | 250 | 1,922,779 | 1,549,169 | 44,922 | 1,937,554 | 2,150 |
| Housekeeping | 58 | - | 10,595 | - | 154 | 460 |
| Operating | 432 | 383 | 2,298 | - | 648 | 985 |
| Duplicating | 373 | 98 | 927 | - | 306 | 839 |
| Travel and Conferences | 1,457 | 6,822 | 338 | - | - | 6,935 |
| Interest Expense | - | - | - | - | - | - |
| Indirect Cost | 35,406 | 18,209 | 172,984 | 496 | 55,902 | 45,057 |
| Total Expenditures | <u><u>\$ 107,581</u></u> | <u><u>\$ 1,984,089</u></u> | <u><u>\$ 2,076,379</u></u> | <u><u>\$ 46,393</u></u> | <u><u>\$ 2,104,460</u></u> | <u><u>\$ 145,003</u></u> |

NORTHERN VIRGINIA REGIONAL COMMISSION
SCHEDULE OF RESOURCES, APPROPRIATIONS, AND EXPENDITURES BY PROGRAM (CONTINUED)
(Non-GAAP Basis)
YEAR ENDED JUNE 30, 2023

| | <u>Regional Economic Vitality</u> | <u>General Funds</u> | <u>Total Programs</u> |
|---------------------------------------|---|--------------------------|---------------------------|
| Resources | | | |
| Federal (Direct) | \$ 840,793 | \$ - | \$ 885,192 |
| Federal (Indirect) | - | - | 4,303,232 |
| State | - | 165,942 | 488,033 |
| Local | 139,987 | 1,266,166 | 2,207,299 |
| Other | 487,939 | 60,093 | 2,832,230 |
| Total Resources | <u>\$ 1,468,719</u> | <u>\$ 1,492,201</u> | <u>\$ 10,715,986</u> |
| NVRC Appropriation | <u>\$ 116,328</u> | <u>\$ (1,494,580)</u> | <u>\$ (241,502)</u> |
| Total Resources and Appropriations | <u>\$ 1,585,047</u> | <u>\$ (2,379)</u> | <u>\$ 10,474,484</u> |
| Expenditures | | | |
| Personnel Cost | \$ 314,087 | \$ - | \$ 1,876,222 |
| Contract Services | 1,098,375 | - | 7,277,088 |
| Housekeeping | - | (40,813) | 222,292 |
| Operating | 2,119 | - | 37,913 |
| Duplicating | 2,276 | (539) | 13,543 |
| Travel and Conferences | 8,420 | - | 54,062 |
| Interest Expense | - | 38,973 | 38,973 |
| Indirect Cost | 159,770 | - | 954,391 |
| Total Expenditures | <u>\$ 1,585,047</u> | <u>\$ (2,379)</u> | <u>\$ 10,474,484</u> |

NORTHERN VIRGINIA REGIONAL COMMISSION
SCHEDULE OF MEMBER GOVERNMENT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023
(with comparative totals for year ended June 30, 2022)

| Jurisdiction | <u>2023</u> | <u>2022</u> |
|-----------------------|---------------------|---------------------|
| Alexandria | \$ 95,566 | \$ 95,491 |
| Arlington County | 145,479 | 145,291 |
| City of Fairfax | 14,362 | 14,366 |
| Falls Church | 8,756 | 8,599 |
| Fairfax County | 663,043 | 661,465 |
| Herndon | 14,744 | 14,761 |
| Vienna | 9,911 | 9,891 |
| Loudoun County | 218,521 | 215,891 |
| Leesburg | 32,693 | 32,236 |
| Manassas City | 25,174 | 25,054 |
| Manassas Park | 10,051 | 9,982 |
| Prince William County | 277,435 | 275,746 |
| Dumfries | 3,664 | 3,553 |
| Total Contributions | <u>\$ 1,519,399</u> | <u>\$ 1,512,326</u> |

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

To the Board of Commissioners
Northern Virginia Regional Commission
Fairfax, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities, and the aggregate remaining fund information of Northern Virginia Regional Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Northern Virginia Regional Commission's basic financial statements and have issued our report thereon dated October 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
October 26, 2023



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

**To the Board of Commissioners
Northern Virginia Regional Commission
Fairfax, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Virginia Regional Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Northern Virginia Regional Commission's major federal programs for the year ended June 30, 2023. Northern Virginia Regional Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Virginia Regional Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
October 26, 2023

NORTHERN VIRGINIA REGIONAL COMMISSION

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

| Federal Grantor/Pass-through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Federal Expenditures | Payments to Subrecipients |
|---|--|---|-------------------------|------------------------------|
| <u>Department of Health and Human Services:</u> | | | | |
| Pass-through Payments: | | | | |
| Virginia Department of Health: COVID-19 HIV Care Formula Grants | 93.917 | NVRCRWB611-GY22/ NVRCRPS611-GY22/ NVRCRWB611-GY23 | \$ 2,029,700 | \$ 1,533,772 |
| Total HIV CARE Formula Grants | | | \$ 2,029,700 | \$ 1,533,772 |
| <u>Environmental Protection Agency:</u> | | | | |
| Pass-through Payments: | | | | |
| Virginia Department of Environmental Quality: Nonpoint Source Implementation Grants Geographic Programs Chesapeake Bay Program | 66.460 66.466 | Contract 17251 17030/17210 | \$ 13,776 46,011 | \$ - |
| <u>Department of Interior:</u> | | | | |
| Direct Payments: | | | | |
| National Trails System Projects | 15.935 | N/A | \$ 44,399 | \$ - |
| <u>Department of Commerce:</u> | | | | |
| Pass-through Payments: | | | | |
| Virginia Department of Environmental Quality: Coastal Zone Management Administration Awards | 11.419 | NA21NOS4190152/ 22NOS4190187 | \$ 93,426 | \$ - |
| <u>Department of Housing and Urban Development:</u> | | | | |
| Pass-through Payments: | | | | |
| District of Columbia Department of Health: Housing Opportunities for Persons with AIDS COVID-19 - Housing Opportunities for Persons with AIDS | 14.241 14.241 | 22F313/23G313 22F313 | \$ 2,072,269 46,149 | \$ 1,930,654 44,922 |
| Total Housing Opportunities for Persons with AIDS | | | \$ 2,118,418 | \$ 1,975,576 |
| <u>Department of Defense:</u> | | | | |
| Direct Payments: | | | | |
| Office of Local Defense Community Cooperation Community Economic Adjustment Assistance for Responding to threats to the Resilience of Military Installation | 12.003 | N/A | \$ 840,793 | \$ - |
| <u>Department of Homeland Security:</u> | | | | |
| Pass-through Payments: | | | | |
| Virginia Department of Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-4512-DR-VA | \$ 1,901 | \$ - |
| Total expenditures of federal awards | | | \$ 5,188,424 | \$ 3,509,348 |

See accompanying notes to the schedule of expenditures of federal awards.

NORTHERN VIRGINIA REGIONAL COMMISSION

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

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northern Virginia Regional Commission under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northern Virginia Regional Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Northern Virginia Regional Commission.

Note 2 - Summary of Significant Accounting Policies:

- (1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Commission did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 - Relationship to Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Commission's basic financial statements as follows:

| | |
|---|----------------------------|
| Intergovernmental federal revenues per the basic financial statements | <u>\$ 5,188,424</u> |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | <u><u>\$ 5,188,424</u></u> |

NORTHERN VIRGINIA REGIONAL COMMISSION

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal awards

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)? | No |

Identification of major programs:

| <u>Federal Assistance Listing #</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|---|
| 14.241 | Housing Opportunities for Persons with AIDS |
| 12.003 | Community Economic Adjustment Assistance for Responding to threats to the Resilience of Military Installation |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

NORTHERN VIRGINIA REGIONAL COMMISSION

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There are no prior year audit findings.