



Office of Inspector General

Appalachian Regional Commission

Fiscal Year 2024 Financial Statement Audit Opinion

Report Prepared by Allmond and Company

Report Number 25-07

November 15, 2024

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, Suite 718
Washington, D.C. 20009



Office of Inspector General

Appalachian Regional Commission

November 15, 2024

Brandon McBride
Executive Director, ARC

This memorandum transmits the results of the audit of the Commission's financial statements for the fiscal year ended September 30, 2024 and 2023. We contracted with the independent certified public accounting firm Allmond & Company, LLC to conduct this audit. Allmond & Company, LLC expressed an unmodified opinion that concluded the financial statements were presented fairly, in all material respects, in accordance with the applicable financial reporting standards.

My office has policies and procedures that are designed to provide assurance that work performed by non-Federal auditors complies with the auditing standards. In connection with this contract, we review the final report of Allmond & Company, LLC and related documentation and made inquiries of its representatives.

Our oversight of Allmond & Company, LLC's audit did not disclose any instances where they did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's financial statements. Allmond & Company, LLC is solely responsible for the audit report dated November 14, 2024 and the conclusions expressed in the report.

Thank you for the cooperation and courtesies extended to both Allmond & Company, LLC, and my staff during this audit.

Sincerely,

Clayton Fox
Inspector General

Attachment

Appalachian Regional Commission (ARC)
Fiscal Year 2024 Financial Statement Audit

Final Independent Auditor’s Report

Submitted for review and acceptance to:
Virginia King, Assistant Inspector General for Audit
Office of Inspector General
Appalachian Regional Commission
1666 Connecticut Ave, NW, Suite 700
Washington, DC 20009-1068

Submitted by:
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Final Independent Auditor’s Report

Prepared under contract to the Appalachian Regional Commission (ARC) Office of Inspector General to provide financial auditing services

**APPALACHIAN REGIONAL COMMISSION
AUDIT REPORT
SEPTEMBER 30, 2024**



**Appalachian
Regional
Commission**

**ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200**



Independent Auditor's Report

Federal Co-Chair and Executive Director
Appalachian Regional Commission:

Report on the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Appalachian Regional Commission (ARC) financial statements. ARC financial statements comprise the balance sheets as of September 30, 2024 and 2023; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, ARC's financial statements present fairly, in all material respects, ARC's financial position as of September 30, 2024 and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ARC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in ARC's Performance and Accountability Report (PAR), and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-02 will always detect a material misstatement or material weakness 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, including omissions, are considered to be 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 GAAS, GAGAS, and OMB Bulletin No. 24-02, 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 that are 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 an audit 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 ARC's internal control over financial reporting. 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.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses

to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

ARC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in ARC's Performance and Accountability Report. The other information comprises the *Management and Discussion Analysis* and *Performance* sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Internal Control over Financial Reporting

In connection with our audits of ARC's financial statements, we considered ARC's internal control over financial reporting, consistent with the auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies¹ or to express an opinion on the effectiveness of ARC's internal control over financial reporting. Given these limitations, during our fiscal year 2024 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 have not been identified.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to ARC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

¹ 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 deficiencies, in internal control over financial reporting, 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 over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Responsibilities of Management for Internal Control over Financial Reporting

ARC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of ARC's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. generally accepted government auditing standards, we considered ARC's internal control relevant to the financial statement 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 ARC's internal control over financial reporting. Accordingly, we do not express an opinion on ARC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that;

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of ARC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of ARC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of ARC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2024 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to ARC. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

ARC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to ARC.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to ARC that have a direct effect on the determination of material amounts and disclosures in ARC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to ARC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Allmond & Company, LLC

Lanham, MD

November 14, 2024



Appalachian Regional Commission

FINANCIAL STATEMENTS

As of And For The Fiscal Years Ended September 30, 2024 and 2023

APPALACHIAN REGIONAL COMMISSION

BALANCE SHEETS

As of September 30, 2024 and 2023
(in thousands)

	2024	2023 (Reclassified)
Assets:		
Intragovernmental:		
Fund Balance with Treasury	(Note 2) \$ 1,272,115	\$ 1,050,005
Accounts receivable	835	1,252
Advances and prepayments	(Note 4) 316	0
Total Intragovernmental	1,273,266	1,051,257
Other than Intragovernmental:		
Cash and Other Monetary Assets	(Note 3) 2,305	2,396
Accounts Receivable, net	25	11
Property, Plant and Equipment, net	(Note 5) 13,285	722
Advances and prepayments	(Note 4) 70,405	55,439
Total Other than Intragovernmental	86,020	58,568
Total Assets	\$ 1,359,286	\$ 1,109,825
Liabilities:	(Note 6)	
Intragovernmental:		
Accounts Payable	8	0
Advances from others and deferred revenue	\$ 105	\$ 105
Other liabilities	(Note 7) 66	62
Total Intragovernmental	179	167
Other than Intragovernmental:		
Accounts payable	10,981	8,551
Federal Employee Salary, Leave and Benefits Payable	1,502	1,366
Advances from others and deferred revenue	218	917
Other liabilities	(Note 7) 14,717	928
Total Other than Intragovernmental	27,418	11,762
Total Liabilities	\$ 27,597	\$ 11,929
Commitments and Contingencies	(Note 16)	
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 1,347,138	\$ 1,113,798
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(15,449)	(15,902)
Total Net Position	\$ 1,331,689	\$ 1,097,896
Total Liabilities and Net Position	\$ 1,359,286	\$ 1,109,825

The accompanying notes are an integral part of these statements.

APPALACHIAN REGIONAL COMMISSION
STATEMENTS OF NET COST
For the Fiscal Years Ended September 30, 2024 and 2023
(in thousands)

	2024	2023
Gross Program Costs:		
ARC:		
Gross Cost	\$ 174,046	\$ 120,547
Less: Earned Revenue	7,351	5,789
Net Program Costs	<u>166,695</u>	<u>114,758</u>
Net Cost of Operations	<u>\$ 166,695</u>	<u>\$ 114,758</u>

The accompanying notes are an integral part of these statements.

APPALACHIAN REGIONAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
Unexpended Appropriations:		
Beginning Balance	\$ 1,113,798	\$ 830,240
Appropriations received	400,000	400,000
Appropriations used	(166,660)	(116,442)
Net Change in Unexpended Appropriations	<u>233,340</u>	<u>283,558</u>
Total Unexpended Appropriations	\$ 1,347,138	\$ 1,113,798
Cumulative Results from Operations:		
Beginning Balance	\$ (15,902)	\$ (17,865)
Changes in accounting principles (+/-)	39	0
Corrections of errors (+/-)	434	193
Beginning balance, as adjusted	<u>(15,429)</u>	<u>(17,672)</u>
Appropriations used	166,660	116,442
Imputed Financing (Note 11)	15	86
Net Cost of Operations	<u>(166,695)</u>	<u>(114,758)</u>
Net Change in Cumulative Results of Operations	<u>(20)</u>	<u>1,770</u>
Total Cumulative Results of Operations	(15,449)	(15,902)
Net Position	<u>\$ 1,331,689</u>	<u>\$ 1,097,896</u>

The accompanying notes are an integral part of these statements.

APPALACHIAN REGIONAL COMMISSION
STATEMENTS OF BUDGETARY RESOURCES

For the Fiscal Years Ended September 30, 2024 and 2023
(in thousands)

		2024	2023
		<u>Budgetary</u>	<u>Budgetary</u>
Budgetary Resources:			
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 12) \$	425,817	\$ 316,000
Appropriations (discretionary and mandatory)		400,000	400,000
Spending authority from offsetting collections (discretionary and mandatory)		6,357	6,014
Total budgetary resources		<u>\$ 832,174</u>	<u>\$ 722,014</u>
Status of Budgetary Resources:			
New obligations and upward adjustments (total)	(Note 10) \$	391,834	\$ 346,035
Unobligated balance, end of year:			
Apportioned, unexpired account		422,181	370,976
Unapportioned, unexpired accounts		18,159	5,003
Unobligated balance, end of year (total)		<u>440,340</u>	<u>375,979</u>
Total budgetary resources		<u>\$ 832,174</u>	<u>\$ 722,014</u>
Outlays, net:			
Outlays, net (total) (discretionary and mandatory)		\$ 177,890	\$ 146,715
Agency outlays, net (discretionary and mandatory)		<u>\$ 177,890</u>	<u>\$ 146,715</u>

The accompanying notes are an integral part of these statements.

APPALACHIAN REGIONAL COMMISSION

Notes to the Financial Statements
September 30, 2024, and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Appalachian Regional Commission (ARC) was established under the Appalachian Regional Development Act of 1965, as amended. ARC is a regional development agency designed to function as a federal, state, and local partnership. ARC, strictly speaking, is not a federal executive branch agency as defined in Titles 5 and 31 of the United States Code and by the Department of Justice.

Commission members are comprised of a federal member (Federal Co-Chair), who is appointed by the President of the United States, and the governors of each of the 13 states in the Appalachian Region. The state members elect a State Co-Chair from their members. ARC has an Executive Director and Program and Administrative Offices that implement the policies and procedures established by the Federal and State Co-Chairs. ARC personnel are comprised of both federal and non-federal employees.

ARC supports economic and social development in the Appalachian Region. The Appalachian Region is almost a 206,000 square mile region from Southern New York to Northern Mississippi. The ARC programs affect 423 counties located in 13 states including all of West Virginia and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

The reporting entity is a component of the U.S Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government.

Accounting Policies

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. Effects of this implementation are disclosed in Notes 5, 7 and 9.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if need, to prevent the disclosure of classified information. ARC did not have classified activities as of September 30, 2024.

Fund Accounting Structure

ARC's financial activities are accounted for by utilizing individual funds and fund accounts in reporting to the U.S. Treasury and the Office of Management and Budget (OMB). For financial statement purposes, these funds are classified as all other funds, which consist of area development program funds and funding for the Office of the Federal Co-Chair and the Office of Inspector General.

ARC has Miscellaneous Receipt Funds which are considered non-entity accounts since ARC management does not exercise control over how the monies in these accounts can be used. Miscellaneous Receipt Fund accounts hold receipts and accounts receivable resulting from miscellaneous activities of ARC where, by law, such monies may not be deposited into funds under ARC management control. The U.S. Department of the Treasury (U.S. Treasury) automatically transfers all cash balances in these receipt accounts to the General Fund of the U.S. Treasury at the end of the fiscal year. ARC's miscellaneous receipt funds consist of the following: General Fund Proprietary Receipts, Not Otherwise Classified – mainly Program Income.

Budgets and Budgetary Accounting

ARC receives an annual congressional appropriation from which it makes financial assistance awards and carries out activities, funds the administrative costs of the Office of the Federal Co-Chairman, the Inspector General, the non-federal programmatic costs, and half the cost of the non-federal administrative costs. Contributions from 13 states in the Appalachian Region cover 50% of the Commission Administrative Budget.

Funds appropriated to ARC are available without fiscal year limitation and remain available until expended. Because of the no-year status of the funds, unobligated amounts are not returned to the U.S. Treasury.

Basis of Accounting and Presentation

These financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of ARC in accordance with U.S. generally accepted accounting principles (GAAP) and form and content requirements of OMB Circular A-136 Financial Reporting Requirements. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the federal government. The financial statements have been prepared from the books and records of ARC and include the accounts of all funds under the control of the ARC reporting entity.

U.S. generally accepted accounting principles encompass both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned, and expenses are recognized when incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of federal funds. These financial statements are prepared by ARC pursuant to OMB directives and used to monitor ARC's use of budgetary resources.

All dollar amounts included in the financial statements and footnotes have been rounded to the nearest thousands. Due to rounding, totals presented may not add up.

Fund Balance with U.S. Treasury

ARC's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated no-year funds available to finance allowable current and future expenditures.

Cash in Commercial Institutions

ARC uses commercial bank accounts to accommodate collections and payments that cannot be processed by the U.S. Treasury. ARC maintains commercial bank accounts for the purpose of processing its non-federal employee payroll and flexible benefits.

Accounts Receivable

Accounts receivable, net represents monies owed to ARC, including collectibles from the ARC's Office of the States' Washington Representative; U.S. Department of Labor (DOL), U.S. Department of Agriculture (USDA) and from Environment Protection Agency (EPA) for expenses incurred on the Office's behalf. ARC has historically collected any receivables due and has had no need to establish allowance for uncollectible accounts.

Advances and Prepayments

Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover a part or all the recipients' anticipated expenses or as advance payments for the costs of goods and services the entity receives. Prepayments are payments made by a Federal entity to cover certain periodic expenses before those expenses are incurred.

ARC advances funds to federal agencies for work performed on its behalf under various reimbursable agreements. These intra-governmental advances are recorded as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded.

In addition, ARC has made advances to grantees. These primarily include revolving loan fund and equity fund payments to provide pools of funds to be made available to grantees to create and retain jobs. These advance payments are recorded by ARC as an asset, which is reduced if the revolving fund is terminated.

ARC also has prepayments made to cover certain periodic expenses before those expenses are incurred.

Property, Plant, and Equipment (PP&E), Net

Property, Plan, and Equipment (PP&E) is reported at acquisition cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets with zero salvage value and depreciation begins in the month it is placed in service. The capitalization threshold is \$35,000. Maintenance and repairs are expensed as incurred unless expenditure materially increases the value or useful life of the existing assets which are then capitalized.

Liabilities

Liabilities represent probable amounts to be paid by ARC as a result of past transactions. Liabilities covered by budgetary or other resources are those for which Congress has appropriated funds or funding is otherwise available to pay amounts due.

Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other funding.

Accounts Payable

Accounts payable consists of amounts owed to grantees and amounts owed to federal and nonfederal entities for goods and services received by ARC.

Benefits Due and Payable:

Unfunded Annual Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

Retirement Benefits

ARC's federal and certain non-federal employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and the Social Security and the Thrift Savings Plan program automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, elected to participate in the FERS and Social Security or to remain in CSRS.

All federal and certain non-federal employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established,

and ARC makes a mandatory one percent contribution to this account. In addition, ARC makes matching contributions, ranging from one to four percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees. FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, ARC remits the employer's share of the required contribution.

For federal employees, the Office of Personnel Management (OPM) actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to ARC. OPM also provides information regarding the full cost of health and life insurance benefits. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of OPM.

ARC also has a frozen Defined Benefit Pension Plan. Staff hired after January 2020 are not eligible for this plan. ARC uses an October 1 measurement date to determine any cash contributions.

In February 2000 ARC established a 401(k) retirement plan that mirrors FERS. The plan covers substantially all non-federal employees, without federal benefits. Employees who opted out of the Defined Benefit Pension Plan receive a discretionary contribution of 6% of salary and a matching contribution up to 6%. Those who remain participants in the Defined Benefit Pension Plan receive a discretionary contribution of 3% of salary and a matching contribution maximum of 3% (50% match of 6% contribution or under). All new employees hired after the freezing of the Defined Benefit Pension Plan are eligible to receive a discretionary contribution of 4% of base salary and a matching contribution up to 4%. All participants are fully vested.

Parent Child Reporting

ARC is a party to allocation transfers with federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one entity of its authority to obligate budget authority and outlay funds to another entity. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived. ARC allocates funds, as the parent agency, to the U.S. Department of Transportation, Housing and Urban Development, the Rural Development Agency, and the Economic Development Agency. Additionally, ARC receives allocation transfers, as the child agency from the U.S. Department of Transportation to cover Appalachian Development Highway System administrative costs.

Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations

represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amounts of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations are the net results of ARC's operations since inception.

Net Cost of Operations

Earned revenues from the collection of state contributions and other inter-agency agreements are deducted from the full cost of ARC's major programs to arrive at net program cost. Earned revenues are recognized by ARC to the extent reimbursements are payable from the public, as a result of costs incurred, or services performed on the public's behalf.

Budgetary Financing Sources

Budgetary financing sources other than earned revenues provide funding for ARC's net cost of operations and are reported on the Statement of Changes in Net Position. These financing sources include amounts received from Congressional appropriations to support its operations. A financing source is recognized for these appropriated funds received.

Permanent Indefinite Appropriations

The Commission's permanent indefinite appropriation includes the trust fund which has not been used since FY 2014. This trust fund was once established to receive, hold, and disburse monies collected to cover the administrative expenses of ARC.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Exempt Status

As a federal-state partnership created by the Appalachian Regional Development Act of 1965, ARC is exempt from income taxes imposed by any governing body whether it is a federal, state, commonwealth, local, or foreign government and exempt from sales and use taxes of the District of Columbia.

Reclassification of Prior Year Amounts

These financial statements for FY 2024 and FY 2023 (prior year) are presented on a comparative basis. ARC has reclassified the FY 2023 balance sheet data related to Federal Employee Salary, Leave, and Benefits payable for a comparable format in accordance with U.S. Treasury's updated U.S. Standard General Financial Statement Crosswalk for FY 2024.

NOTE 2 – FUND BALANCE WITH TREASURY

ARC's Fund Balance with Treasury as of September 30, 2024, and 2023 consisted of the following:

	2024	2023
A. Fund Balances		
General Funds	\$ 1,271,702	\$ 1,049,592
Trust Funds	413	413
Total Fund Balance with Treasury	<u>\$ 1,272,115</u>	<u>\$ 1,050,005</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
(a) Available	408,096	368,901
(b) Unavailable	18,160	5,003
2) Obligated Balance not yet Disbursed	845,228	675,479
3) Temporary Sequestration	631	622
Total	<u>\$ 1,272,115</u>	<u>\$ 1,050,005</u>

A trust fund was once established to receive, hold, and disburse monies collected to cover the administrative expenses of ARC. This fund has not been used since FY 2014. The balance of \$413 in the trust fund continues to be sequestered as of September 30, 2024.

NOTE 3 – CASH AND OTHER MONETARY ASSETS

Cash as of September 30, 2024 and 2023, were as follows:

	2024	2023
Commercial Bank Balance	<u>\$2,305</u>	<u>\$2,396</u>

NOTE 4 – ADVANCE AND PREPAYMENTS

Advances as of September 30, 2024 and 2023 consisted of the following:

	2024	2023
Intragovernmental		
EDA	\$ 300	\$ -
Defense	49	-
OPM	(33)	-
Total Intragovernmental	\$ 316	-
Other than Intragovernmental		
Advances to Grantees to Finance Program Expenditures		
-Revolving Loan Fund	\$ 28,897	\$ 27,857
-Non Federal Grantees	36,451	22,866
Prepaid Pension Expense	5,057	4,716
Total Other than Intragovernmental	\$ 70,405	\$ 55,439
Total Advances and Prepayments	<u>\$ 70,721</u>	<u>\$ 55,439</u>

Intragovernmental: ARC advances funds to federal agencies for work performed on its behalf under various reimbursable agreements for construction projects. These intra-governmental advances are recorded as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded.

Other than Intragovernmental: ARC also has advances made to grantees that are not federal entities. Most of these advances are disbursed to grantees operating revolving loan funds (RLF), the remaining amounts are to all other grantees.

- Revolving Loan Fund – ARC provides grants to revolving loan funds operating in its region for the purpose of saving and creating private-sector jobs. Because of the revolving nature of the funds, the grants have no fixed end date. Grant funds provided to revolving loan funds retain their federal identity and are subject to the Cash Management Improvement Act of 1990 (Public Law 101-453), for which the Appalachian Regional Commission has established a policy on excess cash. Accounting treatment of RLF transactions is that cash outlays are recorded as increases to SGL 1410 Advances and Prepayments and refunds of excess cash are recorded as decreases to SGL 1410 Advances and Prepayments.
- Non-Federal Grantees – ARC advances funds to non-federal grantees for work performed on its behalf under various grant agreements. These advances are recorded as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded. Non-federal grants include funding capital for Loan and Investment Funds.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT (PP&E), NET

Property, Plan, and Equipment (PP&E) is reported at acquisition cost. The general components of capitalized property and equipment, net of accumulated depreciation as of September 30, 2024 and 2023 is as follows:

	Furniture, Fixtures & Equipment	Right-to-Use Lease Asset	Total
2024			
Cost Balance, beginning of year	\$ 761	\$ -	\$ 761
Effects of Implementation of SFFAS 54 (see Note 9)	(761)	14,521	13,760
Cost Balance, end of year	\$ -	\$ 14,521	\$ 14,521
CY amortization of right-to-use lease assets	-	(1,236)	(1,236)
Net Book Value	<u>\$ -</u>	<u>\$ 13,285</u>	<u>\$ 13,285</u>
2023			
Cost Balance, beginning of year	\$ -	\$ -	\$ -
Additions	761	-	761
Cost Balance, end of year	\$ 761	\$ -	\$ 761
Accumulated Depreciation	(39)	-	(39)
Net Book Value	<u>\$ 722</u>	<u>\$ -</u>	<u>\$ 722</u>

As of September 30, 2024, amortization expense was \$1,236. As of September 30, 2023, depreciation expense was \$39.

NOTE 6 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The accrued liabilities of ARC are comprised of program expense accruals, payroll accruals and unfunded annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid. The only liability not covered by budgetary resources is the unfunded leave and the lease liability as shown below.

Liabilities as of September 30, 2024, and 2023 consisted of the following:

	2024	2023
Other than Intragovernmental		
Unfunded Leave	\$ 732	\$ 723
Lessee Liability	13,817	-
Total Liabilities not covered by budgetary resources	<u>14,549</u>	<u>723</u>
Total Liabilities covered by budgetary resources	12,147	10,278
Total Liabilities not requiring budgetary resources	900	928
Total Liabilities	<u>\$ 27,596</u>	<u>\$ 11,929</u>

NOTE 7 – OTHER LIABILITIES

As of September 30, 2024, and 2023, Other than Intragovernmental Other Liabilities consisted of Other Liabilities Without Related Budgetary Obligations and Lessee Lease Liability. Intragovernmental Other Liabilities consisted of Employer Contributions and Payroll Taxes Payable.

	Non-Current	2024 Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ -	\$ 50	\$ 50
Benefit Contributions Payable (Employer Contributions and Payroll Taxes Payable)	-	16	16
Total Intragovernmental	-	66	66
Other than Intragovernmental			
Other Liabilities Without Related Budgetary Obligations	-	900	900
Lessee Lease Liability	13,101	716	13,817
Total Other than Intragovernmental	\$ 13,101	\$ 1,616	\$ 14,717
Total Other Liabilities	\$ 13,101	\$ 1,682	\$ 14,783

	Non-Current	2023 Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ -	\$ 42	\$ 42
Benefit Contributions Payable (Employer Contributions and Payroll Taxes Payable)	-	20	20
Total Intragovernmental	-	62	62
Other than Intragovernmental			
Other Liabilities Without Related Budgetary Obligations	-	928	928
Total Other than Intragovernmental	\$ -	\$ 928	\$ 928
Total Other Liabilities	\$ -	\$ 990	\$ 990

NOTE 8 – RETIREMENT PLANS

Federal

ARC participates in the Federal Employees Retirement System (FERS) for federal and certain non-federal employees. The FERS plans are administered by the OPM. ARC's contributions to the FERS plans were \$240 and 281, for FY 2024 and FY 2023 respectively.

Several employees also participate in the Federal Employees Health Benefit plan (FEHB) and the Federal Employees Group Life Insurance program (FEGLI), also administered by OPM. ARC pays a portion of the cost of current employees. Post-retirement benefits are paid by OPM. ARC's

contributions to these plans were \$73 and \$2 for FY 2024 and \$78 and \$2 for FY2023 for FEHB and FEGLI, respectively.

ARC does not report in its financial statements FERS, FEHB or FEGLI assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees.

For FY 2024, ARC contributed \$14 and \$54 to the Federal Thrift Savings Basic and Matching Plans respectively, and for FY 2023, ARC contributed \$16 and \$61 respectively.

Non-Federal

Findley, Inc., a division of USI Insurance Services, is ARC's administrator for ARC's non-federal retirement plans. The following table presents the net periodic benefit cost for the defined benefit pension plan by component for fiscal years 2024 and 2023:

Net Periodic Benefit Cost

	<u>2024</u>	<u>2023</u>
Service Cost	\$159	\$187
Interest Cost	1,409	1,339
Expected Return on Assets	(2,117)	(1,995)
Amortization of Prior Service Cost	0	212
Amortization of Net (Gain)/Loss	0	66
Net Periodic Benefits Cost	<u>\$(550)</u>	<u>\$(192)</u>

The following tables present the accumulated contributions in excess of net period benefit cost and projected benefit obligations for fiscal years 2024 and 2023:

Accumulated Contributions in Excess of Net Period Benefit Cost

	<u>2024</u>	<u>2023</u>
Accumulated Amount at Beginning of Period	\$5,057	\$4,716
Net Period Benefit Cost	550	192
Employer Contributions	0	150
Accumulated Amount at End of Period	<u>\$5,607</u>	<u>\$5,057</u>

Reconciliation of Projected Benefit Obligation

	<u>2024</u>	<u>2023</u>
PBO at the Beginning of Period	\$25,978	\$26,785

Service Cost	159	187
Interest Cost	1,409	1,339
Participant Contributions	-	-
Actuarial (Gain)/Loss	195	59
Change in Discount Rate (Gain)/Loss	2,327	(1,271)
Change in Mortality Assumption (Gain)/Loss	-	-
Benefits Paid	(1,204)	(1,121)
PBO at End of Period	\$28,863	\$25,978

The following tables present funded status as well as plan assets for fiscal years 2024 and 2023:

Funded Status

	<u>2024</u>	<u>2023</u>
Projected Benefit Obligation	\$(28,863)	\$(25,978)
Fair Value of Assets	35,224	30,018
Funded Status	\$6,361	\$4,040

Plan Assets

	<u>2024</u>	<u>2023</u>
Fair Value of Assets at Beginning of Period	\$30,018	\$28,298
Actual Return on Assets	6,410	2,691
Employer Contributions	0	150
Participant Contributions	-	-
Benefits Paid	(1,204)	(1,121)
Fair Value of Assets at End of Period	\$35,224	\$30,018

The accumulated benefit obligation was \$28,312 and \$25,476 at September 30, 2024 and 2023, respectively.

Weighted average of economic assumptions used to determine benefit obligations at September 30:

	<u>2024</u>	<u>2023</u>
Discount rate	5%	6%
Rate of compensation increase	3%	3%

Weighted average of economic assumptions used to determine net periodic benefit cost for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Discount rate	6%	5%
Rate of compensation increase	3%	3%
Expected long-term return on plan assets	7%	7%

Plan Assets

Pension plan weighted-average asset allocations at September 30, 2024 and 2023, are as follows:

Asset Category	<u>2024</u>	<u>2023</u>
Equity securities	45%	41%
Debt securities	49%	54%
Real Estate	5%	4%
Other	1%	1%
Total assets	100%	100%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year	Amount
2025	\$1,769
2026	1,781
2027	1,828
2028	1,831
2029	1,922
2030 - 2034	\$9,811

Paylocity Corporation processes payroll for ARC's non-federal employees while John Hancock Financial administers the 401K plan. ARC contributed \$689 and \$616 to the 401(k) plan for the years ended September 30, 2024, and 2023, respectively. For Health Benefits Insurance, ARC contributed \$785 and \$675 for the year ended September 30, 2024, and 2023 respectively. For Group Life Insurance, ARC contributed \$5 and \$6 for the year ended September 30, 2024, and 2023 respectively.

NOTE 9 – LEASES

Lease Liability

ARC's headquarters lease commenced on April 30, 2013. The lease was amended in December 2022 and now extends through June 30, 2035. The initial lease payments were \$119 per month with

a 2% annual increase. The lease includes abated lease payment for January through the life of the lease and February of each year through 2026. The lease was discounted using the Federal Funds rate applicable on October 1, 2023, of 5.33%. The lease also included an incentive of \$2,820. This incentive was discounted at the interest rate stated in the lease, of 7.00%. The future minimum lease payments required are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 716	\$ 748	\$ 1,464
2026	785	706	1,491
2027	993	657	1,650
2028	1,081	602	1,683
2029	1,177	538	1,715
2030-2034	7,540	1,555	9,095
2035	1,525	35	1,560
Total	\$ 13,817	\$ 4,841	\$ 18,658

The total payments of principal and interest during the year ended September 30, 2024, were \$704 and \$733, respectively. The remaining principal balance is included in “Other liabilities” as disclosed in Note 7.

Other Leases

ARC had a lease for an office space in Charleston, West Virginia, that commenced on July 1, 2022, and ended on June 30, 2023. The rent for the office in Charleston transitioned to a month-to-month basis after June 30, 2023.

Lease expenses for the years ended September 30, 2024, and 2023 totaled \$1,252 and \$905 respectively.

The right-to-use asset is included in Property, Plant, and Equipment, Net, in Note 5.

ARC has an auto lease which is in the process of being renewed. For FY2024 and FY2023, the auto lease expenses were \$9 and \$3 respectively. ARC also has a copier lease and the total copier lease expenses for FY2024 and FY2023 were \$8 and \$6 respectively.

NOTE 10 – APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS REIMBURSABLE OBLIGATIONS

Apportionment is a plan, approved by the OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). OMB Circular A-11 defines apportionment categories as follows:

- Category A apportionments distribute budgetary resources by fiscal quarters.

- Category B apportionments typically distribute budgetary resources by activities, projects, objects, or a combination of these categories.
- Exempt – Exempt from apportionment.

New Obligations and Upward Adjustments reported on the Statement of Budgetary Resources consist of the following:

	2024	2023
Direct Category B Obligations		
Cat B - Non-Highway Programs	\$ 373,736	\$ 313,584
Cat B - RD (12-46X0200.020)	8,838	26,646
Cat B - EDA (13-46X0200.020)	2,282	1,800
Cat B - FHWA Non-Highway Programs (69-46X0200.05)	2,132	91
Total Direct Obligations	386,988	342,121
Reimbursable Category B Obligations		
Cat B - Non-Highway Programs	4,621	3,914
Cat B – WORC	225	-
Total Reimbursable Obligations	4,846	3,914
Total Obligations	<u>\$ 391,834</u>	<u>\$ 346,035</u>

NOTE 11 – INTER-ENTITY COSTS

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by ARC are recognized as imputed cost and are offset by imputed revenue. The amounts of Imputed Costs and Financing Sources were \$15 for FY 2024 and \$86 for FY 2023. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

NOTE 12 – NET ADJUSTMENTS TO UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1

During the years ended September 30, 2024, and 2023, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2023, and 2022. These adjustments include, among other things, upward adjustments to undelivered and delivered orders that were obligated in a prior year fiscal year. The adjustments during the years ended September 30, 2024, and 2023 are presented below.

	2024	2023
Unobligated balance, brought forward from prior year	\$ 375,980	\$ 283,173
Adjustments made during the current year		
Adjustment to SOY balance brought forward	12,790	-
Recoveries of prior year unpaid obligations	37,047	30,241
Recoveries of prior year paid obligations	-	2,586
Unobligated balance brought from prior year budget authority	\$ 425,817	\$ 316,000

NOTE 13 - UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

	2024	2023
Federal Undelivered Orders	\$ 1,245	\$ 2,080
Non-Federal Undelivered Orders	904,406	721,108
Total Federal/Non-Federal Undelivered Orders	\$ 905,651	\$ 723,188
Paid Undelivered Orders - Federal	550	236
Paid Undelivered Orders - Non-Federal	71,671	56,703
Unpaid Undelivered Orders - Federal	696	1,903
Unpaid Undelivered Orders - Non-Federal	832,734	664,346
Total Paid/Unpaid Undelivered Orders	\$ 905,651	\$ 723,188
Total Undelivered Orders	\$ 905,651	\$ 723,188

NOTE 14 – EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES (SBR) AND THE BUDGET OF THE U.S. GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget).

The Budget that will include FY 2024 actual budgetary execution information is scheduled for publication in February 2025, which will be available through OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2023 SBR and the related President's Budget reflected the following:

FY 2023	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Net Outlays
Statement of Budgetary Resources	\$ 722	\$ 346	\$ 147
Difference 1 - Rounding (+/-)			(1)
Budget of the US Government	<u>\$ 722</u>	<u>\$ 346</u>	<u>\$ 146</u>

The difference between the SBR and the *Budget of the United States Government* for budgetary resources, new obligations, and upward adjustments (total) and net outlays are primarily due to rounding.

NOTE 15 – RECONCILIATION OF NET COST TO OUTLAYS

The Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

FY2024

	Intragovernmental	Other than Intragovernmental	Total
	\$ (519)	\$ 167,214	\$ 166,695
Net Operating Cost (SNC)			
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Lessee Lease Amortization	-	(1,236)	(1,236)
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	(417)	14	(403)
Other assets	316	14,153	14,469
Accounts payable	(8)	(2,430)	(2,438)
Lessee Lease Liability	-	(13,817)	(13,817)
Federal employee salary, leave, and benefits payable	-	(136)	(136)
Other Liabilities	(4)	727	723
Other Financing Sources		-	
Imputed Cost	(15)	-	(15)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(128)	(2,725)	(2,853)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	14,521	14,521
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	-	14,521	14,521
Miscellaneous Items			
Other Temporary Timing Differences	-	(473)	(473)
Total Other Reconciling Items	-	(473)	(473)
Net Outlays (Calculated Total)	\$ (647)	\$ 178,537	\$ 177,890
Budgetary Agency Outlays, net (SBR Line 4210)			\$ 177,890

FY 2023

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	\$ (660)	\$ 115,418	\$ 114,758
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(39)	(39)
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	1,252	11	1,263
Other assets	(30)	7,197	7,167
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	-	22,621	22,621
Federal employee salary, leave, and benefits payable	-	(141)	(141)
Other Liabilities	62	540	602
Other Financing Sources			
Imputed Cost	(85)	-	(85)
Total Components of Net Operating Cost Not Part of the Budget Outlays	1,199	30,189	31,388
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	762	762
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	-	762	762
Miscellaneous Items			
Other Temporary Timing Differences	-	(193)	(193)
Total Other Reconciling Items	-	(193)	(193)
Net Outlays (Calculated Total)	\$ 539	\$ 146,176	\$ 146,715
Budgetary Agency Outlays, net (SBR Line 4210)			\$ 146,715

NOTE 16 – COMMITMENTS AND CONTINGENCIES

All ARC contingencies are related to the lease liability. Please refer to Notes 6, 7 and 9.



November 15, 2024

Jason L. Allmond, CPA, CGFM, CISA, CISM
Managing Member
Allmond and Company, LLC
7501 Forbes Blvd, Suite 200
Lanham, MD 20706

Thank you for the opportunity to review and comment on the draft audit report. ARC is pleased and agrees with the auditor's unmodified opinion on the fiscal year 2024 and 2023 financial statements.

I appreciate the courtesies and cooperation extended to us by your staff and the independent auditors.

Sincerely,

DocuSigned by:



Brandon McBride
Executive Director
Appalachian Regional Commission

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