

***TransTech Alliance
T/A Virginia's Growth Alliance***

Comprehensive Annual Financial Report

Years Ended June 30, 2014 and 2013



***Creedle, Jones
& Alga, P.C.***
Certified Public Accountants

**TransTech Alliance
T/A Virginia's Growth Alliance**

Table of Contents

Years Ended June 30, 2014 and 2013

	Pages
Independent Auditor's Report	i-ii
Management's Discussion and Analysis	1-2
FINANCIAL STATEMENTS	
Exhibits	
A Statements of Net Position	3
B Statements of Revenues, Expenses, and Changes in Net Position	4
C Statements of Cash Flows	5
Notes to the Financial Statements	6-8
COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10



**Creedle
Jones
& Alga**

A Professional Corporation

*Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP
Scott A. Thompson, CPA
Nadia A. Rogers, CPA*

*James A. Allen, Jr., CPA
Nadine L. Chase, CPA
Kimberly W. Jackson, CPA*

Sherwood H. Creedle, Emeritus

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TransTech Alliance
T/A Virginia's Growth Alliance

Report on the Financial Statements

We have audited the accompanying financial statements of the statements of net position, revenues, expenses, and changes in net position, and cash flows of TransTech Alliance T/A Virginia's Growth Alliance, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Alliance's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 *Specifications 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the statements of net position, changes in revenues, expenses, and changes in net position, and cash flows of TransTech Alliance T/A Virginia's Growth Alliance, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1–2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of the TransTech Alliance T/A Virginia's Growth Alliance'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 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 Virginia's Growth Alliance's internal control over financial reporting and compliance.

Accountant's Compilation Report on 2013 Financial Statements

We have compiled the accompanying statements of net position, revenues, expenses, and changes in net position, and cash flows of TransTech Alliance T/A Virginia's Growth Alliance as of and for the year ended June 30, 2013. We have not audited or reviewed the 2013 TransTech Alliance T/A Virginia's Growth Alliance statement of net position, revenues, expenses, and changes in net position, and cash flows and, accordingly, do not express an opinion or provide any assurance about whether the 2013 financial statements are in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States (U.S. GAAP) and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Credle, Jones & Alga, P.C.

Credle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
July 31, 2015

**TransTech Alliance
T/A Virginia's Growth Alliance**

Management's Discussion and Analysis

As of June 30, 2014

Our discussion and analysis of the TransTech Alliance T/A Virginia's Growth Alliance's financial performance provides an overview of the Alliance's financial activities for the fiscal year ended June 30, 2014. Please read this information in conjunction with the TransTech Alliance T/A Virginia's Growth Alliance's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The TransTech Alliance T/A Virginia's Growth Alliance (the "Alliance") presents three basic financial statements. These are: (1) Statements of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Statements of Cash Flows.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. This information is reported on the Statements of Net Position, which reflects the Alliance's assets in relation to its debt to creditors. The excess of our assets over liabilities is our equity or net position.

Information regarding the results of our operation during the year is reported in the Statements of Revenues, Expenses, and Changes in Net Position. This statement shows how much our overall net position increased or decreased during the year as a result of our operations and for other reasons.

Our Statements of Cash Flows disclose the flow of cash resources into and out of the Alliance during the year (from fees and grants) and how we applied those funds (incentive payments and payment of expenses).

FINANCIAL SUMMARY

Financial Position. A summary of the Alliance's Statements of Net Position for 2014 and 2013 is presented below:

	<u>2014</u>	<u>2013</u>
Total Assets	<u>\$ 177,443</u>	<u>\$ 38,690</u>
Total Liabilities	\$ 25,840	\$ 8,360
Net Position		
Unrestricted	<u>151,603</u>	<u>30,330</u>
Total Liabilities and Net Position	<u>\$ 177,443</u>	<u>\$ 38,690</u>

Total Assets of the Alliance increased by \$138,753 in 2014.

Change in Net Position. A summary of the Alliance's Statements of Revenues, Expenses, and Changes in Net Position for 2014 and 2013 is presented below:

**Condensed Statements of Revenues, Expenses,
and Changes in Net Position**

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 134,684	\$ 109,770
Operating Expenses	<u>318,117</u>	<u>323,164</u>
Net Operating Loss	(183,433)	(213,394)
Non-Operating Income	<u>304,706</u>	<u>168,244</u>
Changes in Net Position	<u>\$ 121,273</u>	<u>\$ (45,150)</u>

During the year, the Alliance had a net operating loss of \$183,433. The Alliance had non-operating income in federal and state grants, which amounted to \$304,706. Operating expenses of \$318,117 included economic development expenses.

Net position increased \$121,273 in 2014 as compared to a loss of \$45,150 in 2013.

Cash Flows. A summary of the Alliance's Statements of Cash Flows for 2014 and 2013 is presented below:

Condensed Statements of Cash Flows

	<u>2014</u>	<u>2013</u>
Cash Flows Provided by (Used in)		
Operating activities	\$ (165,953)	\$ (222,264)
Non-capital financing activities	<u>287,787</u>	<u>134,858</u>
Net Increase (Decrease) in Cash	<u>\$ 121,834</u>	<u>\$ (87,406)</u>

Cash flows from operating activities consist of receipts from members and a marketing campaign less payments to vendors, creating a negative cash flow.

Cash flows from non-capital financing activities net to \$287,787, consisting of receipts from federal and state grants.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Alliance's finances and to demonstrate the Alliance's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Wayne Carter, TransTech Alliance T/A Virginia's Growth Alliance, P.O. Box 250, Boydton, Virginia 23917, telephone 434-447-7636, or visit the Alliance's website at www.vagrowth.com.

FINANCIAL STATEMENTS

**TransTech Alliance
T/A Virginia's Growth Alliance**

Statements of Net Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash	\$ 127,138	\$ 5,304
Due from other governments	<u>50,305</u>	<u>33,386</u>
Total Current Assets	<u>177,443</u>	<u>38,690</u>
Total Assets	<u>\$ 177,443</u>	<u>\$ 38,690</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 23,869	\$ 8,360
Accrued payroll taxes payable	<u>1,971</u>	<u>-</u>
Total Current Liabilities	<u>25,840</u>	<u>8,360</u>
Total Liabilities	<u>25,840</u>	<u>8,360</u>
Net Position		
Unrestricted	<u>151,603</u>	<u>30,330</u>
Total Net Position	<u>151,603</u>	<u>30,330</u>
Total Liabilities and Net Position	<u>\$ 177,443</u>	<u>\$ 38,690</u>

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

TransTech Alliance
T/A Virginia's Growth Alliance

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Contributions from partner localities	\$ 109,684	\$ 106,534
Marketing campaign and other income	<u>25,000</u>	<u>3,236</u>
Total Operating Revenues	134,684	109,770
Operating Expenses		
Salaries	79,096	91,585
Fringe benefits	21,139	25,728
Curriculum development	20,000	-
Marketing mission - trade show and marketing plan	41,697	21,596
Branding and graphic design	2,856	19,281
Workforce data	-	24,054
Entrepreneurship project	56,599	20,000
Legal and accounting	780	2,000
Website design	10,739	15,689
Organization costs	-	17,305
Travel	6,881	6,647
Events	5,261	2,255
Consultants and engineering	28,864	38,000
Printing	26,391	1,942
Miscellaneous	861	4,503
Office supplies	15,468	60
Capital outlay	<u>1,485</u>	<u>32,519</u>
Total Operating Expenses	<u>318,117</u>	<u>323,164</u>
Operating Loss	(183,433)	(213,394)
Non-Operating Revenues (Expenses)		
Federal revenues	189,662	67,013
State revenues - Tobacco Indemnification Funds	70,058	101,231
State revenues - Virginia Economic Development	<u>44,986</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>304,706</u>	<u>168,244</u>
Change in Net Position	121,273	(45,150)
Net Position - Beginning of Year	<u>30,330</u>	<u>75,480</u>
Net Position - End of Year	<u>\$ 151,603</u>	<u>\$ 30,330</u>

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

TransTech Alliance
T/A Virginia's Growth Alliance

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Receipts from partner localities	\$ 109,684	\$ 106,534
Receipts from marketing campaign and other	25,000	3,236
Payments for personnel and fringe benefits	(98,264)	(117,313)
Payments to suppliers	<u>(202,373)</u>	<u>(214,721)</u>
Net Cash Used in Operating Activities	(165,953)	(222,264)
Cash Flows from Non-Capital Financing Activities		
Receipts from federal and state grants	<u>287,787</u>	134,858
Net Cash Provided by Non-Capital Financing Activities	287,787	134,858
Net Increase (Decrease) in Cash and Cash Equivalents	121,834	(87,406)
Cash and Cash Equivalents - Beginning of Year	<u>5,304</u>	<u>92,710</u>
Cash and Cash Equivalents - End of Year	<u>\$ 127,138</u>	<u>\$ 5,304</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (183,433)	\$ (213,394)
Adjustments to reconcile operating loss to net cash used in operating activities		
Changes in assets and liabilities		
Increase (Decrease) in		
Accounts payable	15,509	(8,870)
Accrued payroll taxes	<u>1,971</u>	<u>-</u>
Net Cash Used in Operating Activities	<u>\$ (165,953)</u>	<u>\$ (222,264)</u>

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

**TransTech Alliance
T/A Virginia's Growth Alliance**

Notes to the Financial Statements

Years Ended June 30, 2014 and 2013

1 Organization, Description of the Entity and Its Activities

TransTech Alliance T/A Virginia's Growth Alliance (the "Alliance") was created on June 11, 2012 by a regional development agreement pursuant to Section 15.2-1300 et. seq. of the Code of Virginia which authorizes the joint exercise of powers by political subdivisions which authorizes joint exercise of powers. The Alliance entered into the agreement to administer grant funds on behalf of the member jurisdictions for the purpose of establishing a regional organization to increase business opportunities and other development opportunities within the region.

Members of the Alliance are Brunswick County, Charlotte County, Greenville County, Lunenburg County, Mecklenburg County, Nottoway County, and the City of Emporia. Each member has two representatives appointed by the governing body of the member jurisdiction with no set terms. In addition, the Board may appoint up to six additional board members representing business and education for two-year terms. The Member jurisdictions' contributions are based on \$1.00 per capita.

2 Significant Accounting Policies

Financial Statement Presentation

The accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB).

The Alliance applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

Basis of Accounting

The Alliance's accounting system is organized and operated on a fund basis. A fund records cash and other financial resources, together with all related liabilities, obligations, reserves, and residual equity, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. The Alliance utilizes one type of Proprietary Fund with that being an Enterprise Fund.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Alliance is that the cost of providing services to the general public be financed or recovered through user charges. In the Alliance's operation, costs are represented by interest expense and financing cost, while user charges consist of interest income earned on receivables.

The Alliance utilizes the accrual basis of accounting under which revenues are recorded in the period earned and expenses are recorded when the related liabilities are incurred.

The Alliance may realize its assets and liquidate its liabilities in operating cycles, which range from very short to very long periods. The accompanying financial statements are presented in a nonclassified format because working capital concepts are not indicative of its operating cycle.

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.

Accounts Receivable and Due from Other Governments

The Alliance utilizes the direct write-off method for the reporting of uncollectible receivables. Generally accepted accounting principles require the use of an allowance for doubtful accounts method which recognizes anticipated losses based on predetermined guidelines.

3 Cash Equivalents

The Alliance considers all investments purchased with a maturity of three months or less to be cash equivalents.

4 Cash and Investments

Deposits

All cash of the Alliance is maintained in an account collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance and held by its fiscal agent, the County of Mecklenburg, Virginia.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Alliance has no investments at this time.

5 Local Contributions

Local contributions were as follows:

	<u>2014</u>	<u>2013</u>
County of Brunswick	\$ 17,434	\$ 16,909
County of Charlotte	12,586	12,061
County of Greenville	12,243	11,718
County of Lunenburg	12,914	12,389
County of Mecklenburg	32,727	32,202
County of Nottoway	15,853	15,853
City of Emporia	<u>5,927</u>	<u>5,402</u>
Total Local Contributions	<u>\$ 109,684</u>	<u>\$ 106,534</u>

6 Due from Other Governments

The Alliance had outstanding grant receipts from various programs at year end. Following is a recap of grant monies due from various funding agencies.

	<u>2014</u>	<u>2013</u>
Virginia Department of Housing & Community Development	\$ <u>50,305</u>	\$ <u>33,386</u>
Total Due from Other Governments	<u>\$ 50,305</u>	<u>\$ 33,386</u>

COMPLIANCE



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

To the Board of Directors
TransTech Alliance
T/A Virginia's Growth Alliance

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 *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of net position, revenues, expenses, and changes in net position, and cash flows of TransTech Alliance T/A Virginia's Growth Alliance, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise TransTech Alliance T/A Virginia's Growth Alliance's basic financial statements, and have issued our report thereon dated July 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TransTech Alliance T/A Virginia's Growth Alliance's internal control over financial reporting (internal control) to determine the 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 TransTech Alliance T/A Virginia's Growth Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of TransTech Alliance T/A Virginia's Growth Alliance'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TransTech Alliance T/A Virginia's Growth Alliance'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 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*.

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.

Creedle, Jones & Alga, P.C.

Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
July 31, 2015