NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

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Dennis M. Morris, Chairman
John R. Riley, Jr., Vice Chairman
Nora Belle Comer, Secretary/Treasurer

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June 30, 2012

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EXECUTIVE DIRECTOR
Martha Shickle

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Northern Shenandoah Valley Regional Commission

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Northern Shenandoah Valley Regional Commission (the "Commission") as of and for the year ended June 30, 2012. These financial statements are the responsibility of the 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 *Specification for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 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 the business-type activities of the Commission as of June 30, 2012 and the respective changes in financial position, and, where applicable, cash flows 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 October 16, 2012 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Shenandoah Valley Regional Commission's basic financial statements. The schedule of revenues and expenses by project is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of revenues and expenses by project and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 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 taken as a whole.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 16, 2012

Management's Discussion and Analysis

This section of the Northern Shenandoah Valley Regional Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

Overview of the Financial Statements

Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the Commission's finances. Within this view, Commission operations are categorized and reported as either governmental or business-type activities. Governmental activities include planning services and administration. The Commission's business-type activities include the Regional Tire Operations Program, a regional tire shredding program. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

Required Financial Statements

The Statement of Net Assets (Page 6) focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities are reported on the accrual basis of accounting. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Total governmental net assets from July 2011 to June 2012 increased by $127,821. Total fiscal year expenses decreased $922,970 from last fiscal year. Revenues derived from charges for services decreased in the amount of $769,778. The significant fluctuations in revenues and expenses is the result of reduced activity in a significant federal grant award through the Neighborhood Stabilization Program. The program is intended to fund acquisition, repair and sale of foreclosed and abandoned properties in high foreclosure neighborhoods. The program experienced limited expenditure activity in Fiscal Year 2012.

The Statement of Activities (Page 7) focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The Commission incurred program expenses totaling $1,748,428 and billed for services in the amount of $1,717,252. The difference between these totals represents grant matching funds required and indirect costs which are supported by the Department of Housing & Community Development annual planning district support and member jurisdiction contributions.

Fund financial statements (Pages 8–12) focus separately on governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. Statements for the Commission's proprietary fund follow the governmental funds and include statements of net assets; revenue, expenditures and changes in net assets; and cash flow.

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

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

Financial Analysis

Summary Statements of Net Assets

	Governmental Activities		Business-Type Activities	
	2012	**2011**	**2012**	**2011**
Current Assets	$642,396	$307,131	$ 699,972	$ 673,556
Capital Assets (net)	97,184	44,768	326,555	415,001
Total Assets	739,580	351,899	1,026,527	1,088,557
Current Liabilities	340,839	176,823	9,232	51,392
Long-Term Liabilities	117,476	21,632	-	-
Invested in Capital Assets	33,059	44,768	326,555	415,001
Unrestricted	248,206	108,676	690,740	622,164
Total Net Assets	$281,265	$153,444	$1,017,295	$1,037,165

Current governmental assets for the year increased as a result of the current year revenues in excess of expenses of $127,821. Of this amount, $124,067 reflects the Commission's gain on the sale of their old office building at 106 E. 6th Street in Front Royal, Virginia while $3,754 represents an operational net income.

Total net assets for the Regional Tire Operations Program, classified above under business-type activities, show a decrease of $19,870.

Summary Statements of Activities

	Governmental Activities		Business-Type Activities	
	2012	**2011**	**2012**	**2011**
Revenues				
Operating grants and contributions	$ 184,617	$ 174,708	$ -	$ -
Charges for services	1,717,252	2,464,972	151,826	139,116
Interest	84	20	2,507	3,214
Total Revenues	$1,901,953	$2,639,700	$154,333	$142,330
Expenses				
General and administration	$ 25,704	$ 21,275	$174,203	$127,302
Project costs	1,748,428	2,675,827	-	-
Total expenses	1,774,132	2,697,102	174,203	127,302
Change in net assets	$ 127,821	$ (57,402)	$(19,870)	$ 15,028

Charges for services in business-type activities increased by approximately $12,700 over last year, while project expenses increased approximately $46,900. The Regional Tire Operations Program experienced less demand for regional tire disposal in fiscal year 2012 and the rise in expenses was due to equipment repair and maintenance costs to replace the shredder knives.

Capital Assets

Capital assets in the governmental funds consist of building, furniture and equipment used in the governmental activities of the Commission.

Included in proprietary fund fixed assets is a tire shredder and related equipment used to shred and recycle discarded tires, and a glass grinding machine which is currently dormant and for sale.

The Commission office building located at 103 East 6th Street, Front Royal, Virginia was sold by the Commission in March 2012. The Commission relocated to leased office space located at 400 Kendrick Lane, Suite E in Front Royal, Virginia in order to accommodate additional staff members and provide a regional meeting location.

Debt

Debt in 2012 consisted of a short-term line of credit through BB&T Bank. The Line of Credit obtained by the Commission covers temporary fluctuations in cash caused by timing differences in payment of expenses and the related reimbursement under cost reimbursable grants. There was no amount drawn on the line of credit at any time during the fiscal year.

The cost associated with preparing the new location on Kendrick Lane for occupancy included construction and buildout which is secured by a loan with the property owner at no interest and payable at a fixed monthly amount of $375 over the life of the lease period.

Economic Factors and Future Outlook

In July of 2012, the Commission purchased a new financial management software to replace Quickbooks. This new software, GMS (Grants Management Software) provides a floating indirect cost allocation rate element which will allow for actual expense recovery reimbursements. In prior years the Commission has utilized the audited indirect cost rates published at the end of each fiscal year as the fixed rate for all invoicing generated in the new fiscal year. Implementing the new GMS software will provide a positive significant impact on the financial position of the Commission.

Contacting the Commission's Financial Management Staff

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission's Executive Director at 400 Kendrick Lane – Suite E, Front Royal, Virginia 22630. (540) 636-8800.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 165,537	$ 201,854	$ 367,391
Certificates of deposit	-	489,242	489,242
Accounts receivable	465,857	8,876	474,733
Prepaid expenses	11,002	-	11,002
Capital assets, net	97,184	326,555	423,739
Total Assets	739,580	1,026,527	1,766,107
LIABILITIES			
Accounts payable	340,839	-	340,839
Accrued salary and leave	53,351	-	53,351
Deferred revenue	-	9,232	9,232
Loan payable	64,125	-	64,125
Total Liabilities	458,315	9,232	467,547
NET ASSETS			
Investment in capital assets, net of related debt	33,059	326,555	359,614
Unrestricted	248,206	690,740	938,946
Total Net Assets	281,265	1,017,295	1,298,560
Total Liabilities and Net Assets	$ 739,580	$ 1,026,527	$ 1,766,107

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government and administration	$ 25,704	$ -	$ 184,617	$ 158,913	$ -	$ 158,913
Projects	1,748,428	1,717,252	-	(31,176)	-	(31,176)
Total Governmental Activities	1,774,132	1,717,252	184,617	127,737	-	127,737
Business-Type Activities						
Regional Tire Operations Program	158,863	151,826	-	-	(7,037)	(7,037)
Glass Grinding Operations	15,340	-	-	-	(15,340)	(15,340)
Total Business-Type Activities	174,203	151,826	-	-	(22,377)	(22,377)
Total Government	$ 1,948,335	$ 1,869,078	$ 184,617	127,737	(22,377)	105,360
General revenues:						
Investment earnings				84	2,507	2,591
Change in net assets				127,821	(19,870)	107,951
Net assets at beginning of year				153,444	1,037,165	1,190,609
Net assets at end of year				$ 281,265	$ 1,017,295	$ 1,298,560

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund
ASSETS	
Cash and investments	$ 165,537
Accounts receivable	465,857
Prepaid expenses	11,002
Total Assets	642,396
LIABILITIES	
Accounts payable	340,839
Accrued salary	18,186
Total Liabilities	359,025
FUND BALANCE	
Unreserved, reported in:	
General fund	283,371
Total Fund Balance	283,371
Total Liabilities and Fund Balance	$ 642,396

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

Fund balances - total governmental funds	$ 283,371
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,017,295
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds	(99,290)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	97,184
Net Assets of Governmental Activities	$ 1,298,560

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

REVENUE	
Grants and appropriations:	
Federal grants	$ 1,105,276
State grants and appropriations	358,775
Local grants and appropriations	313,751
Other revenue:	
Interest	84
Miscellaneous	124,067
TOTAL REVENUES	1,901,953
EXPENDITURES	
Current Operating:	
Contract services	888,245
Salaries	515,010
Employee benefits and payroll taxes	134,895
Advertising	84,406
Capital outlay	62,203
Travel	21,721
Office equipment and repair	21,319
Computer costs	13,647
Rent	13,500
Equipment rental	10,319
Office supplies and expense	9,003
Dues and memberships	8,235
Professional fees	7,600
Communications	5,729
Regional meetings	5,351
Utilities	5,240
Insurance	4,277
Other costs	2,315
Debt Service	
Principal	3,375
TOTAL EXPENDITURES	1,816,390
EXCESS OF REVENUES OVER EXPENDITURES	85,563
Other Financing Sources	
Proceeds from loan	67,500
NET CHANGE IN FUND BALANCE	153,063
FUND BALANCE - Beginning of year	130,308
FUND BALANCE - End of year	$ 283,371

Reconciliation of the Statement of Revenues, Expenditures, and Changes Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Net Change in Fund Balances - Total Government Funds	$ 153,063
The net revenue (expense) of internal service funds is reported with governmental activities on the statement of activities.	(19,870)
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 the governmental funds - change in long-term annual leave payable.	(13,533)
Loan proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has an effect on net assets. This is the amount by which debt payments exceeds debt issued.	(64,125)
All capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities those outlays are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceed depreciation in the period.	52,416
Change in net assets reported on the Statement of Activity	$ 107,951

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2012

	Business Type Activities - Enterprise Funds		
	Regional Tire Operations Program	Glass Grinding Operations Program	Total Enterprise Funds
ASSETS			
Cash and investments	$ 201,854	$ -	$ 201,854
Certificates of deposit	489,242	-	489,242
Accounts receivable	8,876	-	8,876
Capital assets, net	274,143	52,412	326,555
Total Assets	974,115	52,412	1,026,527
LIABILITIES			
Deferred revenue	9,232	-	9,232
Total Liabilities	9,232	-	9,232
NET ASSETS			
Investment in capital assets, net of related debt	274,143	52,412	326,555
Unrestricted	690,740	-	690,740
Total Fund Balance	964,883	52,412	1,017,295
Total Liabilities and Fund Balance	$ 974,115	$ 52,412	$ 1,026,527

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds		
	Regional Tire Operations Program	**Glass Grinding Operations Program**	**Total Enterprise Funds**
Revenue			
Charges for service	$ 151,826	$ -	$ 151,826
Total Operating Revenue	151,826	-	151,826
Operating Expenses			
Operating costs	85,757	-	85,757
Depreciation	73,106	15,340	88,446
Total Operating Expenses	158,863	15,340	174,203
Operating Income (Loss)	(7,037)	(15,340)	(22,377)
Non-Operating Revenues (Expenses)			
Transfers	-	-	-
Interest income	2,507	-	2,507
Total Non-Operating Revenues (Expenses)	2,507	-	2,507
Change in Net Assets	(4,530)	(15,340)	(19,870)
Net Assets - Beginning of Year	969,413	67,752	1,037,165
Net Assets - End of Year	$ 964,883	$ 52,412	$ 1,017,295

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds		
	Regional Tire Operations Program	**Glass Grinding Operations Program**	**Total Enterprise Funds**
Cash flows from operating activities:			
Cash received from customers	$ 136,487	$ -	$ 136,487
Cash payments to suppliers	(91,582)	-	(91,582)
Net Cash Provided by Operating Activities	44,905	-	44,905
Cash flows from investing activities			
Purchases of certificates of deposit	(201,958)	-	(201,958)
Interest income	2,507	-	2,507
Net Cash Provided by (Used in) Investing Activities	(199,451)	-	(199,451)
Change in Cash and Cash Equivalents	(154,546)	-	(154,546)
Cash and Cash Equivalents - Beginning of Year	356,400	-	356,400
Cash and Cash Equivalents - End of Year	$ 201,854	$ -	$ 201,854
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	$ (7,037)	$ (15,340)	$ (22,377)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	73,106	15,340	88,446
Change in accounts receivable	20,996	-	20,996
Change in accounts payable	(5,825)	-	(5,825)
Change in deferred revenue	(36,335)	-	(36,335)
Net Cash Provided by Operating Activities	$ 44,905	$ -	$ 44,905

See accompanying notes.

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

The Northern Shenandoah Valley Regional Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia. The purpose of the Commission is to promote the orderly and efficient development of the physical, social and economic elements of the northern Shenandoah Valley by encouraging and assisting governmental subdivisions in planning for the future. The accounting policies of the Commission conform to generally accepted accounting principals as applied to government units.

(a). Financial Statement Presentation – The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities. The governmental activities of the Commission are supported by intergovernmental revenues.

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

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate fund financial statements are provided for governmental funds and proprietary funds. The governmental funds and the proprietary funds are reported on separate balance sheets and statements of revenues, expenditures, and changes in fund balances (fund equity). The proprietary fund reporting also includes a statement of cash flows. The accounts are organized on the basis of fund classification, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The individual Governmental Fund of the Commission is comprised of the General Fund, which accounts for all revenues and expenditures applicable to the general operation of the Commission that are not accounted for in other funds.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Commission's Proprietary Fund consists of Enterprise Funds that accounts for the operations of the Regional Tire Operations Program and Glass Grinding Operations Program. The Commission is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict Government Accounting Standards Board (GASB) pronouncements. The Commission has chosen not to apply any FASB pronouncements after that date.

NOTE 1 - Organization and Summary of Accounting Policies (Continued)

(b). Basis of Accounting - The Commission's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally sixty days. The Commission considers grant revenue as available when the grant expenditure is made since the expenditure is the prime factor for determining eligibility. Expenditures are recorded when the related fund liability is incurred.

(c). Property and Equipment - Property and equipment are recorded at cost for items exceeding $1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from five to thirty-nine years. Normal repairs and maintenance are expensed as incurred. Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued.

(d). Cash and Cash Equivalents - The Commission follows a deposit and investment policy in accordance with statutes of the Commonwealth of Virginia. Accordingly, the Commission is authorized to hold cash, checking accounts and certain investments. Cash and Cash Equivalents include cash on hand, amounts in checking accounts and money market instruments, all of which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. For purposes of the statement of cash flows, all highly liquid debt investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(e). Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. 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. Management considers all of the receivables collectible at June 30, 2012, and no allowance for doubtful accounts has been provided.

(f). Revenue Recognition - Intergovernmental revenues, consisting primarily of Federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. The Commission recognizes a liability for funds received in excess of project expenditures.

(g). Accrued Leave - Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, the employee is reimbursed for accumulated vacation leave. Sick leave and vacation expenditures are recognized in the governmental fund to the extent it is paid during the year.

(h). Use of Estimates - The presentation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - Organization and Summary of Accounting Policies (Continued)

(i). Concentration of Credit and Market Risk - Financial instruments that potentially expose the Commission to concentration of credit and market risk consist primarily of cash equivalents and certificates of deposit. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Commission maintains its cash in various bank deposits accounts which, at times, may exceed federally insured limits. The Commission has not experienced any losses in such accounts. The Commission's investments do not represent significant concentrations of market risk inasmuch as their investment portfolio is adequately diversified among issuers.

(j). Advertising Costs – Advertising costs are expensed as incurred.

NOTE 2 – Cash and Equivalents

State statute authorizes the Commission to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Cash and cash equivalents include amounts in demand deposits as well as short-term, highly liquid investments with a maturity date within three months of the date acquired by the Commission. Deposits are carried at cost, which approximates fair value. At yearend, the carrying value of the governmental activities' money market and checking account balances were $150,411 and $14,296 respectively, and the business-type activities checking account balance was $201,854.

There is no custodial credit risk to these accounts, as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FSLIC limits. The State Treasury Board is responsible for monitoring compliance by banks and savings and loans. Accordingly, there is no custodial risk for either of the accounts as they are fully collateralized. In addition there is no interest rate risk as the interest rates are adjusted daily.

NOTE 3 – Certificates of Deposit

The fair values, which are the amounts reported in the statement of financial position, are based on level 1 inputs, quoted market prices, if available, or estimated using quoted market prices for similar securities.

Investments as of June 30, 2012 stated at fair value consist of the following:

Certificates of deposit	$489,242

Components of investment income include the following:

Interest	$2,507

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4 - Capital Assets

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

	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Governmental Activities:				
Building	$115,132	$ 75,460	$102,126	$ 88,466
Vehicles and Equipment	99,189	10,686	50,199	59,676
Land	9,100	-	9,100	-
Less: Accumulated Depreciation	178,653	9,787	137,482	50,958
Governmental Activities Capital Assets, net	$ 44,768	$ 76,359	$(23,923)	$ 97,184
Business-Type Activities:				
Equipment	$967,488	$ -	$ -	$967,488
Less: Accumulated Depreciation	552,487	88,446	-	640,933
Business-Type Activities Capital Assets, net	$415,001	$(88,446)	$ -	$326,555

NOTE 5 – Revolving Credit Agreement

The Commission has entered into a secured revolving credit agreement with a local bank. The Commission can borrow up to $50,000 under this agreement. Interest is due monthly at a variable rate based on the Wall Street Journal prime rate. The agreements terminate on demand and all outstanding principal is due at that time. The agreements are secured by all contracts and grants receivable of the Commission. As of June 30, 2011, there was no outstanding balance under this agreement.

NOTE 6 – Notes Payable

On September 26, 2011 the Commission signed a lease for new office space. That lease included a provision whereby the landlord financed certain improvements to the office to be paid back in monthly installments of $375 over the life of the lease.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	Beginning	Additions	Deductions	Ending.
Note Payable	$ -	$67,500	$3,375	$64,125

NOTE 7 – Retirement Plans

The Commission contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

Plan Description - 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.

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 as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July1, 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. The may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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 Plan1, 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.

NOTE 7 – Retirement Plans (Continued)

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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 Commission is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by Code of Virginia and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2012 was 10.99% of annual covered payroll. The contribution rate for the life benefit was .28% for the year ended June 30, 2012.

Annual Pension Cost - For the fiscal year ended June 30, 2012 the Commission's annual pension cost of $49,415 for VRS was equal to the required and actual contributions.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	$49,415	100%	$-
6/30/11	$47,121	100%	$-
6/30/10	$44,721	100%	$-

The FY2012 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 (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the 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 Commission's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

Funded Status and Funding Progress - As of June 30, 2011, the most recent actuarial valuation date, the plan was 95.25% funded. The actuarial accrued liability for benefits was $850,679, and the actuarial value of assets was $810,234, resulting in an unfunded actuarial accrued liability (UAAL) of $40,445. The covered payroll (annual payroll of active employees covered by the plan) was $396,718, and the ratio of the UAAL to the covered payroll was 10.19%.

NOTE 7 – Retirement Plans (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/11	$810,234	$850,679	$ 40,445	95.25%	$396,718	10.19%
6/30/10	$800,584	$954,366	$153,782	83.89%	$445,850	34.49%
6/30/09	$800,741	$847,616	$ 46,875	94.47%	$418,050	11.21%

NOTE 8 – Long-Term Obligations

The Commission leases office space in Front Royal, Virginia, under a fifteen-year lease agreement, which expires September 30, 2026. The lease calls for periodic rent increases over the lease term. The Commission also leases a vehicle and a copier under operating leases which expire in 2013 and 2011, respectively. Rental expense for all operating leases for the year ended June 30, 2012, was $295,835.

Future minimum rental payments under these leases are as follows:

Years ending June 30,	
2013	$ 18,000
2014	20,250
2015	21,000
2016	21,000
2017	23,250
Thereafter	282,000
Total minimum lease payments	$385,500

NOTE 9 – Compliance with Grant Provisions

The Commission participates in several federal financial assistance programs. Although the Commission's grant programs have been audited in accordance with the provisions of the Single Audit Act, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

NOTE 10 – Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total salaries. The fringe benefit rate for the fiscal year ended June 30, 2012 is calculated as follows:

Fringe benefit expense	$165,184	
Total salaries	$493,126	= 33.49%

Components of fringe benefit expense for the year ended June 30, 2012 are shown below:

Health, disability and life insurance	$ 80,352
Retirement	49,415
Payroll taxes	35,417
Total Fringe Benefits	$165,184

NOTE 11 – Indirect Costs

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries and fringe benefits to total direct salaries and fringe benefits. The indirect cost rate for the fiscal year ended June 30, 2012 was 52.69%, and is calculated as follows:

Indirect costs	$260,331	
Total direct salaries and fringe benefits	$494,060	= 52.69%

The following indirect costs have been allocated to projects:

Salaries and fringe benefits	$158,514
Repairs and maintenance	18,766
Rent	15,000
Depreciation	9,787
Insurance	9,405
Computer software	9,088
Contract services	7,600
Meetings and conferences	7,431
Office supplies	6,164
Utilities	5,240
Travel	5,021
Communications	4,250
Dues and subscriptions	3,032
Postage	767
Advertising	266
Total Indirect Costs	$260,331

NOTE 12 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 29, 2012, the date which the financial statements were available to be issued.

	Commission Activities	Local Technical Assistance	HMIS	CDBG	Home Consortium	NSP Stimulus	Housing Virginia Website
REVENUES							
Federal grants	$ -	$ -	$ 40,465	$ 1,201	$ 876,751	$ 53,914	$ -
State grants	75,971	-	-	-	-	-	-
Local governments	108,646	72,834	-	55,216	-	-	-
Other income	124,151	-	-	-	-	-	-
Total revenues	308,768	72,834	40,465	56,417	876,751	53,914	-
EXPENSES							
Salaries and employee benefits	15,785	54,935	13,610	35,733	49,782	11,827	3,053
Advertising	252	-	-	1,245	1,733	-	-
Communications	-	-	-	-	252	-	-
Computer software	-	36	-	250	370	-	-
Conferences and meetings	-	250	675	537	306	38	-
Contract services	-	10,181	25,132	-	801,571	28,256	-
Dues and memberships	-	-	-	150	707	250	-
Equipment rental/purchase	-	1,068	164	347	1,012	52	1
Insurance	638	-	-	-	-	1,615	-
Maintenance	-	-	501	405	946	-	-
Office supplies	-	53	-	-	1	-	-
Postage	29	10	32	52	17	39	-
Travel	680	1,254	548	2,078	3,305	199	-
Overhead and indirect costs	8,320	28,946	7,171	18,828	26,231	6,232	1,609
Total expenses	25,704	96,733	47,833	59,625	886,233	48,508	4,663
Revenues over (under) expenses	$ 283,064	$ (23,899)	$ (7,368)	$ (3,208)	$ (9,482)	$ 5,406	$ (4,663)

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

Schedule of Revenues and Expenses by Project
For the Year Ended June 30, 2012

Homeless Prevention	VDRPT Trip Ride-Sharing Grant	VDOT Rural Trans-portation Planning Grant	MPO Highway and Transportation Planning	Regional Water Plan	Minimum Instream Flow	TMDL NFWF Chesap. Bay	Solid Waste Manage-ment	Hazard Mitigation	Totals
$ (7,176)	$ -	$ -	$ 110,519	$ -	$ -	$ -	$ -	$ 29,602	$ 1,105,276
-	168,586	55,573	37,251	-	-	13,500	-	7,894	358,775
-	-	-	16,420	21,134	13,500	-	26,001	-	313,751
-	-	-	-	-	-	-	-	-	124,151
(7,176)	168,586	55,573	164,190	21,134	13,500	13,500	26,001	37,496	1,901,953
344	79,066	43,485	106,072	18,802	-	14,820	20,902	25,844	494,060
-	79,044	215	1,651	-	-	-	-	-	84,140
-	890	-	337	-	-	-	-	-	1,479
-	2,833	375	497	-	-	-	-	198	4,559
-	699	1,186	274	123	-	-	119	-	4,207
(1,750)	-	-	11,355	-	13,500	-	-	-	888,245
-	425	32	532	-	-	-	-	-	2,096
-	1,616	1,475	4,247	780	-	174	196	1,110	12,242
-	-	-	-	-	-	-	428	-	2,681
-	321	28	208	-	-	-	146	-	2,555
-	354	-	15	-	-	-	-	-	423
-	8	31	191	5	-	-	-	-	414
-	3,205	1,636	2,991	438	-	27	216	123	16,700
181	41,661	22,913	55,891	9,907	-	7,809	11,014	13,618	260,331
(1,225)	210,122	71,376	184,261	30,055	13,500	22,830	33,021	40,893	1,774,132
$ (5,951)	$ (41,536)	$ (15,803)	$ (20,071)	$ (8,921)	$ -	$ (9,330)	$ (7,020)	$ (3,397)	$ 127,821

The accompanying notes are an integral part of these financial statements.

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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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*

Board of Directors
Northern Shenandoah Valley Regional Commission

We have audited the financial statements of the governmental activities and business-type activities of Northern Shenandoah Valley Regional Commission as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Northern Shenandoah Valley Regional Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern Shenandoah Valley Regional Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that 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.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Shenandoah Valley Regional 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 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*.

This report is intended for the information and use of the Executive Committee, management, others within the entity, and 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.

Dunbar, Aubrey & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 16, 2012

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

4437 Brookfield Corporate Dr., Suite 205-D
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P.O. Box 2584
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Commissioners
Northern Shenandoah Valley Regional Commission

Compliance

We have audited Northern Shenandoah Valley Regional Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Northern Shenandoah Valley Regional Commission's major federal program for the year ended June 30, 2012. Northern Shenandoah Valley Regional Commission's major federal program is 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 its major federal program is the responsibility of Northern Shenandoah Valley Regional Commission's management. Our responsibility is to express an opinion on Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northern Shenandoah Valley Regional Commission's compliance with those requirements.

In our opinion, Northern Shenandoah Valley Regional Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on it major federal program for the year ended June 30, 2012.

Metro: (703) 631-8940 FAX: (703) 631-8939 Toll Free 1-877-631-8940

Internal Control Over Compliance

Management of the Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order 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 Northern Shenandoah Valley Regional Commission's internal control over compliance.

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

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 for the information and use of the Executive Committee, management, others within the entity, and 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.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 16, 2012

NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

	FEDERAL CATALOG NUMBER	EXPENDITURES
Major Program		
Department of Housing and Urban Development		
Pass through payment - City of Winchester		
HOME Program	14.239	$ 876,751
Other Federal Awards		
Department of Housing and Urban Development		
ARRA - Homelessness Prevention and Rapid Rehousing Program	14.257	(7,176)
Homeless Management Information Systems	14.261	40,465
Pass through payment - Virginia Department of Housing and Community Development		
ARRA - Neighborhood Stabilization Plan	14.228	53,914
Department of Transportation		
Pass through payment - Virginia Department of Transportation		
Federal Highway Planning and Research	20.205	111,720
Department of Homeland Security		
Pass through Payment - Virginia Department of Emergency Management		
Hazard Mitigation	97.047	29,602
Total Expenditures of Federal Awards		$ 1,105,276

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Shenandoah Valley Regional Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE 2 - Subrecipients

Of the expenditures presented in the Schedule, the Commission provided awards to subrecipients as follows:

		Subrecipient Name	Amount Provided
HOME Program	14.239	Community Housing Partners Corporation	$ 232,541
		People Inc. of Virginia	225,976
		Blue Ridge Housing Network	156,203
		Habitat for Humanity of Winchester	127,421
		Help with Housing, Inc.	28,139
		Phazz One Ministries, Inc.	26,768
		Virginia Coalition to End Homelessness	7,652
			$ 804,700

See accompanying notes

Northern Shenandoah Valley Regional Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I – Summary of Auditors' Results

Financial Statements
Type of auditors' report issued: Unqualified

Internal control over financial reporting

- Material weakness(es) identified	____ Yes	_X_ No
- Reportable condition(s) identified that are not considered to be material weaknesses?	____ Yes	_X_ No
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards
Internal control over major programs:

- Material weakness(es) identified	____ Yes	_X_ No
- Reportable condition(s) identified that are not considered to be material weaknesses?	____ Yes	_X_ No

Type of auditor's report issued on compliance for major programs: unqualified

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

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Program

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

Auditee qualified as low-risk auditee?	_X_ Yes	____ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None